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CHINA, INDIA AND BRAZIL IN AFRICA

EFFECTS ON DEVELOPMENT POLICY

Sebastian Barnet Fuchs

China, India and Brazil have been remarkably stepping up their involvement in Africa over the recent years. Although China is well ahead of the other two countries in terms of the volume of funding provided, all three countries are similar when it comes to their political and strategic aims with regard to Africa. These are very different from the policies and aims behind the development assistance provided by “traditional” donors in the Development Assistance Committee (OECD DAC).¹ China, India and Brazil do not view their close ties with African governments as the donor-recipient relationship that has characterised Western development cooperation programmes for so long. Rather than aid projects, they focus on trade and direct investment. This provides African governments with greater economic and political room for manoeuvre. At the same time, the largely unconditional aid provided by these three emerging nations runs counter to the Western approach towards development assistance.

It is true that China, India and Brazil are driving forward economic development in Africa through a wide range of investments, but they are not setting any conditions in terms of democracy, good governance or human rights. These three areas play no role in their policy towards Africa. They are openly working with mineral-rich but often corrupt and autocratic African regimes.

1 | Author’s note: In this article, China’s policy in Africa will be given more emphasis than that of India and Brazil because of its greater scale and significance. This particularly relates to the last section which looks at the consequences of China’s involvement for Africa, traditional donors and the future of development policy.

This South-South cooperation calls into question many aspects of the approach taken by traditional donors and uses economic partnerships to create a counterbalance to the North and reduce Africa's dependence on these donors. But at the same time, new dependencies are being created to the emerging powers, China in particular. There are many examples of how African governments have made trade agreements with China to the detriment of their people (as happened in the Democratic Republic of the Congo in 2007). Additionally, these new actors in Africa often insist that recipient countries buy their products in return for aid (the principle of tied aid), and criticism is repeatedly voiced about their lax attitude towards environmental and social standards. An analysis of the characteristics that are common to the involvement of China, India and Brazil in Africa and a comparison with the traditional donors of the DAC will allow us to evaluate the potential consequences for the future of development policy.

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DEVELOPMENT AND CHARACTERISTICS OF SOUTH-SOUTH COOPERATION

As "emerging donors", China, India and Brazil have or have had a huge problem with poverty in their own countries. This is underlined by the fact that all three countries (together with Afghanistan) have received the very highest level of bilateral development funding according to Germany's Official Development Assistance ratings.² This will certainly change in the coming years, as many German-funded projects in these countries come to an end. But in India alone there are more people living in absolute poverty than in the whole of Africa. The three countries have been active in Africa as an important element of their foreign and economic policy since the 1950s, but they have massively increased their involvement over the last ten years. All three belong to the BRICS club and are emerging nations that have boomed economically over the last ten to 20 years. To some extent they are competing with each other to consolidate their status as regional powers. With

2 | Claudia Zilla, "Brasilien als 'Emerging Donor' – Politische Distanz und operative Nähe zu den traditionellen Gebern", Stiftung Wissenschaft und Politik (SWP), Mar 2012, 6, http://swp-berlin.org/fileadmin/contents/products/studien/2012_S07_zll_harig.pdf (accessed 26 Nov 2012).

their policies towards Africa, they are trying to safeguard their supplies of raw materials and diversify their export markets, but they are also trying to take on the role of leaders in the global South. So it is not their involvement in Africa that is new, but rather the volume of trade and the aggressive diplomacy that China, India and Brazil are now exercising in Africa. One reason for their growing influence is the global financial and economic crisis that has hit the industrialised nations more severely than the emerging economies. The move by the G8 to become the G20 is symptomatic of this development.



South African President Jacob Zuma is welcomed by his Chinese colleague Hu Jintao on the meeting of the BRICS states on 14 April 2012. | Source: GovernmentZA / flickr (CC BY-ND).

The leading countries in the South-South cooperation are keen to differentiate themselves from the traditional development cooperation work of the OECD-DAC countries. China, India and Brazil all signed the outcome document at the end of the OECD's Fourth High Level Forum on Aid Effectiveness held from 29 November to 1 December 2011 in Busan, thereby committing themselves to greater transparency and accountability. But this agreement is non-binding, and the outcome document was greatly watered-down in order to persuade the emerging nations to sign. It provides no clear timetable and no measurable indicators. The agreement also contains the words: "The nature, modalities and responsibilities that apply to South-South cooperation differ from those that apply to

North-South cooperation.”³ This makes it more difficult to adopt a jointly-agreed and effective development policy based on clear principles, something that the OECD had been trying to achieve at its conferences in Rome (2002), Paris (2005), Accra (2008) and Busan (2011). In 2008 the volume of South-South cooperation stood at 3.96 billion U.S. dollars for China, 785 million U.S. dollars for India and 437 million U.S. dollars for Brazil.⁴

Germany and other traditional donors are observing these developments with a mixture of respect and scepticism. African governments now have more channels for development assistance open to them, but Western donors find themselves having to stand by and watch their form of development policy with its links to the promotion of good governance, human rights and democracy being undermined and decades of reform efforts in Africa being thwarted.

The African policies of the DAC countries and the new actors are based on different convictions and motivations. The traditional donors often have a colonial history on the continent. Part of their development assistance is linked to the Christian tradition of welfare and aiding the poor. Western governments often emphasise the values that form the basis of their policies on Africa and are rather reticent about their own economic interests.⁵ In contrast, China, India and Brazil were themselves colonised in the past and therefore have not the same historical burden or guilty conscience towards Africa. They confidently promote their own interests in Africa and invest wherever they expect to profit.⁶

The traditional donors generally have a colonial history on the continent. Part of their development assistance is linked to the Christian tradition of welfare and aiding the poor.

3 | Sebastian Barnet Fuchs, “Neue Akteure, bessere Wirksamkeit? Perspektiven der Entwicklungszusammenarbeit nach dem Gipfel von Busan”, *Analysen & Argumente*, 102, Konrad-Adenauer-Stiftung, Berlin, Apr 2011, 3, http://kas.de/wf/doc/kas_30878-544-1-30.pdf (accessed 26 Nov 2012).

4 | Thomas Fues, Sachin Chaturvedi and Elizabeth Sidiropoulos, “Conclusion: towards a global consensus on development cooperation”, in: Thomas Fues, Sachin Chaturvedi and Elizabeth Sidiropoulos (eds.), *Development Cooperation and Emerging Powers – New Partners or Old Patterns*, Zed Books, London/ New York, 2012, 255.

5 | *Ibid.*, 245.

6 | *Ibid.*

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The success they have experienced in fighting poverty at home has also made them a credible role model for Africa. Statistically, China is responsible for the largest share of worldwide poverty reduction and hence for

the achievement of the Millennium Development Goal to cut the poverty rate in half. Between 1981 and 2004 China helped bring 600 million people out of abject poverty. The proportion of the population living in extreme poverty fell from 85 per cent to 15 per cent.⁷ According to UN figures, poverty in India will fall from 51 per cent in 1990 to 22 per cent in 2015.⁸ The proportion of Brazil's population who live in poverty has been reduced by one half, falling from 17 per cent to 8 per cent, with an annual decrease of 3.2 per cent.⁹

In their economic involvement with Africa, China, India and Brazil often get better deals than the DAC donor states. Sometimes they can supply technology and equipment better suited to conditions in developing countries than the expensive and technically sophisticated products offered by the Western industrialised nations. Normally, the new actors in the South-South cooperation combine direct investment (particularly in raw materials), trade and partially state-subsidised loans to assistance in the areas of healthcare, education and agriculture. This mixed approach combines development assistance with private business initiatives and the promotion of foreign trade. The new actors often offer "package solutions" such as the extraction of raw materials in exchange for infrastructure and assistance in areas such as healthcare. In China, state-owned construction, mining and financial companies often come together at the behest of the Chinese government to develop strategically important turnkey projects

7 | "Poverty around the World", *Global Issues*, 12 Nov 2011, <http://globalissues.org/article/4/poverty-around-the-world> (accessed 27 Nov 2012).

8 | "India's poverty rate will fall from 51% to 22% by 2015: UN report", *The Times of India*, 8 Jul 2011, http://articles.timesofindia.indiatimes.com/2011-07-08/developmental-issues/29751472_1_extreme-poverty-india-and-china-report (accessed 27 Nov 2012).

9 | "Fighting poverty in emerging markets, The gloves go on, Lessons from Brazil, China and India", *The Economist*, 26 Nov 2009, <http://economist.com/node/14979330> (accessed 26 Nov 2012).

that combine securing the supply of raw materials with infrastructure expansion.¹⁰ China, India and Brazil deliberately avoid any clear distinction being drawn between the individual areas. For them, "development assistance" is a term used by the West that no longer reflects the economic realities of Africa. Statements by the three countries focus on the principle of an economic win-win situation and a partnership of equals with African states.

One controversial difference to the approach of many traditional donors is the (claimed) principle of non-interference in domestic affairs. In contrast to Western, and particularly European, development cooperation,¹¹ the new actors do not make such assistance dependent on the degree or progress of democracy, the rule of law, human rights and good governance. They work with autocratic and democratic governments alike. The only precondition is the opportunity for economic benefits on both sides. Such unconditional involvement increases the alternatives and the choice of funding that is available to African governments and increases the competitive pressure on donors. On the one hand, increased investment in Africa promises to bring more economic development. But unconditional assistance can lead to political reforms being postponed or cancelled altogether¹² and political freedoms can lag behind economic development. There is also the risk that African countries will fall into a new cycle of debt.¹³ With their strong economic involvement that is played by their own rules, the new actors are also inevitably interfering in the domestic affairs of their African partners and when there is an imbalance of economic power, new dependencies are bound to arise. So a partnership of equals is not always a given.

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10 | Hannah Edinger and Simon Schaefer, "Der freundliche Drache: Chinas strategische Ambitionen in Afrika", *Afrikapost*, 3/2012, 32.

11 | Jörg Faust, Svea Koch, Nadia Molenaers, Heidi Tavakoli and Jan Vanheukelom, "The future of EU budget support: political conditions, differentiation and coordination", European Think-Tanks Group, May 2012, [http://www.die-gdi.de/CMS-Homepage/openwebcms3.nsf/\(ynDK_FileContainerByKey\)/MSIN-7NGJF6/\\$FILE/European%20Think-Tanks%20Group_Future%20of%20EU%20Budget%20Support_16.05.2012.pdf?Open](http://www.die-gdi.de/CMS-Homepage/openwebcms3.nsf/(ynDK_FileContainerByKey)/MSIN-7NGJF6/$FILE/European%20Think-Tanks%20Group_Future%20of%20EU%20Budget%20Support_16.05.2012.pdf?Open) (accessed 27 Nov 2012).

12 | Zilla, n. 2, 8.

13 | Ibid.

A look at the African policy of China, India and Brazil makes it clear that none of these countries has a central agency to bring together or systematically coordinate their involvement in Africa and its many dimensions. The available information on their policies in Africa needs to be improved as it is lacking in transparency. This complicates the already difficult task of coordinating the various countries and organisations that are active in development cooperation work.

BRAZIL

In the 1960s Brazil viewed the African continent more as a rival in terms of gaining access to European and North American export markets and development assistance from the North, but from the 1970s onward it began to expand its trade with West Africa.¹⁴ Brazil needed new markets, and it mainly exported manufactured goods, military equipment and aerospace technology in return for oil and oil derivatives. After the UN conference in Buenos Aires in 1978, when a plan of action was agreed on the promotion of technical cooperation between developing countries, Brazil intensified its African policy still further.¹⁵ The partnership was given an added boost by the economic upturn of the 1990s.

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Of the three countries considered here, Brazil has the fewest reservations about dealing with the traditional donors. Brazil is one of the most active emerging nations in terms of triangular development cooperation¹⁶ and since 2008 it has maintained a strategic partnership with Germany that embraces numerous programmes of this type.¹⁷ This instrument of development policy allows a traditional donor to join together with an emerging country and make use of their comparative advantages to carry out joint programmes in developing countries. In the case of Brazil, approaches

14 | Dana de la Fontaine and Jurek Seifert, "Die Afrikapolitik Brasiliens – was steckt hinter der Süd-Süd Kooperation?", in: Franziska Stehnenken, Antje Daniel, Helmut Asche and Rainer Öhlschläger (eds.), *Afrika und externe Akteure – Partner auf Augenhöhe?*, Nomos, Baden-Baden, 2010, 158.

15 | Cf. Buenos Aires Plan of Action, http://southsouthconference.org/?page_id=276 (accessed 27 Nov 2012).

16 | Fues, Chaturvedi and Sidiropoulos, n. 4, 130.

17 | Zilla, n. 2, 6-8.

and solutions that have been successfully implemented at home with the help of OECD countries are now being replicated in Africa. In Mozambique, Germany and Brazil are working together in the area of meteorology and in setting up a disaster early warning system. Germany is keen to use this partnership to strengthen Brazil's development structures, but also as a means of exerting influence on Brazil's development agenda.

After President Lula took office in 2003, Brazil's African policy must be viewed in the context of the country's new direction in terms of its overall foreign policy:¹⁸ Lula increasingly drove the debate on global distribution and fairness. He wanted to establish Brazil as the South's representative in the world, while at the same time expanding its role as the region's main economic power and meeting its need for economic diversification, raw materials and export markets. Discussions on Brazil's foreign policy constantly refer to the fact that the country bears a political, moral and historic obligation to Africa that compels it to strengthen its relations with the continent. Initiatives such as the Brazil-Africa-Forum, the opening of many new embassies in Africa and the dialogue forum between Brazil, India and South Africa (IBSA, since 2003) bear witness to this heightened sense of importance. Brazil is able to implement actions in Africa that have already had success at home, such as the Bolsa Família social programme or the Fome Zero nutrition programme. With 76 million Brazilians being of African origin, there is furthermore a close cultural connection. Traditionally, Brazil has particularly focused on technical cooperation in Portuguese-speaking countries in Africa such as Angola, Mozambique, Guinea-Bissau and Cap Verde, along with Sao Tomé and Príncipe. Between 2003 and 2008, the total volume of trade between Brazil and Africa grew from 12 to 26 billion U.S. dollars. This represents eight to nine per cent of Brazil's total export trade. Between 2003 and 2007, Brazil's exports increased by 244 per cent, with Africa becoming its number one trading partner.¹⁹ Angola, South Africa and Nigeria account for 48 per cent of all Brazilian exports to Africa.

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18 | De la Fontaine and Seifert, n. 14, 160 et sqq.

19 | Ibid., 164-167.

New agreements are signed whenever a Brazilian president or minister visits one of Africa's developing countries, particularly in the areas of IT, nutrition, health, education, agriculture and biofuels. At the same time, Brazil acquires licences, mining rights and market access for its businesses.²⁰ But this has also attracted its share of criticism: in Mozambique the Brazilian firm Vale bought a 25-year licence for a coal mine, from which it planned to extract up to 11 million tons of coal each year. But now Vale stands accused of breach of contract because families that were forcibly evicted have not received the houses and compensation that were promised.²¹

In short, despite its comparatively low levels of funding, Brazil has developed a major economic and political presence in Africa. This is a key factor in whether Brazil can fulfil its role as leader of the South – not in its own backyard, where it has traditionally been viewed as the region's major power, but in Africa. Its involvement in Africa also allows it to trumpet its own development successes and push for a permanent seat on the UN Security Council. Brazil can offer credible, tried-and-tested solutions to problems such as AIDS, poverty and energy issues, and as a result it has garnered a great deal of respect in Africa. But whether it will be able to maintain a permanent leadership role in the global South remains to be seen.²²

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INDIA

India's increasing self-confidence and its role as a regional power with global ambitions in terms of foreign, economic and security policy is a consequence of the growth of its currency reserves: from 5.8 billion U.S. dollars in 1991 to 300 billion U.S. dollars by the end of 2009.²³ Between 1990 and 2005, Indian trade with Africa multiplied ten-fold

20 | Ibid., 169.

21 | "Vale sieht sich in Afrika heftigen Protesten ausgesetzt", Emerging Markets Financial Services (EMFIS), 18 Jan 2012, http://emfis.de/global/global/nachrichten/beitrag/id/Vale_sieht_sich_in_Afrika_heftigen_Protesten_ausgesetzt_ID98581.html (accessed 27 Nov 2012).

22 | De la Fontaine and Seifert, n. 14, 170.

23 | Chaturvedi, "India and Development Cooperation: Expressing Southern Solidarity," in: Fues, Chaturvedi and Sidiropoulos, n. 4, 169.

to reach 9.14 billion euros. India's role as leader of the G77 and opinion leader against colonialism has created a reputation in Africa as representing the interests of poor countries. In April 2009 the first India-Africa Forum Summit was held in New Delhi. This rekindling of interest in the African continent can be explained by changes to its foreign and economic policy during the 1990s:²⁴ India increasingly turned away from socialism towards a market economy. Its critical and ideological stance against the West began to transform into a more pragmatic attitude.²⁵

India mainly exports information and telecommunications technology and research. It has established several leading technology institutes in Africa. It places great emphasis on training and the transfer of skills and technologies. India has a kind of trilateral partnership with the African Union and has supplied all 53 member states with telecommunications systems. Its preferred bilateral partners are Nigeria, Sudan, South Africa and countries with an Indian diaspora such as Kenya, Tanzania and Mauritius. These latter countries favour India when it comes to economic cooperation, meaning that economic success can be achieved more quickly.²⁶ The number of Indians living in Africa is estimated at two million, and the two regions have enjoyed close historic and cultural ties for centuries. Some countries in Africa, particularly in the South and South East, are part of the Commonwealth. But India is also involved with food supply, agriculture and infrastructure and is currently supporting a major infrastructure project, the construction of a new rail line from Ethiopia to Djibouti.

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India is constantly in competition with China.²⁷ After India caught up with China by joining the ranks of the nuclear powers in 1998, the two countries have increasingly found themselves rivals in the competition for resources in Africa as both countries have a growing need to safeguard their supplies of raw materials and energy. With massive support

24 | Arndt Michael, "Die indische Afrikapolitik – die wirtschaftliche und sicherheitspolitische Wiederentdeckung des afrikanischen Kontinents im 21. Jahrhundert", in: Stehnen, Daniel, Asche and Öhlschläger, n. 14, 140 et sqq.

25 | Ibid., 140.

26 | Ibid., 146.

27 | Ibid., 142 et seq.

from the state, China is often in a position to outstrip the competition from India (and Brazil²⁸). In 2004, India offered economic aid to the tune of 200 million U.S. dollars in order to win the contract for an oil field in Angola. China offered two billion U.S. dollars for the same oil field and was awarded the contract.²⁹

In terms of its maritime security strategy, India has turned its attention to East Africa and the Indian Ocean.³⁰ In 2007 it set up a naval monitoring station in Madagascar, and at present 7,400 Indian soldiers and police officers are stationed in Africa as part of UN peacekeeping missions. Indeed, India has taken on a major role in the UN's peacekeeping operations. Triangular cooperations with Germany are planned in the area of infrastructure, and the Indian Council of Medical Research is working with the Helmholtz Association of German Research Centres on a 4.5 million euro project to treat infectious diseases.³¹

India has taken on a major role in the UN's peacekeeping operations. Triangular cooperations with Germany are planned in the area of infrastructure.

In brief, India, like Brazil, is keen to develop its soft power. It also recognises the principle of non-interference and the provision of unconditional assistance, displaying a typically Indian reticence with respect to questions of universal values and norms.³² India sees itself as playing the role of the benign big brother and is courting the whole African continent in an attempt to find new partners, diversify and show the international community that it deserves a seat on the UN Security Council.

In Africa, India feels comfortable enough with its role in China's shadow. Although their interests often coincide, India is trying to take a different approach to China in its

28 | In early July 2011 the Chinese Jinchuan Group made an offer of 1.32 billion U.S. dollars for the South African mining company Meteorex, outbidding the Brazilian company Vale by more than 20 per cent. Cf. Edinger and Schaefer, n. 10, 34.

29 | "China beats India for Angola oil deal", 19 Oct 2004, http://news.xinhuanet.com/english/2004-10/19/content_2110896.htm (accessed 28 Nov 2012).

30 | Japan is a close ally of India in its maritime security strategy, see Beatrice Gorawantschy and Benjamin Querner, "India's Arms Race – Challenges for foreign, security and defence policy", *KAS International Reports*, 6/2012, 58, <http://kas.de/wf/en/33.31265> (accessed 28 Nov 2012).

31 | Chaturvedi, n. 23, 177.

32 | Michael, n. 24, 143 et sqq.

African policy. India comes across as less aggressive, for example by using more local workers in its production processes. But aid is often tied to the purchase of Indian products. With its current level of funding, India is a new, medium-sized player in Africa, but it has the trump of the Indian diaspora up its sleeve, along with recognition of its traditional role as the leader of the G77. The agenda of the India-Africa Forum Summit shows that India is interested in working with all the countries of Africa.

CHINA

China is by far the most influential new player in Africa. In 2011 the balance of trade between China and Africa stood at 137.2 billion U.S. dollars. This is almost ten times as much as in 2000 and means that China is Africa's largest trading partner (conversely, Africa has only a two per cent share of Chinese foreign trade, comparable with its share of the EU's and Germany's foreign trade). Estimates suggest that by 2015 the balance of trade could reach 400 billion U.S. dollars, with more than half of this figure comprising imports of raw materials from Africa.³³ In the wake of the global financial crisis of 2007, many European and American investors withdrew from Africa and broke their investment promises. Chinese investors, on the other hand, generally kept their promises and continued with their commitment to Africa. A slump in demand for raw materials on the part of Europe and the USA was made up for by China's huge hunger for raw materials from Africa. This served to greatly bolster China's reputation in Africa as a long-term partner.³⁴ 14 per cent of all Chinese direct investment is currently transacted in Africa and half of all loans made by China are in Africa. From 2004 to 2009 aid payments to Africa grew by 29 per cent per annum. Chinese development assistance amounted to around two billion U.S. dollars in 2010.

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33 | Andreas Jahn, "Chinas Engagement in Afrika", presentation at the conference "China, Indien und Brasilien als neue Geber in Afrika: Konsequenzen für die Entwicklungspolitik", Konrad-Adenauer-Stiftung, Cadenabbia, 11-14 Nov 2012.

34 | Edinger and Schaefer, n. 28, 34.

The boundary between China's state and non-state actors in Africa is somewhat fluid. China's policy in Africa is set by authorities at all levels, along with development banks, commercial banks, para-governmental bodies and state-owned, partly state-owned and purely private enterprises.³⁵ The main features of this policy are grants, interest-free loans, infrastructure projects (for which Western development assistance agencies have little available cash), technology packages, expert teams (particularly doctors), training and scholarships. Most projects are green field projects (new factories, roads, farms, shops and hotels) that are often strategically placed next to mining complexes.

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This is precisely the kind of investment that is needed to create jobs. Because its investments are backed by state funding, China can afford to take more risks than many of the European industrialised nations. And Chinese construction firms have recently become the biggest contractors for multilateral institutions in Africa.³⁶ Another characteristic of the policy is the increasingly frequent relocation of Chinese manufacturing plants to low cost countries. The World Bank predicts that 85 million Chinese jobs in the manufacturing sector will be moved abroad over the next three to five years, and Africa will be of prime importance in this respect. The Special Economic Zones that are being set up in Africa by China can be viewed as precursors to this shift.³⁷ These zones facilitate the establishment of (mostly Chinese) companies, and create jobs and industry clusters. But in doing this, China is gaining tremendous influence over local authorities and has a considerable degree of control over these zones.³⁸

In the past, China's development cooperation has been divided into two phases: from 1950 to 1980 it was predominantly used for political ends.³⁹ It was the goal of the new People's Republic to provide aid to its communist brothers in countries such as North Korea and North Vietnam

35 | Helmut Asche, "Chinas Funktionen in Afrika", in: Stehnen, Daniel, Asche and Öhlschläger, n. 14, 119.

36 | Edinger and Schaefer, n. 28, 33.

37 | Ibid.

38 | Matthias Heger, "Süd-Süd Investitionen als Chance für die DEG", DEG KfW-Bankengruppe, Jun 2011, 3.

39 | Li Xiaoyun, "China's Development Cooperation: overview", Präsentation bei der CAPE2012 conference, Overseas Development Institute, London, 14-15 Nov 2012.

and to encourage the spread of “proletarian internationalism”.⁴⁰ In 1964, Prime Minister Zhou Enlai announced the eight principles of foreign aid, bringing China a great deal of goodwill on the part of third world countries. These form the basis of the principle of equality and mutual benefit. The principle of equality is expressed in the way Chinese experts working on joint projects in other countries are not paid more than the standard local wage.⁴¹ The second principle is that of non-interference and non-conditionality. However, an obvious exception to this is the recognition of Taiwan. Any country that wishes to receive Chinese money has to break all diplomatic ties with the island state that China refuses to recognise. Of 54 countries in Africa, only four maintain diplomatic relations with Taiwan: Burkina Faso, Gambia, SaoTomé and Swaziland. In 1996 Taiwan was recognised by another 11 African states, including South Africa, Liberia and Malawi.⁴²

In 1964, Prime Minister Zhou Enlai announced the eight principles of foreign aid, bringing China a great deal of goodwill on the part of third world countries.

From 1980 to 2000 Chinese development cooperation focused mainly on domestic economic interests. The Chinese government did not seem to have a problem with the fact that it was making foreign aid payments while there was still widespread poverty within its own borders – in the mid-1990s China was still one of the world’s largest aid recipients. Since the mid-1990s, economic assistance and cooperation have been seen as a vital strategy within its foreign policy. China is keen to secure energy and resources while improving access to international markets. This includes taking shareholdings in companies with a view to ensuring access to technical and commercial expertise. The revaluation of the Chinese currency made foreign investment and corporate takeovers even more attractive.⁴³ When the country opened up and became a socialist market economy after 1992, the cooperation system expanded to focus more on loans and other market-based instruments that China views as development cooperation in the broadest sense. The China EXIM Bank offers loans at below market interest rates, known as preferential loans.

40 | Zhou Hong, “China’s Evolving Aid Landscape: Crossing the River by feeling the Stones”, in: Fues, Chaturvedi and Sidiro-poulos, n. 4, 255.

41 | *Ibid.*, 138.

42 | Jahn, n. 33.

43 | Edinger and Schaefer, n. 28, 32.

According to figures supplied by the Chinese embassy in Berlin, between 2001 and 2010 China extended loans amounting to 67.2 billion to African countries via the China EXIM Bank.⁴⁴ In 2010 the main beneficiary was Ghana, receiving the sum of 7.5 billion U.S. dollars. Contractual partners of the EXIM Bank often get a good deal thanks to state backing. But such contracts often stipulate that up to 70 per cent of the loan sum is tied to placing orders with Chinese firms.⁴⁵

Around 1.2 million Chinese are currently living in Africa. The social and cultural separation of the Chinese worker continues to be the subject of much controversy. The number of African workers on Chinese projects varies considerably from country to country. In Angola it is estimated at just 30 per cent, while in Tanzania it is around 80 per cent.⁴⁶ The huge influx of Chinese labour to the detriment of local workers and the frequent disregard for labour regulations by Chinese companies have led to regular protests, particularly in southern Africa. Protests are aimed equally at large Chinese construction firms and at small Chinese businesses that are starting to dominate the market in some African countries, particularly in the textile industry. In Namibia, business people, small traders, the construction industry, union representatives and most opposition politicians are unhappy with Chinese business practices. They claim that disregarding international standards often provides Chinese companies with an unfair advantage in the competition.⁴⁷ In 2006, when Zambian President Michael Sata was an opposition candidate, he strongly criticised Chinese involvement in Zambia. He warned that his country was facing a threat to its security and independence

44 | Jahn, n. 33.

45 | Andreas Seifert, "China in Afrika: Positive Effekte?", *IMI Magazin*, Informationsstelle Militarisation (IMI), Dec 2008, 27, <http://imi-online.de/download/AS-Dez08-ChinaAfrika.pdf> (accessed 31 Jan 2013).

46 | Helmut Asche and Margot Schüller, "Chinas Engagement in Afrika – Chancen und Risiken für Entwicklung", *Gesellschaft für Technische Zusammenarbeit (GTZ)*, 2008, 35.

47 | See Ali Hensel, "Die Bürde der Arbeitslosigkeit in Namibia", *afrika süd*, No. 1, Jan/Feb 2010, <http://schattenblick.de/infopool/politik/ausland/paaf801.html> (accessed 31 Jan 2013); Gunnar Henrich and Vu Truong, "Das Ende der 'Charme Offensive'? Der Widerstand kleiner Länder in Südostasien und Afrika gegen die Hegemonialherrschaft Chinas", *IMS-Magazin*, <http://ims-magazin.de/index.php?id=1330677610,1,gastautor> (accessed 16 Jan 2013).

due to China's erosion of local labour regulations. In 2006 the Chinese ambassador in Lusaka openly threatened to break off relations with Zambia if Sata was elected president. When he lost this election (unlike the subsequent one in 2011), massive protests broke out against China, forcing the Chinese president to cancel a planned trip to the copper belt.⁴⁸

But China has ignored the criticisms and continues to expand its diplomatic relations with Africa. An impressive sign of its progress in this regard is the Forum on China Africa Cooperation (FOCAC), held every three years. Almost all African heads of state and government attend this forum, showing the importance both sides attach to the relationship. At the fifth meeting in July 2012, Hu Jintao promised to double China's financial commitment. China also agreed to make available soft loans to the tune of 20 billion U.S. dollars for infrastructure, manufacturing, agriculture and SMEs.⁴⁹ Over the next few years, thousands of nurses and other specialists are to be trained in Africa, and it is planned to award 18,000 scholarships to African students. In this way, China hopes to exert a long-term strategic influence over Africa's future elites.⁵⁰

Raw materials

China is the world's second-largest consumer of oil and the largest consumer of raw materials such as copper, coal, iron ore, nickel and zinc.⁵¹ 68 per cent of all timber imports, 27 per cent of all oil imports and 22 per cent of all minerals entering China come from Africa.⁵² China typically combines the extraction of raw materials with infrastructure initiatives. The countries that have entered into a privileged partnership with China generally have large deposits of raw materials: Sudan, South Sudan, Angola and Nigeria have oilfields; South Africa has coal and platinum reserves; the Democratic Republic of the Congo and Zambia have copper and cobalt; Gabon has vast reserves of manganese. In addition to the privileged partnerships, China is very active in Guinea because of its huge deposits of aluminium

48 | Heinrich and Truong, n. 47.

49 | Edinger and Schaefer, n. 28, 32.

50 | Jahn, n. 33.

51 | Edinger and Schaefer, n. 28, 32.

52 | Jahn, n. 33.

and iron ore.⁵³ Major projects combining infrastructure initiatives with the extraction of raw materials are underway in several countries, including Angola and the Democratic Republic of the Congo. However, the contract signed with the Congolese government has proven to be very detrimental for the country. It is hard to say what persuaded the government to sign such an agreement – perhaps it came down to short-termism, a corrupt system or a belief that the terms of the agreements would not be observed.⁵⁴



The Tamale Stadium in Ghana has been financed with Chinese development funds. | Source: Hiyori13 / flickr (CC BY-SA).

The most controversial case involving China's African policies over recent years is that of Sudan. Here China gained control of one of the few oil reserves that had not yet been divided up among Western companies. The People's Republic decided to get actively involved in the Sudan conflict in order to safeguard its oil supplies.⁵⁵ It supplied arms to Khartoum and later gave support to a mixed UN peacekeeping force from the African Union. China has also given military assistance to openly authoritarian or dictatorial regimes such as those in Equatorial Guinea, Angola and Zimbabwe. So in this area, China's African policy has two faces: on the one hand, China has supplied arms and has repeatedly blocked UN Security Council sanctions against Sudan and Zimbabwe. On the other hand, it has sent 1,400 soldiers to join UN peacekeeping missions.

53 | Ibid.

54 | Asche, n. 35, 124.

55 | Seifert, n. 45, 27.

China has attracted further criticism for its disregard of environmental and social standards. An obvious example of this is a Chinese consortium's investment in the Merowe dam in Sudan, which has come under fire due to forced resettlements and environmental issues.⁵⁶ China is particularly negligent when it comes to complying with regulations in the forestry and mining industries. There are constant reports of poor working conditions and low wages at copper mines that are under Chinese ownership.⁵⁷

To sum up, China has created for itself an image as a "mover and shaker" in Africa. Its projects are often highly visible (such as buildings for the African Union and rail projects).⁵⁸ In contrast, Western development cooperation is often slower, more expensive and less visible. It is, however, generally of better quality, carried out in a more participative fashion and at least always tries to encourage development. Promoting democracy, human rights and good governance costs time and is less visible than projects in the areas of infrastructure and industry. According to surveys, the majority of Africans have a positive attitude towards universal democracy and human rights.⁵⁹ In their development policies, the DAC donor countries both demand and promote these values alongside economic development, whereas the Chinese view is that political co-determination should follow in the wake of economic development – if at all.⁶⁰ These two differing views emerge very clearly during dialogue with China. With its African policy, China is also clearly pursuing geostrategic interests with regard to the strength of the African vote in the UN General Assembly, something that China would like to turn to its advantage.

Promoting democracy, human rights and good governance costs time and is less visible than projects in the areas of infrastructure and industry.

56 | "Riesiger Stausee bedroht Schätze", *Die Welt*, 29 Mar 2007, <http://welt.de/wissenschaft/article783456/Riesiger-Stausee-bedroht-Schaetze.html> (accessed 28 Nov 2012).

57 | Asche and Schüller, n. 46, 61.

58 | Asche, n. 35, 127.

59 | *Ibid.*, 132.

60 | Asche (n. 35, 132) notes the following: experiences in Asia have been affected by China and the economic breakthrough of East Asia's five new industrialised nations (Japan, South Korea, Singapore, Hong Kong under British rule, and of course China). Some of these nations were built under authoritarian regimes. When democracy came (if at all), it was a result of economic modernisation and pressure from within.

PROSPECTS FOR THE FUTURE OF DEVELOPMENT COOPERATION

Many African governments gain a direct benefit from China's involvement, as it allows them to push ahead with economic programmes that would otherwise not be possible.

Chinese involvement has attracted its share of criticism from opposition parties and particularly from trade unions.

Dictators and forward-looking governments alike benefit from China's engagement.⁶¹ However, Chinese involvement has attracted its share of criticism from opposition parties and particularly from trade unions. But with the possible exception of South Africa, none of the African countries has a China strategy, nor do they have a clear idea of how to deal with this new player. Likewise, the USA and Europe lack a coherent plan for how to handle China's new influence in Africa.⁶² In a speech at the China-Africa summit on 20 July 2012, South African President Jacob Zuma argued that lessons had been learned from Africa's economic relations with Europe. He said that the mistakes of the colonial era must not be repeated, as unequal trading relations – also with China – are not sustainable in the long run. Zuma advised African governments to work to ensure that China not only extracts raw materials but also invests more heavily in the processing industries.⁶³ Africa's own capacity must be encouraged if it is to gain a lasting benefit from Chinese value creation. This particularly applies to negotiations between China and African governments and regional bodies. Additionally, profits from cooperation projects with China, particularly in the area of raw materials extraction and land investments, must be used to benefit the whole population. Local food security and water supplies must be safeguarded when major investments are made in the agricultural sector. It would be advisable to draw up regional codes of conduct and a set of investment guidelines for negotiations with investors. These should be applied consistently to all the actors involved.⁶⁴ Other

61 | Ibid., 134.

62 | Ibid., 132.

63 | Jane Perlez, "With \$20 Billion Loan Pledge, China Strengthens Its Ties to African Nations", *The New York Times*, 19 Jul 2012, <http://nytimes.com/2012/07/20/world/asia/china-pledges-20-billion-in-loans-to-african-nations.html> (accessed 28 Nov 2012).

64 | Elizabeth Sidiropoulos, *Rising Powers, South-South Cooperation and Africa*, South African Institute for International Affairs, Policy Briefing 47, 03/2012.

equally important issues include the involvement of the local workforce, investment in local industry and greater transparency in Chinese activities. Local actors must be more involved in Chinese cooperation initiatives, particularly civil society, as it has a keen instinct for the negative consequences of foreign investment.

In future it seems likely that China will face up to African criticisms in a more open fashion. Pressure to instigate reforms is being applied by peer reviews from other African countries, and the number of humanitarian operations under African leadership is growing. In this way, the principle of non-interference is softening. With protests and incidents in Chinese factories and mines becoming more frequent, it is likely that out of sheer self-preservation China will take more lasting responsibility in this area. Since it began its operations in Africa, China has learned a great deal about local customs. It now pays greater attention to how it is perceived in Africa and how it handles environmental and social regulations.⁶⁵ At the same time, there are many state-backed, parastatal and private Chinese actors in Africa that are certainly not all following a central master plan and not all under the control of the Chinese government. This has led to a very diverse African policy that is not free of contradictions.

In Germany, perceptions are generally critical: "Politicians and sections of German business are afraid that political alliances forged through decades of dearly-bought development cooperation and African export markets for German goods will simply collapse."⁶⁶ However, an increase in Africa's technological development thanks to the involvement of new actors could be an advantage for German business as it could boost demand for German expertise and technology.⁶⁷ Compared to Chinese companies, German firms generally set high standards in terms of quality, the environment and social issues. Of course, African countries have their choice of alternative partners who are often able to set projects in motion much more quickly. But it seems likely that there will always be

It seems likely that there will always be a niche for German companies, particularly in areas such as building supervision and quality inspection, perhaps as part of Chinese projects.

65 | Edinger and Schaefer, n. 28, 34.

66 | Andreas Wenzel, "Wer hat Angst vorm Roten Drachen?", *Afrikapost*, Mar 2012, 35.

67 | Cf. *ibid.*

a niche for German companies, particularly in areas such as building supervision and quality inspection, perhaps as part of Chinese projects. Nevertheless, in comparison to China, there is a general reticence on the part of German businesses to get involved in the African market.

CONCLUSION

In many respects, the African policy of China, India and Brazil is similar to that of the West, but there are still some fundamental differences. It is clear that these three emerging nations have driven development in Africa, with some benefits for the local population. The criticisms mentioned, such as interference in conflicts, lack of adherence to environmental and social standards and disregard for democracy and human rights do not only apply to these three countries. Such criticisms could also be levelled at many traditional donors over the last six decades of development cooperation on the African continent. Africa should have learned from its experiences with these traditional donors and now be in a better position to stand up to the three new countries and clearly articulate their own interests and that of their people. The involvement of the three emerging nations represents a great opportunity. Many African countries have become attractive to investors thanks to their rates of economic growth. It is in their interests to learn from the mistakes made in their dealings with traditional donors and to take advantage of the increased engagement on the part of emerging nations in order to drive forward their development.

The influence of Official Development Assistance (and hence the influence of conditionality) on development in Africa will start to dwindle in relative terms. At the same time, as African civil society becomes stronger, it will begin to put the new actors, and particularly China, under greater pressure to act more responsibly. Western donor countries would be well advised to set conditions in areas where they have the greatest leverage. Conversely, they should not be afraid of formulating economic and foreign trade policies that are interest-led, while still respecting standards and promoting diverse investments in Africa that have long-term benefits for both sides. As African countries become more developed, they will require fewer aid payments and

more direct investment. Up to 30 per cent of the national finances of some African countries are still dependent on aid payments, but this figure begins to drop once countries show steady growth. This trend is reflected in the business-oriented approach of the South-South cooperation. In face of the increased involvement of the emerging nations, their African partners in politics and civil society need to become stronger, so they can make informed decisions in accordance with their national development strategies about the kind of international assistance they need, the partnerships they seek to enter into, and the particular conditions of these partnerships.