

Is China Africa's new imperialist power?

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China's much increased economic activities in Africa in recent years — investments in energy and natural resources extraction and loans to African governments — have provoked accusations that it is becoming a new neocolonial power in the continent.

German development ministry parliamentary secretary Karin Kortmann has led the charge, warning last November in the wake of China's US\$1.9 billion new trade deals with African countries that "our African partners really have to watch out that they will not be facing a new process of colonisation".

South African President Thabo Mbeki joined in weeks later, cautioning that "China cannot only just come here and dig for raw materials and then go away and sell us manufactured goods". Calling for greater Chinese investment to build up Africa's manufacturing capability, Mbeki warned of the "potential danger" of China's relationship with Africa becoming similar to that which existed in the past between African colonies and the European colonial powers.

"In the 10 years to 2004, China had made over \$5bn in loans to African countries — prompting the IMF [International Monetary Fund] to warn of a return to the bad old days of crippling African debt", the German DPA news agency reported on January 26.

In his eight-nation tour of Africa in February, Chinese President Hu Jintao cancelled a visit to Zambia's Copperbelt province due to the threat of protests. A hostile reception was least expected for a Chinese leader in the Copperbelt region, considering Beijing financed and built the 2000-kilometre Tanzania-Zambia (Tanzam) Railway between 1970-76 at an estimated cost of \$400 million, linking Copperbelt with the Indian Ocean ports at Dar es Salaam and Mombasa. The link is crucial to the export of Zambia's prime foreign exchange earner — copper.

Anti-Chinese sentiment grew in Zambia after 46 workers were killed in July 2005 by an explosion at an explosives factory at the Chinese-owned Chambishi copper mine in an accident blamed on lax safety.

China's economic presence in Africa has risen dramatically over the last 10 years. Its trade with the continent surged from \$4 billion in 1995 to \$55.5 billion in 2006, fuelled by African oil sales to China.

From a very low base, Africa now provides 30% of China's oil imports, with Chinese investments in 27 major oil and gas projects, mainly in Nigeria, Sudan, Angola and the Congo, with rising investments in Equatorial Guinea, Gabon, Zambia, Algeria, South Africa and Chad.

Two-thirds of Sudan's oil exports go to China, whose state-owned China National Petroleum Corporation owns 40% — the largest single share — of the Greater Nile Petroleum Operating Corporation, a consortium that dominates Sudan's oil fields in partnership with the Sudanese national energy company and firms from Malaysia and India.

The February 17 British *Guardian* observed that the wave of Chinese investments and government-to-government loans has been welcomed by many African leaders "as an alternative to Western governments that preach free trade and investment but provide little of either. China is also giving

African countries billions of dollars in aid without the political and economic strings attached by the West, and building roads, hospitals and stadiums across the continent.”

As part of its drive to gain increased trade with minerals-producing African countries, China wrote off \$10 billion of African debt in 2000 and it forgave another \$1.2 billion in 2003.

Today, more than 700 Chinese companies are operating in 49 African countries.

Does this mean that China is emerging as a new neocolonial, or imperialist, power in Africa, as Kortmann and other Western officials allege?

World capitalism entered its imperialist stage at the end of the 19th century. It was marked most significantly by the rise to dominance within the international capitalist economic system of a few hundred super-rich families that owned monopolistic industrial and banking firms with investments centred in the developed capitalist countries of Europe, North America, Japan, Australia and New Zealand, but which also economically dominated the underdeveloped capitalist countries of Africa, Latin America and Asia.

Despite the winning of nominal political independence by nearly all the formerly colonial-ruled countries in Africa and Asia in the 1950s and '60s, their economies remain dominated by the big Western corporations, which utilise their monopolistic control of advanced technology to extract above-average profits (“super-profits”) out of the capitalistically underdeveloped countries.

In these conditions there is little room for any Third World country to break into the First World imperialist club of rich nations. This also remains true of China, a formerly underdeveloped capitalist country that underwent a socialist revolution in the early 1950s, but in which capitalism again became dominant in the last decade.

Despite its rapid industrialisation over the last two decades, China remains a poor nation (with a per capita GDP of \$1740, one-third that of South Africa's, and just a little more than that of war-torn Iraq), dependent upon Western corporations for access to advanced industrial technology.

Beijing's unwillingness to obey the imperialist powers' rules in making trade deals and loans with other underdeveloped countries, however, has attracted the Western corporate and political elites' disapproval. The Western-dominated IMF, for example, imposes a neoliberal agenda of privatisation of public assets and cutbacks in government health and education spending as conditions for granting much needed loans to Third World countries. Beijing's role as an alternative loan provider to some African countries has weakened the IMF's blackmail of these countries.

Thus, Beijing's 2004 \$2 billion credit line to Angola on generous terms came after Angola refused the IMF's conditions.

China has increasingly become the imperialist West's main workshop for the production of cheap consumer goods, draining China's energy, water and other natural resources, and polluting its environment.

Chinese-owned companies' investments in Africa are largely driven by a basic agenda of seeking fuel and minerals inputs for the production in China of manufactures by Chinese firms working as subcontractors for big Western corporations, with the bulk of the profits going to the latter.

In 2002, exports by Chinese subsidiaries of First World corporations accounted for 25.8% of China's exports — up from 20.3% in 1997, according to the World Investment Report 2006. According to the WIR 2006, the value added in China by the subsidiaries of First World corporations amounted to

US\$103.6 billion, and their pre-tax profits from such operations totalled \$22.7 billion.

According to the November 29, 2004, China Business Weekly, the US-based Wal-Mart corporation, the world's biggest retailer, bought \$15 billion worth of products from China, mostly through a network of 5000 China-based firms. Today, Wal-Mart alone accounts for one-third of the \$60 billion in manufactures exported from China.

No matter how big a share of the world's low-technology processing and assembly work China takes on, the imperialist corporations will retain their monopoly of superior technology in the decisive industries.

And while Chinese companies are becoming significant investors in some African countries, most of the continent's industries are dominated by foreign direct investment (FDI) from US and European corporations.

As the February 10 *New York Times* noted, "China is not yet an overwhelming presence in Africa. The juggernaut image aside, China imports less African oil, invests less money and spends less on aid than does the United States or Europe."

According to the most recent UN figures, total FDI holdings in Africa in 2005 were worth \$96 billion, of which European firms accounted for 61%, US firms 20%, Asian firms 8% and South African firms 2%. Of the \$29 billion of FDI that went into Africa in 2005, only \$1.2 billion (4.1%) came from China.

P.S.

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