



One-sided relationship between Africa and China is increasingly irking Africans

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Introduction

After the initial wild excitement of supposedly no-strings-attached Chinese investment, aid and support, many African countries are now asking difficult questions of China's footprint on the continent.

According to figures from China's commerce ministry, Chinese foreign direct investment in Africa climbed from US\$392 million in 2005 to US \$2.5 billion in 2012². China overtook the United States in 2009 to become Africa's largest trading partner³.

Many African countries are now complaining that early contracts signed with China, usually hid punitive fine print. African civil groups, trade unions, and indigenous businesses and citizens are also increasingly critical to one-side deals, lack of transparency and the local behaviour of Chinese companies. Not surprisingly, between 4-11 May 2014, Chinese Premier Li Keqiang in his first visit to Africa since he took office last year was inundated with a barrage of criticisms from Ethiopia, Nigeria, Angola and Kenya, the countries he visited.

African complaints about the one-side relationship between Africa and China

African governments have complained that China is undermining Africa's growth by only extracting raw materials from the continent, without helping Africa adding value to its products, which create more jobs and profits. Former Nigerian central bank governor Lamido Sanusi has rightly said: "China

takes from us primary goods and sells us manufactured products. This was also the essence of colonialism"⁴. Very few Chinese investments in Africa are in the manufacturing sectors – so crucial for Africa's development.

Partnerships between Chinese investors and local African companies are rare and rarer still transfer of new technology, efficiencies and management from Chinese to African companies⁵. There is little 'technology diffusion' whereby Chinese transferred skills to Africans could allow them to set up new companies⁶. African companies are also rarely local suppliers of inputs to Chinese investors⁷. In many Chinese investment projects in Africa, labour is often imported from China, instead of local labour being used. In Angola, there has been rising anger over the fact that Chinese projects have brought up to 300,000 Chinese workers to the country amid high levels of domestic unemployment and poverty.

In Chinese projects in Africa there is often little skills transfer to Africans. But even when Africans are employed in Chinese enterprises on the continent, there have been allegations that basic labour, safety and environmental rights are often not adhered to. In Africa, Chinese companies often use the same domestic 'low-cost' business model of cheap labour, long working hours for workers, poor worker rights, safety and working conditions and "a lack of respect for social and environmental issues"⁸, and often substantial numbers of



imported Chinese labour, living segregated from local African communities. In March 2014, oil workers at two China-invested projects in Chad and Niger went on strike to protest against unequal pay.

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Many African countries have complained that mountains of tariff barriers prevent finished African products which increased African jobs, profits and growth find difficult to get into China. China in 2009 announced it would increase the number of items to the 30 least developed African countries it has diplomatic relations with can export to it duty-free to 440. However, value-added and finished African products are not on the list. Neither, are key products which African countries produce, but which are highly subsidized in China, such as cotton and textiles.

But China also has numerous non-tariff barriers against African products. Many African countries are criticising China for overbearing discretionary import prohibitions based on environmental safety, national security and health considerations. In 2010, for example, China banned South African wool exports to China after an outbreak of Rift Valley Fever in the Northern Cape and Free State provinces. Rift Valley Fever is a mosquito-borne virus that kills livestock and humans. South Africa and the World Organisation for Animal Health told the Chinese that Rift Valley Fever is not transferred through wool. The Chinese government insisted on the ban which outraged South Africans.

Unfair contracts between Chinese companies and African governments, which many African governments have entered into to attract investments, have now increasingly become sore points. The Gabon government took the Chinese investor, Addax Petroleum, owned by state-owned Sinopec, to the International Chamber of Commerce's arbitration court, after the Gabon government disputed small print in the original contract between the Gabon government and Addax Petroleum, which blocked the Gabon government from selling an oilfield licence to a third party. In 2013, the international tribunal ruled in favour of the Gabonese government in the dispute with Addax Petroleum.

The negative impact of Chinese investment on the environment in Africa are now regularly criticised by African civil society groups and opposition parties. China has invested in controversial projects which have destructive impacts on Africa's environment. Some of these include the Bui Dam in Ghana, financed by China Exim Bank, which is projected to flood a quarter of the country's Bui National Park.

China's must vaunted claim that it provides finance; development aid and infrastructure investments to Africa without conditions are increasingly being challenged by African governments. The reality that China's policy is to "*closely combine foreign aid, direct investment, service contracts, labour cooperation, foreign trade, and export*"⁹ is increasingly becoming quite clear to many African leaders. Most of the Chinese infrastructure investments in Africa usually are 'tied' to bringing Chinese labour, machinery and firms¹⁰, and foreign aid is linked to securing Chinese investment opportunities for Chinese companies, or political support from African governments for China global diplomacy positions.

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Zimbabwean leader Robert Mugabe in August 2014 went to Beijing to ask for US\$10 billion financial bailout for the country's ailing economy. China gave Zimbabwe US\$2 billion loan, to build a power station, coal mine and dam, using future Zimbabwean mining tax revenue as security¹¹. Zimbabwe also received US\$8 million in donated rice, US\$24 million grant to build clinics and schools, and a commitment that China would do feasibility studies for further infrastructure projects. For these Zimbabwe had to sign a commitment to use revenue from Zimbabwean state-owned companies to get loans from China's state-owned banks.

China's foreign to Africa is mainly through delivering projects, rather than transferring money directly to countries. Chinese investment in Africa provides bountiful business for Chinese service companies, with Africa now the second largest supplier of contracts to Chinese service companies¹².

There has been rising criticism in Africa that Chinese workmanship has often been shoddy, with white elephant infrastructure projects such as football stadiums, homes for presidents and roads leading to parliaments, rather than more socially and economically useful infrastructure. Botswana President Ian Khama in an interview with South African daily *Business Day*, bemoaned the unreliability of Chinese contractors, saying: "You know, we have had some bad experiences with Chinese companies in this country"¹³.

Most of Africa's roads and rail networks were built during the colonial period, and was mainly to link mines, oilfields and large farms to ports to be exported to the markets of former colonial powers. China appears to replicate this colonial type of infrastructure. Many of the Chinese infrastructure projects, such as rail, roads and ports, are mainly built to export African raw materials easily offshore from Africa to China – or bring Chinese finished products easily from China to Africa, rather than being integrated with local African economies, communities and industries.

China are appearing to diversify its relationship with Africa following local complaints

Like many other African leaders, Angolan President Jose Eduardo dos Santos have called on the Chinese government to ensure that the country's firms embark on "*mutually beneficial partnerships with Angolan businesses*"¹⁴. Chinese Premier Li Keqiang, told African leaders during his May 2014 visit to the continent that disputes arising over China's investment projects in Africa were just 'growing pains'¹⁵. Li assured African leaders China was willing to sit down with African countries to resolve any issues that arose over investment projects – and want to be an 'equal' partner to Africa, rather than colonial power¹⁶. Li insisted that Chinese firms in Africa needed to abide by local laws and regulations as well as also take responsibility to protect



the interests of local communities.

Li¹⁷ promised for example to promote Kenyan exports to China – African countries usually find high trade barriers in China making it difficult to export to China. Li also said that China will encourage its companies to invest in Kenya's manufacturing sector¹⁸. Li promised to push Chinese companies to invest in the Kenyan manufacturing sector. Kenyan President Uhuru Kenyatta, had directly complaint to Li about China's policy of importing only Africa's raw material, and exporting finished products back, requesting a more diversified trade portfolio between China and Kenya¹⁹.

China promised it would support Kenyan industrial parks, help

the country improve product processing capability and improve Kenyan companies' competitiveness in global markets. Kenyatta also questioned China's policy of having trade surpluses in favour of China with African countries. Li told Kenyatta that it was never a stated policy of China to pursue trade surpluses in its trade with African countries, and that China was willing to lift trade barriers to Kenyan products to China²⁰.

Responding to criticisms that Chinese companies are destroying Africa's environment, Li addressing the African Union, pledged \$100 million in aid for wildlife-protection projects in Africa²¹. The jury is still out whether China will make true the new promises to Africa, to make its relationship with the continent more equitable. ■

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