

An Opportunity Cost Analysis of the Africa-One China Nexus, 2001-2016

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Declaration

This is to declare that the following work is my own unaided and un-plagiarised work and has not been previously submitted to any other institution.

25 January 2019

A handwritten signature in black ink, appearing to be 'Bhaso Ndzendze', enclosed within a light gray rectangular box.

Bhaso Ndzendze

TABLE OF CONTENTS

<i>Declaration</i>	2
<i>Prefatory Note on Names, Currency and Places</i>	6
<i>List of Tables, Charts, Maps and Figures</i>	7
<i>List of abbreviations</i>	10
<i>Dedication</i>	12
<i>Abstract</i>	13
<i>Chapter One: Introduction</i>	14
1.1. <i>Introduction</i>	14
1.2. <i>Research Question</i>	15
1.2.1. <i>Rationale</i>	15
1.2.2. <i>Knowledge Gain</i>	15
1.3. <i>Literature Review</i>	18
1.3.1. <i>Literature on Economic Incentives and the One China Problem</i>	19
1.3.2. <i>Critique of the Literature, and the Knowledge Gap</i>	21
1.4. <i>Methodology</i>	22
1.4.1. <i>Variables</i>	24
1.4.2. <i>Data Sourcing</i>	24
1.5. <i>Chapter Breakdown</i>	25
<i>Chapter Two: Conceptual and Theoretical Frameworks</i>	26
2.1. <i>Introduction</i>	26
2.2. <i>Conceptual Framework</i>	26
2.2.1. <i>Statehood</i>	26
2.2.1.1. <i>Permanent Population</i>	28
2.2.1.2. <i>Territory</i>	28
2.2.1.3. <i>Government</i>	30
2.2.1.4. <i>Capacity to Enter Relations</i>	30
2.2.2. <i>International Relations Theory and Opportunity Cost</i>	31
2.2.2.1. <i>Rational Choice Theory</i>	31
2.2.3. <i>Opportunity Cost Concepts in IR Theory</i>	33

2.2.4.	<i>Theories of the Foreign Policies of Small States and an Opportunity Cost Framework</i>	34
2.2.5.	<i>The One China Problem, African States and Opportunity Cost</i>	35
<i>Chapter Three: Histories</i>		38
3.1.	<i>Introduction</i>	38
3.2.	<i>Origins of the One China Problem</i>	39
3.3.	<i>Evolution of the One China Problem</i>	42
3.4.	<i>Africa-China Relations and the One China Problem</i>	45
3.4.1.	<i>Africa, Taiwan and China Relations in the Cold War and Post-Cold War Era</i>	45
3.4.2.	<i>Diplomatic Truce, 2008-2015</i>	47
3.4.3.	<i>Post-Diplomatic Truce, 2016-Present</i>	47
<i>Chapter Four: Case Studies</i>		49
4.1.	<i>Introduction</i>	49
4.2.	<i>Liberia</i>	54
4.2.1.	<i>Introduction</i>	54
4.2.2.	<i>Opportunity Cost Analysis</i>	55
4.3.	<i>Senegal</i>	60
4.3.1.	<i>Senegal, the One China Problem: An Opportunity Cost Analysis</i>	60
4.4.	<i>Chad</i>	63
4.4.1.	<i>Chad, the One China Problem: An Opportunity Cost Analysis</i>	63
4.5.	<i>Malawi</i>	67
4.5.1.	<i>Malawi and the One China Problem: An Opportunity Cost Analysis</i>	67
4.6.	<i>The Gambia</i>	73
4.6.1.	<i>The Gambia and the One China Problem: An Opportunity Cost Analysis</i>	73
4.7.	<i>São Tomé and Príncipe</i>	76
4.7.1.	<i>Sao Tome and Principe and the One China Problem: An Opportunity Cost Analysis</i>	76
4.8.	<i>Swaziland</i>	79
4.8.1.	<i>Swaziland and the One China Problem: An Opportunity Cost Analysis</i>	79

4.9.	<i>Burkina Faso</i>	83
4.9.1.	<i>Burkina Faso and the One China Problem: An Opportunity Cost Analysis</i>	83
	<i>Chapter Five: Discussion</i>	88
5.1.	<i>Introduction</i>	88
5.2.	<i>Chinese and Taiwanese African Foreign Policies and International Relations in Comparative Perspective</i>	88
5.3.	<i>A Bidirectional Opportunity Cost?</i>	91
	<i>Chapter Six: Prospects and Conclusions</i>	93
6.1.	<i>Introduction</i>	93
6.2.	<i>Prospects and Conclusions</i>	93
	<i>Bibliography</i>	95
	<i>Acknowledgements</i>	107

Prefatory Note on Names, Currency and Places

- Throughout this research paper, the author will use the Romanized versions of Chinese names; thus instead of the Pīnyīn Chou En-lai we will use Zhou Enlai, and instead of Peking and Taipei, we will use Beijing and Taipei respectively.
- Unless otherwise stated, the US dollar (US\$) values used are in terms of their then contemporary terms, with no adjustment made for inflation.
- Throughout this research paper, the author has also used “China” to refer to the People’s Republic of China (Mainland), and “Taiwan” to refer to the Republic of China.

List of Tables, Charts, Maps and Figures

Tables

Label	Page
Probit Models of Diplomatic Recognition of Taiwan, 1960-2007.	21
Template of Country X's imports and exports pre and post recognising ROC.	24
Template for growth in imports and export from ROC and PRC-recognising states to and from the ROC and the PRC.	25
List of states which recognise the ROC as of 2018.	32
World Economic Forum Competitiveness Index Scores: ROC vs PRC, 2006-2016.	38
Liberian trade relations with the ROC vs PRC, pre- and post-recognition of the PRC 2000-2003; 2003-2017	56
PRC vs ROC trade with Liberia, 2012-2016 averaged.	57
ROC vs PRC Imports from Senegal, 2001-2016.	60
Averaged ROC vs PRC Imports from Senegal, 2012-2016.	61
Chadian trade relations with the ROC vs PRC, pre- and post-recognition of the PRC 2000-2006; 2006-2017.	64
PRC vs ROC trade with Chad, 2012-2016 averaged.	66
Malawian trade relations with the ROC vs PRC, pre- and post-recognition of the PRC 2000-2008; 2008-2017.	70
PRC vs ROC trade with Malawi, 2012-2016 averaged	70
Gambian trade relations with the ROC vs PRC, pre- and post-recognition of the PRC 2000-2015; 2015-2017.	75
PRC vs ROC trade with Gambia, 2012-2016 averaged.	76
Santomean trade relations with the ROC vs PRC, pre- and post-recognition of the PRC 2000-2008; 2008-2017.	78
PRC vs ROC trade with Sao Tome and Principe, 2012-2016 averaged.	78
Swaziland trade relations with the ROC vs PRC, 2001-2016.	81
PRC vs ROC trade with Swaziland, 2012-2016 averaged.	81
Burkinabe trade relations with the ROC vs PRC, 2001-2016.	85
PRC vs ROC trade with Burkina	86

Faso, 2012-2016 averaged.

Charts

Label	Page
Population growth in the ROC, 1979-2013.	29
World Economic Forum Competitiveness Index Scores, ROC vs PRC, 2006-2016.	36
Movement in World Economic Forum Competitiveness Index Scores, ROC vs PRC, 2006-2016.	37
Taiwan Annual GDP Growth, 2008-2016.	37
China Annual GDP Growth, 2008-2016.	37
ROC vs PRC Imports from Liberia, 2001-2016.	57
Total Liberian Exports, 2000-2011	58
ROC vs PRC Imports from Senegal, 2001-2016.	62
Chadian trade relations with the ROC vs PRC, pre- and post-recognition of the PRC 2000-2006; 2006-2017	64
ROC vs PRC Imports from Malawi, 2001-2016.	69
ROC vs PRC Imports from The Gambia, 2001-2016.	74
ROC vs PRC Imports from Sao Tome and Principe, 2001-2016.	77
ROC vs PRC Imports from Swaziland, 2001-2016.	80
ROC vs PRC trade with Swaziland, 2012-2016 averaged	80
Burkinabe trade relations with the ROC vs PRC, 2001-2016.	81
PRC vs ROC trade with Burkina Faso, 2012-2016 averaged	84
FDI Outflows by Top 20 States, 2013-2014.	91
Top 6 Banks in the ROC.	92

Maps

Label	Page
The territories administered by the Republic of China excluding claimed territories.	30

Figures

Label	Page
Chapter breakdown	26
Africa-China Trade, 1992-2014. Source: UNComtrade	50
Total value of China loans to Africa, 2000-14. Source: China-Africa Research Initiative at Johns	51

Hopkins University.
 Total Chinese loans to Africa by 51
 financier, 2000-14. Source: China-
 Africa Research Initiative at Johns
 Hopkins University.
 Top 10 destinations in Africa for 52
 PRC outward FDI, 2005-09.
 Source: MOFCOM, Bulletin for
 China's Outward FDI.

List of Abbreviations

AfDB	African Development Bank
AIIB	Asia International Infrastructure Bank
ANC	African National Congress
ARATS	Association for Relations Across the Taiwan Straits
AU	African Union
BF	Burkina Faso
BLS	Botswana, Lesotho, Swaziland
BRICS	Brazil, Russia, India, China, South Africa
CAD	China-Africa Development Fund
CAR	Central African Republic
CDB	China Development Bank
CGC	China Geo-Engineering Corporation
CPA	Comprehensive Peace Agreement
CPC	Chinese Communist Party
CNPC	Chinese National Petroleum Corporation
CNPCIC	China National Petroleum Corporation International Chad
DRSTP	Democratic Republic of São Tomé and Príncipe
DPP	Democratic Progressive Party
DPRK	Democratic People's Republic of Korea
ECFA	Economic Cooperation Framework Agreement
ECOWAS	Economic Community of West African States
EU	European Union
FDI	Foreign direct investment
FOCAC	Forum on China-Africa Cooperation
FTA	Free trade agreement
GPA	Agreement on Government Procurement
GDP	Gross domestic product
IMF	International Monetary Fund
Interpol	International Criminal Police Organization

IPE	International Political Economy
ITC	International Trade Centre
ITTO	International Tropical Timber Organisation
KMT	Kuomintang Party
MCTU	Malawian Congress of Trade Unions
MoU	Memorandum of Understanding
NGO	Non-governmental organisation
OBOR	One Belt One Road initiative
ODA	Official development assistance
PD	Prisoner's dilemma
PRC	People's Republic of China
ROC	Republic of China
ROK	Republic of Korea
RSA	Republic of South Africa
RTA	Regional trade agreement
SACU	Southern African Customs Union
SADC	Southern African Development Community
SARS	Severe acute respiratory syndrome
SEF	Straits Exchange Foundation
SOE	State-owned enterprises
UN	United Nations
UNMIL	United Nations Mission in Liberia
UNSC	United Nations Security Council
US	United States
USSR	Union of Socialist Soviet Republics
WEF	World Economic Forum
WHA	World Health Association
WHO	World Health Organization
WTO	World Trade Organization
WWII	World War II

To his mother
for her guidance and immeasurable support,
the author dedicates this work.

Abstract

Unlike in previous timeframes, between 2000 and 2016 no African state switched its recognition from the People's Republic of China (PRC) to the Republic of China/Taiwan (ROC); but six switched in the opposite direction. Why was this the case? This thesis investigated the extent to which there was an opportunity cost for those African states (Liberia, Chad, Senegal, Gambia, Malawi, and São Tomé and Príncipe) in recognising the ROC as the "one China" over the People's Republic of China in the period between 2001 and their respective year of switching, which in turn could explain the direction of the switches. In this thesis, opportunity cost, through time series and multiple comparative trade analyses, was operationalised as a relative economic loss (as measured through relative trade volumes, investment and aid) incurred that could have otherwise been avoided or compensated for by recognising the PRC over the ROC as the One China. The thesis found that in the timeframe studied, on average after three years, *five out of six* African countries (with the exception of São Tomé and Príncipe) that had previously recognised the ROC saw exponentially increased trade volumes with the PRC once they affected a switch in recognition from the ROC to the PRC (some saw this sooner). This is due to a number of factors; recognising the PRC is concomitant with entering into politically-enhanced bilateral economic relations at the behest of the PRC, at once a centralised state heavily involved in outward investments (through the CDB and the EximBank) and the world's second-largest economy. Those states which still recognise the ROC (presently only Burkina Faso and Swaziland) can be said to still do so in large part due to the fact that there has been a continual culling of allies and therefore a decrease in an "aid burden" on the comparatively economically stagnant ROC, since these six states have switched their recognition as well as being the recipients of "special attention" from the ROC government, not otherwise granted to the former allies. Thus while there can be said to be an opportunity cost, it can also be said to be bidirectional; without the one China problem, there would be, all other things being equal, no entities which would be highly motivated to dole out costly aid (at an opportunity cost) in the process of "dollar diplomacy", especially since Taiwanese aid to its allies has been found in the thesis to increase, at least *immediately*, after an ally has switched towards the PRC. In other words, the enhanced trade and aid-giving are a means to an end rather than ends in themselves – were the one China issue resolved, there would be marginally fewer motivations for their continuation outside of commercial aims. This was seen, for example, during the 2008-2015 "diplomatic truce," during which the PRC and the ROC experienced a thaw in their relations and temporarily seemed to be approaching *rapprochement*, as indicated by the signing of the PRC-ROC Economic Cooperation Framework Agreement, and at the same time did not attempt to lure each other's allies with prospectively higher financial gains for so doing. In that sense, the opportunity cost is clearly there for both the PRC and the ROC *as well as* for African states as a result. This falls within, as well as practically vindicates, structural realist theorists such as Evera (1999) and Mearsheimer (2001) who assert that states, big and small, are rational agents (seeking to minimise costs and expand benefits), as well as relative gains-increasing actors.

Chapter One

INTRODUCTION

1.1. Introduction

“Taiwan condemns the unreasonable, rude, and outrageous act of political hype carried out by the Nigerian government in complying with mainland China’s political goals” (Kuo, 2017: 1). These words came directly from the Foreign Ministry of the Republic of China (ROC). Coming as they did on the 12th of January, 2017, they were in response to the Nigerian government’s apparently sudden order that the ROC move its unofficial embassy, along with its trade mission, out of the capital city of Abuja. Further still, the West African state ordered the stunned Taiwanese “to scale down its trade mission—which manages consular affairs as well as events like trade delegations, explainers on Taiwan’s fisheries or tech and telecom industries, and art competitions—and move the office to Lagos where it will have less visibility” (Kuo, 2017: 1). Thus a trade mission which had been formed in Nigeria’s capital in 1991 and which had acted as a support structure for Taiwanese investors and businesses who have been manufacturing in Nigeria was abruptly closed. This was widely interpreted as yet another sign of an observation made by Bräutigam (2009) “while China has frequently emphasized the principle of non-interference in internal affairs, the ‘One China Policy’ has remained the prominent exception to the rule. The absence of diplomatic ties with Taiwan is a precondition for any fruitful diplomatic relations with Beijing.” More extreme measures have also been taken, wherein “numerous historical examples have shown that diplomatic ties are cut off and economic aid is suspended if a country establishes diplomatic ties with Taiwan” (Broich and Szirmai, 2014: 6).

Could this mixture of incentives and coercion explain Nigeria’s apparently spontaneous decision to downgrade relations Taiwan? Perhaps. In 2016, ROC-Nigerian trade, mainly concentrated on natural gas, industrial equipment, seafood, amounted to a total of about US\$800-million, while trade relations with the PRC amounted to US\$6.46-billion for the same period – a ratio of 1: 8. This showed greater economic entanglement with the mainland than the island. This is the case with other countries on the continent as more generally, for example, in 2000, the PRC formed the Forum on China-Africa Cooperation (FOCAC); an organisation in which African states have been able to reap considerable aid, investment and trade concessions from China (Shelton, 2017) – but one from which, crucially, states which recognise the ROC are excluded.

Thus, the present thesis seeks to ask: could economics, particularly the comparative trade gains to be made from recognising either entity as the One China, be used to account for why Taiwan has seemingly lost in the “diplomatic chess” and competition for recognition against the PRC? This is elaborated on in the section which follows, dealing with the research question more elaborately in terms of the research rationale, as well as highlighting the intended knowledge gain from asking this question and generating an answer – or answers – to it. The chapter then subsequently carries out a literature review, with a focus on literature on economic incentives in the One China question and Africa, and identifies a “gap” within the literature. The chapter then details the methodology to be used within the case studies. Finally, there is a detailed chapter breakdown for the remainder of the thesis.

1.2. Research Question

Is there an opportunity cost in the Africa-One China nexus? More specifically, did those African states which recognised the Republic of China and subsequently switched its recognition to the PRC experience increased trade, aid and FDI benefits from the PRC? The thesis starts measuring the subsequent economic benefits from the first year following a switch from Taiwan to China.

1.2.1. Rationale

The island of Taiwan is seen as “the third unfinished project in the Chinese reunification agenda of the Communist Party” which was commenced with the re-incorporations of Hong Kong and Macau in 1997 and 1999 respectively (Taylor, 2006: 69). In the most basic terms, the People’s Republic of China and the Republic of China both claim to be the sole legitimate representatives of “China”; thus diplomatic relations with one necessitate isolation of the other – diplomatic relations with one another are officially mutually exclusive. This is the One China policy. More practically, as part of its Africa policy, Beijing ceases relations with African states which have political relations with the ROC, of which there are only two. Taken together, some 30 African countries have at one time or another maintained formal relations with Taiwan; currently, only one country on the continent still does. This “loss” on the part of Taiwan is largely attributable to China claiming to be the sole legitimate government of Taiwan. What this thesis is seeking to find out is why, at least since 2000, no African state has dropped the PRC for the ROC; and in particular to ascertain the extent to which these countries made their decisions due to rational self-interest in pursuit of increased trade and access to finance from the PRC – all areas prone to political programming from Beijing.

1.2.2. Knowledge Gain

While it would appear that the One China issue is all but over, news headlines, policy briefs and commentary on the issue of Taiwan-China competition for diplomatic victories is still an ongoing topic. For example, when a Democratic Alliance (DA) Mayor of Tshwane (South Africa) visited Taiwan, he raised the ire of the South African national government and created a dilemma which had never existed before; an opposition party visiting a state which the national government has no relations with. Thus the Africa-China-Taiwan question is a question of the recent past, the present and the foreseeable future. As recently as 2015 and 2016, two African countries switched their recognition from Taiwan to China. Why was this the case? And what other critical questions arise as a result of this that we may not have even begun asking? Further, the PRC's rise is a contemporary topic and an unfolding topic, and with that comes the need to take a closer look at both the direct and indirect implications of that for African states, including ones which do not have formal relations with it. Thus in a sense this study looks at the rise of the PRC through the prism of Taiwan and the One China problem. What kind of One China policy is pursued by this new, wealthier China? This is especially relevant in terms of the "no strings attached" policy which Beijing proclaims. Lastly, at a time when globalization is the norm, the question of Taiwan being able to have no formal relations but still commercially engage with countries is worth investigating.

Moreover, this study is focused not only on Taipei and Beijing, but, quite crucially, it is written from the perspective of the various African countries. It finds out the contours of the economic diplomacy of N'Djamena, Lilongwe, Banjul and other often overlooked African states' foreign policies. Not only does it conduct a historical review therefore, but it also generates some understanding as to the determinants of foreign-policymaking by these countries. Through comparative analyses of various economic variables (exports to China vs Taiwan), the paper finds out whether economic considerations can be said to have been determinative in the switching of recognitions – an often assumed but hitherto indefinitely proven assertion. By tracing over a period of time, we are able to find out whether and by how much African countries' diplomatic appraisal can be seen to be a tool for extracting benefits from the two counties. Additionally, between aid and trade, this thesis also finds out which can be argued to be more important for these countries, and at what critical mass. Far from taking it as a given that China succeeded in "buying" these African countries' diplomatic appraisals, the thesis investigates the extent to which African countries have in fact acted in accordance with *realpolitik* for their own empowerment; using a finite resource (recognition) to obtain politically-determined economic benefits from the PRC.

While in the twentieth-century, a number of African states “switched” their recognitions in a back-and-forth fashion between the ROC and the PRC, there would appear to be now a crystallisation of the recognitions that Beijing has obtained.¹ Further, and more interestingly, in the period between 2000 and 2016, six African states have switched their recognition of the state they deem as the “One China” in an entirely one-directional trend: towards the PRC and away from the ROC, viz. Chad (2006), the Gambia (2013), Liberia (2003), Malawi (2007/8), Sao Tome and Principe (2016) and Senegal (2005). There is a pattern in need of studying. What causal mechanisms can be used to account for the one-way switching? This thesis seeks to pursue just that question.

Starting out from the realist premise that states conduct foreign policy, especially in making major decisions, on the basis of incentives, the framework of “opportunity cost” would therefore seem to be the most applicable instrument to gauge what is actually at work. For these switches in recognition come at a point in history wherein the PRC is increasingly becoming the dominant economic power in the world. China’s economic prowess has come a long way since the reform period of the 1970s and 80s; and while it occupies the number-two position in terms of GDP, it is ranked as number-one in terms of PPP, and is widely slated by a number of economists to rank first in GDP terms by 2024, surpassing the US (Bush, 2017: 1).

At the same time, at least two of ROC’s allies have proven themselves resilient in the 2001-16 period. Taiwan is not a diplomatic freeze-zone; indeed through informal relations, Taiwan has seen growth in terms of relations with other states. For example, particularly regarding Europe,

“it is not a process of relegating official relations to the unofficial sphere that has taken place but, instead, the development of nonofficial relations from virtually nothing. Indeed, no European country, even among those which had diplomatic ties with Taipei prior to the seventies, had substantial dealings with the island at that time. Hence, it was the growing exchanges between west European countries and Taiwan during the 1980s that created the need for an institutional framework and not the necessity to safeguard existing exchanges” (Mengin, 1997: 230).

Furthermore, “Taipei perceives that it is not isolated and can count on sympathy from the international community in general and help from both the major powers and from small or Third World countries specifically” (Copper, 1995: 225). And it

¹ Senegal and the Central African Republic have each switched 5 times since both originally declaring diplomatic ties with the ROC from their moments of independence. Benin, Burkina Faso, Chad, the Gambia, Lesotho, Liberia and Niger all switched diplomatic recognition two or more times.

has. Over the last four years, Taipei has made a bid for re-entry into the UN (the subject of the historical background in Chapter 3) “and has won the sympathy and the support of an increasing number of Third World nations in making its case” (Copper, 1995: 225). Among these countries (at least in the 2001-2016 period) have been two African states; Swaziland and Burkina Faso (and until recently Sao Tome and Principe). This merits study. Are there conditions in their relationship with the ROC and PRC that can be used to explain their seemingly strong relations with ROC?

1.3. *Literature Review*

The island has not focused its efforts on establishing and maintaining recognition among world or regional powers. Rather, Taiwan’s diplomatic competition with China has, at least since 1979, largely been relegated to the underdeveloped world – mostly Africa, the Caribbean and Central America. Thus, whereas debates surrounding diplomatic recognition commonly focus on powerful states offering or withholding recognition to weaker powers, the recognition of Taiwan evinces a very different framework.

Scholarship on Africa and Taiwan is extensive and rich. A large body of the literature, however, tends to be of a ‘solution-oriented’ variety. For example, Kruckenberg (2015: 194) argues that “in order to lower the potential increased tension levels between the two, and in the region generally, the PRC and ROC need a durable settlement to the Cross-Strait Dispute. The remaking of Taiwan as a totally neutral, independent state, in the mould of Switzerland, could be that solution.” In this solution-oriented milieu, we also find a large section of this body of literature as also somewhat developmentally-minded – concerned with how African countries can apply a “Taiwanese model” for development.

China’s charm offensive throughout Africa has garnered significant attention. While once hesitant to play the role of an emerging superpower, China has joined peacekeeping missions throughout Africa, including Liberia, Sierra Leone and the Democratic Republic of the Congo (DRC), among others. Furthermore, China has tentatively supported United Nations reforms that would grant an African country a permanent seat on the Security Council (Meidan 2006). Meanwhile, less attention has been placed on the historic influence of Taiwan in the region, much less the implications of this historic influence on Africa today. And insofar as the existing literature pays any attention to the extra-regional dimension of the One China problem, it is mainly accrued by the United States and when attention is paid towards Africa, the scholarship is (perhaps excessively) occupied on South Africa – though some new inroads are being made on this as the archival materials on the

decision-making processes. Nonetheless, scholarly, and non-grey literature is still thin. Only recently, with the advent of Thomas Rich who has composed “an original dataset on diplomatic recognition of Taiwan through 2008, the first quantitative study on why a country would recognize Taiwan over China” (Rich, 2009), has the literature gained a quantitative investigative frame.

1.3.1. *Literature on Economic Incentives and the One China Problem*

At the end of the Cold War, Copper (1995: 222) correctly observed that Taiwan tends to have smaller relations, but in at least one book and one paper came to the incorrect conclusion that “future trends in this regard probably favour the ROC, particularly given the fact, among other reasons, the PRC’s relations with the Third World are generally tenuous owing to Beijing’s becoming a major recipient of aid and loans from international lending institutions while absorbing large quantities of private investment capital, to the detriment of other developing nations.” This grew from a retrospective application of ideology on the question of the recognition of Taiwan borne from an association between these states’ small size as well as that of Taiwan’s own small size; “many smaller nations side with the ROC (also a small nation) saying that its sovereignty should be protected against a larger aggressive nation. More important, they support the idea of self-determination and apply that principle to Taiwan” (Copper, 1995: 225). This has not been the case however, at least on the African continent.

But Rich and Banerjee (2015: 141) perceptively observe that “whereas Cold War rationales initially benefitted Taiwan, economic interests now appear to incentivize African countries to establish relations with China. Through qualitative and quantitative data covering much of the post-World War II era, [their analysis] argues that *economic factors have trumped political rationales* for Taiwanese–African relations.”

More concretely, in their case study of South Africa, Williams and Hurst (2017: 3) argue that “the ROC and PRC were far from passive bystanders” in the first four years of democracy as Pretoria was choosing which China to recognise: “the ROC provided first the ANC, and then the South African government, with a range of inducements designed to make the case that retaining ties with the island government was in South Africa’s best interest.” And as Beijing’s impatience with South Africa grew, the PRC’s policy makers “made it increasingly clear to their counterparts in Pretoria that if South Africa continued to defer its decision on the two Chinas there would be negative implications for its relationship with the PRC” (Williams and Hurst 2017: 3). The importance of the use of incentives and coercion is further demonstrated in the fact that “the focus of Mandela’s trip to the ROC in late July 1993 was fundraising.” And a few days before Mandela visited the island,

“ANC and ROC officials arranged “That US \$10 million will be given to the President [Mandela] during his courtesy call at the President’s [Lee Teng-Hui] office at 18h00 just before dinner on Friday, July 31.” An ANC official went on to note: “The Question of further assistance, whether hard cash or in kind, should be raised during the President’s courtesy calls to both the President’s and the Prime Minister’s offices—and not at the public events, (i.e. at dinner tables). We understand that the Western way of fundraising, such as passing the hat and asking for contributions from individuals/business people in public is something that is not done here—they get very embarrassed” (Williams and Hurst, 2017: 11).

Furthermore, although trade between the ROC and South Africa was at the time larger than that between the PRC and South Africa, the combined trade figures of Hong Kong and PRC far outweighed those of the ROC (Williams and Hurst, 2017: 21, Monyae and Banda, 2018: 2). This “Hong Kong Factor” became a central issue within the South African government. According to the erstwhile Deputy Minister of Foreign Affairs Aziz Pahad: “Hong Kong was always our argument... we used to say the reality is not just now Mainland but also Hong Kong, at that time we had very strong economic and other relations. And that was exactly why the timing was brought in” (Williams and Hurst, 2017: 21).

	Model 1		Model 2	
	Coeff	SE	Coeff	SE
Polity Scores			0.0087	0.0106
Polity Difference				
Area (k ²)	-0.0001	0.0004	-0.0001	0.0004
Cold War	0.4849***	0.0921	0.5286***	0.1074
Distance From Beijing	0.0006***	0.0002	0.0006***	0.0002
Exports as % GDP	-0.0108**	0.0044	-0.0109**	0.0044
Recognition (t-1)				
Constant	-8.2928***	2.0986	-8.3465***	2.1502
N	2040		1984	
Pseudo R ²	0.1218		0.1244	
	Model 3		Model 4	
	Coeff	SE	Coeff	SE
Polity Scores	0.0089	0.0107	-0.0074	0.0136
Polity Difference	-0.0013	0.0105	0.0392**	0.0152
Area (k ²)	-0.0001	0.0004	0.000	0.0001
Cold War	0.5234***	0.1155	0.3388*	0.1676
Distance From Beijing	0.0006***	0.0002	0.0002*	0.0001
Exports as % GDP	-0.011*	0.0045	-0.0054	0.0045
Recognition (t-1)			3.4446***	0.1433
Constant	-8.3339***	2.154	-4.6075***	0.9382
N	1984		1954	
Pseudo R ²	0.1244		0.6949	

Note: ***p<.05, **p<.01, *p<.001.

Table 1. "Probit Models of Diplomatic Recognition of Taiwan, 1960-2007" (Rich and Banerjee, 2015: 152)

A more general (though perhaps excessively abstract) study of why an African state *would* recognise the ROC over the PRC has been conducted by Rich and Banerjee (2015) in their paper 'Running out of Time: The Evolution of Taiwan's Relations in Africa.' The following was their study design (as summarised along with their findings on Table 1).² Below is a summary and critique of their methodology and findings.

² "Model 1 includes only exports and the control variables. Here, exports as a percentage of GDP negatively correlate with recognition of Taiwan, while geographic distance from Beijing as well as the dummy variable for the Cold War era positively correlate with recognition, all at .01 or stronger. Thus, even controlling for the Cold War era, which in some respects could be viewed as artificially inflating the number of Taiwan's diplomatic allies, the negative correlation between a country's exports and recognition of Taiwan is evident. Model 2 adds Polity scores for the African countries, while Model 3 also includes the absolute difference in Polity scores between Taiwan and the African country. Yet, these inclusions fail to change the core findings of the original model. In other words, the evidence does not support claims that Taiwan's relationships in Africa are based on democratic solidarity or similarities in regime type. Finally, to capture the relative stability of relations from year to year (referring to the fact that a country that recognizes Taiwan in Year t is likely to have recognized them the year before, t-1), we included a lagged dependent variable in Model 4" (Rich and Banerjee, 2015: 154).

1.3.2. *Critique of the Literature, and the Knowledge Gap*

One of their interests was the relationship between a given African country's domestic structure and likelihood of recognising either the island or the mainland. To capture the level of democracy in each country, Rich and Banerjee (2015) used Polity IV Scores, which excludes states which have a population of fewer than 500,000, and as a result does not account for São Tomé and Príncipe. To that end, this state was effectively not studied in that index. To even average yearly Polity IV or Freedom House is also conceptually error-ridden. Without even going into the critiques of their capacity to measure and quantify freedom, we can easily also discount them (or at least as they are used by Rich and Banerjee) because averages can be distorted by outlier quantitative discrepancies in a way that leads to no story being told. Particularly peculiar among their findings is that "the absolute difference in Polity scores does reach statistical significance at .01, with a coefficient that appears counterintuitive: As the differences between Taiwan and African countries increase, recognition of the ROC is more likely. Additional tests show that this pattern is consistent during the Cold War and in both Taiwan's authoritarian and democratic eras, in stark contrast to claims that Taiwan's democratization allowed it to hold onto allies" (pp. 155).

The finding that mainly autocracies have relations with Taiwan is only descriptive, and while a curious finding, it says nothing about much outside itself, and is so obvious as to be limiting; further, the authors (having offered no rationale for including country type in their original model) and other scholars subsequent to the finding, have made no attempt to hypothesise as why that might be – could it be perhaps because Taiwan is generally so isolated that it is in no position to impose conditions on the states that recognise it? This is particularly interesting in light of mainland China's own selling point as a non-interfering partner for African states, autocratic or otherwise. In any case, foreign policymaking in itself is an undemocratic process.

On the other hand, while Freedom House scores every country, it has, however, only been active for forty years and hence does not account for the early diplomatic switches. The Probit model (where "1 is recognition Taiwan") also only used economic data from 1960 to 2007, whereas the present study concentrates itself to 2001 to 2006. This necessitates a single, empirical and traced analysis of a state's recognition conversion. Furthermore, the Rich-Banerjee paper did not do a comparative analysis (of either ROC or PRC, as well as African states' foreign policies), which is crucial because this is a dichotomized policy issue, which necessitates the recognition of one state over another by a diverse set of states. The current thesis' empiricism also means that it has very specific case studies, which are

couched within an explicit time frame and thereby speak to those particular cases (another lacking component in the Rich-Banerjee paper which is based on continental averages) on a number of variables which are present in this study but were not present in the Rich-Banerjee paper.

This thesis is also differentiated by its measure of the *rate of change*; this is important because of the capacity to convey diplomatic-economic feedback loops in real time; in other words, if we see both China and Taiwan investing and trading with Africa, we are able to distil which is investing and trading more in incremental basis from one year to the next, and thereby the importance of this to the subsequent switching or lack thereof. Averaging aggregates can help us understand the bigger story, but they also lead to misunderstanding and overlooking the nuances which may be at play; hence, switching of recognition is something which happens in a particular year, we need to know what sparked it. And sometimes a decades-long averages cannot be enough; we need to find that out on the basis of what happened in the previous year – we may even find that the mean is being pulled by those events.

1.4. Methodology

In economic terms, ‘opportunity cost’ can be defined as the foregone benefits accrued and forfeited simultaneously for choosing one course of action over another. Thus it is a question of utilizing a resource for maximal benefit. In this thesis, opportunity cost is operationalized in two specific ways:

- I. The relative size of trade with Taiwan vis-à-vis that of Mainland China on a pre- vs post-ROC recognition for six case studies of African countries who switched recognition from Taiwan to Mainland China in 2016.
- II. This is in turn measured through a number of means:
 - a. Imports for country x and Taiwan vs country x and China, and;
 - b. Marginal increments over a preceding set of 5 years for exports.
- III. To verify whether opportunity cost is a sufficient explanation for switching recognition over to the PRC, we use similar methods to assess the relative ROC/PRC trade relations of states which still recognize the ROC.

The method of analysis is a time series for each African state’s exports to the corresponding trade partner (i.e., either the ROC or the PRC) constructed along the template set out below.

	Total ROC imports (in \$-thousands) from Country X	Total PRC exports (in \$-thousands) to Country X
2000		
...		
Switch year		
...		
2016		
Total differences (in \$-millions)		

Table 2. Template of Country X's imports and exports pre and post recognising the PRC.

Chad, Senegal, Liberia, Malawi, The Gambia and Sao Tome and Principe, were selected because they presents us with a case study wherein we have a pre- and post-ROC recognition set of scenarios. So in a sense it seeks to ask, in the most direct sense, "did these countries lose out on any economic gains for having relations with the ROC over the PRC?" Sao Tome and Principe in particular was selected because it is the most recent state to have switched recognition from ROC to PRC, so it offers the opportunity to see, if indeed there is an opportunity cost for recognizing the ROC, how quickly is it corrected for?

Swaziland and Burkina Faso were selected because they are countries which have had the most resilient relations with the ROC (though admittedly BF once switched relations from the 1970s to the 1990s), and so they are included to complicate the picture a bit; in other words, "if the same economic thresholds are found to exist as with the countries which switched their recognitions, then what explains their still-sticking to the ROC over the PRC?"

	ROC (in US\$-thousands)	PRC (in US\$-thousands)
Total five-year movement in imports from Country X (in %)		
Total five-year movement in exports to Country X (in %)		
Total imports from Country X in 2016 (in US\$-millions)		
Total exports to Country X in 2016 (in US\$-millions)		
Total share of Country X exports (%)		
Total share of Country X imports (%)		

Table 3. Template for growth in imports and export from ROC and PRC-recognising states to and from the ROC and the PRC.

1.4.1. *Variables*

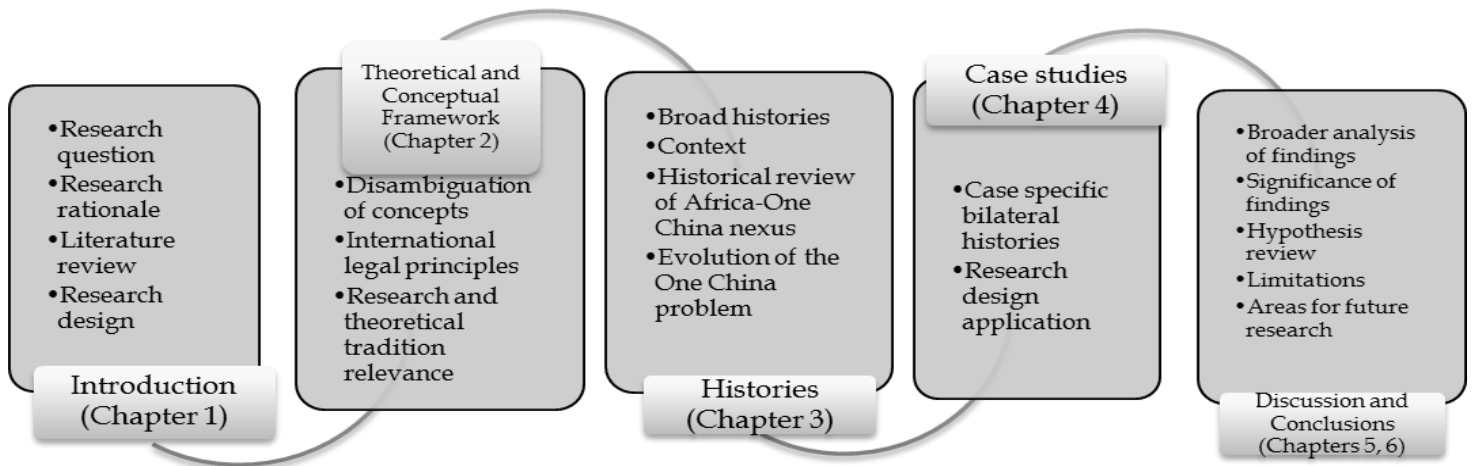
The variables are operationalised in the following. The independent variable is operationalised as the formation of exclusive recognition of either ROC or PRC. On the other hand, the dependent variable is operationalised as subsequent trade volumes, FDI and aid in US\$. The following method of comparison is applied: a combination of cross-case and over-time comparison.

1.4.2. *Data Sourcing*

There are a number of comprehensive data sources that have the necessary trade, FDI and aid data points for the time-frame of the study. These sources are:

1. The Trade Map database The WTO and UN-managed International Trade Centre (ITC);
2. The World Bank emerging markets;
3. World Economic Forum *Global Competitiveness Reports*;
4. The Massachusetts Institute of Technology Observatory of Economic Complexity (OEC)

1.5. Chapter Breakdown



The thesis is constituted of five chapters, in addition to Chapter One (the Introduction):

Chapter Two will situate the study in a set of conceptual and theoretical frameworks as well as provide further conceptual disambiguation.

Chapter Three will discuss the One China problem in light of its broader histories, and in so doing trace its African interface (the Africa-One China nexus, which is the vantage point of the thesis). Since the thesis is confined to the 2001-2016 period, it is also necessary to demonstrate that despite this relatively limited purview, each of the case studies do not stem from a vacuum but are rather the outcome of a long, complex and *evolving* issue.

Chapter Four will delve into each of the bilateral histories and accentuate the One China problem in its particular relevancies for each of the eight states studied. The thesis will then apply the methodological framework design for each of them to assess the extent to which there is an opportunity cost in the Africa-One China nexus.

Chapter Five will consist of a discussion of the findings; particularly their relevance and the extent to which they fall within the hypothesis and whether they effectively (and definitively) answer the question, while **Chapter Six** will acknowledge limitations of the research, as well as point out some areas of future research that have emerged on account of the findings.

Chapter Two

THEORETICAL AND CONCEPTUAL FRAMEWORK

2.1. Introduction

Being themselves, grand summations of the history of the history of international interaction, the major international relations theories act as sounding boards for hypotheses promulgated on international matters. They help us locate, conceptualise, generalise, and model case studies. This section will seek to disambiguate a number of potential conceptual ambiguities and concomitantly situate the research topic within a theoretical framework out of the myriad of IR theories through which scholars engage with international political economic issues.

Overall, the most relevant international political economic theory is realism, it has a layered set of relevancies within the thesis, as will be demonstrated and explicated below. Firstly, liberalism brings tools through which we can analyse international economics as seen in, for example, the liberal notion of comparative advantage. Realism has an entire conceptual framework within which to situate and integrate the role of politics in international economics, along with its ability to account for statehood which is particularly relevant to this thesis since it deals with the interplay between economics and politics in the recognition of a state.

2.2. Towards a Conceptual Framework

Of the major theories in IR, realism “assume[s] sovereign states are the primary actors” in the international arena, either alongside international organizations and multinational corporations, or influenced by non-governmental organisations (Waltz, 1979; Mearsheimer, 2001). Thus statehood, in relation to the One China problem, is discussed and articulated below with the view to disambiguate the issue, and the significance of recognition. After this, the chapter discusses international relations theory and notion opportunity cost, including rational choice theory, and the foreign policies of small states vis-à-vis powerful states, such as the African states studied here and the PRC may be, respectively.

2.2.1. Statehood

In April of 2003, one of the worst epidemics in modern Asian history, the severe acute respiratory syndrome (SARS) reached the island of Taiwan. This health crisis, however, unexpectedly brought to the fore a crisis of another kind; a political one:

“Not being a member of the World Health Organization (WHO), Taiwan could not receive information provided by the WHO for preventing the spread of the SARS diseases” (Chiang, 2000: 1). For many years before the SARS outbreak, the ROC had applied to the WHO to become an observer at its yearly summits, the World Health Assembly (WHA). But even in 2003, “when the WHA opened its session in Geneva, the Assembly again rejected the R.O.C.’s application” (Chiang, 2000: 1). A similar case, and a more recent one, took place when the ROC made an application to attend the 2016 International Criminal Police Organization (Interpol) general assembly under observer status and received did not get acceptance from the Lyon-based international body (Southerland, 2017: 2-3).

The reasoning given in both cases was that the ROC was not a state under international law, and could thereby not be able to legitimately assume membership or even observer status in organisations whose foundational duties are based on the starting point that they are amalgamations of states. This was made clear when the Press Club extended an invitation to a representative from the Taipei Cultural and Economic Office, which serves as the unofficial consulate of the ROC, only to have then UN Secretary-General, Kofi Annan, deny him entry “because of the organization’s ‘one-China’ policy” (Chiang, 1999: 2). This was in keeping with an earlier stance, when a massive earthquake struck central Taiwan in 1999, Mr Annan said that “the United Nations had to wait for the approval of the People's Republic of China before sending a disaster assessment team to what he called “the Taiwan Province of China”” (Chiang, 1999: 2).

This begs the question, what is a state? And why does the ROC, at least according to the UN and Interpol, not qualify as a state? Answering this question is central to this thesis as it enables us to better grasp the status of the ROC vis-à-vis the international community, and in turn the African countries studied here.

For both international relations scholars and historians of the state, the origins of the state can be traced back to 17th century Europe; most clearly in the year 1648 following the end of the Thirty Years’ War (1618-1648), wherein through the Treaty of Westphalia the state was formalised. In this text, the rulers of the various states (France, the Holy Roman Empire, Spain, Sweden and the Netherlands) agreed to respect one another’s sovereignties. Further still, 285 years later, the Montevideo Convention of 1933 stipulated the following as the criteria of a state: (1) a permanent population, (2) territory, (3) a functional government, (4) the capacity to entire into relations with other states.

This section will now briefly look at the ROC’s fulfilment (or lack thereof) of these in turn, with the aim being to explicate the significance of external relations as well as recognition for this country, and hence the pivotal role played by African states in its statehood ambitions in the present.

2.2.1.1. Permanent Population

According to the Montevideo criteria, “a State has the power and authority to govern not only its nationals but also aliens within its boundaries” (Chiang, 1999: 3). Chiang observes that the boundaries also serve the purpose of demarcating the ends of a state’s given “authority” (Chiang, 1999: 3). For Taiwan, this criterion is met, for not only has the island been home to an indigenous population for millennia (with origins estimated as going as far back as around 20-30 thousand years ago)³, but the population has also grown considerably in the past forty years; from 17-million people in 1979, to around 23.5-million by 2013.

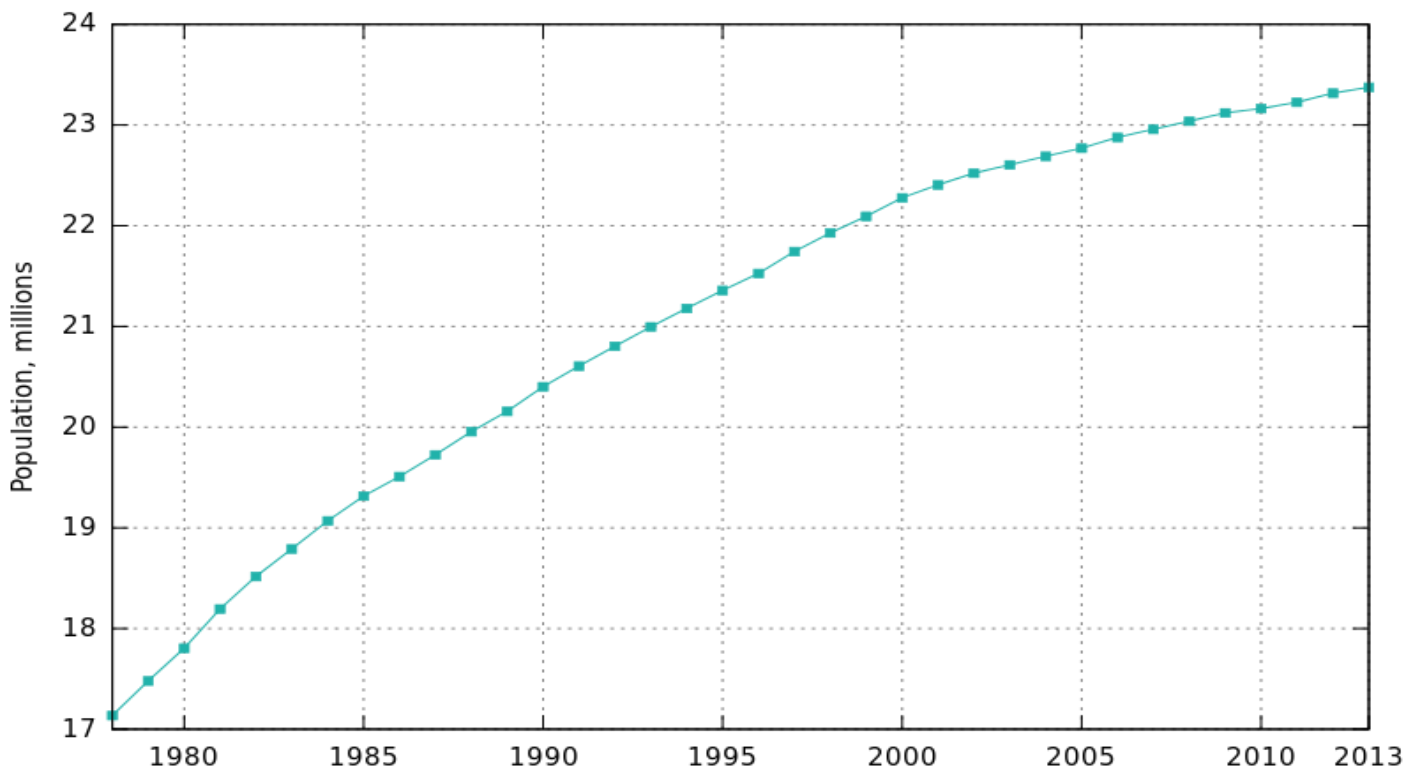


Chart 1. Population growth in the ROC, 1979-2013. Source: Taiwan Ministry of Labor.

2.2.1.2. Territory

On the question of territory, Jackson (1993) labels the Weberian “exercise of exclusive authority over a population within a defined territory as ‘positive sovereignty’.” With the advent of the Westphalia Treaty in accordance with the Montevideo Convention, the modern nation-state is based on its territory. Although the ROC makes claim to the entirety of mainland China, and Mongolia, the geographical term “Taiwan” is the a group of islands consisting of Formosa and a

³ Wu, H. (1994). *Bridging the Strait: Taiwan, China, and the Prospects for Reunification*. Hong Kong and New York: Oxford University Press.

number of surrounding islands, including: (1) the Penghu archipelago, (2) Kinmen County, and Lan Islet (see Map 1 below). The central government, based in Taipei, has managed to exert exclusive authority over the island of Formosa; although the crucial role played by the US as a deterrent against the Mainland has been articulated, there are no US bases in Taiwan and the arms of state are fully ran from



Map 1. The territories administered by the Republic of China excluding claimed territories. Source: University of Texas.

Taipei.

2.2.1.3. *Government*

Since every state is accorded equal status, it is, in theory at least, not the subject to rules imposed on it by another state or group of states. “Each State therefore, in theory, has unlimited power... Accordingly, international law emerged by consensus of the States to restrain or limit their own power” (Chiang, 1999: 3). Linked to the previous two sub-sections, the state governs the population *within* its territory “directly through its government” (Chiang, 1999: 3). The ROC fulfils this criterion. To begin with, it has a parliament and a president, and since the 1980s, these have been elected by the population of the ROC. Furthermore, and this is at the heart of the One China problem, despite the PRC’s claim to being the legitimate government of Taiwan, the ROC has been at the helm of its own arms of government; making and executing laws, carrying out policies and maintaining an army to name but a few.

2.2.1.4. *Capacity to Enter Relations*

A state’s relations with other states is the final criterion of the Montevideo convention. Thus, we can gauge the extent to which a state is deemed a state is in its ability to govern over the population, territory and capability to enter relations with the building blocks of the international community; other States. In practice this means co-entering into treaties with these other states (Copper, 2013: 8). Chiang (1999:3) further argues that:

“the level of equality inherent in the concept of sovereignty is meaningful only when a State deals with other States. Equal status with other States means that a State can enter into relations with other States on equal footing.”

It is here that the ROC’s status as a state is most brought into question. Rich and Banerjee, for example, argue that its status as a fully-fledged state “appears murkier only in the context of the fourth criterion of the Montevideo Convention: the capacity to enter into relations with other states. While the ROC has the ability to negotiate with other states, and has done so to various degrees over the past century, this capacity is partially predicated on the acceptance of other countries, normally through diplomatic recognition” (Rich and Banerjee, 2015: 144). The ROC’s government has demonstrable domestic sovereignty. However, it does not have formalised diplomatic relations with the majority of independent states in the world. In fact, as stated in the introductory chapter, the ROC’s diplomatic allies today are all comparatively weak countries. In historical perspective and context, Rich and Banerjee (2015: 145) state that “the Japanese puppet government of Manchukuo (1932–1945) received greater formal diplomatic recognition among European powers than Taiwan currently receives.” The ROC has diplomatic relations with twenty states (see Table 4). Of these, only two states recognised Taiwan – Swaziland and Burkina Faso; the latter later switched to recognise the PRC in June of 2018.

<i>Continent</i>	<i>State</i>
Africa	Burkina Faso ⁴ Swaziland
Asia	Marshall Islands Palau
Central and South America	Saint Vincent and the Grenadines Belize Dominican Republic El Salvador Guatemala Haiti Honduras Nicaragua Paraguay St Kitts and Nevis St Lucia
Europe	The Vatican
<i>Table 4. List of states which recognised the ROC as of January 2018.</i>	

Having disambiguated the theoretical basis of statehood, and the role of relations with other states as a central issue for the ROC in the One China problem, the thesis will now turn to disambiguating the concept of opportunity cost.

2.2.2. International Relations Theory and Opportunity Cost

Among IR theories, it is realism which has the most readily applicable and built-in assumption about states being preoccupied by pursuing courses of action which they deem to be prospectively more beneficial and survival-guaranteeing than their comparatively harmful affairs. This is the so-called rational choice mechanism which all states are assumed to operate by. The thesis will discuss this in turn, and explicate not only its relevancies to the Africa-One China nexus, but also why it is the most useful in looking at this issue.

2.2.2.1. Rational Choice Theory

One of the proponents of the notion of rational choice theory is John Mearsheimer, one of the leading theorists in the neorealist school of thought within realism. According to Mearsheimer (2001), one of the five principal axioms in realism is rational choice as a determinant of foreign policy. This is defined in what is generally regarded as his magnum opus, *The Tragedy of Great Power Politics*:

⁴ Burkina Faso later switched in early 2018.

"[States] are aware of their external environment and they think strategically about how to survive in it. In particular, they consider that preferences of other states and how their own behavior is likely to affect the behavior of those other states, and how the behavior of those other states is likely to affect their own strategy for survival. Moreover, states pay attention to the long term as well as the immediate consequences of their actions" (Mearsheimer, 2001: 31).

Similarly, in his work *Causes of War: Power and the Roots of Conflict*, Stephen Van Evera (1999) puts forward this definition of rational choice in international relations:

"states are unitary rational actors, carefully calculating costs of alternatives courses of action and seeking to maximize their expected utility, although doing so under the conditions of uncertainty and without necessarily having sufficient information about alternatives or resources to conduct a full review of all possible courses of action" (Keohane, 1986: 164).

Van Evera further postulates that "in an anarchic system, rational states have more room to maximize their utility," without having to be "as competitive as Mearsheimer argues" Van Evera, 1999: 9). But nonetheless, both theorists agree that states are rational entities who operate within the paradigm of "cost-benefit" assessments (Van Evera, 1999: 9).

From the critiques of rational choice theory surveyed, the notion of opportunity cost can only be rejected on subjective grounds and on the basis of contextual irrelevance; but none of the case studies exist which cannot be proximally looked at through the lenses of opportunity cost in order to understand the determinants for African states' switches in the period studied. This has been the consensus among scholars since the 1995 symposium held on 'The Pathologies of Rational Choice Theory'. As Dennis Chong (2010) put it in 'Rational Choice's Mysterious Enemies': "Although rational choice theory has enjoyed only modest predictive success, it provides a powerful explanatory mechanism for social processes involving strategic interaction among individuals and it stimulates interesting empirical inquiries." In terms of critics, Chong concludes thus: "Rather than present competing theories to compare against rational choice, [critics of rational choice] have merely alluded to alternative explanatory variables such as culture, institutions, and social norms, without showing either how these factors can be incorporated into a more powerful theory, or how they are inconsistent with rational choice theory. It is likely that any eventual theory of the origin and maintenance of social institutions, norms, and values will have to reserve a central place for rational action." Kelley (2008) had previously stated that critics of rational choice theory, especially Green and Shapiro, "wrongly identify rational choice theory with the shortcomings of some scholarship that makes use of it." And a final defense comes from Quackenbush (2010), that

“since rational choice theory is not a single theory, critics’ claims about the non-falsifiability of rational choice are immaterial.”

2.2.3. *Opportunity Cost Concepts in IR Theory*

States, as argued in the previous section, are in a state of cost-benefit analysis. In other words, they have to avert an opportunity cost – they have to make the most of the scarce resources which they have: this is the notion of opportunity cost, “the cost of the best alternative given up” (Krugman, Obstfeld, and Melitz, 2014: 38). In weighing the benefits and costs of any decision, states compare what they can obtain from each route or choice with what they give up from the other – in this thesis the former is operationalised as economic gains while the latter is recognition of either the ROC or the PRC by the African states studied.

The notion of opportunity cost is also implied (though not always explicated) in the following concepts in international relations.

1. *Mutually-assured destruction (MAD)*

The argument from realist scholars, most prominently Kenneth Waltz (1981), is that when two states are in possession of nuclear weapons, they are less likely to attack one another. In this scenario, they are barred from belligerence by prudential pacifism. As described in the essay ‘Nuclear Weapons: More May Better’ (Waltz, 1981):

“Nuclear weapons have been the second force working for peace in the post-war world. They *make the cost of war seem frighteningly high and thus discourage states from starting any wars that might lead to the use of such weapons*. Nuclear weapons have helped maintain peace between the great powers and have not led their few other possessors into military adventures” (1981: 4; emphasis added).

Thus the process of nuclear deterrence is an outcome of a cost-benefit analysis, and comes about as a result of an appraisal of the potential opponent’s ability for second-strike capabilities.

2. *Interdependence arguments*

Similarly, the democratic peace thesis is another direct example of the importance of economic gain as an influencer on foreign policy. A cardinal point in the liberal argument for more free trade among nations is that it leads to economic productivity, but a trade-off is also necessitated between trade and warfare, with the former often proving more attractive as a course of action due to the opportunity cost implied:

“Data strongly indicate an inverse relationship between conflict and trade: Country pairs exhibiting the most trade engage in the least bilateral conflict. One (indeed the predominant) reason for this inverse trade-conflict relationship is opportunity costs. Opportunity costs arise because nations tend to forgo trade with combatants especially when a war erupts. As such, dyadic conflict leads to a diminution of bilateral trade which results in lost gains from trade for both nations. To prevent these potential gains from trade losses, trading nations become more cooperative, thereby decreasing the hostility they exhibit between each other. This explanation is known as the “opportunity cost” argument” (Polachek and Xiang, 2008: 1).

3. *Regional integration*

Alence’s (2003) paper on why the Botswana, Lesotho and Swaziland, despite having every political and ideological motive, did not break trade relations with apartheid South Africa and exit the Southern African Customs Union framework is an example of works which have given an assessment as to the determinants that result in regional integration. As the paper showed, it was a matter of opportunity cost analysis. Quite simply, the BLS states did a rational cost-benefit analysis and saw that there would be an opportunity cost from severing relations with apartheid South Africa because, to simplify, South Africa, with its own isolation-avoiding motives, paid them for their continued recognition through the SACU revenue-sharing scheme.

Similarly, Moshoeshe (2014) looked at the same organisation, SACU, and asked why these Southern African countries have not formed a comprehensive free trade area with their SADC counterparts despite much political popularity and apparent endorsement for the idea. As he came to conclude, once again through game theory, opportunity cost is the determinative factor: these countries do a cost-benefit analysis and conclude that there are to be no *increased* benefits in joining a comprehensive RTA.

2.2.4. *Theories of the Foreign Policies of Small States and an Opportunity Cost Framework*

“The strong do what they can and the weak suffer what they must.” With these words Thucydides (1950) apparently closes off the power potentials of small states. However, subsequent scholars have developed more nuanced understandings around these entities. One of the principal scholars in this area is Elman (1995), who writes that “the received wisdom in international relations suggests that we can best account for the foreign policies of small states by examining structural/systemic rather than domestic level factors” (p. 171). Due to them overwhelmingly outnumbering their more powerful counterparts, however, smaller states are abler to

take advantage of the competition between them. Additionally, the foreign policies of small states are argued to be nominally preoccupied with developmental questions, and exacting benefits from the larger states with whom they interact (Geldenuys, 1990). With the Africa-One China nexus, we have a scenario that is couched within this conceptual framework – small African states seeking to extract benefit from one of two states, through utilising a scarce resource (i.e., their ability to recognise one over the other). This is further elucidated and clarified in the section which follows.

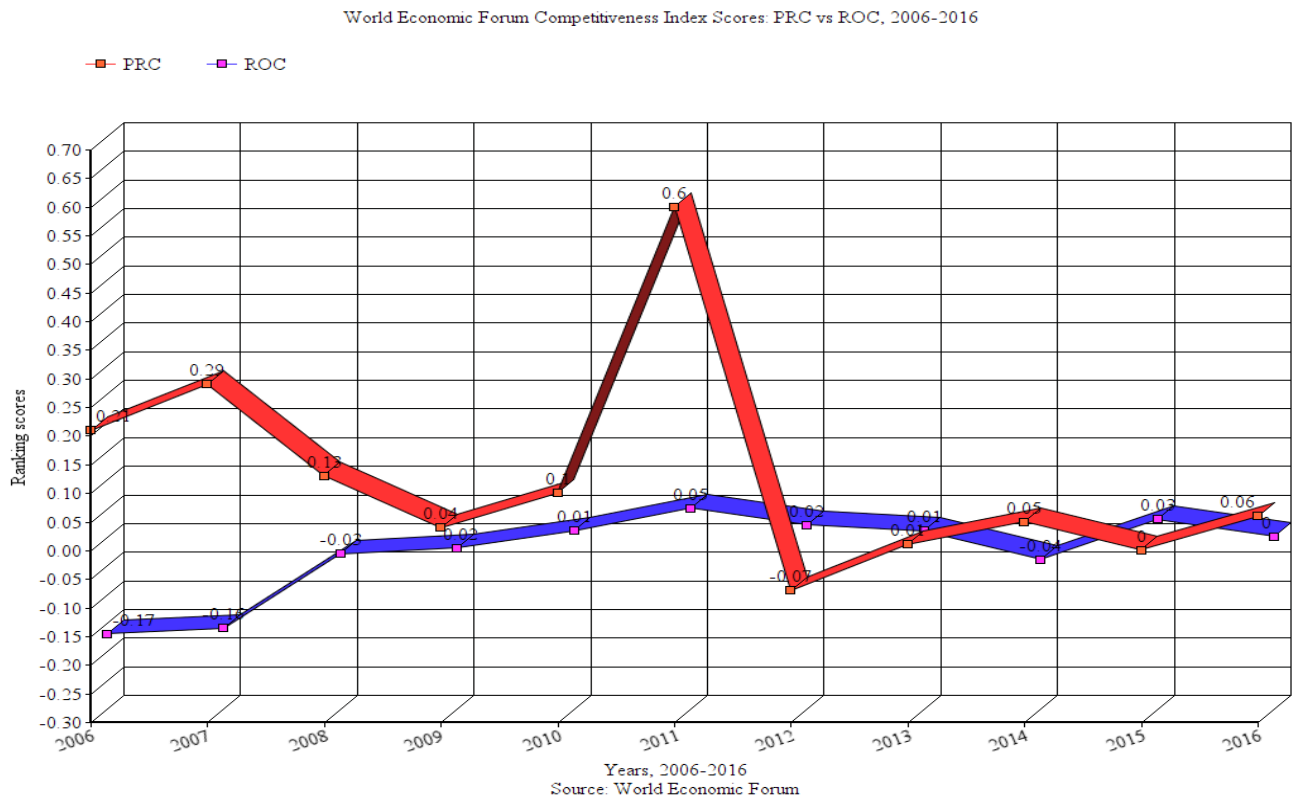
2.2.5. *The One China Problem, African States and Opportunity Cost*

This thesis is primarily aimed at gauging the extent to which these small African states which have relations with the ROC do so and incur a loss in terms of trade. Incumbent upon such a question is an assumption – that one of the two states has marginally more to offer than the other. It is thus worth elucidating whether that can be stated to be the case through a number of measurement tools.

The first such tool is the WEF Competitiveness Index scores, while the second is compared annualised GDP growth. The rationale in utilising these is because they are an objective indicator of the differences between the two states. Table 5 indicates the two states' scores in the WEF Competitiveness report between 2006 and 2016. From the raw score figures, it would appear that the ROC has the edge, even if slightly, as shown in Table 5 below.

(Source: WEF) <i>Table 5. World Economic Forum Competitiveness Index Scores: ROC vs PRC, 2006-2016</i>						
	PRC			ROC		
Year	Ranking (/100 countries)	Score (/10)	Movement (+/-)	Ranking (/100 countries)	Score (/10)	Movement (+/-)
2006	#54	4.28	0.21	#13	5.41	-0.17
2007	#34	4.57	0.29	#14	5.25	-0.16
2008	#30	4.70	0.13	#17	5.22	-0.03
2009	#29	4.74	0.04	#12	5.20	-0.02
2010	#27	4.84	0.1	#13	5.21	0.01
2011	#26	4.90	0.6	#13	5.26	0.05
2012	#29	4.83	-0.07	#13	5.28	0.02
2013	#29	4.84	0.01	#12	5.29	0.01
2014	#28	4.89	0.05	#14	5.25	-0.04
2015	#28	4.89	0	#15	5.28	0.03
2016	#28	4.95	0.06	#14	5.28	0

But the value of stronger relations with the PRC (insofar as they are conditioned on recognising it over the ROC) are clearer when assessed through the prism of *marginal growth* as seen in Graph 6 below, which is a graphic representation of the compared marginal growth in WEF scores between the ROC and the PRC.



Between 2006 and 2009, for example, the ROC's score declined, though increasingly less for each year, while that of the PRC grew, and it saw a jump from 54th place to 29th place (a jump of 25 places in total). What is also crucial and clear is that the PRC's annual GDP growth, and thus its exporting and importing potentials, have been consistently higher than that of the ROC.

TAIWAN GDP ANNUAL GROWTH RATE



CHINA GDP ANNUAL GROWTH RATE



Similarly, on annualised GDP *growth rates*, the PRC has registered higher increases than the ROC. The ROC peaked at close to 15% in 2010, after experiencing a -10% decline in 2009 (coinciding with the global economic recession at the time), has grown at 5% or below for the past five years, while the PRC peaked at 15% in 2007 and has experienced between 6% and 8% growth rates for the past five years.

Thus, insofar African states perform an opportunity cost analysis, the PRC is a more economically viable option. However, trade is a very bilateral issue between the African state in question and the ROC and/or the PRC and requires an accentuation of the contextual backdrop within which the economic factors take place. Prior to doing that, however, the thesis will first take a look at the history of the One China problem as a general global issue, and then its Africa-specific dynamics.

Chapter Three

HISTORIES

“Taiwan is an integral part of China. This is not only a fact based on history, confirmed by the situation since the surrender of Japan, but it is also stipulated in the Cairo Declaration of 1943 and the Potsdam Communiqué of 1945 as binding international agreements which the United States Government has pledged itself to respect and observe” – Zhou Enlai, August 24, 1950⁵

3.1. Introduction

There is a famed account of the then Chinese Premier Zhou Enlai being asked, either by US President Richard Nixon himself or one of his aides in his historic 1972 visit to China, what his thoughts on the French Revolution were, to which he answered “it is too early to tell.” Upon closer historical inspection this turned out to be a misunderstanding – Premier Zhou had been speaking about the 1968 French student protests. But these sentiments are still explicative nonetheless; indeed history does cast a long shadow, and the full import of events can never be fully predicted or accounted for as may still be unfolding.

What we have with the One China problem is just such an issue. Essentially, we have with the One China problem an issue which has dominated Taiwanese self-understanding and defined Chinese foreign policy and global interaction for most of the twentieth century; and still, as ever, it has a presence in the twenty-first. Moreover, it is an issue – owing to the international reach of the PRC from even the Cold War era – which has implications for states outside the East Asia region, and directly affects such far-flung areas of the world as the United States, Europe, Latin America, the Caribbean and, more to the point of this thesis, sub-Saharan Africa. This chapter aims to unpack the histories of the One China problem. It is neither comprehensive (many volumes would be needed for such an undertaking), conclusive (as mentioned, dealing here with a still-evolving issue), nor is it complete (in this issue many perspectives and methods abound whose total representation is beyond the scope of this work – from legalistic, to cultural), but it does fulfil the immediate aims of this thesis: it provides context and language, as well as the chain of events regarding how we got here, and ultimately showcases the scope and immense complexity of the issue, paving the way for a more nuanced understanding of the problem vis-à-vis Africa, the subject of the second section of the chapter.

⁵ Chiang, 1999: 72.

3.2. *Origins of the One China Problem*

Contemporary East Asian problems – from Pyongyang’s nuclear ambitions to Washington’s military presence in the Pacific Ocean, to the varied territorial disputes which occupy the attentions of all major capitals in the region – usually have their *fons et origo* in one of four major events: the Meiji Restoration of the 1860s, the Sino-Japanese War of the 1890s, the Second World War (or Second Sino-Japanese War in Chinese historiography), and finally the Korean War. With the One China problem, we have an issue whose origins are creditable to all four major turning points.

In April of 1895, after a mere ten years of incorporation as a Chinese province under the Qing dynasty,⁶ the island of Taiwan, or Formosa as the Japanese would soon rename it, was ceded to the expanding Japanese Empire following nine months of fighting in the First Sino-Japanese War. As Article II of the Treaty of Shimonoseki reads:

“China cedes to Japan in perpetuity and full sovereignty the following territories, together with all fortifications, arsenals, and public property thereon(b) The island of Formosa, together with all islands appertaining or belonging to the said island of Formosa. (c) The Pescadores Group, that is to say, all islands lying between the 119th and 120th degrees of longitude east of Greenwich and the 23rd and 24th degrees of north latitude.”⁷

For the Japanese Empire, emboldened as it was by the erstwhile recent restoration of their central imperial rule after centuries of Shogun dominance, “this new acquisition necessitated administrative rigor and posed questions which doubtlessly preoccupy all expanding powers; how best to utilise their new territory, and its peoples” (Morris, 2007: 2). But for the populace of the island, which by then measured up to an estimated 2.5-million, the transformation in government “meant subjugation to a new and inexperienced colonial administration, speaking a foreign language, the imposition of foreign ways, and Japan's determination to convert the whole populace from being Chinese to Japanese” (Morris, 2007: 4). The initial Japanese policy was to demarcate the new possession as a mere colony but over time came to accord it territorial status (Chiang, 1999: 3). Ever expanding (the Kingdom of Korea had earlier been subjugated and colonised in 1910) in September of 1931, the Japanese, with an estimated 50,000-strong force, invaded Manchuria, a Chinese province in the northeast, which was soon declared an independent state but was in effect a puppet regime (Chiang, 1999: 12). In December 1941, in an attempt to revert

⁶ While the Qing dynasty had conquered the island of Taiwan as further back as the 1680s, the Emperors of China remained ambivalent towards incorporating the island as a Chinese territory; deeming it “beyond the pale of civilization” (Lee, 2005: 12).

⁷ Chiang, 1999: 11.

the island back to mainland Chinese control, China, since 1912 formally the Republic of China and ruled by the Kuomintang (KMT) party, made a declaration of war against Japan, and simultaneously issued an edict “abrogating all treaties with Japan,” among these was the Treaty of Shimonoseki; “on the ground that the Treaty was “unequal”” (Chiang, 1999: 12).⁸

In 1943, while Pacific front of WWII was still raging on, US President Franklin Roosevelt (who had entered his country into WWII due to a Japanese attack on Pearl Harbour on December 7th in 1941), along with British Prime Minister Winston Churchill, and General Chiang Kai-shek of China convened in Cairo, Egypt from the 22nd to the 26th of November, to strategize on the tactics to be used to defeat the Japanese, which by then had gotten most of the Asia-Pacific, from Manchuria all the way to Singapore and the Dutch East Indies (contemporary Indonesia), under its control. On the first of December, all three leaders issued a statement now known as the Cairo Declaration which partially decreed that:

“The Three Great Allies...covet no gain for themselves and have no thought of territorial expansion. It is their purpose...that at all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa, and the Pescadores, shall be restored to the Republic of China.”

On the 25th of October, 1945, the Japanese surrendered Japanese authority in Formosa to the ROC’s representative General Chen Yi, and the ROC government subsequently took over the territory. On the 8th of December 1949, the ROC government, following defeat in the Chinese Civil War which followed as soon as the Japanese were swept out, to the Communist Party of China, evacuated to the island of Taiwan wherein it claimed to be the legitimate government of all of China (Chiang, 1999: 13). While for its part the PRC government states as official history that

“On October 1, 1949, the Central People's Government of the PRC was proclaimed, replacing the government of the Republic of China to become the only legal government of the whole of China and its sole legal representative in the international arena, thereby bringing the historical status of the Republic of China to an end. This is a replacement of the old regime by a new one in a situation where the main bodies of the same international laws have not changed and China's sovereignty and inherent territory have not changed therefrom, and so the government of the PRC naturally should fully enjoy

⁸ Some international legal scholars, however, claim that this was a baseless act in accordance with international law. “The Treaty of Shimonoseki, however, is a territorial treaty. A unilateral proclamation to abrogate a treaty by a party to the treaty may be valid with respect to a treaty of executory nature, but it cannot effectively abrogate a territorial treaty. This is true even though the defeated State regards the treaty as unequal. A treaty in which a defeated State is forced to cede a territory is necessarily unequal because the defeated State is not in an equal bargaining position with the victorious State. The defeated State cedes the territory to end the war and save the State” (Chiang, 1999: 12).

and exercise China's sovereignty, including its sovereignty over Taiwan. Since the KMT ruling clique retreated to Taiwan, although its regime has continued to use the designations "Republic of China" and "government of the Republic of China," it has long since completely forfeited its right to exercise state sovereignty on behalf of China and, in reality, has always remained only a local authority in Chinese territory" (Government of the People's Republic of China, 2003: 733).

Indeed soon thereafter, the PRC government sent a telegraph to the UN, declaring that the Nationalist Party authorities had "lost all basis, both *de jure* and *de facto*, to represent the Chinese people," and henceforth were in possession of no privilege to claim be the representatives of China (Government of the People's Republic of China, 2003: 733). From thereon after, it was official PRC policy that the opening of relations with the PRC necessitated the concomitant refraining of recognition of Taiwan, whom it regards as its territory under an illegitimate authority.

On January 5th of 1950, US President Harry S. Truman issued a statement, in which he stated that the US along with other Allies effectively recognised "China's exercise of sovereignty over Taiwan Island in the four years since 1945" (Sono, 1994). One day after the Communist China- and Soviet Union-allied North Korea invaded their southern counterpart, effectively a US protectorate, President Truman changed the official American stance. On June 27th 1950, the so-called 'Statement on Korea' read:

"The attack upon Korea makes it plain...that communism has passed beyond the use of subversion to conquer independent Nations and will now use armed invasion and war...[T]he occupation of Formosa by Communist forces would be a direct threat to the security of the Pacific area and to [U.S.] forces performing their lawful and necessary functions in that area."

The American President interpreted this invasion of the ROK as part of a larger communist aggressive posture, and therefore considered the PRC's invasion of the island of Taiwan as somewhat inevitable. He thereby instructed the US 7th Fleet to "prevent any attack on Formosa by the Chinese Communists" (Chiang, 1999: 9). For its part, and perhaps predictably, the PRC government voiced its opposition to this, arguing that "there is only one China in the world, Taiwan is a part of China and the government of the PRC is the sole legal government representing the whole of China" (PRC, 2000: 3). Premier Zhou sent the following message to the UN:

"On 27 June this year, President Truman of the United States of America announced the decision of the United States Government to prevent with armed forces the liberation of Taiwan by the Chinese People's Liberation Army. Meanwhile, the United States Seventh Fleet move toward the strait of

Taiwan, followed by the arrival in Taiwan of contingents of the United States in an open encroachment on the territory of the People's Republic of China. This action on the part of the United States Government is a direct armed aggression on the territory of China and a total violation of the United Nations Charter.”

In September of 1951, at the San Francisco Conference for the promulgation of a final peace treaty with the Japanese, the now defeated empire was made to rescind its ownership over the island of Formosa. But crucially, the renouncement was done without designating the status of the island after the end of the occupation (Chase and Grossman, 2016: 1). Indeed the single section of the treaty which articulates on Taiwan/Formosa (Article 2 (b)) reads that “Japan renounces all right, title and claim to Formosa and the Pescadores.” Proponents of self-governing Taiwan (or those who at least oppose Chinese claims of entitlement towards the territory) claim therefore that according to this provision, “China did not receive title to Formosa by any interpretation of the Treaty” (Chang, 1999: 28). This has been the source of ambiguity perpetuating the One China problem.⁹ In 1954, ostensibly so as to be able to guard Taiwan “against the possible invasion” from the PRC the ROC and the US signed a mutual defence treaty. This was the final major development in the issue and the status quo has somewhat been maintained.

But the One China problem has been an evolving one.

3.3. *Evolution of the One China Problem*

Until the 1970s, the ROC as based in Taiwan was widely (though not universally) considered the legitimate government of China (Kruckenberg, 2015: 194). Indeed the peace treaty that formally ended war between Japan and China was signed between the Japanese and the government in Taiwan in August of 1952. The successive presidencies of Dwight Eisenhower, John F. Kennedy, and Lyndon Johnson made few significant alterations of the American policy on the status of Taiwan. Essentially, all three administrations refused to recognize the PRC as the sole representative government of China, and reliably blocked all moves by the Communist bloc to replace the ROC with the PRC at the UN. But, most importantly to the One China problem, although these administrations recognised the ROC as the representative government of all of China, they ensured never to proclaim the island as Chinese territory.

⁹ Neither the R.O.C. government, which issued the proclamation, nor the competing P.R.C. government can claim, on behalf of China, title to the island of Taiwan based on this proclamation (Chiang, 1999: 13).

After Deng Xiaoping's rise to leadership in the Chinese Communist Party, he precipitated a set of moves towards a less zero-sum stance on the Taiwan question. Deng pursued a "One China, Two Systems model", that was open to the formation of a single China that would allow some level of autonomy of Taiwan. This did not materialise. Richard Nixon, another practitioner of realpolitik and the first sitting US president to visit mainland China, similarly never agreed with the government in Beijing's claim that the island of Taiwan was China's. But he did change the political landscape; he was the first American President to fundamentally alter policy toward the PRC "from containment to rapprochement" (Chang, 1999: 45), and thereby formed official relations with Beijing. How did this come about? And what were its implications for the Africa-One China nexus.

President Nixon initially altered his policy regarding the seat in the UN. As further back as the early 1960s, discussions had been taking place in the UN General Assembly as to whether Beijing should replace the ROC. "By 1971, the P.R.C. government had been established twenty years and it was clear that it was impossible for the R.O.C. government to 'recover the mainland,'" as General Chiang wished (Wu, 1994: 13). Staffed as it was by realists such as National Security Advisor Henry Kissinger, the Nixon White House quickly realised this. But there were limits, at least at first; "while Nixon wanted the P.R.C. government to occupy China's seat, both in the General Assembly and the Security Council, his intent was to create "dual representation" and retain the R.O.C. government in the General Assembly" (Chiang, 1999: 46). On October 25th of 1971, when the UN General Assembly was in session, the motion to supplant ROC representatives and replace them with those of the PRC was put forward by Albania (a fellow communist regime). With the motion for dual recognition clearly doomed for failure, the Nixon Administration voted for the motion to replace entirely the ROC with the PRC. The UNGA subsequently made the adoption for Resolution 2758, which unambiguously expelled representatives of the ROC government from the UN (Chiang, 2004: 70):

"The General Assembly... *decides* to restore all its rights to the People's Republic of China and to recognize the representatives of its Government as the only legitimate representatives of China to the United Nations, and to expel forthwith the representatives of Chiang Kai-shek from the place which they unlawfully occupy at the United Nations and in all the organizations related to it."¹⁰

Since October 25th 1971, therefore the PRC has continuously acted as the sole representative of China at the UN. The American government, on the other hand, maintained its recognition of the ROC as the government of all China - only ceasing

¹⁰ In total, 76 states voted in favour, 35 voted against from the motion, while 17 abstained.

to do so in 1979. The Taiwan Relations Act (TRA) brought into being by President James Carter on 10 April 1979 converted the American-Taiwanese bilateral relationship to a private one: “Within this framework, bilateral relations are carried out by *ad hoc* institutions, the American Institute in Taiwan and its Taiwanese counterpart, the Co-ordination Council for North American Affairs, and all necessary procedures to normalize relations have been reinstated, in particular the issuing of visas” (Mengin, 1997: 230). However, “the disengagement of the American government, on the formal level at least, has also been complete: indeed, in normalizing its relations with Beijing, Washington committed itself to maintaining no relations with Taipei other than ‘cultural, commercial and other unofficial relations with the people of Taiwan’” though trade in arms continues and has on some occasions seen increments (Mengin, 1997: 230).

From 1979, the PRC sought after “the peaceful reunification of China in the form of “one country, two systems” with the greatest sincerity and the utmost effort” (PRC, 2000), there have been “economic and cultural exchanges and people-to-people contacts between the two sides of the Taiwan Straits have made rapid progress since the end of 1987” (PRC, 2000). Similarly, since the democratisation era of the 1980s and early 1990s, the ROC has gradually abandoned its identification of itself as the sole representative of China. At the same time, however, polls taken in the ROC indicate

“a noticeable shift in identification among citizens of the ROC during this time period, with the number identifying as “Chinese” consistently less than 10 percent. Identification as “Taiwanese” or “both Chinese and Taiwanese” have also remained relatively stable, but at a much higher level, with both categories consistently combining to reach over 75 percent and more recent figures reaching 93 percent. When combined with the fact that almost 85 percent of the ROC population is not mainland Chinese, many cannot help but feel a sense of otherness when they look across the strait” (Kruckenberg, 2015: 196).¹¹

In the 1990s, with ROC President Lee Teng-hui of the KMT at the helm, some factions within the ROC advocated independence with “two Chinas” as their

¹¹ “This trend is not completely coincidental; there was a concerted effort by the first two elected presidents of the ROC to foster and solidify this idea of a unique Taiwanese identity. Chiang Ching-kuo, Chiang Kai-shek’s successor and KMT President of the ROC, initiated democratic reforms in the 80s, but died in office shortly thereafter and was succeeded by his Vice President, Lee Teng-hui. During President Lee’s tenure, policies were enacted that not only built upon Chiang’s democratization, but also began to put forward a new identity for the ROC. Before Lee’s presidency, it was official KMT policy to encourage Chinese identity, pushing other ethnicities to the margins and working to create a vision in the ROC of their state as the rightful heir to China rather than the PRC” (Kruckenberg, 2015: 196).

ultimate goal (Lee, 2005: 5). Movement away from a Chinese self-identification went on with the ROC's second elected president, Chen Shui-bian who was then leader of the DPP. President Chen "strengthened the educational and cultural policies of the Lee years, adding a few more of his own, such as the renaming of public places and institutions to better reflect their uniquely Taiwanese association [and] Chen to [took] a much more aggressive pro-independence stance in his second term after 2004" (Kruckenberg, 2015: 197). It was at around this time that the overall view on identity and Taiwan-PRC relations started to be divergent, with the Nationalist Party beginning to seriously "re-embrace the ROC's Chinese heritage, and the DPP began to criticize any movement closer to the PRC, portraying it as moving closer to unification with the mainland" (Kruckenberg, 2015: 197-198).

It was against this background that KMT Chairman Ma Ying-jeou was voted ROC president in 2008, "temporarily easing fears in the PRC over any kind of sudden break by the ROC" (Kruckenberg, 2015: 198). President Ma's policies displayed a growing rapprochement in PRC-Taiwan relations, with Mr Ma stating that there would not be "any kind of support for a change in the status quo" (Kruckenberg, 2015: 198). In the advent of President Ma, for example, there were "accelerated" economic relations, with the signing of the ECFA taking place in September of 2010 under the auspices of the Association for Relations Across the Taiwan Straits on the PRC side and Straits Exchange Foundation on the ROC side, and Mr Ma was re-elected in 2012 (Kruckenberg, 2015: 198).

Rapprochement with the US would not be the recipient of so much attention in a thesis on Africa-Taiwan and Africa-China relations were it not of so much relevance to the question at hand. Recognition by the US has made the One China issue a furtherly international one because of the leeway it gave to the entry of China into the United Nations – and thereby gave birth to not only greater interaction between the PRC and African states, but also gave an immense importance to China's role in the world by giving it access to levers which are important in questions of incentive-creation and incentive-response. Further, it disqualified and had the de facto de-legitimisation of Taiwan and thus altered the status quo in favour of China. All the while, this shift by the UN made the ROC ever more in need of allies; and thus gave Africa more strategic importance in the ROC's foreign policy calculus.

3.4. Africa-China Relations and the One China Problem

3.4.1. Africa, Taiwan and China Relations in the Cold War and Post-Cold War Era

Numerous states maintained no official relations with neither the ROC nor the PRC after the end of the Chinese Civil war in 1949, because many "were presumably

waiting for a final settlement” on the One China problem (Hsiung 1972: 54–55). But as the 1950s and 1960s saw the independence of many former colonies in Asia and sub-Saharan Africa, Chinese leader Chairman Mao Zedong “viewed newly independent countries in Africa as partners in the “struggle against imperialism”” (Mao 1998). The ROC reaped immense benefits from the US’s anti-communism following the commencement of the Korean War, and thereby allowed it to nurture “important Western diplomatic allies” (Lee, 2005: 12). The ROC “fared particularly well in Africa, receiving recognition from 13 of 23 African countries from 1960 to 1963, compared to only five for China” (Hsiung 1972: 54–55). These were the CAR, the Ivory Coast, Ethiopia, Ivory Coast, Niger and Sierra Leone. But by 1971, when the UN replaced the ROC with the PRC, recognition by African countries was somewhat evenly distributed with the PRC having a slight edge of 22 allies to the ROC’s 20. However, by the year 1979, when the US came to recognise the PRC over the ROC, the latter was left with only 5 allies, out of a total of 50 African states in the UN (Raine, 2009: 10).

The PRC’s push for African countries “not to recognize Taiwan (in other words to recognize the People's Republic of China (PRC) as the only legitimate government of China) dates back to the 1960s” (Broich and Szirmai, 2014: 6). But for a sustained period of time, the ROC only had relations with non-communist states. By the conclusion of the 1970s, this policy began to crumble. Trade relations were first opened with East Germany, then Czechoslovakia, Hungary and Poland after 1979, and the USSR followed from 1985, “but on condition that all transactions were carried via a third country” (Mangin, 1997: 231). At the same time, however, the incorporation of China into the United Nations took place in the wake of rapid Taiwanese development; another important development relevant to the fundamental research question underpinning this thesis – economic power and its influence on subsequent international relations in the backdrop of a diplomatic schism:

“a full range of economic, cultural and scientific links are permissible as long as they do not suggest recognition of the Republic of China or of a state in Taiwan. These relations developed rapidly during the 1980s - all the more so as Taiwan became, at the very time it was excluded from the intergovernmental arena, a new industrialized country fully integrated in other forms of international exchange” (Mengin, 1997: 230).

Nevertheless, the PRC’s aim of denying diplomatic recognition for the ROC continues. Towards and following the end of the Cold War, the PRC rededicated itself to relations with African countries due to the Tiananmen Square massacre of 1989 in which the PRC was at risk of diplomatic isolation due to perceived human

rights abuses. “The Chinese foreign minister visited approximately 14 African countries between 1989 and 1991 to reaffirm ties” (Tull 2006: 460–461; Taylor 2004).

By 1997, the ROC was recognised by ten African states; soon CAR, and Guinea-Bissau switched in 1998, Liberia in and Senegal in 2003 and 2005 respectively, then Chad in 2006 and Malawi in 2008, and then the Gambia in 2015, and Sao Tome and Principe in 2016; as a result today the ROC only has two African allies left: Burkina Faso and the Kingdom of Swaziland. Some argue that these states “are all strategically insignificant and serve to confirm Taiwan’s political marginalisation” (Large and Chien, 2008: 8).

The One China issue is a feature in African politics as well. For example in 2006 Zambian opposition candidate for president Michael Sata made it publicly known that he “would recognize Taiwan if elected president because of China’s labour policies and its closeness to Zambia’s ruling party” (Brautigam 2010: 150–151). This did not go unnoticed; the PRC’s ambassador to Zambia convened a media conference to make it clear “that the Chinese were withholding investments due to Sata’s remarks and threatened to break off relations with Zambia if Sata were to be elected” (Brautigam 2010: 150–151).

3.4.2. *Diplomatic Truce, 2008-2015*

In the year 2008, the PRC and the ROC came to “a tacit understanding to stop using financial incentives to compete for recognition from each other’s diplomatic partners—a ‘diplomatic truce’” (Southerland, 2017: 1). In the ensuing number of years, the PRC refrained “overtures from several of Taiwan’s diplomatic partners to establish diplomatic relations with China” (Southerland, 2017: 1). “The diplomatic truce, prevented poor countries from using the promise of diplomatic recognition as a means of extracting financial commitments from their new patron.” (Rich and Banerjee, 2015: 147). The PRC-ROC diplomatic truce “even endured after the independence of South Sudan in 2011: While both Taipei [*sic*] and Beijing recognized the independence of South Sudan on 9 July 2011, diplomatic relations were only established between Juba and Beijing” (Rich and Banerjee, 2015: 148). The Gambia’s decision to switch to the PRC in 2013 “also failed to rekindle the diplomatic competition, as China refused to initiate recognition” (Ives, 2016). Beijing had even “reportedly denied requests by several African and Latin American countries to establish formal diplomatic relations with Beijing instead of Taipei. The purpose at the time, [it was said], was to reward Mr. Ma for his role in stabilizing relations between China and Taiwan and to help him avoid “embarrassing” diplomatic episodes that could damage his domestic political capital” (Ives, 2016).

3.4.3. Post-Diplomatic Truce, 2016-Present

The truce, however, seems to have come to a close. In 2016, the PRC was also allegedly implicated in Kenyan government's extraditing of a number of Taiwanese, "tried and acquitted of cybercrime charges in Nairobi, to China instead of Taiwan" (Bax, Gongo, and Dlamini, 2017: 1). This was in the face of a pact between the ROC and the PRC in 2011 to not conduct such a practice. And prior to Nigeria making its decision to move the ROC's trade mission, the PRC's Foreign Minister Wang had pledged US\$40-billion in investments and projects for Nigeria – a coincidence interpreted by some scholars to have been directly linked (Bax, Gongo, and Dlamini, 2017: 2). Indeed, "competition between China and Taiwan for diplomatic allies has intensified since Tsai Ing-wen became the island's president" in January of 2016, who "has refused to explicitly endorse the One-China policy" (Bax, Gongo, and Dlamini, 2017: 2).

Chapter Four

CASE STUDIES

“Since [the Cairo Declaration] was made a lot of things have happened. The problem of Formosa has become an international problem in which a number of other Nations are closely concerned” – Winston Churchill, February 1955

4.1. Introduction

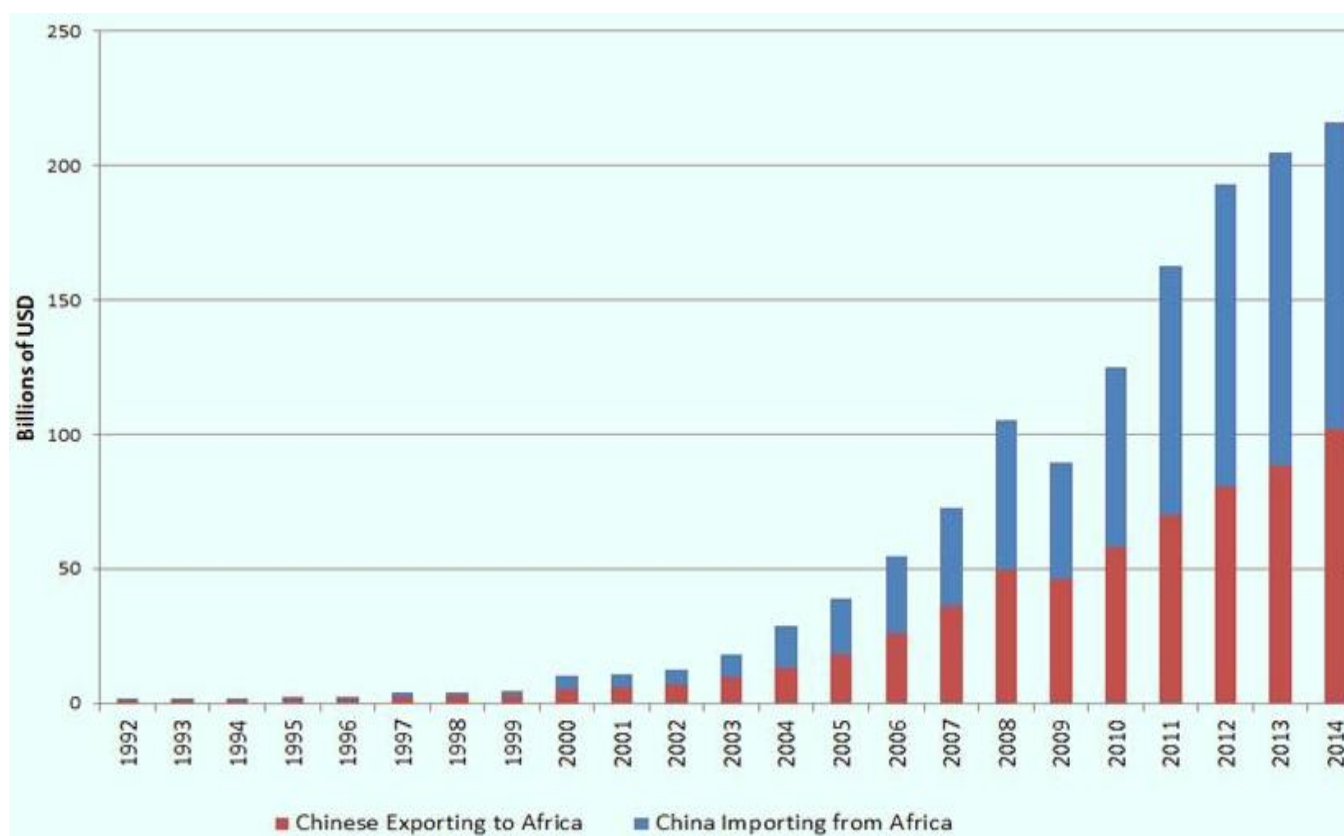


Figure 1. Africa-China Trade, 1992-2014. Source: UNComtrade

China, since 2009, has become Africa’s number-one trading and investment partner. The exponential growth began in 2000. Within just ten years, the People’s Republic of China (PRC) had become Africa’s biggest trading partner. Since the beginning of the 21st century, the PRC has gone from being a relatively small investor in the continent to becoming Africa’s largest economic partner. Beginning in the year 2000, Africa-China trade has seen a consistent 20% growth per year. FDI has registered even greater growth, at 40% per year. At the same time, 30% of all new loans to Africa in the past five years have come from China (McKinsey, 2017).

At the same time, “African exports to China more than doubled from 2006 to 2008 alone, with 32 African countries clearly benefitting in terms of net gain in earnings from exports to China” (George 2009: 97). The PRC deepened its relations with Africa by forming FOCAC in the year 2000, and the China-Africa Development Fund (CAD) in 2007. By 2008, “the CAD granted over US\$-90 million to projects in Africa and subsequently invested an additional 5 billion USD in the short term” (China Development Bank, 2009), and by 2014 they had reached over US\$17-billion.

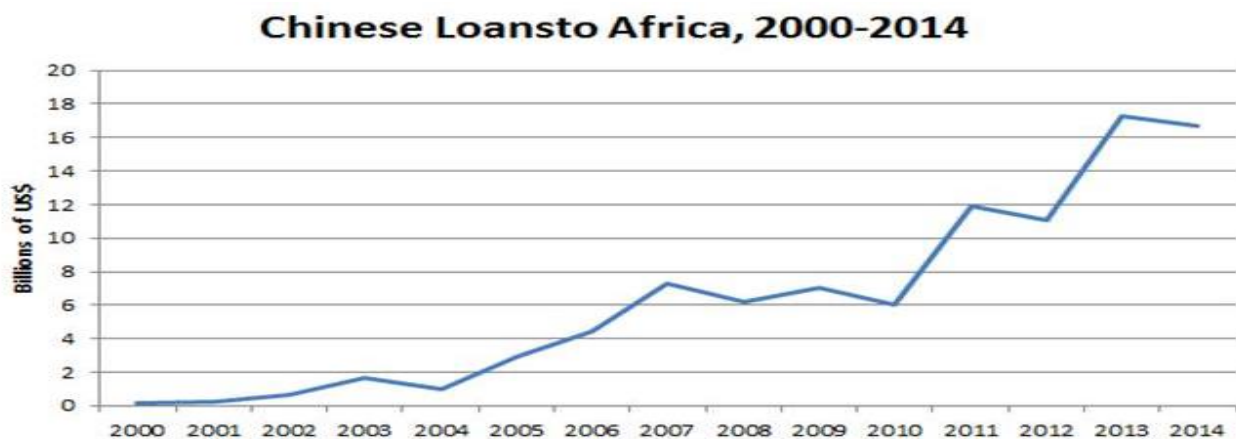


Figure 2. Total value of China loans to Africa, 2000-14. Source: China-Africa Research Initiative at Johns Hopkins University.

But, and despite official PRC policy pronouncement to the contrary, there are conditions. As can be seen from the graph below, the major sources of PRC investment and loans to Africa are state-sanctioned, thereby giving Beijing the potential power to set the terms for loan-giving.

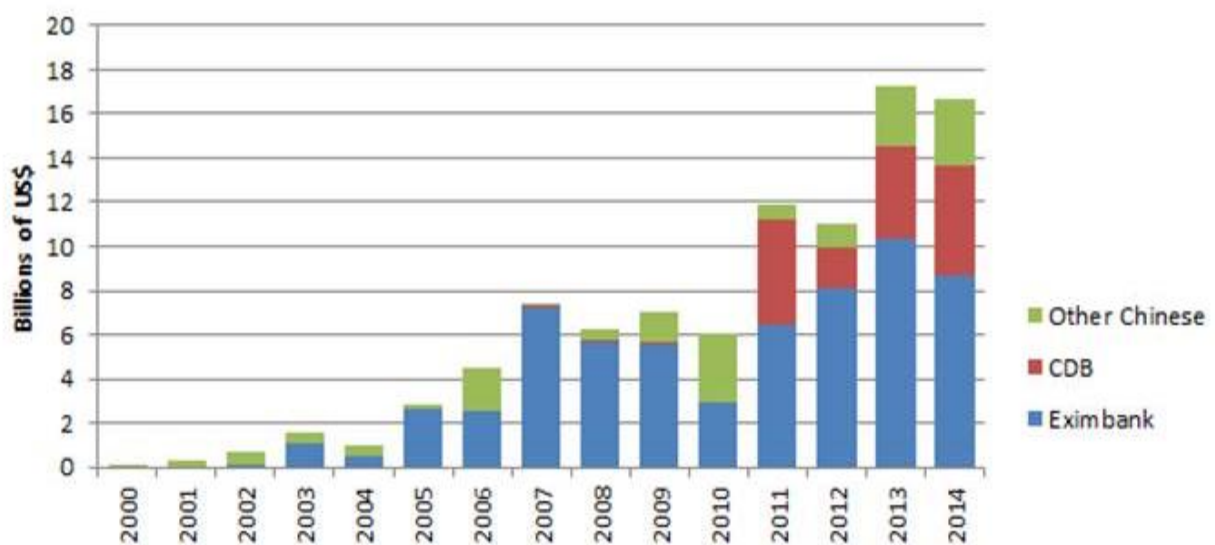


Figure 3. Total Chinese loans to Africa by financier, 2000-14. Source: China-Africa Research Initiative at Johns Hopkins University.

The primary condition is that these African states not have diplomatic relations with the ROC. “Numerous historical examples have shown that diplomatic ties are cut off and economic aid is suspended if a country establishes diplomatic ties with Taiwan” (Wang 2001: 732). The PRC has practically “offered various assistance packages to African countries if the latter recognize the PRC, or at least ignore Taiwan’s efforts to switch recognition” (Wang 2001: 732). For further leverage, the PRC government actively makes its investment arms to “closely mix and combine foreign aid, direct investment, service contracts, labor cooperation, foreign trade and export” (Piao, 2006) and thus indistinguishable from one another.

Between 2009 and 2012, the PRC made offers totalling up to US\$10-billion to Africa in the form of “concessional loans” (China Radio International, July 20, 2012). During Xi Jinping’s first visit to Africa as President in early 2013, he increased this commitment twofold to US\$20-billion from 2013 to 2015 (Han, 2013). Further, “the head sovereign risk analyst of Export-Import Bank of China announced in November 2013 that by 2025, China will have provided Africa with USD 1 trillion in financing, including direct investment, soft loans and commercial loans” (Toh Han Shih, 2013).

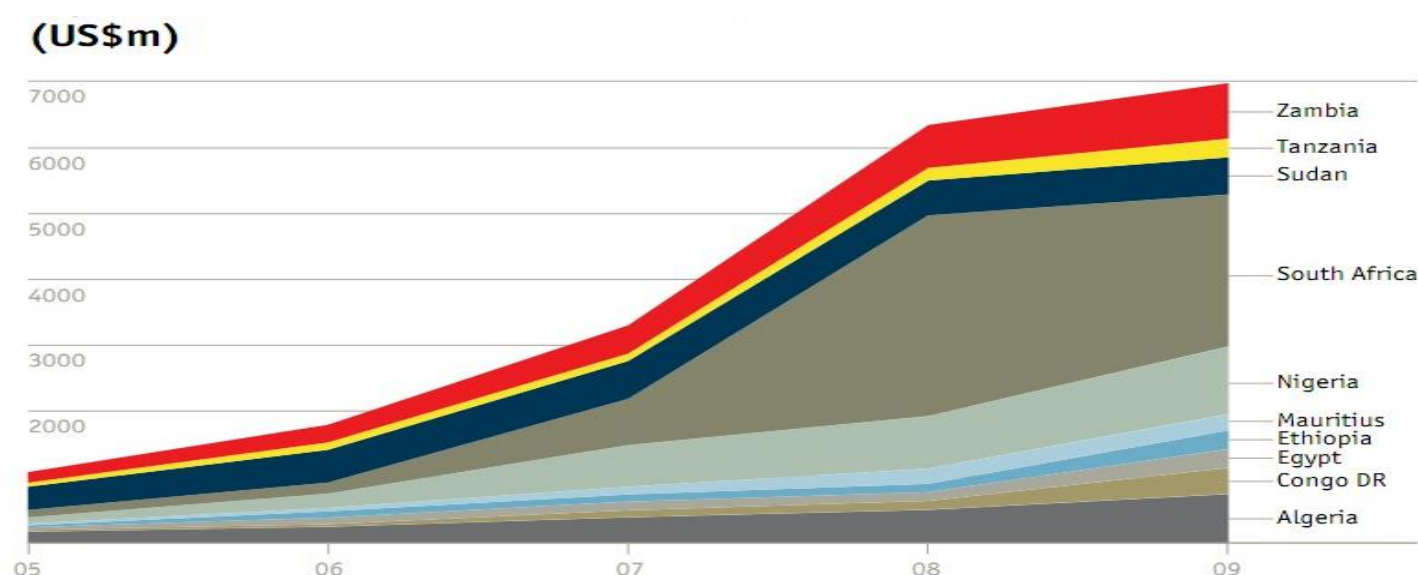


Figure 4. Top 10 destinations in Africa for PRC outward FDI, 2005-09. Source: MOFCOM, *Bulletin for China's Outward FDI*.

Thus, the manner in which PRC investment in Africa operates easily lends itself to politicisation. Despite recent trends towards a greater diversity among prospective investors in Africa (Matambo, 2014: 30), investing in Africa is still seen a largely risky practice – especially so in the early years of the period under review in this thesis (2000-2016). The PRC investment arsenal, being largely state-governed and backed by the largest reserves in the world, is abler to venture into riskier environments. This explains why the PRC has become the largest investor among African countries over the past two decades, and it likewise accounts for the one-way switching from the ROC to the PRC in the same timeframe. It is because of this

that Jiang (2009) argues that “the ‘Chinese Marshall Plan’ probably altered Sino-Africa relations to the effect that recognizing Taiwan became increasingly less attractive for African countries.” Thus, the PRC’s willingness to invest in Africa in order to draw its countries away from Taiwan can be likened to the US’s massive undertaking in the post-WWII years to effectively rebuild war-ravaged Europe so as to draw those countries away from the Soviet Union, and its then budding Communist bloc of satellite states in Eastern Europe.

Beijing is arguably on more favorable ground in this regard than Taipei. For example, since “China’s outbound foreign direct investment stocks at the end of 2016 were nearly four times as much as Taiwan’s” (Southerland, 2017: 2), but the ROC has also attempted to utilise options on the table:

“In Africa alone, Taiwan granted Niger a 50 million USD loan in 1992 shortly before it was recognized there and 35 million USD in assistance to the Gambia in 1995, more than all other donors to the latter country combined that year. Niger switched back to recognizing the PRC in 1996. Beijing accused Taipei of offering São Tomé and Príncipe 30 million USD in aid in exchange for recognition in 1997, with Taipei making similar claims about Beijing’s 100 million USD assistance package to Guinea-Bissau in 1998” (Rawnsley 2000: 32).

The ROC has also attempted to apply coercion where incentives have failed; for example, “a state-run Taiwanese bank has successfully sued two African countries for \$212 million in unpaid loans and brought a claim against a third, court documents showed, in a possible warning to allies who switched sides in Taiwan’s spat with China” (Farge and Wu, 2017). The charges brought by the Export-Import Bank of the Republic of China EXIMC.UL to the U.S. district court against Guinea Bissau, Central African Republic and Democratic Republic of Congo came up to US\$261.4-million including loans and interest (Farge and Wu, 2017). The court judged in favour of the ROC in the Congo and Central African Republic cases for a total of US\$57.3-million and US\$154.9-million in January 2017 (Farge and Wu, 2017). Farge and Wu (2017) also state that the legal action by Eximbank, which directly reports to the ROC’s Ministry of Finance, “is likely to be a warning about the costs of forging diplomatic ties with China.” They argue that since Guinea Bissau and Central African Republic have withdrawn support for the ROC “since the loans were disbursed and Congo did not ditch China even after receiving the money” especially since the loans date back to the early 1990s – during which the ROC and the PRC were engaged in dollar diplomacy (Farge and Wu, 2017).

Further, the PRC, since becoming a member of both the UN and the UNSC, has garnered a high amount of power through not only being able to have a say in UN

developmental apportioning, but also UN peacekeeping. In this role, the One China problem manifests itself. For example, in the year 2005, China is said to have put pressure on the island of Haiti to end relations with the ROC and recognise the mainland as a pre-condition for its support for much-needed renewal of the UN peacekeeping mission there, but this came to nothing – and perhaps formation of relations with the nation was not a priority for the PRC at the time – as Haiti has retained its relations with Taiwan (Congressional Research Service, 2008: 10).

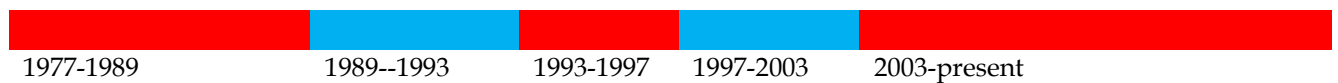
To reiterate, the thesis is intent on finding out the decisiveness of opportunity cost as a factor in the Africa-One China nexus. The following sections will in turn assess this using the research methodology designed in Chapter 1 for the various case studies, and also attempt to account for the retention of relations between Swaziland and Burkina Faso in the period studied (though the latter formally switched in 2018).

LIBERIA

4.2.1. Introduction

Liberia has had an unmatched level of inconsistency with regards to the One China problem (see time series below) – a reflection perhaps of the level of instability within that country; the site of two deadly, ethnic- and resource-fuelled civil wars which left close to a million dead in their wake, in a country of historically no more than three million.

Time series of changes in Liberian recognition of the PRC (red) and the ROC (blue)



The PRC formed formal relations with the Republic of Liberia on February 17, 1977, and from 1977 to 1989, the PRC's main economic activity was the provision of education scholarships to Liberian students (*China Daily*, 2007: 1). But a decade later, in October of 1989 President Samuel Doe issued a "Joint Communiqué on the Reestablishment of Diplomatic Relations with the Republic of China". Consequently, the PRC suspended relations with the West African country. Four years later, on August 10th of 1993, formal relations between the PRC and Liberia were once again resumed. On September 5, 1997, however, Liberia, under erstwhile President Charles Taylor sought to recognise both the "two Chinas". Beijing, unwilling to accommodate such an arrangement, on September 9th, once more suspended the diplomatic relations with Liberia (*China Daily*, 2007: 1). But relations with Beijing were reactivated in 2003 by the Provisional Government of Liberia, when it signed a joint communiqué on the resumption of diplomatic relations between the two countries (PRC, 2003: 1), "with Beijing sending a generous aid package to Liberia soon after Monrovia switched its relations" (Taylor, 2015: 45-46). As the country was just emerging from the brutal second Liberian civil war which had begun in 1999, Beijing's permanent seat in the UNSC "and the possibilities this could provide the country in its post-war reconstruction, as well as China's desire to access Liberian resources" were deemed to be deciding additional factors (Taylor, 2015: 46). As the section below demonstrates, since then, the Liberia-China relationship has deepened, to the extent that some scholars now argue that "the issue of which China to recognise seems settled" (Taylor, 2015: 46).¹²

¹² This was perhaps demonstrated in an incident wherein the House Speaker, Edwin Melvin Snowe, stated that Monrovia could switch back to the ROC, Liberian President Johnson-Sirleaf "swiftly contradicted him" and the Speaker was made to resign his position (Taylor, 2015: 46).

4.2.2. Opportunity Cost Analysis

The PRC's role in the reconstruction of Liberia was evident from the start. The UN Mission in Liberia (UNMIL) was set by UNSC Resolution 1509 (2003) passed in September of 2003 to assist in the implementation of a recently brokered ceasefire (known as the Comprehensive Peace Agreement [CPA]) as well as to see to the protection of UN personnel, and to support humanitarian provisions which were then underway. The mandate of UNMIL also includes a mission to support security sector reform, including assistance with national police training and the development of a reorganised military. On the other hand, the PRC's involvement in UNMIL has been seen as rather successful soft power campaign, insofar as it has projected a positive diplomatic image; to wit, Liberian president Ellen Sirleaf Johnson commended China for its peacekeeping in her country, asserting that "Liberians will never forget the friendship of Chinese peacekeeping soldiers" (Taylor, 2015: 46).

Table 6. Liberian trade relations with the ROC <i>vs</i> PRC, pre- and post-recognition of the PRC 2000-2003; 2003-2017. Source: TradeMap.		
	Total ROC imports (in \$-thousands) from Liberia	Total PRC imports (in \$-thousands) from Liberia
2001	0,20	28,78
2002	0,65	55,586
2003	0,3	41,95
2004	0,15	16,51
2005	0,19	14,17
2006	0,41	1,92
2007	0,56	3,27
2008	0,314	5,93
2009	0,72	3,95
2010	0,0	22,48
2011	0,107	41,24
2012	0.62	229,94
2013	0,404	164,41
2014	0,2	288,44
2015	0,1	172,16
2016	0,0	48,17

ROC vs PRC Imports from Liberia, 1991-2016

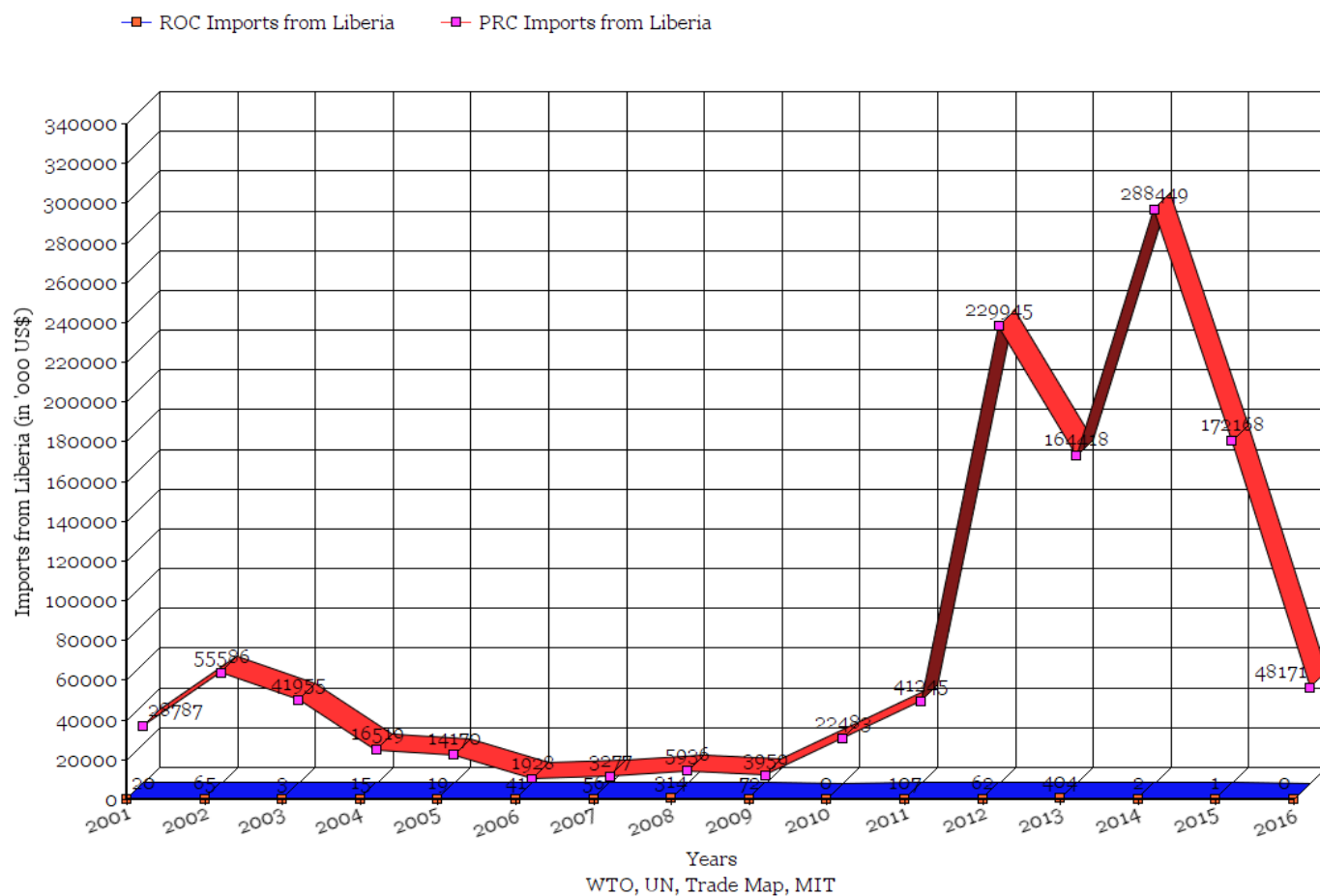
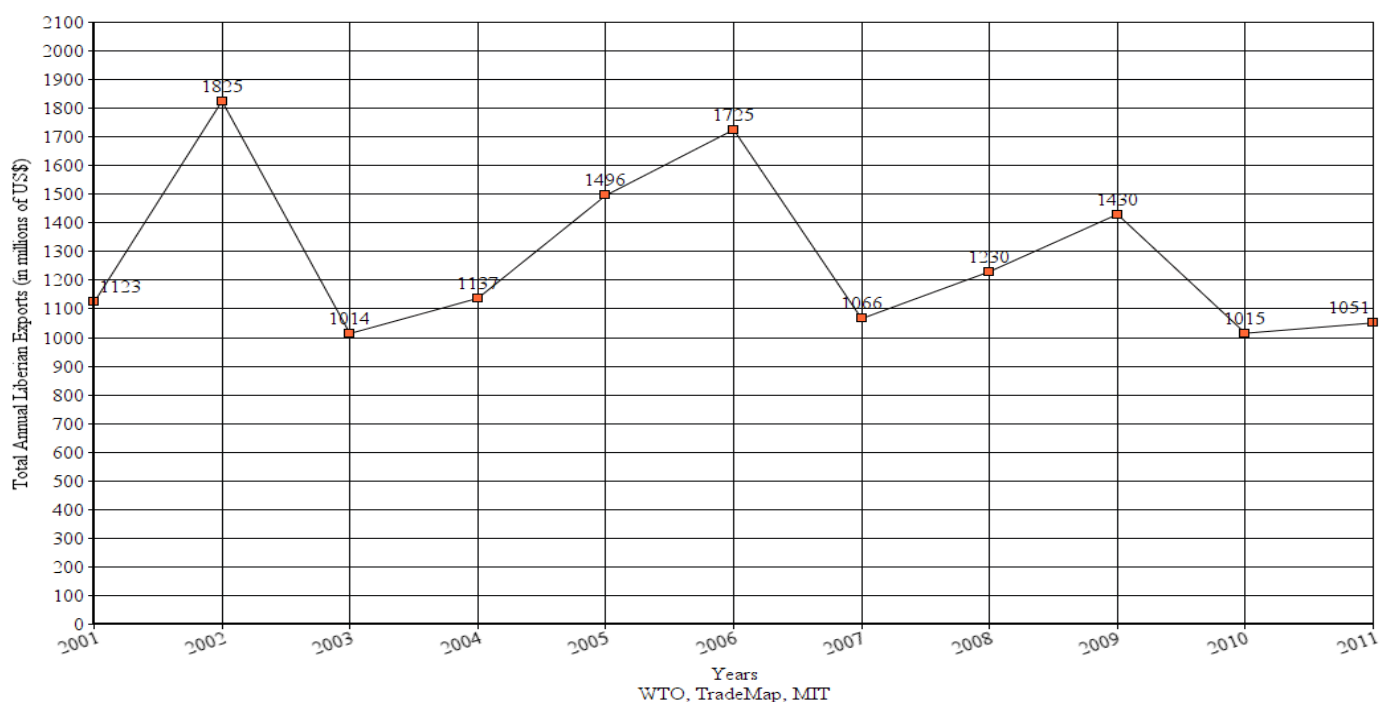


Table 7. PRC vs ROC trade with Liberia, 2012-2016 averaged. Source: TradeMap.

	ROC	PRC
Total five-year movement in imports from Liberia (in %)	-5	57
Total five-year movement in exports to Liberia (in %)	36	30
Total imports from Liberia in 2016	0	48,171
Total exports to Liberia in 2016	786	1,592,581
Total share of Liberia's exports (%)	0	57
Total share of Liberia's imports (%)	0.03	23

Total exports from Liberia to the PRC were US\$28,7-million in 2001, and reached US\$55,5-million in 2002. They declined however in 2003, the year of the switch, and continued to do so for the eight subsequent years reaching the depths of US\$1,9-million in 2006. The decline seemed to reverse only after the year 2010 when the trade reached US\$22,4-million and pre-switch levels of US\$41-million in 2011. This would imply that the hypothesis is incorrect, i.e., the switch actually saw decreased trade benefits. However, it is worth noting that Liberian exports were generally stagnant or in decline for the same period, with growth never generally exceeding the 2% growth observed between 2005 and 2006, and subsequently dipped from 2006 to 2007 and again from 2009 to 2010 and minimally recovered (by 0,36%). Thus within the confines of the confines of the methodology, the hypothesis is not dismissed; nor, however, is it proven. Important, however, is the fact that trade is not confined to exports alone. There are also imports to be spoken of. Also important is foreign direct investment, which, as seen, is malleable to political tinkering on the part of Beijing since its sources on the African continent are predominantly state-owned or state-affiliated.

Growth/Decline in Liberian Exports, 2001-2011



By the year 2006, three years following the reestablishment of diplomatic relations, the trade had risen to US\$532-million, far outweighing those with the ROC. By 2009 mutual trade (though mostly on the basis of imports) had gone up by 65% to US\$1.88-billion since 2008 (Moumouni, 2013: 10). By 2012 PRC imports of Liberian products had gotten up to US\$229-million (Gaye, 2016: 3). The International Tropical Timber Organisation (ITTO) has established that the PRC was the recipient of 75% of

Liberia's log exports (Taylor, 2015: 46). While at the same time, 70% of PRC exports to were ships.

Since the formation of relations with Beijing, the ECOWAS-member state has acted to court its investment, especially in the minerals sectors; by the year 2010, after seven years of formal relations, its investments in Liberia was in the level of US\$9.9-billion (Taylor, 2015: 46). A project of much focus has been the Bong Range, which is concentrated in iron ore mining operations, which, owing to the civil war, had been inactive for fifteen years (Taylor, 2015: 46; Xing, 2008: 1). China Union Investment Company was granted access in 2008, "with a total deal worth \$2.6 billion, China Union paid upfront \$40 million, which was used by Monrovia as part of its poverty reduction strategy" (Taylor, 2015: 46). The project, slated for a tenure of twenty-five years directly and indirectly created approximately 18, 000 new jobs (Tolbert, 2008: 1).

Retrospectively, the benefits to both sides were as follows: US\$2.7-billion and US\$10.6-billion for Liberia and China Union' respectively (Taylor, 2015: 47). Furthermore, the agreements codified that Liberians be given preference for non-skilled labour as opposed to Chinese workers, and at least 30% of total skilled positions within five years and then at least 70%, including 30% of the highest 10 positions (Taylor, 2015: 47).

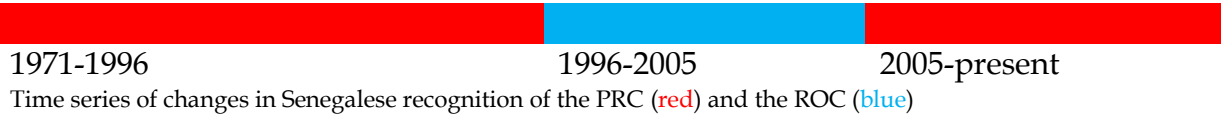
In 2017, Liberia and a PRC corporation signed "the first ever steel manufacturing agreement in the West African country in more than 169 years, heralding the end to the exportation of its rich unprocessed iron ores" (Peters, 2018: 1). The deal, which is worth US\$200-million was signed between Tidfore Investment Company and the Liberian government (Peters, 2018: 1). This comes after numerous firms had rolled back or "postponed African mining projects as metals prices have crashed ..., and most analysts believe[d] a severe global recession [would] cut demand for industrial minerals for years to come" (Tolbert, 2008: 1). The Liberian government believed opined that "the timing of the Chinese investment was a vote of confidence in Liberia...in the midst of the global financial crisis, this is really a significant sign of the attractiveness of Liberia" (Tolbert, 2008: 1).

In 2017 still, the Counsellor at the Chinese Embassy in Monrovia, Li Zhaung, pledged the PRC's commitment to assist Liberia in its "development drive" (Menjor, 2017: 1). The PRC has also cancelled debt worth up to US\$16-million, while simultaneously granting annual aid of up to US\$20-million to Liberia following FOCAC 2006, and "as a participant in the Liberian Reconstruction and Development Committee, an outcome of the UN Development Assistance Framework for Liberia, China had completed all its pledged obligations by 2011" (Moumouni, 2013: 10).

Concludable from this case study is the fact that Liberia, though initially not experiencing a spike in its exports to China, did see a growth in imports as well as FDI. The exports from Liberia to China subsequently grew in 2012, surpassing pre-switch levels (though the gap is an indicator of the importance of other factors such as the general health of the country's export propensity. Further, the country gained assistance from a UN-approved mission it otherwise might have not were it not for China's vote in favour of it in the Security Council. Thus, perhaps in an extension of the hypothesis, it may be the case that the opportunity cost is not merely economic, but also existent in terms of the political survival of the country in question, this is especially so since Liberia had recently undergone a brutal civil war.

SENEGAL

4.3.1. Senegal, the One China Problem: An Opportunity Cost Analysis

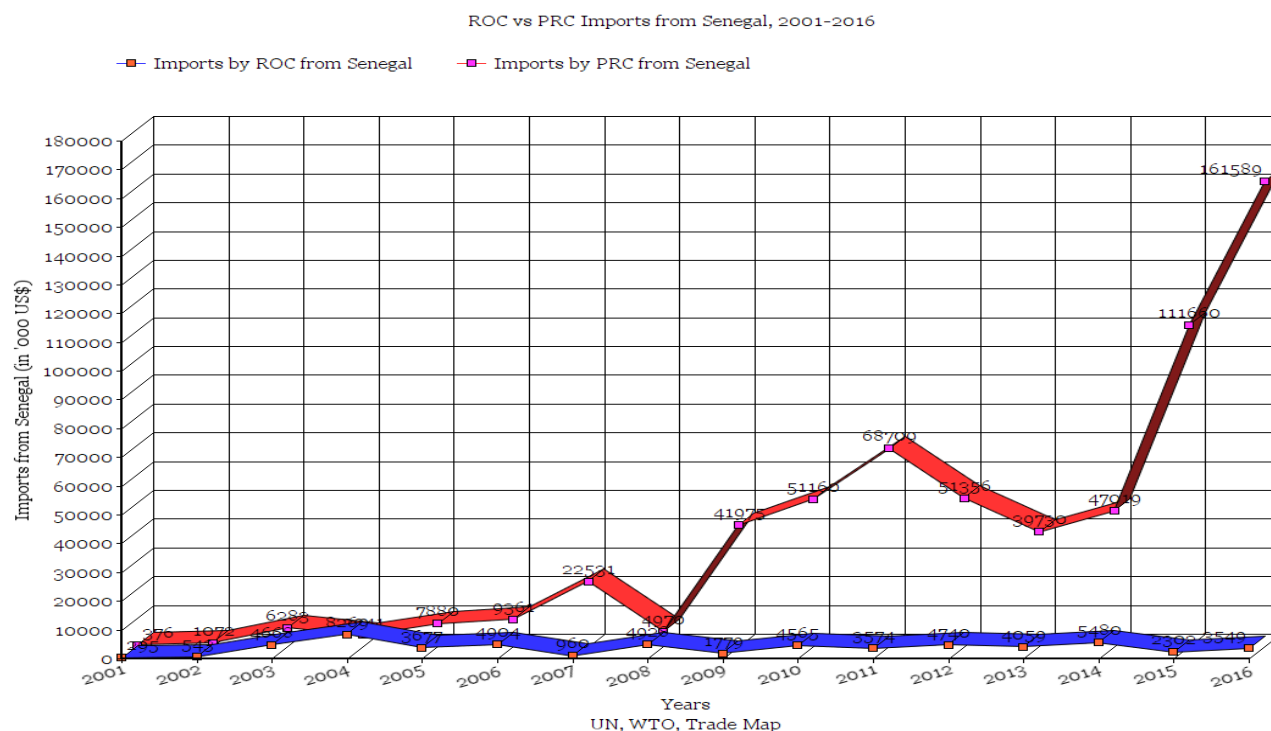


Senegal's relations with the PRC commenced in December of 1971. In 1996, however, Senegal switched over to the ROC. However, Abdoulaye Wade won the presidency in his country in 2000 and then gained re-election in 2007. The Wade government sought to pursue a less conventional foreign policy and to look east by Senegalese standards (Gehrold and Tietze, 2011: 6). Thus in October of 2005, Senegal reopened formal relations with the PRC, which it saw "as a potential export country and a source of investment" (Gehrold and Tietze, 2011: 3). Thus, regardless of "receiving substantial funding from Taipei, Senegal could no longer ignore the omnipresence of the much stronger People's Republic after the turn of the century as it searched for cooperation partners in Africa" (Gehrold and Tietze, 2011: 6). In addition, Senegal's (ultimately unfulfilled) aim of obtaining a temporary seat in the UNSC at the time necessitated that it have cordial relations with the PRC, which is a permanent UNSC member. Moreover, the West African state had it as a primary aim to "reap sustainable development benefits, especially through an increase in foreign trade, technology imports and knowledge transfers" from the PRC (Gehrold and Tietze, 2011: 7).

Table 8. ROC vs PRC Imports from Senegal, 2001-2016.
Source: TradeMap.

	Total ROC imports (in \$-thousands) from Senegal	Total PRC imports (in \$-thousands) from Senegal
2001	295	376
2002	543	1,072
2003	4,668	6,283
2004	8,269	3,941
2005	3,677	7,880
2006	4,904	9,361
2007	960	22,531
2008	4,928	4,970
2009	1,779	41,975
2010	4,565	51,160
2011	3,574	68,709
2012	4,740	51,356
2013	4,059	39,730
2014	5,480	47,019
2015	2,302	111,660
2016	3,549	161,589

In order to obtain access to these funds, it was a preconditioned that Senegal open relations with the PRC (Gehrold and Tietze, 2011: 7).



Since the reopening of relations, yearly Senegalese exports to the PRC moved from US\$78-million in 2005, the year of the switch, to US\$161-million in 2016. As it stands, the PRC is currently Senegal's number-five export partner, compared to being its number-thirty in 2006 (0.67%).

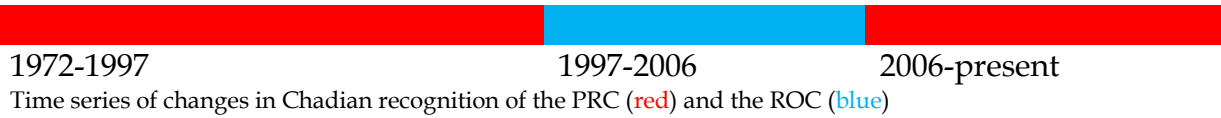
Table 9. Averaged ROC vs PRC Imports from Senegal, 2012-2016. Source: TradeMap.

	ROC	PRC (in US\$-millions)
Total five-year movement in imports from Senegal (in %)	11	39
Total five-year movement in exports to Senegal (in %)	-9	33
Total imports from Senegal in 2016 (in US\$-millions)	3,549	161,589
Total exports to Senegal in 2016 (in US\$-millions)	6,105	2,194,361
Total share of Senegalese exports (%)	0.13	5
Total share of Senegalese imports (%)	0.11	6.1

In 2013, there were four signed deals on economic and technological cooperation between them. The aggregate of bilateral trade has maintained a steady growth since the switch, with a dip in 2008 and recovery in 2009, and another dip in 2012/13, which has also since recovered, with the two countries currently experiencing a peak in their trade, such that it reached US\$2.3-billion dollars in 2015. Senegalese exports to the PRC include fisheries. However, these form 99% of total exports to the PRC in 2000, and 63% in 2005; there has been a shift away from diversification, therefore. Another important facet to the PRC-Senegalese relationship is its development cooperation and granting of interest-free loans and “preferential” loans (Menjor, 2017). Importantly, the latter is managed under the auspices of the EXIM, which are offered at a lower interest rate of interest which in turn are used for infrastructure (Gehrold and Tietze, 2011: 6). This essentially mirrors the situation in Liberia, which has been the beneficiary of a “visible hand” from Beijing, putting measures in place which it otherwise would not, were Senegal still recognising the ROC.

CHAD

4.4.1. Chad, the One China Problem: An Opportunity Cost Analysis



Chad and Mainland China formed diplomatic relations in 1972, but these came to an end when in 1997 the Chadian government recognised the ROC (*Associated Press*, 2006). Relations with the PRC were once again established in 2006. Acknowledging that the ROC would be eliminating relations with Chad, its Foreign Ministry spokesman, Michael Lu, accused the PRC “of using its status as a member of the U.N. Security Council, and its ability to influence events in neighbouring Sudan, to persuade Chad to break their formal relations” (French and Polgreen, 2007: 1).¹³ This was in relation to the fact that Chad had already planned to cut its ties with the ROC if Beijing had agreed to discontinue its assistance to the paramilitary rebels who stood as a threat to the Idris Deby regime in Chad. In a commentary loaded with a chilly realism, French and Polgreen (2007: 1) judge that “Chad made the compromise for its own survival.”¹⁴ The PRC then pledged to support Chad “in its efforts to protect the sovereignty of the state and develop the national economy” (French and Polgreen, 2007: 1).

PRC-Chad economic relations have grown since the formation of diplomatic relations. Oil investment in particular overrides the economic ties, “and is seen as the outstanding marker of China’s different approach in Chad compared with the French or US engagements, which *had regarded this investment as unprofitable*” (Dittgen and Large, 2013: 2; emphasis added). In a matter of a few years, “China has developed into a major player, undertaking a distinctive departure from Chad’s previous experience of international oil investment, including N’Djamena’s previous troubled partnership with the World Bank over the Chad-Cameroon pipeline” (Dittgen and Large, 2013: 2).

¹³ This claim presents an interesting case of indirect contagion, which could be the subject of future research; i.e., to discern the role played by the switch of one country onto the subsequent countries in its vicinity. We may hypothesize at this early stage, however, that in sight of the lack of linear procession of switches, this may not be a factor.

¹⁴ “Regime survival compelled a tactical shift: recognising Beijing would bring myriad short- and longer-term advantages. President Déby stood to be empowered by aid, investment and military assistance from a permanent UN Security Council member. China was also the key international economic partner, political patron and important military ally of Sudan; its support could empower N’Djamena in its then proxy war with Khartoum” (Dittgen and Large, 2013: 1).

The focal point of the “petro-relations” between the PRC and Chad is the Rônier project, a 311-km pipeline that connects oilfields in eastern-central Chad to a purpose-built refinery in Djarmaya, about 50KM north of the capital. Through the national oil company, Société des Hydrocarbures du Tchad, the Chad is a 40% shareholder of the N’Djamena Refinery Company, formed for the specific purposes of managing the refinery, while the remaining 60% is for the China National Petroleum Corporation International Chad (CNPCIC). The total cost of the project was US\$1-billion, and began production on schedule in March of 2011, and the refinery was initiated not long afterwards in June (Dittgen and Large, 2013: 3). In the commencement of production, “oilfield capacity amounted to 20 000 barrels a day, with a possible increase of up to 60 000 barrels” (Dittgen and Large, 2013: 3). By 2013, this had since doubled to 40,000 barrels per day (Dittgen and Large, 2013: 3).

Table 10. Chadian trade relations with the ROC <i>vs</i> PRC, pre- and post-recognition of the PRC 2000-2006; 2006-2017. Source: TradeMap.		
	Total ROC imports (in \$-thousands) from Chad	Total PRC imports (in \$-thousands) from Chad
2001	1,652	11
2002	671	1,534
2003	2,946	2,838
2004	789	222,586
2005	82,855	191,083
2006	57,176	260,313
2007	509	84,069
2008	110,499	41,604
2009	50	65,367
2010	692	495,797
2011	59,021	265,319
2012	100,484	220,729
2013	48,913	103,500
2014	137,079	108,342
2015	67,628	90,692
2016	28,399	114,908

The PRC has pursued a path that is “quite different” to the petroleum sector in Chad compared to previous western investors, a SAIIA report notes: “Western companies

such as ExxonMobil and Chevron, as well as the Malaysia's Petronas, have focused exclusively on extracting crude for export. With the Rônier project, China has located value-added refining processes within Chad itself" (Schellhase, 2013: 1). Furthermore, some scholars have noted that on balance, there have been some clear benefits to China's being in Chad (Schellhase, 2013), and the PRC has brought and completed several critical infrastructure projects – including railways, roads, and hospitals. In June of 2013, two PRC-funded projects, the China-Chad Friendship Hospital and a new parliament building were brought to completion and given over to Chad (PRC, 2013: 1).

ROC vs PRC Imports from Chad, 2001-2016

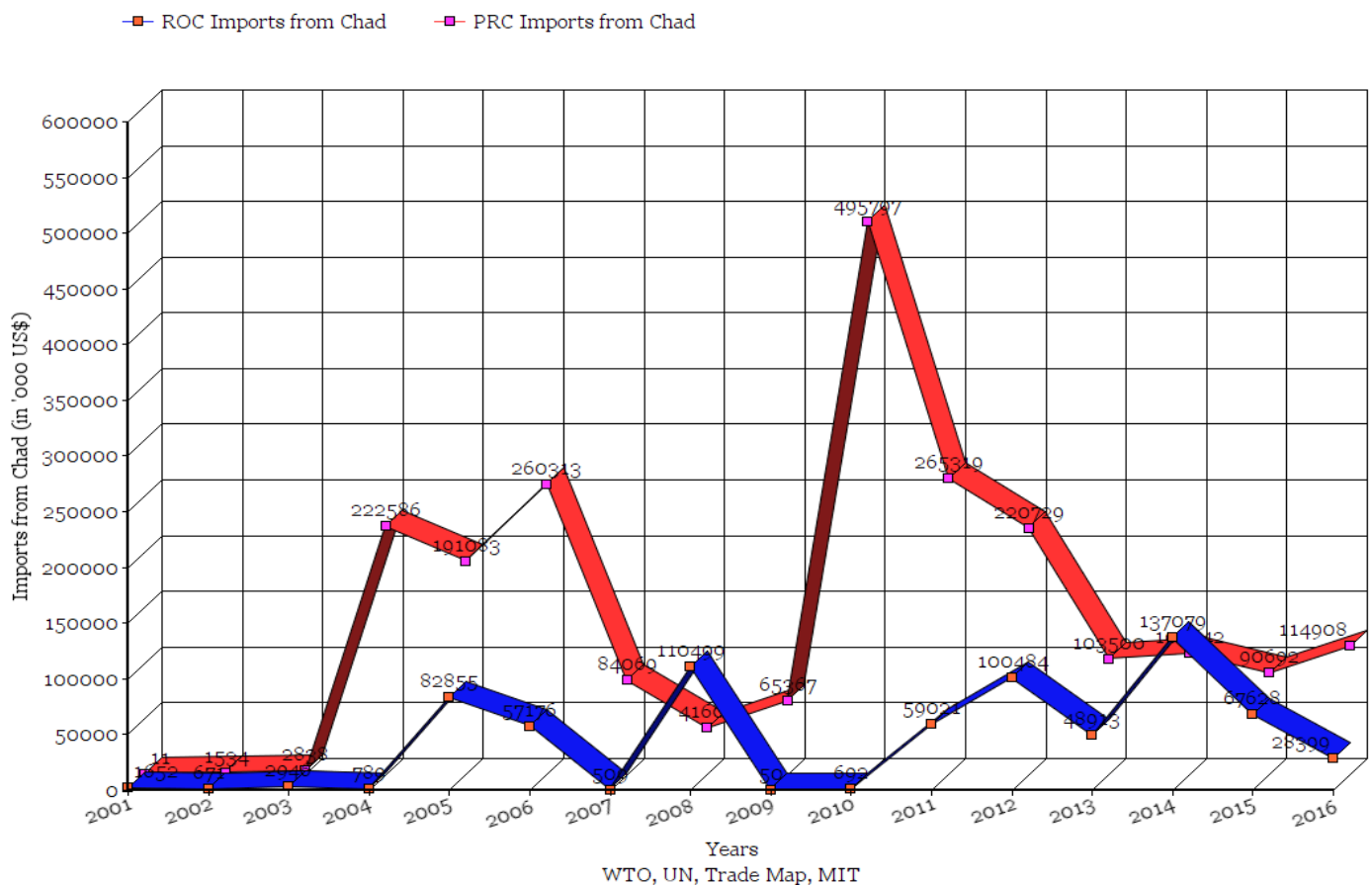


Table 11. PRC <i>vs</i> ROC trade with Chad, 2012-2016 averaged. Source: TradeMap.		
	ROC	PRC
Total five-year movement in imports from Chad (in %)	-20	-13
Total five-year movement in exports to Chad (in %)	-28	-21
Total imports from Malawi in 2016	28,399	114,908
Total exports to Chad in 2016	213	93,572
Total share of Chad's exports (%)	0	7
Total share of Chad's imports (%)	0	14

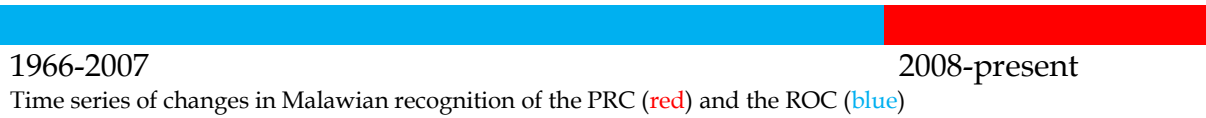
The PRC also agreed to construct a new international airport in Djarmaya: "This facility will be capable of accommodating around one million passengers a year, which will be connected to N'Djamena through a 40 kilometre highway, also funded and built by the Chinese" (Azevedo and Decalo, 2018: 273).

On the main, therefore, it has been the PRC government, as opposed to purely private entities. But relations with the PRC have also seen an increased enterprises: "the Chinese government encourages more Chinese enterprises to come to and invest in Chad," (Yang, 2016: 1). In the absence of the diplomatic relationship, these economic gains would not be accrued to Chad; a clear indicator of the opportunity cost hypothesised by the thesis.

With Chad, as in the other two case studies so far looked into, the notion of opportunity cost takes on an additional, near existential interface: "It used to be that when we had problems with our neighbor sending mercenaries to invade us that none of our complaints before the United Nations would pass, because China blocked them," Chadian president Deby has stated (French and Polgreen, 2007: 2).

MALAWI

4.5.1. Malawi and the One China Problem: An Opportunity Cost Analysis



The former British colony of Nyasaland, which had been amalgamated into a federation with North and South Rhodesia for a decade before, gained its independence in July 1964 as Malawi and in 1966 was reformed into a republic under President Hastings Banda. Before obtaining self-determination for Malawi, Dr Banda had made it known that he “would recognise Beijing and support China’s push for UN membership” (Short, 1974: 206). Upon independence, however, the Malawian president sought to avoid the One China problem, and thus extended both governments invitations to the independence celebrations (*Peking Review*, 1964). The PRC, which was “unwilling to give tacit approval to a ‘two China’ situation refused the invitation,” did not attend. But Premier Zhou aiming “to keep open lines of communication,” sent a letter of congratulation through telegraph (*Peking Review*, 1964). Malawian-PRC relations incurred a major crisis when the PRC’s ambassador to Tanzania “attempted to bribe Banda to recognise Beijing and end the ‘two China’ policy”, which he declined (Short, 1974).¹⁵ Nevertheless, President Banda was in favour of the PRC replacing the ROC in the UN in 1971; a position he had expressed as early as December 1964 in the UNGA (*The Times*, 1964; Taylor, 2006: 194).

A clear break in Malawi’s relations with the PRC came upon Malawi “discovering that China was supplying ex-ministers with money and insurgency facilities in Tanzania” (Short, 1974: 237): “what the Chinese want, I don’t want. What the Chinese do not want, I want” (quoted in Short, 1974: 237). On July 12th of 1966, Malawi and the ROC finally formed diplomatic relations, in the process facilitating a “mutual antagonism” between the PRC and Malawi (Deacon, 1974: 450). Premier Zhou’s celebrated tour on the African continent in 1965 was greeted with scorn by the virulently anti-communist Banda – stating that he was “less afraid of Queen Elizabeth II than Kublai Khan in Peking” (quoted in Deacon, 1974: 450). Two years later, he visited the ROC, subsequent to which “contacts with Taiwan increased, particularly in the agricultural field” (Taylor, 2006: 195).

Political developments changed the Malawian political interface – but did not immediately re-shape its foreign policy on the One China issue. In June of 1993 Malawi held a ROC-funded popular referendum, asking whether the country should

¹⁵ “His Cabinet colleagues’ eagerness to accept caused a major crisis in the government and resulted in a number of ministers resigning or being sacked” (Short, 1974).

be a multi-party democratic state. The people voted to the affirmative, and it being clear that Dr Banda's days in power were increasingly numbered, the PRC sent an invitation to democratic forces in Malawi to a "goodwill visit" (*Xinhua*, 1994). But this came to naught, as Malawi's new leader, Bakili Muluzi, maintained the course and paid a visit to Taipei in April of 1995, and supported its UN ambitions in October of 1996 (*Free China Journal*, 1996). ROC's chief diplomat, John Chang, paid a reciprocal visit to Malawi and met with the president of Malawi in January 1997, soon after the South Africa's decision to discontinue relations with the ROC, and pledged a donation of some US\$2-million for purposes of refurbishing barracks in Lilongwe" (Taylor, 2006: 14). But cracks shored up in the ROC-Malawi relationship. For example, Malawi was one of two African states to accept Beijing's 2000 invitation to attend the FOCAC summit as 'observers' – the other being Liberia, who soon switched to the PRC in 2003 (Taylor, 2006: 14). By the end of 2007, the small African country had already established diplomatic ties with the PRC, but Foreign Affairs Minister and future Malawian President, Joyce Banda, made the announcement in January of the following year.

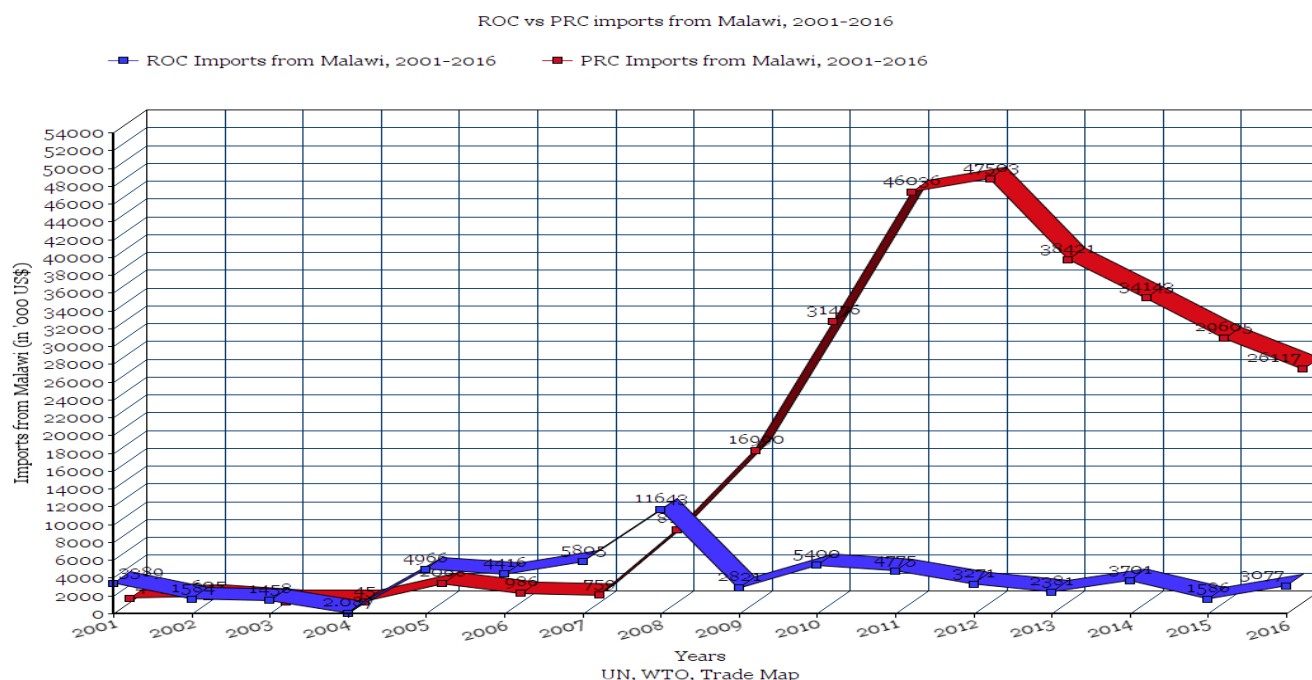
Interestingly, the ROC made an opportunity cost argument for Malawi to maintain relations with it: Taipei "warned Malawi that China was up to no good, saying the shift in recognition would negatively affect Malawi's natural resources which Taiwan said China was angling for" (Mweninguwe, 2017: 1). To what extent Malawi was better served by relations with the ROC over the PRC is the subject of the following sub-section.

The erstwhile president of Malawi, Bingu wa Mutharika, had paid a visit to the PRC shortly after establishing diplomatic relations, and upon return he told the country "it would help turn Malawi from poverty to riches" (Mweninguwe, 2017: 1), thereby demonstrating a willingness to make a trade-off between the recognition of the ROC and that of the PRC which, at least the preceding statement would suggest, had resulted in an opportunity cost.

To interrogate the plausibility and manifestation of this potential mechanism, the section below will seek to conduct an opportunity cost analysis for Malawi in the Africa-One China nexus. As discussed in the methodology section in Chapter 1, this is done through comparing the trade relationship between Malawi and China prior to its recognition of the PRC as the One China. The table below captures the total annualised Malawian exports to the ROC and the PRC respectively.

Table 12. Malawian trade relations with the ROC *vs* PRC, pre- and post-recognition of the PRC 2000-2008; 2008-2017. Source: TradeMap.

	Total ROC imports (in \$-thousand) from Malawi	Total PRC imports (in \$-thousand) from Malawi	Total difference (in \$-thousands)
2001	3,389	403	2986
2002	1,584	605	907
2003	1,458	9	1449
2004	2,087	45	2042
2005	4,966	2,068	2898
2006	4,416	986	3430
2007	5,805	759	5046
2008	11,643	8,111	3532
2009	2,821	16,990	-14,169
2010	5,400	31,476	-26,076
2011	4,775	46,036	-41,261
2012	3,271	47,503	-44,232
2013	2,381	38,421	-36,040
2014	3,701	34,143	-30,442
2015	1,586	29,605	-28,019
2016	3,077	26,117	-23,040



What is distinct is that prior to 2008 ROC importation of Malawian goods outweighed those by the PRC - on average, by US\$18, 758, 000 per year. In the year 2008, PRC imports of Malawian goods reached an all-time high (US\$8, 111, 000) and by the following year completely eclipsed those of ROC imports of Malawian goods. This relationship is displayed in the chart above.

The thesis operationalised opportunity cost as an economic loss, as measured through relative/comparative trade volumes, incurred that could have otherwise been avoided or compensated for by recognising, the PRC over the ROC as the One China. The Malawian case study fulfils such a definition. There is a correlation between the commencement of formal diplomatic relations and (immediately) increased trade between Malawi and the PRC. Upon the formation of relations between the two states, PRC importation of Malawian goods increased to an average of US\$243, 279, 000 per year compared to the ROC between 2009 and 2016; peaking at US\$47-million in 2011.

Table 13. PRC <i>vs</i> ROC trade with Malawi, 2012-2016 averaged. Source: TradeMap.		
	ROC	PRC
Total imports from Malawi in 2016	3,077	26,117
Total exports to Malawi in 2016	1,428	228,239
Total share of Malawi's exports (%)	0.32	3
Total share of Malawi's imports (%)	0,0005	19

The motive that prompted Malawi to abandon the ROC was trade. On the basis of official statistics in September of 2008, “just nine months after Malawi and China entered into a diplomatic relationship, trade between the two countries amounted to \$59 million – a 120 percent increase compared to 2007” (Mweninguwe, 2017: 1). The government of Malawi has stated that trade with the PRC had remained encouraging, although President Peter Mutharika for several times stated that his country has a long way to go in changing itself from being an importer nation to being an exporter “if we want to end [the cycle of] poverty” (Mweninguwe, 2017: 1). But as we can deduce from the above table, overall Malawian exports have increased since relations with the PRC commenced.

Finally, discernible from Table 2 above, which also incorporates the notion of marginal difference, on average, for the past five years (2012-2016), the PRC has, as of 2016, a 3% total share of Malawian exports, compared to the ROC's 0.32%, as well as a 19% of the Malawian import market compared to the ROC's 0.0005%. This indicates another important variable to the opportunity cost paradigm; the PRC's own impetus. Indeed it is not only Malawi which stands to benefit from relations with the PRC, but the PRC as well. Indeed, it is the foundational principle of game

theory, on which this thesis has framed the Africa-One China nexus, that policy decisions are formed on the basis of *interaction*. That is, when looking to situate the opportunity cost it, we ought to understand it in bi-directional terms.

Why does a recognition switch preclude greater commercial involvement by (and benefits for) the PRC? In the simplest terms, it enables the PRC to have a more enhanced trade relationship with the country in question, and hence also make use of a wide array of political economical instruments. China's "strategic partnership diplomacy" is renowned (Zhongping and Jing, 2014: 18), and is based on there being formal relations with Beijing:

"Most such accords are built upon existing 'friendly relationships', 'cooperative relationships', or 'partnerships'" (Zhongping and Jing, 2014: 9).

Indeed most strategic partnership agreements (except those with Angola, Egypt, and Turkey) reviewed by Zhongping and Jing (2014),

"mention the 'One China' policy or Taiwan. Two of them (India and Mongolia) mention Tibet and one (Mongolia) mentions Xinjiang" (Zhongping and Jing, 2014: 9: emphasis added).

And while Malawi is yet to be accorded "strategic partner status", it has seen direct benefits that could otherwise not be obtained save by the formal opening of diplomatic relations with Beijing, to the exclusion of Taipei. For example in the year 2016, Lilongwe and Beijing signed "an agreement for another round of project financing that will cost \$1.79 billion in seven priority areas" (Mweninguwe, 2017: 1). Particularly regarding Malawi, the PRC arguably has four pillars of interaction and assistance – these are "infrastructure development, agriculture and food security, health care and education, and human resources" (Mweninguwe, 2017: 1).

The relationship is not without its problems – far from it. The Malawian labour union federation, the Malawi Congress of Trade Unions (MCTU), has expressed dissatisfaction that "many items in the Chinese shops are cheap but not very durable. A lot of people now shop from the Chinese, who bring in many things in bulk. We are not happy as local traders," (Ngozo, 2017: 3). The MCTU's leader, Robert Mkwezalamba, has also claimed that in their early years of arriving in his country, the PRC constructors either compensated their labourers below the bare minimum wage or paid them in kind – "in the form of clothing, bicycles, maize flour and sugar", and have regularly avoided labour safety standards (Ngozo, 2017: 4):

"They were paying the Malawi workers just about \$13 per month when the country's acceptable minimum wage is \$20. Some Chinese

factories were locking up the workers [in their workplace] overnight,” (Mkwezalamba in Ngozo, 2017: 4).

But growth in the relationship has been considerable – almost from the commencement of the diplomatic relations. Though still largely outweighed by South Africa-Malawian trade, which has a 40% share of Malawi’s US\$3.2-billion total trade (Ngozo, 2017: 2), a 2010 review by the Malawian Ministry of Trade found that the total value of trade between the two countries had doubled from 2007, totalling US\$100-million by that year. Despite its complaints earlier chronicled, the MCTU has also pronounced that they have seen “construction companies are transferring advanced skills to local staff” (Ngozo, 2017: 1). The PRC’s presence in Malawi has also seen continuous increases since late 2007. Crucially, a May 2008 bilateral MoU encapsulating a trade deal, as well as to the PRC’s “committing to help in increasing the productive capacity of Malawi in tobacco, cotton, mining, forestry, fertiliser production and in processing hides and skins” (Ngozo, 2017:1). In the absence of Malawi recognising the PRC, this was an impossibility. This is a clear indicator of an opportunity cost for Malawi in having recognised the ROC.

THE GAMBIA

4.6.1. The Gambia and the One China Problem: An Opportunity Cost Analysis



Time series of changes in Gambian recognition of the PRC (red) and the ROC (blue)

After obtaining its political self-determination from Britain in 1965, The Gambia opened relations with the ROC. However, following the PRC's assumption of the permanent UNSC seat in 1971, the country switched to the PRC. Following the 1994 coup, in 1995, the Gambia once again switched back to the ROC. Then suddenly, in 2013, Gambian President Yahya Jammeh cut relations with the ROC, "which diplomats said was the result of Taiwan's refusal to increase its foreign aid to his country" (Ramzy, 2016: 1). This was during the diplomatic truce and there was a notion of rapprochement with Taiwan (no matter how minimal), however, and as a result the PRC "did not immediately resume relations with Gambia in order to not be seen as pressuring Taiwan" (Ramzy, 2016: 1).

But in 2015 the PRC once again rekindled relations with the Gambia; and thereby brought to an end the diplomatic truce. According to Wu (2016: 1), this was in response to the end of the Ma presidency in Taiwan, which had pursued a rapprochement with the Mainland, as seen in the Economic Cooperation Framework Agreement. In January of that year, there had been a "landslide election of the leader of a pro-independence party as the self-ruled island's president" in the person of Tsai Ing-wen (Wu, 2016: 1):

"The PRC and the ROC had for years tried to poach each other's allies, often dangling generous aid packages in front of leaders of developing nations. But they began an unofficial diplomatic truce after signing a series of landmark trade and economic agreements in 2008 after the election of the China-friendly Ma Ying-jeou as Taiwan's president, as Beijing tried to convince Taiwan of its friendly intentions after decades of hostility and suspicion" (Wu, 2016: 1).

The Gambian case is therefore quite interesting because it is capable of providing us with a scenario in which we have a diplomatic truce – thereby providing what may be regarded as a falsification of the conditions which the thesis has claimed to be necessary for the opportunity cost in the Africa-One China nexus; the indeterminate state of affairs between 2013 and 2015 wherein the Gambia had relations with neither the PRC or the ROC, along with the increase in trade relations once recognition took

place, highlights the role played not just by an elimination of diplomatic relations with the ROC, but the *formation* of relations with the PRC.

As identifiable in the trade table below, The Gambia actually saw a decline in trade relations with the PRC after eliminating trade relations with the ROC; although the African country had noted an opportunity cost in having relations with Taipei, Beijing was not politically motivated to form relations with Banjul, having its own opportunity costs to weigh (i.e., risking a disruption to the rapprochement which was taking shape). But, upon the election of the pro-independence leader in the ROC and subsequent resumption of relations with Gambia, there was an upsurge of 61% in PRC importation of Gambian goods.

Table 14. Gambian trade relations with the ROC vs PRC, pre- and post-recognition of the PRC 2000-2015; 2015-2017. Source: TradeMap.		
	Total ROC imports (in \$-thousands) from Gambia	Total PRC imports (in \$-thousands) from Gambia
2001	14	0
2002	207	0
2003	250	1,549
2004	0	124
2005	0	170
2006	1	446
2007	731	8,688
2008	1,156	3,164
2009	79	6,640
2010	1,312	14,998
2011	248	54,101
2012	234	84,713
2013	11	77,978
2014	191	37,932
2015	45	55,789
2016	362	90,095

ROC vs PRC Imports from The Gambia, 2001-2016

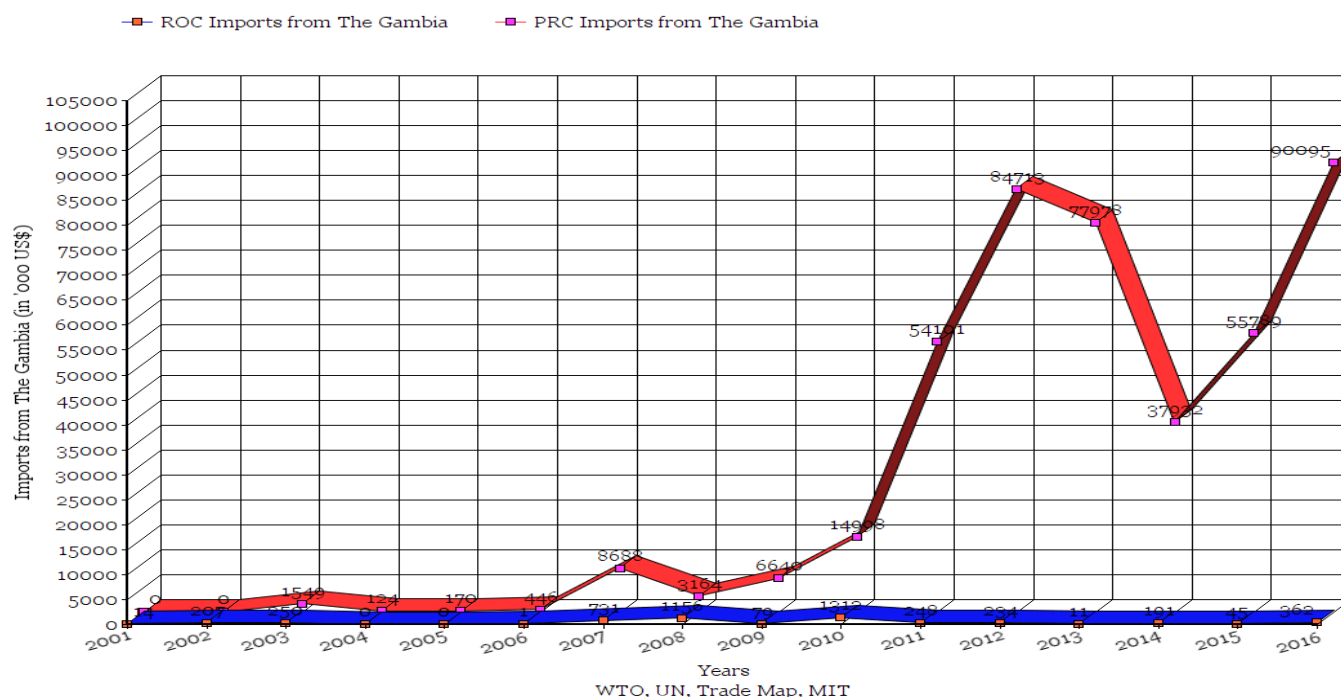


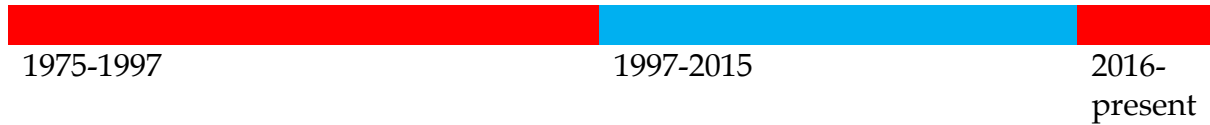
Table 15. PRC vs ROC trade with Gambia, 2012-2016 averaged. Source: TradeMap.

	ROC	PRC
Total five-year movement in imports from Gambia (in %)	26	-2
Total five-year movement in exports to Gambia (in %)	-47	5
Total imports from Gambia in 2016	362	90,095
Total exports to Gambia in 2016	433	315,084
Total share of Gambia's exports (%)	0.042	2
Total share of Gambia's imports (%)	0.12	8

Furthermore, in July of 2017 (that is, after the resumption of the diplomatic tussle and therefore the motivation for increased incentives – and opportunity cost – for African states), there was a free trade agreement (FTA) signed between the PRC and The Gambia. According to President Adama Barrow, Gambia's new leader, who had also signed his country to a WTO trade facilitation agreement, this FTA “will remove the need for costly transshipment of Gambian exports to China through a third country [and] will also make [Gambian] goods more competitive, and boost export potential to the world's largest market [i.e., the PRC].”

SÃO TOMÉ AND PRÍNCIPE

4.6.1. São Tomé and Príncipe, the One China Problem and Opportunity Cost



Time series of changes in Santomean recognition of the PRC (red) and the ROC (blue)

After gaining its independence from Portugal in 1975, the island nation of São Tomé and Príncipe chose to form relations with the PRC, to which, as a budding socialist state on its own right, it had similar institutional aspirations. Then, some two decades later, in 1997, it established diplomatic relations with the ROC, and in turn the PRC eliminated its relations with STP. Once again, the São Tomé and Príncipe and PRC opened formal diplomatic relations in December of 2016.

São Tomé's decision to discontinue its relations with the ROC seems to have been motivated by the former's request for more aid from the latter, and its inability or unwillingness to cooperate. As a statement made public by the ROC's Foreign Affairs Ministry stated: "The government of Sao Tome and Principe ... with excessive financial difficulties, and demands beyond those [Taiwan] could meet, has ignored 20 years of friendly diplomatic relations, playing both sides of the Taiwan Strait while holding out for the highest bidder" (Southerland, 2017: 1). Likewise, São Tomé and Príncipe's Prime Minister, Patrice Trovoada, stated to reporters that economic "imperatives played a role in severing ties with Taiwan," and that the route "was the most correct decision for Sao Tome and Principe.... We have our program and we have a commitment to the people to *improve their living conditions*" (quoted in Southerland, 2017: 1; emphasis added). Consistent with the findings in the other countries in the previous case studies, the Minister also spoke of the PRC as a "very important strategic relationship ... the second biggest economy in the world and permanent member of the Security Council" (quoted in Southerland, 2017: 1). The "dry-up" in Taiwanese aid also coincidental with the diplomatic freeze. Particularly, according to Bax, Gongo and Dlamini (2017: 1), there was "dwindling support" from the ROC side, and indeed there had been an assertion by the ROC that "Sao Tome had asked for more than \$100 million to maintain relations," and deemed the request "reckless and unfriendly" (Bax, Gongo, and Dlamini, 2017). In addition, the Sao Tome side claims that, "the decision to break with Taiwan was necessary to improve the lives of the 200,000 inhabitants of the West African archipelago" and that "China is sending medical aid next month and a Chinese company has already expressed interest in building a deep water port" (Bax, Gongo, and Dlamini, 2017).

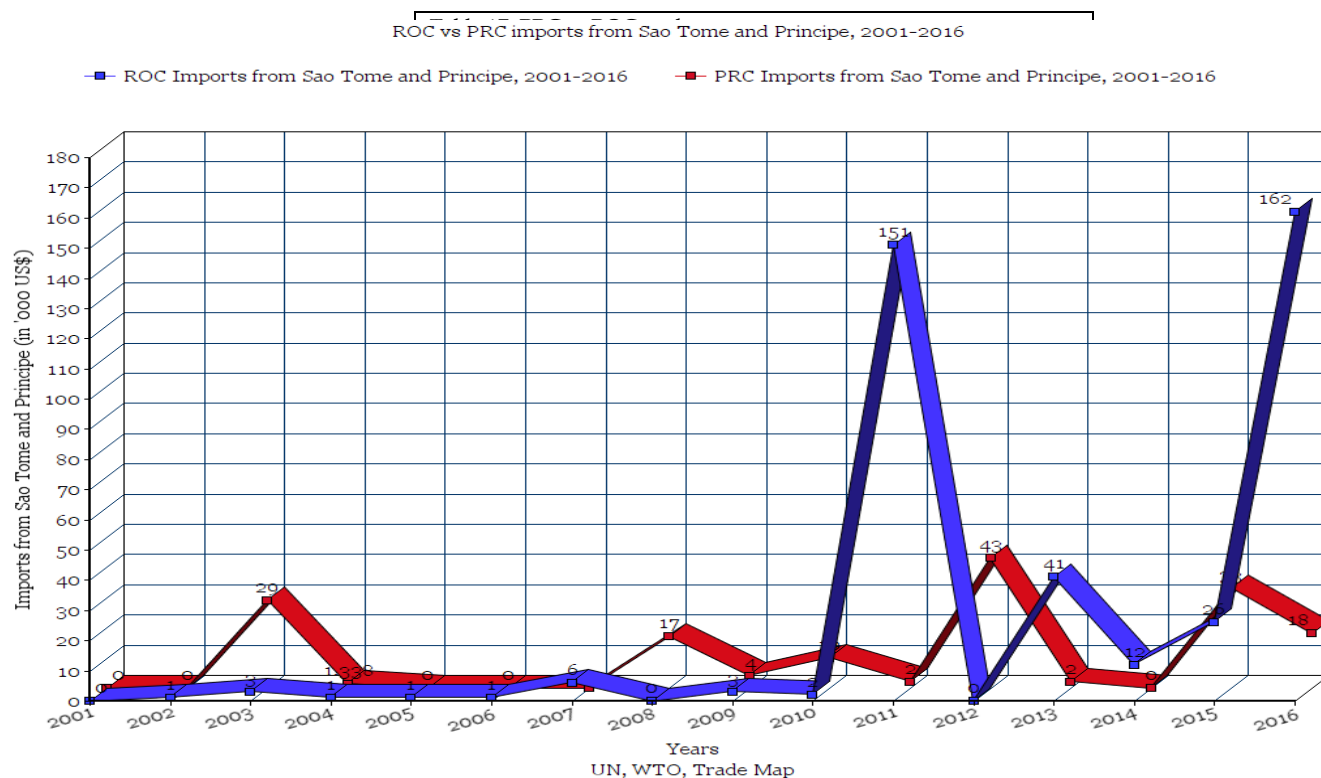


Table 16. Santomean trade relations with the ROC vs PRC, pre- and post-recognition of the PRC 2000-2008; 2008-2017. Source: TradeMap.

	Total ROC imports (in \$-thousands) from Sao Tome and Principe	Total PRC imports (in \$-thousands) from Sao Tome and Principe
2001	0	0
2002	1	0
2003	3	29
2004	1	1,338
2005	1	0
2006	1	0
2007	6	0
2008	0	17
2009	3	4
2010	2	10
2011	151	2
2012	0	43
2013	41	2
2014	12	0
2015	26	33
2016	162	18

Saotomean exports to the PRC have at the time of study not grown. Interestingly, the year 2016 saw an exponential hike in ROC imports from Sao Tome and Principe. This is attributable to a Taiwanese attempt to hang on to its island ally.

	ROC (in US\$-thousands)	PRC (in US\$-thousands)
Total five-year movement in imports from Sao Tome and Principe	208	11
Total five-year movement in exports to Sao Tome and Principe	-15	32
Total imports from Sao Tome and Principe in 2016	162	18
Total exports to Sao Tome and Principe in 2016	720	6,404
Total share of Sao Tome and Principe's exports (%)	-28	3
Total share of Sao Tome and Principe's imports (%)	1	5

PRC vs ROC trade with Sao Tome and Principe, 2012-2016 averaged. Source: TradeMap.

For one scholar, “São Tomé and Príncipe could be just the first diplomatic defection by a small country eager to establish formal relations with Beijing instead of Taipei, as China is increasingly seen as the richer benefactor” (Ives, 2016). “It looks like something inconsequential, but actually it means a lot for cross-strait relations. Basically it means Beijing has a new Taiwan strategy: They’re going back to their confrontational style, and the truce with Taiwan over the past eight years is over” (Ives, 2016).

SWAZILAND

4.7. *Swaziland, the One China Problem and Opportunity Cost*

Swaziland is the only country to have never reversed its relations with the ROC. Upon obtaining from Britain under whom it had been a protectorate, the Kingdom of Swaziland formed diplomatic relations with the ROC on September 6 of 1968, the very day it became an independent state. According to Potholm (1967), the kingdom's Taiwan recognition route was "conditioned by its relationship with Pretoria prior to independence" (Potholm, 1967), wherein Swaziland, economically dependent as it was on the Apartheid regime (see Alence, 2006), followed South Africa's route of recognising the ROC. Nevertheless, its relationship with Taipei has seemingly "been mutually satisfactory and ROC aid has been generous" (*Times of Swaziland*, 1991). Another example suffices: in terms of square kilometres, "judging by the size of the ROC's embassy in Mbabane, Taipei greatly values Swaziland as a strategic diplomatic ally in the region" (Taylor, 2006: 194). Furthermore, at any given point, Swaziland's leaders have visited Taiwan more regularly than their fellow African counterparts even when they too had relations with Taipei (Taylor, 2006: 194).

Yet, as shall be seen, economic relations are strong between Swaziland and the ROC; indeed they even exceed those with Taipei.

Table 18. Swaziland trade relations with the ROC vs PRC, 2008-2016. Source: TradeMap.

	Total ROC imports (in \$-thousands) from Swaziland	Total PRC imports (in \$-thousands) from Swaziland
2001	6,391	7,014
2002	3,380	11,089
2003	1,858	14,533
2004	1,809	14,633
2005	713	23,181
2006	4,769	24,822
2007	5,894	19,332
2008	900	11,280
2009	223	15,108
2010	415	2,504
2011	134	344
2012	482	100,381
2013	818	115,072
2014	3,940	46,111
2015	289	289
2016	563	328

ROC vs PRC imports from Swaziland, 2001-2016

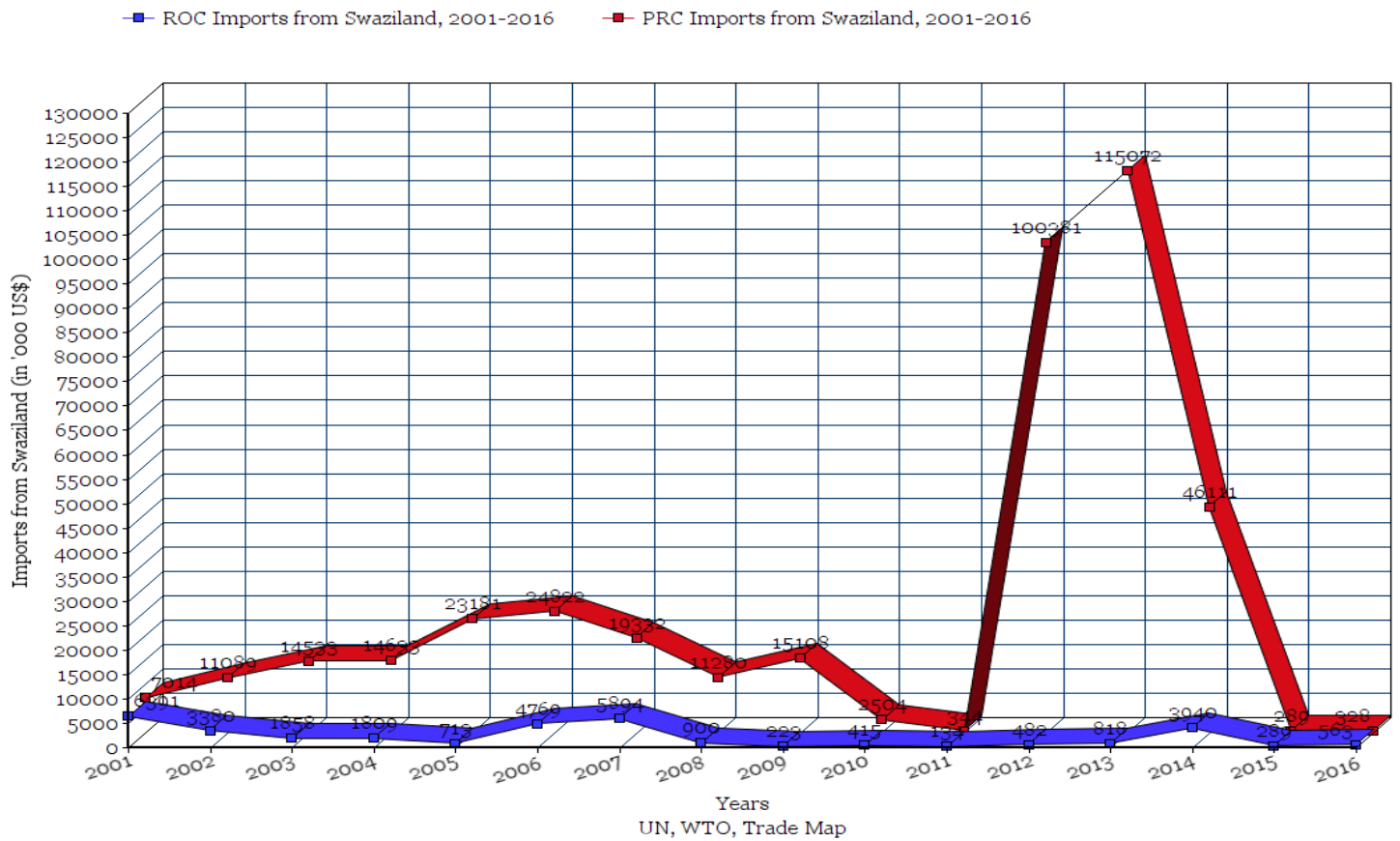


Table 19. PRC vs ROC trade with Swaziland, 2012-2016 averaged

	ROC	PRC
Total five-year movement in imports from Swaziland (in US\$-millions)	-7	-83
Total five-year movement in exports to Swaziland	-20	10
Total imports from Swaziland in 2016 (in US\$-millions)	162	328
Total exports to Swaziland in 2016 (in US\$-millions)	6,406	42,424
Total share of Swazi exports (%)	0.49	4
Total share of Swazi imports (%)	1	4

Trade between Beijing and Mbabane has existed, though at a relatively low level. As the table below demonstrates, though higher than those to the ROC, Swaziland exports, even at their peak, are nominally lower than those of now PRC-recognising African states apart from São Tomé and Príncipe. While multiple factors, including supply-side factors, could be at play, the role of the lack of diplomatic relations cannot be discounted.

Politically, Mbabane has historically also appeared to be nurturing some relations with Beijing, but which have consistently proved inconsequential. For example, there was in 1992, “a slight indication of a possible thaw in relations between the PRC and Mbabane” upon a meeting between Beijing’s mayor and a Swaziland representative as an International Olympic Committee member in but the incident “came to nothing” as in 1995 Swaziland’s king paid a visit to Taipei (Taylor, 2006: 201). A further example is the fact that in April of 2004, Swaziland was one of the states supporting PRC’s prevention of Beijing’s having its human rights record “censured” in the UN Commission on Human Rights, “making it China’s eleventh success at the Commission since 1990 in having discussion of China’s human rights thrown out” (*Xinhua*, April 16, 2004; Taylor, 2006: 200). But this can also be attributed to Swaziland’s own desire to not set a precedent due to its own human rights record (Raine, 2009), and to also not jeopardise its trade relations with the PRC.

A further symptom of Beijing’s alienation from Swaziland was displayed by the fact that it was one of the initial 16 states (which then became 28) which were promoting the admission to the United Nations of ‘the free people of the Republic of China’ in October 1996 (*Times of Swaziland*, 1996). At present, Taiwanese-Swazi ties seem secure, and China remains excluded from the country (Taylor, 2006: 201).

An important aspect of the Taiwan-Swaziland relationship is the extent to which Swaziland has benefitted from the continual elimination of allies for the ROC. In other words, the reduction of the aid burden has been correlated with more aid towards the kingdom. For instance, funding for students from São Tomé studying in Taiwan through the Taiwan Scholarship program were suspended after diplomatic links between the two countries were severed (Chih-chung and Hsu, 2017). The ROC in turn increased provision of medical experts, as well as university scholarships to the monarchical state (Bax, Gongo, and Dlamini, 2017).

Most interestingly, during the early diplomatic truce “aid was often *increased* to Taiwan’s loyal diplomatic allies after the latter “lost” a country to China” (Thindwa, 2014). More specifically, aid which was meant for Malawi was re-

rerouted and “given to Swaziland in 2008 after Malawi switched recognition months before the diplomatic truce” (Thindwa, 2014).

This touches on what may be called a special relationship between the two countries; from the larger-than average embassy, to the above average visitation frequencies, to the fact that, unlike other African countries, Swaziland has never once switched to the PRC. Additionally, we may hypothesise through the prism of opportunity cost that Swaziland has the best of both worlds in that, through its close relationship with South Africa (itself a close ally to Beijing) from whom it obtains large sums of aid, it is able to indirectly siphon Beijing-disbursed economic benefits through South Africa and at the same time obtain special attention from Taiwan. Given this reality, therefore, the country has calculable rationales for maintaining relations with the ROC. Thus, barring on economic stagnation within South Africa, which would result in its no longer being able to give aid to Swaziland, we can expect the latter to maintain its relations with Taiwan.

BURKINA FASO

4.8.1. Burkina Faso-China-Taiwan Economic Relations



Time series of changes in Santomean recognition of the PRC (red) and the ROC (blue)

In 1961, a year following its independence from France, president Maurice Yameogo of Burkina Faso (which was then called the Republic of the Upper Volta), an opponent of communism, decided to establish formal relations with the ROC as opposed to the PRC. A change in course came about in the early years 1970s when, following a drought as well as an outbreak of measles, and the country appealed to Premier Zhou, who responded with food aid as well as vaccine. Subsequently, in 1973, the country's erstwhile president, Aboubakar Sangoulé Lamizana, decided to form diplomatic relations with the PRC at the expense of the ROC. The invitation to switch relations was made by Beijing and was accompanied with US\$48-million credit as well as several medical and farming projects. In November 1983, Burkina Faso's new president (and committed socialist), Thomas Sankara, made a visit to the PRC to further consolidate the relationship. But in the year 1987 a former affiliate of President Sankara, Blaise Compaoré, enacted a coup of his own. Nevertheless, the country maintained its relations with the PRC, and indeed President Compaoré was the first foreign head of state to go to Beijing following the Tiananmen massacre, visiting as he did in 1989. In early 1994, however, Burkina Faso "suddenly" switched its recognition towards the ROC (Verhoeven, 2014). This sudden switch was arguably "the successful result of Taiwan President Lee Teng-hui's new diplomatic offensive aimed at increasing, through financial aid or what has been called 'cheque book diplomacy', the ROC's diplomatic allies, with the aim of restoring Taiwan's membership in the United Nations" (*Xinhua News*, 2016).

Trade activity between the ROC and Burkina Faso is very low. By contrast, imports by the PRC from the latter form around 2% of its total exports; the chief exports being largely cotton, which forms its second export item (at around 19% in 2013).

Table 20. Burkina Faso trade relations with the ROC vs PRC, 2001-2016. Source: TradeMap.

	Total ROC imports (in \$-thousands) from Burkina Faso	Total PRC imports (in \$-thousands) from Burkina Faso
2001	2,538	0
2002	5,962	702
2003	10,309	32,340
2004	13,333	124,112
2005	18,860	163,266
2006	8,685	193,313
2007	15,512	155,040
2008	8,441	62,484
2009	2,607	116,175
2010	6,227	121,094
2011	7,687	182,408
2012	4,033	232,656
2013	5,453	186,891
2014	7,994	123,904
2015	2,248	44,065
2016	595	13,999

ROC vs PRC imports from Burkina Faso, 2001-2016

— ROC Imports from Burkina Faso, 2001-2016 — PRC Imports from Burkina Faso, 2001-2016

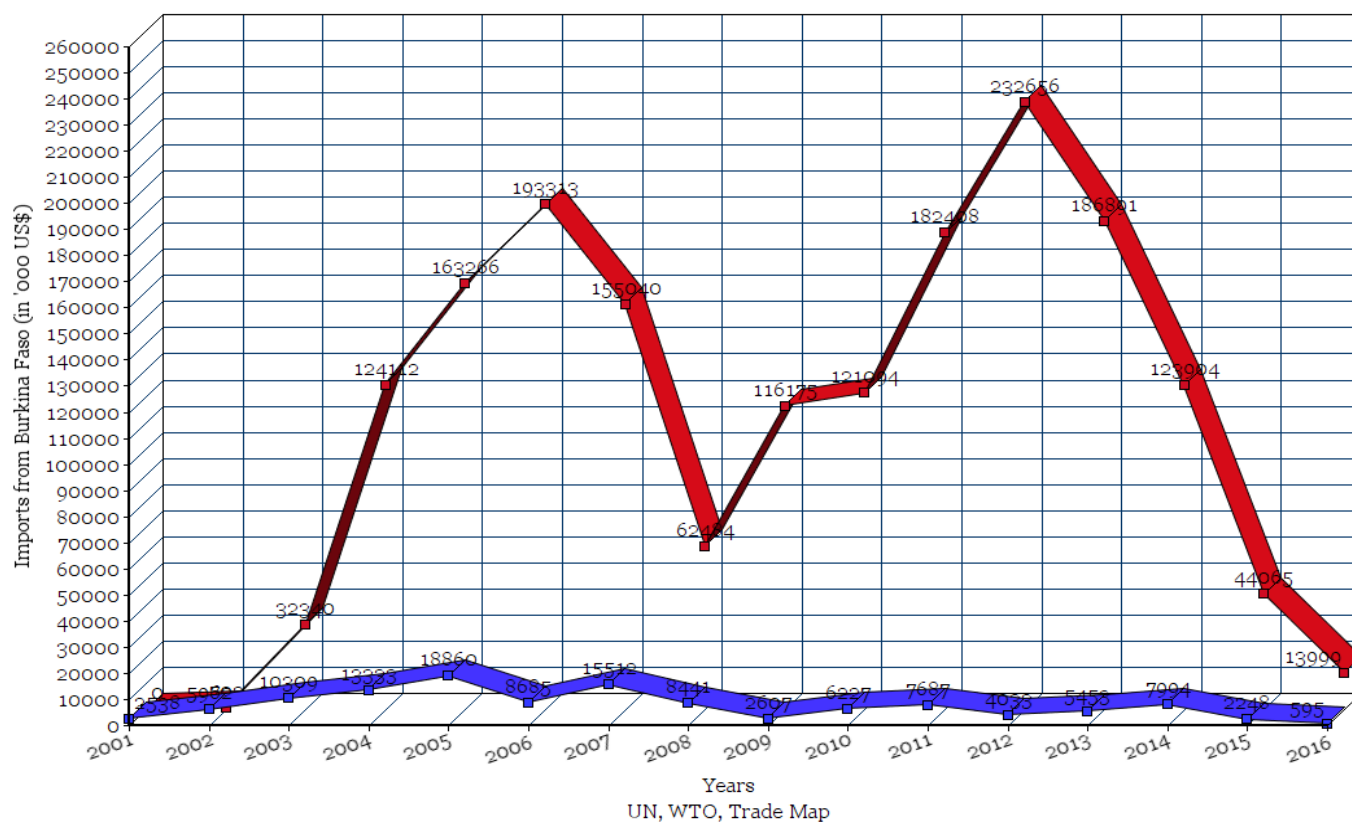


Table 21. PRC *vs* ROC trade with Burkina Faso, 2012-2016 averaged. Source: TradeMap.

	ROC	PRC (in US\$-millions)
Total five-year movement in imports from Burkina Faso (in %)	-38	16
Total five-year movement in exports to Burkina Faso (in %)	-3	9
Total imports from Burkina Faso in 2016 (in US\$-millions)	595	13,999
Total exports to Burkina Faso in 2016 (in US\$-millions)	6,903	140,997
Total share of Burkinabe exports (%)	1	2
Total share of Burkinabe imports (%)	0	14

Imports from Burkina Faso declined measurably between 2014 and 2015 period, “partly because of Burkina Faso’s political unrest and owing to reduced demand in China leading to a drastic reduction in Chinese cotton imports” (Cabeston, 2017). But the larger obstructing factor in the PRC-Burkinabe trade relationship is the lack of recognition between the two states. This may have been symptomatic of a squeeze by Beijing which eventuated in the country switching in 2018. Indeed in prior years, Chinese businesspeople have had to resort to indirect means through which to obtain access to the Burkinabe market. Twice Burkina Faso has had invitations extended to it to attend FOCAC under observer status in 2006 and 2015. In both instances, Burkina Faso declined. As (Cebeston, 2017) describes it, “Ouagadougou has so far resisted Beijing’s sirens.”

Unofficial relations mean that commercial matters between the two states “are still today dominated by grassroots agents in the form of Chinese private entrepreneurs and traders,” (Taipei Times, 2014; Yen, 2015) whose economic power is far exceeded by that of the SOEs. The main private actors present are three companies; technology giants Huawei and ZTE, and since 2007 in construction, the China Geo-Engineering Corp (CGC) (Yen, 2015). Sporadic investment by PRC investors are active in hospitality and restaurant businesses. While for diplomatic reasons, the Chinese Exim Bank cannot offer preferential credits to Burkina Faso, Huawei has been able to get support from this bank for financing a \$80 million fibre-optic contract in Burkina Faso. Due to the diplomatic issue, PRC companies unable to obtain loans from the Exim Bank have had to seek funding from the African Development Bank and even the European Investment Bank. That was the case for CGC International for its involvement in the construction of 18 km of the Burkina ZIGA water supply project

in 2011. The PRC has also had to utilise Burkina Faso's membership in ECOWAS "to penetrate the Burkinabe market, mainly through Ivory Coast and to a lesser extent Togo" (Yen, 2015).

The principal explanation for this has been that the ROC has made it expensive for Burkina Faso to change its course; through aid. Following the re-establishing of relations between the ROC and Burkina Faso in 1994, "Taiwan's assistance to Burkina Faso has been generous, turning this country into a window, *if not a model*, of Taipei's contribution to poor countries' economic and social development and, perhaps as importantly, Taiwan's efforts at public diplomacy" (Cabestan, 2017: 2; emphasis added). Beginning in 1994, the ODA relationship between the ROC and Burkina Faso has been a constant. Furthermore, the PRC's "diplomatic counteroffensive" between 2000 and 2008 "did not concentrate on Burkina Faso", which was supposedly deemed "as less important than, for instance, Senegal or Chad, which resumed relations with China in 2005 and 2006, respectively" (Yen, 2015).

But as in Swaziland, the ROC can be said to have hanged onto Burkina Faso because of relentless state involvement. The ROC's manner of granting aid to the West African state is by orientation rather conventional because "it is still largely disconnected from Taiwanese business interests; it does not particularly foster public-private partnerships" (Cabestan, 2017: 2). Indeed, the key actors in its ODA to Burkina Faso include only political and diplomatic routes, "closely linking its public diplomacy to its foreign policy objectives – that is, to maintain diplomatic allies and enhance Taiwan's international space – and this in spite of the diplomatic truce reached with Beijing in 2008" (Cabestan, 2017: 2). The main conduit for ROC ODA is the Taiwanese-Burkinabe Cooperation Joint Commission (CJC) which came into formation in 1994, which is managed by the two countries' foreign affairs departments and meets bi-annually to formulate the aims and expenditure routes for the funds. Owing to this forum, from 1994 to 2012, PRC ODA has gotten up to US\$348-million – on average, the ROC has provided approximately US\$24-million annually to Burkina Faso since 1994, and from 2015, the CJC announced a budget of US\$42-million (Cabestan, 2017: 2). In perspective, Taipei grants Burkina Faso 7.5% of its incoming foreign aid (Bax, Gongo, and Dlamini, 2017). Taiwan has clearly prioritised Burkina Faso.

This special interest in Burkina Faso is attributable to its being the ROC's most-populated ally. Similar to Swaziland, there has also been a process of compensatory increments to Burkina Faso due to the marginal economic relief and political uncertainty brought on by the late switchers. Following the switch by Sao Tome and Principe, the ROC's Deputy Foreign Minister flew to Burkina Faso in September to discuss projects where they "looked at our cooperation and decided to continue" relations; the talks resulted in subsidies of up to US\$47-million "over the next two years in industries ranging from agriculture to education and defense" and the PRC

also made offers for vocational training and financing in higher education (Bax, Gongo, and Dlamini, 2017).

But there is another factor which has served to the ROC's benefit in interacting with Burkina Faso. In Burkina Faso, the ROC benefitted in terms of the ground laid by the PRC when it had established formal relations with Burkina Faso and simply took over some of the PRC-initiated projects. Specifically, a number of the agricultural projects formed in 1970 by the PRC. In any event, these elements of continuity highlight the similarities between Taiwan's assistance and China's aid programmes. In many ways, therefore, "the Burkinabe-Taiwanese relationship has been *atypical*" (Cabestan, 2017) in the manner in which the ROC has been willing to prioritise Burkina Faso in terms of ODA given, has had the advantage of building on pre-existing projects and forming a conduit for ROC ODA into Burkina Faso.

In early 2018, however, the country switched to the PRC. What could account for this? Specifically, could the methodology of opportunity cost prove instructive in assessing the lead up to the switch? Perhaps.

Two prerequisites are critical here. As discussed in the literature review of the thesis, there has been some work done in which asserts that Taipei tends to do better with non-democracies. Additionally, Beijing renewed its 'offer' to Burkina Faso (in light also of the growing relations which have been argued by Kane (2015) and later (Cabestan, 2017) to be growing because of a clandestine usage of ECOWAS linkages, as well as the fact that both Chinese and Taiwanese businessmen speak the same language, Mandarin). The hypothesis on the other hand advances rational self-interest on the part of the African states as a probable mechanism for switching.

But perhaps some combination of these factors could be at play: the regime change in 2015 ushered in competitive democratic politics (rational self-interest among the political elite) which may have made Burkina Faso to be more likely to respond to an opportunity cost (especially an economic one, underlined by developmental/poverty-reduction concerns in Burkina and other African states). Thus we could deduce that the regime change in Burkina Faso since 2015 has had some impact; with those now in power expecting that the new relations with China will lead to increased trade and reap domestic electoral dividends. But due to the limited timeframe and the fact that the methodology requires an analysis of the trade relations after at least one year following the switch, it will be somewhat limited on this.

Chapter Five

DISCUSSION

“China has the might, muscle, and meanness to close our Hong Kong Consulate and clamp down on other private sector commercial activities. It would seem as if the velvet glove covering the iron fist is wearing thin and I interpret the oblique message as an indirect indication that China is not prepared to lose face over the South African issue.” – Les Labuschagne

5.1. *Introduction*

This section will now turn to the task of discussing the findings and their various implications. Firstly, it will seek to explain the findings in the context of China and Taiwan’s African foreign policies in comparative perspective to account for the differences seen in the findings of the previous chapter. Subsequently, the chapter will discuss the potentially “bi-directional” nature of the opportunity cost so as to account for the diplomatic truce years, and the effects of rapprochement for the two Chinas in terms of the incentive structure for African states. Finally, the chapter will seek to work towards a typology to account for the contemporary retention of relations between Taiwan with Swaziland and Burkina Faso (in the 2000-2016 timeframe).

5.2. *Chinese and Taiwanese African Foreign Policies and International Relations in Comparative Perspective*

When the Thirteen Colonies attained their independence from Great Britain and eventually became the United States of America, one the first European states to offer them recognition, in September of 1785, was the Kingdom of Prussia. The treaty which instituted this recognition was aptly titled the ‘Treaty of Amity and Commerce between the Kingdom of Prussia and the United States of America’; a descriptive name encapsulating a crucial fact about the relationship between the politics of recognition and trade; amity is often a precondition for smoothened economic relations. This truth, it would appear, still holds. The PRC, of all countries, even after its reform and opening up period still places enormous political control over foreign commerce. The Taiwan question is still “a sensitive and easily politicised dynamic in African political relations with China” (Large and Chien, 2008: 8). Thus for PRC-recognisers, “mere association with Taiwan can mean trouble” (Large and Chien, 2008: 8). Most recently, the switch by São Tomé and Príncipe was arguably a symptom “of China’s punishment of [President] Tsai for calling [President] Trump” (Ivan, 2016). It is true that there is no such a thing as a

total lack of trade due to a lack of diplomatic relations. However, trade is a politically-lubricated process; the absence and presence as well as the level of tariffs and quotas remains within the privy of governments. Further, trade between the PRC and these countries would be *relatively* higher than they currently are, were it not for their retention of relations with the ROC. This is the essential argument of the opportunity cost.

Particularly regarding Africa, Beijing's policy has been defined by a special focus. Africa not only makes up the major portion of Beijing's ODA, the PRC's policy paper on its African foreign policy (2006) articulated on "Africa's strategic importance and stressed the interest to further such cooperation in the future," hence the continent is also traditionally the first region to be visited by a newly-installed PRC president.

The PRC re-intensified its political ties with Africa in the beginning of the new millennium. Beginning in 2002 through to 2006, some 90 African political parties had their delegations visit the PRC to meet with the CPC, which in turn sent some 78 delegations of its own to the continent within the same period. Most importantly, in addition to these acclimations, the two entities have seen meetings between high level leaders, congresses and parliaments through FOCAC, formed in 2000. FOCAC has served as "an ambitious platform between the two sides to promote and improve economic growth and development through mutual understanding" (Monyae and Banda, 2018). Since FOCAC's inception, the PRC's FDI in Africa has sharply increased from US\$500-million to US\$30-billion. By September 2015, China and African countries had signed loan agreements worth more than US\$30 billion (Monyae and Banda, 2018).

For its own part, the ROC has cited Africa as an area "to develop further 'bilateral and multilateral relationships' based on 'economic reciprocity, cultural exchange, technological cooperation and humanitarian efforts'," however, "combining its own politics in Taiwan with any successful pursuit of these goals in the face of concerted Chinese engagement in Africa in which the DPP's cross-straits policy engagement has spurred Beijing's efforts to deny political space to Taiwan in Africa have proven difficult" (Large and Chien, 2008: 7-8). Indeed, in September of 2007, the ROC formed its own 'Africa Summit' in its capital "that went largely unnoticed" (Taylor, 2015): the sharp distinction "between Taipei in September 2007 and Beijing in November 2006 symbolized the ascendancy of China and the terminal decline of Taiwan in Africa" (Large and Chien, 2008: 1).

This is further enhanced by intra-African conditions. Being, as they are, seen as risks by the broader global financier community means that African states are investable only by entities with a perfect congruence of both political will (or motivation) and economic prowess -- such an entity is the PRC. First, in terms of political will, the

Taiwan question is somewhat central in Beijing; “manoeuvring against Taiwan – and ultimately “recovering” it – provides one of the key contradictions in China’s foreign policy objectives as it is an issue that appears to be able to trump other key policy goals” (Congressional Research Service, 2008: 13). Second, in terms of ability, there are numerous indicators. Pointedly, for example, the PRC acquired the rights to a number of oil zones in Chad from a Canadian enterprise “and has gone from big player to center stage in Chad’s affairs, confident that it can wring smart profits *from the most inhospitable conditions*” (Schellhase, 2012:1; emphasis added). “The Canadians and the Americans are only interested in really big finds. Anything else they think is not worth their time. The Chinese have a different approach. They are happy with the smaller finds, just lots of them. They seem to have a different time frame, too. The [Chinese] plan to be here for a while,” according to a Chadian mining engineer with the CNPC (French and Polgreen, 2007: 2). Against this background, an occasional paper published by the South African International for International Affairs claims that “Chad consistently ranks among the worst performers in international indices. For example, the country scored last on the World Bank’s Ease of Doing Business Index” (Schellhase, 2013: 1), and yet China – owing to the combination of motivation and economic prowess – has massively invested itself in Chad.

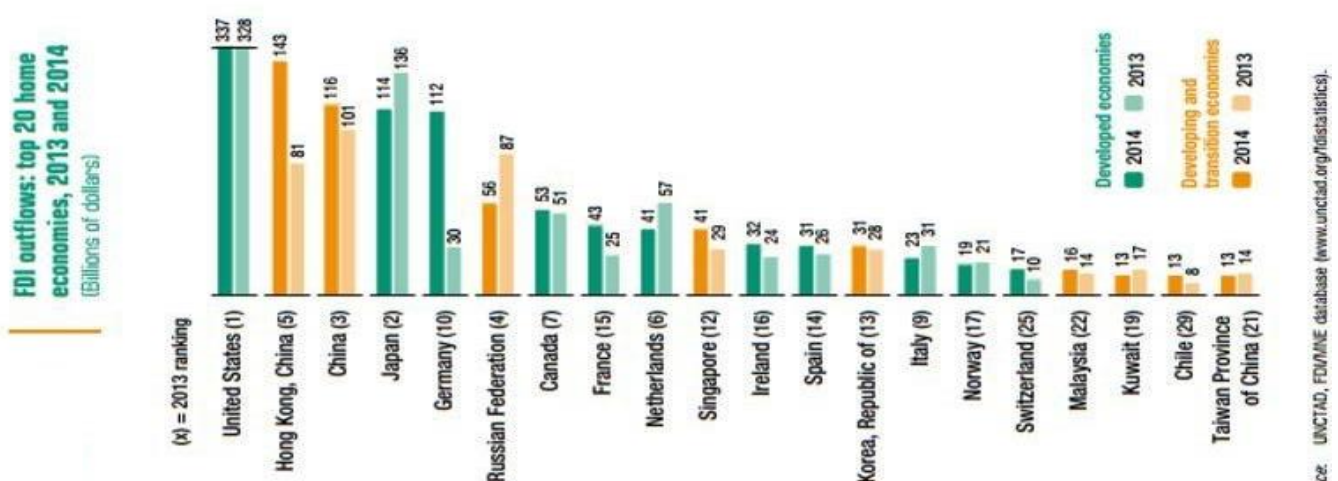


Figure 5. FDI Outflows by Top 20 States, 2013-2014. Source: UNCTAD.

As indicated in the previous chapter, the PRC’s method of interacting with the continent is through the SOEs, who are both malleable to the political aims from Beijing and are also increasingly wealthy enough to fulfil these. The ROC, on the other hand, launched privatization programs in 1989, transforming many SOEs into private industries. While ROC SOEs have played a role in the management of domestic economic activities, including “the stabilization of the economy during the hard economic times,” in comparison with their mainland counterparts, they have proved “less efficient and less profitable” in recent years (Liou, 2007: 1). Currently,

there are only 17 ROC SOEs where ownership by the state is over 50%, including official agencies such as the Taiwan Central Bank. As a consequence, the PRC has outperformed the ROC in terms of FDI to developing countries, with the former ranking second only to the US, and the ROC ranking 20th in 2013-2014 (see chart above).

Taiwan authorities exert some control over some SOEs that were privatized, including through directorship appointments. But in terms of size, these are far exceeded by the PRC's banks. As further back as the end of 2010, the CDB had given some US\$687.8-billion in loans, more than twice as much as the World Bank's US\$153-billion, while ROC's biggest bank was *valued* at US\$121.7-billion.

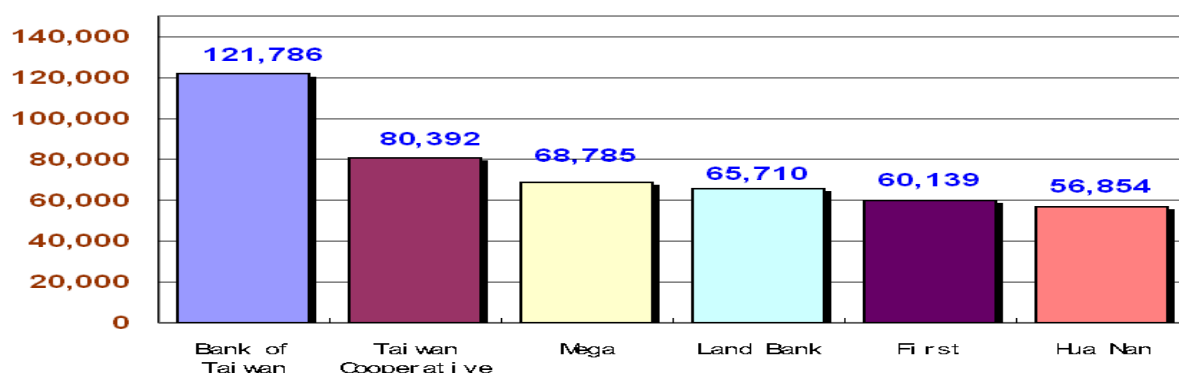


Figure 6. Top 6 State-operated Banks in the ROC in 2015. Source: World Bank

Furthermore, during the diplomatic truce, the ROC entered into the WTO's GPA in 2009, whose main goal "is to mutually open government procurement markets among its parties" (WTO, 2009). As a direct outcome of this, the ROC's central and local government entities, as well as SOEs, are now all covered by the GPA (WTO, 2009). This has effectively made them incapable of competing with the PRC.

The expensiveness of economic aid on the ROC has even led a US State Department memo to urge the case that the US should "seek to counter PRC efforts to isolate Taiwan by making support for Taiwan's greater international participation a condition of U.S. assistance and economic interaction with other countries" (Congressional Research Service, 2008: 14).

5.3. *A Bidirectional Opportunity Cost?*

During the diplomatic truce, the PRC and the ROC "opened landmark dialogue and signed 23 agreements linked to tourism, trade and investment" (Jennings, 2016: 1), including the monumental Economic Cooperation Framework Agreement. Against the backdrop of the greatest probability of rapprochement, the two sides were under relatively less pressure to economically go out of their way to spend on aid for recognition from these African states. To that end, the Gambia received continually

dwindling ODA from the ROC, and when it eliminated its relations as a result, it did not obtain immediate recognition by the PRC. This is indicative of a bi-directional opportunity cost. In other words, while the African states experience an opportunity cost for recognising the ROC over the PRC, it is also the case that the PRC and ROC, being forced to outspend one another in order to gain recognition from the African states, are also in a state of opportunity cost – these are funds which, at least hypothetically, could be used in other routes (for example as reserves, investment in other areas within the Chinese domestic economy, cross-strait investment, etc.). But because there is a motive to outspend Taiwan, these resources are being constantly used in Africa, a route they otherwise would not (as the diplomatic truce era effectively proved). But the notion of a bidirectional opportunity cost his may perhaps also explain the most recent switches by the Gambia, Sao Tome and Principe and Burkina Faso after the diplomatic truce was broken: the ROC may have deemed it a more beneficial course of action to focus on its domestic economy, which has been relatively stagnant.

Chapter Six

PROSPECTS AND CONCLUSIONS

6.1. Introduction

The Prussian statesman Otto von Bismarck once stated that when nations say they agree with something “in principle” they mean to say they have not the slightest intention of doing it. It would appear that the PRC has made it very expensive to not abide by its One China principle. Such is the conclusion which this thesis has reached.

In order to reach such a conclusion, the thesis, in Chapter 1, laid out its research question, rationale, methodology, and followed with conceptual frameworks and histories in Chapters 2 and 3 respectively. These then culminated into Chapter 4 which had self-contained bilateral histories and applications of the research methodology in eight different case studies, and in Chapter 5 the thesis made an analysis of the findings made.

6.2. Prospects and Conclusions

The key question answered herein was: Why is there a one-way switching in the 21st century in favour of the PRC? Was there a role played by opportunity cost in the Africa-One China nexus? And most directly, did those states which recognized the ROC experience diminished economic benefits from the PRC for doing so, and was this why they switched? A number of factors accounted for this, but ultimately, recognition of one China over the other has been found to be the function of opportunity cost. This falls squarely within the theoretical tradition of realism in its casting of states as rational actors, as well the preponderance of political determinants over economics. Indeed, the wresting of allies on the part of Beijing has at times also taken on more coercive forms. N’Djamena’s switch to Beijing on 6 August 2006, the same day that the Taiwanese premier was due to visit the capital, sprung from pressure upon President Deby “who felt particularly threatened by Khartoum-backed rebels in part supported by China via the government of Sudan”; President Deby reportedly explained to President Chen that due to the grave threat of the civil instability stemming from the rebels, his country was compelled to make concessions to the mainland “‘for the survival’ of Chad” (Large and Chien, 2008: 8). Chad’s relations with Beijing subsequently grew and even ironically featured a military cooperation and assistance programme against the rebels from Beijing. By the end of 2007, the CPC had been due to invest US\$30m in a 4 year deal to explore for oil and gas in Chad (Large and Chien, 2008: 8). This could be looked at through

the prism of realism, especially through the prism of defensive realism, as well as through the opportunity cost framework applied to the case studies herein, through a combination of incentives and coercion by the PRC towards the African country.

There are four conclusions reached in this regard. Firstly, although there is a rising private sector, in the time period studied, a large portion of investments from China in Africa have come from state-sourced funding of Chinese FDI and aid such as the ExximBank, and CDB who were the principal investors in the majority of the countries studied (Liberia, Chad, Senegal, and Malawi. The Gambia, on the other hand, was the recipient of yet another politically-decided action through obtaining a free trade agreement with China in late 2017. Secondly, there have been differences in bank sizes between the PRC and the ROC, with the latter having privatised its own banks in the late 1980s to its disadvantage in the present due to the former having state-owned and state-affiliated banks with large revenues.

Further, the thesis found there to be a bidirectional opportunity cost insofar as both Africa and the two Chinas face routes with different pay off levels. For Africa, as discussed, the opportunity cost question lies in the question of which China to recognise and extract benefit from. For Beijing and Taipei the opportunity cost comes up wherein a trade-off is necessitated between utilising funds for domestic purposes or doling out aid and FDI to African countries. This may perhaps explain the most recent switches by the Gambia, Sao Tome and Principe (and most recently Burkina Faso): the ROC may have deemed it a better course of action to focus on its domestic economy, which has been relatively stagnant. Given this understanding, therefore, we can expect, so long as the One China problem persists and remains unresolved, for there to be switches towards the ROC in the future should either or both of the following take place: the ROC's economy rebounds at a pace that places it marginally better than the PRC, or the economy of the PRC substantially stagnates such that its current annual GDP *growths* lag behind those of the ROC.

Nevertheless, there are a set of other questions which still require research. As such, and on the basis of the findings made, we can suggest at least six areas of further research:

- (1) How seriously does China enforce the One China policy elsewhere? Implied within this are two further sub-questions: Does the size of the country make a difference? And, are there regional differences in the enforcement of this policy?
- (2) What are the potential routes of joint Chinese-Taiwanese operations on the continent?
- (3) What opportunities are there for Africa as a result of the One China policy? Can it be used as a bargaining tool?¹⁶

¹⁶ "In maintaining for as long as possible its formal links with Taiwan, is Burkina Faso not in a better position, if not to hedge against China at least to improve its bargaining power in the asymmetrical (but non-official) relationship that it is compelled to have with the world's only 'emerging potential superpower'? There are therefore strong reasons for the Burkinabe authorities,

(4) What impact does the Africa-One China nexus have on investor confidence within China, and within Taiwan, regarding Africa?

(5) What determines the differences in African countries' absorptions of Chinese investments? This is especially useful since these countries all offer us rare "year zero" starting points into the China-Africa interaction, and thereby stand as verifiable case studies to assess much of what has been claimed about mutual gain in the relationship.

These, and other countless other questions, necessitate some looking into. Thus, far from being an old and resolved question, the Africa-One China relationship is one of much investigation. Not only does it stand to reveal a substantial lot about the nature of Chinese foreign policy towards Africa, but it is an essential part of Africa's historical and contemporary political and economic interfaces. Moreover, the present thesis has reframed it to be not a question of the African diplomatic scene being "up for grabs," but (through the prism of realism as exercised through opportunity cost analyses) as indicative of African states' diplomatic agency.

while developing unofficial and pragmatic relations with China, to keep diplomatic links with Taiwan, not only because they benefit from this partnership and would stand to lose a great deal, at least in the short term, if they switch to the PRC, but also because this situation allows them to better negotiate, up to a point, the type of relationship that they want to develop with the latter. In other words, while it cannot be qualified as a hedging strategy, Ouagadougou's policy partly corrects the blatant asymmetry of its relationship with Beijing" (Cheng, 2006: 1).

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