

# What is China doing in Africa?

It's more complex than it seems – and more interesting

*By Martin Nicol*

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*China's expansion has had a major impact in Africa over the last 20 years. This is part of a much larger worldwide challenge to the economic leadership of the US and Europe. In this article, MARTIN NICOL considers the role China is playing in Africa, particularly in economic infrastructure, and the need for great care in interpreting criticism – from the global south as well as the west – about 'Chinese debt-trap diplomacy'. China, and its dominant Belt and Road Initiative, need deep understanding.*

**W**e admire China because of its success. China's journey out of poverty, since the rule of the death-dealing ogre Chairman Mao, is unique in world economic history.

We admire China for the cheap clothes, machinery and appliances they export to us – and for the expensive Apple products “designed in California, assembled in China”.

We admire China for its early civilization, and pursuit of science – the invention of paper, printing, gunpowder, the magnetic compass (and spaghetti!).<sup>1</sup>

And we deprecate China's exploitation and humiliation by the European powers, the US and Japan up to the middle of the last century. We also recall how South Africans of Chinese origin have been discriminated against over many generations.

Because of our history, however, we do not like China's policies towards Tibetans and Uighurs, and practices that debar some Chinese citizens from participating in elections. Having experienced censorship under apartheid, we are made uneasy by wide limitations on freedom of expression in other countries – in Eswatini and Zimbabwe as well as in China.

China's bigoted views have had an impact on our democracy. South Africa forced its public servants to lie about the non-attendance of the Dalai Lama at Archbishop Desmond Tutu's birthday 20 years ago. China would have been angry if he had managed to get a visa. In 2008, China suspended a multi-billion-dollar

order for 150 Airbus aeroplanes and cancelled two trade missions to France after President Nicolas Sarkozy agreed to meet the Dalai Lama (Hartcher, 2021: 139).<sup>2</sup>

There is nothing cuddly about China – even if President Xi has been likened to a teddy bear. China gets angry easily. Just look at how Australia and Lithuania have been treated! Lithuania allowed Taiwan to open a Representative Office in Vilnius, its capital city.<sup>3</sup> China responded with a trade blockade. Australia called for an independent international inquiry into the murky origins of the novel coronavirus (Banyan, 2021). This led to a range of sanctions including the blocking of exports of shellfish and minerals to China. Peter Hartcher (2021) cites examples of 11 countries, big and small, where “Beijing imposed an economic penalty for a non-economic action”. When Canada arrested an executive of the Chinese telecom giant, Huawei, in Vancouver on an international police warrant, China responded by holding two Canadian citizens effectively for ransom for more than two years. They became known as the “two Michaels” (Blanchfield and Hampson, 2021).

China is a powerful authoritarian state. It also the kingpin of the global economy – almost every supply chain ➤



The African Union headquarters in Addis Ababa, Ethiopia, designed, built and paid for by China

involves China. China began as a voracious importer of raw materials and technology, and the greatest-ever exporter of manufactured goods (based on cheap labour). In the last 20 years China has made a dramatic transition into a new geopolitical role.

### China's role in Africa

What exactly is China's interest in Africa? How does it manifest itself? How does China differ in its interactions with African states compared to the traditional foreign interactors, interferers, investors and invaders of Africa – Britain, France, Portugal, Spain, Germany, Japan, the US (and going back in time, Belgium, Holland, Italy and Turkey)?

These are book-length questions. This article provides signposts for readers, and for politicians, academic institutions and companies who find themselves somehow involved with China.

The Institute for African Alternatives (IFAA) first became “involved” with China in 2015 when it co-hosted a two-day “Africa-China Colloquium” with

the University of Cape Town Centre for African Studies and the Confucius Institute. The keynote address was delivered by the then Chairperson of the African Union (AU), Dr Nkosazana Dlamini Zuma. The event, on 21 and 22 May, was timed to accompany the sixth gathering of the Forum on China-Africa Cooperation (FOCAC) in Johannesburg.<sup>4</sup>

Its theme was *Evolving Sino-African Relations – Prospects and Opportunities*. The event raised the interesting question of whether Africa could have a “China policy” and what this should be. China seemed to have clear policy of its own for the continent!

### FOCAC

FOCAC is a useful point of reference for looking at China in Africa. China says it was asked by African leaders to set up this joint forum in 2000, as Chinese interactions with countries in Africa expanded.<sup>5</sup> FOCAC was established in 2006 as the key institution shaping the Africa-China relationship with a major event in Beijing, attended by 50 African leaders. When former South African

President Thabo Mbeki returned, he said Africa would need to tread carefully in dealing with China. The continent had to avoid a replication of Africa's historical relationship with its former colonial powers, where Africa just exported raw materials to China while importing Chinese manufactured goods (M&G, 2006; BBC News, 2006). To counter this interpretation, China started to pay more attention to its image in the media in Africa.<sup>6</sup>

By 2020, all countries in Africa had joined FOCAC – except for Western Sahara (where government is in dispute) and Eswatini (which recognises Taiwan). The African Union Commission joined FOCAC as a member in 2012 and has recently resolved to open a permanent AU mission in Beijing in 2022.<sup>7</sup>

FOCAC meets every three years – alternating between Beijing and African venues. The most recent FOCAC was hosted by Senegal in Dakar in November 2021 – although many participants attended virtually due to Covid-19. Barely a month's notice was given of the dates for the event.

Speeches and announcements at FOCAC can be used to gauge and interpret adjustments in the China-Africa relationship. FOCAC documents, all apparently edited in China, are replete with platitudes and repetitions and are invested with a fogginess that obscures intentions.

FOCAC has become the place where Chinese investment and infrastructure projects in Africa are announced – or re-announced. This began a decade before the emergence of the One Belt And One Road (OBAOR) strategy that became the Belt and Road initiative (BRI).

According to PhD candidate at the University of Johannesburg on Africa-China relations Hellen Adogo, “Africa and China have an imbalanced relationship as a result of the policy gap on the African side. ... The AU’s ability to develop a common African policy on China would assert Africa’s agency in Africa-China relations”.<sup>8</sup>

### **Perspectives on the importance of Africa for China**

China values Africa as a source for raw materials – oil, copper, cobalt, iron ore, bauxite (for aluminium), fish, timber and agricultural products. African countries have been, and still are, important for China. They often vote with China in international forums, supporting China’s ambitions to challenge the US-dominated international geopolitical order. African countries were decisive in approving China’s membership of the World Trade Organisation.

China is important for Africa as its largest trading partner and a significant source of foreign investment and loans for infrastructure and other development. Africa has a young and fast-growing population. This comes with a huge and expanding gap in infrastructure needs – for transport, electrical power and water to underpin new industries and jobs. China has stepped forward with loans for infrastructure projects in Africa when these were simply not available from the

European Union and the US.

But Africa is not a first concern for China. Africa occupies the outermost “fourth ring” of countries important to China in the analysis outlined by Jonathan Fulton (2022). Africa’s place in China’s foreign policy is best interpreted now in terms of the BRI which was formally launched by President Xi in 2013.

### **BRI – the context for China’s engagement with Africa**

The BRI became possible because of China’s huge economic success after it threw off the constraints of its centrally planned economy and moved to a hybrid system of capitalism and socialism. Unlike Russia, China maintained the rule of the Communist Party. China’s initial adoption of market reforms after 1979 accelerated after 1999 with a policy of wider engagement with the world economy. Chinese trade exploded from US\$400 bn to US\$5,000 bn by 2019, after China was accepted as a member of the World Trade Organisation in 2001. The BRI is a creature of globalisation and the transport links required by integrated global supply chains.

The BRI has a name that harkens back to the “Great Silk Road” – a network of trading routes that linked China with Central Asia, the Middle East and Europe before the 16th century. The Silk Road Economic Belt (over land – “the belt”) and the 21<sup>st</sup> century Maritime Silk Road (over the ocean – “the road”) are metaphors that lurk behind China’s transport infrastructure vision. Sea and river ports, container hubs, railways, roads, bridges and ports are being used, improved or built from scratch – to move goods for China. Infrastructure projects include electrical power plants, dams, industrial parks and public buildings.

By 2018 BRI projects were being implemented in 71 participating states – from Italy, Greece and Hungary to Pakistan and Kazakhstan – and in many African countries.

The BRI is about much more than infrastructure. The BRI is a vehicle for selling Chinese products, engineering and building services and facilitating overseas investments. China had huge excess capacity after its own infrastructure investment decades, when it turned towards meeting consumer demand and increasing consumption. The BRI takes up this excess capacity. It involves the Chinese government and its state-owned enterprises and banks, as well as Chinese private companies. But the BRI does not have any institutional structure. It is used flexibly, often just as a slogan, and envelops existing and previously planned undertakings (Carrai *et al*, 2020).

Since 2015, more Chinese exports have been high-value manufactured goods. And Chinese companies contracted internationally for huge infrastructure projects abroad that absorbed extra capacity in the steel and cement industries. This was accompanied by loans from China to pay for imports and services, which were framed to meet both political and developmental purposes. The BRI is the central platform for this economic policy and it provides the rationale for the strategic partnerships that China has developed both in Africa and beyond (Niblock, 2022). The original BRI has changed over time to move beyond physical infrastructure to communications and health interventions – referred to as the Digital Silk Road and the Health Silk Road.

The BRI has been welcomed by developing countries because it provides the infrastructure they want and need. Most projects are not aid – they are commercial projects intended to profit Chinese companies.

The BRI has been in place for more than eight years and there are astonishing statistics on the number of BRI-linked projects in Africa and their size and scope. It seems that the biggest Chinese investments are loans ➤

made since 2000 to Ethiopia (rail), Kenya (rail and port) and Angola (rail). But the loans to Djibouti (port, rail) and Zambia (many things), for example, are very large when compared to the small size of these economies. China has financed, developed or operates over 35 big African ports (*The Economist*, 2021; See Devermont, 2019). Each involvement is different. Among the world's top ten terminal operators, three are from China, namely Hutchison Ports (Hong Kong), COSCO Shipping Ports and China Merchants (Wang et al, 2019). They operate ports in Europe and the Americas, as well as in Asia and Africa. Africa is a fraction of their business.

The US and Europe see the BRI – and China – as a major threat to their long-standing economic dominance across the world. A 2019 report by the European Commission (EC) said China could no longer be regarded as a developing country. Its economic power and political influence had “grown with unprecedented scale and speed, reflecting its ambitions to become a leading global power”. The EC described China as “an economic competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance”.<sup>9</sup>

The US used the G7 Summit in June 2021 to announce it would lead *Build Back Better World: An Affirmative Initiative for Meeting the Tremendous Infrastructure Needs of Low- and Middle-Income Countries*. In February 2022, the EU launched Global Gateway. Both initiatives were explicitly positioned to provide alternative, “standards based” alternatives to the BRI. However, funding and implementation intentions remain extremely vague in both cases and enthusiasm for providing resources to Africa has now been put on the back-burner as Europe and the US are diverted by the war initiated by Russian president Vladimir Putin in Ukraine.

While recognising the reality and success of many BRI infrastructure projects and acknowledging their

contribution towards dealing with infrastructure gaps that retard African development, Western analysts have been sharply critical of the BRI.

To be sure, China has made mistakes. How could it not? But a lot of the criticism is incorrect and ill informed.

The most notorious criticism – spread by the *New York Times* and even the BBC – is directed at “the Chinese debt trap”. This is the idea that China makes infrastructure loans to poor and reckless governments and then takes over the assets for itself when there is a loan default. This narrative has been frequently promoted by daily newspapers in Africa – particularly in Kenya, Uganda and Nigeria. The narrative is nonsense – proven so (Brautigam and Rithmire, 2021). But it is still repeated and may head a list of “Risks of the BRI” – some of which do have substance.<sup>10</sup>

- China tempts African countries to borrow more than they can ever repay, and leads them into debt crises where they become dependent on China, and susceptible to Chinese political pressure.
- The BRI creates unfair market access for Chinese companies, and stifles participation and competition from companies based in Europe and the US.
- BRI investments may lock African countries into Chinese technical standards and into a Chinese digital ecosystem from which they can never escape.
- BRI projects have exported hundreds of coal-fired power plants to Africa – meeting urgent energy needs, but undermining the global imperative to move away from fossil fuels.
- Chinese loans are secret. The terms are not disclosed to parliaments or to markets. This carries the danger that they will be unfavourable to African

borrowers.

- Chinese projects avoid or side-step impact assessments, particularly on environmental issues. The actual societal costs of BRI projects for future generations are unspecified or unknown.
- Chinese projects are not open to competitive procurement – African countries pay far more than they need to and may end up with costly white elephants that have no economic purpose.
- The Chinese are bad at skills transfer. African countries are left with infrastructure they cannot maintain, use or expand themselves.
- The Chinese import their own engineers and senior staff and exploit and belittle African workers. In some cases, they do not employ any local workers, importing the entire labour force temporarily from China.

There are case studies that claim or prove all of these risks. But it is also true that China's business partners and counterpart governments in Africa have accepted these terms. Some call it African Agency. The ‘blame’ is not all on the side of the Chinese. And the annals of colonial best practice contain stories to dwarf every report of BRI risks (See Ruchman, 2017)!

### **An example: The Kenya standard gauge railway**

In this age of Twitter summaries and WhatsApp viral videos it is easier than ever before to come to snap judgments. The following statement is totally true: “Chinese megaprojects and direct investment in Africa have been associated with environmental damage, corruption and labour abuses.” But it tells only a tiny part of a story which is much more complex – and a lot more interesting.

As an introduction to complexity, readers of *New Agenda* are urged to read

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**China is ... the kingpin of the global economy – almost every supply chain involves China.**

the CARI Policy Brief 62, entitled “How Africa Borrows From China: And Why Mombasa Port is Not Collateral for Kenya’s Standard Gauge Railway”. This masterful policy brief summarises in a few pages pathbreaking research on one aspect of the Kenyan government’s decision to contract Chinese companies to build an expensive Standard Gauge Railway (SGR) to link the port of Mombasa with the capital city, Nairobi.

The report uncovers an error made by Kenya’s Auditor General – who came to false conclusions on the funding arrangements to repay the US\$4 bn loan to China’s EximBank. The error led to a media and political storm that claimed the Chinese were entitled to take possession of the Mombasa port if Kenya defaulted on the loan. The SGR was reviled globally as another example of “Chinese debt-trap diplomacy” (Brautigam *et al.* 2022).<sup>11</sup>

Although the loan may be “in order”, it will be difficult for Kenya to re-pay it – and the loan contracts signed with Chinese contractors and state-owned banks remain secret. President Uhuru Kenyatta broke a promise he made on television to provide the loan agreement to journalists. The SGR was very expensive – and there are many other writings on why this super-deluxe option was chosen by the Kenyans, instead of a cheaper upgrade of the existing railway built in the time of the British Empire. YouTube videos record the anger and desperation of Kenyan



Photo credit: Flickr

truck drivers after they were banned from transporting freight to Nairobi from Mombasa by road. The local economic effects of switching freight from road to compulsory rail have been devastating.

### Conclusion

The story of China’s involvement in Africa goes far back in history. The last two decades have seen the recording of many new chapters, as China has stepped in repeatedly to respond to the need of African countries for modern infrastructure. The volume continues to be written – and China continues to learn from its past experiences as it undertakes new ventures in Africa which move beyond infrastructure.

Thabo Mbeki voiced an early warning to Africa to be vigilant in guarding against relationships with China that replicated the dependencies created by the colonial powers. At the Colloquium on China-Africa relations that IFAA co-hosted in 2015 one of the speakers, Professor Lin Jiang of Sun Yat-sen University, Guangzhou, recognised this challenge and responded to it:

If the principal and interest of a project loan ... cannot be repaid, what should we do? Some people suggest the alternative

that we can take related national natural resources as compensation. But this kind of move will inevitably raise suspicions in the international society, even may be called neocolonialism. Chinese leaders have refuted this kind of speech on several international occasions, emphasising that our country always upholds the good-neighbour policy and will never seek hegemony.<sup>12</sup>

Africa can take comfort from this – or not!

*Editor’s note – IFAA intended to commission an article for New Agenda on China and Africa to reflect on FOCAC 2021. Background reading showed that FOCAC lifts only a corner of the cloth hiding a picture of Chinese intentions in Africa. The article above tries to show the whole canvas. But it is just an invitation, and hopefully a guide, for readers to find out more for themselves.*

*There is an enormous amount of writing on China and Africa. Some is extraordinarily careless and misleading – even from sources such as the BBC, the Financial Times and the New York Times. Our favourite sources – featuring good writing and evidence-based research are: >>*

- *China Global South Project* at <https://chinaglobalsouth.com/> (if you listen to the free weekly “China in Africa” podcasts, you may be tempted to subscribe), and
  - *The China Africa Research Initiative*, available at <http://www.sais-cari.org>
- They will both refer you to the sources they rely on – and those they criticise.

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#### ENDNOTES

- 1 See Joseph Needham’s volumes on *Science and Civilisation in China* (Cambridge University Press 1954-2004).
- 2 “The Norwegian Nobel Committee awarded the Peace Prize to Chinese writer and democracy advocate Liu Xiaobo. China froze diplomatic contacts, suspended free trade negotiations and cut imports of Norwegian salmon, supposedly because of ‘food safety’ concerns. The sanctions remained in place for more than three years, until Norway buckled.” (p. 140).
- 3 <https://www.theguardian.com/world/2021/nov/19/china-condemns-opening-of-taiwan-office-in-lithuania-as-egregious-act>
- 4 <https://chinaafricaadvisory.com/focac/>
- 5 A similar request was made in 2004 by Middle-Eastern states that led to the establishment of the China-Arab States Cooperation Forum (CASCF), a multilateral organisation established to coordinate relations between China and the 22 Arab League states (Fulton, 2022).
- 6 Prof Chris Alden (LSE) in University of London School of Advanced Studies webinar on China and media in Africa. 29 March, 2022. Available at: [https://www.youtube.com/watch?v=01kUo\\_aUJx4](https://www.youtube.com/watch?v=01kUo_aUJx4)
- 7 <https://www.ghanaweb.com/GhanaHomePage/africa/African-Union-to-open-mission-in-Beijing-1465114>
- 8 <https://www.dailymaverick.co.za/article/2022-03-07-the-african-union-cannot-go-to-beijing-without-an-action-plan/>
- 9 [https://ec.europa.eu/info/publications/eu-china-strategic-outlook-commission-contribution-european-council-21-22-march-2019\\_en](https://ec.europa.eu/info/publications/eu-china-strategic-outlook-commission-contribution-european-council-21-22-march-2019_en). Also see Jungbluth and Walkenhorst (2021).
- 10 (Olander, 2022) Listen, for example, to the often even-handed discussion hosted in January 2022 by the New York-based non-profit Network 20/20 with Gyude Moore from the Center for Global Development in Washington and Jennifer Hillman from the Council on Foreign Relations. Available at <https://www.youtube.com/watch?v=5aMxy29mULc>
- 11 Readers can listen to a discussion with the authors of CARI Policy Brief 62. The China in Africa podcast is available at <https://chinaafricaproject.com/podcasts/the-port-of-mombasa-was-never-at-risk-of-being-seized-by-china/>
- 12 Professor Lin Jiang of Sun Yat-sen University, Guangzhou, in a paper read at the China-Africa Colloquium 21-22 May, 2015, University of Cape Town, South Africa. **NA**