

# New African choices? The economics and geopolitics of Chinese engagement with African development



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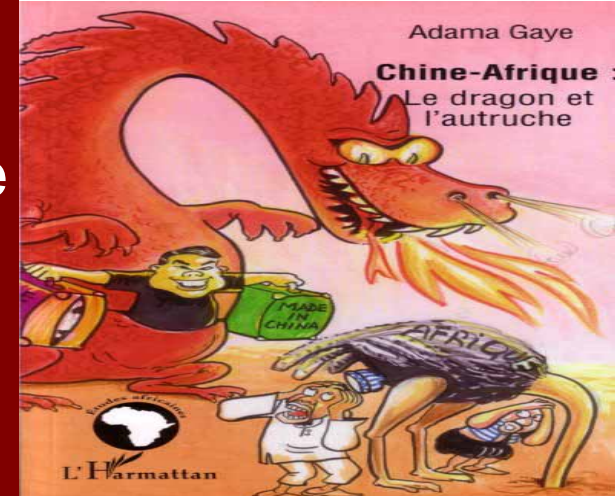
# Introduction

- China in Africa - the myths
- The *longue durée* of China-Africa engagement
- China's 'new' aid offensive
- Angola's 'unconditional loan'
- China's 'rogue aid'
- China's 'going out' to Africa
- Conclusions



# China in Africa - the myths

- Orientalist discourses, China as monolithic beast with insatiable appetite for African resources
- A totalitarian 'dragon' let loose in the 'dark continent'
- UK/US media position Sino-African relations within a deeply uncritical narrative of western interactions with Africa
- China as exception, as impervious to western logics (e.g. of development)



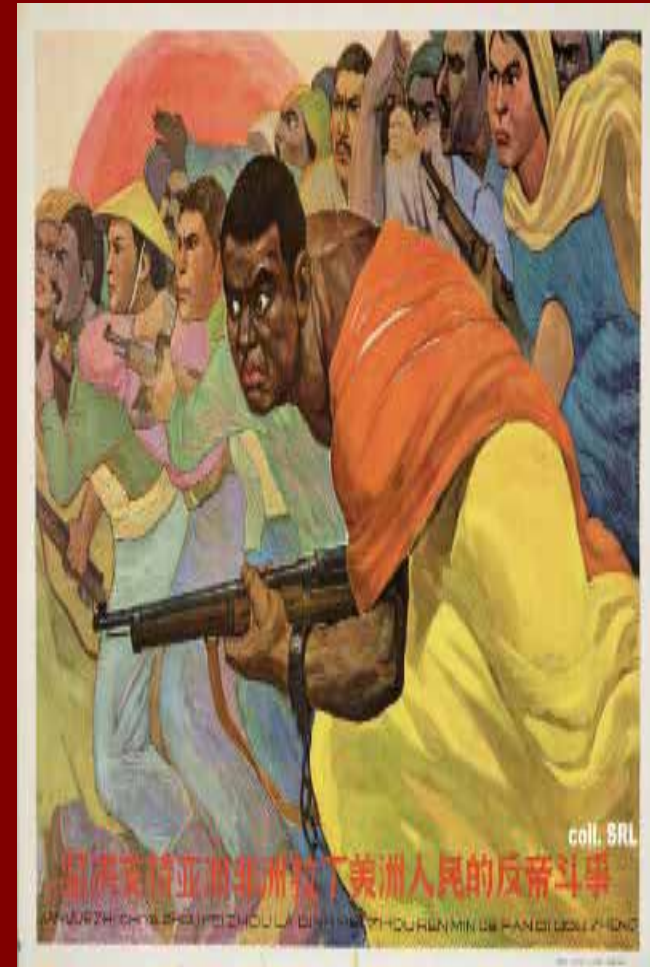
# China in Africa - the myths

- China's presence as 'scramble', 'mad dash', 'resource grab', even a 'rape'
- image of a defenceless African populace passively submitting to the will of external powers
- generalised analyses of China and 'Africa' 'as if there were relationships between two countries instead of between one & fifty-four'
- a surfeit of poor and tentative scholarship on this issue, exotica as hallmark



# The long durée of China-Africa engagement

- 1956-1973 US\$3.38 billion aid granted by China, almost half of which (US\$1.73 billion) was given to African countries
- current China-Africa relations can be traced back to the 1950s
- connections forged during the anti-colonial struggles for independence & the revolutionary period of Chinese foreign policy from 1950 to the early 1970s





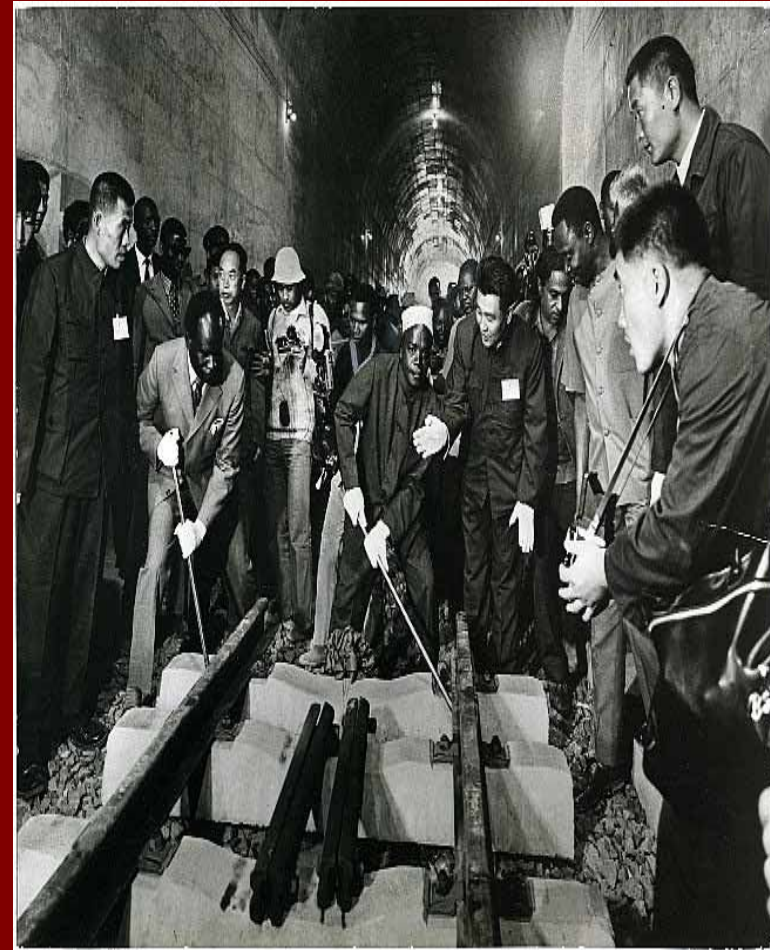
# The long durée of China-Africa engagement

- China's foreign policy fiercely critical of the bi-polar Cold War world, seeking to wrest the leadership of the non-aligned nations away from Moscow
- early days of PRC diplomacy - attempts to counter the international recognition of Taiwan & to compete with Western & Russian influence in Africa, anti-hegemonism
- climate of 'third worldism' advocating solidarity between peoples of Africa/Asia) & the Non-Aligned Movement



# The long durée of China-Africa engagement

- Bandung (1955), Afro-Asian People's Solidarity Movement (1957), China as head of 'third world alliance'
- Era of Mao Zedong and Zhou Enlai (1949-76), ideological emphasis, principles of non-interference & co-operation in aid giving
- Chinese aid calculated to 'show up the North', 'Africa' as object of ideological & philanthropic crusade
- Aid given as grant or interest free loan, strictly bilateral, talk of 'mutual benefit'

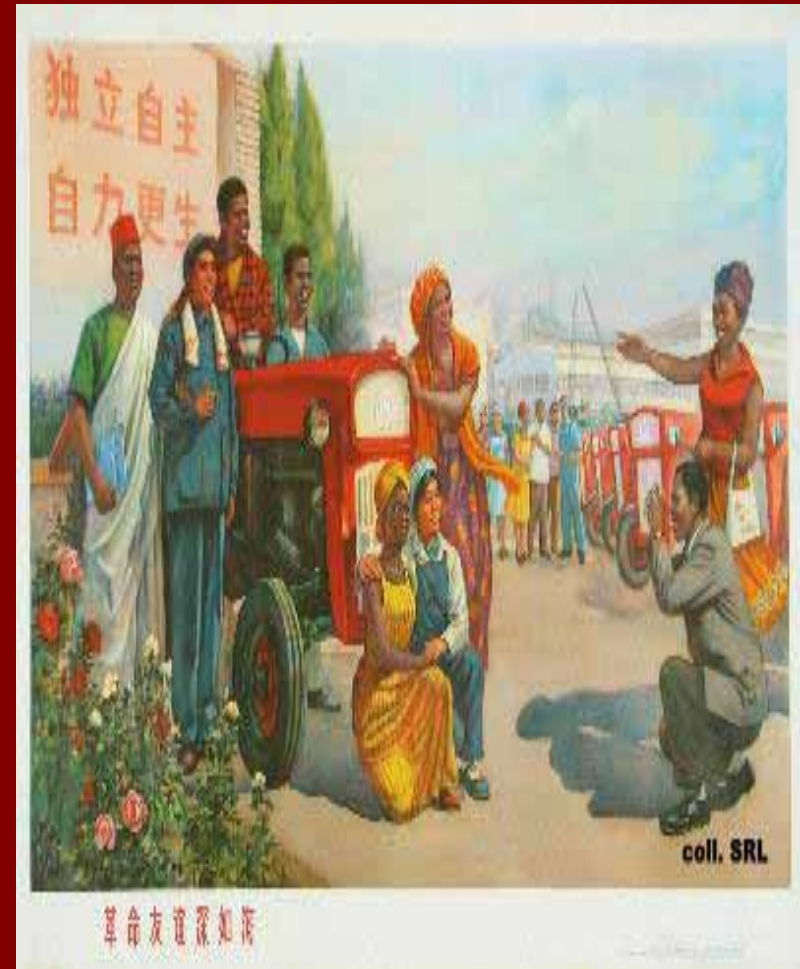


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# The long durée of China-Africa engagement

- Chinese aid workers not permitted to “loll in hotel suites and run up expenses as other expatriates did” (Snow, 1988: 146)
- ignorance of PRC leaders, failure to grasp the significance of regional antagonisms & cultural/historical differences
- trying to apply a general model of revolution to all African liberation movements





# The long durée of China-Africa engagement

- Post 1976, gradual dilution of the ideological focus in policy-making in favour of a greater emphasis on economic co-operation
- 1976-1982 total Chinese aid pledges to Africa fell from US\$100.9m to just US\$13.8m
- China's economic modernisation, maximising access to foreign markets, technology & capital
- Combining the promotion of Chinese exports with the giving of aid



# China's 'new' aid offensive

- 1983-1995 China's aid contribution to Africa stood at an average of US\$200 million p/a
- China began venturing into Africa again in the 1990s for more energy & raw material supplies to meet the needs of its burgeoning economy
- China substantially stepped up its aid in the late 1990s on the back of China's massive domestic growth & demand for resources
- A permanent Forum on China-Africa Co-operation (FOCAC) established in 2000 at the Beijing Sino-African ministerial conference



# China's 'new' aid offensive

- 2006 - China committed US\$8.1 billion to Africa compared to just US\$ 2.3 billion from the World Bank in the same period
- A US\$5 billion China-Africa Development Fund was launched in 2006
- China plans to open three to five trade and economic co-operation zones in Africa by 2009
- In 2006 China published the equivalent of a White paper entitled *China's Africa strategy*
- Promotion of multipolarity, flexible alliances to contain every form of hegemony, a new and just international order





# China's 'new' aid offensive

- Chinese bilateral aid disbursed through grant aid, interest-free loans & concessional loans
- 'Soft power' diplomacy has been popular with African partners, alternative to IFI financing and conditionalities
- China avoids the status of 'donor' and the word 'aid' is often avoided altogether when talking about Africa
- blurring of aid, investment and development





# China's 'new' aid offensive

- Chinese usually part pay for their oil & other resources in infrastructure
- routes for aid & investment are the privileged Chinese corporations selected as part of the Chinese Government's 'Go Out' Policy of 2002
- volume of Chinese aid is often regarded as a state secret avoiding domestic & foreign criticism
- No single government aid agency
- The governance of this aid is increasingly complex & diffuse, wide range of government oversight agencies involved, central vs. provincial



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# Angola's 'unconditional loan'

- 2006, ExIm Bank of China offers a \$2 billion low-interest loan in return for an agreement to supply 40,000 barrels of oil per day
- China's ExIm Bank originally offered this loan to the Angolan government at 1.7% interest over 17 years but it has been extended & refinanced several times, with the interest lowered to 0.25%
- The deal 'came with.....none of the International Monetary Fund (IMF) meddlesome conditionalities regarding corruption or graft' (Taylor, 2007: 90).



# Angola's 'unconditional loan'

- Agreements of co-operation between the national oil companies of China and Angola (Sinopec & Sonangol)
- Tied to this loan is the arrangement that 70% of all public enterprise contracts financed by Chinese money will be built by Chinese companies
- China ExIm monopoly on Angola's public financing
- Provision of debt relief to Angola and other African partners
- misappropriation by MPLA government to cover costs of propaganda efforts during 2006 elections





# China's 'rogue aid'

- 'China Hawks' (Nye, 2006) criticise Chinese aid for the lack of conditionality, transparency and democracy
- China as a "threat to healthy, sustainable development" (Naim, 2007)
- China is "effectively pricing responsible and well meaning organizations out of the market in the very places they are needed most" (Naim, 2007)
- US Treasury Department has called China a 'rogue creditor' practicing "opportunistic lending"
- China is "underwriting a world that is more corrupt, chaotic and authoritarian" (Naim, 2007)





# China's 'rogue aid'

- *The Economist* (March 2008) narrates China as potentially a 'neo-colonial power', African resources are 'plundered' by Beijing & returned in the form of Chinese manufactured goods, cementing the uneven division of labour between Africa & rest of world
- China insists upon the maintenance of a trade balance in favour of Africa
- many African economies are enjoying their fastest growth rates in 30 years, largely on the back of Chinese demand for raw materials, joint ventures
- Yet little scope for added value in Africa or encouragement of African companies, enterprises and products, poor distributional outcomes of 'growth'



# China's 'going out' to Africa

- China's corporate engagement with Africa has been exaggerated whilst the 'China Inc.' model is far less efficient & monolithic than is often assumed (Gill & Reilly, 2007) with Chinese corporations competing with one another
- as China's Africa strategy comes to rely on a growing number of bureaucratic principles & corporate agents, contradictions are increasing
- 'Policy Banks' (ExIm, CDB, Sinosure) to support 'go out' strategy' & the 'big four' commercial banks to support private investors



# China's 'going out' to Africa

- Need to situate China-African relations in a historical analysis of the global political economy, which is also capable of differentiating inter- and intra- country impacts
- suggesting that China has suddenly entered Africa for opportunistic reasons, ignores the longer history of Chinese 'solidarity' with Africa, which reveals continuities, complex geopolitical strategies and 'other' ways of conceiving development



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# China's 'going out' to Africa

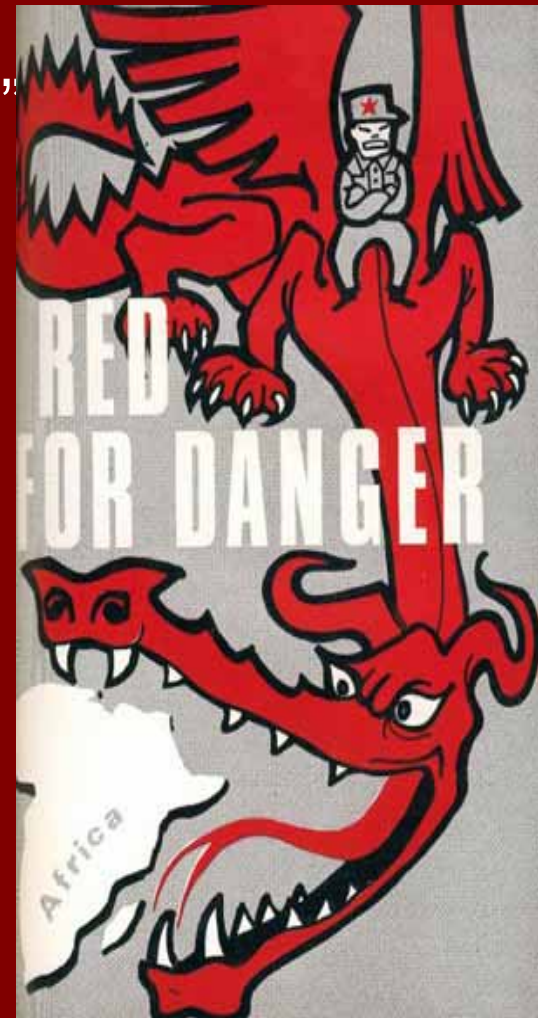
- China's integration into the liberal world order has produced hybrid results
- China's transition from socialism, 'yellow river capitalism' (Leonard, 2008), not a 'purely neoliberal state' (Harvey, 2007)
- extension & mediation, 'neoliberalism with Chinese characteristics'?
- A process based analysis of neoliberalisation (discourses & mechanisms, interconnections & flows)
- Transformative & adaptive capacities of Chinese economic visions
- the multiple & contradictory aspects of neoliberal spaces, techniques & subjects





# Conclusions

- China's presence in Africa "should invoke neither "win-win" nor dystopic representations" (Sautman & Yan, 2007b)
- Echoes of 1950's anti-communist discourses of development in representations of Contemporary China
- throughout history China has used Africa strategically & for its own geopolitical ends
- Dependency or interdependence?
- Trusteeship or partnership?
- 'rogue aid' discourses conceal the realities of all donors' agendas & criticisms of Chinese aid sets western aid up as ideologically & morally 'better'



# Conclusions

- China's engagement & Africa's 'extraverted' relationship to the global economy
- *China's Africa Strategy* (2006): reiterates respect for sovereignty & non-interference in national politics, 'camouflage tactics'?
- Non-interference as untenable (e.g. Sudan), China's vested interest in long-term political stability of African partners
- Growing focus on security amongst western donors, China's concern with stability?



## Conclusions

- The *process* of neoliberalisation, transformation/adaptation in China's 'going out'
- discourses & mechanisms, interconnections & flows
- growing diffusion of strategic & operational authority over China's African interventions casts doubt on the coherence & durability of the so-called 'Beijing Consensus'
- New African choices – weakened monopoly of western donors on African public financing for development, triangulation & leverage



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