
The Recent Blossoming in Relations between China and Madagascar

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Introduction

“China is the solution to all our problems”. This phrase uttered by a high-ranking figure in the transitional regime in Madagascar¹ provides a vivid illustration of the mood to be found among most Madagascan leaders. The day after the collapse of the regime led by Marc Ravalomanana, Madagascar found itself blacklisted by the international community, which was de facto freezing the public aid constituting almost 70% of the investment budget of the Madagascan state. Straight after that, Andry Rajoelina, President of the High Transitional Authority (HTA), created in 2009 a commission entrusted with the task of thinking through schemes for “parallel financing” and the idea of approaching backers, who would be paying less attention to matters of governance, was taken up very rapidly. The regime then started thinking about renewing its links with the Chinese mining company Wisco², which had responded to an appeal involving an international offer announced by President Ravalomanana and which had even been selected by him, before a problem of a financial nature blocked the negotiations. Wisco was then granted a permit to explore the Soalala iron deposit by the transitional regime and it announced that it would be investing 8,000 million dollars. In keeping with the terms of reference, the company pays out a sum of 100 million dollars for a “right of concession” officially aimed at bailing out the coffers of the Madagascan state.

The endeavour to find alternative sources of finance would appear to have succeeded and since then foreign delegations have been queuing up in Antananarivo – Kuwaitis, Saudis, Turks, Pakistanis, Thais, Hungarians and even Russians. Yet it is above all the Middle Kingdom which has been capturing all the attention and stoking all the fantasies of the members of the transitional regime. The acute nature of the Chinese question in Madagascar provides an

¹ For a history of the political crisis which has been shaking Madagascar for the last 18 months, see the report of the “International Crisis Group, Madagascar “entitled *Madagascar: la crise à un tournant critique?* (Madagascar: the crisis at a crucial turning-point?) and dated November 18, 2010. On the causes and origins of the crisis, see: Mathieur Pellerin’s article “Madagascar: un conflit d’entrepreneurs? (Madagascar: a conflict of entrepreneurs?) in *Politique Africaine*, No. 113, March 2009, pp. 152-165.

² Wuhan Iron and Steel (Wisco) is an important producer of Chinese steel. It is the main shareholder in the consortium set up in Madagascar - Hong Kong Wisco Guangxin Kam Wah Resources Ltd., in which the Guangdong Foreign Trade Group Co. Ltd. (the “Guangxin Group”) is also involved.

opportunity for an assessment of the situation regarding relations between China and Madagascar, which has so far not yet been undertaken. After recalling how far back ties linking China and Madagascar go, we shall focus on the development of these relations immediately after Madagascar's recognition of the People's Republic of China, particularly regarding economic issues, before going on to analyse the nature of the ties linking the two countries since the transitional regime took over on March 17, 2009.

The Roots of Sino-Madagascan Relations

“Old” and “New” Chinese: peaceful co-existence

Madagascar is one of the countries in the South-west of the Indian Ocean, where several generations of Chinese have followed on one after the other, just as in the former Ile Bourbon, Mauritius, Kenya or even South Africa. So much so that today, descendants of the Chinese communities, which arrived on the country's east coast in the late-19th or early-20th century³ and are known locally as “old Chinese”⁴ are to be found side by side with the “new Chinese” - a term re-grouping by default the Chinese who arrived in the Great Island immediately after Independence⁵. The “old Chinese” are the descendants of *coolies* brought in by France so as to carry out public works projects in the country. Three waves of Chinese immigration into Madagascar were registered between 1896 and 1901 to build the road and then the railway linking Antananarivo with Toamasina and the Pangalanes Canal⁶. Apart from those influxes of workers, most of the early immigrants arrived in Madagascar in transit for Mauritius and, in particular, to Reunion Island. Starting in the 1930s, however, most of the Chinese arriving in Madagascar came directly from China, mainly Canton, when families were re-grouping so as to provide labour for the spice-harvesting contractors or for reasons connected with China's internal politics. A very large influx of Chinese was registered between 1937 and 1939, for example, after China had

³ Archaeological research recently carried out in Vohemar would appear to indicate that there had been a Chinese presence dating back as far as the 13th century.

⁴ See, on this subject: Lucile Rabearimanana, “Chinese traders in the East of Madagascar and their Integration into the Local Population in the 20th Century” in Catherine Coquery-Vidrovitch: *Être étranger et migrant en Afrique au XX^{ème} siècle* (Life as a Foreigner or Migrant in Africa in the 20th Century), Paris, L'Harmattan, 2003).

⁵ See articles by Catherine Fournet-Guérin, “New Chinese Immigration into Tananarive” in *Perspectives chinoises*, No. 95, 2006 or “The Chinese of Tananarive (Madagascar): an urban minority found in various networks at all levels” in *Annales de géographie*, 2009/5 (N^o 669).

⁶ This little known event only scantily documented has been reported by Chantal Serrière: “Pangalanes, retour à Madagascar” (“Pangalanes – Return to Madagascar”), *Arbre Vert*, 2002.

been invaded by Japanese forces, so that in 1946 there were 5,573 Chinese in Madagascar (as opposed to 2,780 in 1936)⁷. Later on the colonial authorities reduced the tide of foreign migrants, but the Chinese prospered and their economic significance grew immediately after the Second World War. After that, Chinese import-and-export firms were competing with the colonial trading posts and came to control certain sectors of the export trade, particularly with the support of the Franco-Chinese Bank in Antananarivo. Still specializing today in the import-export business, but fairly discreetly, this Chinese community is ageing and shrinking in size, particularly in the wake of political crises which – from 1972 up until 2009⁸ - led several members of that community to leave for Canada, Hong Kong, continental China or France. As for the “new Chinese”, they come for the most part from the province of Fujian and the North of China and speak Mandarin, which serves to underline the differences between them and the “old Chinese”, who speak a Cantonese “*tinged by an old patois no longer to be found in any Chinese village*”, according to one of the “old Chinese”. The differences do not stop there and extend to culinary traditions and to the business and sometimes even religious culture. The vast majority of the “old Chinese” - once traditional Buddhists, is now Catholic, while the “new Chinese” remain attached to Buddhism. The two communities celebrate New Year on different dates and are represented by different associations. In fact, after having attempted in vain to regain control of the Chinese Congregation⁹ in the capital by supporting a dissident candidate, the “new Chinese” created the ASECMA (Association of Chinese Traders and Entrepreneurs of Madagascar), which brings together almost 90 Chinese businesses.

From Co-existence to Co-operation

This dichotomy between the “old” and “new” Chinese is well and truly real, but behind it, despite everything, there are inter-personal relations which are, essentially speaking, based on business relations, which lend rather more subtle nuances to the idea of a cold co-existence between the two groups. The restaurant known as “Le TRAM”, for instance, located on the ground floor of the Casino 2000

7 Mihariniaina Andrianaivoson, *La communauté chinoise et la ville de Tamatave* (The Chinese community and the town of Tamatave), Université d’Antananarivo, August 2002, 121 pages.

8 Since Independence Madagascar has experienced six crises: in 1972, when President Philibert Tsiranana was overthrown; in 1991 when President Didier Ratsiraka was overthrown; in 1996 when President Alvert Zafy was dismissed; in 2002 when there was a post-electoral crisis - Didier Ratsiraka against Marc Ravalomanana - and in 2009, when there was a coup d’état followed by the departure of President Marc Ravalomanana).

9 In the 19th century Chinese diasporas would come together in Congregations based on the region back in China to which they had originally belonged.

building and owned by a “new Chinese” is managed by the director general of the TRAM, Marcel Chan, a descendant of Chinese of the first generation. This same Marcel Chan, who still maintains rather tenuous relations with the region of China from which he originally came, created in 2001 the “Malagasy Chinese Business Chamber” (MCBC) with Ntsoa Randriamifidimanana - chairman and managing director of the PACOM Group, Fidy Raharimanana – chairman of Harson Development, Ramaroson Au Taiove Paul, a Chinese Malagasy based in Hong Kong and Shunde (Guangdong Province), as well as Jacky Radavidra – ex-president of GEFP (Group of French and Malagasy Enterprises) and in addition father-in-law of the daughter of Marc Ravalomanana. Through the “Malagasy Chinese Business Chamber” he organized visits to China for various delegations from local businesses (Madagasy or foreign): these included Gamo (paints), MCI (chemicals), SMEF (refrigeration equipment), Pacom (general hardware), Gerb’or (bakeries) and Synergie Communication. In the same spirit, the Hong Kong multi-millionaire Hui Chi Ming¹⁰ entrusted the management of his Malagasy affairs to one of Madagascar’s “old Chinese”, William Chan Kong, who happens to be the nephew of the vice-president of the Chinese Congregation and the AMC (Madagascar-China Friendship Association), Georges Chan Kong. A final example of the present-day relationship between the two generations is provided by the Trading Centre building situated on Independence Avenue, before it burnt down at the beginning of 2009, which had been the fruit of a co-operation between a “new Chinese”, Chan Rakotofiringa, and an “old Chinese”, Jacquelin Chan Kong. It is, indeed, appropriate to recall that the “old Chinese” are “second-class citizens”, given that China does not permit dual nationality. This means that many “old Chinese” have to travel to China on a Malagasy passport. This, however, does not prevent the “old-Chinese” chairman of the Chinese Congregation, Mr. Fong, from making the most of his close contacts with the Chinese Embassy so as to prosper in the world of business as the head of his Samkowa family business. Business sense would thus seem to do away with certain cultural barriers, which are sometimes wrongly presented as insurmountable. Trade in rosewood currently provides the best example of this: Chinese established in continental China come to Madagascar and some of them rely on “old Chinese” based in the East of the country and directly involved in the procurement of rosewood. This is how an “old Chinese” would describe the situation: *“it is more a question of timing than anything else. The new Chinese come here only to earn money in the short term and then go back to China. For*

¹⁰ This former chairman of Sunpec is now founder-chairman of the BICM Bank (Industrial and Commercial Bank of Madagascar) and of several mining and oil enterprises including “Madagascar Petroleum International” and “Madagascar Mining Group”.

us Madagascar is the land we were born in and shall die in – we don't approach things in the same way".

The “new Chinese” – a globalizing and incorrect classification

The use of any categories narrows down the range of nuances available. The label “new Chinese” is inadequate and requires polishing. It has been common practice to associate with this community a range of stereotypes which are hardly flattering for the persons concerned. Yet, in actual fact, this term covers a range of people, whose paths through life, social behaviour and economic activities differ widely. “New Chinese”, who installed themselves in Madagascar on their own free will up until the early nineties, have nothing or very little in common, when we consider, for example, Ren Yujie (director of the Bao Lai chain of shops), Li Yao Min (managing director of the Maloci cement-works and a former architect) or Shang Li (former secretary at the Chinese Embassy and today an exporter of cloves and raffia in the provinces) and those who have been drawn to Madagascar by financial incentives (the “Go out policy”¹¹) or with the encouragement of State companies. The former demonstrate a willingness to integrate reflected in their mastery of the Malgasy language, cordial relations with the local population and the large number of local workers they take on, while the latter have so far achieved little social integration, first and foremost because they do not see their presence in Madagascar as something long-term, unlike the first group. Even without realizing it, those who emigrated to Madagascar up until the 1990s and of their own free will direct the same criticisms as the “old Chinese” at the recent arrivals who “*tarnish the general image of the Chinese community*” to quote one of the “old Chinese”. Two recent events have of late entrenched this feeling; first, the expulsion of a Chinese who had been working at Namakia after he had overturned a bowl containing a workers' meal in a fit of anger – a moral insult which sparked off a strike of Madagascan workers and, secondly, the discovery at the end of 2010 by agents from the National Fund for Social Welfare (CnaPS) of a Chinese manager of the Manangana building project (Behoririka) hitting a female employee.

¹¹ In 1999 the Chinese government, together with the Chinese Council for the Promotion of International Trade, began to launch programs in support Chinese businesses so as to encourage them to invest abroad.

A Resurgence of Chinese allegiances among the “old Chinese”?

Since 2009 there has been a Confucius Institute operating in the very heart of Antananarivo University, as it is the case in sixteen other African countries. This strategic pillar of Chinese “soft power” is aimed at propagating Chinese culture through the world and, more prosaically, at providing a source of interpreters accessible to new investors keen to gain a foothold in Madagascar. No less than ten businesses, including the mining company Wisco, have come to this Institute looking for interpreters. The special feature of the Institute in Madagascar is that it has made the “old Chinese” more aware of their Chinese roots and also the Madagascans of part-Chinese ancestry, most of whom are established along the east coast. Madame Monique, vice-president of the Confucius Institute, confirms that “*we have a majority of Malgasy-Chinese following our courses. Many of the students come from Antalaha, Sambava and Toamasina*”, towns where the first-generation Chinese arrived and put down roots. Those heading the Institute are hoping to open in the near future another such Institute in Toamasina. This trend, likely to grow stronger over the passage of time, goes hand in hand with a renewed attachment to their Chinese heritage taking shape among young Madagascans, as was pointed out to us during an interview with Jean Eric Rakotoarisoa, Vice-president of Antananarivo University.

Growing development of Bilateral Relations

From Formosa to the Recognition of the People's Republic of China

Relations between China and Madagascar have long been determined by the closeness between Madagascar and Taiwan. While Madagascar only recognized Chinese sovereignty over Taiwan in 1972, when Foreign Minister Didier Ratsiraka visited China, diplomatic relations between China and Madagascar go back as far as 1958, when a Consulate General was established and then an Embassy in 1960. At a time of political rivalry between the USSR and China during the presidency of Didier Ratsiraka (1975-1991), China agreed to reconstruct the RN2 highway between Antananarivo and Toamasina, to build hospitals and the Mahamasina Stadium in the capital – a project entrusted to the Sino-Madagascan Public Works Company (SMATP) still present in Madagascar today.

Since 1972 Madagascar only recognizes continental China, although its position with regard to Taiwan was of an ambiguous nature until 1998. Indeed, during the 1990s, an agreement allowed Taipei to be represented by a “special delegation of the Republic of China”, which made it possible for Madagascar to benefit from Taiwanese aid. Certain players of that era report that President Albert Zafy was putting that aid into the equation, in order later on to obtain financial support from China, in the same way as Didier Ratsiraka was to do when he returned to power in 1997. Under pressure from China (visits from Vice-Prime Minister Jiang Chunyun in 1997 and from Vice-President Hu Jintao in 1999), Madagascar called a halt to that ambivalent situation and closed the Taiwanese representation in 2000, paving the way for the start of close relations with China, which have continued to grow stronger since then. This reversal is easier to explain with reference to the wish of the People's Republic of China to increase its foreign investments as part of its “Going out Policy” announced by President Jiang Zemin at the end of the 1990s. According to certain sources, Andry Rajoelina's regime was considering discussions with Taiwan in 2009, which once again would have definitely led to a sharp reaction on the part of the authorities in continental China.

This rapid look back at the history of diplomatic relations between China and the Great Island shows that the sudden promotion through the media of the Chinese presence in the island following on from a number of contracts or impressive declarations of intent, is only part of a continuous consolidation of those relations ever since the end of the 1990s.

The full extent of this blossoming of bilateral relations is to the credit of President Marc Ravalomanana, whose aim of opening up Madagascar to globalization tied in with China's ambitions for international expansion. The frequency of visits in both directions testifies to the close nature of these relations¹². Numerous projects were indeed initiated by his regime, such as the launch of a second cement work in the country with the Chinese firm Maloci. On the occasion of the hosting of the 13th Summit of the African Union planned to take place in July 2009¹³, Madagascar's Company for External Commerce and Construction (SOGECO) ¹⁴, a branch of the state-owned Anhui Fergan Construction Company (AFEC), was granted two major construction contracts: a 5-star hotel and the Ivato International Conference Center (CCII). Moreover, the former President had entrusted the leases and management of certain sugar-producing factories belonging to the national company – the Siramamy Malagasy (SIRAMA) – to the Chinese company, Complant. Finally, the former President, during one of his visits to China, had obtained a commitment from the Exim Bank for financial backing for the construction of a dam to be carried out by the company CAMC Engineering.

This increase in Chinese investment was most conspicuous in the mining and oil domain. The Chinese company Sunpec was able to obtain a permit for prospecting in the very promising Block 3113. Sunpec is a subsidiary branch which would be working in Madagascar on behalf of China National Offshore Oil Corporation Ltd (CNOOC). This is clear from the fact that the executive director of Sunpec, Wang Tao, is also director of CNOOC. In the mining sphere, the provincial company Mainland Mining Ltd, has been working on the east coast since 2006 and is still exploring seams of ilmenite (iron oxide and titanium oxide) south of Toamasina. In addition, the Changyi Zhanguyuan Tungsten Company from Guanzhou, through its subsidiary AMI SARL ¹⁵, obtained a mining permit in Maevatanana to

¹² These bilateral visits are listed on the site of Madagascar's Embassy in China. <http://www.ambamadbeijing.com/fr/about.asp?type1=4> (15/02/2011)

¹³ In view of international sanctions imposed on the transitional régime, the task of holding the summit was eventually entrusted to Libya.

¹⁴ The SOGECO has been in existence in Madagascar since the revival of Sino-Madagascan relations in 1997. It enjoys the support of the Chinese state and was entrusted with the construction of the Mahamasina Palace of Sports and the Horizon Ivato Supermarket.

¹⁵ Industrie Minière Sino-Afrique.

prospect for gold. Finally, as pointed out in the introduction, Marc Ravalomanana invited tenders for exploring the iron ore in Soalala.

Is China a Threat or a Commercial Opportunity for Madagascar?

Since its considerable boom in the first decade of the new century Madagascar's trade balance has remained in deficit: its exports are significantly less important than its imports. The structure of the trade balance may well be upset by investments in mining and oil, not to mention illegal exports of rosewood to China worth several hundred million dollars¹⁶.

In 2008 most of Malagasy imports consisted of Chinese products and 50% of their value was destined for tax-free enterprise zones: this applied in particular to textiles (the vast majority of which had come from Taiwan and Hong Kong). Yet two thirds of these imports are not destined for Madagascar's internal market but for local processing before being re-exported to the European or American market. Madagascar served as a hub because of the preferential conditions granted to it by the *African Growth and Opportunity Act* (AGOA). As a result, when Madagascar was no longer able to avail itself of this arrangement at the end of 2009, this led dozens of Chinese enterprises to leave for other tax-free zones, which in its turn meant that several thousand jobs were lost. As in most African countries, imports of Chinese products and the presence of Chinese traders are often accused of undermining local Malagasy industry and of competing with small-scale local traders. Although this line of reasoning remains relevant in relation to Madagascar, it should not overshadow the advantages enjoyed by numerous Madagascans thanks to the Chinese presence. The Behoririka district in the centre of Antananarivo, wrongly referred to as "Chinatown"¹⁷, contains a considerable number of small shops owned by Chinese traders which would appear to be competing with Malagasy shop-keepers. In the case in point, it is appropriate to recall that property regulations in Madagascar prohibit foreigners from owning land and that virtually all the Chinese benefit from lease agreements, apart from the rare

16 Investigation into the Global Trade in Malagasy Precious Woods: Rosewood, Ebony and Pallsander, Environmental Investigation Agency, October 2010, <http://www.eia-global.org>.

17 As has been aptly pointed out by Catherina Fournet-Guérin, describing Behoririka as "Chinatown" is misplaced in view of the fact that many Chinese have moved to settle elsewhere (in particular in Ivato) and that Behoririka remains a district in which the vast majority of the inhabitants are Malagasy. Catherine Fournet-Guérin, "Les Chinois de Tananarive (Madagascar): une minorité citadine inscrite dans des réseaux multiples à toutes les échelles » (The Chinese of Tananive [Madagascar] : an urban minority drawn into multiple networks at all levels), *Annales de géographie*, 2009/5 (No. 669).

individuals who have become citizens of Madagascar. This means that the shops remain the property of Madagascans. In addition, if the shops are run by Chinese (in particular *Globe*, *Venice* and *Advance Centre*), these consist of a large number of stands, of which close on 80% are leased out to Madagascans. Furthermore, the Chinese traders are now having to compete directly with Madagascans. Indeed the introduction of a new direct Air Madagascar route from Antananarivo to Guangzhou in 2007 has enabled a fair number of Madagascans to bypass Chinese intermediaries and stock up directly from suppliers based in China. The Madagascans or “old Chinese”, including the son of Georges Chan Kong, have moreover exploited this opportunity by setting up several hotels in Guangzhou and offering interpreting and mediation services on the spot. They have thus been able to a large degree to encourage Madagascans to come to China.

Relations between China and Madagascar during the Transitional Regime

The Coherence of Chinese diplomacy is being put to the test. No to political interference and Yes to technical continuity.

Refusing any interference in internal matters is a pillar of Chinese diplomacy: this serves both its own interests abroad (in the Sudan and Zimbabwe, for example) as well as its interests back home (Tibet). It becomes increasingly difficult to maintain this position vis-à-vis the rest of the international community and China goes out of its way to show solidarity with the latter as soon as the protection of its strategic rights does not prevent it from doing so. Madagascar does not number among strategic states in the eyes of the Chinese government and it has to be said that China has followed to the letter the position of the international community, since sanctions were imposed on the transitional regime in 2009. Numerous examples of this can be cited: at the time of the Sharm- el-Sheikh Africa-China Summit meeting in December 2009 China demanded from the HTA regime that neither the President nor any minister should come to represent Madagascar. So the Madagascan ambassador in China, Victor Sikonina, and a delegation of technicians were invited. By the same token no minister was invited to the celebrations for China's National Day on October 1st in Antananarivo, only minor officials.

This wish not to place itself on the fringes of the international community was clearly manifested throughout 2010, during which China was never represented at functions organized by the HTA, unlike most of the other bilateral players including France, the United States, Japan or Germany. The celebration for exchanging good wishes for the New Year at the beginning of 2011 confirmed this trend: Chinese diplomats fell into line with Western chancelleries and did not participate. Earlier in the year the Chinese stayed away from the ceremony for the proclamation of the fourth Republic, the celebration for National Day on June 26th and also the meeting called for the announcement of information about the draft for the Constitution to be put to a referendum at the end of the year.

This lack of representation by Chinese diplomats or the decision not to invite members of the HTA should not be understood as the expression of a sanction with regard to the transitional regime or as China's adoption of a stand different from that of the rest of the international community, but rather as the manifestation of a position of non-interference adopted by China so that it might defend itself against possible criticism from the international community. The Chinese embassy also makes a point of never commenting on the political situation in Madagascar, especially on the question as to how legitimate or not the current regime is. When a ceremony was held to commemorate the 61st anniversary of the founding of the Republic of China in September 2010, the Chinese *chargé d'affaires*, Shen Yongxiang merely welcomed "the sincere and friendly co-operation" between the two countries without making any reference to the context of transition and the lack of international recognition for the HTA. This policy of political non-interference can thus be seen as a way to allow China to defend itself against eventual criticism.

Since it does not interfere in internal political affairs, China is thus able to shut its eyes and pursue its bilateral technical co-operation with any regime whatsoever. All the co-operation programmes China was involved in before 2009 are still ongoing. The same applies to training programmes in the fields of health and education or the sending of Madagascar diplomatic personnel to China. Co-operation programmes between the Chinese and Madagascar police forces and armies are also continuing, albeit at a slower pace. Donations of military equipment have not been interrupted either. In February 2009, when President Ravalomanana had had to confront the opposition movement led by the current president of the transitional regime, China made deliveries of equipment for maintaining public order. It is that same President of the transitional regime who is today availing himself of those donations.

So political non-interference and neutral technical pragmatism are the order of the day.

Even so, China has encouraged a re-adjustment of the trade balance with Madagascar, agreeing in May 2010 that products exported to China should not be subjected to any customs dues. While at the insistence of other backers – urgent donations and those of a humanitarian character have continued, this is also the case for all the cooperation programmes. A donation of 3 million yuan has thus been approved for the principal Chinese co-operation project – "Riz Hybride", while missions for traditional Chinese medicine continued. The coherence of Chinese diplomacy has, however, been undermined somewhat by certain actions. An official from Madagascar's Ministry of Foreign Affairs has indeed noted a slight shift on the part of the Chinese: "*Before the crisis, unlike all the other backers, it was China who used to propose cooperation programmes. Now, since the crisis began, China has refused certain requests for co-operation programmes*". Being no doubt aware that the decision to continue providing technical support might arouse the anger of its

international partners, China is therefore seeking to keep them on side by shortening sail slightly. Reduction of the volume of financial support for technical co-operation also testifies to this trend. According to some sources, China may even have decided to cancel a major financial aid previously granted to the transitional regime.

The Chinese authorities have also found themselves confronted by the public announcement of investment projects of Chinese businesses that had been agreed with a regime not recognized by the international community. By way of defence the Chinese ambassador has explained many times in the Madagascar press that he had not known about the contract linking Wisco and the Chinese state, even implying that he did not know those in charge of the mining company. Without it having to be spelt out, this project has been denounced with reference to the fact that a transitional regime is supposed to manage its ongoing business without engaging in long-term investment projects. In this context, if the Chinese embassy was to declare support for this project, it would isolate China from the rest of the international community. Chinese diplomats have therefore decided to adopt a stance of indifference: China is maintaining the coherence of its policy by distancing itself from Wisco and is thus maximising its strategic interests (need for iron) by letting the company operate freely. Behind this diplomatic skill, there is every reason to think that Wisco is not unknown to the Chinese authorities, particularly because it is a national company of the People's Republic of China and not a provincial one and above all because it is the third largest producer of Chinese steel.

The Chinese challenge for the HTA: is this a lasting and credible alternative to traditional backers?

Since the signing of the contract with Wisco, the HTA has mobilised its networks in order to attract Chinese capital. Mamy Ravatomanga, director general of Sodiat, is one of the prominent intermediaries in this context. Ministers and councillors struggle desperately to become part of "Chinese missions" and Chinese delegations come one after another to Madagascar, like the one made up of representatives of the Chinese companies INTERDES and CMEC (Chinese Machine and Equipment Company) in June 2010. Yet for the last few months Madagascar eyes have been focused on the China International Fund (CIF) with which the state of Madagascar has created a holding entitled the Madagascar Development Corporation, which resembles the Chinese-Guinean development company the CIF tried to establish in Guinea at the end of 2009. The key-figure responsible for the arrival of the CIF is the former Guinean Minister of Mines, Mahmoud Thiam, who has close ties with the influential Madagascar Minister of Mines and Hydro-carbons, Mamy Ratovomalala. The CIF must be the

principal player in these ambitious projects announced with great pomp in November 2010: “*the largest cement works in the Indian Ocean region*” according to Andry Rajoelina, a tram system in the capital, 10,000 units of social housing and an overhaul of Madagascar’s air-fleet. These “package deals” signed by Chinese companies in Africa traditionally provide for the construction of infrastructures in exchange for mining and oil concessions. This is the CIF’s usual practice, as in Angola for example, where it has been involved from the start in numerous infrastructure projects. In Tanzania the CIF had promised to buy up 49% of Air Tanzania in exchange for the granting of oil concessions. The Tanzanian air company, however, had not been able to guarantee the concessions and so in the end the CIF did not inject a single dollar into the company. In Madagascar the regime announced its intention to buy back four out of every five exploration Blocks from Madagascar Oil, so as to cede them back, apparently, to China Sonangol (part of the same group as the CIF). In order to facilitate this operation, the auditing work launched by the HTA regime was entrusted to the CIF, which was thus called upon to be both judge and jury. Is another Tanzanian scenario to be expected, if the HTA fails to get back the Madagascar Oil permits?

Incidentally, the projects so far announced are – for the time being – at the declaration of intent or publicity stage, but their implementation is by no means guaranteed. As for “*the largest cement works in the Indian Ocean region*” promised by Andry Rajoelina, it does not correspond to the scale of needs in Madagascar, if we are to believe what certain operators in the cement market say and would hardly make it possible to bring down the price of cement through increased competition.

Examining the activity of the CIF in the African continent entitles us to have doubts about the investments promised to Madagascar. It is the Chinese company whose presence in the African continent raises the greatest controversy since its activity is opaque in the extreme. It belongs to the Dayuan Group, which was established in Hong Kong and which directs the “88 Queensway Group Company” – a name which stems from the Hong Kong address where 30 branches of the Group are registered, which include the CIF and Sonangol. The CIF, which operates in Angola, where it has a forty-storey headquarters, has a strategy for the future which involves putting down roots in countries outlawed by the international community: Zimbabwe, Guinea-Conakry, Niger and from now on Madagascar. Suspected of money-laundering in the context of its activities in Angola, where the group is close to the Dos Santos regime, it is also accused of not fulfilling a number of its commitments. In Guinea, Niger and Angola, the Chinese ambassadors have even dissociated themselves from the commitments undertaken by the CIF, openly criticising the projects engaged in by the company. In Guinea, the local and international press had been continually relaying all the good intentions of the CIF, after it signed a contract

with the government of Guinea in 2009. On February 8, 2011, however, the secretary-general from Guinea's Ministry of Mines, Guillaume Curtis, announced publicly that nobody in the Ministry of Mines was in possession of even minimal information about the contract, expressing doubts as to the transparency or rigor of the CIF.

The Chinese authorities do not seem to have control over the CIF in view of the economic and commercial autonomy enjoyed by Hong Kong and its businesses. Furthermore the tangled web of interests to be found at the heart of central power in China paralyses its scope for action somewhat. This being the case, we can legitimately ask what interest China would have in preventing the CIF from investing in sectors which correspond to the country's strategic interests, in this case mineral resources. For this reason, there are grounds for assuming that China is manifesting indifference with strategic overtones: it is brandishing the autonomy enjoyed by a Hong Kong company in order to avoid having to control its activities. The price to be paid is the bad reputation which the CIF indirectly confers upon the Middle Kingdom.

Conclusion: Deconstructing the Myth of the Monolithic Chinese Player

Just as the Chinese community in Madagascar is far from homogenous, China itself is not a monolithic player guided by homogenous interests and strategies controlled by the Chinese Communist Party. This manifests itself particularly clearly in the economic domain, where numerous categories of Chinese enterprises¹⁸ co-exist. The Economic and Commercial Office of the Chinese Embassy does not have complete control over all the firms, which are set up within the territory, as we have seen in the case of the China International Fund or Sunpec. While the state companies run the risk of sanctions when they by-pass diplomatic representation, the embassy becomes angry behind the scenes when it sees numerous investors ignoring their advice and this applies in particular to companies based in Hong Kong. The case of the business-man already mentioned in this article is fairly typical in this regard. He does not rely in the slightest on the embassy for seeing through his projects. While publicly claiming his friendship with both Marc Ravalomanana and his successor Andry Rajoelina, he bases the success of his enterprise on political relationships. Benefiting from his Madagascan nationality, he was the Honorary Consul for Madagascar in Hong Kong before recently becoming the No. 3 in the Madagascan Embassy in China. He has been nominated as Special Advisor in charge of economic and Asian affairs working for President Andry Rajoelina and also for his Prime Minister, Camille Vital.

The Chinese firms are only a simple lever for a global policy conceived within the labyrinth of the Forbidden City. Numerous Chinese firms sometimes find themselves competing with each other, if they come from different provinces or depending on whether they are based in Hong Kong or continental China. There is no shortage of examples in the African continent and Madagascar is not an exception to the rule. When it came to the concession for the Soalala deposit, Wisco was competing with Sunpec, preference having been given to the national company, while Sunpec was only a junior

¹⁸ On this subject see: Jing Gu: "China's Private Enterprises in Africa and the Implications for African Development" *European Journal Development Research*, 2009, 21.4.

company linked with Shaanxi Province. Moreover the latter had chosen to recruit the father of Andry Rajoelina as advisor to show its competitive potential. In the same way the SOGECO, which does benefit from the support of the Chinese state, found itself competing with the Chinese state company – China National Aero-Technology Import and Export Corporation (CATIC) - under the previous president, before the latter company's project was abandoned.

The best illustration of this competition is to be found within Chinese businesses. The most prestigious Chinese brands are now up against counterfeit products made... in China. In the electronics sector, the Chinese brand Changhong is considered "top of the range", which whets the appetite of a fair number of counterfeiters, who manufacture "Changhong" mobile telephones in China and then distribute them on the Madagascar market.

It is essential to understand these factors in order to appreciate the Chinese presence not just as the result of the deployment of a strategy conceived back in Peking, but also as the coming together of rational players, who are more or less autonomous and whose interests can sometimes be very different. At the African level, this trend towards a normalization of the Chinese presence is beginning to manifest itself. Works by Sarah Raine¹⁹ and Deborah Brautigam²⁰ offer in this respect a breath of fresh air to those who are tired of reading that the Chinese presence was only a "yellow peril"²¹.

Background knowledge of this kind enables us to understand better the attitude of Chinese diplomats currently in Madagascar: an official policy of non-interference closely adhered to, behind which are concealed attitudes more or less clearly pronounced with regard to Chinese investment projects, which often do not emanate from diplomatic efforts but which China supports through its silence as long as they serve its strategic interests.

¹⁹ Sarah Raine, *China's African Challenges*, 2009, Routledge.

²⁰ Deborah Brautigam, *The Dragon's Gift: The Real Story of China in Africa*, 2009, OUP Oxford.

²¹ See: Matthieu Pellerin, "La Chine en Afrique: un dragon bientôt apprivoisé ? La « Chinafrique » à l'épreuve des clichés » in *Afrique Magazine*, mars 2011.