China and India: The new African Colonial Masters?

by Maxim Worcester

China's Trade and Foreign Policy

China's bilateral trade with Africa has gone from a negligible $12-million in 1956 to $ 74-billion in 2007, making China Africa's third-largest trading partner in the process. Forecasters are predicting that this figure will surpass $100-billion by 2010.

Last year was a watershed for Chinese investments in Africa. ICBC, China's largest bank, bought a 20% equity stake in South Africa's Standard Bank for $5.5-billion. The Chinese government also signed a $9-billion financial and infrastructural package with the Democratic Republic of Congo, this is the biggest single government to government investment signed to date by the Chinese. The money will be used to finance transport infrastructural projects, the rehabilitation of the crumbling mining infrastructure and the construction of hospitals and two universities.

It is probably the scale of Chinese commercial infrastructure investments that should give rise to concerns that China is following a new colonialist path in Africa. China is building a staggering 5000-km of rail networks to connect mines with harbours, while also investing heavily in port facilities in many African countries along both the Indian and Atlantic seaboard. Chinese sources are projecting that 40% of its future oil and gas imports will originate from Africa, and countries such as Sudan, Nigeria and Angola have all seen heavy investments in oil and transport related infrastructure.

China is no stranger to Africa. In 1405, the legendary Admiral Zheng He was chosen by the Ming Dynasty warrior prince Zhu Di to lead the biggest naval expedition up to that time. Over the ensuing 28 years he commanded seven fleets that visited and traded with 37 countries throughout Asia, Arabia and Africa. The maritime expeditions stopped abruptly after 1433 as the country became more preoccupied with defending its northern borders from the Moguls and also as conservative elements of the Ming Dynasty felt that expansion and commercial ventures were alien to the Chinese ideas of Government. This opened up the continent to European explorers from Portugal, Holland, France and Britain to colonise Africa. It can be argued that this process would not have been as easy as it was had a Chinese fleet been in the Indian Ocean at that time, as the Chinese ships of that era were decidedly superior to those of the Europeans.

Today the Chinese are back, not only as investors and traders but also as settlers. Over the past ten years an estimated 750.000 Chinese have uprooted themselves and have migrated to Africa, with Chinese-government approval. The head of China's Export-Import Bank, Li

Ruogu, recently remarked that there is no harm in allowing farmers to leave China to become farm owners in Africa. It will be interesting to observe what the reaction of certain African governments will be towards these new landlords. One Chinese expert was bold enough to suggest that China needed eventually to send 300-million of its people to Africa to solve its own problems of pollution and over-population. This trend appears to enjoy support from President Hu, who has put China high on the Agenda and has publicly stated that he sees emigration to Africa as a solution to a number of demographic and environmental problems.

Chinese emigrants are not afraid to start small and are willing to live in conditions that no European would consider. Many start off by opening restaurants, massage parlours or sewing shops which offer modest but quick returns on investment. To the Chinese immigrants Africa is not viewed as a place of drought, war, disease and poverty – often the European view – but as a land filled with promise. The Chinese immigrants are Africa's newest, most enthusiastic and rampant capitalists. Everywhere on the continent, the enthusiasm of the Chinese and the frenetic rhythm of their business contrasts starkly with the pessimism of Europeans and local populations resigned to living from hand to mouth. The Chinese business community has become the African role model.

The positive view of Africa is one which is shared both by the immigrants and the Chinese Government itself. When China emerged on the global scene through its "Go-Out-Strategy" in 1991, it saw Africa not as a basket case but as a continent which was emerging from decades of post-colonial chaos to a period of increased socio-political stability. It also saw Africa as its largest potential source of raw materials which China so desperately needs to fuel its vast industrial requirements. With most accessible and economically viable natural resources already sewn up by the developed world, China had few if any other places to turn to.

Whilst Chinese cash and know-how is a godsend for Africa it could yet turn out to be a curse if it is misused by African leaders. Given the governance track record of most of the African leaders it could be that Africa is drinking from a poisoned chalice. Some Chinese enterprises have turned out to be just as greedy and cut-throat as their old Western counterparts, with behaviour on the margins of legality. Authorities in the former Zaire are investigating illegal dumping of radioactive waste from Chinese-owned mines which has resulted in the poisoning of water supplies. China, so it would appear, has no interest in transparency or good governance. It ignores human rights, environmental and corruption standards. To paraphrase Lord Palmerston, China has no friends, only interests. As Chinas economic interests in Africa continue to deepen, so will its political influence and in terms of good governance, China is not a role model, unfortunately.

China's foreign policy is on the surface unwavering from its stand of "non interference" in an external country's domestic issues. This stance distances China from the traditional definition of colonialism that involves political and territorial control. It also means that China is not morally selective about which regimes it deals with. There is however a definite political element to China's relations with Africa as the vast majority of Chinese companies which have invested in Africa are state-owned and are following national resource mandates laid down by the Chinese government. Negotiations are conducted at a government level and often involve measures designed to support the governments concerned.

China's willingness to extend credit and invest without attaching any conditions about good governance or human rights is winning friends across Africa, but nowhere more than in Zimbabwe. In 2006 Mr. Mugabe signed a massive energy treaty, bartering chrome and other mineral concessions for new Chinese-built coal mines and power stations. China is set to rebuild Zimbabwe's rail network, provide public transport equipment and modern equipment and training for the armed forces. The Chinese closeness to the government of Sudan is equally controversial. Sudan provides China with 8% of her oil import requirements; in return China has invested billions of dollars in oil wells, a refinery and pipeline as well as supplies of modern weapons – for use in the disputed Darfur region of Sudan.

China's economic relations with Sudan are significant, however they should not be overstated as trade with Angola and South Africa is more substantial. China is undoubtedly interested in encouraging peace and stability in Sudan in order to increase its economic activities; however its approach differs from its Western counterparts. Following its long-standing policy of non – involvement in domestic issues, China would prefer the issue of Darfur be resolved by Sudan itself rather than calling for help from the UN. If such a domestic solution should ultimately fail then China would seek help from the African Union. A call for UN help would only be supported by China if all other measures were to fail. Reflecting its preferences, China's active involvement in Sudan's peace settlement began after the Sudanese Government and the Sudan People's Liberation Movement signed a peace agreement in January 2005, ending 21 years of civil war in the south of the country. For China the issue of Darfur is completely different as the Darfur Peace Agreement, signed in May 2006 with a main rebel group, has been rejected by other rebel groups and as a consequence been turned down by the Sudanese government as well. China will only accept a UN peace keeping force in Darfur if this has the support of the Sudanese government. As this amendment was rejected at the UN, China abstained during the vote in August 2006.

This decision reflects China's pragmatic interests in Sudan in particular and Africa in general. China is worried that Western efforts to stop human rights abuse in Africa might at some point be directed at China itself. In addition, China is concerned with the implications that a possible fragmentation of Sudan might have on China. This stance will become even more pronounced as the international protests over the Tibet situation increase in the run up to the Olympic Games in Beijing. Any move which involves a fragmentation of the Sudan will be opposed by China for this reason thus illustrating clearly that Sudan needs China more than China is dependent upon the Sudan. Any programme which is not supportive of Sudanese national unity will not be supported nor will China vote for sanctions against Sudan as this too would set a precedent and could be applied against China as a result of international pressure to resolve the issue of Tibet or even Xinjiang. Clearly, China is skating on thin ice in its policy towards Sudan as it is seriously damaging its reputation as a responsible stakeholder and investor, an image it is struggling to establish in Africa and elsewhere.

It is noticeable that of the five countries in Africa where China is involved in major resource operations, only one, Angola, is not dealing with a major insurgency. In Ethiopia China is trying to replicate its success in Sudan through investments in the Ogaden region of the country. As a measure of goodwill China and Ethiopia signed a debt-relief agreement worth $19-million in 2007 and is supporting the construction of a convention centre for the African Union. The operations in Ogaden have been targeted by the rebels from the Ogaden Liberation Movement which attacked the site in April 2007 killing numerous Ethiopian troops guarding the facility and nine Chinese workers.

Ironically, US arms and training provided under the guise of counter terrorism assistance is providing Chinese oil interests with the security they need in order to carry out operations in high-risk areas of the country. In Niger the Chinese National Petroleum Corp. is actively exploring three concessions and is offering to build pipelines and a refinery. Tuareg-based rebels have declared this move as "unwelcome"and have reportedly attacked a supply column killing a number of soldiers. Besides prospecting for oil, China is also interested in exploiting

Uranium in Niger. China has also taken a greater interest in the disputed Niger Delta and has taken a 45% share in an offshore oilfield due to enter production this year. China is investing $4-billion in oil facilities and infrastructure in return for access to other promising Nigerian oil fields including a promising site in the hitherto untapped inland Chad basin. Nigeria has turned to China to supply weapons and patrol boats following Washington's reluctance to deliver due to human rights and corruption concerns. Finally, in Angola Beijing has been wooing the oil-rich country with soft loans, aid and investments in infrastructure in return for uninterrupted oil supplies and offshore exploration rights. These highly controversial "no strings attached" loans, a significant proportion of which have ended up in private offshore bank accounts, has enabled Angola to ignore Western pressure to restructure and reform its corrupt and inefficient economy.

Military Aspects

Compounding these issues China also has a dubious track record in its willingness to supply arms to all takers. A number of case studies demonstrate that very often, where a despotic regime stands on one side, facing down its own people, China will stand with the autocrats. The most questionable and controversial example is the sale of arms to Zimbabwe. China has sold 12 jet fighters, military vehicles, small arms, water cannons, cell phone bugging and radio jamming equipment and spare parts to the tune of $240-million to Robert Mugabe's regime. In addition, China has reportedly also supplied Zimbabwe with expertise and equipment to monitor internet use. Given that Zimbabwe is not under threat from any of its neighbours it can only be assumed that these weapons have been purchased and delivered in order to prop up a doomed regime and if used will be used against its own citizens. Elsewhere, China has also come under the scrutiny of human rights groups over arms sales to regimes suffering from internal disputes. Whilst Sudan has also received arms from Russia and Bulgaria, Chinese supplies of arms and spare parts are significant and include deliveries of armoured vehicles, fighter aircraft, helicopter gun ships, small arms and ammunition. Z-6 troop-carrying helicopters, used to ferry troops in Darfur, were supplied by Beijing. Furthermore, a Chinese company repaired Sudan's grounded Mi-8 helicopters in 2001.

China is hardly the only country guilty of sales of arms to repressive African states and even pale into insignificance when compared say to those of the US, Russia, France or Britain. Under Tony Blair, for example, British arms sales to Africa quadrupled and many sales have been to countries with dubious human rights and governance records. Yet elements of society in such countries have engaged their governments in order to restrict such sales. Such elements are non-existent in China and thus there is little if no pressure on the Chinese government to regulate arms sales. It is unconceivable that any government other than China would have even attempted to supply Zimbabwe with ammunition and small arms as was the case in April 2008.

China has an arms policy to which however it only pays lip service at best. Chinese arms exports should boost the legitimate self-defence capability and should not damage regional or international stability. Furthermore, China should not intervene in the domestic affairs of the recipient country. The problem with this policy is that in Africa it is not always easy to determine who or what constitutes a legitimate government as in African countries power is fundamentally dependant upon capturing the state. Therefore, in many places where China chooses to supply arms she is dealing with governments that are little more than kleptocracies whose principle aim is to maintain the status-quo of the ruling elite. Chinese weapons, for example, traded for timber and in direct contravention of the then UN embargo helped keep Charles Taylor in power in Liberia until his flight into exile in 2003.

China's Interference in Domestic Affairs

By trading and supporting states with a less than perfect human rights or governance track record China ***is*** interfering in domestic issues. Its support of such regimes has resulted in the strengthening of some governments such as Zimbabwe and Sudan. Without the financial support provided by China over the past years Mr. Mugabe's government would not have survived for as long as it has. Sudan, which has a special relationship with China, has survived many a UN debate due to China's support. In propping up such regimes China is preventing a clamp down on corrupt practices and it comes as no surprise to note that companies from China (together with Russia and India) are prone to paying bribes to gain contracts with clear implications for the competitive environment for Western companies. At the same time the World Bank reports that measures to control corruption in Africa remain weak, meaning that the extent to which public power is exercised for private gain, including state capture, is high in this part of the world.

The African Union Convention on Prevention and Combating Corruption and Related Offences came into effect in August 2006. Its slow uptake is indicative of the general difficulties of implementing anti-corruption mechanisms. Many jurisdictions still lack effective national laws, policies and practices and this fact reduces the operational effectiveness of the Convention. Establishing a legislative framework was an important first step, but there is unlikely to be progress in gaining greater support in the medium term, especially in those countries where the introduction and implementation of the Convent would have economic and legal consequences for those in power. For many African leaders China's disinterest in transparency and good governance is welcome, tired of what they see as Western busybodying. They welcome the Chinese way of doing things, seeing the Chinese model as offering a long-wanted opportunity for personal growth, free of irritating Western conditions.

Global media coverage has made most companies and countries increasingly sensitive of the need to protect their reputations worldwide and has also led to growing awareness of the costs of governance failures. Criticism is particularly acute around corrupt practices leading to environmental damage, practices that undermine public health, economic development and human rights. The challenge for Western companies is that they can no longer operate by one set of standard at home and by another abroad. It follows that Western companies will find it increasingly difficult to operate in such regions as Africa if their major competitors, China and India, continues to play by a different set of rules. Chinese companies are not under threat by Western opinion.

Any criticism is brushed away with the argument that such criticism is "interference in internal Chinese matters". As long as their clients, be they private or government organisations, continue to benefit at a personal and political level, China has no need to fear criticism or sanctions from this quarter. In behaving in this manner, Chinese commercial activity is having a negative impact on the attempts to introduce good governance in Africa and is thus harming the long term development of the Continent. One issue above all others will determine Africa's future. It is not the level of Chinese investment or aid but more so the introduction of good governance. It is central to the effective administration of the regions resources, the rule of law, the creation of a functioning and strong private sector and the development of a strong civil society. Chinese commercial policy in China is not conducive of good governance.

Like it or not, China's growing economic presence and influence in Africa is a reality that Europe and America have to face. It is unstoppable and has brought Africa to a tipping point.

The Role of India

India has taken on China over Africa's riches and during the inaugural India-Africa Forum Summit in New Delhi in April of this year the Indian Prime Minister, Manmohan Singh, announced that tariffs would be scrapped on a host of African imports, from diamonds and copper ore to sugar cane and textiles. The summit was widely regarded as India's riposte to the China-Africa Cooperation Forum of 2006, at which China announced $9-billion in preferential loans, export credits and other incentives to reinforce its grip on Africa's mineral-rich regions. The list of financial sweeteners included plans to double credit lines to Africa to $5.4-billion over the next 5 years. India already imports 11% of its oil from Nigeria and wants to secure access to supplies from Angola. Here India faces stiff competition from China which has already poured in $15-billion in investments. State-controlled Indian companies have entered into controversial tie-ups with their Chinese counterparts. In Sudan, China National Petroleum Corp and India's Oil and Natural Gas Corp are working together on the Greater Nile Oil Project – a move which has allowed the Sudanese government to ignore Western attempts to mediate in the conflict in Darfur. In order to secure the resources it needs, India is likely to follow the Chinese rather than the Western model.

India like China wants access to Africa's natural resources and also sees Africa as an outlet for manufactured goods. Africa and India have enjoyed close relations for centuries. India's biggest diaspora is South Africa, where over one million citizens of Indian decent live, ancestors of the many Indians shipped over to Africa to work as labourers and clerks in the 19th century by the British. India is keen to sell Africa high tec but low priced products, especially telecommunications gear and medical equipment. Like China, India has few scruples when it comes to trading with corrupt regimes. It does business in Sudan; one recent contract was the construction of a pipe line linking Khartoum to Port Said and sold $40-million worth of goods to Zimbabwe last year. Investments in the Ivory Coast are expected soon to reach $1-billion, representing almost 10% of all Indian foreign investments.

On the commercial level India will find it increasingly difficult to match China. In 2004 an Indian $200-million package for infrastructure development in Angola failed when China offered a massive $2-billion financial package. In 1999 India's trade with Africa was bigger than that of China. Since then however, Chinese Trade has soared to $55-billion leaving India, which traded around $25-billion in its wake. This gap is likely to persist even if India has advantages compared to China. For example, unlike the Chinese, Indian companies working in Africa do not tend to bring their workers with them but instead rely more on local labour. There are even strong indications that the Chinese are using forced labour from Chinese prisons to work on pipe line construction in Sudan. If Chinese prisoners "volunteer" for work in Sudan, their sentences are reduced. Indian companies operating in Africa have the backing of the diaspora and, unlike their Chinese competitors, speak English. India has also, in spite of operating in the same countries as China, so far escaped the abuse heaped on the Chinese for their dealings with the worst run countries of Africa.

Other than sales of helicopters to Namibia, Indian arms exports to Africa are currently insignificant. Given however its willingness to trade with such countries as Sudan and Zimbabwe it is only a matter of time before India too enters the arms trade much as China has. India has the low cost – medium tec systems which appeal to African armed forces, especially aircraft and helicopters. Hindustani Aeronautics produce a wide range of own designed aircraft and manufacture, under licence, various improvements on former Soviet Union and Russian aircraft as well as western models such as the Anglo-French Jaguar or the British-designed Hawk Advanced Trainer/Attack Aircraft. India is supplying Burma with the new

Hindustani Aeronautics light helicopter and other military hardware which quite clearly undermines both US and EU embargos on the sale of weapons to Burma as significant components and know-how are sourced from such companies as EADS. If India is willing to sell to the Burmese regime it follows that India will be equally open to sales to most if not all African countries.

Long-Term Implications

Indian and Chinese companies will make it ever more difficult for Western companies to compete in Africa. Given the governance constraints under which Western companies must operate it is difficult to see how there can be a level playing field when the competition from China and increasingly India can operate outside such rules and are protected by local governments and officials.

In the short to medium term the massive increase in trade between Africa and China as well as growing trade with India is good news for the Continent. The long term implications are however worrying. Desperately needed reforms are not taking place and the financial benefits of rapidly increasing trade are not reaching the population. Zimbabwe's economy, in spite of the Chinese money which has flown over the years, can be summed up in one very big number and one very small one: 4000% plus inflation, and a negative growth rate of 2%. For those citizens who have chosen not to leave the country, Zimbabwe has ceased to exist as a state. Overall some 300-million Africans live in poverty, with little or no access to the most basic resources. In the past 25 years – during which 500-million people managed to escape poverty worldwide – the number of poor in sub – Saharan Africa doubled. It coincides rather neatly with the era of Chinese involvement and investment in Africa which began around 30 years ago when China began to discreetly cultivate Africa.

It is worrying for Africa that, of all people, Robert Mugabe predicts a new dawn thanks to the Chinese. "We have turned east, where the sun rises, and given our backs to the west where the sun sets". In a speech marking Zimbabwean Independence Day he complained of neo-colonialism and how Britain wants to retake control of his country. He and other African leaders should think more carefully. There is a danger of their countries becoming a victim of a recolonisation. But the threat is not from the West, it comes from the East.

Remarks:

Opinions expressed in this contribution are those of the author.

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