

The 2006 Beijing Summit of the Forum on China-Africa Cooperation (FOCAC) was attended by the heads of state and government of over 40 African countries.

China in Africa

How will the Beijing Consensus benefit Africa?

Throughout Africa, China is challenging the West, not only in terms of economic investments, but also through its development aid.

By **Ellen Lammers**

China's growing presence in the global arena is causing alarm in the United States and Europe, for economic and geopolitical reasons. One main issue of interest at the moment is the country's mounting influence in Africa. Academic researchers have to avoid reducing the discussion to questions such as 'burden or boon?' or 'new colonialist or friend and benefactor?'

China's foreign policy, especially in relation to Africa, is now the subject of research and of international meetings around the world. A conference in Cambridge, UK, for example, brought together a wide variety of speakers, including international experts like Deborah Bräutigam, Daniel Large and He Wenping, to discuss 'A Chinese scramble?' in July 2006. The stimulating papers presented at this conference (to be published as *China Returns to Africa* later this year) will undoubtedly set the stage for future research. Yet they also highlight the need for a solid empirical basis on which to base policy considerations and analyses of various aspects (trade, aid, governance) of this emerging field of research.

In the Netherlands, China's involvement in Africa is still an emerging field of academic research. A first impetus was provided at a seminar, 'Red star, black gold', at the African Studies Centre in Leiden, in September 2006, where the guest speaker was Chris Alden of the London School of Economics.

Economics

Most recent studies have focused on China's investment and commercial activities in Africa, rather than its development aid. But trade and aid cannot be disentangled, for both have political implications.

The commercial side of the story is clear. To feed its booming economy China needs resources – minerals, timber, foodstuffs and, above all, oil. The country imports 40% of its oil,

a growing percentage of which (nearly one-third) comes from Africa. Sudan, the continent's third largest producer, exports 60% of its oil to China, fulfilling 5% of China's needs. Angola has overtaken Saudi Arabia as the country's largest oil supplier. It is no surprise, therefore, that most Chinese foreign direct investment (FDI) in Africa is resource oriented.

Africa's fast-growing population offers a welcome market for China's manufactured goods. Yet experts like Nicolas Pinaud of the OECD agree that the effects on African industry are debatable. The textile industry is a case in point. During the 1990s, as a result of the Multifibre Agreement (MFA) quota system and investments from Asia, several African countries were able to develop their clothing industry. When the MFA quotas on Chinese exporters were lifted in January 2005, however, African clothing and textile exporters that had benefited from the US African Growth and Opportunity Act (AGOA) were hit hard. South Africa was the main casualty, with a 45% decrease in clothing exports.

But Southeast Asian exporters of textiles, shoes and plastics who cannot compete with China in African markets have also been affected. This Asian competition has increased the purchasing power of many African consumers. A study by Deborah Bräutigam, moreover, has shown that expanding Chinese business networks in Africa can serve as a catalyst for local industrial development. Cotton growers in West Africa, for example, have benefited from increased exports to China. Nevertheless, most observers today share the concern that by purchasing raw materials from the continent and selling value-added products back, China's increased involvement will create an unfavorable trade balance for many African countries.

An emerging aid donor

The World Bank, the International Monetary Fund and Western donors also express concern about China's role as an 'emerging donor' in Africa. To begin with, this is a misperception, since Sino-African bonds go far back. In the 1950s and 1960s China supported African independence movements in an ideological campaign against Western imperialism. China's aid to Africa

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during the Cold War served to outdo the revisionist communist Soviet Union as well as to mark its opposition to the West. Ideology has waned, however. China's activities in Africa today are profit-centred, and its aid pragmatic.

Infrastructure projects – frequently financed by soft loans – are the centrepiece of Chinese aid. Its development assistance also consists of technical support for agriculture, medical services, and human resources development. African students and professionals are offered scholarships to study in China. By 2004, 15,000 Africans had graduated from Chinese institutions. Without providing exact figures, Barry Sautman, of the Hong Kong University of Science and Technology, notes that most graduates return (not least because of racism), resulting in a small 'brain gain' for Africa. In 2000, China cancelled the bilateral debts, totalling US\$1.27 billion, of 31 African countries.

China's aspirations in the area of development cooperation are laid down in the Programme for China–Africa Cooperation in Economic and Social Development, a subsidiary of the Forum on China–Africa Cooperation (FOCAC) set up in 2000. The approach professed by China today is a continuation under new circumstances of the Five Principles of Peaceful Coexistence adopted at the Bandung Conference in 1955. It is a policy based on non-interference, respect for sovereignty, equality and mutual benefit. China's aid comes without talk of human rights, good governance, economic reforms or environmental concerns. It is merely conditional on the adoption of the 'one China' policy.

This approach is appreciated by African governments, yet it worries Western donors, who fear that access to growing funds from China will undercut internationally agreed standards and

encourage unsustainable policies. This concern persists, even though China signed (but indeed does not actively champion) the 2005 Paris Declaration on Aid Effectiveness. Daniel Large, of the School of Oriental and African Studies in London, notes that, at least in the short term, the 'progressive' governance and democratization agenda in Africa has generally been undermined. 🇬🇧 Denis Tull, of the Institute of International Affairs and Security in Berlin, another speaker at the Cambridge conference, asserts that while the economic impacts may be mixed, the political consequences of increased Chinese involvement in Africa 'are bound to prove deleterious'.

An alternative approach

China's approach to Africa – popularly referred to as the Beijing Consensus – may thus have serious implications for the continent's development paradigm. Many African leaders view emerging South–South relations as an historic opportunity to escape their neo-colonial ties to the West. China's example – 400 million people lifted out of poverty in two decades, without externally enforced structural adjustment programmes – has bolstered African countries' optimism that they too can devise their own development path, and that the Western model is not holy. By presenting a 'different' approach to development, China styles itself as leader of the global South and champion of a progressive international order.

All recent studies 🇬🇧 show that China's involvement in Africa should give pause for thought. Although China is an outspoken supporter of the Millennium Development Goals, its support for the African Union and the New Partnership for Africa's Development (NEPAD) has so far proven to be little more than

rhetoric. Also, its aid is almost entirely bilateral, and thus falls outside the existing architecture of international development assistance. Denis Tull is not alone in his observation that ‘sizeable benefits of China’s return will accrue to state elites’ 📖.

Furthermore, although little detailed information on the quantity, terms and conditions of Chinese loans and grants to Africa is publicly available, it is no secret that most Chinese aid is highly intertwined with trade and investment, and is tied to Chinese goods and services. In Angola, for instance, 70% of the US\$9 billion injected by China was to be allocated to Chinese contracts. Daniel Large, based on his observations at the last FOCAC meeting in Beijing, expects that non-investment related aid being upgraded to facilitate economic relations could be a rising trend. Finally, a danger lies in wait for formerly highly indebted poor countries eager to accept the new (non-concessional) loans offered by China, since they may result, once again, in unsustainably high levels of debt.

Selfless aid?

China’s commitment to non-interference evidently does not prevent it pursuing its own political interests. It is no coincidence that the resurgence of Chinese interest in Africa (including generous aid packages) followed the 1989 events in Tiananmen Square. Faced with fierce condemnation from the West, China needed new allies, and its current involvement in Africa has indeed provided it with valuable diplomatic support.

Economics, however, remains top of the list. The Chinese Ministry of Commerce is the lead agency in the provision of bilateral aid. Development assistance and soft loans (as well as investments) pave the way for favourable concessions for the exploitation of oil fields (Angola, Sudan), or access to fishing waters (Sierra Leone, Gabon) and agricultural land (Zambia, Zimbabwe). Further, China’s policy of non-interference offers opportunities to its (private and state-owned) companies that are unavailable to their Western competitors. When American and Canadian oil companies left Sudan following their governments’ imposition of sanctions against the Sudanese regime, China soon stepped in to fill the gap. The West, in response, was quick to accuse China of maintaining links with the most unsavoury of regimes. 📖

An interesting question, but one that is hard to answer at this point, is whether the political profile of China’s involvement is likely to change as Chinese companies become more firmly established in African markets and political systems. Some find first proof of this in President Hu Jintao’s call for a ‘comprehensive political solution’ to the conflict in Darfur during his Africa visit in February 2007. Others, including Large, interpret this as a strategy of being seen to say the right thing in public (i.e. to encourage Sudanese President Bashir to accept a UN mission), while continuing to ensure good relations with Khartoum in practice. ‘We shouldn’t interpret better language as indicative of changed policy’, cautions Large.

Nevertheless, the fundamental similarities between Western and Chinese approaches to Africa can hardly be denied. China is not alone in supporting authoritarian regimes in Africa – witness US and French support to oil producers such as Gabon, Angola, Chad and Equatorial Guinea. Like China, the EU is a large purchaser of illegally harvested African timber, and disadvantageous terms of trade have characterized Africa–Europe relations for centuries.

China matters in Africa. Observers welcome the multi-polar world (replacing the North–South divide) with its emerging

pluralism in development options. As yet, however, there is little evidence whether China’s renewed, and most probably lasting, involvement in Africa will serve the continent better than the decades of aid from Western governments, which have scarcely delivered on their promises. In any event, according to Richard Manning, chair of the OECD’s Development Assistance Committee, current Chinese grant aid is insignificant compared with that provided by ‘traditional donors’ 📖. Sino–African trade and investment will have a far more consequential impact. While Chinese FDI is contributing to economic growth (especially in resource-endowed states), apart from an infrastructure construction boom, there is little evidence of a positive impact on broader human development.

Whether Africa’s asymmetrical position in the world economy will change for the better is not least dependent on Africa’s answer to what has hitherto been a process largely driven and directed by Beijing. To date, there is little sign of a coordinated African response to or common position on China. A task for the African Union and NEPAD clearly lies ahead. ■

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