

Malawi and the One China Policy: 1964–2008

Written by Bhaso Ndzendze

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BHASO NDZENDZE, APR 22 2019

As a consequence of losing the first Sino-Japanese War (1894-1895), China was forced to hand over to the emerging Japanese Empire an island some 110 miles off its coast known as Taiwan (and referred to as 'Formosa' by Japan), as a concession. This was a transformative period in world affairs, and still, more transformative times were ahead. In the midst of a civil war that came on the heels of the fall of the Qing Dynasty (1911) between the Kuomintang Party-run government of the Republic of China and the 1921-formed Communist Party of China (with the People's Liberation Army, founded in 1927, as its military wing), Japan decided to annex the northeast of mainland China in 1931 – though some debate rages as to whether this was an invasion of 'China' (as a unitary entity) or of 'Manchuria' as its own de facto independent entity, as the central government had a very limited reach in the northeast of China, which was run by numerous military cliques (warlord groupings) at the time (Kissinger, 2012: 88). Nevertheless, both the Kuomintang government and the Communists interpreted this as an act of invasion and ceased hostilities and formed an alliance against Japan. On December 7, 1941, the Japanese attacked Pearl Harbour, thereby dragging the US into the world conflict. This marked the opening of the Pacific front of World War II, which culminated in the Hiroshima and Nagasaki nuclear attacks that resulted in the surrender of Japan and an effective end of the war in 1945.

With the common enemy gone, the Kuomintang and the Communists once again resumed their fighting for sole control of China. The end for the Kuomintang finally came on October 1, 1949 with victory for the Communists and the declaration of the People's Republic of China (PRC). In some sense, however, this marked a new beginning for the Kuomintang, as massive numbers among them, and particularly their leadership in the person of Chiang Kai-shek fled to the island of Taiwan. A planned invasion by the Communists was repelled by the presence of the United States, a firm ally to the anti-Communist Kuomintang. Persistently, the Kuomintang proclaimed itself as still being the government of all Chinese peoples on both the island as well as on the mainland and still ruling what they proclaimed as the "Republic of China" from the island of Taiwan. The PRC claimed the same. Thus both entities claimed to be the 'One China' and began a process of competing for recognition among states in the international community. Bräutigam (2009: 22) observes that 'while China has frequently emphasized the principle of non-interference in internal affairs, the "One China Policy" has remained the prominent exception to the rule. The absence of diplomatic ties with Taiwan is a precondition for any fruitful diplomatic relations with Beijing.' Extreme measures have also been taken, as 'numerous historical examples have shown that diplomatic ties are cut off and economic aid is suspended if a country establishes diplomatic ties with Taiwan.' Initially, the US and its allies recognised Taiwan (whose leader had been a signatory to the UN Charter), as did a number of other states in the world, including some African states. A major shift came in 1971 when an Albania-initiated United Nations General Assembly resolution (Resolution 1668) to replace the ROC (which will be referred to as 'Taiwan' for the remainder of the article) with the PRC (which will be referred to as 'China' for the remainder of the article) as the representative of China passed.

Over the subsequent five decades, Taiwan has shed allies and recognisers (though the US remains an important military backer with no official recognition since 1979) and presently only has 17 formal diplomatic relations in the world, and only 1 in the African continent (the Kingdom of eSwatini, formerly known as Swaziland). Since 2000, African countries have overwhelmingly recognized China as opposed to Taiwan including Liberia, Chad, Senegal, the Gambia, São Tomé and Príncipe, Burkina Faso, and, as studied here, Malawi. Beijing has reportedly made overtures to eSwatini. Interestingly, many of these states were initially reached out to either through the platform of the Forum on China-Africa Cooperation (FOCAC), or reportedly by promises of foreign aid as well as, for the conflict-

Malawi and the One China Policy: 1964–2008

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ridden countries (e.g. Liberia and Chad), assistance through the UN Security Council, where China obtained a permanent seat in 1971. This went against the expectations of at least one scholar who had seen a twenty-first century setting favourable to Taiwan and observed that “many smaller nations side with the ROC (also a small nation) saying that its sovereignty should be protected against a larger aggressive nation. More important, they support the idea of self-determination and apply that principle to Taiwan” (Copper, 1995: 225). It is important to note, the contrast between the relative stagnation of the Taiwanese economy (growing by only 2.16% per year between 2007 and 2018) and the enormous growth of Chinese economy (growing by an average of 8.78% per year between 2007 and 2018). Furthermore, China’s seriousness about reincorporating Taiwan has been on display recently with China’s President Xi Jinping issuing on January 2, 2019 a statement to Taiwan’s leaders which called for peaceful unification, but made it clear that ‘China reserved the option of using force if Taiwan didn’t go along.’

Against this backdrop, this article asks: could economics account for why Taiwan has seemingly lost in the diplomatic battle for recognition against the PRC in Africa? Using Malawi as a case study, we investigate whether there was an opportunity cost for recognising the ROC as the ‘One China’ over the PRC in the period between 2001 and its respective year of switching (in this case, 2008), which in turn could explain the direction of the switch in recognition. Specifically, did Malawi’s export earnings to China come to surpass those from Taiwan upon the country recognising China (and therefore retrospectively justify its switch)?

Malawi Between two Chinas: A Brief Account

The former British colony of Nyasaland, which had been amalgamated into a federation with North and South Rhodesia for a decade before, gained its independence in July 1964 as Malawi and in 1966 was reformed into a republic under President Hastings Banda. Before Malawi obtained self-determination, Hastings Banda had made it known that he ‘would recognise Beijing and support China’s push for UN membership’ (Banda, 1974: 206). Upon independence, however, the Malawian president sought to avoid the One China problem, and thus extended both governments invitations to the Malawian independence celebrations. The PRC, which was ‘unwilling to give tacit approval to a “two China” situation refused the invitation,’ but Premier Zhou aiming ‘to keep open lines of communication,’ sent a letter of congratulation through the telegraph (Taylor, 2006: 24). Malawian-PRC relations incurred a major crisis when the PRC’s ambassador to Tanzania ‘attempted to bribe Banda to recognise Beijing and end the ‘two China’ policy’, which he declined (Taylor, 2006: 24). Nevertheless, President Banda was in favour of the PRC replacing the ROC in the UN in 1971; a position he had expressed as early as December 1964 in the United Nations General Assembly (Taylor, 2006: 194).

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

The Road to 2008

Developments in Malawi, however, changed the Malawian political interface – but did not immediately re-shape its foreign policy on the One China issue. In June of 1993 Malawi held a ROC-funded popular referendum, asking whether the country should be a multi-party democratic state. The people voted to the affirmative, and it being clear that Dr Banda’s days in power were increasingly numbered, the PRC sent an invitation to democratic forces in Malawi to a ‘goodwill visit’ (Ibid). But this came to naught. Malawi’s new leader, Bakili Muluzi, maintained course and paid a visit to Taipei in April of 1995 and supported its UN ambitions in October of 1996 (Ibid). The ROC’s chief diplomat, John Chang, paid a reciprocal visit to Malawi and met with the president of Malawi in January 1997, soon after South Africa’s decision to discontinue relations with the ROC and pledged a donation of some US\$2-million for purposes of refurbishing barracks in Lilongwe’ (Ibid). But cracks soon showed up in the ROC-Malawi relationship.

Malawi and the One China Policy: 1964–2008

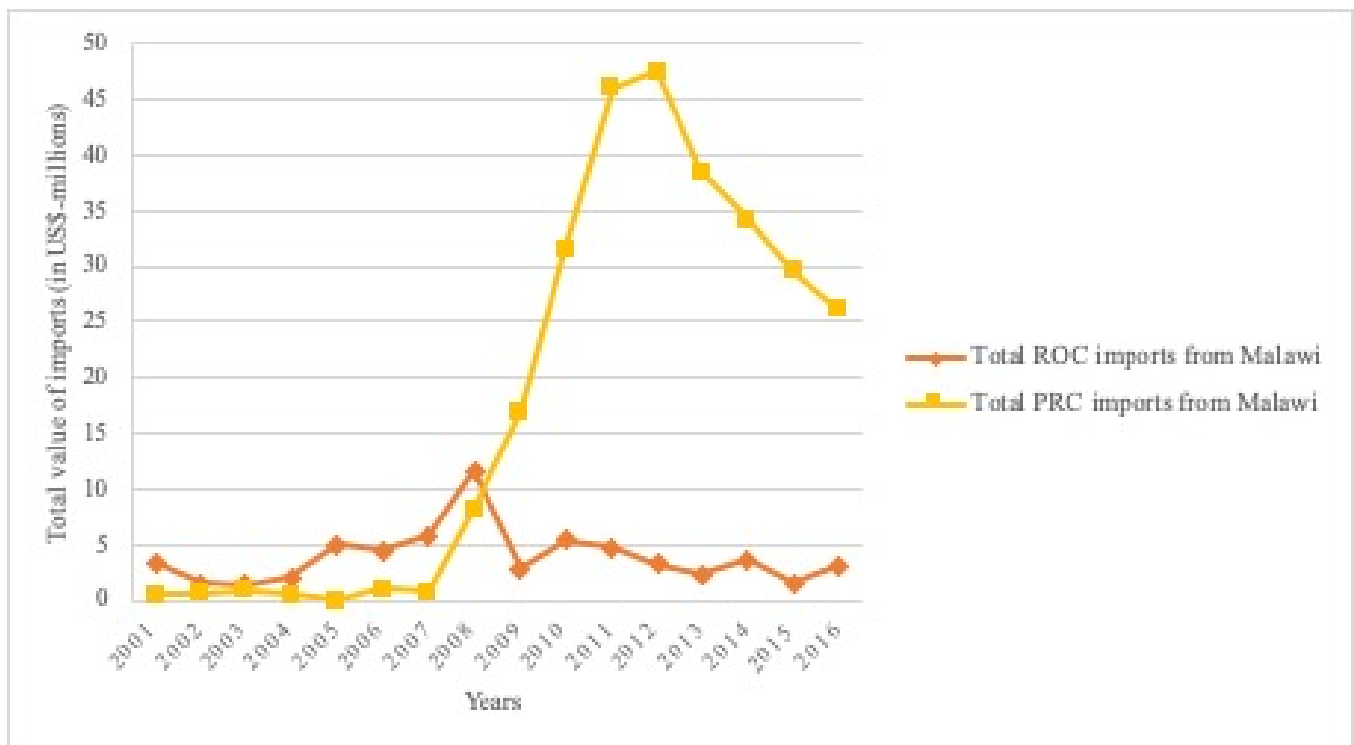
Written by Bhaso Ndzendze

For example, Malawi was among two Taiwan-recognising African states to accept Beijing's 2000 invitation to attend the FOCAC summit as 'observers' – the other being Liberia, who would soon recognise the PRC in 2003 (Ibid). By the end of 2007, the small African country had already established diplomatic ties with the PRC, but Foreign Affairs Minister and future Malawian President Joyce Banda, made the announcement in January of the following year.

Interestingly, the ROC made an opportunity cost-sounding argument for Malawi to maintain relations with it: Taipei 'warned Malawi that China was up to no good, saying the shift in recognition would negatively affect Malawi's natural resources which Taiwan said China was angling for.' The extent to which Malawi was better served by relations with the ROC over the PRC is discussed below.

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

Figure 1: ROC and PRC imports from Malawi, 2001-2016



Sources: TradeMap (2019) 'Taipei, Chinese's imports from Malawi' and TradeMap (2019) 'China's imports from Malawi' (accessed 11 March 2019). Calculations by author.

To interrogate the plausibility and manifestation of this potential mechanism, the section below will seek to conduct an opportunity cost analysis for Malawi in the Africa-One China nexus. Figure 1 captures the total annualised Malawian exports to the ROC and the PRC respectively. Prior to 2008, ROC imports of Malawian goods outweighed those by the PRC – on average, by \$18.8-million per year. In 2008, PRC imports of Malawian goods reached an all-time high (US\$8.1-million) and in the following year completely eclipsed those of ROC imports of Malawian goods.

As the Malawian case study demonstrates, there is a correlation between the commencement of formal diplomatic relations and increased trade between Malawi and the PRC. Upon the formation of relations between the two states, PRC importation of Malawian goods increased to \$243.3-million per year compared to the ROC's peak import worth

Malawi and the One China Policy: 1964–2008

Written by Bhaso Ndzendze

of \$47 million in 2011

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

Table 1: PRC vs ROC trade with Malawi, 2012-2016 averaged

	ROC	PRC
Total imports from Malawi in 2016 (in US\$-millions)	3,077	26,117
Total exports to Malawi in 2016 (in US\$-millions)	1,428	228,239
Total share of Malawi's exports (%)	0.32	3
Total share of Malawi's imports (%)	0,0005	19

As shown in Table 1, for the last five years (2012-2016), the PRC has, as of 2016, a 3% total share of Malawian exports, compared to the ROC's 0.32%, as well as 19% of the Malawian import market compared to the ROC's 0.0005%. This indicates another important variable to the opportunity cost paradigm; the PRC's own impetus. Indeed, it is not only Malawi which stands to benefit from relations with the PRC, but the PRC as well. Indeed, it is the foundational principle of game theory, around which this paper has framed the Africa-One China nexus, that policy decisions are formed on the basis of *interaction*. That is, when looking to situate the opportunity cost it, we ought to understand it in bi-directional terms.

Why does a recognition switch by an African state come with greater commercial closeness to (and benefits for) the PRC? In the simplest terms, it enables the PRC to have a more enhanced trade relationship with the country in question and also enable it to make use of a wide array of politically-enhanced economical instruments. China's 'strategic partnership diplomacy,' for example, is widely renowned, and is based on there being formal relations with Beijing: 'Most such accords are built upon existing "friendly relationships," "cooperative relationships," or "partnerships".' Indeed almost all the strategic partnership agreements (with the exception of those with Angola, Egypt, and Turkey) 'mention the "One China" policy or Taiwan.' Those with India and Mongolia make mention of the Tibet and Xinjiang, respectively. And while Malawi has yet to be accorded 'strategic partner status', it has seen direct benefits that could otherwise not be obtained save by the formal opening of diplomatic relations with Beijing, to the exclusion of Taipei. For example in the year 2016, Lilongwe and Beijing signed 'an agreement for another round of project financing that will cost \$1.79 billion in seven priority areas.' Particularly regarding Malawi, the PRC arguably has four pillars of interaction and assistance – these are 'infrastructure development, agriculture and food security, health care and education, and human resources.'

The relationship is not without its problems, however. Far from it. The Malawian labour union federation, the Malawi Congress of Trade Unions (MCTU), has expressed dissatisfaction that 'many items in the Chinese shops are cheap but not very durable. A lot of people now shop from the Chinese, who bring products in bulk. We are not happy as local traders.' The MCTU's leader at the time, Robert Mkwezalamba, also claimed that in their early years of arriving

Malawi and the One China Policy: 1964–2008

Written by Bhaso Ndzendze

in Malawi, the PRC construction companies either compensated their labourers below the bare minimum wage or paid them in kind – ‘in the form of clothing, bicycles, maize flour and sugar’, and have regularly avoided labour safety standards: ‘They were paying the Malawi workers just about \$13 per month when the country’s acceptable minimum wage is \$20. Some Chinese factories were locking up the workers [in their workplace] overnight.’ But, growth in the relationship has been considerable. Though still largely outweighed by South Africa-Malawian trade, which constitutes a 40% share of Malawi’s US\$3.2-billion total trade. A 2010 review by the Malawian Ministry of Trade found that the total value of trade between the two countries had doubled compared to its 2007 levels, totalling \$100-million by that year. Despite its complaints, the MCTU has also pronounced that they have seen how the construction companies ‘are transferring advanced skills to local staff.’ The PRC’s presence in Malawi has also seen continuous increases since late 2007. Crucially, a May 2008 bilateral memorandum of understanding (MoU) encapsulating a trade deal, as well as to the PRC’s ‘committing to help in increasing the productive capacity of Malawi in tobacco, cotton, mining, forestry, fertiliser production and in processing hides and skins.’ In the absence of Malawi recognising the PRC, this was an impossibility. This is some indication of an apparent opportunity cost for Malawi in having recognised the ROC.

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Malawi and the One China Policy: 1964–2008

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About the author:

Bhaso Ndzendze, PhD, is Senior Lecturer and Head of Department: Politics and International Relations at the University of Johannesburg (UJ). His scholarship on China, Taiwan and Africa has been published in numerous journals and books, in addition to the popular press and policy briefs. His forthcoming volume (Palgrave) *The Political Economy of Sino-South African Trade in the Context of Asia-Pacific Regional Competition* examines the influence of disputes in the Asia- and Indo-Pacific on Asian states' trade with external regions.