

THE SIXTH FORUM ON CHINA-AFRICA COOPERATION: NEW AGENDA AND NEW APPROACH?

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The 6th Forum on China-Africa Cooperation (FOCAC) will be held in South Africa in 2015. This will be the first FOCAC meeting since President Xi Jinping assumed office in 2013. Given China's priorities and agenda in past FOCAC meetings and the heightened importance the Xi administration has attached to Africa, expectations are that China will boost its financing commitment and development priorities in Africa at the 6th FOCAC meeting. The outcome will guide China's Africa policy for the following three years.

THE PRIORITY

China has consistently doubled its financing commitment to Africa during the past three FOCAC meetings—from \$5 billion in 2006 to \$10 billion in 2009 and \$20 billion in 2012. Half of the \$20 billion committed in 2012 had

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been disbursed by the end of 2013, leading to China increasing the credit line by another \$10 billion in 2014. If this

pattern serves as any indicator, China is likely to announce another impressive line of credits available for Africa during the 6th FOCAC meeting.

The key questions are what China and Africa will prioritize the new batch of Chinese financing for and how Africa can work with China to maximize the benefits for the continent. Since its inauguration, the Xi administration has emphasized African infrastructure development. This move originates from the negative publicity and frequent criticism of China's traditional emphasis on natural resources. During his May 2014 visit of Africa, Chinese Premier Li Keqiang enthusiastically promoted major projects such as the "461 framework" on China-Africa economic cooperation¹ and the "three networks" (the high-speed rail network, the highway network and the regional aviation network). Many of these plans will materialize or expand during the 6th FOCAC meeting.

Despite the supposedly cooperative nature of FOCAC, China has played a larger role in setting and driving the agenda in the past as the financier of the projects. Africa's priorities in

¹ "461" is a cooperation framework proposed by China that includes four principles "equality, solidarity/mutual trust, tolerance in development issues, innovative cooperation," six major projects "industrial cooperation, financial cooperation, poverty alleviation cooperation, environmental protection cooperation, civil and cultural exchanges cooperation, peace and security cooperation, and one platform 'FOCAC.'"

structural reform and capacity building are important, but at times have been regarded as secondary for China under the broader framework of “mutually beneficial” cooperation. Since its inauguration, however, the Xi administration has enhanced its emphasis in the areas in which Africa is most interested. This decision partially reflects China’s desire to mitigate the broad criticisms on its “mercantilist” approach toward Africa, Xi’s economic charm offensive to boost China’s contribution in international development, and rising African demands. The 6th FOCAC meeting, therefore, will possibly witness an elevated devotion on Beijing’s part towards those areas, including agricultural development, industrialization, training, job creation and technology transfer through investment in manufacturing industries. In addition, necessitated by China’s rising investment in Africa and the local security risks associated with them, peace and stability are likely to be key areas for discussion at the 6th FOCAC meeting.

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WHY IS IT IMPORTANT?

As Africa’s largest trading partner and a major investor, China’s actions have major implications for the development of the continent. Thus, Africa needs to accurately anticipate and assess the Chinese agenda, weighing the pros and cons, in order to approach FOCAC with strategies and priorities that will align with that agenda but also meet African needs. For example, agricultural transformation has been a main priority for Africans in

order to enhance productivity, food security and inclusive development. In addition, industrial investments are greatly needed to achieve structural transformation and diversify Africa’s production and export base. Given the importance of these issues, African countries should negotiate with China for direct investment in these areas.

China’s response most likely will be that its investment in infrastructure will lay the necessary foundation for both Africa’s agricultural transformation and industrial development. However, the key question here is whether such infrastructure deals will bog African countries back down to reliance on natural resources transactions and undermine the momentum for structural reform. The Chinese model of infrastructure development in Africa features resources-backed loans and tied aid to create business opportunities for Chinese importers and contractors. While it may contribute to the infrastructure needed for economic development, this emphasis does not address Africa’s most urgent needs in agricultural transformation, economic structural reform or human resources capacity building.

Despite the hope that Beijing will contribute more to areas such as agricultural and industrial development, observers of China-Africa relations are concerned that the majority of the new financing committed by China in 2014 or those to be announced in 2015 at the 6th FOCAC meeting will follow the traditional trajectory. In fact, according to China’s former special envoy for African affairs, China has no intention of breaking away from this old pattern. Commenting on the \$10 billion China offered in 2014, the special envoy pointed out that “this funding will be paid back by African countries with commodities or the franchise [of the infrastructure projects]” (Shang 2014). Meanwhile, although Beijing has imposed more stringent requirements on Chinese companies in order to improve the companies’ records on governance,

transparency and accountability when investing in Africa, few Chinese expect them to completely abandon their sub-optimal operation model in the near future. Some Chinese experts have pointed out that private Chinese investors make up about 80 percent of all Chinese entities investing in Africa and, due to their own deficiencies, are less adaptive to the African context (Liu 2013). If African governments deem these approaches undesirable, they need to work and negotiate for a change of rules and practices. In particular, African regional organizations such as the African Union (AU) should play the important role in pushing China as well as African countries to sign international agreements on transparency especially in the natural resource extraction industry, including the Extractive Industry Transparency Initiative.

China's recent and rising interests in African security affairs could bring more resources and assistance to the table in terms of stabilization and conflict resolution in Africa. China has adjusted its principle of non-interference in other countries' internal affairs in cases such as South Sudan, and has enhanced its military assistance to and security cooperation with African countries and regional organizations. For example, China is scheduled to send an infantry battalion—the largest combat troop contribution China has made to a U.N. peacekeeping mission—to South Sudan in the beginning of 2015. While China's contribution to African security issues could be positive, Africa needs to understand and prepare for the potential geopolitical implications—most likely, a heightened sense of competition between China and Western powers if China's political influence and security presence in Africa are to expand.

WHAT SHOULD BE DONE IN 2015

During past FOCAC summits, China has largely set the agenda for the meetings. To level the playing field African leaders need to carefully strategize and actively voice their demands for

China's contribution according to their own needs. They should coordinate their goals and strategies to leverage collective bargaining and binding power vis-à-vis China through regional and sub-regional organizations. The African Union has played a key role harmonizing the positions and development agendas among African countries: Now is the perfect opportunity for the AU to spearhead discussions with China on how African agendas are incorporated in China's planned activities in the continent.

As noted above, it remains to be seen whether China will abandon its traditional financing model backed by African resources despite its new emphasis on African demands. African leaders therefore must aim for a more informed understanding of the short-term and long-term consequences of Chinese financing projects. As most African countries prioritize structural transformation as the central and most critical theme in their economic policies, they have to develop a nuanced assessment of how China's infrastructure financing will contribute or undermine this theme and actively manage the results.

China has stated a willingness to enhance and improve its input in African capacity building, such as human resources development, technical assistance and technological transfers. The commitment indeed presents an opportunity for African countries to wisely strategize and demand China deliver the investments they need most, including on manufacturing industries and job creation. Africa should not stop with China's piecemeal approach and demonstration projects crafted for public relations purposes. For example, the corporate social responsibility programs operated by Chinese companies are "passive" rather than "active." They are motivated by "executive directives" by Chinese government agencies and "neglect the public relations campaign" (Wang 2014). Instead, Africans should design their own capacity building project guidelines aimed at structural transformation in a comprehensive manner.

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