

## **Chapter One**

### **Introduction**

#### **1.1 Background to the Study**

The rise of China as a key economic player on the world stage is perhaps the most single important shift that has taken place in the international system since the end of the Cold War<sup>1</sup>. The economic reforms initiated in the late 1970s by Deng Xiaoping, led to over four decades of sustained two-digit economic growth, which transformed a rural country into the second largest economy in the world<sup>2</sup>. In Africa, Chinese activity is increasing at an exponential rate<sup>3</sup>. The China-Africa Business Council posits that, China is now Africa's most important trading partner, ahead of the United Kingdom and France and surpassed the United States since 2009<sup>4</sup>.

Indeed, the ever increasing rapport between Africa and China is attracting the interest of many and is becoming the main topic of interest in respect of Africa's international relations<sup>5</sup>. In 1999 the value of China's trade with Africa was \$2 billion; by 2004 this had grown to \$29.6 billion and in 2005 reached \$39.7 billion and by 2018 it was 185 billion – a staggering increase of 30 billion from the previous year, 2017 which stood at 155 billion<sup>6</sup>. In 2019 it grew to 208.7 billion<sup>7</sup>. This trend, according to China Africa Research Initiative will continue and with possibility that trade volume between China and Africa will top the \$300 billion mark by the end of the year 2024<sup>8</sup>.

On a whole China-African relations in recent time had become more encompassing as it includes trades, sociocultural, diplomatic and strategic issues. In order to harness closer rapport, China has in recent time initiated moves by creating bodies that can help to cement closer ties between the two regions. In year 2000, the Forum on China-Africa Cooperation was established by China as a mechanism for reaching out to its African counterparts. The mandate given to FOCAC is to serve as official mechanism to

promote diplomatic, trade, security and investment relations between China and African countries. It also provides the integrated framework governing Chinese African relations, buttressing and institutionalizing support for Chinese companies that have become the new economic vanguard of China's diplomatic thrust into the continent. The hosting by China, of the first China-Africa Consultative Forum (CACF) in Beijing in October 2000, gave grist to China new policy of vibrant engagement with Africa on a number of multilateral levels. Considering the powerful entrenched Western interests it faced in Africa, Beijing had to offer a unique package of economic, political and security inducements to fast track its entry into key natural resource producing regions of the continent.

Among others FOCAC targets include;

1. Debt relief
2. Participation in peace-keeping
3. Cheap loans linked to infrastructure development
4. Support for Africa in global forums such as the United Nations (UN), World Trade Organization (WTO), International Monetary Fund (IMF) and the World Bank
5. Competitive military deals
6. Collaborative projects on "traditional medicines"
7. Political "non-interference" in the internal policies of African countries
8. The promotion of "south-south linkages
9. The establishment of parallel funding agencies to institutions such as the IMF and World Bank<sup>9</sup>.

FOCAC reflects the key tenets of the Five Principles of Peaceful Coexistence which guide China's foreign policy objectives. The process is expected to promote political

dialogue and economic development as well as prosperity framed squarely on a one-China ideology. FOCAC first ministerial Conference was held in Beijing from 10 to 12 October 2000, and it is scheduled to be holding every three (3) years. FOCAC as a body is consists of all African states except e-Swatini (formally Swaziland) which still maintain diplomatic relations with Republic of China (ROC/Taiwan). There have been however, eight summits held to date, with the most recent having occurred from November 29 to 30, 2021 in Dakar Senegal<sup>10</sup>.

In the same vein, the Belt and Road Initiative (BRI) – a strategy initiated by the People’s Republic of China to connect Asia with Africa and Europe through land and maritime networks was established. The aim of Belt and Road Initiative (BRI) is to improve regional integration, increasing trade and stimulate economic growth. Practically, the BRI is aimed at improving connectivity between China and more than seventy countries through infrastructure investment and regional cooperation<sup>11</sup>. The “Going Out strategy” as introduced by Jiang Zemin in mid-1990s, and its endorsement by Hu Jintao and Xi Jinping administration was a core policy that explained the People’s Republic of China vibrant engagement with Africa<sup>12</sup>.

This policy position was also made possible as a result of the country’s exceptionally robust economic growth over the past twenty years that stimulated a huge upsurge in its demand for resources of all kind including oil. For instance between 1995 and 2005 China’s oil consumption doubled to 6.8 million barrels per day.<sup>13</sup> By 2019 the consumption stood at 14.1 million barrels per day, compared to the United States 19.4 million barrel per day for the same year<sup>14</sup>. No doubt, it seems the recent Sino-African rapport is driven by a desire to obtain sources of raw materials and energy for China’s continuing economic growth and open up new export markets, however, it should be

pointed out that, if well harnessed Chinese engagement in Africa will bring great benefits to the people of the continent.

In recent time, China is actively seeking resources of every kind: copper, bauxite, uranium, aluminum, manganese and iron ore, among others, are all being sought out acquisitively by Beijing. Africa abounds in natural resources and is sometimes referred to as the “world’s treasure trove of resources”<sup>15</sup>. Also, the continent has sufficient inhabitants of working-age to drive the continent’s economy. However, in spite of the swift headway in urbanization, poor infrastructure is one of the main problems hindering the continent’s development. To accelerate domestic socio-economic development, there is an insatiable demand for additional and better infrastructure, with most of the financing coming from outside the continent.

In 2015, the total infrastructure needs of Africa reached US\$83.4 billion of which US\$20.9 billion came from the People’s Republic of China alone<sup>16</sup>. In order to sustain the new rapport and make it “a win-win” relations between the two regions, China came up with the idea of resource for infrastructure or barter agreement – a system of exchanging what you have to get what you need. Resource for infrastructure is not entirely new. Japan was the first to pioneer the model in China in the early 1970s. The rapidly industrializing Japanese economy needed Chinese oil, minerals and other raw materials. China, one of the poorest countries at the time could not afford to build basic infrastructure that was in dire need to jump start the economy.

Today many African countries are facing the same dilemma. Like China, Africa is blessed with natural resources of all kinds which largely still remain untapped and underdeveloped. Hence, resource for infrastructure formula as introduced by China was a welcome development. In the republic of Congo, oil is used to reimburse the costs of the Imboulu hydropower project; in Tanzania, cashew nuts are used to pay for spare

parts; Sierra Leone secures its loan by exporting coffee and cocoa; Zimbabwe exports tobacco for rural electrification. In extension, several other credit lines arranged along the similar structure to that of China have been extended by other nations. Spain in 2007 offered US\$600 million in construction aid<sup>17</sup>.

London private banking institutions (Dutch, British, France, and later South Africa) used the formula in financing the development of specific mining schemes in Africa (for instance, Golden Pride gold mine in Tanzania and Lumwana copper mine in Zambia)<sup>18</sup>. In early 2000, China introduced the resource for infrastructure to Angola where a \$2bn deal was struck. At the time, this was considered groundbreaking for its size and its ability to bring vast amounts of capital to build badly – needed roads, bridges and other dilapidated infrastructure in Angola due to just ended civil war. “Angola Model” as this resource for infrastructure type later came to be called, was considered the best approach to solve developing countries infrastructure problem. Not only that, it was seen by many as a best example of South – South cooperation, which safeguard the interest of both the donor (China) and recipient (Angola) with “win-win” mantra<sup>19</sup>.

Despite the initial euphoria that greeted the new approach to solve Angola infrastructure deficit and the Chinese to diversifying their oil supply through “the Angola Model”, problems soon emerged that really fundamentally undermined this new development model in Africa. According to one literature, the key problems were of twofold: Angola was selling so much oil to the Chinese in exchange for infrastructure that wasn’t selling it for cash on the open market. Since Angola doesn’t really sell much else, it wasn’t able to generate enough actual money to circulate in the economy and that triggered a massive spike in inflation.

As part of the deal between the Chinese and Angolans, they fixed the price of oil.

Although that works in Angola favour when oil prices are high, \$100 a barrel, but not so much when a financial crash comes like the one in 2008 and the price of oil collapsed by half. The Angolans, bound by a contract, are forced to borrow money to make up the difference to repay the Chinese for the two billion dollars of infrastructure that was in the initial agreement. This eventually led to a burgeoning debt problem<sup>20</sup>.

By the mid-2010s, 'Angola Model' version of Resource for Infrastructure (RFI) had spread across Africa as part of the Chinese building boom that are still underway today. But not too long, stakeholders on both sides of these deals have become increasingly nervous about the viability of the 'Angola Model' kind of barter arrangement. For the fact that the Chinese are unlike the West that always wanted certain condition met before going into agreement with African states, many projects were being built that did not make a lot of sense. So also, the Chinese were no longer as dependent on African resources as their Belt and Road Initiative took shape and across Africa, concerns mounted about the long-term financial implications of the "Angola Model" arrangement. One insider with firsthand RFI negotiating experience observed that "everyone knew there was a problem, but didn't know how to solve it"

The urgent need to find a new financing mechanism became more intensified when the United States government started to accuse the Chinese of engaging in a form of "predatory lending" in Africa. First of this accusation was during the Barrack Obama led administration, and which also continue even after Obama left office and a new American administration took over. Despite President Donald Trump personal admiration of his Chinese counterpart, Xi Jinping, his administration firmly regard the Chinese government as a strategic rival and labelled China engagement as "debt trap", not just in Africa but around the world.

Chinese uses so-called "debt trap diplomacy" to expand its influence. Today, China is

offering hundreds of billions of dollars in infrastructure loans to governments from Asia to Africa to Europe to even Latin America. Yet the terms of those loans are opaque at best, and the benefits flow overwhelmingly to Beijing”<sup>21</sup>. The U.S. has been so effective at labeling the Chinese as “predatory lenders” that it’s now taken as a given by a large number of scholars and analysts and also evolved into a popular, enduring meme on social media. The U.S. efforts to brand the Chinese financing model as a “debt trap” has, so far, been unable to shake-off.

With the “Angola Model” barter arrangement running into problem, Chinese think tanks and policymakers came up with a new financing model that would address the problems that bedeviled the “Angola Model” of RFI mechanism. Although there’s been no official pronouncement by the government on any change in their approach to resource and infrastructure financing in Africa, some scholars have started to call the new method as “The China-African Swap”<sup>22</sup>.

The swap formula was introduced to permit African leaders to leverage their resource wealth as collateral to access credit at a manageable interest rate as well as a viable reimbursement option, the formula frees both China and African nations from higher transition costs of having to do conversions into dollars. In one literature, the Executive Director of the Center for Nigerian Studies at the Institute of African Studies at Zhejiang Normal University, explained that the new Swap formula marks a radical departure from the traditional resource for infrastructure (RFI) model by incorporating more private investors and spreading the risk so both the Chinese creditor and African borrower both effectively have a financial stake in the deal. “It involves a package in which a government grants a resource development production license to a private investor,” said Ehizuelen. “And the government receives funding for infrastructure connected to the resources,” he concluded<sup>23</sup>.

The “China-Africa Swap” model differs from the traditional RFI that has been used so widely in Africa, as it provides loans in advance for African nation’s development projects at a completely fixed price for the settled supply of resources. The Sino-Africa swap formula pact is a step away from the “Angola Model” and other traditional resource for infrastructure arrangements between Africa and China. Basically, the swap formula is something of a fixed interest rate pact- the risk being on whether the agreed price of the resources soars or declines against that benchmark. The formula removes this uncertainty for African borrowing nations and provides a shift around the loan and price volatility risks in the process. It can be said that the formula is a type of novel fixed interest rate development loan – the kind where payment is in the form of a fixed price commodity. Also, the swap formula acts as an effective agency of restraint on the part of the African government and mitigate the threat of corruption. Finally, the formula permits African governments to invest in public works nowadays, paying for them with future exports.

Infrastructure is the set of fundamental facilities and systems serving a country, city, or other area, including the services and facilities necessary for its economy to function. Infrastructure is composed of public and private physical structures such as roads, railways, bridges, tunnels, water supply, sewers, electrical grids, and telecommunications (including internet connectivity and broadband access). In general, infrastructure has been defined as “the physical components of interrelated systems providing commodities and services essential to enable, sustain, or enhance societal living conditions” Infrastructure connects households across metropolitan areas to higher quality opportunities for employment, healthcare and education<sup>24</sup>.

Infrastructure development is a vital component in encouraging a country's economic growth. Infrastructure not only enhances the efficiency of production, transportation, and communication but it also helps provide economic incentives to public sector participants.

Resource for infrastructure (RFI) deals refer to those in which loans for infrastructure development are repaid with natural resources. On one hand, resource for infrastructure deals have been criticized for not providing fair deal for the host country, but on the other hand, it is recognized that they enable the financing and development of infrastructure that African countries critically need.

On the part of African nations, the dire need of infrastructure can never be over-emphasized. Infrastructure is sine qua non to development. As a matter of fact the continent is already on infrastructure deficit of about 150 billion dollars. Out of this amount, aid from OECD has provided about 15 billion dollar from 2010 to 2015. The People's Republic of China, through state owned enterprises (SOEs) concessional loan and other assistance gave 60 billion dollars<sup>25</sup>.

As pointed out earlier, the readiness of China to support African nation's infrastructure development has attracted criticism from certain quarters. According to one literature, critics of China engagement in Africa are categorized into three, the "Sino-optimism", "Sino-pragmatism", and "Sino-pessimism". On the one hand, are the "Sino-pessimists," who see China as exploitative, which is not only already soaking up the continent's resources so as to fuel its own speedy industrialization, but is bound to destroy the continent's development potential in the process as well. On the other hand, there are "Sino-optimists," who perceive China as the ultimate saviour, able or willing to 'develop' Africa. Between the two divergent views are those sitting on the fence for the time being: the "Sino-pragmatists," who, although less sanguine about the potential

result of China-Africa cooperation, are willing to reserve judgment until the dust settles<sup>26</sup>.

However, the emphasis is that the two arguments become critical in this study, where the optimists view and the pessimists view take into consideration. In extension, some analysts argue that many African nations have significant untapped natural resources and are witnessing a donor race to gain access to these resources as such this desire for resource security is the main driver for Chinese aid and investment in Africa<sup>27</sup>. For example, the NYU Wagner School Study concluded that “China’s foreign aid is driven primarily by the need for natural resources”<sup>28</sup>. Also, the World Bank report concluded that “most Chinese government-financed projects in Sub-Saharan Africa are ultimately aimed at securing a flow of Sub-Saharan Africa’s natural resources for export to China”<sup>29</sup>.

Some claim that with China projected to account for 25 percent of global energy consumption by 2035, Beijing’s investment in Africa is unsurprisingly motivated by resource extraction<sup>31</sup>. Of the total US\$83.01 billion China invested in Africa between 2005 and 2017, 40.3 percent was invested in metals and 33.4 percent into energy<sup>32</sup>. The Democratic Republic of Congo, South Africa, Nigeria, Egypt, and Niger were the five largest recipients of these investments, making up 49.1 percent of China’s total regional foreign direct investment (FDI). Natural resources contract made up four out of the five largest investment deals – US\$4.9 and US\$4.21 billion deals in Niger and Mozambique in 2008 and 2013 by CNPC, respectively, a US\$3.1 billion deal in Egypt in 2013 signed by Sinopec, and a US\$2.7 billion deal in Tanzania signed by Sichuan Hanlong in 2015<sup>33</sup>. Nevertheless, most of these claims are debated.

This notwithstanding, Africa countries inability to pay for all these much needed infrastructure encourage the idea of resource for infrastructure loan deals introduced by

China to its African partners. Resource for infrastructure has been given different names by both scholars and statesmen alike. “Angola Model”, “Swap formula”, “Barter agreement” to mention a few, is a new form of funding infrastructure that has been generated in nations that are wealthy in natural resources –typically hydrocarbons or metal ore – but poor in the infrastructure needed for a growing economy. In simpler term resource for infrastructure (FRI) is the exchange or use of resources such as oil and other valuable metals in payment for projects such as road building, dam construction, electrification projects and transportation facility, etc. that is much needed by the resource rich African countries.

The growing alliance between China and Africa was more a necessity for both sides. Chinas growing industry resulted in a rapidly expanding and seemingly inexhaustible demand for resources<sup>34</sup>. Africa on the other hand as a continent is blessed with numerous natural resources that remain largely untapped due to non-availability of infrastructure. In 1995, China leadership under Jiang Zemin pushed the pace of economic growth even faster. Under Jiang Zemin, China pushed broad reforms with confidence. Zemin declared to Chinese entrepreneurs “Go Out”- encouraging Chinese businessmen to conquer world markets<sup>35</sup>.

In the late 1990s, Chinese bids were heavily supported by the government and local embassies, with government owned EXIM bank of China (China Export and Import Bank) providing needed finances at low rates<sup>36</sup>. The advantages provided by the PRC allowed Chinese enterprises to win many bids on the world market, including Africa. This period marked a change in China-African relations due to a sudden boom in economic and commercial relations between the two regions. In spite of this new development however, Chinese and African diplomacy continued to be seen through

the image of the past ideological period; the shared history of victimization at the hands of 19<sup>th</sup> century Westerners and the common fight for autonomy and independence.

To those, China added the fight toward progress in a world unfairly dominated by western powers. It is worth noting that in Africa today, strongly government-backed Chinese companies are equally or more successful than many western companies. The assertion – foreign policy is nothing but a continuation of domestic policy is truer in the case of China relations with her external environment. From 1949 to 1979, China's top priority in Africa was clearly political. In the 1950s and early 1960s, China wanted to rally broad international support to penetrate the isolation imposed by the Soviet Union and the United States. The goal became more radical during the Cultural Revolution, when China attempted to promote revolutions in Africa<sup>37</sup>.

Under that overarching political priority, economic considerations and cost-benefit analyses were subordinated to political needs. Beijing provided massive unilateral economic aid to Africa in exchange for political favors rather than for reciprocal economic benefits. This strategy led to temporary political gains and fostered a sense of affinity that endures between both regions. In economic terms, these policies were less rational. However, 40 years into reform and opening up, China's Africa policy is believed to have changed. Deng Xiaoping, the famous Chinese leader says "the center of China's policies in the era of reform should be focused on economic development, and its foreign policy should serve the central economic task of creating a sound international environment for such development."<sup>38</sup>.

This doctrine has been followed and carried out by the third, fourth and fifth generations of Chinese leaders, such as the introduction of the "Going Out strategy" by Jiang Zemin, and its endorsement by Hu Jintao and Xi Jinping. For African countries, the key implication is that first and foremost, China's relationship with them must serve

China's domestic economic development agenda through the "mutual complementarity of their economies, "and for the fact that China, unlike the Western world are less concerned about the political situation of "the host" states explains why China is welcome and also succeeding in Africa<sup>39</sup>.

As expected, the Chinese policy of non-interference has not gone unnoticed as it has attracted the attentions of many, mostly liberal scholars and those sympathetic to the Western world. African elites were more at home with the no string attached posture of Chinese diplomacy in Africa due to the fact that most of them lack legitimacy and were in most cases disconnected with the masses<sup>40</sup>. This, to Snow made most African leaders prefer dealing with China than Western world which always wanted certain condition met.

## **1.2 Statement of the Problem**

In its long history, Africa has served the global ambitions of many foreigners. Forbes international is of the view that in the time past, foreigners have reached out to Africa as missionaries, financiers, and infrastructure builders. Many believe that China's primary goal with foreign investments is geopolitical, not economic. They observed that most consequential investments are undertaken by state- owned companies (SOEs), not by Chinese private capital. China state-owned companies (SOEs) tend to focus on infrastructure like highways, ports and dams, and on public networks like the electrical grid, which is something many African countries desperately need in their bid to develop their economies.

China is accused of establishing colonial relations with Africa by importing the continent's raw materials while exporting value-added finished products. Chinese companies are also accused of engaging in all-out competition with African countries in third markets such as the European Union. The Chinese conglomerates are also blamed

for the shoddy workmanship of African infrastructure, the mediocre quality of traded goods, and the fact that their workforce is recruited from China and poorly paid. The profits made by Chinese entrepreneurs are also seldom reinvested locally. Beijing is accused of granting financial aid in a cavalier fashion without any concern for the solvency of its debtors.

It is also a publicly expressed concern that China's activity is a contributing factor in the indebtedness of African states. The German Finance Minister remarked that "We note that China has a growing interest in African resources" which is leading it "to start all over again the very thing we were hoping to put an end to with our debt reduction program, namely, the over indebtedness of African countries". A scholar is also of the view that Chinese investments help to bind countries to China politically, and through debt obligations and as a result, it would create a form of leverage that China can use to force these countries to support Chinese ambitions globally.

Throughout Africa, Chinese companies are occupied in building hospitals, dams, government offices and stadiums and refurbishing facilities abandoned by western companies. In addition, China's demand for energy resources has inflated prices, bringing a windfall to African states' income. Partly as a result of China's interest in Africa, the continent's growth rate has increased. The major preoccupation of this research is that it interrogates China's resource for infrastructure deals in Africa in its various forms: the Angola Model, Swap formula or Belt and Road Initiative (BRI) and other forms of barter agreements as development cooperation between China and sub-Saharan Africa; identifying their strengths and weaknesses in meeting the needs of both the donor (China) nation and the recipients (Africa) nations. In other words the work examines China resource for infrastructure deals and its implications for China - Africa relations. While China sees all these as win-win strategy between her and Africa, many

in the West have condemned and labeled China as practicing “debt-trap diplomacy in Africa, and others simply see China as Africa new colonizer.

### **1.3 Aim and Objectives of the Study**

The primary aim of this study is to undertake a comprehensive analysis of the key features and patterns of the past, current and future evolution of the resource for infrastructure deals between China and sub-Saharan African countries particularly Nigeria and Angola and establish if the relationship is exploitative or collaborative. Specifically, the objectives of the study include:

- i. Identifying and analyzing various forms of Chinas Resource for Infrastructure (RFI) deals in sub-Saharan Africa (SSA) in general and Nigeria and Angola in particular.
- ii. Identifying the strengths and weaknesses of resource for infrastructure (RFI) deals in meeting the needs of both the donor (China) nation and the recipients (Africa) nations.
- iii. Articulating and analyzing governments’ policies in the study areas in response to the overall development strategies to maximize the gains of resource for infrastructure deals (RFI) with China.
- iv. Attempt a comparative analysis of resource for infrastructure deal, with other similar deals like concession deals between Africa and China. Also, to analyse the nature of the contemporary relationship between Africa and China, and establish if the relationship is exploitative or collaborative.

### **1.4 Research Questions**

This study therefore provide answers to the following questions

- i. What are the various forms of resource for infrastructure (RFI) deals signed

- between China and Sub-Saharan Africa, particularly in Nigeria and Angola?
- ii. What are the strengths and weaknesses of resource for infrastructure (RFI) deals in meeting the needs of China (donor) and sub-Saharan Africa countries (recipient)?
  - iii. How Nigeria and Angola government's policy responses to maximize gains of resource for infrastructure (RFI) deals with China?
  - iv. What is the relationship between resource for infrastructure (RFI) deals and other concession loans, and what is the nature of contemporary Africa –China relations, is it exploitative or collaborative?

### **1.5 Significance of the Study**

Practically, this study will be a valuable resource for policy makers and practitioners investigating China-Africa relations, and for those interested in China's economic diplomacy and foreign policy. This study will also enhance our historical knowledge of the diplomatic and economic relations between China and Africa especially in the areas of trade, politics and infrastructural development.

Also, this study is to unveil the contemporary importance of China-Africa relations relating the situation with their diplomatic and economic ties. Africa had traditional development partners mainly from Europe and the Americas (U.S.A and Canada). They dominated trade, investment (in terms of foreign direct investment, FDI) and grants and financial as well as technical aid to Africa. These were governed by various bilateral and regional agreements that exist between these countries and Africa. Although Africa and these countries have come a long way in their relationship, it is arguable if such has in any significant way assisted the continent in its quest for development most especially in the area of infrastructure building. The relationship appears to be exploitative at least from the trend in the structure and pattern of trade and FDI inflow

to the continent. Researches show that more than 70 billion dollar outflow to the West from Africa each year – a major contributing factor to the impoverished state of the people of the continent.

More so, China says its trade and capital comes with no strings attached and African countries seem to welcome that. The West however concluded that China used this strategy against Africans, majority of Africans insist that the Chinese had raised themselves from third world country to be one of the world powers after the death of Mao Zedong in 1976, therefore, China could help raise Africa from economic stagnation and underdevelopment. Finally to find out to what extent is China different from other exploitative powers. The research will contribute to the existing literatures as regard China-Africa relations. The study also examines the importance of China's contemporary presence in Africa and how these diplomatic and economic relationship is an opportunity for Africa in her quest for infrastructure (economic) development. It is hoped that the investigation will lay to rest arguments that propagate a win-lose situation rather than a win-win approach. Significantly, the study is intended to contribute to the knowledge on China's diplomacy in Africa in general and Nigeria and Angola in particular.

### **1.6 Scope of the Study**

The scope of this study covers an extensive examination of Chinese resource for infrastructure loans in the continent of Africa with particular emphasis on Nigeria and Angola. The period covered by the study is between the years 2000, up to 2018 (18 years) before the outbreak of COVID-19. FOCAC, the Chinese governments' official body for Sino-African relations was established in the year 2000. Also, reasons behind using Nigeria and Angola as pilot countries is because the two countries represent two of the largest China's partners in sub-Saharan Africa with common characteristics.

These characteristics are in the areas of culture, colonial experience, economic and political history. Culturally, states in sub-Saharan Africa share similar cultural experience being Black Africans. Also, they all share same European colonial experience that was exploitative and repressive. Economically, both are underdeveloped and relied heavily on revenue generated from resources exploration. Politically, civil conflicts are common place within states in the region. More importantly, the political institutions in both countries are very weak, while the political class in the two nations are very corrupt. These characteristics make them a perfect trading companion of China with authoritarian political system and also ranks as a developing country.

### **1.7 Limitations to the Study**

Research in most cases are limited in terms of the sample and sampling techniques and method of data collections. The limitations to this research is in form of gathering of data and the reliability of the data collected. Also, the availability of these research papers and policy reports is another limitation of this research but nevertheless, the research was able to scale through all hurdles and come up with a robust research on the work.

### **1.8 Operational Definition of Key Terms**

**Angola Model** is defined as bartering natural resources for large-scale infrastructure projects. The agreement reflects the idea of cooperation and a win-win relationship between the two nations involved (China and Angola). Angola Model is seen as a foreign policy instrument for both parties since the idea fulfill interests of the Angolan and the Chinese parties.

**Barter Agreement** is an act of trading goods or services between two or more parties without the use of money (or a monetary medium, such as a credit card). In essence

bartering involves the provision of one good or service by one party in return for another good or service from another party.

**Belt and Road Initiative** the BRI focus on investments in Africa, which will include co-investments in infrastructure, technology, eCommerce, artificial intelligence (AI) and the beneficiation of the resource industry in Africa.

**Debt-Trap Diplomacy** is a theory to describe a powerful lending country or institution seeking to saddle a borrowing nation with enormous debt so as to increase its leverage over it. The term ‘debt-trap diplomacy’ was introduced by Indian scholar Brahma Chellaney in early 2017 and has been widely used in recent years to allege China’s lending policies.

**FDI (Foreign Direct Investment)** is an investment in the form of a controlling ownership in a business in one country by an entity based in another country.

**Ghana Mode** is bilateral agreement signed between China and Ghana in which China is to finance \$2 billion worth of rail, road and bridge networks, and in exchange, China will be granted access to 5% of Ghana’s bauxite reserves.

**ODA (Official Development Assistance)** is defined as government aid designed to promote the economic development and welfare of developing countries.

**One Belt One Road (OBOR)** the brainchild of Chinese President Xi Jinping, is an ambitious economic development and commercial project that focuses on improving connectivity and cooperation among multiple countries spread across the continents of Africa, Asia, and Europe.

**One-China Policy** is a policy asserting that there is only one sovereign state under the name China, as opposed to the idea that there are two states, the People’s Republic of China (P.R.C.) and the Republic of China (R.O.C.)

**R.F.I.** acronym for Resource for Infrastructure

**R.F.I. deals** – is a type of arrangements that generate upfront infrastructure investments that are to be repaid via future resource extraction revenues

**Swap Formula** refers to an exchange of one financial instrument for another between the parties concerned. This exchange takes place at a predetermined time, as specified in the contract. Swap can be used to hedge risk of various kinds which include interest rate risk and currency risk.

**S.O.E. (state owned enterprise) or government – owned enterprise** is a business enterprise where the government or state has significant control through full, majority, or significant minority ownership.

## Endnotes

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## Chapter Two

### Literature Review

#### 2.1 Conceptual Review

##### 2.1.1 Resource

Dictionary of Environment and Conservation defined resource as a supply of something that a country, an organization or a person has and can use, especially to increase their wealth, the exploitation of minerals and other natural resources<sup>1</sup>. A resource is something that can be used for making profits or benefits, whether that be a source, supply, or support. Resources are often natural sources of wealth or features to improve quality of life<sup>2</sup>. Generally speaking resource refers to all the materials available in our environment which help us to satisfy our needs and wants.

Resources can broadly be classified upon their availability – they are classified into renewable and non-renewable resources. A renewable resource, also known as a flow resource, is a natural resource which will replenish to replace the portion depleted by usage and consumption, either through natural reproduction or other recurring processes in a finite amount of time in a human time scale. A scholar sees renewable resources as the total range of living organisms providing man with life, fibre<sup>3</sup>. Another type of renewable resources is renewable energy resources. Common sources of

renewable energy include solar, geothermal and wind power, which are all categorized as renewable resources. Fresh water is an example of renewable resources.

A non-renewable resource, also called a finite resource is a natural resource that cannot be readily replaced by natural means at a pace quick enough to keep up with consumption. An example is carbon-based fossil fuels. The original organic matter, with the aid of heat and pressure, becomes a fuel such as oil or gas. Earth minerals and metal ores, fossil fuels (coal, petroleum, and natural gas) are all considered non-renewable resources. The benefits of resource utilization may include increased wealth, proper functioning of a system, or enhanced well-being. From a human perspective, a natural resource is anything obtained from the environment to satisfy human needs and wants. From a broader biological or ecological perspective, a resource satisfies the needs of a living organism<sup>4</sup>.

The concept of resources has been developed across many established areas of work, in economics, biology and ecology, computer science, management, and human resources to mention but a few. In economics a resource is defined as a service or other asset used to produce goods and services that meet human needs and wants<sup>5</sup>. So also, aspect of economics have labour or human resources refers to the human effort in the production of goods and rendering of services. Human resources can be defined in terms of skills, energy, talent, abilities, or knowledge. In social studies, capital refers to already-produced durable goods used in production of goods or services. In essence, capital refers to human-made resources created using knowledge and expertise based on utility or perceived value.

Common examples of capital include buildings, machinery, railways, roads, and ships. In biology and ecology however, a resource is defined as a substance that is required by a living organism for normal growth, maintenance, and reproduction. A sharp

distinction between the former (economic resource) and the latter (biology/ecology resource) is that the former is human-centered, while the latter is nature-centered. Not only that, the economic view includes desire along with necessity, whereas the biological view is about basic biological needs. Finally, economic systems are based on markets of currency exchanged for goods and services, whereas biological systems are based on natural processes of growth, maintenance, and reproduction<sup>6</sup>.

In extension, infrastructure is also considered a resource, which include but not limited to already-produced durable goods used in production of goods or services. In essence, resource here refers to human-made resources created using knowledge and expertise based on utility or perceived value. Common examples of this include buildings, machinery, railways, roads, and ships. As resources, capital goods may or may not be significantly consumed, though they may depreciate in the production process and they are typically of limited capacity or unavailable for use by others<sup>7</sup>. The successful blending and interplay between the human-centered (economic resource), nature-centered (biology/ecology/natural resource) and already-produced durable goods used in production of goods or service (infrastructure) cannot be overemphasized. They are sine-qua non for meaningful development of nation-state in the international system.

Natural resources are derived from the environment. Many natural resources are essential for human survival, while others are used for satisfying human desire. Natural resources are resources that exist without any actions of humankind. This includes the sources of valued characteristics such as commercial and industrial use, aesthetic value, scientific interest and cultural value. On earth, it includes sunlight, atmosphere, water, land, all minerals along with all vegetation, and animal life. Natural resources may be classified in different ways. Natural resources are materials and components that can be

found within the environment. At its fundamental level, every man-made product is composed of natural resources.

A natural resources may exist as a separate entity such as fresh water, air, as well as any living organism such as fish, or it may exist in an alternate form that must be processed to obtain the resource such as metal ores, rare-earth elements, petroleum, and most forms of energy<sup>8</sup>. What constitutes natural resources and how they are classified is very closely related. Most often, they are classified according to their rate of regeneration: renewable and nonrenewable resources. Renewable resources are defined as resources that regenerate on a human timescale (for example, water, fish, and forests). Non-renewable resources do not regenerate over human timescales, for example, minerals. This simple subdivision is considered misleading, or even harmful by some scholars, as it leads to the belief that renewable resources will always stay available for human exploitation, regardless of their management<sup>9</sup>.

Therefore, renewable resources can be further subdivided into unconditionally renewable resources, such as solar power, and conditionally renewable resources, such as wildlife. The unsustainable management of conditionally renewable resources can exhaust their regenerative capacity and make them non-renewable. To avoid confusion, we follow the terminology and classification of natural resources as given by a scholar in his work. The scholar says natural resources are resources found in the environment and are developed without the intervention of human<sup>10</sup>. Common examples of natural resources include sunlight, air, water, soil, stone, plants, animals and fossil fuel.

As such, natural resources can simply be defined as the resources that exist on the planet earth independent of human actions. Natural resources are naturally occurring materials that are useful to man or could be useful under conceivable technological,

economic or social circumstances or supply drawn from the earth, supplies such as food, building and clothing materials, fertilizers, metals, water and geothermal power. The quantity and availability of natural resources affect the rate of economic growth. The discovery of more natural resources, such as oil or mineral deposits, will give a boost to the economy by increasing a country's production capacity. This however, requires a wholesome carefulness, on the part of the state's policy makers and the masses, to maximized gains of natural resources, not curse as the case with many resource rich states in the international system.

### **2.1.2 Conceptual Analysis of Resources**

A resource is any factor which can be used to satisfy human wants (any source of raw materials). Resources generally can be described as attributes attaches to things. A resource can be viewed in terms of material, for example, raw materials, land or in abstract terms, for example, Human Knowledge, attributes of labours<sup>11</sup>. In general, resources depend on importance attached to it. Resources are therefore man made. They are created because someone wants something, a goal and hence means of achieving the goal. If man does not make use of something, that thing is not a resource. A resource is therefore employed to meet certain defined objectives. The attribute of labour is because someone wants to hire it. The attribute of land also is because it can be used for certain purposes and someone is willing to use it or take advantage of its fertility, topography, accessibility, scenery. The value of resource hence depends on the context in which man takes it. For example, it is the context of forest estate, inland water fisheries, lakes, oceans, mineral resources in the country that really matters.

The context in which resources are taken also influenced by social, economic, and cultural backgrounds as well as technological know-how. The concept of a resource therefore varies in time and space due to technological advancement and human wants.

For example, (in Nigeria) the use of saw dust as cooking fuel was not appreciated in some part of the country until the scarcity of the conventional sources such as kerosene and cooking gas sequel to the industrial actions by the Petroleum and Natural Gas Workers. After the Second World War, attentions focused on the subject of natural resources such as timber, fishes, petroleum.

This is because they are important resources that constitute the basis of wealth and are indicators of the developmental potentials of a nation. The unusually high rate of natural resources exploitation and misuse could result in irreversible disequilibrium of ecosystem and environment. This would retard economic development and adversely affect man survival of earth. There is therefore need for efficient management of natural resources to maintain their continued availability and improvement in man's living standard. Economic is one of the parameters used to determine the success of a management policy or procedure when economic is introduced to resource management, it requires that maximum benefits be derived from the resource. Resource management is however a complex issue because of numerous political, economic, social and cultural factors surrounding their ownership and use<sup>12</sup>.

### **2.1.3 Types of Natural Resources**

There are basically two types of natural resources: - Biological resources - Mineral or non-biological resources. The biological resources, for example, forest, fishes wildlife are called renewable because they are capable of regeneration. Mineral resources e.g. gold, tin, petroleum, on the other hand, are non-renewable resources because they are not capable of regeneration except after long geological periods. Strictly speaking, both types of resources are exhaustible.

The major difference being that while biological resources are capable of replacing themselves as steady flow of them are consumed mineral resources represent fixed

stock whose inventory can be diminished over time. For a better understanding, the following gives characteristics of renewable or biological resources. The characteristics of non-renewable natural resources are the opposite of these views except the common properties effect which is applicable to both.

### **Characteristics of Renewable Natural Resources**

**Regeneration:** Renewable natural resources have abilities to regenerate, hence inexhaustible in physical sense. They are self-regenerating and hence have perpetual production potentials. The economic importance of this is that the consumption of one unit does not reduce future inventory by the same amount. Although renewable, all biological resources are potentially destructible, especially by their misuse and overexploitation leading to depletion and perhaps extinction.

**Multiplicity of species interaction and dependence:** The diversity and complexity of species are important properties of biological resources. These make their management difficult due to variations in the quality and uses of different species

**Naturally determined growth rate:** The rate of growth and accretion of stock of biological resources are naturally determined by pre-determined biological processes. However, man can and have been influencing this limited growth by research. Because growth is naturally determined, time is a major decision variable on the management of biological resources. This requires a minimum waiting period for the production of any desired product, with of course, implication for cost and return.

**Possibility of Man-made Improvement:** Technological advancement consequent upon research leads to genetic improvement and hence high yield and thus reduction in management cost. This is often achieved by deemphasizing complexity of species composition in favour of few selected dominant species.

**Biological Resources as Ecosystem:** Biological resources exist in and constitute an ecosystem of flora and fauna. These conform to important elemental concepts or principles of ecosystem such as selection, food chain, in which the organisms consume and are consumed by others in a particular order or hierarchy. The ecosystem develops towards a climax or a state of equilibrium when mortality balances with regeneration. However, ecosystem tends to be in a dynamic rather than static because nature/situation is not constant all the time.

**Common property effect:** The principle of common property requires that title to all environmental resources should rest with collectively, and that the private use of these resources should be on the basis of infrastructural right only. Everyone claims right to their ownership. This lead to over-exploitation as it is generally believed that if one person does not exploit the resource, someone else will do. This is contrary to their maintenance as they are everybody's property and hence no one can be held responsible. The consequences of these actions are over-exploitation and neglect. Usufruct: Right of enjoying the use and advantages of another property short of destruction or waste of its substances.

#### **2.1.4 Natural Resources and Sustainable Development**

Natural resources have a double-edge effect on economic growth, in that the intensity of its use raises output, but increases its depletion rate. Natural resources is key input in the production process that stimulates economic growth. However, the depleting character of natural resources couple with diminishing returns of factor input implies that dependence on natural resources utilization is not an optimal strategy for sustainable growth. By extension, intensive utilization of natural resources undermines sustainable development. Natural resources have limited direct economic use in

satisfying human needs but transforming them into goods and services enhances their economic value to the society.

Through the mix of productive activities by different sectors of the economy, transformation of natural resources into usable goods and services occurs to propel the overall economy to achieve sustainable growth that forms the basis for sustainable development. The temptation for rent seeking behavior (as the case with many resource-rich developing states) could undermine the efficient use of natural resources to stifle economic growth and weaken the possibility of positive externalities. The use of rents derived from natural resource extraction to facilitate complacent consumption at the detriment of real production leads to expansion of non-tradable sector activities while tradable sector activities such as manufacturing shrink.

This give rise to the “Dutch Disease”, which is a chronic source of slow growth due to the absence “backward and forward” linkages among sectors of the economy<sup>13</sup>. The manufacturing sector, with a sound service sector for support, is a vital source for economic growth through learning-by-doing, as such should have a pivotal link with natural resources sector to stimulate real productive activities that propels the economy toward sustainable growth and development. Ideas that emanate from production processes is the driving force for generating high levels of growth to form the bedrock for sustainable development.

The relationship between natural resources and sustainable development is that the latter aims at raising the society’s standard of living by means of fulfilling the basic needs from the product the economic resources generated, particularly; the natural resources whereas sustainable development is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs<sup>14</sup>. Sustainable management of natural resources is necessary because it

helps in judicious use of resources without overuse and compromising with the needs of future generation. The relationship between resources and development is a complex one for many reasons.

### **Rational Use of Resource and the Concept of Sustainable Development**

The resources of the entire world should be developed to the fullest extent possible with available means. Mankind as a whole can progress only by the efficient and rational use of the natural resources. The issue of rational utilization and sustainable development is very relevant now that the world population is growing very fast while the available resource to meet man's need is decreasing at increasing rate. Development is dynamic process in which there is no end point. The technologically advanced nations continue to seek new means of improving their utilization of natural resource or for enhancing the conditions of the environment in which their people live.

At the same time the less advanced countries strive to reach level of economic well – being which advanced nations have achieved. In effect the concept of ‘developing’ nation is misleading as all nations are developing, however, at different paces. No country can moreover claim to be morally or practically independent of other countries. Each country bear the primary moral responsibility for the conservation and rational development of its own natural resources and to ensure that the natural resources are managed and exploited in such way that the continued and perpetual derivation of benefit from them are guaranteed.

**Developed countries:** refers to industrialized countries characterized by a population that has realized a high standard of living, good health and long life expectancy.

**Developing countries:** are countries that have started to industrialized but that still contain large segment of population live under pre-industrialized conditions.

**Less developed countries:** are characterized by low level of industrialization, poor health care and low life expectancy. Two interpretation of Economic Development have been given.

1. That concerned with sustainable economics, ecological and social development.
2. Environmental sustainable development i.e. optimum resources use and environmental management over time.

The first interpretation which is wider in scope and highly normative view of Sustainable Development (SD) was endorsed by the World Commission on Environment and Development (WCED) (1987). It defined SD as *“development that meets the needs of the present without compromising the ability of future generation to meet their needs”*. This is the view adopted by the Rio declaration of 1992 by the United Nation Conference on Environment Development (UNCED) and World Conservation Strategy<sup>15</sup>.

### **The Concept of Sustainable Development and its Implications**

Sustainable development as a concept and development paradigm for lasting progress was originally defined by the World Commission on Environment and Development (WCED) to mean *“development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs”*<sup>16</sup>. The Commission further added that *“this concept does not imply limits not absolute limits but limitations imposed by the present state of technology and social organization on environmental resources and by the ability of the biosphere to absorb the effects of human activities.”* This definition implies that sustainable development involves policies, strategies and programmes that do not make it more difficult for the development process to be continued by future generations than it is for present generations. It would appear that this definition emphasizes the objectives to be

achieved rather than explicitly defining sustainable development. The United Nations Environment Programme argued that the WCED (1987) definitions of sustainable development have been criticized as ambiguous and confusing because “development,” “sustainable growth,” and “sustainable use” have been used interchangeably even though they do not have the same meaning. “Sustainable growth” is regarded as contradictory in that nothing physical can grow indefinitely, while “sustainable use” is applicable only to renewable resources in terms of “using them at rates within the capacity for renewability.” Based on these arguments, UNEP put forward the following relevant definitions:

1. Sustainable development means improving the quality of human life while living within the carrying capacity of supporting ecosystems.
2. Sustainable economy is the product of sustainable development it maintains its natural resource base and it can continue to develop by adapting to changing circumstances and through improvements in knowledge organization, technical efficiency and wisdom.
3. Sustainable living indicates the lifestyle of an individual who feels the obligation to care for nature and for every human individual and who acts accordingly. Sustainable development has been defined as consisting of policies, strategies, plans, production systems and technologies used in executing projects and programs aimed at satisfying real human needs in perpetuity while maintaining environmental quality, biodiversity, the resilience of ecosystems, and the welfare of all organisms by integrating conservation, management and rational utilization of resources at individual, institutional, community, national, regional and global levels. Conservation, as used here means an indispensable part of a wide field known as “the wise utilization of natural resources” aiming at utilization ad

infinitem. It aims at (a) maintaining essential ecological processes and life-support systems, (b) preserving genetic diversity, and (c) ensuring the sustainable utilization of species and ecosystems<sup>17</sup>.

### **Requirements of Sustainable Development**

Requirements for sustainable development include:

1. A political system that secures effective citizen participation,
2. An economic system that is able to generate surpluses and technical knowledge on a self-reliant basis,
3. A social system that provides for solutions for tensions arising from disharmonious development,
4. Production system that respects the obligation to preserve the ecological base for development,
5. Technological system that can search continuously for new solutions,
6. An international system that fosters sustainable patterns of trade and finance, and an administrative system that is flexible and has the capacity for self-correction.
7. Nine principles of Sustainable development have been enunciated
  1. Respect and care for the community of life.
  2. Improve the quality of human life.
  3. Conserve the earth's vitality and diversity.
  4. Minimize the depletion of non-renewable resources.
  5. Keep within the earth's carrying capacity.
  6. Change personal attitudes and practices.
  7. Enable communities to care for their own environments.
  8. Provide a national framework for integration, development, and conservation.

9. Create a global alliance. It is obvious from the above that sustainable development not only entails the embodiment of environmental concerns in development activities and technology use but also necessitates changes in attitudes, behaviour, philosophy, moral and ethical values, religious practices, and relationships among human beings and between humans on the one hand and organisms or things on the other at the local, national, regional and global levels<sup>18</sup>.

### **Implications and Challenges in Sustainable Development**

In addition to the above requirements for sustainable development, there are several implications of the sustainable development paradigm that pose serious challenges for mankind now and in the future. Some of these implications and challenges include the following: Using Pearce et al as guide, a key prerequisite for sustainability is maintaining the constancy of the stock of natural resources and environmental quality. But because this condition has already been breached, in that the environment in many situations has become degraded by human activities, the problem of maintaining the constancy of the capital stock is not one of stopping further environmental degradation but undoubtedly one of enhancing the environment. The implications of this are addressed from different viewpoints by the Brundtland Report which stipulates that sustainable development requires non-depletion of the natural capital stock as indicated in the World Conservation Strategy<sup>19</sup>. World Commission on Environment and Development (WCED) insists that, if needs are to be met on a sustainable basis, the earth's natural resources have to be both conserved and enhanced. Reasons for conserving the natural capital include moral obligation and the supposed mutual interdependence of development and natural capital conservation.

1. Goodland presents very convincing and undeniable evidence to conclude that the limits of growth in which the earth function as a source of inputs and sink for waste products have been reached and that options for ensuring sustainability in future are running out. Evidence for this conclusion includes: Over 80 per cent of the earth's net primary productivity is already being consumed to meet humans' food and other needs while population increasing; global warming owing to increasing levels of carbon dioxide is already producing adverse climatic effects that threaten humans and various ecosystems; ozone depletion is taking place owing to increasing levels of greenhouse gases (methane, CFCs and nitrous oxide), which are eating up the protective ozone layer with adverse consequences for humans and other living things; land degradation and loss of soil fertility and productivity make it difficult to produce enough food, feed and fibre for rising populations of humans and animals, and biodiversity has been lost with increasing deforestation, especially in species rich tropical ecosystems, with loss of species estimated at 500 per annum.

The human economy has passed from an era in which human-made was the limiting factor to an economic development era in which increasingly scarce natural capital has become the limiting factor recommends that priority should be given to “qualitative development” based on more efficient use of energy and natural resources an increase in end-use efficiency of the product through recycling, and the reduction of waste and pollutants<sup>20</sup>.

Some authors consider equity issues, sustainability constraints under low rates of economic growth, uneven/varying population growth rates and the effects of North-South trade on the environment and development in the South. Doubts are raised about

the soundness of some WCED equity considerations in economic growth and the strategies aimed at increasing economic growth and development in developing countries going *pari passu* with lower non-increasing growth rates in developed countries in order to ensure that developing countries achieve higher per capita income and alleviation of poverty in order to narrow the gap between the rich and the poor countries<sup>21</sup>.

The fallacy in this is that, because growth in developed countries has naturally acquired momentum, it is very likely that rate will continue to rise rather than decrease. Moreover, the intended objective can be achieved only if the developed countries transfer the resources needed to redress negative effects of richer countries arrested growth to the developing countries, thereby reducing poverty. It is observed that the time-horizon of development should be taken into account, for some obvious reasons. First, sustainable development usually aims at a long-term time frame of several generations, but politicians and policy makers plan on short-term time frames of four to five years. Secondly, sustainable development that involves many generations or centuries cannot go on indefinitely where both population and per capita use of the earth's finite resources grow significantly. Even where population and economic activities remain static, the accumulation of pollutants and waste will continue to increase with the growth of entropy beyond nature's capacity for self-repair.

The principle of the free market mechanism as a way of creating certain optimal conditions has not often yielded the expected results in sustainable development because the blessings of free trade have associated with (a) production pollution arising from the production process, (b) consumption pollution, which is the indirect effect of pollution produced by consumers in enjoying goods and services, and (c) negative impacts on the environment of the production process. Sustainable development cannot

be achieved in a world where developed countries with higher technical skills for producing a wide range of technology selfishly focus on consumer goods and services instead of focusing on more basic improvements in using the world's resources to the benefit of the poor.

Furthermore, sustainability cannot be achieved and inequalities eliminated through the trickle-down process from the developed countries unless the increasing ability to use resources more efficiently and to reduce waste and pollution is used to assist less fortunate people who cannot provide the minimum level of basic needs. Liberalization and an increase in North-South trade and aid cooperation have not significantly contributed to equity and sustainable development, especially when the poor developing countries are tempted to exhaust their valuable natural reserves at lower prices in order to feed the trend-setting and unsustainable consumption patterns of the North in return for consumer goods and machinery. Such trade involves the depletion of natural resources by the sale of non-renewable minerals and harvests from soils, forests, and oceans, and the soils being increasingly used as the dumping sites of undesirable waste. Related to this is the fact that aid to developing countries to develop the same technologies that degrade the environment and cause the same pattern of polluting consumption as in the West cannot contribute to sustainable development.

Some observed that investments in education, science and technology contribute to human welfare and the decisions surrounding them are also often contributors to environmental problems. Examples include:

1. Investments in short-term income-generating activities such as deforestation, intensive agriculture, and plantations without concomitant investments in soil conservation and protection measures.

2. Spending more money on combating pollution or on remedial measures than would be needed for preventive measures.
3. The use of subsidies, trade barriers and various production technologies (including biotechnology) in the developed countries to produce surpluses that undermine the production of farmers in developing countries, making it difficult for the latter to compete or even ensure access to the inputs needed<sup>22</sup>.

An author maintains that to achieve global sustainability, it is necessary to switch from the concept of ecological and economic goals being in conflict to one of economic system being dependent on ecological life-support systems and also to incorporate it into our thinking and actions at a very basic level. In other words, human beings must realize that: Humans are only part of the subsystem in both local and global ecosystems; Sustainability is a relationship between dynamic human economic systems and larger but normally slower-changing ecological systems in which human life can continue indefinitely, human cultures can develop, but the effects of human activities must remain within bounds, so as not to destroy the diversity, complexity, and function of the ecological life-support system. It is necessary that the idea of economics being in conflict with ecology be replaced by one of the integration of conventional economics and conventional ecology into ecological economics<sup>23</sup>.

There is also a need to ensure continued adequate investment in natural capital and in finding ways of limiting physical growth so as to encourage development with an emphasis on qualitative improvement. The above survey of the implications of sustainable development is necessary because it emphasizes that the problem is not mainly one of having a better definition of what sustainable development is. The main issue or critical factor is how to rehabilitate the natural resource base and repair the damage already done while not contributing to making things worse by continuing

unsustainable living - locally, nationally, regionally, or globally. In this regard, it is also obvious that the greatest challenge is how to engender a transition that is steady, continuous and on an even keel in all sectors at individual, community, national, regional, and global levels.

### **2.1.5 The Concept of Economic Development and Sustainable Development**

Economic development implies activities or processes whose end products are general increase in production and wealth, which in turns, reflects in general improvement in the quality of living standard of the populace. Economic development is therefore, desirable process. However, various by-products of economic development such as urbanization and industrialization with attendant production of industrial wastes, noxious assess, refuse and other solid wastes, raw domestic sewage, crude oil spillage and pollution and agricultural pollutants cause serious reduction in environmental quality. These also affect health wellbeing of the people and hence productivity. Sustainable development is a process in which the exploitation of resources, the direction of investment, the orientation of technological development and institutional changes are all in harmony and enhance both current and future potentials to meet human needs and aspiration. Sustainable development is an approach that combine the developmental needs and aspiration of the present without compromising the ability of the future, while also maintaining ecological integrity.

The concept of sustainable development has been repeatedly emphasized since 1960s. This involves discussion of the relationships between people resource, environment and development. The theme of such discussion has been the need for the present generation to be able to account for the needs of future generation without depleting the present limited resources. The need for sustainable development has also been endorsed by the World Commission on Environment and development since 1987. Sustainable

development required that current practices should not diminish future possibility to maintain or improve living standard. It does not necessarily however, mean the preservation of current stock of natural nor does it place artificial limit on economic growth, provided such growth is both economically and environmentally sustainable. Economic system should nevertheless be pursued in such way as to maintain or improve the resources and environmental base so that future generations can live as well or better than we do. The maintenance of sustainable development is by no means an easy task because of prevailing environmental degradation associated with such economic projects. There is therefore for rational and careful planning in the implementation of development projects. Globally, the economy will need to be restructured and unless each national government takes the issue of sustainable future resources very seriously and a central concern in planning development projects, there will continue to be deterioration of the environment.

Development means different things to different people whichever the case, a developed society will include one in which real per capita income rises over time, where there is continuous improvement in knowledge and health as measured by indices such as literacy level and life expectancy. Also it will include human freedom. Consequently, a high income country with no democracy may not qualify as a developed nation. Sustainable Development can thus simply mean development that sustain over time and a priori condition is that next generation should not be worse of, thus leaving them with stock of capital assets that provide them with the capability to generate at least as much as is achieved by the present generation.

Capital stock refers to:

1. Man-made capital
2. Knowledge and skill capital (human capital)

### 3. Environmental capital or natural capital.

Natural resources as comprising natural capital stock of the economy have potential to contribute to economic productivity and welfare. This is directly related to the services and quality of the assets over time. It can be argued that it is being justified to run down any part of the capital stock as long as the benefit accrued to the overall capital. For example, deforestation may be justified provided the proceeds from environmental degradation are invested in other forms of development. This is not a viable reason for deforestation especially on critical and sensitive terrain, irreversible loss of natural capital stock is not justified even when it results in capital formation elsewhere in the economy. The cost-benefit rule cautions against running down environmental capital unless the benefit outweighs the cost. This cost-benefit rule in sustainability concept is called "WEAK SUSTAINABILITY". Weak sustainability proposes that it is acceptable to run down environmental capital if other forms of capital are built up instead. From sustainable development point of view, this argument is not feasible and it is not acceptable to run down environmental capital.

Moreover, it is necessary to protect the natural capital for the following reasons.

1. Uncertainty: The consequent of running down natural capital is not known due to ignorance of the workings of the complex ecosystem;
2. Irreversibility: Some of the consequences of running down natural capital such as extinction, global climatic change, depletion of ozone layer are not reversible;
3. Life Support: Some ecological assets serve life support functions and have no man-made substitutes;
4. Loss of Aversion: Many people feel a natural right to their existing natural endowment and cannot think of losing them.

## **Population and Pressure on Resource Utilization**

Estimates of world's population before 1650 A.D were at best a vague reconstruction. Population estimate during this time was based mainly on calculation of individual locality culture. The picture of the world population before 1650 was that of a slow growth rate resulting from high infant mortality and low longevity. The advent of scientific medicine alters this trend. Durand moreover, suggested that the structure of agricultural improvement in the 16th and 17th centuries provided the potentials for considerable population expansion<sup>24</sup>. In the same way, the improvement in nutrition in the 18th century was considered responsible for the decline in infectious diseases. In 1987, the world population was estimated at 5 billion with a growth rate of 1.7 % per annum<sup>25</sup>. This was projected to reach 6 billion at the end of the century (20<sup>th</sup> century). However, the world's population is unevenly distributed. By the end of 19th century, the dichotomy in demographic processes between developed countries (DCs) and less developed countries (LDCs) was very apparent. While there is rapid rate of urbanization in DCs, birth control in LDC's are beginning to reduce fertility level. Growth rate in DCs have virtually stabilized.

***Developed Countries:*** refers to industrialized countries characterized by a population that has realized a high standard of living, good health and long life expectancy.

***Developing Countries:*** are countries that have started to industrialized but that still contain large segment of population that live under pre-industrialized conditions.

***Less Developed Countries:*** are characterized by low level of industrialization, poor health care and low life expectancy. Population growth rate is consistent with the magnitude of resource base, as a result, the trend in population growth is a reflection of the use of energy; hence, distinction between DCs and LDCs. While DCs have access to technology and consequently access to resources beyond those which are physically

present in their territory and which are necessary to sustain their life. In the LDCs, emphasis is on the provision of necessities such as food, shelter and employment.

Based on the distinction between the DCs and LDCs, in relation to resources availability and technological growth vis-à-vis population growth, five types of regional classification of population resource relationship can be identified.

1. Type A - The United State type
2. Type B - The European type
3. Type C - The Egyptian type
4. Type D - The Brazilian type
5. Type E - The Arctic desert type

The common denominator in all the groups is the role of technology — i.e. the degree of mechanical and electronic technology backed up by manpower. In addition to the role of technology as a creator of resources, it also has power to destroy resources if misapplied. Nevertheless, technology increases the chances of minimizing or averting economic and ecological disaster.

**Type A:** This constitutes technological source area, where research, invention and development are at a high level. This group is characterized by: a. Low to moderate sized population relative to other nations. b. High technology which enhances access by the people to resources posterity and enabling their purchase from other countries what they lack. The high level of material wealth was at the expense of environmental damage. As a result, there is now a great awareness and high public demand for high quality of the environment. Examples of countries in this category are the USA, Canada, New Zealand, Australia, USSR and South Africa.

**Type B:** This is also a technological source area. The population is high both in absolute number and in density. The countries are smaller and the resource bases are

less abundant, hence no room for trial-and-error as in type A category. Consequently, they are more conservative in resource use. They rely on international exchange to ensure material support and thus trading with the LDCs and between themselves e.g. European common market. Examples of countries in this category are the European countries, Japan and Israel.

**Type C:** This group comprises countries with large resource base but is deficient in technological base. They are characterized by low population hence no pressure on the resource except in urban areas. Improved technology will enhance their upgrading to type A category. Continued absence of technology will however worsen the situation. One of the hindrances to economic development is that the control of exploitation of their resource is by foreign interest which makes them depend on world prices which they do not have control over and may not be in their interest. Three sub-regions within this category are distinguished e.g. Nigeria, Egypt and Philippines.

**Type D:** This is the most unfortunate group. Members of the group are characterized by low resource base, deficiency of technology and high population pressure. There is no capacity to deal with population-resource imbalance, hence deficiency in means of subsistence and employment. Small land territory may impinge or encroach on growing population hence erosion into marginal areas by the peasants, resulting in lack of basic nutrition and animal protein. Included in this category are Rwanda, Latin America, India, and South European countries like Turkey.

**Type E:** Countries in this group possess low resource base because of physical geographical constraints. The low population lives in subsistence economy or engages in developing their resources – mineral, oil.

**Table 1: Categorization of States, Resources, Population and Level of technology.**

| Type | Resources | population | Technology | Example of country           |
|------|-----------|------------|------------|------------------------------|
| A    | High      | Moderate   | High Base  | USA, Canada & South Africa   |
| B    | Low       | High       | High Base  | European Countries & Japan   |
| C    | High      | Moderate   | Low        | Nigeria, Egypt & Philippines |
| D    | Low       | High       | Low        | Latin America & India        |
| E    | Low       | Low        | Low        | Algeria & Niger              |

*Source; Researcher's field work, 2021.*

### **2.1.6 Management of Natural Resources**

*Resources management and environmental management*

The basic objective of resource management is to optimize yield from a particular resource by exerting governmental control on the resource process. The control may result in regional development or realization of the maximum use of a potential resource. For example, the Nigeria Kainji Lake Hydro-electric Project in which electricity is generated to many parts of the country and other neighbouring countries. In addition to electricity, the lake was to enhance the development of other resources such as fisheries, agriculture and Wildlife. The essence of resource management should be to minimize the impact of economic development upon people and the ecosystem. For example, the screening of industrial area with tree planting or construction of sewage treatment scheme. The realization of import of inter-relationship between biota and their surroundings leads to the concept of environmental management. Since the biological environment provides the resources, the resource process must therefore be rationally managed to ensure sustained productivity.

Moreover, development of one resource should not be inimical or contradictory to the operation of others which share the same space and identical ecosystem. Environment should therefore be utilized in such a way as,

1. To be useful as a provider of materials;
2. To be beautiful as provider of recreation, wildlife and landscape;
3. To be life supporting as a provider of space, food and other biological systems.

The adoption of the concept of environmental management by many LDCs was until now more of lip-service'. With the present awareness of environmental quality, various governmental and non-governmental agencies are being established to combat and educate the populace on the need for good quality of the environment. Such agencies in Nigeria include FEPA, NEST, NARESCON, and NCF. The purpose of environmental

management is to produce resource vis-à-vis maintenance of sanitive life supporting environment with the aim of

1. Reducing stress on the ecosystem from contamination and/or over-use;
2. Pursue short-term strategy flexible enough to ensure that resource processes which bring about irreversible environment are not developed.

### **Natural Resource Management in Developed Countries (DCs)**

In principle, the aim of government of developed countries is to maximize the general good of the community. The approach of government of developed countries can also be visualized in terms of the type of economy practiced - market or planned economy. In market or free economy, the government encourages individuals to invest money and time in the development of the economy. The government provides environment and engages in resource process which individuals cannot profitably develop such as nature conservation, countryside recreation, etc. In planned economy (socialism, communism) the government acts as sole entrepreneur and the profits are distributed over the entire population. In both economies, the aim of resource management is resource growth. However, more resource integration and even management is expected in planned economy. In order to ensure the quality of the environment and because of the awareness of need for high quality of the environment by the populace, the government along with certain citizen group tends to initiate actions aimed at reducing the impact of resource development on the environment. Such activities are generally referred as 'conservation' such groups includes Friends of the Earth (FOE), the Green Peas, etc. Based on the same themes as the 'conservation' group, is the search for environmental quality and the effects of industrialization and transportation on the general landscape. The most important feature of resource management in the Developed Countries (DCs) is the awareness of the need to protect the environment.

### **2.1.6 Resource management in less developed countries (LDCs)**

The purposes of resource development in LDCs include:

1. The utilization of resources for regional and national purposes to produce:
  - (a) Metabolic and cultural materials - foods, shelter, infrastructures and
  - (b) To provide jobs and create wealth used as capital for further development.
2. The development of bio-environmental resources for export to DCs e.g. oil, rubber, cocoa, that is:
  - (a) Those that are dispensable and subject to over production and deterioration, mainly agricultural products e.g. cocoa, coffee, cotton, etc. The fate of the producer is determined by the importers.
  - (b) Resources which are needed by DCs for industrial purposes e.g. oil.

The LDCs force price increase and nationalize plants with impunity. Because of low technological advancement of the LCDs and the desire and hurry to own their destiny they seek assistance from the more advanced countries which in turn seize the opportunity to 'milk' their resources to such an extent that development of such countries favour the DCs rather than sponsor countries - LDCs. Some of the multinational companies in fact have annual economy much time higher than some of the LDCs. The common mistake in an attempt to transform basically agrarian society to a more complex industrial economy is the non-appreciation of the fact that both traditional system and natural ecosystem take many years to stabilize (climax or equilibrium stage) to the present state of equilibrium. Sudden change may therefore have unpleasant consequences<sup>26</sup>.

### **Elements of Resource Economics**

Resource economics can be described as the study of how we manage our resources to help satisfy human want. Resource economics centres on the question of resource management. It encompasses the resources itself and extends into its exploitation, conservation, distribution and consumption. Resources economics is the application of economics to natural resources and differs from conventional economics because of the nature of different resources. For example forest as a resource is different from other resources as a result of:

1. Diversification of benefits from the forest – services - Goods - Timber- Non-Timber
2. Long gestation period
3. The wood represents both the interest and the capital.
4. Most of forest benefits are not directly quantifiable in monetary terms.
5. The extent and location of forest products (inaccessible location of many forest products).

The peculiarities of forest as a resource in terms of organization, institutional and techniques are similar to those of other biological natural resources such as fisheries and wildlife. With non-renewable resources however, conventional economic principles are probably more directly applicable.

### **Optimum Resources Allocation**

The decision making processes of resource allocation usually takes into account all the benefit and cost associated with the use of a particular resource. It would be rational to employ a marginal unit of resource in the production so long as the benefits derived from it exceed associated cost.

### **2.1.7 Conservation of Natural Resources**

Since time immemorial the advancement of mankind both materially and culturally has been at the expense of natural resources. These resources have been so exploited that many of them are now extinct and a very many are endemic. The consequence is that not only will the present generation has shortage of them, the future generation will completely be deprived of them if drastic measures are not taken to protect them. There is growing concern about the disappearance of many species and varieties of plants and animals which are of potential or current use as a result of human activities. Plants supply us with food, drug, building materials, fuel, fibres, ornamental, etc. Animals supply us with necessary protein supplement for body building and development.

### **Scope of Conservation**

Conservation is defined as management for human use of natural resource so that they may yield the greatest sustainable benefit to the present generation, while maintaining their potential to meet the needs and aspiration of future generation.<sup>26</sup> Conservation may be viewed at its simplest form as the preservation of genetic resources for rational use. This does not mean that the resources should not be developed, utilized or exploited in whatever manner that best serve human need. Though there is need for saving the resources to be combined with other operations needed for their effective overall management, conservation should not be thought at a preservation of the status quo. Wise utilization and conservation of resource should be perceived within the context of overall development. Concern for the conservation of genetic resources in general and of forest genetic resources in particular, has been building up in the past 25 years or so. Conservation of genetic resources is one of the issues FAO has been addressing itself. Thus FAO panel on forest genetic resources was established in 1968. UNESCO had also considered the opportunities of combing conservation of genetic

resources with conservation of natural areas which contain them; thus the establishment of United Nations Environment Programme (UNEP).

The objective of conservation according to IUCN (1980) are:

1. To maintain essential ecological processes and life supporting systems.
2. To preserve genetic diversity.
3. To ensure the sustainable utilization of species and ecosystems.

There are two methods of conservation of genetic resource: In-situ and Ex-situ. In-situ means conserving the genetic resources where the resources or its immediate parents were growing or living. In-situ conservation thus implies protection of the resource in its vicinity e.g. nature reserve, forest reserve, game and national park. Ex-situ on the other hand, means that the resource is protected at a place outside the distribution of the parent population e.g. gene bank, botanical garden, zoological garden, seed bank. In-situ conservation involves conserving the entire genetic population. It is more difficult and expensive than ex-situ conservation but it ensures the protection of the wild genetic constitution without modification by different environment (phenotypic influence)<sup>27</sup>.

### **Relationship between Conservation and Economic Development**

Conservation and economic development are ideally directed towards rational use of the earth's resources to achieve the highest quality of living for mankind. While economic development is primarily concerned with quantitative increases in production aimed at enhancing the material well-being of the people. Conservation is concerned with sustained quantitative yield, also with emphasis on management of more qualitative aspects of human environment. Conservation can ensure that the environment resulting from development is one that will be satisfactory to the people. Both conservation and economic development are important in considering the physical and biological rules under which earth must operate.

Consideration of ecological principles enable development and conservation to achieve the desired goals without undue environmental consequences. Lack of consideration for ecological implication of projects on the environment can doom development efforts resulting in economic waste and impairment of healthy life conditions. Harmonization of interests on development and conservation minimizes conflicts between the two. There is need for economic developers to have good regards for environmental values which are required for conservation for scientific, recreation and other purposes. On the other hand, conservationists need to recognize the political, social and economic reasons for development drive and be ready to provide alternative course of action or reach reasonable compromise whenever there is conflict of interest.

#### **Conservation Strategy for Renewable Natural Resources**

For renewable resources, especially vegetation and forage resource, improvement of rural environment is a major consideration accent. Ecologically sound rural development lessens the pressure on natural vegetation. Adequate incentive should therefore be provided to facilitate private and community participation in forest and grazing and land regeneration programs especially the use of alternative fuel to wood. This will halt and reverse the disappearance of over 62 endangered tree species in Nigeria. It has been shown that the consumption pattern of fuel wood and charcoal is inversely proportional to urbanization. In the northern part of the country, the anti-desertification programme is meant to conserve agricultural land and prevent the loss of many valuable tree species which are of industrial and domestic importance such as *Acacia albida*, *A. polyantha*, *Securidaca longipedunculata*, *Ziziphus Mauritania*. Fibres are obtainable from *Ceiba pentandra*, *Calotropis procera* and *Adanasonia digitata*. Also soup condiment (iru) is obtained from the seed of Park of *Parkia biglobosa*.

In the ecological disaster areas where the soil had been devastated by gully erosion, a strategy is a co-ordination of development programme — tree planting at the erosion source i.e. the hill, and engineering works such as drainage channeling of immediate affected areas. Wild animals and fisheries thrive in-situ and ex-situ best in suitable habitat, pollution-free water bodies and relatively undisturbed forest and woodland. A common strategy is the establishment of game reserve and national parks to protect the wild animals. Wild plants are protected in nature reserve and sanctuary and botanical garden and arboratum. Seeds of plant species are kept in seed bank. Meristem culture and other forms of artificial propagation are employed to ensure continuity of plant species especially “seedless” plants<sup>28</sup>.

#### **Conservation Strategy of Mineral Resources**

**Reduction of our Present Consumption:** Obviously, resource conservation is of prime importance. The most fundamental approach to the conservation of mineral resources has been suggested as the reduction of our present consumption of them (since they are not renewable). This can be done either voluntarily or through government imposed regulations to provide time for technology and energy sources required for their exploration and extraction.

**Non-Discriminatory Harvesting:** Another means of conserving nonrenewable resources is the non-discriminatory harvesting of the resource in a particular site. Formerly, in mining expedition, low grade minerals were abandoned because extraction of low grade deposits was uneconomical (e.g. gold at Ilesha). As a result of scarcity of mineral deposits, miners are encouraged to remove both high and low grade deposits.

**Substitution of Renewable for Essentially Non-Renewable Mineral Resources:** is another conservation strategy. For example, wood in the construction instead of metals.

The reverse is also true for the case of substitution of non-renewable for renewable not only to conserve the renewable resource, but also to reduce environmental degradation. For example using kerosene or gas instead of firewood to conserve forest resources.

**Recycling:** is an important strategy of mineral conservation. Although metal (for example) are not destroyed in manufacturing processes, they are disposed in and dispersed over earth surface. Recycling initially requires recovery and collection of dispersed metals and subsequently re-melted for further use. Worn out car engines are also remoulded to new ones. In the same way, used chemicals that would have been thrown away are recycled for further re-use.

### **2.1.8 Infrastructure**

Specifically, infrastructure could be described as the set of fundamental facilities and systems that support the sustainable functionality of household and firms, serving a country, city, or other area, including the services and facilities necessary for its economy to function. Infrastructure is composed of public and private physical structures such as roads, railways, bridges, tunnels, water supply, sewers, electrical grids, and telecommunications including Internet connectivity and broadband access. In general, infrastructure has been defined as “the physical components of interrelated systems providing commodities and services essential to enable, sustain, or enhance societal living conditions” and maintain the surrounding environment<sup>29</sup>.

Infrastructure can be classified into two distinct kinds, namely hard infrastructure and soft infrastructure. Hard infrastructure refers to the physical networks necessary for the functioning of a modern industry. Examples of hard infrastructure includes roads, bridges, railways, etc. soft infrastructure on the other hand refers to all the institutions that maintain the economic, health, social, environmental, and cultural standards of a country. Examples of soft infrastructure includes educational programs, official

statistics, parks and recreational facilities, law enforcement agencies, and emergency services.

Linguistically, the word infrastructure has been used in French since 1875 and in English since 1887, originally meaning “The installations that form the basis for any operation or system”. The word was imported from French, where it was already used for establishing a roadbed of substrate material, required before railroad tracks or constructed pavement could be laid on top of it. The word is a combination of the Latin prefix “infra”, meaning “below”, as many of these constructions are underground (for example, tunnels, water and gas systems and railways) and the French word “structure” (derived from the Latin word “structure”)<sup>30</sup>. The term achieved currency in the United States after the formation of NATO in the late 1940s, and by 1970 was adopted by urban planners in its modern civilian sense. Further classifications reveal there is personal infrastructure, institutional infrastructure, sustainable infrastructure, material infrastructure, economic infrastructure, social, core, basic and complementary infrastructures respectively<sup>31</sup>.

### **Personal Infrastructure**

The best way to understand personal infrastructure is to think of it in terms of human capital. Human capital is simply defined by the Encyclopedia Britannica as “intangible collective resources possessed by individuals and groups within a given population”<sup>32</sup>.

The goal of personal infrastructure is to determine the quality of the economic agents’ values. This results in three major tasks: the task of economic proxies in the economic process (teachers, unskilled and qualified labour); the importance of personal infrastructure for an individual (short and long-term consumption of education); and the social relevance of personal infrastructure. Essentially, personal infrastructure maps the

human impact on infrastructure as it is related to the economy, individual growth, and social impact.

### **Institutional Infrastructure**

Institutional infrastructure branches from the term “economic constitution”. Gianpiero Torrasi consider institutional infrastructure as the subject of economic and legal policy. It comprises the grown and sets norms. It refers to the degree of fair treatment of equal economic data and determines the framework within which economic agents may formulate their own economic plans and carry them out in co-operation with others<sup>33</sup>.

### **Sustainable Infrastructure**

Sustainable infrastructure refers to the processes of design and construction that take into consideration their environmental, economic, and social impact<sup>34</sup>. Included are several elements of sustainable schemes, including materials, water, energy, transportation, and waste management infrastructure<sup>35</sup>.

### **Material Infrastructure**

Material infrastructure is defined as “those immobile, non-circulating capital goods that essentially contribute to the production of infrastructure goods and services needed to satisfy basic physical and social requirements of economic agents”. There are two distinct qualities of material infrastructures; a) fulfillment of social needs and b) mass production. The first characteristic deals with the basic needs of human life. The second characteristic is the non-availability of infrastructure goods and services<sup>36</sup>. Today, there are various materials that can be used to build infrastructure. The most prevalent ones are asphalt, concrete, steel, masonry, wood, polymers and composites<sup>37</sup>.

### **Economic Infrastructure**

Business dictionary defined economic infrastructure as “internal facilities of a country that make business activity possible, such as communication, transportation and distribution networks, financial institutions and markets, and energy supply systems”. Economic infrastructure support productive activities and events. This includes roads, highways, bridges, airports, cycling infrastructure, water distribution networks, sewer systems, irrigation plants<sup>38</sup>.

### **Social Infrastructure**

Social infrastructure can be broadly defined as the construction and maintenance of facilities that support social services. Social infrastructure are created to increase social comfort and promote economic activity. These being schools, parks and playgrounds, structures for public safety, waste disposal plants, hospitals, sports area<sup>39</sup>.

### **Core Infrastructure**

Core assets provide essential services and have monopolistic characteristics. Investors seeking core infrastructure look for five different characteristics; income, low volatility of returns, diversification, inflation protection, and long-term liability matching. Core infrastructure incorporates all the main types of infrastructure, such as roads, highways, railways, public transportation, water, and gas supply.

### **Basic Infrastructure**

Basic infrastructure refers to main railways, roads, canals, harbours and docks, the electromagnetic telegraph, drainage, dikes, and land reclamation. It consist of the more well-known and common features of infrastructure that we come across in our daily lives.

### **Complementary Infrastructure**

Complementary infrastructure refers to things like light railways, tramways, gas/electricity/water supply, etc. to complement something, means to bring to

perfection or complete it. So, complementary infrastructure deals with the little parts of the engineering world that make life more convenient and efficient. Basically, they are needed to ensure successful usage and marketing of an already finished product, like in the case of road bridges. Some other example are the lights on the sidewalks, the landscaping around buildings, and the benches for pedestrians to rest, etc.

### **2.1.9 The Concept of Infrastructure Development**

Today, infrastructure development has become a much-debated topic since scholars from various countries have utilised the aspect of infrastructure development as a parameter and index to measure the ability of each country to compete globally<sup>40</sup>. This is mainly because, access to basic, adequate facilities is viewed as strongly related to the wellbeing of general population in any country. Infrastructure development is also the key aspect that is used to measure leader's performance in a country<sup>41</sup>. Therefore, discussions on the concept and definitions of infrastructure development has to consider the viewpoints of researchers from different backgrounds. Such consideration is vital to facilitate understanding of the concept of infrastructure development. Infrastructure is defined as organisational structure and physical amenities that are needed by the community in general<sup>42</sup>. These infrastructures include industries, buildings, roads, bridges, health services, governance, and many others. Sullivan and Sheffrin argue infrastructure development is needed as economically it affects the demand and supply as well as buy and sell activities.

Other researchers argue that infrastructure development requires investment if such development is to take place in any country. On this, a literature for instance, view infrastructural investment as an investment that can contribute to the increase of economic growth. Infrastructure development is none other than a mechanism that increases the living quality of a society<sup>43</sup>. In terms of economy, infrastructure

development can impact the employment rate, productivity, and income as well as give an added value. Infrastructure development can also boost political integration and reduce societal geographical gaps. The concept of infrastructure development also refers to the provision of fundamental infrastructure facilities such as the construction of roads and highways, availability of transportation, bridges, and ports and telecommunication systems<sup>44</sup>. The basic physical development mentioned is considered important as it serves as an indicator to the progress and developmental process of a particular country. Lack of basic facilities shows that the country or region can be categorised as underdeveloped and is left behind by progress and modernisation.

#### **The Needs and Impact of Infrastructure Development in Developing Economies**

The rapid growth in the developing economies is determined by the accessibility and the delivery of essential infrastructures such as fine roads, clean energy, affordable shelters, health facilities and quality education. The importance of road infrastructure to thrive the economy in certain areas has been emphasised specifically in the rapidly developing areas<sup>45</sup>. A study that examines the impact of land transport infrastructure development on Malaysia's economy growth found that the investments in the land transport infrastructure give a significant impact on the country's long term economic growth<sup>46</sup>.

The study also emphasised the importance of the development in infrastructure in thriving several important sectors in the country such as manufacturing, service, international trade, production and agriculture sectors. This shows that the development of basic infrastructures like road infrastructure is essential in order to increase the rural communities' life well-being through the provision on amenities for the community use<sup>47</sup>. Nonetheless, the importance of the infrastructure development for the rural communities is more focused on the growth of agriculture sectors which is synonymous

with the rural community's major economic resources<sup>48</sup>. The advancement in the aspect of basic infrastructure for rural communities is seen as an accelerator for the growth of the rural communities' economy which in turn will give a positive impact for the quality of life for the nation as a whole<sup>49</sup>.

At the same time, the development of the infrastructure such as road infrastructure is seen as the key for the development in the rural areas and the nation at large because by having these developments, basic amenities such as clean water, electricity and communication network will be brought into the rural areas as well<sup>50</sup>. Many governments, mostly in the third world are committed to develop the rural areas by establishing various relevant ministries such as the Ministry of Rural and Regional Development (as in Nigeria). This shows that the governments are aware of the importance of developing the infrastructure, utilities and basic amenities to enhance the well-being of the rural communities<sup>51</sup>.

The impact of the infrastructure development is also related to the quality of social services especially in the aspect of education, health and the quality of life of the society in general. This is in line with a study carried out in Nigeria which found that the basic infrastructure is an integral part of the nation's development strategies because the infrastructure development is integrated with all other aspects, including agriculture, education, health, nutrition, electricity and clean water, which subsequently be developed as well<sup>52</sup>. The development of the basic infrastructure in the nation is seen as a holistic approach where it could be the solution for the problems of inequality and social justice for the society in general.

The importance of infrastructure for nation-state has also been discussed by some authors who sees the lack of basic amenities as the main factor that can affect the quality of life of the people as well as the factor that can undermine the effort in

enhancing the nations' economic transformation which generally rely on the natural resources<sup>53</sup>. Also, a study on the relationship between the infrastructure and the economic growth in India revealed that the basic infrastructure is essential for a good quality of life especially in the socioeconomic aspect<sup>54</sup>. The lack of basic amenities in the nation and particularly rural areas has direct negative impacts on the village residents such as increasing the rate of poverty, declining the agricultural products and hindering the ability to continue living a good life. All these negative impacts will definitely affect health services and halt access to education for the village communities and the nation at large.

The need to develop the basic amenities for the nation should be considered as a part of an overall development which needs to include the economic growth, the increase in the health services, access to education and the community development itself. The provisions of sufficient and good quality of infrastructure can maintain the balance in the quality of life between rural and urban areas <sup>55</sup>. The provision of sufficient and efficient basic infrastructure is the basis of a good quality of life among rural and outside communities. The development of basic infrastructure in the rural areas such as roads can be considered as the medium of communication between the rural communities with the outside communities. The development of efficient basic infrastructure will enhance the access for social communication devices, the growth in economy and the environment sustainability<sup>56</sup>.

Scholars also emphasize the importance of the infrastructure development towards the village communities which is to change the policy of isolation and seclusion. This can be realised with the availability of road network that allows contact to other people. Access to communication devices such as telephones which will enhance the rural community's communication with the outside world, including borderless world. This

view is in tandem with a work that described globalization as a process that increases the network and inter-dependency between communities<sup>57</sup>. The World Economic Forum emphasized on the importance of enhancing the basic infrastructure as the advancement in this aspect will reduce the isolation among different areas and it can also integrate the local market and the local economy with minimal cost incurred unlike in the past<sup>58</sup>.

The supply of treated clean water is one of the necessary facilities for rural communities. Another observation study, revealed that the provision of basic amenities such as clean water supply is essential as it will determine the communities' health level<sup>59</sup>. The consumption of untreated water can cause users to be infected with cholera which is an infectious disease that is brought by a bacterium called *Vibrio cholera*. This is supported by studies done by a group of authors who also found that water that are untreated, unfiltered and not chlorinated, can cause users to be infected with diseases than are brought by water such as cholera and usually the infected are from the rural areas with the absence of basic amenities and treated clean water resources<sup>60</sup>.

Apart from this, electricity supply is also vital in ensuring the quality of life among rural and outside communities. This is in line with previous studies done in this area, for example there is a study that examined the impact of the development of electric facilities for rural communities in Bangladesh. The study found that the villages that are selected to be supplied with electricity demonstrated positive results in the aspects of production, profit margin, development and business modernisation, women empowerment, quality of life and human capital development<sup>61</sup>. On the other hand, some authors believed that the use of alternative power resources that is environmental friendly such as solar power is a good and effective way to help the rural communities in Malaysia to have access to the electricity supplies in substitute with the use of

electric generators that are costly and could cause air pollution<sup>62</sup>. The use of environmental-friendly solar power is more beneficial as the resource is renewable.

The Global Energy Network Institute Report explained that most of the rural communities that do not have access to electricity supplies are among those in the developing countries<sup>63</sup>. The rural communities with no access to electricity supplies is seen as having a low quality of life compared to their counterparts in the urban areas because electricity supply is a necessity for everyday life. The Report also stated that there are several negative implications caused by the absence of electricity supplies in rural areas such as the inability to store materials in the cold storage especially food and medicines, low exposure of lightings which can impact the education sector and economic productivity, the hindering of modernization process and the limitation of communication network and its effects during emergencies. The development of basic amenities is essential for a better quality of life. The inefficiencies in the provision of basic infrastructures such as roads, clean water supply, electricity supply and communication systems can affect the quality of life of the rural and urban communities. It is pertinent to develop the network of basic amenities in the rural areas in order to reduce the gap between rural and urban areas community. Furthermore, it is necessary to reduce this gap in order to maintain the quality of life of the people in general.

#### **2.1.10 Sub-Saharan Africa Defined (Regions of Africa refers to as SSA)**

New World Encyclopedia explain, the term Sub-Saharan Africa is a word used to describe the area of the African continent which lies south of the Sahara Desert<sup>64</sup>. Geographically, the demarcation line is the southern edge of the Saharan Desert. Since the end of the last ice age, the north and sub-Saharan regions of Africa have been separated by the extremely harsh climate of the sparsely populated Sahara, forming an

effective barrier interrupted by only the Nile River. The regions are distinct culturally as well as geographically; the dark skinned peoples south of the Sahara developed in relative isolation from the rest of the world compared to those living north of the Sahara, who were more influenced by Arab culture and Islam.

Revenues from extractive industries are central to the political economy of many sub-Saharan African countries in particular and the continent as a whole. In 2001, oil production generated 20 percent of the GDP of sub-Saharan Africa. In 2002, mining constituted about eight percent of the GDP of the Southern Africa Development Community (SADC) and 43 percent of the region's exports. Globally, sub-Saharan Africa is becoming increasingly important to world energy supplies. It is expected to contribute a fourth of the global increase in petroleum production between 2014 and 2024<sup>65</sup>. Proven reserves have doubled in the last decade. The Atlantic Ocean off the coast of west and southern Africa continue to be one of the world's most active areas for oil exploration. However, in many countries of sub-Saharan Africa, the extractive industries have had a devastating impact, fueling conflict, corruption, economic decline and the problem of resource curse in one word. There are 42 countries located on the sub-Saharan African mainland, in addition to six Island nations. The table below provides more insight:

**Table 2: Countries, Island Nations of Sub-Saharan Africa and their region of location.**

| Countries                    |             |                  |                               | African Island Nations   |
|------------------------------|-------------|------------------|-------------------------------|--------------------------|
| Central Africa.              | East Africa | Southern Africa. | West Africa                   |                          |
| Democratic Republic of Congo | Sudan       | Angola           | Benin Republic, Burkina Faso, | Cape Verde (West Africa) |

|                             |                                     |  |  |      |   |
|-----------------------------|-------------------------------------|--|--|------|---|
| Republic of Congo           | Kenya                               | Botswana ,<br>Lesotho                          | Chad,<br>d'Ivoire                            | Cote | Comoros<br>(Southern<br>Africa)           |
| Cameroon                    | Tanzania                            | Malawi,<br>Mozambique                          | Equatorial<br>Guinea, Gabon,<br>The Gambia,  |      | Madagascar<br>(Southern<br>Africa)        |
| Central African<br>Republic | Uganda,<br>Djibouti                 | Namibia  | Ghana, Guinea,<br>Guinea Bissau,<br>Liberia, |      | Mauritius<br>(Southern<br>Africa)         |
| Rwanda                      | Eritrea,<br>Ethiopia                | Republic of<br>South<br>Africa                 | Mali,<br>Mauritania,<br>Nigeria,             |      | Sao Tome<br>and Principe<br>(West Africa) |
| Burundi                     | Somalia<br>(including<br>Somaliland | Eswatini<br>{formally<br>Swaziland)<br>&Zambia | Niger, Sierra-<br>Leone & Togo,              |      | Seychelles<br>(East Africa)               |

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*Source: Researcher's Fieldwork, 2021*

### **2.1.11 What China? The People's Republic of China (PRC) not Republic of China (ROC), Taiwan.**

China as used in this work stand for the People's Republic of China (PRC)<sup>66</sup>, or simply defined – Mainland China. It should not be confuse with Republic of China (ROC)<sup>67</sup>, or Taiwan. The People's Republic of China is a country in East Asia with unitary one-party socialist republic led by the Communist Party of China (since 1949). PRC is the most populous country in the world, with a population of over 1.4 billion people. The Qing Empire, China last dynasty, which formed the territorial basis for modern China, suffered heavy losses to foreign domination (imperialism). The Chinese monarchy collapsed in 1912 following the 1911 Chinese revolution. The Republic of China (ROC) replaced the Qing Dynasty. China was invaded by imperialist Empire of Japan during the World War two. The successful Communist revolution staged by the Chinese

Communist Party (CPC) led by Mao Zedong (Chairman Mao) in 1949 established the People's Republic of China on mainland China. The ROC government as led by Kuomintang retreated to the Island of Taiwan and formed a new government with the backing of the United States. The ROC occupied the seat at the United Nations Security Council as the official representative of China, until 1971 before the United Nations recognized the PRC as the sole legitimate government of China. Today, "One –China-Policy"<sup>68</sup> remain a cardinal point in PRC foreign policy.

After economic reforms initiated by Deng Xiaoping in 1978, and the entry of PRC into the World Trade Organization in 2001, China's economy became the second largest economy, after the U.S. since 2014. China is the world's fastest growing major economy and the second wealthiest nation in the world. China is number one trading partner of Africa.

#### **2.1.12 Forum on China-Africa Cooperation (FOCAC)**

The Forum on China-Africa Cooperation (FOCAC)<sup>69</sup> was established in October 2000. Since its establishment, FOCAC has been gradually institutionalized and become an important platform for collective dialogue and an effective mechanism for enhancing practical cooperation between China and African countries. It also set a successful example of South-South cooperation.

Among others FOCAC targets include;

1. Debt relief
1. Participation in peace-keeping
2. Cheap loans linked to infrastructure development
3. Support for Africa in global forums such as the United Nations (UN), World Trade Organization (WTO), International Monetary Fund (IMF) and the World Bank
4. Competitive military deals

5. Collaborative projects on “traditional medicines”
6. Political “non-interference” in the internal policies of African countries
7. The promotion of “south-south linkages
8. The establishment of parallel funding agencies to institutions such as the IMF and World Bank<sup>70</sup>.

FOCAC reflects the key tenets of the Five Principles of Peaceful Coexistence which guide China’s foreign policy objectives. The process is to promote political dialogue and economic development as well as prosperity framed squarely on a one-China ideology. FOCAC first ministerial Conference was held in Beijing from 10 to 12 October 2000, and it is scheduled to be holding every three (3) years. FOCAC as a body is consists of all African states except Eswatini (formally Swaziland) which still maintain diplomatic relations with Republic of China (ROC/Taiwan). The Ministerial Conference, which is held once every three years, is a vital part of FOCAC. The Ministerial Conference is attended by foreign ministers and ministers in charge of economic cooperation. There have been however, eight summits held to date, with the seventh having occurred from September 3 to 4, 2018 in Beijing China. The eighth Conference was hosted by Senegal on May 20, 3021<sup>71</sup>. In 2010, the PRC invited the African Union to be a member of FOCAC consultation.

The First Ministerial Conference of FOCAC was held in Beijing in October 2000. Following the First Ministerial Conference, China cancelled RMB 10.9 billion of debts for 31 heavily indebted poor countries or least developed countries in Africa; set up the African Human Resources Development Fund, sponsored nearly 300 training courses and trained nearly 7,000 African professionals in diplomacy, economic management, national defense, agriculture, education, science and technology, culture and health.

The Second Ministerial Conference of FOCAC was convened in December 2003 in Addis Ababa, Ethiopia. Following the Second Ministerial Conference, China signed 382 new agreements on financial assistance with African countries, trained 12,600 professionals for African countries, provided zero-tariff treatment to exports under 190 tariff items from 28 least developed countries in Africa; gave 17 African countries Approved Destination Status. The "Meet in Beijing" International Arts Festival and the "Voyage of Chinese Culture in Africa" were held successfully, and two China-Africa Youth Festivals were held in Beijing in 2004 and 2006 respectively.

The Beijing Summit of the FOCAC was convened in November 2006 as the third Ministerial Conference of FOCAC. Chinese President Hu Jintao and the heads of state and government and high-ranking representatives of 48 African countries attended the Summit. Beijing Summit proclaimed the establishment of a new type of strategic partnership between China and Africa featuring "political equality and mutual trust, economic win-win cooperation and cultural exchanges". President Hu Jintao announced at the Opening Ceremony of the Summit that the Chinese government would take eight policy measures to strengthen cooperation with Africa and support its development. Besides these measures, which have been implemented by the end of 2009, China opened 23 Confucius Institutes and Confucius Classrooms in cooperation with 16 countries; sent 1,200 medical workers to 42 African countries, and provided medical devices worth RMB 50 million; successfully held "African Culture in Focus 2008" in China and "Chinese Culture in Focus 2009" in Africa; established training and exchange centers for women in 5 countries, and delivered 28 batches of material assistance to women organizations of 14 African countries; invited 500 African young people to visit China and held the third China-Africa Youth Festival; established 98

sister provinces/states or twin cities between China and Africa; and added 9 countries to the list of ADS (Approved Destination Status).

The Fourth Ministerial Conference of FOCAC was held in November 2009 in Sharm El Sheikh, Egypt, during which Chinese Premier Wen Jiabao announced eight new policy measures on China-Africa cooperation. Following the Fourth Ministerial Conference, China actively carried out the follow-up actions of the Conference: initiated China-Africa Science and Technology Partnership Plan and China-Africa Joint Research and Exchange Plan; signed framework agreements on concessional loans with some African countries, and signed exchange of letters with majority of the least developed countries in Africa on increasing the tariff items under which exports receiving zero-tariff treatment; started work concerning debt cancellation and special loans for small and medium-sized enterprises; signed exchange of letters and agreements with some African countries on sending agricultural technology teams, providing medical equipment and anti-malaria medicines; started construction of agricultural technology demonstration centers and 50 China-Africa friendship schools, 100 clean energy projects and small-sized well digging projects for water supply etc.; and made smooth progress in providing human resources training for Africa. In addition, China kicked off "African Culture in Focus 2010" activities; officially launched the 20+20 Cooperation Plan for Chinese and African Institutions of Higher Education and held China-Africa Modern Agriculture Cooperation Forum in Beijing. The first and second FOCAC Legal Forum were successfully held in Cairo and Beijing respectively.

The fifth Ministerial Conference was held July, 2012 in Beijing. The theme of the conference was "build on past achievements and open up new prospects for the new type of China-Africa strategic partnership" The conference was declared opened with President Hu Jintao in attendance, delivered an important speech announcing Chinese

government's new initiatives to support Africa's peace and development and promote China- Africa new strategic partnership. President Hu Jintao enjoined China and Africa to draw a blueprint for promoting cooperation in the next stage and lay a solid foundation for making new and greater progress in growing China-Africa relations in the years to come.

The sixth Ministerial Conference was hosted by Republic of South Africa and was held at Johannesburg from December 3, 2015 to December 5. The theme of the sixth conference, tagged "Africa-China Progressing Together: Win-Win Cooperation for Common Development.

The seventh FOCAC Ministerial Conference, in line with alternating policy between Africa and China as host, was held in Beijing, capital of China on September 2, 2018. The Conference themed-"China-Africa Cooperation for Common Development: Catapulting the African Industrialization Renaissance"

The eighth FOCAC Ministerial Conference was hosted by Senegal, convened on the 20<sup>th</sup> of May, 2021. The year summit theme was "three priority areas of vaccine cooperation, economic recovery, and transformative development". The eight (8) Ministerial Conference took place at Dakar, Senegalese capital city. Among others, the conference helped to further build a strategic consensus between China and Africa and chart the course forward for the sustainable and high-quality development of China-Africa cooperation. Since the conclusion of the 2018 FOCAC Beijing Summit, China's Ministry of Commerce (MOFCOM), together with other relevant government departments, has earnestly pushed forward with the high-quality implementation of the eight major initiatives proposed by Chinese President Xi Jinping at the opening ceremony of the FOCAC Beijing Summit to promote China – Africa cooperation, and steered the economic and trade cooperation between the two parties toward fast and

steady recovery as well as new progress amid the COVID -19 pandemic. Data show that from January to September of year 2021, various indicators of China-Africa economic and trade cooperation were upward trajectories, with trade volume between the two parties climbing 38.2 percent year on year to 185.2 billion dollars, the highest level of the same periods in the history of China-Africa trade.

China direct investment in Africa between January and September of year, 2021 reached 2.59 billion dollar, up 9.9 year on year. It show that the growth rate outperformed the pre-pandemic level in the same period of 2019. In the face of challenges posed by the COVID-19 pandemic, China and Africa successfully held the Extraordinary China-Africa Summit on solidarity against COVID-19, shifting the focus of cooperation toward health, the resumption of work and production, as well as improving people's livelihoods. Since the pandemic has caused difficulty in people-to-people exchanges between the two parties, China has promoted electronic (online) personnel training for Africa in many areas including agriculture, e-commerce, bilateral cooperation, digital economy. The idea behind this is for both China and Africa to jointly pull through the difficult time.

### **2.1.13 The Concept of Foreign Policy**

The aftermath of thirty years war in Europe gave birth to a new international system, ushered in through the 1648 Westphalia Peace Treaty and made nation state the unit of interactions. After the treaty of Westphalia and the end of the First and Second World War, the international system has witnessed an increasing growth in the development of nation states. The end product of this development is thus, the creation of an interaction between these nation states. In addition, the establishment of United Nations and the process of decolonization that has liberated many states into sovereign entities have further provided the impetus to inter-relationships among states. Such has resulted in

the formation of 'foreign policies'. With the aim of determining and identifying the decisions, strategies, and ends of interaction of a state with another<sup>72</sup>. Furthermore, the modern world of "globalization"; the "widening, deepening and speeding up of global interconnectedness" has increased this interrelationships or interactions among states. Hence, there is unanimity among scholars on the necessity of a "foreign policy" for each state, since no state will like to function in complete isolation. This made scholars like Feliks Gross, to say that even a decision to have no relations with a particular state is also a foreign policy<sup>73</sup>.

A state without a foreign policy, has been compared to a ship in the deep sea without any knowledge of directions. Thus, foreign policy leads a state in fulfilling its national interests and acquiring rightful place among comity of nations. Like small states studies, the first problem that one faces in the study of foreign policy, is the problem of definition or clear meaning of the term<sup>74</sup>. When used, it is either out of context or entails a different meaning. Such has led scholars like Charles Hermann, to call foreign policy a "neglected concept"<sup>75</sup>. Adding that "this neglect has been one of the most serious obstacles to providing more adequate and comprehensive explanations of foreign policy." He believed that part of the reasons for this neglect is that "most people dealing with the subject have felt confident that they knew what foreign policy was."

The term foreign policy has been defined in various ways by scholars; however, they are certain that it is concerned with behavior of a state towards other states. Hermann for instance, defined foreign policy as "the discrete purposeful action that results from the political level decision of an individual or group of individuals"<sup>76</sup>. It is the observable artifact of a political level decision. It is not the decision, but a product of the decision." By this, it can be seen that Hermann defines foreign policy as the behaviour of states. George Modelski, defines it as "the system of activities evolved by

communities for changing the behaviour of other states and for adjusting their own activities to the international environment. Encyclopedia Britannica sees foreign policy as general objectives that guide the activities and relationships of one state in its interactions with other states.

Collins English Dictionary defined it as policy pursued by a nation in its dealings with other nations, designed to achieve national objectives. Merriam-Webster Dictionary conceive it as the policy of a sovereign state in its interactions with other sovereign states<sup>77</sup>. Foreign policy is also perceived as general objectives that guide the activities and relationships of one state in its interactions with other states. Some authors described the concept as “many of the goals, political, social, economic, etc., which states try to pursue in international system cannot be achieved within the territorial confines of the nation state. At times, states need the active cooperation, even assistance of other states in the system to achieve their national objectives. Because of this, a state necessarily has to be in communication with its external environment. It is the totality of this communication that is commonly referred to as foreign policy”<sup>78</sup>.

A foreign policy is a set of pre-established strategies designed and implemented systematically to manage a country’s relationships with other nations. They are structured guidelines that regulate international political dealings<sup>79</sup>. Foreign policies are drafted by governments to deal with international affairs adequately. These policies have different goals depending on the country’s interests. The purpose of it is to regulate the way the country interacts with the rest of the world, to guarantee that domestic affairs are properly safeguarded from outsiders and foreign goals are achieved. Depending on a country’s main agenda, which could be an economic, social or political agenda, the foreign policy is shaped to promote that agenda, to gain supporters and to increase international awareness and engagement. The development of foreign policy is

influenced by domestic considerations, the policies or behavior of other states, or plans to advance specific geopolitical designs.

Most scholars have described foreign policy as a pattern of behavior that one state adopts in relation with other states in relation with other states, while other scholars consider it as the strategy and tactics employed by the state in its relation with other states in the international system. Foreign policy must throw light on the ways states attempt to change, and succeed in changing the behaviour of other states.” A scholar noted only those aspects of policy that aim at the change in the existing behaviour of states, as the primary objectives of foreign policy. However, foreign policy is not only to change, but also continuation of the behaviour at different times<sup>80</sup>. It is concern both with the change and the status quo as far as they serve the national interest. For example, Gambia’s decision to cut diplomatic ties with Taiwan (a country it maintained ties with for almost two decades) in 2013, was a change in the foreign policy of the Gambia. In addition, no reasons were given for the decision, nor further details provided in the official press release other than stating that it was in the “national interests” of the Gambia.

In the same vain, Gambia’s decision to resume diplomatic relations with China, is a shift in her foreign policy towards a continuation of relationship with an old ally<sup>81</sup>. Foreign policy consists of decisions and actions, which involves to some appreciable extent relations between one state and others”<sup>82</sup>. By this, foreign policy involves set of actions that are made within state’s borders, intended towards forces existing outside the country’s borders. It comprises the formulation and implementation of a set of ideas that govern the behaviour of states while interacting with other states to defend and enhance their national interests.

A State's Foreign Policy is totality of its dealings with the external environment. Foreign Policy is the overall result of the process by which a state translates its broadly conceived goals and interests into specific courses of action in order to achieve its objectives and preserve its interests"<sup>83</sup>. Two functions of foreign policy can be extracted from the above definition first, foreign policy is to attain its conceived goals and second, to pressurize its national interests.

Foreign policy is a well-rounded comprehensive plan based on knowledge and experience for conducting the business of government with rest of the world. It is aim at promoting and protecting the interests of the nations. This calls for a clear understanding of what those interests are and how far we hope to go with the means at our disposal. Anything less than this, falls short of being a foreign policy"<sup>84</sup>. An interesting addition to that definition is that of how far states are willing to go with the means at their disposal to achieve their interests. Such a claim leads us to ask the question; will states be willing to use force when diplomacy fails in achieving their interests? The answer to this is YES. An example of which is the Bush administration's invasion of Iraq in 2003; where the American government turned to military capabilities at her disposal to achieve their national interest<sup>85</sup>.

Finally, foreign policy is "the intentions, statements, and actions of an actor-often, but not always, a state-directed towards the external world and the response of other actors to these intentions, statements and actions." An author has criticized the above definition being emphasized on states. She argued that other actors such as international cause groups, businesses, religions, and the like-in the international system formulate guidelines and goals that direct their actions towards other international actors. She used a broad definition of foreign policy that involves both statements and behaviours

or actions. She asserts that foreign policy, “needs to consider more than what states declare to be their goals and how they attempt to achieve them”<sup>86</sup>.

The study of foreign policy needs to consider how certain goals arise and why certain behaviours result.” Thus, in view of such a variety of definitions as to what is meant by ‘foreign policy’, it can be concluded by defining a foreign policy as consisting of three parts: the ‘end’, the ‘ways’ and the ‘means’. The end consists a vision of a desired outcome or set of interests in interacting with another state/actor; the ways, consists of the strategies and ideas (e.g. diplomatic tactics, coercion), to pursue these desired interests; and the means, consists of the available resources at a state’s disposal (e.g. economic, military). Thus, a foreign policy is a vision of a desired outcome or set of interests in interacting with another state/actor, the strategies and ideas used in achieving these goals, and the available resources at a state’s disposable, in guiding her interaction with other states. (Emphasis mine)

### **Determinants Factors of Foreign Policy Decision-Making**

Foreign policy is the hinge of domestic and international politics”<sup>87</sup>. There is also consensus among scholars that foreign policy serves as an intersection point of domestic and international politics. Thus, from here we can say that, the foreign policy of every state is influenced by mainly two determinants; international or external and domestic or internal factors. These are considered as factors which help in shaping and moulding foreign policy. However, the linkage between international and domestic determinants has long been a widely debated topic in the field of international relations and Foreign Policy Analysis (FPA) in particular.

While others argue that domestic politics and foreign policy are two ‘independent’ arenas of issue, others are of the view that foreign policy and domestic politics are ‘interdependent’ and could spill over into each other. In fact, many view foreign policy

as nothing but a continuation of domestic policy. To this school of thought charity begins at home “you cannot give what you don’t have”. Foreign policy is a reflection or aggregates of domestic policies. While both school of scholars made convincing arguments, however, the level of influence between domestic and international determinants of foreign policies varies from state and the political environment in which these states exist. In some cases, international factors play a major role, whereas in other cases, domestic determinants are more important. In clear term, two environment exists in foreign policy. External environment and Internal or domestic environment, to which we now turn:

### **External Determinant Factors of Foreign Policy (External Environment)**

Undoubtedly, the international environment plays an important role in shaping the foreign policy of every state. Since foreign policy in general is about the interaction of a state with another, this interaction only takes place at the international level and as such, cannot be ignored in analyzing the foreign policy of any state. As scholars in this school acknowledge the importance of both international and domestic factors, however, they argue that international factors play a more important role in determining country’s foreign policy. The main external factors that determine the foreign policy of a state are but not limited to: *the international system or power structure, international law, international organizations, alliances, and military strength or arm race*. Now we can analyse this factors in details.

### **The International System or Power Structure**

As pointed out earlier, the modern state system has been in existence since the treaty of Westphalia in 1648. It includes big, middle and small powers. As mentioned above, the interaction between these states takes place at the international level and as such it plays a significant role in shaping and moulding the foreign policies of those interacting

states. The establishment of friendly and cooperative relations between states is the aim of a sound foreign policy. Foreign policy is essentially shaped by one's relative power within the international system. The world is continuously changing, new events and personalities create fresh foreign policy problems for all concerned<sup>88</sup>.

To select events at random, the impact of the Bolshevik Revolution of 1917 in Russia, the rise of Communist Power in China in 1949, the rise of De Gaulle to power in France and Hitler in Germany, and the emergence of new states in Asia and Africa in the mid-20<sup>th</sup> Century; brought about significant changes in the power structure and that has impacted the foreign policy of many states. A prevalent framework of world politics plays a decisive role in deciding the foreign policy of a country. As such foreign policies of states thus change with shifts in the international power structure. In the traditional multi-polar system (especially from 1815-1945), it was easier for states to switch sides and gain maximum interests from both sides. Italy has used this strategy skillfully and switched sides during the height of World War I (the Great War, 1914-1918) to gain its share in the post-war colonial arrangement<sup>89</sup>.

During the 1980s, the international system was characterized with a bi-polar system as witnessed during the Cold War, and now a unipolar with the US as the only hegemonic power. These events have restructured the power system and have a significant effect on the foreign policies of states. During the bipolar world system, it was not easy for states to switch sides easily as the ideological fault lines were clearly marked. The demise of the Soviet Union and the advent of the unipolar world (US hegemony) have its own system dynamics, such as Bush's "either with us or against us". This declaration has made many states from the margins of the system to come forward and play effective roles, especially in the so-called Global War on Terror. At this point

therefore, every type of power structure at the international level has its own particular dynamics and has an impact on the foreign policies of states.

### **International Law**

The international law is generally defined as a set of rules that regulate relations between states. A scholar defined it as “a system of rules created deliberately and explicitly by states. Where states have expressly willed to be bound by the rules”<sup>90</sup>. The existence of international law and international norms limits the freedom to maneuver of states in the system. It is constituted by interstate agreements and treaties and thus, does not entirely favor every interest a state may have. It limits a state in one way or another. That been said, international law regulates the foreign policy of states, and has a binding function in foreign policy as it offers a legal framework through which states should interact. By foreign policy in this sense, is defined as the objectives that guide the activities and relationships of one state in its interaction with other states. It is believed that states actually obey and comply with international law because it constraints the making and enacting of their foreign policy. However, there is much debate among International Relations theorists about the consequences of international law. Whether states really comply with or observed international law and norms or not and to what extent they do obey international rules; because it is clear that some international norms are obeyed while others are ignored. One side of the debate, proponents of Realism, argue that international law has little or no independent effect on foreign policy.

One of the major purposes of foreign policy is to “maintain international order so that states can pursue national interests.” Thus in a realist view, states have the tendency to give priority to their national interests and then sometimes violate legal norms when fundamental interests are at risk. Leaders are claimed to pursue their national interests

(broadly defined to include military security and economic prosperity) without regard for international law. The US invasion of Iraq in 2003, under the Bush administration provides a clear illustration of this<sup>91</sup>. Hence from this it is said, the international law lacks force because the legislative, judicial and executive functions are fundamentally decentralized. First, each nation in world affairs is its own lawgiver. Second, a nation is its own judge and can interpret the law to serve its own purposes.

Finally, each nation in world affairs is its own sheriff, who must enforce the law for itself or organize a sympathetic posse. On the other hand, against this skeptical view, liberal institutionalist argues that international law can be profoundly significant. They assert that when states sign a treaty or agreements, it allegedly becomes costlier to take actions the law forbids and less costly to pursue policies the law condones. That is, treaties in the other words “tie the hands of current and future leaders by increasing the cost of renegeing.” According to the Positivist view, international law is a set of rules that regulates and constraints state behaviour. States are constrained to respect international norms if they do not want to face sanctions and avoid ‘naming and shaming’ by international activists (i.e., human rights activists).

The Constructivist approach of international law in foreign policy can illustrate the fact that it regulates and gives a roadmap to state’s behaviour, enable them to enter in relationship with each other (thereby limiting their actions); because they are legally bind by customary law and they decide to have legally binding obligations through treaties. In sum, international law defines the status, the rights, the responsibilities, and obligations of the nations in foreign policy. Thus, it is the responsibility of every state to observe the norms and laws, failure to which there are consequences.

### **International Organizations**

Currently, there are over 68,000 International Organizations (both active and inactive) in the world. Many International Organizations (IOs) play an enormous role in the current international system. It is hard to imagine how world affairs would operate without international bodies such as the United Nations (UN) and its affiliates, international financial institutions, such as International Monetary Fund (IMF) and the World Bank (WB). Such organizations are considered as active actors in the field of International Relations, as they facilitate the interaction between states at the global level. A state's foreign policies is thus, often affected by its membership of international, regional and sub-regional organizations, since they surrender partially their sovereignty to these organizations.

As their operations will be guided by the constitution of the organization; the policies of member states will undoubtedly be affected by the nature of the particular institution. Nevertheless, scholars of international relations still disagree about the role IOs play in the foreign policies of states. The realist approach in the international politics has generally had less confidence in the efficacy of international organizations. They argue, for example that the United Nations and most other international bodies have no way to implement their decisions and that nation states have all the real power in the international system. International institutions "are basically a reflection of the distribution of power in the world. They are based on the self-interested calculations of the great powers, and they have no independent effect on state behavior." IOs are considered as only a marginal factor in world politics. This is otherwise regarded as the 'bottom-up' perspective; i.e., how the foreign policies of states impact international organizations.

However, the Constructivist and liberal institutionalist account, took a different view; the 'top-down' perspective. How international organizations impact the foreign policies

of states. In the constructivist account, international organizations to a larger extent serve as modifiers of state behaviour and as independent actor. They have profound impact on the determination of the foreign policy of the member states. The realization of mutual independence, has given birth to a large number of international and regional organizations, arrangements, agreements, and trading blocks. The European Union, ASEAN, African Union, OPEC, ECOWAS and several others have been major players in the international system. Hence, it is obvious that the foreign policy of every state is now becoming conscious of these organizations, trading blocs, and economic and trade agreements. Thus, international organization constitute a determinant factor in the foreign policies of states.

### **Alliances**

Alliance formulation is considered to be one of the most curious aspects of international relations. It is regarded as the cornerstone of security policy; however, conventional wisdom holds that is commitment are notoriously unreliable. Alliance formation is considered as a strategy that states use in the formulation and implementation of their foreign policies. Clinton and Palmer, examined the consequences of alliance formation for other foreign policies of a state, including defense spending and the initiation of militarized disputes, using a theory of foreign policy that is based on several assumptions. First, states pursue two goods-change and maintenance-through their foreign policy. Second, states select a portfolio of policies designed to produce the most preferred mix of the two goods. Third, all foreign policy behaviour including alliance requires resources. Fourth, states are rational in their allocation of resources. Together this implies that an observe alliance must have been the most efficient mechanism available for acquiring the most desired and achievable foreign policy portfolio and have implications for the observation of foreign policy substitutability. They added that

alliance provide capability on which the state can draw, thereby providing greater opportunity to pursue both maintenance and change. Alliances in their dictum “are the results of agreements that both entail some commitment and allow for increased foreign policy activity.” Finally, they see alliances as part of a state’s foreign policy portfolio, in which the alliance may constrain the state in some areas while allowing it freedom to act in others.

Alliances like international law do shape the foreign policies of states, because the member parties to the alliances have to respond to the requests and demands of their allies and refrain from formulating policies or taking actions which are offensive to the alliance partners. Like many scholars in international relations, Dinesh asserted that, alliances serve as instruments of foreign policies. “The extensive and intensive system of alliances that emerged in the post-1945 period had a big impact on the foreign policies of all the nations. During 1945-90/91, both the United States and USSR, recognized and used alliances as the means for consolidating their respective positions.” Again, during the height of the Cold War, neither the members of the ‘Warsaw Pact’ nor those of ‘North Atlantic Treaty Organization’ (NATO) could pursue any independent foreign policy. Even now, with the demise of the Warsaw Pact, the US still continues to consider NATO as the mainstay of its foreign policy in Europe.

### **Military Strategy/Arm Race**

An arm race denotes the quantity or quality of instruments of military and naval power by rival states in peacetime. The first modern arm race took place when Germany (formally Prussia), France and Russia challenge the naval superiority of Britain in the late 19th century. The buildup of arms, was also a characteristic of the Cold War between the US and USSR. The hostility between the United States and the Soviet Union began near the end of World War I. The profound ideological differences

between these two camps were problematic, which eventually had an effect on the international system. The invention of the first atomic bomb in 1945, by the USA had two objectives: a quick end of World War II and possession by US (and not USSR), would allow control of foreign policy in the global stage.

However, the discovery and the detonation of an atomic bomb in 1949 by the Soviet Union, ends America's monopoly of atomic weaponry and launches the Cold War. As such in the 1950s, arm race became the focus of the Cold War. Arm race are a competitive defense spending and military capability building between two states or bloc of states (like the cold war). Examples of such states locked in long-term rivalries with other states include India-Pakistan, China-India, North-South Korea, and Turkey-Greece. In the pursuit of foreign policy objectives, states adopt different strategies, and military strategy is one of those. Scholars assert that one of the main prerequisite of a credible state actor is to develop the military compatibilities and political will, to back its diplomacy by force when necessary.

As the famous saying, 'when negotiations fail, confrontation is inevitable.' Thus, the use of military power is considered as the ultimate tool of international relations following the conception of war as the continuation of politics by other means. However, in either case whether used defensively or offensively, military power lends a measure of international freedom of action to the state involved. Thus, this is affirming the political theory of war which argues that "in a world system of competing states, the basis of diplomacy, and of all contractual obligations beyond the boundaries of the state rest on the capacity to use (diplomacy of) violence, both to protect the state, and to protect one's interest in the face of opposition from other states."

This assertion is in concord with the notion that military strategy occupies a fundamental place in a countries foreign policy. A state may pursue its interests by

bringing immense resources such as large military forces, allies or embargoes on products crucial to others to the support of the issue it perceived to be at stake<sup>92</sup>. However, “in situations where both states and parties to a conflict have the same preference, the structure of the conflict is then akin to the game theorist’s concept of the prisoner’s dilemma, where no party to the conflict wants to back down in respect to what it perceived to be the central issue.

Whether conceived in terms of its direct or indirect employment, military power has become in the modern era, the legally sanctioned instrument of which states use in their relations with each other”<sup>93</sup> Coercive diplomacy entails using what Schelling termed the ‘diplomacy of violence’ to influence the cost benefit calculations of the adversary; as “it is the threat of damage, or of more damage to come, that can make someone yield or comply”<sup>94</sup>. In view of this, a state possessing sufficient military strength has greater initiative and bargaining power in the international arena. By this, until the nation state system is radically transformed and superseded by a different international order, the military power and the capacity for armed coercion which it sustains, is likely to continue to play a significant role in international politics.

The case of Israel and North Korea can be seen as an example. They continue their precarious existence despite the combined opposition of the allied nations; they have power to maintain an assertive foreign policy. The military strength is closely linked to their resourcefulness and the development of their industry.

### **Domestic Determinant Factors of Foreign Policy (Internal Environment)**

Like the external determinant factors, scholars agree that the internal environment of state also influence the nature and course of its foreign policy. Countries differ in size, socioeconomic development and political regime. They also differ in their political institutionalization and societal structures, military and economic capabilities, and

strategic cultures. In the same vein, public opinion, national role conceptions, decision making rules and personality traits of political leaders vary from one state to another. These differences directly affect both foreign policy making process and foreign policy decisions.” By this, the “stuff of foreign policy derives from issues of domestic politics as well as foreign relations.”

The domestic structure is not irrelevant in any historical period. At a minimum, it determines the amount of social effect which can be devoted to foreign policy.”<sup>95</sup> Therefore, we shall now look into those domestic factors that may shape the foreign policy formulation and implementation of states.

### **Culture and History**

Culture provides people with ways of thinking, seeing and interpreting the things around them. It shapes our ideas and serves an instrument for us in analyzing everything happening around us. Everything from our racial features, to the food we eat, the way we dress, the language we speak, the music we listen to, and where we live, all form a part of culture. The cultural side of foreign policy is a vast and treacherous area.” However, a heated debate exists among scholars on whether and how culture impacts and shapes a state’s foreign and security policy in particular as well as international relations in general. Nevertheless, many scholars of international relations argued vividly that the way we think (i.e., our culture) has an effect on the policies we make. Vlahos argued that “pattern of thought and behavior are shaped by culture; they are not the product of mere nationalism”.

Cultural diplomacy has deep root and can easily be found in the archives of foreign ministers. A nation inherits a style and culture which in turn influence and decide the course of actions, the nation has to follow in relation to other sovereign states. Again, the external affairs of a state are to a large extent the legacy of its history and cultural

heritage. The approach of a nation to the foreign problems is determined by its traditional values and beliefs which have emerged over periods of years. Historical experiences, like culture and traditions of a state, exert influence on its foreign policy. In general, states with unified culture and common history find it easier to formulate effective and consistent foreign policy. In such a case, overwhelming majority of people, who share similar experiences and common perceptions of historical events, support the state's foreign policy. However, countries with divergent cultures and various historical experiences in its different parts, find it difficult to formulate foreign policy in unison.

The relationship between the Gambia and Senegal is a clear testimony of this fact. The two countries virtually share same cultural ties with the exception of official languages. The two sister countries have effective foreign policy due to shared cultural values. Colonization, is another dimension of the historical experiences that influence the foreign policy of states. The foreign policy of many Asian and African states is shaped by their former colonial masters, notably Britain, France, Spain, and Portugal. This is more illustrated among French Speaking African countries, such as Senegal, Mali, Benin, Togo, Ivory Coast etc. France, obviously becomes their best and strategic ally in world affairs. Same can be said about the former British colonies or members of the British Commonwealth of Nations, like Gambia, Ghana, Cameroon, Cyprus etc.

### **Geography, Size and Population (Geopolitical)**

The size of a state's territory, its geography and population greatly influence its foreign policy implementation. It is generally believed that leaders and people of states with small territory and population do not expect their country to carry out heavy weight in international affairs. For example, Gambia, Benin, Brunei, Kyrgyzstan etc. On the other

hand, leaders of large countries are ready and willing to assume special and larger responsibilities in global affairs. For instance, United States, Russia and China, are active players in world politics due to their gigantic size. However, that is not to say that, all small states do not take active roles in international affairs. Some small states which have rich resources in terms of economics and power, are very active and leave a deep impact on world politics. For instance, Israel and North Korea are playing a very active role in international politics. Same is true for that of the oil-rich countries of the Middle East, though small in size are playing a significant role in international politics, especially in international political economy<sup>96</sup>.

In the meantime, large countries like Canada, Australia and Brazil have not been playing active and effective foreign policy. Thus, it can be argued that size is not an absolute factor but rather gets influenced by other factors like resources at a state's disposal. The geopolitical location of a state is one of the unrefuted factor that determines a country's foreign policy. It matters where on the globe a country is located. It matters whether the country has natural frontiers: that is whether it is protected by oceans, high mountains, or desserts. It matters who one's neighbors are and whether a given country is territorially large, populous, affluent and well-governed<sup>97</sup>.

The location of a state has a significant impact on its foreign policy. Example of such states includes Turkey, Israel, The Gambia, and Libya. Turkey, with its location as a transit point between Europe and Asia, undoubtedly has profound impact on her foreign policy implementation. Same is true for the Gambia, due to its geographical location on the Atlantic Coastline. Moreover, in the 19th century, the United States has adopted isolationist policy mainly on account of its geographical location (fully detached from continental Europe). Although the significance of geographical location cannot be overemphasized, its importance has considerably declined due to technological and

scientific developments in recent time. Nevertheless, geographical location of a country has a deep impact on the determination of its foreign policy. Pacts may be broken, treaties unilaterally denounced, but geography holds its victim fasts”<sup>98</sup>.

### **Economic Development and Natural Resources**

The level of economic development of a country also influences the foreign policy of that country. Many advanced industrialist countries play a dominant role in world politics, and formulate their foreign policies to maintain such superiority in the system. Such countries like United States, Japan, Russia, Germany, China, and France have large resources at their disposal to build military capabilities on one hand, and disperse monetary benefits on other states in the form of aids and loans, with the sole aim of ‘seeking allies’ with these states. It is in line with this that, the US and China have been able to pursue vigorous foreign policies and secure their national interest, which can be highly related to their degree of economic and technological development.

Both countries have made liberal use of ‘foreign aid’ as an instrument for the promotion of their foreign policy goals. A clear example of this can be seen in the United Nations’ condemnation of Donald Trump’s recognition of Jerusalem as the capital of Israel. The US ambassador to the United Nations, Nikki Haley said that “we don’t expect those we’ve helped to target us, the US will be taking names”<sup>99</sup>. In addition, the then president of the United States, Donald Trump threatened to cut off financial aid to countries that vote in favor of a draft UN resolution to reject the US’s decision on Jerusalem as Israel’s capital. In an interview, he said explicitly “They take hundreds of millions of dollars and even billions of dollars, and then they vote against us. Well, we’re watching those votes. Let them vote against us. We’ll save a lot. We do not care.”

On the other hand, small states like The Gambia pursue a limited and calculated foreign policy due to their insufficient economic power. Therefore, it can be seen that developing and undeveloped countries remain dependent on these advanced industrialist countries to a larger extent to get development loans, import of technologies, provision of health care, access to higher education, and even food grains to meet their needs. Thus, accordingly it has to adjust its foreign policy in these economic terms. Moreover, in recent years, we have seen that Germany is playing leading role in Europe's politics despite not being permanent member of United Nations Security Council (UNSC), and being a non-nuclear state.

It can rightly be argued that Germany's increased leadership is entirely attributed to its economic development. Also, the emergence of China and India on world stage is based on their economic resurgence in recent years. On the contrary, in post-cold war period, Russia's influence decreased to a considerable extent as its economic power has diminished after the disintegration of USSR. The available natural resources that a state has, influences the foreign policy of those states. These resources include minerals, gas, petroleum or crude oil, and water resources, which are abundant in Africa and Middle East. It can be seen that such countries in these regions are considered small; however with such abundant natural resources at their disposal, despite their size they play a crucial role in international politics. This, in the word of a scholar has made Middle East to have leverage in world politics due to oil diplomacy of the region. Due to their oil power, small states in the Middle East such as Qatar, Bahrain and Kuwait, pursue foreign policy more confidently and assertively.

### **Military Capabilities**

The military strength of a country, also determines the foreign policy strategy of states. The capability of a state to defend its borders against armed aggression plays a

profound role in both internal and external policies that states make. Militarily capable states exercise greater independence from external forces in the formulation of their foreign policy. In the same vein, increase in the military capabilities of a state might result in change in its foreign policy; from peaceful to an aggressive foreign policy. For instance, India has acquired new dimensions after 'nuclearisation', as it attempts to get the status equivalent to the P-5 countries (i.e. U.S., U.K., China, France and Russia). The same can be said about North Korea, with her possession of new weapons of mass destruction, it is directing her foreign policy towards an aggressive one. This is to say that, states with high military capabilities such as US, China and Russia, tend to be active and vigorous in pursuing their foreign policy objectives in the international system. On the other hand, states with weak or low military capabilities tend to be more salient in the pursuit of their policy goals and most often depend on ally seeking with greater powers and international organizations for their protection.

### **Political System**

The political organization and institutions in a country, also greatly influences the foreign policy of that country. Generally, under authoritarian or totalitarian forms of government, easier and faster foreign decisions are possible because the decision-making power rests with an individual assisted by his clique. They are the sole decision makers and as their decisions are made without any constraints or consultations, their foreign policy decisions can be conflictual. It is also observed that decision making under such closed systems have often, if not always, lead to a country's isolation in international politics as happened with the regimes in North Korea and Myanmar.

On the other hand, in a state with democratic system, foreign policy implementation tends to be difficult and slow as compared to that of an authoritarian structure. Citizens in this system can freely express and voice their opinion on the domestic as well as

foreign policies of their country, making an impact on the policies their government is pursuing. Democratic leaders tend to respond to these public demands and formulate a foreign policy within it.

In the same vein, that the different political structures in a democratic system itself have its impact on foreign policy. For instance, under a parliamentary system of government based on cooperation between the Legislature and the Executive body, the cordial relation between these two wings, have an impact on a country's foreign policy. On the other hand, under presidential system of government based on the principles of separation of powers, the relation between the two wings are non-cordial and likely to be strained, which affect the ambiguity or the continuity of foreign policy. Similarly, different foreign policy is likely to emerge under bi-party and multi-party systems. Under bi-party system the government is likely to have a clear-cut majority and conduct itself in a more decisive manner regarding the conduct of foreign relations. In contrast, under multi-party systems, conflicting views and interests may occur. This may lead either to the avoidance or postponement of the decision.

### **Personality and Character of the Leader**

Leadership in general, the personality of a leader in particular plays a profound role in foreign policy formulation. The role of personality in foreign policy encompasses cognitive processes, and assumes that decision making is the result of individual 'human agency'; that is, ultimately, it is 'individuals' who make decisions, not 'states'. Thus, personality can be important in adding to our understanding of foreign policy behavior. However, its relevance some scholars argue, is dependent upon the constraints of the international system as well as domestic political structure. A leader's belief about the nature of international arena and the goals that ought to be pursued therein, his or her peculiar intellectual strengths and weakness for analyzing information and

making decisions, his or her past background and the extent of its relevance to the requirements of the role, his or her emotional needs and most of other personality traits these are but a few of the idiosyncratic factors that can influence the planning and execution of foreign policy.”

Though, the government structure and societal realities are believed to constrain the character of a leader, during crisis time the leader shows the path to the government and society. Leaders have been categorized into two: ‘hawks’—those who advocate an aggressive foreign policy based on strong military power, and ‘doves’—those who are termed as conciliatory and try to resolve international conflicts without the threat of force.

An aggressive leader can be characterized by certain attributes as tendency to manipulate others, high need for power, paranoia, high levels of nationalism, and a vigorous willingness to initiate on behalf of their state. Whereas conciliatory leaders on the other hand, are the opposite of the above. They possess attributes such as a desire for affiliation and friendly relations with other, low level of nationalism, etc. From this, due to their aggressive foreign policy, leaders like Hitler, Mussolini, George W. Bush, Donald Trump, and King Jong-Un of North Korea, can be categorized as ‘hawks’, while leaders such as Abraham Lincoln, Barack Obama, Goodluck Jonathan, Sir Dawda Jawara and Emmanuel Macron of France, can be classified as ‘doves’.

Again, the British participation in the 2003 Iraq War, has been characterized as “Tony Blair’s War”, with many believing that the personality and leadership style of the prime minister played a crucial part in determining British participation in the war.

### **Political Parties and Interest Groups**

Political parties are vital to modern political settings. They play an important role in shaping representative democracy in a country. They have a greater say in the foreign

policies of their countries and usually voice their interest directly or through interest groups. Under multiparty system and coalition governments, political parties (i.e., the opposition party) always have conflicting views and interests, which may alter the formulation of foreign policy. Scholars from the neoliberal approach to international politics (e.g. Keohane), accentuate the decisive influence of organized interest groups on foreign policy. In this view, leaders or government officials with foreign policy authority bargain with domestic interest groups that use their member's votes, campaign contributions, labor strikes or other tools to affect the electoral benefits and costs to elected officials of choosing alternative policies. For example, some authors traced targeted government subsidies and trade protections to the influence of well-organized and financed groups; while Snyder attributes defense policy to logrolling coalitions. Organized labor and business corporations possess critical resources for pressuring policy makers.

With mission as protecting the jobs and benefits of their members, "Labor leaders have spoken out often on foreign affairs." Moreover, due to the increase in interconnectedness and the rapid growth of globalization, pressure groups have more interests in the foreign policies of states. They influence these policies when interacting with states at the international and domestic level. In Robert H. Thrice's insight, "Interest groups can be viewed as auxiliary actors that stand between the government and the mass public, tied to the governments' decision-making system by channels of communication." These interest groups have mobilized a diverse area ranging from business, labor, ethnic, health, environmental, human rights, etc. Thus, it becomes impossible for governments to turn a blind eye on their existence.

### **Press and Public Opinion**

Again, the domestic sources of foreign policy are widely recognized and include interest groups, mass public opinion, and the printed and electronic media”<sup>100</sup>. Tomz et al, distinguished two pathways through which the public could shape policy outcomes: selection and responsiveness. “First, the public could exert influence by selecting parties or candidates whose foreign policy positions best match their own. Second, after politicians take office, leaders may respond to public opinion out of concern that rebuffing the public could be politically costly.” With strong experimental evidence, their study concluded that public opinion affects foreign policy in democracies, both by shaping who is elected and by influencing leaders once they take office<sup>101</sup>. Leaders in countries with advance democracy, consider opinion poll before making any crucial policy decision. The 2003 Iraq war for instance, was initially supported by the American public, which the United States used as an excuse for the invasion despite the international outcry of the unjust nature of the war. The Bush administration had to make a decision by going to war or face the exit door of the white house. At this point, it is worth knowing whether public opinion matter in non-democracies as much as in democracies.

The short answer to this is ‘Yes’. She argued that leaders of any type of regime need to pay attention to opponents and whatever resources those opponents wield. The media is agreed by many scholars to play a significant role in influencing the policies and decisions leaders make. There exists a phenomenon called the “CNN effect”, which Joseph Nye explains as: The free flow of broadcast information in open societies has always had an impact on public opinion and the formation of foreign policy. By focusing on certain conflicts and human right problems, broadcast pressure politicians to respond to some foreign problems and not others. The so-called CNN effect makes it

harder to keep some items off the top of the public agenda that might otherwise warrant a lower priority<sup>102</sup>.

Those who believe in the reality of the CNN effect, propose that it makes use of public opinion. As the media broadcast images of mass starvation, ethnic conflict, violent human right abuses, and other sort of mass suffering; the images arouse strong emotions in the public. Then in turn the public, aroused by those images of suffering portrayed in the media, will demand from their elected officials to do 'something' strong and morally correct response. Obviously, elected officials wanting to stay in the public's favor for all sorts of reasons, will respond to these demands with some sort of humanitarian or military intervention, or whatever action is necessary in the immediate term. In addition, Rubenzer, in analyzing the role of 'social media' (Facebook, Twitter, YouTube etc.) in foreign policy implementation, argued that the social media as it becomes more accessible, becomes one means by which people, non-state actors and governments can share their foreign policy priorities in an effort to receive feedback, engage in diplomacy, educate people, and attempt to influence foreign policy outcomes<sup>103</sup>. This denotes that the media plays a profound role in setting the public agenda and eventually influencing foreign policy decisions.

### **Science and Technology**

Just as media, technology has brought a tremendous amount of change in the areas of foreign policy and diplomacy. Hillary Clinton in her tenure as secretary of state, once said "Just as the internet has changed virtually every aspect of how people worldwide live, learn, consume and communicate, connection technologies are changing the strategic context for diplomacy in the 21st century<sup>104</sup>." The recent advances in technology has transcend almost all areas of international affairs and indeed open up vast new areas of communication, cooperation and even conflicts among states in their

pursuit of security, development and progress. Science and technology considerations are often central to the interaction of states with other governments.

It plays a large role in discussions of such critical topics as nuclear non-proliferation, use of outer space, population growth, adequate and safe food supply, climate change, energy resources, and competitiveness of industrial technologies. In the addressing of these issues, expert science and technology knowledge is significant to the anticipation and resolution of problems and to the achievement of foreign policy goals. As such, the profound impact of science and technology on human society and national security has made states and foreign policy professionals to use it as a tool in successfully negotiating international affairs. Technology in this sense may be seen as a driver for both power and legitimacy in the areas of foreign affairs and diplomacy. Leaders especially in the advanced industrialized countries, use this technology in raising awareness, promoting global culture, and spreading democracy throughout the world. The advanced industrialized countries transfer this technological equipment and the technical know-how, to developing countries.

However, in the transfer of this technology, advanced industrialized countries exert such leverages or interests to mould their foreign policy. This technological transfer especially in the military sphere has further increased the developing world's dependency on advanced countries. Technological changes can alter military and economic capabilities of a society and thus its status and role in the international system." Today, it can rightly be argued that U.S.A, Germany, China and Japan are in a position to play crucial roles in international politics due to their technological excellence. Also, the aggressiveness of present day North Korea in global affairs is due to their military capabilities which was enhanced by the advance in technology of the country. The recent conduct of its 6th nuclear test on 3rd September 2017, is a testament of this

validity. In sum, the technological advancement of a country, changes her role and status in world politics.

In summation, foreign policy decision-making entails series of processes and involves different actors. It plays an enormous role in the international affairs of a state. Without a properly formulated foreign policy, a state is tended to lose its position and prestige in world affairs and will eventually lead to a decline in achieving its national interest, whereas the opposite is true of countries with well formulated foreign policies. Thus, fully understanding the meaning and concept of the term foreign policy, is quite important for both policy makers, students and researchers. The foreign policy of every state is influenced by mainly two determinants; 'international'/external and 'domestic'/internal factors. These are considered as factors which help in shaping and moulding foreign policy of a country. However, the linkage between international and domestic determinant factors has long been a widely debated topic in the field of international relations and Foreign Policy Analysis (FPA) in particular. While others argue that domestic politics and foreign policy are two 'independent' arenas of issue, others are of the view that foreign policy and domestic politics are 'interdependent' and could spill over into each other.

Since foreign policy in general is about the interaction of a state with another, this interaction only takes place at the 'international' level and as such, cannot be ignored in analysing the foreign policy of any state Hence, the international system or power structure, international law, international organizations, alliances, and military strength or arm race, all influence foreign policy implementation. The internal environment of a state also influences the nature and course of its foreign policy. Countries differ in size, socioeconomic development and political regime. They also differ in their political institutionalization and societal structures, military and economic capabilities, and

strategic cultures. In the same vein, public opinion, national role conceptions, decision making rules and personality traits of political leaders vary from one state to another.

These differences directly affect both foreign policy making process and foreign policy decisions. By this, it is argued that the stuff of foreign policy derives from issues of domestic politics as well as foreign relations. While both school of scholars made convincing arguments, however, the level of influence between domestic and international determinants of foreign policies varies from state to state and the political environment in which these states exist. In some cases, international factors play a major role, whereas in other cases, domestic determinants are more important. We now turn our attention to diplomacy - political instrument of foreign policy.

#### **2.1.14 Diplomacy as Instrument of Foreign Policy**

A scholar sees diplomacy as “the peaceful conduct of relations between mainly states, and the most important instrument of foreign policy”<sup>105</sup>. Diplomacy means the display of creative and intuitive power capabilities in government-to-government relations, through accredited national representatives”<sup>106</sup>. Diplomacy is a key instrument employed for conveying and giving effect to the spirit of foreign policy<sup>107</sup>. Diplomacy is an instrument of conflict and conflict resolution. As an instrument for the formulation, implementation and monitoring of foreign policy, it promotes pacific settlement of disputes, differences or conflicts through lobbying, negotiation, mediation, conciliation, arbitration; treaty making; information gathering and reporting. The task of diplomacy is summarized thus,

“Building and rebuilding relationship; defining and redefining relationship  
Healing and not hurting feelings in relations (as much as possible); and  
promoting and not undermining mutual interest”<sup>108</sup>

Today, diplomatic relation is the hallmark of international relations. Without the value of diplomacy in world politics, the present world system (without World Government) would have been too chaotic, jungle-like and anarchical for the survival of human civilization. Every issue begs diplomacy. Every relation invites diplomacy. The making of either war or peace relies on diplomacy<sup>109</sup>. Diplomacy is about tact and strategy in the handling of international relations. It is a means of achieving foreign policy goals of a sovereign state by peaceful means through negotiation. It can also be seen as the conduct of relations between states and other entities with standing in world politics, by official agents and by peaceful means.

Diplomacy ensures that peace reigns among the sovereign states. The central goal of diplomacy is the attainment of peaceful co - existence in the world. Diplomacy can be described as an art of communication. Through diplomacy, the gathering and passing of information from one country to other countries has been enhanced. And this helps to create awareness of the economic potentials of one's country thereby attracting investors to her. Against general belief that improved methods of communication and revolution in ICT has eroded the importance of diplomat/diplomacy; the truth is that the practice of diplomacy is altered, its relevance and functions however became increased and more pivotal in a globalized world. In the word of a former Ambassador:

“The increasing interdependence of states has led to a situation in which it is no longer possible for one state to solve all the problem confronting it. By leaps and bounds, the multiplication of international problems, requiring joint or multilateral efforts to tackle, made it possible for the old modus operandi to continue”<sup>110</sup>

### **2.1.15 China in Africa: Historical Evolvement**

History is one of the most important factors that guide the formation of inter-state relations. It is therefore important to draw lesson from history in order to understand the

current relationship between Africa and China.<sup>111</sup> Chinese first contact with continental Africa predated that of the western European colonisers, just as Afro-Arabs relations in the coaster areas of east Africa has produced Swahili culture long before the arrival of the Portuguese in the late 15<sup>th</sup> century. The genesis of China engagement with Africa could be traced to the period when the first migrants moved from Malaysia to Madagascar.<sup>112</sup> Between second to third century AD, China already established a flourishing trading relationship with Egypt. The articles of exchange include, but not limited to cooper, gold, and camel, silk and other exotic materials.<sup>107</sup>

This long relationship according to a renowned Chinese scholar Zhang Zhongxiang, Senior Research Fellow and the Deputy Director of the Department of West Asian and African Studies, Shanghai Institute for International Studies in a published work “Study of Contemporary Sino-African Relations”, where he establishes that China and Africa have a long flourishing relationship that spanned for over two thousand years. Although the traces of such old engagement between Africa and China could be difficult to ascertain today, still the impact of the Chinese on Africa was well captured in historical book like that of “China and Africa in the Middle Ages” by Felesi<sup>113</sup>. When China started exploring the rest of the world with its fleets, it fostered good relationship with many kingdoms of that period around the Middle East and Eastern part of Africa.

Further contact between China and Africa continued in the mid-8<sup>th</sup> century during China’s Tang Dynasty (618-907), some 1,260 years ago. Du Huan, captured by the Arabs in the Battle of Talas in 751, later traveled across many places in west Asia and North Africa. He returned to China in 762 and wrote a book about his journey. Du was the first known Chinese to have arrived in Africa. Similarly, Moroccan explorer Ibn Battuta traveled to China in the 14<sup>th</sup> century and then returned to North Africa with stories of the East. In contrast to individual travelers like Du and Battuta, Chinese

navigator Zheng He in the Ming Dynasty (1368-1644) led trade envoys and reportedly reached the eastern and southern Africa coast region four times, sowing the initial seeds for China- Africa friendship, and carving out an ancient maritime Silk Road trade route. Authorized by the Yongle Emperor, Zheng's expeditions in the early 15<sup>th</sup> century were the first official contact between China and Africa.<sup>114</sup>

Files work was complemented by archeological excavations at Mogadishu (Somalia) at the site of Ajuran Empire and Kilwa, Tanzania where many coins from China were recovered. The majority of the Chinese coins date back to the Song Dynasty, while the Ming Dynasty and Qing Dynasty were also represented, according to Richard Panhurst. In 1926, Chao Jukua, the commissioner of foreign trade at Quanzhou in the Fujian province of China, completed a study on Somalia and Zanzibar and established evidence of trade relations between these parts of Africa and China. Giraffes, Zebras, and incense were exported to the Ming Empire of China, making Somali merchant's leaders in the commerce between Asia and Africa while influencing the Chinese language in the process. The Moroccan traveler and scholar, Ibn Battuta who journeyed through Africa and Asia, reached China in April 1345 has this to say about China - "this is the safest, best regulated of countries for a traveler. A man may go by himself on a nine-month journey, carrying with him a large sum of money, without any fear. Silk is used for clothing even by poor monks and beggars. Its porcelains are the finest of all makes of pottery and its hens are bigger than geese in our country"<sup>115</sup>. Sino - Africa relations at this period was consolidated through Ming Dynasty's admiral, Zheng He through his many expeditions. Zheng He goals was to spread Chinese culture and display Chinese strength. Zheng brought gifts and granted titles from the Ming emperor to local African rulers. In October 1415, Zheng He reached the eastern coast of Africa and sent the first of the two giraffes as gifts to the Chinese Yongle Emperor.

Another notable unwritten source of old Sino-Africa relations survived in local oral tradition. At Lamu Island off Kenyan coast, local tradition maintains that twenty shipwrecked Chinese sailors (likely part of Zheng He fleet) washed up on shore there hundreds of years ago. Given permission to settle by local tribes after having killed a dangerous python, they converted to Islam and married local women. Now, they are believed to have just six descendants remaining there. In 2002, DNA tests conducted on one of the women confirmed that she was of Chinese descent. Her daughter, Mwamaka Sharifu, later received a PRC government scholarship to study traditional Chinese medicine in China<sup>116</sup>. In another article by Frank Viviano published by National Geographic Society in July 2005 about his visit to Pate Island.

During his time on Lamu, ceramic fragments had been found which the administrative officer of the local Swahili history museum claimed were of Chinese origin, specifically from Zheng He's voyage to East Africa. The eyes of Pate people resembled Chinese, and Famao and Wei were among the names, which were speculated to be of Chinese origin. Their ancestors were said to have been indigenous women who intermarried with Chinese Ming sailors when they were shipwrecked. Two places on Pate were called "Old Shanga", and "New Shanga", which the Chinese sailors had named. A local guide who claimed to be of Chinese descent, showed Viviano a graveyard made out of coral on the island, indicating that they were graves of Chinese sailors, which the author described as "virtually identical", to Chinese Ming dynasty tombs, complete with "half-moon domes" and "terraced entries"<sup>117</sup>.

Melanie Yap and Daniel Leong Man in their book "Colour, Confusions, and Concessions: the History of Chinese in South Africa", Chu Ssu-pen, a Chinese mapmaker in 1320, had southern Africa drawn on one of his maps. Ceramics found in South Africa and Zimbabwe dated back to the Song Dynasty. Some tribes to Cape

Town's north claimed descent from Chinese sailors during the thirteenth century. Their physical appearance is similar to Chinese with paler skin and a Mandarin – sounding tonal language. Their name for themselves is “abandoned people”, Awatwa in their language<sup>118</sup>.

A scholar's contributions on the importance of Zheng He voyages across western oceans and contemporary China's Africa policy is of great importance here. He avers that Zheng He's seven voyages to western oceans and four of them boarded on Africa which reached the top of Sino-Africa relation before the founding of PRC. According to him, the voyages had the historic significance, which set a good communication sample between nations in ancient and modern times, and this historical incident also formed a good basis for developing contemporary Sino-Africa relations.

Contemporary China's African policy, like Zheng He's voyages, relies on friendly exchanges, emphasizes on high-level visits, complies with equality, mutual benefits and complementary principles of trade policy and relations, as well as exchanges in which the embodiment of hard-working messengers, fulfill their duties to serve their country in the spirit context, reflects the core values of traditional Chinese culture and the same strain. Compared the assistance of building of Tanzania-Zambia Railway with the voyages of “thick and thin to”, we can clearly find the similarities and differences between China's Africa relation in 600 years and 60 years of heritage and discarded. Of course, contemporary China's Africa policy is far beyond the era of Zheng He limitations, which has strategic, interactive, international and other notable features, and China's Africa policy has fulfilled sustainable, stable and comprehensive development, he concluded<sup>119</sup>.

#### **2.1.16 Sino –Africa Relations in Contemporary Period**

In the contemporary period, China African relations have reached a new and very

noticeable level in the last couple of years. The nature of this Chinese engagement with Africa has, however, attracted a lot of critical attention. Many believe that the Chinese involvement with Africa is essentially exploitative and targeted at only the exploitation of the huge natural resources of the continent. Some others have argued that the pattern of Chinese involvement in Africa should have a salutary effect on African development. The critical reviews persist because many believe, erroneously though, that the Chinese just appeared from nowhere and became so active particularly in the continent's economic life.

As demonstrated earlier, China has always been a major and important country in the world. This fact has however been under-appreciated because of the seeming isolationist tendencies of the People's Republic of China (PRC) in the years of socialist reconstruction after 1949. The truth, however, is that Sino-African relations are not a particularly new phenomenon. After the victory of the Communist Revolution in 1949, the Chinese began to cultivate Africans. Although, Sino-African relations was slow to pick as a result of the cold war and the economic realities at the immediate post revolution time. As a matter of fact, at this time, China relations with Africa was purely on ideological ground, devoid of economic consideration as China was not in a wealthy position to offer aid but to counter Soviet Expansion after the Sino-Soviet split.<sup>120</sup>

However, as China began to grow from a regional power to a global power, her level of interaction and engagement also increased as China's political and economic power became more established. Most of African countries at the time were wrestling against imperialism and also struggling for political independence and the People's Republic of China (PRC) offered support to many of these states and movements. The literature concluded by arguing that China at the time was also trying to compete with both West and Soviet Union for influence in Africa.<sup>121</sup>

The milestone of contemporary engagement between China and Africa happened at the Bandung conference in April 1955. The conference marked the initiation of a policy of Chinese Communist cooperation with the states of Afro-Asia.<sup>122</sup> The core principles of the conference were political self-determination, mutual respect for sovereignty, non-aggression, non-interference in internal affairs and equality.<sup>123</sup> China's original appeal to Africa following the Bandung Conference, was based upon anti-imperialism attitude and on China's position as a model of development for the Third World. The ideological appeal of Maoism, the effects of propaganda, trade and aid gave China stature among the Afro-Asia states.<sup>124</sup>

It was within this time frame that China developed its foreign policy framework which made its aid different from the Western aid. The primary reason was China's "non-interference in internal affairs" which eventually attracted the interest of majority of African leadership and states for the development of Africa. The final segment of contemporary literature on Africa-China relations dwells on the nature of the Chinese engagement with the continent of Africa.

It should be mentioned however that little attention was paid in academia to Africa-China relations development before 1990's. Notable among scholars who contributed much to our knowledge on Africa-China relations. Most of the scholars of this era present the view that China is still a medium sized economy and does not deserve much attention since it is a regional power and therefore its contribution to international politics is insignificant<sup>125</sup>.

A new era emerged for China-Africa relations when the PRC became a member of the United Nations in 1971. The Chinese also developed a grand strategy and tactics for engaging Africa. These strategy and tactics, in the view of Ogunsanwo include political support for the national liberation struggles and economic assistance to some African

countries <sup>126</sup>. The interesting thing about the Chinese in Africa is that they have been quietly nurturing the relations with a close eye on the future needs of their country and the future prospects of Africa, a continent so richly endowed with great wealth in natural resources and agricultural potentials. Still of importance is the genius of the Chinese to reinvent their society, through the introduction of broad socio-economic reforms that have led to the gradual adoption of market principles in several key sectors of the national economy using the instrument of the Communist political structure. This has allowed the Chinese to retain, in essential details, their old network of allies built in the years of total communist control and their vision.

Put differently, the Chinese communist ideology and the seeming isolation it included seemed to have been part of a deliberate strategy to claim or reclaim global pre-eminence. This becomes more glaring when China's successful transition to a modern market economy is compared with the confusion and tragedy of the Soviet/Russian model. It is instructive also that China has retained a large number of its state enterprises even as it gradually introduces market reforms in the economy at large.

In the words of Alli, the push and pull factors explains China-Africa relations in recent time better<sup>127</sup>. As a result of the economic reforms, which was begun in 1979 by Deng Xiaoping, the Chinese economy has achieved a high rate of growth which had enhanced the global standing of China by the 1990s. The many successes of the reforms have turned China into a major trading power with the second largest foreign exchange reserves as at 2003. The country has achieved a high rate of growth which has increased its energy needs substantially. Thus, the driving force of the active and enthusiastic investment of China in Africa is the steep rise in domestic need for oil, gas and other raw materials.

China is now the number two oil consumer after the U.S. and accounts for about 40%

of the growth of global energy demand for oil in the last five years. The Chinese get about 25% of their domestic energy needs from Africa, mostly from South Sudan, Chad, Angola, Libya, Equatorial Guinea, Gabon, Nigeria and Algeria. This need is already rising by 9% annually in the last couple of years and will continue to rise astronomically as the Chinese economy continues to prosper. As the economy expanded, there is need for more markets for the products of the very productive Chinese manufacturing sector. And equally important, there is need for more access to all number of raw materials from solid minerals, to oil and gas and even timber and agricultural products.

The other critical factor is what is called the pull factors. As already noted above, Africa is extraordinarily endowed with all manner of solid mineral resources, oil and gas and great potential for increased agricultural production of food and cash crops. There is also the factor of the relatively huge market of potential consumers of products. The first point in this regard is the well acknowledged fact that many countries in sub-Saharan Africa are extraordinarily and abundantly endowed with the prized commodity of crude petroleum and gas, with capacity to produce millions barrel of oil a day, and a proven huge reserve of yet to be tapped oil and gas. The Gulf of Guinea is said for example to contain at least 15 billion barrels of oil in deep waters. This is one of the reasons why President Hu Jintao said that Africa is the natural partner of China.

In addition to these, another aspect of the pull factors is the fact that many African states have put in place different packages to attract foreign investment into their countries. Accordingly, the convergence of these push and pull factors have defined the character of China-African relations and enabled China to become such a focused and dynamic actor in the African economy within what seems like a short time, and creating a new sense of what is going to be a keen competition for Africa's resources. This is

already initiating a change in the pattern of Africa's global economic engagement and judging by the activities and reports coming out from major Western think-tanks, creating a sense of panic in some quarters of the African traditional economic partners. China has developed a great deal of interest in the African economy for a long time. However, in the last decade or so, the interests have crystallized into practical action in terms of direct involvement and investment in several African countries such as South Sudan, Nigeria, Angola, Kenya, Cameroun, and others. This involvement has been backed with several high profile visits of Chinese officials, from the President, to Ministers and trade delegations to many African states. As a result, Chinese companies have now become visible players in the continent's oil, gas and other industries. The dynamics and the strength of this involvement, fits into the overall objectives set for the African economy in the medium and long – term in both China and the African countries concerned. For example, all African oil producing countries have put their hope of improvement in the sector on foreign investment and the Chinese involvement is a much welcomed diversification of a sort.

Besides, China invests without political conditionalities, a fact which appeals to many African countries such as Sudan, on allegation of human rights abuses and the crises in Darfur region. The seeming lack of concern by the Chinese for domestic political issues on the continent is considered opportunistic by many. The second issue is the readiness of many African governments, to welcome foreign investment into their economies. Nigeria for example has put in place frameworks for achieving this. This includes the Bureau for Public Enterprises (BPE), to embark on the privatization of many state enterprises. China was one of the Asian countries that showed great interest in the government's privatization programme in the early days of Obasanjo administration, 1999-2007.

The Chinese are all over the continent with billions of dollars already invested in different sectors, particularly the oil sector, construction, infrastructure (including power and water), healthcare, defense and others. Accordingly, a combination of these push and pull factors have enabled China to become such a visible player in the economies of several African states thus enriching the relations between China and Africa. China's reputation on the continent was first built on its very successful investment in the Tanzania – Zambia Railway project, the famous TanZam Railways built in the 1960s to the 70s. It is an enduring legacy. The Chinese have also constructed infrastructural facilities in Liberia, Ethiopia and many other African countries.

It was after China initiated FOCAC (Forum of China and Africa Cooperation) in the year 2000 and joined World Trade Organization (WTO) in 2001, that much attention was paid to China's foreign policy concerning Africa. Two authors are well known and respected for their contributions to Africa-China relations during this era. Some authors present a wide view on Chinese activities in Africa, citing different examples from a variety of different African countries. Alden's text touches on Chinese non-state actors such as Multinational Corporations (MNC's), parastatals and individual businessmen activities and interest in Africa<sup>128</sup>.

His general observation provides an interesting opinion of Western views on Africa-China relations. The broadness of his work left much in the area of an in-depth knowledge on Africa-China relations<sup>129</sup>. The strength of this author is that the work is more recent and came at a time when Western government and the media became more interested in China activities in Africa. Her work provides general background to Chinese financial aid in Africa. Not only that, the text explained the mechanism by which China dispatches its loan to Africa and the bureaucratic bottleneck involved

using selected cases of some African countries such as South Africa, Tanzania, Zambia, Mauritius and Zimbabwe to drive home her argument. Although her work was an excellent historical account of Chinese aid patterns in Africa, the work however, failed to show the incentives and interests of African nations in their relationship with China.

There is a large amount of literature on Africa-China relations in recent time by renowned scholars with two polarized views. On the one hand, are those that see China's activities in Africa as "evil" because they present China's selfish quest for natural resources and damage Africa's efforts to improve governance and build a sustainable future, and on the other hand are those that conceive China's engagement as "virtuous" because they contribute to a foundation for long-term economic development, through infrastructure projects and revenue creation.

#### **2.1.17 China-Africa Relations in Perspective**

China's involvement in African affairs dates back to the 1950s. The time marked the beginning of African states breaking free from the yoke of colonialism. China's relationship with Africa in modern times was thus characterized by the former supporting liberation movements that had then been in momentous stages leading to independence of most African countries from the colonial masters in the 1960s. Initially, China's support was mainly motivated by ideology, but this would change in the coming decades. A major shift in the dynamics of the China-Africa relationships came about in the 1980s when China embarked upon its "Opening up and Reform Policy" – a wide-ranging policy that gave birth to the new China as we know it today.

Economic and geo-strategic interests rather than the desire to export a specific political philosophy drive China's current relationship with Africa. The intensity of relations also changed: with its increasing economic and political power as well as hunger for resources, China's relations with Africa intensified. China's opening up and re-

discovery of Africa coincided with Africa's deteriorating economic performance as a result of conflicts, mismanagement as well as structural adjustment policies. China brought a viable alternative of social, political and economic development formula to the uni-polar world of the 1990s. Frustrated by complex donor policies and the high overhead costs of multilateral development projects, African governments continue to appreciate the alternative presented by China in an increasingly multipolar world.

China is a nation that knows what it means to be poor and to be so in a time when the industrialized world managed to create unprecedented wealth and affluence. That reality and the negative experience it begot are still fresh in the memories of the Chinese people, old and young. Thanks to the transformation made possible in a span of four decades, China, which is home to a fifth of the world population, has now managed to assert itself as one of the major powers. Considered to be nothing short of "miraculous", China's rise came about through its Reform and Opening up Policy – a hugely successful wealth creation formula developed and perfected as the "Chinese Model". Today, China seems willing to share its successful, albeit unique, growth and development model with developing countries.

As a result, China's importance in African politics, governance and development is growing. The launching in the wake of the 21st century of the Forum on China-Africa Cooperation (FOCAC), coupled with the increasingly higher participation of African Heads of State and Government in the Forum, is evidence to the enhancement of the China- Africa partnership. The attendance of a record of 42 (out of 54) African Heads of State and Government at the 5th FOCAC meeting in Beijing attracted much attention among the international community. The purpose of the Conference was to deepen mutual understanding, expand consensus, strengthen friendship and promote cooperation through equal consultation.

China and the African countries that have diplomatic relations with China sent delegations to the Conference. Since the Conference, FOCAC has been gradually institutionalized and become an important platform for collective dialogue and an effective mechanism for enhancing practical cooperation between China and African countries.

#### **2.1.18 Principles of People's Republic of China Foreign Policy**

As expressed by Andrew Nathan in his work "The Great Wall and the Empty Fortress"- Long-standing principles of Chinese foreign policy are expressed in the five Principles of Peaceful Co-existence: *mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence*<sup>130</sup>. The Chinese leadership originally enumerated these principles in 1954 when China, with a communist government, was trying to reach out to the non-communist countries of Asia to assure them that China would not interfere in their internal affairs.

Despite changes in the international environment and China's foreign policies, the Five Principles have continued to serve a useful purpose. They offer an alternative to American conception of world order- one in which international regimes and institutions, often reflecting United States interests and values, limit the rights of sovereign states to develop and sell weapons of mass destruction, repress opposition and violate human rights, pursue mercantilist economic policies that interfere with free trade, and damage the environment.

China alternative design for the world stresses the equal, unfringeable sovereignty of all states large and small, Western and non-Western, rich and poor, democratic and authoritarian, each to run its own system as it sees fit, whether its methods suit Western standards or not. Another Chinese term for such a system is "multipolarity". The Five

Principles explain why America should not be able to impose its values on weaker nations. Thus the core idea behind the Five Principles as interpreted by China today is sovereignty- that one state has no right to interfere in the internal affairs of another state.

A recent expression of this idea is the concept of “building a community of shared future for mankind” articulated by Chinese leader Xi Jinping. This idea means that all countries have equal sovereignty – none can intervene in the internal affairs of others, that countries should jointly manage global affairs democratically, rather than through the dictates of the most powerful states; the countries should engage in “win-win cooperation” to “build a world of common prosperity”, and that countries should treat the diversity of civilizations not as “a source of global conflict but as an engine driving the advance of human civilizations”. As in the past, the Chinese proposal is intended to contrast with what China portrays as the coercive and self-interested foreign policy pursued by the United States.

Although China has become an advanced and wealthy country, (although only middle-income on a per capital bases) it still considers itself a Third World country that sides with the developing world and does not align itself with any major power. Chinese spokesmen says that their country seeks peace so that it can concentrate on development. Chinese official’s position on most disputes around the world is that they should be solved by peaceful negotiations. This has been their view on the war in Afghanistan, the struggle between Israel and the Arabs, the rivalry between North and South Korea, and ethnic conflicts in Eastern Europe and Africa. At the U.N., China often abstains or refrains from voting on resolutions that mandate sanctions or interventions to reverse invasions, end civil wars, or stop terrorism. As a permanent Security Council member China negative vote would constitute a veto, angering countries favouring intervention. By not voting or casting an abstention, China has

allowed several interventions to go ahead without reversing its commitment to non-intervention.

It should be known however, these articulated moral principles do not mean that Chinese foreign policy is purely idealistic. In most cases, the announced principles fit the needs of Chinese strategy. Especially in places relatively far from China, such as the Middle East, Africa, and Latin America, a few simple principles reflect Chinese interests most of the time. To oppose great-power intervention and defend sovereignty and equality among states is not only high-minded but represents China's national interest in regions where China does not wish to intervene itself. The farther one gets from China's borders, the easier it is for China to match rhetoric with interests. Even when there are inconsistencies and tradeoffs in Chinese policy, the rhetoric is flexible enough to accommodate them.

#### **2.1.19 China's Foreign Policy and Resource Security**

The Chinese search for resource security has become a major focus of its foreign policy, and in this regard Africa has assumed a critical role in achieving this objective. The African continent possesses a generous endowment in natural resources, namely hydrocarbons, minerals and timber, which remain mostly untapped due to decades of political instability, poor infrastructure and lack of investment. However, the Chinese foray into this sector had to take into account the prevailing dominance of established interests, primarily from the US, France and the United Kingdom (UK), all of which produced a pattern of investment that replicated the colonial era divisions refracted through the politics of the Cold War (1945-1991).

With the end of that bipolar conflict, economic interests rapidly became more important and the geographic spheres of influence that had shaped energy investment gave way to direct competition between, for instance, French and US interests in West Africa. Other

major powers were attracted to the region, namely Germany and Japan, but their interests never challenged or threatened the established US and French companies. Among the most prominent newcomers are Asian states (China, India, Malaysia and Singapore) and Middle Eastern countries (Israel, Saudi Arabia and Kuwait). This scenario prepares the ground for growing competition for economic and political influence over the continent in the post-cold war era, which is particularly remarkable given that less than a decade ago the African continent was suffering from a decline in the interest of its Western donors, exhausted by decades of unsuccessful development co-operation.

In regional terms, Africa possesses the world's third largest oil reserves, an estimated 9.5% of global known deposits in 2007, behind the Middle East (61%) and North America (11.6%), and ahead of South and Central America (8.5%). Noteworthy is the fact that Africa boasts the fastest growth rate in identified oil reserves, which doubled in the past two decades.<sup>131</sup> In sub-regional terms, North Africa and sub-Saharan Africa (SSA) each account for half of the continent's known reserves. Libya (35%), Nigeria (31%), Algeria (10%) and Angola (8%) possess the largest reserves. As for production, Africa comes fourth, with a share of 12.5% of the world total, but the ranking changes with Nigeria as the main African oil producer (25%), followed by Algeria (21%), Libya (20%) and Angola (18%)<sup>132</sup>.

In recent years, North African countries' production has been showing signs of stabilisation, while SSA countries have been expanding their share. For instance, Angola has registered the fastest growth rate in production during the past decade, having even temporarily overtaken Nigeria as SSA's major oil producer in mid-2008<sup>133</sup>. Africa's endowment in non-fuel minerals further complements the attractiveness of this picture, in which South Africa appears as the crown jewel, since it sits on one of the

world's richest mineral beds. Among other minerals, South Africa is the leading producer of platinum (80% of total production and 90% of world reserves) and manganese (75% of world reserves), and the world's second largest gold producer (overtaken by Australia in 2007).

The DRC is the leading cobalt producer (36%), possessing half of the world's known reserves, and is also a significant diamond producer. The DRC, South Africa and Botswana together account for over half of global diamond-mining output and 60% of known deposits.<sup>134</sup> Among other African countries that possess significant reserves of minerals that have recently attracted Chinese interest are Gabon (manganese), Zambia (copper and iron ore), Zimbabwe (platinum) and Angola (diamonds, copper and iron ore). Building on Sino–African complementarities, a new chapter has opened in bilateral relations. A major feature of this is the dramatic surge in trade. Indeed, recent flows illustrate the complementarities that uphold this thriving relationship.

Between 1995 and 2000 commercial exchanges more than doubled from \$4 billion to \$10 billion, having quadrupled in the following five years (to \$42 billion in 2005), and the figure reached \$72 billion in 2007<sup>135</sup> — not very far from the \$100 billion target for 2010 laid down by Hu Jintao during the third FOCAC summit in Beijing in 2006. This reality comes as one of the most dazzling features of the relationship. Even if in relative terms it represents only a meagre 3% of China's overall foreign trade, it shows the highest growth rate among all regions. While Africa's share in Chinese exports grew from 1.7% in 1996 to 2.7% in 2006, the share in imports expanded from 1% to 3.6% in the same period<sup>136</sup>.

If bilateral trade is disaggregated, Chinese oil imports emerge as the lion's share of trade flows. In 2006 oil represented three-quarters of China's imports from the continent<sup>137</sup>. Four countries account for 93% of China's oil supply from Africa: Angola

(51%), Sudan (18%), Congo-Brazzaville (13%) and Equatorial Guinea (11%), while other minor sources were Nigeria (3%), Gabon and Chad (1% each). In the global picture, Africa is China's second oil supplier (26% in 2007) after the Middle East (39%). On the other hand, China is the second largest major destination (19%) of sub-Saharan Africa (SSA) oil after the US (37%)<sup>138</sup>. China recently overtook Europe as the second largest destination of SSA oil and is closing the gap with the US. This evolving reality implies a growing reliance in both directions, since, on the one hand, in countries like Sudan and Angola, China absorbs a significant part of their production (53% and 37% in 2006, respectively)<sup>139</sup> and, on the other hand, Angola alone provides 15% of China's oil imports.

As for other sectors of the extractive sector, and although there has been a steady increase in Chinese imports from the continent since the late 1990s, inflows have intensified sharply since the early years of the 2000s, with China's share having expanded from 6% to 10% between 2000 and 2006.<sup>140</sup> In absolute terms, Chinese imports of non-fuel mining products from Africa increased from \$286 million in 2000 to \$2.6 billion in 2006<sup>141</sup>. In 2006 diamonds imports occupied the largest share (27%), followed by platinum (17%), copper (15%), cobalt and manganese (11% each). Here as well, an evolving reliance is starting to show. Over 80% of China's cobalt and 40% of manganese imports originate in Africa, with the DRC and Gabon, respectively, the main suppliers.<sup>142</sup> Despite recent growth trends, copper and iron ore still rank low on Beijing's shopping list. Despite its short history, the overall structure of Chinese imports from Africa has shown remarkable resilience in its focus on primary products, while at the same time the sources and content of these imports have diversified.

For instance, Angola overtook South Africa as China's major trading partner in the region and Sudan as its main oil supplier in the continent. Other oil producers such as

Equatorial Guinea and Congo-Brazzaville have also gone up in China's imports ranking. The DRC surpassed South Africa as China's leading cobalt supplier, while Ghana was overtaken by Gabon as Africa's major manganese provider to China. Moreover, oil, diamonds and base metals have seen their share expand dramatically, to the detriment of other imported goods that were part of the trade chart in the late 1990s (such as cotton, wood, tobacco, decorative stones, oleaginous seeds and fruits), translating into an increasing concentration of Chinese imports on mineral resources. Moreover, the emerging interest of China in agribusiness in Africa prompted by food security concerns might bring another shift towards diversification in the composition of its imports from the continent in the near future.

#### **2.1.20 Resource for Infrastructure (RFI)**

The term Resource for Infrastructure is simply an arrangement whereby a rich and industrialised state in dire need of resources, in most cases natural resources such as hydrocarbon oil and other valuable metals, for further production of good and services enter into agreements with a poor and less industrialised but resource rich state, to exchange its resource for much needed infrastructure for industrialization and economic development.

#### **2.1.21 Resource for Infrastructure Swap Formula: China's Experience**

The choice for the resource-for-infrastructure swap formula as a mode of entry in the extractive and construction industries in Africa is influenced by China's own historical experiences, China's strategic interests in Africa, the preference of host nations for the swap formula and bargaining dynamics. One of the key dilemmas for poor nations that want to build power plants, ports, and railways is how to fund the projects. The basic idea of the repayment of loans using commodities or product was developed in the framework of Sino-Japanese trade relations in the 1970s<sup>143</sup>.

Today's system of using commodities as security for a commercial line of credit enables a country to finance a specific investment today, and pay for it later with future earnings. Securing the investment with a resource flow as collateral for the loan reduces the risk and permits the interest rate to be lower, the loan to be cheaper<sup>144</sup>. The types of resource-backed loans used by the Chinese so-called "policy banks" in this swap formula deals are connected to infrastructure investment in the borrowing nation. With regard to China, in the 1970s, there was concern about China's energy security following the first oil price crisis, and Japan chooses to take a new direction of its supply sources by importing petroleum from China, therefore turning out to be the first nation to move into the Chinese market.

At that time, China was a poor, resource-rich nation lacking industrial technology and infrastructure. In contrast, Japan was a rich, industrialized resource-poor nation, highly reliant on imports for its energy supply. China was keen to import Japanese know-how, machinery and complete plants. It had vast coal reserves and crude oil from Daqing field, ready for export. After the trade agreement, some years later, petroleum represented nearly half of Japanese imports from China. This specific kind of Japanese economic involvement led to China's first experience with the resource-for-infrastructure swap formula.

A step further was made in 1978, when China and Japan agreed upon a long-term trade agreement with the goal to facilitate the barter of coal and crude oil for industrial technology, machinery and plants<sup>145</sup>. The trade agreement was based on Japan offering China with low-interest loans as an avenue for China to fund technology imports from Japan, while China was to subsequently repay these loans by exporting petroleum and coal of a corresponding value<sup>146</sup>. The total export value under the trade agreement for the period between 1978 and 1985 was US\$10 billion for each nation<sup>147</sup>. In the 1980s,

Japan made substantial infrastructure loans to China, which assisted the Chinese develop its extractive sector.

The construction of the Daqing Oil Field will be paid for with petroleum, construction of a coal mine will be paid for with coal, and construction of a factory will be paid for with the products of the factory<sup>148</sup>. Actually, the Japanese Ministry of International Trade and Industry (MITI) explicitly pushed for Japan's first package of foreign aid loans to China to be mainly used to build railroads and ports to facilitate the export of Chinese oil and coal – to Japan<sup>149</sup>. This resource-backed loans assisted the Chinese develop its much needed infrastructure while also profiting Japan's companies. More precisely, Beijing used the loan to expand its transport and export capacity. Subsequently, Japanese firms thrived while the Chinese infrastructure expanded to facilitate the growth of its economy<sup>150</sup>.

The trade agreement was a huge success and offered a blueprint for a significant proportion of the fast-growing Sino-Japanese trade in the decades to follow. The trade agreement enabled China to use its abundance of natural resources to gain access to capital goods it most needed at the time. The Sino-Japanese trade deal primarily involved governments and was not accompanied by major flows of FDI due to protective Chinese investment policies.

China has drawn from this experience in shaping the resource-for-infrastructure swap formula. In current China-African relations, China offers to fund and build infrastructure projects like dams, hydropower stations, roads and railway in return for a reliable and affordable supply of natural resources from Africa. The swap also originates from the well-established practice of resource-backed loans. International bank consortia commonly use resource-backed loans for developing nations with weak credit ratings. For example, prior to the 2004 US\$2 billion swap deal with China,

Angola has used its oil to secure credit lines from Portugal, Brazil, and Spain<sup>151</sup>. Canada's Export Development Bank signed an agreement with Angola's Banco Nacional de Desenvolvimento Economico e Social (BNDES); and as of December 2011, it has a credit line amounting to US\$5 billion to finance the purchase of Brazilian goods and services<sup>152</sup>.

Furthermore, several other credit lines arranged along the similar structure to that of China have been extended by other nations. Spain in 2007 offered US\$600 million in construction aid<sup>153</sup>. London private banking institutions (Dutch, British, France, and later South Africa) used the formula in financing the development of specific mining schemes in Africa (for instance, Golden Pride gold mine in Tanzania and Lumwana copper mine in Zambia)<sup>154</sup>. These credit extensions may have been initiated as other institutions turned out to be emboldened by the confidence their Chinese counterparts were displaying in Africa. The Chinese resource-for-infrastructure loans in Africa are distinguished by the sheer size of the loans; most times the sheer size can amount to multibillion dollars. These credit lines formula is an important instrument of engagement; the formula has permitted African governments to leverage their resources wealth as collateral to access credit at a manageable interest rate.

As Beijing developed economically over the past decades, the country rose to prominence as a provider of external finance. Nonetheless, it was the lagging development of the continent of Africa and the policies being implemented by worldwide institutions and the West that generated the grounds for the implementation of the resource-for-infrastructure swap formula.

## **2.2 Theoretical Framework**

Theories are formulated to explain, predict, and understand phenomena and, in many cases, to challenge and extend the existing knowledge within the limits of critical

bounding assumptions. Africa has experimented with all kinds of ideologies and economic management to move the economy forward to no avail. The persistent crisis of African economy is evidence that the economy is not responding to treatment. The debate on China in Africa and the reason for the current invasion of Chinese products and personnel into Africa with aid, investments and loans, means that there is a real relationship going on, which scholars have tried to explain as well as the inherent potentials and effect on Africa. Commentators have stated divergently that the relations has spanned several decades, while some say it is evolving now as a result of the spurt of economic growth in China.

In this regard, political-economy related theories such as **Mercantilism, Dependency** and **Neocolonialism** are well suited to the focus of this study: Africa –China relations. However, in order to be more specific, **Complex Interdependence theory** is applicable to explain and interrogate the relationship between Africa and China. The applicability of this theory as scholars have always anchored their analysis of political economy among states on the relationship between the substructure and the superstructure, and focus attention on the interaction among the social forces in the production of material wealth of States.

Complex Interdependence theory in international relations is the idea put forth by Robert Keohane and Joseph Nye that states and their fortunes are inextricably tied together. Complex Interdependence is defined as “An economic trans nationalist concept that assumes that states are not the only important actors, social welfare issues share center stage with security issues on the global agenda, and cooperation is as dominant a characteristic of international politics as conflict”<sup>155</sup>.

In the contemporary globalized world, the term ‘interdependence’ is frequently used. It is a situation in the world politics where all the actors including states as well as non-

state actors, are dependent upon one another. In general terms, “Dependence means a state of being determined or significantly affected by external forces. Interdependence, most simply defined, means mutual dependence. Interdependence in world politics refers to situations characterized by reciprocal effects among countries or among actors in different countries”<sup>156</sup>.

Under this mutual dependence, the relationship between the actors involved, including states as well as other transnational actors, is characterized by both cooperation and competition. In interdependence there are costly reciprocal effects of transaction among the actors. The policies and actions of one actor have profound impact on the policies and actions of the other actors and vice versa. Interdependence does not only mean peace and cooperation among actors, but a relationship between actors characterized by cooperation, dependence, and interaction in a number of different areas, and conflict as well.

Complex interdependence is a theory which stresses the complex ways in which as a result of growing ties, the transnational actors become mutually dependent, vulnerable to each other’s actions and sensitive to each other’s needs. In this system of ‘interdependence’, states cooperate because it is in their own common interest and direct result of this cooperation is prosperity and stability in the international system. The trans-nationalists/neo liberals believe that “states are not motivated solely by national interest defined in terms of power”<sup>157</sup>. Unlike realism, neoliberals’ contention is that international politics can no longer be divided simply into ‘high’ and ‘low’ politics. While the high politics of national security and military power still remain important and relevant, they argue that economic, social and environmental issues – low politics – are high priorities on the international agenda.

One very significant aspect of the 'Complex Interdependence' is that it is a combination of two opposite views, i.e. it integrates both the elements of power politics and economic liberalism. It takes into consideration both the costs and benefits of interdependence relationship. In the world of 'Complex Interdependence', despite the increasing economic cooperation and ecological interdependence, the possibility of international military conflicts cannot be ignored. However, unlike the traditional power politics, in 'Complex Interdependence' this may not be the zero-sum game, "The politics of economics and ecological interdependence involve competition even when large net benefits can be expected from cooperation"<sup>158</sup>.

Interdependence should not be defined entirely as situations of 'evenly balanced mutual dependence'. Rather "It is asymmetries in dependence that are most likely to provide sources of influence for actors in their dealings with one another. Less dependent actors can often use the interdependence relationship as a source of power in bargaining over an issue and perhaps to affect other issues.

The post-Cold War era witnessed a realization among the nation-states that the criteria for achieving real power was something beyond hard power, rather it required a secure economic and technological advancement. As a matter of fact geo-economic has overshadowed geopolitics in the new order. Hence ongoing is an interesting debate between realists and liberals, each trying to convince that their arguments were more valid and relevant to prevailing global trends. In the context of this debate, this study seeks to interrogate interstate relations as it occurs between China and Africa, using the theory of 'Complex Interdependence' which challenged the fundamental assumptions of more popular and related theories such as dependency theory and world system theory as tools for scientific explorations in interstate dealings. Complex Interdependence became a central component of the neoliberal perspective. It

highlighted the emergence of transnational actors' vis-à-vis the state. Complex Interdependence model, as already stated, tried to synthesize the realist and liberal perspectives. Thus the main aim of this segment is to carry out a comprehensive analysis of Sino-African relations using scientific tool to explore the possible outcome of engagement between the two regions (China and Africa) in the contemporary world politics. The major thrust of this study is that following the rise of international regimes and institutions, the traditional military capabilities have been compensated with the importance of welfare and trade in foreign policy matters. It concludes that the neoliberal perspective has attained much importance and there is an obvious willingness among the states to enter into cooperative alliances with one another under conditions of anarchy and dependency.

The post-Cold War world underwent great transformation. The political agendas of traditional military power and national security were now dominated by the actors' "quest for a stable and peaceful global order conducive to their economic development" (geopolitics vs. geo-economics) <sup>159</sup>. There was realization among the developed countries that the criteria for achieving real power is no more the sophisticated weapons and large military establishments alone, rather it required a secure foundation through economic efficiency and technological advancement. Following these developments, an interesting debate started between realists and liberals, each trying to convince that their arguments were more valid and relevant to prevailing global trends. The model of 'Complex Interdependence' was developed by Robert O Keohane and Joseph S. Nye in the late 1970s. It was a major challenge to fundamental assumptions of traditional and structural realism which focused on military and economic capabilities to explain state behavior. Complex Interdependence on the contrary highlighted the emergence of transnational actors' vis-à-vis the state.

Focus was the rise of international regimes and institutions that compensated traditional military capabilities and the new importance of welfare and trade in foreign policy matters compared to status and security issues. Complex Interdependence actually became a central component of the neoliberal perspective and has been widely used in the analyses of international politics making an attempt to understand willingness of states to enter into cooperative alliances with one another under conditions of anarchy and dependence. While emphasizing the growing importance of International Organizations (IOs) and Multinational Corporations (MNCs), this theory is said to have anticipated what is now known as Globalization. Keohane and Nye argued that in the era of interdependence, the very nature of international relations has been changed and world has become more interdependent in all respects especially in the areas of trade and commerce (economics). This theory tried to synthesize the realist and liberal perspectives. It did not altogether reject realism rather it raised the concern that at times there emerged certain situations where realists' assumptions/explanations were not sufficient.

According to Keohane and Nye three (3) key characteristics explains the main contention of Complex interdependence. This characteristics are; *Multiple Channels*, *Absence of Hierarchy among Issues*, and lastly, *Minor role of Military Force*. Multiple Channels according to Keohane and Nye is explained as in international politics today, there are multiple channels connecting the societies, including all the interstate, trans-governmental, and transnational transactions. This in their view, opposed the unitary state assumption of realism. In this complex world of interdependence not only formal and informal interaction between governmental elites are a source of connecting societies but informal ties among non-governmental elites and transnational organizations are gaining more and more importance. Multinational firms and banks

have a great impact on the domestic as well as interstate relations. These actors, besides pursuing their own interests, also “act as transmission belts, making government policies in various countries more sensitive to one another.”<sup>160</sup>

In the world of Complex interdependence, Keohane and Nye are also of the opinion that there is no hierarchy among the issues. According to them, the dividing line between domestic and foreign policy becomes blurred and there is no clear agenda in interstate relations. There are multiple issues which are not arranged in a clear or consistent hierarchy. Among other things, “military security does not consistently dominate the agenda”<sup>161</sup>The foreign affairs agendas have become more and more diverse now. As opposed to the realists’ assumption where security is always the most important issue between the states, in complex interdependence, any issue-area might be at the top of the international agenda at any particular time. As a matter of fact, balance of trade, knowledge transfer, and general economic wellbeing are becoming reference issues of foreign relations among states in the international system nowadays. Lastly, as opposed to the central role that force is given in realist’s world, i.e. an ultimate necessity to guarantee survival, Complex Interdependence assumes that in international relations force is of low salience. When Complex Interdependence prevails, military force could be irrelevant in resolving disagreements on economic issues among members of an alliance, however simultaneously be very important for the alliance’s political and military relations with its rival bloc. According to Keohane and Nye, intense relationships of mutual influence may exist but force is no more considered an appropriate way of achieving other goals such as economic and ecological welfare which are becoming more important, because mostly the effects of military force are very costly and uncertain. In fact due to modern nuclear, biological and chemical weapons, all the actors are aware of the maximized costs of war. Thus,

the significance of military force as key policy tool for resolving disputes has declined in the globalized world. However, its role as bargaining tool is still important and may vary from issue to issue. Its role cannot be completely ignored. In an asymmetric relationship, the less dependent actor may use it as a bargaining tool. In fact the changing role of force has made the situation more complex.

In line with the three characteristics of Complex Interdependence as proposed by its proponents, the recent Sino-African rapport gives credence to Keohane and Nye assumption. Across the world today, there are multiple channels of connections among states in the international system, more importantly between the political North and South. This channels includes intergovernmental agencies, multinational corporations, state-owned enterprises or even private business individuals operating across borders. Although many argues that much of Chinese engagements in Africa are through state-owned establishments, it is an undeniable fact that Sino-African corporations comes in multiple channels that spread to cover all facet of human endeavours. In the words of President Hu Jintao during one of the numerous Ministerial Conferences of the Forum on China-Africa Cooperation (FOCAC) “We propose to enhance South-South cooperation and North-South dialogue to promote balanced, coordinated and sustainable development of the global economy”. President Hu speech captures the essence of relations between states in a multipolar world of today. It is very obvious that era of states-centered relations has gave ways to multiple channels-dimension relationship. Agreed, most of the activities of China engagements in Africa are through Chinese government mechanisms, the activities of many Chinese privately driven outfits cannot be underestimated in the ongoing new Sino-African rapport. Not only has that, the engagements spanned to cover many areas that were hitherto considered too risky by African traditional partners-the Western world.

As stated earlier in this work, the dividing line between foreign policy and domestic policy has become more blurred due to series of new development in the international arena. As a fact, the present scenario proved the assertion that foreign policy is simply a continuation of domestic policy. Today priority have changed from what used to be the thrust of foreign policy objectives of states to one another. To borrow the words of Keohane and Nye “there is no hierarchy among the issues”. Unlike Realism where state power and security concern predominate and occupied front burner, the world of Complex interdependence prioritize no issue, rather complex issues as trade and economic wellbeing through mutual cooperation without exploitation are exclusive.

Unlike realism Complex Interdependence consider force to be least relevant in hierarchy of interstate relations. Geo-economics issues are consider to be more important over geopolitical matters. Although the role of force as a bargaining tool in achieving peace is still recognized, but the “force model” as used by the European powers in the 18<sup>th</sup> and 19<sup>th</sup> centuries in subjugated other parts of the world, the use of military capability by the U.S. to spread her hegemony has become moribund today. Many of the “new state” would rather towed the path of economic prosperity to achieve greatness. More reason why Sino-African relations in recent time has become more vibrant due to similarities in historical experience of the two regions in term of European colonization and economic under- performance.

Since a single theory cannot illustrate all aspects of international relations, so a pragmatic approach to better understand the world politics, would be to synthesize the realist and neoliberal, or any other relevant perspectives. Better still, complex interdependence as an offshoot neoliberal will be more appreciated (based on its three characteristics) as a working tool interrogating China-African relations.

## **2.2.1 Interrogating China-Africa Relations through Complex Interdependence**

### **Theory**

From the onset, we should bear in mind that Interdependence cannot be totally balanced but rather asymmetrical. It's important to note that interdependence is not always evenly balanced in reality the symmetric interdependence seldom occurs<sup>162</sup>. In the case of Sino-African relations, it becomes clear that the interdependence is asymmetric. Though both regions benefit from one another, China emerges as the more significant beneficiary. According to Keohane & Nye, in a relationship with asymmetric interdependence among actors, the less dependent actor has the advantage of more bargaining power over the dependent one. In line with the framework of asymmetric interdependence, China enjoys superiority while engaging with Africa. China as of 2018 is investing over \$ 60 billion, the most significant foreign investment in African's history. Hence economically China is in the position of power while geographically Africa (through market and resources) has the upper hand.<sup>163</sup>.

### **Three Main Characteristics of Complex Interdependence**

- a) Several channels of communication,
- b) The absence of hierarchy among issues,
- c) Avoidance of using military force against other regional states

### ***Multiple Channels of Communication***

Relations are transnational and nongovernmental. Interactions between cultures and societies no longer stay confined to just interstate communication. Unlike realist views states henceforth are not the only actors during interaction among nations. Along with formal ties, the phenomenon of track two diplomacy has gained massive popularity. Private business owners, multinational corporations along with artists engage in this practice<sup>164</sup>. Nongovernmental interactions mean when performing artists meet,

bureaucrats from two countries meet each other explicitly, and private businesses unmistakably influence relations. China and Africa are already extending participation; there will be an increasing number of Chinese organizations contributing to Africa. For these organizations to be active, they will have to respect and understand African society, standards, norms and rules. In order to succeed it is crucial for Chinese businessmen to gather more information about the culture, general mindset and attitude of people of Africa. China ought to desert its conventional way of managing as it were with the governments of Africa. Moreover, it ought to get in closer contact with the grassroots communities, engage with local businessmen, opinion leaders and the general public. Moreover, more individuals can be involved and take advantage of the many forum formed for the activation of Sino-African engagement. Sino-African cultural contacts need to be fortified. According to Nigeria's former Minister for Information, it is imperative for both regions to strengthen people to people contact, create an understanding of each other's culture and take this relationship to a societal level. It is known that government of China have signed series of cultural cooperation agreement in an effort to further deepen the people to people contact between the two regions. .China's minister for culture Luo Shugang added that both China and Africa would take more initiatives in the future to enhance cultural ties. Due to enhanced financial engagement between the two regions, China will have more knowledge about African's multipart societal structure.

### ***Lack of Visible Priority among the Issues***

In the domain of this particular theoretic framework, at present there exists no hierarchy of organization. No clear agenda regarding interstate relations exist. Military security no longer enjoys priority in the agenda over other concerns such as ideology, culture and economy .Moreover, no dividing line between foreign policy and domestic policy

exists .In the case of Africa, China has demonstrated, through its multi-faceted agenda to illustrate its plan with the people of the continent. It is also believe that China can spread its ideology and culture in Africa through its vibrant engagement. .For example, China built universities for the promotion of its culture and ideology and also encourage and support inter regional education exchange with Africa. Advance while managing with the conventional plan is now not sufficient. A modern and exceptional kind of agenda has developed. While philosophy along with regional competition traditionally made up the diplomatic agenda now the environmental sector and various other sectors are also incorporated.

### ***Minor Role of Military***

In Complex Interdependence Theory military force has a limited role. It is no longer considered to be the most effective tool of foreign policy. It could not be used to implement agreements among the alliance members. Force and intimidation are no longer considered core tools of achieving goals either economic or political because military conflicts are costly and all the states know about maximization of the cost of war. States do not utilize military force; however, it retains relevance in case of the alliance's dealings with its rival bloc in the international system. As stated earlier, force can also be used as a bargaining chip in order to resolve issues especially in the case of Asymmetric warfare<sup>165</sup>. In the case of China and Africa there have never a case of using military force against each other. Sino-African relationship has always been based on principles of peaceful coexistence, strategic interests and commonality of purpose. Common strategic interests facilitated an alliance free of military and political confrontation.

Finally, complex interdependence theory facilitates the reduction of conflict along with a boost in economic activity. It is also called progressive or development theory since it

is helpful in order to eliminate wars among states and establish good relations. In this highly globalized world, traditional ideas of state power and the central role of the military are losing relevance. Universal co-operation is unavoidable, non-state actors particularly intergovernmental organizations, IO's and prominent members of civil society have emerged as significant stakeholders in the world order .The international world has embraced the ideas of complex interdependence, which in turn has had a major boost in the worldwide connectivity and a profound impact on state relations. In today's world, the role of International Organizations is visible; both grounded and weaker state reap benefits from International Organizations though benefits are hardly symmetric. More grounded states frequently play a formulated part within the creation of non-government associations. This could lead to them holding a disproportional sum of control inside that association. The US and Universal Money related support are great illustrations of this. The IMF based in Washington has been alluded by pundits as only an instrument of US foreign approach. Smaller states can benefit from utilizing NGOs such as the World Exchange Association because it could be a moderately cheap and accessible accomplice in ensuring its universal interface. A significant area in which we are able to see the pertinence of complex interdependency within the modern world field is in states utilization of topsy-turvy interdependencies for political pick up. Regarding China it is safe to say that Sino-African relationship is interdependent. China's dependency on Africa is due to her large untapped resources and markets for Chinese ever growing industries for which China sees no alternative. In terms of African high deficit in infrastructure-finances and economic conditions are primary causes of dependency on the Chinese. Resource for infrastructure programs is a mutually beneficial undertaken whose spillover effect would be observed in the nearest future. However, it must be stressed, despite enjoying excellent diplomatic and strategic

relations over the decades, the societal and people to people contact have not flourished much. Though some of both government's recent initiatives will improve societal ties, it is still a long way to go. Unbalanced trade is another major concern that needs to be addressed, as term of trade is more favourable to China at the expense of Africa. For sure Sino-African relationship has undoubtedly transformed into interdependence, with the completion of various projects through FOCAC and other forum, the relationship would eventually venture into the domain of Complex Interdependence.

## **2.3 Empirical Review**

### **2.3.1 Sub-Saharan Africa Infrastructure Score Card**

Africa is the world's second largest and second most populous continent in the world after Asia. Africa is blessed with a land area of 30.4 million sq. km, with a market of 1.2 billion people and an estimated GDP of US\$2 trillion in 2017<sup>166</sup>. Real GDP in Africa is estimated to have increased to 3.6 percent in 2017, from 2.2 percent in 2016, reflecting sound macroeconomic policies, and progress in structural reforms<sup>167</sup>. Africa also has the advantage of a young and growing population and is projected to have the fastest urbanization rate in the world<sup>168</sup>. Africa also has huge potential to develop a strong manufacturing sector, which could play a significant role in the economic development of the continent, which includes creating employment opportunities, catering to domestic demand, and generating exports surplus among others. However, Africa is yet to climb the value chain of mineral processing and manufacturing, which would help the region to unlock its full potential of natural resources. One of the major factors that restrict Africa from reaching this global value chain is the huge deficit in

the infrastructure sector. The United Nations Economic Commission for Africa (ECA), says infrastructure development in Africa has the potential to raise GDP by 2 percent and develop the backbone for rapid industrialization, which in turn could boost the capacity of the continent to generate more domestic resources<sup>169</sup>. In its *Innovating Financing for the Economic Transformation of Africa* report, published in March 2015, ECA estimates that Africa's recent infrastructure needs stands at a whopping US\$93 billion annually, out of which US\$45 billion is mobilized, leaving an annual deficit of nearly US\$50 billion<sup>170</sup>.

Infrastructure help to facilitate human activity, in particular by lowering the cost of various economic activities and by improving their quality. That is why it has an essential role to play in the economic transformation of the African continent. Modern infrastructure is especially needed for national land-use planning and to meet regional integration objectives within various regional economic communities. Hence, meeting the demand for key infrastructure, both physical and social is a priority area for the continent, because quality infrastructure investment is believed to have a high spending multiplier effect that can build the continent's road to prosperity. This is because a dollar spent on government infrastructure investment is said to boost private-sector activity enough that gross domestic product (GDP) increases above and beyond the original government investment itself<sup>171</sup>. According to Mckinsey Global Institute (MGI) estimate, infrastructure typically has a socioeconomic rate of return of about 20 percent. In other words, one dollar of infrastructure investment raises GDP by 20 percent in the long run. Meaning, a well-developed communication and transport infrastructure network is a prerequisite for resource-rich African nations to attain economic expansion fuelled by its resources.

As such, with high financial needs, over the past years, Africa has turned to external loans; as a result, the continent has turned out to be a specific fertile terrain for the resource-for-infrastructure loans pact. Africa ranks at the very bottom of most infrastructure indicators<sup>172</sup>. The situation in Sub-Saharan Africa is particularly daunting, especially in low-income nations. The root of the problem is that investment has not kept pace with demographic growth, creating a huge deficit over the years. Most of the existing infrastructure in the region dates from colonial times, a large part of which has been severely damaged by intrastate wars or neglect. The region's major infrastructure deficit lies in the power sector. The combined power generation of Sub-Saharan African nations, with a total population of over 1 billion equals roughly that of Spain with a population slightly over 46 million. This sector is plagued by the dearth of interconnectivity of electricity grids and by frequent outages. The situation is also dire in transportation infrastructure.

Africa has an average of 204 km of roads per 1000 square kilometers, while the world average is 944 km and only 25 percent are paved<sup>173</sup>. Railroad density is extremely sparse for Africa's population and for the needs of extractive industries. Although there are a reasonable number of ports along the coasts of Africa, they are plagued by fundamental problems regarding capacity, performance and handling costs. Additionally, to a physical deficit, there is poor connectivity between roads, railways and ports, which is at the base of serious logistic problems across Africa; and barely a third of rural Africans live near a road. Additionally, access to water is very limited. In spite of its vast hydrological resources, Africa has limited access to potable water with 56 percent drinking clean water, which impairs millions of livelihoods and businesses, and irrigation remains a serious challenge for agriculture (under 5 percent of agricultural land is irrigated)<sup>174</sup>. Over 60 percent of the population lacks basic sanitation

facilities<sup>175</sup>. Africa ranks a little better in information and communication technology (ICT) infrastructure; mobile phone subscription in Africa has grown faster than in any other region of the world. According to 2016 data, almost 80.8 percent of Africans own a mobile phone, this is a 10 percent jump from 71 percent in 2014<sup>176</sup>. Internet access figures, however, lag considerably behind and ICT, in general, varies dramatically across nations. In line with the above positive developments, a recent study shows some other positive development that is worth noting. Country-wise, some African countries ranked best in the infrastructure indicators. The infrastructure indicators include the quality of road, port and air infrastructure; the quality of electricity supply and the connectivity (both mobile and fixed line) of the population of the nation. The infrastructure indicators are some of the only ones in which many African nations have improved their rankings over the years.

The general infrastructure performance for Mauritius, Seychelles and Morocco are rated the top African economies. Nations which have displayed a significant upsurge in access to general infrastructure comprises of Morocco and Kenya. The quality of transport infrastructure in South Africa, although still ranked the highest in the continent, has been deteriorating over the last decade. Morocco, Egypt, Kenya and Rwanda are some of the African economies which have significantly improved their rankings in the quality of transport infrastructure. Mauritius, Seychelles and Morocco are the African economies with the best total electricity and telephony infrastructure. Though several African economies have augmented access to electricity and telephone infrastructure, economies comprising of Madagascar, Malawi and Zambia have dropped in the rankings as a result of the poor supply of electricity. Several African economies that are ranked in the top 50 when it comes to mobile subscriptions,

comprising of Seychelles, Botswana, Mauritius and South Africa. Mobile connectivity has increased significantly in most African economies over the past decade<sup>177</sup>.

**Table 3: 2017 Infrastructure Ranking for African Economies; Ranking 1-137**

|                     | Transport infrastructure |    |     |     | Electricity and telephony infrastructure |     |     |
|---------------------|--------------------------|----|-----|-----|--|-----|-----|
|                     | QOI                      | QR | QRI | QPI | QES                                      | MTS | FTL |
| <b>Morocco</b>      | 42                       | 43 | 38  | 32  | 46                                       | 60  | 95  |
| <b>Mauritius</b>    | 50                       | 48 | n/a | 65  | 52                                       | 26  | 35  |
| <b>South Africa</b> | 72                       | 50 | 47  | 37  | 97                                       | 27  | 93  |
| <b>Egypt</b>        | 73                       | 75 | 50  | 41  | 63                                       | 77  | 90  |
| <b>Namibia</b>      | 45                       | 31 | 51  | 26  | 51                                       | 87  | 87  |
| <b>Seychelles</b>   | 41                       | 53 | n/a | 53  | 66                                       | 10  | 45  |
| <b>Rwanda</b>       | 40                       | 32 | n/a | 115 | 89                                       | 126 | 132 |
| <b>eSwatini</b>     | 81                       | 39 | 48  | 87  | 98                                       | 122 | 106 |
| <b>Algeria</b>      | 97                       | 89 | 49  | 96  | 93                                       | 70  | 86  |
| <b>Tunisia</b>      | 86                       | 84 | 67  | 101 | 60                                       | 50  | 84  |
| <b>Botswana</b>     | 80                       | 80 | 54  | 109 | 99                                       | 14  | 92  |
| <b>Gambia</b>       | 70                       | 69 | n/a | 61  | 105                                      | 32  | 112 |

Source: Tralac (2017) Cited from Global Competitiveness Report (GCR), 2017 of the World Economic Forum (WEF)

Note:

QOI - Quality of overall infrastructure;

QR -Quality of roads;

QRI - Quality of railroad infrastructure

QPI- Quality of port infrastructure;

QES-Quality of electricity supply;

MTS-Mobile telephone subscriptions/100 pop.

FTL-Fixed telephone lines/100 pop.

In spite of some headway recently, the continent of Africa still lags behind that of other developing regions and remain a major constraint for business in Africa, ultimately

impairing its development. The World Bank estimates that redressing Africa's infrastructure deficit will cost \$75 billion a year and that there is a recent gap of \$35 billion<sup>178</sup>. Most African nations, particularly in the Sub-Saharan region, not only lack the cash flow for this massive undertaking, but they also suffer from poor credit ratings in international financial markets. A significant number of these nations, nonetheless, are well endowed with considerable amounts of mineral resources and ranks first in quantity of world reserves of bauxite, chromite, cobalt, industrial diamond, manganese, phosphate rock, platinum-group metals, soda ash, vermiculite, and zirconium. As at the end of 2016, African nations recorded some of the largest proven crude oil reserves globally. Some of these African nations are Libya (48.8 million barrels), Nigeria (37.2 million barrels), Angola (11.6 million barrels), and Algeria (12.2 million barrels)<sup>179</sup>. In terms of production, the continent of Africa is also a major global producer of these minerals; it is the third-largest regional producer, with a world total share of 10.4 percent<sup>180</sup>. With a maximum crude oil production capacity of 2.5 million barrels per day, Nigeria ranks as Africa's largest producer of oil followed by Angola 1.8 million barrels per day, Algeria 1.7 million barrel per day, and Egypt 750 thousand barrel per day<sup>181</sup>. Also, several new oil producers have surfaced recently such as Uganda, Ghana, and Chad – with a few more in the making, including Niger, Somalia, and Ethiopia.

To complete the picture, massive natural gas reservoirs have been discovered off the eastern coast of Africa, as well as large coal deposits in Mozambique and massive uranium reserves in Namibia and Niger. It has been noticed that part of the assets has been directly or indirectly secured by the extension of concessional loans for infrastructure. For many years, the continent of Africa mineral wealth remained locked underground for a variety of reasons, like low commodity prices, the dearth of investment, geographical obstacles, political instability and poor infrastructure. The

gradual stabilization of Africa over the past years and the concomitant increase in demand for mineral commodities motivated by emerging nations, most especially China, have prompted a renewed interest in Africa. Africa's resource bounty undoubtedly plays a significant role in the increase of international investment to the continent and its concomitant economic progress recently. While the rate of China's economic expansion has started to slow, the pressure on commodity prices remain high, which is forecast to maintain FDI rates in the continent of Africa. According to World Bank, sub-Saharan Africa is on course for economic growth of 3.1 percent in 2018, marginally slower than it previously forecast but faster than 2017. Rising commodity prices and a rebound in the region's major economies are largely behind the expected acceleration<sup>182</sup>. However, there are several downside risks to the outlook. The regional economy is not well diversified, making it vulnerable to the evolution of commodity prices. While prices are expected to increase, this is largely dependent on the strength of the global economy, and of China's economy in particular. Furthermore, a slower recovery in commodity prices than expected could dent the region's prospects.

### **2.3.2 The Problem of "Natural Resource Curse" In Sub-Saharan Africa: An Empirical Analysis**

Natural resources are extremely important in the world economy and trade, especially the non-renewable natural resources such as oil, gas and minerals. For countries that have them, these natural resources are deemed to be blessed, but over the last few decades, various studies show a strange paradox. The majority of countries, which are, extremely rich in natural resources, have no positive benefit from them. Nevertheless, the opposite happens –they experience extremely low economic growth and are faced with different problems, which are linked to natural resources. Therefore, the link

between the natural resources and a poor economic performance of the country has been established. This situation is called the natural resource curse or the paradox of natural resources. The more common macro-economic effect associated with the flourishing of natural resources is called the Dutch disease. The natural resource curse is a phenomenon where natural resource endowed countries experience worse economic and political outcomes than countries with no natural resource endowment<sup>183</sup>. These natural resources includes, but not limited to hydrocarbons, metals, minerals, and oil.

Relatedly, Dutch Disease is an economic phenomenon that occurred in The Netherlands in the 1960s. Following a sizable natural-gas discovery in The Netherlands, the value of Dutch currency increased, rendering exports from other sectors uncompetitive. As a result, the real exchange rate appreciated as resource revenues entered the economy. Exchange rates' consistent relationship with oil and gas revenues make it difficult for countries discovering such resources to accumulate the foreign currency required for trade<sup>184</sup>. The case of the Netherlands is not unique, as many countries with large endowments, on average, perform worse than those that are less significantly endowed<sup>185</sup>. Some countries, however, have performed much better than others and have even succeeded in attaining economic growth and development.

In contrast to countries performing poorly, like Nigeria, Angola and the Democratic Republic of Congo, counter examples exist, like Botswana, Norway, and Malaysia. Ideally, resources should be a source of wealth and development, and resource revenues can be a significant source for escaping the development trap and attaining the major thrust needed for economic growth and development<sup>186</sup>. Countries like Malaysia, Botswana, Indonesia, and Thailand have proven that natural resource-rich countries can sustain economic growth and attain economic development, and that their abundance of

natural resources does not necessarily preclude development. The success of these countries shows that reversing or preventing the resource curse is possible. Rodrik and Pritchett state that institutional quality is important for long-term economic growth<sup>187</sup>. Therefore, it is not surprising that the majority of people who live in resource-rich countries possess poor institutional quality. Instead, the governments of these countries are often riddled with corruption, thereby creating acute inequality for their citizens. Moreover, successful resource-rich countries share common traits related to institutions for economic growth and development. Salai-Martin and Subramanian argue that it is not the existence of natural resources per se that is causing resource-abundant countries to fail; instead, it is the quality of the institutions and public policies that result in low economic development<sup>188</sup>. Institutions are key to reversing the resource curse and may be part of the solution for the ills of resource-rich African countries. The literature on the resource curse is vast, suggesting many ways to overcome it. Yet, overall, few studies analyze countries that overcame the resource curse.

The Sub-Saharan Africa (SSA) region has become a classic case of the resource curse phenomenon characterized by the abundance of natural resources, low economic development, and misuse of natural resources. Economic-development experts debate ways to overcome or avoid the resource curse to advance SSA countries into developed countries. Only one natural resource-rich country in the region, Botswana, has succeeded in becoming an upper middle-income country using its natural resources, making the possibility of replication of this achievement difficult. The literature aligns in the belief that the economic and political well-being of resource-rich nations depends highly on the actors involved. National and international policies and regulations must overcome the resource curse. However, the literature falls short of clarifying the types

of governance traits and international interventions required to overcome this phenomenon.

One time Malawi's President Bingu Wa Mutharika is known for his statement that "Africa is not a poor continent; but the people of Africa are poor"<sup>189</sup>. Africans who live in resource-rich countries often wonder why their lives do not improve while their countries export thousands of barrels of oil and tons of minerals per day, generating large resource revenues. Natural resources are owned by the people and should benefit the people. The United Nations' Declaration affirms this: "The right of peoples and nations to permanent sovereignty over their natural wealth and resources must be exercised in the interest of their national development and of the well-being of the people of the State concerned"<sup>190</sup>.

First, compared to other regions, Africa has a smaller population benefiting from these resources<sup>191</sup>. Further, Ross highlights that resource-rich countries, particularly those dependent on exporting mineral resources, have a lower Human Development Index when compared to countries with more limited resources.<sup>192</sup> The stakes of reversing the resource curse are much higher in SSA than in other regions, as the region is blessed with extensive untapped natural resources, but ravaged by abject poverty, requiring a close study of the relationship between natural resources, economic growth, and development. Extractive companies are competing to meet the growing demand for natural resources. Unless action is taken to reverse the current low economic growth and development in the region, the notion of a natural-resource curse is going to dominate the development debate in SSA for many years to come. Moreover, lack of transparency and sound governance has fueled misuse of funds in many countries. For example, a scholar showed that "at least one in every eight barrels of oil currently entering the United States has been stolen from its country of origin"<sup>193</sup>. Similarly, the

governments of two of the largest oil-producing countries in Africa—Angola and Nigeria—are corrupt. The Transparency International (TI)'s Corruption Perceptions Index (CPI) ranks Nigeria and Angola 144 and 153 of 177 countries in 2013<sup>194</sup>. In the case of Angola, McMillan estimates that as much as \$1 billion of oil revenue was lost every year in the early 2000s<sup>195</sup>. In most cases, a dominant elite group benefits from the country's natural resources at the expense of the public. This review makes two major contributions. The first is its exploratory theoretical and empirical review of transparency to identify its role in the resource-curse thesis and economic growth. The second is a measure of Extractive Industries Transparency Initiative (EITI) and its impact on economic growth.

As already stated, the resource curse is a complicated phenomenon that results from a variety of reasons, including the Dutch disease, rent seeking, crowding out of human capital, and crowding out of social capital<sup>196</sup>. Highlighted here are three reasons for poor performance of resource-rich countries, interlaced with the aforementioned poor institutional quality. First, resource revenue tends to corrupt government officials, as it may be easier for the owners of capital to bribe officials than to invest in industries and projects affecting long-term development<sup>197</sup>. This is particularly true for oil rich countries including Angola, Nigeria, Sudan, and Venezuela, and diamond-rich countries like Sierra Leone, Liberia, and Congo<sup>198</sup>. In these countries, the rent-seeking behaviors of officials, backed by foreign extractive firms, have lowered the benefits of resource revenues. Second, the prices of natural resources are volatile, making repayment of loans difficult. As prices of natural resources (not only oil, but also minerals, grain, and coffee) are volatile, countries that specialize in extractive industries and commodities will have a disadvantage in their terms of trade. Poelhekke and Van der Ploeg observe “volatility in natural resource revenues, induced by volatility in

primary commodity prices, curbs growth in economies with badly functioning financial systems”<sup>199</sup>. Third, abundant natural resources crowd out other economic sectors, including human and social capital. Crowding out refers to a transfer of talent and innovation away from other export-based sectors of the economy. Of the main types of capital (economic, social, and natural), a negative link exists between natural-resource capital and human capital investment<sup>200</sup>. Natural resources crowd out human resources by affecting the allocation of education resources. In doing this, resource-rich countries tend to invest insufficiently in education. All of these cause a resource curse, suggesting a strong case for greater domestic policy change and creation of strong institutions; a recommendation backed by successful historically resource-based economies.

While the resource curse seems to impact many countries, they are accompanied by proposed solutions to reverse this phenomenon. For example, a literature recommends diversifying economies and avoiding currency appreciation to reverse or slow the resource curse<sup>201</sup>. The second solution, avoiding currency appreciation, allows countries to export natural resources to the global market at a low price. First, resource rich countries should not initially set the export value of their natural resources at a higher cost value because a rapid influx of foreign currency causes a devaluing of local currency. Moreover, when the currency of a given country rises significantly, the rise impacts the country’s international economic activity. The influx of foreign currency causes appreciation in the value of the domestic currency. Yet, setting the export value at lower levels should be monitored closely because the set lower price value is not a viable long-term solution.

Additionally, one common recommendation for resource-rich countries to achieve economic growth is to adopt transparency-related policies. An international initiative with a central focus to reinforce transparency is the Extractive Industries Transparency

Initiative (EITI). In 2003, EITI was created to fill the gap in international law to enforce transparency in extractive industries of resource-abundant countries. This initiative requires participating countries to publish all data on revenues from mining and oil operations. EITI is an international voluntary regulatory initiative supported by international organizations including the World Bank, the International Monetary Fund, the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, and the European Investment Bank. As of August 2014, up to September 2021 twenty-one (21) African countries have signaled their intent to implement the EITI to increase transparency. The plans for this initiative include reversing the current misuse of natural-resource revenues<sup>202</sup>. However, the effectiveness of the EITI has not yet been tested but, at least many resource-rich countries of SSA are signatory of the EITI.

### **2.3.3 China in Africa: A Form of Neo-Colonialism?**

The renewed engagement of China with African states and China's growing assertiveness on the global stage have spurred a polarising debate on the conceptualisation of China's involvement in Africa within the wider academic literature<sup>203</sup>. Indeed, the African policy, as part of the Chinese Communist Party's (CCP) foreign policy of the "Going Global Strategy", poses some serious questions about the role of China as a rising power and its impacts on the current international system order- as a status quo or revisionist power<sup>204</sup>.

Traditionally, China's presence in Africa has been viewed through three different strands of thought: as a development partner, an economic competitor or as a colonizer<sup>205</sup>. What has been coined as the "Dragon Slayers" versus "Panda Huggers" debate – on whether China represents a threat or an opportunity for the African continent – presents valid arguments on both sides<sup>206</sup>. In this light, this write-up argues

that this polarising debate on China as a neo-colonial power (threat) or as a genuine development partner (opportunity) highlights the growing uncertainty about China's rise as a great power and its implications for the conception of international relations. In addition, it is too early to make any decisive conclusion on the neo-colonialist nature of the People's Republic of China. Clearly, China's foreign policies demonstrate some form of neo-colonial tendencies with imperialistic undertones.

However, abiding completely by this perspective might hurt African states' interests in the long-run. First, an account of the ideological, political and economic underpinnings of China's African Policy will be explored. Second, the heart of the debate of China as a threat or opportunity for Africa will be discussed by exposing arguments from both camps. And lastly, the essay will conclude on the need for a cautious approach in understanding Chinese foreign policy in Africa.

### **Sino-African Relations: The Underpinnings of China's African Policy**

China's African Policy is founded on a mix of historical narratives, win-win relationships and South-South Solidarity discourse, undergirded by the Chinese Communist Party's fierce adherence to the advancement of its core national interests under the national rhetoric of "Great Rejuvenation"<sup>207</sup>. Indeed, Sino-African relations are not new and have been figured prominently in the Chinese foreign policy discourse as a continuous pattern of South-South development cooperation and the shared identity with African people on the account of imperialism, and socio-economic developmental struggles<sup>208</sup>.

Building on this seemingly shared identity, the CCP (China Communist Party) has constructed its African approach upon the "Five Principles of Peaceful Coexistence" which emphasises mutual respect for states' sovereignty, mutual non-aggression, mutual non-interference, equality and mutual benefits, and peaceful coexistence<sup>209</sup>. In

2006, China has released its first African Policy Paper characterising Chinese engagement with Africa as enshrining the concepts of equality, non-interference and mutual benefits<sup>210</sup>. In practice, this policy of “rayonnement” has been translated into effective diplomacy, comprehensive financial incentives in the form of development assistance, trade and investments, and limited military cooperation as well as peacekeeping operations<sup>211</sup>.

Such holistic approach to African relations has elevated China as a major player in shifting the global balance of power, marking its inevitable rise as an influential state. Since President Xi Jinping has taken office in 2012, the CCP has pursued more vibrant policies abroad which legitimately raised questions about China’s role in the international system as a revisionist or status quo power. Xi Jinping’s ideological drive for greater international ambitions is enshrined in the ideals of China’s “Great Rejuvenation” and the “Chinese Dream”. In the view of Zheng Wang<sup>212</sup>, the concept of “Chinese Dream” and “Great Rejuvenation” represent the national endeavour for China to claim back its rightful place as a great power within the international system.

This international blueprint is in fact of crucial importance for China’s core national interest. Indeed, as argued by Aoyama, the “Great Rejuvenation” discourse serves important functions such as domestic political legitimacy for the CCP leadership, mobilisation of citizens around a cohesive national identity and as a national strategy goal advising foreign policy-making<sup>213</sup>. Hence, in order to understand China’s growing assertiveness in Africa, it is essential to grasp the linkages between its national and international policy strategies. Thus, the motivations behind Chinese investment in Africa have been driven by three motivations.

Firstly, with its leadership legitimacy resting upon the fragile pillars of economic performance, Africa’s abundance of natural resources in terms of oil and minerals

represent an absolute priority for China's continued economic growth<sup>214</sup>. Secondly, Africa represents an expanding market to which China can export its cheap manufactured goods and represent long-term financial investment<sup>215</sup>. And third, China's development aid assistance to Africa represents an effort to enhance its soft power and influence abroad by providing an alternative development model to the Washington Consensus, and securing support of African states within international institutions<sup>216</sup>. Hence, Africa is providing an important testing ground for China's evolving resource diplomacy and its efforts to ensure long-term economic security and influence".

### **China in Africa: Threat or Opportunity?**

Scholars who view China's involvement in Africa as negative have generally described such relations in terms of power asymmetry between the economic giant and the politically vulnerable African governments. Indeed, the concepts of neo-colonialism or neo-imperialism have been often used to describe Chinese interest in Africa. In his critique of the under-theorisation of Sino-African relations, exposes the contradictions in the concept of equal partnership propagandised by the CCP (unequal equal)<sup>218</sup>. Clearly, such rhetoric contrasts starkly with the power asymmetry between China and African states, calling for attention on the ability of African governments to maintain their sovereignty upon domestic and foreign policies.

In this light, an author offers a convincing and enlightening analysis of China in Africa through the neo-colonialist approach of Nkrumah. Kwame Nkrumah described neo-colonialism as the diminution of African states' sovereignty through asymmetric economic relations and inequitable trade and investment between the parties<sup>219</sup>. Hence, China has effectively used trade to co-opt African elites and governments into abiding to and advancing Chinese mercantilist interests and for the protection of Chinese

businesses at the expense of African people's social and environmental concerns<sup>220</sup>. Zambia under the presidency of Michael Sata represents a compelling case in point which illustrates the dangers of economic dependency for state sovereignty as decried by Nkrumah.

After winning the 2011 presidential elections upon the labelling of Chinese businesses as neo-colonialists and the promise of stricter regulations of trade practices, Michael Sata has been left powerless in the face of increasing Chinese firms lobbying and threat of closing down crucial economic operations. This effectively resulted in the Sata government backing down on major tax reforms<sup>221</sup>. Another neo-colonialist argument draws upon the parallels between Chinese economic activities within African states and past activities of Western colonial powers.

Another study highlights the combination of trade, financial investment, and aid to facilitate export of raw materials to China as resembling the extractive and exploitive colonial systems of the Old Powers<sup>222</sup>. Hence, Chinese economic pragmatism dogma coupled with low concerns for welfare of African population and human rights abuses, and its closeness to political elites do raise some legitimate questions upon the neocolonialist nature of Sino-African relations. On the international stage, China is ingloriously known for its systematic opposition to international criticisms of its human rights records. The repeated blockings of UN resolutions in condemning China on violations of Tibetan's rights have been actively supported by African states which effectively enabled the deflection of sanctions<sup>223</sup>.

In return, China has been a consistent enabler of illiberal African regimes. The "no strings attached" principle in view of Chinese aid programs gave the CCP an economic and political advantage vis-à-vis Western powers by investing, hence gaining leverage, over pariah regimes<sup>224</sup>. For instance, China has been a major factor in sustaining the

Darfur crisis in Sudan through the illicit sale of military weapons and threats to block any UN resolutions directed towards Sudan on the basis of self-interest in the Sudanese oil industries<sup>225</sup>. Another case in point is the support China provided to Francois Bozize's dictatorial regime in Central African Republic in 2003 through financial investment in building mining and telecommunications infrastructures, hence keeping the economy, and by extension the regime, afloat<sup>226</sup>.

The growing appeal of the Beijing Consensus among African states and the effective use of economic levers as diplomatic instruments can best be illustrated on China's resounding success in isolating Taiwan through the imposition of the "One-China Policy" embedded within official bilateral relations and agreements<sup>227</sup>. As a result, as of 2018, there was only three African States (Burkina Faso, Sao Tome and Principe and Swaziland), today November, 2021 it is Eswatini formally Swaziland, out of 56 African states that still maintain official diplomatic ties with Taiwan<sup>228</sup>. The cases presented clearly illustrate China's ability to influence or even direct African states' foreign policies, denoting a diminution of African states' sovereignty. Proponents of Sino-African relations tend to view these relations through a more optimistic lens. Far from denying the potential threat that China represents toward Africa, the "Panda Huggers" emphasises on the practical benefits that African states can reap from a Chinese state willing to invest in developing the continent's infrastructure.

The sway of African governments toward Chinese foreign direct investment (FDI) and official development assistance (ODA) programs is the result of a general disillusionment after decades of Western developmental aid projects which resulted in the entrenched "underdevelopment" of Africa<sup>229</sup>. Indeed, Chinese economic activities are more practical with less red tape due to its lack of concern for good governance and good practices<sup>230</sup>. Hence, Chinese investors are quick to get things done and deliver

projects that would have taken much more time for Western investors to deliver. Pragmatism is of rigour when considering the African context. In this vein, a scholar clarified Africa's staggering need for infrastructure with an estimated \$ 93 billion dollar per year for the next decade in order to seal Africa's infrastructure gap.

Under these circumstances, pragmatic, quick and generous Chinese foreign direct investments have been gladly welcomed by various African governments. In the long-run, these infrastructural development projects will contribute to improved regional economic integration of the African continent through transports connecting states and enabling swift exchange of goods and labour <sup>232</sup>. Moreover, Horace Campbell believes <sup>233</sup>, African states and populations in general could greatly benefit from knowledge spill-overs from China leading to a technological revolution. Another powerful argument brought forward by scholars who view Sino-African relations in a favourable light is the perceived increased agency of African states. China's alternative model of development and its combination of investment, aid and trade has been argued to provide African states with the ability to choose their own path for development and hence, increasing their independence in face of Western powers <sup>234</sup>.

Moreover, some scholars have advanced the idea that the exploitative relationship need not be one way only. Through the Angolan case study, African governments can make use of their sovereignty over natural resources extraction such as oil for export and use the proceeds towards reinforcing their regime legitimacy<sup>235</sup>. Such view displaces the idea of power asymmetry resulting in unequal trade relations to a more win-win relation where both parties mutually benefit from the transaction. Other scholars have advanced a more speculative argument on China's sincere sympathy for African states developmental struggles. In this vein, China is simply repeating patterns of

development that it experienced under Western and Japanese investment policies during Deng Xiaoping's Open Door Policy<sup>236</sup>.

Hence, China is promoting a developmental model that the CCP believes has worked for the Chinese nation. In addition, in refuting Chinese exclusive investment focused on extractive resources, some scholars have pointed to China's debt relief activities (up to 10 billion yuan of loans to African states) and investment in non-resource rich states such as Guinea-Bissau<sup>237</sup>.

### **Sitting on the Fence: Cautious Approach to China in Africa**

Despite the polarising debate about China's impacts on African societies, there is a general consensus among scholars and observers that China cannot be fully trusted<sup>238</sup>. Indeed, one will be utterly misguided to conceive of Sino-African relations as purely an opportunity to be seized<sup>239</sup>. Conversely, viewing China as only a predatory neo-colonial state will only generate unproductive relations and undermine African states' interests in the long-term<sup>240</sup>. Some scholars have attributed the labelling of China as a neo-colonialist state due to Western anxiety over China's growing global affluence<sup>241</sup>. Hence, arguably, it is valid to consider that the labelling of China as a neo-colonialist or imperialist power is symptomatic of a shift in global balance of power, and hence the growing uncertainty on how to engage or contain China. Nonetheless, it is too early to succumb to apprehension and hastily to categorise China-Africa relations as neo-colonialist. As argued by one scholar, our current modern world has only experienced one major international transition (American Hegemony) and hence, it is difficult to ascertain on the meaning of China's economic and strategic expansion, including its activities in Africa<sup>242</sup>.

In addition, study of the polarising debate on China as a threat to Africa revealed that the stance of each side depends on the choice of unit for analysis<sup>243</sup>. This observation

sheds light on the contradiction between the CCP's official African policy and the misconduct of Chinese businesses on the ground. If following this line of thought, greater responsibility is then attributed to African states to implement better governance and regulation on Chinese businesses. In this regard, an author placed their hope within the growing African civil society in keeping Chinese deeds in check and enforcing compliance from their respective governments<sup>244</sup>. Indeed, one feature of colonialism that China cruelly lacks in Africa is cultural hegemony where language, culture and bureaucratic <sup>245</sup>.

Sino-African relations are complex and multi-layered. A cautious approach is needed when evaluating the polarizing debate on China as a neo-colonial power devoted to resource-grabbing and exploitation. The peculiar preference of Beijing for bilateral agreements with other states is legitimately seen as a showdown of power politics where China ensures its economic leverage over less powerful states. China does exhibit some neo-colonial tendencies and has the potential to undermine African states' sovereignty. However, African states have also enjoyed some degree of agency and have, to some extent, benefitted from economic and infrastructural development. Nevertheless, China's growing influence on the African continent seems inevitable and it is safe to advance that China will always play by the geopolitical game of maximizing its own national interests, defying other states. In this regard, China is acting like any other emerging power would act. It is then left for the African states to be more assertive and seize the opportunity and maximized gains from China operation in the continent. For sure African states need to avoid the pitfalls that allowed the west to exploit them. There is urgent need for transparency on the part of African leaders, and also strengthening of their political institutions.

#### **2.3.4 Critical Appraisal of China Operation in Africa**

The past decade has seen a rise in China's global activities as well as an increase in research on China's global growth. The emergence of Chinese internationalization has been carefully scrutinized not only by academics and business leaders but also by press professionals<sup>246</sup>. China's increasingly strong foreign directives have been studied to determine the reasons, and regions, in which China is likely to selectively orientate its program of expansion<sup>247</sup>. However, China's entry into Africa is subject to numerous questions among the research community, frequently seeking to explain why, and on what basis, the country is investing in Africa.

Many of the conclusions drawn by research exploring China's presence in Africa are negative, particularly with regard to the consequences for the African economy<sup>248</sup>. The few studies that have identified positive benefits are vastly outweighed by the quantity of literature that asserts that Africa is being undermined by its Chinese counterparts<sup>249</sup>. However, the results of many of these scientific studies vary, frequently, because the studies adopt micro-orientated perspectives, not to mention that they are often conducted in very different environments within Africa. Consequently, their results, conclusions and even recommendations vary, leading to a multiplicity of positions among scholars and practitioners across the disciplines, which increasingly contribute to delicate controversies between many key stakeholders<sup>251</sup>.

Despite numerous questions being raised in recent years, there is still a decided lack of empirical evidence that supports many of the key views. Speculation has become intense in academia, with China's move toward Africa – an emerging and sensitive topic. Wang has argued that many of the key ideas have only been explored by research papers of a low standard and press articles from partisan journalists<sup>252</sup>. As a result, there have been numerous reports across the world stating that China's presence in Africa is substantially and negatively impacting the whole continent. Because few academic

papers have rigorously dealt with the steps China has taken in its project of internationalization in Africa, many of the articles have originated in business press and glossy magazines <sup>253</sup>.

Accordingly, many Sino-African controversies, such as the allegations that China employs prison labor, abuse human rights and also, its construction projects are in most cases shoddy, should be critically questioned. This is because the information is anecdotal, and often highly prejudicial, generally generated by journalists from the West writing for an audience that is increasingly feeling the competitive pressure exerted by Chinese economic and political actors in Africa<sup>254</sup>. Many studies also questionably regard China as an opportunistic ally, without self-reflecting on what Martin and Frost have referred to as a “struggle for intellectual dominance”<sup>255</sup>. As a result, some authors may strategically intend to have their claims believed by major stakeholders for their own advantage<sup>256</sup>.

The consequent trend of supporting uncritical conclusions has already been noted, as succinctly highlighted by Mohan and Tan-Mullins<sup>257</sup>. Indeed, the authors state that “the figures are extremely speculative and lend themselves to inflation and purposeful misinterpretation”, and these “naturalized statistics” need to be critically examined. For instance, Bräutigam has pointed out that in 2008 journalists “inadvertently” misled the World Bank<sup>258</sup>. In an official report, the bank had referenced an inaccurate press article by the Dow Jones. The article had claimed that former Chinese Premier, Wen Jiabao, had announced that China had given \$44 billion to Africa. However, the currency that Wen Jiabao had referred to was the Chinese Yuan (RMB), rather than the US dollar. Therefore, instead of \$44 billion in aid, the correctly converted amount was only \$6 billion.

Various research findings, from an increasing number of scientific publications on China in Africa, do exist<sup>259</sup>. However, to date, there has not yet been a systematic analysis or evaluation of the significance and coverage of the literature. A complete evaluation of the most prominent studies should allow for a better understanding of the current state of research on China's presence in Africa. This is all the more urgent, considering that "the actual developmental role and impact of Chinese investment is often either misunderstood or misrepresented"<sup>260</sup>. Research publications on the Chinese in Africa are mostly oriented toward findings that highlight a win-lose paradigm, precisely because earlier studies viewed Sino-African bilateral trade as having a negative impact on Africa's development<sup>261</sup>.

Furthermore, a consensual view is emerging in the literature regarding the presence of China in Africa. This literature almost always argues that Chinese investments in Africa are frequently motivated by the exploitation of Africa's natural resources – raw materials and oil – and that these are extracted to sustain only China's development<sup>262</sup>. Methodologies used in these studies tended to focus on data collected from a national level. In more recent years, studies on Chinese development in Africa have also tended to focus on isolated case studies, a methodology that is, at best, minimally representative<sup>263</sup>. Despite these methodological limitations, research conclusions have been frequently generalized to many, if not all, of African countries<sup>264</sup>.

Accordingly, this piece focuses on, among other things, the tendency toward generalization implicit in the methodological approaches used, and the implications thereof. With the above observations forming the basis of a systematic critique, this write-up discusses some of the major and controversial trends in research on Sino-African business cooperation.

### **China and African Relationships: Win-Win or Win-Lose Debate**

Many studies have argued that Sino-African cooperation is mutually advantageous<sup>265</sup> and explained that the interests of China and Africa have been reconciled through beneficial, exploratory and win-win business partnerships<sup>266</sup>. Benefits include the additional revenue that is generated, improved infrastructure in Africa and a boost in African social and economic development. Moreover, Africans have the opportunity to develop economically on their own terms. In addition to these benefits, China is a member of the United Nations Assembly and has a seat on the Security Council. This makes it an invaluable ally and allows many African countries to access an intermediate voice with which to make their concerns heard.

Furthermore, and in recent years, China has cancelled the debts of several African countries that are of strategic importance to the Chinese economy<sup>267</sup>. China has also continued signing a number of unconditional loans and contracts with African states, in contrast with the traditionally tough conditional financing methods of Western world agencies, such as International Monetary Fund loans and the World Bank's structural adjustment programs that were largely imposed in the 1980s. Moreover, Africans have taken a strategic approach to negotiations with China and gained more bargaining power *Vis-a`-Vis* its traditional creditors through China's increasing role as Africa's financier. In this regard, an author has stated that "Africans are generally quick to criticize the conditionality of Western assistance and praise the Chinese" Opportunistically, in the aftermath of the 2008 financial crisis that caused many traditional development partners to decrease their aid and official assistance to Africa, China announced, at the 2009 Forum on China-Africa Cooperation (FOCAC) the cancellation of 168 debts owed by 33 African countries<sup>269</sup>. These annulments translate into African leaders' increasing trust and appreciation toward the Asian rescuer.

It is, however, legitimate to question whether the benefits of cooperating with China will be long lasting. On this issue, a study see economic advantages only in the short run, leaving Africa's long-term plans either unknown or at risk<sup>270</sup>. One of the World Bank's economists, Levy, balances this view by arguing that "in an interdependent world, China's involvement could turn out to be a valuable asset for African countries"<sup>271</sup>. On a macro level, Wu and Cheng have argued that Africa could learn from some of China's entrenched policies and practices<sup>272</sup>. These include the government-led and development-oriented anti-poverty programs that have significantly contributed to reducing poverty in China. The controversy surrounding the relationship between China and Africa as a win-win certainty cannot be solved when all of the African countries are aggregated.

This is because the intensification of trade with China does not influence all African countries to the same extent, and the fact that 70 per cent of Africa's exports to China originate from resource rich countries such as Nigeria, Angola, the Democratic Republic of the Congo, South-Sudan and South Africa. This differentiates the nature and scope of business relations across the continent. As Chinese private and state-led (SOE) investments do not follow the same strategy and patterns, they do not impact the African economy in an equal way. However, many researches have failed to consider, or even notice this bias when presenting their research findings.

Concerning the risks inherent in generalizing case studies, any research framework that tends to theorize on the basis of mixing a number of private and state-led businesses, across various sectors, risks generating controversial conclusions. Such biases are easily noted in research papers, such as the one published by Bräutigam and Xiaoyang<sup>273</sup>. Here the authors drew their conclusions for an entire continent based solely on an analysis that focused on a few cases in the agricultural sector. They simply ignored the

risk associated with considering all investors, businesses and economic sectors alike. To avoid such bias, it is necessary to differentiate the types of investors whenever discussing the outcome of Sino-African cooperation. Analysis from data generated by researchers like Bräutigam has indicated that China is actually “winning” the economic and political game in Africa because it has already taken the place of most of the major Western players with interests on the continent.

In this regard, China is expected to achieve in 10 years (2010-2020) what was initially expected to be achieved in 20 years, and it will come to dominate Africa in terms of business gains <sup>274</sup>. The growing importance of China in Africa caused McKinnon to state that the “Beijing consensus” has displaced the “Washington consensus” through the comprehensive Chinese policy toward Africa that counterbalances the influence of Western financiers<sup>275</sup>. There is no doubt that during the past decade, a sensitive issue that continues to embarrass Africans is the sermon-like approach of Western leaders, as evidenced by the paternalistic attitude of former French President Nicolas Sarkozy, who, during his visit to Senegal in 2007, asserted that Africa is underdeveloped because of Africans’ incapacities <sup>276</sup>.

The Chinese are keenly aware of the failures of the Western approach, and accordingly, deal with Africa in a more pragmatic manner. With respect to Bräutigam’s analysis, the major criticisms against China’s presence in Africa are frequently based on Western countries’ aspirational and ideological standards. These include, but are not limited to, how aid should be delivered, how donors should engage developing countries and how private companies should conduct their businesses. Furthermore, based on these same criticisms, a scholar has noted that there is no clear evidence of how many non-Chinese investors and donors have adopted acceptable standards when doing business in Africa,

despite the fact that major criticisms are frequently addressed to China's investment in Africa.

More critically, some scholars, have even argued that China's policy toward Africa is not fundamentally different from that of the Western world<sup>277</sup>. This is because it is based on economic and strategic considerations that follow the same logic of Western capitalism operating in an interdependent world<sup>278</sup>, ultimately with the North competing with the South in African countries. Regarding the long-term viability of this win-win perspective, it is not clear whether China's engagement will substantially improve Africa's prospects for development at least in the long run<sup>279</sup>. This is despite the fact that China's engagement in Africa mostly takes place through permanent entry modes, thus supporting the idea that China has both long-term ambitions and a strategic approach to Africa.

Based on a survey of 35 Chinese contractors operating in Africa, short-term entry modes were not China's most frequently used means of entering into African countries<sup>280</sup>. China, rather, prefers long-term engagements using large state-owned enterprises (SOE) to sustain its strategic advantage in Africa<sup>281</sup>. However, in supporting these views, some authors have argued that it is too early to conclude whether China's growing interest in Africa will constitute a new, dynamic model of South-South relations<sup>282</sup>. This is in spite of researchers, such as Bansal, seeing Sino-African cooperation as a new and fascinating path toward an emerging program for South-South relations<sup>283</sup>.

These authors sees, the basic condition for Africa to entertain a win-win business partnership with China depends on the African leadership defining thoughtful frameworks for bilateral, fair and balanced cooperation<sup>284</sup>. This idea is even more defensible when it appears that Africa does not have a single and coherent policy for

cooperating with China at this stage, while the latter has a clear and goal-oriented policy for its presence in Africa<sup>285</sup>. Extending these questions to Africa's readiness to engage in sustainable partnerships with China, Bansal has broached the issue of how well-equipped African institutions are to work with Chinese companies<sup>286</sup>. Moreover, it is also suggested that to have a mutually beneficial partnership with China, Africa needs to develop its own domestic policy framework. From a broad perspective, to better understand and solve the key equations of win-win or win-lose cooperation, we need to answer the following questions:

**Q1.** Does China trade with Africa only to exploit the continent's natural resources, and does it have colonial ambitions?

**Q2.** Does China care about human rights, and does it use soft power strategies in Africa?

**Q3.** Does China favor Africa's industrialization rather than the weakening of local economies? These questions need to be rigorously analyzed to draw a systematic understanding of China's activities in Africa, and to underline the positions amongst researchers.

### **China and Africa's Natural Resources**

China's rapid development has been characterized by a vital need for natural and energy resources to sustain its growth. In its international quest for oil and mineral resources, China has increasingly invested in many of the African countries that may possess these resources<sup>287</sup>. Consequently, China's involvement in Africa is often seen as a rush to secure imports and commodities for the expansion of its own manufacturing sector<sup>288</sup>. Empirically investigating the determinants of Chinese foreign direct investments (FDI) in and across 41 African countries between 1998 and 2017, and based on an econometric analysis, a study directly engaged with this issue<sup>289</sup>. The research provided strong empirical evidence that favored the controversial idea that

Chinese FDI to Africa is driven by the two factors of natural resource endowment and market opportunities.

More specifically, Wang investigated the key determinants of China's investment strategy by analyzing the country's outward FDI flow to Africa between 2002 and 2007<sup>290</sup>. Wang identified oil supply as the primary determinant in shaping Chinese FDI.

In fact, out of the 56 African countries, China has thus far invested in all 45 nations that have large sources of oil, coal and gas. According to data published by the USA Energy Information Administration, the remaining 11 countries did not possess enough strategic natural resources to make Chinese investment sustainable. Through FDI into Africa, particularly in the mining, infrastructure and technology sectors, China has considerably increased its partnerships with African counterparts. Accordingly, at least 35 African countries have engaged with China to confirm infrastructure deals, with the biggest recipients being Nigeria, Angola, Ethiopia and Sudan<sup>291</sup>.

China's investment strategy has been formulated on a project-by-project basis, rather than a general policy basis traditionally preferred by Western countries<sup>292</sup>. Yet, despite the resulting financial and technical aid that has been given by the Chinese government to help African economies develop their full potential, the Chinese way of doing business with Africa has been constantly subject to criticism by Western partners. This is especially visible in the mining sector. We see this approach as a strategic attempt by Western nations to depict China as an unpleasant partner in the eyes of Africans. This can be seen, for instance, in an observation based on a survey of impediments to FDI that has stated that, "unlike many Western investors, corruption, crime and bureaucracy did not seem to disturb Chinese investors particularly"<sup>293</sup>.

It was even mentioned that "China seems to have difficulty maneuvering in countries more democratic than itself". Ironically, Broadman has pointed out that it appears to be

even more surprising to Western commentators when China continues to invest in big projects, while many Western partners still consider Africa a risky and even dangerous place to make such large investments<sup>294</sup>. From an institutional theory perspective, the relative institutional advantage of developing-country multinational enterprises frequently appears to be relevant in explaining the success of Chinese firms in Africa<sup>295</sup>. Indeed, the gap in institutional frameworks between China and African countries is smaller than that of between developed Western countries and those in Africa.

As a result, Chinese multinationals tend to have more experience in navigating through the institutional environment of African countries, while multinational enterprises from the West see this same environment as too risky. Moreover, China's success as a developing country in reducing poverty and achieving rapid economic growth makes it an attractive and credible business partner for African countries that follow similar development trajectories<sup>296</sup>. It is thus understandable that these shared institutional systems bring Africans and the Chinese even closer. This advantage translates into what Wu and Cheng have referred to as Africa's opportunity to learn from the Chinese experience<sup>297</sup>. This is both in terms of development policies and business practices, and appears to be an additional and important reason for Africa to welcome Chinese investment.

Over and above this, some have asserted that China has demonstrated an increasing awareness of the humanitarian implications of doing business with authoritarian and marginalized regimes such as Sudan, Zimbabwe and Equatorial Guinea<sup>298</sup>. Consequently, China has been acting in concert with international institutions, including the United Nations. Thus, it has started to more pragmatically consider international decisions by making efforts to control, for instance, the Sudanese crisis, while limiting its help to the Zimbabwean government. While the academic literature

frequently argues that the main reason China has invested in Africa appears to be its need to secure natural resources for its domestic market, a more fundamental question often arises in both the academic and general media: does China harbor colonial ambitions toward Africa?

Describing Chinese presence and ambition in Africa, some works analysis speculated that it would result in a form of modern colonization in many of the African countries where China had invested. In a study of ten African countries, it is also argued that despite some structural differences between Chinese and Western investments in Africa, Chinese businesses have mostly adopted a neocolonialist approach to resource extraction. This has included labor exploitation and the deployment of infrastructural projects that have not encouraged local development or the improvement of Africa's industrial and competitive capacity. Taking this into account, an author has further argued that China's increasing presence in Africa can be seen as a new trend toward the process of the re-colonization of the continent. While this contemporary re-colonization may be different from that of the past, it has the very similar aim of exploiting the continent.

This exploitation is partly embodied by the special economic zones set up by China in many African countries, such as Nigeria. Aligning their argument to the colonial thesis, many have concluded that "in the absence of visionary African leadership, concerted and well-thought-out African action, the relationship with the emerging Southern powers could turn out to be colonialism by invitation". This idea is further supported by the former US Secretary of State Hillary Clinton's statement during the 10th Africa Growth Opportunity Act (AGOA) forum in Lusaka where she asserted that Africans should be aware of China's neocolonialist ambitions and practices in Africa. Following this, African leaders have frequently rethought their current ties with China.

In fact, during the 5th FOCAC meeting, the then South African president, Jacob Zuma, warned that the current Sino-African way of doing business was unsustainable and that Africa's past economic experience with Europe should dictate a need for cautious cooperation. From an opposing perspective, in comparing Western and Chinese business strategies in Africa, have argued that China's well-coordinated trade, investment and aid activities have been instrumental in building the infrastructure needed for sustainable economic growth in Africa.

Thus, for these authors, the Chinese are creating their own rapid development, while showing their desire to help Africa increase its own prosperity. This idea is also supported by an author, who has concluded that China does not aim solely to exploit Africa, but rather to exploit the potentialities of mutual cooperation. Analyzing the business relationships that Africa has with its Western and Chinese counterparts, and based on a comparison between the colonial and post-colonial eras, Yin and Vaschetto found that China's strategy of noninterference and mutual growth has been largely successful.

Accordingly, China's recent success in Africa is a product of both parties' interests in mutually beneficial relationships. This is particularly seen in China's political motivated self-marketing program of being a "like-minded ally". This is based on the idea that it shares a similar history of colonization with many African countries, and because of this respects their all-important sovereignty. Overall, it is difficult to draw any firm conclusions regarding whether China is acting as a neocolonial ruler in Africa.

### **China and Human Rights in Africa**

Based on a study of ten African countries, a scholar focused on the labor conditions at Chinese companies in the continent. His study underlined the fact that, despite some discrepancies amongst the African countries and industries regarding working

conditions in Chinese companies in Africa, there are numerous common practices and trends that characterize them. These traits include tense labor/trade relations, hostile attitudes of Chinese employers toward African trade unions, frequent violation of workers' rights, poor working conditions and many other questionable labor practices.

His conclusions highlight evidence of the tough Chinese business practices that have been implemented in Africa, partly because of Africa's limited bargaining power. This has also resulted in Chinese businesses unilaterally determining wages and working contracts, which often negatively affect workers' rights and social security needs. There seems to exist a tacit consensus that Chinese companies are amongst the lowest-paying companies in Africa, especially when compared to other foreign companies, including those from developing countries such as India and Brazil. Fundamentally, the study has argued that there is a salary discrepancy between Chinese and African employees, in that Chinese employees enjoy significantly higher wages and more benefits than their African counterparts, even when they undertake the same labor.

In extreme instances, some studies, such as the research conducted some, have argued that many Chinese employers violate workers' fundamental rights and the basic conventions of the International Labor Organization. This fact has been further highlighted a scholar, who has argued that Chinese companies frequently tend to only hire African workers for the most basic of tasks, at very low salaries, while importing Chinese managers and supervisors for higher paid positions. This is despite the availability of skilled Africans. Concluding his analysis, posits that Africa's ambition to attract more FDI from China is contributing to the destruction of national/international labor and environmental standards.

However, human rights in Africa are still only marginally respected, and this does not necessarily correlate with the increasing presence of China in African countries. Indeed,

authors such as have indicated that Western and Chinese companies have very similar aims in the exploitation of the continent's business opportunities. Yin and Vaschetto have argued that China's turbulent history with human rights issues have made it more understanding of Africa's desire to deal with internal issues, without external intervention. Furthermore, Tan-Mullins *et al* have concluded that the nature of Chinese labor practices in many African countries are frequently exaggerated, although they did note that some of these assumptions are applicable to large state-owned Chinese enterprises. For example, in several Chinese companies, more than 90 per cent of their workforce is made up of African employees (Jing, 2009), and in many countries, these businesses do affect the larger institutional environment. This is exemplified by South Africa, which has signed agreements to limit labor imports from China, and Egypt, which negotiated a ratio of one Chinese employee for every nine Egyptians in Sino-Egyptian contracts.

However, overall, existing studies on the issue of human and employees' rights are based on incomplete evidence, because very few of the papers provided sufficient or undeniable data regarding Chinese labor practices in Africa. The concern with human rights associated with China's developmental approach to Africa is frequently emphasized. This is linked to what researchers such as Aguilar and Goldstein refer to as China's soft power strategy. Implicit in such research is a sub-question that concerns human rights issues, and can be expressed thus: does China use soft power strategies in Africa? Soft power refers to an indirect influence that a nation exerts on the conduct or interests of another nation, and it takes place through cultural or ideological means without using force or coercion.

Thus, it differs significantly from hard power tactics, such as military or economic intervention. In this sense, researchers such as Taylor have concluded that China is

using soft power strategies in Africa to internationalize its practices, values, culture and position toward African countries. Among other assertions listed is that China's means of exerting soft power include the deployment of numerous Chinese medical teams to Africa, sending experts to deliver professional training and supplying agricultural support to increase self-reliance. Most importantly, researchers, see China as exerting its soft power through infrastructural improvement projects, such as those undertaken at the African Union headquarters in Addis Ababa, which is decorated with traditional Chinese art.

Another strategy is based on the principle of non-interference, in which China has frequently taken advantage of the discord sown in Africa by developed countries' paternalistic approach to the continent. China has proposed new perspectives and understandings to African nations, such as Angola, Sudan, Zimbabwe and Democratic Republic of the Congo. This soft power approach has also advanced through the Chinese promotion of the concept of a "like-minded ally. The concept describes the perception of Africans feeling comfortable in dealing with a developing country that understands their history, realities and needs, despite the risk that Aguilar and Goldstein have described as the Chinisation of Africa. Regarding the soft power controversy, it has even argued that African countries have responded by trying to emulate China's economic regime and thus become more closely aligned to a common Chinese vision of development. On this issue, soft power remains abstract, and thus its use is difficult to prove. However, it is believe that China is trying to influence Africa through multiple means including, for instance, cultural ones.

However, this strategy is not necessarily specific to Africa. The last sub-question is related to the role of China in the industrialization of the African continent. Often contentious, the controversy revolves around whether China's attitude is helpful in

accelerating Africa's industrial development, and to what extent this has impacted local economies.

### **China's Role in the Industrialization of Africa**

Several studies have concluded that China is not willing to help Africa industrialize. In this regard, and to encourage African development, Robert Zoelick (the former president of the World Bank) requested that China attempt to direct its investments and partnerships toward more sustainable programs. In particular, he suggested that Chinese investments in Africa should go beyond the traditional scope of building infrastructure and begin to include the development of the African manufacturing industry.

However, China's capacity to transform Sub-Saharan countries into industrialized manufacturing economies through FDI remains unrealistic, underdeveloped and quite restricted. These researchers have asserted that, currently, Africa's industrialization is dependent on attracting Western companies that are specifically interested in cheap labor sources, rather than Chinese investment. Indeed, many Chinese companies have started relocating their activities to African countries, like Ethiopia, to benefit from cheap labor. However, based on micro-level data from five Sub-Saharan countries, a study found that increasing trade openness with China had no direct effect on the growth of the total productivity in the country. This is despite the fact that productivity and growth are a crucial determinant of the economic success of a country in the long run.

Indeed, their results suggested that increasing trade openness with China is not a long-term or viable source of development for many African countries. The same study revealed that for Sub-Saharan manufacturing firms, increasing their trade openness with China does not, in general, lead to a transfer of technology and skills that enhance firm-level productivity. Moreover, they concluded that in some cases it may even negatively

affect total productivity, making it harder for Africans to work toward industrialization. Others have further added that even if China should offer more market access to African goods, the resulting trade potential will not significantly improve many countries that suffer from insufficient productive capacity and limited economic diversification.

However, some conclusions seem rather limited, precisely because an analysis of African industrialization based solely on offshore driven possibilities, themselves driven by low labor costs, seems restricted. In fact, African industrialization could occur through many means other than the exploitation of its labor pool. The potential for African industrialization should be primarily based on strategic investments in a number of key sectors. Thus, by establishing specific investment partnerships with China, African countries can stimulate local industrialization without requiring that China relocate its industries to Africa, all without mentioning that African labor costs are lower than those of many urban Chinese.

Regarding question the larger issue of Africa's industrialization, researchers and practitioners often wonder whether Chinese businesses are harming Africa's local economy and its development. Providing answer to this question requires brief analysis of some key literature on Sino-African labour relations. During the past decade, various research studies queried China's reasons for entering Africa. In this regard, Anshan argued that one of the key reasons was that Africa's business environment had recently shown a high rate of growth and had thus attracted more foreign investment – particularly from China – than ever before. Disregarding for the moment the question of what the motives of the Chinese might be, a recent report from the Direction of Trade Statistics stated that China has already taken the lead amongst Africa's top import and export partners. Such statistics awaken a researcher's curiosity.

Accordingly, various papers have questioned this increase in trade, as well as its impact on local African economies. In a study on China's impact on intra-African trade, Montinari and Prodi used what they termed the "gravity model" to question whether intra-African trade is being significantly impacted on by commercial exchanges with China<sup>299</sup>. Their results have suggested that Sub-Saharan Africa's exports to China have had a negative effect on intra-African trade at the macro-economic level, but a positive effect at the micro-economic level. Another key finding of the study was that Africa's biggest oil partners tended to marginalize Africa's internal market as their exports to China increased.

However, for African countries that are not oil exporters, the study found an increase in the correlation between intra-African trade and increased commercial cooperation with China. Montinari and Prodi explained this observation, in part, by the wealth-effect that leads non-oil producing countries to trade more substantially with other Sub-Saharan African countries, thus increasing the level of intra-African trade. Overall, even though China's presence is affecting the flow of bilateral trade between Sub-Saharan African countries, there is no uniform effect on the development of domestic multilateral markets in Africa. From a more business-oriented perspective, presented a nuanced view of Sino-African business exchanges<sup>300</sup>.

China provides goods that Africans need, at a lower price than Western-made goods, which positively impacts Africans' living conditions. A side effect, however, is that the cheap Chinese products (particularly textiles) are competing with locally made goods, and Africans do not have a sufficiently strong competitive advantage to face Chinese competitors. Chinese companies are then displacing African enterprises in local markets, while creating fewer jobs for local communities. However, in analyzing the possible cost adjustments, Brenton and Walkenhorst have emphasized that China's

ascent (particularly in North Africa) cannot be seen only as a growing threat to competition in Africa, but should also be seen as an opportunity for local African businesses to enter into mutually beneficial ventures with Chinese firms<sup>328</sup>.

Based on the arguments that we examined from the various authors, and in the context of the analyses of existing studies, it is clear that definitive answers dealing with China's presence in Africa remain mostly controversial. Despite the fact that this piece omitted some of the studies on Sino-African relations that were published in journals not yet accessible in Western libraries, this research review has undertaken a thorough exploration of the current state of knowledge on China's presence in African countries. The write-up suggests that many of the research conclusions, in describing China's presence in Africa, frequently generalize specific issues affecting the whole continent.

Publications on China in Africa are frequently oriented toward win-lose findings, although many lack substantive methodological rigor. This shows that many of the controversial topics are legitimate; however, many of the conclusions are neither evidence-based nor rigorous in their argumentation. Consequently, on one hand, it is a necessity that authors undertake more objective and less ideologically partisan research that requires them to moderate any desire of pursuing intellectual dominance. Even with this in mind, the key questions of whether the relationship between China and Africa is win-win or win-lose need to be addressed through further micro-level studies that focus on what local African enterprises have gained from the cooperation. These should be placed in contrast to macro-level studies.

Furthermore, future undertakings need to expand and explore new research avenues. A primary concern is the concerted attempt to explain the increasing cooperation between China and Africa on the sole basis of inconsistently aggregated numbers and approaches that focus solely on China's need of Africa's natural resources. Researchers

should, rather, focus on more institutional and theoretically demanding perspectives that explore the similarities and patterns of cooperation between the two partners. Studies should further engage in researching the mutual trust and alliances between China and Africa, especially when China has alternative options by which to extract natural resources, such as in Western countries. Finally, to overcome the major weaknesses discussed through this write-up, researchers also need to consider the following directions in future research:

- ***More empirically based studies.*** Most positions are frequently the author(s) own views. There is no strong empirical evidence to many of the claims. Very few quantitative data and no unquestionable statistical analyses at the macro-level on Africa exist at this stage. Despite the warning from authors, many of the generalized conclusions are based on only a single case study, individual country analysis or news media sources and are frequently published in journals that are neither ranked nor academically focused.

- ***More culturally aware researchers.*** Many important papers, which are published and cited in ranked journals, are authored by researchers who frequently marginalize, or somehow do not understand, the realities of a developing nation's cultures and values. Authors also need to moderate any desire for intellectual dominance because such motivation makes research analyses and conclusions questionable and ultimately biased, especially considering the current climate of speculation with regard to Chinese and African cooperation. Therefore, in line with this position, and to effectively understand China's presence in Africa, researchers need to develop an in-depth understanding of both parties' critical paths toward industrialization. Accordingly, researchers need to prioritize the cultural, social and historical dimensions of Sino-African cooperation.

• *More longitudinal approaches.* To define the relationship between China and Africa, research should be based on reasonable periods of time, as it took decades to conclude that some African countries were being undermined by their cooperation with the Western world. Thus, we strongly suggest that it is only in the long-term that studies can really discover whether Africa's cooperation with China is different from its cooperation with Western and former colonialist powers.

### **2.3.5 Sino–Africa Bilateral Economic Relation: Nature and Perspectives**

China–Africa economic relation has changed dynamically to an unprecedented level benefiting both actors significantly in the last two decades and this has attracted attention from academic community as well as policy makers. Beijing is increasing its influence in Africa more than ever, intervening to solve African infrastructure bottlenecks and providing access to Chinese export markets. The Chinese engagement has ensured security of raw materials, cheap labour and energy supply for fuelling its expanding industrialisation process and internationalization of the Chinese firms.

Moreover, the Chinese firms have enjoyed access to African Regional and International markets for their manufacturing output. The dominant channels of bilateral economic engagement include an integration of trade, FDI and development assistance<sup>301</sup>. Broadly speaking, the Chinese Model of Developmental State ideology has secured a favourable response from African Governments. Accordingly, China's relation with Africa has passed through three distinct phases: the first phase consists of ideological rivalry and decolonising Africa which consisted of mutual political support under the Bandung Conference of non-aligned nations, 1955. The second phase starts from mid-1990 onwards, which would consist of the search for resources needed for industrialisation especially through SOEs and the third phase is dominated by small- and medium-sized enterprises moving to Africa and the world. Studies indicate that

China divides its relations into two major categories namely strategic partnership and cooperative partnership in ascending order of importance. It emphasised strategic partnership with key developing countries<sup>303</sup>.

There are arguments, however, that despite the diplomatic effort and mutual benefits, the Sino–Africa relation is asymmetrical in nature and is altering the environment for foreign actors in Africa. In fact, it is believed that China is neither wholly Africa’s friend nor foe. Beijing is pragmatically pursuing its national interest. It is ultimately up to African actors to ensure that this engagement catalyses development rather than perpetuate poverty and underdevelopment. To examine the prevailing views, a review of more than 100 articles on current Sino–Africa bilateral economic relationship is made under the following three headings: nature, major perspectives, opportunities and challenges recently prevailing. For a better understanding, some theoretical framework on international economic relations are presented before considering Sino-Africa bilateral economic relations through the aforementioned three sub headings.

### **Some Theoretical Considerations on International Economic Relation**

Economic co-operation among world nations is defined as the form of international collaboration for obtaining mutual advantage through the common use of financial, material and technological resources of all partners. The theory of international relations identifies two different representatives of economic co-operation: the realistic and the liberal one. In the first case, economic co-operation is facilitated by government and the second is the perspective of the liberals in which the role of the state is to protect market and economic freedom. Other theoretical studies classify the theories in the same fashion into neorealism and neo-liberalism; where neorealism puts an emphasis on politics and neo-liberalism stresses economy. The classical theory of international trade provided the basics for understanding the usefulness of trade

between nations as well as the effect of tariff policy and other aspects of State interactions in such trade. It further emphasised the difference in relative cost of commodities, resource endowments and the role of demand in trade. Other theories include the development of location role and the theory of international factor movements. International trade theories have developed through stages from mercantilism— a zero sum game—to neo-mercantilism—a protectionist approach; Smith’s theory of absolute advantage; Ricardo’s theory of comparative advantage to modern theories explaining patterns of trade, country size, factor proportions, country similarity, and so on.

The new trade theories are focusing on the ability of firms to gain economies of scale, increasing returns, trans-industry trade with product differentiation. Recent developments in the theory of trade are built in terms of market structure and technological progress. The theory of multinational enterprises develops its arguments by concentrating on two questions. The issue of internalisation, that is, replacement of firms external contracts by direct ownership due to market imperfections and the question of location, which is diversity related to the links between flows of goods and factors, that is, to locate the different activities and organisational units in a specific region.

The economic theory of gravity complements the preceding theories by providing an explanation of bilateral trade and resource flow patterns among countries. These basic theories are governing the empirical assessments made by different authors in the literatures analysed below.

### **Nature of Sino–Africa Relations**

Chinese engagement in Africa exhibits different characteristics. There are six major characteristics prevailing in literature on the nature of China's involvement in Africa. These dominant trends are explained under the following headings.

### **Claim of neutrality in domestic affairs**

Chinese yield the soft power approach in shifting landscape at home and in the continent. It treats African countries as peer partners, use soft equitable diplomacy, mutual respect, independence and non-interference in their relation. There is a distinct style in China's approach to the relationship building. It practices a multidirectional friendship policy that emphasises the importance of State sovereignty and non-interference with the objective of securing stable and sustainable access to resources and opening new export markets. This principle of non-interference in domestic affairs makes China an interesting partner for leadership in Africa.

The basis of this neutrality is supposed to be the five principles of peaceful coexistence by Chinese Government such as mutual respect for sovereignty, nonaggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful co-existence. There are articles considering the China's non-interference not as misconduct and indifference for African realities. On the other hand, there are articles emphasising on this sort of soft power and win-win relations as a short-lived scenario that may not last long. Hence, stakeholders' opinion still differs on this nature of the engagement from the Chinese side.

### **Collaborative State-Business Approach**

There are four categories of Chinese investors identified in literature: Centre- State owned firms; Provincial State-owned firms; Chinese private firms incorporated in China and small private migrant firms. Significant number of Chinese investment in foreign countries is often driven by Government enterprises. Recently, 58 per cent of

Chinese firms in Africa are small- and medium-sized privately owned from China's land scarce coastal provinces. There are diverse views on this collaborative approach of the engagement stating that Chinese involvement and the concept of Statehood in Africa are both problematic. It is also criticised that an alternative mechanism in terms of private sector engagement is lacking and SMEs from China took their own path and hardly any leading Chinese firms coming to Africa to date. Extra market decisions are taken up by Chinese Government only to enhance the flow by State run firms. This would harm competitiveness of the private actors in the long run. There is also no marked difference between State-owned and private enterprises and the leadership and accountability of the aid industry.

#### **Complementarities between Trade, FDI and Aid**

China's move in to Africa is driven by strategic interaction among the three channels of FDI, Trade and Aid. Aid is one of the integrated elements of China's strategies and Aid and Trade in Chinese approach are linked implicitly. Some authors categorise the dominant channels of interactions into four including: trade, aid, investment and politics in the Sino-Africa relationship. Public diplomacy alongside pledge to infrastructure companies' donation is the nature of Chinese engagement. Nature of impact along these lines is not clear, and distinguishing impacts through major channels is a challenge. There is no distinction between aid and investment, and this is supposed to be an intended ambiguity from Chinese side.

#### **Sector-Specific Engagement Patterns**

Chinese are engaged specially in oil, mining, telecommunication sector. They also invest in manufacturing, construction, and agriculture and tourism industry. The dominant approach is to follow commodity for infrastructure. Chinese usually invest where Western companies are unwilling. There are criticisms that in the entire African

continent, Chinese companies are engaged in the extraction of natural resources to sell in world markets and export to China.

### **Employing State Financial Promotion Tools**

Chinese use two models of financing: Strategic partnership and resource backed package financing. According to China's African Policy Paper, released in January 2006, the Chinese Government encourages and supports Chinese enterprises investment and business in Africa and will continue to provide preferential loans and buyers credit to this end. Chinese Government provides finance to Africa primarily under the category of Other Official Assistance. There are five major instruments used in development assistance including: lines of credit to China MNCs; export credit; resource-backed loans; China Africa Development Fund; China overseas SEZs. It is claimed by some authors that Chinese finance is not out of line, and it has interest rates that is found in the Global capital markets. There is a counterargument that the ascent of China will influence the dynamics of Western Aid to the continent and this would redefine the parameter of Aid. Some believe that it is another new era of colonization over burdening African States with debt.

### **Commercially Driven Economic Relations**

Commercial activities such as trade and investment are moved in to the centre of China and Africa economic relations. The interventions are more commercial in nature but have no less focus on infrastructure. Commercial interest is the driving force and it is the pragmatic mercantilist pursuit of economic interest dominating China's engagement in Africa and exploit natural resource to improve its strategic global position. This has the implication for the sustainability of the relationship in the long run due to the asymmetric nature of the relations in trade. Many authors believe that these

characteristics would be beneficial in the short and medium run. The long run depends on the African agents' institutional capacity development.

### **Major Perspectives in China–Africa Economic Relations**

Sino–Africa relation is full of contradictory claims and is considered as a mixed bag of debates among scholars and policy makers. The emerging discourse on China–Africa relation depicts China either as a new imperial power or as Africa's benefactor. However, the deepening involvement of China in Africa has raised sensitivities around the nature of the relationship<sup>376</sup>. Engagement of China is net positive in the near terms, but the long-run impact is not clear. Some authors argue that it is largely a win–win now but will be a win–lose soon. The impact of China's non-interference principle and its partnership with fragile States in Africa is shown as a less clear motive.

Many scholars argue that Chinese policies on Africa are inferior to the West's policies and the soft power and a win–win relation may be short lived. Chinese interest in Africa is purely economic and exploitative of natural resources only to improve its strategic global position and has no future. There are also other categories of literature emphasising three co-existing schools of thought on China–Africa economic relations: the Sino-Optimism, the Pragmatic group and the Sino-Pessimists. The three schools of thought are evident in many literatures. Some opined that the Africa's perception of China includes a mix of approval, apathy and contempt but overall Citizens and Governments hold positive views. Other studies claim that African perceptions of China are found to be near equivalent to those held vis-à-vis the West and the perceptions of Africans towards Chinese engagement is rather negative<sup>303</sup>.

The relationship has complementary and competitive impacts as well as direct and indirect effects. The outcome may also differ along the short- and long-term time horizon. There are some favourable arguments running in literatures indicating that

Chinese Government and companies approach in investment in Africa are with a longer time frame in mind emphasising a win–win relation unlike traditional actors. It has given increased room for manoeuvre for African States and China’s activities in the region are believed to be the last chance for development in Africa.

Some emphasises it as a win–win for both sides. Each side of the argument has its own merits and demerits, but the perspective of the pragmatist group can have a better ground because China’s engagement in Africa has practical benefits in infrastructure financing and manufacturing development that can be witnessed by an ordinary African citizen. In addition to this China’s economic transformation is a recent exemplary phenomenon that can have many lessons for individual African States in their endeavour for growth and poverty alleviation. On the other hand, the challenges related to sustainable development and transformation in African context need to be addressed by African Agents’ integration and awareness on global context of the game.

Africa can still have the chance to ensure beneficial lasting relation with Chinese actors as most of the China’s engagement is guided by State-based organisations that would make negotiations easier for African Agents.

### **Opportunities and Challenges in China–Africa Economic Relations**

There are several opportunities related to Chinese engagement in Africa. These can be categorised under the lines of trade, investment, financial package and China’s Model of growth.

#### **Opportunities Related To Trade**

There are studies indicating an improvement in trade infrastructure due to increased Chinese engagement in Africa. China has become the largest trading partner and

imports high proportion of fuel and minerals from Africa. China's demand has increased for African exports and as a result, there is an increase in export prices. China's involvement has helped to accelerate growth in Africa by contributing to a strong commodity boom due to upward swing in the price of oil and raw materials. There are impacts on consumer welfare and income distribution and low-priced imports increased consumer choice.

### **Opportunities Related To Investment**

China's industrial upgrading and outward investment provides opportunity to light manufacturing development in low income countries. China can also provide ideas, experiences, and tacit knowledge opportunities and finance<sup>304</sup>. This unique opportunities from Chinese Government can meet African countries need for funding of infrastructure projects and shape international order along these lines<sup>305</sup>. China has been an important investor across extractive sector, agriculture and manufacturing. Other key sectors include infrastructure and ICT. There is a belief that China is filling a gap left open by major world economies and complements the social sector development support from the West.

China's involvement in African construction and infrastructure sector has been proved most effective in building relations; increasing influence, expanding access to resources in the continent. The best example is the Special Economic Zones (SEZs) initiated by China on improving value chain to Africa. These interventions are beneficial even in non-resource rich countries. African States can maximise their development gains through greater understanding of the Chinese private sector's presence and potential contribution. They may be able to reap significant benefit from Regional Integration in response to the rules governing Chinese investment.

### **Opportunities Related To Development Finance**

China is changing the Global Aid architecture especially in Africa using soft power and generous financial packages. Concessional loans and Aid for resource security and infrastructure construction is the major strategy followed by China. There is no doubt that the China's Aid is affecting development in Africa. There is more competition in Aid market and increased bargaining power for Africa with traditional Donors. Chinese package loans, while relatively rare, are attractive to recipients. Such scheme is by far the preferred modality of assistance in the African context. Although China is a major donor of Aid to Africa, the Scope, Scale and Mode of Chinese Aid practices are poorly understood and often misquoted Aid and trade link from China is an important gain for Africa and trade finance, soft terms loans and low-priced industrial products can contribute much for African welfare. Moreover, China's financing the infrastructure sector addresses Africa's critical bottleneck<sup>306</sup>. Chinese Aid is shown to be growth oriented, practical and frictionless.

### **Opportunity as a Role Model for African Development**

These are mainly arguments on China's approach as a new growth model which is yet to be proved scientifically to accept as fully fledged alternative to the traditional growth theories. The arguments are such that the Chinese Model of Development is sensitive to Africa's needs. As Western policies have limited success in alleviating Africa's poor economic growth. Some see a change in paradigm-stressing that a new Chinese Model could offer an alternative to Structural Adjustment Policies that have largely failed over the past three decades in African continent. Chinese model has been hailed by many countries that have a thrust for change.

Speculations increasing on China's development trajectory may provide a model for other LDCs. Africans are on average positive towards the Chinese engagement and there is considerable support for Chinese model in Africa. As a Development Model for

Africa and alternative source of trade and finance, impact of China is diverse. Another study indicates that the political economy of Chinese reforms and the shared gains between political elites and private sector can be partially transplanted to African context. In general, benefits from China's relation with Africa along the lines of trade, investment and finance are not debatable in the short and medium run. Making the relation more beneficial in the long run depends on both African agents' effort to integrate regionally and Chinese actors to cooperate for sustainable relationship.

### **Challenges Related to Chinese Involvement in Africa**

Literatures identified some of the major limitations related to Chinese engagement in Africa that can be categorised under the following headings:

#### **Employment Generation and Technology Transfer**

Employment generation is the major objective behind the African interest towards manufacturing sector. Equally essential is the practice related to technology transfer from each and every investment and trade engagement with China although there is a view that Africa must generate its own technological capability. There are some critics on the effect of Chinese engagement resulting in displacement of local worker in domestic industries as exports of textiles and utensils from China dominate African markets and hence, some local industries have had to shut down. On the other hand, Chinese workers are engaged in projects in large numbers, which would limit African workers opportunities for jobs and training.

Moreover, standard working conditions are not maintained by many Chinese firms and wage employment is below standard. In many African countries, Chinese investment is based on capital intensive natural resource extraction and is not contributing to local employment generation. There are critics showing that the Chinese de-emphasise the

need for a transfer of knowledge and experience<sup>414</sup>. There is little transfer of technology in large infrastructure projects.

### **Concerns on Good Governance and Democratisation**

Transparency and good governance are essential for sustainable and long-term development. Many literatures emphasised their doubts in Chinese engagement in Africa along these lines. Beijing's persistent courtship of the continent's rogue regimes is a risk for regional efforts in human rights, democracy and sustainable development. The New Chinese Model is believed to contradict the orthodox of strong institutions—a prime instrument for growth. Moreover, tolerance of weak governance states and investment in poor governance nations would retard sustainable development<sup>419</sup>. Corruption and governance problems may slide back in Africa.

### **Diversion of Africa's Investment Resources**

Some literatures discussed diversion of resources from Africa through Chinese involvement. Moreover, studies indicate that resource rich African countries will be a victim of the Dutch Disease effect due to natural resource export dependence<sup>307</sup>. China is shifting its low value-added manufacturing industries to Africa and mobilising raw materials from Africa, which would lead to failure of industrialization prospects<sup>422</sup>. Chinese selfish quest for natural resources is devastating Africa's fragile efforts for sustainable development and governance<sup>308</sup>.

### **Limited Diversification and Structural Change**

China's involvement will not fundamentally alter Africa's place in the Global division of labour. It will hinder economic diversification and will lead to de-industrialisation. The existing pattern does not correspond to the region's long-term objectives of

diversifying its trading and economic structure for better industrial development. Moreover, the challenges will be high in those African countries, which have not yet diversified their economies.

### **Impact Related To Debt Creation and Environmental Damage**

Extra loans as an alternative source of capital weaken the World Bank (WB) in financing projects in Africa. Debt creation and unconditional loan will create trouble in the long run and loan without political string is deleterious. Chinese policy of tying economic development Aid to Government loans is often portrayed as a challenge to the prevailing aid regime and it fosters long term African dependence on China. It is shown that the Chinese economic co-operation is increasing faster in those countries where traditional partners are scaling down their aid. Moreover, China is unwilling to coordinate its Aid programme with the traditional donor community patterns. There is some counterargument with respect to the debt trap. China's package loans, while relatively rare, are attractive to recipients and the loan finances many of the projects and features substantial subsidisation and rigorous debt servicing conditions. If managed effectively, it complements the social sector focus of the West's Aid. Chinese approach has limited concern for environmental impact and standards, and there is illegal logging from tropical forests of African countries by Chinese firms. The natural resource backed loan raises questions about continent's future and its capacity for sustainable development.

### **Impact on Local Trade and Commerce**

Chinese trade on Africa has negative impact on local trade and commerce. The trade transaction goes at the expense of traditional supplies and is crowding out industries in Africa. The imbalance in trade and investment relations is partly due to economic asymmetry. It is already lopsided against Africa and is not beneficial especially for

resource poor countries in its terms. There is also lack of transparency, and it compromises quality. Majority of African economies have maintained trade deficit with China and the influx of Chinese low-quality product is flooding African markets<sup>310</sup>.

Moreover, China is competing away third country markets such as EU, US and other regional markets and local markets for agricultural growers and local producers in mineral markets. Exports by SSA to the US and EU and African markets are shrinking while those of China are growing. Counterarguments are claiming that Chinese economic activities have resulted in an overall increase in Trade, FDI and Aid in Africa rather than diversion of existing flows from third countries. It is believed the trade and investment relations though they have opportunities associated with the flow of these activities, the challenge will outweigh in the long run unless adequate integration and institutional mechanisms evolve from African agents.

### **Impact on Africa's Manufacturing Growth**

China's rise has created a supply shock to the world especially to textile sector and it has resulted strong adjustment pressure on African manufacturing sector due to strong competition in domestic and international<sup>311</sup>. China's engagement in textile and cloth sector and foot wear has a double-edged effect. Its manufacturing firms could displace their African competitors in case they produce similar goods. Most obvious threat is seen in squeezing the SSA's clothing, textile, furniture and foot wear exports to US and EU markets. There is also strong evidence on displacement effect for labour intensive manufacturing goods<sup>312</sup>. Hence, these sectors and other consumer goods industries in Africa are acutely threatened. Construction companies are also crowding out domestic firms. There is limited interest in collaborative venture with local companies<sup>451</sup> and low linkage effects from Chinese engagement. Efforts need to be enhanced to improve Africa's world manufacturing value chain participation.

### **Impact on the Long Run Win–Win Prospects**

The new Sino–Africa economic relation could soon plunge in to win–lose relations in favour of China and the soft power and win–win relations may be short-lived. Moreover, its recent engagements with the continent have raised questions of neocolonialism tantamount to those in the North-South relations<sup>313</sup>. In the medium and long run much rests in the complementarities or competitive nature of trade and investment in sectors that are increasingly attractive to China. There are arguments showing that the relationship is unsustainable and asymmetric and not different from earlier actors in Africa. It is just a new scramble, new imperialism. Moreover, there is limited number of efficiency seeking firms coming to Africa<sup>314</sup>.

### **From the African Side**

An economic relation must shift from natural resource to human resource in the long run. Africa is expected to create 30 million jobs per year for 20 years from now. Moreover, African countries need greater leverage to ensure that they benefit from the relationship as much as China does. If managed poorly, Africa risks Chinese exploitation and misses a prime opportunity to advance its political, social and economic development. The relationship with China is dynamic in its own right mainly due to its worldwide competition and the prevailing global landscape as well as its domestic interests. Hence, the long run is far from clear for all actors including China.

The following conclusions can be drawn from the literatures assessed: Bilateral relationship along Trade, FDI and Aid complement one another, and the balancing is done by State actors through guiding market operations. Hence, these can somehow ensure continuity of a win–win beneficial relation for both partners. Chinese focus on infrastructure, construction and manufacturing is of critical importance for African growth. These sector-specific interventions made by Chinese are complementary to the

development assistance from the West, which is focusing on social development and governance issues. Most African States still have dominant State-based development intervention approach in their economies as the private sector's role is minimal yet.

China can provide a good mix of the knowledge on how efficiently African States can engage their private sector alongside the dominant Government role in their economies. . African States are in critical shortage of capital to finance big projects by their own domestic capacity. The Chinese follow less bureaucratic approach and the multiple instruments used in this respect are seen to be beneficial to secure the much needed resource to break the African infrastructure and manufacturing bottlenecks. The long-run impact of the Chinese involvement in Africa along the lines of governance, environment and natural resource extraction would remain to be challenging for Africa. Africa's interest in ensuring technology transfer; employment generation; economy diversification and structural change through industrialisation; trade and commerce flows need to be wisely addressed by Chinese actors for a better win-win relation. Further research can be taken up in under researched areas such as the impact of Chinese actors on multilateral and bilateral development actors role in Africa; relevant collaboration mechanisms among the actors; future impact on sustainability of natural resource extraction; Africa's industrialisation and technology transfer; global integration and institutional development; role of private actors from China and Africa; sector-specific impacts of the relationship, and so on.

### **2.3.6 Who is Against Sino-African Relations? Evolving Perceptions on Chinese**

#### **Engagement in Africa**

Studies on Sino-African relations have kept on evolving as they seek to make meaning on rise of China and its implications to the continent and rest of the world. These studies have taken different perspectives ranging from Chinese vis-à-vis African

agency and their relations, trade and investment, diplomacy and politics, macro and micro levels of analysis among many other approaches. Initial research on China's reentry into Africa in the 21st century have mostly centered on Chinese agency in its relations with African countries and resulted impact of these interactions.

However, overtime focus has shifted for the need to examine African voices in these interactions, such that, as opposed to Sino-African relations, spotlight has shifted to Africa China relations. It is on this basis that a number of researches have examined African agency and African reactions in these engagements. Building on African agency in Sino-African relations, this article extends the discussion by examining evolving perceptions on Chinese engagement in the continent. Chinese engagement in Africa in various sectors in the continent has attracted divided opinions in different countries and across sections of African societies. Many African countries has experienced increased Chinese presence in various sectors of their economy. Consequently, a number of researches on Sino-African relations have previously shown Nigeria, Angola, DRC Congo, South Africa, Tanzania, Ethiopia, Zambia and Kenya being among African countries with high approval rate on role of China in the continent. However, in the recent past, there have been evidences of discord and disapproval on Chinese engagement in the continent. This piece examines who, why and where anti-Chinese sentiments are most prevalent in the continent. The write-up finds anti-Chinese sentiments being most prevalent among Africa's small scale traders who have been displaced by Chinese capital flow and trade in the continent.

The finding is contextualized within broader framework of globalization and its resultant effects on free movement of capital, trade and investment. More precisely, Chinese capital flow and trade have had distributional consequences of winners and losers with potential to displace many Africa's small scale traders hence the rise of anti-

Chinese sentiments. The anti-Chinese sentiments are further evident among section of Africa's politicians and intelligentsia, who have questioned the viability of Chinese built infrastructure, as well as ordinary citizens who have experienced isolated incidences of Chinese misconducts in the continent. Notwithstanding these negative reactions, Chinese engagement in Africa is still pronounced and has popular support from government, general citizenry and among classes of African entrepreneurs who have benefited from interactions with Chinese business counterparts.

The segmented nature of anti-Chinese sentiments has not been strong enough to undo general goodwill, attitude and perceptions that ordinary citizens hold towards Chinese engagement across the continent. The paper proceeds as follows: the next section briefly examines theoretical discussion on globalization, capital, trade flow and its resultant consequences of winners and losers in global capitalist economy. This discussion lays the foundation for understanding nature and character of Chinese engagement in Africa as a consequence of globalization. Consistent with outcome of globalization, the third section examines Chinese engagement in Africa and how Africans have had diverse reactions on Chinese engagement in different parts of the continent. Finally is a concluding section.

### **Globalization, Factor Flow; Its Implications**

Rise of China in 21st century is attributed to globalization processes as well as a number of internal reforms undertaken in China. While there is no general agreement on precise definition on what globalization processes is, there seems to be unanimity that globalization process entails intense connectivity and interactions in social-economic and political spheres of life<sup>315</sup>. From an economic perspective, globalization process has meant 'the integration of the world economy'<sup>316</sup>. This involves free movement of factors of production i.e. capital and labor, in a bid to maximize profitable

returns. As these factors of production move across borders, they have potential of creating winners and losers as a consequence.

It is on this account that standard Heckscher– Ohlin theoretical model hypothesize that in international trade, ‘a country’s relatively abundant factors gain while a country’s relatively scarce factors stand to lose from globalization process. That is, in a liberal world order, free movement of capital and labor has intended and unintended consequences of winners and losers as an outcome of these interactions. Developed countries with abundant supply of capital and skilled labor would favor globalization that allows free movement of these factors, since they can compete and gain globally from areas that promise high returns.

The same can be said of less developed/developing countries favoring globalization that allow free movement of capital which stands to gain from supply of unskilled labor. Free flow of capital to less developed countries offers investment opportunities where abundant supply of unskilled labor can be put to use in production of goods and services. However, globalization also has potential to displace or offer competition to scarce factors of production in a given country. For example, abundant supply of unskilled labor in less developed countries poses a threat when it moves to developed world’s scarce unskilled labor. Equally, developed countries’ capital poses a threat and competition to developing countries’ limited capitalists.

Theoretically, unskilled labor in developed countries and few capital owners in developing countries will not favor globalization and free movement of factors of production for they stand to lose. The above hypotheses explain how different segments of the society in different parts of the world have had varying opinion and attitudes towards globalization and free movement of factors of production. Milner and Tingley explores domestic sources of preference to US foreign economic policy on foreign aid

and trade. They show case how citizens, legislators and presidency policy choices are informed by perceived economic and political gains or losses when confronted with different policy options of foreign aid and trade.

Politicians reading the cue from constituents either support or oppose a global engagement policy based on perceived benefits. Factor endowment model has also been used to predict a society's skills composition and individual attitudes and reactions towards immigrants and immigration policies. There is evidence that predicts that unskilled individuals are more likely to harbor negative attitudes towards globalization policy that support immigrated unskilled labor in a given country. This premised on likely consequences of inflow unskilled labor competing with the local unskilled labor. The opposite is true where individual with skilled labor would support immigration policy of unskilled labor which would not offer competition. Another scholar have demonstrated that in a condition where immigration policy has the potential of impacting negatively on skilled individuals in the form of high taxes aimed at supporting immigrants, the skilled individuals will not favor immigration policy.

Beyond attitude towards globalization and factor model predictions, globalization has further been extended to examine its relations with other variables. It has been established that globalization through trade and financial liberalization can foster democratization. This is made possible if vulnerable citizens are mitigated through social protection mechanisms from negative consequences of globalization. On other front, while there has been an unending debate on globalization and increasing levels of inequalities, there is also an argument that posits that globalization promotes social justice. The underlying feature of globalization is that it has potential to produce both positive and negative consequences. This explains contending opinions among scholars and practitioners in support and critical to globalization processes.

The discussion on globalization and free movement of factor is wide and deep topic that cannot be fully discussed here. Never the less, the above discussion has attempted to demonstrate how globalization policies have distributional consequences by creating both winners and losers thus explaining varied reactions on its outcome. From the foregoing theoretical discussion of globalization and its resultant consequences, this piece puts into perspective how globalization processes, which has made possible Chinese capital flow and trade in Africa, has contributed to the rise of anti-Chinese sentiments in the continent.

### **Chinese Engagement in Africa: Consequences and Reactions**

The earliest form of Sino-African relations can be traced back to Chinese expedition for trade and search for allies in North and East Africa regions during B.C era. Later on in 20th century, China would play part supporting decolonization efforts in Africa and later offering infrastructure aid, with notable case being Tan Zam rail project that linked Tanzania and Zambia. In contemporary settings, Sino-African relations should be understood within a number of initiatives and policy frameworks that have guided Chinese engagement with the African continent. Among these is the adoption of China Policy Paper of 2006 which would guide Sino-African relations in different areas of cooperation that included: political, economic, human resources development and peace and security. Another widely celebrated policy initiative on Sino-African relations is the tri-annual event known as Forum on China Africa Cooperation (FOCAC) platform. FOCAC brings together both Chinese and African top policy makers including head of states and governments to explore areas of mutual interests that include: trade and investment, diplomacy, security and cultural exchange among others.

FOCAC tri-annually held in China or in Africa, has proved to be a major platform where China has made key declarations and pledges on aid, trade, investment and

policy direction toward Africa. Sino-African relations should also be understood within broader framework of Chinese “One Belt One Road”, and “21st Century Maritime Silk Road” also referred as Belt and Road Initiative (BRI). The BRI initiative entails Chinese engagement in construction of interconnecting infrastructural projects in different parts of the world following ancient Chinese international trade route.

A number of African countries along BRI route have benefited from Chinese financed infrastructural projects of roads, pipelines, railways and seaports. Chinese engagement with Africa should also be understood within the broad framework of ‘go out’ policy of 2001 which was meant to transform Chinese enterprises into competitive global players. The policy has played a role in eliminating bureaucratic bottlenecks for Chinese enterprises with global ambition to venture out. The idea behind going global happened as a result of previous policy shift that had an impact on both internal and external factors on Chinese enterprises. Most important is a number of internal economic reforms and opening up under Deng Xioping leadership which saw China welcoming abundant foreign capital flow in the country. These reforms led to unprecedented economic growth since 1990s to early 21st century. Positive economic and microeconomic performances, current account surplus and excessive foreign reserves have all played a role in Chinese ascendancy in global economy. Equally, due to abundant supply of labor and enabling policies, China became a global manufacturing hub.

Further, Chinese admission into World Trade Organization (WTO) only acted to augment the already existing gains made since the era of internal reforms and opening up. In short, rise of China is a typical case study on positive consequences of globalization and liberal world economy which has allowed free movement of capital that transformed Chinese economy. Although Sino-African relations are informed by

general frameworks, relations with individual African countries are based on bilateral relations. In respective African countries, Chinese engagement has taken different forms and shapes from state to non-state actors.

Chinese engagement in African countries has majorly been through state owned enterprises (S.O.E) that are involved in multiple infrastructural projects across the continent. Through these S.O.Es, China is playing a major role in addressing infrastructural deficit that the continent has experienced for long period of time. Chinese S.O.Es have also proved to be major players in extractive industries in Africa's vast mineral resources. China's involvement in Africa's natural resource is also in response to meet ever-growing appetite for raw material by domestic industries. It is argued that Chinese S.O.Es in Africa enjoys support from Chinese central and provincial governments towards the realization of China's go out strategy<sup>318</sup>. Equally, private and independent Chinese businesses and entrepreneurs form part of wider part of realizing Chinese dream globally<sup>476</sup>. Different shades of Chinese involvement in Africa have relatively been successful in their diverse areas of engagement in an unprecedented manner.

It is argued that state support, low bidding, minimum entry barriers and bureaucratic procedures in execution of projects explains Chinese successes in their venture in Africa. This explains ubiquitous Chinese presence in virtually all sectors of economy in Africa. Sino-African relation has also been heavily informed by increased trade relations. Overtime, China has become Africa's largest trading partner with some resource rich countries registering surplus trade flow with China. China in Africa is also motivated by search for market from its enormous manufacturing industries. This is more so on cheap products that average African citizens can afford. Trade has also been augmented by increased flow of Chinese investment in the continent. China has

proved to be a major source of foreign direct investment (FDI) for number of African countries<sup>319</sup>.

This is irrespective of the exact amount that flows to continent due to lack of official data indicating Chinese overseas FDI flow. Increased Chinese FDI is diverse in area of interest, has even come to compete with the West which is continent's traditional sources of FDI. Notwithstanding successful Chinese engagement in a number of African countries, there is a divided opinion among Africans on the role of China in the continent. Chinese engagement in Africa has attracted three kinds of opinions and in three different perspectives i.e. of optimists, pessimists and accommodative. It is on this account that African public has had a varying attitudes and sentiments depending on how they have been impacted or perceived impact on Chinese engagement in the continent.

Among the optimists are African policy makers who have been at forefront driving Chinese inroad in Africa. Chinese engagement in Africa being largely state centric, African elite being the first line of beneficiaries of Chinese involvement, have been quick to give popular support to Sino-African relations. However, there has been contention for the need to go beyond state elites in understanding these relations. At political elite level, there are those who have disapproved role of China in various sectors of the economy in the continent. This is best exemplified by Zambia case where a leading presidential candidate in 2006 general elections used anti-Chinese rhetoric to mobilize and galvanize support<sup>320</sup>.

In other instances, governing elites have also used Chinese infrastructure projects as a means to rally political support. This is as demonstrated with the Kenya's Chinese built standard gauge railway (SGR), which became a political topic amongst both the incumbent and opposition with each trying to associate themselves with the project as

means to gain popular support. There are those who have been cautious on Sino-African relations. Former South African president Thabo Mbeki once warned of skewed nature of Sino- African relations, arguing that current relation where Africa exports raw material and imports finished products from China has potential making China a new colonial master<sup>321</sup>.

Opposition political elites have also questioned economic viability of China's relations with African countries. Chinese engagement in selected African countries has only become political whenever opposition political elites have chosen to frame a narrative of 'Chinese problem'. Reactions and perceptions among political elites towards engagement in Africa are therefore varied across board depending on economic and political interests and consequences. Popular opinion among African citizens towards Chinese is varied, although generally, majority of ordinary African citizens have high approval rate on role of China in the continent.

Based on number of national public opinion surveys and research, African citizens have had positive perception on Sino-African relations. In a number of countries, studies have shown Kenyans, Ethiopians and Sudanese to have had positive attitudes towards Chinese engagement in their respective countries. Positive rating towards Chinese in Africa is informed by the perception that China is involved in key development infrastructural projects that have had meaning to ordinary citizens' lives. In this sense, China is seen as a development partner for their participation in economic and business sectors that have had direct bearing to people's livelihood. In the same vein of positive perception on Chinese engagement in Africa, there are sections of African populace that harbor negative opinions on role of China in respective African countries. This is confirmed by national opinion research as well macro and micro level examinations which have revealed existence of anti-Chinese sentiments and perceptions in a number

of African countries. Zambia, Botswana and South Africa have been cited to have high level of anti-Chinese sentiments.

As aforementioned, African populace attitudes towards China in Africa is largely determined by how Chinese engagement has impacted their lives. In cases of negative perceptions, Chinese engagement has mostly had a negative consequence on peoples' lives. In Zambia, a typical case of anti-Chinese engagement in Africa, citizens' discontents was rooted on the role of China in cooper industry. With era liberalization and free capital mobility, China had become major player in Zambia's political economy which saw a number of copper plants privatized to Chinese entrepreneurs and S.O.Es.

It is argued in some quarters that, anti-Chinese sentiments in Zambia were rooted by new Chinese Copper mine owners' failures to adhere to requisite best labor practices and safety measures. On a number of occasions, violent conflicts erupted in copper mines as workers protested on poor pay and working conditions. Zambia case got worsened when opposition leaders politicized the role of China thus exacerbating negative perceptions ordinary citizens had towards Chinese investors in Zambia. Alternative view has been that anti-Chinese sentiments in Zambia need to be contextualized that protests have not been restricted to Chinese owned mines alone rather other foreign owned mines have also experienced similar challenges.

Other case studies that have had anti-Chinese sentiments are those where there have been an influx of independent and private Chinese entrepreneurs and businesses in host countries. This has been more so with Chinese involvement in small and medium size import businesses. Acknowledging China's state support to entrepreneurs and enabling liberalized world order, a number of Chinese businesses have been setting bases in a number of African countries. It is these Chinese entrepreneurs involvement in small and

medium sized businesses that has also attracted high level of anti-Chinese sentiments across the continent. These Chinese entrepreneurs have faced resentment for competing with local businesses in the same line of business. In Nigeria, local associations of small scale trade were at forefront challenging the role of Chinese businesses at a China Town mall in Lagos as well as in Kano state. The traders voiced their concerns on infiltration of Chinese traders as threat to their own businesses. The same case was replicated in Ghana, where local business association led protests against an increased presence of Chinese traders in wholesale and retail sectors.

In other instances, anti-Chinese protests have sometimes turned violent. Lesotho, Malawi and Malagasy and Tanzania have all seen local traders protest and threaten physical violence against Chinese on claim that they were being forced out of business by Chinese owned businesses<sup>322</sup>. The above cases demonstrate a mixture of reactions on Chinese engagement in Africa. While there appear to be a general popular support for Chinese engagement in the continent, there is a category of ordinary African that disapprove role of China in Africa. This is more pronounced among small scale traders who have faced competition from the same line of businesses. Small scale traders and those working in Chinese owned and run entities seem to have the highest incidences of expressing anti-Chinese sentiments.

However, there are contending arguments that opine that some of anti-Chinese sentiments are overly exaggerated by western media and few opposition politicians to discredit rise and role of China in Africa. Broad generalization on few cases cannot offer true picture of incidences of support or opposition to Chinese engagement in the continent. This calls for broader and insightful and in-depth analysis of African reactions to Chinese role in African countries on case by case basis.

In a continent that has had general positive perceptions on role of Chinese engagement, this write-up sought to examine who is against Chinese engagement in Africa and why. The study finds that anti-Chinese sentiments are most prevalent among Africa's small scale traders whom the Chinese capital flow and trade has displaced. This has been made possible with liberalized global economy order that promotes free movement of capital, trade and investment. The established Chinese business enterprises have threatened and displaced a number of Africa's small scale traders which has attracted anti-Chinese sentiments in the continent. Weak and failure to enforce strict regulatory and legal framework that govern foreign involvement in small scale trade is what has enabled Chinese involvement in local trade which has threatened and displaced many Africa's small scale traders and resulted in rise of anti-Chinese sentiments. Beyond local traders' reactions, local politicians, academics and intelligentsias have also questioned the viability and sustainability of Chinese built infrastructure projects across the continent.

Further, Chinese misgiving is also evident from isolated incidences of Chinese misconduct against local populace across the continent. However, despite the negative sentiments, Chinese engagement in Africa is still welcomed by both political elites and the general public. The segmented nature of anti-Chinese sentiments has not been strong enough to undo general goodwill, attitude and perceptions that ordinary citizen hold towards Chinese engagement in the continent. As a result of this, anti-Chinese sentiment has been evident among those who have been negatively affected with Chinese engagement. To stem the rise of anti-Chinese sentiments, the study recommends governments across the continent to enforce relevant regulatory framework and laws with a view of safeguarding business domain.

Equally, a win-win strategy that promotes working together between local and Chinese enterprises should be explored. This should be within broad framework of industry, sector and business linkages that would exist to benefit the parties involved. Finally, there is need for open, transparent and accountable processes to address misgivings towards Chinese built infrastructural projects.

### **2.3.7 Assessing the Strategy of China in Sino-African Relations**

Since the days of African independence, China was practically at the same level of development as the African countries. Only it was able to make the necessary reforms, thus allowing it to be the second economic power today. Among these reforms we have the “Great Leap Forward” of 1958-1963 and the break with the USSR<sup>323</sup>. However, its relations with Africa were not as developed as they are today although some links are really historic. Indeed, Sino African relations were decisive in the process of decolonization more precisely through the Bandung conference (1955). In general, African countries are all linked to their colonizers even after independence. However nowadays China is the country which maintains the best relation with African countries. As being tired of exploitation and Western imperialism, African countries mostly turn to China. China is practically the second commercial partner of Africa. In the dynamism of this Sino-African relationship we note the creation of Confucius centers, the training of African executives in China<sup>495</sup>. We must also take into account the growth of Chinese investments in Africa. In other words, China has been able to seduce Africa with its foreign policy but also with its soft power which has acquired a good popularity throughout the world today. It is in this sense that we ask ourselves why China has been able to rise to such a level to compete with the colonizing powers of Africa in Africa. In other words, what exactly is the strategy for China’s rise to power in Africa?

## **Foundation of Sino-African Relations**

Historically, Sino-African diplomacy dates back to 1955, more precisely to the “Bandung Conference” in Indonesia where 29 states from Africa and Asia gathered around China. History shows that China-Africa relations are built on a solid foundation. That is why they are deeply rooted in the hearts of the people of both sides and have been soaked with all trials. The year 1949 therefore marks a new era for China-Africa relations. However, at this time the links are fundamentally political in nature. At the crossroads of the colonial era and the start of African in-dependence, China’s interest in the African continent developed within the framework of Third World solidarity, in the face of the Western powers, in the wake of the Bandung conference. This was a historic turning point in South-South relations. Bandung was an opportunity for China to brandish the principles of peaceful coexistence, the basis of a new political and economic era focused on emancipation and solidarity among poor countries. Note that South Africa, considered racist, Taiwan, infrequent for the Chinese, Israel considered anti-Arab, and the two Koreas (one too pro-American, the other too dictatorial) had not been invited. The principles stemming from Bandung constitute the first step of Sino-African solidarity.

“Historically, one of the flagship projects and symbol of this solidarity for the people of Africa is the Tanzania-Zambia railway, known as the ‘Freedom Road’, which has been operating for more than forty years now. This is why the Chinese engineer Mr. Du Jian said that the “Tanzania-Zambia Railway is a monument of China-Africa friendship; he must continue to exist”. This achievement carried the commitments of Bandung in the 60’s. Chinese aid has helped to open up these two countries and end their political dependence by developing their own economies on the basis of South-South assistance. “We also have the ideological heritage of the Cold War, indeed during the Cold War;

China will reorient its foreign policy in Africa according to the political choices of African heads of state vis-à-vis Taiwan, and this, against the great principles of Bandung. China has adapted its diplomatic tool according to the opportunities offered by the end of the Cold War, including the opening of markets in order to secure its access to the resources of the African continent. In 1963, Zhou En-Laï visited ten African countries, providing support to the populations<sup>324</sup>. China offers cooperation based on communist ideology, a source of success, on condition that it is supported and promoted by the states. In 1971, Africans seduced by this discourse of independence, neutrality and non-alignment voted overwhelmingly in favor of China's accession to the United Nations. So China has been very involved in the decolonization of Africa. With the independence of the former European colonies, China is often called upon to provide financial and military aid. The political character of China-Africa relations was accentuated during the Cold War. The West is reluctant to diplomatic relations between Beijing and various African countries. With the Sino-Russian split, Beijing and Moscow are vying for influence over Africa. Beijing thus supported between 1960 and 1970 several African liberation movements, which is far from pleasing the United States and Russia. China also maintains a significant development aid policy.

In the 1980s, the African continent was a stake between the island of Taiwan and China. A dozen African countries had recognized the Taiwanese Republic, including South Africa, its most important partner. In 1998, South Africa gave up its important trade relations in favor of the diplomatic recognition of China. Other African countries then followed suit<sup>324</sup>. In the 1980s and 1990s, China turned away from Africa to focus on its own development. From the mid-1990s, the Chinese returned and invested heavily in Africa. Denouncing both the practices of the Soviet camp and those of the Western camp, and anxious to counter their hegemony on the continent, China has proposed a

third way to African governments<sup>325</sup>. This is about the model of cooperation, recognition and mutual respect, that will be based on eight main principles previously announced in 1964 in Accra by Zhou En-Lai such as equality between partners, mutual benefits, respect for sovereignty, use of donations or interest-free loans and reduction of charges, strengthening of the beneficiary, equal treatment between Chinese and local exports. While their meaning has changed since this first phase of the Sino-African relationship, these principles still form the theoretical foundation that still guides and largely governs Chinese aid to Africa<sup>326</sup>.

### ***The Choice of Coherent Principles***

The rise of China in Africa is mainly explained by the quality and strength of its diplomacy in Africa. This diplomacy was based on the promotion of the principles of non-interference and neutrality including the five (5) founding principles of Chinese Diplomacy. For example, in 1953, Chinese Prime Minister Zhou En-Lai visiting the African, had stated the “five principles of peaceful coexistence” that the Chinese intended to apply with regard to Asian, African and Latin American countries which are independent or in the process of becoming to become. These five principles are: mutual respect for sovereignty and territorial integrity; mutual non-aggression; non-interference in the internal affairs of sovereign states, equality and reciprocity of benefits derived from joint operations; peaceful coexistence. Supporting decolonization gave China a un-precedented opportunity to forge political, economic and cultural contacts with Africans. The principles of peaceful coexistence served as the basis for the organization of the Bandung conference. The respect of these principles by China makes today the greatness and the effectiveness of the bonds which exist between China and the African countries. It should also be noted that thanks to these principles China is catching up with Westerners in Africa, particularly France and the United

States. Indeed, if the West acts in an imperialist way in Africa, China acts in a sincere, respectful and friendly way.

### ***Promotion of Chinese Soft Power***

China owes its rise to power to its soft power. Indeed, since the seventeenth (XVIIth) Congress of the Chinese Communist Party in 2007, China's soft power strategy has been formalized around an intense promotion of China, in its cultural and diplomatic aspects but also an affirmation of the power of China that is more and more uninhibited. Beijing is thus using Joseph Nye's concept as a tool in the service of its international ambitions. Soft power is a real strategy for China to gain momentum on the international scene, including Africa. To the Chinese, soft power means anything outside of military and security fields, including not only popular culture and public diplomacy, but also coercive and diplomatic economic levers like aid and investment. "This is why a US Congressional Research Service report states that China's soft power in Southeast Asia "largely derives from its role as a major source of foreign aid, of trade<sup>327</sup>." In view of the Chinese rise in the world and in Africa, soft power is like a threat against Western policies, especially American policies. Thanks to its soft power, China has the largest diplomatic representation (embassies, consulates, diplomats) on the continent.

During his tenure, President Hu Jintao visited no less than 17 African countries during the period 2006-2007. In 2009, according to the tradition of recent years, the Chinese leader's first overseas trip was elsewhere to Africa. Soft power is reflected in the taste of the Chinese language through the Confucius Institutes, African universities are organizing more and more courses to learn Chinese. China is also opening clinics and hospitals. China offered the construction of the African Union headquarters at the end

of 2008 (for an amount of 120 million dollars). It still grants numerous scholarships to African students for studies in China<sup>327</sup>.

Thus China was able to count on African voices at the United Nations at the level of the permanent seat on the Security Council. Another factor is the peaceful strategy. This peaceful ascent was developed by Wen Jiabao and Hu Jintao in 2003-2004. Indeed, China has always advocated harmony, inside and outside its borders, compromise and the peaceful resolution of disputes. This conflict avoidance strategy reflects a need for security. In addition, this strategy allows China to be respected by other countries<sup>328</sup>. Having fallen victim to the Western invasion, China is well aware of the situation in African countries. This is why it is in the best position to help African countries. With this in mind, it has developed a clear diplomacy based on respectful principles.

### **The Emergence Strategy of China in Africa**

#### ***The Weakening of Western Powers***

Considering the rivalries between China and the West in Africa, mainly the United States and France, Beijing has developed strategies which consist in weakening the Western countries. The African policy of the PRC is also part of a broader framework of strategy of bypassing or weakening the Western powers or assimilated, and mainly the United States, in an international situation described in Beijing as “complex”, that is to say, to decode the official terminology, not very favorable to the interests of Chinese. The South-South dialogue advocated by the PRC therefore always refers to the Third World of the 1960s, a discourse all the more effective as it relies on the longevity of African elites.

According to this point, China, an emerging power, can also preserve its status as spokesperson for developing countries, even if in reality, particularly within the World Trade Organization (WTO), their interests are very divergent. In this context, China's

African policy wants to be distinguished by the official emphasis on respecting the interests of African countries as opposed to the traditional neocolonialist model. The White Paper on China's African Policy first published in Beijing in January 2006: "China is working to establish and develop a new type of strategic partnership marked by political equality and mutual trust, cooperation in an economic win-win spirit.

This position takes up the general principles of peaceful coexistence which remain relevant for Beijing and is expressed in almost the same terms from the declaration published during Jiang Zemin's visit in 1996, to the founding of CACF (China-Africa Cooperation Forum) in 2006. For the PRC, it is a question of developing exchanges, by increasing the number of high-level visits which underline the importance of Africa, of increasing aid "without political conditions", of urging the international community to increase its support, and to defend the role of Africa on the international scene. This strategy particularly concerns marginalized states, even quasi-roguish, to which China offers a strategic partnership based on the careful respect of non-interference, the rejection of any moral legitimacy of the West and the promotion of the concept. Specificity of values, opposed to the universalism of Western principles. Beijing thus denounces any interference in African affairs.

In Chinese discourse, this strategy is expressed by the defense of a more just economic and political order, which has an undeniable echo on the black continent. China is once again posing as a model, even a leader, playing on its specificity as "the world's greatest developing power" a position that no one can dispute today. This strategy also responds to the expectations of Africans who, since the end of the cold war, have only witnessed a withdrawal of the West. In this context Robert Mugabe said this in May 2005 on the occasion of the 25<sup>th</sup> year anniversary of Zimbabwe's independence: We must look to the East, where the sun rises<sup>329</sup>.

This is why, more and more African countries are turning to China and it is clear that certain powers such as the United States, France today tend to lose their monopoly in Africa to the benefit of China because the Africa is tired of Western colonial imperialism. Africa needs to live, Africa wants to stand up, Africa wants to walk and that is only possible with her sincere brother from China. It is weakening and China is entering the scene. The comfortable place enjoyed by the United States and Europe in the past is gradually being reduced by the language, values, ideas, history and products of China which are rapidly being assimilated in Africa (This is why for Fanny Pigeaud the summit which brought together China, almost all African countries is the logical continuation of the unprecedented financial commitment of the Asian giant in Africa. Not without risks, this Sino-African cooperation sheds light on the fiasco of Western policies on the continent. Fanny Pigeaud China Africa reveals the failure of Westerners<sup>340</sup>. Above all, she shows that cooperation is possible without exploitation.

### **The Quality of Chinese Investments in Africa**

In 2004, Chinese investments in Africa amounted to 925 million dollars cumulative since 1979 for the year 2005 alone; the amount is 175 million dollars. These programs concern 820 companies established in 49 countries. If the government intends to encourage Chinese companies to invest in Africa, it is for the moment mainly for official investments which probably do not cover all Chinese activities in Africa of state-owned enterprises, at more than 50% in the construction industry. The PRC has an undeniable cost advantage in this area<sup>341</sup>. For infrastructure development, Western and especially French companies, whose costs are more than 50% higher than Chinese offers, can only be ousted.

Outside the construction sector, Chinese investments are directed to-wards sectors of particular interest to the Chinese economy such as energy, raw materials and mining

products and, increasingly, the agricultural sector. In the energy sector, China has a strong oil presence, particularly in Sudan, where the Greater Nile Petroleum Operational Company (GNPOC) is 40% owned by the Chinese state-owned China National Petroleum Corporation (CNPC). Chinese companies have also built a 1500 km oil pipeline and a refinery for the country as planned<sup>342</sup>. China has also expanded its presence in Angola, in cooperation with BP, in Mali, as well as wherever there are opportunities to develop oil production, especially in the countries around the Gulf of Guinea where China, more and more often, is the second largest importer, behind the United States.

In construction and public works, Beijing is present almost everywhere, notably through the Beijing Urban Construction Group, for projects theoretically relating to “aid”, in particular the construction of stadiums, government buildings, prestigious hospitals, presidential residences, a traditional form of the Chinese presence which remains relevant today and nourishes the friendship between Beijing and the local authorities or in the construction of roads and bridges, railways or large hydraulic works, on infrastructure projects financed by international organizations (World Bank), or for activities linked to tourism (construction of hotels) in poorly stabilized areas (Sierra Leone). China is also building free zones to accommodate Chinese companies, for example in the textile industry in Mauritius. China is also investing in cement plants, which can also serve as a screen for mineral exploration. Regarding raw materials, the PRC is particularly present in the timber sector in Liberia, Gabon, Cameroon, Equatorial Guinea and the Democratic Republic of Congo (DRC).

Since 2003 the Hong Kong Company Vickwood has taken control of Western companies in Congo and Cameroon, as well as their huge operating areas. Over 80% of African timber, whether or not exploited by Chinese companies, is exported to the PRC.

As far as mining products are concerned, Chinese companies are particularly present in the copper and cobalt sector in the DRC, bauxite and aluminum in the Republic of Guinea with the mining cooperation of non-ferrous metals another State company in the region in addition to Chalco (China Aluminum Company). Beijing is also interested in uranium in Niger, where Cogema seems to have recently encountered difficulties in the face of Chinese offers in renewing its operating agreements.

China is also the largest investor in Zimbabwe, which holds the world's second-largest ferrochrome reserves, along with Bao Steel. In short According to Henri-Louis VEDIE twelve countries benefit from Chinese investments in the exploitation of their mineral deposits, this concerns twenty deposits, because some countries have benefited from it on several sites. The telecommunications sector is another priority sector for Beijing, both civilian and military. In the DRC, the Congo-China Telecom Company, 51% controlled by China, is setting up the Internet communication network (International Centre for Trade and Sustainable Development 11 June 2010. In this area, however, cooperation is possible with France via the Chinese branch of Alcatel, Alcatel Shanghai Bell. It was this company that won a \$75 million equipment contract in Ghana, in cooperation with Ghana Telecom.

Chinese companies have invested heavily in the exploitation of agricultural land, which operates in complete autarky, through the Corporation for Food and Agrifood Industries of China, particularly in areas liberated by the withdrawal of former farmers from requisitioned land, as in Zimbabwe or Tanzania, Rwanda or South Africa. The PRC now controls more than 20,000 hectares of agricultural land, divided into around ten production centers. Agricultural production is intended for the local market, the Chinese market and even more so for the world markets. Chinese farms specialize in rice cultivation, market gardening or industrial (sisal) crops for export. The PRC also

invests heavily in industries related to fishing and aquaculture (shrimp), particularly in Mozambique and Mauritania, where more than 1000 Chinese residents out of 1500 officially registered are said to work in the fishing sector.

Beyond trade, Africa appears to be a privileged target for Chinese investment, a kind of springboard in the globalization strategy of large Chinese companies encouraged by the authorities: in 2004 Hu Jintao also declared that globalization was a priority axis for the Chinese economy. Africa presents a particularly favorable situation for Chinese investments and companies. More often than not, therefore, there is only limited competition there because of the disaffection from the West that followed the end of the Cold War. In recent years, China has asserted itself as a major player in Africa<sup>343</sup>. It has developed an impressive market penetration strategy by exploiting, among other things, the loopholes in paternalistic relations long founded on areas of historical-political influence between Western powers and African countries. China, supported by its financial potential, has acquired important markets in many African countries. The success of its strategy is based on its cooperation policy, its ability to mobilize funds and its dynamism in the implementation of projects through the “state enterprises” that it continues to promote.

The costs charged by Chinese companies and the fact that Beijing favors “empty” areas where security, both for investments and for people, is poorly assured, greatly facilitate the Chinese offensive. China is taking risks that big Western companies cannot take. If the PRC is now Sudan’s biggest customer for oil, it is also because Chinese companies have built the Sudanese oil industry, from exploration to refining and transportation. In Mali, the Chinese company Sinopec has undertaken prospecting operations without any assurance on the importance of the results. China also benefits, as with the establishment of privileged partnerships, from its total absence of conditions and

requirements in terms of compliance with the rules of transparency or good governance, unlike the investment programs controlled by Western countries.

## **African Perception of China**

### **Strategic Partner**

In view of the rise of China in Africa and reciprocal interests, we can affirm that China is the only strategic partner of Africa capable of promoting its development. In fact, according to Prof. General Daniel Schaeffer, the volume of China investment in Africa has tripled since 2004<sup>344</sup>. China is now present in Africa in the field of material deposits, minerals, construction, production infrastructure, as well as in goods. Consumption, wood, cotton, telecoms and logistics infrastructure: ports, airports, railways, roads, gas pipelines, etc. The banking sector and investment funds are dedicated to Africa (agriculture, infrastructure and basic industry. This Chinese partnership affects both the economic, diplomatic, military, scientific, technical, socio-cultural, medical, health and media sectors. In the economic field, Sino-African cooperation manifests itself in the fields of trade and finance. In the trade area: China has established a network of trading structures. According to a statement by Commander Mbaye Cissé, there are 49 Sino-African trade delegations and chambers of commerce, 11 investment and trade promotion centers on the African continent. China is also working to create a free trade zone with COMESA (Common Market for Eastern and Southern Africa) and develop economic and trade cooperation zones in African countries. Beijing clearly seeks to put itself on an equal footing with the AGOA (American Growth Opportunity Act, launched by the United States in 2006) or the European Union Africa Caribbean Pacific (EU-ACP) Agreements.

Also on this subject, Commander Cissé describes the process of China's investment in Africa. First, the setting up of a joint venture with a local or international company

acquires the exploitation or exploration rights; then, importation of equipment and labor from China build the necessary infrastructure. Note that the objective for China being the securing of resources, the concern for profitability takes a back seat. In the financial field, Jacques Van Minden explains: “In July 2007 the China Investment Corporation (CIC) was created and caused fever in the whole world because the reserves of China exceeded 1000 billion dollars<sup>345</sup>. The Chinese government has decided to make a very small part—240 billion dollars at the disposal of this new company to invest in the whole world, without distinction: in Europe, in Africa. China has given itself the means to develop investments by setting up in 2000 a subsidiary of Exim bank (Chinese Import-Export Bank) in Khartoum.

On the diplomatic level we have the creation of several diplomatic missions. Nowadays China has strengthened its diplomacy with Africa through state visits and FOCAC. In the military field, China has pledged to train 15,000 Africans, many of whom are military between 2008 and 2010. In participating in UN-mandated peacekeeping operations, China has sent its first contingent. Through the MONUC (United Nations Mission in the DRC), in January 2003, a second contingent in Liberia (UNMIL) and recently in Mali, there are around 1,500 Chinese soldiers in Africa. Beijing has also provided financial assistance to the African Union in a rather symbolic way for the deployment of peacekeepers in Darfur. On the commercial front, the inauguration of the first Chinese Chamber of Commerce in Africa, in Johannesburg at the beginning of 2010, is a symbol of the extraordinary rise of trade. In the scientific and technical field, we have the “New Africa-Asia Strategic Partnership” It was proposed by President Hu Jintao and it was supposed to make possible the transfer of technology to Africa. In this way we can understand that this is the proof that China is not selfish towards Africa; it does not intend to dominate Africa as the Westerners do. It has also set up a special

investment fund for Africa of USD 5 billion, combining Western-style technology with low labor costs and Chinese public subsidies, particularly in the telecommunications sector<sup>347</sup>. In the socio-cultural field, many African students are welcomed in China through professional training in Africa, Confucius Centers (5 in 2008) language training in Chinese. As of December 31, 2018, 541 Confucius Institutes and 1170 Confucius Classes were already established in 162 countries and regions around the world, including 59 Confucius Institutes in 44 African countries and 41 Confucius Classes in 18 African countries.

In the medical and health field, China has expressed its willingness to provide Africa with sustained medical assistance against AIDS, advocating a new morality as the most effective vaccine against AIDS. Finally, we note the creation of the first FM broadcasting structure in Africa in January 2006 in Nairobi. RCI (Radio China Internationale) inaugurated its first external editorial office. The CRTV (General Society of Radio and Television for the International Technico-Economic Cooperation of China, with headquarters in Gabon) Chinese policy in Africa is therefore global (economic, political, diplomatic, military) and places China on a solid footing. Equality with the powers established on the continent<sup>348</sup>. China is now a strategic partner for Africa because of the “One Belt, One Road” initiative. This is an initiative proposed by Chinese President Xi Jinping in 2013, and which aims to revitalize ancient trade routes that linked Asia, Africa and Europe and promote economic engagement and investment along these routes. In this specific case, it facilitates communications and investments and finances. The “One Belt, One Road” initiative is the best platform for China-Africa cooperation as Zhou Yuxiao said. The “One Belt, One Road” initiative and the Forum on China-Africa Cooperation can be described as the “two legs” of cooperation between China and Africa, and everyone knows that with two legs you walk naturally

in a faster and more stable manner. They could also be compared to the two “engines” of an airplane, which will help Sino-African cooperation to fly higher and further and allow China and Africa to conduct effective cooperation at a higher level. At present, African countries are engaged in a process of industrialization and modernization, and the Beijing Summit is expected to focus on identifying priority areas and future directions of Sino-African cooperation, in particularly with regard to Africa’s economic transformation and modernization needs, and help Africa cultivate its capacity for self-development and accelerate its process of industrialization and modernization<sup>349</sup>. From a strictly economic development perspective, we can say that Sino-African relations are beneficial because they help reintroduce Africa into international formal trade flows, from which it has been isolated for decades.

An interview with Xinhua Haggai Kanenga, from the School of Development Studies at the University of Zambia will say that Africa must support the Chinese initiative because it will be important in the achievements of the 2063 agenda of African Union, which improves economic infrastructure to stimulate development. This initiative came at a time when Africa was seeking to promote its economic integration. So for Mr. Kanenga, African countries should take advantage of this by taking advantage of China’s rich experiences in infrastructure development. During the summit (FCSA-FOCAC) from September 3-4, 2018, many researchers from the diplomatic world affirmed that Sino-African relations have become a model of unity and cooperation with developing countries, and a model of South-South cooperation. China has always attached great importance to the development of relations with African countries. She has always stood alongside Africa and other developing countries and has always been a sincere friend and reliable partner of Africa, according to Xu Jinghu the special representative of the Chinese government for African affairs asserted that the proposal

of a concept of true and sincere politics and a correct vision of justice and profit towards Africa made by President Xi Jinping in 2013 has been warmly received by African countries. In recent years, this concept has become the general guiding principle of China in strengthening its solidarity and cooperation with developing countries. Thus, Sino-African relations have become a model of solidarity and cooperation between China and developing countries as well as a model of South-South cooperation. In view of the importance of FOCAS, China is arguably Africa's strategic partner. Eighteen years after its creation, it has never ceased to develop in a wider and deeper direction and has become an important platform for collective dialogue and pragmatic cooperation with African countries.

### **Model of Emerging Power**

Being the second economic power, China has a very impressive level of development. It is therefore characterized by the rise of its industry and its economy, and by the challenges of its market. According to official sources, its economic growth is 9% per year. Not only is China well and truly "awakened", but the evolution and exponential progress of its economy is accompanied by a contagious dynamism liable, even, to upset the current global balances structured around the major industrialized countries and the interests of the latter. It is becoming an increasingly essential partner. So Contrary to what some are beginning to imagine, China remains a model for Africa because it has had to go through the same phases that Africa finds itself in today. It is therefore not seen only as a potential investor but also as an emerging power from which Africa can draw inspiration to begin its development. China is also an emerging power with which Africa can cooperate even at the level of the United Nations. Moreover, for a long time, the People's Republic refused to talk about aid, preferring the terms "win-win cooperation" or "mutual assistance" between countries of the South.

It was only in its White Paper on Development Assistance published in April 2011 that the Chinese government adopted this notion. China has for some time been the second economic power in the world, with growth of 10%.

This powerful role in the economy is accentuated by the size of the territory, its population, but above all by its rapid development strategy. Today it appears in the eyes of Africa as an emerging power because of its economic growth<sup>350</sup>. This explosion in economic and trade relations has been accompanied by an unprecedented development of human relations between China and Africa, mutual respect. The main form of this boom has been the immigration of a large number of Chinese to this continent since the late 1990s (2 million to 5 million). At the same time, we also note an increasing number of Africans who go to China for example for the Canton Fair and to the Yiwu wholesale market in Zhejiang.

Finally, Chinese tourism in Africa has appeared during the last decade, bringing more and more groups to animal parks in the east or south of the continent (Kenya, Tanzania, Botswana and especially South Africa). Although the proportion of Chinese visitors to Africa (2.3% in 2010) remains low, the increase in their number is very rapid (710,000 in 2010 against 91,000 in 2000) and doomed to accelerate. So many developments like to encourage an increase in direct flights between China and the main airports on the African continent (Addis Ababa, Nairobi, Johannesburg, and Lagos). Also more and more African governments seek to boost their exports of manufactured products. It should also be noted that many African countries saw China as a useful counterweight to Western political and ideological influence until the Cold War era. Unfortunately, Africa still remains fragmented.

Despite all these advances from Beijing, Africa has not become a “preserve” of the People’s Republic either. Far from it, she still considers Africa as her brother, her friend.

Sino-African relations offer African countries a new horizon because above all China does not present any particular political demands, unlike France and the United States. It allows African countries to fully enjoy their sovereignty. Beijing leaves African countries free to vote at the United Nations (UN), it does not propose the deployment of soldiers on their soil and above all abstains from any lesson in democracy with regard to African governments. The foundation in 2000 of the Forum on Sino-African Cooperation (FOCAC) marks this desire for rapprochement. Almost all African states participate in this organization. China is committed to taking measures favorable to African economies (lowering customs duties, authorization of stays granted to Chinese tourists, etc.). The first meeting of this forum was held in Beijing in December 2000 and the second in Addis Ababa in December 2003 and the most recent in 2021 at Dakar, Senegal.

### **Prospects for Sino African Relations**

Faced with the uncertain future of Africa and the imperialist behavior of the West as well as their inability to respond to development challenges, we believe that African leaders must look to China, like the Ethiopian president. Meles Zelawi who expressed his willingness to go to China during Hu Jintao's African tour in 2007, "I think Westerners would be wrong to believe that they just have to buy good governance in Africa... China has cut this illusion to pieces. China is in no way endangering good governance reforms and democratization in Africa. Because only those who like China favored endogenous growth had any chance of success". For this, we believe that FOCAC is a very good opportunity between China and Africa as Antonio Guterres said "FOCAC" is an extremely important tool in which Chinese leaders and African leaders can discuss issues of common interest. According to United Nations Secretary-General Antonio Guterres, cooperation between China and Africa is an absolutely vital

instrument for successful development in Africa. “Cooperation between Africa and China” is a central element of South-South cooperation. South-South cooperation is increasingly important in today’s world as a fundamental tool to enable African countries to benefit from the remarkable success of China’s economic development in recent decades”. For the Algerian ambassador to China, Achene Boukhelfa, the length of the railways and that of the highways built in Africa by China through aid and funding have both exceeded 5000 kilo-meters in April 2017. However, it is up to China and Africa to maintain this unique model of cooperation in the world. This means that China should not disappoint Africa. Africa too must rise to the occasion, offering good projects to China for financing by China and not trivial projects as some African countries often do. In addition, they must also improve their system of governance, starting with the fight against corruption but also despotism and clientelism.

China is willing to transfer technology to Africa. In addition, cooperation with Beijing is interesting as China’s foreign policy and aid commitments become more and more sophisticated as they strengthen China’s trade engagement<sup>351</sup>. Cooperation also affects development, investment, economic and trade activities in Africa. China offers its know-how, manpower, low-interest loans and financial advantages to build infrastructure with its raw material suppliers. It does not limit its presence to African hydrocarbon producing countries. However, Africa must seize the opportunity of one Belt one Road “The Belt and the Road” to strengthen connectivity in rail and road port projects in telecommunications and information technology connectivity. Along with this idea, China must also promote African executives trained in China. Indeed, being the second world power, China is today one of the best countries in terms of technology, this is a knowledge, but also a weapon that it does not hesitate to bequeath to the thousands of African executives who come to form in the name of cooperation.

Unfortunately, on their return they are still badly perceived. Some find it difficult to integrate and assert their skills in their respective countries. But this is due to the intoxication campaign carried out by potential rivals from China.

Priority is generally given to executives trained in France or the USA for example. This is why we believe that China should take this into account because it is the cadres trained in China who can understand China's foreign policy in Africa and put it into practice with all its value. In fact, what you need to know is that the Sino-African relationship offers African countries a new horizon. Indeed, China does not present any particular political demands, unlike France and the United States, and allows African countries to fully retain their sovereignty. In order to maintain trade relations, China only asks that all ties with Taiwan be severed. Despite their great support for African countries, Beijing leaves African countries free to vote at the United Nations (UN), does not propose the deployment of soldiers on their soil and above all abstains from any lesson in democracy. Regard to these governments. The foundation in 2000 of the Forum on Sino-African Cooperation (FOCAC) marks this desire for rapprochement. Almost all African states participate in this organization. China is committed to taking measures to promote African economies (lowering customs duties, authorization of stays granted to Chinese tourists, etc.).

The success of the Chinese strategy in Africa is no surprise. It should only be said that China has a good cooperation plan (win-win). This cooperation must be further strengthened and maintained so that the west can lose ground in Africa because as long as African countries are with the west, Africa will always be subjugated, visualized and dominated. Africa will always be in misery, in the wars and in imperialism which constitutes the essence of western relations because these powers never thought of the well-being of Africa let alone its development. This is why we believe that the Sino-

African relationship is a unique example in the world and this model must be nurtured for the well-being of China and Africa. In a way, the Sino-African cooperation is one and only of its kind in the world only it still needs to be improved so that it can resist Western jealousy.

### **2.3.8 “Sino-Pessimism or Neocolonial”, “Sino-Optimism or Balance-development”, and “Sino- Pragmatism or Accommodation” Schools; Washington Consensus (WC) versus Beijing Model (BM): A Review and Reconciliation of Dominant Schools of Thought in Sino-African Relations**

This piece delves on popular thought on Sino-African relations published during the past six (6) years for the most part, in order to put some structure on the existing strands. The literature is classified into dominant schools of thought, namely the: neocolonial or pessimistic; balance development or optimistic and accommodation or pragmatic schools. In line with what Adem Seifudeen had earlier in his paper “three perspectives on Afro-Chinese relations, about a decade ago tagged “Sino-optimism, “Sino-pragmatism, and “Sino-pessimism”. First, the classification, then the schools of thought were reconcile in light of dominant themes and debates on development models, inter alia: (1) pessimists versus optimists; (2) preferences of rights in development models (economic versus political, national versus human & sovereign versus idiosyncratic); (3) the Washington Consensus versus the Beijing Model and; (4) an African Consensus in both the Washington Consensus and Beijing Model. Both the first and second schools have core values articulated by the New Partnership for Africa’s Development (NEPAD).

The lost decades of the Washington Consensus as a development theory have pushed African policy makers to start seeking non-Western allies<sup>352</sup>. Moreover, many other

factors are constraining African nations towards alternative development models, inter alia: manipulation during the Cold War; Structural Adjustment International Monetary Fund (IMF) policies; corruption of governments by Western companies; Slavery and Colonialism. In this light, the growing political and economic influence of China has become an interesting option for African nations<sup>530</sup>. Accordingly, the burgeoning Sino-African South-South relationship is essentially motivated by the need for more equity (at least in policy) which the West has not delivered to African nations for centuries. China's burgeoning footsteps on the African continent has led to a series of debates in academic and policy making circles because "*China returns to Africa in the 21st century with not only a need for economic resources but with the cash to play the game dramatically and competitively*"<sup>533</sup>.

The debates have been substantially based on China's economic diplomatic strategies<sup>534</sup>. The numerous studies have discussed the need for multi-polar development strategies; analyzed limited short-term benefits of the relationship; put forward the resource-seeking and bad-governance oriented Chinese motivations ; push and pull factors governing the nexus and; the politics in the nexus; inter alia. As expected, the evolving literature on Sino-Africa relations has left a substantial gap to be filled: classification of narratives into dominant schools of thought and reconciliation of the schools of thoughts.

This piece is taking the stock of recent Sino-African literature into the dominant schools of thought and; reconciling the schools in light of dominant views and models of development. First, the literature is classified into dominant schools of thought, the: neocolonial or pessimistic, balance-development or optimistic and, accommodation or pragmatic schools. After the classification, the reconciliation of the schools of thought in light of dominant themes and debates on development models follow, inter alia: (1)

pessimists versus optimists; (2) preferences of rights in development models (economic versus political, national versus human & sovereign versus idiosyncratic); (3) the Washington Consensus versus the Beijing Model and; (4) an African Consensus in both the Washington Consensus and the Beijing Model.

### **Schools of Thought and Arguments**

#### ***The Pessimistic or Neocolonial school***

This first school is led by critics or skeptics of the Beijing model<sup>355</sup>. According to proponents of this school, the Beijing model of development is in favor of State regulation and prudence in the openness of markets. More emphasis is placed on prudential market reforms and national sovereignty. While Moyo defines the Washington Consensus (WC) as ‘liberal democracy, private capitalism and priority in political rights’, the Beijing Model (BM) is defined as ‘deemphasized democracy, state capitalism and priority in economic rights’<sup>356</sup>. In spite of some criticisms, there is growing consensus that the BM is more adapted to 21st century development, in comparison to the WC that focuses on government failures by preaching, ‘liberalization, marketization and privatization’. The narrative of this school of thought sustains that, Chinese external flows to Africa are not consistent with conditions that promote good governance. In the view of Clinton, it is simply neocolonialism and profit-making without morales. In line with the school, Western development approaches like the USA oriented African Growth and Opportunity Act (AGOA) go beyond profit-motives by offering an economic ladder of opportunity and sustainable investment that should benefit Africa in the long-run. This school has motivated myths in the Sino-Africa relationship. In their view: *“China targets aid to African states with abundant natural resources and bad governments, Chinese do not hire Africans to work on their projects, Chinese workers and managers live in extremely simple conditions as compared to*

*Western advisors, China outbids other companies by flouting social and environmental standards and, low linkage levels between Chinese and local businesses*”<sup>537</sup>.

The literature supporting these schools are summarized in Panel A, B and C. The narratives include, inter alia: Panel A as noted is on the pessimistic or neocolonial school. Panel B is on the optimistic or balance development school, while Panel C is pragmatic or accommodation school respectively.

### **Synthesis of Schools of Thought, Scholars and their Contributions**

#### **Panel A: The Pessimistic or Neocolonial School**

##### ***Giovaetti & Sanfilipp***

Chinese trade is crowding-out and making African domestic industries vulnerable. “Using disaggregated data for the period 1995–2005, they present significant evidence on the existence of a displacement effect at different levels: sector, product, region and market”.

##### ***Villoria***

Southern Africa’s agricultural exports have not been positively affected by China’s growth. “We find little complementarity between China's agricultural import demand and the Southern African (SA) countries’ agricultural export supply. We also explore the possibility of China affecting SA agricultural exports through higher world agricultural prices associated with China's growing demand for food. We find that, although China has moderately increased agricultural prices (in an aggregated sense), SA exports do not seem to benefit from these price increases”.

##### ***Ndjio***

Chinese prostitutes are perceived as cheap and junk as the Chinese commodities at large. “The main argument of his paper is that ‘Shanghai beauties’, as Cameroonians

generally refer to Chinese migrant prostitutes, are part of the cheap and depreciated commodities that China is exporting to this country through its well-organised trade networks mostly controlled by Chinese traders from overseas. As such, the equivocal perception of these Asian sex workers by the native population as both cheap bodies and junk sex only reflects the general perception of China-sourced goods at large”.

### ***Huliaras***

The USA and Europe are increasingly suspicious about the growing Sino-African nexus and looking for strategies to increase their own presence. “The recent inroads made by China in the African continent as a trading partner, investor and donor have been important both in terms of magnitude and pace. Even though for a number of African regimes it signifies increased bargaining power, the growing Chinese presence

### ***Magliveras***

China in Africa was greeted with skepticism or anxiety in the West. “After an overview of the multifaceted Chinese presence in Africa and the stance taken by the USA, the article attempts to identify the reasons that could explain the rather belated, especially if its traditional ties with Africa are taken into account, EU response”.

### ***Alden***

Sino-African relations are asymmetric and have raised concerns from the West. “Chinese–African cooperation, however, remains constrained by the asymmetric nature of relations and Africa's changing attitude towards issues such as humanitarian intervention”.

### ***Brooks***

Substantial discontent in labor relations in the Zambian textile industry. “Wages were suppressed through casualisation, working conditions worsened and strict discipline was imposed. Workers did not gain the modern livelihoods they anticipated and through labour struggles, meanings and understandings of racial differences were produced and anger towards the Zambian state was articulated”.

***Askouri***

Chinese investments in Sudan are destroying local communities. “The sad truth is, both the Chinese and their elite partners in the Sudan government want to conceal some terrible facts about their partnership,’ writes Askouri. ‘They are joining hands to uproot poor people, expropriate their land and appropriate their natural resources.’”.

***Kiggundu***

Chinese investments are resource-driven. “Results show that largely driven by monopolistic state-owned enterprises (SOE), China’s outward FDI is concentrated in a few large resource-rich African countries characterized by high risk governance environments and poor global competitiveness”.

***Elu & Price***

Growing trade openness with China is not an avenue of higher living standards in the long-term for SSA. “In addition, increasing trade openness with China has no effect on the growth rate of total factor productivity. To the extent that total factor productivity and its growth is a crucial determinant of economic growth and living standards in the long run, our results suggest that increasing trade openness with China is not a long run source of higher living standards for sub-Saharan Africa”.

***Chemingui & Bchir.***

Africa will not benefit much from Sino-African relations because the continent is characterized by low levels of diversification and small productive capacities. “In other

words, China is expected to achieve in 10 years (2010–2020) what initially was expected to be achieved in 20 years in case of no agreement under the Doha Round, where a simple linear estimation on the evolution of Chinese exports is carried out. Our results also show that even in the case where China will offer more market access for African countries, the situation will not improve much for most of them. The reason is that Africa is still suffering from small productive capacities and a low level of diversification of its economy”.

### ***Power***

The relations are harmful to SSA’s industrial growth because it challenges the mainstream wisdom of industrialization being a crucial development strategy component. “These challenges are expressed through a combination of direct impacts (expressed in bilateral country-to-country relations) and indirect impacts (reflected in competition in third country markets). In current structures, these impacts are predominantly harmful for SSA's industrial growth, as expressed through its recent experience in the exports of clothing to the US under AGOA (African Growth & Opportunity Act). If Washington Consensus policies prevail, these harmful impacts will be sustained and deepened”.

### ***Breslin & Taylor***

Sino-African relations may also exports human right violations Large China’s non-interference policy in Sudan’s Darfur crisis is very disturbing. “Today China faces the challenge of accommodating its established policy of non-interference with the more substantive and growing complexity of Chinese involvement developed over the past decade in Sudan, amidst the conflict in western Darfur and changing politics after the North-South peace agreement of January 2005”.

### ***Hilary Clinton***

“Well, our view is that over the long run, investments in Africa should be sustainable and for the benefit of the African people. It is easy – and we saw that during colonial times – it is easy to come in, take out natural resources, pay off leaders, and leave. And when you leave, you don’t leave much behind for the people who are there. You don’t improve the standard of living. You don’t create a ladder of opportunity. We don’t want to see a new colonialism in Africa. We want, when people come to Africa and make investments, we want them to do well, but we also want them to do well. We don’t want them to undermine good governance. We don’t want them to basically deal with just the top elites and, frankly, too often pay for their concessions or their opportunities to invest”.

#### **Panel B: The Optimistic or Balance Development School**

##### ***Munemo***

Dependence on Chinese capital goods leads to economic growth in SSA. “The author finds robust evidence in support of the hypothesis that capital goods from China are an important technology transfer channel that enhances economic growth in Africa. Therefore, trade liberalization policies aimed at attracting Chinese capital on a non-preferential basis are important. In addition, the results also suggest that growth strategies based on greater physical and human capital accumulation, increased trade openness, political stability, and less government consumption expenditure are important”

##### ***Ajakaiye & Kaplinsky***

The dependence theory should be dropped to better understand the nexus. “A reincarnation of dependency theory, in which Africa was seen as a quivering victim of external forces, must be abandoned, both in order to understand better what is happening and why it is happening, and in helping Africa to make the best of the

opportunities opened up by the rapid emergence of the Asian Driver economies and the consequent restructuring of the global order in the twenty-first Century”.

***Ademola et al***

Both positive and negative trade effects exist, though the negative effects outweigh the positive in Africa. It is up to African policy makers to work towards reducing the negative effects. “The paper confirms that there are both trade-related gains and losses arising from China–Africa trade relations. Beyond this is the concern that the existing pattern of Africa-China trade – which continues to be strengthened by China's rising profile – does not correspond to the region's longer term objectives, that is, to diversify its economic and trade structure and ensure that trade contributes to the industrial development of African countries. The paper suggests that for many African countries, the negative effects may outweigh the positive ones”.

***Kaplinsky & Morris***

SSA should device rational policies to benefit from the exploitation of its natural resources. “The paper concludes that SSA countries should maximise the opportunities opened to them by their resource-base by adopting a similarly integrated and focused response to Chinese (and other large) investors who seek to draw on the continent's natural resources”.

***Ancharaz***

China-Africa relations are beneficial even to ‘non-resources rich’ countries like Mauritius. “Mauritius, with no exploitable natural resources, and facing acute Chinese competition in its traditional markets, is a most likely candidate to suffer China's onslaught. This paper argues that China's economic rise can benefit Mauritius. Analyzing the impact of China through the channels of trade, aid and investment, we show that preference erosion, not China's emergence, is to blame for the drastic loss of

jobs in the clothing industry. This industry, however, has proved resilient since exports are back on a rising trend. On the other hand, Chinese aid to finance construction and infrastructure projects has been a welcome relief, even when it has been tied to the use of Chinese labour and inputs. The most significant benefits of China's engagement are likely to occur in the area of investment as China strategically uses Mauritius as a platform to penetrate the African market”.

### ***Friedman***

China is transforming Africa by exporting entrepreneurial talents and economic dynamism. “Against the conventional wisdom that Chinese involvement cannot transform Africa’s economy for the better so as to end much of the poverty and also to spark high speed growth, this paper finds that China is already in the process of transforming Africa. While the conventional wisdom sees corrupt regimes and weak state capacity in Africa frittering away Africa’s opportunity to rise by plugging into Chinese dynamism, China is found in this paper already to be exporting entrepreneurial talent to Africa and to be dynamizing the African economy through. East Asian practices. Chinese can bring industry to Africa much as Japan brought it to Southeast Asia in the 1960s and 1970s. Africa could therefore be incorporated into Asian economic dynamism”.

### ***Power & Mohan***

It is mutually beneficial historic relationship that is sustainable in the future. “China, in its quest for a closer strategic partnership with Africa, has increasingly dynamic economic, political and diplomatic activities on the continent. Chinese leaders and strategists believe that China's historical experience and vision of economic development resonates powerfully with African counterparts and that the long-standing history of friendly political linkages and development co-operation offers a durable

foundation for future partnership..... Rather than highlighting one strand of Chinese relations with African states (such as aid or governance) we propose here that it is necessary to critically reflect on the wider geopolitics of China-Africa relations (past and present) in order to understand how China is opening up new ‘choices’ and altering the playing field for African development for the first time since the neo-liberal turn of the 1980s”

***Mohan & Lampert***

African agencies are also playing an important role in shaping Sino-African relations. “Most analyses of China's renewed engagement with Africa treat China as the driving force, and little recognition is given to the role of African agency, especially beyond the level of state elites. ....While both cases demonstrate African agency, the ability of African actors to exercise such agency is highly uneven, placing African politics at the heart of any understanding of China–Africa relations”.

***Kuo***

The paper argues that the Beijing model should be engaged instead of being criticized. “This article argues that, instead of criticizing Beijing for security free-riding and noncooperation in liberal peace projects in Africa, we should engage with Beijing's perspective on African security and its rationale for non-interference in Africa's domestic affairs”.

***Buckley***

From the Senegalese experience, Chinese land grabbing could be more beneficial to local actors if their views are more considered in the negotiation of contracts. “What emerges is a picture of a Chinese agricultural management regime for African land that is simultaneously fraught with conflict, while also replete with collaboration benefiting some smallholder farmers..... I argue that “land grabbing’ must be seen not as a

straightforward, linear process of state or corporate takeover of global land, but as a dynamic performance of negotiation among diverse state actors, corporate players and citizens — one that will reshape global development in unanticipated ways”.

### ***Mohan***

More studies are needed to prove the myths surrounding Sino-African relations, especially that on the Chinese importing their own labour. “It then examines a pervasive theme in China–Africa relations, which assumes that the Chinese work through enclave investments to secure the resources of low-income economies, though in this sense the Chinese are no different from other investors. Where they do differ is in their bundling of aid, trade and FDI and their use of imported labour, which has been termed ‘surgical colonialism’. The article does not dispute the existence of Chinese enclaves but argues that we need more empirical evidence on the levels of labour importation in relation to local labour market conditions”.

### ***Carmody***

Sino-African relations offer the possibility of a development regime that reduces poverty. “Similarities to previous rounds of extractive globalization notwithstanding, with greater inter-African coordination, there is scope for South-South cooperation to have a substantial poverty reduction impact in the future. Consequently, the new “scalar alignment” opens up the possibility of a poverty reducing development regime”.

### ***Diaw & Lassoua***

Trade with China diversifies the economy and mitigates the negative impact of natural resource specialization on economic growth. “It uses dynamic panel estimations to measure the impact of trade orientation on economic growth in the CEMAC countries

and concludes that specialization in natural resources affects economic growth negatively. But this effect is somewhat mitigated by the orientation towards China”.

***Edinger***

Growing Specialized economic zones initiated by China are improving African value

***Chains, Jenkins & Edwards***

The trade relationship may be positive or negative depending on countries. “The ways in which Africa has been affected differs from country to country, with some such as Angola, Nigeria and Sudan being important exporters, others such as Ghana, Ethiopia, Kenya, Tanzania and Uganda mainly importers from Asia, and Lesotho facing competition from China in export markets”.

***Wu & Cheng***

Much lessons can be drawn from Sino-African relations. “His paper focuses on China's poverty reduction policies and programs and their impact on the poor regions and poor households. Lessons are drawn for poverty reduction and economic development in African countries. The paper also explores the potential for collaboration in poverty reduction between China and African countries and recommendations are made for the governments and donor agencies”.

***McCormick***

China’s aid to Africa significantly affects development, but the impact varies depending on structural and institutional characteristics of recipients.

**Panel C: The Pragmatic or Accommodation School**

***Drogendijk & Blomkvist***

Chinese firms have similar motivations to Western firms. “All else equal, the authors find that African countries enjoy a higher likelihood of Chinese outward FDI than the rest of the world. Moreover, they find that Chinese firms invest in African markets for market-seeking, natural resource-seeking, and strategic asset-seeking motives; hence, the motives for Chinese FDI in Africa seem to match those of Western firms’ investments in global markets”.

***Lin & Farrell***

Chinese FDI is like conventional FDI. “While prior research has viewed Chinese outward investment from the latecomer perspective, the authors found that the behavior of Chinese privately owned enterprises does not deviate substantially from that described by conventional foreign direct investment theories”.

***Gu***

The primary factors driving private investment are African market opportunities, competition within China and the presence of a strong entrepreneurial spirit. “Key findings are that the Chinese private firms have followed their own paths to Africa and the primary factors driving private investment are African market opportunities, competition within China and the presence of a strong entrepreneurial spirit”.

***Zhang et al.***

Chinese private enterprise investment is motivated by risk-taking and market-seeking characteristics. “They also make an empirical study of the determinants of Chinese PEs (private enterprises) compared with state-owned enterprises (SOEs) in the period 2002–2011 and found Chinese PEs in Africa are driven mainly by the motivation of market-seeking, not by resource-seeking; China's imports from the host country also facilitate

Chinese companies' investment in Africa; and Chinese companies in Africa are risk-takers”.

***Mohan & Tan- Mullins***

Migration of Chinese workers into Africa is part of the competitive game, though it has negative and positive effects.

***Kragelund***

Chinese investments in two Zambian sectors resemble other foreign investments though they raise local eye brows.

***Wissenbach***

Sino-African relations are ineluctable processes that merit the corporation of the EU for greater synergy in African development.

***Ovadia***

China represents both a new-imperialism and a new model of development. “While differentiating between the new Euro-American and Chinese imperialisms, China's new engagement, exemplified by its relationship with Angola, is a project of recolonisation and appropriation of economic surplus. The Chinese variety of imperialism, however, offers African states a compromise to their elite and to their citizens that has heretofore been missing from post-colonial Euro-American imperialism – the prospect of sustained economic growth and improvement to the quality of everyday life”.

***Carmody & Owusu***

China versus American geo-economic strategies in Africa are reworking structures of colonial trade, fueling conflicts and consolidating autocratic regimes.

***Kamwanga & Koyi***

The Chinese investments in Zambia are broadly consistent with the rule of free market competition. “Most of the Chinese firms operating in Zambia are state owned and/or are strongly supported by the Chinese state, which advantages them over other competitors..... The Chinese businesses do not operate like conventional profit maximizing firms, often willing to provide concessions in order to gain access to markets. For some the practices include bidding at very low prices, settling for low profit margins, sourcing cheap inputs from China, and using fairly skilled Chinese workers”.

***Kolstad & Wiig***

China’s investment in Africa is resource- and ‘weak institutions’-driven. This is not different from the motivations of Western FDI

***Osei & Mubiru***

China’s move into Africa is not different from that of the West (need for sources of raw materials and markets for finished products).

***Sanfilippo***

The study goes beyond the mainstream determinants of natural resource endowments and market potential drivers to establish that Chinese FDI is also substantially linked to economic cooperation.

***Schiere***

There is need to build complementarities among Africa, traditional development partners and China. “The paper advocates that complementarities can be built between these development modalities on a national, regional and global level. This would enhance development effectiveness, increase efficiency and create win-win situations which would be beneficial to African countries, China and traditional development partners”.

### ***Mohan & Power***

Though Sino-African relations offer new options for the development of Africa. Chinese involvement is also contextual and ambivalent.

### **The Optimistic or Balance-development School**

According to the second school summarized in Panel B above, Sino-African relations should be seen from an optimistic angle. Moreover, if the relationship is asymmetric, African governments have the leverage to take action for a balance-development approach. This school is also an anti-thesis to the first school because it argues that the approach of patronizing African countries by Western nations is much severe compared to the Chinese foreign policy that is based on un-conditionality and non-interference. Moreover, the use of 'colonialism' by the first school to qualify the relationship is too strong a term and/or even hypocritical because the use of foreign aid by the West to influence domestic policies in African countries is more friendly to neocolonialism. A study have provided an interesting literature about concerns of the first school and concluded that empirical evidence to substantiate the positions of this school is not yet very apparent.

A finding confirmed by some authors concludes that Sino-African relations offer possibilities for mutual development. Some analysts have even postulated that policy makers in Africa should stop listening to the West because China and Africa were both in the same economic stalemate in the 1970s., a former junior Dutch minister supports this school in her position that China's foreign policy is consistent with the New Partnership of Africa's Development (NEPAD) because it is in line with the African Union's conception of African ownership.

The summations of the literature supporting this second school are summarized in Panel B. The narratives include, inter alia: the dependence theory as postulated by the

first school should be abandoned in order to better understand the Sino-African nexus; the Beijing model should be engaged instead of being criticized, essentially because Sino African relations offer the possibility of a development regime that mitigates poverty in Africa; dependence on capital goods from China is good for economic prosperity in SSA and; there are both positive and negative effects of the nexus and African policy makers should work towards mitigating the negative effects which outweigh the positive. For example SSA should device sustainable policies in order to benefit from the exploitation of its natural resources, essentially because the rise in the prices of natural resources is benefiting Africa, though there are also dramatic and unexpected consequences.

The literature on the second school also concludes that: China-Africa relations are mutually beneficial even in non-resource rich countries like Mauritius; China is bringing transformation to Africa through economic dynamism and export of entrepreneurial talent; the relationship has been historically mutually beneficial and is sustainable in the future; African agencies are also playing a substantial role in shaping Sino-African relations; from a Senegalese experience, Chinese land grabbing could be more beneficial to local actors if more of their views are considered in the negotiation of contracts and; more studies are needed to prove the criticisms by the first school of Sino- African relations, especially the importing of Chinese labour.

The growing specialized economic zones that have been initiated by China are improving value chains in Africa; the effect of the relationship may be positive or negative depending on countries; trade with China is diversifying African economies and mitigating the negative impact of natural resource specialization on economic prosperity; China's substantial rate of poverty mitigation holds special lessons for Africa that can be drawn from Sino-African relations and; China's aid to Africa

significantly affects development, but the impact varies depending on structural and institutional characteristics of recipients.

### **The Pragmatic or Accommodation School**

The third stream of the literature which is the Pragmatic or Accommodation school argues that the Sino-African relationship is neither an issue of pessimism (or neocolonialism) as advocated by the first school nor one of optimism (or balance-development) as in the narrative of the second school. According to this third school, the nexus is simply a chain of ineluctable evolving globalization and economic relational processes to which African nations must accommodate. According to this school, African nations have no other major alternatives beside the West and China, hence must succumb<sup>558</sup>. In essence, the underpinnings of the school are based on two foundations. First, while China and Western nations may have the same neocolonial ambitions, there is not much African nations can do about it. Second, China is using the same norms of free market competition advocated by the WC to win more projects in Africa. Moreover, given that the failed prescriptions of the WC administered to African countries over the past decades have failed to deliver for the most part, it is politically correct for China to use it as an instrument in its foreign policy. The conclusions of the literature supporting this third school are summarized in Panel C.

The narratives include, among others: corporations from China have the same motivations as Western companies; Sino-African relations are ineluctable processes that merit the cooperation of the European Union (EU) for greater synergy in African development; China's engagement with Africa represents both a new-imperialism and a new model of development and; Chinese versus American geo-economic strategies in Africa are reworking patterns of colonial trade, fueling conflicts and consolidating autocratic regimes. Chinese foreign direct investment (FDI) is similar to conventional

FDI; the primary factors motivating Chinese private investment in Africa are market opportunities, strong spirit of entrepreneurship and, competition within China or risk-taking and market-seeking features migration of Chinese workers into Africa is part of the competitive game, though it has raised concerns; Chinese investments in two Zambian sectors are not different from mainstream foreign investment and; Chinese investments in Zambia are also broadly consistent with the rule of free market competition.

While Chinese investments in Africa are resource- and 'weak institutions'-driven, this is not different from the motivations of Western FDI or China's move into Africa is not different from that of the West centuries ago which was motivated primarily by the need for raw material for its industries and markets for its finished products. Sino-African relations is a historical evolution and hence, studies should go beyond mainstream determinants of market potential & natural endowments and critically engage how FDI is linked to economic cooperation. This confirms the need to construct complementarities among Africa, traditional development partners and China. This would ultimately dissipate the ambivalent Sino-African relations, though it offers new options for the development of Africa.

### **Reconciling the Three (3) Schools of Thought**

This section reconciles the schools of thought into four main strands: pessimists versus optimists; preferences in rights (national versus human, sovereign versus idiosyncratic & economic versus political); the Washington Consensus versus the Beijing model and; an African consensus both in the Beijing Model and Washington Consensus. First, based on the available literature, the Accommodation school is the most supported because there are genuine reasons to be both pessimistic and optimistic about Sino-

African relations. On a first note, as postulated by Tull and recently supported by Asongu & Aminkeng, the West has been hypocritical in its criticism of China's foreign policy in Sino-African relations. This is essentially because; for instance, the USA's foreign policy in Saudi Arabia is selective and not constrained by human rights concerns: it is motivated by the same 'oil or resource'-diplomacy employed by China.

Moreover, the French policy in Africa has historically not been motivated by her cherished values of 'liberty, fraternity and equality'. On a second note, Sino-African relations are historical processes that are bound to continue in a distant future. Hence, advocates of the Optimistic or Balance-development school can rely on the criticisms of the Pessimistic or Neocolonial school to improve the Sino-African nexus. This is mainly because China is simply playing by the very standards of globalization cherished by the latter school. Second, there are issues in preferences of rights motivating the first and second schools that merit reconciliation. These include, national versus human rights; sovereign versus idiosyncratic rights and; economic versus political rights. While the second-sets of rights are substantially advocated by the first school, the first-sets are prioritized by the Chinese model and hence, represent the foundations of the second school. On a first note, the non-interference foreign policy of China is partially founded on the preference of national rights over human rights.

Africa's historic suspicion of Western bias in the conception and definition of human rights has been recently consolidated with gay rights considered as fundamental human rights in the face of national rights (executive, judiciary and legislative). Accordingly, the ability of African countries to pass and enforce anti-gays laws is being seriously constrained. A case in point is the recent anti-gay legislation bill in Uganda that has

been greeted with the suspension of foreign aid and loans by some Western donors and the World Bank respectively.

On a second note, specific individual rights which could be classified as ‘idiosyncratic rights’ should not take precedence over sovereignty rights, according to Chinese foreign policy. Therefore, since African nations are more in tune with principles that are friendly to the absence of hegemony, international law should not enable sovereign nations to criticize other sovereign nations on matters that are backed by domestic law and principles of democracy. If this is the case, most radical criticisms leveled on Sino-African relations by the first school would be relaxed in favor of more constructive criticisms. The third note on preferences between ‘the right to vote’ and ‘the right to food’ has been the object of intense debate in recent development literature. There is a growing believe that political rights are more endogenous to economic prosperity, productive structures or economic rights.

Hence, if the first school of thought were to acknowledge that developing countries need economic rights more than they need political rights, criticisms leveled on Sino-African relations would substantially reduce. Third, the debate over whether political rights or economic rights should come first in a development model could be reconciled with the Moyo conjecture.

It should be noted that, whereas the Beijing model is defined by Moyo as ‘state capitalism, deemphasized democracy and priority in economic rights’, she also defines the WC as ‘private capitalism, liberal democracy and priority in political rights’. While the prioritization of political rights is strongly advocated by the first school, the second school puts more emphasis on the need for economic rights. The conjecture advocates for a short-run model that is based on priority in economic rights or the Beijing Model

and the long-term development model based on priority in political rights or the Washington Consensus.

In essence, a sustainable middle class is required for political rights to be genuinely demanded and the Beijing model has proven historically to be the better model at providing this middle-class within a relatively short time horizon. Therefore, in the presence of a middle class, political rights would automatically be demanded by the population. Moreover, the demand for political rights would not be tainted by crony democracy because; economic rights (of food and shelter) that are concerns of the low-income class would have been fulfilled. The Moyo conjecture has been broadly validated in developing nations and African countries respectively by Lalountas et al. and Asongu.

Fourth, an African consensus has also been derived from a reconciliation of the first (Washington consensus or priority in political rights) and second (Beijing model or priority in economic rights) schools. The current African consensus or New Partnership for Africa's Development (NEPAD) is promoted by both the WC and BM. Accordingly, while the WC promotes democracy and human rights advocated by the NEPAD, the BM through its non-interference policy is consistent with the NEPAD's value of African ownership. It should be noted that the NEPAD is a consensus for African development that underscores: the 'promotion of rights (human & democratic), good governance and strong institutions' and 'African sovereignty'. Whereas the BM favors the latter, the former is supported by the WC. In light of the above, both the first and second schools advocating the WC and BM respectively are reconcilable in the NEPAD.

This African consensus has been adopted by serious African nations for the advancement of the continent. Democratic, economic development, good governance

and human rights are values that are articulated in its charter. In summation, this piece has delved into some popular papers on Sino-African relations published during the past six (6) years for the most part, in order to put some structure on the existing strands. The literature is classified into dominant schools of thought, namely the: neocolonial or pessimistic; balance development or optimistic and accommodation or pragmatic schools. After the classification, the schools of thought were reconcile in light of dominant themes and debates on development models, inter alia: (1) pessimists versus optimists; (2) preferences of rights in development models (economic versus political, national versus human & sovereign versus idiosyncratic); (3) the Washington Consensus versus the Beijing Model and; (4) an African Consensus in both the Washington Consensus and Beijing Model.

#### **2.4 Summary of Gaps in Literature Reviewed**

Based on the above literature reviewed, the openness to international competition may be somehow misleading because it creates avenue for a foreign country like China to gain access to the abundant raw materials of the continent of Africa. To this extent it can be establish that most countries in Africa are not only lacking in infrastructure, but also suffering from various forms of developmental crises. The subservient and dependent natures of their economies on the political North for a very long period of time have impacted the continent and the people negatively, thus put the nation-states of the continent on very precarious positions in the world affairs. Whereas the western world have for many years the major beneficiary of the precarious position of Africa. The difference in opinion and empirical findings on the impact of diplomatic and economic relations between China and Africa is of serious concern, especially in developing countries; and necessitates further researches.

The gaps in all the above reviewed is the influence and contributions of political leadership and governmental or State institutions that have failed or totally absent to harness the natural endowments of Africa towards enhancing human development, eradicating poverty, and general economic under-performance. More importantly, studies that focused on resource for infrastructure, in its various forms remain scanty. Whereas, most studies on China-African relations concentrates on how and why, and in some other cases the gains, in diplomatic and economic relationship between the two parties, China and Africa. There exist a lacuna in the nature and pattern of exchange between China and Africa, which this study set to fill.

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## **Chapter Three**

### **Methodology**

#### **3.1 Research Design**

Research methodology is a procedure or a technique adopted by the researcher for the collection of relevant data to answer research questions and test formulated hypotheses. The term – methodology is defined as a procedure by means of which data is/are collected, and analysed in order to test the hypotheses proposed. This shows that

procedure for gathering data varies. For the purpose of this study, qualitative method of data gathering is used<sup>1</sup>. To carry out an exploration and critical assessment of China resource for infrastructure deals in sub-Saharan Africa with emphasis on Nigeria and Angola, the study adopts the *ex post facto* and historical methods of inquiry. As the name implies, *ex post facto* means “after the fact” or “retrospectively”. Thus, it is a systematic empirical study or studies which investigate possible cause-and-effect relationship by observing an existing condition and searching back in time for plausible causal factor. Therefore, it is a form of descriptive research<sup>2</sup>.

### **3.2 Population of the Study**

The study population of this study comprises of all relevant available materials on the theme of the dissertation: China’s resource for infrastructure in sub-Saharan Africa, focusing on Nigeria and Angola. These materials may be published or unpublished, soft or hard copies sourced from the internet and physical libraries. Study population also sourced through academic journals: both local and international, textbooks, magazines, newspapers, archival materials and government policy papers. Purposely, target population includes all materials relevant to the focus of study: Sino-Africa relations with all its variables such as resource (both natural and human), infrastructure development, foreign policy, diplomacy. Purposive sampling technique is however adopted for the purpose of selection from available research materials.

### **3.3 Sample and Sampling Techniques**

The study population of the research is made of several components already stated. Sample is selected using purposive sampling technique with a view to obtaining extrapolation from predetermined samples. The sample of the study consists of

secondary materials as mentioned above. Most of the materials, especially books, academic journals, government periodicals and online materials are current, less than six years (2015-2021), except otherwise stated.

### **3.4 Instruments for Data Collection**

Research is generally a systematic attempt to provide answers to questions. In this research, secondary sources of data collection was used to gather and identify relevant information on China's Resource for Infrastructure (RFI) Deals in Sub-Saharan Africa: A Critical Analysis of Nigeria and Angola. Examples of secondary sources of data collection are editorials, newspapers, articles, textbooks, reports, magazines and so on. All these sources were studied diligently for the purpose of the research.

### **3.5 Validity of Research Instruments**

In order to ensure that the instruments of data collections were relevant to the study, the validity level of the research was tested to correspond with the theme of the research. In doing this, the researcher ensure that most of the article studied and analysed in a timely manner. All these were done to ensure that the content validity of these sources corresponds with the objectives of the research.

### **3.6 Reliability of the Research Instrument**

Reliability in research has to do with the accuracy and precision of the measurement procedure of a research. Reliability is therefore seen as the degree of consistency which allow the research instruments to be free from errors<sup>3</sup>. The reliability of the research ensure that the reports, articles, journals and so on gathered and studied were consistent with the theme and objectives of the research.

### **3.7 Administration of Instrument and Method of Data Collection**

The data used in carrying out this research were obtained solely from secondary sources. Hence, journals, editorials, articles, reports, conference proceedings, gazette,

and so on were adequately sources to elicit relevant information on China's Resource for Infrastructure (RFI) Deals in Sub-Saharan Africa: A Critical Analysis of Nigeria and Angola

### **3.8 Method of Data Analysis**

The data collected from the sources of this research were analyzed and presented using historical and explanatory research designs. The research also make use of content analysis to examine China's Resource for Infrastructure (RFI) Deals in Sub-Saharan Africa: A Critical Analysis of Nigeria and Angola.

### **Endnotes**

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## **Chapter Four**

### **Results and Discussion of Findings**

#### **4.1 Presentation of Research Questions**

**Research Question One:** Examine the various forms of resource for infrastructure (RFI) deals signed between China and Sub-Saharan Africa, particularly in Nigeria and Angola?

#### **4.1.1 Various Forms of China's Resource for Infrastructure (RFI) Deals in sub-Saharan Africa**

The term Resource for Infrastructure (RFI) is simply an arrangement whereby a rich and industrialised state in dire need of resources, in most cases natural resources such as hydrocarbon oil and other valuable metals, for further production of goods and services enter into agreements with a poor and less industrialised but resource rich state, to exchange its resource for much needed infrastructure for industrialization and economic development.

The Chinese choice for the resource-for-infrastructure swap formula as a mode of entry in the extractive and construction industries in Africa is influenced by China's own historical experiences, China's strategic interests in Africa, the preference of host nations for the swap formula and bargaining dynamics. One of the key dilemmas for poor nations that want to build power plants, ports, and railways is how to fund the projects. The basic idea of the repayment of loans using commodities or product was developed in the framework of Sino-Japanese trade relations in the 1970s<sup>1</sup>.

Today's system of using commodities as security for a commercial line of credit enables a country to finance a specific investment today, and pay for it later with future earnings. Securing the investment with a resource flow as collateral for the loan reduces the risk and permits the interest rate to be lower, the loan to be cheaper<sup>2</sup>. The types of resource-backed loans used by the Chinese so-called "policy banks" in this swap formula deals are connected to infrastructure investment in the borrowing nation. With regard to China, in the 1970s, there was concern about China's energy security following the first oil price crisis, and Japan chooses to take a new direction of its supply sources by importing petroleum from China, therefore turning out to be the first nation to move into the Chinese market. At that time, China was a poor, resource-rich nation lacking industrial technology and infrastructure. In contrast, Japan was a rich, industrialized resource-poor nation, highly reliant on imports for

its energy supply. China was keen to import Japanese know-how, machinery and complete plants. It had vast coal reserves and crude oil from Daqing field, ready for export. After the trade agreement, some years later, petroleum represented nearly half of Japanese imports from China. This specific kind of Japanese economic involvement led to China's first experience with the resource-for-infrastructure swap formula.

China has drawn from this experience in shaping the resource-for-infrastructure swap formula. In current China-African relations, China offers to fund and build infrastructure projects like dams, hydropower stations, roads and railway in return for a reliable and affordable supply of natural resources from Africa. Nonetheless, it was the lagging development of the continent of Africa and the policies being implemented by worldwide institutions and the West that generated the grounds for the implementation of the resource-for-infrastructure swap formula.

Basically, there are different types and models of resource for infrastructure arrangements between China and Africa today. Numerous names have been coined to describe these resource-for-infrastructure agreements. Names like "Angola model transactions", "Resources for Infrastructure" "deals" or "swaps" or "barter agreement" and the recent "China-Africa Swap". The resource-for-infrastructure swap formula deals were first used extensively in the African context by the Angolan government. During the 1980s and 1990s, while Angola was at war, multiple large Western banks such as Standard Chartered, BNP Paribas, and Commerzbank extended profitable loans – backed by oil – to President Dos Santos government. In 2004, China Exim-bank extended its resource-for-infrastructure loans to the Angolan government, a practice that has since grown and evolved substantially to other parts of Africa.<sup>3</sup> In addition to Angola, Sudan and Nigeria were the first nations to receive China's resource-for-infrastructure loans; surprisingly, they were oil-rich nations. As of 2018, China has loaned some US\$60 billion dollars to Angola since the two nations established diplomatic

relations in 1983<sup>4</sup>; much of this is serviced with oil. China has also pursued similar financing schemes with Ethiopia, Eritrea, and Tanzania for sugar cane, gold, and iron ore. Additionally, as per China's 'going global' mandate, the Chinese Exim Bank-financed infrastructure contracts have offered a successful market entry strategy for larger state-owned Chinese firms with little previous experience in the African market. This segment set out to examine these Resource for Infrastructure in its various forms, in line with the objective one, of the study.

### ***The 'Angola model'***

The Sino-African co-operation formula differs significantly from Western patterns, as it is openly and strictly a business relationship: the trading of infrastructure for resources. What China lacks in terms of technology and capacity building, it makes up for in its willingness to provide these package deals to Africa. This funding arrangement, now referred to as the 'Angola model', is not, however, unique to China, as other Western countries and institutions have adopted similar lending practices in the past decade, using Angola's large oil resources to overcome its lack of creditworthiness in the international financial market. Not surprisingly, Exim Bank's largest credit lines for infrastructure development secured by resources supply were recently granted in South-West Africa: \$4.5 billion to Angola in 2004 in exchange for oil supplies, \$3 billion to Gabon in 2006 in exchange for manganese exploration rights, and \$9 billion to the DRC in 2007/08 in exchange for cobalt mining development. Many other such deals were signed all over Africa. The process includes the signature of an intergovernmental framework agreement establishing the purpose, amount, maturity and interest rate of the loan, followed by a loan agreement (concessional most of the times, with interest subsidised by the Chinese government) between Exim Bank and the borrower. Interest varies from 1.25% to 3% and the grace period from five to eight years, with repayment over 10–20 years. The capital is disbursed in successive tranches, released against project completion and directly paid to Chinese companies in China through Exim

Bank. The lion's share (60–80%) of projects are farmed out to Chinese enterprises selected in China by Exim Bank and the Ministry of Commerce (MOFCOM) and sanctioned by the beneficiary government. It is an aid package notable for its convenience in comparison with traditional donor practices: easier and faster in delivery, with no conditionalities attached, plus the money is only 'virtual' in the target country, which spares it from getting diverted to the personal accounts of the African political elite.

The result is that this sort of financial arrangement, packaging infrastructure development with resources, has become common practice for China on the continent, used as a guarantee in countries that have a bad credit record, but abundant resources. Underpinning this comprehensive package (the 'Angola model') is a Chinese approach to risk management in Africa: the use of familiar Chinese firms and labour to fulfil the terms of Chinese-financed infrastructure packages minimises exposure to risk and negative factors in the African environment that put off other investors, such as local corruption and labour costs.

Nonetheless, this approach also raises challenges for China. Mitigating 'risk' through this approach emphasises elite ties and in so doing effectively entangles Chinese interests with those of the regimes in power. This has the danger of drawing China into local politics and undermining its non-interference approach. To sustain its interests in the continent, China will, sooner or later, have to face Africa's social environment, beginning perhaps with the negative consequences that Chinese migration may hold.

### ***Swap Formula***

Swap formula refers to those in which loans for infrastructure development are repaid with natural resources. On one hand, swap formula deals have been criticized for not providing a fair deal for the host nation, but on the other hand, it is recognized that they enable the financing and development of infrastructure that the host nations critically need. This research discusses the Chinese government use of swap formula in Africa as exemplifying

the principle of mutual gain. The swap formula idea came into play largely as a partnership instrument developed from the framework of Sino-Japanese trade relations in the 1970s, its competitive advantages and Africa's receptiveness to this type of formula. This analysis centers on whether the swap formula is really awakening African economies dynamic or rather promoting China's economic growth at the expense of African nations. Arguably, there are divergent views from "Sino-pessimists" and "Sino-optimists" on how the China swap formula is awakening African economies. Even though, there are some positive impacts, there are several challenges, and for that reason, the swap formula impact is not certain. As such, attaining the long-term developmental impact lies not only on China alone, but on the African side as well.

#### ***The China-Africa Swap: a New Financing Model***

The China-Africa Swap formula was introduced as a new financing model to permit African nations to leverage their resource wealth as collateral to access credit at a manageable interest rate as well as a viable reimbursement option. The new formula frees both China and African nations from higher transaction costs of having to do conversions into dollars. The formula demonstrates a vast shift away from mega loans and towards a direct swap formula. The formula offers a solution to vital resources and a workaround to finger-pointing of China's debt trap issues connecting to the BRI. As for African nations, the formula offers a solution for a loan-free means and an avenue to transform the continent's natural resources advantage into development advantage. The urgency to find a new financing mechanism intensified when the Western media, scholars and statesmen, started calling China names. The U.S. government, then led by President Barack Obama, accused the Chinese of engaging in a form of "predatory lending"<sup>5</sup> in Africa.

At first, former Secretary of State Hillary Clinton's warnings were largely dismissed by Beijing officials as just another manifestation of "China-bashing." But the U.S. has been so

effective at labeling the Chinese as “predatory lenders” that it’s now taken as a given by a large number of reporters, scholars and analysts and also evolved into a popular, enduring meme on social media. The U.S. efforts to brand the Chinese financing model as a “debt trap” ‘has been extraordinarily effective and one that Beijing has, so far, been unable to shake-off. The U.S. charge never relented, even after Obama left office and a new American administration took over. Although President Donald Trump seems to personally admire his Chinese counterpart, Xi Jinping, his administration firmly regards the Chinese government as a strategic rival and fully embraced the “debt trap” messaging — not just in Africa but around the world. Donald Trump Vice, Mike Pence accused China of uses so-called “debt diplomacy” to expand its influence.

“Today, that country is offering hundreds of billions of dollars in infrastructure loans to governments from Asia to Africa to Europe to even Latin America. Yet the terms of those loans are opaque at best, and the benefits flow overwhelmingly to Beijing”<sup>7</sup>. Not only that, the conventional RFI like Angola Model and its other variants has hit the rock due to some problems like oil price glut and unstable conversion rates. This made stakeholders on both sides of these deals to become increasingly nervous about the viability of “Angola Model” and other kinds of barter arrangement. Many projects were being built that didn’t always make a lot of sense. The Chinese also, were no longer as dependent on African resources as their Belt and Road Initiative took shape and across Africa. The long-term financial implications of the conventional RFI arrangement became unclear. In its place, Chinese think tanks and policymakers came up with a new financing model that would address the problems that bedeviled the RFI mechanism.

Although there’s been no official pronouncement by the Chinese government on any change in their approach to resource and infrastructure financing in Africa, some scholars have started to call the new method as “The China-Africa Swap.” Ehizuelen Michael, Executive

Director of the Center for Nigerian Studies at the Institute of African Studies at Zhejiang Normal University explained, “the new Swap formula marks a radical departure from the RFI model by incorporating more private investors and spreading the risk so both the Chinese creditor and African borrower both effectively have a financial stake in the deal. It involves a package in which a government grants a resource development production license to a private investor,” said Ehizuelen. “And the government receives funding for infrastructure connected to the resources,” he added.<sup>8</sup>

Johnston Lauren’s paper published in Asia & the Pacific Policy Society shed more light on the new formula where she emphasizes that the Sino-Africa swap formula pact is a step away from the “Angola Model”. She affirms that the swap formula provides loans in advance for African nation’s development projects at a completely fixed price for the settled supply of resources<sup>9</sup>. Basically, the swap formula is something of a fixed interest rate pact- the risk being on whether the agreed price of the resources soars or decline against that benchmark. Based on her narrative, the formula removes this uncertainty for African borrowing nations and provide a shift around the loan and price volatility risks in the process. It can be said that the formula is a type of novel fixed interest rate development loan – the kind where payment is in the form of a fixed price commodity. With that said, the swap formula acts as an effective agency of restraint on the part of the African government and mitigate the threat of corruption. Based on this, the formula permits African governments to invest in public works nowadays, paying for them with future exports.

Among others, this new financing model will help to mitigate some problems. For instance, in spite of being extensively acknowledged as a connectivity and infrastructure development scheme for seven years’ now, the Belt and Road Initiative (BRI) has come in for finger-pointing by some, with a few even calling the initiative a “debt trap” that could lead to debt distress for some African borrower nations. As such, in order to solve this problem, the swap

formula was introduced to permit African leaders to leverage their resource wealth as collateral to access credit at a manageable interest rate as well as a viable reimbursement option. The formula frees both China and African nations from higher transaction costs of having to do conversions into dollars.

On top of that, it helps to lessen the lender's risk in African nations without good credit rating as well as recognizes the context of recipient nations and prioritize reimbursement rather than generating external debt distress. The formula demonstrates a vast shift away from mega loans and towards a direct swap formula. As for Beijing, the formula offers a solution to vital resources and a workaround to finger-pointing of China's debt trap issues connecting to the BRI. As for African nations, the formula offers a solution for a loan-free means and an avenue to transform the continent's natural resources advantage into development advantage. In this way, the continent would not be looked into dependence on the production of raw material alone.

### ***Belt and Road Initiative (BRI)/One Belt One Road Initiative (OBOR)***

The Belt and Road Initiative (BRI) is part of the Chinese new diplomacy which explicitly involves global inclusiveness and assuages the process of international trade. It is the creative thinking of president Xi Jinping which was made known in 2013 in Kazakhstan. The One belt one road initiative is the only one of its kind in terms of world history that truly integrates the world. Many equated the Belt and road initiative project with the American Marshal plan offered to Europe after the Second World War. The distinction between the two is that, the Marshal plan was meant to rebuild Europe due to the devastation of the war. The belt and road initiative however, contrasts the marshal plan as it involves various continents such as Asia, Europe, Africa, the Middle East, Latin America and other regions of interest. As a fact, the coverage of BRI is global, unlike the Marshall plan that was Euro-centered. The belt and road initiative is not an aid, but a cooperative instrument that promotes investment around the

corridors. In the origin of the concept, which was adopted from the ancient "Silk Road," but now modified. The "Belt" refers to the overland routes for road and rail transportation, called "the *Silk Road Economic Belt*"; whereas "road" refers to the sea routes, or the 21st Century Maritime Silk Road<sup>10</sup>. It is set to open up regions and roads for infrastructural development; investment opportunities; economic cooperation and empowering weaker nations to have infrastructure and market their economic products to the world along the corridors. The major mantra of the OBOR is connectivity of people, markets and governments through the rising economic networking of the project. When people get connected by infrastructure, the pathways for humanity to thrive become imminent. There is this popular belief in China that if you want to be rich, build the roads. This is the rationale behind the belt and road initiative which will fight poverty among global population, enrich nations, and integrate humanity for shared future. The project is said to reach its maximum target and completion in the year 2045, exactly when china is to celebrate its 100th anniversary. The Belt and Road Initiative objectives to be achieved by the People's Republic of China, as outlined by He Wenping and China power Team are as follows:

1. Expansion of China's export markets,
2. The promotion of the Renminbi (RMB) as an international currency,
3. Reduction of trade frictions like tariffs and transport costs.
4. Developing and connecting hard infrastructure with neighboring countries will help reduce transport times and costs.
5. Establishing soft infrastructure with partner countries will allow for a broader range of goods to be traded with fewer regulatory hurdles.
6. Raising capital for these infrastructure projects by issuing bonds in RMB will encourage its use in international financial centers.

7. Boost growth in its lower-income western provinces by building overland economic connectivity with Central Asia.
8. Diversification of china's investment pattern.
9. Upgrade Chinese companies from local to international ones.
10. Sharing china's development results with other countries.
11. Help to promote connectivity/trade of Asian, European and African countries and push for world economic recovery
12. Free trade vs. protectionism; inclusive globalization vs Deglobalization<sup>11</sup>

#### **4.1.2 Background to Nigeria/China Relations**

Basically, no nation of the world operates in isolation or is self-sustaining. Thus, once a colony has been granted full status of statehood by the colonial or imperial authorities, it has automatically acquired full legal capacity to administer itself and conduct its relations with other states in the international system.<sup>12</sup>

At independence on October 1st, 1960, Nigeria attained a status of sovereign nation and acquired the legal right to conduct her external relations with the rest of the world. Regrettably, from independence, governance in Nigeria had witnessed among others, a mix of coup d'etat, leading to military rule, civil war, assassinations, massacres, and election crises. It a fact that since independence, governance in Nigeria has oscillated between civilian rule and the military. Following just over five years of civilian rule, from October 1960 to January 1966, the military ruled until October 1975, and continued till 1979. A further brief spell of civilian rule punctuated governance for a further four years (1979 to 1983) when the military again resumed governance, until May 29, 1999. During the period of military rule, the country had assumed a near-pariah status among democratic countries.<sup>13</sup>

Since the founding of People's Republic of China in 1949, China has made tremendous efforts to explore a development road designed for her own needs and suitable to her own national conditions, which were finally summed up by Deng Xiaoping, the architect of the opening-up in 1978. The past four decades have been a critical period for Chinese people to seek harmonious scientific and sustainable development at national and international level to strengthen cooperation and embrace globalization with the world. China has only recently started to play an important role in Nigeria. During the first eleven years of its independence, Nigeria and China had no diplomatic relations. The Nigerian government's view of China grew especially sour after Mao officially supported the secessionist state of Biafra by supplying the Biafran administration with weapons. Throughout the 1970s and 1980s, China was not a trading partner of Nigeria, as its international trade was conducted primarily with the West (European and North American countries) <sup>14</sup>

In its quest to be part of globalization, China and Nigeria established diplomatic relations on February 10th, 1971. That same year, Nigeria and other developing countries from Asia, Africa and Latin America helped, despite American opposition, to tip the scales in favour of Beijing's 21-year campaign to win world recognition as the one true government of China.<sup>15</sup> On 25th November 1971, the People's Republic of China officially replaced the Republic of China (ROC/Taiwan) in the United Nations and the UN Security Council. In the 30 years that followed, diplomatic relations between the demographic giants of Asia and Africa produced little of economic consequence. While China was transforming into an economic power, for Nigeria, the 1980s and 1990s were marked by a series of military coups. But the internal crises faced by both countries reduced the pace of economic integration. In Nigeria, the trade policy since 1960 witnessed extreme swings from high protectionism from the West in the first few

decades after independence and also placed high restrictions on the importation of capital goods that could have enhanced local industries like machineries to boost agricultural production and other sectors of the economy.<sup>16</sup>

The relations between Nigeria and China grows closer as a result of international isolation and condemnation of Nigeria's military regimes, 1970-1998. While on the other hand, the Chinese open door policy embarked by the communist party in 1978 led by Deng Xiaoping which gives equal commercial and industrial rights to all the nationals also precipitated the economic relations between the two countries. These cooperative relations which seem to be enjoying a rapid progress are based on the principles of equality, respect and mutual benefit, with the friendship and exchanges of visits between the two countries consolidated with the time. Under the framework of the Forum on China-Africa Cooperation, known as FOCAC, established in 2000, more importantly, with the follow-up actions of the distinction Beijing summit of the FOCAC in 2006, the bilateral relations between China and Nigeria got further boost and enjoyed rapid development<sup>17</sup>.

Furthermore, China and Nigeria have some unifying characters in common. First of them all, is their natural advantage in population with China's population estimated at 1.34 billion (highest in the world) and China holds as the second largest economy in the world after United States of America. While on the other hand, Nigeria is the largest market in Africa. It has an estimated population of over 210 million people (2021) and the largest in Africa<sup>18</sup>. The recent boost in Nigeria-China economic relations is as a result of a number of factors. Among the most important factors is the recent phenomenon of increased income for both China (More sustained) and Nigeria. Also, there are economic complementarities between the two countries. A dimension of this is the market opportunities which drive the relationship.

Thus, while Nigerians (Consumers) are looking for cheap products from China, Chinese growing manufacturing firms are seeking market opportunities for their intermediate and final manufactured products from Nigeria. Also, the input sourcing and export promotion drive of the two nations is another dimension of the economic complementarities. As the growing Chinese firms are seeking raw materials (oil and other minerals, agricultural products, etc. for inputs and generation of energy), Nigerian exporters are seeking market opportunities for their primary products. China's ability to provide the financial and technical assistance (at concessionary interest rate or /and with aid) to Nigeria which is in need of such is another critical factor. The repeated political visits by Nigerian government and the reciprocal visits by the Chinese Government which led to the signing of bilateral Trade Treaties and Memorandum of Understandings between the two nations have also strengthened the relationship. It should be noted, however, that Late General Sanni Abacha, who was in power from 1993 to 1998 initiated contact with the Chinese government early in his rule. It was not until the return of democratic rule in Nigeria that economic relations began to develop in earnest. Olusegun Obasanjo's election in 1999 coincided with the start of a new Chinese orientation toward Nigeria and Africa in general in the year 2000<sup>19</sup>.

#### **4.1.3 Nigeria/China Bilateral Relations; Resource (Oil) for Infrastructure**

Nigeria returns to democracy in 1999 and Olusegun Obasanjo, elsewhere military head of government, was elected president. He served for two terms tenure of eight years, 1999 to 2007. The key element of Obasanjo's policy towards China may best be summarized as oil for infrastructure. Simply put, Obasanjo required that Chinese and other Asian preferred bidders for oil blocs include in their bids a commitment to provide Nigeria with major infrastructural projects<sup>20</sup>. This appeared to be motivated by the growing frustration and disillusionment of the Nigerian government with the seemingly paltry result of over forty years of post-independence cooperation with the West, together with its irritation

with the cumbersome conditionalities of Western aid, and partly because Obasanjo was personally so impressed with the infrastructure he saw on visits to China.

Another aspect of the policy was to try to improve the quality of Chinese manufactured goods entering the Nigerian market which was widely held within the country to be inferior. The issue came up time and time again during bilateral meetings between the two governments. Obasanjo's approach to China, branded "oil-for-infrastructure," consisted of awarding oil contracts on favourable terms in exchange for China's commitment to deliver key infrastructure improvement projects. In the words of Gregory Mthembu- Salter, of the South African Institute of International Affairs, Obasanjo's decision reflected Nigeria's dire need for improved infrastructure and a growing frustration with the conditionalities associated with Western aid<sup>21</sup>. Also, as stated earlier Obasanjo was impressed by the infrastructure he saw during his visits to China as Nigeria president.

Yar'Adua was elected president in 2007 on the platform of Peoples Democratic Party (PDP), the same party of his predecessor, Olusegun Obasanjo. President Yar Dua's administration however, reviewed all the oil for infrastructure' agreements signed between the Nigerian government and Asian oil companies. Yar'dua administration suspended or cancelled most of the contracts and agreements entered into between Obasanjo led administration and China. In the view of one well-placed, very senior source in the Nigerian civil service who has witnessed the process at close hand, it has almost been as if it was the opposition, rather than the ruling party, that won the 2007 election<sup>22</sup>.

The source claims that, it seems President Yar'Adua wanted most of the oil for infrastructure deals restructured to take account of the changed political realities. For

while Obasanjo is a Yoruba from Nigeria's Christian south, Yar'Adua is a Fulani Hausa and a Muslim from the North, and Yar'Adua's northern supporters, it seems will not let Obasanjo's deals proceed unless they are included in them. President Umaru Yar'Adua complaint on Nigeria/China oil for infrastructure deals was about lack of transparency. Because of this, little progress was achieved during Yar'Adua tenure of three years, 2007 to 2010.<sup>23</sup>

After Yar'Adua's death in May 2010, Vice President Goodluck Jonathan assumed the presidency and the relationship between Nigeria and China began to rebound. At the end of 2010 China declared its new plan for a strategic partnership with Nigeria, featuring political equality, mutual trust, economic win-win co-operation and cultural exchange. The key objectives of the new plan, among others were to: Enhance political mutual trust to promote strategic cooperation Expand cooperation in areas including agriculture, oil, electricity, infrastructure construction, telecommunications and satellite;

Expand cultural exchanges and cooperation in combating various diseases including malaria and bird flu; Strengthen cooperation in international affairs to promote world peace, enhance coordination and human rights, anti-terrorism and peacekeeping efforts and promote South-South and South-North dialogues.

It can be said that Nigeria/China bilateral relations receive a new life after the death of Yar'Adua. Even the hope of the Chinese was somehow revived. For instance, as early as when Goodluck Jonathan stood for election in April 2011, the Lagos newspaper The Punch reported that 119 tons of electoral materials, including ballot papers, were made in China. The Chinese President sent special envoy and Minister of Railways Sheng Guangzu to attend Jonathan's inauguration in May, during which they reaffirmed the friendship between the two countries and vowed to increase the involvement of Chinese enterprises in railway and

other infrastructural improvements as well as in Nigeria's overall economic development.<sup>24</sup>

During President Goodluck Jonathan Chinese companies were awarded contracts in the Nigerian economy. In the words of Goodluck Jonathan Vice, Namadi Sambo, "The government invested over ten billion dollars on the generation, transmission and distribution in the power sector. And over two billion dollars invested in the rejuvenation of the rail system in Nigeria"<sup>25</sup>(Thisday, Aug. 27, 2010). The construction of Papalanto power gas turbine plant in Ogun State was also awarded to a Chinese consortium SEPCO while the rejuvenation of the rail system was awarded to the China Civil Engineering Construction Company (CCECC)<sup>26</sup>

The APC led administration, under Muhammadu Buhari as president since 2015 also encourage an improved Sino-Nigeria relations. Announcing the increase in Sino-Nigeria trade relations, the Consul-General of the People's Republic of China in Lagos, Mr. Chao Xiaoliang, announced that; the bilateral trade between the two countries in 2017 reached 13.78 billion dollars<sup>27</sup>. The year 2017 also witnessed a fruitful year of Chinese and Nigerian friendship. The cooperation between the two countries flourished in the areas of politics, trade, infrastructure development, Information Technology (IT), agriculture and culture<sup>28</sup>. Throughout Buhari's first tenure, 2015 to 2019, Nigeria – China relations was strengthened as leadership of the two countries revisited the resource for infrastructure as it was with Olusegun Obasanjo led administration, 1999 -2007 and Goodluck Jonathan's administration, 2011 – 2015. In 2017, Chinese Foreign Minister, Mr. Wang Yi, visited Nigeria to discuss ways of strengthening both countries relations with President Muhammadu Buhari<sup>29</sup> (NAN; 2017). The consul-general retreated the need to consolidate on the gains of the existing cooperation between China and Nigeria. In 2017 alone, several number of projects such as the Mambilla Power Project, the Lekki Deep Seaport and the Lagos-Calabar coaster railway

were agreed upon between China and Nigeria. Mr Chao expressed optimism that there would be “greater opportunities” for both countries, especially for implementing China’s 19<sup>th</sup> National Congress of the Communist Party and the 40<sup>th</sup> anniversary of China’s reforms (1978-2018)<sup>30</sup>.

In all, Nigeria and China bilateral relations has oscillated between “general and specific”. General during the military era, and President Yar’dua administration, 2007 – 2010. Specific during the period of Obasanjo civilian administrations, 1999 – 2007, Goodluck Jonathan led administration, 2011 – 2015, and first term of Muhammadu Buhari civilian administration, 2015 – 2019. It was termed general as it covers all areas of trade, culture, military and politics before the returns of democracy in 1999, and during President Yar’Adua administration, 2007 -2010 who discontinue with most of Obasanjo’s “oil for infrastructure” agreements. It is tagged specific due to the focus of the Nigeria-China relations on resource for infrastructure agreements as noticed during the Obasanjo led administrations, Goodluck Jonathan’s and Muhammadu Buhari administrations respectively that extended the resource for infrastructure agreements between Nigeria and China.

#### **4.1.4 Background to Angola/China Relations**

Officially, diplomatic relations between the Angolan People’s Republic and Peoples Republic of China was established in 1983. However, China’s involvement in Angola dates back to the early years of the anticolonial struggle through its support for the three major liberation movements in the country: the Movimento Popular de Libertacao de Angola (MPLA), Uniao Nacional para a Independencia Total de Angola (UNITA), and the Frente Nacional para Libertacao de Angola (FNLA). At that time the Cultural Revolution was raging in China, and

relations were defined by Cold War politics. In the early 1960s, the MPLA counted on Chinese political and military assistance, but following the then–Organization of Africa Unity’s (now A.U.) recognition of FNLA and UNITA as legitimate liberation movements, that support ceased and China took a special interest in the two rival movements.<sup>30</sup>

In 1963, Holden Roberto of FNLA met with Foreign Minister Chen Yi in Nairobi, and China is reported to have agreed to provide most of their armaments. Likewise, in 1964, Jonas Savimbi of UNITA met with Chairman Mao Zedong and Premier Zhou En-lai in China, where he received military training and became a disciple of Maoism. With the end of the Cultural Revolution in the early 1970s, China provided military training to MPLA commanders and guerrillas. Internal splits within the MPLA but also China’s desire to balance the USSR’s strong support for the MPLA made this aid short lived. China’s support once again shifted to the two main rival liberation movements. Although UNITA received some sporadic aid, China’s attention was mainly targeted at the FNLA. In 1974, the FNLA received a 450-ton shipment of arms and benefited from the assistance of 112 Chinese instructors based in former Zaire.

China’s foreign policy of aid to the three rival groups turned out to be a major flop, when in November 1975 the Soviet-backed MPLA came to power and declared Angola independent. The Chinese initially refused to recognize Angola’s independence, and formal diplomatic relations between Beijing and Luanda were only established in 1983. The first trade agreement was signed in 1984, and a Joint Economic and Trade Commission was created in 1988, but its first meeting was held as late as December 1999, with a second meeting in May 2001.

Relations between Angola and China improved gradually in the 1990s, and Angola became China’s second-largest trading partner in Africa (after South Africa) by the end of the decade,

mostly because of defense cooperation. It should be recalled that civil war broke out in Angola immediately Portugal declared independence in November 1975<sup>31</sup>. The civil war was mostly a struggle for power between two former liberation movements, the People's Movement for the Liberation of Angola (MPLA) and the National Union for the Total Independence of Angola (UNITA). Although the civil war was from 1975 to 2002, it was however composed of three periods of heavy fights, 1975 to 1991, and 1992 to 1994 and from 1998 to 2002. In October 1997, Yang Wesheng, Chinese deputy minister of economy, trade, and cooperation, visited Angola and announced that trade relations between the two countries will experience significant increment in months to come. In October 1998, President Dos Santos also visited China, seeking to "expand bilateral ties" in meetings with Chinese premier Zhu Rongji and other officials. Following the end of the conflict in 2002, China's relationship with Angola shifted quickly from a defense and security basis to an economic one<sup>32</sup>.

Relations between China and Angola reached an even higher level on March 2, 2004, when the Export-Import Bank of China (Exim-Bank) pledged the first \$2-billion oil-backed loan to Angola to fund the reconstruction of shattered infrastructure throughout the country. Since then, cooperation between the two countries has been characterized by frequent bilateral visits of important state officials aimed at strengthening the partnership further. These visits have contributed to the normalization of bilateral relations and have resulted in the signing of various political, diplomatic, economic, cultural, and social agreements. China currently maintains an embassy in Luanda with 17 officials. Likewise, since 1993, Angola maintains an embassy in Beijing. In April 2007, increasing investments in Hong Kong led Angola to open a consulate there, and in November 2007, an Angolan consulate was also opened in the former Portuguese colony of Macau. A new consulate was also opened in Shanghai in 2008<sup>33</sup>.

#### **4.1.5 Angola/China Bilateral Relations; Resource for Infrastructure-“Angola Model”**

Increased political activity between Angola and China has enabled bilateral economic ties to progress quickly. The People's Republic of China has invested heavily in Angola since the end of the civil war in 2002. The bulk of Chinese financial assistance in Angola is reserved for key public investment projects in infrastructure, telecommunications, and agro-businesses under the Angolan government's National Reconstruction Program. The China Construction Bank (CCB) and China's EximBank provided the first funding for infrastructure development in 2002. The Angolan Ministry of Finance had little input in these arrangements since CCB and EximBank funding was provided directly to Chinese firms. In 2003, Financial relations between China and Angola grew larger, when a "framework agreement" for new economic and commercial cooperation was formally signed by the Angolan Ministry of Finance and the Chinese Ministry of Trade<sup>34</sup>.

On March 21, 2004, the first \$2-billion financing package for public investment projects was approved. The loan is payable over 12 years at a deeply concessional interest rate, plus a spread of 1.5 percent, with a grace period of up to three years. It is divided into two phases, with \$1 billion assigned to each. The first tranche of the loan was released in December 2004, and by the end of 2007 nearly \$837 million had been utilized. In March 2007, the second half of the loan was made available. In December 2007, \$237 million of the second phase was disbursed<sup>35</sup>. The first phase of this credit line involved 31 contracts on energy, water, health, education, communication, and public works. This corresponds to 50 projects across the whole country, valued at \$1.1 billion.

Seven Chinese firms were engaged at the initial phase, and the largest project was the rehabilitation of 371 kilometers of road between Luanda and Uige. Valued at \$211 million. The China Roads and Bridge Corporation was awarded the contract, and to be completed by June 2008. In the health sector, the priority has been the rehabilitation and enlargement of the provincial and municipal hospitals and various district health centers. In the education sector,

the focus is rehabilitation of secondary schools and polytechnics. In agriculture, \$149 million permitted the acquisition of new agricultural machinery as well as the rehabilitation of irrigation systems in the localities of Luena, Caxito, Gandjelas, and Waco-Kungo. The second phase of the loan was to fund implementation of 17 contracts, involving over 52 projects, some of which are unfinished projects of the first phase.

Although education remains a priority, the second phase also supports fisheries and telecommunications projects. By the end of 2008, the majority of these projects were already underway. In fisheries, the contract signed with China National Machinery Equipment Import Export Corporation was to finance the acquisition of 36 large fishing trawlers and 3,000 boats for industrial and artisanal use, as well as 10 coast guard vessels. This investment of \$267 million envisages the creation of employment for 20,000 people directly and 100,000 indirectly<sup>36</sup>. In telecommunications, approximately \$276 million was to be used for the construction of next generation networks, including optical transmission networks, Internet protocol, very small aperture terminals, and intelligent networks across 13 provinces<sup>37</sup>. In May 2007, an extension of \$500 million was negotiated with Exim Bank to finance “complementary actions” to first phase projects that had not been budgeted for. Under this new financial facility some priority projects include water and energy networks for newly built institutes and schools, the construction of new telecommunication lines, and water treatment plants<sup>38</sup>.

In September 2007, a further oil-backed loan of \$2 billion was signed in Luanda by Angolan finance minister Jose Pedro de Morais and Chinese Exim Bank president Li Ruogu. This new credit line will finance an additional 100 projects approved by the Council of Ministers in November 2007<sup>37</sup>. According to Minister de Morais, the government will continue to prioritize health and education by carrying on the construction of schools and hospitals throughout the country as well as investing in the energy and water sectors<sup>39</sup>. In this new

financial agreement, the repayment terms were increased to 15 years with a revised interest rate of Libor plus 1.25 percent. Conditions attached to Chinese exports were relaxed, but the local-content rules for reconstruction were tightened to ensure greater local participation. Project proposals identified as priorities by the respective Angolan ministries are put forward to the *Grupo de Trabalho Conjunto*, a joint committee of the Ministry of Finance and the Chinese Ministry for Foreign and Commercial Affairs (MOFCOM). Having recently emerged from war, the Angolan government considers every project a priority, and therefore there are rarely any disagreements between the two parties regarding the projects being put forward.

MOFCOM has in the past suggested further areas of development where it feels China can provide important knowhow, such as in telecommunications and fisheries, which were not included in the first phase. For each project put to tender, the Chinese government proposes three to four Chinese companies. All projects are inspected by third parties not funded by the credit line. A multisectoral technical group, GAT (*Gabinete de apoio tecnico de gestão da linha de crédito da China*) oversees the implementation of projects financed by the EximBank credit line, ensuring fast and efficient completion of the projects. Sectoral ministries are in charge of managing these public works and making certain that sufficient staff (nurses, teachers, etc.) are trained. The loan operates like a current account. When ordered by the Ministry of Finance, disbursements are made by EximBank directly into the accounts of the contractors. Repayment starts as soon as a project is completed. If a project is not undertaken, no repayment is made. Revenue from oil sold under this arrangement is deposited into an escrow account from which the exact amount toward servicing the debt is then deducted. The government of Angola is free to use the difference at its own discretion<sup>40</sup>.

**Objective Two;** Identifying the strengths and weaknesses of resource for infrastructure (RFI) deals in meeting the needs of both the donor (China) nation and the recipients (Africa)

nations.

**Research Question Two;** Examine the strengths and weaknesses of resource for infrastructure (RFI) deals in meeting the needs of China (donor) and sub-Saharan Africa countries (recipient)?

#### **4.2 The Strengths and Weaknesses of Resource for Infrastructure**

One of sub-Saharan Africa's top developmental challenges continues to be the shortage of physical infrastructure. Greater economic activity, enhanced efficiency and increased competitiveness are hampered by inadequate transport, communication, water and power infrastructure. This problem makes it difficult for other part of the world to access African markets, especially in the interior, due to poor infrastructure. Physical infrastructure covering transportation, power and communication through its backward and forward linkages facilitates growth, while social infrastructure including water supply, sanitation, sewage disposal, education and health, which are in the nature of primary services, and has a direct impact on the quality of life. Without this infrastructure, Africa will not achieve the growth levels expected or required.

The lack of infrastructure is a serious obstacle to growth and development, and results in a low level of intra-African trade and trade with other regions of the world. The continent accounts 12% of the world population but generates a mere 1% of global GDP and only 2% of world trade<sup>41</sup>. Despite this, six of the world's ten most rapidly expanding economies are now located in sub-Saharan Africa. This gives even more reason for speedy infrastructure transformation. Infrastructure planning and investment are therefore critical if Africa's huge economic and developmental potential are to be realized. Key in helping the continent realize its economic potential, is the careful construction of a sustainable infrastructure, which China's resource for infrastructure (RFI) programs with Africa hope to fulfill, and turn

situation around.

#### **4.2.2 The Strengths and Weaknesses of RFI for African (Recipient) Nations**

As an alternative source of investment, China uses RFI deals to reach agreements with African nations that are dependent on commodities and eager to secure low-interest loans for infrastructure development. The main benefit of this model is that a government can acquire infrastructure earlier than it would have been able to if it were to wait for conventional revenue streams in form of taxation. In other words, because the debt contracted from RFI agreements is not limited by standardized lending practices, African countries are able to undertake infrastructure projects that may not otherwise have been possible. Given the limitations of traditional Western sources of lending, Chinese RFI loans present an attractive source of development for African economies that have limited alternative financial options to improve their considerable infrastructure deficit.

Another strength of RFI deals, from African perspective is that it provide necessary financial support to develop critical industrial, energy, communications, and transport infrastructure needed to accelerate economic development on the continent. In contrast to other developing regions of the world, Africa faces severe infrastructure deficit that continues to undermine growth and development. In terms of infrastructure development, Chinese RFI agreements has led to a remarkable improvement in this (infrastructure) sector. The development of a given country must also go through the development of basic infrastructure like hospitals, hydroelectric, dams, roads, bridge, etc, unfortunately, for several years this was what African countries lacked. But in recent years, China engagement with Africa through the RFI

programs, much progress has been made in this direction, and African continent is been equipped with basic infrastructure.

For instance, the construction of the national road connecting the two main cities of the Republic of Congo Brazzaville and Pointe Noire which the inauguration took place at the beginning of the year 2016<sup>42</sup>. In Nigeria, the railway system has been rejuvenated. Also the construction of a major hospital in Luanda, the Angola capital city, and stadium built in Sierra Leone, airports and many other administration buildings in most countries that are recipient of Chinese investments. All these achievement gave to African countries a new status of modernity and improvement of basic infrastructure that they lacked in the past. It should also be noted that in December 2011, China made a donation to Africa by building the new headquarters of the African Union (AU), located at Addis Ababa in Ethiopia, which cost over 200 million US dollars<sup>43</sup>.

In the areas of social development, it can be said that RFI programs have brought about positive results. The increase of Chinese investments in Africa has resulted in competition between Chinese investors and traditional investors (i.e. Europe and America), and the local population benefitted from it. In other words, this competition drove traditional investors to increase the salaries of some employees, and signed employment contracts since some employees were hired without an employment contract, for fear of losing their employees who may be tempted by the massive coming of Chinese investments.

Also, Chinese FDI helped Chinese products to take an important place on the continent, and this has led to an improvement of the living conditions of African population. Indeed, Chinese product, i.e “made in China” are increasingly in all stores in Africa, and thanks to these products Africans have had easy access to products that were considered some time ago as luxury products, such as: mobile phones, computers, air conditioners, etc., their low prices

have therefore improved the purchasing power of consumers. Chinese investments enabled African population to have easy access to the products of malaria (regarded as a scourge on the African continent), thereby reducing the mortality rate caused by the latter.

Chinese investments through RFI programs also impacted the agricultural sector, which allowed some African countries to reduce prices of food, contributing to the improvement of the shopping basket of consumers and the reduction of famine. Finally, Chinese leaders as well as African ones seem completely convinced of the mutual profits their countries pull of this cooperation. Whereas Africa benefits from the development of long-term infrastructures, China enjoys an access to the numerous natural resources of the continent, which allows her to feed its rapidly expanding industry.

It is important however, to underline that beyond all these positive effects of Chinese engagement with Africa through the RFI deals, there are also negative effects of Chinese investment in Africa that are harmful to the continent. Chinese investment in Africa, were not only beneficial as it seems to be suggested by the Chinese and African Governments, on the contrary these investments have been accompanied by several negative effects or weaknesses on the African continent that we present as follows:

In as much as the RFI agreements offer valuable opportunities, there are often also weaknesses involved. Apart from issues over good governance and transparency, there are concerns about the structural effect of RFI through Chinese investment on African economies. This includes the overall structure of trade with China, which reinforces Africa's position on the periphery of the international economy and echoes its traditional trade relations with the West that African countries export primary resources and import manufactured goods. In the economic sector, we can say that, to certain extent, the increase of Chinese investments in Africa has negatively affected local companies. Many Africans have denounced the poor

quality of Chinese products and estimated that their low price is the cause of the collapse of local industries.

A scholar quote several examples of country where companies are threatened by the Chinese imports, what leads to numerous closures. In the textile industry, South Africa apparently lost between 23 000 and 85 000 jobs. In Ghana also, companies have to close. Furthermore, the competition in this sector caused the slowing down of the inter-African trade, because countries such as South Africa, Cameroon, Kenya and Madagascar lose market shares in nearby countries due to the massive penetration of Chinese clothing on the continent<sup>44</sup>. A study dedicated to the effect of eviction produced by the Chinese exports highlights the link between the progress of the Chinese textiles exports (textile industries) and the backward movement of the African exports.<sup>45</sup>

Generally speaking, in the sectors where China and Africa are in competition, the increase of the Chinese leads to a reduction in African production. The increase of Sino-African trade often comes along with trade imbalance to the advantage of China. It is particularly the case for South Africa and Nigeria which present respectively a trade deficit towards China of 4 billion and 1.7 billion U.S dollars<sup>46</sup>. Indeed, Sino-African economic relations are represented in the form of North-South trade (as the North, China seeks to secure its access to raw materials) and therefore constitutes a serious handicap for African continent, which continues to play the role of provider of raw materials (oil, wood, cantons, etc.), weakening thereby its position in the international division of labour<sup>47</sup>.

On labour perse, Chinese investors prefer to hire essentially Chinese workers who represented a total of 70% against a total of 30% of local workers. This is a real concern for Africans, because for the most part of them the only interest of these foreign investments is that they generate some employment<sup>48</sup>. Thus, the massive hiring of Chinese workers is not

favourably appreciated. Socially, Chinese FDI through RFI deals in Africa is constituting a social problem. As a matter of fact, the social rights of African workers hired by Chinese enterprises are constantly violated (underpaid, non-compliance with labour standards, non-recognition of trade unions, etc.). It is even said that Chinese companies do not take much social responsibility as their western counterpart do<sup>49</sup>.

Concerning the environment protection, environmental standards are not really respected by Chinese companies. It is highly believe that Chinese give more importance to the quest of raw materials and the implementation of infrastructure projects (roads, bridges, railways, dams, etc.) than to environment concerns. Most of international standards in the construction of bridges, dams are not fully respected for the sole purpose of making more profits. It should be noted that most of the time Chinese companies specializing in logging do not respect international standards in this sector of activity, leading therefore to the illegal sale of wood.<sup>50</sup>

Furthermore, there are concerns that the structure of Chinese RFI loans could increase the debt burden on African economies. Due to the volatility of commodity prices, many resources-rich African countries run the risk of becoming dependent on Chinese RFI deals for development financing. The recent volatility of commodity prices brought on by the coronavirus pandemic has emphasised the risks of depending solely on resources for revenue and the pressing need for African economies to diversify. Another weakness of RFI is that, if uncontrolled it can lead to the collapse of some local industries.<sup>51</sup>

It can be said that since the emergence of the Chinese economy since 2000, accompanied by a strong growth of Chinese FDI and cooperation through RFI in Africa, has produced both positive and negative effects on the continent. On the one hand, they have enabled African countries to improve the well-being of their populations, and to experience economic development and economic growth. On the other hand, these engagements have also some

obvious negative effects, such as the collapse of some local industries, the non-compliance with environmental standards by Chinese companies more focused on the raw materials and the construction of infrastructure, and the disregard of labour standards concerning local workers.<sup>52</sup>

Thus, it seems the weaknesses of RFI deals made many see Chinese operation in Africa as a form of neocolonialism. Chinese investments are seen by Westerners as being motivated by the quest of the raw materials of African countries, and not as a contribution for the development of the continent. Nevertheless, it can be acknowledged that the entry of financial and human flows from China generates mutual short-term advantages and can stress complementarities between China and Africa.<sup>53</sup>

#### **4.2.3 The Strengths and Weaknesses of RFI for People's Republic of China (Donor) Nation**

As established by the study, China is both a long-established diplomatic partner and a new investor in Africa. Chinese interests on the continent encompass not only natural resources but also issues of trade, security, diplomacy and soft power. China is a major aid donor, but the scope, scale, and mode of Chinese aid practices are poorly understood. Most analyses of Chinese engagement with African nations focus on what China gets out of these partnerships: primarily natural resources and export markets. Some studies have described the impacts, positive and negative, that China's aid and investment policies have had on African countries. However, few analyses have approached Sino-African relations as a vibrant, two-way dynamic in which both sides adjust to policy initiatives and popular perceptions emanating from the other.

It is a fact that China has four overarching interests in Africa, so also the people of Africa in return, for China to actualize her interest must meet some of their core national objectives.

In this vein, various forms of resource for infrastructure programs (RFI) entered into by the two parties are considered a veritable means of meeting their respective national objectives. First, China wants access to natural resources, particularly oil and gas. To guarantee continuous supply, China is heavily investing in the oil sectors in countries such as Sudan, Angola and Nigeria. Second, investments in Africa, a huge market for Chinese exported goods, might facilitate China's efforts to restructure its own economy away from labour-intensive industries, especially as labour costs in China increase. Third China wants political legitimacy. The Chinese government believes that strengthening Sino-African relations helps raise China's own international influence. Most African governments express support for Beijing's "One China" policy, a prerequisite for attracting Chinese aid and investment. Finally, China has sought a more constructive role as contributor to stability in the region, partly to mitigate security-related threats to china's economic interest.

African governments look to China to provide political recognition and legitimacy and to contribute to their economic development through aid, investment, infrastructure development and trade. To some degree, many African leaders hope that China will interact with them in ways that the United States and other Western governments do not – by engaging economically without condescendingly preaching about good governance, for example, or by investing in high-risk projects or in remote regions that are not appealing to Western governments or companies. Some Africans aspire to replicate China's rapid economic development and believe that their nations can benefit from China's recent experience lifting itself out of poverty.<sup>54</sup>

Despite of these laudable strengths in Sino-African cooperation through RFI programs, some in Africa, however, are critical of Chinese engagement. Labour unions, civil society groups, and other segments of African societies criticize Chinese enterprises for poor labour conditions, unsustainable environmental practices, and job displacement. Good governance

watchdogs warn that China negotiates unfair deals that take advantage of African governments' relative weaknesses and that foster corruption and wasteful decision-making<sup>55</sup>. In their view, China perpetuates a neo-colonial relationship in which Africa exports raw materials to China in exchange for manufactured goods. In some countries, resentment at Chinese business practices has led to popular protests and violence against Chinese businessmen and migrants.

However, if they want to gain all the profits of this cooperation (that is China's Foreign Direct Investment in Africa), African countries will have to strengthen their political institutions and better their public governance. The consolidation of the institutions and the good governance should produce a beneficial effect on the implementation of social measures and environmental protection, while encouraging the hiring of African local workers in biggest investment projects performed on the continent<sup>56</sup>.

Another weakness of RFI is that, if uncontrolled it can lead to the collapse of some local industries. The non-compliance with environmental standard by Chinese companies and the disregard of labour standard concerning their African employees. It should be stressed that RFI agreements do not necessarily worsen Africa's resource curse, nor are they a panacea for the development challenges on the continent. If RFI projects are well- chosen and implemented, they can bring about much desired change and produce significant returns for country's economy. It follows however that African government need to carry out the necessary due diligence in selecting projects, and make appropriate agreements, careful not to accrue too much debt. Otherwise the consequences of RFI could be very severe. To get the best out of the RFI agreements, African governments need to show responsive leadership and strategic thinking, drawing from best established practices through their own experiences with conventional finance partners, and incorporate these insights into how they approach RFI deals with China.

How impactful RFI agreements are depends on the ability and commitment of African governmental institutions and policy organisations to harness opportunities and minimize risks. Ultimately, the extent to which China's RFI model can help to develop rather than exploit the continent is more dependent on how African governments utilize RFI agreements than on the strategic interests of Chinese investments.

**Objective Three;** Articulating and analyzing governments' policies in the study areas in response to the overall development strategies to maximize the gains of resource for infrastructure deals (RFI) with China.

**Research Question Three:** Examine Nigeria and Angola government's policy responses to maximize gains of resource for infrastructure (RFI) deals with China?

#### **4.3 Africa's Governments' Policies towards China**

As established by the study, China is now a major global power and number one trading and investment partner of Africa. China's reputation on the continent was built on its very successful investment in the Tanzania-Zambia Railway project, the popular TanZam Railways built in the 1960s to the 70s<sup>52</sup>. The project remains an enduring legacy of China on Africa and its people. The Chinese have also constructed infrastructural facilities in Liberia, Ethiopia and many other African countries. They have further benefitted from the absence of political pressure or the burden of colonial legacy on its relationship with African states.

China has always been active in the South-South cooperation movement and has invested in efforts to forge strong linkages with other developing countries and considers itself the leader of the Third World. China has always considered itself a Third World and developing country, despite been a permanent member of the United Nations Security Council (UNSC). This label has created a basis for the relationship between her

and its African counterpart. This has been expressed in the principles that underpin China-Africa relations: sovereign equality, non-aggression, peaceful co-existence, mutual respect. So also is the clause of non-interference in political affairs of other states that has generated a lot of criticism mostly from pessimists of Sino-African relations.

On international diplomacy, Africa has always received the support of the Chinese in the pursuit of its interests on the international arena. In the years of national liberation struggle and during the war against apartheid in South Africa, the Chinese were solidly behind Africa. On its part Chinese requested for Africa's support for its struggle to become a member of the United Nations as the authentic voice of the Chinese people and not Taiwan. It also requested for support for its one China Policy and for the one nation two systems policy, and its claim of sovereignty over Taiwan. In all these, most African countries have been in support of China. All African countries accept that Taiwan, Hong Kong and Macau are part of China though they operate the capitalist system, while mainland China operates the socialist-market system as it is called. Only Eswatini (formally Swaziland) still accord Taiwan diplomatic recognition now<sup>53</sup>.

Language barrier should have been a major obstacle to the Afro-Chinese relationship. Again in this regard, the Chinese have made several strides. Apart from the fact that many Chinese officials speak English or French languages which are common on the continent, many have also learnt several African languages. Late Ambassador Olu Sanu explained, in a lecture at the NIIA in 2005 that while on a visit to China in the early 1980s he was introduced to some Chinese officials and students who could speak Yoruba language fluently<sup>54</sup>. This means that as long ago as the 1980s, the Chinese were already planning for a more intimate future engagement with African states. In all, Chinese are bringing new dynamism into Sino-African relations, as exemplified above, in the areas of trade, culture and more importantly on infrastructural development. The next segment

focuses on Nigeria and Angola government's policy response to maximize gains in their relationship with China.

#### **4.3.1 Nigeria's Government Policies on RFI deals with China**

As established by this work, China's resource for infrastructure deals is categorized as ODA (Official Development Aid), FDI (Foreign Direct Investment), and others. As such Nigeria governments over the years has initiated some policies to attract foreign participation in her economy. It is from this policy frameworks that various memorandum of understanding (MoU) signed between Nigeria and China operates. In some cases, existing policies were review to cope with reality on ground as regards economic development, while in some other cases new policy were formulated to accommodate new development in the area of foreign direct investment (FDI) or official development aid (ODA) between Nigeria and foreign partners.

Since the return to democracy in 1999, Nigeria has embarked upon an ambitious reform programme towards greater economic openness and liberalization. As a result, Nigeria has become a top recipient of foreign direct investment in Africa, with inflows which have surpassed those to South Africa since 2009<sup>55</sup>. Over the years, Nigeria has become an important source of oil and petroleum for China's rapidly growing economy and Nigeria is looking to China for help in achieving high economic growth; China has provided extensive economic, military and political support. To strengthen Nigeria – China bilateral relations, there were series of high level officers exchange visitations. For instance, in 2004 and 2006, Chinese President Hu Jintao made state visits to Nigeria and addressed a joint session of the National Assembly of Nigeria. So also both nations have signed memorandum of understanding (MOU) on establishing a strategic partnership in areas of infrastructure building, economic development, defence, agriculture, trade,

technology transfer, transportation, education, culture, etc. Nigeria governments also responded by institutionalized her bilateral relations with China, just as the latter did by establishing the FOCAC as an institutionalized mechanism of Afro –Chinese relations<sup>56</sup>.

The Federal Republic of Nigeria has long recognized the need for foreign governments and private capital which could be used to augment her own domestic resources in order to carry out effectively her development programs and raise the standard of living of her people. Consequently, the Government had, in the past, endeavoured to provide foreign investors with a healthy investment climate as well as generous tax incentives. In the case of Nigeria –China relations, steps were taken by Nigeria governments to maximize gains from her engagement with the People’s Republic of China. The Federal Republic of Nigeria offers very ample investment opportunities to the People’s Republic of China (PRC).

These opportunities include Nigeria’s vast potential market, immense natural resources, rapidly expanding economy, relative political stability and liberal foreign investment policies. With an estimated average population growth of 2.67% per annum, Nigeria has a fast growing population estimated to be over 200 million people<sup>57</sup>. This represent a sizeable market that attracted the attention of many foreign investors, including the Chinese.

Compared to other less developing countries (LDCs), Nigeria is well endowed with rich mineral and agricultural resources as well as a diversified economy. Her mineral resources include petroleum, coal, tin, columbite, natural gas, limestone, lignite, lead and zinc. Agricultural products include a wide variety of crops such as cocoa, groundnuts, palm produce, cotton, soya beans, benniseed, yams, maize, cassava, rice and various spices such as ginger and pepper; and forest products such as rubber and timber. While it

is true that these resources have only been partially exploited and realized, due to lack of infrastructure and technical know-how. Nigeria vast potential resources clearly offer attractive prospects to foreign investors, especially China which ironically is much in need of all these, due to her exponentially growing economy. In response to maximize her gains with China, Nigeria governments, including others formulated the following:

### ***The Bureau for Public Enterprises (BPE)***

The readiness of many African governments, and that of Nigeria in particular, to welcome foreign investment into their economies encouraged some policy initiatives. In Nigeria, the Bureau for Public Enterprises (BPE) was created to embark on the privatization of many state enterprises. China was one of the Asian countries that showed great interest in the government's privatization program in the early days of Obasanjo administration, 1999-2007.<sup>58</sup>

The Bureau of Public Enterprises (BPE) serves as the secretariat of the National Council on Privatisation (NCP) and is charged with the overall responsibility of implementing the council's policies on privatization and commercialization. Established under the provisions of the Public Enterprises (Privatization and Commercialisation) Act of 1999, through its secretariat, the Bureau was charged with driving the Federal Government's programme of privatizing public enterprises, carrying out sector reforms and liberalization of key economic sectors especially the infrastructure sector<sup>59</sup>.

### ***Nigerian Investment Promotion Commission (NIPC)***

Another policy for the improvement of the investment environment in Nigeria was the Nigerian Investment Promotion Commission (NIPC), a real facilitator of foreign investment in the country with powers to encourage, promote and coordinate all investments in the Nigerian economy.

The Nigerian Investment Promotion Commission (NIPC) was established by the United Nations Conference on Trade and Development (UNCTAD) through chapter N117 of the Nigerian Investment Promotion Act of 1995, and later became a specialized agency of the Federal Government of Nigeria chapter 117 of the Nigerian Investment Promotion Act of 2004 by the former President of Nigeria Olusegun Obasanjo in a bid to enhance Nigeria's investment climate, attract foreign investments and deviate from oil as the major mainstay of the Nigerian economy. The basic functions of the Commission include; be the agency of the Federal Government to coordinate and monitor all investment promotion activities. Initiate and support measures that enhance the investment climate in Nigeria for both Nigerian and non-Nigerian investors. The Federal Government of Nigeria, has tasked the investment promotion agency with attracting Foreign Direct Investment (FDI) over the years<sup>60</sup>.

#### ***Infrastructure Concession Regulatory Commission (ICRC)***

ICRC was established to superintend and regulate Public-Private Partnership (PPP) endeavours of the Federal Government of Nigeria aimed at addressing Nigeria's physical infrastructure deficit which hampers economic development. The strategic objective of the Infrastructure Concession Regulatory Commission is to accelerate investment in national infrastructure through private sector funding by enabling the Federal Government of Nigeria and its Ministries, Departments, and Agencies (MDAs) to establish and implement effective Public-Private Partnerships (PPPs)<sup>61</sup>.

#### ***National Economic Empowerment and Development Strategy (NEEDS)***

The Nigeria's government's drive for foreign investment took a dramatic turn following the adoption of the National Economic Empowerment and Development Strategy (NEEDS) in 2004<sup>62</sup>. The document provided for the economic reform agenda of the

government, providing the vision of the government and the many development challenges facing the country and the strategies for overcoming them. The Chinese have equally seized on the opportunities offered by NEEDS and have promised to invest up to 4 billion U.S. dollars in the down-stream petroleum sector of Nigeria for many years to come.

National Economic Empowerment and Development Strategy (NEEDS) is a holistic reform agenda designed to lay a solid foundation for sustainable wealth creation, poverty reduction, employment generation and valued re-orientation. NEEDS is home grown reform programme, put together through extensive consultation with major stakeholders in both public and private sectors of the economy<sup>63</sup>. NEEDS lay out a programme of fiscal reform, transparency, countering corruption, investment in badly needed infrastructures, revival of agriculture, investment in health and opening opportunities for the private sectors. Through these reform, the Nigerian government hopes that the international community will respond with significant reduction of Nigeria debt and increased foreign investment, especially in the nonoil sector.

### ***Special Economic Zones in Nigeria***

For infrastructure sustainability and general economic development, with China assistance some special economic zones were established in Nigeria in May 2006. These special economic zones are the Lekki free trade zone (FTZ) by the Lagos state government in partnership with a Chinese consortium, and the Ogun-Guandong FTZ in Igbesa, Ogun State by the Ogun State government. The aim of the Lekki FTZ, Ogun-Guandong FTZ is to transform Lagos and Ogun state into the manufacturing hub of West Africa and Sub-Saharan Africa. These economic zones in Nigeria encompass oil and gas, manufacturing, retail, real estate, and other ancillary companies<sup>64</sup>.

Given the role which SEZs played in China's industrialization, this was seen by the Chinese as a way of lending their industrial expertise to Nigeria. SEZs appeal to governments with limited resources, as it allows them to attract Foreign Direct Investments (FDI) by addressing infrastructure and investment climate issues within a delimited geographical area rather than attempting to do so across the entire country. Additionally, it is believed that providing fiscal incentives such as import, duty waivers, tax concessions and streamlining bureaucratic processes in these SEZs shall encourage the inflow of FDI which can be a source of knowledge spillovers, job creation and revenue generation<sup>65</sup>.

Therefore Nigeria policymakers hoped that among other things, these SEZs could support the resuscitation of Nigeria's comatose manufacturing sector. SEZs can support domestic manufacturing when firms within the zone develop backward linkages with domestic firms. These linkages include purchasing inputs from them or subcontracting activities to them. It is believed that repeated and constant interactions with these SEZs firms will expose domestic manufacturers to higher quality requirements thereby incentivising them to invest in more sophisticated technologies and management practices. It is worthy to note however, that Chinese firms make up at least 80% of the firms in both SEZs and they are predominantly involved in the assembly of already manufactured production parts from China.

### ***Nigeria Petroleum Act***

The Nigerian President Muhammadu Buhari signed the Petroleum Industry Act (PIA) 2021, bringing to a close a twenty years effort to reform Nigeria's oil and gas sector, with the aim of creating an environment more conducive for growth of the sector and addressing legitimate grievances of communities most impacted by extractive

industries<sup>66</sup>. Although the PIA could not be said to be Nigeria government deliberate policy toward China regarding the RFI but PIA will surely bring a lot of changes to the oil and gas sector domestically and globally. For instance, since the Act was signed the number of indigenous oil and gas firms has grown, so has the number of oil-producing countries in sub-Saharan Africa. While militancy activities in oil-rich communities in Nigeria has diminished. This is against the backdrop of the fact that the Nigerian economy has remained mono-cultured since the discovery of oil and the subsequent oil boom of the early 1970s.

Harnessing the potentials and opportunities presented to Nigeria through the resource accumulation from China-Nigeria economic relations should be the vision of the political leaders. Hence a seemingly viable option for Nigeria at least for the rest of the current decade, should be to remain and even be more pragmatic in its approach towards China. Along this line, choices must be made as regard which aspect of the Nigerian economy should be given proper attention and which of the China-connection to emphasize or disengage from. Nigeria-China relations should continue to grow mutually in the coming years, benefiting the two partners without either taking undue advantage of the other.

On this part, Nigeria, under the patriotic and nationalistic leadership should take pragmatic steps by using the country's potentials and economic resources accruing from its bilateral economic relations with China to kick-start focused development programmes. Diversification of the Nigerian economy is one important area where the dividends of petroleum resources could be very useful. The focused and pragmatic development of basic infrastructure that would sustain whatever achievement recorded in the various sectors of the economy is another crucial area that must be commended in the nation's national policy. Also, appropriate policies must be formulated to checkmate any perceived lopsided areas in China's engagement with Nigeria.

### 4.3.2 Angola's Government Policies on RFI deals with China

Angola is a lower middle-income country located in southern Africa with a population of 32.9 million, a per capita income of USD 2,021. It saw its GDP drop to USD 62.72 billion in 2020 from USD 89 billion in 2019, according to International Monetary Fund (IMF) estimates<sup>67</sup>. Angola was scheduled to graduate from lower middle-income country status in February but secured a three-year extension on the eve of its graduation. Angola is a member of the Organization of the Petroleum Exporting Countries (OPEC) and maintains second position in oil production in sub-Saharan Africa after Nigeria with 1.2 million barrels per day. However, Angola has also experienced five years of consecutive economic recession since 2016, during which time it fell from the region's third –largest economy to eight in 2020<sup>68</sup>.

In the same year 2020, Angola saw its macroeconomic situation deteriorate with the unexpected COVID-19 pandemic and the plunge in crude oil prices compounding the country's ongoing economic crisis and giving President Lourenco's economic reforms a serious blow. This further diminished the country's ability to reverse consecutive recessions and underscored the need to diversify the economy away from oil and gas. In response, the Angolan government implemented a stimulus plan including social assistance measures and increased spending on health and other social welfare packages to cushion the effect of COVID-19 on the citizens<sup>69</sup>.

Angola ranked 177 out of 190 in the 2020 World Bank's Doing Business rankings. The business environment remains challenging for investors, particularly for carrying out overseas transfer of remuneration, payment for imports of goods and services, and payment of dividends. To correct this anomalies, the government of Angola has put in place some programmes to reform the business and investment environment. Through this programmes, it is hoped that Angola will be a more conducive country to do business most especially to

attract foreign direct investment (FDI). Among others, the following are some of Angola's government policy response to maximize the gains in her foreign dealings.

### **Fight against Corruption**

Angola is transitioning services provided by public institutions to the digital environment and working to reduce waiting periods and costs. The time required to obtain a building permit decreased from 373 days to 184 and the GRA has ended the public deed and tax obligations to start a business. The government also introduced a "one stop shop" the Guiche Online Portal, in 2020, to improve the procedures for opening business and the ASYCUDA platform to make customs clearances more efficient<sup>70</sup>.

The fight against corruption and impunity provided investors a sense of security after several top government officials and the former President's son were tried and sentenced to years in prison. The new penal code approved in February 2021 also increased the penalties for economic crimes to a maximum of 14 years to discourage corruption. Until now, some bottlenecks, including the complex system for FDI entry and establishment, burdensome operational regulations, the persistence of restrictive business practices and a lack of institutional capacity and coordination are commonplace in Angola business environment. These bottlenecks affect the country's ability to fully take advantage of its strategic location, abundant natural resources and preferential access to external markets.

### **Investment Policy Review (IPR)**

The review was organized in the context of the presentation of the United Nations Council on Trade and Development (UNCTAD) Investment Policy Review of Angola. Participants were drawn from both the public and private sector. Speaking about the country's development objectives and investment reform priorities, Joffre Van –Dunem, Minister of Trade, stressed that "the IPR is key to improve the business environment, including from agribusiness". It

was observed that after reaching significant volumes in the years following the end of civil conflict, FDI inflows into Angola have been low in recent years. A more diversified FDI portfolio and the targeting of the FDI projects better aligned with Angola's needs could go a long way in supporting the achievement of the national development objectives.

In his opening speech, Manuel Neto da Costa, Minister of Economy and Planning, said that 'FDI used to be neglected and this created a negative cycle for economy'. He further stressed that "many of the problems we face are addressed by the IPR". "Angola will need to overcome key gaps and bottlenecks in the investment climate to unleash its full potential to attract FDI" said UNCTAD's Chief of the Investment Policy Reviews section, Ms. Chantal Dupasquier. Ms. Manuela Navarro, Head of the Cooperation, European Union Delegation, emphasised that "the IPR comes at an important moment and we believe it can help improve investments in the country". "The IPR will also bring other gains such as potential impact on job creation, innovation and capacity building" said Ms. Florbela Fernandes speaking on behalf of the United Nations Resident Coordinator in Angola. The IPR was hoped to build capacity of government officials on investment promotion and facilitation as well as on policies for responsible investment in agriculture and infrastructure.<sup>71</sup>

### **Oil Sector Reform**

The 2014 global oil price crash ushered in a period of economic crisis for Angola and other major oil producers dependent on oil revenue as their main source of income. This, however, triggered the realization that the economic model of overreliance on a sector that has long been the source of billions of dollars for Angola and led to the country becoming one of Africa's largest economies needed to change. Since 2016, government efforts to address the crisis have led to sweeping changes both within and outside the oil sector. Within the oil sector, these changes have included pragmatic tax incentives intended at encouraging

exploration, reducing the cost of production per barrel as well as making operations more competitive when compared to other oil producing regions globally. Angola's plan to run bid rounds from 2019-2025, during which new exploration acreage is expected to be ceded to interested parties, is one of the most aggressive globally. Another major revamp of the oil sector nationally initiated by the government has been the ongoing and largely successful restructuring of the National Oil Company Sonagol, aimed at refocussing it on its core oil and gas activities. This revamp also led to the creation of a separate upstream regulator, the national Oil, Gas and Biofuels Agency (ANPG), tasked regulating the sector and ensuring that it creates greater value for Angolans, whilst at the same time increasing its attractiveness for investors.<sup>72</sup>

### **Reform on Economy Diversification**

Angola's economy, similar to that of other major hydrocarbon producers in Africa, remains vulnerable to volatile oil prices. The crude oil sector currently accounts for over one-third of GDP and for 90% of total exports. In order to mitigate against the risk of external oil price shocks, as well as reduce the country's dependence on imports, the administration of President Joao Lourenco is strengthening efforts to diversify the economy beyond oil and gas. Not only does the government seek to broaden its industrial base by offering tax incentives, special programs to promote agriculture, attract foreign investors and the creation free trade zones, a key objective is to create more employment opportunities for the country's young and rapidly growing population. Four sectors expected to witness investments and rapid growth from the ongoing diversification efforts include agriculture, logistics infrastructure, Telecommunication and the finance sector<sup>73</sup>.

### ***Agriculture***

Angola has one of sub-Saharan Africa's largest freshwater reserves and is home to vast areas

of highly fertile agricultural land. Prior to major oil discoveries, Angola was a major exporter of agricultural products, with coffee and palm oil being one of the main exports. Despite more than 70% of Angolans dependent on Agriculture for their livelihoods, the country still imports 50% of its food needs. The government has made it a priority to increase investment in agriculture and by so doing, create jobs for its youthful population as well as reduce dependency on food imports. Multiple programs have been initiated by the government to help local farmers modernize their operations, increase crop yield and produce at competitive costs. Food processing, as part of the sector is also a priority for the government that has sought to attract investors into its free trade zones.

### ***Logistics infrastructure***

The port city of Luanda is a particularly important oil and gas hub and is today the primary logistical support for Angola's energy sector. The Sonils Integrated Logistics Base is located next to the strategic Port of Luanda and is a hub for industries in the business of supporting the offshore oil and gas industry. The Sonils Base provides services for every single aspect of offshore oil and gas industry value chain in areas such as bunkering, dredging and supplying floating, production, storage and offloading (FPSO) vessels as well as offshore platforms. The projects operating from Sonils Base support over 60% of Angola's current oil and gas production, including all of Angola's major offshore projects.

New developments within Angola's oil and gas sector, as well as promising new frontiers like neighbouring Namibia are likely to ensure that the demand for well-developed logistics infrastructure remains strong over the coming decade. Global port operators like Dubai based, DP World are expected to continue investing in Angola's ports, in an attempt to strengthen their global footprint along key trading routes. Currently, DP World is undertaking a USD\$190 million investment in the development of a multi-purpose terminal at the Port of

Luanda<sup>74</sup>.

### ***Telecommunication and ICT***

As in many sub-Saharan African economies, mobile telecommunications is a catalyst for growth in business and entrepreneurship. By extending and upgrading telecom networks, the government seeks to empower businesses to become more efficient and for e-commerce to stimulate economic growth. In addition, optimized networks will facilitate rural access to education and health care. In recent years, Angola's telecommunications and ICT industry has benefitted from political stability, which has encouraged foreign investment in the sector. The leading player in Angola's mobile telecommunications sector is the Angolan mobile phone company, Unitel. The Angolan authorities are, however, eager to open up the telecom sector to new competitors. In this regard, pan-African operator Africell has secured a universal license to be the country's fourth mobile network operator. Africell has over 12 million mobile subscribers throughout sub-Saharan Africa and in June 2021, secured a 105 million US dollars loan facility to build Africell's mobile network in Angola. This surely will impact Angola's partnership with foreign investors by making average citizens feel the impact of FDI on their nation.

### **Reform on Finance and Banking**

After years of turbulence, following the 2014 dip in the oil price and the resulting economic crisis, the banking sector seems to have stabilized. The stability, which is also manifested by an easing in inflationary pressures. Provides the perfect opportunity for the government and the central bank to consolidate and reduce the risks associated with any future dip in oil prices. Rules restricting ownership in the banking sector have been relaxed and are likely to

see investment into the sector from foreign banks seeking to increase their African footprint. New regulations in the oil and gas sector that make insurance a service meant to be provided exclusively by local businesses will also increase the attractiveness of the sector for foreign investors.

In order to attract foreign direct investment (FDI), Angola government introduced reforms in finance and banking sector of the economy. The banking sector remains fragile with a credit appetite that prioritizes government over private sector led economic growth. The restructuring of troubled banks is still ongoing. The Angolan authorities remain committed to implementing the three-year reform program supported by the IMF. The authorities also affirmed their commitment to improve governance and fight corruption. Foreign direct investment increased by USD 2.59 billion in 2020 according to Angola's Central Bank (BNA). The GRA did not engage in any significant activities that undermined U.S. investment. Due to the pressure to create jobs and spur economic growth, the GRA pursued structural reforms in 2020 aimed at ensuring investors of a clean and transparent environment for investment. Recently a law permitting public –private partnership initiatives was passed and a revised Public Procurement Law and Portal were also introduced.

However, to curb the fast depletion of international foreign exchange reserves, the GRA introduced the local production Program to Support the Production, Diversification of Exports, and Substitution of Imports (PRODESI) in July 2020. PRODESI may constitute a non-tariff barrier to trade with American companies (the largest exporters of chicken quarters into Angola). In addition to PRODESI is a new local content law that passed in October 2020 which prioritises Angolan human resources over expatriate labour, as well as the sourcing of raw materials and services from local companies for companies operating in Angola's oil and gas sector<sup>75</sup>.

**Objective Four:** Attempt a comparative analysis of resource for infrastructure deal, with other similar deals like concession deals between Africa and China. Also, to examine the nature of the contemporary relationship between Africa and China, and establish if the relationship is exploitative or collaborative.

**Research Question Four;** Examine the relationship between resource for infrastructure (RFI) deals and other concession loans, and the nature of contemporary Africa –China relations, is it exploitative or collaborative?

#### **4.4 What is Concession Agreement?**

In its simplest form, a concession agreement is a contract that gives a company the right to operate a specific business within a government's jurisdiction or on another firm's property, subject to particular terms. Concession agreements often involve contracts between the nongovernmental owner of facility and a concession owner, or concessionaire. The agreement grants the concessionaire exclusive rights to operate their business in the facility for a stated time and under specified conditions.

As established by the study, China seeks resources for its growing consumption, and African countries seek funds to develop their infrastructures. China commonly funds the construction of infrastructure such as roads and railroads, dams, ports, and airports. In most cases, Chinese state-owned firms build large scale infrastructure in African countries in exchange for access to minerals or hydrocarbons, such as oil. In those resource-for-infrastructure deals, countries in Africa use those minerals and hydrocarbons directly as a way to pay for the infrastructure built by Chinese firms.

##### **4.4.1 Concession Agreements and Resource for Infrastructure (RFI)**

Aside the specific resource for infrastructure (RFI) deals signed between China and Africa, across the continent, there are also some concession agreements, either directly with Chinese state's own enterprises (SOEs) or private Chinese enterprises. Concession refers broadly to any arrangement in which a firm obtains from government the right to provide a particular service under conditions of market power. In recent time, there has been fundamental change in the way governments think about infrastructure. In rich and poor countries alike, private ownership and operation have been replacing public provision, while monopoly has been giving way to competition. A concession is thus a device that can be used to create competition for a market, when competition in the market is not operating. Concessions are useful in areas where they can easily aid development<sup>76</sup>.

Across the continent of Africa, various forms of RFI formulas and agreements has been signed between China (donor) and Africa (recipient). In order to meet her infrastructure deficit needs, many African countries has also through concessions able to deliver on improved and modern infrastructures. One major difference between RFI and concession agreement is that the former is tied in most cases to a specific targeted resource(s) and infrastructure project, unlike the latter which in most cases is liken to a situation whereby the government outsourced the management of public enterprises to a private firm for better management in term of cost effectiveness and high returns on investments. In Nigeria concession is considered as one of wide ranges of Public, Private, Partnerships (PPP) models that are permitted within the ambit of law.

For the fact that an infrastructure overhaul would be difficult to achieve solely at the government expense. With dwindling revenues from crude oil exports and a move towards a more private sector driven economy, there is a renewed interest in the private sector participation. This is usually achieved through specialized arrangements with government to deliver the minimum standard of services or facilities, with the private sector providing skills

and core competencies, while donors and investors provide funding and other resources. These arrangements are what are known as Public and Private Partnerships (PPPs) <sup>77</sup>

The PPP is a system through which the skills and assets of the public and private sectors collaborate in delivering a service or infrastructure for public benefit through the allocation of risks and responsibilities between both public and private sector. There are numerous advantages for a PPP, which include:

1. Speedy, efficient, and cost-effective delivery of projects.
2. Optimal risk transfer and risk management.
3. Upgrade of financing and operation in design, construction, and maintenance of public infrastructure.
4. Alleviation of capacity constraints and bottlenecks in the system.
5. Accountability in the delivery of public services.
6. Innovation and diversity in the provision of public services.
7. Effective utilization of state assets to the benefit of all users of members of the public.

Also, the objectives of Public Private Partnerships for private sector participants will usually be to:

8. Provide a public service in an efficient reasonably priced manner.
9. Make a Return on Investment in the course of the business.
10. Keep the asset maintained and eventually return to the government at the expiry of the agreed concession period.

For the public sector, the objectives of PPP would be:

11. Effectively deliver public goods without utilizing scarce government resources.
12. Ensure that the private sector participant operates within the scope and framework of the project.

13. Reclaim ownership of the asset at the expiry of the agreed concession period.

As a living examples some concession agreements are as follows:

### ***Nigeria Port Concession***

In Nigeria for instance, port operations were in jeopardy due to high rate of inefficiency that characterized cargo handling operations, until the Federal Government introduced reform and concession the ports in 2006. Ever since, the narratives has changed for the better on the part of the Federal government, the terminal operators, and workers, the revenue has increased exponentially and the workers are better off in term of wages and other welfare packages. In the same vein, Nigeria's Lekki Deep Sea Port project have received the attention of state-owned China Development Bank. The initiators of Lagos's future Lekki Deep Sea Port project signed a \$630 million concession agreement with China Development Bank. The agreement provide Singapore-based developer Tolaram Group and state- owned construction firm China Harbour Engineering Company (CHEC) with the funds needed to build the facility. It is believed that Lekki Port facility and the adjacent Lekki Free Trade Zone would have a major impact on the Nigerian economy by creating (directly or indirectly) over 200,000 jobs and generating more revenue for Lagos state and Nigeria in general<sup>78</sup>.

### ***Airport Concession***

In its efforts to upgrade the airports facility in Nigeria, the Federal Government has also recently in talks with China over concession of airports operations. The document from Nigeria government said the concession would relieve the federal government of the burden of funding the airport as the responsibility becomes that of the concessionaire. It also said the Federal Airports of Nigeria (FAAN) would remain the manager of the airports, even as it said other aviation agencies continue to play their roles at the airports.

### **Angola**

As the case with Nigeria, Angola also through concession agreements hopes to bridge the gap on her infrastructure deficit, to compliment the RFI deals signed with China. One of the most visible concession in recent time is the concession of the Multipurpose Terminal (MPT) at the port of Luanda to Dubai Ports World (DP World). In the words of Angola transport minister Ricardo Abreu “We believe that the Angolan economy will benefit a lot from the concession”. DP World won a public tender launched in December 2019 that attracted eight bids. Luanda MPT handles an estimated 70% of maritime cargo transported to and from Angola. “The modernization of the MPT and the expected increase in the efficiency of the port operation in Luanda will bring advantages to foreign trade. We expect it to contribute to an increase in the capacity of the Angolan export sector,” adds Abreu, a former deputy governor of the central bank. “DP World, which already operates globally, will bring advantages to the whole logistics chain for goods shipped to or from the port of Luanda.” he concluded<sup>79</sup>. It is expected, DP World, a major port terminal operator, will carry out an investment plan worth around \$200m. It will modernize the terminal to turn it into a crane-based operation in line with international best practice, according to Abreu.

In another report on transport infrastructure, consultancy Eaglestone Securities stresses that reconstruction and expansion of infrastructure “will be crucial for Angola’s efforts to strengthen economic growth and end “its huge dependency on oil”. According to Eaglestone, Angola could become an international transport hub for DRC, Zambia and Botswana. The transport ministry confirms that several companies have expressed interest in managing the Lobito corridor. President Lourenco authorized the tender process in September 2020. The winner will be in charge of the management and maintenance of the railway and related infrastructure, and transportation between the DRC border at Luau and Lobito port. In the ongoing effort to get goods flowing into and out of Angola, other concessions are expected to follow<sup>80</sup>.

#### 4.4.2 Is China/Africa Relations Exploitative or Collaborative?

One of the core objectives of this study is to find out if the recent vibrant relationship and cooperation between the People's Republic of China and the continent of Africa is exploitative or collaborative? Generally speaking, many are of the opinion that China engagement with Africa is more to exploit than to collaborate. Although this opinion is popular, it however, lacks empirical support. Findings of this study reveals that many of the conclusions drawn by research exploring China's presence in Africa are speculative, particularly with regard to the consequences for the African development.

The few studies that have identified positive benefits are vastly outweighed by the quantity of literature that asserts that Africa is being undermined by its Chinese counterparts. This study argued, there is still a decided lack of empirical evidence that supports many of the key views on China's move toward Africa. Among others, findings of this study reveals some factors responsible for the subjective conclusions on Sino-African relations. To start with, most of the key ideas raised on China engagement in Africa have only been explored by research papers of a low standard and press articles from partisan journalists<sup>81</sup>. As a result, there have been numerous reports across the world stating that China's presence in Africa is substantially and negatively impacting the whole continent. For instance, Bräutigam pointed out that in 2008 journalists "inadvertently" misled the World Bank<sup>82</sup>. In an official report, the bank had referenced an inaccurate press article by the Dow Jones. The article had claimed that former Chinese Premier, Wen Jiabao, had announced that China had given \$44 billion to Africa. However, the currency that Wen Jiabao had referred to was the Chinese Yuan (RMB), rather than the US dollar. Therefore, instead of \$44 billion in aid, the correctly converted amount was only \$6 billion. Also many studies questionably regard China as an opportunistic ally, without self-reflecting on what Martin and Frost have referred to as a "struggle for intellectual dominance"<sup>83</sup>. Only very few academic papers have rigorously dealt with the

steps China has taken in its project of internationalization in Africa, many articles have originated in business press and glossy magazines <sup>84</sup>. Accordingly, many Sino-African controversies, such as the allegations that China employs prison labor, abuse human rights and also, its construction projects are in most cases shoddy, need critically re-evaluation. This is because the information is anecdotal, and often highly prejudicial, generally generated by journalists from the West writing for an audience that is increasingly feeling the competitive pressure exerted by Chinese economic and political actors in Africa

Research publications on the Chinese in Africa are mostly oriented toward findings that highlight a win-lose paradigm, precisely because earlier studies viewed Sino-African bilateral trade as having a negative impact on Africa's development <sup>85</sup>. Furthermore, a consensual view is emerging in the literature regarding the presence of China in Africa. This literature almost always argues that Chinese investments in Africa are frequently motivated by the exploitation of Africa's natural resources – raw materials and oil – and that these are extracted to sustain only China's development as Africa also serves as market for Chinese manufactured products.

Contrarily, the findings of this study however suggests that the ongoing relationship between China and Africa is mutually advantageous and also, it explained that the interests of China and Africa have been reconciled through beneficial, exploratory and win-win business partnerships<sup>86</sup>. For Africa, benefits include the additional revenue that is generated, improved infrastructure and a boost in African social and economic development. Moreover, Africans have the opportunity to develop economically on their own terms. In addition to these benefits, China is a member of the United Nations Assembly and has a seat on the Security Council. This makes it an invaluable ally and allows many African countries to access an intermediate voice with which to make their concerns heard. Furthermore, and in recent years, China has cancelled the debts of several African countries that are of strategic importance to

the Chinese economy<sup>87</sup>. China has also continued signing a number of unconditional loans and contracts with African states, in contrast with the traditionally tough conditional financing methods of Western world agencies, such as International Monetary Fund loans and the World Bank's structural adjustment programs (SAP) that were largely imposed in the 1980s. Moreover, Africans have taken a strategic approach to negotiations with China and gained more bargaining power *Vis-a`-Vis* its traditional creditors through China's increasing role as Africa's financier.

For sure, as reveal by this study China-Africa relations at present is asymmetrical, in favour of China due to many factors such as level of economic development, institutional structure, industrial capabilities/capacity, bargaining power, leadership factor, etc. this is expected, as pointed out by this study that no relationship can be symmetrical most especially between China and Africa. Based on empirical finding however, China engagement with Africa does not suggest any sign of exploitation but rather collaboration. Starting from the period of old contacts between China and Africa, there was no sign of exploitation even when the Arabs were engaging in slave trade in East African coast. Chinese articles of trade with east Africa excluded trade-in-humans. It was on record that China does not appropriate a single plot of land to herself but only took some animals (giraffe) as a form of gift to the Chinese emperor. In contemporary time, before the reform, China relationship was fully devoid of economic gains, but only on ideological bases. The old Tanzam railway project was conceived and executed even at a time when China also needed economic assistance. China has never for once claims to be better off than other yet to develop countries of the world. Since the foundation of the PRC, its leadership has presented themselves as champions of developing world. The coinage "The third World" by Mao Zedong was a deep reflection of average Chinese leaders as supporter of less industrialised countries of the world. From Bandung Conference in 1955, to the support rendered many African nations through their struggles

against Western colonisers in the late 60s and early 70s, and the renewed relationship through the formation of FOCAC in year 2000, Sino-African relations cannot be said to be coincidental. Rather, it is a natural relationship supported by basic interests that can never be “one way”. The views that China is only interested in Africa natural resources and markets should be jettisoned, as all relationships must follow interest, more so for nation-states that always interact for the purpose of their national interest.

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## Chapter Five

### Conclusion

#### 5.1 Summary of Findings

The thesis is an examination of China's resource for infrastructure (RFI) deals in sub-Saharan Africa, focusing on Nigeria and Angola. The basic objectives of the study were to:

1. Identify various forms of China's resource for infrastructure (RFI) deals in sub-Saharan Africa (SSA) in general and Nigeria and Angola in particular.
2. Identify the strengths and weaknesses of resource for infrastructure (RFI) deals in

meeting the needs of both the donor (China) nation and the recipients (Africa) nations.

3. Articulate and analyze governments' policies in the study areas in response to the overall development strategies to maximize the gains of resource for infrastructure deals (RFI) with China.
4. Examine the nature of the contemporary relationship between Africa and China, and establish if the relationship is exploitative or collaborative.

In line with the stated objectives, the findings of the study have been daunting, challenging, and at the same time very interesting and rewarding. The work was segmented into five chapters namely; chapter one –Introduction, chapter two- Review of relevant literature, chapter three – Research methodology, chapter four – Discussion of findings, and chapter five that gives Summary, conclusion and recommendations of the study.

Chapter One is the introduction, it presented background of the study, statement of the research problem, objectives of the study, research questions, scope of the study, significance of the study, limitations of the study and lastly the definitions of terms used in the study. Chapter Two focused on review of literature that are relevant to the topic under investigation. In order of arrangements, the conceptual review was followed by the theoretical review, and rounded up with empirical review. Concepts such as resource(s), infrastructure, foreign policy, international diplomacy and other related concepts were reviewed to extract information as presented by various authors. Among other political economy theories, complex interdependence theory was used as tool to probe the current Africa and China multi-faceted cooperation. The empirical review reveals various positions shared by blocs, organizations, authorities and renowned authors on recent vibrant Sino-African relations.

Chapter Three is on methodology adopted for the study. It gives details on research design, methods of data collection and data analysis. Chapter Four presented discussion of findings

of the study through the research objectives as presented at the introductory chapter of the thesis. Among others, the study established that resource for infrastructure agreements between China and African nations exists in different forms, and also at different magnitudes. Contrary to general held views that China only deals with African nations with natural resources, Chinese engagements with Africa is widespread, even with African countries without resources such as Ethiopia and Djibouti.

The study also found some weaknesses in RFI contracts signed between Africa nations and China. Some of these weaknesses according to the study includes lack of transparency from the donor, China and recipient nations of Africa. Another major weakness is problem of corruption on the part of African leaders that uses China engagements with their nation for personal interest, rather than national interest. Lack of institutional capacity is another major weakness on the part of African partners to maximize the gains of Afro-Chinese relations.

The findings of the study however, reveals that respective African states, especially the governments of Nigeria and Angola have initiated some policies to attract much needed foreign direct investments (FDI) in general and with China in particular. On this, the study finds privatization, reforms in finance and banking, ports modernization, oil and gas sector and general business Acts, and etc., were all efforts to makes more out of China-Africa cooperation. Finally, the study findings shows that China-Africa engagements through RFI is of mutual benefits, as against the general held notion of exploitation of Africa by China. The relationship is symbiosis as it serves the interest of both the donor nation (China) and recipient nations (Africa). China needs of resources and markets for her ever growing economy and Africa needs of infrastructure to jump start the economy explains the rationale behind the RFI agreements between the two partners. Although China is benefitting more at the moment, compared to her African partners, in the long run however, infrastructure acquired through the partnership would lead to economic development for Africa.

## 5.2 Conclusion

The theme of the thesis is China's resource for infrastructure (RFI) deals in sub-Saharan Africa, focusing on Nigeria and Angola. Based on the findings of the study certain conclusion can be reached. To start with, the idea of resource for infrastructure between China and Africa was informed by China's own experience. It was revealed by the study that Japan used the same method of exchanging resources with infrastructure with China in the early 1970s when the latter was in needs of bridging her infrastructure gap, just as African countries today. Also, the RFI agreements between China and Africa exists in various forms across the continent. The study discovered that China is more benefitting in the present arrangements compared to her Africa partners. This is attributed to China overall level of developments compared to her Africa counterpart. China development was possible as a result of some interrelated factors present in China domestic environment, most especially after the foundation of the People's Republic in 1949, and at Deng Xiaoping reform period of late 1970s. Ironically these factors are absent in most of African states today. These factors are:

1. Effective Leadership with long term vision
2. Agricultural Development
3. Industrial Development
4. Creation of Special Economic Zones
5. Research and Development

Effective leadership is viewed as a process of influencing people to act in a particular manner in order to achieve specific goals. This process may be achieved in a variety of ways which will affect leadership style. The way a person exercises leadership can be identified as a series of actions which are directed towards a particular objectives. Leaders act with integrity

and competence, interpret reality, explain the present and paint a picture of the future, innovate, built trust and effectively advocates for followers and care about them. Starting from Mao Zedong, the all-powerful single leader to collective leadership of the second, third and fourth generations of Chinese leaders, they mostly processed those attributes, and blessed the People's Republic of China with it through their visionary leadership. This is one major area where Africa is found wanting. Leadership problem in Africa has been identified as a major problem working against its economic advancement.

Most resource rich African countries once relied on agriculture as the mainstay of their economy. But immediately any natural resources like hydrocarbon oil is discovered in commercial quantity, agriculture sector became abandoned for extractive industry to generate income for the nation. Problem of resource curse is a major issue facing most of resource rich African nations today. Nigeria and Angola serves as good examples in this case. The foundation of reform that transformed China was laid in agriculture. There has been great interest in the rapid agriculture-led growth and poverty reduction.

The agricultural development strategy of China, as Deng Xioping said, first relies on the right policy development. The initial aims of the reforms were to expand agricultural production, to diversify the economy, to improve the rural standard of living, promote innovation and diffusion of new technologies. Agricultural growth in the country after the end of the 1970s is well recognized. In fact, agriculture from 1950s to the 1970s had also been significant despite the interruptions during the 1960s and 1970s due to natural disasters and political struggle. Taking agriculture as the country's economic base has always been a central element of China's development strategy since the 1950s. The land reform Act of the People's Republic of China was passed in 1950 to distribute arable land to all peasants in private ownership. Before this time, landlords only comprised 10% of the rural population but occupied 80% of the arable land.

Through the reform three million peasants were given land accounting for a total of 46.67 million hectares. The land reform led to series of policies like the establishment of agricultural universities, the development of local and national research institutions and the development of agro allied industries. Overall, the state-led, market driven and farmer-based model has been the central element in the success of Chinese agriculture. Today, most countries in sub-Saharan Africa, despite their huge potential in fertile land and good climate, are not self-sufficient in food production, rather higher percentage of their foreign earnings are used to pay for food importation.

The industrial development strategy of a country will always be based on rational and national factors that include factors such as nationalism, ethics and many other cultural values. Unfortunately many of these values have been corrupted in Africa. The industrial sector in China had always received top priority in economic development. China has always been on the side of its companies and industrial projects in both its internal market where it has successfully increased the production of products selected every five years and its external market where its participation in world exports was only 0.8%, in 1980 but reached 5.3% by 2001 to be surpassed in 2007 with 6%. China has experienced the most rapid increase in industrial production during the last two to three decades by encouraging local industrialization and attracting foreign investment.

For achieving rapid industrial development, China post-Mao leaders from late 1970s on, actively sought policy advice, advanced technology and investment capital from abroad. China success in industrial development and modernization led to her growing quest for resources and markets in Africa, Latin America and Australia.

While China's rapid rise become a hot topic for development debate among policy makers, business people, and scholars all over the world, the numerous special economic zones and

industrial clusters that have sprung up since the reforms are undoubtedly two important factors driving the country's growth. This transformation included reforms of the macroeconomic management and of the functions of the government. Large areas and numerous industrial sectors, especially near the coast were opened to foreign investors. Many preferential policies have been formulated in order to attract investors. Special economic zone is a generic term that covers recent variants of the traditional commercial zones. The basic concept of a special economic zones includes several specific characteristics such as

1. Geographically Delimited area, usually physically secured
2. A single management or Administration
3. Offers benefits based on physical location within the zone
4. Separate Customs Area with Duty-Free benefits and streamline procedures.

In addition to the aforementioned features, SEZs normally operates under more liberal economic laws than those typically prevailing in the country. SEZs confer two main benefits, which explain in part their popularity: "direct" economic benefits such as employment generation and foreign exchange earnings. In sub-Saharan Africa, there is dearth of visionary leadership and lack of political will on the part of many leaders that could drive such idea. Even where such idea exist, weak political institutions will make it less productive.

In the areas of research and development, China focus has always on technological development. Starting from the first five years development plan, 1953-1957 technological development had been at the front burner of development in China. The market focus of research and development was not emphasised until the 6<sup>th</sup> five years plan, 1980-1985, in which interest was unmistakably centered on technological growth by means of research and development (RD). In the late 1970s, a planning system for science and technology activities was drawn up and technological innovations were implemented in public enterprises to

increase productivity while research centres were established in different parts of the country with the 7<sup>th</sup> year plan, 1986-1990, a policy to reform the research and development centres (RDCs) was adopted, focusing on responding to market requirements and not adhering to obsolete or bureaucratic outlines. At present, (RD) research and development in China is globally acknowledged to be effective and result oriented. As a matter of fact, China spending on research and development surpassed both the U.S and that of the E.U. Research institutions were structured in a way to cover the length and breadth of the country. In most of the sub-Saharan African countries, there is no synergy between “Town and the Gown”. Most of the research findings remain on the shelf gathering dust without implementation either by the public or private sectors.

### **5.3 Recommendations**

Based on the findings of the study and conclusion reached, the following recommendations are made. To start with, there is no relationship without interest. Either be it about man to man or even one gender to another gender. So also in state versus state relationship, there must be an interest either openly or overtly stated. In contrast to most analysts’ claim that China’s policy changed in recent years due to its thirst for oil and other natural resources in Africa. China, like any other nation-state, is in the pursuit of its national interest, which are always paramount in any relationship consummated, either with other state(s), organisations or even multinational cooperation. It is also a known fact that states national interest can also be in conflict with another state interest, or complement other state interest in the international system at any giving period. However, for states to realize their national objectives through their engagements or dealings with other state(s) is a product of many factors such as level of economic development, quality of leadership, military capability, technological know-how, system of government, etc. (simply summarized as national power). The scorecard of any state in term of those aforementioned factors will determine how much

of its national objectives would be achievable in her relationship and dealings with other state(s) in the international system. From this position, one can easily do a quick review of Sino-African relations. As revealed by this study, at present the relationship between Africa and China is asymmetrical, it is more in favour of the Chinese compared to its African counterparts. This is expected because China's rating, compared to Africa in term of national power made her to be at the "driver's seat" in her relationship with Africa despite the fact that the two blocs acknowledge and respect each other's sovereignty and freedom of choice.

In order for Africa to address the lopsidedness in her engagement with China and make it a symbiosis kind of relationship that it is meant to be, certain steps need to be taking by Africa. To start with, one major problem of Africa is that of weak institutional capacity. It is even said that Africa only have strong political men but weak political institutions. The first major issue to be addressed for Africa to be in a better position in her dealings with other blocs is to strengthen her institutional capacity. Two major problems emanates from weak institutional capacity are political bias and corruptive behavior, both of which represent major impediments to African growth and development.

Strong institutional capacity will help Africa in many ways. One, it will make Africa to negotiate deals with China on equal footing. Also, with strong institutional capacity, continuity in governments is more assure because it will be somehow difficult for political office holders with strong personality to always have their ways. A critical examination of China's dealings with the outside world, not only with Africa, will reveals that it is always through institutions or mechanism already established for such purpose that China's policymakers always follow in relationship with Africa. FOCAC is a good example of such institutions, created for Sino-African relations. Irrespective of whoever represent the interest of China in her dealings with Africa, there is already laid down mechanism to relate with

China. In most African countries there is no such institution, even if there is, it is in most cases not functioning or weak.

Another major problem militating against Africa is the problem of poor governance and lack of accountability structure. This problem is closely related to the aforementioned above, while this represent the overall assessment of structure of governments in sub-Saharan Africa. It is the lack of accountability structure that made it possible for members of parliament in Angola to make away with large some of revenue generated from the sales of crude oil. In Nigeria lack of accountability structure allows individual political officeholder to convert public funds to personal use and the diversion of government money to private purse. African leaders, therefore, have not only the opportunity but also the responsibility to make the most out of this unique opportunity that China is offering the continent. In other words, the development impact of the swap formula depends on the capacity and willingness of African governmental institutions to harness the opportunities and mitigate the risks of the swap formula. So, only by capturing the opportunity with specific policies that address the resource-for-infrastructure swap formula benefits as the Chinese government, can the continent stand to gain as much as the Chinese.

So also is the issue of corruption that has become a commonplace in most countries of sub-Saharan Africa. It is a known fact that the most common problem working against the continent's development is corruption. The issue of corruption often features in the agreements with China. Most African leaders tend to negotiate opaque deals that benefit them personally or extend their patronage network. African leaders, therefore are less inclined to write more stringent standards of accountability and local ownership into agreements with the Chinese. It is however advisable for African countries to adopt a new and different tools to gain leverage in their dealings with China. For instance, Djibouti opt to play China against its competitors, just as many African countries did during the cold war. In exchange for Chinese

investments, Djibouti uses its strategic location at the crossroads of Africa and the Middle East to offer China an opportunity to gain influence over shipping lines connecting it to Suez Canal, a key node of its Belt and Road Initiative. Djibouti plays a similar balancing act with other external powers, including United States, knowing that their need to maintain military bases on their soil is unlikely to diminish, giving Djibouti unique leverage.

Ethiopia also adopts the same tactic. It has used its strategic position in the Horn of Africa to exploit the Gulf rivalry for regional influence by bolstering ties with Saudi Arabia and the United Arab Emirates, as well as their principal rivals in the region, Turkey and Qatar. These countries along with Israel, have invested heavily in Ethiopia to counterbalance one another, making Ethiopia to reap benefits as the largest recipient of Gulf financing in the region.

Other countries in Africa such as Benin, Botswana, Cote d'Ivoire, Senegal, and Sierra Leone uses technical departments to manage negotiations with Chinese entities, while the presidency takes a back seat. This fosters a disciplined approach, making both the donor and recipient accountable, and discourages personalized deal making common in such negotiations. For example, this measure helped Cote d'Ivoire win a large concession in 2018 while negotiating a \$580 million hydropower project with Chinese energy giant Sinohydro. Only 20% of the workforce could be Chinese, all building materials would be sourced locally, and the working language would be French. Such benefits, it is believed might not have been realized if a few well-connected individuals had been left to handle the negotiations. In Liberia, during the administration of Ellen Sirleaf Johnson, all contracts are outsourced to independent international accounting firms to discourage undue high level interference from start to finish – a model that has also been used in Senegal, Togo, and Tunisia.

External partners are required to respect this rule, regardless of their influence with the president. It was observed that Chinese firms followed the rules in all those countries aforementioned. This shows that China has no hidden agenda in Africa, so also it is

suggesting that Africans can exert control in matters concerning their national interest through their external relations.

Transparency on the part of African governments is also a coqnisance factor if Africa is to reap full benefits from her engagements with China. For instance, the allegation of “debt trap diplomacy” by the western world against China over her dealings with Africa is partly due to how negotiations are handled in most cases. Secrecy should be done away with by both parties, and more importantly African governments must ensure to use loans secured for the purpose for which it is negotiated.

Also, for Africa to maximize gains from her dealings with China, all hands must be on deck. Governments should play their roles by making sure that policies initiated in attracting FDI, ODA and all related platforms are operated with best practices that will protect the interest of the donor and recipient nations. Not only that, the common citizens of nations of Africa’s interest should be protected. As findings of this research shows, failure on the part of governments was responsible for some cases where Africans protested against Chinese infiltration into the local businesses. In the areas of mega projects handle by the Chinese across the continent, Africa governments should carries their peoples along by protecting their interest in any deals entered into with China.

One immediate gain of engagements with China is to provide gainful employments for the citizens. Egypt idea of ratio one (1) Chinese to ten (10) Egyptians at both managerial and lower cadre of workers in any deals signed with China should be emulated. For instance, in Nigeria the artisans sees the engagement of China as a blessing while the professionals laments of neglects as China firms prefer and uses Chinese hands in areas where Nigerians can easily functions. So also in Kenya and Zambia, the Chinese were reported to have taken over retailing businesses, and as such drove local retailing business owners out of business. The blame is on the governments as they ought to protect their domestic markets through

various machinery of governments. As pointed out in this work, China is always ready to play the game according to the rule. Only if African governments are ready to strengthen their various policies and political institutions, to secure the interest of both the donor and recipient nations. African governments are also responsible, if Africa is to benefit fully from knowledge transfer from the Chinese in many infrastructure projects going on in the continent.

In all, Africa engagements with China should be considered a learning process, just as China did some four decades ago. For the fact that China transformation is very recent makes her a better partner and companion with Africa.

#### **5.4 Contribution to Knowledge**

This thesis titled: China's resource for infrastructure (RFI) deals in sub-Saharan Africa, using Nigeria and Angola as case studies have so far uniquely added to the growing body of knowledge on Sino-Africa relations by focusing on the nature and forms of symbiosis relationship between China and Africa, through various forms of RFI deals and concession agreements precisely between Nigeria and Angola. The study empirically demonstrated how resource for infrastructure (RFI) is serving the needs of both China and Africa. Unlike many literature, that treated China-Africa relations in general terms, this study mainly focused on the resource for infrastructure, and concession agreements between China and Africa in general and Nigeria and Angola in particular. . It was discovered by the study that China-Africa relations at present is asymmetrical, as China is benefitting more at the expense of its African counterparts. It is however established that Africa will be better off in the long run as infrastructure acquired through these deals will contribute positively to African growth and development, just as China did through her "swap agreement" with Japan in the 1970s.

#### **5.5 Suggested Areas for Further Studies**

Although there are growing bodies of literature on Sino-African relations due to the fact that it represent a new paradigm in “South-South cooperation and a shift from the more known “North-South” relations in the international system. Moreover, this study only focus on the RFI and concession arrangements between Nigeria and Angola in particular and Africa in general, there are still many areas of Sino-African relations begging for attention from African scholars. Some of these areas include: China-Africa relations: Selected Cases of Resource Poor Countries in East Africa; From Geo-Politics to Geo-Economics: A comparative study of Europe and China Engagements with Africa.

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- Warisu A., China in Your Face, Sunday Trust

## Biodata

### A. Personal Data

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Place of Birth: Ibadan

Date of Birth: 14th August, 1971.

Nationality: Nigerian

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## **B. Educational Background**

### **Educational Institutions Attended with Dates and Qualifications**

|   |             |
|---|-------------|
| Lead City University, Ibadan, Nigeria.<br>Doctor of Philosophy ( <b>PhD</b> ) in International Relations ( <b>in View</b> ) | 2018-       |
| Lagos State University, Ojo Lagos, Nigeria.<br>Master of Arts ( <b>M.A.</b> ) in History & Diplomatic Studies               | 2003 - 2004 |
| Lagos State University, Ojo Lagos, Nigeria.<br>Bachelor of Arts ( <b>B.A.</b> ) History & International Studies             | 1997 - 2001 |
| Enclairs Computer College, Lagos Nigeria.<br>Certificate in Information System  | 2001        |
| Oke-Bola High School, NTC Road Ibadan .<br>Senior Secondary School Certificate ( <b>SSSC</b> )                              | 1992        |
| Adebayo Comm. Gram. School, Adebayo via Ibadan<br>West African School Certificate ( <b>WASC</b> )                           | 1981-1986   |

## **C. Working Experience with Dates**

Employer:

**Les Cours Sonou University Institute, Cotonou, Benin Republic.**

Period: February 2014 to May 2021

Position: Lecturer / Head of Dept. (International Relations & Politics)

*Responsibilities and Accomplishments:*

Taught several modules at undergraduate levels on courses that include: International Relations, Politics, Diplomatic History and other related areas.

Managed assessment processes for modules.

Supervised students, Final Year Essays.

Responsible for (English) curriculum review and development, organizing and partaking in seminars and conferences, and generally providing academic leadership.

Employer:

**Lagos State University (External System)**

Period: April 2005 to September 2017

Position: Lecturer/Program Officer (History & International Studies)

*Responsibilities and Accomplishments:*

Actively researches on trends in African/Asian Studies, International Relations, Politics, Diplomatic History and General Studies.

Taught students at undergraduate and postgraduate levels on several modules in International Relations, Middle Eastern Studies, European and African Diplomatic History, General Studies and other related areas.

Established roles and responsibilities that clearly defined tasks and improved overall Departmental performance.

Ensured Departmental quality control of all academic materials.

Supported colleagues and students by giving advice and relevant counseling.

Employer:

**American International Insurance Company (AIICO), Lagos Nigeria.**

Period: September 2001 – June 2004

Position: Marketing and Training Executive

*Responsibilities and Accomplishments:*

Researched and developed new methods in the Training of product marketers for the organisation.

#### **D. Membership of Academic and Professional Bodies**

- Member: Nigeria Institute of Management (MNIM) – Since 2002

#### **E. Publications**

##### **Learned Journals**

- i. **Damilola Olajide** (2022) China's Oil Diplomacy in Africa: Towards Exploitation or Collaboration? *ESCAE Journal of Mgt.*
- ii. **Damilola Olajide** (2022) Sino-African Relations and the African Union (AU) 2063 Agenda *ESCAE Journal of Mgt.*
- iii. **Damilola Olajide** (2022) From Geopolitics to Geo-economics: Comparing China & Europe Engagements in Africa *ESCAE Journal of Mgt.*
- iv. **Yonmo Ebiotubo & Damilola Olajide** (2022) The Sahel as a New Epicenter of Terrorism: A Critical Examination of the Causes *Faculty of Arts & Soc. Sc. Journal. Nig. Defence Academy*

**F.**

**Major Conferences/Workshops Attended**

- i. Workshop on Assertiveness at Work and Employee Empowerment Organised for Business Administrators, Nigeria, September, 2012.
- ii. The Essence of Cooperative Synergy Workshop Organised for the Cooperative Officers from five Oil Companies operating in Nigeria.
- iii. Emotional Leadership for Effective Organisation Workshop, Organised for Executive Officers from different organizations in Lagos, February, 2012.
- iv. Interpersonal Skills and Leadership Influence for Effective Administration, Lagos, February, 2013.
- v. Workshop on Portfolio Management on Real Estate Investment, Dubai, February, 2015
- vi. Conference on Nigeria/China Relations in Post Covid era @ NIIA, Kofo Abayomi Lagos, 2021

**G.**

**Extra-Curricular Activities**

I enjoy Reading, Researching, Meeting People and Traveling (Countries visited include: Benin Republic, Togo, Ghana, South Africa and the United Arab Emirates)

.....

**Signature**

.....

**Date**

### **University Compliance Certification**

This is to certify that this thesis by Kazeem Oluwadamilola OLAJIDE with Matric No. LCU/PG/000447 in the Department of Politics and International Relations, Faculty of Management and Social Sciences, Lead City University, Ibadan is in full compliance with the University format and style of Theses.

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**Signature**

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**Date**

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