

# REINSERTING AFRICAN AGENCY INTO SINO-AFRICA RELATIONS

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## Abstract

The Second Forum on China-Africa Cooperation Summit held in December 2015 marked the significance and extent to which China's relationship with Africa is changing. China's tripling of its financing commitment to US\$60 billion signalled its confidence in the economic transformation prospects of the African continent. The changing Sino-Africa relationship is underpinned by a shift towards a more balanced partnership that recognises Africa's socio-economic and political priorities, beyond the demand for its natural resources.

This paper seeks to help unpack the different dimensions of the links between Africa and China including the "untold story" of the relationship. A story about the significant number of Africans who live in or frequently visit China; and the increasing flow of African investments and tourists into China. Sino-Africa relations have evolved to the extent that African countries are taking a more assertive role when it comes to investment and signing trade deals, ensuring that their interests are protected.

## 1. China's Africa policy

China's Africa Policy is best analysed from its unique political and economic perspectives. Although China reaps considerable economic gains from Africa, it would be simplistic to regard those benefits as the sole driver of China's policy. Analysts credit China's success in securing mineral rights in Africa to a wide range of economic instruments, particularly prestigious construction projects, financial assistance, and arms sales. The comprehensiveness of China's economic engagement

and its willingness to defy risk perceptions make it a highly appreciated partner.

Tangible examples of modernisation, such as Chinese built stadiums, highways, or foreign ministry buildings, have resonated well with African leaders who need to mobilise their populations, often dissatisfied and frustrated with the slow pace of reform and economic development and little patience for the rhetorical proclamations of prosperity in the near future.

Chinese engineering, medical, and agricultural teams have provided technical support to African countries since the 1960s; HIV/AIDS support, for example, accelerated from the late 1980s, and covers the spectrum from building schools and clinics to treating patients. In 1963, China sent its first medical team to Algeria.<sup>2)</sup> From the 1960s to 2005, China has sent more than 15 000 doctors to work in over four dozen countries, treating more than 180 million cases of HIV/AIDS.<sup>3)</sup> Interestingly, one of the trends that has emerged prominently in the response to the recent Ebola outbreak in West Africa was China's horizontal approach to healthcare with an integrated system method, focusing on access to medicines and infrastructure.

In its inaugural development white paper China reported a total of 256.29 billion Yuan (US\$38.54 billion) in aid to developing countries by the end of 2009. This included 106.2 billion Yuan in grants, 76.54 billion Yuan in interest-free loans and 73.55 billion Yuan in concessional loans.<sup>4)</sup> Additionally, China cancelled 25.58 billion Yuan of debt stock.<sup>5)</sup> 45.7 per cent of China's aid went to Africa.<sup>6)</sup> Strange *et al* (2013: 24) catalogued 1 422 Chinese aid (non-investment) projects in Africa to some 50 recipient countries between 2000-2011. According to their research 62 per cent provided information on committed financing to an estimate of over US\$75.4 billion of engagements.

In July 2012, at the 5th summit of the Forum on China-Africa Cooperation (FOCAC), China further committed US\$5 billion in development funds, as well as US\$20 billion in form of credit lines. China also wrote off debt stocks for more than US\$30 billion. If one compares these figures with total Organisation for Economic Co-operation and Development (OECD) development aid to Africa of about US\$52 billion a year and a total investment surpassing another US\$50 billion plus a year one gets an idea of the size of China's largesse.

Media outlets and Western scholars often suggest that China's relationship with Africa is built on its dependency of natural and energy

resources, as well as markets, and investment opportunities for its booming industries and job-seeking workers. Indeed, China has often been criticised for taking advantage of Africa's vulnerability. This perception, however, fails to take into account three important points.

First, China's more active engagement with Africa is part of its continuing emergence as a truly global player. It is no different from the traditional behavior of any major power. In this context, China pursues its interests without hesitation and lends support without 'strings attached'. Such relations are considered refreshing by many African political leaders.

Second, in its global and regional diplomacy, China, like all great powers, is pursuing multiple objectives, including those that might create tensions between values and interests at both the national and global levels. China can no longer be expected to subordinate its commercial and strategic interests to others. Most African countries that have benefited from China's increasing trade, investment, as well as debt relief, are not endowed with mineral wealth, offering fewer investment opportunities to Chinese enterprises. They are interesting for China for other reasons.

Ultimately, it is the responsibility of African leaders to devise a strategy for their relations with China; not for China to be responsible for a mutually beneficial relationship. What is important to retain is that a more nuanced view of the relationship reveals a two-way traffic indeed. The interest and urge of Africans to expand their presence in China is real, although less reported.

## **2. The untold story of Africans in China**

Since the 1970s, large numbers of Africans have migrated to foreign countries due to several reasons. Destinations for these migrants were typically the United States (US), Canada, and Western Europe, but small enclaves of Africans began to emerge in China after 2000. While contemporary China has always played host to relatively small numbers of African students and diplomatic personnel, the arrival of African migrants seeking out permanent settlement is a new urban phenomenon for their host country (Li 2009: 703). Data on African immigration to China is incomplete and vague at best, with estimates being few and far between. Bodomo (2012: 10) suggested that there are some 500 000 Africans living in China, with 100 000 in Guangzhou alone, and

the rest being spread out between Hong Kong, Macau, Yiwu, Shanghai, Beijing, as well as some southern coastal, and middle and northern cities.

Particular to the large ethnic diaspora host city of Guangzhou, Africans are driven there due to its geographical location within the Chinese province of Guangdong, a large manufacturing base for goods that Africans cherish (Bodomo 2010: 698). Merchants have capitalised on the substantial availability of cheap goods, electronics, and other high-end products which generate sizable profits for African traders (Watts 2013).

Research in particular on Nigerians in Guangzhou suggests that the attractions of going to China included relative ease of entry and its position as a possible springboard state for travel towards more desirable destinations (Haugen 2012: 71). With contacts and available finances, Nigerians and other immigrants have been able to use migration 'brokers' to smooth their arrival into China. The brokers work with hotels as well as travel agents to obtain necessary supporting documents for visa applications and regularise the stay of their clients.

Between 1996 and 2008, trade between Guangzhou and Africa rose from less than US\$500 million annually to more than US\$3 billion, with exports from the former increasing nearly ten-fold (Li 2009: 704). Traditional enclaves for African migrants have been situated in the downtown area of Yeuxiu district near the city's administrative centre, now colloquially known by locals as "Chocolate Town" (Zhang 2008: 387). Among other factors, the rapidly expanding economic relationship between Africans and Guangzhou has created an abundance of opportunities for African migrant entrepreneurs creating communities in the city (Li 2009: 704).

Zhang (2008: 390) attributes the emergence of an African enclave in Guangzhou to an evolution of spatial dynamics at the neighbourhood level that represents a localised reaction to changing market opportunities brought by globalisation. In recent years the Yeuxiu district has been reshaped by the African Diaspora traders, many of whom are perceived as a resource for revitalising neighbourhood commerce, fundamentally changing the economic and social dynamics of the city. If African traders were to vanish, there would likely be a significant ripple effect on pockets of the South China's economy. Africans in Guangzhou may be the physical manifestation of what Bodomo (2010: 695) terms the "immigrant community as bridge theory", whereby through

their activities, African residents in this city may be, intentionally or not, serving as linguistic, cultural and business connectors between their Chinese hosts and their home countries. This is further evidenced by the rising number of flights and seating capacity of major African airline carriers such as Egypt Air, Kenya Airways, South African Airways, and particularly Ethiopian, which is flying daily to four Chinese cities, and soon adding a fifth one.

From the perspective of Africans in China, the growing relations are multifaceted. In 2006, Emmanuel Uwechue, a Nigerian-born engineer, achieved significant notoriety after performing in Mandarin on a popular Chinese reality television show, *New Sights and Sounds*. Touring the country under the stage name "Hao Ge", he has released numerous albums and has performed with a number of Chinese musical superstars (Wang 2011). While Uwechue is not the first foreigner to make a name in China, he is the first African to do so, with music industry experts crediting part of his success to close economic and cultural ties between China and Africa. Zimbabwean Vimbayi Kajese, who moved to Beijing in 2006, became the first African news presenter on the Chinese mainland English-station of China Central Television (CCTV), the state-run media organisation (CCTV.com 2009). In 2012 CCTV launched an African affiliate station in Kenya, with the mandated objective of promoting "communication and cooperation between China and African countries on politics, economy, trade and culture" (Pengfei 2012). CCTV Africa has also been designated as a platform through which Chinese audiences can better understand Africa. "China Daily" followed the same pattern and now has an African edition published in Nairobi, with content directed to an African audience.

Education is another interesting area of expansion. China, with its large national scholarship programme, supports an estimated 12 000 African students by covering fees, flights, accommodation, food and monthly stipends. This number is in addition to roughly 18 000 self-supported African students in China (Allison 2013). Scholarship programmes play a key role in developing a positive brand among Africans. In the future, they may work for Chinese companies on their continent and spread "good messages". Similarly, China has pursued a branding or soft power advantage through the spread of its Confucius Institutes in Africa, with 25 being already established at various universities across the continent (Kragelund 2014).

Chinese officials, in building their contemporary relationship with



Africa, have argued that they want to engage every African country as an equal. Given this promise, Marsh (2014) argues that the majority of Africans in China view their presence in that country as a logical progression — a "we are here because you are there" perspective.

As Fu Hualing, Head of the University of Hong Kong's Department of Law notes, the Chinese are traditionally more used to dealing with rich Westerns. The influx of less affluent Africans is entirely new (Law 2010). Despite the increasing volume of trade and the intimate political relations between China and numerous African governments, substantial ignorance, mistrust and misunderstanding remain on a person-to-person basis (Baitie 2013).

Unlike Chinese contractors in Africa, migrants to China often arrive without any corporate or social backing (Law 2010). Some Chinese cite language barriers as impediments to broaching relationships with Africans; others have suggested that they view Africans as violence-prone and troublemaking. Others mention that they do not keep their promises in business (Law 2010; Bodomo 2010: 704). In fact all of the above are representations of xenophobic behaviour. The notable challenges encountered by many Africans in China reflect only part of the local narrative.

A 2014 survey of some 204 traders from 50 African countries, carried out by the Guangzhou's Southern Metropolis Daily, found that about 18 per cent of the respondents reported an average monthly income of 30 000 plus Chinese Yuan (US\$4 500 plus) from their business activities in the city. This figure is substantially higher than the 6 647 Chinese Yuan (US\$1 050 plus) average monthly income for white-collar workers in Guangzhou, as determined in the 2013-2014 regional wage research of Guangdong province, conducted by the Southern Talent Market. Most of the traders act on their own, increasing the perception of success. This is certainly a surprising development for Chinese local competitors. Slowly it is influencing market behaviour towards African entrepreneurs and showing the potential the continent represents for Guangzhou's small and medium scale enterprises.

### **3. China's engagement with Africa**

China's Premier Li Keqiang (2014) published a newspaper editorial on what he saw as the characterisation of the relationship between China

and Africa. He argued that Africa should be considered a 'pole' in a multipolar world, by virtue of its numerous seats at the United Nations (UN), its vast land mass and natural resources endowment, and its status as the cradle of human civilisation, the place from which we all came. Keqiang characterises China and Africa as spiders, which can work together to "tie down a lion", a metaphor implying the role both play in changing the international landscape. According to Keqiang four principles should define the deepening of this relationship:

- First, he argues for equality. He recalls the shared history, European colonisation. He points that China's aid to Africa will never have political strings.
- Second, he underlines the need for enhanced solidarity, mutual trust, and a deep respect for one another. China and Africa must support each another when faced with the turbulence of modern global politics.
- Third, he defends joint pursuit of inclusive development, with China "ready and willing" to share its knowledge, experience, expertise and technology with Africa's developing states and its continental integrative organisations, including the African Union (AU).
- Fourth, he argues that China's engagement should not be limited to cooperation on energy, resources, and infrastructure, but rather expand into other sectors and areas. He suggests six areas for future cooperation: a regional aviation cooperation plan; financial cooperation; collaborative poverty reduction; environmental and ecological protection; cultural exchanges; and, enhanced peace and security.

Let us inspect on what basis the Premier lands his ambitious goals.

China is the single largest trading partner of Africa accounting for about 15 per cent of the continent's trade, while Africa accounts for only 5 per cent of Chinese trade. In 2010, China-Africa trade volume increased to US\$114.18 billion,<sup>7)</sup> making China the continent's largest trading partner.<sup>8)</sup> In 2014, trade between Africa and China was worth US\$221.5 billion, with imports (from China) and exports accounting for US\$105.8 billion and US\$115.7 billion, respectively (UN Comtrade 2015). This constitutes an increase of about 75 per cent in Sino-African trade volume from 2010. African exports to China are mostly natural re-

sources, while China exports mostly electrical and mechanical goods as well as consumer goods to Africa.

Additionally, Chinese foreign direct investment (FDI) to the continent increased from US\$1.5 million in 1991<sup>9)</sup> to US\$20 billion by 2012.<sup>10)</sup> These impressive developments are not that old. The turning point came in 1993, when China went from a net exporter to a net importer of hydrocarbon products. By late 2004, the country had become the world's second-largest oil consumer, at 5.46 million barrels a day (bbl/d), outstripping Japan's 5.43 million bbl/d, and placing it behind only the US's 19.7 million bbl/d (Downs 2004; United States 2005). By 2012, Chinese oil consumption had reached 10.22 million bbl/d, or 11.7 per cent of worldwide consumption.<sup>11)</sup> Moreover, the country was importing approximately 56 per cent of the oil it consumed.<sup>12)</sup>

It is predicted that China's dependence on crude oil imports will continue to rise, reaching 65 per cent by 2020.<sup>13)</sup> Indeed, over the past decade, China has doubled its oil consumption and is largely responsible for the growth of the consumption by non-OECD countries, from 37 per cent in 1997, to almost 43 per cent in 2007 (Monfort 2008). China surpassed the US as the world's largest energy consumer in 2009, with oil accounting for slightly less than one fifth of that amount.<sup>14)</sup> Its energy demands are expected to rise by 150 per cent by 2020, even with a growth slowdown. However, new sources of energy can be tapped in China itself.

Energy experts point out that China's oil imports from Asia's oil producers have not been sufficient to meet its demands so far. Chinese officials are certainly aware of the limitation of Middle East oil and gas production, but continue to heavily rely on it. In 2006, Angola surpassed Saudi Arabia as China's leading oil supplier,<sup>15)</sup> but the latest figure from 2014 shows that Saudi Arabia is back as the number one supplier. The Middle East collectively supplies 52 per cent of Chinese crude oil, more than double the African share (22 per cent) (US Energy Information Administration 2015).<sup>16)</sup> While the energy market is crowded in that region, in Africa Chinese investments in the sector face limited competition and are expanding significantly. The types of deals China can secure in Africa are also more attractive.

In fact for more than a decade, China has sought access to Africa's rich energy and raw materials to fuel its surging economy. The Chinese leadership has always understood that the country's unprecedented growth required a continuous supply of raw materials, espe-



cially hydrocarbon fuels. The country's booming domestic energy demand, coupled with insufficient coal output and falling domestic crude oil production, prompted China to look overseas for stable supply sources.

## **4. China and Africa's industrialisation**

Even though Africa remains a relatively marginal player when it comes to China's overall trade with the rest of the world, its trading relationship with China has important implications for both.

Africa serves as a low-value consumer market for Chinese goods, particularly for loss-making state-owned enterprises (SOEs), which have set up shop across the continent. The affordability of Chinese products fills an important gap in the market for many African consumers, who cannot afford more expensive, higher quality consumer goods from Europe or, given the inability of their own economies to produce local equivalents, do without them altogether. Additionally, machinery and transport equipment imports are often linked to the strong presence of Chinese firms in the infrastructure sector, specifically telecommunications, road and public construction (Renard 2014: 33). Furthermore, China and Africa both have stakes in whether African countries become viable production bases for labour-intensive products.

The share of manufactured goods in African exports to China (3 per cent) is very low even compared to exports to other destinations. Intra-Africa exports have a 40 per cent share of manufactured goods, while the figures are 16 per cent and 12 per cent for exports to the 28 member states of the European Union (EU) and the US, respectively. These numbers suggest that there is potential for African countries to move up the value chain in their trade, and Chinese investment and expertise can help.

Africa is undergoing a manufacturing boom, with domestic manufacturing in Africa nearly doubling over the last 10 years (AEO 2011). While agriculture, commodity exports and services are still dominant outputs into the continental Gross Domestic Product (GDP), new industries in many parts of Africa are rapidly emerging. Examples include retail-clothing firms H&M and Primark which have started sourcing from Ethiopia; General Electric building a US\$250 million plant in Nigeria to manufacture electrical gear; Madecasse Chocolatier looking to add to its 650 person workforce in Madagascar that turns raw cocoa into premium chocolate products; Mobius Motors, a Kenyan firm building

cheap, durable automobiles for rough roads; Seemhale Telecoms of South Africa producing cheap mobile phones; Angola building a weapons manufacturing plant; or Morocco creating more than 7 000 new jobs in the aviation supply chain.<sup>17)</sup>

The rise of labour costs in China has created new opportunities for delocalisation of Pearl River low value manufacturing to other regions of the world. The Chinese entrepreneurs have established the supply knowledge, have the contacts with major world retailers, possess the capital and investment appetite to deal with difficult contexts, and can now replicate in hubs in Africa what they master.

Historically, FDI from the developed world has been driven by privately owned enterprises focused on obtaining maximum profit over a short period of time and with the least amount of risk. Chinese FDI, however, is directed partially or wholly by state-owned enterprises, which are strategically placed with the objective of forming long-lasting rapports, assisted in part by their accessibility to national sources of capital. A large number of these investments are linked either implicitly or explicitly to national strategic objectives, principally securing reserves of mineral resources for Chinese industries back home. There is certainly a significant element of private profit-driven FDI from China, and profitability is far from being irrelevant even for state-owned enterprises (Thrall 2015).

Chinese investors are good politicians that adjust to the local context extremely quickly and are not perceived as expatriates having living standards way above the rest. They tend to be hard workers and instill into the market an infusion of entrepreneurial "can do" attitude against adversity. The big difference is indeed their perception of risk being very different from traditional Western investors. These characteristics make China a good partner for the industrialisation policies being pursued by African countries.

## **5. China's support for African regional integration**

Despite this bilateral focus, through its extensive cooperative trade and investment relations with Africa, China has played and is poised to continue playing a significant supportive role for Africa's regional integration. Most authors point to Chinese investment in infrastructure as the

primary vehicle through which it can play this role. Indeed, some of the main challenges for further African integration and economic growth include inadequate transport, telecommunications and power generation (Schiere 2011: 5). The African Infrastructure Country Diagnostic has estimated infrastructure financing requirements of US\$93 billion per year over the next decade. China could be a key actor in a second generation of African regional integration, geared towards industrialisation (ECDPM 2014: 20). There are indications that this shift may already be occurring.

China has signed an agreement with the Economic Community of West African States (ECOWAS) for cooperation in infrastructure development, trade, and investment. While the agreement aimed at encouraging business cooperation, information exchange, bilateral training, and investment in natural resources, a key feature was the stimulation of infrastructure development, particularly the support for a trans-West African coastal highway, from Dakar to Lagos. Chinese infrastructure investment in ECOWAS has notably been driven by a parallel expansion of resource extraction agreements that require power and transportation regional links (Bilal 2012: 43). At the continental level, China symbolically funded the construction of the AU headquarters, in Addis Ababa.<sup>18)</sup> In January 2015, China signed a memorandum of understanding with the AU to support the development and construction of a new generation of road, rail and air transport links between capital cities across the continent.<sup>19)</sup>

According to China's Information Office of the State Council's White Paper on China-Africa Economic and Trade Cooperation, China is firmly in support of achieving Africa's growth and development through the promotion of integration and continental unity (IOSC 2013: 14). The White Paper notes that since 2011, the Chinese government has signed framework agreements with the East African Community (EAC) and ECOWAS to explicitly expand and support cross-border infrastructure construction. China is a non-regional member of regional and continental organizations including the African Development Bank, the West African Development Bank, and the Eastern and Southern African Trade and Development Bank. It has actively supported the African Development Fund's Multilateral Debt Relief Initiative for poverty reduction and regional integration on the continent (IOSC 2013: 14).

It is thus no secret that China supports African regional and continental integration, but whether this is only to serve its own economic

objectives remains unclear. China's support comes not from a sense of altruism but, as noted above, a desire to remedy the political, technical, and geographical impediments to its obtaining maximum dividends from investments. It will therefore be up to Africa to appropriately direct Chinese engagements in the right direction, and in support of their approved blueprints. Africa has a vision of how it would like to transform and build its future: achieving its continental Agenda 2063, the establishment of a Continental Free Trade Area (CFTA) by 2017 (indicative date), and attaining its stated African Development Goals. It is now important to walk the talk and make sure the continent's dialogue with China, through FOCAC or other vehicles, takes Africa's blueprints into full account.

## **6. Future partnership dynamics and prospective difficulties**

China is well perceived by many African leaders and even most public views, despite generating a million permanent and temporary Chinese immigrants in the continent. The relationship becomes more complicated when one looks at perceptions beyond what African leaders may want to portray. Governments tend to have positive perceptions of the Chinese FDI; while recognising that Chinese enterprises may compete with local industry and business (Spring 2008: 61).

In 2012, there was a marked rise in dissatisfaction with Chinese in Ghana, despite a continued favourability of the relationship in opinion polls, manifested by increased anti-China sentiment amongst local populations, as well as a rash of deportations of Chinese migrants (Aidoo 2012; Pew 2014). A survey of 1 000 Cameroonians on the influx of Chinese investors and personnel into the country revealed a deep-seated distrust of China (Spring 2008: 62). However, that same survey also indicated that 92 per cent of those interviewed held positive views of China as "good" for Cameroon's economy (Rebol 2010: 3526). Rebol concludes that different African perceptions of China are primarily the result of the diverse roles that China has played on the continent, depending of local circumstances and strategic objectives (2010: 3526).

When viewed as a provider of consumer goods, critique arises as Chinese entrepreneurs begin to push out local businesses, particularly retailers who previously imported from China to resell at home.

Chinese investments have been fingered by some as having low environmental, labour and safety standards, and/or harsh working conditions, while large scale infrastructure projects are said to rarely employ locals. There is criticism that Chinese investment in natural resources has made it increasingly difficult for African states to diversify their economies (Rebol 2010: 3526-7).

The Western media bias against China's growing influence on the continent equates the latter's moves to a new scramble for the continent's riches. The weight of such views in Africa itself is palpable given the dominance of external public opinion on the continent. Despite many attempts to correct such a skewed narrative the reality remains that these views are more widespread than leaders in the continent would admit.

Over the last decade, China-African relations have been primarily dictated by China's interest in Africa's natural resources, and its ability to support that interest with a cash-for-resources policy. Going forward, however, it will become critical for African leaders to become more strategic in their relationship, by articulating a unified China policy. There is a sense of urgency to operate this shift. In the past, China has sought to use Africa as a raw material source to fuel its own growth, but now that it has emerged as an economic superpower, its interests will likely begin to change, thereby limiting the effect of any resource-based leverage African countries may still hold (Songwe 2012: 3).

As China shifts gradually from an investment-led to a consumer-driven model of growth, its economic interests abroad will change. This offers a unique opportunity for African countries who possess or formulate forward-looking policies for diversifying their economies. Many can leverage their comparative natural resource endowment for commodity-based industrialisation. Given the growing closeness of these two economies, the current structural change in China exposes African economies to risks as well as opportunities.

China's slowdown has hit commodity markets hard. China, which accounts for nearly half of global metal consumption, has witnessed a decline in industrial activity and consequential moderation in demand, consistent with its structural transformation. In fact, for the first time in over a decade, OECD countries have rebounded as net-source of growth for metals (World Bank 2015). For most commodity-dependent countries though, price volatility has been more problematic than their long-run decline. Unprocessed commodities have a higher



volatility than processed minerals particularly for ores and metals, with annual fluctuation in prices ranging around 23 per cent for unprocessed while only 13 per cent for processed ores.

The rebalancing in China presents transformative opportunities for Africa to climb higher up the value chain through greater beneficiation and processing of its ores. As a result of commitment towards diversification of their economies, African countries have been able to weather the falling prices of commodities, better than in the past.

While recent global economic forecast downgrades many resource rich African countries, their sectoral composition and source of GDP are changing faster than acknowledged by many pundits. Over two recent boom periods in commodity prices, industry and manufacturing output together expanded faster than the rest of the continental economy (ECA 2015). For example, the 5.1 per cent growth rate experienced in 2013 by Angola, Africa's second largest oil producer and second oil exporter to China, came mostly from construction and industry. In fact, other sectors are taking the slack, suggesting even greater potential for African economies to turn their resource advantage into competitive engine for driving industrialisation.

Endowed with world-class deposits of economy-transforming minerals, Africa stands with comparative advantage to attract investment, as well as deep knowledge of processing and beneficiation imported from China. In the past decade, China has slashed the number of aluminium producers to 64 from more than 120, and is unlikely to remove its 15 per cent export taxes.<sup>20)</sup>

It is just one alert about the difficulties a commodity-based industrialisation will face from its main trading partner. But seizing emerging opportunities to climb the global value chain will also require overcoming continent-wide critical bottlenecks. Due to lack of investment, power infrastructure remains the limiting factor for industrialisation. As a result of unreliable supply of electricity, Africa loses 3 to 5 per cent of GDP every year (ECA 2014). A transformation agenda will be hampered by the chronic shortage of electricity. In fact, if Africa were to refine all base metals alone, it will require almost 115 per cent of total electricity produced (ECA 2013). Chinese investments in the power sector are therefore most welcome.

Against the background of a climate resilient development path, there exists an opportunity for China to support Africa's economic transformation. Africa has enormous renewable energy potential to produce

clean energy to meet its growing needs and allow for development and industrialisation (Lopes 2014). The continent's hydropower capacity of 1,852TWh per year can satisfy its needs through power pooling and cross-border power trade. Africa has an average uniform 325 days of bright sunlight per year, receiving 2 000 kilowatt hours per square meter per year. The wind and wave power potential along the west coast exceeds 3 750-kilowatt hours. Significant geothermal potential in the Eastern Rift Valley stretches to about 3 700 miles in length, with a potential in Kenya alone estimated at 10 000 megawatts.

Simply put, at the moment, it appears that China needs Africa as much as Africa needs China. The relationship looks like a Faustian bargain, whereby Africa is jeopardising its long-term economic health for quick short-term fixes. Africa, in its partnership with China, can help support at least six of its core interests: infrastructure development; FDI; achieving favourable loan terms; the reduction of debt; the sustaining of high growth rates and expansion of its trade volume so as to accelerate its economic development; and, sourcing new technology and professionalised training (Haroz 2011: 73-75).

Clearly Africa would like to not just be a source for raw material exports but rather a market that could benefit from China's technological innovation and increasingly outsourcing of low-tech manufacturing activities. But African elites will not change their dealings with China if they enjoy considerable control of a state's government apparatus, if public sentiment is in favour of Chinese investment, and/or if they are being personally enriched. Thus, what Africa "hopes to get" out of a relationship with China requires a shift of current mindset as some reform-minded governments are demonstrating.

While African states have greater leverage in dealings with China, thanks to their natural resources, this has not been converted into negotiating power. It is paramount that Africa clearly defines its African-China policy so as to align with its primary political and economic interests, including the Agenda 2063. When focus is placed on industrialisation as a means for attaining structural transformation, China looks like an obvious partner.

## **Endnotes**

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13. See [http://www.chinadaily.com.cn/bizchina/2010-01/14/content\\_9317926.htm](http://www.chinadaily.com.cn/bizchina/2010-01/14/content_9317926.htm) and [http://www.huffingtonpost.com/2010/07/20/china-energy-consumption\\_n\\_652921.html?](http://www.huffingtonpost.com/2010/07/20/china-energy-consumption_n_652921.html?)
14. See [http://www.huffingtonpost.com/2010/07/20/china-energy-consumption\\_n\\_652921.html](http://www.huffingtonpost.com/2010/07/20/china-energy-consumption_n_652921.html).
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