



Rise of China & Investment in Africa

Sourced & Compiled by Mr. Arvind Sinha

Introduction

China is Africa's largest new investor, and the value of its two-way trade – at almost \$300 billion in 2013 – is second only to that of the United States (US). It now has a strong and growing influence in core extractive industries from Angola to Zambia, and continues to make inroads in many other states. As Chinese investment grows, however, so does concern about what implications this may have for Africa's political processes and for global strategic alignments.

China is Africa's largest new investor, and the value of its two-way trade – at almost \$300 billion in 2013 – is second only to that of the United States (US). It now has a strong and growing influence in core extractive industries from Angola to Zambia, and continues to make inroads in many other states. As Chinese investment grows, however, so does concern about what implications this may have for Africa's political processes and for global strategic alignments. "China's growing presence has been complicating prospects for further democratization in Africa," because it often ignores governance and human rights problems and makes investments that strengthen autocratic regimes. There is also concern among those who situate China's rise within the context of a 'new scramble for Africa' that is perceived as undermining its independence in ways even more sinister than what occurred in the past. These concerns are valid if one considers evidence from countries like Sudan and Angola, where China is perceived to have protected authoritarian regimes and has, in the case of Sudan, been implicated in the provision of arms to governments that commit human rights abuses in protracted conflicts.

Chinese activities in Africa demonstrate the need for greater nuance in the way we assess China's impact on democracy. The new framework highlights the various categories in which countries with high levels of Chinese engagement fall. These categories include states with major reserves of strategic resources – such as oil, copper, uranium and so on – on the one hand, and those without these resources, on the other. There is also a category of countries in which China has mainly a conflict resolution or political interest. It also draws attention to the need to deconstruct China itself, by challenging the myth of an all-powerful and omnipresent communist party structure. In this case, it points out the growing role of private individuals and companies in foreign investments coming into African countries from China. The section that follows attempts to situate this analysis within Sudan and uses the Sudanese example not only to show the limits of China's impact on democracy, but also the extent to which it appears to be responding to international pressures and criticisms.

How (Not) to think about China's African Engagement

The precise effects of Chinese engagement in Africa is "conditioned by the nature of China's interests, the modes of engagement with particular polities and the political systems operating in the country concerned". It provides a useful framework within which we can understand China's influence on political and governance processes in Africa, by identifying three categories in which China's activities can have specific impacts on democratization. The first category are states currently undergoing democratic transitions, which lack strategic resources but which serve as useful markets and allies in geopolitical struggles. In these countries, China has not undermined democracy but rather has offered significant aid – supporting joint ventures, making technical grants and investing in infrastructure. Ghana, Tanzania and Zambia can be placed in this category. The second categories are states such as Angola, Sudan and Nigeria, with significant strategic resources. Here, China's role often exacerbates the 'resource curse' and strengthens neo-patrimonial structures.

In this regard, China is hardly a democratic influence. The third category are states such as Liberia that are emerging from conflict, where China makes important and helpful peacekeeping interventions.⁸ As these interventions are within the framework of the United Nations (UN), China's actions contribute to the reintroduction and gradual consolidation of democracy.

Categorization is important because it disaggregates China's African engagements in a way that allows us to see how the specific conditions and nature of particular states can shape outcomes. It thus avoids the all-too-familiar simplistic accounts of China as entrenching undemocratic regimes.

While categorization privileges the conditions within the African states in which China operates, we can go even further to argue that the configuration of China's investment decisions and actions also leave little space for any generalization about how it impacts on democratic processes. Accounts of China as simply being bad for democratization in Africa, for instance, often do not take into account the wide variation in Chinese investment and influence across the continent. While China is no doubt a central international player in Angola and Sudan, for example, it is less so in many other African countries.

In fact, as Cheeseman notes, “Between 2006 and 2008, 25 percent of two-way trade between China and Africa occurred with just one country – Angola. A further 18 percent was accounted for by South Africa.” This implies that Chinese investment is concentrated in relatively few countries and should thus not be construed as a continent-wide ‘scramble’. It is important to note, however, that in small economies such as Zambia, even small Chinese investments can significantly alter economic patterns, shape labour mobility and relations and underpin economic recovery. In contexts like these, a relatively small investment can buy China huge influence.

The perception of China as an influential anti-democratic force also assumes homogeneity to Chinese investment decision-making and planning that is largely not correct. Even though Chinese investments are no doubt headlined by large state-backed corporations, the growing role of private investors and entrepreneurs who often have direct contact with local African people but do not necessarily take orders from Beijing is often ignored “The major state backed Chinese investors do not appear to have substantially integrated into African business communities yet, in contrast to entrepreneurial networks such as those in Mauritius with more embedded positions.”

“Some China specialists will seem somewhat surprised to discover that [China] is not a monolithic political structure with all power emanating from Beijing. While this does not necessarily challenge the perception of China as an undemocratic influence, it does strengthen the argument that Chinese influence can only be understood accurately if it is unpacked and analyzed within specific contexts. The lesson to be drawn from this is that China’s ability to influence political processes varies significantly across the continent, with different countries offering different contexts and thus different ways of understanding China’s role. Any complete analysis of China’s impact on democratization in Africa would therefore be nuanced, and thus avoid broad generalizations that often merely reproduce Western fears about Chinese global geostrategic competition, rather than the realities of China’s engagement with the continent.

As important as the above discussion is for how we can think about Chinese impact on democratization in Africa, perhaps the most significant indicator of whether China will, in the long run, make it less likely for Africa to democratize is to be found in the way Chinese authorities have responded to international criticism of its role in African states. Sudan, the most obvious example of China’s support for authoritarian forces, shows that it is important to take note of significant changes in Chinese African policy and to acknowledge the role that the growing complexity in China-Africa relations has played in forcing China gradually to reconfigure its much-criticized ‘non-intervention’ policy. In short, China is extracting important lessons from its increasingly complex relationship with Africa and appears to be taking steps – albeit tentative and sometimes even cynical – towards being a net promoter rather than an enemy of Africa’s beleaguered democracy.

It should be noted that Chinese influence in Sudan. The Sudanese oil industry had become the most important area of cooperation between both states, underpinning Chinese diplomatic protection and arms transfers. As the humanitarian crisis unfolded in Darfur, however, China faced growing international condemnation for its continued support for Sudanese president Omar al-Bashir’s government and for ignoring mounting evidence that the Sudanese government may be committing crimes against humanity. China countered this by arguing that international cooperation and peace can only be guaranteed by the principles of non-interference, mutual respect and mutual benefit. This logic was both self-serving for China and beneficial to Bashir’s regime. In the case of China, it obviously yielded dividends in increased investments and access to the oil fields in Sudan to feed its voracious industrial expansion.

It also allowed China to pursue its policy of limiting Western influence wherever it can, and promoting a multipolar vision of global politics that recognized China’s own claim as a key pole. For the Bashir regime, it provided unprecedented revenue that largely insulated it from Western pressure and encouraged it to continue its defiance of global opinion. Even though the NIF regime never had any credible democratic credentials, it is easy to discern how the patterns of uncritical Chinese investments and diplomatic protection may have further deepened its resolve and capability to resist international pressure for democratization and for preventing human rights abuses in the country. Chinese support was condemned by Western governments and, by 2003; this started to show signs of straining China’s relationship with the rest of Africa.

To put China’s support for Bashir’s authoritarian apparatus in perspective, one may look to data on Chinese arms sales and transfers to Africa. According to the 2007 Small Arms Survey, between 2002 and 2005, China was the largest supplier of military weapons and small arms to Sudan. In fact, by the 1990s, China had helped Sudan develop a domestic arms industry that has no doubt fuelled violence all over the region. Second to the US, China is the largest supplier of arms to Africa. In fact, a good percentage of its military exports are small arms, which are now infamous instruments for state repression and brutality.

Of course, it may be argued that simply by providing African states with new investment options and thus undermining the leverage Western donors have to demand democratic reforms; China creates a new incentive for Africa’s notoriously undemocratic governing elite to postpone or even truncate reforms. This argument is, however, not enough to dismiss China as an undemocratic influence in Africa. As the Sudanese example shows, China is capable of responding to international opinion and modifying its behavior as appropriate.

Even though it will be farfetched to expect that China will, in the near future, advance neoliberal political reforms in the way the West does (China itself being a one-party state), it can and does play constructive roles in encouraging stability and governance reforms – even if these are heavily influenced by its own interests. This self-serving approach to reform is, however, not unique to China, as the West's relations with President Yoweri Museveni's Uganda clearly shows. What is thus critical to assessing China's 'democratic credentials' in Africa is to avoid simplistic generalisations and to acknowledge the dynamism of China's Africa policy – underpinned, as it were by the Chinese vision of its interests in a globalised world.

Conclusion

This article argues that Chinese impact on democratization in Africa is highly varied and context-specific. Using categorization, the specific internal conditions of African states predispose them to certain influences from China. Where the state is transitioning to democracy and enjoying relative stability, China often supports rather than disrupts democratic progress. States such as Ghana, Zambia and Tanzania fall into this category. Where the state possesses strategic resources, China often exacerbates the 'resource curse' and strengthens neopatrimonial structures and corruption. In these types of cases, China is usually a problem for democratization. States such as Angola, Nigeria and Sudan are good examples here. Where states are in post-conflict stages – for instance, Liberia – China usually plays useful roles within multilateral peacekeeping frameworks. In this sense, it impacts positively on democratization, as it helps to consolidate peace and support electoral and other such institutional structures.

Categorization is further underpinned by China's own internal dynamics and the way it conceptualizes its interests. China's investments and impacts are far more concentrated in a few countries in Africa than the discourse about a 'new Sinosphere' suggests. Even where China has significant presence, the actors should be disaggregated to account for the growing relevance of private Chinese investors and embedded social networks, which operate outside the control of Beijing. These growing networks, if understood, could have significant implications for how we think about China's ability to direct its relations with African states centrally. While categorization is useful, in light of the more recent evolution of Chinese African policy, understanding its implications for democracy will require taking account of how China responds to feedback from the international community and what this may tell us about how it will interact with democratization on the continent in the near future. The most obvious example of China's anti-democratic impact on an African state is Sudan, which shows how China's problematic 'non-intervention' policy has gradually become muted. With the expansion of its economic engagements with Sudan, the profound political implications of Sino-Sudanese relations have become more obvious, and China has responded accordingly to this new complexity.

As a state now driven by pragmatic rather than ideological considerations, China can be expected increasingly to support measures that will guarantee its investments, promote stability and enhance its global standing. If, in doing this, it continues to respond to international pressures about its relations with African governments, one may be cautiously optimistic about the net prospects of China as a player in African democratization.

Sourced & Compiled by

Mr. Arvind Sinha – CEO, M/s. Business Advisors Group, Mumbai

Cell No. 9820062612, 8108612612

Email ID : arpsinha09@gmail.com / lionasinha@gmail.com