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China-Africa Economic Ties: Opportunities and Challenges

Miraz Rahman Khan[1*] and Md. Saiful Islam Shanto[2]

[1]Assistant Professor, Department of International Relations, Jahangirnagar University, Dhaka.

[2]M.S.S Student, Department of International Relations, Jahangirnagar University, Dhaka.

*Corresponding Author

Abstract

In the last 50 years, China established itself as a credible economic development partner among the African nations. Its funding and finance flourished not just because of Chinese economic policy towards the region rather Chinese policy of non-interference attracted the leaders of this region. Unlike Africa`s Western development partners, China`s unconditionalities regarding lending capital and untied foreign direct investment helped the African nations to help their cause. In context of the African nations, China and its leaders were also flexible about Africa`s overall development and carried out numerous development projects (for example, BRICS, BRI etc..). This research explores the dynamics of China's economic engagement with African nations, by analyzing its investments, infrastructure projects, trade relations, and foreign direct investments. Furthermore, it also examines how these elements contribute to Africa's development though criticized by many African and western leaders. This study underscores the need for a balanced approach, and recommending that African nations safeguard their economic autonomy while leveraging China's investments for their sustainable economic growth.

Keywords: Sub-Saharan Africa (SSA), China, Investment, Soft Power, Chinese Banks, non-interference, sustainability.

1. Introduction

The African continent has a long history of experiencing colonial rule as the major European powers like Britain, France, Italy, Spain, Portugal, Germany, and Belgium colonized the continent for hundreds of years which gradually started to decline after the end of the Second World War. The colonialists no longer could restore their strongholds in this African continent as they had before. As a result of the decolonization process by the mid-1960 more than sixty colonies gained independence as states among them fifty were new African states that emerged on the global political map. The African states, previously colonies, were one of the major sources of raw materials during the colonial era, moreover, these nations were the markets of these colonial powers. During the cold war period, the newly independent states struggled a lot as they no longer could create their value chain, because most of them were the suppliers of raw materials and the former colonial powers were the destinations of their raw materials as they lack of adequate technologies and skills. The fundamental need for a newly independent state is to ensure the basic needs of its people. Shockingly, most African nations to this present date failed to address, as because they are engulfed with various crises within the country and regional level. Civil wars, insurgencies, and authoritarian rules in most African states thwarted their natural developmental process despite having potential and adequate resources. As we all live in an interdependent world, the key prospect of the present economic world order is primarily focused on the facilitation of trade and commerce around the globe. In this age of economic globalization, most African nations have faced problems like poverty, underdevelopment and aid dependency.

To elevate their backward economic condition western-backed institutions like the World Bank and International Monetary Fund (IMF) carried out deflationary structural adjustment reform programs, whose objective was to attenuate human deprivation but simultaneously were the key cause for weakening the productive sectors of African economies. Major actors like the European Union, the United States of America China and India are key developing partners of most of the African states and provided several developmental plans regarding the African region. Especially, in the post 2000`s period century rather than the Western the economic cooperation of African countries with China and India has experienced significant growth and both these countries are accepted as credible partners in terms development of Africa as key reason functions at the posture of credibility that China, India and African states experienced colonial rule. Furthermore, the way of development not by following Western prescribed methods also could be a reason for welcoming the rising economic powers China and India.

2. Methodology

The research is qualitative and exploratory by nature. This study compares and portrays China's economic and political initiatives with conventional Western development models, offering insight into how they differ in their effects on African economies. This research explores the dynamics of China's economic engagement with Africa, analyzing its investments, infrastructure projects, trade relations, and foreign direct investments. Furthermore, it examines how these elements contribute to Africa's development while scrutinizing Western criticisms that label China's involvement as self-interested and exploitative. This study underscores the need for a balanced approach, recommending that African nations safeguard their economic autonomy while leveraging China’s investments for sustainable growth.

2.1 The Rationale of This Research

China is now the second-largest economy in the world and its rapid economic development has attracted a lot of attention from more developed countries as well as developing ones because of this outward policy of economic expansion. Chinese banks, companies, and government-backed organizations have driven Chinese investment projects, financial transactions, and economic programs to an unprecedented scale across the globe. In the late 1970s, President Deng Xiaoping began reshaping China's modern economy with revolutionary policies such as "Open Up and Reform," the "dual-track" system, two-tier pricing, and privatization—assessing Mao's isolationist policies negatively. Moreover, China's entry into the World Trade Organization (WTO) in 2001 further fueled its rapid growth and opening. The Belt and Road Initiative (BRI) ambitious projects planned to connect multiple continents, particularly through Asia and Africa, would bring a number of developing and developed nations within the range of the model for economic development suggested by China. Pursuing a new global market as an emerging economic power, China has her eyes peeled towards Latin America, the Caribbean and Africa vitally as she seeks to cement herself as a credible investor & trade partner.

Since its Tenth Five Year Plan (2000-2005), China has also put in place policies such as Go Out or Go Global to promote the internationalization of Chinese firms. This economic growth passage from inside to outside has played an important role in China achieving rapid poverty alleviation, and at the same time has made China have a considerable number of Discussions about economic development models that attracted global interest from smaller economies.

China's role on the global economic stage became particularly prominent after the 2008 global financial crisis. Although the United States and other Western economies initially faced lasting consequences, China also endured setbacks but bounced back quickly to emerge as an even stronger presence on the global economic stage. The goal of this research is to investigate China with respect to Africa and find if China has economic interests beyond purely economic ends. While China's engagement in Africa is often labeled as South-South cooperation, and Beijing's anti-colonial posture has resonated with many African countries since the 1950s, so has its rhetoric about third-world solidarity and ideology.

The formation of China-Arab and China-Africa cooperation started with Zhou Enlai's visit to ten Arab-African countries from 1963 to 1964, which marked the formal establishment of relations between China and these two regions. On this visit, he established eight principles with respect to economic aid and technical assistance and five principles for strengthening bilateral relations.

China has also strengthened its relations with African nations mainly because the non-interference policy adopted by China has made many African countries trust and deepen their relationship with it in this globalized economy. However, China's presence in Africa is not without controversy. While some scholars and political leaders view it as a positive development, others see it as a form of neo-colonialism, arguing that China's involvement is primarily driven by political, economic, and security interests. The purpose of this research is to examine the facts surrounding China's economic engagement in Africa and assess the broader implications of China's presence on the continent.

3. China`s Peaceful Rise and Its Role in International Politics

China is the second largest economy in the world, followed by the USA, and the "Peaceful Rise" theme is its fundamental axiom to get itself integrated into the Western liberal capitalism-based system. Regarding the concept of Chinese Peaceful Rise and international society, the English school articulates four major phases of Sino-centric society in East Asia, China and the Western international society from the 19th century to the middle of the 20th century, Chinese revolution and opposition to Western international society and lastly from the 1970s to the present day. China is an undemocratic country, and the Western international society sees China's peaceful rise as a threat to their interest. Chinese scholars Gong and Suzuki assert that Western culture and its values are opposite to Chinese values and treat other cultures unequally and coercively. However, during the 1970s, China provided more impetus to its state-based discourse than class-based discourse, which was absent during the Cultural Revolution period. 'Reform and Open Up' gradually helped China to integrate more into international society, especially in the post-Mao era **(Buzan, 2010)**. Since the Cold War era, world politics experienced rivalry between the Western and Soviet-led blocs. However, the collapse of the Soviet Union paved the way for US-led capitalism in international society and the flourishment of globalization. China's economic development was given prime importance, and as part of it, the Chinese economy under Prime Minister Deng Xiaoping underwent a rapid transformation during the late 1970s and early 1980s. Along with economic development projects, technological development and industrialization, China gradually developed its relations with African countries despite Soviet influence. In 1978 and 1979, as part of its Peaceful Rise policy, China normalized its relations with Japan and the USA and signed the "Treaty of Peace and Friendship" with Japan's embassy in the USA. Through several incidents, like the US supply of weapons to Taiwan, China raised its concern. In 1982, China normalized its relationship with the former Soviet Union to counter the US pressure **(Khatoon et al., 2018)**. Along with the economic development plan, Deng Xiaoping had two other plans: national unification and anti-hegemony **(Buzan, 2014)**.

The transition of the market economy from the command economy gave the Chinese economy a boost, which became more profound in the 1990s after the collapse of the Soviet Union. China's excellent economic growth becomes the center of economic temptation to the developing countries of Asia, the Middle East and Africa. However, During the 1990s, the "China threat theory" concept was introduced, and ever since the inception of the term China, new terms like "New Security Concept", "peaceful rise", and "peaceful development" have been used as counter policy **(Choo, 2009)**. However, during 2003-2004 the concept of 'peaceful rise" was replaced by 'peaceful development' because the term rise might be provocative, and development would be more engaging to the neighbors and the international society **(Buzan, 2014)**. China's presence in international society became more notable since the 2008 global financial crisis, which has affected significant world economies.

Previously, China needed more presence in international society regarding economic engagement. Not only that, sceptical views regarding China by the US-led economic system started to change in the post-financial era, despite China's robust economy (trade and investment) around the globe. US President Obama visited China in 2009 and expressed that both China and the USA, despite their cultural differences, have a role to play on the global stage and the USA's intention not to contain China **(Li & Worm, 2011)**.

3.1 China's Role and Major Stakeholders in Africa

The European Union is one of the major development partners in Africa. To strengthen its ties with the African region, it signed multiple agreements and conventions like the Cotonou Agreement (23 June 2000), Lomé Convention and Yaoundé Convention to eradicate poverty and elevate overall living standards. Moreover, the EU wants to bolster its political partnership in the African region by promoting peace, human rights, the rule of law, democracy, fundamental freedom, gender equality, sustainable economic development and several areas of cooperation so that all the African nations can meet their development goals. In this context, key policies were initiated by the European Union regarding Africa, the *joint Africa-EU strategy* (2007), and the *European Consensus on Development* (2006), with the prime objective of eradicating poverty. Like the European Union, the Chinese also set foot in the African continent as a major developing partner in finance, aid, and infrastructure buildup, acting as a partner in development schemes. Unlike the EU, China does not want to intervene in the political atmosphere of African nations, as key objectives of Chinese foreign policy towards Africa are based on sincerity, friendship and equality, mutual benefit, reciprocity and shared prosperity, close coordination, mutual support and joint development.

China regulates its political, cultural exchange, economic and trade corporation through The Forum on China-Africa Cooperation (2000), a primary institutional framework that came into existence under the Beijing Declaration. FOCAC is driven between China and African nations based on equality and mutual benefit, and in this aspect, China also focuses on its '*Five Principles of Peaceful Coexistence'*. In 2006, China published its first white paper regarding its policy towards African states and declared itself as the largest developing nation that wants to increase its cooperation with the African continent's developing nations and facilitate trade so that both parties could be the beneficiaries**(Wu, 2012)**. Like China, India, in recent times, especially in post-2000 years, proved itself a credible development partner for African countries, though India's relationship with African countries dates back several decades. India's trade with Africa is tiny compared to China's trade volume. However, over the years, efforts have been made by multiple Indian governments as part of their commercial expansion to increase their investment towards Africa as it is a potential market**(Fantu & Cyril, 2010)**.

3.2 China-Africa Collaboration and Economic Transformation

China's presence in the African region could be termed as South-South cooperation in terms of China's economic engagement towards Africa, despite China's anti-colonialism, third-world solidarity, and ideology-based revolution inspired by the African nations during the 1950s of the last centuries. Furthermore, the relationship with Arab and African countries commenced through Chinese premier Zhou Enlai's visit to ten Arab-African countries during 1963-1964. His visit laid the foundation of cooperation between China and Arab-African countries, including eight principles regarding economic aid and technical assistance and five principles regarding the development of relations (**Hanauer & Morris, 2014**). China is the world's largest developing country with spectacular economic growth. The Chinese economic transformation process started in the late 1970s of the last centuries, and the economic intelligence unit predicts that in 2026, it will overtake US GDP. According to the World Bank, Chinese poverty for forty years fell from 88 per cent to 6.5 per cent in 2012, eliminating the poor status of 500 million people. Since 1970, the Chinese economy has gone through several adjustments, including the market economy, 'dual-track system', two-tier pricing of goods, promotion of privatization as part of economic reformation and a significant transformation to integrate its market into the global economy through the accession of World Trade Organization membership in 2001. In 1992, China also created the Shanghai and Shenzhen stock exchanges as part of its banking and financial system, and trade was in the liberalization process. During the post-WTO membership period, the Chinese economy experienced unprecedented economic growth in terms of investment, capital inflow (Foreign Direct Investment), foreign exchange reserve and significant level of exports around the globe. China is a rising economic power, and for its commercial expansion, it has focused on the potential markets of Latin America, the Caribbean and the African region as a credible investor and trading partner. From 2000 to 2002, China's 'Tenth Five Year Plan' (2000-2005) encouraged its farms to invest abroad through the 'Go Out' or 'Go Global' policy. The Chinese economic engagement scenario in these regions experienced a significant shift post-2008 global financial crisis because the prominent global influential actors like the United States and the European countries had to look into their domestic interests. Without financially hard-hit Western actors, a new opportunity was opened for China to engage more comprehensively. However, China also fell into the clutches of a global financial disaster but was able to turn over within a short period **(Jenkins, 2019)**. A significant reason behind China's development of economic relations with the African states is the non-interference principle, which has gained the trust of most African countries.

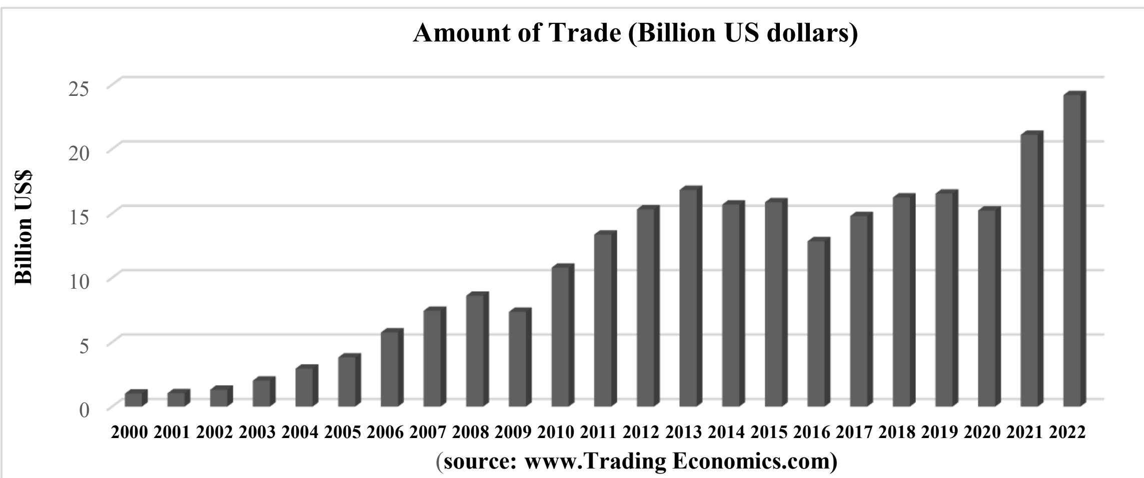


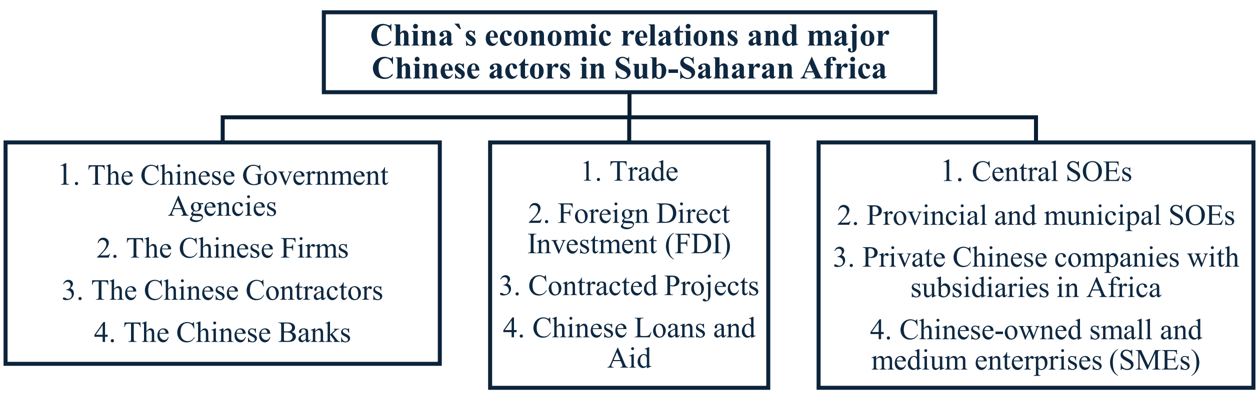
Chart-1: Volume of China`s trade with African counties from 2000-2022(source: www.Trading Economics.com)

3.3 Chinese Soft Power in Action Across Africa's Economy

Cultural attraction, ideology, and international institutions are the key features of soft power that Joseph Nye identified in the last century **(Joseph S. Nye, 1990)**. Chinese scholars and practitioners broadened the concept of soft power by incorporating economic tools (aid, trade and investment). As part of China's 'going out' policy, China conducts its economic operations through state-owned institutions like the State-owned Assets Supervision and Administration Commission (SASAC), the Ministry of Commerce, Ministry of Foreign Affairs, Chinese lending agencies, banks, provincial agents and groups. The Chinese government supports its firms and corporations by providing information, financial assistance and coordination mechanisms as part of its business promotion in Africa **(Fijałkowski, 2011)**. Chinese Ministry of Commerce (MOFCOM), founded in 2003, is the key agency for all kinds of economic relations, such as economic, trade cooperation, and aid activities in Africa, rather than the Chinese Ministry of Foreign Affairs (MOFA). Over the years, the Chinese Ministry of Commerce attenuated the role of the Chinese Ministry of Foreign Affairs (MOFA). However, the Department of West Asia and African Affairs lies under it. China manages its economic relations with Africa under the Department of West Asia and African Affairs. Its primary functions are formulating development strategies, programs and policies regarding trade and economic cooperation in the context of a given country in the region. Regarding trade and economic cooperation, another critical function of the Department of West Asia and Africa is to monitor and **supervise** the bilateral and multilateral economic and trade agreements signed by the government of China and other foreign governments. Despite these, the department conducts negotiations and looks after the interests of Chinese companies, such as gaining access to foreign markets even if they do not have any diplomatic relations with China **(SUN, 2014)**.

3.4 Major Chinese Involvement in Sub-Saharan African Development

As part of China's economic relations with African countries, it conducts economic activities through trade, foreign direct investment (FDI), contracted projects (infrastructure building, communications, mining, technology, etc.) and loans and aid programs. Furthermore, the two crucial African agencies are Chinese government agencies like MOFA and MOFCOM. Despite these, Chinese lending agencies, banks, provincial agents and groups are also active on African soil.



3.5 Chinese Government Agencies in Africa

The Chinese Ministry of Foreign Affairs (MOFA) and the Ministry of Commerce (MOFCOM) are responsible for shaping all the economic activities on the African continent. In 2000, The Forum on China-Africa Cooperation (FOCAC) was founded to facilitate trade strategic and large-scale investments. Based upon the work, central diplomatic policy regarding African affairs and the China-Africa Cooperation Forum (FOCAC) are regulated through MOFA. At FOCAC's 2006 third ministerial summit in Beijing, the heads of state and delegates from 48 African countries and China agreed to cooperate on several sectors like politics, economics and development (education, health, culture, etc..). For instance, a trade and investment agreement totaled 1.9 billion US dollars on the forum **(Corkin, 2011).** On the other hand, in trade, investment and implementation of cooperative projects, MOFCOM plays a key role. Simultaneously, other Chinese ministries such as health, education and agriculture provide medical teams, scholarships for African students and technical assistance in rural areas of Sub-Saharan Africa (SSA).

3.6 Chinese Firms in Africa

About ten thousand Chinese-owned firms are operational on African soil. They could be further categorized into four major groups: central state-owned enterprises (SOEs), provincial and municipal state-owned enterprises (SOEs), Chinese-owned small and Medium Enterprises (SMEs) and Private Chinese companies. The central state-owned firms are controlled by the Chinese central government and the Ministry of Commerce (MOFCOM), which approves overseas investment. Unlike the central state-owned enterprises (SOEs), Provincial and Municipal SOEs fall under the control of subnational authorities. Thirdly, private Chinese companies include large private firms like Sichuan Hongda and Kingho Energy and lastly, Chinese-owned small and medium enterprises (SMEs) are established by Chinese migrants and tend to be the most numerous groups, making up roughly 90% of all Chinese firms in Sub-Saharan Africa (SSA).

Notable Chinese companies like China National Petroleum Company (CNPC), CNOOC, Sinopec, China Power Investment, Sinosteel, Shandong Iron and Steel and the Jinchuan Group are active in Sub-Saharan Africa (SSA). A recent survey revealed that the proportion of private firms within the total Chinese companies varies between 75% in Angola and 95% in Nigeria, with their investments concentrated in manufacturing and service industries **(Jenkins, 2019)**. China has pledged to extend zero tariff treatment to 95% of least developed African countries' products and provide $1 billion in loans to small and medium-sized businesses **(Schiere et al., 2011).**

3.7 Chinese Contractors in Africa

Presently, more than 500 Chinese contracting firms are active on African soil from West to Subs-Saharan countries and operate in combination with construction and engineering companies. Over the years, their market share grew unprecedentedly compared to other parties on the continent. For instance, China's market share rose from approximately 10% in 2002 to 61.9% in 2019 and is still rising. The cumulative revenue growth by Chinese contractors is so significant that they have placed among the 250 largest foreign contractors worldwide. In many nations, like Tanzania, the market share of Chinese enterprises has surpassed 80 per cent. About 250 Chinese businesses secured World Bank contracts in Africa between 2000 and 2020. Not only these but by 2013 and 2018, the Chinese firms secured the largest value of African Development Bank (AfDB) contracts, amounting to US$ 4.4 billion, which was four times more than that of France, which had the second-highest value of contracts. During this time, 27.9% of the entire value of AfDB contracts was retained by Chinese enterprises **(Zhang, 2021)**.

In the beginning, large state-owned enterprises were the dominant actors, but in recent times, many private firms have also entered the scene. However, the number of central SOEs has declined, but notable leading contractors are China Railway Construction, China Communication Construction, Sinomach, and Sinohydro. More recently, provincially owned SOEs like Shenzhen Energy, Huawei, and ZTE have also entered the African construction landscape.

3.8 Chinese Banks and Development Projects in Africa

The Chinese banks are considered a significant source of financing for Sub-Saharan Africa (SSA). The Export-Import Bank of China (Exim Bank) is the most crucial lender and is estimated to have provided half of all global lending to Africa. China Exim Bank funded over 300 African projects totaling at least US$6.5 billion by June 2008 **(Institute of Developing Economies, 2009)**. During 2000 and 2014, the Exim Bank loaned a significant sum, estimated at 59 billion dollars, constituting two-thirds of Chinese lending to the region. These funds have been used for major infrastructure projects such as the Ethiopia-Djibouti Railway, the Nairobi-Mombasa Railway in Kenya, the Bagamoyo port and industrial zone in Tanzania, and a terminal for the Jomo Kenyatta International Airport in Kenya.

After The Export-Import Bank of China (Exim Bank), The China Development Bank (CDB) is the second-largest Chinese lender to Africa, having provided 13.7 billion dollars between 2000 and 2014. Other state-owned commercial banks, like China Construction Bank and ICBC, are also active African lenders. China's financial aid to SSA is primarily channeled through loans from these banks **(Jenkins, 2019).**

3.9 China's Trade Ties with African Nations

Since 1990, the trade between China and Sub-Saharan Africa has experienced significant growth, and the UNCTAD (UN Conference on Trade and Development) 2014 report revealed that it is nearly $193 billion US dollar compared to the 1990's less than $5 billion US dollar. The key driving factor for the trade growth from the Chinese part is the demand for natural resources like oil, minerals, and metals for its energy sectors. China receives 86 and 100% of all oil shipments from Angola, Sudan, Nigeria, and Congo. Similarly, the Democratic Republic of Congo exports 99.6% of its base metals to China. Moreover, these resources fuel China's rapid industrialization. Examples include China's reliance on Angolan oil for its energy needs and its import of copper from the Democratic Republic of Congo for electronics manufacturing.

Merely seven Sub-Saharan African nations obtain a substantial proportion of their imports from China. The most import-dependent Sub-Saharan African economies that rely on Chinese manufactured goods are Angola (33 per cent of imports), South Africa (19 per cent), Sudan (13 per cent), and the Democratic Republic of Congo (8 per cent) **(Kaplinsky et al., 2010).** While China imports resources from SSA, it primarily exports manufactured goods. Over 90% of China's exports to SSA are low-tech products like clothing, footwear, electronics, etc.

Chart-2: China-Africa Trade 2005-2022 in billion US dollars (Source: https://www.sais-cari.org/data-china-africa-trade)

3.10 China`s Foreign Direct Investment (FDI) in Africa

Over the years, China has become a major source of FDI in Africa. Since 2006, China's foreign direct investment (FDI) into Sub-Saharan Africa has also expanded dramatically. Approximately $3 billion, or almost 23 per cent of all FDI inflows to the region in 2021, came from China, demonstrating a remarkable surge in FDI flows **(International Monetary Fund (IMF), 2023).** Out of forty-seven Sub-Saharan African countries, China invested in forty-five countries, though the amount of investment varied from country to country. China's Ministry of Commerce (MOFCOM) and the growing number of Chinese firms are the prime sources of investment in the Sub-Saharan African region. By 2011, China was the fourth-largest investor in annual inflow and the sixth-largest in total stock. Notably, Chinese FDI surpassed US investment inflows into Sub-Saharan African countries that same year. According to the report of the Chinese Ministry of Commerce (MOFCOM), China's global outward investment from 2003 to 2015, Chinese foreign investment stock increased by nearly seventy-fold, and Sub-Saharan Africa only accounted for a small portion, less than seven per cent.

In Sub-Saharan Africa, China was the fourth biggest investor by 2014, accounting for nearly six per cent of the region's total FDI stock. Chinese investment has reached nearly all corners of Africa. Major countries, including South Africa, Zambia, Nigeria, Sudan, and Zimbabwe which include the extractive sector, encompassing oil, gas, and mining, are the primary targets for Chinese FDI in SSA. Official Chinese data reveals that extractive industries claimed 30.6% of China's outward FDI in Africa by the end of 2011, outpacing finance (19.5%), construction (16.4%), and even manufacturing (15.3%).

However, the China Global Investment Tracker offers a contrasting view, suggesting a much larger share directed towards extractive industries. Their data indicates that oil, gas, and metals comprised over two-thirds of Chinese investment in Sub-Saharan African countries between 2006 and June 2016. These investments have contributed to African countries' economic growth and facilitated the transfer of technology and know-how from China to Africa.

3.11 Chinese Contracted Projects in Africa

Despite trade and direct investment, China has also engaged in several contracted projects in the Sub-Saharan Africa region. It was heavily involved in building infrastructure like roads, railways, dams, power plants, and public buildings. By the end of 2007, the Chinese were financing ten big dams across nine African countries. These projects are anticipated to cost over US$5 billion, with China financing about US$3.3 billion. These facilities generate over 6,000 MW of electricity, representing a significant portion of Africa's total hydropower capacity of 17,000 MW. Nigeria's 2,600 MW Mambilla hydroelectric project is the largest on the list. China has made a significant comeback in the African rail sector, with over $4 billion in finance commitments. They comprise the restoration of more than 1,350 kilometers of existing railway lines and the building of almost 1,600 kilometers of new railway, and now Africa's railroad network spans over 50,000 kilometers. The most significant deals have occurred in Nigeria, Gabon, and Mauritania.

Along with hydroelectric and railway projects, the Chinese have been constructing roads throughout Africa. Chinese contractors promise to build roads totaling over 1400 kilometers under about 18 projects and the total value of financing for verified projects is approximately US$550 million. However, China's main contribution to Africa's ICT sector is through equipment sales. This sometimes entails routine business interactions between Chinese producers and public-private African operations. ZTE, Huawei, and China International Telecommunication Construction Corporation (CITCC) agreed to work together. One of China's ICT projects includes the National Communication Backbone Infrastructural Project in Ghana, which was agreed upon in June 2006. The Export-Import Bank of China is financing US$31 million of a US$70 million project initiated by the Ministry of Communications through a concessional loan.

The initiative aimed to restore and develop fixed-line communications technology in the country **(Foster et al., 2009)**. Chinese projects have experienced a dramatic shift, with the value of completed projects rising more than twenty-fold between 2003 and 2015. As of 2015, Sub-Saharan Africa accounted for roughly 30% of the total value of China's contracted projects worldwide, with over 130,000 Chinese workers employed on projects in the region. China's National Bureau of Statistics reveals that oil-exporting nations like Angola, Nigeria, Ethiopia, Sudan, and Equatorial Guinea are the most important markets for these projects. In terms of sectoral breakdown, transportation projects account for the largest share (47%), followed by hydropower (17%), gas, coal, and other energy projects (14%), and construction (12%) **(Jenkins, 2019)**.

3.12 Chinese Loans and Aid programmes in Africa

China has significantly increased its financial commitments to Africa through a series of high-profile meetings known as FOCAC (Forum on China-Africa Cooperation). China promised to lend $10 billion to Africa at the 2009 Forum on China-Africa Cooperation (FOCAC), emphasizing the importance of aiding Africa in addressing climate change, achieving the Millennium Development Goals, and overcoming obstacles related to food security, energy security, and epidemic diseases **(Schiere et al., 2011)**. These commitments have grown steadily, with China pledging $10 billion in preferential loans and buyer's credit between 2010-2012, $20 billion between 2013-2015, and a massive $60 billion between 2015-2018. The China Exim Bank and the China Development Bank are the primary institutions channeling these funds to Sub-Saharan Africa (SSA). According to research by the China Africa Research Initiative (CARI) and Aid Data, Angola has been the biggest recipient of Chinese loans in SSA since 2000, followed by Sudan, the Democratic Republic of Congo (DRC), Ethiopia, and Nigeria. Notably, Chinese lending in SSA is concentrated in two key sectors: transportation and energy. A distinct feature of Chinese finance in the region is the extensive use of commodity-backed loans, also known as resource-for-infrastructure swaps. These swaps have amounted to $30 billion between 2000 and 2014. Two of the most talked-about examples are loans to Angola in exchange for oil and the Sico mines agreement in the Democratic Republic of the Congo **(Jenkins, 2019).**

3.13 China`s Other Engagements in Africa

In 1990, China initiated a 'Peaceful development' strategy to develop its relations with countries that saw China as a threat to their interests. China's key object behind the posture of this strategy was none but it is economic growth and modernization. However, the tide turned in Favour of China due to its economic boost, and China carefully crafted its outward policy to meet the growing demands for new markets and resources. A major Chinese trade is conducted through sea and maritime piracy, especially in the Strait of Malacca, which threatens its trade. Piracy is part of Chinese militarization and an emerging powerful global actor, and the Chinese government has invested in building strategic seaports, as in the case of Pakistan's Gwadar Seaport. The key intention of the Chinese government is to secure the line of communication; that is, China's oil importation doesn't get impeded by any external sources, which also stands for its trade. To secure foreign oil sources, China made long-term commitments to the Middle East and African countries. Sudan, Angola, and Congo are notable African countries fulfilling China's growing energy needs as part of a commitment to invest billions of US dollars in constructing pipelines, refineries, seaports, and unexplored oil resources.

In 1985, China was the largest oil exporter amongst the East Asian countries, and in 2004, the picture was the opposite; that is, China became the world's second-largest importer **(Pehrson, 2006)**. In 2005, Booz Allen first put forward the term' String of Pearls' in a report headlined 'Energy futures in Asia'. The key theme of the string of pearls was the Chinese government's economic, military and, lastly, political intentions regarding the Indian Ocean region. The pearls symbolize the important and strategic seaports like Chittagong Port, Hambantota Port, Gwadar Port, etc., of the Indian Ocean region. As mentioned earlier, the prime objective is to secure the safe transportation of energy resources (oil, gas) and facilitate trade with the rest of the world because the Chinese economy mostly relies upon international maritime routes **(Ashraf, 2017)**. Since 2000, China built hundreds of ports in the African continent and constructed thousands of kilometers of railways and highways.

The key reasons behind building these seaports are the easy mobilization of minerals (copper, iron ore, bauxite), petroleum, livestock, grain and industrial fishing. Chinese firms have invested, financed, built and operated at 61 port facilities in 30 African countries. These ports have accelerated trade between China and African nations and placed China at the top in terms of a single country with such a high level of involvement (investment, finance, partnership, or ownership) in the ports of the African continent. Chinese Premier Xi Jinping, in the case of economic development, highlighted the importance of ports, roads and railways. Furthermore, Xi

Jinping remarked that "*there is a common saying, 'if you want to get rich, first build a road,' but in coastal areas, if you want to get rich, you also need to build a port*" (Kardon, 2022, p. 17). Likewise, the port 'One Belt, One Road, One Continent' (BRI) project strengthened the relationship between China and African countries into a new platform.

Initially, the African continent was not part of the BRI project, but after 2015's Johannesburg Summit, because of the positive enthusiasm of the leaders of African states regarding BRI, Chinese President Xi Jinping included the African continent under the BRI project. Of 54 African countries, 53 are part of the Belt and Road Initiative project, though Chinese officials report that the number is 49. Before the BRI project, China maintained its relations with African countries for economic means, and this project provided China with more access and flexibility in case of trade, investment and cooperation. Many African landlocked countries are the key beneficiaries of this project, as shown by the newly constructed seaports, roads, and railway tracks. China has enmeshed the African countries under a network of connectivity that includes ports, railways, and highways.

A key example of connectivity could be North Sudan's oil refinery, which uses railway tracks to transport the oil, further connecting Port Sudan and Dakar port of Senegal. The same scenario could be seen in Tunisia's Phosphate transformation industries, which use railway connectivity to use Port Zarzis. Similarly, Gabon's Belinga iron ore project uses the railway line. Finally, it takes the facility of Port Santa Clara or an industrial park of Ethiopia, which could take the privilege of the Addis Ababa-Adama highway, Addis Djibouti railway connectivity, and finally use the Djibouti port facility. Over the last two decades, China heavily financed, invested, and constructed roads, ports and highways to reap facilities and maintain the flow of its importation and exportation of primary goods (raw materials, like iron, copper, bauxite, agriculture and fisheries, etc.) and finished products (manufactured in China) **(Lokanathan, 2023)**.

3.14 Debate on China's Economic Presence in Africa

China itself portrays that its values are built upon its tradition and culture, which allows China and its leaders to cling more towards a soft power-based approach than a challenging power-based approach in international society **(Li & Worm, 2011)**. However, some scholars and political elites consider the Chinese presence in the African region as a blessing and some critics of China portray Chinese presence as a form of new colonialism. The key argument is that China is nothing but fulfilling its interests (political, economic and security interests). Over the years, China stated that the colonial powers subjugated both the Chinese people and the African people, and their foundation of relation is based on common sufferings. The Chinese believe their presence in the SSA region has brought multifold advantages to the SSA countries. The low-cost strategy, low interest rates regarding loans, non-interference policy in internal politics of the SSA countries and lucrative trade deals gained the trust of most of the countries. For instance, the majority of African leaders accuse Western countries of raising concerns about their violations of human rights issues and pulling themselves out of different development projects, and not only that, they use economic means to bind them. At the same time, the Chinese policy of non-interference in internal matters is preferable to African leaders.

Regarding loan disbursement, Chinese fewer conditional loans are preferable to global institutions like the World Bank and the International Monetary Firms (IMF) with Western-prescribed conditionalities. Under the South-South strategy, trading with China has propelled the African economy's slow and stagnant economic growth and helped them create a better export-oriented economy and employment. China has provided billions of dollars as a loan to the SSA countries at low interest rates with fewer conditionalities, which is why the African nations welcomed China with open arms **(Condon, 2012)**. In contrast to the positive features of Chinese involvement in SSA, the critiques of China often raised concern about the Chinese intentions in SSA. Firstly, they condemn China for its low-cost manufactured products and their quality, and not only that, regarding dumping Chinese products in the African markets. Secondly, the most debated issue is the SSA region's Chinese loan and aid programs, as the critics opine that Chinese loans are readily available and unconditional.

Furthermore, the loans need more transparency and accountability. Thirdly, a significant concern regarding Chinese presence in SSA included several interests, including political and security, despite economic interests. In the case of economic interest, another critical criticism is that China only looks for its economic interests in the SSA region. Because of the tremendous economic growth, China needs Africa, a secure source of raw materials and a potential market for its manufactured goods. Critiques labelled the Chinese role in SSA as neo-colonialist, but many African leaders consider China their major development partner **(Chigori, 2016)**. Fourth, the concern is about Chinese loans and their aid to African countries.

Over the years, China has provided billions of US dollars to reconstruct Africa, where most Western actors and institutions were in a dilemma about the debt service payment. Despite knowing the debt service payment conditions of the African countries, China is more willing to finance it. This raised concern among critics that China might use financing as critical leverage to establish its political and military will in the region. Furthermore, China might use its loans and investments as critical tools to exert pressure or intervene in the internal politics of the African countries. Another critical factor regarding African countries is that these are highly indebted, so the government-earned revenues dry up in debt service payments. As a result, governments could not pay much attention to various social welfare sectors like job creation, employment, health, social security, etc.

Table 1: Debt Indicators in Africa

Indicator (Year)	Africa	West Africa	Rest of Africa
External debt per capita (2021)	US$440.7	US$628.5	US$476.9
Rate of economic growth per capita (2022)	3.80%	3.60%	3.90%
External Debt Sustainability Ratio (2021)	71%	73.70%	77.20%
China's outstanding bilateral loans in 2021	US$63.2 billion	US$20.8 billion	US$42.4 billion
Chinese share in external debt (2021)	13%	16.60%	13.30%
GDP per capita (2021)	US$2140	US$1489	US$1922

Source:(https://www.orfonline.org/public/uploads/posts/pdf/20240118104738.pdf)

For instance, only in 2021, in the case of China`s debt service payment, the West and the rest of Africa`s liability were 56 percent and 40 percent respectively. In the case of Ghana regarding its Chinese 700 million US dollar debt, Ghana gradually is losing control over the mineral mines like oil, and bauxite and Chinese banks constantly asking for repayment as Beijing is providing no concession**(Gupta, 2023)**. Four central Chinese banks, China Exim Bank, CDB, ICBC, and BOC, are accountable for 56 per cent of financing projects and lending loans in the African continent.

According to a report by the China-Africa Research Initiative, since 2019, central Chinese banks have provided loans to less indebted African countries as part of their overseas financing to secure their loans. Exceptional instances could also be mentioned in Ghana, Zambia, and Kenya.

On the other hand, oil-rich Angola is the highest recipient of Chinese loans because China wants to secure its energy supply. The Chinese government, firm's resource-backed lending policy has often been criticized by financing Institutions and Western actors like the IMF for overburdening African countries by providing loans despite their vulnerability to debt service payment, which happened in oil-enriched Angola, Sudan and Congo as the price of oil fluctuated**(Acker & Brautigam, 2021)**. However, from the Chinese perspective, the 'debt trap' concept regarding China-Africa relations (economic development) has raised concern; China needs to coincide with this term but sees it as a poor narrative.

Chinese foreign minister Qin Gang, on January 11 2023, at a press conference, said that China and Africa are like good brothers and would stick together and share well and woe. He also agreed that the debt burden had hindered joint development, so balanced development financing could be the key. Furthermore, Xi Jinping urged all the responsible parties like the IMF, the World Bank, and China to work together to ease the debt burden and 'debt trap' term regarding Chinese financing would instead exacerbate the China-Africa economic development projects**(Ministry of Foreign Affairs of the People's Republic of China, 2023)**. The fifth issue is that Western actors have always accused China's presence on African soil of not being confined to economic interests. Instead, it has political and military ambitions to increase its influence.

Regarding political influence, China continuously pushed African nations to support its "One China Policy", and countries were given financial packages in return. Many countries aligned with China's policy and withdrew Western investors and support from Taiwan. As happened in the case of France, Benin's president asked French company Bellore to withdraw from its rail infrastructure project and initiated the Benin-Niger linking project as a make way for China **(Lokanathan, 2023)**. Despite both economic and political, over the years, China has invested a large amount of its capital in reforming its military. The cumulative defence spending in the Indian Ocean region raised concern among other actors like India and the USA. Presently, the largest trading nation in the global market is none but China, and, in this regard, China is dependent upon the supply of raw materials for manufactured goods. Furthermore, Chinese goods are valuable in low-income developing countries, and Africa is no exception.

However, the Chinese argument in this regard is to safeguard its trade and commerce and ensure its personnel's security from any external threat. China sees the maritime route as the most cost-effective and more congenial for trade, and that is why it invested more in seaport construction in the African continent and the Indian Ocean region. On April 8, 2016, China's first overseas military base construction at Djibouti started at around a cost of 590 million US dollars. From the Chinese point of view, the key goals are anti-piracy and freedom of navigation. Again, Djibouti's strategic location could allow China to secure its crude oil importation from the Middle East through the Gulf of Aden into the Indian Ocean and the South China Sea**(Sterioti, 2017)**

4. Conclusion and Recommendations

Over the past few decades, the economic relationship between China and Africa has become one of the most dynamic forms of global cooperation. Unlike steeper loans offered by Western lenders, China has provided development funds without heavy conditions and Africa leaders have found the package attractive because it allows them to develop infrastructure and foster economic growth on their terms. Flagship ventures such as the Belt and Road Initiative have rendered tangible dividends by upgrading connectivity, trade networks, and access to resources across the continent. Nevertheless, this relationship also poses significant challenges including concerns of debt sustainability, economic dependency and long-term consequences for local industries. A middle-ground approach is needed as Africa continues to engage China, allowing it space for investments but not at the cost of sustainable development and economic independence.

For Africa, one critical lesson is that this relationship with China needs to be accompanied by diversification away from China. African countries also need to minimize the risks that result from over-reliance on one foreign partner, which can be achieved through engaging with other international investors such as the European Union, US and India. The varied partners create a competitive environment that may result in better terms for African countries as they can complement China's infrastructure investments with other assets and expertise. Here, Rwanda must continue to be a model in success of building many foreign partnerships could be laid out through a balanced array of equity holders bolstering economic resilience.

The agreements with China should also emphasize skill transfer and technology sharing so that investments are contributing to local capacity-building. African leaders, on the contrary, can ensure that their citizens develop skills that are aligned with long-term economic growth by demanding employment and training of local people as part of those agreements. Ethiopia has made this work in its own industrial parks built with Chinese assistance but with at least some degree of effort to motivate local employment there. These initiatives allow African countries to acquire essential knowledge in the long run, so they need less support from external partners over time. AFCFTA must be crystal clear about how the contracting is done in order to protect African interests. To avoid the risks of opaque arrangements, governments should pursue agreements that are transparent and accountable. Making terms publicly available could help citizens and stakeholders understand the benefits of international investments and their potential pitfalls, while shining a light on whether they fit into broader economic goals for the country. Similar principles of transparency, predictability and regulatory compliance reflected in the European Union Global Gateway and United States Prosper Africa initiatives demonstrate how clear standards can enable partnerships that serve local needs while benefitting exports through sustainable pathways.

As they surmount these massive investments, debt management is a key other component for African countries. The case of the Hambantota Port in Sri Lanka, where high debt levels forced a 99-year-leasing of the strategic asset to China, demonstrates a possible danger from unfettered lending. African countries need to install debt management frameworks that impose strict caps on borrowing from abroad and condition financing on projects with sufficient economic returns to guarantee their payment in the long term. This ensures protection from financial vulnerability whilst retaining control over strategic assets. In particular, regional integration will enhance the advantages of Chinese investment in Africa, especially for cross-border infrastructure projects linking African countries. This would grant a new layer of cohesion and, after all, bargaining power in structuring Chinese-funded projects through regional organizations such as the African Union or within the framework of the African Continental Free Trade Area (AfCFTA). This model of engagement not only bolsters continental economic integration, but enables African countries to present a united front when negotiating investments from outside the continent in order for projects built on shared African priorities.

African states should also aim to steer foreign direct investments into local industry and fostering the development of exports. Emphasizing targeted sectors such as manufacturing, agribusiness and green energy, for instance, allows African leaders to use foreign investments to consolidate high-potential industries and create local job-supporting industries. By aligning Chinese investments with many countries' strategies for economic development, they are able to historically build competitive industries and battle dependence on imports while fueling sustainable growth. Such an approach will allow African countries to get benefit from the Chinese partnerships without being imposed with local economic structures and priorities.

The future of economic partnership between China and Africa depends on how African states manage the opportunities and challenges associated with such investments. Through a policy path that is balanced, pragmatic and realistic: an economic sovereignty agenda; diversification in international relations partnerships —including diplomatic and social exchanges—but also trading relationships; technology transfer and the development of manufacturing capabilities; transparency regarding sovereign debts; promoting regional integration and reinforcing local industrial bases—African nations will be able to extract the maximum from China intelligently while simultaneously protecting their own economic future. This strategy will allow Africa to fully leverage China’s resources as a platform for sustainable growth, promoting self-reliant development that aligns with the continent’s aspirations for economic independence and prosperity.

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