

De-coding China-Africa Relations: Partnership for development or '(neo) colonialism by invitation'?



By Fantu Cheru and Cyril Obi

China-Africa relations have grown exponentially in the past decade. During this period, when China emerged as the world's second largest economy and Africa's largest trading partner, a lot has been made of the growing relations.

China's rapid economic inroads into Africa and the growth in its volume of trade with the continent from a mere \$20 billion in 2001 to \$120 billion in 2011, has attracted a lot of attention within Africa and among its traditional trading partners in the West. This is partly due to the contribution of Chinese investments, trade and partnership cooperation to Africa's economic growth and its implications for Africa's relations with the West and other emerging powers.

The West has been critical of China's rise in Africa, pointing to a "Chinese resource grab", support for dictatorial and corrupt regimes under the guise of non-interference, and its use of non-transparent practices to 'corner the African market' (at the expense of Western economic interests) in the context of a "new" scramble for Africa's resources and markets. In extreme cases some analysts have suggested the gradual emergence of a Chinese threat to Western interests in Africa, but these have not gained much overt traction. The debate around China-Africa relations has also been fuelled by the enthusiasm with which African governing elites have embraced Chinese investments and development aid, leading to speculation in some quarters about the prospects of Africa's rejection of the "Washington consensus" in favor of a "Beijing consensus" based on the Chinese model of state-guided capitalism. Linked to this is the issue of what China represents for Africa: an opportunity/partner for an (alternative model of) mutual development or (neo) colonialism by



invitation.

China's engagement with Africa is not new. However, most recent engagement gained impetus in the context of its 'going out policy' from 1998 onwards is increasingly linking China's domestic socio-economic priorities and needs to its global strategic aspirations as a 'soft power'. This implied, among others, the search for resources—raw materials and energy, and investments to feed its rapid socio-/manufactures, economic growth, markets for the industrial products, and diplomatic support for China in the global arena. Using the rhetoric of development partnership, mutual benefit and the history of South-South solidarity in its engagement with Africa, China has offered a mix of trade and investment incentives, aid and technical

assistance, low-interest loans, and intense diplomatic exchanges with Africa's leaders. In this way, China has positioned itself to capture the huge untapped African market and secure supplies of African oil and mineral resources that it needs to feed its rapidly growing economy. Oil alone represented 71 percent of Africa's trade with Beijing. China's three state-owned oil companies—China National Offshore Oil Corporation (CNOOC), China National Petroleum Corporation (CNPC) and China Petroleum and Chemical Corporation (Sinopec)—have either acquired stakes in established African operations, or have entered into prospecting deals and exploration contracts with major oil producing countries such as Nigeria, Angola, Sudan, Equatorial Guinea, Gabon and Chad.

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As noted earlier, the growing strategic partnership between China and Africa has had a noticeable impact on the performance of African economies. Since 2001, Africa's economic growth, underpinned by Chinese demand for African oil and other raw material resources, has been impressive. In addition, expanded Chinese investments in the infrastructure sector—from roads, power generation, ports and new airports—have opened up opportunities for African producers to increase production, move goods to local, regional and global markets relatively quickly resulting in increased incomes to Africans. Improved access to transport and energy has been critical in the observed productivity gain in African agriculture.

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The growing partnership between China and Africa has generated a lot of excitement as well as anxiety from many quarters. On the one side of the debate stand the 'China bashers' in the West, who accuse China of under-cutting Western business interests by selling cheap in Africa and gorging on Africa's oil and strategic minerals that the West needs. Such Western critics are joined by human rights and environment groups in Africa who blame China for supporting undemocratic regimes and for putting a blind eye on poor labor and environmental standards, and unsustainable exploitation of African land and natural resources. On the other extreme stand African governments and some domestic private sector actors who see China as 'Africa's salvation', pointing to huge Chinese investments in the long neglected African infrastructure sector, and to the higher returns from commodities as a result of the growing Chinese demand for Africa's natural resources, oil and minerals, and finally to the large volumes of low-interest loans that the Chinese authorities have been able to extend to their African clients with no conditions attached.

Both of these competing perspectives on China-Africa relations are too simplistic and fail to capture the complex internal and external dynamics that shape Sino-African relations today. China is not a newcomer to Africa; it never left the continent in the first place. While 'exporting revolutions' was the central focus of Chinese policy in Africa in the 1950s and 1960, pragmatic pursuit of economic advancement has become the center piece of Chinese policy towards Africa since the introduction of radical economic reforms in China by Deng Xiaoping in 1978. As it pursues its global ambition, China makes no paternalistic pretense that it is in Africa to help poor Africans develop, or to teach them how to govern themselves. China is in Africa to conduct business that it considers to be mutually beneficial to both. In sum, China has no enemies or friends in Africa; it only has permanent interests.

As part of its engagement, China is making tremendous efforts to acquire knowledge on Africa and to expand cultural exchanges between the country and the continent. The number of African Studies Centers in China has increased exponentially in the last decade,

alongside the increase in the number of Chinese students of African studies and languages. While promoting the study of Africa at home, China is also promoting the study of Chinese culture and languages in Africa. Over 20 Confucius Institutes have been established in African countries for this purpose, while scholarships have been granted to some African students wishing to study in Chinese institutions. It is not yet clear if African countries have similar programs for Chinese Studies, independent of the Chinese government, or if they offer scholarships to Chinese students wishing to study in Africa, as research in this direction is still rudimentary.

Why has China become Africa's preferred partner?

China's recent entry into Africa has come at a time when Africans themselves are engaged in a major soul searching exercise to find out what went wrong with Africa's development in the past half century, despite closer ties with Europe and North America. The search for an alternative to the Western market-led model and its possible replacement with a 'transformative development model' has led many in Africa towards considering China's recent state-guided development experience and drawing some important lessons from it. While the volume of Chinese investment in Africa is growing, there are three additional dimensions to this evolving relationship with China that Africans find attractive in comparison to their engagement with the traditional Western partners. These features include:

- **The instructive values of China's development experience for Africa:** China's historical experience as a semi-colony and its spectacular growth experience since the late 1970s under the guidance of a strong and effective developmental state have raised African interest in learning from China's success in economic management, visionary leadership and home-grown radical economic reform agenda, and the basis of its success. Of interest to Africans are the domestic policy lessons and the role played by the Chinese state in guiding the market in a positive direction by developing a series of institutional reforms, financial support, and investment in vital infrastructures to unlock the potential of domestic producers.

- **Complementarities of Chinese investment to African needs:** The sectoral areas that China invests in and the choice of technology that accompanies this investment has been complementary to African needs and priorities. For example, throughout the structural adjustment decades of the 1980s and 1990s, Western development partners focused more on policy-based lending to make markets work better while neglecting investment in vital infrastructure and support services that are critical for raising productivity and reducing poverty. The Chinese are filling this critical infrastructure gap and they are doing it cheaply, less bureaucratically, and within a shorter time frame.

- **Chinese portray Africa in a positive light:** Contrary to the standard Western doom and gloom analysis of Africa, China holds the view that Africa is a dynamic continent on the threshold of a developmental take-off, with unlimited business opportunities that would serve both Chinese and African interests. Therefore, when China does pronounce about development cooperation, it avoids the language of 'aid' and development assistance and instead prefers the language



of solidarity, mutually beneficial economic cooperation, 'common prosperity' and shared 'developing country' status. Granted, there is more to this rhetoric than meets the eye, but nevertheless this is music to the ears of African policy makers who are wary of perceived Western paternalism.

Chinese strategies for promoting investments in Africa

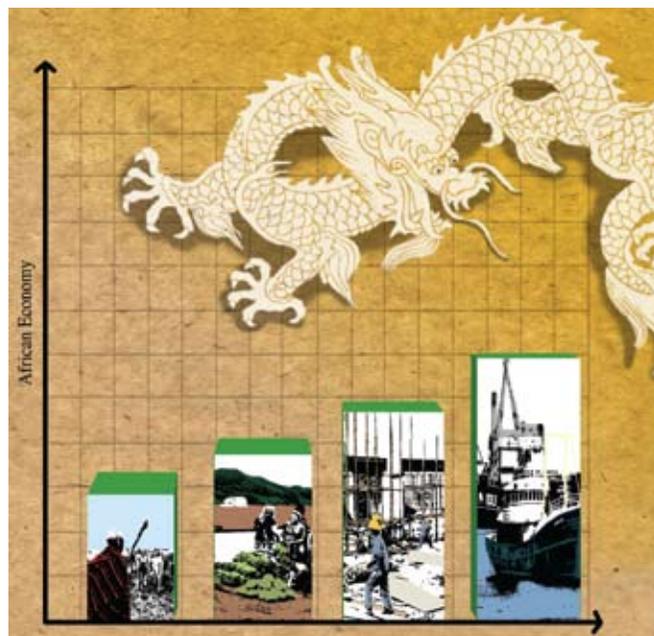
The Chinese approach to doing business in Africa is not any different from those pursued by advanced capitalist countries of the West. The Chinese government employs a variety of means to support Chinese investments abroad. In this regard, several Chinese trade and investment promotion service centers and Special Economic Zones (SEZs) have been established throughout Africa. At a country level, the Chinese embassies promote positive attitude towards China among African political elites and ensure that inter-Chinese cooperation is done properly.

China also promotes its economic interest in Africa by concluding bilateral investment treaties. By 2007, China had concluded bilateral investment treaties (BITs) with 33 African countries and double taxation treaties with 4 African countries to protect and promote FDI to Africa, and to create a more secure climate for Chinese investors in the continent. The investment strategy is based on the principle of 'twinning' the laggard Chinese manufacturers with the 'leaders' in joint projects to be implemented in Africa. In this way, the Chinese state offer poorly performing Chinese enterprises a new lease in life—an opportunity to pull themselves up through participation in projects in Africa. A special fund—the Africa Development Fund—has been established to encourage and support Chinese companies wishing to invest in Africa.

Moreover, China grants large scale interest free loans with little or no political conditions attached. This is in sharp contrast to western governments who attach political and economic conditionalities. The Bank of China, the Export-Import Bank of China, and the Agricultural Development Bank, provide such loans with no strings attached. China also grants zero-tariff treatment to large categories of African exports. At the political level, China pursues intense diplomatic effort to strengthen its ties with the African continent. The Forum for China-Africa Cooperation (FOCAC) is the platform for the pursuit of China-Africa relations and networking among their political and business elites. It must, however, be noted that the Chinese way of catalyzing investment in Africa is not exceptional. Although the scale may be different, given China's deep pockets, other countries also support their enterprises operating in the African continent. The strategy is clear: to create a paradigm of globalization that is favorable to China.

Areas of tensions in China-Africa relations

Notwithstanding the economic benefits that Africa derives from growing engagement with China, some critics have begun to accuse China of 'neocolonialism' in its relations with Africa. They point out that the Chinese 'winner-take-all' business model has limited spill-over effects to the local economy either through employment creation or sub-contracting opportunities to local firms. Chinese officials dismiss the criticism as being politically motivated and deliberately



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orchestrated by 'hypocritical moralizing' Western governments who have kept Africa poor and marginalized through debt structures, conditional lending, and unfair trade practices. The criticism, which can equally be leveled against the West, centers on the following:

- **Chinese support to undemocratic regimes:** The most prominent accusation leveled against China has been its casual stance towards the liberal norms of human rights and democracy, particularly its strong relationship with corrupt and undemocratic regimes in Africa, such as Sudan and Zimbabwe. But the Chinese are quick to dismiss the 'hypocritical moralizing' of some Western governments, by pointing to Western complicity in sustaining brutal and undemocratic regimes throughout Africa, particularly in those countries that the West regards as strategically important.

- **Disregard to environmental standards:** Growing Chinese investment in hydro-electric power projects, mining, oil and gas exploration, agriculture and transport infrastructure has raised concerns about social impacts, environment degradation and sustainability. This is exacerbated by limited capacity within African governments to enforce good environmental and social standards in such investments.

- **Poor labor practices by Chinese companies:** Chinese companies have been accused for their poor labor practices—from bringing own labor from China to low pay, and extremely harsh working conditions.

- **Unfair competition in African domestic market:** While African consumers have benefited from cheap(er) Chinese imports of con-

sumer goods, China's hyper-competitive manufacturing sector has negatively affected African local industries. The real effect is felt in few African export sectors, namely textiles, footwear, and leather that were already under threat from Vietnam and Bangladesh long before the Chinese entry into Africa. The displacement of local manufacturing firms has aroused growing anti-Chinese sentiment and popular antipathy across the continent.

While the tensions are serious and pose a major challenge to the future of China-Africa relations, the Chinese government has not been complacent in seeking remedies to these problems. It has put in place domestic policies to improve sustainability of its development as well as of its overseas trade and investments. Nevertheless, there is always a gap between what the government legislates in Beijing and actual compliance by individual Chinese companies operating in Africa. The problem is further exacerbated by a lack of any coordinated strategy on the part of African governments to establish a joint monitoring structure at the country or regional level in order to monitor that Chinese companies are complying with local laws and regulations. What we have discovered in our research is that the Chinese are quick to respond to any anomalies involving their investments in Africa if and when African partner governments brought these to their attention. We believe that the problem lies more with the inability of Africans to set and implement the rules of engagement than the refusal of the Chinese companies to comply with local laws and regulations.

Despite these discrepancies in the evolving China-Africa relations, the opportunities far outweigh the threats. China presents an enormous economic opportunity for Africa, given its potential large purchasing power, its links to export markets, and its commitment to increase investment and trade. It is in Africa's interest to seize this opportunity and to ensure that the relationship with China is mutually beneficial. While China knows what it wants from Africa, African countries have yet to develop a common framework on how to negotiate with China from a stronger and better-informed platform.

African leaders must develop coherent national policies, and an integrated regional/continental strategy for engaging with China from a systematic, strong and much more informed long-term perspective.

Conclusion

China is becoming a responsible stakeholder and emerging power in global affairs. The rise of China in Africa presents opportunities and challenges for the continent. Chinese trade, investment and infrastructure aid are fundamentally re-shaping Africa's economies to the benefit of local consumers and producers, albeit with some setbacks for certain African manufacturers. The economic opportunities that China represents are such that African leaders can ill afford to squander. In order to harness this new opportunity to its fullest extent, African leaders must develop coherent national policies, and an integrated regional/continental strategy for engaging with China from a

systematic, strong and much more informed long-term perspective. Part of this should include an African agenda for closing the technology gap and transforming the asymmetrical pattern of trade between the continent and China. Africa should also do more in terms of investing in China, and coming to terms with the fact that China is in the continent for the long haul. There is need for Africans to study and understand the broad ramifications of Chinese history, culture and engagement with the continent and the world, on the basis of high quality informed knowledge. Such knowledge will form the cornerstone for a long-term African strategic leadership and vision for its engagement with China. Otherwise, the emerging partnership could turn out to represent another phase of the '(neo) colonialism' of Africa, this time, 'by invitation'.

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