How should we view contemporary Sino-African relations? Although the tendency is to view relations as either a departure from Western models or as continued exploitation of the continent, we suggest that the reality is far murkier.

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Evaluating Sino-African relations: new wine in old bottles?

WHAT ARE THE UNDERLYING MOTIVATIONS FOR CHINA-Africa relations? When relations are formed largely on ideological concerns tied to Cold War conditions, today relations appear to increasingly be built on economic foundations. China is now more active in Africa than ever, with trade increasing by 681% between 2001 and 2007, reaching $73 billion.1 Whether these relations promote mutual gain or African exploitation remains unclear. Certainly, few economic successes from the decades of Western aid to Africa are apparent, considering China’s assistance. Observers commonly lump loans, investment and aid into one category, distorting the image of Chinese influence. For example, Braudigam (2009) points out, the amount of Chinese aid reported is often wildly inaccurate, with a common failure to distinguish between Chinese renminbi (RMB) for US dollars. Within twenty-five years China moved from the eighth largest bilateral donor to Africa to second, only with the US ahead. In contrast to Western approaches, however, most development packages have been tied to trade; hence, Chinese aid is often linked to infrastructure projects, including roads, railroads, and fiber optic networks.2 Foreign direct investment (FDI) follows a similar pattern. Whereas three-quarters of US FDI in Africa targets access to oil, nearly two-thirds (64%) of Chinese FDI in Africa has gone towards manufacturing ventures.3 These differences in priorities contribute to a growing view of a unique Chinese model.

Furthermore, while Western assistance seldom covers infrastructure, China views such projects as mutually beneficial economic development. Reiser argues that “there rarely has been such rapid and intense investment in African infrastructure as is going on today.”4 For example, of the $2 billion in credit and aid China granted Angola from 2002 to 2006, more than $2 billion was dedicated solely to infrastructural projects, including roads, railroads, and fiber optic networks.5 Foreign direct investment (FDI) follows a similar pattern. Whereas three-quarters of US FDI in Africa targets access to oil, nearly two-thirds (64%) of Chinese FDI in Africa has gone towards manufacturing ventures.6 These differences in priorities contribute to a growing view of a unique Chinese model.

More than resources?

China is the largest consumer of oil behind the US, moving from being a net exporter just twenty years ago. Eighty-five percent of African exports now to China are from five oil-rich countries (Angola, Equatorial Guinea, Nigeria, the Republic of Congo, and Sudan).7 Despite this and warnings regarding China’s grab of national resources, China’s actual holdings remain rather limited, holding roughly two percent of known African oil reserves, and constitute only three percent of all companies invested in African oil.8 Even if Chinese companies desired a greater share, they face an uphill battle competing with other foreign companies with greater experience in the region. More broadly, Chinese business interests are geographically diverse and not restricted to oil-producing nations, with over 800 Chinese companies conducting business in 49 African countries as of 2007.9

The African side of trade cannot be ignored either. From 2006 to 2008 alone, African exports to China increased by 110%, with thirty-two countries exhibiting a net gain in earnings.10 In addition, China’s exports do not simply undercut domestic production; machinery and high-tech products comprised nearly half of all exports to the continent in 2005.11 Overall, diverse and far-sparser than in Europe, African countries gain in more economic sectors than those who lose.12 Furthermore, many African oil producers are southern and are not dependent on the oil industry to broader investment, often with Chinese acquiescence.

The negative side of relations

Growing Sino-African relations do create perverse incentives however. De Soysa argued that resources contribute to a “rentier state” where the production and sale of such resources fuel corruption due to underdeveloped political institutions.13 The result is the long term entrenchment of corruption centered around the exploitation of natural resources to serve political ambitions, often prolonging conflict. For example, Sierra Leone’s civil war was financed by the production and sale of “blood diamonds”, conflict in the DRC has been facilitated by the presence of natural resources such as diamonds and cobalt; and countries as diverse as Nigeria (oil), the Ivory Coast (cocoa), and Tanzania (a burgeoning fishing industry centered around Lake Victoria) have faced similar resource related problems.

Growing relations do not mean evenly distributed benefits within society. A popular argument among Africans is that when the Chinese enter their country they bring in their own workforce, leaving the domestic African workforce to be better off than they were prior to the arrival of the Chinese. While some of this importation may be due to expertise or a lack of trust in African partnerships, as a development strategy it remains short-sighted.

Concluding remarks

Chinese investment creates both opportunities and challenges for African countries. While Chinese ventures grow in scope and depth, African countries are neither passive bystanders nor the recipients of unqualified benefits. And new developments are no quick fixes for structural weaknesses across the continent. China faces similar constraints to other countries in terms of the ability to agree on long-term policies to be behaviorally viewed as purely exploitative or as a cure-all for African ills. The future of Sino-African relations thus requires the acknowledgment of both the agency of African actors and the promotion of long-term mutually beneficial development.

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