

CHINA'S INTRUSION IN AFRICA: DEVELOPMENT OR SEARCH FOR MARKET**Main Author: Olajumoke Ganiyat Jenyo**

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ABSTRACT

The intrusion of China in Africa seems to be one of the African contemporary stories, but even scholars and analyst found it hard to decide whether this cordial and growing relationship will be healthy for Africa in the long run. This paper examines the impacts of China's intrusion in Africa whether it has yielded development or just for market searching. Sino- African Economic and Technical Cooperation were guided by four principles, namely equality, bilateralism, effectiveness and co-development. According to dependency theory, it indicates that Africa is engaging China because China wants to engage with Africa. Whatever interest China might be harbouring in engaging herself with Africa, their actions will be defined by African governments and organizations they are dealing with. This principle is more of a notice of China's support framework, which provides a favourable condition for the countries in Africa and most importantly the "no political strings" issue coupled with the Beijing's willingness to provide aid and concessional loans. The principle will serve as development to some Africa countries and also bring forth "Beijing Consensus," with its strong obligation to Africa. In return, it helps in boosting the market of both African and China with the import and export markets between

them, making the relationship to yield so many benefits. The relationship can be best described as a symbiotic relationship as both parties have where the relationship benefits them. It can be identified as a way of development to Africa and market search for the China as well. A Huge benefit to be derived by two parties from the relationship is encouraged. It is desirable because it eliminates behavioural outcomes for Africa leaders.

INTRODUCTION

Among African contemporary stories is continual China's influence in Africa, of which some scholars and analyst found it hard to decide whether this cordial and growing relationship will be healthy for Africa in the long run. There has been a cordial relationship between China and Africa 500years ago mostly on economic and political growth (Mohan and Kale, 2007). Africa economic growth has largely benefited from China's influence in trade and infra structurally. China has improvised our transportation networks on land, air and water across the continent, also breaking through stumbling blocks our western donor was unable to provide and cutting out delays to growth. The creation of China-Africa Development Bank was approved by the Chinese State Council whereby US\$5 billion is made available as China-Africa development fund (Burke et al., 2007). The fund is being aimed at making capital available for Chinese investors engaged in the economic growth and business activities in Africa. Part of the fund will be channelled to some Africa countries to assist them in agriculture, manufacturing industries and energy sectors, also to aid urban infrastructures and the extractive industries (Business in Africa, 2007).

The continent's road, railway system have recently experienced new look due to able hands of China Companies which are state-owned enterprises (SOEs) as well as infrastructure projects. Generally, Chinese products appeared pleasing to Africans which really makes it in-demand.

Manufactured goods which are imported include electronic toys, textile materials, etc. Affordability of the products makes it accessible to larger number of people. Chinese involvement in infrastructure sector encouraged the imports of machinery and transport equipment (China-Africa Economic and trade cooperation, 2013). Africa's precious mineral resources are the major areas of interest to the Chinese even if they are to go through life and death to achieve it. The Chinese supporters say that the country is mainly after business and economic growth of the continent as a whole. Indeed, China was criticized for their mercantilist attitude towards Africa in order to exploit their raw materials to drive their ever-growing economy (Broadman Harry, 2007). Recent happenings have further confirmed the positive intention of China in rebuilding Africa, albeit on its own terms. It is worthy to be curious of the real motives behind the concentration of China on Africa, on the side of development the contribution is obvious likewise African too have been a strong patronage of china products and as well there must have been underlying benefits may be anticipating or immediate one. On this note, this paper will analyze the invasion of China into Africa, and as well analyze the impact to know whether is of development or for market search.

China – Africa Relation

China and Africa attraction started as early as the Tang dynasty (A.D. 618 – 907) and the 19th-century reports of the meat-eating, Ivory exporting people of bop Hali who are the inhabitants of the now modern Kenya or Tanzania confirms this (Rotberg, 2008). China started his first certain direct involvement with Africa in the 15th century. Ever since the first involvement, both parties have been enjoying the productive relationship between them, but there is serious doubt concerning China promises to alleviate poverty and to improve economic growth than western counterparts can yield. China is not in any competition with world leaders for dominance, her

interests are very clear. They have set up 38 embassies in 48 Sub-Sahara Africa countries and also exchanged military weapons with several Africa nations (ibid.). Free education is being made available in China to Africa students. China and Africa dependency on each other can be traced to Beijing Summit of the Forum on China-Africa Cooperation (FOCAC) which is held every third year. Heads of state, government officials and representatives from forty-eight African countries graced the summit in 2006. President Hu Jintao had paid five visits to the continent twice as vice president and three times as president evidenced as at 2007 (ibid).

Rotberg (2008), cited Li Anshan's policy which stated that: China's African policy axiom can be breakdown into three periods, namely; 1949–1977: Developmental period, 1978–1994: Implementation period and 1995 to date: Period of rapid development. During these periods Chinese policy towards economic development has been altered and it was later changed to new foreign policy independence, peace and development. China foreign policy was restricted by international politics after the creation of People Republic of China (PRC) in 1950. Independence, complete equality, mutual respect, non-interference in others affairs and promised to network with other parties within and outside China are the new rules laid down by the communist party of China (CPC) in 1982. Mutual understanding, the friendship between two sides were further augmented when Premier Zhao visited eleven African countries in 1982 to show China's tactful focus on Africa and other developing countries. Four principles on Sino-African Economic and Technical Cooperation, namely equality, bilateralism, effectiveness and co development were promulgated by Zhao. The principles affirm China's support framework which provided suitable conditions for the recipient countries in Africa and most importantly the "no political strings" issue joined with the Beijing's willingness to provide relief and tithe of loans. Summit diplomacy is a distinguished feature of Africa together with equality; co-

development and cooperation symbolize China-Africa association. Rotberg (2008) prove that China has a distinct feature in foreign policy inserted in the principle of non-interference in the internal affairs of other countries. China-Africa policy has kept its rules and simultaneously adapting to domestic and international conditions.

Theories concerning china-Africa relationship

The fact that developing countries stay poor while developed countries become wealthier was made known by dependency theory. Nonetheless, the theory was defects of transparency and cohesion which was later invalidated (Snyder, 1980). Also, it neglects the effect of local elites political conducts in developing countries and the resulting influence on economic growth (Smith, 1979; Smith, 1981; Sandbrook, 1993). In spite of that, an environment where one benefits and the other is unaffected in a commensalism environment. Andre Gunder Frank (1969; 1975), made a statement on the nature of economic relations between China and African states still adopt heavily from the ways of dependency theory.

Going by the dependency theory, there is a symbiotic relationship between Africa and China. Africa scholars and analysis continue to stress that, China movement has to conform to the path laid down by African government and institutions they are operating with (Brautigam, 2009). In China-Africa relations, African inspirations have to be well taken care of. Roles taken up by African states and institution has gone unnoticed as of late. The nature and levels of Chinese engagement within states' borders have affected Africa. In addition, The character, impact and implications of China's presence in African states can never be felt without key policies and close monitoring that was put into place. Unfortunately, China's engagement in African states has been an issue for the literature which offers little or no discussion about their presence.

Zimbabwe and Sudan pointed to as representative of African agency in Chinese-African relations (Alden, 2007; Manji and Marks, 2007). Robert Kagan (2006) question China's support for authoritarian rule and creating an "informal league of dictators" in Africa. Also, authoritarian regimes been exercised in both Sudan and Zimbabwe has not been well supported by the Chinese engagement as many scholars claimed Alden (2007). China's response to Zimbabwe's autocratic President Mugabe in his efforts to court China with statement of a "looking east" policy, has been minimal.

Key policies made by African government are the only viable instruments to measure the influence of China's engagement in Africa. For Africa to be successful in its relation with China be it in aid, trade, political and diplomatic support to oppose Western-initiated policies and interventions, African states must actively manage their relationship with China. African's motivations to engage with China and their views on this growing relationship are still hidden.

CHINA'S IMPACTS ON AFRICAN DEVELOPMENT

China's influence on Africa has been a multidimensional issue. It has been evidenced that their influence has created jobs, developed critically needed infrastructure, contributed to economic growth and geographic areas in which international financial institutions and Western governments and companies have turned deaf ears on (China-Africa cooperation, 2013). Education and economic development have largely benefited from China's influence which has contributed positively to Africans' standard of living. Peace and security in the continent were enhanced through Beijing's involvement in UN peacekeeping assignment in Africa. That said, China's engagement has had deleterious effects as well. A number of military regimes rise to the throne through China's aid and its investments can not be overlooked. Its special attention on

investing in natural resources has strengthened many African countries dependence on raw materials and unskilled labour.

Loss of manufacturing jobs in textiles industries was alarming due to growing trade between China and Africa, in which local textiles could not compete with less expensive Chinese imports. The nature of many Chinese investment deals has contributed to high levels of debt, economically unviable decisions, and official corruption. China's Foreign Ministry estimated that Chinese support and investment directly led African economies to grow by more than 20 percent since 2000 (China-Africa cooperation, 2013). A study by two Canadian economists reported notable, though more modest, impacts, claiming that in the few years before and after the 2008 global financial crisis (2005–2009), Half of individual countries GDP growth has been aided by Chinese investment, sub Sahara Africa has experienced elevated growth in three years before the Financial Crisis and also in the two years afterwards even in small portion (2008–2009) can be attributed to Chinese inward investment (Aaron and John, 2011).

Thousands of jobs have been created by Chinese companies in mining, construction, manufacturing, and other sectors, which are mostly unskilled. Most of the top position is occupied by the Chinese making it hard for Africans to advance to such positions. Laborers from China are being preferenced over local workers from Africa for unskilled positions (Sautman and Hairong, 2008) and Chinese workers enjoy more pay than their African counterparts (Marc Howe, 2012).

Moreover, local businesses are the biggest losers because of the fierce competition faced from Chinese investment leading to job loss and business folding-up. Many Africans has been rendered jobless due to the “flood of cheap goods” from China (Rotberg , 2008)Nigeria, South

Africa, Lesotho, Swaziland, Mauritius, and other countries in Africa have experienced high job loss due to inability of local manufacturers to compete with cheap Chinese fabrics leading to closure of hundreds of textile industries (Rupp, 2008).

Chinese exports, Ian Taylor writes, have therefore had “the unintended consequence of eroding what little is left of Africa’s manufacturing base, which is relatively labour-intensive (Taylor, 2009). Federation of southern African textile and garment industry trade unions decry the challenges faced from Chinese imports on its workers and their jobs in 2005(Taylor, 2009). Prices in classes of clothing drop-off by as much as 15 percent per year as Chinese products invaded the market in greater amounts between 1996 to 2006 (Ron Sandrey, 2006). As Chinese clothing exports grew Clothing manufacturers from neighbouring African countries lost South African market share while South African consumers benefited from falling prices. In one clothing category (HS61, knit apparel), Chinese products rise from 19 percent of total South African imports in 1996 to 76 percent in 2005. During this time, Malawi’s share of the South African market for the same products falls from 31 percent to 3 percent despite the absence of duties on Malawian products (Sandrey, 2006). African GDP has hugely benefited from Infrastructures built by the Chinese. It was made known in 2010 by the World Bank’s Africa Infrastructure Country Diagnostic program that as of late 2011 infrastructure has been responsible for “more than half of Africa’s recently improved growth performance and has the capability to contribute even more in the future (foster and Brieno-Gamenda, 2010).

Overall, Africa as a whole has benefited from the Asian powerhouse, thousand of jobs has been created in mining, construction, energy and other sectors which also include the development of much-needed physical infrastructure. Nevertheless, with those benefits highlighted, some have had mixed experience and have failed to see their expectations of concrete economic gains

actualize. Others have witnessed frustrating dealings with Chinese economic migrants to Africa, individuals who have nothing at all to do with China's pursuit of its political and economic objectives but who are often seen as symbols of Chinese intervention. We will examine views of Chinese engagement by both African governments and public, as well as the social tensions that often exist between African communities, the Chinese enterprises and individual economic migrants in the next phase.

CHINA AND AFRICAN MARKET

Chinese engagement with Africa is mostly based on trade and investment. Sino-African trade relationship worked well simply because China's demand for energy resources coincide with Africa's need for investment and infrastructure development over the past decade. One African official went so far as to hint that Chinese support has been a key driver of Africa's growth. At inauguration of the new African Union headquarters building in Addis Ababa which China built at a cost of \$200 million as a gift, Ethiopian Prime Minister stated that, "China's amazing re-emergence and her commitments for a mutual partnership with Africa is one of the reasons for the start of the African rebirth (Meles Zenawi, 2012). Over the past decade trade between China and Africa has to point out surprise growth. It was recorded that China-Africa trade soared, from approximately \$10 billion in 2000 to \$199 billion in 2012, exhibiting an annual increment rate of virtually 16 percent (China-Africa Economic and trade cooperation, 2013). China's imports from Africa remained at \$113.17 billion and African imports from China at \$85.32 billion in 2012 (Trade and FDI, 2013). They have come forth among the major trading blocs as an important trading partner for Africa. Importations from China experienced an increment from 2 percent in 1995 to 13 percent in 2012, although Africa imports the largest amount of goods from Europe at 33 percent in 2012. Imports from the United States into Africa lingered around 5 to 8 percent

between 1995 and 2012, while its imports from Japan fell from 7 percent in 1995 to 3 percent in 2012.

From China's outlook, China-Africa trade is still relatively moderate; increased from 2.23 percent in 2000 to 5.13 percent of the total Chinese imports and exports in 2012. Effect of China-Africa trade has been comparably large on Africa, imports rising to 3.82 percent in 2012 and exports at 16.13 percent of the continent's total cumulative (China-Africa Economic and trade cooperation, 2013). Division of China-Africa trade data uncovers that Africa's trade with China is extremely intense in just a few countries. In 2012, over half of Chinese exports were concentrated in four countries: South Africa (21 %), Nigeria (12 %), Egypt (11 %), and Algeria (7 %). while overwhelming majority (87 %) of Chinese imports originated from five countries, all of which export primarily oil, gas, and minerals: South Africa (42 %), Angola (32 %), Libya (6 %), Republic of Congo (4 %), the Democratic Republic of Congo (3 %) (China-Africa Economic and trade cooperation, 2013).

China-Africa trade is not basically by country but also by sectors. Approximately 64 percent of Africa exports to China consisted of petroleum in 2011, iron and other metal ores (16 %), manufactured goods (8 %), and copper (6 %), all these figures further buttress the fact that China's economic relationship with Africa is based mainly on resource extraction. All exports from Angola and Sudan are made up of crude oil, any other resources besides crude oil would be obtained from non-oil producing countries. Their modifications to Chinese exports to Africa, though three major types of products are still dominant: manufactured goods (30 %), machinery and transport equipment (38 %), and miscellaneous articles (22 % mostly textiles), also Chemical products account for about (5 %) of the total. Generally, Chinese products are regarded to be well-suited to African demand. Consumer products in Africa have been unfolded due to the

importation of manufactured goods like electronic toys, textiles, etc. Affordability of the products makes it accessible to larger number of people. Chinese involvement in infrastructure sector encouraged the imports of machinery and transport equipment.

Africa's gift of petroleum resources is a path of a continued relationship with China while China high reliance on oil imports from Africa is a highly significant pillar of China-Africa trade. In 2011, 24% of China's total oil imports were from Africa; Angola more than 12% of China's total crude oil imports (US Embassy Information Administration, 2012). Six countries from Africa (Angola, Sudan, Congo, Libya, Algeria, and Nigeria) accounted for 90% of China's crude oil imports from Africa (Gamache et al., 2013). African countries without crude oil to export to China Many have created huge trade deficits with Beijing. Those countries will be faced with job losses in non-competitive industries, capital outflows in trading with China likewise competition for local manufacturers. In agreement with African Development Bank, non-oil producing countries are the Eight of the ten countries with the largest bilateral trade deficits(AFDB, 2010).

It was recorded in 2010 that Mauritius exported only \$10 million of its own products but imported \$433 million worth of goods from China (Shinn and Eisenman, 2012). Trade in Mauritius set to become highly imbalanced as entire trade grows. For example, Ghana in 2000 had a trade deficit with China of \$70 million out of \$122 million in total trade, in 2006 the trade deficit increased to \$474 million even as Ghana's exports to China remained unchanged at a mere \$29 million (ALFET, 2009). By 2012, In spite of Beijing's efforts to motivate Chinese investment and buying of Ghanaian products that yielded annual export increment of as much as 77%, her trade deficit with China reached \$4 billion on \$4.7 billion total bilateral trade (Gao Wenzhi, 2013). China has developed a very great influence on Africa market; they are one of the major predictors of the import and export terrain in Africa. China was able to compete with local

market as well which led to the defunct of some of the local industries in Africa, this proves how strong enough they are to predict African Market.

CONCLUSION

China's activities in Africa are guided primarily by economic importance. The relationship between Africa and Chinese can be described as a symbiotic relationship both parties have the way the relationship benefits them. China's contributions to the development of Africa are obvious and have positive impacts on African developments. Economic, Social, and infrastructural development has been attributed to the Asian powerhouse efforts. China's contributions so far on infrastructural development with the construction roads, bridges, hydroelectric and irrigation schemes, also provision of social amenities and series of government building showing her determination to improve the lives of people across Africa and to prove her critics wrong on their negative intentions towards China. Both Chinese commercial interest and African countries have the ability to benefit from China's aspirant multinationals' engagement. In dealing with China, Africa benefits by receiving cheaper goods and services than it would from local marketers, and also the choice of technology transfer.

Chinese companies will enjoy market for their products, security, manpower as well as the healthy international relationship with Africa which will propel them towards the actualization of global aspirations. yet, our government lack the institutional mindset and capacity to closely monitor and encourage direct investment. Also, transparency of government-to-government loan arrangements is questionable. A mutual relationship is much more encouraged so that there will be a distinguishable fact between more traditional Western actors and Africa. This relationship is likely to carry on since both parties benefit to some degree. "Beijing Consensus" with its strong

obligations to Africa has provided a different developmental model and different guidelines to some African countries which are very significant. Behavioral outcomes of African leaders are well concealed. Chinese willingness to work with African government increased and criticism was ably rejected. They state that investments are more 'market-driven' and they are not amending their activities (Wu 2010).

Recommendation:

The government should design institutional structure and capacity to closely monitor and embolden direct investment that deals with China. There should be transparency in loan disbursements, to ensure the effectiveness of the plans surrounding the loan. Investment promotion and government bodies need to encourage and revive Joint-ventures and corporate social responsibilities of firms should not be neglected across Africa. It will serve as positive contributions of increasing investments in other to sustain socio-economic benefits. African governments have to provide a structure on which local skills development and technology transfer will be equally encouraged and closely monitored. These ideas include creating and compelling a regulatory support structure. African countries must try barter trade with China whereby they will exchange their raw materials with the technological transfer so as to further improve their economies, industrial sectors and demand more equitable economic relations with China. By so doing they could diversify their economies away from supplying raw natural resources to China. It will reduce our overdependence on China and we will have control over market prices. Africa may have profited from trade with China of any financial crisis, but still looks weak to China's economic slowdown. Meanwhile, African nations should also prepare for an unforeseen contingency which may arise anytime.

Limitations: The nature of the study serves as a limitation. The conclusions have not been backed by thorough research analysis. So, most of the claims are clearly those of the authors. Considering the diversities that exist in between African countries, it is hard to address it as a whole not in the country by country context. Each country in Africa has a unique and important background that has not been considered in this research study. Finally, it is difficult getting actual numbers for Africa and it is always very cumbersome, little could be done in evaluating the impact of the recession.



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