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Goodbye to Europe and Hello to Asia: The New Imperialism of “Chindia”¹ in Africa

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¹ Ian Taylor, “India’s Rise in Africa,” *International Affairs*, no. 4 (2012): 784.

ABSTRACT

In 2006, the Chinese government released its first ever Africa policy paper. In the document, the government of China announced its plans to forge a strong and enduring relationship with Africa on the basis of four ideals: mutual tolerance despite differing ideologies, cooperation in international politics, economic intercourse predicated upon fairness, and observance of Africa's right to choose its own path to economic development.² This document, along with the third Forum on China-Africa Cooperation (or FOCAC) (at which more than forty-five African leaders gathered to discuss the future of China-Africa relations), served as a springboard for future Chinese engagement in Africa.³ Four years later, in 2010, trade between China and Africa exceeded \$120 billion.⁴ Nevertheless, China was not alone in its quest to build a presence in one of the world's largest and most populous continents. In April 2008, India, following in China's footsteps, held the first India-Africa summit in New Delhi, thus creating a new bond between India and Africa. Subsequently, India unveiled a number of initiatives, including a "\$5.4 billion concessionary credit line over the next five years and duty-free access of India's total tariff lines, with a unilateral granting of preferential duty access to 9% of India's total tariff lines for Africa's 34 least developed countries."⁵ The purpose of this paper is to examine the scope of "Chindia's" recent engagement in Africa. As well, the aim of this paper is to suggest that while countries in Africa should welcome aid from Asian nations, they should also exercise their bargaining power to (1) limit or actively

² Fantu Cheru and Cyril Obi, "Chinese and Indian Engagement in Africa: Competitive or Mutually Reinforcing Strategies?" *Foreign Affairs*, no. 2 (2011): 95.

³ *Ibid.*

⁴ "The Chinese in Africa: Trying to Pull Together," *The Economist*, April 20, 2011, <http://www.economist.com/node/18586448> (accessed November 25, 2013).

⁵ Ian Taylor, "India's Rise in Africa," 785.

regulate infrastructure projects, (2) condemn the adoption of economic policies that threaten their domestic markets, and (3) implore “Chindia” to help them address the socioeconomic and public health challenges that inhibit long-term economic growth.

China in Africa

China’s interest in Africa began in the 1960s and 1970s, albeit this interest was political and ideological.⁶ China’s recent interest in the continent is economic, with particular attention given to the trade of natural resources such as minerals, land, wood, metals and oil.⁷ Africa, with an estimated population close to one billion, also offers China a huge market to both sell manufactured commodities and invest in.⁸ In addition, considering the political and socioeconomic obstacles that afflict the continent, Africa offers China an opportunity to provide aid and support, giving it political leverage and allowing it to play a key role in international politics.

Over the past decade, China has become one of the fastest growing economies in the world. However, to achieve such exponential growth, China has had to increase its consumption of natural resources, which has resulted in a “resource deficit.”⁹ In order to close this gap between domestic production and consumption of natural resources, China has offered Africa’s major oil producers such as Angola, Sudan, and Nigeria interest-free or low-interest loans and aid packages.¹⁰ In addition, China has encouraged its companies to invest in Africa through creating the China-Africa

⁶ Arthur P.J. Mol, “China’s ascent and Africa’s Environment,” *Global Environmental Change*, no. 3 (2011): 787.

⁷ Ibid.

⁸ Cheru and Obi, “Chinese and Indian Engagement in Africa,” 92.

⁹ Arthur P.J. Mol, “China’s ascent and Africa’s Environment,” *Global Environmental Change*, no. 3 (2011): 787.

¹⁰ Cheru and Obi, “Chinese and Indian Engagement in Africa,” 99.

Development Fund (CAD) and securing bilateral agreements with various African nations.¹¹ Owing to these initiatives, Chinese state owned enterprises (or SOEs) now make considerable investments in the construction, agriculture, and extractive (mining/oil) sectors of Sudan, the Republic of Congo, Chad, and Ethiopia.¹² What is more, in 2004, state-owned Sinopec, by offering a \$2 billion aid package aimed at constructing health, transportation, and education infrastructure, was able to secure access to Angola's oil fields.¹³ Equally noteworthy is that fifty-percent of China's FDI (foreign direct investment) now goes to Africa and has expanded to include apparel, power generation, road construction, telecommunication, and tourism sectors.¹⁴

India in Africa

India, like China, is also one of the fastest growing economies in the world. According to experts, India is expected to grow at an average rate of 8.4% per annum until 2020 and will eclipse the United States in 2042.¹⁵ While a dearth of natural resources prompted India to look to Africa, India's current interest in the region is largely rooted in a desire to both possess greater political clout and to ultimately become a permanent member of the Security Council of the United Nations. To achieve this goal, India has adopted a "development" model to increase its presence in Africa. For instance, in May 2011, at the second India-Africa Forum summit, the Indian government revealed its plans to invest \$700 million towards the construction of

¹¹ Ibid.

¹² Ibid, 100.

¹³ Ibid, 101.

¹⁴ Harry G. Broadman, "China and India Go to Africa: New Deals in the Developing World," *Foreign Affairs*, no. 2 (2008): 98.

¹⁵ Taylor, "India's Rise in Africa," *International Affairs*, no. 4 (2012): 780.

educational institutions throughout Africa.¹⁶ Subsequent to this summit, numerous Indian firms undertook large-scale infrastructure projects in Africa. For example, IRCON secured a \$31 million contract with Ethiopia to construct 120 kilometers of roads, built a 600-kilometer railway in Mozambique, and has established a presence in Zambia, Sudan, and Nigeria.¹⁷ Similarly, the Tata Group built a vehicle assembly in Uganda and an instant coffee plant in Zambia.¹⁸ Moreover, trade between India and Africa has risen exponentially, from \$3.39 billion in 2000 to \$53 billion in 2010 and 2011.¹⁹ Trade between both regions is expected to reach \$75 billion by 2015.²⁰

Problems with “Chindia” in Africa

Threat to Domestic Markets

“China takes our primary goods and sells us manufactured ones. This was also the essence of colonialism.” – Lamido Sanusi, the governor of the Central Bank of Nigeria²¹

Notwithstanding the aforesaid feats, the recent and ever-growing presence of Indian firms and Chinese state-owned-enterprises in Africa should be regarded with great caution. Besides creating only a handful of jobs and eliminating existing jobs, Asian firms, especially those involved in the production of footwear and clothing, threaten the livelihood of local manufacturing firms in Africa. For instance, a study of 96 domestic firms in Ethiopia found that imports of cheap, low-cost, Chinese goods caused 28% of

¹⁶ Ibid, 786.

¹⁷ Ibid, 790.

¹⁸ Ibid.

¹⁹ Ibid, 789.

²⁰ Ibid, 779.

²¹ Alexis Okeowo, “China in Africa: The New Imperialists,” *The New Yorker*, June 12, 2013, <http://www.newyorker.com/online/blogs/newsdesk/2013/06/china-zambia-resources-imperialism.html> (accessed November 25, 2013).

these companies go bankrupt and 32% of them to downsize.²² As well, China and India export a higher number of electronics, medical supplies, and machines to Africa than does Africa to both nations.²³ This trade imbalance owes in large part to the protectionist trade policies that both China and India have adopted against goods from African countries.²⁴

Human Rights Violations and Other Illegal Activities

In addition, “Chindia’s” presence in Africa has also engendered gross human rights violations and a whole host of other illegal activities. For instance, in Zambia, a copper-abundant sub-Saharan African nation, there exist numerous Chinese-owned coppers mines that regularly violate safety regulations. According to a Human Rights Watch report, Chinese owners of these mines actively refuse to provide African miners with sufficient protective gear and safe working conditions.²⁵ What is worse, the Zambian miners who challenged these deplorable conditions in 2011 were met with gunshots from Chinese supervisors who claimed that the shots were fired in self-defense.²⁶ As well, the Chinese government has also adopted measures to ensure that it exclusively reaps the benefits of its engagement in Africa. According to some reports, tax avoidance, on the part of China (and other foreign investors), has and continues to cost Zambia about \$2 billion per annum in lost revenue.²⁷

²² “China’s Growing Role in Africa: Myths and Facts,” *Carnegie Endowment for International Peace*, February 9, 2012, <http://carnegieendowment.org/ieeb/2012/02/09/china-s-growing-role-in-africa-myths-and-facts/9j5q> (accessed November 25, 2013).

²³ Broadman, “China and India Go to Africa: New Deals in the Developing World,” 97-98.

²⁴ *Ibid.*, 96.

²⁵ Okeowo, “China in Africa: The New Imperialists,” *The New Yorker*, June 12, 2013.

²⁶ *Ibid.*

²⁷ *Ibid.*

Although Indian firms do not share the same human rights record as Chinese-owned corporations, they are nevertheless culpable of engaging in illicit business practices. According to Transparency International's 2006 Bribe Payers Index, India has the most businesses that pay bribes while working overseas.²⁸ This, of course, is ascribable to how business is oftentimes conducted in Africa, especially in neo-patrimonial African countries that are plagued by corruption.²⁹ Even so, these practices help to maintain the corrupt status quo and move African nations farther away from establishing true, and not partial, democracies.

Slapdash Infrastructure Projects

Besides threatening local markets, committing gross human rights violations, and engaging in illegal business practices, "Chindia" has been accused of failing to deliver on its large-scale infrastructure projects. For instance, in 2006, the China Overseas Engineering Group Corporation (COVEC) built an eighty thousand square meter hospital in Luanda, Angola. This hospital, otherwise known as the General Hospital, cost \$8 million and was the first public hospital to be built in Angola. Four years later, in June 2010, all medical personnel were forced to flee the hospital because it was on the verge of collapse.³⁰ Similarly, in March 2011, Chinese constructed roads from Luanda to the Luanda provinces in northern Angola.³¹ By October, Chinese engineers were forced to remove the tar from different parts of this road due to shoddy workmanship.³²

The Unethical Policy of "Non-Interference"

²⁸ Taylor, "India's Rise in Africa," 791.

²⁹ Ibid.

³⁰ Ibid.

³¹ Ibid.

³² Ibid.

Perhaps the most contentious issue surrounding “Chindia’s” recent engagement with Africa is the adoption of and stoic adherence to the policy of “non-interference.”³³ This policy, which derives from the Five Principles of Peaceful Coexistence, prohibits leaders from intervening in the domestic affairs of other countries. China, in order to gain and maintain unfettered access to natural resources, has historically supported and financed authoritarian regimes within Africa. What is worse, China is arguably responsible for accelerating infighting between contesting groups, which was the case with the conflict between northern Sudan and southern Sudan (now South Sudan).

Although India has not fully pursued a policy of “non-interference,” it is equally culpable of putting commercial interests before the welfare of local communities. Because India’s consumption of oil has risen considerably in the past decade, it has looked to Africa for oil that is both high quality and abundant. However, this need for oil to fuel its rapidly industrializing economy has caused India to overlook poor governance to secure lucrative contracts. A paragon of such disregard was ONGC Videsh Limited’s (OVL) decision to offer \$750 million to obtain access to two Sudanese oil blocks that were sold by a Canadian firm due to mounting evidence of human rights violations in the region.³⁴

Going Forward: Suggested African Response to Growing Asian Presence

While “Chindia’s” recent engagement in Africa does border on neo-imperialism, it is quite distinct from previous European colonialism. The obvious difference is that Africa is not under the absolute control of “Chindia.” Although “Chindia” is beginning to

³³ “The Chinese in Africa,” *The Economist*, April 20, 2011.

³⁴ Taylor, “India’s Rise in Africa,” 792.

exercise economic leverage over Africa, there is still space for action. African nations possess the wherewithal (and the natural resources) to shift the growing presence of Asian firms in their favor. With that said, it is imperative that African nations, provided that their governments are concerned with the interests of their citizens, formulate and adopt an agenda to guide future “Chindia”-Africa relations.

Limit or Actively Regulate Infrastructure Projects

The first objective of this agenda should be to limit or actively regulate infrastructure projects. African nations must require Asian firms desiring to build roads, buildings, and roadways throughout Africa to designate a considerable amount of time to such ventures. Because Africa is, for the most part, relatively new to large-scale and advanced infrastructure, time must be dedicated to ensure that the roads, buildings, and roadways that are built throughout the continent effectively withstand the test of time. As well, African leaders must also encourage Asian firms to appoint local Africans to oversight positions to ensure that the basic rights of African workers are respected.

Condemn Economic Policies that Threaten Domestic Markets

Besides monitor infrastructure projects, African governments must also interdict Asian firms from adopting economic policies or engaging in business practices that endanger local markets. Certainly, trade between Asian nations has played a crucial role in strengthening Africa’s competitiveness in the global market. For instance, in addition to metals, minerals, and fuels, “Chindia” has begun to import labor-intensive goods from Africa, which are further processed in Asia and shipped to European nations and

the United States.³⁵ At the same time, the importation of cheap goods from China and India has reduced the demand for goods produced by local African manufacturers, causing several African businesses to founder. The burden is now on African leaders formulate policies to guide their dealings with “Chindia,” and such policies should ensure the continent economic success both internally and in the global world. In addition, African leaders must lift existing trade barriers against goods such as yarn, textiles, and apparel from China and India.³⁶ Such barriers increase production costs for local African manufacturers and prices of African goods.

Ask “Chindia” to Assist in Poverty Alleviation and HIV/AIDs Prevention

It is common knowledge that Africa is home to some of the poorest people in the world. According to experts, most Africans subsist on roughly 70 cents per day, placing them far below the internationally accepted poverty line.³⁷ Furthermore, despite the tremendous growth that Africa is projected to experience in forthcoming decades, most Africans will never consume more than \$1.25 per day.³⁸ As a result, African leaders are tasked with increasing the purchasing power of their citizens. Instead of blindly accepting aid from China and India, African nations must tailor this financial support to meet their needs. African leaders must require Chinese and Indian firms to establish training programs throughout Africa to help the continent develop a high-skilled and consequently competitive labor force.

³⁵ Broadman, “China and India Go to Africa,” 97.

³⁶ Ibid, 102.

³⁷ “Poverty: Not Always With Us,” *The Economist*, June 1, 2013, <http://www.economist.com/news/briefing/21578643-world-has-astonishing-chance-take-billion-people-out-extreme-poverty-2030-not> (accessed November 25, 2013)

³⁸ Ibid.

The second threat to long-term economic growth in Africa is HIV/AIDs. According to UNAIDs figures, Africa makes up 67% of HIV infections in the world. What is worse, the virus is prevalent among infants and the working-age population (between 15 and 49 years-old), causing African nations to lose potential workers and witness a decline in their existing workforces.³⁹ Aid emanating from Asian nations to Africa must somehow acknowledge the HIV/AIDs epidemic as a pressing issue. Certainly, achieving proper HIV/AIDS education, medication, and prevention strategies require a concerted effort from African nations and their foreign partners, but it is not a problem that can be left unaddressed.

Conclusion

Owing to “Chindia’s” involvement, Africa has grown at a steady rate of 5.4%.⁴⁰ However, such growth has been acquired at tremendous costs. China and India’s recent engagement in the continent has given rise to human rights violations, numerous slapdash infrastructure projects, regional conflicts, and other injustices. Nevertheless, several African states have begun to recognize the power that exists in having an abundance of natural resources. The Chadian government, for example, upon discovering that Chinese firms dumped oil in numerous ditches throughout N’Djamena and subsequently forced Chadian workers to attend to this oil spillage without protective gear, suspended Chinese operations on its soil.⁴¹ Similarly, the government of

³⁹ African Development Bank, “Africa in 50 Years’ Time: The Road Towards Inclusive Growth,” 2011, 31-32.

⁴⁰ Broadman, “China and India Go to Africa,” 109.

⁴¹ Adam Nossiter, “China Finds Resistance to Oil Deals in Africa,” *The New York Times*, September, 17, 2013. http://www.nytimes.com/2013/09/18/world/africa/china-finds-resistance-to-oil-deals-in-africa.html?pagewanted=1&_r=0 (accessed December 20, 2013).

Gabon, in an effort to avoid severe environmental degradation, has denied Chinese SOEs access to its oil fields.⁴² All African states must heed the actions of both Chad and Gabon. Failure to do so will allow “Chindia” to leave the imperial imprint that colonial mammoths such as France and Great Britain left on the continent decades ago. Ordinary Africans welcome aid, but would like reform to reap the benefits of foreign investment. The people have spoken, now African leaders must listen.

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⁴² Ibid.

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