

Chinese president seeks to shore up relations with Africa

Peter Symonds
7 December 2015

Chinese President Xi Jinping, along with the leaders and representatives of some 50 African nations, attended the sixth Forum of China Africa Cooperation (FOCAC) in Johannesburg last week as part of his tour of Africa.

Like every part of the globe, Africa has been transformed into an arena for geo-political rivalry. Speaking to a group of African ambassadors in Ethiopia in July, US President Barak Obama took a shot at China, declaring that “economic relationships can’t simply be about building country’s infrastructure with foreign labour or extracting Africa’s natural resources.”

China is clearly seeking to counter criticisms from the US and its European allies, which have had exploitative, colonial relations in Africa stretching back centuries. The triennial FOCAC gathering was held under the banner of “Africa-China Progressing Together: Win-Win Cooperation for Common Development.”

Xi was at pains to stress these buzz words as he announced \$60 billion in financial support for Africa, more than double the amount promised at the 2012 Forum, and proposed a new upgraded comprehensive, strategic and co-operative partnership. “We will work with Africa to embrace a new era of win-win cooperation and common development,” he declared.

China’s financial support for the coming three years includes \$35 billion in preferential loans and export credit lines, \$5 billion in grants, \$15 billion allocated to two China-Africa funds and \$5 billion for the Special Loan for the Development of African SMEs (small to medium businesses).

Xi also announced that China will establish regional vocational education centres and colleges, train 200,000 technicians and provide the continent with 40,000

training opportunities in China. He pledged some 200 poverty reduction projects, 30 teams of agricultural experts and a limited amount of debt relief to some of the poorest African countries.

Before the Forum, Xi visited Zimbabwe, where 12 economic cooperation and investment agreements worth \$4 billion were signed. He spoke of Zimbabwe as China’s “all-weather friend.” In South Africa, Xi held bilateral talks with President Jacob Zuma, and 26 agreements worth \$6.5 billion were signed.

Despite Xi’s promises to broaden the economic relationship, the continent remains heavily dependent on the export of energy and raw materials to China—its largest trading partner. The slowing Chinese economy and plunge in global commodity prices have hit hard, contributing to a marked fall in growth. The gross domestic product for Sub-Saharan Africa is expected to grow 3.75 percent this year, as compared to 5 percent last year.

According to Standard Bank, the value of African exports is expected to fall by as much as 40 percent year-on-year in 2015. If Chinese exports remain the same, this will result in Africa’s trade deficit with China rising to \$47 billion.

Xi told African leaders: “We will actively promote industrial alignment and encourage more Chinese enterprises to make more investment in Africa.” He boasted that by the end of 2014, the total stock of Chinese investment reached \$101 billion and resulted in more than 3,100 African-based enterprises.

However, China’s ministry of commerce revealed in November that Chinese investment in Africa was down 40 percent for the first six months of the year to \$1.2 billion. While China is the continent’s top trading partner, the United States is the largest source of foreign direct investment (FDI), accounting for 6.3

percent of the total of \$54 billion, as compared to 4.5 percent for China.

A *Washington Post* article last week pointed out: “The US also ranks first in new FDI projects in Africa, while China ranks seventh. Moving forward, China will be less of a standout, as many countries take advantage of economic opportunities in Africa. Already, Brazil, Russia and India collectively invest more in Africa than China. Malaysia, not China, held the largest Asian FDI portfolio in Africa.”

Although not on display at the Forum, the slowdown in China’s trade and investment in Africa will undoubtedly fuel tensions. The *Financial Times* reported that Angola has asked China to restructure its sovereign debt. “So has Ghana, Africa’s most indebted nation. Niger has had to renegotiate an oil-refining deal with state-owned China National Petroleum Corp. In Zimbabwe, Chinese banks have proven unenthusiastic about more lending.”

Xi’s performance in Johannesburg is part of broader Chinese efforts to counter mounting pressure from Washington’s “pivot to Asia”—a diplomatic, economic and strategic offensive aimed under undermining Chinese influence and preparing for war. Beijing is seeking to include Africa within its “One Belt, One Road” strategy aimed at more closely integrating Europe and Asia via land and maritime infrastructure.

China signed an MOU in January with the African Union to connect all 54 African countries through transportation projects, including modern highways, airports and high-speed railways. Kenya features as part of China’s proposed 21st Century Silk Road to upgrade port and related facilities along shipping routes to Europe.

While China is not an imperialist power, the sheer scope and speed of its economic expansion has disrupted longstanding relations that have assured US domination in Africa, as elsewhere in the world. According to the McKinsey consulting firm, in 1990, half of all African trade was with Western Europe, while Asia in total accounted for only a seventh. By 2009, less than two decades on, China overtook the US as Africa’s biggest trading partner.

The US and its European allies have repeatedly intervened militarily in Africa to defend and advance their economic and strategic interests, often at China’s expense. The NATO war that overthrew Libyan leader

Muammar Gaddafi in 2011 cost China an estimated \$4 billion in investment and resulted in the evacuation of thousands of Chinese personnel. The carve-up of Sudan, orchestrated by the US and Europe, also undermined China, which had developed the country as a major oil supplier.

The Chinese regime is concluding that to defend its interests it must have a military as well as an economic presence in Africa. The People’s Liberation Army has deployed its first-ever battalion of peacekeepers as part of the UN force in South Sudan. It is also seeking to establish its own naval “support facility” in Djibouti, on the strategic Horn of Africa.

As part of the new partnership with Africa proclaimed by Xi in Johannesburg, China is aiming to upgrade security ties with African countries, including technological cooperation, joint exercises, personnel training and intelligence sharing. He repeated an earlier promise to provide \$60 million in military aid to the African Union to build and maintain its army, as well as to support UN peacekeeping in Africa.

This growing geo-political competition for influence and economic gain can only heighten the danger of confrontation and conflict in Africa as the US strives to ensure its continued dominance.



To contact the WWSW and the Socialist Equality Party visit:

wwsw.org/contact