Africa and the New Global Reality: Counting Gains Or Losses?

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Abstract: International relations are undergoing profound changes with the entrance of other ‘powerful’ actors on the scene. There is a widespread perception that power is shifting to the south. Much scholarly attention has been paid to what Goldman Sachs analyst, Jim O’Neill in 2001 referred to as the ‘BRIC - Brazil, Russia, India and China’ (BRIC), which now include South Africa (BRICS). The rise and influence of these new actors in Africa cannot be overemphasized. Thus, this paper examines what Africa stands to gain or lose with the arrival of new powers such as China. The major questions that this paper seeks to answer are, how is Africa facing the new global reality? Are emerging powers entrance impacting on Africa negatively or positively? What does Africa stand to gain or lose from emerging powers, particularly China, in the continent?

Keywords: Africa, Global, Reality, Gains, Losses

I. INTRODUCTION

International relations are undergoing profound changes with newly emerging powers entering the scene. Indeed, new actors are playing prominent roles in the global political economy. Today, old players no longer only dominate global issues such as trade, climate change, conflict resolution, among others because emerging powers are now indispensable players. Since the beginning of the 1990s, the centre of economic gravity of the world has been progressively shifting from West to East or North to South (Woo, 2012). There is a widespread perception that power is shifting to the South and emerging powers are challenging the dominant powers, especially in the area of economic growth.

The economic growth of countries such as China, India and Brazil led to Jim O’ Neill’s invention of the term BRIC (Brazil, Russia, India and China); a term used to describe emerging economies that would wield much power in global stage. Notwithstanding that many other coalitions of emerging powers for instance IBSA (India, Brazil and South Africa), BRICSAM (Brazil, Russia, India, China, South African and Mexico) have featured in literature, the emergence of BRIC (Brazil, Russia, India, and China) has taken centre stage. Studies have tried to unearth the implications of their recent rise in areas as diverse as global governance, democratisation, African development, trade policy and social provision (Friedburg 2005; Ramo 2004; Segal 1999; Lima and Hirst 2006; Macfarlane 2006; Narlikar 2001; Cornelissen 2009; Mearsheimer 2005; Taylor 2009). For instance, 20 years ago it would have been difficult to imagine India as a major player in World Trade Organisations’ negotiations, or China as the second largest economy in the world (even though Chinese economic growth is recently seen as slowing down). It is important to state that a prediction was made that the economies of Brazil, Russia, India and China (BRIC) would surpass the combined gross domestic product of the G-6 by 2040 (Business Week, 2006). Whether or not this prediction will come to pass giving the recent economic changes in countries such as China and Brazil will depend on the economic state of the countries in years to come.

Nonetheless, emerging powers have made significant inroads into the Western powers’ traditional political and economic dominance (Alden 2009). For instance, the rise and influence of these new actors in Africa cannot be overemphasized. Thus, this paper tends to examine Africa in the face of the new global reality, especially giving the increasing penetration of emerging powers such as China. The major questions that this paper seeks to answer are: What is Africa’s fate in the new global reality, and since the arrival of China? Has China been impacting on Africa negatively or positively? What does Africa stand to gain or lose from China, as an emerging power in the continent distinct from the traditional partners? With introduction as Section 1, this paper proceeds as follows. Section 2 covers the discourse on the global shift of power within the prism of power transition theory. Section 3 examines Africa’s fate in the new global reality; what Africa stands to gain or lose from emerging powers, with particular reference to China. Section 4 concludes and makes recommendation for further study.
II. POWER SHIFT IN GLOBAL POLITICS

Global shift of power has been a dominant discourse in international politics. With the emergence of the BRIC and the changing rules of engagement in global politics especially in the debate on issue of climate change and state’s responsibilities, the term ‘power shift’ does not have to attract a ‘brain rack.’ At the mention of global shift of power what readily comes to mind is the emergence of new economic actors/states or players in the global stage. The main discourse revolves around the changing world, reflected in the ‘new global reality’ of perceived transition of power from North to South or East as the case may be.

In 2001, Jim O’Neill coined the term BRIC to describe the emergence and influence of new actors and the ‘perceived’ shift of power to the South. According to Woo (2012) since the beginning of the 1990s, the centre of economic gravity of the world has been progressively shifting from West to East and from North to South. The world is becoming increasingly multipolar with the emergence of China, India, Brazil, and with the resurgence of Russia- forming the so-called BRIC (Renard 2009). Humphrey (2011) stated that the global context has changed in three different ways; first is the rise of new powers (the designation of BRIC countries), second is the financial crisis (the crisis of 2008 and its aftermath accelerated the rebalancing of global power) and the third is the competition for resources (volatile energy). This global shift of power was what necessitated Mathew (2011:18) to declare that ‘the world today is at a hinge moment in its history.’ What is remarkable about the new global reality is that the new order is becoming increasingly multi-polar characterised by multiple centres of economic power and activity.

There is a ‘thin line’ between the core and periphery (rich industrialised countries and poor developing countries) because many developing countries are catching up with the industrialised world. Chin and Schrumm (2008:1) affirmed that ‘the global order is shifting, driven principally by the rise of the emerging powers.’ There is an economic and political power shift, which is associated with a relative decline of the West” and a relative rise of the “East” (Kappel, 2011). These “tectonic power shifts”(Kaplinsky and Messner 2008) have brought significant changes in Africa’s international relations as the emerging players are now among the majors players in Africa as well as competitors with European powers for Africa’s endowed potentials (mainly resources). For Scholvin (2010) ‘emerging non-OECD countries are now key actors in global and regional politics, taking on specialized roles in their regions and posing a counterweight to traditional superpowers and great powers.’

The rise of emerging powers, especially the BRIC countries, has changed the rules of engagement, compelling the established status quoist powers to shift their strategy in the contest for Africa’s resources, markets and friendship (Chand, 2011:7). Notwithstanding that many other coalitions of emerging powers for instance IBSA (India, Brazil and South Africa), BRICSAM (Brazil, Russia, India, China, South African and Mexico) and the Next -11 economies (Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, Philippines, South Korea, Turkey, and Vietnam) have featured in literature, the emergence of BRICS (Brazil, Russia, India, China and South Africa) has taken centre stage. Lauren (2008) was quick to point that ‘the major changes in the international political economy likely to occur over the coming 25 years are primarily related to the rise of emerging powers such as China, India, Brazil and South Africa.’ Undoubtedly, ‘the growing presence of the emerging powers in Africa sets a new challenge to Africa and Africa’s traditional partners, Western Europe and the United States. The global shift of power is transforming the power distribution among nations and adding new vitalities for Africa’s international relations.

Much of the argument on ‘emerging powers’ has centered on the issue of these new powers altering the status quo (revisionism) or maintaining the status quo (integratism). Such arguments fall within the purview of power transition theory. The main argument in power transition theory is that the international system is structured hierarchically, where a dominant power sits at the top and there are challengers (Organski and Kugler, 1980). These challengers (in this case the emerging powers) may be satisfied or dissatisfied with the status quo established by the dominant power. Dissatisfied states would want to change the status quo or the rule of the game and they are mainly referred to as ‘power revisionist.’ But the satisfied states maintain the status quo and play along with the dominant power, and are sometimes called ‘status quoists’ or ‘integratists’ (those that get integrated to the established order). Scholars have argued that emerging states hardly maintain the status quo- they always have the intention of revising the international order to suit their interests. Hurrell and Sengupta (2012) noted that rising states will naturally seek to challenge the status quo and to revise the dominant norms of the system in order to reflect their own interests and values.

Ordinarly, power transition theory expects a clear shift in a revisionist direction. As Gilpin (1981) once put it, ‘as its relative power increases, a rising state attempts to change the rules governing the system.’ Power transition theory predicts that war (global or regional) will be most likely when: there is parity between the dominant power and challenger; when the challenger surpasses the dominant power (overtaking), and when the challenger is dissatisfied with the established order by the dominant power. The principle predictive power of the theory is in the likelihood of war and the stability of alliances, even though war could only occur when the challengers are not satisfied with the system. As Tammen et al (2000) mentioned, war is most likely, of
longest duration, and greatest magnitude, when a challenger to the dominant power enters into approximate parity with the dominant state and is dissatisfied with the existing system (Tammen et al, 2000). A great deal of literature suggests that the preferences of the rising power matter a great deal in decision to go to war or not. In particular, power transition theory in exploring the rise and decline of great powers, suggests that a rising power generally satisfied with the existing international order is less likely to provoke instability than a rising dissatisfied power intent on challenging the existing order (Organski 1968; Organski and Kugler 1980; Kugler and Lemke 2000; Levy 2008). One of the loopholes that have been found in this theory is that assessing the level of satisfaction or dissatisfaction is very difficult. This is because to assess objectively the level of satisfaction of a great power is difficult as the degree of satisfaction or dissatisfaction depends on a wide range of specific factors and issues. For instance, a State that feels satisfied under one international system may or may not feel satisfied under another. Thus, ‘introducing a satisfaction variable to the model dilutes the core variable of power transition theory, causing the theoretical framework to lose much of its explanatory power (Cheng 2011: 409).

What is more, power transition theory helped to establish the fact that there are new actors or rising powers in the global stage, ordinarily called ‘challengers’ which through their economic and political clouts are causing the global shift in power. Renard (2009) in his argument pointed that with the emergence of these new actors, the world has become multipolar; and a multipolar order can either be cooperative or competitive. A cooperative order arises when states agree to share global power and to resole matters together; and a competitive order arises when states struggle for global leadership and are tempted to deal with some matters unilaterally.

In considering the influence of emerging powers in Africa, scholars have argued that the BRIC, especially China are challenging Africa’s traditional partners in competition over resources. Nevertheless, analysing the BRIC actions (whether competitive or cooperative; revisionists or integratists) in relation to other actors in Africa is outside the scope of this paper. The aim of this paper is not to analyse the global shift of power and its intricacies for Africa. The brief explanation on the global shift of power is to situate the paper ‘Africa and New Global Reality….’ in the current discourse on the global shift of power which will serve as a platform for the analysis of emerging powers role in Africa as well as the implications of their interests for Africa.

III. AFRICA AND EMERGING CHINA: COUNTING GAINS OR LOSSES

Managing the rise of China constitutes one of the most important challenges facing Africa in the 21st century. Given China’s rapid economic growth (growing at almost 8 percent since the 1990s; although experiencing slow growth since 2015), Africa became part of China’s foreign expansion policy. China’s 21st century penetration into Africa, no doubt needs attention. China is now the second largest economy in the world, with prediction that ‘it will overtake the US by 2027’ (Mitchell, 2011); even though that prediction will still be doubted given its recent economic slowdown.

It is important to state that China is not a new comer in Africa but its economic colossus is what is causing the ‘emergence commotion’ in Africa.’ China and Africa have been in contact since the Bandung Conference of 1955. China has assisted Africa in their liberation struggles, and even financed and built the Tan-Zam railway- a project that was highly commended by Africans and non-Africans. With China’s economic reform initiated by Deng Xiaoping in 1978, China since the 1990s has emerged as one of the fastest growing economies in the world. It is now in the category of emerging powers in global politics, and even most times regarded as the ‘leading emerger’ among all other emerging powers.

What drives China’s presence is Africa today is different: it is purely economic centered. In 1993, China for the first time turned from a net oil exporter to net oil importer (‘all thanks and all regrets’ to its economic growth). China emerged as the second largest consumer of crude oil in 2003, behind only the United States. It is currently the second largest importer of crude oil in the world. Also, China is witnessing market saturation in variety of sectors as more goods are churned by its industries. Today, China has to source for crude oil to sustain its economic growth; and market to sell its industrial goods. All these are available in Africa, the largest continent after Asia. African countries, for example, Sudan, Angola, Nigeria, Libya, Republic of Congo, Equatorial Guinea, among others are endowed with crude oil and other mineral resources. At the moment, Angola provides 50% of Chinese import of crude oil from Africa, and Sudan is where China has the largest investment in oil sector in Africa. Also, Africa has large market to take Chinese manufactured goods. For instance, Nigeria alone with a population of more than 150 million people undoubtedly has large market to accommodate Chinese manufactured goods.

China has been devising different strategies to make sure its interests are realised in Africa. In 2000 (at the turn of the century), China established the first ever Forum on China-Africa Cooperation (FOCAC), where Presidents, Prime Ministers and Senior government officials of African countries (those that have diplomatic relations with China), would meet every three years to chart on the possible areas of cooperation and assistance
from both sides (China and Africa). This Forum met in 2003 in Addis Ababa, in 2006 in Beijing and in 2009 in Egypt. The next Forum is scheduled to take place in Beijing in November. The Forum is usually alternated between Beijing and China. In each of these Forums, China has tried to increase its aid to Africa and had even cancelled the debt of some least developed countries in Africa. In 2006 Forum, China cancelled nearly USD 1.3 billion in debt owed by 31 African countries, abolished tariffs on 190 kinds of goods from 29 least developed countries in Africa and promised to do so for more than 400 goods (Berger and Wissenbach 2007). With China re-emergence in Africa in the 21st century; and Africa feeling its impact in less than a decade, it is expected that Africa should tighten their seat belts for the greater game ahead. Thus, the question is at present, is Africa counting gains or losses with the emerging China?

Judged by China’s territorial size and populations, and economic ascendency, China’s influence is bound to be significant in Africa, with diverse implications. Moreover, as the only developing country occupying a seat at the United Nations Security Council, the largest population in the world, China is not a State to be sidelined in international politics. China’s engagement in Africa is visible in almost all the sectors of Africa’s economy, from construction, trade, manufacturing, project financing etc. In relation to this paper, Africa’s gains and losses in the new arrival of China are examined in the area of aid and investment, and trade. As noted by Wild (2006), the question is not so much if Africa benefits from Chinese engagement, but rather which Africans, which sectors, and under which circumstances these benefits occur.

3.1 Aid and Investment

In China’s foreign relations, aid and investments are intertwined. China’s aid and investment in Africa are strictly based on China’s principles of disbursing foreign aid to developing countries. First major feature of this policy is that China disburse its aid solely on unconditional basis, without strings attached, and the second is that its aid is often tied to infrastructural development. In April 2011, China released its Foreign Aid Policy Document in Africa that maintains no political conditions. For instance, this year, in April 2016, China offered Nigerian government $2 billion US dollars loan for construction of metro-rail station. Also in 2006, China offered Nigeria $5 billion loan for development of her infrastructure ranging from railway, hydropower, railway upgrade, satellite telecommunications, rural telephone services, among others and this was given without any political conditions such as upholding human rights or democracy. Also, China’s Eximbank has provided commercial loans for electricity distribution lines, cement factories, and other projects for Ethiopia (Brautigam, 2011). In Angola, China is also financing Angola’s dilapidated infrastructure after three decades of civil war.

China’s aid and investment is in many ways more attractive to African countries than those of traditional western partners because it is helping African countries develop their infrastructure. China supports Africa in areas where the latter is resource-poor (e.g. infrastructure, technology, training, and access to capital). Among the emerging financiers of African infrastructure, China is by far the largest. Its commitments to infrastructure projects in the region are estimated to have risen from about $0.5 billion a year in 2001-03 to about $1.5 billion a year in 2004-05, and to at least $7 billion in 2006 (Foster 2008). The Financial flow from China offers important development opportunity for Africa (Foster et al 2008:3). Four countries (Nigeria, Angola, Ethiopia, and Sudan) account for 70 percent of Chinese financing commitments in Africa; Nigeria alone accounts for nearly 30 percent. The rest of the funding includes sizable volumes on the order of $800-1,000 million provided to Guinea, Ghana, and Mauritania (Foster et al 2008: 3). Chinese aid offers faster implementation of programmes because of its aid tied to infrastructural development. With China’s aid, Africa is wielding greater leverage in bargaining with both traditional and emerging donors.

Clearly, Africa benefits from the increased Chinese aid and investment in infrastructure. The Chinese have built roads, bridges, power plants and railroads in at least 35 African countries at an unprecedented scale, and still have ongoing projects in many African countries. Amongst other things, China has added 6,000MW in hydropower, and an additional 10% of rail to Africa (Sebastian 2008). In Sudan, where the largest foreign investor is the state-run China National Offshore Oil Corporation, this company has created hospitals, schools, a refinery, and 4,000 local jobs (The Rockefeller Foundation 2009). There is evidence that Africa is gaining from Chinese aid and investments even though Africa experiences loss in some ways. For instance, Chinese firms have been said to import labourers from China that engage in executing the projects that has been contracted to China, thereby depriving Africans of employment in such sectors. In countering the argument, Mr. Frank, the Attache at the Chinese Commercial and Economic Embassy in Lagos, Nigeria pointed that, that such criticism of China is untrue as China employs both Chinese and African labourers. According to Mr. Frank, what China does is that it must import its accountants and managers from China, since they have to account back to the home company.

Another concern on China’s present engagement has been attributed to its low interest loans. The credit lines and low interest loans of China, (although with very favourable terms), is bound to create indebtedness in the long-term as many African countries are increasingly attracted to it. Again, there is the concern that environmental and working conditions in Chinese-run companies do not respect international standards. In
China, environmental pollution is high and there is the concern that China may not fare any better in Africa. According to World Bank Report, 16 out of the 20 polluted cities in the world lie in China (cited in The Rockefeller Foundation 2009). It is believed that China may pose environmental challenges to Africa and this concern was mainly linked to China’s timber logging in Africa, and unfavourable working without adequate safety standards in most of its firms.

3.2 Trade

At the turn of the 21st century, Sino-Africa trade grew at an exponential rate, linked mainly to China’s import of Africa’s resources and exports of manufactured goods to Africa. China emerged as Africa’s second largest commercial partner after United States and the second largest exporter to Africa after France. Trade has been growing in terms of exports and imports. Africa countries’ exports to China are primary products with crude oil being the major exports. Africa countries’ imports from China consists of manufactured goods such as industrial products, electrical equipment and machinery, textiles, household utensils, among others. Even though Africa’s exports to China have more than tripled in recent years, yet only 15 of Africa’s 53 countries currently enjoy a trade surplus with China (The Rockefeller Foundation 2009: 4). China’s economic growth has given China higher leverage over African countries in variety of sectors, especially manufacturing. It is basically China’s economic growth that is presently driving its African policy. China has economy that is booming since the early 1990s and external diversification to foreign market has become necessary for it to sustain the economy. Apart from being one of the fastest growing economies in the world today, China is also one of the world’s major economies with greatest development potentials (Duncan and Mingjie, 2006).

With China’s entry into WTO in 2001 and the resultant trade liberalization; (Lee et al, 2004), China has been strengthening its export competitiveness in a wide range of products. Chinese industries are thirsting for raw-materials to facilitate and sustain the production and consumer needs of both their citizens (1.3 billion people) and external markets that crave for cheap Chinese goods. China has already displaced the United States as the world’s leading consumer of most industrial raw materials. China’s share of global copper consumption is now 22%, compared to 16% for the US, while China’s share of global aluminum consumption is now 22%, compared to 20% for the US. China now produces almost 30% of the world’s steel, compared to 10% for the United States and 5% for Japan (Hale, 2006). It’s fast growing economy necessitated an outward economic orientation policy (a policy of market opening, foreign economic cooperation and integration into the world economy) after more than two decades of practising a closed economy.

China is suffering from market saturation in many sectors, particularly textiles where it still maintains the position of the largest manufacturer in the world. It is now clear throughout the African continent that most local small and medium companies or industries will not survive in the face of competition from Chinese products, particularly textiles and clothing. In Nigeria for instance, almost all major textiles firms has been shut and more than 15,000 jobs were lost partly due to the flood of its market with Chinese textiles. Also in Lesotho and Zambia textile workers have been put out of business. In South Africa, more than 800 firms and 60,000 workers have become unemployed as a result of the influx of Chinese textiles (Alden and Martyn 2006).

Nevertheless, China’s involvement has been a boon to African countries in some ways. Chinese merchants have brought cheap, plentiful commodities to people who in the past could not afford goods such as mobile phones, television, refrigerators and other household goods. Thus, for many African consumers especially the middle class and low-income earners, China’s engagement in the continent is making life more affordable. For African producers, it is the opposite, where firms are closing up due to influx of Chinese goods and inability to compete. Many African manufacturers are ill-equipped to deal with the competition created as traders their supplies directly and cheaply from China. In other words, increased competition is having its heaviest hit on African entrepreneurs. One study of footwear producers in Ethiopia found Chinese competition had forced 28 percent of producers into bankruptcy and 32 percent to downsize (The Rockefeller Foundation 2009). It is noted that ‘firms in Africa are almost 20 percent less competitive than firms in other regions’ (World Economic Forum, World Bank, and African Development Bank 2009). Factors that contribute to weak industrial competitiveness include lack of policy stability, poor infrastructure, unstable power supply and high indirect costs related to a poor business environment. Africans’ infrastructural development is still far behind that of China, making Chinese manufactured goods to have greater advantage over Africa’s goods in terms of cost. Although China is making life less affordable for the low-income earners in its cheap goods, in some cases it becomes precarious as many firms are closing down due to influx of Chinese manufactured goods.

What is noteworthy is that China’s contemporary engagement with Africa has its advantages and disadvantages for Africa. The economic advantage that African countries are gaining from China can be sustained if countries draw up their own development policies and co-ordinate them at regional and continental level to better negotiate with their emerging partners on areas trade, aid and investment that will help Africa develop its economy.
IV. CONCLUSIONS

The rise and influence of new actors such as BRICS in international scene cannot be overemphasised. For instance, China is playing significant roles in Africa. Its impact is particularly significant in the areas of trade, aid and investment. In the area of trade, African consumers’ gains from cheap Chinese goods such as textiles, footwear, mobile phones etc, that is now affordable to low-income earners but loses its nascent industries due to the influx of these goods, especially textiles. One area that Africa has benefitted greatly, and is still benefitting is China’s aid and investment. China’s aid is always tied to infrastructural development as China never disburses cash to African leaders-they tie their loans to a project that will benefit Africa, and also participate in the construction of such projects. However, Chinese loan tied to infrastructural development is a major concern for Africa as Chinese labourers are often imported from home to undertake such projects thereby to a certain extent depriving Africans of jobs in their country. China’s non-accountability, non-transparency and no human rights ‘queries’ or in general term ‘non-interference policy’ has been criticised as encouraging rogue states with ‘rogue aid.’ In other words, its aid is encouraging corrupt and autocratic African leaders not to imbibe by Western transparency and accountability model. Overall, Africa is counting losses as well as gains in the face of the global power shift, seen mainly in the emergence of new actors such as China. What is yet to be fully studied is whether the gains supersede the losses or the reverse. This is an area for further study.

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