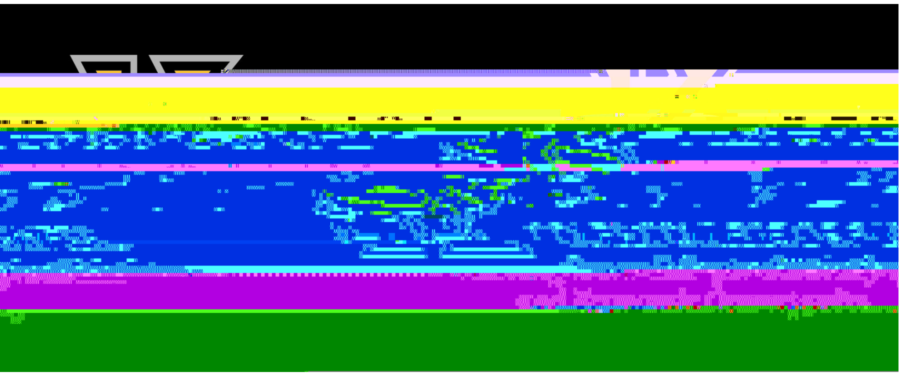

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INTRODUCTION

Chinese investments in Africa and their impact on the African economy have been a topic of discussion for some time now. These investments are primarily motivated by a combination of foreign policy objectives and economic interests, which include securing access to natural resources, markets, and investment opportunities. Despite this, the influence of foreign policy initiatives on Chinese investment in Africa has been under-explored in academic research and public discourse.

VXWDLQ&KLQVUDSLGHFRQRPLFURZWKESURYLGLQUHOLDEOHVXSSOIRUWKH&KLQHVH 15 6057>2 60 (P.P.P.) is a better index than nominal G.D.P. (using market-based levels of currency exchange rates) when measuring and comparing G.D.P.s. P.P.P. is computed using currency exchange rates for which the "purchasing power is the same in each of the two countries" (Columbia, 2022). China, an emerging economy for decades, has now surpassed the U.S. in terms of GDP 333,&KLQVHFRQRPZDVWKHVL]HRIWKH8QLWHG6WDWHV,QWKH,0) IRQLWZDVWKHVL]HRIWKH86HFRQRPRU one-seventh larger" (Graham Allison 2022).

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&KLQVWDUWHGLQYHVWLQ$IULFDQRXQWULHVLQWKHVLQWKHIRUPRI)',DQGDLGLQ return for legitimacy and support from African leaders. While the historical roots of the relationship between the two can be traced back to the 15th century, this article will examine it specifically during and after the Cold War.

During an April 1955 meeting in Indonesia, 29 leaders from China and African nations RQHGWRGLVFXVVSHDFHGHFRORQLDWLRQDQGHFRQRPLFGHYHORSPHQWHVSLWHEHLQJDQ emerging economy then, China invested in African countries. One of the significant inIUDVWUXFWXUHSURMHFWVWKDWUHVXOWHGIURPWKLVLQYHVWPHQWZDVWKH7DQ]DPUDLOZD\ZKLFK RQQHFWHG=DPELDVRSSHUPLQHVWRWKHDUHVDODDPSRUWLQ7DQ]DQLD7KLVLQYHVWPHQWSODHG DVLJQLILFDQWUROHLQ=DPELDVDELOLW\WRDLQFRQWURORIHULWVRSSHUGHSRsits (Peter Stein 2021).

In 1999, the Chinese Going Out or Going Global strategy was introduced, which involved shifting the focus from inward foreign direct investments in the emerging Chinese in the continent. The graph below shows the global Chinese investment since 2005, and it is LPSRUWDQWWRQRWHWKHRQWLQXRXVXJHLQIULFDHVSHFLDOOGXLQJRVWRIWKHLQYHVWPHQWV were focused on Nigeria, which financially benefitted China after the 9/11 attacks on the U.S., ZKLFKDIIHFWHGKLQDVRLOVXSSOIURPWKH0LGGOH(DVW (Iman 2009).

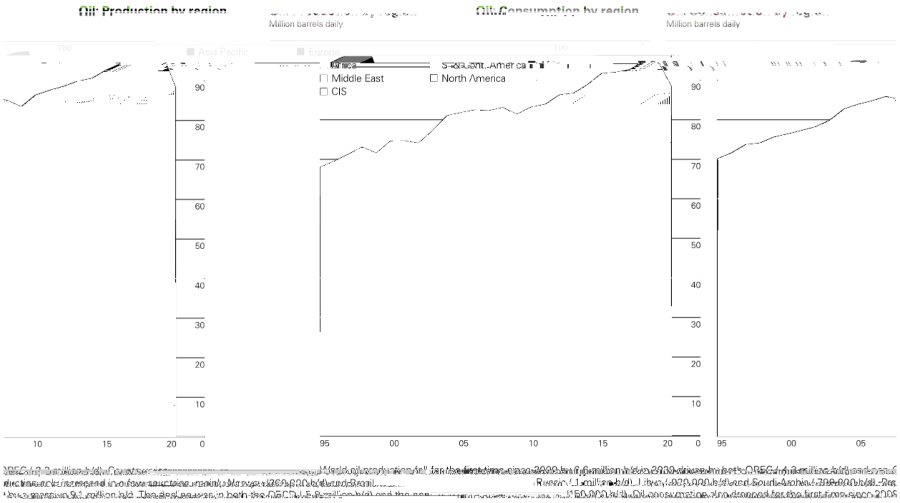
,QLQDV%HOWDQG5RDG,QLWLDWLYH%,IROORZHGZKLFKLVDPDVVLYH infrastructure project in countries across Asia and Africa to create an “African-Asian corridor” not just for transportation, but also for trade, tourism, employment, and “soft power” projection (Dr. Alex Vines O.B.E. 2023). To this day, China has invested in 52 out of the 54 African countries, establishing a significant presence on the continent (Lokanathan 2020).

The motivations behind these investments are economic and geopolitical, as these initiatives will ensure a disruption-free trade route. Additionally, in 2015 the Chinese JRYHUQPHQWUHOHDVHGWKH0DGHLQKLQDFRPSOHWHOPSOHPHQWVWUDWHJZKLFKZRXOG create Chinese hegemony in the high-tech manufacturing industry and reduce China’s dependency on global manufacturers 0%LGH level of

dominance of India and the presence of the United States in the region (Anwar 2019).

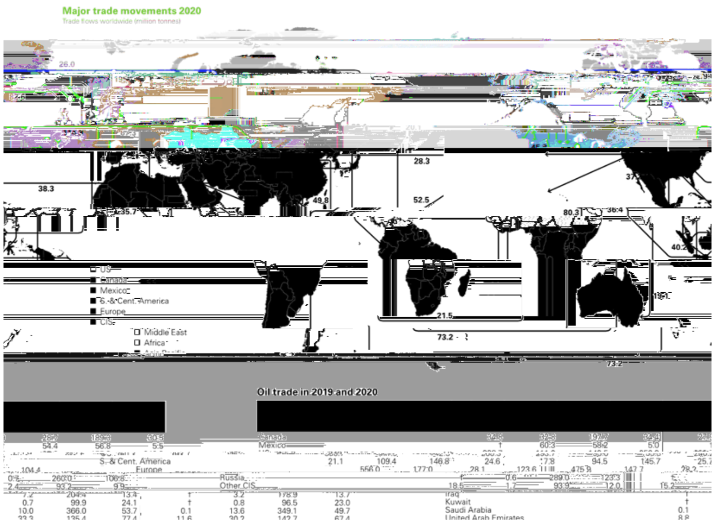
&KLQVGLSORPDWLFULQSOHVRIQQ-interference have been advantageous in its dealings with authoritarian governments in Africa, as most countries China invests in are non-democratic. While China maintains that non-interference is a top priority, critics argue that these partnerships with non-GHPRFUDWLRQWULHVSURPRWH&KLQVDXWKRULWDULDQPOHVDQSULRULWL]HIRRGVHFX over the right to vote (Osondu-2WL&KLQDDQ$IULFD-RDQLKWV3HUVSHFWLYH &QHTXHQWO&KLQVQQ-interference policy has enabled the country to sidestep questions RHUQKXDQLKWVDEXVHVLQHLRQVKDV;LQDQ&KLQDQ1LJHULD&KDQ Zimbabwe in Africa (Dhyani 2022), encouraging DXWKRULWDULDQHDGHUVOLNH5REHUW0XJDEHLQ =LPEDEZHDQWKH&KDHVHRIRUPHQWLQUIX)RULQWDHWKH$QODRIRUPHQW ZKLFKVXSOLHVRIWKHWRWDO$IULFDQLOLPSRUWHGWR&KLQKDVEHHQXHGRIHPEH]OLQ IQVIURPWKH,0)PHDQWIRU post-war reconstruction which China has ignored (Osondu-Oti, China, DQ$IULFD-RDQLKWV3HUVSHFWLYH

&KLQVVWDEOHUHODWLRQKLSZLWK$IULFDSURYLGHVDVHFXUHVXSSO RIWKHVHQWXDOUHV essential for its rapid economic growth. China is the second largest oil consumer in the World, DQG$IULFDRQWULEXWHGWRSHUFHQWRI&KLQVFUXGHRLO imports" (Saleh 2021). As the graph shows, while consumption in other countries fell in 2020, it increased in China to 220,000 barrels per day (BP 2021). Due to this dependency, "In 2003-RQHKDOIRI&KLQDVIRUHLJQ GLUHFWLQYHVWPHQW),LQ$IULFDZDVGLUHFWHGWRZDUGVWKHRLOVHFWRU1LJHULD6XGDQ$QJROD Egypt, Chad, and Niger were the major recipients" (Gamache 2013).



It is important to examine the trade routes and net exports from Africa to the rest of the World, particularly Southeast Asia in order to understand the demand for African natural resources around the world0DMRUports such as South Africa, Kenya, Nigeria, and Djibouti are DOOLPSRUWDQWFHQWHUVIRU&KLQHVHPDULWLPHWUDGHDORQJZLWKEHLQJPDMRUHFRQRPLFDQ)UHH 7UDGH=RQHV)7=RQWKHRQWLQHQW&KLQDLVWKHPDMRUEHQHILFLDU\RIWKHVH)7=VDVLWZLOO foster increased strategic cooperation between WKHPDORQJZLWKDFWLQJDVDEXIIHU]RQHEHWZHHQ the West and sanctioned countries such as Russia, Iran, and China 0 athekga 2022). The construction of the China-Zambia Economic and Trade Cooperation Zone and the China-Egypt 6X]&DQDO(FRQRPLFDQG7UDGH&RRSHUDWLRQ=RQHKDVEHQHILWWHG&KLQDDVLWKDVHQKDQFHGWUDGH

and negotiated reduced tariffs and customs duties.



China also depends on Africa for raw material supply chains such as minerals to support

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demand of 13.98 million tons in 2021 (Nguyen 2023). Cobalt a prerequisite for battery

production for electric vehicles (E.V.) as it “charges faster and holds more energy” and is a top

priority to acquire as China has made the EV industry a priority (Chant 2020). Cobalt is also

used for “temperature-resistant alloys for jet engines, in magnets — used for things like stealth

technology and electronic warfare” (Carberry 2022). China has heavily invested in copper and

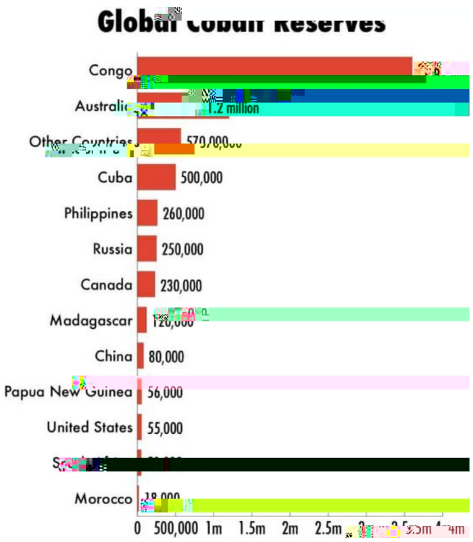
REDOWPLQHVLQ&RQJRDQGDPELD$IULFDVWRSWZRRSper- producing countries copper-

producing- the Cobalt Empire of the World, China initially invested $3 billion (about $9 per

person in the US) earned from revenues from the Sicomine- a copper and cobalt mine, to build

the infrastructure and another $3 billion to develop it. This joint venture was between the

Congolese state mining company and the Sinohydro Corporation and China Railway Group. RZHHUWKH&LHQVHHQWLWLVDUHKHGRIHSORLWDWLRQDOPLQDQSHUFHQWVWDNH (Nyabiage 2023). The mined cobalt is refined and processed by China, hence being relabeled as Chinese cobalt making.

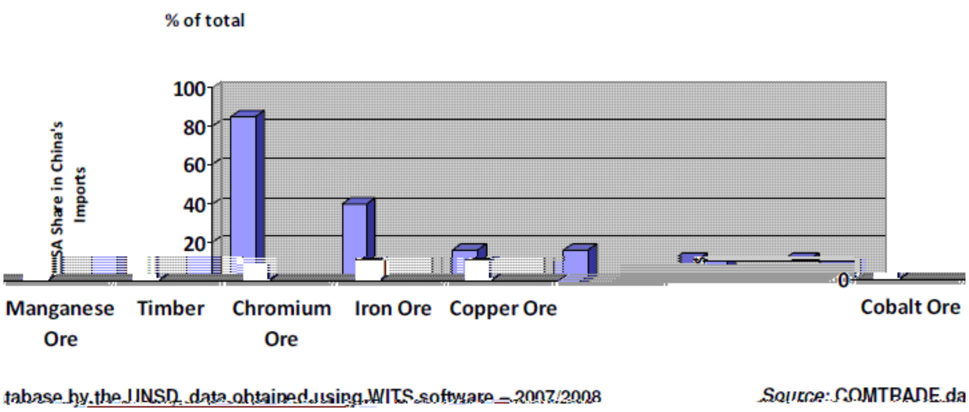


Total cobalt reserves, in metric tons.

Credit: 0LQHUDO&RPPRGLW\6XPPDULHV-DQXDU\

Copper mining industries make up 80 percent of Zambia's economy; however, due to the financial crisis, the Zambian government sold its copper and nickel mine shares to China 1RQHUURX0LQLQJ&RPSDQ\0&0RQWKH&KLQHVH-LQFKXDQ0LQLQJ&RUS7RGDWKH 0&0FRQWUROVSHUFHQWRIWKHLUFRSSHUPLQHVDQGKROGVDSHUFHQWVKDUHLQWKHLUQLFNHO mines (Hsiang 2023)7KH-LQFKXDQ&RUSLVDQRWKHUPDMRUVWDWH-owned company that controls three copper mines in the D.R.C., Zambia, and South Africa (Reale 2021). China has secured direct equity interests in Zambian mines by purchasing stakes and investments to build VPHOWHUSODQWV,WKDVDOVRVHFXUHGSHUFHQWRIFREDOWPLQHVSURGXFWLRQIRU&KLQHVH LPSRUWV$GGLWLRQDOO\&KLQDDQQRXQFHGSODQVWRVHWXSDWUDGHFHQWHULQ0LQHUDO5HVHUYHWR

stockpile uranium, copper, aluminum, iron ore, and other minerals," which will ensure a buffer ZKHQ LQWHUQDWLRQDO SULFHV EHFRPH YRODWLOH 2009). Chinese S.O.E.s have significant investments in metal extraction in the mining belt of Africa through state-owned companies such DV %DRVWHHO *URXS 6LQRVWHHO :XKDQ ,URQ 6WHHO &DQ 1RQ 1RQIHUURXV ZKLFK KDV LQ HIIHFW a monopoly over world mineral prices (Lauren Gamache 2013). The Institute of Developing Economies researched China’s mining footprint in Africa between 2001 and 2008. The graph shows the share of Sub-Saharan African natural resources imported to China between 2001-2008, with cobalt and manganese taking the lead.



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China’s strained relationship with the West makes it essential to look for alternate export markets, abundant labor capital, and potential markets for its finished products to meet its strategic goals. Other than natural capital, the African continent provides the growing Chinese economy with abundant, low-cost human capital. The advantage to Chinese companies is a continuous supply of labor to extract raw materials. As the African laborers earn a higher income and are alleviated out of poverty, they become potential consumers for cheap Chinese finished products, such as “tires, automobile parts, stationery, perfumes, cosmetics, computer hardware, furniture, or machinery” (Africa Business Pages n.d.). Additionally, China provides educational and cultural exchanges for African students, which in turn strengthens the diplomatic relations between them.

China wants to maintain its economic growth rates, and for that to happen, the goal is to aim for maximum productivity in its domestic economy. It is crucial to consider that China invests heavily in Africa to provide a relief valve to the Chinese economy by providing employment opportunities to its growing unemployed population. These practices are mainly present in the Belt and Road Initiative (B.R.I.) facilitated by China through loans with low-interest rates, on the condition to employ Chinese contractors for the construction, operation, and maintenance of the B.R.I. These employment practices have been a contentious issue because they claim to be mutually beneficial for the African workers and the Chinese firms. However, they do little for the unemployment rates of African countries Chinese engineers, technicians, and skilled labor are employed for all phases of B.R.I. projects, from planning to maintenance, and some B.R.I. contracts ha, improve transportation and trade within the country and the wider East African region. The China Road and Bridge Corporation (CRBC), a subsidiary of China Communications &RQVWUXFWLRQ&RPSDQ\&RQVWUXFWHGWKH0RPEDVD -Nairobi S.G.R. which was financed by the Chinese government and constructed and managed by Chinese construction companies. 7KHSURMHFWZDVEHOLHYHGWRLPSURYHWKHWUDQVSRUWDWLRQRIFDUJREHWZHHQ0RPEDVDDQG1DLU with a capacity of 22 million tons annually. At the same time, however, it increased the Kenyan government's debt to China by 750 percent between 2014 and 2019, bringing it to the brink of defaulting on its loan to China (Otele 2021).

However, the project has also been controversial, with criticisms about the lack of local involvement in the project, as "the Ex-Im Bank of China made its loan conditional on the selection of a Chinese contractor for construction and operation"(Gorecki 2020). There have been protests by the African people and countries over these employment practices as they do not guarantee employment, and if available, they are offered unskilled employment opportunities.

)XUWKHUPRUHLWVKRXOGEHQRWHGWKDWWKHVHORDQVWR$IULFDQFRXQWULHVDUHEHLQJ FULWLFL]HGE\WKH:HVWFDOOLQJWKHP³GHEW “still exist in countries like the Democratic Republic of Congo (D.R.C.), Ghana, and Guinea”" (Usman 2021).

The Hambantota port in Sri Lanka is a cautionary tale for the African countries, as it was built with a Chinese loan of $1.3 billion, and when it became clear to the Sri Lankan government that repayment of that loan was impossible, they leased it to the Chinese for 99 years. Other reports and concerns have been raised about the S.G.R. deal in Kenya that heavily favored the Chinese. The terms of the loan specified that if Kenya defaulted, it would “waive sovereign LPPXQLWIRUWKHSRUWRI0RPEDVDʼPDNLQJLWHUDEOHWR&KLQHVHVHL]H (Skidmore 2022). 7RWKLVGD&KLQDKDVQRWDLHGRQWURORHUWKH0RPEDVD3RUWEXWLWLVRIWHQFRQWRQWH that strategic ports are being used as collateral for Chinese loans in Africa.

<u>Conclusion</u>

This research article has shed light on the complex relationship between Chinese investments in Africa and Chinese foreign policy objectives. However, this relationship is multifaceted and warrants additional research to assess the long-term effects of this relationship.

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Chinese interests with other countries, especially the EU and the U.S., and diversify their investors. This could create a competitive environment which could lead to increased trade; loans with minimal interest rates in amounts that are repayable and will not cause the country to default. The multiple investment options could lead to transparent BRI contracts with African

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