

# Term paper on china and africa

Business, Marketing



Africa is a continent with vast untapped and unexploited natural resources, and China due to its growing economy; has a demand for these resources. China has therefore helped Africa to re-establish it self as source of valuable commodities for the Global market and also assisted to put a focus on Africa's politics and why it remains poor (Snow 1998, 64).

China's interest in Africa is empirical and obvious; it needs to secure oil for its fast growing economy and Africa is open to the idea, in inference to the opportunity of foreign investment. Chinese industries rely heavily on imported raw materials, for example, Zambia abundantly supplies copper and the Democratic Republic of Congo supplies cobalt and precious metals like diamonds. For China, Africa is a safety valve for its growing population. In the past India merchants have prospered for long in Africa and today Chinese migrant traders are increasingly concerning the markets. There are Chinatowns increasingly popping up in various parts of the African continent, where cheap commodities like shoes, house-hold wares and cloths are being dumped (Dan 2009, 121).

The Chinese investor has targeted oil rich countries, constructing infrastructure for them, with the fallacy of dishing out big loans, while the labor and equipments are been imported from China.

China presents it self as a poor nation so as to gain alliances with the 50 plus African nations in the global summits- what a personal contradiction. These alliances ensure that China gets votes in the UN General assembly, consistently making Africa very useful both economically and politically. Because the votes could help China in the future, if ever there would arise a

row over Taiwan and many other sanctions. In return Africa gets booming trade with China, export of raw materials and this helps the African economies to grow.

The intellectual autonomy China has over Africa is that, Africa continues to export unprocessed goods and its industries continue to diminish, leaving a lot of locals unemployed. For example the collapse of various textile industries, factories and local manufactures, while China's industries flourish because they have both supply of raw material and market for their goods in Africa (Alden 2007, 56). But in comparison to the western companies, that have been known for their corrupt practices and undermining the Africans, the Chinese companies have been well received even though it is based on a fallacy that is not automatically visible to them.

## **The Pros**

China has increasingly become a role model for Africa, because of its phenomenal economic growth. It has given inspiration to small African economies that they too can become important economic players in the global scene. The key lessons China offers Africa are as follows:

China has a large domestic market which has served as a major stimulus for its innovations and economic growth. With that kind of inference, African countries are now focused on promoting regional integration, for example The East Africa Corporation, so as to expand their internal markets.

Africa is also learning from China that to experience economic growth, it must invest heavily in infrastructure as a foundation for economic renewal.

And the positive attribute to this is that China is providing resources, in form of infrastructure, to support Africa.

There has been increased investment in Science and Technology that has vastly assisted China experience an economic transformation. China has therefore given it self the mandate to strengthen the scientific infrastructure of the African continent, as well as increasing the admission of African students to its universities. For example, recently there was a launch of a postdoctoral program for African students and the study entails a package of \$22000 worth of scientific equipments after the completion of the study.

Africa is also learning from China that good governance can lead to consistency on economic growth. Africa took up multi-party democracy, because the world views western style of democracy as a prerequisite for economic growth. But it is empirical to state that it is inconclusive making it a fallacy. It takes concerted collective effort to foster any kind of growth.

Western industrialized countries have therefore been offered new opportunities to engage with Africa on terms that are without prejudice, as they did before. Countries like the United Kingdom are responding with intuition to the challenge by seeking renewed relations, through regional integration bodies. The issues involved go beyond interest in natural resources and market for commodity, because the centre of global stability and security is fast emerging to be the African continent (Taylor 1998, 23).

## **The Cons**

In another perspective, China's involvement in Africa is being viewed as predatory, odious and brutish. Some African leaders like the former president of South Africa, Thabo Mbeki, have warned against China's persistence in pushing for raw materials, they feel it is a new form of neo-colonialist adventure. That in exchange for its raw materials, Africa gets low quality imports and little attention to developing an impoverished continent.

Human right groups in the 1980 had lobbied for certain ethical standards for western companies who were doing business in Africa. There was also a foreign corrupt practices Act which prohibited the United States companies from paying bribes to corrupt African government officials. Contrary to that effect, Chinese enterprises operate in Africa with no morals and ethical constraints. Based on the inferences like the relationship between Sudan and China, it is empirical to state that, China can deal with any rogue regime in Africa so long as its quest for raw materials is met and there is market for its commodities. This is because a state like Sudan has been in war and many of its Southerners displaced because of the civil war that has been in the country for several decades. Yet China supplies military arms to them so that it can have access to the oil that is available in Sudan. It also supplies arms to Zimbabwe, Ethiopia and other repressive governments, while using its veto power in the UN, to block sanctions against the same tyrannical regimes (" The Economist" 2011).

China secures its contracts through outright bribery. They offer to build presidential palaces (as was the case in Zimbabwe, Angola and Sudan) and

sport stadiums in exchange for a major contract. To say that China's deals are transparent is nothing but a theory which can be discounted by the facts against it: The deals are based on barter terms that are dictated by them. In such a case, there arise contradictions to the Sino- African agreement of 2006, where they stated a win-win situation for both parties. A good inference, is the exploration of oil in Nigeria, and in exchange China rebuilds its dilapidated railway system, while supplying all the necessary equipment and importing personnel from China at a price that they will determine. In such a case, there arise a great opportunity for exploitation and plunder of African rich resources. This is an outright contradiction to the agreement.

Further more, the influx of Chinese products in to the African market has evidently led to the devastation of local industries, consequently leading to loss of employment for the African locals as factories closedown throughout the continent. One of the most affected areas is the textile industry, where Chinese synthetic fabrics flood the market replacing cotton that is readily available in Africa. These being the case, anti-Chinese sentiment are arising in different parts of Africa, a good example, in South Africa traders threatened not to sell Chinese manufactured goods, else where some Chinese workers in Africa have been attacked and even killed by local Africans. This is definitely a valid reason to question on the positive implications of the relationship between Africa and China.

Intellectual autonomy is a matter of great concern in the increased engagement of China and Africa as it halts steps towards democratic accountability and better governance. The West may have

extreme prejudice when dealing with nations that do not progress on these fronts, but China sees that as an opportunity to strike a deal. In 2003, the IMF suspended a pledge of aid to Angola amounting to \$ 2 billion, because of rampant corruption. China saw it as great opportunity to strike an oil deal with the Angola's government, and as an incentive, they also offered the \$ 2 billion for the aid that Angola required.

The world views China's intentions in Africa as noble, but its real intentions are known; to elbow out Western companies, to get access to resources at a cheaper price, seek untapped markets for the Chinese manufactured goods and dump its surplus population in Africa. The sheer acceptance of the Chinese workers and experts as part of the development package for the African nations is causing a spring up of Chinese communes across Africa. In Zambia the expatriates from China have reached a disturbing number of 100000, with Nigeria having a total of about 120000 and Namibia 40000, not forgetting that these numbers are increasing by the day. But the apparent thing is that the Chinese government has a secret plan called Chongqing Experiment, and its aim is to resettle over 12 million Chinese farmers on African soil; whether this is a mere theory is yet to be proven but the facts are overwhelming that such an experiment may exist.

China has surely experienced rapid economic growth, but this has come with an immeasurable cost on the environment. So if Africa does not adopt low-carbon growth strategies, the economic transformation will not be realized. This is because development that impacts negatively on the environment is

short lived as within no time the natural resources will be depleted leaving industries with no raw materials (Freeman 1975, 104).

It is evident that China has assisted in propelling Africa's economic growth rate, being the second largest trading partner, after United States. It is importing 1/3 of Africans crude oil and Africa needs the infrastructure being provided by China to rebuild its dilapidated infrastructure to increase its economic productivity. But as China deepens its forays into Africa, the continent should be careful not to come from neo-colonialism, into a new form of neo-colonialism being offered by China.