Beijing, Brussels and Washington in Africa: From scramble to partnership?

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How should Africa structure its relations with China? The writer gives us a concise and pertinent comparison of the three major investors on the continent – the EU, the USA and China. While each follows their respective models for engaging with Africa, he provides some valuable advice to African governments on the approach they should take towards making Africa-China relations mutually beneficial.

In less than two decades China has displaced traditional donors such as the United States, Germany and United Kingdom to become Africa's leading economic partner in trade, investment, aid and infrastructure finance. The Asian power's emerging role as an international actor has been the subject of numerous debates especially in relation to Africa.

Sceptics, unsure of the true intentions of China's investments in Africa, argue that China is Africa's latest coloniser, interested in Africa's natural resources and utilising debt-diplomacy to trap African nations into ceding control of the key infrastructure projects it financed back to its possession if they fail to pay the debt. Debt critics and observers are worried that African countries like Kenya who have amassed Chinese debt might be forced to relinquish control of key infrastructure built by China (or those strategically located in the One Belt, One Road route like the East African port of Mombasa) to China if they are not able to repay or lower their appetite for Dragon money.

They quote the example of Sri Lanka which, while struggling to repay more than $8 billion dollars it owes state-owned Chinese firms, was forced to formally hand over the strategic port of Hambantota to China on a 99-year lease in December 2017. Deals of this nature, which sign away too much control to China, weaken a nation's sovereignty.

In the backdrop of the Forum on China-Africa Cooperation (FOCAC) meeting in Beijing and the $60bn China promised for African development, and rising criticism by Africa's traditional partners on rising Chinese credit to Africa, it is imperative to look at those sectors that Chinese investment and aid has focused on in comparison to the continent's traditional partners, mainly the European Union and the United States.

In the competition for investment and resource opportunities in Africa, China, Europe and the United States are in the race but their key investment sectors and interests have differed. The exception is education where each appears to have an equal interest in enhancing cultural ties through scholarships and initiatives that take African students to their countries in the hope they will imbibe their host's values.

Chinese investments and aid to Africa, while diversified across sectors ranging from telecommunications to financial services, remain mostly focused on critical infrastructure including roads, railways, ports and hydro-electric dams. Though initially not a Chinese focus, China is also increasingly engaged in agricultural products with Chinese companies acquiring land abroad to grow

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produce for export to, and consumption in, China.

ROADS AND RAILWAYS LEAD TO PORTS, PORTS LEAD TO BEIJING

The 19th century European colonisers pioneered modern infrastructure in Africa – roads, railways, ports and telecommunications – to allow easy access to, and transportation of, resources from the African hinterland to the mother countries in Europe. China's focus on transport infrastructure, while beneficial in the long term, most likely has the same end in sight. A look at other sectors, such as healthcare, shows minimal to no Chinese investment. Why?

Beijing sees no commercial profit in these sectors. The development of transport infrastructure by China in Africa and other emerging and middle-income countries is linked to its interest in mineral and other natural resources. Most of it is geared towards connecting mineral-producing regions to key ports. In turn, the ports are used to transport resources to Beijing.

If we look to Sri Lanka's example, then we should be cautious of China's overtures such as the One Belt, One Road initiative. This grandiose scheme is initiated, promoted and financed by China and built by Chinese companies and Chinese nationals. And while they traverse national boundaries, they are "owned" by China, either as debt investments (for now) or through control and managerial ownership or lease (in the future). China seems to be financing the construction of infrastructure along this route to control it in the long run. The modality in which projects along the One Belt, One Road initiative will be managed remains to be seen. Will it follow the Sri Lanka model?

Acquisition and operation of ports in foreign countries is not a new phenomenon: already companies such as Denmark's Maersk Line operates 76 ports in 41 countries while Dubai's DP World runs 77 ports in 40 countries. However, where others operate for commercial reasons, Chinese state-owned companies are geopolitically orientated, strategically positioned and connect like dots along key international maritime trade routes to ensure political and economic leverage over its imports and exports which China aims to utilise to enhance its market reach.

Critics of Western imperialism and condition-based development aid that characterised relations with traditional donors argue that China offers mostly interest-free loans and aid without conditionalities. Furthermore, China is succeeding in developing critical infrastructure – the basic building blocks of economic development – which Western development agencies have ignored for most of their period of engagement with their colonies. China has become the single largest bilateral financier of infrastructure in Africa.

China has focused on business, leaving questions of governance, leadership and rule of law to traditional donors and preferring to work with existing governments regardless of how they are viewed by other international actors. Reuters quoted Cheng Tao, a former head of Africa division at the Chinese Foreign Ministry, saying that it was unfair to blame China for working with governments alleged to be corrupt. According to Cheng, "you voted for this government. It's the only government we can deal with."

With its focus on the private domain, China takes a minimalist approach towards the public domain in both its African and global relations. It pays scarce attention to the domestic politics of its partners, in contrast to Western nations such as the United States who prefer to exert maximum control over both. To achieve its economic and geopolitical ambitions, China will work with any government elected in a country that is a partner in the strategic One Belt, One Road initiative. (There is perhaps only one condition – accept the One China policy, which means non-recognition of the sovereignty of Taiwan which China considers its territory.) ➤➤

As Emile Simpson observed in the July 23, 2015 issue of *Foreign Policy*, in the wake of the US-led mission (public order) in Afghanistan, minimal Chinese support to the Afghan government in the fight against the Taliban ended in substantial mining concessions (private order) to China. Similarly, in Africa, except for Djibouti which hosts China's first and only military base in Africa, Beijing's focus on non-military-based foreign policy has, in less than two decades, ensured commercial dominance in a region where the US has a dominant military presence.

It appears foreign powers in Africa have carved out a niche for themselves. The US emphasises leadership, political reform and democracy, and health; for the EU, trade and economic integration are important; and for China it is construction and the provision of critical infrastructure. Each seems to have proven themselves in their area of expertise.

THE EU IN AFRICA: A CONTINENT STILL HAUNTED BY ITS COLONIAL LEGACY

Except for peace-keeping efforts in the horn and Francophone Africa, EU investments into Africa remain focused on trade and economic integration. These have been mostly focused on trade and related technical assistance such as supporting export competitiveness of countries, elimination of technical barriers to trade and enhancing the capacity of officials in trade-related agencies, among others.

Ironically, rather than assisting the establishment of critical industrial infrastructure for processing raw materials into finished products, EU technical assistance remains largely focused on supporting African producers to meet its (the EU's) market access for primary products which have historically been processed and sold back into Africa and other markets at higher prices. (Except for a few countries with an advanced manufacturing base and with a huge share of processed African exports to the EU.)

But even in its trade-related activities, colonial history still haunts Europe in Africa. Despite the launch of the first ever Africa-EU strategic summit in 2007 and subsequent summits, the last of which took place in 2017 – trade policy dialogue between Africa and Europe remains rather coercive than cooperative. In an effort to cement its commercial position in Africa, the EU is negotiating, or has concluded, a network of Economic Partnership Agreements (EPAs) with more than 40 sub-Saharan African countries.

As most EU technical assistance remains focused on helping meet EU market access standards mostly for primary products, EPAs provide European firms with preferential market access to African regions and will liberalise about 80% of imports over 20 years. But just as the Berlin Conference, which was responsible for the partition of African countries, caused the separation of homogenously cultural and linguistic communities, the EPAs further threaten to divide African nations by contributing to the spaghetti bowl of regional integration initiatives in Africa and further hinder the prospects towards continental integration.

Furthermore, this undermines industrialisation strategies of countries like Nigeria which for now have opted out of the EU proposal. If we look at the divisive nature of the EPAs, or the nature of relations between France and its former colonies, we see that China is not the only coloniser. Both powers still control Africa, albeit differently.

Around the same time that China was hosting African leaders in Beijing, British Prime Minister Theresa May and German Chancellor Angela Merkel were on a charm offensive in Africa with May stopping in South Africa, Kenya and Nigeria and Merkel visiting Senegal, Ghana and Nigeria. Either Downing Street received the memo late or it is Brexit that triggered action that, in the words of May, presented "a unique opportunity at a unique time . . . as we prepare to leave the European Union, now is the time for the UK to deepen and strengthen its global partnerships".

However, the dragons have dimmed the rays of the sun which is likely to remain blurred in the former British Empire. It remains to be seen how the UK will restore sunlight in a region that once was part of the British Empire upon which the sun never set. On the other hand, Merkel's talk centred on migration and investment opportunities for German companies such as automaker Volkswagen which announced plans to expand operations in both Ghana and Nigeria. The timing of the visit by two of the West's leading economies clearly indicates they are playing a catch-up game to counter Chinese dominance in Africa.

THE US IN AFRICA: A PENCHANT FOR INSTRUCTING GOVERNANCE AND RULE OF LAW

Similarly, infrastructure has not been a key focus of US investments into Africa. Like Brussels, when not focused on democracy and political reforms, aid and investment from Washington has focused on trade through the African Growth Opportunity Act (AGOA) – a selective initiative which allows countries that meet stringent eligibility requirements set by US Congress access to the American market.

In addition, aid-related investment relations have mostly focused on opening African markets to US multinationals. However, compared to China and the EU, the US invests heavily in health in Africa. For example, the US President's Emergency Plan for Aids Relief (PEPFAR), and other USAID-led global health programmes have contributed substantially to programmes for HIV and AIDs, maternal and child health, malaria and tuberculosis, helping to save lives in countries where epidemics of these diseases threatened to annihilate large segments of a population.

The US also leads in initiatives aimed at developing leadership capacity among young people in Africa, through peace and security and promotion of civil society groups to combat rising fundamentalism. However, some Africans begrudge the patronising penchant by US officials to instruct them on economics, governance and politics. They see no difference between China, Europe and the US – their objectives remain vastly similar, although it is pursued differently.

Concerns over the sustainability of rising Chinese loans to Africa are welcome given the power of the lender over the borrower. The structural power theorist Susan Strange in 1988 observed that in a world where corporate enterprises increasingly compete for profits, finance or the control of credit has risen in international economic relations. According to Strange, unlike money, credit can be created and whoever has the power to create or shape credit exercises significant influence over his/her peers and the borrowers.

Traditional credit to Africa used to be the domain of Western states and international organisations controlled by them. They exercised control over the money and policies of African nations, and today as China displaces them as banker supreme, they are worried not only because Africa is increasingly indebted to China but because the debt is not owed to them. If the so-called debt-diplomacy is true, then China will, in the long term, exert more control over Africa, just as they (the original lenders) did in the past.

Still, African governments should be cautious when dealing with China. Historical relations with Europe and decades of dealing with the US means that African countries understand both Brussels and Washington. This is not the case with China.

WHICH WAY FORWARD?

China already has an explicit Africa Strategy, often repeated in China-Africa summits. Both African states and their continental bodies lack a comprehensive strategy on relations with China. A 2017 report by McKinsey on Africa-China economic relations, "Dance of the lions and dragons: How are Africa and China engaging, and how will the partnership evolve?", analysed eight large African economies and identified four distinct differences in the Africa-China engagement:

(i) *Robust partners* including Ethiopia and South Africa, with clear and strategic stands toward China as codified in their national economic development policies which translate specific initiatives towards China. In China's eyes, they are true partners that effectively participate in platforms such as the One Belt, One Road initiative. South Africa co-hosted the Forum on China-Africa Cooperation (FOCAC) in 2015 and co-chaired the 2018 summit;

(ii) *Solid partners* including Kenya, Nigeria and Tanzania which lack strategic policy towards China but foster growing and meaningful government and business relations with China and Chinese companies. They understand their strategic location in the One Belt, One Road initiative, recognise China's importance to them but are yet to develop an explicit China strategy;

(iii) *Unbalanced partners* such as Angola and Zambia, where engagement is narrowly focused. Chinese investment in Angola has largely been government-driven in a *modus operandi* where Angola supplied oil to China in exchange for infrastructure financing. Compared to other African countries, investment by private Chinese firms is limited. While Zambia has registered major private-sector investment, poor regulatory oversight has resulted in corruption and unsatisfactory labour standards; and

(iv) *Nascent partners* include countries like Cote d'Ivoire. They have a relatively small number of Chinese investors which remain focused in low commitment industries such as trade. Like most Francophone African countries, relations are still at an infancy stage.

For African countries in which China has key interests, for example those situated within the strategic One Belt, One Road initiative, the aim should be to develop a clear China strategy. It would be in their best interests to gauge the key sectoral interests of each partner and develop policies that maximise the contribution that each partner makes. If China is the leader in infrastructure development, then they should develop appropriate policies on how to engage China for support in that area while striking relationships with other partners in their respective fields or areas of interests in ways that are calculated to align with their development objectives.

McKinsey's suggestions on accelerating Africa-China partnerships are perhaps the most insightful on the way forward. The report recommends that *African governments* should define their China strategy and build a capable bureaucracy to administer that strategy; the *Chinese government* should make government financing available to private Chinese firms and issue responsible business guidelines to those firms and use results-based aid approaches; and that both *African and Chinese governments* should switch to a Public-Private-Partnership (PPP) model of infrastructure project finance. For the private sector, Chinese firms should explore brownfield growth opportunities while African firms should decide when and how to drive step-change in growth productivity. Indeed, these suggestions would limit China's ascendancy and foster the much touted "mutual benefit" and "cooperation" models in the relationship. NA