China and Africa’s economic relations have evolved over time, from the tentative commercial engagements characteristic of the early 1980s to the comprehensive infrastructure loans and increased foreign direct investment being pursued across all sectors today. Expanding economic ties have been accompanied by changing debates as to the nature of China–Africa engagement and its significance for their respective development aspirations. South–South cooperation, for instance, framed the approach in this first phase of intensifying economic relations and reflected the combination of technical assistance, grant aid, and concessional loans negotiated by Chinese and Africans in exchange for access to the continent’s abundant resources. As African economies came to demonstrate sustained patterns of higher rates of growth and two-way trade with China grew proportionally, the debates shifted decidedly towards one that focused on economic complementarities between them and Africa’s integration into global value chains. In the aftermath of the global financial crisis and China’s ascendency to become the world’s second-largest economy, scholars like Justin Yifu Lin articulated a vision of a new structural economics for development based on strategic state-led policy planning, calibrated to infrastructure expansion, and mediating the allocation of resources through market forces. Furthermore, as the African industrialization process intensifies in economies like Ethiopia, China’s key role in global development finance and its sectoral experiences put it in a crucial position to promote this new phase of development on the continent.

In this respect, China–Africa economic relations have evolved considerably from the mid-1950s to the present day in ways that track the patterns of domestic change in the political economy of China itself and follow larger changes to the international political economy wrought by globalization and
accompanying policy responses to these changes. Concurrently, as China’s rapid growth translated into an increasingly prominent economic position on the global stage, the recognition of these achievements inspired the promulgation of ‘models’ for regions like Africa that aimed to encourage learning from China’s development experiences. Marking those changes and how they have manifested in the context of changing debates on development, as well as identifying the accompanying evolution in development policies, is critical to understanding the content of China–Africa economic relations.

This chapter will examine how interpretations of China’s role in African development have evolved over time from one dominated by solidarity politics to a discourse based on economic complementarities and, in its most recent iteration, positioning China as a leader in fostering industrialization on the continent. Secondly, it will throw a spotlight on the distillation of Chinese experiences in development and how, through the mechanism of ‘models’ promoted in Africa, this serves as a way of encouraging policy transfer and peer learning. Finally, the chapter will reflect upon future trends and how these might shape the next phase of China–Africa economic relations.

5.1 South–South Cooperation: from Solidarity Politics to Economic Engagement

To understand China’s economic engagement in Africa, one necessarily starts with the Cold War and the concurrent debates that arose out of prevailing conditions found in the newly established People’s Republic of China and in post-independence Africa. Critiques of capitalism articulated by dependency theorists and revolutionary movements alike led these new governments to pursue state-led development strategies, ranging from mixed-market approaches and import substitution to state-mandated collectivism and even autarky (Gray and Gills, 2016: 557–8). With delivering development to their overwhelmingly rural populations an imperative for both, the initial decades were marked by a time of experimentation, growing South–South economic cooperation, and an embrace of Third-World solidarity. Declarations at mini-laterals such as successive summits of the Non-Aligned Movement (NAM) and regional organizations like the Organisation of African Unity (OAU) endorsed technical assistance and economic cooperation in the broadest possible terms as developing countries began to embark on bilateral exchanges and projects (Lopez Cabana, 2014).

Specific to China and Africa economic relations, the diplomatic support provided by China for the anti-colonial struggle on the continent paved the way for its technical assistance in the independence era. During Foreign Minister Zhou Enlai’s tour of Africa in 1963–4, he outlined the eight principles
of cooperation that were to shape Beijing’s aid policy towards the continent during this period, including commitments to equality and mutual benefit, the transfer of knowledge through training of Africans, and the maintenance of the same standard of living commensurate with African host countries (Shinn and Eisenmann, 2012: 130). China–Africa economic engagement that featured around the continent during this period was focused on the agriculture and health sectors, where China’s own evolving experiences were seen to be especially appropriate for Africa’s rural economies (Brautigam, 1998: 61–100). Largely forgotten today is the intense diplomatic contestation between Beijing and Taipei as a structural feature of Chinese engagement on the continent, shaping, in particular, forms of economic engagement where countries switched recognition, with Beijing determined to make good on projects abandoned by Taipei.

Without a doubt, the iconic project of this ideologically tinged solidarity period of China–Africa economic cooperation remains the Chinese-sponsored railway between Zambia’s copper belt and the Tanzanian port of Dar es Salaam. The Tazara railway, as it came to be called, grew out of discussions between the leaders of Tanzania and Zambia and Mao Zedong when they asked for support to build a rail link that would enable Zambian copper to be exported abroad without having to rely upon the transport networks of the white settler states of Rhodesia and South Africa (Monson, 2008: 197–219). From the outset, the Chinese government provided virtually all the finance, management, labour, technical assistance, training, and materials to build the 1,060-mile-long Tazara railway from Ndola on the Zambian copper belt to the Tanzanian port of Dar es Salaam (Liu and Monson, 2011; Monson, 2009: 3). Completed a decade later in 1976, the US$400 million project was China’s largest and most comprehensive at the time. The Tazara railway was immediately hailed as a success by African governments (Monson, 2009: 3–4; Katzenellenbogen, 1974). Interestingly, in many respects the key features of China’s more contemporary economic engagement with the continent were already on display in this project: the African request for Chinese assistance in pursuing a development project spurned by Western governments; the Chinese role in designing, managing, and financing that project; the use of Chinese labour and supplies in constructing the project; and finally the post-project debate on handing over management to the host government and addressing the issue of recurrent costs.

The onset of the ‘reform and opening’ policies in late 1978 of the new Chinese leader, Deng Xiaoping, ushered in a new period of gradualist domestic economic reform coupled to export-oriented strategies in China, which in turn precipitated changes to aspects of its economic engagement with Africa. This reflected growing recognition within Chinese policy circles of the development successes of newly industrialized economies like Singapore, Taiwan,
and South Korea, which had pursued integration into global markets rather than spurning them. The impact on Chinese policy towards Africa was not long in coming. During Premier Zhao Ziyang’s tour of the continent in 1982, he informed African counterparts that China’s solidarity-based support for African development would henceforth be reoriented towards market-based criteria that would assess projects in terms of their commercial value to both parties rather than solidarity ties (Shinn and Eisenmann, 2012: 130). Beijing’s ‘Four Principles for Sino-African Economic and Technical Cooperation’ that would guide its future cooperation with the continent, re-affirmed the commitment to mutual benefit, the maintenance of cost efficiency in delivery of its projects, and equivalency with African standards of living. This policy shift towards Africa, initially framed in terms of the familiar language of ‘mutual benefit’ but later rephrased as ‘win–win’, refracted the ongoing market-led reforms in China’s domestic productive sectors and the growing confidence in that approach felt by policymakers in Beijing. Extended negotiations with the World Trade Organization (WTO) culminated in China’s membership in 2001 which spurred on deeper integration into global markets and, concurrently, an unprecedented drive by Beijing to encourage its newly consolidated state-owned enterprises (SOEs) to expand their activities abroad (Alden and Davies, 2006).

As China’s domestic economy grew dramatically over the next two and a half decades, the search for resources, markets, and investments did indeed come to occupy a larger part of economic engagement with the continent. From the mid-1990s onwards China’s ExIm Bank provided large-scale loans to support the Chinese National Petroleum Company (CNPC)’s drive to develop and expand production in Sudan’s nascent oil industry (Junbo, 2017; Patey, 2014). In early 2004, following a refusal by Western-led donors to pledge financial support for post-war reconstruction in Angola (citing widespread corruption of oil revenues by the ruling party), Luanda and Beijing signed the first in a series of loans worth US$2 billion to support infrastructure development in that country (Alves, 2012: 106–11). China’s large-scale debt financing of infrastructure backed by African resources and mostly tied to use of Chinese factors of production in countries like Sudan and Angola fed assumptions about China and its impact on development, especially as conceived by the West, and the challenges that it posed to OECD donor conventions (Naim, 2009).

It was in the context of Chinese involvement in Sudan and Angola that many of the now ‘classic’ debates on China–Africa development took root, highlighting the role of popular and elite discourses in formulating perceptions that remain relevant today. The central question that seemed to drive debates at this stage—‘Is China going to change Africa?’—was one focused on fear of the Chinese impact on Western-inspired norms, practices, interests,
and institutions in Africa, in short, of its challenging Western dominance over the continent (Alden, 2008; Gaye, 2008). At play in shaping these ideas, at least in part, was an active Western media and in its wake many Western academics, often mirroring concerns held by development agencies and financial institutions. This outlook was in reaction to the wholehearted praise offered by African governing elites and many academics, who saw in China’s ‘no political conditionalities’ an alternative to nearly two decades of imposition of neoliberalism through structural adjustment programmes and democratization promotion.

African perspectives on development were, however, not unreservedly positive, nor were they exclusively negative. For instance, Dambisa Moyo’s influential publication damned the Western aid industry for both its self-serving ‘altruism’ and patent failure to deliver development in Africa despite decades of effort and hundreds of billions of dollars (Moyo, 2010). She openly called upon African governments to look to the ‘Chinese model of development’ as an alternative (Moyo, 2012). African leaders echoed this sentiment, with Nigeria’s President Olusegun Obasanjo amongst others calling for closer economic ties with Beijing to foster development (Daily Trust, 2003). Always acutely sensitive to power projection, other African elites began to voice some concerns about the newly leading position that China occupied as the top trading partner in their respective economies and its growing interests in African economies (Alden, 2007: 120). As African statesman and longstanding friend of China, Julius Nyerere, expressed it as far back as 1968, the continent’s relationship with China was ‘the most unequal of equals’ (Bailey, 1976: 80).

An overlooked but critically important source of African perceptions that found its way in various forms into the national and continental debates was the role of popular discourses about China and the Chinese. Ordinary Africans’ observations about Chinese labourers (‘they must be prisoners’), however absurd or misguided, nevertheless influenced the relationship and policy choices pursued by politicians (Sheridan, 2018). At the same time, periodic surveys of African public opinion on China scored it consistently high but nonetheless reflected this bifurcation between admiration and concern (Afrobarometer, 2016).

Heady enthusiasm during the new millennium’s first decade, which saw influential international financial analysts shift their highest growth forecasts towards emerging markets, mirrored the changing role of emerging economies as sources of concessional loans, investment capital, and grant aid to other developing countries (O’Neil, 2001). In the aftermath of the global financial crisis of 2008, which China and other emerging powers weathered without the immediate damage seen in the industrialized North, African expectations of China rose still further. By 2013, at the tail end of the global commodity boom, China had reportedly invested US$26 billion in Africa and
had become the leading source of concessional finance in much of Africa (Chen, Dollar, and Teng, 2015). It was in this context that Justin Yifu Lin’s work on structural transformation of the Chinese economy and the opportunities it offers Africa came to the fore of debates (Lin, 2012). Lin points to the ongoing shift towards greater domestic consumption in China and the drive to off-shore some industry as factor costs like labour rise (Lin and Wang, 2015). His call was for a new structural economics for development based on strategic state-led policy planning, calibrated to infrastructure expansion, and mediating the allocation of resources through market forces.

African expectations for development began to reflect the prospects inherent in the emerging international environment and, in particular, the role that China could play in facilitating industrialization. The emergence of buoyancy in policy circles around Africa’s sustained growth, captured by the phrase ‘Africa rising’, recast the possibilities for Africa as an investment destination with growing consumer markets bolstered by intra-regional trade. Beyond the growing optimism reflected in publications by the African Development Bank and UNECA, Arkebe Oqubay’s work both widened and deepened ambitions for the continent by focusing on the requisite political and industrial policy frameworks needed to pursue industrialization in Ethiopia (Oqubay, 2015). His theoretical and practical insights were given further significance due to his role as a key policymaker in government.

In the case of the Forum on China–Africa Cooperation (FOCAC), which the South African government hosted in 2015, this ‘new thinking’ by African economists and policymakers translated into a greater focus on ‘beneficiation’ in resource sectors such that spillover occurs in the form of job creation, training, and provisions for services. Premier Li Keqiang, on a state visit in May 2014 that took him to Ethiopia, Nigeria, Angola, and Kenya, launched two initiatives—the ‘461 China–Africa Cooperation Framework’ and the ‘Three Networks and Industrialization Projects’—which responded to these concerns. Events like the China–Africa Poverty Reduction and Development Conference, involving leading figures in the Chinese development community along with AU counterparts and held in Addis Ababa in November 2014, aimed to provide further insights into the industrialization experiences of China and its possible transfer to the continent (IPRCC/AU/Government of Ethiopia/UNDP, 2014).

Moving to the particulars of development policy proposals put forward by Beijing, the ‘461 China–Africa Cooperation Framework’ was a short-hand description of a new policy framework based on four principles (equality and mutual respect, solidarity, inclusive development, innovation on practical cooperation), six projects (industrial cooperation, financial cooperation, poverty reduction projects, ecological/environment protection projects, cultural and people-to-people exchanges, peace and security) and one platform
The ‘Three Networks and Industrialization Projects’ included provision for the construction of high-speed rail networks, the building of road transportation networks, and the expansion of airports and aviation networks. The underlying idea, following from proponents of structural development, is that vital infrastructure provides the foundation for the rational siting of industrial clusters which create opportunities for economies of scale, linkages with supply chains, investment hubs, knowledge transfer, pooling labour, and other positive spillover effects on the local economy (Immarino and McCann, 2006). Three projects in particular, the Addis Ababa Light Rail System, the Addis Ababa to Djibouti standard gauge railway, and the Mombasa to Nairobi standard gauge railway, were seen as emblematic of this approach. Moreover, they cohered closely with one of the key ‘flagship’ programmes, namely the ‘world-class infrastructure criss-crossing Africa’ identified by AU officials as part of Agenda 2063’s first phase. Taken together, these initiatives represented the Chinese vision of a ‘new deal’ with Africa, one which sought to intensify economic ties around a series of capstone infrastructure and industrialization projects which would involve Chinese firms in collaboration with Africans and underwritten by Chinese finance. FOCAC VII, convened in September 2018, reinforced this orientation towards infrastructure-led development as the capstone of China–Africa engagement in this period.

5.2 Models in Motion: Chinese Experience and African Development

At the heart of changing emphases and debates on China–Africa economic ties is a set of transformative policies that highlight the development success achieved by China and the tantalizing possibilities this holds for African development aspirations. These successes are given expression through the promulgation of ‘models’ which provide a distilled form of the Chinese experience in achieving significant gains in areas such as industrialization and agricultural production, and are realized as a battery of concrete policy prescriptions to animate local development. Their changing structure and orientation reflect the different stages and paths of development that China and Africa were engaged in over time.

The fascination with Chinese development dates back to the 1960s and 1970s. Fed largely by African idealism, revolutionary fervour, and a dose (befitting that era) of Chinese propaganda at its model farms in Dazhai, Tanzanian leader Julius Nyerere was convinced to adapt Mao’s rural collectivization strategies to his promulgation of the ‘ujaama villages’ scheme in 1968 (Alden, 2018). Liberation movements such as Frelimo (Frente para Libertacao de Mocambique) operating out of bases in Tanzania and flush with the heady
success of occupying a patchwork of territory in the northern reaches of the Portuguese colony, turned to Maoist precepts on revolutionary warfare in constructing the micro-economies of their liberation zones.

Notwithstanding these early examples from the heyday of the revolutionary epoch, the focus in the near-contemporary period reflected African interests in the evident successes of China’s ‘reform and opening’ policy and the transferability of its programme of industrialization and agricultural production to African soil. While Deng Xiaoping had famously demurred back in the 1980s when asked about the transferability of the Chinese experience to Africa, this change in Beijing’s approach was underscored by the formal launching of ‘three to five’ Economic Cooperation and Trade Zones (ECTZs) and ‘ten’ (later extended to 20) Agricultural Technical Demonstration Centres at the Forum on China–Africa Cooperation (FOCAC) Summit held in Beijing in November 2006 (FOCAC, 2006). The former was derived from the successful experience of the Chinese special economic zones which were launched in late 1978 in coastal South-East China, while the latter were the product of the cumulative experiences of agricultural reform starting in the early 1980s.

With industrial policy/special economic zones, China’s salutary experience of developing an export-oriented manufacturing sector built on FDI and technology transfer from the industrialized countries was to be replicated through its Economic Cooperation and Trade Zones (ECTZs) initiative which promised to combine Chinese state funding with public–private investment to ‘hot-house’ a site for job creation, skills transfer, and possible outsourcing of increasingly costly Chinese industrial production and to nurture a nascent African manufacturing sector (Howell, 1993). According to Brautigam and Tang, the ‘principles of profitability reign’ at all levels of Chinese engagement in this process, from the conceptualization by Chinese provincial authorities, enterprises, and developers to their financing by Chinese banks and the decisions to invest in local markets (Brautigam and Tang, 2011: 49–51). Interestingly, the ECTZ initiative—contrary to perceptions held by many academics and policymakers in Africa—is actually global in its scope and has resulted in the establishment of ECTZs in Southeast Asia and beyond.

In the agricultural sector, the Chinese government established over twenty Agricultural Technical Demonstration Centres (ATDCs), including provision for financing and technical expertise, whose primary purpose is aimed at raising agricultural productivity for local markets and, with that, improvements in rural incomes, bolstered by a range of technical cooperation programmes in agriculture. A phased-in ‘public–private partnership’ approach is used, commencing with Chinese-designated provincial authorities partnering with a local host government to set up the infrastructure of the centre in the first year, provision for training and experimental farms in the second year, and the handing over of the local government to manage in the third year.
According to Jiang, one of the longer-term purposes is to create a platform for Chinese agricultural enterprises to obtain exposure to the local market in that African country, and to gain position and experience in globalizing their production (Jiang, 2015: 16–17). Notably, despite their inclusion in the model, ‘public–private partnerships’ were not a feature of the original Chinese experience in agricultural reform domestically but rather reflect later developments in that sector.

Collectively, it is clear that these Chinese initiatives being promoted in Africa are drawn in the main from the transformative policy approaches and implementation strategies that were behind the rapid development of the modern Chinese economy over the last four decades. They are grounded in the interest-based form of cooperation that has prevailed in China–Africa relations manifested in the solid commercial component devised for the support and involvement of Chinese firms and their African counterparts. While perspectives differ as to the role of the state and the private sector as catalysts in this process, they reflect an emerging consensus within the development community as to the importance of linkages between growth and poverty reduction in the case of China. As such, these initiatives are central to the effort to bring a distinctive Chinese experience of development to the task of catalyzing African development.

While these Chinese-led initiatives in Africa are still very much in the process of being rolled out, there are some indicators that not all of them are fully meeting expectations as catalysts for development. For instance, despite the publicity associated with the launch, a decade later a number of ECTZs remain relatively undeveloped sites (Mauritius, Lekki) with limited Chinese investment or spillovers to local economies, while others are little more than the ‘rebranding’ of existing Chinese investments as an ECTZ (Zambia) (Alves, 2011). In this regard, the Ethiopian ECTZ outside Addis Ababa stands apart and, concurrently, highlights the significant role that African host governments operating in conjunction with Chinese private capital have in fostering this process. Led by a focused Ethiopian leadership and anchored by the investment by Chinese company Huajian, the Eastern Industrial Zone has become a magnet for foreign direct investment into manufacturing (including firms from both emerging economies and established economies of the North) and has even inspired the expansion of a broad-based policy of creating industrial parks clustered by sector across different regions in the country and aligned with Chinese-built infrastructure projects like the Addis Ababa to Djibouti railway line. Other governments including those of Rwanda, Senegal, and South Africa have created ECTZs modelled in part on the Chinese–Ethiopian experience aimed at benefiting from the same coterie of factors.

The take-up of Agricultural Technical Demonstration Centres was much higher across the continent, with over twenty being established by 2011,
though actual FDI attributed to the initiative was a fairly modest US$400 million, representing just 12 per cent of China’s total agricultural investment in the continent (Jiang, 2015: 7). Experiences have varied depending on a number of contingencies, including local provisions for necessary infrastructure and the degree of integration with local agricultural training and extension services, as have differing expectations on the part of Chinese and the local end users. For instance, the flagship Agricultural Technical Demonstration Centre in Mozambique, considered by Beijing to be the most successful of the demonstration centres, initially had difficulty even in the hands of private Chinese companies in finding a local market that would sustain production at a cost-effective level, a situation that was compounded by a series of disputes with local employees and local communities over labour conditions and property rights (Chichava, Duran, and Jiang, 2014). These teething pains are, in their own way, reflections of the experimental character of China’s own historical domestic development experience as it sought out the most effective combination of resources and policy frameworks to delivery success.

The attraction that the Chinese development experience holds in African policy circles continues to grow, measured in part by the proliferation of ‘Look East’ policies by African governments and their efforts to integrate these through a variety of regional and international forums such as FOCAC. Xi Jinping’s forthright declaratory expressions of China’s leadership role in global development at the 19th Party Congress in October 2017, backed by the considerable financial resources on offer as announced at FOCAC VI in December 2015 and FOCAC VII in September 2018, points to the continuation of creative thinking and expanded means to foster new modalities of delivery of transferable policy lessons to Africa (Straits Times, 2017).

5.3 Debating the Future: Towards Greater Diversification or Rising Dependency?

Commensurate with the changing dynamics of China–Africa economic relations into the present day, debates around the necessity of diversification away from resource-based economies and technology transfer are intensifying as Africans become more aware of Chinese (and other emerging economies’) development experiences. Reflecting upon these possibilities, Mzukisi Qoba and Garth Le Pere contend that Africans must further broaden their aims:

There is a need to rethink the terms of Africa’s future growth and development not only in terms of industrialization—often conceived narrowly as manufacturing—since there are fewer possibilities for the continent to undertake industrial development along a trajectory similar to earlier industrializers. Rather, going forward a
strategic trade and industrial policy perspective should be the thrust of China–
Africa relations in order to take advantage of the calculus of opportunity that
currently exists. Thinking in terms of value-addition and value chains broadens
the sectoral focus to encompass aspects of manufacturing, services and innovation
in agriculture. (Qoba and Le Pere, 2018: 209)

Running in parallel to this, however, there is a critical discourse that like its
predecessors questions the structural form of the relationship and its impact
on African development. For some critics, the dominance of African primary
products in exchange for Chinese finished goods in merchandise trade,
coupled to the growing Chinese position in services like the financial sectors,
suggested that the relationship was still in need of further recalibration
(Le Pere, 2007). This concurs with the sharpening of the debate on improving
market access into China which is beginning to take shape, with calls for a
‘Chinese AGOA’ featuring amongst South African policymakers (Altman,
2018). Given China’s leading position in the relationship, the creation of
market opportunities aimed specifically at African imports—especially value-
added products, manufactured goods, and even services—is an important step
to enhancing the integration of their respective economies. Bolstering these
concerns is a revival of debates around the debt burden being taken on by
African governments, especially in the aftermath of the dramatic fall in com-
modity prices in 2014.

Finally, in March 2018, China announced the creation of a new agency to
coordinate foreign aid and overseas development projects: the State Inter-
national Development Cooperation Agency (SIDICA). Fitted within the Belt
and Road Initiative (BRI) framework, its principal aim is to support existing
and future development projects in Africa and Asia including facilitating
better oversight and coordination of Chinese development projects. The pros-
pect that FOCAC initiatives would be aligned to the BRI, as indicated at
FOCAC VII, holds out the possibilities of further infrastructure financing
that could ultimately contribute to Africa’s integration into global value
chains (China Ministry of Foreign Affairs, 2018). Chinese financial resources
based within the BRI framework, such as the Asian Infrastructure Investment
Bank (AIIB) and the BRICS New Development Bank, can now be leveraged
alongside the China–Africa Development Fund, the newly formed China–
Africa Fund for Industrial Cooperation, and the Special Loan Facility for
African SMEs. Beyond the attention given over to development financing, it
is notable that FOCAC VII builds on the inclusion of environmental and
socio-cultural considerations, once remote from China’s economic engage-
ment with the continent, and signalling again the alignment with parallel
concerns in China.
5.4 Conclusion

China–Africa economic relations have evolved enormously over the past five decades, echoing in many respects the patterns of domestic change in the political economy of China itself. If debates about African industrialization and fitting local economies into Chinese global value chains are now prevalent, this marks yet another stage in the progressive development of economic relations between China and Africa. Beijing’s role as a leader in promoting the international liberal trading regime implies that it will recognize the need to respond to the next challenge in the changing economic relationship, namely specialized provision for greater access to the Chinese market, and work together with African policymakers on sustainable development financing. The relentless dynamism of Chinese economic prowess which has powered changing economic ties is now being coupled to Africa’s own rapid development, promising, it would seem, a new cycle of growth and change in both their economic relations.

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