

## Politics of Economy: The Case of China's Involvement in Africa

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### Abstract

*China's economy based engagement with Africa has some political dimensions. China's political intention is to fill up the power vacuum in Africa, raising a new great game with Western and European powers. To secure its investment aid and future trade, China has taken policy implication. Whereas China takes this relation as mutually beneficial win-win situation, other competing big powers take it as security threat. To implement its business first policy, China ahead militarily too. As a developing leader of the third world states, China wants to bring African states together to share its booming economy. Economy centered political relations with African states will start the door of common allegation against Chinese human rights violation and reforming in governance. This paper, without neglecting the historical background of Sino-Afro relations, will highlight the Chinese political ambition behind the scene of its economic relations with Africa and it also focus on mutual political interest in this relations. The motives of great powers in upcoming new great non-zero-sum game in Africa will also be forecasted in this paper.*

*Key Words: China's involvement in Africa, Political Economy, Sino-Afro relations, Neo-colonialism*

### 1. Introduction

No other countries but China has followed the speech of Bismarck as "He who controls Africa, will control Europe" (Campbell, 2007: 120). Assisting the fragile and failed states of Africa in building peace and developing infrastructure can secure its energy and resource dependency on Africa region. China's military assistance to rogue regimes and rival groups exacerbates civil conflicts in African states. China's 'non-interference in domestic politics' policy is suit to some rogue regime in African states on the one hand, newly developing states of Africa wants to build a cemented economic relations neglecting human rights and governance violation in China on the other hand have fulfilled their common ground. The Western states are suspicious about the purpose of China's involvement in Africa as it emerged as a neo-colonial power without any negative colonial background. A common blame against China that it is destroying African resources for its own short cut development and it continuing relations with rouge states those are under sanction of Western powers as well as UN. It is clear that though the starring of Afro-Sino relations was ideological now it has become

eco-political. China hinders the Western values (like democracy, human rights) exporting process. Extensive debt relief, expanding aid program of China has undermined such activities of Western actors. China's policy to 'lock-up' access to vital natural resources has undermined traditional Western influence. African states think China as a leader of developing countries to reform the unipolar international order. China has clear political and economic objectives in Africa. First of all, China intended to reduce the number of African states that recognize Taiwan as the legitimate government of China and block Taiwan's entry as member in any international organization. 2nd, China focused on a sole access to natural resources to fuel its appetite for energy and make the game Zero-sum. 3rd, to raise supportive statements on Chinese contentious issues in international forums. 4th, China is trying to reduce its energy dependency on any source like Middle East that wholly dominated by the US and shifted its dependency to Africa. 5th, by providing tariff-free export products and make the total Africa as 'made in China'. 6th, China intends to promote its soft power by hard means to adapt itself to its new international status. 7th, in ideological sense, China want to counter the US's mercantilist and militarist policy in Africa. 8th, China offers favorable loan to Africa to undermine the necessity of conditional debt of World Bank and Western aid. 9th, China continued arms sales to such groups that are anti-western in their feelings and continuing revolutionary struggle against imperialism.

## 2. Historical Foundation of China's Africa Policy

The foundation of Sino-Afro relations was laid at the Afro-Asian Conference held in Indonesia in 1955. China asserts its leadership over the third world and nonaligned movement against colonialism and imperialistic motives. Ideology based foreign policy was the only hindrance to China's ties with the continent. China and the African states adopted the 'five principles of peaceful co-existence'. Though between 1955 and 1965, trade between Africa and China increased nearly seven folds but China's interest in Africa was ideological rather than economic (Ayenabo et al, 2012:6421). The 1960s showed a great deal of African independence and the recognition between China and newly independent African countries. Following the Sino-Soviet split, China's primary goal in the region was to increase third world solidarity by exporting its model of national revolution and economic development to African nations. Chinese assistance was provided to revolutionary groups who struggled to assert their sovereignty by offering \$2 billion in foreign assistance to African liberation movements between 1954 and 1974 (O' Brien, 2008: 77). Noticeable changes have happened in 1970s in Sino-Afro relations, 1st, the number of African countries with diplomatic ties gradually increased. Between 1967 and 1974, the number of diplomatic mission of China in African states increased from 13 to 30 (De Looy, 2006: 2). 2nd, China joined the UNSC in 1971 with African support taking over Taiwan's seat.

The 1970s Sino-American rapprochement quickly led to marginalization of Africa in Chinese foreign policy. As China focus on its modernization and opening up to the developed world, its attention to Africa waned in 1980s. Chinese aid commitments for Africa fell from \$254 million in 1980 to \$25 million in 1981 (Ayenabo et al, 2012:6425). The initial honeymoon period between China and the west stopped due to the Tiananmen events in 1989. This event forced China to turn its attention to Africa once again. Support of African states in the UN and other international forums got importance to China. Many African states gradually cut off ties with Taipei and normalized relations with Beijing and currently only five of 53 African states uphold ties with Taipei (Meidan, 2006: 76). In the late 1990s, Africa got importance to China gradually because China needs energy to fuel its appetite for quick industrialization and it need a market for raw materials. To further cemented the relations between Sino-Africa, in 2000, China Africa Cooperation Forum was established.

## 3. Economic Dimension

Africa is lack in capital and basic infrastructure. Its economy is import dependent and its base of economy is weak whereas all types of opposite condition are applicable to China. China's trade policy is clear; in exchange for oil and other natural resources that will serve China's economy with both the energy it needs to continue its economic booming and a more diverse marketplace in which Chinese manufactures goods can be solved, China will invest and export low cost manufactures.

With the establishment of the Forum on China-Africa Cooperation (FOCAC) in 2000, Chinese trade and investment in Africa skyrocketed. In 1999, prior to the establishment of FOCAC, bilateral trade between the two regions totaled \$2 billion but in 2007 the volume rose to more than \$40 billion a year and in 2010 it become about \$114 billion (O' Brien, 2008: 78). More than 800 Chinese corporations are doing business in Africa mainly in infrastructure, energy and banking sector (Financial Times, 2009). Unconditional and low-rate credit interest of China is very attracting. Since 2000 more than \$10 billion in debt owned by African nations to Chins has been cancelled (Wikipedia). One-third of Chinese oil

supplies come from the African continent. In 2008 and consecutive four years, China has been Africa's largest trading partner.

In 2007 China announced cutting tariffs for all goods imported from 25 out of 49 African countries with which China does business (O' Brien, 2008: 77). China increased tariff free export products from 190 to 440 between 2003 and 2007 to African states (Meidan, 2006: 83). China's trade with Africa has some basic characteristics. First of all, China's economic interests in Africa don't vary from those of western states. 2nd, it is not clear that China's engagement will substantially improve Africa's prospects for development. 3rd, the aggregate African trade with China has a huge deficit. 4th, local retailers are facing competition from expatriate Chinese traders. 5th, China's investment mainly covers labor-intensive and export oriented sectors. 6th, China's trade relations has soften the impact of the US and the EU economic sanctions. 7th, China's massive transfer of skilled personnel will have a negative impact on African job market. 8th, African capital-intensive export will create and imbalance in African job market. It is estimated that about 750000 Chinese workers have moved to Africa between 2000 and 2009 (Arvin and Shariff, 2009: 36). 9th, China encourages domestic capital to seek foreign investment opportunities. It is noted that China's FDI in Africa have jumped ten folds from 2000 to 2006 ((Arvin and Shariff, 2009: 36).). 10th, in recent years African states have received less western aid than they did during the 1980s. In 2007 alone, China offered \$ 8.1 billion to Africa compared with only \$2.3 billion from the World Bank ((Arvin and Shariff, 2009: 39). Finally, China is investing in countries where it is getting its natural resources from. In 2004, China's 54% of total investment has gone to oil-exporting states like Algeria, Libya, Nigeria and Sudan (De Looy, 2006: 26). At last, China's energy consumption is increasing day by day; by 2025 China will import an additional 7.2 million b/d of foreign oil which is now nearly 3.7 million b/d (Butts and Bankus, 2009: 5). After the Middle East, that constitutes 44%, the African region, which accounts for 32%, is the second largest source of energy imports for China (.Butts and Bankus, 2009: 5). In addition, every economic site has political dimensions here because the 'one-China' principle is the political foundation for the establishment of Afro-Sino economic relations (Oloo, 2011: 2).

#### 4. More than Business

Beyond simply economic and trade relations between the two, higher political and diplomatic exchange has increased. Referring to itself as the largest developing state, China exposed itself to the African nations as an important alternative non-western model of governance and economic development. China makes African states understood that China is one of their own. This kind of solidarity has provided notable support to China. This partnership will prove integral in any disputes that may arise with the west. China puts a high priority on preserving strong relations with its African energy suppliers through investment, debt relief, aid, high level visit and a policy of non-interference in domestic affairs that is really suit to African autocratic government. China imports its 82% of oil from Africa mainly are of grim human rights records (Langan, 2008). There are three groups of African states, 1st, transition countries-those are continuing their political transitions from autocratic to democratic political system. Promoting democracy is not an objective of China's Africa policy. 2nd, energy rich countries-simply resourceful states, China holds access to those resources by subordinating international attempts to solve the political problems of those states (Tull, 2006: 474). 3rd, post-conflict states- China is politically willing to solve these conflict through UN guidance by sending troops to serve its military interest as well. It is noted that, negative political development that almost cannot contribute to the promotion of peace. Chinese aid has been considered as foreign policy instrument to manipulate its donors' political decision.

#### 5. Military Engagement

Though China follows 'non-interference in domestic politics' policy, it maintains a military relation with African states. China sells arms and keeps military relations to some pariah states in Africa especially the conflict-zones which have come under western sanctions and UN's embargo so that China gain support from African states in the UN to serve its political goals. China's proliferation of arms helps to start conflict or exacerbate the existing ones. China mainly offers security alternative to the West for African states through its military deals.

During the revolutionary struggle for independence in 1950s, China exported arms to fight Western imperialism. Between 1955 and 1977 a worth of \$142 million military equipment was sold to African countries (Le Monde Diplomatique, 2009). To fight against the French colonial power, from 1957 to Algerian independence, China supplied military training and weapons to the Algerian National Liberation Front. China offered to send 280000 volunteers to Egypt during the Suez crisis (Chuka, 2011: 70). It is reported that Chinese military instructor made Ghana a base for training guerrilla fighters and Rhodesian freedom fighters Mozambique Liberation Front received training in China (Chuka: 17).

After the Cold War, due to the low prices of Chinese made weaponry and military equipment an increasing number of African countries shifted from their traditional sources like Russia to China. China maintains close military relations with some African states which are experiencing high levels of internal instability and serious governance deficits.

Recently, China's military involvement in Africa mainly covers its arms selling, construction of small arms factory, participation in UN peacekeeping operation and defending its involvement and personnel (Holslag, 2009: 24). There is no Chinese military presence in Africa other than that used in UN peacekeeping missions. In 2004, China deployed newly 1500 soldiers under the UN peacekeeping mission in Africa (Le Monde Diplomatique, 2009).

China's arms sales to Africa between 1996 and 2003 made up 10% of all arms transfers to Africa, from 2004 to 2007 China's percentage increased to almost 18% (Chuka, 2011: 72). China's arms sales to Africa stood at \$1.3 billion in 2003 (Alden, 2007). The Chinese have set up three small arms factories in Sudan. Faced with Western sanction, Mugabe's Zimbabwe got \$28 million in arms between 2005 and 2007 (Chuka, 2011: 71). China granted Nigeria \$1 million in 2001 to upgrade its military facilities (Chuka, 2011: 71). China clearly opposed efforts within the UNSC to punish these frugal governments of Africa. Many Chinese firms were accused of smuggling illegal arms. During the Ethiopian-Eritrean war in 1998, China delivered arms to both sides for a total of more than \$1 billion (De Looy, 2006: 25). Such military involvement in ongoing civil wars and conflict in Africa is not conducive for peace in Africa.

## 6. Environment-that matters

China's indiscriminate investment and exported Chinese-model, that is quick industrialization denying environment, have contributed to unchecked environmental degradation in Africa. As Chinese companies don't maintain environmental standard in China, they are not conscious in environmental protection in Africa as well. These companies are more concerned with extracting energy resources than environmental degradation in African host countries. China wants to export its environmental problem to Africa. Mainly China's investment covers in such sectors those are environmentally sensitive such as oil and gas exploration, mining, hydropower, timber extraction and so on that causes environmental problem. Chinese companies chose Africa as investment friendly region because of lack in environmental governance. For example, in 2002, Chinese Exim bank agreed to fund for building the Merowe Dam in Sudan which was refused to support by France's Official Credit Agency because of its environmental and social impacts. The dam displaced up to 70,000 Sudanese and the Sudanese government violated the Environmental Protection Act of 2000 (Langan, 2008). As China banned extracting timber from its own states, Chinese companies import timber from African states and now China is the biggest importer of timber out of which 80% imports from African states. China wants to transfer polluting companies to African states to manage its emission.

## 7. The Great Game: Making it Non-zero-sum

Britain and France in history fought major wars of occupation to control African gold, copper, and cocoa. By establishing military and commercial partnership with African states, the US at the end of the Cold war kicked European powers out of Africa. Western powers racist policies hampered in common values of indigenous African. The EU under the flag of partnership for peace and security emerged as a new player in Africa. The emergence of Chins as a force in Africa complicated the game. The Chinese leaders were drawing attention to the common anti-imperialist struggle of China and Africa. After the Cold war, the relationship between Europe and Africa can be described as neo-colonial. Chinese investment, loan, debt relief provides an alternative for western ones. As China was not involved in trans-Atlantic slave trade; colonialism on the one hand, African liberation struggle was promoted by Chinese support in all types; China and AU states formed the part of the South-South bloc on the other hand makes the Afro-Sino relations cemented than that of with Western ones.

In practice, China and the US have different approaches to the continent. Whereas China prefers business and non-interference policy, the US highlights conditional business and interferes in domestic affairs. While Chinese premier and president frequently visit Africa, the US president's visit to this area is not noteworthy. China gives emphasis on business on the other hand the US puts a high priority on countering terrorism, piracy and drug trafficking. The US has a designed military command-AFRICOM- for Africa with a base about 3000 military and civilian personnel in Djibouti (Shinn, 2011: 3). China passed the US and become Africa's most important trade partner in 2009. China-Africa trade totaled \$127 billion in 2010 compared to \$113 billion for the US-Afro trade (Shinn, 2011: 3). The US and EU countries each import almost one-third of Africa's total oil exports, significantly more than China imports. The Chinese aid, FDI volume is more than that of the US.

The major inherent challenges for the US-China cooperation in Africa is to overcome long standing suspicions between the two countries and it is urgent to convince the African countries that the US and China are not trying to gang

up on them. Now the US and China are working hand in hand in UN peacekeeping mission and combating malaria. Both seek stability in Africa.

China's conditions of aid and loan have been widely criticized by the US. China's military equipment export to the autocratic states is the target of criticism and sanctions by America. The US warns that China's unwillingness to criticize its African allies' human rights records and corrupt governance will undermine the development initiatives in Africa. By assisting economically and diplomatically, China enabled them to refuse Western-imposed reforms. The US government is also alarmed by China's role as one of Africa's primary arms dealers. On the other side, European states are increasingly reluctant to interfere in African affairs. None of the EU member states drives as active policy towards Africa. The volume of trade between the two regions has decreased. Such as, between 1985 and 2006, EU's share of foreign trade with Sub-Saharan Africa has decreased from 3.2% to less than 1.4% (Tull, 2008: 4). However, European perceptions of China's involvement with Africa have been extremely negative because of China's economically 'industrialization through economic exploitation' and politically 'see no evil' policy. To say Chinese factor has contributed to a renewed European interest in Africa.

#### 8. Neo-colonialism?

China's policy is going to be mercantilist system in African region. China extracts raw materials and using them in its industrial revolution and then exporting finished products back to Africa is similar to the policy of colonial states. China's relationship with some of Africa's unsavory regimes has inhibited the international community from protecting human rights. Though China wanted to cover its neo-colonial look under its non-interference policy but China's involvement in Africa is under both skepticism and criticism by international community. China is going to flood the African market with its low-cost-made products and harming the expansion and survival of African local industries and business.

#### 9. Soft-products

A combination of economic and political consideration has increased the soft cultural exchanges between Africa and China. At the end of 2005, China had signed 65 cultural agreements with African nations and implemented 151 plans of cultural exchange (O' Brien, 2008: 82).. Relations in terms of bilateral education, tourism, sports are highly preferred in this context. There are three Chinese cultural centers in Africa. The Confucius Institute has 20 centers distributed around 13 African countries. China provides about 1200 government scholarships to African students every year and by the end of 2005, a total of 18,919 scholarships had been granted to students from 50 African countries (Ayenabo et al, 2012:6424). Tourism has become a major source of Sino-Afro cultural exchange. To note, 110,000 Chinese nationals visited in 2005 to the African continent (Ayenabo et al, 2012:6425). Though historical bitter experience is a barrier in Afro-Western relations, Chins will cultivate a favorable national image through its soft power.

#### 10. Concluding Remarks

In real terms, Afro-Sino relation is not mutually beneficial. It is not in a win-win position. China doesn't want to make this global game as non-zero-sum. China's booming economy, enormous investment, huge debt relief has till now failed to make Africa a sound economy based continent. On the other hand, it is not only China's responsibility to make Africa developed; others should come forward in cooperating gesture. China's non-interference policy should not be applicable to human rights, democracy promotion so that stable governance should be established. China should not make the policy implication of international community difficult in Africa. Only business cannot fill the vacuum that created in phase of history, other issues like environment, workers' conditions should be listed in. International community without any more criticism should think China as a catalyst in African development.

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