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Commentary: China and Africa

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China has a long historical connection to the African continent. In recent years, that relationship has been changed with economic transactions and transfers of wealth on an unprecedented scale. Consider for example the $4 billion invested in the Mombasa-Nairobi Railway and various hydro-power projects with a combined value of more than $220 billion (See also Shinn 2012).[1] China has a vast supply of funding, and Africa has a deep need of development funds. However, possession of resources and need is not one sided. Africa has an abundance of undeveloped resources including fuels such as oil, uranium, minerals and metals such as copper, gold or lithium, and foods. China needs access to these resources to continue its economic reinvention and development. Each side can benefit, but there are concerns in such relationships, particularly for the less developed side.

Foreign direct investment (FDI) into Africa has been easing in recent years as an uncertain international economy leads investors to prefer reduced risk (Ernst & Young 2017). Investment, unlike trade, locks the parties together over a period of time and the thing that locks them together is debt. The majority of FDI funds move from and to developed economies with established legal systems and economic governance. Africa is a continent with many economies, a few of which attract most of the FDI that comes to Africa. Egypt, South Africa, Morocco and Nigeria take the bulk of the FDI funds. Though there are large sums of FDI going to Africa, mostly from developed and established partners such as the United States and Europe, strongest growth is in FDI funds coming from China (Ernst & Young 2017),

[1] Shinn is a former U.S. Ambassador to Ethiopia (1996-99) and Burkina Faso (1987-90).

20; UNCTAD 2017, 44). Data on FDI from China into Africa can be difficult to interpret (Data: Chinese Investment in Africa (2018).

While, ideally, the funding for infrastructure spending should come from within the economy in which the infrastructure will be built, borrowing to speed the process is common. However, such borrowing raises questions of local economic governance, and the influence entailed on the act of loaning funds. If the economy is unstable, or weak, or corrupt, then repayments may not be made, and the lender's influence grows. The growth in debt owed to China is a concern to be added to China's relatively low concern with local standards, or the environment.

Many African countries, at least in the modern period, do not have a history of strong economic governance, and therefore any lender is likely to attain a greater influence than might be the case in some other parts of the world. This has been the case when former colonial powers, either individually or in combination, lend to African countries. The arrival of China as a large-scale investor presents African borrowers with a choice, between lenders, and the lender's agendas. While the colonial history in Africa was long and much of it was ugly, at least in recent years there has been some genuine attempt to embrace and embody humanitarian values, and human rights in these relationships (See Albert, 2017).

However, China's position is that it does not interfere in the internal governance of other states, nor does it support such efforts from others. When funds become available to governments who are not respecters of human rights generally, or of the rights of particular groups within their country, the result can be damaging government action, or at least neglect of the needs of underdeveloped communities. There are many accounts of Chinese investments leading to severe environment damage in mining and infrastructure developments. Deming Liu has summarised accounts of mining operations in Zimbabwe, Gabon, and the Democratic Republic of Congo, and dam building in Ethiopia and Ghana as examples of the bad outcomes that can follow poor regulation linked to large scale investment and government corporations with little connection with the local community or local environment (Liu 2015, pp. 51, 54-55. See also Beyongo).

While some of the investments China has made in Africa are based on business cases, much of its investment turns on broader political objectives. China generally prefers to deal in influence, though on occasion it has engaged in more direct political action; examples include China's direct engagement in Sierra Leone's presidential election of 2014, and China's relationship with ZANU-PF in Zimbabwe. China has preferred to invest in partners who favour Chinese interests directly. This has led to connections in

Africa with parties whose bad conduct within their home country provides an insight into the policy priorities of the Chinese government. The negative reputational implications are not all external to Africa. Chinese support for ZANU-PF has led to a divided view of Chinese involvement in Zimbabwe. While the development of infrastructure is viewed positively, support for a corrupt and oppressive government is a substantial problem. This pattern has been repeated in many African countries. Further, as these governments come toward the end of their lives, China will face the difficult problem of connecting with another party able to provide stable government.

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