

**SOCIO-ECONOMIC FACTORS INFLUENCING KENYA-CHINA  
RELATIONS**

**BY**

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## DECLARATION

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## **DEDICATION**

I dedicate this work to my mum Duthi Hassan and beloved husband Faisal Mohammed for their undying support and consideration. To Rahma, Yasmin and Faiza for their encouragement and to Faaiz and Mahmoud for always being an inspiration.

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## ABSTRACT

The Sino-Kenya relation dates back to 14<sup>th</sup> December 1963, when China opened her embassy in Nairobi. However, after 1965, the Sino-Kenya relation was lowered to the level of agency diplomacy when Kenya declared the Chinese charge'd' affaires persona non grata. In response China expelled the Kenya charge'd' affaires but towards the end of 1970s normal diplomatic relation were restored. Moreover, during the Cold War period (1963-1991), Kenya was more pro-western bloc and received minimal aid from China. Thus the recent upward escalation of relations calls for interrogation and this study sought to fill the explanatory gap. The study therefore sought to find out the socio-economic factors influencing Kenya-China relations. It was guided by the following objectives; to analyse the nature of Kenya -China relations since independence, to assess the social-economic factors influencing Kenya -China relations and to examine the challenges facing Kenya -China relations. The study employed liberalism theory. To achieve its objectives the study adopted an explanatory case study research and it relied on both primary and secondary data. Primary data was obtained through informant interviews who were sampled through purposive sampling technique forming a sample of six participants. Secondary data was obtained through library research. The research method was qualitative. So as to reduce information to a more limited set of attributes, content analysis was done. The research findings were presented in narrative and themes form. The study found out that Kenya's presidents in the past five decades have reacted differently to international geo-political situations and these affected Kenya-China relations. Social factors influencing Kenya-China relations discussed are the non-interference policy, education, tourism while the economic ones are no strings attached policy, mutual economic policy, affordability of Chinese goods, infrastructural investment and foreign aid. In analysing social-economic factors influencing Kenya-China relations, the study found out that economic factors outweigh social factors in the factors influencing the relationship. The Kenyan governments look to China to contribute to their economic development through aid, investment, infrastructure development and trade. Kenya can aspire to replicate China's rapid economic development as this can help the country in lifting itself out of poverty. The study also highlights that although mutual economic benefit is an economic factor influencing Kenya-China relations; mutual economic benefit cannot exist between two countries with different economies as the stronger economy stands to benefit more from the relationship. Therefore for Kenya-China the relation can be explained in terms of mutual advantage and not mutual benefit. The challenges facing Kenya-China relations were also discussed in the study where it's argued that the relation can be interpreted as the re-emergence of European colonization, in which Kenya serves as a cheap source of raw materials, a lucrative export market for Chinese manufactured goods, and an outlet for its surplus capital. Rather than a development partner, China is seen as Kenya's biggest development competitor, whose explosive growth and insatiable quest for global markets threatens Kenya's industrialisation and competitiveness. Key recommendations of the study are that although China is an important economic and social partner to Kenya there is need to put in place measures to guarantee balance of trade between the two countries. Kenya must take a critical review, audit and examination of its principal relationship with China and what it portrays for Chinese influence and footprint in the country. Kenya-China relations have a lot to be studied and this will help understand future Kenya's foreign policy trends. The study suggests that further research should be done in the following areas; political factors, cultural factors, scientific research and technology transfer.

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## OPERATIONAL DEFINATION OF KEY TERMS

The operational definitions of the terms used in this study include:

***A zero-sum game:*** is one in which any gain by one player is automatically a loss by another player (Merriam Webster dictionary).

**Bilateral relations-**is the conduct of political, economic or cultural relations between two sovereign states.

***Desk Research-*** also known as secondary research is a research technique based on data collected from previous researches acquired by sitting at a desk (McCaston, 1998).

***Global North:*** countries that are wealthy and technologically advanced in Europe, North America and developed parts of Asia (Dados and Connel, 2012).

***Global South:*** low and middle income countries located in Asia, Latin America and Africa (Dados and Connel, 2012).

***Liberalism-*** is a school of thought in international relations that believes that states can work together to maximise prosperity and minimise conflict.

**Multilateral relations-** relationship of more than two states often within an intergovernmental organisation an alliance of multiple countries pursuing a common goal.

***No strings attached policy-*** is a policy where the donor gives foreign aid without conditions attached to it (Li, 2018).

***Non-interference policy-*** failure or refusal to intervene without invitation or necessity especially in political matter (Iyasu, 2013).

***One-China policy:*** by which African governments are expected to break off diplomatic relations with Taiwan (The Economist, March 14<sup>th</sup> 2017).

**ABBREVIATIONS AND ACRONYMS**

<b>AGOA</b>	-Africa Growth and Opportunity Act
<b>AIID</b>	- Asian Infrastructure Investment Bank
<b>BRI</b>	- Belt Road Initiative
<b>CARI</b>	-China Africa Research Initiative
<b>CCECC</b>	-China Civil Engineering Construction Corporation
<b>CNPC</b>	-China National Petroleum Corporation
<b>COTRI</b>	-China Outbound Tourism Research Institute
<b>DRC</b>	-Democratic Republic of Congo
<b>EXIM</b>	-Export and Import bank
<b>FDI</b>	-Foreign Direct Investment
<b>FOCAC</b>	-Forum on China Africa Cooperation
<b>GDP</b>	-Gross Domestic Product
<b>IMF</b>	-International Monetary Fund
<b>IR</b>	-International Relations
<b>KTB</b>	-Kenya Tourism Board
<b>MFA</b>	-Multi-Fiber Agreement
<b>NARC</b>	-National Rainbow Coalition
<b>NSE</b>	-Nairobi Stock Exchange

<b>OECD</b>	-Organisation for Economic Cooperation and Development
<b>PRC</b>	- People's Republic of China
<b>SGR</b>	-Standard Gauge Railway
<b>SOE</b>	-State Owned Enterprises
<b>WTO</b>	-World Trade Organisation
<b>WWF</b>	-World Wildlife Fund
<b>ZTE</b>	-Zhong Telecomm Equipment

## CHAPTER ONE

### INTRODUCTION TO THE STUDY

#### 1.1 Overview

This chapter outlines the background of this study, statement of the problem, purpose, objectives, research questions, justification for the study and its significance. Assumptions of the study, its scope, limitations, theoretical and conceptual frameworks are also discussed.

#### 1.2 Background of the Study

In an increasingly globalized world, economies of all countries are dependent on the domestic situation of other states. This tendency has been intentionally used by the Chinese with other Asian countries for instance, to draw Taiwan closer to the People's Republic of China (PRC). It is evident that economic diplomacy does currently dominate the relationship between China and Africa. However, such diplomacy does not only focus on economic exchanges as instances of mutually beneficial economic interactions but also open doors to wide-ranging, on-going exchanges that are political, social, and cultural in nature (Wang, 2011).

By providing food, crude oil and other commodities amounting to 1 billion USD per year, Wang (2011) argues that China is using economic cooperation to exert influence mainly in its relations between Asia and Africa. China is now Africa's biggest trade partner with the trade topping \$200 billion per year. According to McKinsey (2019), over 10,000 Chinese-owned firms are currently operating throughout African continent and the value of the business amounts to more than \$2 trillion since 2005. Africa has also eclipsed Asia as the largest market for China's overseas construction contracts. With Beijing announcing a \$1 billion Belt and Road Africa infrastructure development fund and a \$60 billion African aid package (Shepard, 2019). So Africa is

expected to continue swaying to the East as economic ties become more numerous and robust.

This revolutionary shift in balance of economic power compelled Washington to promote the Trans– Pacific Partnership trade agreement as a way of preserving influence in the region. China responded by establishing the Asian Infrastructure Investment Bank (AIIB) (Breslin, 2015). In 2014, the U.S. badly misplayed a Chinese initiative—the Asian Infrastructure Investment Bank. Not only did the U.S. not join the Bank, it told all its friends not to join, too. In the end, only one of them listened—Japan. Today AIIB is the Chinese alternative to the World Bank, with 52 member states and more than two dozen prospective members (both countries contributing funds and countries wanting to receive development assistance), and with less baggage and more money (Garrett, 2019). While it remains to be seen which side wins the competition over economic integration in the Asia–Pacific, the astounding pace of China’s economic growth will continue constituting a serious challenge to American domination in the region as questions are being asked by Western and African intellectuals about China's tactics and strategies in its quest for resources. This is important to African countries since it provides a different development model and different rules of the game put forward as the “Beijing Consensus,” with its strong interest in Africa (Russel, 2014).

As one of the world’s important centers for industrial production, China’s economic development is currently in the midst of transition and needs Africa’s energy and resources. At the same time, China can provide countries such as Kenya with low-cost industrial products as well as civil engineering teams. The interconnection of these industrial chains will only be able to continue developing in a politically stable

environment. The United States and European countries cannot accomplish this, because their levels of industrial development are comparatively high. African markets do not strongly favor cutting-edge technological products, while Western countries have been reluctant in making investments in the Kenyan market as evidenced by the withdrawal of western investment in the country in the year 2018 leading to a dip in the NSE (Nairobi Stock Exchange) with 23 billion Kenya shillings withdrawn from the market due to the new tax policies (*The Standard*, 2018).

Chinese officials declared that the relation between Africa and China is a partnership among equals (Sujian and Liang, 2008). Here we find a contrast between China-Africa relations on the one hand and Western Africa relation on the other hand. Whereas the West attaches guidelines and restrictions to things like foreign aid allocations, China has adopted a “no strings attached” policy. Consequently most countries that were missing on foreign aid have moved towards China. Countries such as Zimbabwe, Sudan and Democratic Republic of Congo that have close relations with China scoreless in international human rights standards (Eisenmann, 2005). Perhaps it can be postulated that China’s choice not to make human rights part of its engagement with Africa makes it a very attractive partner to African governments wary of foreign countries pointing out their human rights excesses. Can we insinuate that China’s policy of non-interference on one hand and African states wanting records on human rights, on the other, constitute an instance of mutual compatibility? Where China’s aim is to exploit natural resources in Africa and get market for her goods whereas African states need a foreign aid partner who doesn’t interfere with their countries’ internal affairs. China-Kenya relations can be contextualized within this framework.

Kenya and China trade diplomatic relations have significant historical dimensions, starting with the Ming Dynasty. However the diplomatic relations between the People's Republic of China and the Republic of Kenya were established on 14<sup>th</sup> December, 1963 when China opened her embassy in Nairobi. According to Onjala (2008), the Chinese embassy in Kenya is arguably their largest in Africa both in terms of size and employees. However, after 1965, the Sino-Kenya relation was lowered to the level of agency diplomacy when Kenya declared the Chinese charge'd' affaires persona non grata ordering him out of Kenya. In response China expelled the Kenya charge'd' affaires but towards the end of 1970s the relation began to return to normal diplomatic relation as they restored the embassy relationship. When the NARC government came to power at the end of 2002, Kenya's closeness to China became unprecedented. As the former president Mwai Kibaki made an official visit to China in August 2005 accompanied by 11 Kenyan trade and investment seeking delegations. In April 28<sup>th</sup> 2006, Chinese president visited Kenya in return and held talks with his Kenyan counterpart Mwai Kibaki. Both sides committed to develop bilateral friendly cooperative relations of mutual benefits and continue to deepen friendly cooperation (Gadzala, 2009).

When President Uhuru Kenyatta took over power in 2012, he reinforced the Sino-Kenya relations that had been started by the Narc government. He made his first state visit outside Africa to China from August 19<sup>th</sup> to 23<sup>rd</sup> 2013. Munene (2013) observes that during the inauguration of President Uhuru Kenyatta on 9<sup>th</sup> April 2013, China's flag was the only representation of a foreign country outside Africa that occupied a flag stand. Significantly, Beijing sent a high ranking special envoy to the ceremony while the Western nations were only represented by their ambassadors.



China views Kenya, as a gateway to the region and it has become a key focus of China's trade and economic strategy in Africa. There has been a rise in FDI (Foreign Direct Investment) through manufacturing and service sector in Kenya and the Chinese interest in Kenya have extended to mining and mineral exploration. The above trend conforms to the hypothesis that Chinese relation with African countries aims at achieving tangible developmental results and the terms are favourable. Kenya is China's focal point in terms of China's trade and economic strategy in Africa (Wang, 2011). According to Kioko (2012), China has enhanced its presence in Kenya in infrastructure such as the construction of Nairobi-Thika superhighway. China has also established Confucius institutes in local universities such as Moi University, Kenyatta University and the University of Nairobi to teach mandarin.

Other areas of aid provided by China to Kenya include renovation of the Moi International Sports Centre Kasarani, methane generating pit and the expansion project of Moi Teaching and Referral hospital in Eldoret. Kenya was also granted the preferred tourist destination that saw arrivals from China doubled (Kaplinsky, 2007). More so, China currently offers loans to Kenya for hospital and schools construction in less developed areas, it has set malaria prevention and control centers as well as providing volunteers to train the local people. It has been noted that monetary aid from China is tied to the use of Chinese goods and services and the only adherence required is the "One China" policy but not "good governance" as the conditionality that currently characterize the western donors (Morse, 2008).

Generally as mentioned earlier, the recent trend in China-Africa relations can be explained as an instance of mutual advantage. Can we situate China-Kenya relations within the broader context of China-Africa relation? This formed the core interest of

this study that sought to find out the socio-economic factors influencing Kenya -China relations.

### **1.3 Statement of the Problem**

Kenya aspires to transform from a lower middle income country to an upper middle income country by the year 2030. The country's economy has remained resilient over time, with economic growth rate increasing from 5.7 per cent in 2015 to 5.8 per cent in 2016 largely due to a stable macroeconomic environment. The major sources of Gross Domestic Product (GDP) growth in 2016 were agriculture, forestry and fishing (15.2%), manufacturing (6.3%), transport and storage (9.7%), information and communication (6.1%), construction (8.2%), real estate (12.3%) and financial services (7.3%). Despite this, the difference between Kenya's total value of exports and total value of imports has been negative for some time and this is constraining growth of aggregate demand (the total demand for goods and services). Further, due to the recent increase in government investments in infrastructure, Kenya's public debt has increased to 52 percent of GDP, surpassing the East African Community (EAC) convergence criteria of 50 percent of GDP. However, government-borrowing plans remain anchored in the medium term debt management strategy, which aims to ensure public debt sustainability (The Standard, 2018). This shows that Kenya's economy is one of the reasons why it has become dependent on relations with willing countries who can invest in the country's projects for growth. China has therefore become the go to investor in the country. Monetary aid from China is tied to the use of Chinese goods and services and the only adherence required is the "one China" policy and not "good governance" as the conditionality that characterizes the western donors.

Whereas the bilateral relations between China with African countries like Sudan and Zimbabwe is motivated at least in part by poor human rights profile (Eisenmann,

2005), the nature of China-Kenya relations has not been clearly defined. A number of studies indicate that China is interested in countries such as Angola, Nigeria, Sudan, Zimbabwe and the DRC which have high deposit of natural resources coupled with massive human rights violation (Mahomey, 2010). However, Kenya does not fall in this category in that her human rights standards are not as bad and it does not have major natural resources as the above mentioned countries thus the need for a study that will analyse the socio-economic factors influencing Kenya-China relations. Moreover, during the Cold War period, Kenya was pro-western bloc and refused aid from China on the basis of ideological differences (Mahomey, 2010). Thus the recent turn is a change that calls for interrogation and this study sought to fill the explanatory gap.

#### **1.4 Purpose of the Study**

The purpose of this study was to find out the socio-economic factors influencing Kenya-China relations. A number of studies indicate that China is interested in countries such as Angola, Nigeria, Sudan, Zimbabwe and the DRC which have high deposit of natural resources coupled with massive human rights violation (Mahomey, 2010). However, Kenya does not fall in this category in that her human rights standards are not as bad and it does not have major natural resources as the above mentioned countries thus the need for a study that will analyse the socio-economic factors influencing Kenya-China relations. In regard to this, the researcher intended to undertake the study by basing on social factors such as non-interference policy, education and tourism. Economic factors such as no strings attached policy, mutual economic benefit, affordability of Chinese goods, infrastructural investment and foreign aid. The research data was therefore collected by means of a desk research which comprises of searching for information using existing resources, such as the

press, the Internet, analytical reports and statistical publications. This was then followed by cross referencing and the collation of data.

## **1.5 Research Objectives**

### **1.5.1 Main objective**

To find out what motivates Kenya-China relations

### **1.5.2 Specific objectives**

This study was guided by the following objectives:

1. To analyse the nature of Kenya -China relations since independence.
2. To assess the social-economic factors influencing Kenya -China relations.
3. To examine the challenges facing Kenya -China relations.

## **1.6 Research Questions**

The study sought to answer the following questions:

1. What has defined Kenya-China relations since independence?
2. Which social-economic factors have influenced Kenya-China relations?
3. What are the challenges facing Kenya-China relations?

## **1.7 Justification of the Study**

A number of scholars have studied extensively Kenya's foreign policy. Orwa (1986) presents an analysis of Kenya's foreign policy under two regimes; Kenyatta (1963-78); Moi (1978-2002). His concern in the study is how regime change leads to a shift in foreign policy. Korwa (1986); analyses Kenya's foreign policy towards Somalia between 1963-1983; Oloo (1995), analyses the role of parliament in foreign policy making process in Kenya; Omollo (1994) analyses how Germany used foreign policy as an instrument of foreign policy towards Kenya; Nasongo (1992) analyzed Norway aid to explain interstate relations; Oluoch (2009) looks at Kenya's foreign policy towards Israel between 1963-2001; Moegi (1993) analyzed the patterns of conflicts

and cooperation that characterized the relations between Kenya and US from 1963-1991, Kioko (2012) explains China-Kenya relation from economic perspective arguing that Kenya's political stability in the region makes it a conducive environment for Chinese investment and Mulati (2016) looked at human rights in the reconfiguration of aid relations: the case of China-Kenya relations. The above mentioned researches do not raise the question regarding the socio-economic factors influencing Kenya -China relations and the challenges facing the relationship. This study will be therefore will be beneficial to different stakeholders in international relations.

Secondly, a number of studies indicate that China's interest in countries such as Angola, Nigeria, Sudan, Zimbabwe and the DRC, which have high deposit of natural resources coupled with massive human rights violation (Mahomey, 2010). Kenya does not fall in this category in that her human rights standards are not as bad and it does not have major natural resources as the above-mentioned countries. Thus, need for a study that will analyse the socio-economic factors influencing Kenya-China relations.

### **1.8 Significance of the Study**

This research study will provide useful knowledge in formulation of policies and a regulatory framework for running campaigns of advocating factors affecting international relations between Kenya and China. Researchers and scholars can use the information generated from this in Kenya and China. The students and policy makers will use this study as a basis for discussions on the influence of socio-economic dynamics in international relations. The study findings will also provide foundation and material to researchers and scholars, as it will form a basis for further research.

### **1.9 Assumptions of the Study**

This study made the following assumptions:

1. Kenya-China relations since independence have been defined by prevailing global political trends.
2. In Kenya-China relations economic factors outweigh social factors in influencing the relation between the two countries.

### **1.10 Scope of the Study and Delimitation of the Study**

The study sought to find out what motivates Kenya-China relations and its challenges.

In terms of content, the study focused on two main broad factors; social and economic to establish the influence from both. The two factors played an important role in this study that sought to establish the underpinning unprecedented Kenya-China relations.

There is limited number of studies done regarding this topic making the research focused on a few of the studies done. The scope of the study becomes limited since the access to relevant information is limited. Most of the studies done in relation to the socio-economic factors influencing international relations only focus on one particular country. The research is not diverse and does not spread to correlating the influences between two different countries hence these socio-economic factors have to be extrapolated from the general view of the factors that influence international relations.

### **1.11 Theoretical Framework**

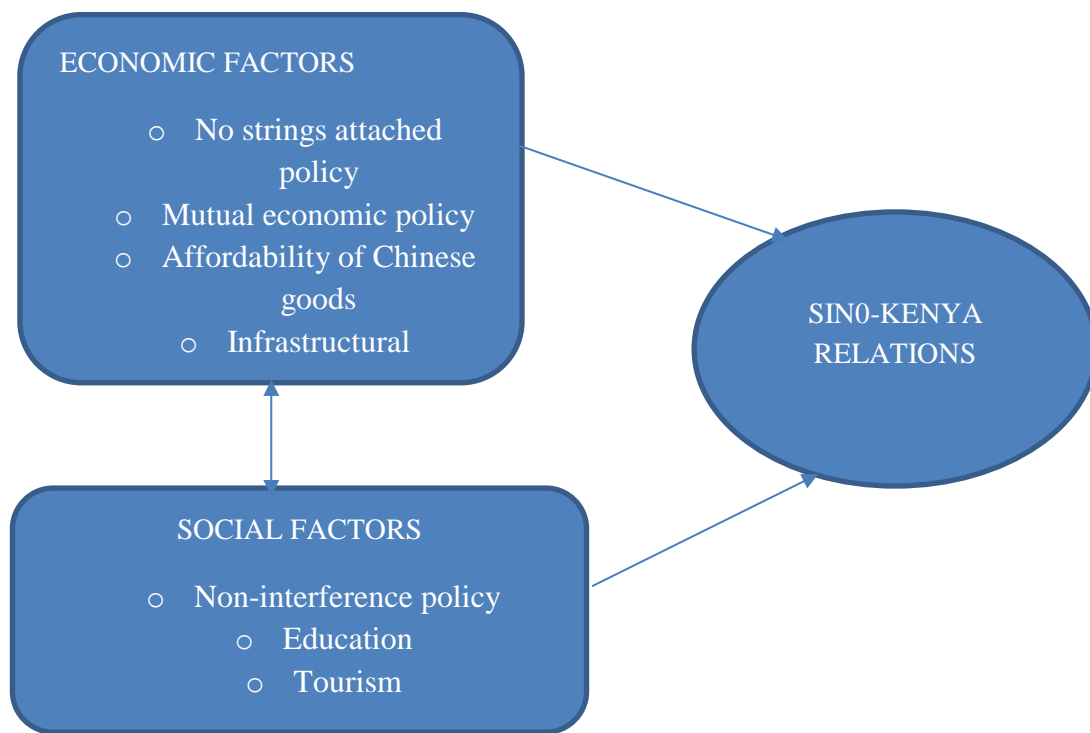
This study is grounded in the field of International Relations (IR). The theoretical framework therefore draws from theories emanating from it. The study adopted liberalism theory to explain what motivates Kenya-China relations.

Liberalism theory views the international system as essentially cooperative, as a result of interdependence. From a Liberal perspective, pluralities of actors play equally

important roles in the international system, and outcomes in international affairs are not only determined by power relations between states, but other factors which are social and economic also play a role (Paulo & Reisen, 2010). Liberalism suggests that rather than focusing on war as realists argue, states should seek to use diplomacy, international institutions, and commerce as ways of building peaceful relationships with other states. This supports the core objective of the study that seeks to find out social-economic factors that influence Kenya-China relations. Liberalism suggests that states can peacefully co-exist, and that states aren't always on the brink of war.

Liberal scholars point to the fact that despite the persistence of armed conflict and anarchy in the world, most nations are not at war most of the time especially Kenya and China. Liberalists argue that relations between nations are not always a zero-sum game. So the idea that international relations must be conducted as though one were always under the threat of attack isn't necessarily indicative of reality (Axelrod, 2006). The liberal argument that states can learn to get along is anchored to this study's main objective as both Kenya and China tend to gain from the relationship. China gets natural resources, market for their goods whereas Kenya gets foreign aid, infrastructural investment, scholarships and many more as the study has highlighted. Liberalism just like the study emphasizes on morality in international affairs as a way to ensure cooperation between Kenya and China.

## 1.12 Conceptual Framework



**Figure 1.1: Conceptual Framework**

Source: Researcher, 2020



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents relevant review of related literature in thematic form analysed according to research objectives.

#### **2.2 The Nature of Chinese Relations with States**

Kenya has maintained bilateral and multilateral relations with many countries in Africa and the world at large. The historical relations between Kenya and China dates back centuries to the era of barter trade and slave trade. A story is told of how through royal orders, Zheng commanded seven expeditions to the western oceans in the early 15<sup>th</sup> C. Navigating by a compass and astronomical readings, Zheng's fleet visited many African islands in the Eastern Africa region, including Lamu and Mombasa and that some sailors may have settled on the Kenyan coast after shipwreck (Business in Africa, 2006).

China which became a republic in 1912 has had diplomatic relations with Kenya dating back to December 14, 1963, as it was the fourth country to open up an embassy in Nairobi. During this event China pledged to continue promoting a dynamic cooperation in areas such as capacity building, information technology, energy, water resources, telecommunications and culture. China's economy has continued to grow and transform the country into a major global player in all spheres (Lawal, 2003). China's foreign policy is centered on six themes namely; China is a peace loving nation and opposes the use of force in international disputes with exception of Taiwan. China is a developing country and pursues unity with the third world countries. China is co-operative in international affairs and supportive of international organisations and international treaties. Chinese foreign policy is independent and

autonomous. China is an inspiring great power with growing national strength and rising international status. China pursue “people centered’ development and policies. In all these aspects, the chapter has established that for many African states both politically and economically, China is a more attractive model than the US or the UK. This study analyses Kenya-China relations since independence under reign of the four presidents with an aim of finding out what has been defining this relation.

China has grown by an average of 9 per cent per annum over the last 25 years, the fastest growth rate for any major economy in recorded history. A recent report by The Economist suggests that in the next few years, China’s growth rate could reach as high as 13% per annum. Industrial output has also increased by almost 50%, creating industrial overproduction in sectors like electronics, textiles and footwear. Rapid expansion has created the need for both import markets for energy and raw materials and export markets for Chinese manufacturers. Chinese companies have discovered opportunities in Africa's vast resources and untapped markets. In the 1990s Sino-African trade grew by nearly 700 per cent. Since then Sino-African trade has continued to grow at an exponential rate, with China displacing the UK as Africa’s third largest trading partner behind the US and France. China accounts for nearly 20 per cent of Africa’s total exports and more than half of Africa’s exports to Asia (Lee, 2003).

From 1995 to 2004, Sino-African trade rose from about US\$4bn to US\$28bn. Within a year, trade rose sharply to nearly US\$40bn, more than twice Africa's trade with Japan which stood at US\$18bn for the same year. In 2005, China imported US\$21.1bn worth of goods from Africa while it exported US\$18.7 billion, showing a deficit of US\$2.4bn in its trade with Africa. Chinese officials point to this as

indication of its commitment to helping generate surplus revenue to finance African development. But the deficit may largely be explained by China's voracious energy consumption and its emerging dependence on Africa's resources. Apart from a few very resource-rich countries, the majority of African countries have "mounting trade deficits" with China. Chinese exports to Africa also grew by nearly 300 per cent from 2003 to 2005. To ensure secure supplies of resources and export markets China is also keen on negotiating a free trade area with Africa and is already engaged in free trade talks with South Africa. Sino-African trade was expected to reach US\$100bn by 2010. In spite of the exponential growth in Sino-African trade, however, Africa accounts for only 2.3 per cent of total Chinese exports and 2 per cent of total Chinese imports (Bah, Pahuamba & Fuqiang, 2012).

In 2003 China's trade with Africa was at \$10 billion, in 2004 it went up to \$20 billion and in 2005 it went up by 50 percent (Brautigam, 2009). According to Aziz & Dunway (2007), there has been a growing concern over the flooding of Chinese goods on the local industries and the United States market especially textile. Chinese textiles are undermining local textile industry while Chinese increased exports to the United States are shutting down the market that was previously owned by Africans. The United States enacted the Africa Growth and Opportunity Act (AGOA), which gave African countries almost unlimited access to the American market. Textiles was one of the fastest growing exports under AGOA, with rapidly growing industries in Lesotho, Swaziland, Ghana, Uganda, Kenya and elsewhere on the continent. This was possible because of the Multi-Fiber Agreement (MFA) where the United States had long put quotas on China's textile (Martin, 2008). However, in January 2005 the MFA expired and the Chinese exports to USA soared thus African exporters could no longer compete leading to more than 10 clothing factories in Lesotho closed in 2005,

throwing at least 10,000 employees out of work. South Africa's clothing exports to the United States dropped from \$26 million in the first quarter of 2004 to \$12 million for the first quarter of 2005 (Leseure, Hurreeram & Bennett, 2009).

African countries are now playing catch up with China in the USA market. China has defended its export policies; China's Economic and Commercial Counselor in South Africa argued that China is within its rights under the WTO and had invested carefully during the ten years of the MFA to become efficient and competitive. The Chinese textiles and clothing industry managed to sharpen its international competitive edge and gained the comparative advantages it now enjoys. He advised that South Africa should adopt "positive attitude" and not place restrictions on Chinese goods (Brautigam, 2009).

The rising role of China in Africa can be seen as a new threat to the United States, or even to its interests in Africa, and thus make China an enemy there. China is investing in areas that western aid agencies and private investors had long neglected: physical infrastructure, industry, and agriculture. These are areas that the west, recently fixed on social needs in education and health, had largely abandoned, and only now again has recognized as essential for Africa's growth. China offers African nations some competition to the west, emboldening some leaders to take a harder look at the conditionality of the IMF and other institutions, advice that may or may not be the best for their circumstances (Goldstein, Pinaud and McCormick, 2009). The rising economy of China changes the strategic and economic playing field in Africa. Mineral prices are reaching record highs, reversing a long decline for many of Africa's major exports over the past few decades. According to Kagame (2009), for Africa's oil producers, there has been a substantial windfall. Nigeria might not have

been able to negotiate such a favorable debt relief program from the Paris Club as it has just done, eliminating some \$18 billion in debt, if it had not been in a position, because of recent oil windfalls, to put \$6 billion on the table to clear interest and past arrears as part of the deal.

China's Export and Import Bank (Exim Bank), established in 1994, extended its export buyers credit market to Africa in 2005 and by the end of that year had committed US\$800m concessional loans to cover 55 projects in 22 African countries. China pledged continuing development assistance and government-backed FDI to African countries. By December 2006, China had given over US\$5.5bn in aid to African countries. At the 2006 Summit of the Forum on China-Africa Co-operation (FOCAC) in Beijing, China pledged to double aid to Africa by 2009 and to give Africa US\$2 billion in preferential buyers' credits over the next three years (Frimpong, 2012). Chinese aid to Africa is mainly focused on two areas; Infrastructure and human development which Western donors had stopped financing. Through the African Human Resources Development Fund, China awards scholarships to over 4000 students from 51 African countries to study in China every year.

The recently launched China-Africa Inter-Governmental Human Resources Development Plan is part of China's strategy to cultivate African elites through training courses and seminars for middle and high ranking African diplomats and economic and management officials. China also sends Chinese trainers to Africa to give short-term courses that include malaria prevention and treatment, applied solar energy technology and maize farming. Over the decades, according to the Chinese state run Xinhua News Agency, China has sent nearly 15,000 medical workers to

Africa and treated 170 million patients on the continent. At FOCAC 2006, President Hu also pledged to build 30 hospitals in Africa and provide a 300 million yuan grant to fight malaria (Davies, Edinger, Tay & Naidu, 2008).

In recent times, China has added sports development to its assistance to Africa and has sent about 38 coaches to 12 countries. This has included the development of table tennis, and provision of assistance for the construction of sports facilities like the building of stadiums in Ghana, which hosted the Confederation of African Football Cup of Nations competition in 2008. As a result of this, African footballers have begun making appearances in the Chinese league (Zhouxiang, 2013).

Unlike Western donors and international financial institutions, China exerts no political pressure on African governments for political and economic reforms. China's only declared condition is the recognition of its "one-China" policy, by which African governments are expected to break off diplomatic relations with Taiwan. One-third of the countries that have recognized Taiwan are African countries in return for development assistance from Beijing (Haggard & Kaufman, 1992). 47 of Africa's 53 nations have established diplomatic relations with Beijing, according to the Embassy of the People's Republic of China in the United States. There now remain only a handful of African countries like Sao Tome and Principe that recognize Taiwan, but these are economically and politically insignificant. Even so, China stands ready to establish and develop state-to state relations with countries that have not yet established diplomatic ties with China on the basis of the one China principle to win them over from Taiwan (Frimpong, 2012).

In contrast to other donors, China usually does not offer grants to African countries, but to increase its leverage on borrowing countries, China forgives the debts of

borrowers that develop strong political and economic relations with it within an agreed timetable. This is probably what Chinese officials mean in their Africa Policy as being “ready to continue friendly consultation to seek solution to, or reduction of, the debts they owe to China.” By December 2006, US\$1.4 billion of debt owed by 31 heavily indebted and least developed African countries had been forgiven, the state-run Xinhua News Agency reported. It can also be observed that Chinese aid coincides with the award of contracts so that African governments are likely to “cooperate” when Chinese companies bid for Chinese government funded contracts. About 70 per cent of contracts in a US\$2bn Chinese-funded project in Angola in 2004 were reserved for Chinese companies. Following a loan of \$2.5bn from the Chinese government to the Nigerian government primarily for the purposes of railway construction, the China Civil Engineering Construction Corporation (CCECC) was awarded an \$8bn contract for the construction of the Nigerian railway (Reinicke, Deng & Witte, 2000).

For a number of years the telecommunications industry in Africa has been dominated by Western and South African companies like British Vodafone, France Telecom and South Africa’s Vodacom and MTN. In the world market, Africa is one of the fastest growing telecommunications. However in recent times Chinese transnational companies like the Zhong Xing Telecommunication Equipment Company Ltd. (ZTE), China Mobile and the private multinational Huawei have made significant presence in Africa. In Angola, ZTE reached an agreement with the Angolan fixed line telecommunications utility, Mundo Startel, for the purchase of equipment worth \$69m. ZTE also expects to invest \$400m in total for the construction of Angola’s telecommunications system, construction of a mobile phone factory, the creation of a telecommunications training institute and a telecommunications research laboratory.

China Mobile tendered for a \$4m bid for Nasdaq-listed Millicon International, which has subsidiaries in Chad, DRC, Ghana, Mauritius, Senegal, Sierra Leone and Tanzania, while Huawei has introduced telecommunication products at affordable prices to consumers in East Africa. In Kenya, for example, the price of a fixed line has dropped by 65 per cent after Huawei helped Kenya Telecommunications procure Chinese digital equipment (Esselaar, Gillwald, & Stork, 2006).

There has been an argument in the public domain that there exists a huge trade imbalance between African nations and China with China exporting thirty times more goods than they are importing from Africa (Zafar, 2007). There are also serious allegations that China's trade with the continent has taken a neo-colonial slant with China extracting and exporting raw materials and bringing in cheap manufactured goods (Møller, 2011). Another common accusation is that Chinese investment does little for Africa's capacity building. The issue being that China imports workers instead of hiring locally. They say this is because Chinese workers have more experience with rapid infrastructure construction and because there is a language and cultural barrier with local workers.

However, there have been also counter arguments to these claims. First it's argued that exporting raw materials to China can lead to established trade relations and contacts and can thereby lead to the diversification of exports. Exporting raw materials can be a starting point for exporting other goods (Raine, 2011). Secondly, although there is a trade imbalance as claimed, China has started to take measures to accommodate an increasing number of African imports. They have removed tariff barriers for twenty-five of Africa's poorest nations. When China's commerce minister visited Kenya in 2009, he stated that China is keen to extend their tariff exemption



initiative. This is definitely a step in the right direction to leveling the playing field for Sino-African trade (Cieslik, Friedman, Hsiang, Weber, 2009).

Thirdly on the accusation that China is dumping cheap manufactured goods in Africa. Within the context of the local consumer the cheap goods China is exporting are tailored to the African market. The Chinese are simply responding to the demand for affordable everyday good (Guerrero & Manji, 2008). This study argues that flooding the market with factory-rejects and counterfeited goods is exploitation. The influx of faulty goods will have a detrimental impact on Kenya's economy and it is therefore important that the Kenyan government takes this issue seriously. Kenya should take note of how Nigeria responded to this issue in 2009 by getting China to sign an agreement that their exports would comply by the terms of the Nigerian Industrial Standards Act (Chan, 2000). Getting China to sign an agreement would be the first step to curtailing the influx of substandard goods but this would have to be followed up with regular supervision by the government to ensure that China is observing the agreement.

Lastly, on the accusation of China importing workers instead of hiring locally, this too is starting to change in recent years, as African governments are less willing to hand out work permits. Now it is more common to have a small core of Chinese workers who manage the projects and set the pace while the majority of workers are locally hired. The Chinese are also becoming more aware that since their interests in Africa are long-term, it is mutually beneficial to support capacity building. Ultimately it is up to African governments to set up regulations to ensure that their people receive employment opportunities from this engagement. For example, the Angolan government has a quota that 70% of all workers must be locally hired (Chen, Goldstein & Orr, 2009). Regulations like these are vital for capacity building and to

ensure that a Sino-Africa partnership is mutually beneficial. Yet at this point it is fair to consider that even though local civil servicemen receive training that does not ensure that they will stay with the project.

In a country like Kenya, where there is already a serious shortage of skilled manpower, brain drain to international organizations is very common. A skilled Kenyan civil service worker will receive five times more pay if he works for an international aid agency. It is also fair to note that Chinese aid packages also contribute significantly to Africa's capacity building through their training programs, technical assistance in the disciplines of health and agriculture and scholarships and cultural exchange programs (Newland & Patrick, 2004).

Recently, there seems to be a significant shift in the content of Chinese exports to Africa where China is trying to move away from light industrial goods and is focusing on the exports of machinery and technology that will maximize profits (Porter, 2011). According to Rotberg (2009), the Chinese government wants exports of Chinese machinery and equipment to overtake cheap consumer goods in the export mix, moving up the value chain. For instance Chinese imports to Kenya currently 40% now consist of machinery, transport equipment for agriculture and industrial production, and the service sector. This is a significant opportunity for Kenya as access to advanced technology and machinery is vital if Kenya is to meet its economic and social development goals (Lall & Pietrobelli, 2005).

In an effort to characterize the dynamic nature of Chinese-African relations, Hanauer and Morris (2014) took a comprehensive look at Chinese and African objectives in the political and economic spheres and the means by which they work to achieve their goals. They examined the reactions of African governments and populations to

Chinese engagement and assessed the ways in which China adjusted its policies to accommodate these often-hostile responses. They also considered whether the United States and China are competing for influence, access, and resources in Africa and whether there might be opportunities for the two powers to cooperate in ways that advance their mutual interests, as well as those of their African partners. They come up four overarching China's strategic interests in Africa. First, it wants access to natural resources, particularly oil and gas. It is estimated that, by 2020, China will import more oil worldwide than the United States. To guarantee future supply, China is heavily investing in the oil sectors in countries such as Sudan, Angola, and Nigeria. Second, investments in Africa, a huge market for Chinese exported goods, might facilitate China's efforts to restructure its own economy away from labor-intensive industries, especially as labor costs in China increase. Third, China wants political legitimacy. The Chinese government believes that strengthening Sino-African relations helps raise China's own international influence. Most African governments express support for Beijing's "One China" policy, a prerequisite for attracting Chinese aid and investment. Finally, China has sought a more constructive role as contributor to stability in the region, partly to mitigate security-related threats to China's economic interests.

Most analyses of Chinese engagement with African nations focus on what China gets out of these partnerships primarily natural resources and export markets. Some studies have described the impacts, positive and negative, that China's aid and investment policies have had on African countries. African officials overwhelmingly view China's role in Africa positively, welcoming China's heavy emphasis on government-to-government contracts with few, if any, strings attached. Many African leaders believe that as a fellow developing country, China has more altruistic motives than

Western governments and corporations do. African leaders praise China's contributions to their nations' infrastructure, highlighting visible improvements that contribute to expanded economic activity, job creation for local workers, and tangible improvements to roads, rails, bridges, and other transportation networks all things that benefit ordinary citizens (Laymn, 2016).The study sought to find out if it is the same case for Kenya.

There has been debate in the public domain on USA and China engagement with Africa, is it a Competition or Cooperation? Scholars have argued that Chinese engagement in Africa is primarily concerned with natural resource extraction, infrastructure development, and manufacturing whereas the USA engagement concentrates on higher-technology trade and services, as well as on aid policies aimed at promoting democracy, good governance, and human development. Sun and Olin-Ammentorp (2016) argue that while China's "no strings attached" approach may foster inefficient decision making and official corruption, Chinese engagement does not fundamentally undermine U.S. economic and political goals on the continent. On the contrary, Chinese-built infrastructure helps reduce businesses' operating costs and expand the size of regional markets, increasing opportunities for profitable ventures by indigenous and U.S.A investors. Russell (2016) further explains that U.S.A's presidents including George W. Bush and Barack Obama have denied that Washington and Beijing are engaged in a "zero sum" competition for influence and access in Africa. Thus China is not necessarily a strategic "threat" to U.S.A interests in Africa.

While the United States and China may not be strategic rivals in Africa, the two countries could increasingly compete commercially if American businesses become more engaged in African markets something that President Obama clearly hoped to

foster through the multiple trade and infrastructure related initiatives he announced during his summer 2013 trip to Senegal, South Africa, and Tanzania. Sun and Olin-Ammentorp (2016) argue that such business competition would benefit African countries and advance U.S.A interests. African governments might be able to negotiate more favourable commercial terms if they are not beholden to Chinese financing. African communities would benefit, as American companies are more likely than their Chinese counterparts to hire local laborers for skilled and unskilled positions, transfer industrial technologies to local partners, require humane working conditions, and contribute to initiatives that promote the health and welfare of their workforce. Such business practices would likely encourage Chinese enterprises to do the same so as to secure deals, compete in local labour and consumer markets, and enhance China's image in Africa.

Mogire (1993) analyzed Kenya-China relations using conflict and cooperation as the poles of reference. The study unearths factors that were salient in these states relations which is economic and political interests. Compatibility of economic and political interests pursued by the two states led to cooperation while incompatible political interests led to conflict. Mogire's study concludes that following the trends which the relations had taken since mid-1970s, it is likely that in the foreseeable future relations are likely to remain cordial. This study picks up and builds up from Mogire's study to look at social and economic factors influencing the cooperation between Kenya and China.

A number of scholars have studied extensively Kenya's foreign policy. Orwa (1986) presents an analysis of Kenya's foreign policy under two regimes; Kenyatta (1963-78); Moi (1978-2002). His concern in the study is how regime change leads to a shift

in foreign policy. Korwa (1986); analyses Kenya's foreign policy towards Somalia between 1963-1983; Oloo (1995), analyses the role of parliament in foreign policy making process in Kenya; Omollo (1994) analyses how Germany used foreign policy as an instrument of foreign policy towards Kenya; Nasongo (1992) analysed Norway aid to explain interstate relations; Oluoch (2009) looks at Kenya's foreign policy towards Israel between 1963-2001; Moegi (1993) analyzed the patterns of conflicts and cooperation that characterized the relations between Kenya and US from 1963-1991, Kioko (2012) explains China-Kenya relation from economic perspective arguing that Kenya's political stability in the region makes it a conducive environment for Chinese investment and Mulati (2016) looked at human rights in the reconfiguration of aid relations: the case of China-Kenya relations.

### **2.3 The Socio-Economic Factors Influencing Chinese bilateral relations**

Over the past few decades, China's rapid economic growth and expanding middle class have fuelled an unprecedented need for resources. The economic powerhouse has focused on securing the long-term energy supplies needed to sustain its industrialization, searching for secure access to oil supplies and other raw materials around the globe. As part of this effort, China has turned to Africa. Through significant investment in a continent known for political and security risks, China has boosted African oil and mining sectors in exchange for advantageous trade deals. Chinese companies are also diversifying their business pursuits in Africa, in infrastructure, manufacturing, telecommunications, and agricultural sectors. However, China's activity in Africa has faced criticism from Western and African civil society over its controversial business practices, as well as its failure to promote good governance and human rights. Yet a number of African governments appear to be content with China's policy. At the same time,

Beijing's complex relationship with the continent has challenged its policy of non-interference in the affairs of African governments (Albert, 2017).

China's economy, which had averaged an annual growth rate of 10 percent for three decades until 2010, requires a substantial level of energy to sustain its momentum. Although China relies on coal for much of its energy needs, its oil consumption is second worldwide. The international energy agency, World Energy Outlook 2014 projected that China will become the world's largest consumer of oil by the early 2030s. Africa is China's second largest source of crude imports after Middle East from which it receives 1.4 million barrels per day. This crude oil comes from Angola, Republic of Congo and South Sudan. China engages in commercial diplomacy with African countries that most countries cannot match (Levi and Economy, 2014). This is where Beijing pitches vast trade, assistance, and investment deals on frequent trips to resource-rich countries, and retains an almost unparalleled ability to provide low-cost financing and cheap labour for infrastructure projects. Is this the case with Kenya comparing to other African countries that have a close relationship with China?

China has surpassed the United States as Africa's largest trade partner by 2009. China is a destination for 15 to 16 percent of sub-Saharan Africa's exports and the source of 14 to 21 percent of the region's imports, according to estimates from Thomas Reuters and the World Bank. While the majority of Africa's exports to China are comprised of mineral fuels, lubricants, and related materials, it also exports iron ore, metals, and other commodities, as well as small amounts of food and agricultural products. China exports a range of machinery, transportation, communications equipment, as well as manufactured goods to African countries.

China has taken a multi-pronged approach in its economic relations with Africa, according to Deborah Brautigam who directs the China-Africa Research Initiative (SAIS-CARI) at the Johns Hopkins School of Advanced and International Studies. China is a significant source of foreign direct investment in Africa; offers development loans to resource-rich nations, like Angola; invests in agriculture; and develops special trade and economic cooperation zones in several states, including Ethiopia, Nigeria, and Zambia. “Chinese banks and companies are offering finance that allows them to secure a greater share of the business deals in Africa as part of their move to ‘go global.’ This brings with it risks for African borrowers—but also opportunities,” write Brautigam and Jyhjong Hwang of SAIS-CARI.

Infrastructure construction is perhaps the best example of the Chinese promise of a win-win paradigm. Improving Kenya’s infrastructure capacity is vital for their aspirations of becoming a newly industrial, middle-income country by the year 2030 (Morey, Milford, Madeira & Stori, 2011). There are an estimated 44 Chinese construction firms currently working in Kenya (Chege, 2006). China has contributed significantly to addressing Kenya’s infrastructure deficit. Roads, railways, power grids, ports etc. are being built at a speed never before imagined (Rosenberg, 2013). These projects not only provide Kenyans with a leading source of employment, but the construction of infrastructure at an affordable price, also boosts Kenya’s economic performance, thus making them a stronger competitor, regionally and globally (Onjala, 2008). However, there have been concerns that these projects might be a cheap fix in the short term then prove to be expensive in the long run. According to Taylor (2009), this was the case in Angola where a newly constructed hospital had to be shut down after a few months when significant cracks were shown in the walls. Yet



the reason that Chinese companies are Africa's first choice for infrastructure building is because projects are completed quickly and cheaply with minimal red tape and bureaucracy. Halper (2010), argues that it is in China's interest to ensure their African consumers are satisfied so as to secure further investments. The study seeks to find out if infrastructure can be explained as an economic factor influencing Kenya-China relations.

Kenya and China signed a Trade Agreement in 1964 and revised it in 1978. To actively implement already-signed bilateral cooperation agreements, China encourages its businesses to import Kenyan goods, expand investment in Kenya, participate in its infrastructure construction and energy and resources exploitation and expand cooperation with Kenya in processing industries and agriculture. China on her part will continue offering economic aid within its available resources and strengthen assistance for Kenya's human resource development. The government of the People's Republic of China has set up a special fund to encourage Chinese companies to import some Kenyan products, including coffee beans, rose seeds, black tea, avocados and sisal all of which are exported in raw form. The Third Economic and Trade Committee meeting between Kenya and China took place on 25th April 2006, addressed various issues of interest to both countries, including ways of bridging the balance of trade, which remains heavily in favour of China (POK, 2006). The study analysed various economic factors that influence Kenya-China relation.

Chinese financing comes often in the form of loans and credits provided by the People's Bank of China, the China Development Bank, the Export-Import Bank of China, and the China-Africa Development Fund. Between 2000 and 2014, Chinese banks, contractors, and the government loaned more than \$86 billion to

Africa, according to SAIS-CARI. Angola, the Democratic Republic of Congo (DRC), Ethiopia, Kenya, and Sudan were the top recipients. However, these large loans are beginning to raise questions about debt loads in African countries, showing indications of a potential debt crisis.

Moss (2012), examines the social and economic role of China in Kenya. Moss study found out that the social dimensions in the Chinese presence in Kenya include aid and debt relief, education and telecommunications. While the economic dimension include trade, investments, exploration and infrastructure development. This study expounds the dimension to include social; non-interference policy, education, tourism while economic dimension include; no strings attached policy, mutual economic policy, affordability of Chinese goods and foreign aid. Both studies recommend that china needs to build a stronger social basis for Sino-Africa relations as economic dimension outweighs the social one.

Mutuku (2010) examines the role of China-Kenya relations in terms of investment, trade, diplomacy and aid. Mutuku's study found out that China's no strings attached aid policy leads to a decrease in the strain on governments to advance on issues such as human rights. China views Kenya as a gateway to East Africa region and is a focal point in terms of China's trade and economic strategy in Africa. This study agrees with Mutuku's where it analyses the no strings attached policy as an economic factor influencing Kenya-China relations.

Mugendi (2011) studies the economic impact of international business relations between Kenya and China through construction of Thika highway by Chinese companies. The study found out that the project has contributed to the

enhancement of transport services and urban mobility in Nairobi, employment, housing and recreational facilities. This study examines infrastructure as an economic factor thus borrows a lot from this study.

Elmi (2012) empirically looks at the implications of China's approach to official development assistance merging trade, foreign direct investment and bilateral assistance as it is doing on Kenya. Elmi's study found out that the current trends all point to China's economic and geo-strategic needs rather than Kenya's developmental needs. Elmi's study helps a lot to build on this study's objective on the challenges facing Kenya-China relations.

Ronoh (2011), studies Chinese Foreign Direct Investment (FDI) in Kenya's economy. The study argues that although there are both gains and losses associated with Chinese FDI, Kenya must continue to encourage investments from China. This is because they contribute considerably to Kenya's economy and should be encouraged. Ronoh's study proposes that Kenya needs to ensure that all foreign investments create linkages with local producers so as to increase the possibility of technological and skills transfer.

Ojala (2008) studies China-Africa economic relations: the case of Kenya. The study found out that trade, investment and aid figures between Kenya and china are not that big compared to other trading partners of Kenya such as the European Union. However, there has been increased proliferation of FDI that has extended to mining and minerals exploration. Being a war free country with stable political situations, Kenya is an ideal regional base for Chinese investors to expand their trading business. The study also highlights that the overall impact of China's trade, FDI and aid to Kenya has both gains and losses.

Lastly, Warui (2010) looks at the effects of China-Kenya economic ties on social and economic development in Kenya. Warui's study argues that the relationship is likely to endure since both parties benefit to some degree. There has been a rise in FDI through manufacturing and service sector in Kenya and Chinese interest in Kenya has also extended to mining and mineral exploration. The study noted that monetary aid from China is tied to the use of Chinese goods and services and adherence to the 'one China' policy only but not good governance as it is characterized by western donors.

#### **2.4 Challenges Arising From Bilateral Relations with China**

Most studies agree that there is an increase in relationship between China and Africa. These studies indicate China's interest in countries with high deposits natural resources especially oil; Angola, Nigeria, South Sudan, Zimbabwe and DRC. In addition to that most of these countries are coupled with massive human rights violation. Kenya doesn't fall under that country in terms of oil deposits and massive human rights violations thus the relationship between Kenya-China calls for interrogation. The study analysed literature on the challenges facing China-Africa relations so as to examine if the same applies to Kenya-China relations.

The dramatic growth in the relationship between Africa and China has been greeted with excitement, consternation, and confusion. To its cheerleaders, it represents the enduring partnership between Africa and China, spawned by the historical affinities of struggles against Western imperialism and humanistic aspirations for development. To its critics, it is reminiscent of European colonization a century earlier, in which Africa serves as a cheap source of raw materials, a lucrative export market for Chinese manufactured goods, and an outlet for its surplus capital. Rather than a development partner, some see China as Africa's biggest development competitor,

whose explosive growth and insatiable quest for global markets threatens Africa's industrialization and competitiveness (Zezeza, 2014). This study explores the challenges facing Kenya-China relations so as to examine if it can be analysed through the challenges facing Africa-China relations.

Funds from non-Western donors represent a growing share of development financing especially on the African continent. China's major role in this new type of development has led to many Western misperceptions about Chinese investments in African development, regarding size; focus on natural resources and lack of concern towards bad governance. The West views the engagement of both the Chinese Government and private companies guided by the government as much larger and more focused on natural resources than it is in reality, and that the Chinese Government exploits the bad practices of African governments such as corruption and lack of regulation as deciding factors in where it would be easiest to invest (Wenjie, Dollar and Tang, 2016). This study sought to find out if this is the case for Kenya.

Contrary to popular perception, Wenjie, Dollar and Tang (2016) argue that African countries that are rich in extractive resources receive Chinese foreign investment more often, at about the same rate as Western investment in natural resource-rich African nations. Chinese overseas investment also shows a correlation between investment and domestic market size, indicating that market size matters to China in the same way as it does to Western nations. The West and China are similar in their focus on natural resources as they invest on the continent.

Chinese investment correlates positively with political stability and lack of violence or terrorism, but it is effectively indifferent to rule of law: the Chinese invest in countries regardless of their history with corruption and repressive state tactics.

Chinese disregard for rule of law affects perceptions of Chinese investment in Africa negatively. To the West, Chinese willingness to engage with authoritarian dictatorships that blatantly violate human rights seems offensive, but to an emerging economy like China, it may just be considered an innovative and resourceful policy. Chinese investment on the African continent is profit-driven and relatively indifferent to poor governance. Although it is relatively minimal now, Chinese investment in Africa is certainly growing fast.

Critics of China's engagement with Africa argue that promotion of 'noninterference' policies means that China advances bilateral investment in a moral vacuum. Supporters of the West's liberal development style argue that China's brand seeks to normalize both its own apathy in the areas of human rights and those practices in the countries where they invest. Critics of Chinese aid also argue that help is not received by those who need it most: rather, Chinese aid benefits the political and economic elite, resulting in an 'elite circle courtship' between the elites of China and the nation receiving aid. Despite the critiques and the historic difficulty that China has had in spreading its influence, evidence from the Pew 2015 Global Indicator report suggests that public opinion of China has been increasingly positive in Africa at over 50 percent favourable in the nine countries surveyed (Bocchese and Linn, 2016)

Despite high favourability ratings, Lyman (2016) observes that China's development can and has led to exploitation of Africa by Chinese businesses and state-run enterprises. She argues that Chinese "aid," oftentimes bundled in trade or energy consists primarily of shoddy construction with cheap materials, employs Chinese rather than African workers, and ignores decades of lessons learned from failed development ventures. Hanauer and Morris (2016) say that the solution to potential exploitation would be to implement requirements for foreign companies to transfer

technological knowledge and to limit foreign worker visas, which would create conditions wherein foreign companies must train and invest in locals. Another solution given by Gregory (2014) is to modify all development narratives to encourage competition between developers of Africa, allowing African countries to be more selective in the development projects they engage with. Muchapondwa, Nielson, Parks, Strange, and Michael J. Tierney (2016) are concerned that increasing assistance from non-Western donors presents a challenge to development experts and scholars in measuring, monitoring and evaluating aid. This is because emerging donors like China, India, Russia and Saudi Arabia are not members of the Organisation for Economic Cooperation and Development (OECD) thus they do not follow the same rules and regulations.

Many Western perceptions of Sino-African engagement are negative because they consider Chinese development projects to be expansive, exploitative, and dismissive of human rights. Despite the challenges and criticism facing China-Africa relations, Lyman (2016) believes that China's growing engagement with the continent is full of potential for both Africa and the rest of the world. For African countries, utilizing the comparative advantages of both Western aid and Chinese investment can result in better development. For example, Chinese "aid" projects in regions that have seen Western development practices tend to be more substantial, such as railroad construction. This is in opposition to less practical and substantial projects like the construction of 'huge, Olympic-style stadiums' that crop up in regions less dominated by Western development styles.

The growing engagement between Chinese and Western development could also be seen as an opportunity for multilateral cooperation. With China's growing business involvement in Africa comes a growing interest to see political stability and decreased

security risks in the countries they choose to invest in (Sun and Ammentorp, 2016). Over the last half decade, China has increased its contributions to fighting piracy and provided more support to UN peacekeeping missions in Africa (Courtney, 2016). A prime example is China's deployment of its first infantry battalion on a peacekeeping mission sent to support UN troops in South Sudan in late 2015 (Karen, 2015).

## **2.5 Theories of International Relations**

This study is grounded in the field of International Relations (IR). The theoretical framework therefore draws from theories emanating from it which include Marxism, Liberalism and Realism. These theories best explain states' behaviour in the international system (Tull, 2006). Marxism theory explains China's involvement with African states from a critical perspective citing the relationship as being exploitative since its unequal with China being on a different economic wave length with African states. However, this perspective possess some analytical difficulties because China belongs to the Global South thus embraces the same critic rhetoric against the Global North. Thus Marxism theory is not the best theory to use in explaining China-Kenya relations.

The study and practice of international relations has led international relations scholars to suggest different ways that states might and should behave with regard to their neighbours around the world. Realism suggests that because of the condition of anarchy in the world, the world is a dangerous place, and states should prepare accordingly. Realism suggests that states should look out for their own interests first. According to the great proponent of Political Realism, Hans Morgenthau, the main aim of states within the international system is the pursuit of their national interests



“defined in terms of power”. Thus, due to the structure of the international system, states are inherently self-interested entities, with the main aim of building power so as to gain and maintain an advantage in terms of the balance of power (Chisholm, 1996). Realism presumes that states are out for themselves first and foremost therefore the world is a dangerous place; a state has to look out and prepare for the worst. Realism suggests that international relations are driven by competition between states, and states therefore do and should try to further their own interests. What matters, then, is how much economic and especially military power a state has which best doesn't explain Kenya-China relation which is seen as an instance of mutual economic benefit.

The study adopted liberalism theory to explain what motivates Kenya-China relations. Liberalism theory views the international system as essentially cooperative, as a result of interdependence.

## **2.6 Summary of Literature Review Gaps**

The chapter has reviewed a number of literatures to get the research gaps that the study filled. Most of the studies done on Kenya-China relations focus on the trade and human rights issues from the China's perspective, none raises the question regarding the social-economic factors influencing Kenya-China relations and challenges facing the relationship.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Introduction**

This chapter describes the research design, data collection procedures, validity of the research instrument, data analysis, data presentation and ethical considerations.

#### **3.2 Area of the study**

This study did not locate the site of the study because the scope of international relations comprehends globalization and states sovereignty. Thus China-Kenya relation which falls under international relations is a broader issue that traverses geographical locations.

#### **3.3 Research Design**

Research designs are types of inquiry within qualitative, quantitative and mixed methods approaches that provide specific directions in a research design (Creswell, 2014). This study's aim was to find the socio-economic factors influencing Kenya-China relations and its challenges. To achieve this, the study adopted an explanatory case study research approach to collect the relevant data and analyse it. Mitchell and Bernauer (2004) define an explanatory case study research as the study that seeks to find out "what made this happen." This is relevant to this study which sought to find out the factors influencing Kenya-China relations.

#### **3.4 Target Population**

The target population for this study included officers from the Kenyan Ministry of Foreign Affairs and International Trade. This ministry was selected based on the role it plays in foreign policy making and implementation. Other parties that formed the target population included academicians and experts in foreign policy issues.

### **3.5 Sample and Sampling Procedures**

The study focused on in depth information and not in making inferences it being a qualitative study thus purposive sampling was used to select respondents. Purposive sampling is where a researcher uses cases that have the required information in line with the objectives of the study (Mugenda and Mugenda, 1990). For this study respondents were selected based on the position they held or are holding, knowledge, professional background and also through recommendation of others in the field. Respondents were selected from the Kenyan Ministry of Foreign Affairs and International Trade. This ministry was selected based on the role it plays in foreign policy making and implementation. Others interviewed included academicians and experts in foreign policy issues. Therefore, ten participants were selected for the study.

### **3.6 Data Collection Instruments**

Warwick and Linger (1975) states that researchers should settle on instruments, which provide high accuracy, explanatory power, low cost and rapid speed. Since the field of international relations focuses primarily on states rather than individuals, international relations cannot be studied systematically using field experimental methods (Hyde, 2007). In this study interviews were used as the main instrument for data collection. The interviews were guided by an interview schedule designed to find out the factors influencing Kenya-China relations. An interview schedule guides a researcher to obtain data required to meet specific objectives of the study and to standardize the interview situation so that interviewers can ask the same questions in the same manner. The interview schedule is attached.

### **3.7 Data Collection Procedures**

The study used secondary and primary sources of data. The researcher collected primary data through informant interviews and secondary data through library research. During the interviews the study used open ended questions so as to get greater depth of the response. In order to inspire openness on behalf of the respondents, the research did not work with a tape recorder but instead took notes as the interview progressed so that information was not left out owing to forgetfulness or omission.

The interviews were supplemented by secondary data which involves using already existing data which is summarized and collated to increase the overall effectiveness of research. These sources reflect the knowledge of those who might not have evidence of the actual events. This was vital in determining knowledge gaps thus formed a useful building block for this study. Most information in secondary research is readily available as there are many sources from which relevant data can be collected and used. Also information on Kenya-China relations is mostly available through specific pieces of information i.e. books, journals, internet sources, public records, newspapers and publications issued by the Kenyan and Chinese foreign ministries.

### **3.8 Validity of the Data Generation Instrument**

According to Brains and Manheim (2011), validity of a measuring tool is the degree to which the tool measures what it claims to measure. In other words, this implies that there should be an agreement between what the test measures and the function it is intended to measure. Types of validity discussed here are: Content validity, criterion related validity and construct validity.

Content validity refers to the extent to which a measure represents all facets of a given construct (Wilson, Pan & Schumsky, 2012). This is considered a subjective form of measurement because it still relies on people's perception for measuring constructs that would otherwise be difficult to measure. Content validation of the instrument was determined through expert judgment which involved discussing the items in the instruments with the supervisors and colleagues.

Criterion-Related validity of the interview guide is demonstrated by comparing a measure with another measure that has been demonstrated to be valid (Brains & Manheim, 2011). According to Brains and Manheim, it involves the correlation between the test and a criterion variable (or variables) taken as representative of the construct. Therefore, in general, in criterion related validity, there is comparison between a test with other measures or outcomes. Criterion-related validity was determined through expert inspection method by the supervisors and were satisfied that it reflected the criterion.

Construct validity of the interview guide is the extent to which a test measures the intended construct (Polit & Beck, 2012). This generally means that for an instrument to have construct validity, measurements must justify or support the existence of psychological traits, abilities or attributes or is the degree to which an instrument measures the trait or theoretical construct that it is intended to measure.

### **3.9 Data Analysis and Presentation**

The study culminated in analysis of the collected data. Shortly after each interview the researcher would go over the notes taken during the interview and make a transcript. The reason for making a transcript was to exclude the possibility of making long quotations and keep track of its validity and ease analysis. So as to reduce information

to a more limited set of attributes, content analysis was done. The research findings were presented in narrative and themes form. The authenticity of the data collected was attained through historical criticism, evaluation and comparison of the collected information with the existing one.

### **3.10 Ethical considerations**

The research considered ethics in its data collection exercise. Before the start of data collection, the researcher obtained the permit to carry out the research. The respondents were chosen on voluntary consent where the respondents were willing to participate in the research. The respondents were protected by keeping the information confidential and identity concealed. For the case of written documents used in this study, plagiarism has been avoided. The findings of this research will be published and copies availed to the ministry of education, foreign affairs and trade for access by interested persons.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND PRESENTATION**

#### **4.1 Overview**

This chapter presents analysis of the data collected in this study and presentation of the results. The presentation of the results are arranged according to the specific themes and research questions that the research set out to find out in regard to social and economic factors influencing Kenya-China relation. At the end of the chapter, a summary of the findings is given.

#### **4.2 The nature of Kenya-China relations since independence**

There are three levels of analysis that are widely used in political science to understand highly complex problems in world politics; individual, state and system. The levels of analysis illuminate different reasons why countries go to war, sign treaties or pursue alliances (Baylis, Smith and Owens, 2011). Individual level analysis states that the personalities of leaders shape foreign policy as they take active role in determining international relations (Mingst and Ivan, 2010). An instance where individual level of analysis has been used in international relations is for example to explain Second World War through Adolf Hitler or the end of the Cold War through Ronald Reagan or Gorbachev (Roskin and Berry, 2009). The study adopted the individual level of analysis to analyse Kenya-China relations since independence solely focusing on the presidents.

It is against this background that the study argues that Kenya's foreign policy has been moulded and directed by the president. The foreign policy is contextualized through president's selection of the cabinet secretary of foreign policy. The final authority on foreign policy formulation, conduct and projection lies in the hands of the president. Therefore in its attempt to study Kenya-China's foreign relations, this

study analysed the data looking at the eras of the different presidents. There have been four presidents in Kenya; the late Jomo Kenyatta (1963-1978), Daniel Moi (1978-2002), Mwai Kibaki (2002- 2012) and current president Uhuru Kenyatta (2012-present). Kenya's presidents in the past five decades have reacted differently to international geo-political situations and this can be used to explain Kenya-China relations since independence.

#### **4.2.1 Kenya-China relations during Jomo Kenyatta's Administration (1963-1978)**

Although China embraced communism and Kenya adopted capitalism at independence, the relations between the two has largely remained cordial. The first country to recognize Kenya's independence was Germany (then West Germany), then Russia, Ethiopia and then China. This order of recognition is still reflected in the diplomatic number given to the embassies of these countries which are 1-CD, 2-CD, 3-CD, and 4-CD respectively. China was the fourth country to recognize Kenya's independence in 1963 when the two countries exchanged diplomatic representations. On February 5, 1964 Wang Yutien was appointed China's ambassador to Kenya. (Kamau, 2007). According to an interview with a Chinese embassy official, the Chinese embassy in Kenya is arguably their largest embassy in Africa both in terms of size and employees. It is strategically located in a relatively high-security area near the Defence Headquarters, Kenya Army Barracks, and closer to the Kenya's State House. Similarly, Kenya has an embassy in Beijing which serves China and a few countries in the neighbourhood.

The Sino-Kenya relationship, first established in 1964 was centred on promoting trade between the two countries. Jaramogi Oginga Odinga led a high powered Kenyan



delegation to Beijing in May 1964 to discuss enhanced ties between the two countries. In July 1964, the Chinese ambassador paid a visit to the then minister of finance, James Gichuru to negotiate economic and technical cooperation between the two countries. They agreed on the dispatch of a Chinese delegation of 15 experts to Kenya in order to nail down specific areas of economic cooperation (Chege, 2008). In August 1964, the then information minister Achieng Oneko followed suit and met the Chinese vice premier, military commander and the minister for foreign affairs Marshall Chen Yi. This was a major achievement considering Marshall Chen Yi's high profile in China's political establishment at the time (Chege, 2008). Meanwhile government departments in Kenya were invited to forward suitable proposals to the ministry of finance. From a long list of proposals from the Kenyan side, the Chinese delegation in early 1965 committed itself to the construction of a textile factory and a sugar refinery (Kenya National Archives, File AE/4/70, 1965).

The initial stages saw good bilateral ties between China and Kenya, but after 1965 the relations between the two countries were tense and lowered to the *charge d'affaires* level. Morton (1999) writes that by 1966 Kenyatta and his supporters in the West especially Britain were more convinced that Odinga was a major threat that had to be neutralized. This was effected in the same year when Odinga lost the position of Kanu's vice president at the Limuru party conference which saw the creation of eight vice presidents position. In March 1966, Kenya expelled the third secretary in the Chinese embassy, Yao Chun, on suspicions of plotting subversion. Yao Chun had protested the adoption of a motion by Kenya's senate condemning Chou En-Lai's remarks on the five principles for developing relations between China and Africa (Chege, 2008).

The Chinese embassy also protested against speeches made by Tom Mboya, J.N Osogo and Daniel Moi in parliament claiming that they had subjected the people's republic of China to slander, vilification and grave provocation (*East African Standard*, Nairobi, July 3, 1966:6). In August 1966, demonstrations were held outside the Kenya embassy in Beijing, with posters protesting Kenya's reactionary politics. The Kenyan government handed a protest note to the Chinese embassy in Nairobi but unable to get a satisfactory explanation, it recalled Kenya's ambassador to China. In retaliation, youths affiliated to the right wing of KANU staged a counter demonstration outside China's embassy in Nairobi. The relations between the two states deteriorated ending in a diplomatic break in 1967 when Kenya declared the Chinese *charge d'affaires* persona non grata ordering him out of Kenya (*East African Standard*, Nairobi 8 June, 1967, p.2). In response China too expelled the Kenya *charge d'affaires* in July 1967. With the ambassadors and their deputies now out of their stations, Kenya and China has severed diplomatic relations which remained severe until when Mao Zedong and Jomo Kenyatta had exited from scene. At the time of Kenyatta's death in August 1978, Kenya's foreign policy was firmly anchored on the Western sphere.

#### **4.2.2 Kenya-China relation in Daniel Moi Administration (1978-2002)**

The year 1978 saw Daniel Moi come to power. Ji Pengfei, the then vice premier of China's State Council, visited Kenya in August 1980 and Kenya's president Moi paid a state visit to China a month later, the first of the three trips (September 1980, October 1988 and May 1994) to China before his retirement in 2002. Moi's first visit to China saw two agreements signed. The first one was on economic and technological cooperation, covering a wide variety of projects: a new sports stadium, technical support to two new universities, scholarships, military and cultural

exchanges. The second one was a trade agreement between Kenya and China (Alden & Oliveira, 2008). The most important component of the economic cooperation was the Moi International Sports Centre located outside the Nairobi's central business district. It was built at the cost of 930 million Kenya shillings, 48% of which was financed by Kenya and 52% was funded by an interest free loan from China (Chege, 2008).

Under the economic cooperation grant, China also constructed a new teaching hospital at the then brand new Moi University Eldoret, the Gambogi-Serem highway and building the faculty of Arts complex at Egerton University. China also committed itself to providing 10 scholarships annually to Kenya and two level military exchanges per year. China in 1980 requested Kenya to train Chinese students in tourism management at Utalii College in Nairobi (Ministry of Tourism, February 5, 2007).

President Moi's state visit opened the way for diplomatic exchanges and negotiations at lower levels of government. Wilson Ndolo Ayah, Minister of foreign affairs (August 1991), Bonaya Godana, Minister of foreign affairs (April 1999), Francis Ole Kaparo, Speaker of the Kenyan National Assembly (April 2000), and in October 2000 B. Godana, the Kenyan Foreign Minister headed a delegation to attend the "Beijing Ministerial Meeting 2000 of the Sino-African Cooperation Forum" (China-Kenya Embassy website; <http://ke.china-embassy.org/eng/>). But this was a trickle compared to the number of top level Chinese delegations that came to Kenya during that period.

Chinese leaders and officials who visited Kenya during that period included: Ji Pengfei, Vice-premier of the State Council (August 1980), Zhao Ziyang, Premier of the State Council (January 1983), Tian Jiyun, Vice-premier (November 1985), Gu

Mu, member of the State Council (April 1987), Wu Xueqian, member of the State Council and concurrently minister of foreign affairs (May 1987), Sun Qimeng, Vice-chairman of the NPC (November 1991), Qian Qichen, Vice-premier and concurrently foreign minister (January 1991 in the name of foreign minister, January 1994), Chen Muhua, Vice-chairwoman of the NPC (April 1992), Jiang Zemin, President of the PRC (May 1996), Qian Zhengying, Vice-chairperson of the NPPCC (June 1997), Tang Jiaxuan, Minister of Foreign Affairs (January 1999), Peng Peiyun, Vice-chairwoman of the NPC and chairwoman of All China Women's Federation (November 1999), Li Peng, Chairman of the NPC (November, 1999), Dai Bingguo, Minister of the International Liaison Department of the CPC Central Committee (April 2000), Wang Zhongyu, Member and Secretary-general of the State Council (May 2000), Li Tieying, member of the political bureau of the CPC Central Committee (2001) and Zhu Rongji, Premier of the State Council (April 2002) (China-Kenya Embassy website; <http://ke.china-embassy.org/eng/>)).

Zhu Rongji, Premier of the State Council held talks with President Moi at state house in April 2002. President Moi reaffirmed the Kenyan government's adherence to the One China policy and expressed his appreciation for the close cooperation between the two countries in international affairs. Zhu on the other hand expressed confidence that the two countries will continue their good cooperation in international affairs in the future. By the time Moi left office in 2002, he had laid foundations for improved cooperation with China, diversifying the country's investment sources. President Moi's government had a wanting human rights record thus Western government such as Britain and France had accommodated Kenya until 1990s when they introduced conditionalities but China overlooked these realities as it strengthened its economic relations with Kenya.

#### **4.2.3 Kenya-China Relation in Mwai Kibaki's regime (2002-2012)**

President Mwai Kibaki took office in January 2003 from KANU that had ruled Kenya for forty years; his NARC government was received warmly by the traditional donors like the UK, Norway and France who had blacklisted president Moi's government (Branch, 2011). Kibaki paid state visits to Washington and London soon after coming to power but he also turned East and paid similar visits to Beijing, New Delhi and Tokyo. This led to an outcry from western diplomats, investors and financiers, who argued that Kibaki was not supposed to pay such high profile visits to what they believed were not traditional major economic trading partners (New York Times, 24<sup>th</sup> January, 2008).

According to Chege (2008), China-Kenya relations in the Kibaki era began with high level political contacts between the two states. Kibaki made an official visit to China in August 2005, accompanied by 11 Kenyan trade and investment seeking delegations. During this visit, Kibaki held extensive talks with President Hu Jintao and Chinese government officials which resulted in a five part agreement. The agreement covered grants for infrastructure and energy, extended air services between the two countries, technical assistance, modernization of equipment and training at the state owned Kenya Broadcasting Corporation (Gadzala, 2009). The delegation also visited Shanghai, where discussions were held with its mayor Han Zheng, on the functioning of special export industrial zones. The outcome of this visit was a highly successful Chinese trade exhibition in Nairobi in mid-2006.

In April 28, 2006, Chinese President Hu Jintao held talks with his Kenyan counterpart Mwai Kibaki in Nairobi. Both sides expressed willingness to jointly commit to developing bilateral friendly cooperative relations of long term stability and mutual benefits and continue to deepen friendly cooperation in all areas (Kenya, 2006).

Under president Kibaki's watch, barriers to Sino-Kenya relations came down. One barrier was that there were only two major airlines, Ethiopian and South African, which had direct flights to Beijing. To overcome this problem the then Kenyan ambassador to China, Dr Wario negotiated an agreement that allowed Kenya Airways to do direct flights to Hong Kong via Bangkok (Okulo, 2012). Ties between China and Kenya did not stop only at business, from August 8<sup>th</sup> to 14<sup>th</sup> 2005; Kenya hosted a week long Chinese cultural festival. The festival yielded positive developments and opportunities as Kenyan authorities approved the setting up of Chinese radio station in Nairobi, the first Chinese broadcasting station to operate outside China. In an interview with the director of Foreign Service (training and research) from the institute of diplomacy, S. Kiragu (personal communication, June 12, 2019). He pointed out that although not stated as an official policy, the NARC's government quietly embarked on a "Look East Policy" that laid emphasis on improved relations with countries from the East. President Kibaki seemed bent on breaking what had been perceived by the previous government as Western condescending attitude and lectures on human rights and democracy.

#### **4.2.4 Kenya-China Relation in Uhuru Kenyatta regime (2002-present)**

Uhuru Kenyatta is serving his second term in office. Notwithstanding his personal predicament and of his deputy at the International Criminal Court when they took over office during the first term, President Kenyatta made clear his intentions to steer Kenya to greater heights at the global diplomatic arena. Following ascension to power by the Jubilee coalition and perceived anti-western stance, China was quick to take advantage of the opportunity presented by the political rhetoric. In the process, several major projects are in the pipeline amidst a litany of procurement questions. There was an assumption that the new government would continue with president Kibaki's

‘Look East Policy’. This perception arose from the strained relationship between Kenya and the Western countries over the International Criminal Court cases (Brown and Sriram, 2012). Munene (2013) observes that during the inauguration of President Kenyatta and his deputy on 9<sup>th</sup> April 2013, china’s flag was the only pennant of a foreign country outside Africa that occupied a flag stand. Significantly, Beijing sent a high ranking special envoy to the ceremony while the Western nations were only represented by their ambassadors. Diplomatically this could be interpreted to show the seriousness China was taking Kenya.

President Kenyatta made his first state visit outside Africa to China on August 19<sup>th</sup> 2013. According to the then state house Manohar Esipisu, the trip was both official and working as the president had diplomatic and bilateral engagements with China’s state officials and investors (Ongiri, 2013). Clearly, the visit to Beijing by President Uhuru Kenyatta upon assuming office may have been informed by the growing economic linkage between the two countries. President Kenyatta led a strong delegation made up of senior government officials, technocrats and business people to China and secured about \$5 billion (Sh425 billion) in investments from China covering railways, energy, wildlife protection and joint ventures. One of the projects being rolled out is the standard gauge railway linking Mombasa port and Malaba that is expected to improve access to Uganda, Rwanda, Burundi and the Eastern Democratic Republic of Congo. This was amidst many questions on procurement procedures that appear to have been flouted (Obala, 2014). The visit by President Kenyatta was almost sensational in the media. On the first day of the visit the Hong Kong-based South China Morning Post trumpeted a headline; President Uhuru Kenyatta Looks East from Beijing to Moscow. In December 2013, the Star newspaper reported Deputy President William Ruto as praising China as a “true friend of

Kenya”: Ruto had praised the Chinese leadership for refusing to be "herded in strange destinies" by the West. In a veiled attack on Europe and the United States, Ruto saw the Chinese government as a "worthy teacher, partner, true friend and a friend indeed" to the people of Kenya. These remarks were made during a ceremony to mark the 50th anniversary of the establishment of diplomatic relations between Kenya and China.

The Chinese Prime Minister Li Keqiang in return visited Kenya on May 10<sup>th</sup> 2014. President Uhuru and the prime minister signed 17 agreements .key among them was the multi-billion Standard Gauge Railway (SGR) which was expected to cost kshs 327 billion with China funding 85 per cent of the project. The two leaders also agreed that a China-Africa Development Bank would be set up in Nairobi and kshs 170 billion would be pumped in. Another major project was the China-Africa Research Centre that was to be funded at a cost of kshs 5.1 billion. On wildlife conservation, Mr Li announced Ksh 860 million financial support for wildlife conservation in Kenya.

On 13<sup>th</sup> March to 18<sup>th</sup> March 2017, President Uhuru attended the Belt and road initiative forum in Beijing where he held bilateral talks with president Xi Jinping and Premier Li Keqiang. Wu Peng, the Chinese Ambassador to Kenya on Tuesday April 23 2019 wrote on an article on the embassy website arguing that in 2018, around 170 Kenyan students were awarded China-sponsored scholarships for further study in China. 686 Kenyans were trained in China. At the same time, over 81,000 Chinese tourists travelled to Kenya. On the same month, 55 outstanding Kenyan employees picked by Chinese enterprises flew to China for a one-week visit. He further argued that China-Kenya relations were standing at a higher stage with new development opportunities. “I will live up to my mission and make into full play the favourable conditions of good timing, right place and right people”. Together with our Kenyan



brothers and sisters, we will surely promote our bilateral cooperation in all sectors, enhance mutual understanding, and open a new chapter for China-Kenya friendship”.

In November 2018, the President was also in Beijing to attend the 7th FOCAC summit. He was also supposed to use the September visit to sign financing for the second phase of the Standard Gauge Railway (SGR). But the deal fell through after China asked Kenya to do a feasibility study. Before the visit, transport Cabinet Secretary James Macharia had spoken as if it had been a done deal, that Kenya was going to sign the \$3.8 billion (Sh380 billion) financing deal with Beijing to extend the SGR between Naivasha and Kisumu. It is still a puzzle how Kenya was seeking the project funded without the completion of the feasibility study. In an interview with an official at the Chinese Embassy (personal communication, June 14, 2019). He said that part of the main reason why China went slow on the project was due to the negative media reports from Kenya, rising debt concerns as well as rising hostilities between the two nations.

In April 2019 President Kenyatta went to China with officials including Orange Democratic Movement leader Raila Odinga, who is the African Union High Representative for Infrastructure Development in Africa. In the meetings he attended, he urged countries to strengthen connectivity, open up markets, commit to rule-based international trade, strengthen multilateral cooperation and ensure sustainable, people-centred development. Oruko (2019) described the meeting between Presidents Kenyatta and Jinping as "extremely successful" and summed up their results as follows: i) The signing of a trade agreement for the export of frozen avocados from Kenya to China, which followed the signing of an MoU on Sanitary and Phytosanitary Standards late last year for the export to China from Kenya of various horticultural products. ii) The signing of a Framework Agreement between the Kenya National

Highways Authority and the China Road and Bridge Cooperation for the construction of Kenya's first expressway from Jomo Kenyatta International Airport to Westlands.

iii) The signing of a financing agreement valued at Sh17 billion between the Kenya and China EXIM Bank for the construction of the Konza Technopolis Data Center and IT infrastructure.

China has been facing criticism in the recent past for using debt to control African nations; however it has challenged this narrative on grounds that it was being funded by the West which has been losing its clout on the continent. Social media has also been getting brutal on the President every time he has announced any visits to China. This perhaps explains why his communications team is changing strategy to focus his messaging on investment deals struck and is keeping off the controversial issue of debt. In an interview with an official at the Chinese Embassy (personal communication, June 14, 2019) he said his government is committed to having a long-term relationship with Kenya, but was concerned by negative political and media reports that are threatening this relationship. The study argues that among the four president's Kenya has had China-Kenya relationship has been at its finest in history during the reign of president Uhuru. President Xi Jinping and President Kenyatta have strengthened China-Kenya relations into Comprehensive Strategic Cooperative Partnership.

#### **4.3 Social Factors Influencing Kenya-China Relations**

The social factors influencing Kenya-China relations that the study discussed include; China's non-interference policy, education and tourism.

#### **4.3.1 China's Non-interference policy**

Since 1950s, China has effectively used the doctrine of non-interference to guide its foreign policy agenda in developing world. China originally used the policy in 1954 when China tried to reach out to non-communist countries of Asia. According to Rotberg (2008), the policy of non-interference is embedded in the Five Principles of Peaceful Coexistence that prevents Chinese leaders from intervening in the internal affairs of another country. China has refused to use its diplomatic power as leverage against governments that commit even the most extreme human rights abuses or corrupt practices. It justifies its “clean hands” stance by pointing to its long standing policy of non-interference. China believes its domestic issues are nobody's business, so it has no interest in meddling in the internal affairs of others (Taylor, 2006). This policy has been received enthusiastically by most African governments including Kenya thus it's one of the social factors influencing Kenya-China relations.

The non-interference policy is more popular among leaders than the ordinary citizens as the policy does not force leaders to accept democratic standards in order to partner with China. The non-interference policy is a departure from the Western policy which forces African governments into the so called ‘Washington Consensus’ designed to mold Africa into the image of the West. Alula (2013) argues that African leaders have grown impatient with Washington's neoliberal agenda, leading them to embrace another option that comes with no interference. Kenya's main traditional multilateral partners have been the European Union, World Bank and the African Development Bank while her main bilateral partners were the United States, United Kingdom, Japan, Germany, France and Italy (Momanyi, 2010). With the end of the Cold War, most Western partners started adding good governance and democratization to their criteria for judging relations with African countries especially in Aid relations. This

saw donor withdrawals ‘aid freeze’ to Kenya around 1993 forcing the former president Daniel arap Moi to start courting non-traditional partners especially China mainly because of their non-interference policy (McCormick, 2007).

When the NARC government took over power in 2002 they quietly embarked on a ‘Look East Policy’ that laid emphasis on improved relations with countries from the East. China started appearing in Kenyan national statistics among bilateral donors whereas before it was classified in the category of other donors. In an interview with an official from the ministry of foreign affairs (personal communication, June 15, 2019), it emerged that the shift towards China is an unwritten policy. Diplomacy is practiced in two fronts; table diplomacy and under the table diplomacy. Table diplomacy is done for public relations while under the table diplomacy is the actual diplomacy where strategy happens away from the public eye. Under the table diplomacy is where the real shift towards China is known.

Notwithstanding president Uhuru’s personal predicament and of his deputy at the International Criminal Court when they took over office in 2013 during their first term, he made clear his intentions to steer Kenya to greater heights at the global diplomatic arena. There was an assumption that the government would continue with president Kibaki’s ‘Look East Policy’. This perception arose from the strained relationship between Kenya and Western countries over the International Criminal Court cases (Brown and Sriram, 2012). Kenya lobbied the United Nations to try preventing the ICC from putting on trial the post-election violence suspects. Through its stated policy of non-interference, China emerged as a strong defender of Kenya during the ICC trials arguing that it was a matter of national sovereignty (Jianping and Zhixiang, 2005). The China-Kenya relationship is at its finest in history during the reign of president Uhuru’s second term as discussed in the earlier chapter. President

Xi Jinping and President Kenyatta have strengthened China-Kenya relations into Comprehensive Strategic Cooperative Partnership. The reign has been characterized with corruption among other issues thus the study works with the assumption that this could partly be motivated by China's non-interference policy.

The study found out that Kenya just like other African countries is partly motivated by the policy of non-interference since the West came up with conditionalities. The study found out that indeed there is a non-interference policy when China relates with a country although the policy is just on paper as China interferes in some instances. However, upholding the non-interference policy is increasingly becoming difficult to sustain for China. As in most of her engagement with Africa, China is concerned with access to strategic resources. Involvement in the resources leads to interference as both internal and external interests intersect in the acquisition of resources (Ngaire, 2008).

#### **4.3.2 Education**

Education can be applied to the process of globalization through knowledge economy. In the knowledge economy, education is crucial in ensuring economic productivity and competitiveness in the international context (Nogueira and Jaana, 2013). According to Reilly (2015), China's education aid includes five areas: higher education—primarily scholarships and university partnerships; vocational training, including teacher training; Chinese language instruction in developing countries through institutional support and volunteer teachers; school construction and educational materials; and collaboration with multilateral organizations on education and training. China's university scholarships and vocational training programs have grown sharply in recent years, as has Chinese-language instruction in developing countries. These three are the largest elements in China's education aid.

This study was concerned with not all sectors of education but specifically higher education. Institutions of higher learning have played a critical role in training the society throughout centuries by teaching professionals in various fields of knowledge. Thus higher education has potential economic and social benefits for individual and society, and generally driven by the cultural and political waves of a country. Education has been directly linked to social and economic development as seen by rising economic giants like China. Many researchers on Chinese higher education have observed that the higher education system in China is moulded by market needs with an emphasis on building a socialist market economy that has Chinese characteristics. In 1991, the Gross Enrolment Rate for China and Kenya was approximated at 3%. However, by 2015, China had reached 40% while Kenya was still staggering at about 10%. This justifies the relations between China and Kenya as Kenya has a lot to learn from China's education sector. Examining higher education in the two countries in relation to private and public sectors; in China, most students attend public universities (90%), while in Kenya, it is approximately 80%. It is fascinating to find out that China has a much higher Gross Enrolment Rate than Kenya with most students in the public sector; yet, its investment in education as a percentage of GDP is lower than that of Kenya (4% for China and 6% for Kenya by 2015).

In pursuit of a balanced trade, many developing countries have stepped up their spending on education so as to produce a working force that can make more sophisticated technologies. Kenya is no exception; since its independence, the founding Mzee Jomo Kenyatta emphasized on education that will solve the numerous ills that plague the young established country. Currently, with the vision 2030 still underway, Kenya has placed higher education as its only means to achieve its

industrialization goals taking China as its example of success. China and Kenya signed the agreement for cultural cooperation in September 1980. The two countries signed the protocol for the cooperation in higher education, according to which China was to provide Egerton University with apparatuses for teaching and researches with 2 teachers sent over to work there. Starting from 1982, China would provide Kenya every year with at least 10 scholarships. In 2002, the Kenyan students studying in China came to 58. Since 2015, China has provided over 67,000 training opportunities for Kenyans. It's worth noting that in 2018; around 170 Kenyan students were awarded China sponsored scholarships for further study in China. Chinese government has also established Confucius institutes at Kenyatta University and the University of Nairobi (Xiaoxia, 2019).

The first significant university linkage began in 1994, between China's Nanjing Agricultural University (NAU) and Egerton University in Kenya. The China-Kenya Horticultural Technology Center was established the following year at Egerton University (EU). In 1998, NAU began to provide Chinese language teachers, leading to the establishment of EU's Chinese Teaching Center. The Chinese embassy also provided Chinese language materials (NAU, 2011). The partnership has spawned 'spin-off' educational programs. For instance, NAU has established a number of scholarships and fellowships for EU teachers and students to study and work in Nanjing, and sent NAU teachers to EU (King, 2010). Using NAU's status as a training center under China's Agriculture Ministry, by 2012, EU and NAU had jointly trained over 200 senior agricultural technicians and experts from ten East African countries (China-Africa, 2012). In 2012, the first-ever Agricultural Confucius Institute was established at EU (King, 2013).

China's provision of scholarships for Kenyans to undertake higher education in China has also expanded. Since 1982, China had annually provided approximately ten university scholarships to Kenyans. This figure rose to 40 annual scholarships in 2007, following Beijing's 2006 FOCAC pledge to double its long-term training programs for Africans (King, 2010). By 2011, CSC scholarships for Kenyans reached 64 annually (BBC, 2011). By 2013, over 300 Kenyan students were studying in Chinese universities (Ochieng, 2013).

The first Confucius Institute (CI) in Kenya was established in 2005 at the University of Nairobi, in collaboration with Tianjin Normal University. The Chinese government provided construction and start-up costs, estimated at \$380,000 (Chinese embassy in Kenya, 2005). Through its support for infrastructure and equipment, the CI provides approximately US\$150,000 annually to the University of Nairobi. Plans are now afoot for a new building to be built to house the University's new Centre for Chinese Studies (King, 2010). In 2008, a second CI was established at Kenyatta University, in partnership with China's Shandong Normal University. Both CI's support Chinese-language instruction and cultural exposure at their host universities through the provision of language teachers from China, donation of teaching materials, and training of Kenya's Chinese-language teachers in China. They also provide scholarships for Chinese language study in China. Kenneth King (2010) identified the following scholarships for language study in China provided by the Nairobi-based CI: Chinese National Scholarship (1 person); Master's Degree (5); Undergraduate Degree (3) , One year training course (14 participants) ,One month training course (12 participants).

Kenya and China also enjoy exchanges in education, science and culture. The China-Africa Joint Research Center and China-Kenya Joint Laboratory for Crop Molecular



Biology have been operating smoothly in Kenya (Reilly, 2015). Indeed, Kenya has a lot to learn from China in the education sector especially higher education thus the study classifies education as a social factor influencing Kenya-China relation. Looking forward, the study recommends that collaboration with China on education aid could be expanded in several areas: school construction, technical and vocational training, and teacher training.

### **4.3.3 Tourism**

Tourism is mostly analyzed as an economic factor but this study will analyze tourism as a social factor as it promotes interactions between two countries enhancing international relations.

According to a report published in the Daily Nation of 7/8/2018, Kenya was among 10 African countries that were likely to benefit from increased number of tourists from China. Other countries mentioned as likely to benefit also from Chinese global adventurism were Tanzania, South Africa, Mauritius, Egypt, Morocco, Namibia, Cape Verde, Botswana and Tunisia. These countries are considered as the most competitive tourist destinations in Africa. This has been boosted by the increase in direct flights to some Chinese cities – as in the case of Kenya – China Southern Airlines increased the number of flights between Nairobi and Guangzhou city to three from two previously. Early 2017, Kenya Airways signed a code share agreement with Hong Kong Airlines increasing the frequency of flights to daily from once a week between Nairobi and Hong Kong targeting the growing trade with the Chinese city. The relaxation of visa rules in some countries like Morocco also encouraged more Chinese visitors to Africa. For instance, after Morocco exempted Chinese tourists from visa requirements in June 2016, it's argued that Chinese arrivals tripled in 2017.

The China Outbound Tourism Research Institute (COTRI) in partnership with the Kenya Tourism Board (KTB), conducted one-day training in March 2016 for Kenya's tourism stakeholders dubbed "China ready training programme". COTRI is the world's leading independent research institute for training, quality assessment, research and consulting on the Chinese outbound tourism market. The training brought together a total of 46 tourism stakeholders drawn from Hotels, Airlines, Tour Operators, Jomo Kenyatta International Airport taxi, Shopping Malls and Kenya government agencies including Department of Immigration, Kenyatta International Conference Centre, Utalii College, Ministry of Tourism, National Museums of Kenya, Nairobi County and Kenya Airports Authority. The training was aimed at educating the stakeholders and the general travel trade sector on the latest updates and developments as well as the dynamics of the Chinese market in response to the rapid expansion and growth of China's outbound tourism.

During the workshop, stakeholders were trained on Chinese culture so that they are prepared to welcome and cater for Chinese tourists in accordance with the Chinese customs, values, and demands. Speaking during the workshop held at Fairmont Norfolk Hotel, KTB acting CEO Mrs Jacinta Nzioka-Mbithi said Kenya was committed towards understanding and meeting the needs of Chinese tourists and therefore the training was timely to facilitate the adaptation of tourism related products and services in Kenya to suit their needs. The training was also meant to increase the number of Kenyan tourism stakeholders certified as China Ready so as to make the destination more appealing to Chinese consumers. Speakers from COTRI discussed the new trends and changes in China's outbound tourism, market demands and future developments (*Business Today*, March 29, 2016).

Still in the field of tourism, China embarked on a joint initiative with the Kenya Wildlife Service (KWS) to sensitise its citizens in Kenya on the tough penalties that illegal trade in wildlife, ivory and its products attract. According to the World Wildlife Fund (WWF) Chief Programme Officer in the China Branch, Zhou Fei, this followed talks between the heads of state of the two countries on the need for wildlife conservation. He stated that among the initiatives was a pledge to say 'NO' to the trade and to educate the public on the harsh penalties and other consequences of both wildlife and ivory trade. "The strengthening of laws to address illegal wildlife trade and the imposition of increasingly tougher penalties by many African local governments has meant that Chinese citizens based in these countries need to be more aware of these regulations and the consequences of engaging in wildlife crime," he said. "Legal ivory is no longer available in China. In addition, any attempt to bring ivory from abroad is illegal and will be punished by law. Ivory or rhino horn items are simply not options as souvenir gifts for international travellers." "With the recent expansion of Chinese investment in Africa, incidences of ivory smuggling involving Chinese nationals continue to be reported with serious reputational risks for China internationally," he pointed out. A senior Warden at KWS David Karanja stated that the initiative was expected to reduce any kind of trade in wildlife or ivory products as no single country can manage its wildlife alone. He added that partnership with both state and other players be it NGOs, communities or even in the industry is needed (Ndonga, 2019).

In conclusion, tourism is a key social factor influencing Kenya-China relations as tourism is one of the main foreign earners for Kenya. With the recent terrorist attacks in the country that led to travel advisories by most Western countries. Kenya is keen

on wooing Chinese tourists to fill up the gap. It's worth mentioning that in 2018, over 81,000 Chinese tourists traveled to Kenya for leisure and adventure.

#### **4.4 Economic Factors Influencing Kenya-China Relations**

##### **4.4.1 China's No strings attached policy**

Due to China's non-interference policy that the study has discussed earlier as a social policy, no strings attached policy comes in as an economic factor influencing Kenya-China relations. While the West attaches conditions like democracy, respect for human rights and corruption on their loans, China argues that they give loans with few or no conditions at all (Condon, 2012). During the Cold war period, both the United States of America(USA) and the Union of Soviet Socialist Republic (USSR) gave foreign assistance to countries; the Marshall Plan and Council for Mutual Economic Assistance (COMECON), with no conditions attached so as to win them on their side. When the Cold War eased in the 1990s, USA with her allies in Western Europe emerged as winners. They dominated world politics and formed the Organisation for Economic Cooperation and Development (OECD). OECD came up with a policy where foreign aid was linked to political reform and respect for human rights (Carey, 2007). OECD countries argued that making aid allocation connected to human rights conditions could be a powerful tool to improve universal human rights standards since foreign aid flows are the main source of external finance in developing countries.

The post-Cold War period witnessed massive human rights violations in most developing states. With the OECD conditionalities many countries especially in Africa started missing on foreign aid for instance USA introduced aid sanction against Zimbabwe, Sudan and Ethiopia. Against this background of this foreign aid isolation, China emerged as an alternative foreign aid partner. Unlike OECD countries, China

does not require recipients to adhere to any conditionalities. This study points out that China itself scores less in the human rights standards. According to the Transparency International 2008 Bribe Payer's Index, Chinese companies were ranked 21 out of 22 countries in bribe overseas (Transparency International, 2008). In some African countries like Namibia, South Africa and Zambia, Chinese managers have ignored local minimum wages refusing to pay social security and allowances.

According to Human Rights Watch 2004 report, in a five year period, \$4.2 billion worth of oil revenues were siphoned off from Angola public accounts. This amounts to 10 percent GDP in a country where most people live on less than \$2 a day. As a result in 2004, the International Monetary Fund (IMF) attached transparency requirements to the loans it provided to Angola. On the other hand China's Exim Bank offered \$2 billion worth of loans with no conditions regarding transparency attached. According to Keenan (2005), Angola turned down the IMF offer and agreed on China's offer in exchange of China getting 40,000 barrels of oil per day from Angola.

In the late 1990s, the American and Canadian companies abandoned South Sudanese oil fields due to investor hostility. In response, China stepped in and filled the void. Currently state owned China National Petroleum Corporation (CNPC) owns the largest share in Sudan's largest oil venture, the Greater Nile Petroleum Operating Company (Taylor, 2012). In violation of a UN embargo, \$100 million worth of aircraft and small arms were sold to Sudanese president Omar Al-Bashir between 1996 and 2003 by China. China responded by arguing that they don't believe in embargoes as they make people suffer (Brautigam, 2003). China has also expressed strong conviction of the non-universality of human rights (Brown and Sriram, 2012). The West has criticized China's "no strings" attached policy arguing that China's

involvement in Africa with “rogue and corrupt” states rewards the behaviour of dictators and actively funds the oppression of reformists. They propose that China should use its economic leverage as a political tool and threaten to cut off financial ties to recipients who violate human rights (Coyne and Ryan, 2008).

In Kenya, the no strings attached policy has also been manifested. For instance in 1982, president Moi amended the constitution making Kenya a one party state. He also adopted a new set of electoral procedures; mlolongo system and controlled the press. Soon after the Western donors imposed an aid conditionality requiring states to allow multipartism, secret ballot, freedom of the press (Lawson, 2013). In response Moi started warming up to new suitors like China, India, South Korea and other non-Western nations. By the time Moi left office in 2002, he had succeeded in improving relations with the East especially China. He had wanting human rights record but China overlooked these realities as it strengthened its relations with Kenya.

When the NARC government took over power, what started as an innocent exchange between former British ambassador to Kenya, Edward Clay and a few powerful members of the cabinet over allegations of corruption led to diplomatic clash between Kenya, the UK and USA. Kibaki’s government seem bent on breaking what had always been perceived by the previous government as Western condescending attitude and lectures on human rights and democracy tied on foreign aid. President Uhuru in both his first and second term has been keen on strengthening China’s relation bearing in mind his personal predicament and that of his deputy at the ICC when they took over office. Indeed the no strings attached policy is an economic factor that has not only influenced Kenya’s relation with China but also other African countries as discussed earlier.

#### **4.4.2 Mutual economic benefit**

When the Chinese premier Zhao Ziyang visited some Africa countries in December 1982, he announced 'Four Principles' of Chinese cooperation with Africa: equality and mutual benefit, emphasis on practical results, diversity in form and economic development (Taylor, 2001). The former president of Senegal, Abdoulaye Wade wrote an article in the Financial Times arguing that the Chinese do not have a colonial hangover like the West what they do in Africa is for 'mutual economic benefit' (Financial Times, January 24, 2008). Mutual benefit is manifested where foreign aid for a long time had crippled African countries Kenya included. With the issues of conditions attached to it, many countries that could not meet the Western standards missed out on aid. China is seen as a way out of the mess that the West created. On its part China is interested in economic resources that are plenty in Africa in exchange of foreign aid thus an instance of mutual economic benefit. Some African leaders feel that they have a lot to learn from China's success. The former president of Zimbabwe, Robert Mugabe metaphorically speaking stated that "the sun has set in the West and has risen in the East" to state his frustrations at the West and his confidence in China (Gaye, 2008).

To highlight a few of Kenya's deals from China in recent years we have a \$5 billion (Sh425 billion) in investments from China covering railways, energy, wildlife protection and joint ventures. One of the key projects being the standard gauge railway that would link Mombasa port and Malaba that is expected to improve access to Uganda, Rwanda, Burundi and the Eastern Democratic Republic of Congo. The multi-billion Standard Gauge Railway (SGR) which is expected to cost Kshs 327 billion with China funding 85 per cent of the project with the first phase completed and the second phase underway. China-Africa Development Bank is to be set up in

Nairobi and Kshs 170 billion would be pumped in. Another major project was the China-Africa Research Centre that was to be funded at a cost of Kshs 5.1 billion. On wildlife conservation, China announced Kshs 860 million financial support for wildlife conservation in Kenya. We have more recent the signing of a trade agreement for the export of frozen avocados from Kenya to China, which followed the signing of an MoU on Sanitary and Phytosanitary Standards late last year for the export to China from Kenya of various horticultural products. The signing of a Framework Agreement between the Kenya National Highways Authority and the China Road and Bridge Cooperation for the construction of Kenya's first expressway from Jomo Kenyatta International Airport to Westlands. The signing of a financing agreement valued at Sh17 billion between the Kenya and China EXIM Bank for the construction of the Konza Technopolis Data Center and IT infrastructure.

However, the idea of mutual economic benefit between China and developing countries differs among scholars. Thierry Bangui a development consultant and Fweley Diangitukua a Congolese economist believe that mutual benefit is a hoax (InfoSud, 2010). They argue that China importing its own workforce to work on projects in Africa is disadvantageous to Africans but beneficial to China as it allows her to solve the unemployment problems back at home. The same views are upheld by Beuret and Michael (2008), Alesi and Hanson (2012) who argue that the Chinese government encourages entrepreneurs to travel abroad and seek greener pastures and Africa more so Kenya happens to be the destination. These investors are believed to come with fierce competition especially in the informal sector which is normally a reserve of the local entrepreneurs. It was unheard of for Chinese doing business in any of Kenya's markets. But recently it is becoming a common sight something that is



causing friction with small scale entrepreneurs who feel their livelihoods are being threatened.

According to Okoth (2019), small scale traders have new competitors in Nairobi's Gikomba, market. The market is famous for its second-hand clothes stalls and there is a lot of money in circulation there. Gikomba is arguably East Africa's largest second-hand clothes market - and to understand how popular these garments are in Kenya, one just has to look at the statistics). According to the Kenya National Bureau of Statistics, traders imported 177,160 tonnes of second hand clothes in 2018 valued at about 17billion Kenya shillings that are up from 135,868 tonnes in 2017 and 106,974 tonnes in 2014 thus it is a fast-growing market. As it's reported in the media, Chinese traders have opened shops in the informal market that have been for decades a preserve for locals. Backed by their strong financial muscle the Chinese traders have control of the supply chain from import to wholesale down to retail level giving locals a run for their money. Although Gikomba market has other traders from Tanzania, Rwanda and Congo, local traders say Chinese businessmen posed a new threat given their deep pockets. "It is not just here, we used to distribute to other towns like Kisii and Eldoret but the Chinese have also opened shops there, where they now distribute as well. It is getting worse, stocks are moving slower and traders are getting really frustrated," said Lydia Njeri, whose shop is adjacent to a Chinese second-hand clothes dealer in Gikomba's Mumbai Building (personal communication, July 25<sup>th</sup> 2019).

The story of the Chinese in Gikomba market has been met with conflicting opinions. Those who support the Chinese presence in Gikomba argue that the Chinese could be partnering with local traders to support them and thus their role is simply to supply goods as there is no law barring that in Kenya's free-market economy. Those opposed

to the influx of Chinese small-scale traders have appealed to the government to intervene but it is believed President Uhuru Kenyatta will not take any drastic measures because of Kenya's reliance on funding from China to complete major infrastructure projects; the \$25billion Lamu Port and the South Sudan Ethiopia Transport (Lapset) corridor project, which will have a port, oil terminal and rail links to Ethiopia, Uganda and South Sudan.

In 2018 China and Kenya celebrated 55th anniversary of friendship. The Chinese embassy in Kenya hosted a reception to mark the 55<sup>th</sup> anniversary of the establishment of China-Kenya diplomatic relations. In attendance were Raphael Tuju, cabinet secretary and secretary-general of the Jubilee Party, Aden Duale, majority leader of the National Assembly, Shakeel Shabbir, chairperson of the Kenya-China Friendship Group of the Parliament, Richard Tong'i, vice chairperson of the departmental committee on Defense and Foreign Relations of the Parliament, and Sarah Serem, ambassador-designate to China. Speaking at the function Embassy charge d'affaires Li Xuhang said "China-Kenya relations are at a new historical point, with unprecedented opportunities and broad prospects. Facing the future, we will continue to uphold the principles of strategic mutual trust, win-win cooperation with shared benefits, and push forward the better alignment of the Belt and Road Initiative and Eight Major Action Plans of the Forum on China-Africa Cooperation Beijing Summit with Kenya's Big Four Agenda, to achieve faster and greater development of China-Kenya relations," (Morangi, 2018). In his address, Tuju said China had contributed significantly to Africa's struggle for freedom against colonialism and that this cooperation has grown and is now witnessed in development projects, including infrastructure expansion, agriculture modernization, industrialization and skill transfer. "Kenya is investing in growing its cooperation with China. We know this is

causing jitters in other quarters but China is the second largest economy globally and this has been achieved in only two decades. There are some invaluable lessons Kenya and other Africa countries can borrow, and we can be successful through serious and concerted efforts," he said (morangi, 2018).

Data from the Kenya National Bureau of Statistics (KNBS) shows that the Kenyan agro-processing sector registered a 4.18 percent decline in the 12 months before October 2018. With the country's increasing food needs, this essentially means that more imports were consumed locally, at the expense of local production. According to the Daily Nation of September 7<sup>th</sup> 2018, the Directorate of Horticulture said Kenya was now importing half of the total garlic demand from China. In a year, the country produces about 2,000 tonnes, which is not enough to meet the annual demand. For farmers, these bleak statistics are worrisome as more than 80 percent of Kenyans living in the rural areas are engaged in agricultural activities, with agriculture contributing about 34.6 percent to the country's GDP, according to the 2018 Economic survey.

This study concludes that although mutual economic benefit is an economic factor influencing Kenya-China relations, mutual economic benefit cannot exist between two countries with different economies as the stronger economy stands to benefit more from the relationship. Therefore for Kenya-China the relation can be explained in terms of mutual advantage and not mutual benefit.

#### **4.4.3 Affordability of Chinese goods**

China is Kenya's main trading partner thus taking a bigger market share compared to countries like Japan, USA, South Africa, India, Germany, UK and Saudi Arabia which have been Kenya's traditional partners. Kenya imports a wide range of products from

China with many shops in the country full of China made products ranging from electronics, clothes, cookery, toys, construction materials, utensils, shoes, motor bikes and herbal medicine. The argument has been that China's goods are very affordable making them to be within reach of many citizens. This study raises a question; despite huge capabilities in countries like India's manufacturing industry, how do Chinese producers penetrate the local markets and sell goods cheaper than their counterparts? To respond to the above question the study highlighted a few policy initiatives which could be making the cost of manufacturing cheaper in China thus making their goods affordable influencing China-Kenya economic relation. First, the popular argument given for cheaper production cost in China is the low wages paid to the workers there. Although, if this would have been the principal reason, countries like Bangladesh, Vietnam, Thailand which offer even lower wages to workers would also produce such products more economically but they don't. Secondly, the credit for success of Chinese industry should be attributed to the properly planned and precisely executed policies of the Government. The Chinese Government initiated thoughtful strategies when they decided to open the doors of their economy to foreign investors some three decades back and have diligently supported the manufacturing ecosystem at their end. Thirdly, China's government policy maker has remained on economy of scale. They have focused on mass production of products in their factories which lowers their aggregate cost significantly and this makes it cheaper. Fourth, China always plans to export their products to the global markets thus the quantum of global demand they eye upon to cater is huge when compared to other countries who concentrate mainly on local demands and their scale is obviously lower which makes the product price higher. The billions of dollars invested by China for improvement of highways, roads, rail network and ports in the last couple of decades have enabled the industry to move

the raw materials or finished products easily. This reduces the time and cost spiral for transporting the materials and improves the productivity. Similar is the case for electricity generation where Chinese manufacturing businesses can remain assured of uninterrupted electricity power at very cheap rates.

In addition, it's argued that the Chinese government does not bind itself with Intellectual Property issues. This allows the industry to copy the products developed successfully elsewhere in the world. There are evidences that China imports, dismantles and studies the popular products from different countries then copy the design and produces the product in large quantities. Since the Chinese government has not signed World Trade Organisation agreement, this does not bind it to desired transparency stipulations. Economists believe that China skillfully manipulate their currency value to their advantage. They deliberately keep their currency weak against US dollar which helps them keep their products competitive for exports. They even export goods at lower rates than their cost in China itself to avail the benefits. This is termed as dumping in international trade. Also goods shipment from China is cheap and easy with many companies offering shipment and bulk airmail services at a lower cost compared to shipment and air transport in other developed countries this also contributes affordability of Chinese goods.

Unfortunately the cheaper Chinese products are causing severe damage to the local manufacturing units of the importing country many of which are compelled to eventually close their operations making room for more imports to meet the local demands. The best example is the Chinese fish imports business to Kenya which has affected local production and trade. Data from the State department of fisheries indicate that in 2019 Kenya imported 22,000 tonnes of fish mainly from China, worth

Sh1.7 billion against Sh1.5 billion the previous year; stepping up competition with the locally produced ones in a move that is almost edging out Kenyan traders. Chinese government is known to facilitate such activities by their local industry ignoring the protests raised by many countries. Already, there is tension over Chinese fish trade, with locals strongly objecting and to which China has responded with threats; indicating it would resort to withholding aid to critical areas should the opposition to their fish persist.

In conclusion, president Uhuru has signed a number of agreements with the Chinese government inviting investors into Kenya. These investors will produce their products locally making them available in the market at cheaper prices to be used locally and for export. Kenya's economy will be raised because of exporting these products therefore affordability of China's products is an economic factor promoting China-Kenya relation as explained extensively above.

#### **4.4.4 Infrastructural investment**

China has a long history of infrastructure investment in Africa, and this has remained the country's most visible legacy to this day. In the 1970s, China constructed the 1,710 km Tanzania-Zambia railway; Tan-Zam Railway completed in 1976, which linked landlocked, mineral-rich Zambia to the Indian Ocean. China's aid for the project consisted of a nearly one billion interest-free loan, over one million tons of machinery and materials, and 50 thousand laborers to undertake construction efforts. Zambia's first president, Kenneth Kaunda, hailed China's support, and claimed the railway served as "a model for south-south cooperation." Over the past two decades, China has helped to meet some of Africa's infrastructure financing needs and currently she the single largest financier of African infrastructure, financing one in

five projects and constructing one in three mega projects. Most of these projects are in the transport, shipping and ports, energy and power, real estate including industrial, commercial and residential real estate.

Most of China's loans to Africa go into infrastructure projects such as roads, railways and ports. China's loan issuance to Africa has tripled since 2012. New debt issuance by Chinese institutions to African governments increased dramatically in the past five years, rising to some \$5 billion to \$6 billion of new loan issuances each year in the 2013–15 period. The McKinsey report suggests that in 2015, these loans accounted for approximately one-third of new sub-Saharan African government debt. Most of these loans are linked to infrastructure projects, such as China EXIM Bank's \$3.6 billion loan to finance the Mombasa-Nairobi Standard Gauge Railway in Kenya. From 2000 to 2017, the Chinese government, banks and contractors extended US \$143 billion in loans to African governments and their state-owned enterprises (SOEs). Anyanzwa (2018) observes that Chinese contractors have taken centre stage in the implementation of infrastructure projects in Africa as funding by the continent's development finance institutions shrinks.

The economic relationship between China and Kenya has evolved noticeably over the last five years. The Kenyan government has also been committed to funding infrastructural projects as the road expenditure makes up to 50% of the public expenditure. In 2011, the recurrent expenditure rose from 32 billion in 2008 to 40 billion. The budgeted amount on expenditure has also increased from 52 billion in 2007 to a record high 109 billion in 2011 (World Bank, 2008). According to a report by Deloitte consultancy firm titled the *Africa Construction Trends (2018)*, it showed that East African governments fund only 12.9 per cent of their projects in the region with China financing 25.9 per cent. Most of China's funds go into infrastructure as

social sectors such as health and education remain low. The report also stated that the significant role played by China in advancing funding for infrastructure development in East Africa speaks to the importance of the region as a touch-point for China's Belt and Road Initiative. China Belt and Road Initiative is Beijing's multibillion dollar Marshall Plan that seeks to strengthen Chinese global dominance through investment in infrastructure around the world worth more than \$1 trillion. The initiative was launched by President Xi Jinping in September and October 2013 during visits to Kazakhstan and Indonesia. From Southeast Asia to Eastern Europe and Africa, the initiative connects 71 countries that account for half the world's population and a quarter of global GDP. So far Chinese companies have secured more than \$340 billion in construction contracts along the Belt and Road.

According to the *Africa Construction Trends (2018)* report, the total number of projects in East Africa rose by 96 per cent between 2017 and 2018, with high value projects such as Kenya's Konza Technology Park and Tanzania's Bagamoyo mega port boosting the region's infrastructure agenda. Kenya has the largest number of projects in East Africa, with 41 projects valued at \$38.2 million, followed by Ethiopia with 38 projects valued at \$19.1 million. China has overtaken external lenders to become largest financier of infrastructure projects that have positioned Kenya as an unrivalled transport and logistics hub in the region. The Africa Construction Trends report indicated that Kenya had the highest number of infrastructure projects financed by China across the eastern African region. There has been an increase in Chinese investment in Kenya particularly in the transport sector.

Mugendi (2011) identifies some of Chinese companies that have been involved in the construction of major road networks in Kenya which include China Wu Yi (Kenya)



Corporation, Sheng Li Construction Company and Sino hydro Company. Some of the road networks include; Nairobi- Thika Highway, Airport road in Nairobi, Kipsigak - Serem - Shamakhokho in Rift Valley, Kima-Emusustwi Road and Gambogi-Serem road in Western Kenya. Key among the infrastructure development is the Nairobi-Thika highway improvement project. The project contributed to enhancement of transport services and urban mobility in Nairobi by reducing general transport costs, improving accessibility to public transportation, employment opportunities, housing, and recreation activities. In addition, the project has promoted private sector participation in the management and operation of road infrastructure in Kenya.

According to Huax (2019), modern infrastructure projects like roads, ports and railways that are either financed or built by China have transformed the country. Philip Mainga, acting managing director of Kenya Railways Corporation said that China's immense contribution to expansion and upgrading of transport infrastructure in Kenya has unleashed benefits to the economy and citizens especially the ease of travel and employment opportunities. He singled out the phase one of the Standard Gauge Railway (SGR) project that was launched on May 31<sup>st</sup> 2017 for ensuring there is seamless movement of people and cargo between the port city of Mombasa and the capital, Nairobi.

According to Xinhua (2019) huge infrastructural projects like the standard gauge railway (SGR) may take long to yield returns, but they are solid and valid assets, whose value will grow in time. The SGR project according to Chinese Ambassador to Kenya Wu Pen is a flagship project that showcases the fast speed and high quality of China-Kenya cooperation. Wu argues that the building of Mombasa-Nairobi SGR has driven Kenya's economic growth by 1.5 percent and created 46,000 jobs for local residents. He said the train shortened the Nairobi-

Mombasa trip from over 10 hours to five hours. Since its launch in May 2017, with an average booking rate of 99 percent, over 2.77 million passengers have travelled by the SGR, and around 4.2 million tonnes of goods have been transported.

Kenyan investors have hailed the Chinese-built infrastructure projects saying they have stimulated economic growth and boosted the country's attractiveness as an investment destination. Kamau Njuguna, a member of East African Chamber of Commerce argues that China's infrastructure projects have changed the image of the country for the better thus improved investor confidence thanks to ease of travel. In addition to that Njuguna said that completion of phase 2A of SGR project that will link Nairobi to the resort town of Naivasha, will have positive impact on horticulture and tourism as it will cut down on cost of travel from Nairobi to Naivasha and the benefits will be felt by horticulture farmers as well as local and foreign tourists Xinhua (2019).

Kenyan youth have also acquired skills and gainful employment courtesy of the Chinese-funded infrastructure projects like the Standard Gauge Railway that is a critical component of the Belt and Road Initiative. Boniface Musimba, a technician at phase 2A of SGR said that knowledge and skills transfer has become a defining feature of China-built infrastructure projects. Local communities too have gained from modern infrastructure projects financed by China thanks to reduced cost of travel and opening up of the hinterland. John Mwathi, community leader in a village near Naivasha town said phase 2A of the SGR project has transformed rural livelihoods through growth of small businesses. As the value of ancestral land has gone up since the construction of phase 2A of SGR phase began. The youth have benefited from jobs and the contractor has assisted the locals construct new classrooms and water pans (Xinhua, 2019).

According to the presidential service communications unit on April 26<sup>th</sup> 2019, president Uhuru witnessed the signing of two project delivery agreements totaling to Kshs 67.5 billion. The projects included the Konza Data Centre and Smart Cities Project to be undertaken by Chinese telecommunications giant Huawei at a cost of Sh17.5 billion and the construction of the Nairobi JKIA to James Gichuru expressway on a Public Private Partnership arrangement by the China Road and Bridge Corporation for Sh50 billion. The JKIA to James Gichuru expressway will be the first of the new toll roads in Nairobi. As it's a privately initiated project by a private Chinese company and is off the Government's balance sheet. The road is expected to ease traffic flow on the busy Mombasa highway as part of the ongoing interventions by the Government to decongest key roads in Nairobi. It will be the first of its kind in Africa with unique design features that combine underpasses, overpasses, exits as well as a Bus Rapid Transit (BRT) component covering the entire stretch.

President Kenyatta attended the opening ceremony of the Second Belt and Road Forum (BRF) at the China National Convention Centre in central Beijing where he addressed a High-Level Session attended by his host, President Xi Jinping of the People's Republic of China. He was accompanied by Cabinet Secretaries Dr. Monica Juma (Foreign Affairs), Peter Munya (Trade) and James Macharia (Infrastructure) among other senior government officials. According to Capital news (April 26, 2019), in his remarks, President Kenyatta thanked China for the Belt and Road Initiative (BRI) projects which he said are expanding economic activities and unlocking potential for prosperity in many developing countries including Kenya. The President said Kenya is proud to be a founding and active member of the BRI adding that Kenya shares a common vision with China for the development and transformation of the country and the entire East African region. "We are a gateway to the African

segment of the Golden Belt of the BRI that stretches from the Port of Mombasa to Kisumu on Lake Victoria and the East African hinterland, to the port of Kinshasa. In addition, is the corridor stretching from Lamu to South Sudan and Ethiopia-the LAPSSET corridor that connects the Great North Corridor to northern Africa,” the President said. He said Kenya is proactively playing its part in the delivery of BRI through the ongoing modernization of the Port of Mombasa and the construction of the SGR and called on neighbouring countries to play their part in the initiative. President Kenyatta said to achieve the full benefits of the BRI in Kenya and the rest of the African continent, focus should be on building synergies and complementarities between infrastructure and industrial development. Thus the study concludes that indeed infrastructural development is an economic factor that promotes China-Kenya relation. China’s infrastructural investment in Kenya is believed to have created so many jobs and opportunities for local entrepreneurs who supplied construction materials like cement, steel and sand.

#### **4.4.5 Foreign aid**

China is among the largest donors to Africa, Chinese official development assistance (ODA) to Africa amounted to \$6billion in 2012. Chinese foreign aid expenditures increased steadily from 2003 to 2015, growing from USD 631 million in 2003 to nearly USD 3 billion in 2015. Although the United States promised \$90 billion in the same period, Chinese aid was more sought after. Unlike Western assistance, which comes mainly in the form of outright transfers of cash and material, Chinese assistance consists mostly of export credits and loans for infrastructure (often with little or no interest) that are fast, flexible, and largely without conditions. The International Monetary Fund estimates that, as of 2012, China owned about 15 percent of sub-Saharan Africa’s total external debt, up from only 2 percent in 2005

(Kobuthi, 2019). McKinsey & Co. reckons that, as of 2015, Chinese loans accounted for about a third of new debt being taken by African governments.

In 2015, the China-Africa Research Initiative (CARI) and John Hopkins University identified 17 African countries with risky debt exposure to China, potentially unable to repay their loans. It says three of these; Djibouti, Republic of Congo and Zambia remain at risk of debt distress derived from these Chinese loans. In 2017, Zambia's debt amounted to \$8.7billion, of which \$6.4billion is owed to China. For Djibouti, 77% of its debt is from Chinese lenders. Figures for the Republic of Congo are unclear, but CARI estimates debts to China to be in the region of \$7billion. Angola is the top recipient of Chinese loans, with \$42.8 billion disbursed over 17 years. Yet, Chinese loans are currently not a major contributor to the debt burden in Africa; much of that is still owed to traditional lenders like the World Bank.

According to Dahir (2018), Kenya's public debt load has surpassed the 5 trillion shillings mark (\$50 billion) raising questions over the government's borrowing spree and how it would show proceeds in terms of economic growth and whether the government would repay these loans in the long run. China is now by far Kenya's largest lender accounting for 72% of bilateral debt by March 2018 according to documents from Treasury (Business Daily, March 24<sup>th</sup> 2018). This is a 15% increase from 2016 when China accounted for 57% of Kenya's bilateral debt. Bilateral debt refers to debt between nations and is part of a country's overall external debt, which also includes debt to international organizations like the World Bank, referred to as multilateral debt. This particular study argues that the growing access to Chinese funding points to the Sino-Kenya relations with Kenya looking to access easy loans with few strings attached as discussed earlier. The government has defended the borrowing spree arguing that it is part of its efforts to upgrade infrastructure, expand

energy options and improve transport systems. However critics argue that increased lending from China will encourage dependency and can entrap the nation in debts. Kiseru (2018) a columnist with a Kenyan paper, Daily Nation wrote in May that, “the Chinese have become a dept. at colluding with cabinet secretaries and heads of parastatals into signing opaque commercial agreements that end up saddling our external debt register with expensive loans,”.

Kenya’s rising debt is causing concerns globally. In February 2018, global rating agency Moody’s downgraded Kenya’s rating owing to rise in debt levels and deterioration in debt affordability. The International Monetary Fund also stooped Kenya from accessing a \$1.5 billion standby credit facility also owing to non-compliance with fiscal targets. The IMF urged the country to lower its deficits and put the country debt onto a sustainable path (Dahir, 2018). Against this background the country is faced with corruption scandals involving government officials who allegedly siphon tens of millions of dollars from the state using fake tenders and suppliers. In early May 2018, Kenya was the latest nation to join the Asian Infrastructure Investment Bank, a China led financier that offers credit by dropping the conditionality on deregulation, privatization and reforms that come with aid from the Western led multilateral agencies.

#### **4.5 Challenges facing Kenya-China relations**

According to the Ipsos Synovate survey conducted between July 25 and August 2, with the findings released on Wednesday 5<sup>th</sup> September 2018, more Kenyans believe that China constitutes the biggest threat to the country’s economic and political development than the United States of America. The survey revealed that 26 per cent of Kenyans see China as a threat to the development of Kenya, more than double the perception towards the US which ranks at 12 per cent up. According to the survey the

unfavorable perception of China comes in the shape of threats posed by its cheap goods, fear of fostering corruption and leading to job losses. A total of 38 per cent of Kenyans think that the continued relationship between Kenya and China will lead to job losses. Another 25 per cent think that China will flood the Kenyan market with cheap goods compared to 18 percent perception of the US. More Kenyans also feel that China will foster corruption in the country compared to US with 8 per cent and 5 per cent respectively (Omulo, 2018).

Labour unions, civil society groups, and other segments of African societies criticize Chinese enterprises for poor labour conditions, unsustainable environmental practices, and job displacement. Good-governance watchdogs warn that China negotiates unfair deals that take advantage of African governments' relative weaknesses and that foster corruption and wasteful decision making. In their view, China perpetuates a neo-colonial relationship in which Africa exports raw materials to China in exchange for manufactured goods. In some countries, resentment at Chinese business practices has led to popular protests and violence against Chinese businessmen and migrants (Hanauer, and Morris 2014). Small-scale traders in Gikomba, Nyamakima and Kamukunji markets in Nairobi have new competitors, the Chinese. According to a report published by the Business Daily on June 10<sup>th</sup> 2019, tens of Chinese traders have opened shops in the crowded, informal markets that have for decades served as the entry points for second-hand clothes and cheap Chinese imports. Backed by strong financial muscle, the traders have taken strategic control of the supply chain from import to wholesale and down to the retail level, are giving local traders a run for their money. The teeming Gikomba market has for decades been a magnet for traders from neighbouring countries, including Tanzanians, Rwandese and Congolese, but local traders say the Chinese businessmen have posed a new threat to their survival given

their deep pockets. Local traders say they can hardly compete while faced with price undercutting and strong business links for the Chinese from their business associates in Beijing. Traders decry worsening prospects for their businesses that also include secondhand shoes, kitchenware and baby items at both retail and wholesale levels. At Gikomba market, Kenya's biggest secondhand clothes and household items market, the Chinese operate retail shops adjacent to the very traders they sell wares to at wholesale prices (Okoth, 2019)

There have been concerns on the growing levels of Chinese money and products flowing into Kenya, with critics arguing that China has only contributed to burdening Kenyans with more debt. As of June 2017, China controlled no less than 66% of Kenya's total Sh722.6bn (US\$7.2bn) bilateral debt, according to the Kenya National Bureau of Statistics in its 2018 economic survey. Which is more than a seven-fold increase from China's Sh63bn (US\$625million) debt to Kenya in 2013. One of the key drivers of the increase could have been the construction of the Standard Gauge Railway, and the number is expected to increase even further as the project enters its second phase – extending the railway from Nairobi to Naivasha, which is financed by China Exim Bank. Omondi (2017) observes that many African leaders have been endeared to China by the latter's deep pockets, most of whom have grown wary of lectures from their traditional donors from the West as China's cash comes with no strings attached. He further argues that China has “stretched Kenya's hospitality”, “taking advantage of the country's open-door policy to flood the market with all manner of goods”, while adding that “no sector is safe from the ‘Sino-invasion’” – anything from Chinese construction machinery and building materials to used clothing, onions, tilapia, tooth picks and toilet paper are now flooding the East African nation. According to Wass (2018), 2017, Kenya imported goods worth



US\$7.38billion from China, while it only exported US\$114.5million-worth of goods to the Asian country, according to estimations by Coriolis Technologies, a trade data firm.

Kenyan workers have also begun to fault Chinese companies for unfair labour practices, including disputes over wages and working conditions. According to a story published in the Standard newspaper on 8<sup>th</sup> July 2018, there are now more than 40 trained Kenyan locomotive drivers whose job should be to drive the standard gauge train. But the closest they have gotten is sitting in the driver's cabin. The company had employed 50 Chinese drivers against 38 locals. A number of track maintenance technicians, who were employed with at least a diploma in civil engineering, also ended up doing menial jobs after Chinese contractors took up theirs. Some Chinese who came in during the construction phase opted not to go back home. Instead, they remained behind to do jobs that Kenyans can easily do such as landscaping, pruning flowers, clearing thickets, running apartments and cooking. It is reported that the Chinese contractor have also opted to keep most of their equipment programmed in Chinese, making it impossible for Kenyans who do not read Chinese to progress beyond menial jobs, despite being employed as technicians, engineers and drivers. Africans are still being referred to as trainees despite more than one year working in the field. The Chinese working in the same capacity only need two weeks of the same training and they are graduated to expert level (Wafula, 2018).

In February 2020, a Chinese chef was arrested after a disturbing video surfaced of him brutally caning one of his Kenyan workers at a restaurant in Nairobi. A video on K24 TV, a local television station that went viral depicts the chef handing down back lashes on Kenyan man who is a waiter at restaurant, for being late to work. The worker was allegedly given an option to pay up for being late or take the beating

(Smith, 2020). The alleged mistreatment sheds light on what some say is a deep-rooted trend of mistreatment of Kenyan citizens by Chinese bosses that mirrors the slave experience. After an investigation, three other Chinese nationals were arrested on Feb. 9 for illegally working at the restaurant, according to statement by the Directorate of Criminal Investigations.

For Kenyan trade finance bankers, China's unconventional approach to business, one which doesn't always align with the way traditional banks have set up their trade finance departments has not gone unnoticed. One concern is that local banks, regardless of their investment in Chinese employees and departments, are not gaining as much advantage from Chinese commercial activity as had been hoped. According to a trade finance banker from one of the country's tier one banks, the Chinese don't have trade instruments, they do open account and thus they hardly do letters of credit for Chinese transactions (personal communication 5<sup>th</sup> March 2020). This comment was echoed by a trade finance business development manager at Co-operative Bank of Kenya who stated that the main challenges they are having as banks is that there is a shift towards open account trade especially with counterparties from Asia. They see a lot of advanced payments, which is a major risk for their customers. And even when trade does involve trade finance instruments, he says that Kenyan banks are sometimes cut out of the deal altogether by local Chinese branches, a trend he says is "a major cause of concern". In addition to that he observed that there are a lot of the Chinese banks setting up locally, so instead of marketing their products from offshore, they would set up a local office and build customer relationships from there. This means that there are less and less opportunities for local banks to do business (Personal Communication, 5<sup>th</sup> March). This challenge has led to the formation of the Trade Finance Association of Kenya, a local professional body whose aim is to create

a place for Kenya's financial institutions to discuss professional challenges, harmonize practices and take a united position on common issues through monthly meetings.

Still for China's presence in Kenya, environmental concerns have been raised by international and local non-governmental organizations. They point to a lack of resource transparency and limited efforts to ensure animal and environmental protection. But what is alarming conservationists and wildlife activists is the number of wildlife that are being run over by the SGR train as it snakes its way from Mombasa to Nairobi and back. According to Wafula (2018), at least two lions and five buffaloes had been killed as images have emerged of these dead lions and buffaloes, some below the tracks after they were hit and others as they are lifted off the path using cranes. The promise that measures had been put in place to secure wildlife appears to have been used to pacify conservationists and activists.

#### **4.6 Conclusions**

The growth of the relationship between Kenya and China is one of the great stories of the twenty-first century, part of the profound transformations taking place in the global political economy. The relationship has been greeted with excitement, consternation, and confusion as discussed in the chapter. To some it represents the enduring partnership between Africa and China, spawned by the historical affinities of struggles against Western imperialism. To others, it is the re-emergence of European colonisation a century earlier, in which Kenya serves as a cheap source of raw materials, a lucrative export market for Chinese manufactured goods, and an outlet for its surplus capital. Rather than a development partner, some see China as Kenya's biggest development competitor, whose explosive growth and insatiable quest for global markets threatens Kenya's industrialisation and competitiveness. Economic

factors outweigh social factors when analysing factors that motivating Kenya-China relations.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This study was designed to carry out an investigation on the social and economic factors influencing Kenya-China relation and its challenges. The study has established several factors which have influenced Kenya-China relations thus making Kenya make the unprecedented shift towards the East. This chapter therefore presents the summary, conclusions, recommendations of this study and areas for further research. This is based on the research findings that is presented and discussed in the study.

#### 5.2 Summary of Findings

The study was conceived on the observation that during the Cold War period, Kenya was pro-western bloc and even refused aid from China on the basis of ideological differences. Thus the unprecedented shift of Kenya towards China is a change that calls for interrogation. The study sought to analyse the nature of Kenya-china relations, to find out the socio-economic factors influencing Kenya -China relations and to discuss challenges facing Kenya-China relations.

The study adopted the individual level of analysis to analyze Kenya-China relations since independence solely focusing on the presidents. The study adopted the individual level of analysis to analyze Kenya-China relations since independence solely focusing on the presidents. The chapter analysed the data looking at the eras of the different presidents; the late Jomo Kenyatta (1963-1978), Daniel Moi (1978-2002), Mwai Kibaki (2002- 2012) and current president Uhuru Kenyatta (2012-present). Kenya's presidents in the past five decades have reacted differently to international geo-political situations and this can be used to explain the nature of Kenya-China relations since independence. At the time of Kenyatta's death in August

1978, Kenya's foreign policy was firmly anchored on the Western sphere. By the time Moi left office in 2002, he had laid foundations for improved cooperation with China, diversifying the country's investment sources. President Moi's government had a wanting human rights record thus Western government such as Britain and France had accommodated Kenya until 1990s when they introduced conditionalities but China overlooked these realities as it strengthened its economic relations with Kenya. Although not stated as an official policy, the NARC's government quietly embarked on a "Look East Policy" that laid emphasis on improved relations with countries from the East. President Kibaki seemed bent on breaking what had been perceived by the previous government as Western condescending attitude and lectures on human rights and democracy. Notwithstanding his personal predicament and of his deputy at the International Criminal Court when they took over office, President Kenyatta made his first state visit outside Africa to China on August 19<sup>th</sup> 2013. In November 2018, the President was also in Beijing to attend the 7th FOCAC summit. Among the four president's Kenya has had China-Kenya relationship has been at its finest in history during the reign of president Uhuru. President Xi Jinping and President Kenyatta have strengthened China-Kenya relations into Comprehensive Strategic Cooperative Partnership. The study concludes that Kenya's presidents in the past five decades have reacted differently to international geo-political situations and this has shaped the nature Kenya-China relations since independence.

In analysing social-economic factors influencing Kenya-China relations, the study found out that economic factors outweigh social factors in the factors influencing the relationship. The Kenyan governments look to China to contribute to their economic development through aid, investment, infrastructure development, and trade. Many African leaders hope that China will interact with them in ways that the Western

governments do no, by engaging economically without preaching about good governance or by investing in high-risk projects or in remote regions that are not appealing to Western governments or companies. The study argues that Kenya can aspire to replicate China's rapid economic development as this can help the country in lifting itself out of poverty. However, the study also highlights that although mutual economic benefit is an economic factor influencing Kenya-China relations; mutual economic benefit cannot exist between two countries with different economies as the stronger economy stands to benefit more from the relationship. Therefore for Kenya-China the relation can be explained in terms of mutual advantage and not mutual benefit.

On the challenges facing Kenya-China relations, there is a narrative that China constitutes the biggest threat to the country's economic and political development. The perception comes in the shape of threats posed by its cheap goods, fear of fostering corruption and leading to job losses. Labour unions and civil society groups criticize Chinese enterprises for poor labour conditions, unsustainable environmental practices, and job displacement. Good-governance watchdogs warn that China negotiates unfair deals that take advantage of African governments' relative weaknesses and that foster corruption and wasteful decision making. Thus China perpetuates a neo-colonial relationship in which Africa exports raw materials to China in exchange for manufactured goods. Still for China's presence in Kenya, environmental concerns have been raised by international and local non-governmental organizations. They point to a lack of resource transparency and limited efforts to ensure animal and environmental protection.

The study concludes that China has not “taken over Africa” as claimed in the media platforms. What China has done is that she has joined earlier groups of imperialists in grabbing a part of the African bounty. However, as a newcomer her presence is more visible, but not yet as substantially deep-rooted as the long-standing European imprint. To Kenya in particular, China has become a significant economic partner. China has catapulted from being a relatively small investor in the continent to becoming Kenya’s largest economic partner, providing infrastructure and investment loans that have helped the country record massive expansion of roads, rail and other utilities. China comes with two key differences: first, China does not yet have the military and diplomatic capacity to replace any of those Western powers in physically securing and enforcing the various trade routes and treaties needed to keep the global trade machine. Second, therefore, this venture cannot be implemented remotely, but by human displacement. Even a settler-overlord project may not work. What could work is one where millions of Chinese people are steadily shipped over to “yellow” Africa as a continuation of the anti-black ethnic cleansing and encroachment the Asians began centuries ago in South Asia. The Africa of the ordinary people must therefore assert itself and force its concerns on to all public agendas. The struggle now is to hold a public conversation independent of these various imperialists and their allies.

In relation to the statement of the problem and the assumptions that guided this study, it is clear that Kenya has significantly shifted her preference to China. Therefore, what is engineering the relations between the two countries are pull factors which include; non-interference policy, no strings attached policy, affordability of Chinese goods, foreign aid and infrastructure development. The study has further shown that Kenya-China relations are influenced more by economic factors than social factors.



### **5.3 Recommendations**

- a) Although China is an important economic and social partner to Kenya there is need to put in place measures to guarantee transparency in dealings between the two countries. This is because it is difficult to understand the full extent of China's blueprint in Kenya due to the data knowledge gap that exists. This vacuum has fuelled sensational stories ranging from neo-colonialism, unfounded rumour that Chinese firms use convict labour, to even a Chinese settler colony in Kenya.
- b) The study has found out that Kenya-China relations are influenced more by economic than social factors. Thus there is need for the country to tap more on the social aspects of this relation so as to benefit all spheres.
- c) Kenya-China relations have a lot to be studied so as to understand Kenya's future foreign policy trends.

### **5.4 Further Research**

The study suggests that further research should be done basing upon expansion of the sample size to include political factors.

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## APPENDICES

### Appendix A: The Interview Schedule

1. How would you describe the nature of Kenya-China relations?
2. What has defined the Kenya-China relations since independence?
3. Would you agree that there is a shift in Kenya's foreign policy trend?
4. If it is true what is motivating the shift?
5. What are the social-economic factors influencing Kenya-China relations?
6. What challenges are facing Kenya-China relations?

### Appendix B: Research Working Plan and Schedule

Stage	Research activity	Period	Output
1	Pilot survey	October 2018	
	Collection and computing literature Writing and computing proposal Production of research tools	January- July 2019	Proposal Sampling Research sample
2	Proposal presentation	September 2019	Research permission
3	Main research work Seeking research permit Pilot study Pre-test of research tools Collection of data from respondents	October 2019- February 2020	Research data
4	Data processing and analysis Editing and data analysis Consultations with supervisors	March 2020	Preliminary results
	Preparation of research report and dissemination		
5	Part 1 Editing of draft thesis Submission of first draft Correction of first draft	May 2020	First draft
	Part 2 Submission of the 2 <sup>nd</sup> draft	August 2020	Second draft
	Part 3	September 2020	Final Thesis

**Appendix C: Budget**

	<b>Details</b>	<b>Unit cost</b>	<b>Unit</b>	<b>Total cost</b>	<b>Sub-total</b>
1.	Personal emoluments				
(a)	Research assessments	12,000	-	12,000	
(b)	Typist	8,000	1	8,000	20,000
2.	Supplies				
a.	Flash disks	1,500	3	4,500	
b.	Paper	500	12	6,000	
c.	Stationary	4,500	-	4,500	15,000
3.	Subsistence				
a.	Food expenses	-	-	30,000	30,000
4.	Printing				
a.	Rough drafts	1,500	10	15,000	
b.	Final drafts	1,500	5	7,500	22,000
5.	Binding				
a.	Rough drafts	1,000	10	10,000	
b.	Final drafts	1,000	5	5,000	15,000
6	Miscellaneous	20,000	-	20,000	20,000
	<b>GRAND TOTAL</b>				<b>122,000</b>