China’s Economic Engagements with Africa: a new Dependency?

Aalborg University
8th Semester
Communication, Culture & Globalization
# Table of Contents

## CHAPTER 1. INTRODUCTION

1.1 BACKGROUND 1
1.1 PROBLEM FORMULATION AND RESEARCH QUESTION 2

## CHAPTER 2. METHODOLOGICAL CONSIDERATIONS

2.1 RESEARCH AND ANALYTIC STRATEGY 3
2.2 CHOICE OF THEORY 4
2.3 DELIMITATIONS 5

## CHAPTER 3. THEORETICAL CONSIDERATIONS

3.1 ANDRE GUNDER FRANK 5
3.2 IMMANUEL WALLERSTEIN 7
3.3 RAUL PREBISCH 8
3.4 SUMMARY 10

## CHAPTER 4. CASE PRESENTATION-CHINESE ECONOMIC ENGAGEMENTS IN AFRICA

4.1 CHINA-AFRICA TRADE RELATIONS 10
4.1. 1 PATTERNS OF CHINA-AFRICA TRADE 11
4.1. 2 CHINA-AFRICA TRADE RATES 12
4.2 CHINESE FDI IN AFRICA DATA OVERVIEW 13
4.2. 1 SPECIFIC INVESTMENTS; AGRICULTURE 14
4.2. 2 INFRASTRUCTURE 15
4.3 THE FORUM ON CHINA-AFRICA COOPERATION (FOCAC) 17

## CHAPTER 5. DATA ANALYSIS

18

## CHAPTER 6. CONCLUSIONS

24

## BIBLIOGRAPHY

26
CHAPTER 1. INTRODUCTION

1.1 Background

China’s engagement with Africa has rapidly become extensive. In 2008, China became Africa’s major trading partner toppling both the European Union (EU) and the United States (US) not only in trade, but also foreign direct investment (FDI). China’s development aid to Africa is also on a rapid rise (Dijk 2009).

Bbaala states that “China-Africa relations are a subset of the much broader South-South relations which have assumed increased prominence over the last six decades” (Bbaala 2015, 98). He explains that many African countries after enduring many years of ‘exploitation, economic injustice and underdevelopment’ started to look for alternative paths of development by looking to the East most particularly at countries such as China, India, and Asian dragons such as South Korea and Taiwan. According to Bbaala, African countries seem to have much in common with these countries in terms of economic interests than their traditional economic partners; the EU and the US. This is also happening at a time that there is an economic bloc of emerging markets of Brazil, Russia, India, China and South Africa (BRICS), capable of fighting the injustice and the exploitative economic relations that have existed for so long (Ibid.). So, there is a global trend of south countries cooperating with one another to achieve economic gains.

China is the only member of the BRICS that has this immense interaction with Africa. China has experienced three decades of economic growth catapulting it to one of the most powerful industrialized countries of the world. Between 1989 and 2011, China recorded an average growth rate of 9.3 percent in its gross domestic product (GDP) (Ibid.). As a result, China overtook Japan in 2010 and became the second largest economy in the world; second to the US. To maintain a vibrant industrial sector and hence maintain a ‘growth streak’, China abandoned its inward looking economic behavior for an outward one to gain access to resources to fuel its industry and market for its products. On the other hand, Africa is endowed with an array of primary resources ranging from oils and gases to minerals and virgin forests. Hence Africa is a very suitable place for china (Ibid).
The recent Forum on China-African Cooperation (FOCAC) summit held in Beijing from 3-4 September 2018 brought representations of 53 African countries (except Swaziland which still maintains diplomatic ties with Taiwan) which show the popularity of China in Africa. And the ‘grandeur of the treatment’ given to African leaders shows how much significance is given to China-Africa friendship (Sun 2018). China has made many ‘traded-related deals’ with African countries. There are many Chinese multinational corporations into extractive industry, agriculture and manufacturing. Through these activities and others China is able to get resources to fuel its industries and open markets for its goods (Bbaala 2015, 99).

1.1 Problem Formulation and Research Question

Thus, China’s economic engagements in Africa is much extensive, even exceeding those of the West in recent times. Concurrently, there is also an increasing body of literature about Chinese presence in Africa expressed in academic and journalistic publications. This is often about the characteristics and ‘directions of the economic growth of present-day China and its current and future economic and political role in the world’ (Keet 2010, 21). With regards to Africa, the debates are about the effects of “China’s rapid processes of industrialization and its growing trade and investment expansion throughout the world” (Ibid.). According to Keet, Literature viewing China from the lenses of advanced developed countries rather strategically points to “how the seemingly inexorable rise of China to superpower status will affect the current global economic system and international power regime, and the specific interests and continued role of the currently dominant economies and countries, above all those of the EU, the USA and Japan” (Ibid.)

Further, there is an increasing skepticism about China and Africa relations. There are both positive and negative views expressed by ‘academia, the media, development agencies and western governments’. China’s presence in Africa has been construed as a form of neocolonialism that Africa is being subjected to (Agbebi and Virtanen 2017). This has led to my interest of wanting to examine China-Africa relations through dependency theory perspectives. Dependency theory emerged in the 1950s to re-examine the causes of the underdevelopment of the global south which modernisation theory claim was as a result of domestic issues. Dependency theorists such as Andre Gunder Frank argue otherwise by
claiming that underdevelopment is as a result of external exploitative relations (So 2010). Therefore, this project attempts to explore whether there is an exploitative economic relation existing with China’s presence in Africa. Thus, the question under examination is-

*Does China’s existence in Africa foster a new dependency?*

To Answer this question, a critical literature review of dependency theory is carried out and applied to data in the form of documents mainly from FOCAC Summits and other important Chinese government websites, China-Africa Research Institute and other relevant websites in order to understand Chinese engagements with Africa.

The project is organized in six chapters. The first section is the introduction which presents research area, problem formulation and research question. The second chapter is the methodology chapter which outlines the approaches chosen to answer the research question. Chapter three presents the major ideas of the dependency theory. Chapter four presents the case of China-Africa economic relations. Chapter five presents an analysis of the data in line with the dependency theory and other relevant literature. In chapter six, a conclusion is given to wrap the project up and to see whether the research question has been answered.

**CHAPTER 2. METHODOLOGICAL CONSIDERATIONS**

This chapter describes the methods chosen to conduct this research and the reasons for these choices. It presents the research strategy, analytic strategy, the choice of theory, and limitations of this study.

2.1 Research and Analytic Strategy

The research strategy for this research is predominantly qualitative. This is chosen because according to Pierce “qualitative research is best suited to the study, understanding and
explanation of the complexities of social and political life” (Pierce 2008, 45). Qualitative research give emphasis ‘verbal and other communications’ and it uses qualitative data such as interview and documents(Ibid.). The analytic strategy adopted here is document analysis. According Bowen, ‘document analysis is a systematic procedure for reviewing or evaluating documents—both printed and electronic (computer-based and Internet-transmitted) material” (Bowen 2009, 27). Similar to other analysis in qualitative research, document analysis implies examining and interpreting data to bring out “meaning, gain understanding, and develop empirical knowledge” (Ibid.). Documents are data in the form of words and images that is not generated by the researcher. Document analysis was chosen for this project because it is a method where the researcher does not have to generate data themselves. This particular advantageous for this project since generating primary data or field work is beyond the scope of this research due to time constraints. This approach signifies having to depend on already collected data and keeping in mind that bias can ensue based on this second-hand data and opinions of researchers can affect my understanding of the problem area. The documents for analysis are taken from important research institutes such John Hopkins China-Africa Research Institute (CARI), Chinese government websites such the General Administration of Customs of the People’s Republic of China (GACC) and FOCAC Declarations, speeches from FOCAC website. This data would be analysed in line with the dependency theory in the Analysis section.

2.2 Choice of Theory

The choice of theory for the project is the dependency theory. In fact, it is the dependency theory that informed the problem formulation. A literature review of dependency theory is done to capture its essential ideas. The theory is then used to analysed the data on China-Africa economic relations. Dependency is looked at from the Marxist perspective of Andre Gunder Frank and Immanuel Wallerstein who are seen as the hard liners of the theory. They recommend a revolution or de linking of the global south from the international economic system to prevent their exploitation and consequent underdevelopment. A non-Marxist version of dependency theory is also given. The theorists examined include Paul Prebisch and Mahbub al Haq. They recommend reforms of the international economic system to accommodate the interest of developing countries and that it is in the interest of the North to do that as injustices in the poorer countries can easily spread to the North.
2.3 Delimitations

China has an extensive presence in Africa. It engages Africa in almost all facets of life. From Economic Political, environmental to cultural issues. So, a delimitation is needed to have a feasible project. In this project therefore, the economic aspects of Chinese engagements with Africa—aid, FDI and trade is given much precedence. Data on China’s aid FDI and trade with Africa are examined in line with dependency theory to determine whether there is a pattern of exploitation. All other aspects of Chinese engagements with Africa are not given much priority.

CHAPTER 3. THEORETICAL CONSIDERATIONS

Dependency theory emerged in the 1950s to investigate the causes of the underdevelopment of the global south. There are two dominant perspectives of the dependency theory, the Marxist perspectives championed by Andre Gunder Frank and Immanuel Wallerstein among others and the non-Marxist; Mahbub ul Haq and Raul Prebisch among others (Agbebi and Virtanen 2017). This section explores the ideas of these various dependency scholars.

3.1 Andre Gunder Frank

Andre Gunder Frank is one of the most prominent scholars of dependency theory. His famous work is entitled the ‘Development of Underdevelopment’. Frank begins his theorisation by pointing out the deficiencies of modernisation theory in explaining the problems facing the developing world. He rejects modernisation theory assumption that third world internal issues such as their ‘traditional culture, overpopulation, little investment, lack of achievement motivation’ are responsible for their economic backwardness (So 2010, 316). In addition, Frank asserts that modernisation theory underplays the history of third world countries. Most of the third world countries have experienced colonialism that Western countries did not and hence cannot follow the same modernisation path to development as the West did(Ibid.).

Frank argued that underdevelopment can be traced to the historical, economic and political
relationship existing between the north and south. According to Frank “Historical research demonstrates that contemporary underdevelopment is in large part the historical product of past and continuing economic and other relations between the satellite underdeveloped and the now developed metropolitan countries” (Frank 1966, 28 in Agbedi and Virtanen 2017). In other words, underdevelopment of the periphery is due to their economic and other attachments with the core.

Frank formulated a concept called ‘metropolis-satellite; to explain how economic surpluses flow from the periphery to the core. This metropolis-satellite relationship describes a process whereby the metropolis of advanced countries establish links with the national cities of the third world and these in turn establish links with their regional and local capitals such that economic surpluses in the form of raw materials, minerals, commodities among others, can flow from the local and regional to the national level to be transferred to advanced countries. And this mechanism, Frank argues is what has created under-development in the third world (So 2010, 316).

Frank further argued that the world capitalist system has forced countries into a rigid division of labour and this has caused underdevelopment of large sections of the world. This division ensures that the economic, social, political and cultural values of the dependent countries are in line with and serves the interest of the advanced countries thereby surplus capital are siphoned from the dependent countries to advanced countries benefit. Frank argues that the solution is for dependent countries to delink from the world economy. Indeed, Frank cites Argentina, Brazil, Mexico and Chile during the Napoleonic wars and the two world wars recording higher rates of development for the fact that these countries ties with the advanced countries were at their weakest (Agbebi and Virtanen 2017).

According to Velasco however, this solution of dependent states delinking from the advanced countries has faced a lot of challenges as scholars cannot really establish a link between the richness of the core and the consequent poverty of the periphery. Also, countries such as Albania and North Korea are the only ones that have totally delinked themselves from the world economy with undesirable consequences. Andre himself admitted later “delinking "has not been a very viable or fruitful policy" (Velasco 2002, 45).
3.2 Immanuel Wallerstein

Immanuel Wallerstein world system became prominent in the 1970s as an alternative perspective for explaining the issues of development and world inequalities. In his theorisation of the world system, Wallerstein argues that the appropriate unit of analysis for a macrosocial inquiry is the historical system and not the state, country or class which are inherent in this historical system. The focal point of this historical system is his concept of division of labour. “A division of labour implies specialized work roles among individuals and groups along with the coordination or synchronization of these different roles, or labour activities” (Robinson 2011, 5).

For Wallerstein, in our entire human history, there are only two kinds of historical systems, the mini systems and world systems. Mini systems are ‘agriculture economies governed by the logic of reciprocity in exchange’ (Ibid.). World systems according to Wallerstein are not homogenous like the mini systems. “A world-system is an economic entity not circumscribed by political or cultural boundaries, and is a self-contained social system” (Ibid.). It is characterised by an extensive division of labour. Wallerstein argues that there are two kinds of world systems; world empire and world economy. The world empire is characterised by one political centre such as the Roman world empire. While a world economy has several centres of political power. The capitalist world economy emerged around 1500AD and now covers the entire global. The world economy absorbed all mini systems and world empires ‘establishing market and production networks that eventually brought all peoples around the world into its logic and into a single worldwide structure” (Ibid., 6). By late 19th century one historical system emerged to cover the entire globe called the capitalist world system.

Wallerstein states that the world capitalist system is divided into three regions. Core is the first region made up of the developed and powerful centres of the system. This was originally western Europe and later included Japan and the United States. The second division is the periphery which is those regions relegated to the background through colonialism or by other means. The periphery originally included Africa, Asia, Latin America and Eastern Europe. The third division is known as the semi-periphery. This comprises of those who were in the core and now sliding backwards in the hierarchy or those previously in periphery that experience an upward movement. Previously, Iberian countries, Italy and Russia were in this
category, but more recently, India, China, Brazil, South Africa, South Korea and Taiwan (Ibid., 7). According to Wallerstein “the hounds are ever to the hares for the position of top dog. Indeed, it may well be that in this kind of system it is not structurally possible to avoid, over a long period of historical time, a circulation of the elites in the sense that the particular country that is dominant at a given time tends to be replaced in this role sooner or later by another country” (Wallerstein 1974, 350 in Robinson 2011, 7).

With regards to the division of labour, the core is usually characterised by high wages, capital intensity and high skill level thereby producing manufactured goods and the periphery has features of production of raw materials, low capital intensity and skill level. For Wallerstein, this division is not only occupational, but it is also geographical (Wallerstein 1974, 349 in Robinson 2011, 8). The key component of Wallerstein theory has to do with how economic surpluses are generated and appropriated. Surpluses are designed to move from the periphery to the core thereby enriching the core while leading to the periphery’s impoverishment and underdevelopment. The periphery produces raw materials to fuel the capitalist system and while the core produces manufactured goods (Robinson 2011, 8).

3.3 Raul Prebisch

Paul Prebisch was the Director of the United Nations Economic Commission for Latin America (ECLA) in the 1950s. Prebisch and his colleagues were concerned with investigating why economic growth in the developed world did not necessarily lead to development of the poorer south. Prebisch criticised the workings of the international division of labour. Under this system, Latin America was relegated to producing raw materials to feed the industries of the core countries whose manufactured products are sold back to Latin America. For prebisch, this was the roots of underdevelopment. The production of raw materials means that Latin America domestic accumulation of capital would be affected since the food and raw materials seems to have deteriorating terms of trade leading to its eventual dependence (So 2010)

Prebisch argued that Latin America had to industrialise rapidly to be able to stop its division of labour. Large portions of Latin American imports were to be substituted and produced locally. And these import substitution industries were to be protected from competition with the already established industries of the North until such a time they could compete
favourably. This is the solution to dependency (So 2010). Prebisch also argued that the exportation of raw materials could still play an important role as these earnings could be used to import capital goods to accelerate economic growth. Unfortunately, this strategy known as the ECLA strategy did not work. It was not accompanied by structural reforms so economic stagnation ensued after a while (So 2010, 314).

Unlike the Marxist dependency scholars who argue for a delinking of the periphery from the core or a socialist revolution, Prebisch argues that it is ‘morally imperative’ and in the interest of both the Core and Periphery to redress the inequality brought about by the core-periphery dichotomy. The global north is not insulated from the ‘economic and social tensions’ in the periphery and thus there should be a concerted effort to promote economic growth in the global south countries (Agbebi and Virtanen 2017).

Mahbub ul Haq is another non-Marxist dependency scholar. For Haq the roots of the inequality between North and South can be traced to their historical past. Colonialism relegated developing countries to the periphery while pushing developed countries to the core. These exploitative mechanisms in the form of economic dependence among others exist today despite the end of colonialism. Haq also presented a solution for changing the current exploitative system to benefit both the North and South. He argues that it is even in the interest of North to make these changes because a revolution by the global south would hurt their interests (Agbebi and Virtanen 2017).

Prebisch and Haq have three similarities in their theorisation that distinguishes them from the Marxist school of dependency. First, they both argue that the current global economic system can introduce some reforms to accommodate for the interest of the poorer countries, instead of the global south leaving the current global system altogether or creating a new system on their own terms (Agbebi and Virtanen 2017). Second, both Prebisch and Haq argue that it is in the interest of both the global south and also for the North to introduce some reforms into the current system to protect their own interests. Third, both Prebisch and Haq’s views were influenced by the fact that they both worked at the World Bank and the United Nations. They both see the importance of the international economic system as it can provide benefits to and accelerate the development of the poorer countries. Marxist on their part do not think there can be a shared interest between the north and south in the international economic system as it is rigged to provide benefits only for the North(Ibid.).
3.4 Summary

It can be realised from the above that dependency theory has undergone a lot of debates. All these dependency theorists discussed above have inherent differences and so there is no one dependency theory. However, Ferraro identifies three common features that dependency theorists share. Dependency theorists make a distinction of two sets of states. They are variously referred to as “dominant/dependent, centre/periphery or metropolitan/satellite”. The dominant states are the economically advanced states in the OECD, while the dependent are the poorer nations of Latin America, Asia and Africa that export raw materials. Second, economic activities within the dependent states are informed by external forces such as multinational corporations, aid, international commodity markets and all the different strategies foreign interests are represented in dependent states. Third, the pattern of interactions between these two sets of states tend to perpetuate the exploitative system (Ferraro 2008).

CHAPTER 4. CASE PRESENTATION-CHINESE ECONOMIC ENGAGEMENTS IN AFRICA

This section presents China’s economic relations with Africa. As already mentioned above, China seems to be present in and cooperate with Africa on all manner of areas and issues, so it won’t be feasible or effective to look at all these areas, so the main focus of this project is China’s economic relations with Africa, in terms of trade, FDI and aid. Thus, the Data presented in this section China-Africa trade, FDI and aid relations.

4.1 China-Africa Trade Relations

The growth of China into a world power and its increasing presence in Africa is manifested in various ways. One of these prominent ways is trade. China-Africa trade has increased exponentially in the last decade leading to China taking the lead as Africa’s largest trading
4.1. 1 Patterns of China-Africa Trade

The world faces a problem of uneven natural resources endowment and an unbalanced level of industrial development. International trade is the means to achieve a balance between production and consumption. The norm is that most developed countries import primary products or resources from developing countries and export valued added manufactured products. This is seen to characterise the trade between China and Africa (Huang, et al. 2017).

China has become the main buyer of a range of African exports in the form of raw materials while Africa imports a wide range of manufactured products from China. The driver of this China-Africa trade relations can be traced to a variety of factors. On the one hand, China has been able to sustain a high economic growth rate for almost two decades. China also has an outward oriented economic outlook and a large economy due to its populous nature. It has placed its emphasis on developing its manufacturing sector geared towards the global market. China’s economic and industrial development has led to an increasing appetite for raw materials. Hence, China has become a huge importer of fuels and minerals such as steel, copper, aluminium. On the other hand, the resource endowment of certain African countries serves Chinese import needs. These imports are heavily concentrated in a few countries. Petroleum, mineral and metal materials are found in countries such as Congo, Angola, Sudan, Zambia and South Africa. On the contrary, Chinese exports of manufactured products reach virtually every Africa country (Ademola, Bankole and Adewuyi 2009).

China imports oil from mostly a select few of African countries that have it; Angola, Sudan, DRC, Equatorial Guinea, Nigeria. China has become the new investor in a select number of African countries and new economic force contending with the likes of the US. China rivals the US for Angola and Sudan’s oil. China is also major buyer of timber from the following West African; Gabon, the Democratic Republic of Congo, Equatorial Guinea, Cameroon and Liberia. China imports cotton from Benin, Burkina Faso, Mali, Cote d'Ivoire, and Cameroon;
“copper from Zambia and the Democratic Republic of Congo; ferrochrome and platinum from Zimbabwe; diamonds from South Africa; tin and tantalum from the Democratic Republic of Congo” (Enuka 2010, 210).

China’s exports to Africa are dominated by mechanical and electrical products. These are vehicles, telecoms, generators, factory machinery. In 2012 for instance, these amounted to about 45.9% of Chinese imports (Brautigam, China Africa Ec. and Trade Coop. White Paper 2013 2013). Interestingly however, China also export food such as rice to Africa. Africa’s exports also include industrial inputs like rubber, cotton, sisal, oil palm, sesame, cocoa and peanuts (Ibid.). China also import crude oil chiefly from Angola. It also imports iron ore, copper, aluminium, steel. Countries such as Kenya, Egypt, Angola, Nigeria and South Africa are the major importers of Chinese goods thereby playing an important role for Chinese firms. Some of these Chinese goods have managed to squeezed out the mature economies of the West (African Business 2013).

This composition of products traded between China and Africa has not changed as of 2018. In other words, the China’s importation of raw materials and exportation of manufactured goods to Africa has not changed much at this current time. According to the General Administration of Customs of the PRC, electro-mechanical products such as electrical equipment and electronic products, mechanical devices and traditional labour intensive products still accounts for the majority of Chinese products. The sale of automobiles and mobile phones particularly increased and labour intensive products like clothes and toys also increased. Majority of its imports are still iron ore, crude oil and soybean, refined oil, copper, fisheries, natural gas (General Administration of Customs of the People’s Republic of China 2018).

4.1. 2 China-Africa Trade Rates

Africa’s trade with China has been rising steadily for the past 16 years. However, since 2014 weak commodity prices have impacted African exports to China while China’s exports to Africa continues to be steady. The value of China Africa trade fell to $128 billion in 2016 from $215 billion in 2014. In 2016, Angola, South Africa and The Republic of Congo were
the largest exporters from Africa to China. While, South Africa, Egypt and Nigeria were the largest importers of Chinese goods. (China-Africa Research Initiative 2017). In 2017, china’s trade with Africa increased 14 percent to $ 170 billion. This growth spilled over to the first half of 2018 and trade volume increased 16 percent (Xinhua 2018). The diagram below summarizes the volume of China-Africa trade from 2002 to 2016.

Diagram 1: China-Africa trade volume
Source: (China-Africa Research Initiative 2017)

From the graph above, it can be realised that China-Africa trade rates has been rising steadily. China’s exports to Africa has seen a steady rise through the years. However, the value of Africa’s exports to China reduced significantly in 2015 and 2016 which can be attributed to weak commodity prices that set in since 2014 (China-Africa Research Initiative 2017).

4.2 Chinese FDI in Africa Data Overview
China’s presence in Africa can be felt in its FDI. Though African traditional economic partners: the EU and the US still dominate in terms of FDI, China rise in this aspect is very significant (Donou-Adonsou and Lim 2018). According to the China-Africa Research Initiative (2017) the earliest year for which there are reports of Chinese Overseas Direct Investment (ODI) is 2003. Another issue is the Chinese Investment in Africa seems to be overblown especially by researchers who record initial amount agreed in press conferences which are not likely lead to the ‘flows of money’ and sometimes too this investments figures are understated since they do not include the activities of the Chinese offshore financial centres such as the Cayman Islands and they do not include smaller investors.

The very recent white paper on China-Africa Trade and Economic Cooperation in 2013 established that between 2009 and 2012, Chinese annual flows to Africa grew at a rate of 20.5%. Flows peaked in 2008 to $5.5 billion and 2008 is the only year that Chinese FDI in Africa exceeded that of the US. The five countries who top the destination of this FDI were Algeria, Zambia, Kenya, Republic of Congo, and Nigeria. Algeria accounted for more than 20% of all Chinese FDI flows to Africa in 2014 (Ibid.).

Chinese investment in Africa in the past three years have averaged approximately $3 billion. Chinese investments of all kinds in Africa totalled $100 billion at the end of 2017. These investments covered almost every part of Africa (Xinhua 2018). These investments are into agriculture, infrastructure and energy among others.

4.2. 1 Specific investments; agriculture

According to Brautigam and Zhang, Chinese agricultural engagement can also be linked to its aid program for Africa which has always emphasized agriculture. Chinese expertise in agriculture is of interest to African governments. In the 1960s, the Chinese aid programme helped some socialist governments in Africa set up large state farms. For example, the Chinese helped to build Ruvu farms in Tanzania, it also helped built the Mahonda State Sugar Cane Farm in Zanzibar among others (Bräutigam and Zhang 2013).

In recent years however, Chinese agricultural investment in Africa, turns to be over-estimated and exaggerated by newspaper articles and editorials and sensational statements. In actuality,
a small number of Chinese agribusiness companies secure lands in Africa in response to China’s ‘going global’ policy in trade and FDI. These lands are used for commercial production or import substitution production; rice, sugar or biofuels such as oil palm. Some of the lands are also used for animal husbandry (Ibid.)

On-going research by China-Africa Research Initiative (CARI) updates Chinese agricultural investment data up to 2016. CARI reports that there had been allegations of 6million hectares of land acquired in Africa by China when in actuality 252,901 hectares of land has been acquired (Brautigam 2015). With Cameroon alone accounting for 41% of the lands acquired due to the purchase of 2 large existing rubber plantations by China. Other African countries where lands are acquired include, Madagascar, Mozambique, Nigeria, Zimbabwe, Zambia, Tanzania, Mali and notable crops cultivated are rubber, sugar, sugarcane, rice, maize and livestock(Ibid.).

4.2.2 Infrastructure

One key area that China invests in Africa is infrastructure. China has been committed to the development of Infrastructure in Africa. Since 2013, Chinese infrastructural projects have been coordinated under the Belt and Road Initiative.

The Belt and Road Initiative

China Belt and Road Initiative also referred to as the Silk Road Economic Belt proposed in 2013 seeks to build ‘a trade and infrastructure network connecting Asia with Europe and Africa along Ancient trade routes of the silk road. More and more African countries have also expressed interest in the China Belt and Road Initiative, with 10 African countries signing so far and more countries expressing interest (Xinhua 2018). In the just ended FOCAC Summit in Beijing China, the Belt and Road Initiative is one of the core issues discussed. In the Beijing declaration (Forum on China-Africa Cooperation 2018), the Belt and Road Initiative is said to espouse “the principle of extensive consultation, joint contribution and shared benefits is observed; market principles and international norms are followed; openness, transparency, and win-win results are advocated and practiced” (Art 4.1). The Belt and Road Initiative makes efforts to ‘develop inclusive, accessible and reasonably priced infrastructure’ to accelerate ‘high quality and sustainable development for all (Ibid.).
China and Africa cooperating under the Belt and Road Initiative is stated to follow a historical and natural development. This initiative, is meant to “generate more resources and means, expand the market and space for African development, and broaden its development prospects” (Art 4.2). The leaders of the countries in the cooperation agree to create a strong synergy among the Belt and Road Initiative with already running programs to accelerate Africa’s development such as “the 2030 Agenda for Sustainable Development of the United Nations, Agenda 2063 of the African Union (AU), as well as the development strategies of African countries” (Ibid.). The Belt and Road Initiative forms a synergy with other African development programs in a concerted effort to develop Africa.

In the just ended FOCAC Summit in Beijing held on 3-4 September 2018, China set up $60 billion towards Africa’s development. This fund is towards the Chinese government’s Belt and Road Initiative that covers telecommunication, construction of roads, bridges, ports and energy. China has invested in railway projects. The Addis Ababa-Djibouti railway was constructed in cooperation with Chinese companies. Also, Kenya, Ethiopia, Angola, Djibouti, and Nigeria had their railways funded by China as Kenya’s Mombasa-Nairobi Standard Gauge Railway, and Lobito-Luau Railway in Angola and Abuja-Kaduna Railway in Nigeria were funded and constructed by the Chinese (Tubei 2018).

China also financed and built the African Union Headquarters. In August 2018, Chinese mining firm Nonferrous China Africa launch production work for its Greenfield project in Zambia’s Copper belt province, Chambisi. This was praised by Zambia’s President Edgar Lungu as ‘an example of serious investment’ (Xinhua 2018). He said that this would create immense opportunities for the people in this town (Ibid.). Chinese famous shoemaker factory, HUAJIAN that produces famous brands such as Calvin Klein and GUESS, has set up two local factories in Ethiopia providing jobs for about 8000 people (Xinhua 2018).

Other projects to be undertaken by the Chinese include: ECOWAS Headquarters at Abuja, Ghana Bauxite Exploration, the Cacula Cabaca hydropower project in Angola, Congo’s Special Economic Zone, Nigeria’s Odo State Oil Refinery, Zambia’s Cement factory, Egypt’s new city, Zimbabwe’s new parliament. These infrastructure deals already signed are either China’s direct investment, loan or aid projects to support the development of Africa. (Tubei 2018).
4.3 The Forum on China-Africa Cooperation (FOCAC)

FOCAC is the framework for Sino-Africa relations in the 21st Century. It is the framework by which China-Africa relations are being strengthened. FOCAC has facilitated the expansion of markets access, cancellation of Africa’s debt and Chinese investment in many sectors. FOCAC also creates other new opportunities for cooperation between China and Africa (Enuka 2010). It was initiated by the Ministerial Conference in Beijing in 2000. FOCAC is propelled by a joint ministerial conference held every three years since 2000. The goals and objectives of FOCAC can be seen in its Beijing Declaration 2018 stated below. The third FOCAC Summit was held on 3-4 September in Beijing under the theme "China and Africa: Toward an Even Stronger Community with a Shared Future through Win-Win Cooperation" (Xinhua 2018). This summit elaborates much on the issues under discussion in this project; aid, FDI and trade.

The Beijing Declaration (Forum on China-Africa Cooperation 2018) states that both China and Africa have a shared future considering the fact China is the largest developing country and Africa is the continent with the most developing countries. It states that “the Chinese and African peoples have forged a deep friendship rooted in our similar historical experiences, development tasks and political aspirations. We agree to strengthen collective dialogue, enhance traditional friendship, deepen practical cooperation, and work together toward an even stronger China-Africa community with a shared future” (Article 3.2). In other words, the third FOCAC summit sought to deepen the already established China and Africa relations and harmonise their cooperative plans for the coming years.

The Beijing Declaration emphasizes how much China prioritises its economic relations with Africa, what is often referred to as a ‘mutually beneficial cooperation’. China-Africa economic and trade cooperation is lauded as a fruitful one as there has been remarkable cooperation in areas such as trade, investment, finance and infrastructure. The China-Africa economic and trade relations is seen as the ‘anchor and the propeller’ for all China-Africa relations. China intends to continue and maximize its principle of ‘mutual cooperation and win-win cooperation’ by assisting in the enhancement of Africa’s production capacity in the secondary and tertiary industries and enhancing ‘Africa’s internally driven growth’ that will reduce a dependence on the export of raw materials. African countries on their part “reaffirms
their commitment to sustainable, diversified and coordinated socio-economic development to ensure mutually beneficial outcomes” (Ibid. Art 11). Africa countries also talked about the support that China has given to support its railway development which is line with the goals of the AU Agenda 2063. It embraces China’s investment in its railway development. China is also appreciated for its investment in tourism and the expansion of the China-Africa Aviation cooperation (Ibid. Art 13.3).

In conclusion, the third FOCAC summit held on 3-4 September in Beijing sought to strengthen China-Africa already established friendship and promote ‘pragmatic cooperation’ for the betterment of both Chinese and African peoples. The main focus being to foster closer ties, harmonize China’s Belt and Road Initiative, establish a new way of achieving a heightened China-Africa cooperation and foster a deepener interaction between the peoples on both ends.

CHAPTER 5. DATA ANALYSIS

In this section, the data presented above would be analysed with the dependency theory to answer the research question; ‘does China’s existence in Africa foster a new dependency?’ The analysis examines the data on China and Africa economic relations to discern whether it resonates with the ideas of dependency theory.

First of all, Andre Gunder Frank argues that contemporary underdevelopment is a consequence of a history of exploitative economic relations between the developed countries and underdeveloped countries. This, in some essence, can be linked to most of the developing world history of colonialism and fact the colonialism was designed in such a way that economic surpluses were siphoned from the colonies to the colonizer’s countries and this pattern of exploitative economic relations still persist today (Agbebi and Virtanen 2017). However, China-Africa relationship does not seem to be stemming from a history of exploitative economic relations for the following reasons.
First, China has some sort of shared history with Africa. China itself experienced colonialism. This shared history and future can be felt in the Beijing Declaration of the FOCAC Summit held in 2018 (Forum on China-Africa Cooperation 2018). The Declaration states that China and Africa have a shared future as China can be seen as the largest developing country in the world. It states “the Chinese and African peoples have forged a deep friendship rooted in our similar historical experiences, development tasks and political aspirations” (Art 3.2). In other words, Chinese presence in Africa is driven by their shared experiences and FOCAC is the means by which to create a future that is desirable for both. This is further reiterated in the following lines “We agree to strengthen collective dialogue, enhance traditional friendship, deepen practical cooperation, and work together toward an even stronger China-Africa community with a shared future” (Ibid.).

Also, related to the above, Chinese economic engagement with Africa strives to be a new kind of economic relationship. As the Beijing Declaration puts it “we call on all countries to work in concert toward a community with a shared future for mankind, an open, inclusive, clean, and beautiful world that enjoys lasting peace, universal security, and common prosperity, and a new type of international relations featuring mutual respect, fairness, justice, and win-win cooperation, with a view to upholding and advancing world peace and development” (Art 3.1). In other words, China is striving to carve out a new kind of cooperation with Africa which departs from the others that Africa had had before. It steers away from being exploitative and strives to achieve a win-win cooperation.

In light of the above, China’s relations with Africa can be viewed as a South-South cooperation. According to the United Nations Office for South-South Cooperation (UNOSSC), South-South cooperation is ‘developing countries working together to find solutions to common developmental challenges’. Developing countries for their similarities in development ‘context and challenges’, increasingly share knowledge and exchange technologies as well as set common agenda to overcome their problems (United Nations Office for South-South cooperation 2017). These features of a South-South cooperation can be found in China-Africa relations as it is a collaborative effort to find solutions to their problems. As Chinese president, Xi Jinping puts it in his opening speech at FOCAC 2018 summit “we could increase political and policy dialogue at various levels, enhance mutual understanding and support on issues involving each other's core interests and major concerns, and boost coordination on major international and regional issues. Such efforts will enable us
to uphold the common interests of China and Africa as well as other developing countries” (Xinhua 2018). Meaning that China-Africa relations can be construed as developing countries looking up to one another and sharing knowledge to develop more understanding of their plight and find ways to overcome their problems.

China-Africa relations is just one of the current South-South cooperative efforts. There seems to be a global trend of South-South cooperation already witnessed by the creation of BRICs bloc of countries. South-South cooperation according Singh, “was for less developed nations to ‘de-link’ from the developed North as a way of forging stronger economic ties among themselves” (Singh 2017, 1). There was a belief that economic relations between developing countries would be less exploitative than between the advanced North and developing South(Ibid). This argument is similar to Frank solution to underdevelopment which is for developing countries to delink from the advanced countries of the North (Agbebi and Virtanen 2017). President Xi Jinping asserted in the FOCAC summit 2018 that “with similar fate in the past and a common mission, China and Africa have extended sympathy to and helped each other throughout all the years. Together, we have embarked on a distinctive path of win-win cooperation” (Xinhua 2018). This statement is meant to not only emphasize the fact both China and Africa are similar in terms of being part of the under-developed global south, but also point out that their economic relation is less exploitative.

However, it is critical to point out that the intention of the China-Africa cooperation is not to de-link from the advanced North, as Andre Gunder Frank suggested, but to present a united front. This can be discerned in Xi Jinping statement that “we will continue the efforts to make the global governance system better represent the will and interests of the majority of countries, especially developing countries” (Xinhua 2018). Thus, China-Africa relations is an attempt to present a united front in advocating for the interests of developing world. China-Africa cooperation leans towards the non-Marxist dependency theorists’ solution to dependency. Raul Prebisch and Mahbub ul Haq both recommend the introduction of reforms into the current global economic system to accommodate the interest of the global south and they both see the importance of the international economic system in providing benefits that could accelerate the development of poorer countries (Agbebi and Virtanen 2017). The China-Africa cooperation is an attempt to present a united front in advocating for interest of the developing world and it recognises the importance of the international economic system in accelerating the development of poorer countries as China itself developed in this system.
China’s economic relations with Africa can also be viewed as a south-south cooperation because it promotes the exchange of ideas and resources between two similar entities, in other words sharing ‘similar past and common mission’ (Xinhua 2018). However, this is a very distinct form of South-South cooperation. It is more like China playing the dominant position sharing its development ideas and providing assistance in areas it has got expertise with Africa. As Xi Jinping said, “we will support Africa in achieving general food security by 2030, work with Africa to formulate and implement a program of action to promote China-Africa cooperation on agricultural modernization” (Xinhua 2018). This is in line with the assistance that China has been offering Africa in terms of agriculture. Chinese aid program has helped some African governments in the past to set up large state farms. Moreover, China attempts to share it development model with Africa. This can be discerned in Xi Jinping’s “we will launch a capacity building initiative. China will share more of its development practices with Africa and support cooperation with Africa on economic and social development planning” (Xinhua 2018). All these efforts point to how much China seeks to help Africa develop in certain key areas.

On Africa’s infrastructure, the president of China, Xi Jinping said “with focus on enhancing cooperation on energy, transport, information, telecommunications and cross-border water resources. We will work with Africa to undertake a number of key connectivity projects” (Xinhua 2018). China is aiding to build Africa’s infrastructure through the Belt and Road Initiative. In the FOCAC summit held in September 2018, China committed $60 billion towards the initiative. This initiative cover the areas of telecommunication, energy, construction of roads, bridge, ports among other things. China constructed railways in Kenya, Ethiopia, Angola, Djibouti and Nigeria (Tubei 2018). Chinese energy companies have also started work in Zambia’s Copper Belt province and Ghana Bauxite exploration, a hydro power project in Angola, Nigeria’s Odo State Oil Refinery. China also constructed the AU Headquarters in Addis Ababa and set to construct, the ECOWAS Headquarters in Abuja and Zimbabwe’s new parliament (Ibid.).

One could also see that China’s Belt and Road initiative attempts to establish a synergy with other African developmental agenda. Xi Jinping said in a speech that “we need to see to it that the Belt and Road Initiative and the AU Agenda 2063, the UN 2030 Agenda for Sustainable Development and the development programs of African countries better complement each other”. “We could both seize the opportunity created by the
complementarity between our respective development strategies and the major opportunities presented by the Belt and Road Initiative” (Xinhua 2018). In other words, China attempts to create a synergy between its Belt and Road initiative with other African development agenda to create a concerted effort to accelerate African development.

China has also given aid to Africa as well as debt cancellation. Some infrastructure deals that China makes with Africa are in the form of aid assistance (Tubei 2018). FOCAC apart from facilitating the expansion of investment and market access in Africa, has also facilitated the cancellation of some African debts (Enuka 2010). For instance, China also wrote off certain African countries debts during the FOCAC summit in 2018. These countries include, Africa’s least developed countries, heavily indebted poor countries, landlocked developing countries and small island developing countries whose ‘interest-free Chinese government loans’ are due to mature by the end of 2018 (Xinhua 2018).

In spite of the South-South cooperation and ‘win-win cooperation’, some patterns of dependency be detected in the China-Africa economic relations. Andre Gunder Frank and Immanuel Wallerstein argue that the world capitalist system forces countries into a rigid division of labour whereby the economic surpluses are siphoned from the dependent countries to advanced countries (Agbebi and Virtanen 2017). Immanuel Wallerstein also asserts that the world system is divided into three core regions of core, periphery and semi periphery. Core has of features of high capital wages, capital intensity and high skill level and produces manufactured goods, while the periphery is characterised by the production of raw materials and low capital and skill level. Wallerstein also asserts that surpluses tend to move from periphery to the core (Robinson 2011).

It is true that both china and Africa are located in the global south and have both experienced colonialism, but they are not at the same level of development. Wallerstein asserts that it is possible for country to move from a dependent position to a dominant position and vice versa (Robinson 2011). China has been able to sustain a high economic growth rate for two decades. In 2010, Bbaala states that China surpassed Japan and became the second largest economy in the world and undoubtedly, one of the most powerful industrialised countries in recent times (Bbaala 2015). China also exhibits some characteristics of a core country. China has a vibrant industrial sector and produces high tech products. Its exports are mostly manufactured products (General Administration of Customs of the People’s Republic of China 2018). To some extent, China cannot be classified as periphery country or strictly a
developing country. Africa on the other hand, raw materials still dominate its exports; oil and gas, precious metals and minerals-gold, diamond and platinum, food and drinks-coffee, grains, livestock (World Economic Forum 2016).

In the trade data between China and Africa, one can realise that China’s exports to Africa includes mechanical and electrical products such as vehicles, telecoms, generators, factory machinery. These in 2012 amounted to about 45.9% Chinese exports to Africa (Brautigam 2013). On the contrary, Africa’s exports to China include petroleum, precious mineral and metals and industrial inputs such as rubber, cotton, sisal, oil palm, sesame, cocoa and peanuts (Brautigam 2013). Chinese imports from a handful of African countries with these natural resources. These include Congo, Angola, Sudan, Zambia, South Africa, Nigeria, Equatorial Guinea, DRC, Zimbabwe (Ademola, Bankole and Adewuyi 2009). Also cotton and timber are exported from Gabon, Cameroon, Liberia, Benin, Burkina Faso (Enuka 2010).

According to Paul Prebisch, Africa in this kind of trade relations with China is bound to lose out. This is because food and raw materials tend to have deteriorating terms of trade leading to the dependence of the countries (So 2010). In other words, the price of primary goods tends to experience price shocks than manufactured products leading to a situation whereby Africa has to export more primary goods to able to afford the same amount of imports as before. If one looks at the trade data from the China-Africa Research Initiative (2017), this is exactly what happened. Since 2014 African exports to china have been affected by weak commodity prices leading to decrease in value of trade from $215 billion to $128 billion in 2016. However, Chinese exports continues to remain steady because it exports manufactured products which are not always susceptible to price shocks (Ibid.) Thus, there is unequal trade relations being exhibited here. China-Africa trade relations can be likened to dependency theorists’ assertion of unequal Core and periphery or dependent and dominant relations.

Apart from fuelling its industries with African natural resources in a trade that tends to be unequal, Africa also serves as market for Chinese products. Contrary to China importing its raw materials from a handful of countries, China’s exports of manufactured products reach virtually every country in Africa (Ademola, Bankole and Adewuyi 2009). According to Paul Prebisch, this kind of division of labour is the cause of underdevelopment. This is because apart from the effects of deteriorating terms of trade for primary products described above, Chinese manufacturing industries would expand and grow since Africa serves as a market while African industrial sector wanes (So 2010). African Business (2013) reports that some
Chinese goods have managed to out-compete the mature economies of the West (African Business 2013).

Andre Gunder Frank’s ‘metropolis-satellite’ concept seems to be present in China-Africa relations. According to Frank, metropolis-satellite is a process whereby the metropolis establish links with not only the national cities, but also the regional and local capitals of the developing countries to provide a conduit by which economic surpluses can flow smoothly to the dominant country (So 2010, 316). These links are in the form of multinational corporations, aid, international commodity markets among others (Agbebi and Virtanen 2017). According to Bbaala (2015, 99), there are countless Chinese multinational corporations into agriculture, manufacturing and extractive industry in Africa and through the activities of these corporations, China is able to get resources to fuel its industries and obtain markets for its products. The FDI data even points to the fact those African countries with the most valuable natural resources are the top destination of Chinese FDI. These countries are Algeria, Zambia, Kenya, DR Congo and Nigeria (China-Africa Research Initiative 2017).

In sum, China-Africa economic relations exhibit some features of dependency in that Africa provides raw materials to fuel Chinese industries and also serve as a market for Chinese products. However, China-Africa relations can be seen as a South-South cooperation in which developing countries exchange ideas, knowledge and collaborate on issues of common interest to promote their development.

CHAPTER 6. CONCLUSIONS

This project sought to examine China-Africa economic relations in light of dependency theory. The research question formulated for the project is ‘Does China’s existence in Africa foster a new dependency?’. To answer the question, a literature review of dependency theory is done and applied to China-Africa trade, FDI and aid data gathered from FOCAC and relevant Chinese government websites to determine whether China-Africa economic relations resonates with the ideas of dependency theory. The conclusions of the findings are presented below.
First it is realised that China-Africa economic relations do not stem from a history of exploitative economic relations. Rather, it originates from similar historical experiences and development aspirations and an attempt to create a desirable future. Chinese economic engagement endeavours to be a new kind of economic relation based on fairness and mutual benefits. China engagements with Africa can be interpreted as a South-South cooperation. Developing countries cooperating to share knowledge and ideas, have policy dialogue, enhance coordination on issues of common interest to advance their countries. This South-South cooperation is the of kind cooperation whereby China is in a better position, since it is more economically advance than Africa, to share its developmental ideas with Africa. And the intention of this cooperation is not to delink from the global North but to present a united front in advocating for reforms of the international economic system to reflect the interest of both developing and developed countries.

In light of this South-South cooperation, China is investing in the building of infrastructure in Africa. Areas of concentration are energy, transport, information and telecommunications. Through China’s trade and infrastructure network project, the Belt and Road Initiative, it has facilitated investments into construction of railways, roads, bridges and ports. The Belt and Road Initiative also attempts to create a synergy with other African development agenda such as the AU Agenda 2063.

In spite of this mutually beneficial cooperative efforts, some features of the China-Africa economic relations have traces of dependency. China and Africa may have a shared historical experience, but according to Wallerstein categorization of countries. China and Africa might not be in the same region. China has features of a core country. It has highly vibrant industrial sector and produces high tech products. It mostly imports raw materials and export manufactured products. Africa on the contrary has low capital intensive and skill level and mostly are exporters of raw materials. China exports mechanical and electrical products to Africa and imports raw materials mainly petroleum and metal and mineral products from African countries. China benefits by securing raw materials to fuel its industry and market access for its products, while Africa’s exports experience price shocks and deteriorating terms of trade and its industry is unable to grow. China also establishes links in African countries in the form of multinational corporations, investments in raw materials extraction and aid to establish means whereby economic surpluses can be easily transferred to China.
In conclusion, China’s economic engagements with Africa presents Africa with beneficial economic opportunities and assistance carve out an independent developmental path that might move Africa forward. However, traces of dependency can found in their relations as Africa is seen to only export raw materials and create market for Chinese goods.

Bibliography


Tubei, Goerge. 2018. 10 massive projects the Chinese are funding in Africa - including railways and a brand-new city. Article, Business Insider Africa.


