CHINA US Focus

China Learns Conquering Africa Might Not be Worth the Cost

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Nowhere is China's growing reach more obvious than in Africa. Imperial China's influence once stretched throughout Asia, but even then little beyond, and certainly not to Africa. Despite the People's Republic of China's revolutionary credentials, it could offer little more than encouragement—plus some railway construction and a few medics—to the newly independent African states.

Today, however, the PRC is active throughout the continent. President Xi Jinping just returned from a trip during which he promised African officials $60 billion in new investment. They spoke hopefully of modernizing agriculture, building infrastructure, improving education, and funding industrial projects.

Beijing also has grown more active culturally, educationally, and even militarily. For instance, China has participated in 16 UN peacekeeping missions in Africa and currently has some 2000 soldiers on station. Beijing is planning to create its first base in Djibouti. South African President Jacob Zuma said, "We appreciate this commitment to peace, development and progress."

The PRC's increasing role has created unease in Washington, especially since China is willing to go in while the West stays out. Zimbabwe's Robert Mugabe, apparent dictator-for-life, turned to the PRC in the wake of Western sanctions. The Chinese presence was obvious and significant when I visited Sudan, heavily sanctioned by the U.S.

The U.S. obviously fears losing business: In 2009, African trade with China surpassed that with America. Washington also complains that Beijing undermines Western pressure to improve democracy and human rights.

Yet, the ultimate results of President Xi's visit remain to be seen. The photo ops were impressive, but both the pictures and promises may fade over time.

Dealing with the continent remains a challenge. Many African nations remain in crisis. The Central African Republic has been roiled by sectarian civil war; the Democratic Republic of the Congo continues to suffer from conflict and is entering an uncertain presidential campaign. Nigeria, Africa's most populous nation, has been traumatized by the murderous Boko Haram.

Newly created South Sudan has dissolved into civil war. The November terrorist attack in Mali killed three Chinese citizens.

The PRC appears willing to ignore some risks which deter Western countries and companies. However, no money put into Zimbabwe—a large destination of Chinese investment—is likely to turn out well. Indeed, the Zimbabwe Independent complained that Harare racked up almost a half billion dollars in Chinese loans to finance construction projects which were “over-priced and of poor quality.”

Osadebe Osakwe, managing director of North China Construction Nigeria, argued that, “Unless the West changes its risk assessment, the Chinese will beat them to the African market.” But the market is not worth dominating at any price. Observed the New York Times: “Nigeria is a particularly shaky bet for China.”

African countries also have discovered that Beijing, whatever its rhetoric, desires what the U.S. demanded in the past: political loyalty, resource control, and investment return. For instance, assuming the money is forthcoming, most of the $60 billion over three years will be concessional loans. Claire Provost and Rich Harris in the Guardian observed that many past projects announced with great fanfare “never make it past the ceremonial pledges.” The Economist magazine recently featured the planned 2008 Lake Victoria Free Trade Zone, yet, “Of all these bold promises, none came to fruition.”

Moreover, Africa long has been awash in “aid” from multilateral development banks, but much of that has been stolen or wasted. Beijing’s experience so far is no different. For instance, more than $1 billion essentially vanished, noted the Economist, after being invested in a palm oil plantation in a region where “there were no roads, the river was barely navigable and villagers were hostile.” Furthermore, because of the lack of conditionality, observed Brad Parks of the research lab AidData, “African officials know that they have more leeway with Beijing’s money, and they use it.”

Even cheap loans may become a significant burden to repay. Observed the Times: “Infrastructure projects in Nigeria have been fueled by the same manic lending that has also created mountains of debt for China’s economy at home.” Inevitable defaults cost both Africa and China.

The PRC also often demands concessions for land, minerals, or other commodities in return. Moreover, Beijing frequently requires use of Chinese firms, often bringing laborers from the PRC. This limits the economic benefit to Africa and has been criticized as a new version of neocolonialism.

In fact, the “Ugly Chinese” looks a lot like the “Ugly American” from a couple generations ago. A recent Rand Corporation report explained, “Labor unions, civil society groups, and other segments of African society criticize Chinese enterprises for their poor labor conditions, unsustainable environmental practices, and job displacement.” Violence has occasionally flared between African workers and Chinese managers.

Both sides must worry about declining growth rates. As China's economy has slowed, demand for African commodities—food, minerals, and energy, in particular—has weakened. Chinese investment in Africa fell by 84 percent in the first half of 2015. Another problem is that Chinese products have gained a reputation for being shoddy and counterfeit. Reported the Times: "electrical wiring, outlets and power strips from China, ubiquitous in new homes and offices, are connected to dozens of fires a year in Lagos [Nigeria] alone."

Thus, Western fears of Chinese domination in Africa appear overblown. African peoples have benefited economically, but unevenly; African dictators sometimes have benefited politically, though not crucially. Although Beijing has attempted to adapt to criticism, "African perceptions of China include a mix of approval, apathy, and contempt," reported the Rand Corporation.

While America's role has shrunk, the U.S. remains the largest, most productive, and most attractive economic partner for African nations, especially those seeking additional higher-tech investments. American enterprises also have a reputation for offering better working conditions, purchasing local products, and transferring more technologies. For every autocrat angered by Western emphasis on good governance, a democracy has been empowered.

The U.S. has lost economic primacy in Africa, as in Asia, to China. But America likely will do just fine as long as Americans choose to compete rather than whine about a changing world.

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