

**HOW TO RIDE AN ASIAN TIGER:  
AFRICAN 'AGENCY' IN SINO-AFRICAN AID & TRADE NEGOTIATIONS**

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**Introduction**

Placing issues in historical context, this piece discusses the challenge of African 'agency' in Sino-African aid and trade relations. It examines questions around the motives behind China's largesse towards Africa and the impact thereof, while also interrogating the authenticity and legitimacy of western vituperations about China's increasing dominance in the African development space. It concludes by placing the onus on African leaders and institutions to develop effective strategies, build technical capacity and create the conditions in which the continent can muster the power of collective and individual 'agency' to ride the Asian tiger into prosperity, and not into further poverty and loss of agency, as experienced in the colonial experience that neutered the continent from shaping its own future.

**Africa Aid & Trade: The Great Chinese Disruption**

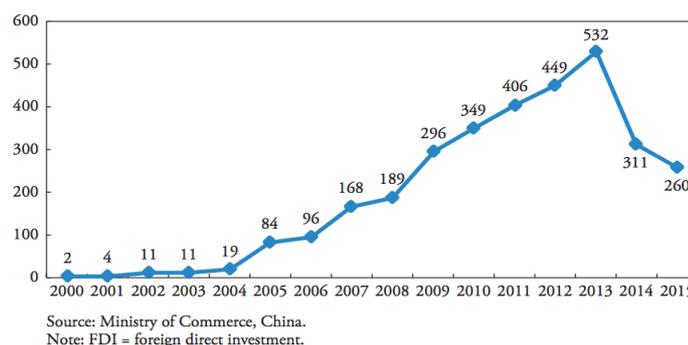
Since the 'Scramble for Africa' which began in earnest in 1881, the continent has remained a stage-set for a '*Game of Thrones*' of sorts between the West and East in their bid for influence and access to its bounteous and untapped resources. From slavery, to colonisation, to the Cold War and now to what I will call the 'natural resource wars', the continent has historically been exploited, traumatised, pulverized and pauperised. Suffice to say, if Africa were a person, it would need therapy.

Through political and economic '*facipulation*' – an unsavoury mix between facilitation and manipulation – more powerful nations have historically jostled for control over Africa's untapped natural resources to feed their own increasing economic appetites and developmental aspirations. Mostly, these traditional players in Africa's development space have been Western countries with colonial umbilical ties to the continent, offering aid and trade deals, tied to moral, ideological and financial conditions with geo-strategic and commercial benefits for the funding nations.

However, in the past decade, China has risen as a major player on the world economic stage and has dislodged over fifty years of Western hegemony, disrupting the West's aid and trade regimes in Africa. How was this achievable in such a short period? Simply by offering billions of dollars in grants, interest-free / concessional loans to African countries, without tying these to the moral and ideological conditions (e.g. human rights, democratic governance, transparency, environmental protection etc.) that Western countries have traditionally tied theirs to. Today, China has gone from being an aid recipient itself to becoming the donor / investor of choice in Africa. As the saying goes '*money has few enemies and many friends*', but is China truly Africa's new best friend or just another colonial wolf in investor's clothing?

The evolution from aid recipient to donor has repositioned China's place in the international pecking order, strengthened its influence on other developing nations and sparked significant concerns in the minds of western powers. The chart below illustrates the swift increase of China's economic footprint in Africa.

**Figure 1:** Number of Chinese FDI projects in Sub-Saharan Africa<sup>1</sup>



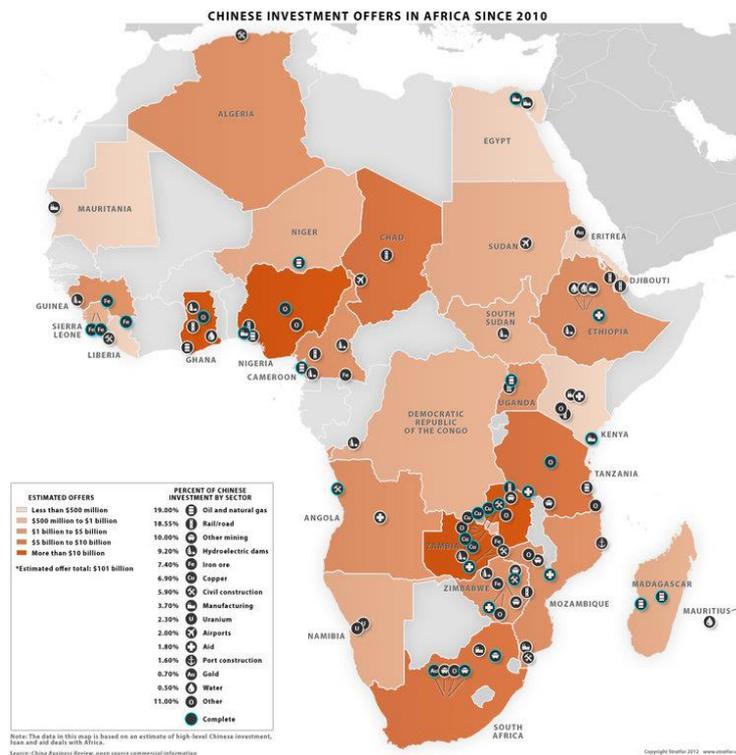
Recipients of China's financing include African governments, African state-owned banks, African state-owned enterprises, African private companies, African regional banks, and development banks, etc. These loans and grants have spurred a spike in the number of infrastructural development projects across the continent, most notable of which are:

- African Union Headquarters, Ethiopia
- Railway projects in Kenya, Ethiopia, Angola, Djibouti, and Nigeria
- ECOWAS headquarters in Abuja
- Ghana bauxite exploration project
- Angola's Caculo Cubaca Hydropower plant,
- Congo's Special Economic Zone,

<sup>1</sup> David Dollar, *China's Engagement with Africa: From Natural Resources to Human Resources*, 2016 < <https://www.brookings.edu/wp-content/uploads/2016/07/Chinas-Engagement-with-Africa-David-Dollar-July-2016.pdf> >, [Accessed 27th April, 2019]

- Nigeria’s International Airport in its Capital city, Abuja
- Nigeria’s Edo state oil refinery,
- Zambia's cement factory,
- Egypt’s New City and;
- Zimbabwe's new parliament etc.

**Figure 2: Chinese Investment Offers in Africa since 2010<sup>2</sup>**

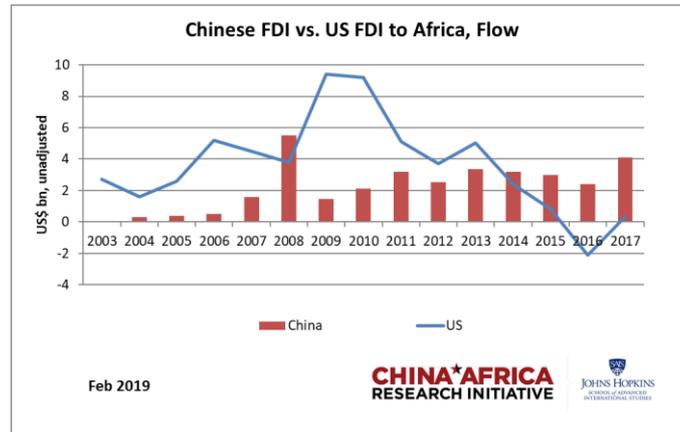


Given the map above, it is safe to say that China has successfully stamped its financial presence across the continent, giving traditional donors and investors formidable competition for hearts, minds, resources and influence on the continent. For example, Ficawoyi Donou-Adonsou<sup>3</sup> notes that from 2003 to 2011, the flow of Chinese investment to Africa grew by more than thirty times, while that of the United States grew only by about one third.

<sup>2</sup> Mamta Badkar, MAP: Here Are All Of The Big Chinese Investments In Africa Since 2010, 2012 <<https://www.businessinsider.com/map-chinese-investments-in-africa-2012-8?r=US&IR=T>>, [Accessed 28th April 2019]

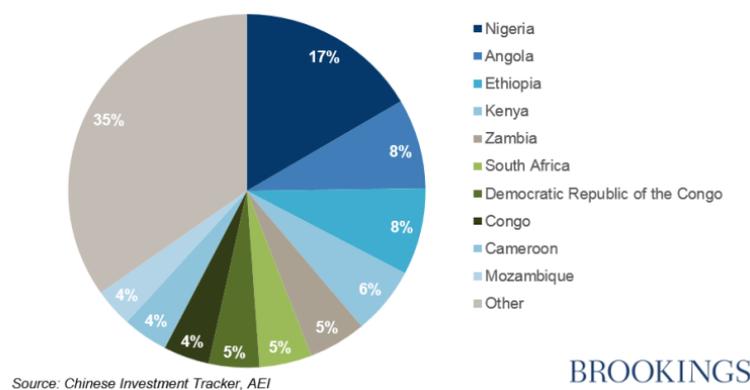
<sup>3</sup> Ficawoyi Donou-Adonsou, On the importance of Chinese investment in Africa, Review of Development Finance, Volume 8, Issue 1 (2018). Pp 63-73

**Figure 3:** Chinese FDI vs US FDI flows to Africa 2003–2018<sup>4</sup>



Though similar increases in Chinese investments can be seen across the world, the concentration and consistency of the investment increase in Africa is significant. However, what is most distinguishing about funds from China is that it is given fast, in vast amounts and with few or no questions asked - a significant departure from the approach of traditional donors and lenders such as the IMF/World Bank, United States of America, the European Union or Great Britain. According to He Wenping<sup>5</sup>, director of African studies at the Institute of West Asian and African Studies in Beijing, "African countries also like that the Chinese are less critical of their internal political affairs and there is less bureaucracy, so projects and deals are executed a lot faster." Below, we see an illustration of the geographical spread of these investments on the continent.

**Figure 4:** Locational distribution of Chinese investments in Africa 2005–2018<sup>6</sup>



<sup>4</sup> China Africa Research Institute (CARI), Data: Chinese Investment in Africa, 2019, [www.sais-cari.org/chinese-investment-in-africa](http://www.sais-cari.org/chinese-investment-in-africa), [Accessed 29th April 2019]

<sup>5</sup> David Smith, China says booming trade with Africa is transforming continent, 2010, <<https://www.theguardian.com/world/2010/dec/23/china-africa-trade-record-transform>>, [Accessed, 27th April 2019]

<sup>6</sup> Mariama Sow, Figures of the week: Chinese investment in Africa, 2018, <<https://www.brookings.edu/blog/africa-in-focus/2018/09/06/figures-of-the-week-chinese-investment-in-africa/>>, [Accessed 22nd April 2019]

Naturally, the appeal of this Chinese approach to some African governments, with less than stellar records of good governance and financial probity, can be understood. This may explain why when China calls, Africa answers. For example, the Beijing Summit of the Forum on China Africa Cooperation (FOCAC) in 2018<sup>7</sup> saw 53 of the 54 African countries represented. This shows the influence and convening power that China has mustered in Africa.

### **Fear of the Tiger: Issues, Concerns and Complaints about China in Africa**

However, not all see China's expansion in Africa as positive. Media Headlines like "*Resource-Hungry China Invests in Africa*" (Reuters, 2009); "*China Raises Fears Of 'New Colonialism' With \$60 Billion Investment across Africa*" (The Telegraph, 2018) and; "*China in Africa: Win-Win Development or New Colonialism?*" (The Guardian, 2018) have continued to spur doubt and cynicism in the minds of observers, as to whether China's investments in Africa is constructive or destructive.

Particularly, the Chinese approach of non-interference in domestic affairs when negotiating aid or trade in Africa, has given rise to concerns and complaints, some from within the continent, but especially from the western countries that have historically dominated the aid and trade industry in Africa. For example, in 2012, when the Chinese government promised to invest over \$20 Billion in Africa, this was swiftly followed by Western voices cautioning African states to be mindful of who they "get in bed" with. Most notably, Hillary Clinton – then Secretary of States of the United States of America – admonished that "African countries should consider partnerships with more responsible countries as against countries that exploit resources"<sup>8</sup>. Though not mentioning China in her tour of African states, it was widely speculated as a comment directed at China and its increasing presence in Africa.

It was also revealed<sup>9</sup> in a US embassy cable made public by Wikileaks, that Johnnie Carson, a US Assistant Secretary of State for African Affairs, said "China is a very aggressive and pernicious economic competitor with no morals. China is in Africa for China primarily." A very strong-worded warning, but many ask if these concerns are authentically a result of genuine moral concerns or simply because it is hard for the West to keep up, as its historical grip over access to Africa's resources and influence over its politics and economy, is being loosened by China's generous financial lubricant.

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<sup>7</sup> Yun Sun, China's 2018 financial commitments to Africa: Adjustment and recalibration, 2018, <<https://www.brookings.edu/blog/africa-in-focus/2018/09/05/chinas-2018-financial-commitments-to-africa-adjustment-and-recalibration/>>, [Accessed, 22 April 2019]

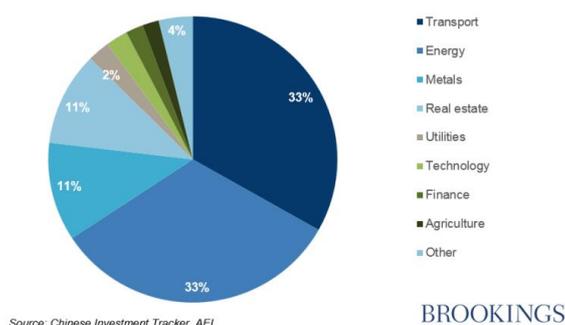
<sup>8</sup> Mamta Badkar, MAP: Here Are All Of The Big Chinese Investments In Africa Since 2010, 2012 <<https://www.businessinsider.com/map-chinese-investments-in-africa-2012-8?r=US&IR=T>>, [Accessed 28th April 2019]

<sup>9</sup> David Smith, China says booming trade with Africa is transforming continent, 2010, <<https://www.theguardian.com/world/2010/dec/23/china-africa-trade-record-transform>>, [Accessed, 27th April 2019]

Furthermore, students of African history are likely to be sceptical about the authenticity of the West’s motives, given that for centuries, Africa’s relationship with the West was forged on the anvil of exploitation and a disregard for the same moral and ideological concerns the Western countries are now raising regarding China’s foray into the African development space. However, does this mean the concerns are not justifiable?

Looking at the infrastructural projects implemented by China across Africa, it is difficult to argue against the multiple benefits that they bring to the continent. These projects include roads, rail networks, ports, housing and official buildings, airports, hospitals, mines, oil rigs, and factories – many which are desperately needed on the continent and are catalytic for economic growth, social development, job creation and poverty reduction.

**Figure 5:** Sectoral distribution of Chinese investments in Africa<sup>10</sup>



The traditional donors have shied away from funding capital-intensive projects such as those above in recent years and have rather been more inclined, rightly or wrongly, to linking aid and loans to projects they consider will affect the Human Development Index (HDI) of the country. Hence projects that promote good governance, social inclusion, youth empowerment, healthcare, education and climate resilience have been given more of a priority by western donors, than the capital-intensive infrastructural projects needed on the continent. Clearly, Africa and its western donors have a different sense of priorities regarding the continent’s needs and this has been a sticking point between the two, making China a more viable option for funding capital projects for African governments. While the west vacillates on a moral and ideological pedestal, China on the other hand, is willing to meet Africa’s needs with little or no bureaucratic compunctions or ideological strings attached. Seemingly a perfect marriage, but at what cost?

<sup>10</sup> Mariama Sow , Figures of the week: Chinese investment in Africa ,2018, <<https://www.brookings.edu/blog/africa-in-focus/2018/09/06/figures-of-the-week-chinese-investment-in-africa/>., [Accessed 22nd April 2019]

The key concerns and complaints against the Chinese aid and investment approach include:

- 1) encouraging poor governance, questionable public financial management practices and aiding corruption due to lack of transparency and accountability in transactions;
- 2) offering lax borrowing rules that encourage alarming increases in the debt profile of African countries, putting them at risk of strategic assets being foreclosed-on by China, should they default;
- 3) luring African countries into 'debt traps', creating unhealthy dependencies through opaque loan agreements and problematic debts servicing schedules;
- 4) flooding African markets with Chinese imports and out-pricing local producers, since China can produce much cheaper and in larger scale;
- 5) instead of creating jobs by using African workers, China tends to bring its own workers as well as its own goods and equipment, thereby not creating enough job opportunities for the large numbers of unemployed Africans and also not supporting local products and markets;
- 6) Chinese workers not integrating or assimilating in African cultures and societies but instead living in isolation, creating tensions and resentment with their local hosts;
- 7) damaging the environment for commercial gains, without any sanctions nor compensation paid and;
- 8) undermining the sovereignty and agency of African countries.

The question that arises from the above, is if Africa has 'agency' and is truly an equal partner with China, why have African countries not asserted their 'agency' in addressing these issues above decisively? It is this question of 'agency' - or rather, the lack therefore of - that we discuss below, adopting an operational definition of 'agency' as the capacity of the state to act independently and make free choices.

### **Negotiating with the Chinese: Wither Africa's 'Agency' ?**

Above we have explored the past and the present to attain a full picture of the state of play as well as the different drivers, motives and dynamics that have shaped China's entry into the African development marketplace and its multifaceted impacts. However, the pressing question is not so much about Africa's past, but much more about its future.

Today, we see the continent being courted like a beautiful bride by the East and West, with each competing suitor offering gifts and professing to *love Africa more than the other* – claiming to have Africa's best interest at heart, while warning about the other's abusive nature. Though subject to *Shakespeareian* twists, strategically, this could be a good opportunity for Africa. The

continent could leverage the competition for its 'hand' above to unshackle itself from the dependencies of the past, and reshape its future by re-negotiating its position on the geo-political map and the global economic architecture, with China as its strategic lever.

Therefore, the key question, is not about '*who loves Africa more*', but rather '*does Africa love itself enough*' to learn the lessons of the past and stand its ground, as it seeks to define its future at the epoch of a new scramble for its resources? Can Africa learn the proverbial '*Art of the Deal*? Can it stop history from repeating itself, and this time around negotiate for the benefit of its peoples and the future of posterity, without being seduced by the financial carrots being dangled before it? Perhaps, it can, but not without a strong value for and building the strategic power of 'agency'.

### **Strengthening Africa's 'Agency' in Engaging China**

Below, we discuss four key issues that influence the strength of Africa's 'agency' in its negotiations with China. We believe that these, to a larger extent, will determine if the continent will ride the Asian tiger to economic prosperity or if the tiger will ride Africa into even more poverty and powerlessness in the renewed geo-political jostling for the continent's resources.

#### ***1) Visioning, Policy Formulation & Strategic Planning***

Trade negotiations are complex and complicated. The extent to which one party prevails over the other is to a large extent influenced by the level of granular clarity of its vision, how well defined its strategic goals plus the short and long-term policy objectives are and the tactical determination with which it pursues its objectives.

China's goals are well defined and well-articulated. It knows what it wants and has laid out a strategy and deployed resources to achieve it, as seen in its Belt and Road Initiative (BRI). Africa on the other hand - as a region or individual countries - has not clearly defined its/their own goals nor developed a strategy to achieve these in negotiations with China. As a result, China is able to position itself, exploiting the weaknesses and strengths of Africa's economic and political structures to achieve its own ends. African countries on the other hand, without clarity on their own policy and strategic objectives, have become more vulnerable to the seductive offerings from China, as opposed to being proactive in stating what they want, on what terms, to what end and at what cost. This why Africa's agency is failing in this context, and as the old saying goes, '*those who fail to plan, plan to fail*'.

For Africa to have ‘agency’ in its dealings with China, the need and importance of visioning, policy formulation & strategic planning cannot be overemphasised. Two recommendations may proffer a solution in this regard:

- a) *National China Strategies* - African countries need to develop a more inclusive and multi-stakeholder approach to visioning, policy formulation and strategy development. This should include the views of all critical stakeholders and the strategy should be designed to:
  - i. meet the stated social and economic needs of African citizens and other local stakeholders;
  - ii. be aligned with delivering the articulated goals in respective National Development Plans;
  - iii. address the views and concerns of both local and well-meaning international partners (as discussed above) and;
  - iv. protect the sovereignty of African countries by minimising financial risk and economic vulnerability, especially regarding loans (i.e. debt traps), losing strategic assets to foreclosures, as well as undue political influence.
  
- b) *Regional China Strategies* – African regional organisations should develop China Strategies that help them to assess their own internal needs - individually and collectively - and then ensure that all negotiations at the regional and country levels support and reinforce one another. This will help avoid the ‘divide and rule’ strategy that was popular with the colonialists who would divide regions by turning countries against one another. For example, though South Africa is a member of Southern African Development Community (SADC), it is also a member of the China-led and hosted BRICS bank. In this scenario, where will its allegiance lie in trade negotiations? SADC or China/BRICS?

If African countries can engage and negotiate with China collectively, it would strengthen their agency through the power of numbers and collective influence. This is crucial, especially for the smaller countries that have little economic and political muscle and may remain vulnerable to the might of China. An *African Union China Strategy* for example, could help marshal a cohesive African position and provide an institutional platform for strengthening and coordinating Africa’s agency in its dealings with China.

## ***2) Transparency and Accountability***

The 'cloak and dagger' approach to China-Africa aid/trade negotiations and transactions are not sustainable, nor acceptable in today's world. The days of deals being made with a nod and a handshake in smoke filled basements have come to an end, especially in the era of social media i.e Wikileaks etc. For as long as the manner and approach in which China seals deals with African governments do not meet the internationally acceptable standards of transparency, accountability and good public financial management, the legitimacy and motives behind of China's role in Africa will always remain suspect and questionable.

The onus here, however, is not just on the Chinese government, but mostly on African governments, institutions and civil society. Since international politics and trade are first about national interest, China is expected to do what suits its own agenda and meets its own needs. Africa should also do what is best for its citizens and for posterity, by being more strategic and assertive, and less supplicant in its approach towards China. In this regard, transparency and accountability to its citizens should be the cornerstone of its China engagement policy and negotiation strategies.

## ***3) Building Technical Capacity for Strategic Negotiations***

When China goes into trade negotiations, it sends its very best minds and top experts who have been trained at the best institutions globally, specifically for the purpose of achieving its stated policy objectives. African countries on the other hand, tend to send diplomats and civil servants who often have little or no nuanced knowledge of the intricacies of very technically convoluted trade negotiation processes.

The same way we do not certify and send carpenters to perform heart surgery, African countries should not send untrained officials to negotiate trade or aid deals without the required skills, knowledge and experience. Often, the political value of being able to announce an influx of funds into the country masks the details of the negative impact and implications of accepting such funds.

The China desk in African countries should be staffed by the best economists, political scientists, historians etc. and the development of technical capacity in the negotiation teams of African countries must be upscaled substantively and regularly, if Africa is to have the strong agency required for its dealings with China. The sooner African governments start assembling the best minds that understand the political economy of trade with China, and

deploy them to relevant negotiations, the sooner African ‘agency’ will be strengthened and more positive outcomes emerge from the continent’s dealings with China.

#### ***4) Strengthening and Streamlining African Government Institutions***

Related to the issue of capacity, also is the weakness of many African institutions responsible for critical engagements with external actors such as China. If we take Nigeria – one of the largest African recipients of Chinese loans- as a case study, we find that there are too many institutions with similar responsibilities and operating in the same space, which lead to confusion and competition, instead of the required clarity and collaboration.

In Nigeria the government’s policy coordination architecture around aid and trade is fragmented. For example, the Ministry of Budget and National Planning is responsible for handling grants from the Chinese; the Ministry Finance is responsible for negotiating Chinese loans; the Ministry of Industry, Trade and Investment is responsible for dealing with Chinese companies bringing in Foreign Direct Investment (FDI) and the Ministry of Foreign Affairs, is responsible for managing the diplomatic relationship with China. In this scenario, the different agencies see different parts of the ‘Chinese Elephant’, but none have a full and comprehensive view. How do you optimally understand and engage a partner that you cannot see fully? Attendant to this is the challenge of the weak systems of cross-government information sharing, knowledge management and fragmented decision-making, leading to policy inconsistencies and incoherence. These create vulnerabilities that China or any other country can exploit to its singular benefit.

For the ‘agency’ of African governments to reflect a China strategy that is assertive, well informed, holistic and strategic, there is a need to streamline and define which government agency leads the engagement with China and to have more optimal policy coherence and coordination. Additionally, African parliaments need to curb the exuberance of the Executive and be more attentive and involved in screening, assessing and approving Chinese loans, informed not by political exigency but by financial and economic intelligence. Parliaments, working with government, civil society and the private sector, must work together to build potent and cohesive African ‘agency’, if they are to prevail in trade or aid negotiations. As the saying goes, *‘a house divided against itself, cannot stand’*.

#### **Conclusion**

Whether the economic copulation between China and Africa will birth positive or negative offspring for the continent will, to a large extent, be determined by the institutional strength,

clarity of vision, and well-informed economic policies and political strategies, proactively initiated by African countries. These should not just be in reaction to China's agenda, but in expression of Africa's own self-determined agenda and 'agency'. African countries – individually or collectively – need to be proactive in envisioning, articulating, strategising and negotiating what they need from China to achieve their own social and economic goals, and not just react to tantalising offers from China, which in some cases, can turn out to be a poisoned chalice.

African 'agency', like charity, must begin at home. If African countries continue to mortgage their economic futures for short-term economic and political gains through ill-negotiated Chinese-funded projects, posterity will pay the price. Having 'agency' in this context means Africa must know the difference between *what it wants and what it needs* and prioritise accordingly. It involves a more inclusive and transparent approach to negotiations and transactions with China that ensure accountability and probity. It means increased sourcing, building and deployment of internal technical capacity in prioritising, choosing, shaping and negotiating holistically beneficial terms of engagement regarding financial deals – especially loans – with China. African countries today are different from those that were balkanised and pillaged during the wanton scramble for Africa between 1881 and 1914. Unlike in the past, Africa can now exert 'collective agency' through its regional institutions like the African Union (AU), Economic Community of West African States (ECOWAS), Southern African Development Community (SADC) and the East African Community (EAC) amongst others. These regional institutions should become platforms for convening member states around developing and harmonising both regional and national strategies that ensure their collective bargaining power is harnessed and applied in interactions and negotiations with China.

Finally, to engage the rest of the World from a position of strength, African states must have clear economic development plans and effective execution strategies with well-defined outcomes. These are needed, not just to engage China, but to shape their dealings globally and to optimally position the continent to benefit this time around from its vantage position as a source of natural resources, and not suffer the exploitation of the past. The key determinant of whether history will repeat itself or not, and if the China-Africa relationship will be in Africa's optimal interest, is in Africa's capacity to build and assert its 'agency' in ways discussed above. The responsibility for shaping Africa's economic future is not China's. This time around, Africa must decide its own future by dexterously riding the 'Asian tiger', not into further poverty but into prosperity.

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