

China's Investment Engagement in Africa: From the Washington Consensus to the Beijing Consensus

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China's relationship with nations in Africa has brought economic success never experienced before, through infrastructure and relatively inexpensive products, thereby reducing poverty. The article explains that China fares better than the West and has provided a worthy alternative model to African countries. With its non-interference policy, China has been able to assist African countries to trace their road to development. It is not surprising that African nations are currently experiencing economic development at an exponential rate compared to others in the world. At the same time, this article issues caveats in that China needs to work on the negatives that are associated with its involvement in Africa. The author will argue that China ought to be concerned with dealing with labor, their work conditions and initiatives to protect the environment. It is argued that once focus is laid on these issues, China's association with Africa could truly hold a positive impact on the lives of common people to a much greater extent.

Keywords: China, Africa, Trade and Investment, Win-Win Situation, Non-Interference, Economic Actions

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I. INTRODUCTION

Africa has suffered from colonialism and the consequent dire poverty and economic decline. This was partly due to “Structural Adjustment Programs” imposed on African countries by the IMF and the World Bank in the 1980s. It resulted in the failure of the Washington Consensus which was envisioned to revive economies of African countries. Recently, Dani Rodrik argued that: “Nobody really believes in the Washington Consensus anymore. The question now is not whether the Washington Consensus is dead or alive; it is what will replace it.”¹ Responding to this concern, the People’s Republic of China (China) seemingly triggered its investment in Africa.

China’s engagement in Africa may have largely been driven by natural resources – oil, gas and precious metals especially abundant in Central Africa² – to power its growing economy and to its expanding industrial base. Unfortunately, these abundant resources have been more of a curse than a blessing for Africans in the past, causing endless conflicts and resulting in loss of civilian lives of millions. In recent decades, several countries have realized that natural resources could benefit the overall unity and prosperity of citizens. These countries are looking to China to assist them in achieving their goals.

Although China imports a great deal of oil and other natural resources from Africa (Tables 1 & 2), its trade with Africa is relatively balanced as it sells manufactured goods of nearly the same value to Africa each year.³ Cammack maintains that in addition to seeking minerals, timber and oil, China has been building roads and hospitals, investing in a broad range of sectors, trading goods and services, and providing soft loans and other incentives like a ‘brotherfriend.’⁴ Shelton and Kabemba maintain that Chinese investments in Angola, Democratic Republic of Congo (“DRC”), South Africa, Zambia and Zimbabwe are among the highest in terms of value on the continent. Southern Africa represents the biggest Chinese investment on the continent and is undoubtedly the region most attractive to China.⁵ The region has oil (Angola), timber (DRC and Mozambique), copper and cobalt (Zambia⁶ and DRC) and other strategic minerals such as platinum, chrome, manganese (South Africa⁷ and Zimbabwe) and coal (South Africa and Mozambique) that China needs.⁸

This research will critically assess China’s engagement in Africa and compare