

China and the New Scramble for Africa



By Lovemore Ranga Mataire

HARARE, Zimbabwe, Sept. 10, (The Herald) -- Decades after European powers parcelled out Africa for their own imperial needs, the continent is once again at the centre of a struggle for influence among emerging and economically advanced powers jostling for a strategic opportunity to exploit resources.

The EU, United States, China, India, Japan and Russia have in recent years emerged as the major contending powers with huge interests in Africa.

There is no overstating the stakes. Even after decades of colonial plunder, Africa still has abundant natural resources to sustain the needs of growing economies. Metals such as bauxite, used for its aluminum; platinum, used in catalytic converters, lab equipment and dentistry tools; nickel, used in batteries, magnets and stainless steel are desperately needed the world over.

According to the International Monetary Fund, Africa hosted six of the top 10 fastest growing economies in the world in the last decade. But what exactly does this mean for Africa's politics and economic development into the future? How should Africa embrace all these contending powers for its own benefit?

Unlike the 1848 Berlin Conference, which initiated the formalised scramble for Africa by military conquests, post-colonial contending powers are employing soft power -- which dangles economic and humanitarian aid, interest-free loans, preferential trade agreements and investments in infrastructure.

From West to East, North to South, Africa is being courted, cajoled and carved up by global powers in a manner reminiscent of the Berlin conference bustle.

So what does all this mean to Africa? A lot is at stake.

The United States, never a colonial power, is escalating its footprints across the continent through Africom with the trumpeted motivations being to fight terrorism and ensuring stability. Yet everyone is aware that resource security is their prime objective.

And China which of late has more than doubled the US's investments in Africa is largely viewed by Africans as a more pliable partner. Indeed, to its credit China has come big in investing in the manufacturing industry including infrastructure and in turn directly impacting the lives of ordinary people.

India, which is still viewed as a developing nation is exploiting its underdog tag by endearing itself to the continent as a non-imperial power seeking business partnerships. The country appears geared to entrench its industries and services in Africa whose quality may not match the competition in Europe.

While the Indian financial resources are not as large as those of China, the country is taking advantage of its robust private sector which is leading and financing the country's activities in Africa.

Writing for the International Economic Development Group last year, Linda Calabrese and Maximiliano Mendez-Parra says Africa's geographical proximity to India makes it a much viable option for a firm in Mumbai to ship a product to Kenya than to transport it to Kolkata where one has to deal with the cumbersome logistic and bureaucratic costs.

"African and Indian consumers have similar levels of income and, consequently, compatible quality requirements. This opens a trade opportunity for Indian firms that would fail to meet the higher standards of developed countries," the write-up by Calebrese and Mendez-Parra reads.

India also shares certain cultural and institutional similarities - such as language and institutions based on a common colonial past, particularly in East Africa -- which facilitates investment in areas where other foreign investors would be dissuaded.

In 2008, Bharti Airtel, an Indian telecommunications giant, purchased Zain Africa for US\$9 billion. Indo-Africa trade volumes have exponentially grown to US\$53.3 billion in 2010-11 and US\$62 billion in 2011-12. It was estimated to have shot to US\$90 billion in 2015 and of late India has emerged as the fourth largest trade partner behind China, EU and the US while the same continent has emerged as India's sixth largest trade partner behind EU, China, UAE, US and ASEAN.

At the second Indo-Africa trade summit held in 2011 in Addis Ababa, Ethiopia, the then Indian prime minister Dr Manmohan Singh said "Africa possesses all the prerequisites to become a major growth pole of the world in the 21st century. We will work with Africa to enable it to realise this potential." Singh announced that his country was to invest \$700 million to establish educational institutions and training programmes in several African countries, including Uganda, Ghana, Botswana and Burundi. He also pledged a \$5 billion in lines of credit for African nations.

However, it is Japan's interest in Africa that seem intriguing given its inward economic policy that has been the catalyst behind its meteoric rise one of the most economically advanced nations in the world. Never an imperial power in Africa, Japan is viewed less with suspicion by many African countries.

After making a pledge of \$32 billion to Africa over a five-year period at the last Tokyo International Conference on African Development, Japan's decision at the recent meeting in Kenya to invest \$30 billion over the next three years has been well received by most African countries.

In light of dwindling oil reserves, a plunge in commodity prices and several conflicts, Japan's contribution to African states present a greater balance to their economic unpredictability.

While Japan's historical ties with the US are known, it is the manner in which it has presented itself to Africa that makes it a viable business partner especially with the anticipation that its trade with the continent is likely to increase to \$30 billion this year.

Japan's interest in Africa in recent times has been pushed by the 2011 Fukushima natural disaster that shut down almost all of Japan's nuclear reactors. This in turn meant that Japan had to depend on oil and natural gas, which are abundant in Africa. Of course, it's a win-win situation as Africa expects to benefit from electric production capacity as Japan has already stated its intentions to increase production capacity to 2,200 megawatts.

But Japan pales far behind China which in 2014 extended US\$60 billion as preferential funding in Africa. Japan's overall direct investment in Africa in 2015 was \$1,2 billion compared to China's \$2 billion in Equatorial Guinea alone. Further to this, China pledged \$60 billion of interest-free loans, preferential funding and funding for development.

It is probably because of China's incessant pursuit of successful investments in Africa that has put pressure on other Asian economies to start paying more attention to the fruits accruing from the continent.

While the exact Chinese investment in Africa maybe problematic to quantify, China's Minister of Commerce, Chen Deming stated in 2012 that as of the end of 2011 China's cumulative FDI in Africa "exceeded \$14,7 billion, up 60 percent from 2009".

And in mid-2012, China's ambassador to South Africa, Tian Xuejun, said: "China's investment in Africa of various kinds exceeds \$40 billion, among which \$14 billion is direct investment."

Chinese spread in Africa has been phenomenal for in the same year of 2012, the China Development Bank agreed to provide \$3 billion in loans to Ghana, which almost that country's 10 percent of its GDP. It must be however noted that despite its strong forays in Africa, China's

trade with EU has not dwindled. It is interesting to note that while South Africa is China's largest trading partner in Africa with volumes of US\$10.2 billion, this only represents 4 percent of China's trade with the European Union.

Yet it's also true that China's trade with the rest of the continent is on the rise in comparison with for example the US. In 2013, for example, China's trade with Africa was estimated at \$200 billion with Chinese electronics goods and textiles flowing into African nations in exchanges of natural resources.

Compare this to what was pledged by US President Barak Obama at the last US-Africa Leaders Summit in Washington in 2014. President Obama announced that the US companies had committed to invest \$14 billion in Africa. This was just a mere pittance compared to the estimated \$75 billion in investments China made between 2000 and 2011.

Just last year, Chinese President Xi Jinping offered a \$60 billion loan and aid package to Africa. He said China's intentions were to develop infrastructure, improve agriculture and reduce poverty on the continent. According to figures cited at Wharton Business Forum held in 2015, China's burgeoning economic presence in Africa had skyrocketed in recent years from \$7 billion in 2008 to \$26 billion in 2013.

While some Chinese opponents are quick to label the country's maneuvers in Africa "neo-colonial" cause of its taking away of raw materials like oil, iron, copper and zinc, others feel that its initiatives to build and improve infrastructure such as roads, railways and telecom systems have been a boon to Africa's manufacturing sector and has managed to free up domestic resources for other critical needs such as health care and education.

It is important to understand why China has emerged as the principal actor on African soil decades after the continent attained freedom from colonialism. The major driver to China's influential status in Africa has more to do with the foreign policy

A critical evaluation of the historical background that gave rise to China's re-engagement with Africa and the US' kneejerk response will reveal how Beijing has succeeded in creating a mutually beneficial economic platform far removed from America's conditional aid.

Such an evaluation will also reveal why the US-Africa Summit has largely been symbolical without any tangible results.

First, before the emergence of China as a serious global power, the period succeeding the Cold War was characterised by Britain, France and United States as the major powers with significant interest and influence in Africa south of the Sahara.

The adoption of liberal economic policies in China invariably led to its renewed vigour in cementing economic ties with Africa. China focused on debt cancellation and offered aid without political conditions and consequently gained valuable diplomatic support to defend its international interests.

Over time, China has emerged as an influential player on the continent.

By and large, China's foreign policy can be considered dynamic, constructive and flexible; especially as it seeks to intensify bilateral relations throughout the world in being a member of regional bodies dealing with security and economic issues and extend its involvement in multilateral organisations.

As remarked by Zbigniew Brzezinski, the Polish-American political scientist who served as the US national security advisor to President Jimmy Carter from 1977 to 1981: "China is clearly assimilating into the international system."

The second reason that prompted China to seek closer ties with Africa emanates from the persistent barrage from the West following the Tiananmen Square incident, including an arms embargo imposed by the US and European Union.

Developing countries, thus, became the cornerstone of Chinese foreign policy in building coalitions so as to shield Beijing from Western antagonism.

Most African nations have readily welcomed China because its presence represents a mix of political and economic incentives, which creates a win-win situation for both sides.

China, thus, is an appealing partner and a better choice for Africa than the West.

Another important factor that makes China a more appealing partner is its belief in the sanctity of national sovereignty.

China repudiates the legitimacy of outside interference in the domestic political affairs of individual states and no political connotations are attached to its development assistance.

In summary, the massive Chinese investments in Africa since 1989 underline its massive acceptance as an equal partner in development even though it is apparent that its investments are mainly motivated by its ballooning industrial growth appetite for resources that are abundant in Africa.

But despite China's apparent goodwill, Africa can't close doors to other investors. In fact, the new scramble presents a good bargaining opportunity for Africa to redefine its development trajectory.

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