

Contextualizing Sino–Africa relations

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China's relationship with Africa is changing. From what was once a narrative built on the sale of primary commodities, to fuel China's booming economic growth, it is increasingly being defined by an emerging, confident Africa with its own socio-economic and political priorities. Many African countries now want tangible and credible benefits beyond the revenues from natural resource exports. In short, China's relationship with Africa has transformed into one defined by dynamism and African agency, lessening the hold the former previously had.

Keywords: China, Africa, economic policy, natural resources

China has a long relationship with Africa. Chinese contacts with the continent are believed to have started during the early Han dynasty and the reign of Emperor Wuti (140–87 BC), through an expedition sent west in search of new allies. At the time of the fifteenth-century Ming Dynasty, when China was at the height of its shipping technology, the first direct arrival of Chinese merchant and navy fleets to the continent's eastern shores marked the beginnings of trade interests (Alden and Alves, 2008; Schiere, 2011). Historians believe that those ships visited what is now Somalia and Kenya on at least two occasions. However, soon after this China changed its international policies and forbade any overseas contacts at a time when Europeans were just beginning their explorations into Africa and Asia (Alden and Alves, 2008).

It was not until the founding of the People's Republic of China in 1949 and the beginning of the global decolonization movement that Sino–African links would be rekindled. In 1956, Egypt became the first African country to forge diplomatic relations with China. For a number of years Cairo was the main base for Chinese operations on the continent (Chun, 2013). Over the following three decades, Chinese engagement remained episodic, moving from periods of intense activity in the 1960s and 1970s – with the establishment of diplomatic ties to some thirty-six African states – to outright neglect in the early and late 1980s. The keen interest of China on significantly expanding its rapport with Africa was noticed in the 1990s when the impact of structural adjustment programmes was being associated with failure, leaving the space for new actors and policies.

China's Africa policy

Although China reaps considerable economic gains from Africa's natural and energy resources, markets, and investment opportunities for its booming industries and

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job-seeking workers, it would be simplistic to regard those benefits as the sole driver of China's policy.

China has often been criticized for taking advantage of Africa's vulnerability. This perception, however, fails to take into account that China is no different from any other global player: it defends its interests; it does so on its own terms; and it cannot avoid tensions between those interests and values.

China can no longer be expected to subordinate its commercial and strategic interests to others. Most African countries that have benefited from China's increasing trade and investment, as well as debt relief, are not endowed with mineral wealth, offering fewer investment opportunities to Chinese enterprises. They are interesting for China for other reasons.

Ultimately, it is the responsibility of African leaders to devise a strategy for their relations with China; not for China to be responsible for a mutually beneficial relationship. It is important to remember that a more nuanced view of the relationship reveals a two-way traffic. Moreover, the interest and urge of Africans to expand their presence in China are real, although less reported.

The untold story of Africans in China

Since the 1970s, large numbers of Africans have migrated to foreign countries (Li et al., 2009). While destinations for these migrants were typically North America and Western Europe, small enclaves of Africans began to emerge in China after 2000. While contemporary China has always played host to a relatively small number of African students and diplomatic personnel, the arrival of African migrants seeking permanent settlement is a new urban phenomenon for their host country (Li et al., 2009).

Bodomo (2012) has suggested that there are some 500,000 Africans living in China, with 100,000 in Guangzhou alone. Africans are attracted to Guangdong Province in particular as it is an important manufacturing base for goods that Africans cherish. Research on Nigerians in Guangzhou suggests that the attractions of going to China included relative ease of entry and its position as a possible springboard state for travel towards more desirable destinations (Haugen, 2012). Between 1996 and 2008, trade between Guangzhou and Africa rose from less than US\$500 m annually to more than \$3 bn, with exports from the former increasing nearly ten-fold (Li et al., 2009). The rapidly expanding economic relationship between Africans and Guangzhou has created an abundance of opportunities for African migrant entrepreneurs creating communities in the city (Li et al., 2009). African residents in this city may be, intentionally or not, serving as linguistic, cultural, and business connectors between their Chinese hosts and their home countries (Bodomo, 2010).

African enterprises are actually investing heavily in China. In 2012, African foreign direct investment (FDI) into China had reached \$14.2 bn, an increase of 44 per cent from the figure of 2009. The rise since 2005 in the number of flights and seating capacity of major African airlines contrasts with the complete absence of Chinese airlines flying to Africa.

Education is another interesting area that demonstrates Africans' interest. China, with its large national scholarship programme, supports an estimated 12,000 African students. But there are an additional 18,000 self-supported African students in China (Allison, 2013).

The perceptions of Chinese in Africa

Although China appears to be well perceived by many African leaders, the views are more nuanced when one looks at perceptions beyond those that African leaders may want to portray. Governments tend to be positive about Chinese FDI, while recognizing that Chinese enterprises may compete with local industry and business.

When China is viewed as a provider of consumer goods, the critique arises that Chinese entrepreneurs push out local businesses, particularly retailers who previously imported from China to resell at home. Chinese investments have been seen by some as having low environmental, labour, and safety standards, and/or harsh working conditions. Large-scale infrastructure projects are said to rarely employ locals. There is also criticism that Chinese investment in natural resources has made it increasingly difficult for African states to diversify their economies (Rebol, 2010).

Western media tend to portray China as engaging in a new scramble for the continent's riches. The weight of such views in Africa itself is palpable, given the dominance of external public opinion on the continent. Despite many attempts to modify this narrative, the reality remains that these views are more widespread than African leaders would like to admit.

China's long-term vision for its engagement with Africa

In 2014, Li Keqiang, the Chinese premier, published a newspaper editorial on the relationship between China and Africa. He argued that Africa should be considered a 'pole' in a multipolar world. Keqiang characterizes China and Africa as spiders, which can work together to 'tie down a lion', a metaphor implying that both can play a role in changing the international landscape (Keqiang, 2014).

China is the single largest trading partner of Africa, accounting for about 15 per cent of the continent's trade, while Africa accounts for only 5 per cent of Chinese trade. In 2010, China–Africa trade had a volume of more than \$114 bn (Gov.cn, 2012a). In 2014, trade between Africa and China was worth \$221.5 bn, with imports (from China) and exports accounting for \$106 bn and \$116 bn respectively (UN Comtrade, 2015). African exports to China are mostly natural resources, while China exports mostly electrical and mechanical goods as well as consumer goods to Africa. Chinese FDI to the continent increased from \$1.5 m in 1991 (Gov.cn, 2012b) to \$20 bn by 2012 (*The Southern Times*, 2013).

The turning point came in 1993, when China went from being a net exporter to a net importer of hydrocarbon products. By late 2004, the country had become the world's second-largest oil consumer, importing approximately 56 per cent of the oil it consumed (Besada et al., 2008). It is predicted that China's dependence

on crude oil imports will continue to rise, reaching 65 per cent by 2020 (Wang, 2010; Barchfield, 2010). The Middle East collectively supplies 52 per cent of Chinese crude oil, more than double the African share (22 per cent) (US EIA, 2015; Kennedy, 2006). But the energy market is crowded in that region whereas in Africa Chinese investments in the sector face limited competition and are expanding significantly. The types of deals China can secure in Africa are also more attractive.

For more than a decade China has sought access to Africa's rich energy and raw materials to fuel its surging economy. The Chinese leadership has always understood that the country's unprecedented growth required a continuous supply of raw materials, especially hydrocarbon fuels. The country's booming domestic energy demand, coupled with insufficient coal output and falling domestic crude oil production, prompted China to look overseas for stable supply sources.

Chinese reaction to Africa's industrialization

Even though Africa remains a relatively marginal player when it comes to China's overall trade with the rest of the world, its trading relationship with China has important implications for both.

Africa serves as a low-value consumer market for Chinese goods, particularly for loss-making state-owned enterprises, which have set up shop across the continent. Chinese entrepreneurs have the contacts with major world retailers, possess the capital and investment appetite to deal with difficult contexts, and can now replicate in hubs in Africa.

Chinese investors are good politicians who adjust to the local context extremely quickly and are not perceived as expatriates with living standards way above the rest. They tend to be hard workers and instil in the market an entrepreneurial 'can do' attitude. Their perception of risk is very different from that of traditional Western investors. These characteristics make China a good partner for the industrialization policies being pursued by African countries.

China and Chinese companies have been key actors in addressing the infrastructure gap that will make industrialization possible. By 2012, Chinese companies had completed construction contracts worth \$40 bn, not all funded by China. Roads, railways, telecommunications, and hydropower stations constitute the bulk of this engagement. The water sector has been prominent, through programmes relating to agriculture, energy, and urban facilities.

Future partnership dynamics and prospective difficulties

Over the last decade, China–African relations have been primarily dictated by China's interest in Africa's natural resources, and its ability to support that interest with a cash-for-resources policy. Going forward, however, it will become critical for African leaders to become more strategic in their relationship, by articulating a unified policy with regard to China. There is a sense of urgency to operate this shift.

African countries can leverage their comparative natural resource endowment for commodity-based industrialization. However, given their growing closeness, the current structural change in China exposes African economies to risks as well as opportunities.

China's slowdown has hit commodity markets hard. China, which accounts for nearly half of global metal consumption, has witnessed a decline in industrial activity and a consequent moderation in demand. For most commodity-dependent countries, however, price volatility has been more problematic than any long-term decline. Unprocessed commodities have a higher volatility than processed minerals, particularly for ores and metals, with annual fluctuations in prices ranging from around 23 per cent for unprocessed to only 13 per cent for processed ores.

As a result of a commitment to diversify their economies, African countries have been able to weather the falling prices of commodities better than they could have done in the past. While recent global economic forecasts downgrade many resource-rich African countries, their sectoral composition and sources of GDP are changing faster than has been acknowledged by many pundits. Over two recent boom periods in commodity prices, industry and manufacturing output together expanded faster than the rest of the continental economy (ECA, 2015).

At the moment, it seems that China needs Africa as much as Africa needs China, although it may appear that Africa is jeopardizing its long-term economic health for short-term fixes. What Africa hopes to get out of a relationship with China requires a shift of mindset, as some reform-minded governments are demonstrating.

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