Short Term Policy Brief 53

Reappraising Chinese Engagement in Africa

March 2012

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Background Briefing: Reappraising Chinese Engagement in Africa

Executive Summary

- China is now Africa’s most important bilateral trading partner.
- A polarised debate dominates the pros and cons of this engagement.
- Chinese involvement in Africa is driven by resource security concerns but also the search for new markets.
- Chinese policy in Africa does not follow an overarching grand strategy, despite what Beijing may claim or wish.
- The eclectic nature of Chinese actors involved in Africa is often outside the control of Beijing and at times their non-sanctioned behavior threatens China’s broad reputation.
Introduction

The increase in China’s economic and political involvement in Africa is arguably the most momentous development on the continent since the end of the Cold War. The People’s Republic of China (PRC) is now Africa’s most important bilateral trading partner. Since the upsurge of interest in Africa (circa post-2000), the Chinese leadership has been enthusiastic in showcasing its country’s engagement with Africa and publicising what it habitually describes as a relationship that ‘has always been based on mutual benefits and win-win results’ (Xinhua, May 15, 2007). In contrast, critics have claimed that, for the most part, Africa is exporting oil and other raw materials to China while importing cheap manufactured Chinese goods—an exchange remarkably similar to that of the colonial era. Indeed, the accusation that China is a new colonising power, exploiting Africa’s natural resources and flooding the continent with low-priced manufactured products while turning a blind eye to its autocracies is at the core of most critiques of China’s current engagement with Africa.

A key aim of Chinese involvement in Africa is resource security, but Beijing’s entrepreneurs also seek commercial advantages. As China’s economy has taken off, the search for more and more markets for Chinese exports has intensified and Africa is seen as a useful and profitable destination. Chinese imports into Africa—mostly low-cost and low-quality goods—have taken over the marketplaces in most African countries, as any visitor will attest. The impact on local economies of Chinese imports is becoming more and more apparent, leading to growing local resentment with concerns over ‘unfair’ Chinese competition.

However, in analysing Sino-African relations and the policies that shape and are shaped by them, we must always keep in mind that there are many Chinas and equally, many Africas. Thus the allegation, leveled by Western and African commentators alike, that China is colonising Africa is inherently misleading, based on the assumption that Chinese foreign policy in Africa follows an overarching
grand strategy dictated by Beijing. Rather, it is at best acceptable to state that Beijing’s policymakers have certain aspirations for specific facets of Sino-African ties. The most obvious example concerns China’s state-owned oil corporations and their investments in African resource industries, which are clearly connected to the energy needs and domestic dynamics associated with China’s rise. But even here, rivalries among energy companies point to the fact that the interests of one Chinese actor may not always coincide with those of another, be it state or private. Given the secrecy surrounding energy deals signed by Chinese corporations in Africa (which are by no means unique in this regard), untangling underlying impulses and motives can be extremely problematic.

Beyond the energy sector, rivalries among Chinese provinces, cities, municipalities, and/or individuals play themselves out on a daily basis in Africa and lay bare the myth of a monolithic China relentlessly pushing forward on some sort of ‘trade safari’. Nuanced analyses of Sino-African relations transcend talk of a ‘Chinese strategy’ for Africa, which encodes fears of conflict with Western interests; equally, they recognise that Sino-African relations represent processes of globalisation not colonisation, involving the reintegration of China into the global economy—a project that has hitherto enjoyed the enthusiastic support of the capitalist West.

Commodities and confusion

Where there is coherence in Sino-African relations, it is arguably based on several key aims of Chinese foreign policy. One is that Chinese corporations ‘go global’ and help ensure regime security in the process, namely by gaining access to crucial resources. A statement issued by the Chinese Ministry of Commerce explicitly posits Africa as ‘one of the most important regions for carrying out our “go outward” strategy’. The resulting hike in commodity prices has in itself been good for many of Africa’s economies, although it is obviously uneven and dependent upon resource attributes. The coincidence of higher prices and higher production levels has propelled an increase in sub-Saharan
Africa’s real GDP, much of this linked to burgeoning Chinese demand. But the benefits are skewed toward select industries. South Africa provides iron ore and platinum, while the DRC and Zambia supply copper and cobalt. Timber is sourced from Gabon, Cameroon, Congo-Brazzaville, and Liberia, while various western and central African nations supply raw cotton to Chinese textile factories. It is, however, oil that remains China’s biggest commercial interest in Africa.

Indeed, China’s growing dependence on foreign imported oil has become a major concern for Beijing, and it is within the context of oil security that we might identify a strategic element to Sino-African relations. The pressure on state-owned oil corporations to engage in international trade is predicated upon a single-minded interest in the accessibility and dependability of foreign oil supplies. Policy analysts in Beijing connect the global political milieu to domestic energy security and feel that China is vulnerable until and unless it can diversify its oil sources and secure greater access to the world’s oil supplies. Africa is an intrinsic—and possibly central—target of this stratagem. Thus Chinese policies regarding oil deals in Africa are driven by worries that there may one day be too little oil to meet worldwide demand and that the energy needs of foreign powers—in particular the United States—will eclipse those of China. Any reasonable state administration in Beijing’s position would encourage its actors to do what Chinese state-owned oil corporations are doing, namely defending the national interest.

Chinese oil companies have been vigorous in seizing opportunities long overlooked by more established actors. Granted, state-owned enterprises have an advantage over their private, commercial competitors; it has been alleged that they can, unbehinden to shareholders, outbid for major contracts by paying over the odds. In addition, because they are state-owned, China’s national oil companies can work with the government in a neomercantilist fashion, making sweetener deals involving generous loans and/or infrastructure-development projects in return for oil. Lubricating
commercial deals with extras was, of course, precisely what Western powers were doing in Africa long before China arrived on the scene, and prior to the ascendancy of neoliberalism.

**Reputation at stake?**

A constant theme in both Western and African media outlets is how problematic Chinese companies are vis-à-vis labour rights, safety standards, pay levels etc. Here, Beijing is in a bind because even if Chinese policymakers earnestly seek to regulate Chinese business practices in Africa, their ability to do so is extremely limited. Indeed, the more China liberalises, the less easy it is to control private businesses domestically, let alone in far-off Africa. This is a major conundrum for the Chinese government, striving as it does to safeguard Beijing’s image as a responsible power—but it is not unique to Sino-African relations. Chinese actors engaging in illegal behavior are no more representative of Beijing’s African policies than bad practices by a British or US company reflect London or Washington’s diplomatic objectives in Africa—or elsewhere, for that matter. However, the world community still erroneously sees China as a centrally controlled, monolithic actor. This perception is arguably informed not only by long-standing tradition, predating 1949, but by Westerners broadly frustrated by their inability to impose their will on China. While the Chinese state is often viewed as a machine whose parts all mesh smoothly, in fact, the system of central control and coordination is largely a thing of the past. Closer to the mark is Kenneth Lieberthal’s use of the term ‘fragmented authoritarianism’ to characterise the regime. This milieu is only growing as China re-engages with the global economy under the conditions of de facto liberal capitalism and domestic trends spread overseas. However, for China this is a problem: if Shell engages in unsavoury activities in Nigeria’s Delta region, no-one blames David Cameron or the British; no one makes a direct link between Shell and 10 Downing Street. Yet if a Chinese corporation acts in an unscrupulous fashion in Africa, ‘the Chinese’ are instantly castigated, and Hu Jintao is almost personally implicated.
Complicating this scenario is the fact that many of the Chinese-made products sold in African markets are brought to the continent not by Chinese but by African traders. There are now quite elaborate trading networks linking China and Africa, many centered in the southern province of Guangdong, where a relatively large population of African entrepreneurs live and make deals. Indeed, in the city of Guangzhou, an estimated 20,000 Nigerians alone live and work. African traders have also long been established in Hong Kong, primarily at Chungking Mansions in Tsim Sha Tsui, where products from China are sold in large quantities to traders from across Africa, who ship their products via Chinese-owned cargo companies directly to Africa.

Here, the point is that Chinese traders are not simply flooding the African market with cheap Chinese goods; African actors are actively facilitating the inundation. We do not have estimates of the respective proportion of goods sold in Africa’s markets by Chinese entrepreneurs to those sold by African traders, but information gleaned from various interviews and observations made in a variety of African marketplaces suggests that a large percentage was sourced and shipped by the latter. This is somewhat ironic given that many African trade unions and civil-society organisations lay the blame for the ‘Asian tsunami’ of cheap products squarely on ‘the Chinese’. Even those who argue that trade between Africa and China is becoming colonial in character must admit that it is occurring with the active cooperation of many Africans themselves.

Overall, the balance sheet on Sino-African ties is positive and the recent upsurge in Chinese activity holds a great deal of opportunity for the continent. Not least, it has spurred other external actors to take the continent’s potential more seriously. Clearly, China is not the new imperialist in Africa. Although there are facets of Sino-African trade that fit the pattern usually described as neo-colonial—for instance, the fact that Africa exports raw material and imports finished products—they are by no means unique. Rather, they characterise virtually all of Africa’s bilateral trade relations.
and, according to many influential analysts, have their roots in the colonial period—when China was wholly absent from Africa. Viewed in this light, the notion that China’s economic engagement with Africa should be totally different from that of other external actors seems unrealistic.

Furthermore, Chinese economic policies, if at times arguably neo-mercantilist are fundamentally capitalist. The post-Mao Chinese leadership is thus doing precisely what the West wants it to do and yet is, on occasion, castigated for doing so in areas formerly held to be in the West’s sphere of influence. Here, the growing concern about global energy supplies is particularly apt for explaining negative reactions to China’s rise in Africa and elsewhere in the developing world.

This challenge is most often flagged in debates over governance, whereby Chinese engagement with Africa is arguably less positive, relating as it does to Beijing’s non-interference policies and de facto hands-off approach to issues of human rights. It is of course true that such policies are long-standing and shape relations beyond Africa. What is more, they have a certain cachet when the alternative is presented by overweening powers bent on promoting particular economic and political agendas as universal truths. However, a middle ground—one that respects international society and recognises that borders cannot be used to shield miscreants from censure if and when they infringe upon basic rights to life, self-realisation, and social development—is more appropriate. There is growing evidence that the Chinese leadership is approaching this middle ground, arguably spurred on by the damage to its reputation done by its relations with various dubious regimes. Chinese policies in Africa are in a complex process of evolution and Beijing policymakers’ realise that Chinese operations need security just as much as Western ones do and that if they wish to facilitate the extraction of Africa’s resources in order to keep China’s economy going, they must ensure a safe operating environment and the protection of investments.
Summarising Sino-African ties

If Sino-African relations could be reduced to their essence, three main points would stand out. First, China is not a unitary actor. This may seem elemental, but judging from a lot of the literature on Sino-African relations, it seems to have been overlooked. As the Chinese leadership has pursued its (admittedly uneven) post-Mao economic liberalisation policies, they have encountered increasing difficulties in controlling—or even keeping abreast of—the diverse activities in which various Chinese corporations and individual merchants are engaged overseas. Although major oil and other energy-based companies are probably under constant supervision (which rivalries may however complicate), the huge proliferation of small-scale traders operating in Africa, very often private individuals or families, is all but impossible to manage. Weak rule of law, endemic corruption, and bureaucratic tendencies at every level of government means that the central leadership is in a perpetual and losing struggle to keep up with a surging economy, whether domestic or when it is projected overseas.

Chinese trade with Africa has become, in many ways, normalised, which is to say diverse, and involving multiple actors, rather than state directed and controlled. Tracing production networks—the processes by which things are made and/or finished and delivered to markets—is increasingly complicated. This may be why so many analyses reduce relations between ‘China’ and ‘Africa’ to an almost bilateral level.

The second key point about Sino-African relations is that there has been a fair degree of scapegoating of China for its alleged negative impacts upon Africa. Upon close inspection, these allegations appear much less salient and accurate and are often balanced out in any case by positive impacts. For instance, Chinese construction companies are criticised for hiring only Chinese workers—even unskilled ones—so that infrastructure-development projects do not generate much
local employment or promote skill acquisition. Yet while many Chinese are employed as unskilled casual laborers, local Africans often garner management and administration positions. Given the low skills base in much of Africa, it is unreasonable to expect a high proportion of the skilled jobs to be held by Africans in any case; Western corporations operating in Africa likewise tend to install expatriates at the management level, even after many years in country.

It is true that health and safety standards, as well as workers’ rights and environmental issues, do not appear to be priorities for some Chinese companies. This is unfortunate and indefensible. But it reflects what is happening back home in China, where the leadership resolutely pursues the capitalist road to development. It is up to African states to regulate the activities of foreign companies and ensure that extractive operations do not destroy the local environment or deny African workers their labor rights. Unfortunately, many of Africa’s elites post-independence have shown scant regard for their citizens’ constitutional rights in general; it is doubtful that they will suddenly spring into action where Chinese investment is concerned.

Many of the criticisms of Sino-African ties point to Africa’s domestic problems and then extrapolate to place the blame on ‘China’. This is unreasonable. The Chinese leadership may, however, be culpable for a non-interference policy that has negative implications for the human rights of Africans. But, as mentioned, Chinese policy is evolving. Although the Chinese have considered their approach to Africa to be benign, they are beginning to feel exposed by the intricacies of Africa’s politics. Kidnappings in Nigeria, the murders of Chinese workers in Ethiopia, anti-Chinese riots in Zambia, a high-profile campaign against the Beijing Olympics over China’s role in Darfur, and a threat by Darfurian rebels to target Chinese citizens—all these have provided a steep learning curve.
This leads us to the third and final key point in our summary of Sino-African ties: that it is up to African leaders to manage their relations with China to benefit their own economies and citizens. Obviously, the internal structure of any given African state is all-important and varies widely across the continent. The fact that, for example, South Africa is a consolidated democracy by African standards accounts for the huge difference between the way Pretoria and, say, Sierra Leone deal with China. Fundamentally, Beijing’s engagement with Africa is grounded in pragmatism, and so it is up to each African state to negotiate how and where it takes shape. China’s abandonment of ideology for economic growth actually affords Africa greater room to manoeuvre—but Africa’s elites must do so wisely. In some countries, they will. In others, however, predatory elites at the apex of neopatrimonial regimes, unconcerned with promoting development, will forfeit the chance to make the most of renewed Chinese interest in Africa. Chinese involvement in Africa offers up a wealth of opportunities for the continent, but only if Africa approaches them prudently. How Sino-African relations will play out in the years to come, which Africans and which Chinese will benefit or lose, in which states and economic sectors, are questions for future studies on the multifarious nature of Chinese engagement with the continent.

**Europe’s response**

For the European Union, an upsurge in Chinese interest in Africa poses important challenges. Not least is the way in which Europe thinks about Africa. European commercial and political pre-eminence in Africa can no longer be taken for granted. A constructive relationship with China (and other ‘new’ actors in Africa, such as Brazil and India) is absolutely essential. Brussels would be well-advised to engage with Beijing whenever and wherever possible. It must be said that China is somewhat suspicious of such attempts at trilateralism, as are many African states (who relish the idea of a competition for their attention and favour). But Brussels must persist. If interaction with Chinese state officials at the Ministry of Foreign Affairs proves to produce limited results, the EU
should rather seek engagement with both MOFCOM and the corporations that have substantial investments in Africa. These all have the bottom line in mind and certainly do wish to safeguard their interests. All of these corporations have research arms who are crying out for help for critical policy analysis. However, the Chinese academic community’s capacity to deliver sound policy advice is limited. Very few academics do fieldwork and most prefer to parrot the official state line. Helping to build Chinese academic and think-tank capacity in African Studies would greatly assist.

Identifying where and how Europe and China can work together in Africa will be substantially more productive than accusing China of undermining European interests and/or demonising Beijing’s role on the continent. There are certainly some negative aspects of Chinese engagement in Africa, but on balance the positives outweigh these. If Brussels’ key concern in Africa is to promote development, China should be welcomed as an important new partner.