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4



Sino–African Relations in 2017: Where to from here?

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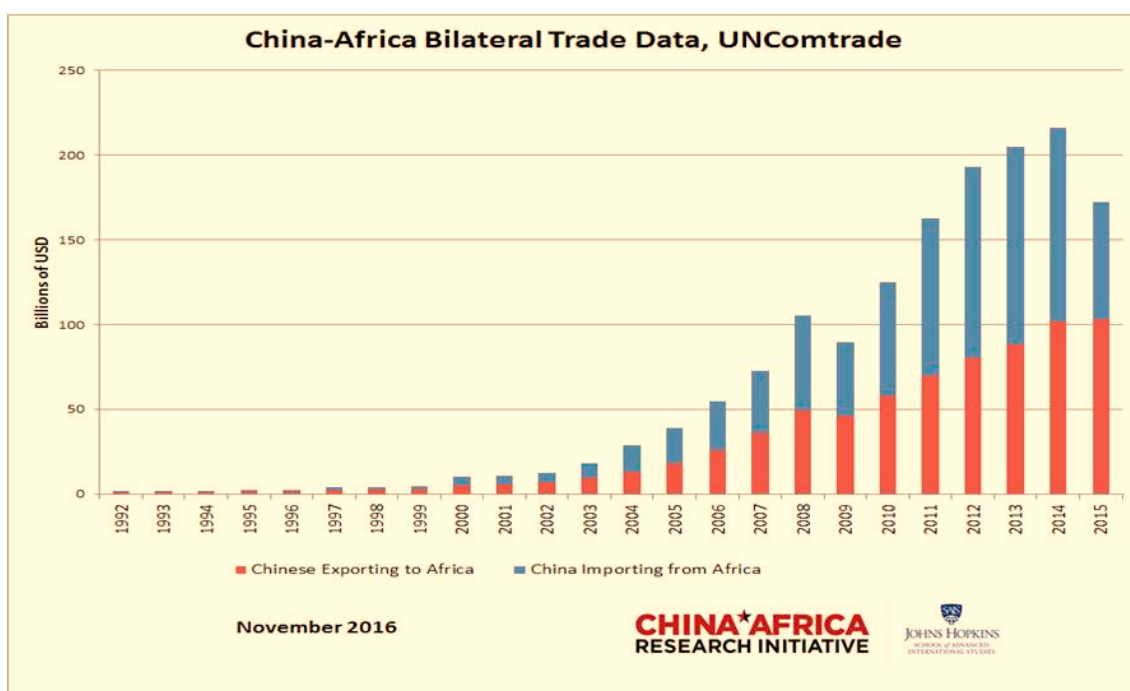


Cover: Michel Sidibe, Executive Director of UNAIDS, First Lady Tobeka Madiba Zuma and Chinese First Lady Peng Liyuan at the Africa-China HIV Advocacy event on the sidelines of the Summit of the Forum on China-Africa Cooperation(FOCAC) held at the Sandton Convention Centre in Johannesburg, South Africa, 2015. Picture: Flickr/ GovernmentZA.

Introduction

If the rise of China is the greatest story of the past 20 years, its growing presence in Africa (a foundational prerequisite for the former trend) is not too far behind. This is best illustrated by Figure 1, reflecting the massive growth in Sino-African trade between 1992 and 2014.

Figure 1: Sino-Africa trade, 1992-2014



Source: UNComtrade.

Trade between these two emerging entities in the global market seems to grow exponentially with each successive year. The year 2017 is no exception – it has been an eventful one in Sino-African relations, from enhanced people-to-people relations, through higher levels of trade and investment, to the opening of China’s first overseas naval base staffed by 300 people in the Horn of Africa, where China also offered to mediate in the territorial dispute between Eritrea and Djibouti over the Dumeira islands. One thing is clear: Beijing is playing an ever more active role in Africa. And despite political transitions in at least five African countries, relations with China showed both resilience as well as great prospects. What follows is a (non-exhaustive) review of some of the milestones and developments in Sino-African relations over the past year, and what to expect in 2018 and beyond.

Chinese investment in Africa continued to flow ...

In the early years of the Forum on China-Africa Cooperation (FOCAC), China's plans to expand its involvement with Africa provoked widespread scepticism. But Beijing soon made steady progress, with its trade with the continent growing 20-fold over a period of ten years. In 2009/10, following the global financial crisis now called the Great Recession, which saw the US and EU decline in a number of African markets, China surpassed the former as Africa's number one trading partner.

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The following countries made some of the biggest headlines in Sino-Africa relations in the past year.

Kenya

Following two years of construction work, a US\$3.8-billion Chinese-built high-speed railway was inaugurated. Built by the China Road and Bridge Corporation, and 90% financed by China Eximbank, the Madaraka Express is Kenya's largest infrastructure project since gaining independence from Britain in 1963. Speaking at an event marking its opening, Kenyan President Uhuru Kenyatta contrasted the new railway with the country's colonial railway system, known as the 'Lunatic Express', built more than a hundred years previously:

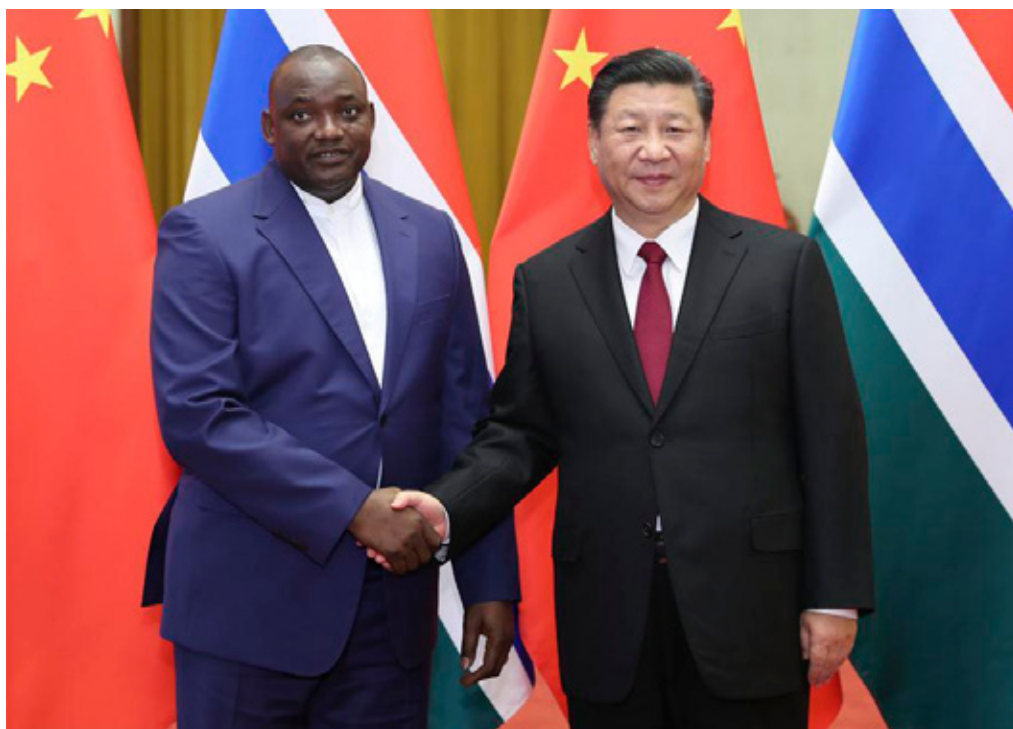
'Today, 122 years later, despite again a lot of criticism, we now celebrate not the Lunatic Express but the Madaraka Express, that will begin to reshape the story of Kenya for the next 100 years. I am proud to be associated with this day.'

Nigeria

With annual 2016 trade already at well over US\$10-billion (representing 7.6% of total trade between China and Africa, and 36.4% of total trade between China and ECOWAS), China's Foreign Minister, Wang Yi, pledged an additional \$40-billion in investments in Nigeria. Wang also stated that China wished to deepen its relations with this west African country, while stressing that the Nigerian government and private sector should devise workable plans to enable small and medium enterprises (SMEs) in particular to benefit from further Chinese funding.

Tanzania

On 29 September, at an event commemorating the 68th anniversary of the establishment of the PRC, the Tanzanian Deputy Minister of Foreign Affairs and East African Cooperation, Dr Susan Kolimba, stated that more than 1 700



job opportunities would be generated by Chinese investments worth US\$945-million in 2017 alone.

The Tanzania Investment Centre (TIC), established in 1997, has thus far registered 670 investments from China worth US\$5.7-billion, employing close to 84 000 people, most of them in the manufacturing sector. In June, the TIC signed a US\$154-million contract with the China Harbour Engineering Company (CHEC) for expanding the main port in the commercial capital of Dar es Salaam. The Tanzanian government plans to increase annual container throughput from about 20-million tonnes currently to 28-million tonnes by 2020.

Namibia

In a year when US President Donald Trump made global headlines (and provoked the ire of people across Africa) by twice referring to the non-existent African country of 'Nambia', the Chinese Vice Minister of Commerce, Qian Keming, and Namibia's Deputy Minister of Economic Planning, Lucia lipumbu, signed an agreement about financing a dual carriageway to Hosea Kutako International (HKI) Airport, and another about supporting wildlife protection. The Chinese government gave the Namibian government a grant of more than US\$34-million for the airport road, and another for wildlife protection equipment valued at more than US\$1-million.

Chinese President Xi Jinping welcomes Gambian President Adama Barrow before starting talks in Beijing, 21 December 2017. Source: Xinhua News.

Over the past seven years, Rwanda has seen a growing range of Chinese investments in tourism, ICT, construction, agriculture, manufacturing, and infrastructural development.

Rwanda

In September, the Rwanda Development Board (RDB) signed a memorandum of understanding with the Huajian Group, a Chinese business and investment company specialising in apparel manufacturing. The agreement will see the company establish a factory that will produce shoes, clothes, bags, and electronic equipment. The Huajian Group joins numerous other Chinese companies in the textile sector which are already operating in the continent's second fastest developing economy. One of them is the C&H Garments Factory, which is also one of the country's fastest growing textiles firms.

Over the past seven years, Rwanda has seen a growing range of Chinese investments in tourism, ICT, construction, agriculture, manufacturing, and infrastructural development. As a result, China is now the second largest source of FDI in Rwanda, behind the EU. Some 2 000 Chinese are now living and working in this country.

Zimbabwe

On 6 December, Zimbabwe's new government signed a \$153-million loan agreement with China, its first deal with a foreign government since the retirement of former President Robert Mugabe. It is meant for the expansion and refurbishment of this southern African country's international airport in Harare, aimed in turn at facilitating the entry of tourists and investors.

Tunisia

During the first nine months of 2017, Chinese FDI in Tunisia grew by 13.6% over the previous year, according to that country's Foreign Investment Promotion Agency (FIPA). Of total foreign investment of US\$659.4-million, a sizable portion was FDI.

Ghana

On 25 June, China pledged US\$15-billion towards Ghana's massive economic turnaround agenda, with the likelihood that a further US\$4-billion would be committed for various development projects across the 10-region country – the first sub-Saharan country to gain independence in 1967. The Ghanaian Vice-President, Mahamudu Bawumia, returned to Accra after a four-day official visit to China with numerous new economic agreements. These are expected to bolster plans by the new Ghanaian government led by the New Patriotic Party, elected late in the year, to boost Ghana's economy.



Zambia

On 6 September, Zambia, the continent's second-largest copper exporter, granted a Chinese firm a US\$1.2-billion contract for expanding part of a key road linking Zambia to the DRC and other neighbouring states. At the launch event, the Zambian President, Edgar Lungu, said the China Jiangxi Corporation for International Economic and Technical Co-operation (CJIC) would build the 321-kilometre Lusaka-Ndola dual carriageway over four years. Chinese investments in Zambia already include roads, agriculture, mining and energy projects such as a 750-megawatt hydro power station in the south of the country.

A Chinese tourist feeds a giraffe, Kenya, August 2017. Picture: *China Daily*.

... As did Chinese tourists

Numbers of Chinese visitors to Africa doubled in just 12 months. This huge inflow was partly due to a heatwave in the PRC (with temperatures reaching 35°C), which prompted many Chinese to take vacations in southern Africa in an attempt to escape the heat. More than 100-million Chinese travelled abroad, making China the world's top outbound tourist market. Since 2010, the number of Chinese tourists visiting Africa have grown by 50% year on year, boosted by a more welcoming attitude towards Chinese visitors, the relaxation of visa requirements, and an increase in direct flights between China and many African

countries. Due to the growth of the middle class in the PRC over the past four decades, the spending power of Chinese tourists is estimated at 40% higher than that of European visitors.

But challenges remain, notably that of crime. As the Chinese Ambassador to South Africa, Lin Songtian, has put it, 'If you can't convince people it's safe here, tourists and investors won't come.'

Where to from here?

While Sino-African relations have strengthened consistently for some time, future trends remain difficult to predict. However, based on past trends, current agreements and outstanding commitments, we can be reasonably certain about some developments.

The economists Kartik Jayaram, Omid Kassiri, and Irene Yuan Sunto expect revenues of Chinese firms in Africa to grow 'at a healthy clip to reach around \$250 billion in 2025', from the present-day level of US\$180-billion. However, should this trend accelerate, revenues could reach US\$440-billion by 2025. A McKinsey report entitled 'Dance of the lions and dragons: How are Africa and China engaging, and how will the partnership evolve?' states:

'In this accelerated-growth scenario, not only do the three established industries of Chinese investment grow faster than the economy, but Chinese firms also make significant forays into five new sectors: agriculture, banking and insurance, housing, information communications technology and telecommunications, and transport and logistics.'

FOCAC 2018

At a FOCAC summit held in Johannesburg in 2015, the Chinese President, Xi Jinping, shocked the world when he announced plans to plough US\$60-billion into African development projects aimed at boosting agriculture and building roads, ports and railways. In terms of the Johannesburg Plan of Action, some debts would also be cancelled. FOCAC, the meeting point of some 50 African countries and the PRC, will assemble in 2018 for the seventh time to follow up on these and other agreements (including millions of dollars for counter-terrorism activities). The issue of beneficiation will also be on the agenda: African countries are expected to raise concerns over China's excessive imports of unprocessed primary products, and exports of manufactured goods.

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One Belt, One Road

Although Africa was not part of the One Belt, One Road plan when it was first proposed by President Xi in 2013, Beijing has expanded this concept to include this continent as well. Besides the Middle East, and Central Asian member states of the Shanghai Cooperation Organisation, the Horn of Africa and East African states in particular are slated to feature prominently in this initiative, which is finally meant to stretch from South East Asia to Scandinavia. More OBOR developments are due in 2018, and will probably be discussed at FOCAC.

BRICS Summit in Africa

The 10th BRICS Summit, to be held in 2018 and hosted by South Africa, will be a milestone. The agenda will probably encompass issues of development, the establishment of a BRICS ratings agency, and the New Development Bank, which has already committed US\$1.5-billion in loans to member states, but less to other African countries. South Africa will also be celebrating 20 years of diplomatic relations with the PRC, and may seek to benefit from this as much as it can, particularly given that national elections will be held the following year, inaugurating a post-Zuma era.

Intra-African changes matter

Any attempt to capture the scope of Sino-African relations must take into account not only explicit changes in the relationship itself, but also shifts in political contexts in both China and Africa. For example, the 19th National Congress of the Communist Party of China held in October 2017 spelled out a grand vision of China playing a larger global role, which suggests that OBOR will be implemented more rapidly. On the African side, five national elections were held, and at least five countries (Angola, the Gambia, Liberia, Lesotho and Zimbabwe) saw changes in heads of state or government. These changes are expected to further enhance relations with Beijing. Following a visit to Gambia by the Chinese Foreign Minister, Wang Yi, in August 2017, China has pledged that it will step up co-operation with this country in infrastructure, agriculture, tourism, and other fields.

Both the new presidents of Angola (an important source of oil for the PRC) and Zimbabwe (a traditional partner, which Beijing has continued to support despite global sanctions), have pledged to place their countries on a new development path, which will inevitably translate into closer ties with China.

Expect more competition for a piece of the African pie

The US, Japan and even India (China's fellow BRICS member) are waging a battle for better access to Africa at the expense of the PRC. At the sixth Tokyo Inter-

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national Conference on African Development (TICAD VI), held in Nairobi, Kenya in August 2016, the Japanese Prime Minister, Shinzo Abe, pledged \$30-billion in public and private support for African development over the next three years, including \$10-billion for infrastructure projects implemented in co-operation with the African Development Bank (AfDB).

Early in 2017, in response to OBOR, India and Japan released proposals for an Asia-Africa Growth Corridor (AAGC). The two governments launched the initiative during the 52nd annual general meetings of the AfDB held in India in May, expressing the hope that the project would be 'a cheaper option and have a smaller carbon footprint than China's One Belt, One Road (OBOR) initiative'. After the US and Nigeria Japan is the third-highest shareholder in the AfDB.

Africa has the opportunity to incorporate the African agendas pursued by these countries into an integrated strategy of its own.

On 25 May, the two nations jointly presented a vision document for the project which stated that it was 'largely meant to propel growth and investment in Africa, by curtailing the ever-increasing presence of the Chinese on the continent'. It said the AAGC was an attempt to create a 'free and open Indo-Pacific region' by rediscovering and creating new sea corridors that would link the African continent with India and countries in the South Asia and South East Asia subregions as well as Oceania through both public and private efforts, with joint ventures and consortia to take up infrastructure, power and agribusiness projects in Africa.

Bangladesh, Myanmar, Cambodia, Laos, Indonesia, Singapore and Australia are already on board. On the African side, Mozambique, Kenya, and Djibouti have expressed interest, with plans being made to connect ports in Jamnagar, India with Djibouti in the Gulf of Aden. Additionally, the ports of Mombasa and Zanzibar will be connected to ports near Mudarai, and Calcutta will be linked to the Sittwe port in Myanmar. India is developing ports under the Sagarmala programme specifically for this purpose.

Do these Indo-Japanese efforts signify a direct riposte to China in Africa – an 'alternative to the Chinese alternative order'? Perhaps. The grouping of 'like-minded' democracies comprising Japan, the US and India, aimed at countering the rising power of China, met in mid-November on the sidelines of the Association of Southeast Asian Nations and East Asia Summits in Manila to discuss regional and global co-operation. The meeting was the first since the 'Quadilateral Security Dialogue' was first proposed by Japan a decade previously.

What is playing itself out in the African theatre is a proxy war between these Asian and Pacific states on the one hand, and a rising China on the other.



Japan's 'resources diplomacy' in Africa is well known. A report on TICAD by the Institute of Security and Development Policy states that Japan's ODA to Africa was concentrated on only a few countries. There was a clear correlation between countries being the recipients of Japanese ODA and being sources of important raw materials. Indeed, in 2005 Japan attempted to use what it saw as its leverage over African countries to gain a seat on the United Nations Security Council – a process that would serve the (perhaps intended) purpose of counterbalancing China's role in the Council, as Japan would undoubtedly vote on the US side.

These rivalries should greatly concern Africa; simply stated, given events during the Cold War, Africa has been here before. The current situation also presents Africa with some difficult dilemmas; while diversified investment streams are good for the continent, each of these rival countries are pursuing their own interests, and Africa should not become a pawn of any of them. What the continent should do is to interact with Washington, New Delhi, Tokyo and Beijing in a co-ordinated and relatively pragmatic way, in pursuit of its own interests, and collaborate with these states only insofar as they fit into its long-range plans. In other words, Africa has the opportunity to exploit these strategic rivalries by incorporating the African agendas pursued by these countries into an integrated strategy of its own.

Japanese Prime Minister Shinzō Abe and Indian Prime Minister Narendra Modi. Despite deep ties with China, both states are anxious about Beijing's rise and are attempting to counter its OBOR initiative through the AAGC. Picture: *Free Press Journal*.

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