

## China, Africa and the G8: the missing link

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This week marks the anniversary of the G8 summit in Gleneagles [1], Scotland, which was also the culmination of possibly the largest civil-society mobilisation in history – the campaign to Make Poverty History [2]. Yet one important issue wasn't on the agenda in 2005 even though it was changing the face of development in Africa. What's more, it doesn't seem to be sufficiently on the agenda at the St Petersburg summit [3] on 15-17 July 2006. This is a pity, because it has the potential to shape (for better or worse) the future prospects for growth, investment and governance on the continent. That issue is China.

China's increasing role in Africa – from bilateral trade to aid or soft loans, from debt relief to arms sales – has, until recently, gone largely unnoticed. Policymakers, both in Africa itself and in the broader international community, have on the whole been slow to react to the emergence of China as a key external actor in Africa. The Commission for Africa's report [4] for example, mentioned China's involvement in Africa only in passing.

Yet China's policy towards the continent has evolved rapidly over the last decade. It is driven by both economic and political imperatives. In the process it is both creating new opportunities for African development and posing some serious challenges. These are changing the context for development in the continent. And China needs to be engaged if Africans themselves are to benefit.

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Also by Leni Wild in openDemocracy:

"The darker side of global civil society [6]"  
(3 April 2006)

### **The economic opportunity**

The G8 has tended to see Africa as a problem to be solved. By contrast, China has looked to Africa as a new investment opportunity [7].

China's trade with Africa has risen from \$12 billion in 2002 to around \$40 billion in 2006. China is now Africa's third most important trade partner after the US and France. The country's prime minister, Wen Jiabao, announced [8] in December 2005 that trade with Africa was set to increase to \$100 billion within five years.

China's need for energy is to a large extent fuelling this trade. As the Chinese economy rapidly expands (it could be the world's second largest economy by 2016), so too has its demand for energy.

Africa's impressive endowment of natural resources has therefore exercised a strong pull. China is now the world's second largest consumer of oil after the United States; almost a third of its oil imports currently come from Africa (the exporting countries include Angola and Sudan, and increasingly Equatorial Guinea, Gabon and Nigeria).

China has also seen Africa as a potential market for its own products, particularly textiles, clothing, furniture and footwear. This brings some benefits to African consumers (who can purchase cheap goods) but it has, in some countries, displaced African producers. South Africa, Lesotho and others have seen parts of their textile industries almost wiped out by an influx of goods from China, leading to large-scale job losses and trade union protests.

### **The political imperative**

China's relations with African countries have also been used to bolster its international standing.

Political ties with African states are partly linked to China's perceived vulnerability over Taiwan. As the Beijing government's Africa policy-paper makes clear, "the one China principle is the political foundation for the establishment and development of China's relations with African countries". China has sought to use its ties to African countries to encourage them not to recognise Taiwan.

China's ties [9] with African countries also provide a buffer from international criticism: again, its policy-paper states that China's relationships with many African countries are based on "the principles of independence, equality, mutual respect and non-interference in each other's internal affairs".

This creates a *quid pro quo* relationship when China is investing in countries like Zimbabwe or Sudan, in which neither side is questioned about their human-rights records. This mutual support has also been crucial at an international level: African votes have been key, for example, in blocking resolutions at the UN human-rights commission condemning China's human-rights record just as China has been key in abstaining in votes in the UN Security Council on Darfur.

These political ties have been cemented by soft loans, investment in infrastructure and through arms sales. China has undertaken the construction of large prestige projects linked to institutional interests. In states like Uganda, Mozambique, Gabon and Mali this includes the building of football stadiums and even government offices or national parliaments. What's more, it increasingly provides development assistance, from the direct funding of civil servants salaries (in Liberia and the Central African Republic) to soft loans to governments. In Angola, China's \$2 billion soft loan enabled the Angolan government to resist pressure from the International Monetary Fund and others to improve the transparency of its oil sector and to tackle corruption.

### **The African choice**

African leaders have largely embraced the Chinese. China's anti-colonial approach and ability to "get the job done" has clear appeal.

As Sierra Leone's ambassador to Beijing, Sahr Johnny, points out: "We like Chinese investment because we have one meeting we discuss what they want to do, and they just do it. There are

no benchmarks and preconditions, no environmental impact assessment" (see Lindsey Hilsum, "We love China [10]", *Granta*, 2005.)

But who really benefits from this investment? An unemployed textile worker in Lesotho will have a rather different view to a Liberian civil servant whose wages are paid by the Chinese. And a member of the Sudanese government, procuring arms from China, will have a very different view to a member of an African human-rights group, campaigning to end conflict. This makes it important to disaggregate interests and to ask *which* Africans benefit from Chinese investment in each country (for more on this see Raphael Kaplinsky, *Asian Drivers: Opportunities and Threats*, Institute of Development Studies, 2005 [11]).

What can be said with certainty is that China is changing the context for development on the continent. Duncan Green, head of research at Oxfam, argued at an ippr conference on China and Africa [12] that there was now a triangular dynamic to development with key actors in Africa, the US and western Europe, and Asia. This gives many African countries some newfound leverage: China can provide a new political opportunity, if Africans are able to use Chinese support as a counterbalance to western-imposed conditionality.

However China also presents a new test for the African Union (AU) [12] and the New Partnership for Africa's Development (Nepad). The African Peer Review Mechanism was created to ensure that the policies and practices of African states conformed to agreed political, economic and corporate governance standards. To date, China's support for pariah regimes, its assistance without political conditions and its lack of adherence to international standards on corporate social responsibility could undermine these regional initiatives.

We've seen China's strategy for Africa, but now Africa needs to assert its own strategy for China. The AU and Nepad should co-ordinate African strategies for China and ensure that African interests and common values take centre stage.

### **Also on China's role in Africa in openDemocracy:**

Chris Melville & Olly Owen, "China and Africa: a new era of 'south-south cooperation' [12]" (8 July 2005)

Ben Schiller, "The China model [12]" (20 December 2005)

### **What the G8 must do**

But what of the G8? Should it give up on the momentum that was built up last year or can it too learn from China?

The principal lesson might be: "do not demonise". The United States in particular seems intent on "containing" China or presenting it as a threat [13] (as reflected in statements by Robert Zoellick [14], formerly of the US state department). This will not work. China's role in Africa, and in the world, is here to stay and it is only likely to increase. This leaves greater engagement as the only option.

China should be invited to the Africa Partners Forum (a grouping of key African governments, big development donors and African and international institutions [15]). Joint initiatives should also be established. Britain's department for international development (DfID) is forging joint development partnerships with China. Others should follow.

It may even be that development donors can learn from China's successes. In the last twenty years or so, China has lifted an estimated 400 million of its own people out of extreme poverty. In contrast, the numbers living in absolute poverty in Africa have increased by an estimated 77 million. Perhaps what China offers is proof that there is no "one-size-fits-all" model for development.

But the G8 – and all development donors – must also be clear on the need to support [15] African-led initiatives on human rights and good governance. China does present real opportunities, in terms of increased trade and investment, and new forms of political leverage for Africans. But despite the rhetoric of solidarity and mutual support, it could also undermine the growing demands from African civil society for more progress by their governments on issues like corruption, governance and human rights.

Bob Geldof and his colleagues may have overlooked China in 2005 but they would be wrong to make the same mistake [16] again. The challenge now is to engage with China to strengthen common interests and build understanding. Only then will we see real progress in making poverty history.

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