CHINA'S ROLE IN AFRICAN INTEGRATION

by

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Dalhousie University is located in Mi'kma'ki,
the ancestral and unceded territory of the Mi'kmaq.
We are all Treaty people.

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Abstract

China has surpassed the United States to become the largest source of development finance in Africa. China boasts a policy of non-interference in the national affairs of foreign countries, but their investment in African development requires stable political institutions to succeed. To overcome this conundrum, China is devoting significant resources to the growth of the African Union as this source of stability. I argue that China has become the primary driving force behind African integration through a strategy of top-down capacity-building and bottom-up economic integration. There is a clear gap between the ideals of South-South cooperation and the actual implementation of China's foreign direct investment; with China often failing to meet the standards they impose on themselves. However, these initiatives from China represent a major shift in development financing and the growth trajectory of Africa. China is slowly guiding the governance norms in Africa by operating on this supranational level.

List of Abbreviations Used
AIIB: Asian Infrastructure Investment Bank
AEC: African Economic Community
AFRICOM: United States Africa Command
ARII: African Regional Integration Index
ASEAN: Association of Southeast Asian Nations
ASF: African Standby Force
AU: African Union
BRI: Belt and Road Imitative
CSR: Corporate Social Responsibility
DRC: Democratic Republic of Congo
EADS: East Asian Development State
ECSC: European Coal and Steel Community
EU: European Union
FDI: Foreign Direct Investment
IDF: International Development Finance
IMF: International Monetary Fund
MP: Marshall Plan
NAFTA: North American Free Trade Agreement
NATO: North Atlantic Treaty Organization
OAU: Organization for African Unity
PRC: People's Republic of China
TNCs: Transnational Corporations
UN: United Nations
UNCTAD: United Nations Conference on Trade and Development
US: United States

Chapter 1: Introduction

In 2012 at the heart of Ethiopia, Jia Qinglin, China's most senior political advisor, watched on as the largest building in Addis Ababa was officially opened. The African Union (AU) headquarters cost $250 million (USD) and cost them nothing. China completely funded the project.[1] From an outside perspective this is a perplexing use of a quarter billion dollars, but it is symbolic of how China has been pursuing policy in Africa. China is committed to the growth of the AU, which does not seem intuitively beneficial when bilateral relations favour China. The question thus arises as to why China has become so invested in African integration and what are its incentives to be spending such astronomical sums on an institution that weakens its bilateral bargaining power. This trend has only been expanded as foreign ambassador Wang Yi spent the early half of 2021 touring Africa to grow China's seminal Belt and Road Initiative (BRI). Yi's tour of Africa increased membership in the initiative from an initial grouping of Egypt, Ethiopia, Somalia, and Djibouti to 46 states across the entirety of the continent.[2] Established in 2013, the BRI is a monumental development project intended to re-establish China's economic and political power abroad. Per its namesake, the BRI follows the path of the silk road, connecting China to Europe and Africa through widespread investment and trade across the expanse of the route.[3] The increasing membership of African states in the

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[1] "African Union Opens Chinese-Funded HQ in Ethiopia." BBC News. BBC, January 28, 2012. https://www.bbc.com/news/world-africa-16770932.

[2] Devonshire-Ellis, Chris. "China's Wang Yi Foreign Ministerial Annual New Year Tour of Africa: 2021 Highlights." China Briefing News, January 11, 2021. https://www.china-briefing.com/news/chinas-wang-yi-foreign-ministerial-annual-new-year-tour-of-africa-2021-highlights/.

[3] Cheng, L.K., 2016. "Three questions on China's "belt and road initiative". *China Economic Review*, *40*, pp.309-313.

BRI further illuminates of China's policy of mass spending into the economic capacity of these nations. China has swiftly become the largest source of funding across the continent as a result. Its increasing role in African finance is injecting hundreds of billions of dollars into a developing region that will inevitably yield socio-political effects.

This thesis seeks to explore the following question: Why is China committed to the expansion of African regionalism? Subsequently, through which means is this goal being achieved? It will be hypothesized that China is facilitating the development of the AU through investment in both top-down capacity-building and bottom-up economic integration. As China transitions into the net phase of its economic model, the growth of foreign export markets can soften the impact of its growth drivers slowing. Therefore, African development could prove mutually beneficial to China as a source of foreign demand. The separation of capital control and production has made stable political institutions necessary for foreign investments and global value chains to survive. African states have notoriously failed to develop this requisite governance and institutional stability to rationalize mass investment. China's foreign policy is restrictive in directly addressing this problem because it is predicated on non-interference. Therefore, the AU can provide the institutional stability necessary for the success of Chinese investments abroad whilst maintaining the integrity of the non-interference principle. While the development of the AU as a regional bloc weakens China's bilateral negotiating power, it can provide the institutional stability necessary to ensure the success of China's foreign investments. Furthermore, China's patronage cements the country as the de facto regional power for a continent with immense growth potential.

This dynamic has the potential to yield insights into the future of integration. The contemporary political system is composed of national actors attempting to exert themselves over transnational forces of globalization. This has materially eroded the power of individual states. Consequently, an emphasis on multilateralism and cosmopolitanism has arisen yet failed to adequately materialize globally. Evaluating the mechanisms through which this is being achieved in Africa could elucidate lessons for other projects of a similar nature. Notably, China's early forays into South America. The dominant motivation behind regional integration as it is understood is inherently internal, whereas China's role in the growth of the AU indicates an external actor can play a pivotal role in this process. Alternatively, if China's engagement is neutral to the regional project, it must be understood how integration is developing alongside but separate to this influx of aid.

The first section will overview the two camps that have emerged in support of and opposition to China's investment. Notably how elements of the relationship have become politicized to the point of blurring fact and fiction. The subsequent section provides an account of regional integration theory which will act as the theoretical approach for analysis: the split between neofunctionalism and intergovernmentalism and where they overlap in the coalescence of integrative projects. Section 2.2 utilizes this approach to give a history of regional integration in Africa, from pan-Africanism to the flaws of the OAU, to the current iteration of the AU. Section 3 concerns the flow of funds into the continent, the motivating forces in China, and how it is directly investing in the capacity of the AU – establishing the overview and logic behind the relationship. 4.1 evaluates tangible cases of investment and the litany of possible effects these projects bring: the

Addis Ababa-Djibouti railway and Meme'vele hydroelectric dam reinforcing the forces of integration, the neutral effects of Ethiopia's Eastern Industrial Zone, and the destructive forces of mining operations in Ghana. 4.2 looks at the relationship from a macro lens through data analysis on China's FDI stock in relation to the AU's net and infrastructural indicators of integration. These results are then discussed more broadly in terms of their implications and connections to other perspectives on the issue.

Chapter 2: Literature Review

Two camps have emerged in the prevailing literature on China's engagement in Africa. They are distinctly pro or anti-China in nature and premised on completely different methods of evaluation. In essence, it comes down to a question on the subject that Deborah Brautigam poses, "Does the dragon have teeth?"[4] Pro-China literature adopts a more positivist intellectual approach that evaluates the relationship on historical precedence and the tenets of investment as it stands. As Brautigam points out later in her book, *The Dragon's Gift*, most of Chinese investment into Africa is dedicated strictly to business surrounding high potential industries with a lion's share engaging infrastructure developments.[5] China uses a multitude of sources and strategies to execute this strategy: aid, foreign direct investment, and loans all emanate from a variety of public and private sources as it builds Africa's capacity. One of the most important elements of Chinese foreign policy illustrated in pro-China arguments is that it exercises a non-interference policy in local/national politics. China does not believe in directly tampering in local or national political affairs and is highly conscious of distinguishing itself from the formal/informal empires of the West and its engagement (as will be discussed later).[6] This method of evaluation takes this trend at face value: a massive flow of funds into underdeveloped African nations accompanied with neutral political engagement. Juxtaposition with countries, such as the United States, is central to this analysis. When

[4] Brautigam, D., 2009. "The dragon's gift: the real story of China in Africa." Oxford University Press.

[5] Ibid

[6] Aidoo, R. and Hess, S., 2015. "Non-interference 2.0: China's evolving foreign policy towards a changing Africa." *Journal of Current Chinese Affairs*, *44*(1), pp.111; Campbell, H., 2008. "China in Africa: Challenging US Global Hegemony." *Third World Quarterly*, *29*(1): pp. 92.

the West enforces harmful conditionalities and politically interferes (often fatally) in the affairs of the continent, any alternative is seen as an attractive option. Thus, the pro-China argument is predicated on the facts as they exist and have been reported to date. Counterarguments take issue with evaluating the relationship at face value and project forward with greater caution.

Anti-China positions are predicated on a greater concern for risk assessment and the potential for the relationship to sour as China continues to gain political and economic leverage on the continent. Skeptics are largely situated in Western nations concerned with their loosening grip on hegemony or are strident African nationalists naturally concerned with the possibility of more foreign dependence and interference. China's rise must be considered in the context of its status as the first legitimate challenger to Western hegemony since the collapse of the Soviet Union. Every action they take can be politicized with the undercurrent of this threat to the contemporary order and as an indicator of the loosening grip of the West.

Horace Campbell argued in 2008 that China's presence on the continent represented the first concrete challenge to American hegemony as loyalties/reliance shifted from West to East.[7] By 2011 the relationship had come to the forefront of American politics when then Secretary of State Hillary Clinton said, "We don't want to see new colonialism in Africa"[8] in reference to China while on a diplomatic visit to Zambia. A term frequently cited in American foreign policy in relation to the investment

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[7] Campbell, H., 2008. "China in Africa: challenging US global hegemony." *Third World Quarterly*, *29*(1), pp.89-105.

[8] Quinn, Andrew. "Clinton Warns against 'New Colonialism' in Africa." Edited by Mark Heinrich. Reuters. Thomson Reuters, June 11, 2011. https://www.reuters.com/article/usclinton africa/clinton-warns-against-new-colonialism-in-africa idUSTRE75A0RI20110611.

is ‘debt trap diplomacy’. This belief is centred around the notion that China is using this lending as a political tool from which to extract resources and achieve ancillary political goals.[9] It has been hypothesized that even if China is not actively using its leverage in this way, it is contributing to the vulnerability of African economies by expanding debt and can be leveraged to form a predatory relationship. Thus, a central notion of the skeptic argument is that China will only perpetuate the neocolonial dynamics that have plagued the continent under the guidance/control of the West. This has naturally lent itself to the lens of dependency theory for evaluating this relationship between two nations from the global South. Dependency shifts would theoretically be shifting from the West to the East as China expands its institutional involvement and interests on the continent.[10]

Further literature highlights potential concerns of neoimperialism, the growing shift of African UN votes towards Chinese causes,[11] the universal non-recognition of Taiwan in Africa as of 2020 (save for Eswatini), evaluations of Chinese extractive industries,[12] and the prevalence of Chinese workers on the continent.[13] The non-interference policy has been criticized for ignoring human rights violations and

[9] DeBoom, M.J., 2020. “Who is afraid of ‘debt-trap diplomacy’? Geopolitical narratives, agency and the multiscalar distribution of risk.” *Area Development and Policy*, *5*(1), pp.15-22; Green, Mark. "China's Debt Diplomacy." *Foreign Policy*. Foreign Policy, 25 Apr. 2019. Web. 29 Jan. 2021.

[10] Agbebi, M. and Virtanen, P., 2017. “Dependency theory–a conceptual lens to understand China’s presence in Africa?” *Forum for Development Studies*. 44(3): pp. 429-451

[11] Bodomo, Adams. 2009. “Africa-China Relations: Symmetry, Soft Power and South Africa." *China Review*. pp. 169-178; Fijałkowski, Lukasz. 2011. "China's ‘soft power’ in Africa?" *Journal of Contemporary African Studies*. 29(2): pp. 223-232; Gill, B., Huang, C.H. and Morrison, J.S., 2007. Assessing China’s growing influence in Africa.” *China Security*, *3*(3), pp.3-21.

[12] Jiang, W., 2009. “Fuelling the dragon: China's rise and its energy and resources extraction in Africa.” *The China Quarterly*, pp.585-609; Pegg, S., 2012. “Social responsibility and resource extraction: Are Chinese oil companies different?” *Resources Policy*, *37*(2), pp.160-167.

[13] Wong, M., 2006. “Chinese workers in the garment industry in Africa: Implications of the contract labour dispatch system on the international labour movement.” *Labour, Capital and Society*. pp.68-111.

supporting harmful regimes on the grounds of human security concerns (as will be discussed in greater detail in section 3.2).[14] Turning a blind eye to these rights issues in favour of doing business comes at a price in countries with abusive regimes. These indicators have signified a willingness of China to flex its muscle and use its position to its diplomatic and geopolitical advantage. They signal a potential predatory side of the relationship despite the benefits of China's aid.

The difficulty with attempting to refute the skeptic argument is that despite the multitude of efforts to 'myth-bust' the fallacies of Sino-African relations,[15] there is still risk associated with a single nation holding so much debt on the continent and there will always be the potential for the relationship to sour. The perfect case for how both sides of the debate can reinforce their argument is the AU headquarters. China spent a quarter of a billion dollars funding/building the African Union headquarters which is rightfully viewed as a massive positive for the continent. However, the supplied Huawei servers uploaded all the information stored on them to Chinese servers on their first night of operation. After a swift Chinese apology there has yet to be any subsequent issues and both parties have denied the upload in spite of its wide reporting.[16] This is a massive investment with both immediate and long-term positive implications being undercut by an indicator of trouble moving forward. How one chooses to evaluate this event thus has

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[14] Large, D., 2008. "China & the Contradictions of 'Non-interference'in Sudan." *Review of African Political Economy*, *35*(115), pp.93-10

[15] Hirono, M. and Suzuki, S., 2014. "Why do we need 'myth-busting' in the study of Sino African relations?" *Journal of Contemporary China*, *23*(87), pp.443-461.

[16] Feng, Emily. "African Union Accuses China of Hacking Headquarters." Subscribe to read | Financial Times. Financial Times, January 29, 2018. https://www.ft.com/content/c26a9214-04f2-11e8-9650-9c0ad2d7c5b5.

a wide variance based on the chosen variables, accompanying predilections, and belief in competing narratives of the event itself.

The weakness of both pro and anti-China arguments is that they minimize African agency and are often predicated on hypothetical scenarios requiring a fundamental change in the relationship. Brautigam points out that the debt-trap diplomacy argument is not based on any actual evidence of China wielding its leverage as power, but a meme borne through the fear that they could potentially do so in the future.[17] Regardless of how skeptics choose to problematize the relationship, every action taken by China becomes contextualized in relation to the violence and domination of the West. The human rights implications of China's non-interference policy are weighed in context with the havoc of structural adjustment programs.[18] The standard has been lowered to considering which actor is the lesser evil. Thus, this debate is left to 'wait-and-see' how China will wield their influence and how the West reacts. It is a discussion which is predicated on neglecting over a decade of this investment relationship being accelerated and essentially leaves Africa itself out of the evaluation. One side is not comfortable relying solely on the information available, while the other refuses to predicate analysis on speculative claims.

A further consideration associated with this widened scope is how we evaluate the non-interference policy. On a national and subnational level, it has been a steadfast staple of Chinese foreign policy. However, just a single paper in late 2020 considered the

[17] Brautigam, D., 2020. "A critical look at Chinese 'debt-trap diplomacy: The rise of a meme." *Area Development and Policy*, *5*(1), pp.1-14.

[18] Brautigam, 2009. pp. 26-31

impact of Chinese international development finance (IDF) at a broader regional level. Oscar Otele's argument concerns the impact of China's infrastructure projects on accelerating the African Union project, although he concludes that China's insistence on bilateral deals and competition between inter-regional blocs on the continent has created an equivalent countermovement.[19] This is a tangible variable with massive consequences that has largely been left out of this debate. Assessing the impact of China on the proliferation of regional political institutions must be addressed and situated within the broader literature of regional integration theory.

It needs to be determined through which mechanisms China is influencing the regional project. Integration theory supports the idea that investing into infrastructure and production on the local and national level grows into subsequent political evolution crucial to forming a regional body.[20] The European Coal and Steel Community, growing into the European Economic Community, and subsequently the European Union is the paradigm of productive integration that eventually yielded a fully realized regional project through the Maastricht Treaty in 1992.[21] Questions thus arise about what way the political developments from the MP can be compared to the political evolution of the AU in conjunction with China today: What are the motivating factors of the source country, the methods being used, and the economic model it is predicated on. A newly developed country in Asia is pouring hundreds of billions of dollars into the development of an

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[19] Otele, O.M., 2020. "China, region-centric infrastructure drives and regionalism in Africa." *South African Journal of International Affairs*, pp.1-22.

[20] Baldwin, R.E., 2006. "Multilateralising regionalism: spaghetti bowls as building blocs on the path to global free trade." *World Economy*, *29*(11), pp.1451-1518.

[21] Gardner, R., 2001." The Marshall Plan fifty years later: three what-ifs and a when.' Palgrave Macmillan, New York.

entire continent. A debate has arisen around if it is merely a good or bad thing for the actors involved whilst neglecting a broad approach to determining the extent of the underlying mechanisms.

This piece is not intended to attribute value to China's influence in Africa as a pernicious or benevolent force. Rather, I focus on developing a cogent narrative of the relationship and assessing the extent of China's impact beyond the dichotomy of positive or negative. The extent of this investment is too large to capture with any single descriptor. Section 4.1 displays cases that capture the wide swathe of potential dynamics that have emerged from Chinese initiatives. Ultimately both arguments are partially true. China is accruing significant financial leverage and many ventures from the country, both public and private, are to the detriment of the locale. Alternatively, China has maintained its policy of non-interference and the majority of its investment is dedicated to generating growth in Africa. Breaking out of this polarized framework is crucial to building a representative view of China-Africa relations and developing accurate analysis.

Chapter 3: Regional Integration Theory

Regional integration theory is derived from attempting to understand the process through which Europe (and later others) created a common market and subsequently a joint supranational governance structure. There are a litany of views, theories, and tools through which scholars have evaluated this process, yet it is key to note that regional integration is a continual process not merely a static goal. The nature of regional governance is constantly negotiated between actors, opposed to any teological process of integration wherein through successive stages, a multilateral governance body could be formed.[22] Functionalism proposed that common interest presupposed integration, and the regional governance body would attract the loyalty of its constituents through its functional value.[23] The intergovernmental approach arose in response to functionalism's inability to adequately account for the pervasive nature of nationalism, the will for political autonomy, and deliberative processes through which decisions were derived.[24] It posited that despite the appearance of supranational processes, the true functionality of the regional project was still composed/determined by the bargaining through which the competing interests of individual constituent states were accommodated. Ernst Haast notably evolved early functionalism into the neofunctionalist framework wherein states cooperate based on an economic incentive structure. Interdependence incentivizes

[22] Haas, E.B., 2008. "Beyond the nation state: Functionalism and international organization." *ECPR Press*

[23] Mitrany, D., 1948. The functional approach to world organization. *International Affairs, 24*(3), pp.350 363.

[24] Mattli, W., 1999. "The logic of regional integration: Europe and beyond." *Cambridge University Press*. p.27; Moravcsik, A., 1993. "Preferences and power in the European Community: a liberal intergovernmentalist approach." *Journal of Common Market Studies*, *31*(4), pp.473-524.

integration and states are willing to cede portions of their sovereignty to a regional governance actor to preside over a new transnational economic/political zone. However, the process of governance is defined by a conflict between national identity/the will for self-rule and supranational governance. As these approaches have been refined, the very idea of regionalism itself has evolved: "Regionalism was first interpreted mainly as a trading arrangement, but it soon became clear that this new trend went beyond trade and into monetary policy, development strategy, security and environmental protection, to mention just the most important fields of cooperation or provision of regional public goods."[25]

Despite the disagreements between the theoretical approaches on the functional aspects of regional institutions, they broadly agree on how the process of integration occurs. The rationale of integration is always rooted in an attempt to solve a transnational problem that a single state cannot tackle alone. There are two branches that form this incentive structure. Bottom-up economic integration which initially establishes a common market based on transnational economic incentives, which can also be referred to as 'regionalisation.'[26] This process is derived from internal private-sector growth and inherently human-centric. Both neofunctionalists and intergovernmentalists agree that economic interdependence and capitalist logic to form economies of scale incentivizes the creation of common markets. Haas' neofunctionalism calls this process 'functional spillover,' wherein the interdependency of the modern economy means that, "...any

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[25] Hettne, B., 2005. "Beyond the 'new' regionalism." *New political economy*, *10*(4), pp.566

[26] Mansfield, E.D. and Solingen, E., 2010. "Regionalism." *Annual review of political science*, *13*, pp.140

integrative action in one sector creates a situation in which the original goal can be assured only by taking further actions in related sectors."[27] Thus, the process of economic integration gradually subsumes every sector and creates the conditions from which national boundaries limit growth potential. Successful integration requires this process to be advanced. For the EU, national boundaries were causing negative externalities on integrated markets that did not make sense to maintain. Alternatively, the North American Free Trade Agreement (NAFTA) had two integrated countries (Canada and the US) paired with an outlier (Mexico). While elements of the Mexican economy were integrated with the other two nations, there were large gaps in regulations, labour, and productive integration that have caused distortions across the North American economy for decades in response.[28] The most cohesive iteration of economic integration that will provide our framework of analysis for the bottom-up element of this piece is Richard Baldwin's spaghetti bowl theory of integration.[29] He argues that regional integration is formed through successive strands of connections being made at every level of society. Single industries, regions, and actors are gradually pulled together through agreements, trade deals, and mergers to form a basis of integrated social and economic life. This is in step with previous conceptions of European integration wherein early open market agreements through the European Coal and Steel Community (ECSC) provided the initial scaffolding for further multilateral agreements to be made. These strands provide the basis of support for others to form around and above it as a regional project is gradually

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[27] Mattli. 1999. pp.25

[28] Caliendo, L. and Parro, F., 2015. "Estimates of the Trade and Welfare Effects of NAFTA." *The Review of Economic Studies*, *82*(1), pp.1-44

[29] Baldwin. 2006.

realized. Baldwin thus evokes the concept of a bowl of spaghetti wherein these noodles intersect and overlap to form a single solid integrated structure. Baldwin's account mirrors the narrative of the spillover effect except that it places greater impetus on the initial integrative sectors to provide a foundation for further growth.

This bottom-up approach is mirrored by top-down institution-building wherein the power base of the regional body is legitimized and reinforced by member and non-member states. Mansfield and Solingen refer to this process as 'regionalism' opposed to the aforementioned 'regionalisation.'[30] There's a symbiosis between the two, the economic incentive structure needs to mature and provide the motivation for greater common governance. Consequently, supranational governing bodies must be given the power, legitimacy, and consent to form/enforce the rules governing these integrated markets/regions. Intergovernmentalists maintain that powerful member states still maintain veto power over the deliberative process within these institutions.[31] However, these bodies must be maintained to preserve the functions of the integrative process. Regional governments build legitimacy through both their own capacity to govern and external recognition. For example, a regional governance body like ASEAN interacting with a state in the international system gives it the recognition of a valid actor in the international community and reinforces its jurisdiction/power.

The motivating forces behind regional integration have been changing with corresponding economic processes. 'New regionalism' is a phenomenon occurring in

[30] Mansfield and Solingen. 2010

[31] Moravcsik, A., 1993. "Preferences and power in the European Community: a liberal intergovernmentalist approach." *Journal of Common Market Studies*, *31*(4), pp.473-524.

response to globalization that is providing further incentives for projects such as the AU to grow. The central logic behind transnational problems (usually economic in nature) necessitating integration remains, but the context has shifted. It is a reactive movement akin to Polanyi's 'double movement' wherein globalized market expansion is being met with an attempt from constituent actors to mitigate and control its effects. Björn Hettne notes that states have been forming blocs with greater power/ability to shield themselves from exogenous economic forces and develop greater capacity to influence the world order through collectivism.[32] The internal incentive structure has now been complemented with exogenous pressure that individual states are not adequately equipped to handle alone. By ceding sovereignty to form a bloc, states can aggregate to form a more formidable collective force within the world order. The bloc has considerably more bargaining power than any of its constituent actors in an economy dominated by corporations with values rivalling many of their own GDPs.

The primary issue in this field is that the genesis of the EU is quite difficult to evaluate given a multitude of variables exogenous to the model of growth posited in integration theory. Lessons from this 'paradigm' are not necessarily transferrable to other cases. The ECSC was in part motivated by the international community seeking a long-term answer to conflict in the region and was (to an extent) artificially created for this purpose. The destruction of World War II provided a blank slate from which this dream could grow, and Europe could be literally rebuilt through MP funds to fit this ideal. Unity was also crucial to halting Soviet influence in Europe from growing.[33] Casting this first

[32] Hettne, B., 2005. pp.549, 566.

[33] Eichengreen, B. and Uzan, M., 1992. The Marshall Plan: economic effects and implications for Eastern Europe and the former USSR. *Economic Policy*, *7*(14): 13-75.

stone is a difficult (and arguably the most important) step in providing this proverbial scaffolding for further integration to take place under this framework of analysis. Given this step in the EU did not arise naturally, it has become a conundrum for subsequent regional projects. Once the process of unification is underway, the gradual layering of integrative tissue is easy to grasp. The problem has always been to get the process moving. This conundrum has been visible in the African regional project for decades. As a result, not all integration looks the same. Every case is shaped by its unique historical, economic, and geopolitical circumstances. Internal restrictions are compounded with the international aid architecture of the moment. The EU example was building on a virtually blank slate, with a blank check, other projects face different challenges. Thus, approaching regionalism through Eurocentricity and treating the EU as the paradigm is flawed. Any timeline of integration therefore must account for the added time in which industries naturally coalesce across international borders.

Chapter 4: African Regional Integration

The African Union was announced in 1999 and operationalized in 2002. Yet, the dream of an African regional project was already well established by this time. It arose through the ideals of pan-Africanism and the ideological tradition of decolonization: its tenets seeking unity through a common identity in exploitation. Counterintuitively, pan-Africanism was an imported idea into the continent of Africa. Its origins trace to African American thinkers at the turn of the 20th century such as W.E.B. Dubois and Marcus Garvey who drew on their experience with radical racial inequality in North America. This idea posited that through forming a unified front of solidarity, Africa and its diaspora could control their own destiny and reverse its relationship to foreign exploitation. They sought a return of peoples of African descent to the continent and to protect their rights/interests through this movement of solidarity and liberation. It gained acclaim as popular leaders such as Kwame Nkrumah, Patrice Lumumba, and Julius Nyerere all stood with the cause. Pan-Africanism became involved in the broader non-aligned Third-World movement during the 1950s which sought for newly independent nations to preserve their sovereignty and find a 'third-way' between the communist USSR and capitalist USA.[34] Despite the collapse of the non-aligned movement in the subsequent decade, the goal of a unified Africa never faded with it. This group of pan-Africanists met in Casablanca in 1961 (and have thus been called the Casablanca Group) to harmonize their position over the shape of African regionalism.[35] Their doctrine

[34] Zang, L., 1998. "The Contribution of African Diplomacy to the Non-Aligned Movement and the group of 77." *African Journal of International Affairs*, *1*(1), pp.1-16

[35] Ibid

evoked anti-colonial and anti-racist policy coupled with a rejection of a foreign African military command and a hope for a 'United States of Africa'. One of the defining policies of the Casablanca group under Nkrumah was an anti-Western stance intended to halt the growth of the neocolonial structures that were emerging.[36] Alternatively, the Monrovia group anchored by a group of francophone states (also known as the Brazzaville group) emerged in opposition to the ideals of the Casablanca group. This coalition rejected the idea of ceding sovereignty to a supranational United States of Africa so soon after achieving national independence. They took a more intergovernmentalist approach to the creation of a regional actor, viewing it as a medium for inter-state bargaining.[37] The coalition also took a softer view on the West that they viewed as both a crucial ally and source of funding crucial to their economic survival. In 1963 Haile Selassie hosted African leaders in Addis Ababa to begin deliberations on overcoming the schism between the groups and prevent the dynamic of a permanently fragmented continent from emerging.

Thus, the Organization of African Unity (OAU) was born the first iteration of the project in African regionalism. It was an unsatisfying compromise to every party from the beginning. The organization always lacked the capacity and legitimacy to form a true regional bloc. The OAU had no actual power to interfere in the internal issues of any African state. It became a revolving door for coup leaders, authoritarians, and corrupt regimes as they came to power.[38] It bore witness to countless atrocities and the growth

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[36] Harshe, R., 1988. "Reflections on Organisation of African Unity." *Economic and Political Weekly*, pp.373-376.

[37] Adejo, A.M., 2001. "From OAU to AU: New wine in old bottles". *African Journal of International Affairs*, *4*(1-2).

[38] Ibid

deep structural problems in Africa without the purview to impact any of it. Beyond its internal structural issues were a bevy of foreign influences. The Brazzaville group countries were still subservient to France, while other countries were caught in the middle of the Cold War. It was failing in its minimal mandate to protect the sovereignty of African states from exogenous influence. The OAU became a medium through which African states could come together in deliberation, but the dream of further integration or unity quickly died. The greatest strides made toward integration during this period were the creations of sub-regional economic communities which were neither dependent on, nor attributable to the OAU. The OAU officially disbanded in 2002 to make way for the incoming AU project which intended to address these failings. It left a legacy of failing to ever acquire or wield power over governance in Africa. Furthermore, it failed to align African states in achieving greater collective goals on the continent. The organization that began as a compromise to maintain African sovereignty died having failed to evolve with the internal challenges of the continent and the external forces of globalization.

The AU intended to directly address these shortcomings and form a true regional governing body. It emboldened the goals of the OAU through the Abuja Treaty of 1991 and the Sirte Declaration in 2002. The former created the African Economic Community (AEC) and the latter used the AEC as the foundation for the AU. The mandate of the AU was broader than the OAU and it intended to place a binding structure over nations to achieve a tangible change in governance on the continent. "The transformation of the OAU into the AU in 2002 was based on the recognition that the OAU, founded to promote and protect the interests of newly independent African states during the cold war era, could no longer adequately articulate and advance the interests of the rapidly evolving continent in the 21st Century."[39] The OAU at its core was a compromise and focused its mandate outwards while internal problems on the continent compounded. Where the AU differs is that it is inherently focused inwards on these systemic internal issues plaguing the continent (i.e., poverty, corruption, exploitation). The change in organization and shift in mandate brought newfound hope for true unity and signalled the start of a new chapter in African regionalism. Provisions for defense, economic integration, human rights, and unity were all embedded in the AU's founding charter, which was far more ambitious than the OAU's mandate. It is clear how the spaghetti bowl theory is applicable to the AU, with multiple regional and subregional strands coalescing into a single project. The AU alone has eight distinct subregions with their own institutional structures that were folded into the AU project: South African Development Community (SADC), the Economic Community of West African States (ECOWAS), Economic Community of Central African States (ECCAS), Intergovernmental Authority on Development (IAD), East African Community (EAC), Community of Sahel-Saharan States (CEN-SAD), Arab Maghreb Union (AMU), and the Common Market for Eastern and Southern Africa (COMESA). It is within these sub-regional communities where the natural process of regionalization has been occurring in Africa, with neighbouring states creating economic communities in response to transnational economic pressure between them. While the OAU floundered, the process was beginning at a local level. Thus, the AU was not a regional body superimposed over the continent but supported through numerous subregional developments. These bodies

[39] Lotze, Walter. 2013. "Building the Legitimacy of the African Union." In *Legitimising International Organizations*, edited by Dominik Zaum. Oxford: Oxford University Press. pp. 111

and processes are acting as the precursor common market scaffolding from which the continental project derives.

Cilliers and Sturman note the prevailing theme throughout the history of the African regional project is an inability for the regional body to develop legitimacy as individual state sovereignty supersedes the power of the AU.[40] This inability is an internal failure, foreign nations have recognized/supported the authority of the AU since its inception. African states have been unwilling to begin the cession of sovereignty crucial to empowering the regional actor over certain aspects of governance.[41] That first step requires monumental trust/assurances between actors and significant underlying connective tissue formed through common markets to draw governments closer - an incredibly difficult task on a continent plagued with despots, corruption, and underdevelopment. Ulf Engel notes that, "…it seems evident that the Commission is unable to enlist the support of all member states for its democracy and good governance agenda. While African regimes may not be able to avoid signing up for principles they don't share—because of peer and international pressure—a considerable number of AU member states are not willing to implement related instruments."[42] This is compounded with multiple visions of what form the AU should take and a complex web of competing

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[40] Cilliers, J. and Sturman, K., 2002. "The right intervention: enforcement challenges for the African Union." *African Security Studies*, *11*(3): 28-39; Magliveras, K.D. and Naldi, G.J., 2002. "The African Union—A New Dawn for Africa?." *International & Comparative Law Quarterly*, *51*(2): pp. 415-425.

[41] Ernest Toochi Aniche. 2020. "From Pan-Africanism to African regionalism: A chronicle." *African Studies*, 79:1: pp. 70-87

[42] Engel, Ulf. 2013. "The Changing Role of the AU Commission in Inter-African Relations." In *Africa in World Politics: Constructing Political and Economic Order*, edited by John Harbeson and Donald Rothschild, 5th ed. Boulder, Colorado: Routledge: pp.199

interests at play: "…both the politics of rescaling governance from the national to the regional level and of appealing to pan-Africanisms remain contested. The trajectory of African regional governance, therefore, continues to reflect underlying struggles for legitimacy among the region's changing balance of social forces."[43] Francis goes further to make the argument that this constant sputtering has destined regionalism in Africa to fail.[44] Africa's infamous infrastructure gap has only compounded these problems. The continent has consistently fallen behind other regions in developing basic infrastructural capacities within and between countries.[45] The bottom-up basis of physical economic integration has always been held back by this inadequacy. Industries and cities remain disjointed when the infrastructural capacity is not sufficient to support integration. As a result, "… African states still trade more with others than with themselves. "[46] Furthermore, the political direction of individual countries is being constantly influenced by the shifting sands of IMF conditionalities. These are not stable regimes with clear economic plans, they are constantly being pulled and directed by the conditions placed on the investment/aid they need from the West.[47] It is difficult to build a cohesive transnational project when individual countries are attempting to implement dozens of

[43] Mickler, D., and Sturman, K. 2021. "Pan-Africanism, Participation and Legitimation in the African Governance Architecture." *Journal of Common Market Studies*, 59: pp. 458.

[44] Francis, D. 2006. "Uniting Africa: Building Regional Peace and Security Systems" *Aldershot: Ashgate*: pp. 1-3

[45] Estache, A., Wodon, Q. and Lomas, K., 2014. *Infrastructure and poverty in sub-Saharan Africa*. Springer.

[46] Ernest Toochi Aniche. 2020. pp. 83

[47] Kentikelenis, A.E., Stubbs, T.H. and King, L.P., 2016. "IMF conditionality and development policy space, 1985- 2014." *Review of International Political Economy*, *23*(4), pp.543-582.

erratic policies being thrust on them at any given time. Trying to consolidate these economic conditions between countries and harmonize them into economic zones is incredibly difficult. Especially when most foreign engagement in inherently predatory: "…regionally UNCTAD notes '50-80% of FDI stock in Africa is natural resource exploitation'. The World Bank estimates it at 50%."[48] This typifies Africa's relationship to IDF outside of Africa, resource exploitation and prerequisite reforms attached to incoming investment. It has fueled highly unequal societies wherein the benefits of FDI fail to diffuse to the population at large and governments are scrambling to enact a political vision being thrust upon them from external actors. This dynamic has only been compounded with ineffective and corrupt governance. The hurdles have been numerous and, in many cases, had a debilitating effect on the agency of African states and their own political process.

The AU has created a schema to measure its own integration across five indicators of integration: trade, productive, macroeconomic, infrastructural, free movement of people. The AU considers scores of 0 to 0.33 as poor, 0.33 to 0.66 moderate, and above 0.66 as well integrated. Figure 2 displays the net scores on the continent below:

[48] Sumner, A., 2008. "Foreign Direct Investment in Developing Countries: have we reached a policy 'tipping point'?" *Third World Quarterly*, *29*(2): pp.248

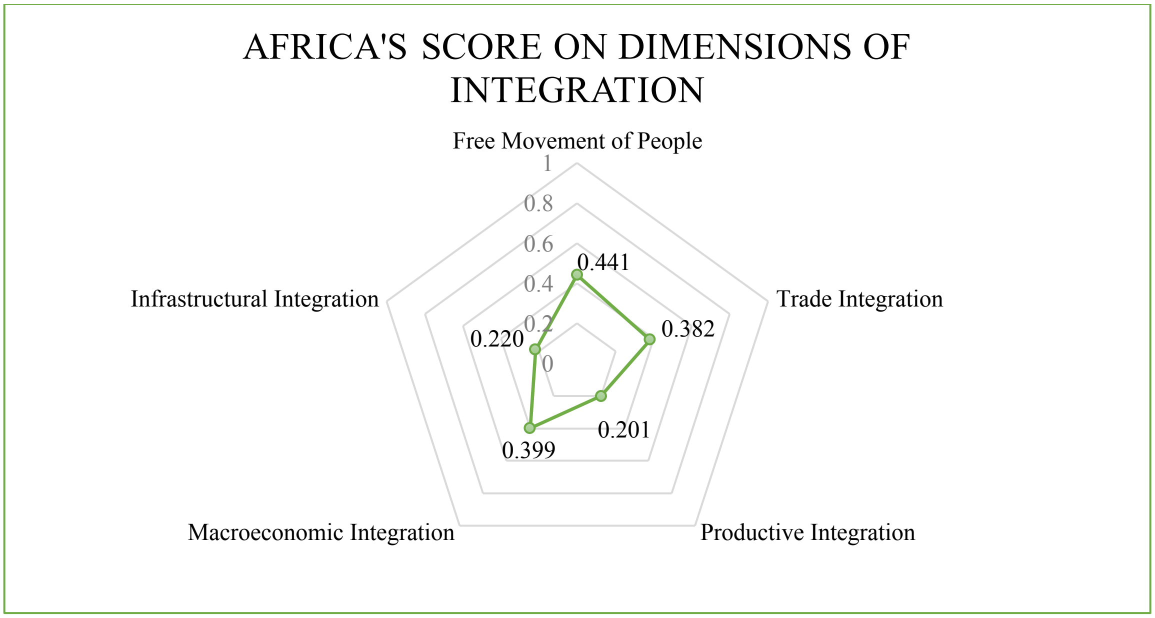

Figure 1: African Regional Integration Index

The lagging indicators are productive and infrastructural integration (albeit no score passes the threshold to be classified as 'good'). The economic foundation for integration is wholly inadequate across the continent with the average country achieving a net score of only 0.327.[49] The results are consistent with the narrative presented above, an inadequate process hampered by issues with internal economic cohesion. The infrastructure gap is glaring in this graph. One of the issues therein is that African nations have not been unable to adequately provide the necessary financing internally.[50] Governments simply have not had the resources to meet the demands required of the second largest continent in the world and over a billion people. The bill is gargantuan (i.e., roads, rail, bridges, electricity etc.) and the public funds are simply not available for a region plagued with underdevelopment and corruption. Given the inadequacies in

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[49] African Union. 2019. "Africa Regional Integration Index." Report.

[50] Calderón, C. and Servén, L., 2010. "Infrastructure and economic development in Sub-Saharan Africa." *Journal of African Economies*, *19*(1), pp.13-87.

domestic settings, it should be expected that fostering adequate transnational integration in infrastructure development is lagging. The lack of infrastructure to facilitate cross-border production naturally raises costs of these processes from emerging. Integration has a long way to go and many more hurdles to pass over. Yet even at this dissatisfying point, the AU has progressed exponentially in the last 10 years. As I argue, this progress has not been achieved through internal factors but is being driven primarily by China's influence. Nevertheless, the AU has made it a clear goal to push for financial independence free from foreign influence and to develop a budget internally.[51] In this context, we must parse the difference between a helping hand and paternalism.

[51] "African Union Seeks Financial Independence." Al Jazeera, May 24, 2013. https://www.aljazeera.com/economy/2013/5/24/african-union-seeks-financial-independence.

Chapter 5: The Financial Relationship

This chapter intends to provide an overview of China's economic engagement in Africa and establish a clear narrative from its inception. The relationship between China and Africa rose to prominence in 2006 after the November Forum on China-Africa Cooperation (FOCAC). At the meetings China announced a new strategic partnership with the 48 African delegations in attendance. This marked a watershed moment for the acceleration of China's investment initiatives across the continent. However, this was far from the beginning of the partnership. Mao Zedong first began China's flow of funds onto the continent in 1957 as a show of third-world solidarity.[52]

A broad disclaimer before venturing into this landscape is that there are immense difficulties in measuring this data and fully capturing the extent of investment. These funds derive from China which is notorious for not providing full and detailed accounts of fiscal data. Thus, much of this work is reconstructed from the African perspective by efforts from third party organizations such as the China-Africa Research Project headed by Deborah Brautigam at Johns Hopkins University. A second pitfall to note is that there is a tendency to focus on a single piece of the puzzle in China's financial outreach. The debt-trap example in the previous chapter shows how certain variables are often hand-picked to suit a given argument. A better illustration of this problem is through the creation of the multilateral Asian Infrastructure Investment Bank (AIIB) in 2016. It spurred a multitude of work on its implications for development, finance, and politics. The central focus of this work was examining if it represents a threat to the global finance

[52] Brautigam, 2009.

paradigm[53] or is merely finding a place amongst existing structures (which will be discussed in more depth later).[54] Hameiri and Jones note, "…this debate is in fact a red herring, because the AIIB is only a marginal player within China's broader international development finance (IDF) domain."[55] To put into perspective where the AIIB stands amongst China's IDF, the AIIB was in part created for the BRI, yet it only accounts for 12% the project's funding.[56] Focusing on a single structure under the broader umbrella of China's international development finance leads to inherently flawed conclusions. Furthermore, the line between public and private sector is incredibly blurry in China.[57] Attempting to make conclusions by parsing a single element of the complicated web encompassing its IDF is predicated on faulty logic. It is important to emphasize that any political evaluation must widen its scope to consider the whole of Chinese policy on the continent and not a single, incomplete element of it.

With that disclaimer, we can begin to paint a picture of what this investment relationship entails. China passed the United States as the largest investor on the continent in 2012 as its FDI flow finally eclipsed that of its American counterparts.[58]

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[53] Liao, R., 2015. Out of the Bretton Woods: How the AIIB is different. *Foreign Affairs*, *27* (July); Reisen, H., 2015. Will the AIIB and the NDB help reform multilateral development banking?. *Global Policy*, *6*(3), pp.303.

[54] Ikenberry, G.J. and Lim, D.J., 2017. "China's emerging institutional statecraft." *The Asian Infrastructure Investment Bank and the prospects for counter-hegemony. Project on International Order and Strategy.Washington DC: Brookings*. pp. 8

[55] Hameiri & Jones, 2018. pp. 592

[56] Ibid. pp. 579

[57] Milanovic, 2019

[58] "China-Africa Foreign Direct Investment." 2021. *China-Africa Research Initiative.* John's Hopkins. http://www.sais-cari.org/chinese-investment-in-africa

From 2000 to 2019 the China-Africa Research Initiative estimated that there were 1141 Chinese financed loans into the continent worth $153 billion to governments and state enterprises alone (all figures in USD).[59] This is complemented by a further $44.4 billion in FDI stock, $46 billion in revenue from Chinese construction contracts, and $192 billion in bilateral trade.[60] A breakdown of FDI by sector can be found in figure 2 below. Most funds are focused on building economic and infrastructural capacity on the continent. Only a quarter of investment is in the mining sector and resource exploitation notorious among foreign projects in Africa. The early returns from this injection of funds were promising: "After the global financial crisis of 2008 African growth rates quickly recovered and subsequently expanded in an unprecedented and unforeseen manner."[61] Recent rates of return on these investments have been more questionable as funds invested into infrastructure have not yielded equivalent gains in GDP.[62] This relationship is not relegated to these governmental funds either; a 2017 McKinsey report found 10,000 Chinese firms operating in Africa (90% of which were privately owned) with business holdings of over $2 trillion since 2005.[63] In a matter of two decades China has

[59] China Africa Research Initiative and Boston University Global Development Policy Center. 2021. Chinese Loans to Africa Database, Version 2.0. Retrieved from https://chinaafricaloandata.bu.edu/.

[60] Ibid

[61] Jerven, Morten. 2016. "The Failure of Economists to Explain Growth in African Economies." *Development Policy Review* 34 (6): 889-93.

[62] Pairault, Thierry. "China's Infrastructure-Heavy Model for African Growth Is Failing." The Diplomat. July 30, 2020. https://thediplomat.com/2020/07/chinas-infrastructure-heavy-model-for-african-growth-is-failing/.

[63] McKinsey & Company. 2017. "The Dance of the Lions and the Dragons."

become the single largest source of funding on the continent and its most important foreign investor.

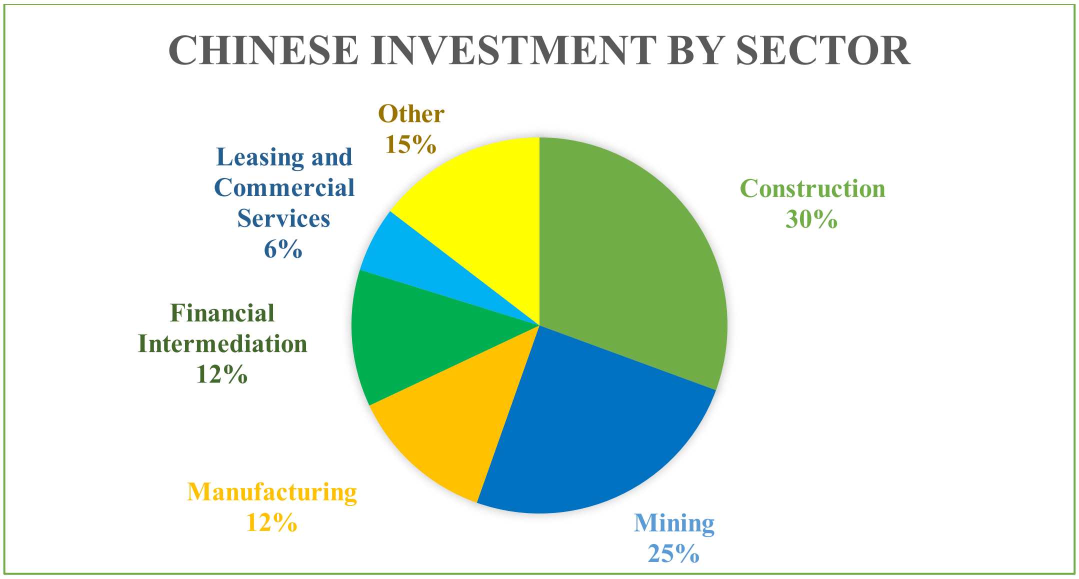

Figure 2: Data from the China-Africa Research Project

To contextualize the raison d'être behind the investment we must turn to the origins of its development model. China's investment strategy is predicated on 'new structural economics.' Justin Yifu Lin and Celestin Monga created the model using lessons from the East Asian Development State (EADS) and a consideration of the constraining forces of a modern globalized market. Lin is a former Chief Economist of the World Bank, Dean of both the Institute of New Structural Economics and Institute South-South Cooperation at Peking University and is considered an architect of the BRI. Monga holds various positions at the Harvard Kennedy School of Government, Centre for International Development, and Centre of African studies. In conjunction with positions at University of Paris 1 Panthéon-Sorbonne, Peking University, and previous positions as the Managing Director at the United Nations Industrial Development Organization, Chief Economist of the African Development Bank, and

Director/Economic Advisor of the World Bank Group. Both are embedded in the China-Africa relationship at various levels of policy formation, implementation, and evaluation. They argue that advancements such as political institutions are an ancillary factor to any development project. The pillars from which all else follows are the progression of industries with the potential to scale/compete in the global market with a competitive advantage and the proliferation of basic physical infrastructure.[64] The infrastructural focus can be conceived as an offshoot to Keynesian multiplier theory wherein increases to aggregate demand yields at least an equivalent increase in GDP regardless of profitability. These investments are focused at cultivating industrial parks that can act as 'clusters' of profitable business that proceed to diffuse outwards in both an economic and geographic sense as they utilize newfound infrastructural assets.[65] The general theme of this model is to reap the benefits of globalization (the Chapter 7 title of *Beating the Odds*). "Successful economies typically start their journey toward wealth with their initial endowment structure and use it as the central part of the growth strategy and main focus of economic policy."[66] It is about positioning a country within global economic processes in a way that maximizes its endowments through targeted investment into what these authors argue are the true drivers of growth. Stable political institutions develop alongside economic growth and are not considered a precondition for said growth. In this way the model is uniquely adapted to the contemporary global economy.

How counterintuitive is this approach to development? One of its central premises

[64] Lin & Monga, 2017

[65] Ibid, pp.308

[66] Ibid, pp.128

is to reject theories of development that derive from advanced countries that industrialized/leapt forward in completely different environments. Lin and Monga point to a sense of revisionism in understanding the development of leading Western countries that rely on faulty data, mythmaking, and conclusions reached in an irrelevant economic context. Notable is the belief in creating stable political institutions before economic development can flourish. This premise is simply not consistent with their analysis of the historical record wherein they argue that Western states, "…fail to take into account the different preconditions of development between developing countries and high-income countries."[67] This is one of the reasons there has been this constantly changing playbook of development that gets reinterpreted with new perspectives on the origins of leading economies. Economists attempting to capture the growth of the West are dealing with incomplete data and completely different international context. This has led to wild fluctuations in prevailing thought on economic development. This trend is observable in the conditionalities attached to aid programs coming from international financial institutions over the last three decades. They have both undermined national sovereignty and asked struggling governments to implement a bevy of reforms that, they argue, are wholly unrealistic. Yet, these countries are obliged to do so or risk losing funding crucial to their success. Institutional reforms have been central to these conditionalities, advocating for certain sets of regulations and oversights. This is despite knowing that it took the fastest 20 reformers between 1985 and 2009 to move from 'fragile' to 'low-income' status and multiple decades (at a minimum) to improve their institutional

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[67] Ibid, pp. 18

quality.[68] The top reformer in each category still took 12-18 years per indicator (bureaucratic quality, rule of law, corruption, government effectiveness) to make this tiny jump into low-income status. This analysis suggests that Western aid programs have been wrong in two crucial ways: understanding what underpins growth (i.e., institutions), and the timeline which they develop. The conclusions of this critique heavily colour how Lin and Monga's approach takes shape. It focuses on what made the EADS so successful and rejects any alternative narratives of development emanating from the global finance paradigm. The Chinese model of investment that has arisen through this analysis can thus be understood in opposition to the prevailing wisdom of development. They reject this model that emphasizes institutional preconditions of growth be put into place *before* investment (rather than evolving alongside) and rapid improvement in technological processes (opposed to gradual improvement in selected sectors). This dichotomy further influences the nature of China's foreign outreach.

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[68] Devarajan, S., Easterly, W.R. and Pack, H., 2003. "Low investment is not the constraint on African development." *Economic Development and Cultural Change*, *51*(3), pp.547-571.

Chapter 6: China's Foreign Outreach

To understand the dynamics of the investment in recipient countries it must be contextualized with its motivations at its source. Why exactly is China investing so much into a foreign continent and as I later argue, singlehandedly pushing along regional integration. The motivation is twofold: a structural change in its economy and a newfound need to assert its political status abroad. After emerging from its capitalist transformation under Deng Xiaoping, China's focus lay with adapting East Asian Development State (EADS) model to its new political capitalist system. The EADS denotes the model through which Japan, South Korea and later China rapidly made the jump to the global core. It is predicated on a mix of, "state control over finance, direct support for state-owned enterprises by the government, import substitution industrialization in heavy industry, high dependence on export markets and a high rate of domestic savings."[69] The national government captures surplus and heavily invests it into both its capital stock and export manufacturing capacity. What is unique about the EADS is that it has been developed to leverage contemporary globalized economic processes to the benefit of a developing nation. Milanovic notes, "[It is] difficult to follow Adam Smith's 'natural' path of development in a globalized world economy. The function of the welfare state is undermined, and the path is usurped by other countries pursuing foreign trade."[70] The EADS thus recognizes that domestic economic capacity cannot be decoupled from a global economy, specifically taking advantage of the global value chain

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[69] Baek, S.W., 2005. "Does China follow 'the East Asian development model'?" *Journal of Contemporary Asia*, *35*(4). pp. 485.

[70] Milanovic pp. 113-114

and the locomotive effect emanating from leading economies. The global value chain refers to the fragmentation and arrangement of global production processes across firms and nations. The locomotive effect is the economic principle of stimulus in one country impacting foreign ones; consumption markets in the West provide this exact effect for foreign commodities. China utilized its mass of cheap labour and ability to rapidly reorganize under a communist regime to take over the manufacturing processes being slowly shed by wealthy Western nations (this further attracted foreign capital seeking to exploit a newly emerging Asian market). Manufactured commodities were then exported back into wealthy Western markets. This model has been massively profitable and crucial to China's rise in the international system. However, the problem with a model predicated on export commodities is that they are limited by foreign consumer markets and have limited growth potential.

China's reliance on export commodities has become an Achilles heel.[71] Global consumption is falling, which has made China a victim of its own development model: "The traditional Chinese export industries are mainly built on cheap costs, which have risen dramatically for the past decade."[72] China managed to fill the manufacturing void that was created in part by developed Western economies succumbing to rising wages from the late 1980s through the early 2000s. It now finds itself in the same position, "[China] now requires a new model to support economic development, through building a large number of high-tech, high-value-added sectors that are competitive even at high

[71] Lin, J.Y. & Zhang, F. 2015, "Sustaining Growth of the People's Republic of China." *Asian Development Review,* 32(1). pp. 31-48

[72] Huang, Y., 2016. "Understanding China's Belt & Road initiative: motivation, framework and assessment." *China Economic Review*, *40*. pp. 316

costs."[73] After nearly 40 years the growth drivers have begun to slow. Thus, China is at a crossroads with its economy; it needs to move up the global value chain to continue its growth yet has exhausted the limits of its current model. Japan and South Korea used export manufacturing and the locomotive effect of Western markets as a springboard to develop more valuable domestic production capacity. It was never the end goal but merely a tool to begin the process of development. Following this logic, the manufacturing that was previously China's strength needs to be shed as it moves into higher value-added production. Additionally, the country has fallen victim to decades of overinvestment and boats a large debt with a decreasing ability to finance it.[74] Michael Pettis notes, "Rapid growth in China had come at the expense of significant distortions in interest rates, wages, currency and legal structures."[75] Pettis later states that, "If China's trade balance improves because of a surge in foreign demand, this would almost certainly be good for the economy and would allow for the rebalancing process would be less painful."[76] The way forward thus requires the creation of new markets to continually expand demand for its export commodities, a structural transformation, or some combination of the two. Naturally, the country is beginning to look abroad to accomplish this rebalancing; investing in development to create foreign export markets whilst gradually shedding low-level manufacturing to its chosen partners. The strategy rose to prominence after the financial shock of 2008 revealed the fragility of China's reliance on

[73] Ibid

[74] Pettis, 2013. pp.1-20

[75] Pettis, M., 2013. "Avoiding the fall: China's economic restructuring." *Brookings Institution Press*. pp. 3

[76] Pettis, 2013, pp.93-94

foreign markets: "Although China was a relatively bright spot in the global downturn, rapid economic growth created huge social, economic and political tensions and raised expectations of the Chinese people regarding the performance of the government."[77] Thus, began China's 'strident turn' to further assert itself abroad and curb its dependency on the global North by investing in the development of the global South.[78] This strategy allows China to transform its domestic production through a controlled and stable process. Foreign growth is thus central to the next stage in China's economic transition. With an economic model predicated on exporting manufactured goods, building larger and wealthier foreign markets can be lucrative to China and ease the necessity for rapid change.

It can thus be surmised why Africa has become such a huge recipient of Chinese benefaction. It is a historically underdeveloped continent with a burgeoning population and nearly endless conceivable growth potential. Celestin Monga put it succinctly in tweeting: "Win-win: Industrialization in Africa can boost economic growth and job creation in rich countries where capital equipment is produced. It would also stimulate global demand and make Africa a big market and a strong contributor to world prosperity and peace."[79] This further opens the door to China's political aspirations as it attempts to assert itself during its re-emergence as a superpower. China should not be seen as a newly rising nation set to join the world stage in its infancy. Historically, it has always been one of the great centres of world power: its century of humiliation altered this status which it

[77] Suisheng Zhao. 2013. 'Foreign policy implications of Chinese nationalism revisited: the strident turn', *Journal of Contemporary China* 22(82). pp. 545

[78] Ibid

[79] Monga, Celestin. Via @CelestinMonga on Twitter.com. June 25th, 2020.

is merely returning to. This century found China aligned with the global South and the nations that have suffered under colonial and postcolonial domination for centuries. It is this narrative that has become central to a country attempting to find a new place within the international community.[80] China is leaning heavily on the global South and their shared history of foreign domination to forge partnerships and carve out its own sphere of influence. As the forces of globalization have further eroded the power of these countries and amplified the exploitation of the global South, this countermovement of South-South cooperation has emerged. Refusal to participate in the liberal international system is an incredibly costly choice that could ruin the economic structure of a country. Alternatively, full participation opens a country to IMF control and exploitation from foreign actors. South-South cooperation essentially forges a 'third way' for historically exploited countries in the international system. It is predicated on these countries forging partnerships with one another and countries in East Asia who are further along in their economic development to fill the void in finance that this alternative creates.[81] China has formalized this role through development banks such as the AIIB and the China Development Bank (CDB). These institutions are carving out China's place amongst the broader canopy of IDF, "…it must indeed be envisaged that the incentive for borrowing countries to comply with the terms and conditions of, say, International Development Association loans will diminish as the end of the lending relationship nears and is

[80] Kaufman, A.A., 2010. 'The "century of humiliation," then and now: Chinese perceptions of the international order.' *Pacific Focus*, *25*(1), pp.1-33.

[81] Golub, Phillip. 2013. "From the New International Economic Order to the G20: how the 'global South' is restructuring world capitalism from within." *Third World Quarterly*, 34(6), pp. 1000-1015

replaced by loans from the AIIB."[82] Thus, China is framing itself as the sympathetic partner reaching its hands out to help pull along its peers. This juxtaposition to the West is crucial to China's new position. It is attempting to provide the alternative that has not existed in contemporary global politics since the dawn of the 20th century. The narrative requires these dealings to be the antithesis of the global South's relations with the West as defined by exploitation and extraction. Thus, for China to acquire the influence and respect as a superpower, it needs to play this role in the South and subsequently in Africa.

With these motivating factors established, we can begin to see how they shape China's outreach into Africa, the major one being China's effort to differentiate itself from the USA and distancing itself from any neocolonial actions. This difference is not merely symbolic: "[T]he distinctive image of Chinese workers laying the foundations for a new communications infrastructure in Angola and Nigeria sharply contrasted with the images of US Special Forces military personnel deployed to fight terrorism under the Pan Sahel Initiative"[83] Therefore, two defining features of China's engagement have become its emphasis on corporate social responsibility (CSR) and adaptive governance.

In 2017, a United Nations Development Program report on China outlined an increased awareness/directive from the Chinese government to promote greater corporate social responsibility and sustainability in outreach from all subsidiary actors.[84] The

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[82] Reisen, H., 2015. Will the AIIB and the NDB help reform multilateral development banking?. *Global Policy*, *6*(3), pp.303.

[83] Campbell, H., 2008. "China in Africa: Challenging US Global Hegemony." *Third World Quarterly*, *29*(1): pp. 92.

[84] United Nations Development Program China. 2017. "Report on the Sustainable Development of Chinese Enterprises Overseas. Supporting the Belt and Road Regions to Achieve the 2030 Agenda for Sustainable Development." https://www.cn.undp.org/content/china/en/home/library/south south cooperation/2017-report-on-the-sustainable-development-of-chinese- enterprise.html.

country has made these core values in its foreign policy, reinforcing its attempts to stand out from other major powers. China has also implemented adaptive governance compliance to align with local standards/traditions in dealings abroad.[85] Essentially, this means that China will abides by the legal norms of the country it is operating in rather than enforcing a different set of regulations from abroad. China has proven itself more willing to engage in vulnerable countries than its contemporaries, "China's form of patient capital is often willing to endure emerging market business cycle risk. It signals such risk tolerance through promises of non-intervention in sovereign affairs. In fact, the rising power has avoided onerous policy conditions, or credit being contingent on a country's macroeconomic performance."[86] Despite the strengths of this model there are inherent weaknesses as well.

In practice, many of these policies exhibit significant issues. The cost of non-interference is that if local legal norms are weak, China has the license to ignore human rights standards which leads to complicit support for abusive regimes.[87] There is a fine line between refusing to wield power to influence domestic politics and turning a blind eye to the problems within. The tenets of the CSR directive have also been debated "…many official documents regulating overseas investment are vague and without legally enforceable obligations. Other accountability mechanisms, like monitoring, are lacking."[88] The actual effectiveness of these CSR initiatives have been limited to the

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[85] Carrai, Maria Adele, 2021. "Adaptive governance along Chinese-financed BRI railroad megaprojects in East Africa." *World development*, 141

[86] Kaplan, Stephen. 2016. "Banking unconditionally: the political economy of Chinese finance in Latin America." *Review of International Political Economy*, 23:4, pp. 644

[87] Taylor, 2008; Large, 2008

[88] Large, 2008. pp. 16

strength of enforcement mechanisms in the locale itself and not adequately supplemented with action in China. Thus, adaptive governance standards can weaken the regulation and ethical oversight of these corporations. Furthermore, the interest in unfettered economic development has not meant that political conditions are not connected to aid. Brautigam puts it well in saying, "[Chinese] economic engagement usually *does* come with strings attached, some of it even (indirectly) governance-related."[89] This leads to the question of to what extent is this South-South dynamic unique? A proxy debate on the nature of South-South relations arose around the AIIB and its status as a true challenge to the dominance of liberal finance or merely China joining the ranks of wealthy financiers. It posed the question of whether a new finance dynamic could emerge under China, whether or the nature of finance was inherently restrictive in this manner. In a piece for the Brooking's Institute, Ikenberry and Lim state "[The AIIB] would not purport to operate under or promote substantively different rules and practices, but rather—to use an economic analogy—be a new entrant within the competitive institutional marketplace."[90] Conversely, China's creation of its financial institutions has been argued to be in part born due to frustration with its role and inclusion in these Western institutions. In a 2015 Foreign Affairs piece, Rebecca Liao argues, "…as the economies of these [developing] countries grew in the last 30 years, their voting powers within both organizations remained flat—which led to disproportionately low influence in both policy initiatives

[89] Brautigam, 2009. pp.21

[90] Ikenberry, G.J. and Lim, D.J., 2017. "China's emerging institutional statecraft." *The Asian Infrastructure Investment Bank and the prospects for counter-hegemony. Project on International Order and Strategy.Washington DC: Brookings*. pp. 8

and lending programs."[91] The evidence we have of China's role in development finance does suggest they are becoming an alternative and not merely another entrant to the market. Brautigam goes on to quote Zhou Yuyan to the effect that, "'the cost for violating the contract is actually quite low for the borrowers.' Furthermore, Beijing is concerned with its international reputation and its long term political and diplomatic relationship with individual countries."[92] The execution of these values is far from ideal and does not yet live up to potential. Despite their imperfection, these initiatives reflect Chinese foreign policy in relation to Africa: South-South cooperation based on partnership rather than domination. China is investing in foreign development to both alleviate its internal economic dilemma and assert its newfound political clout abroad.

A problem that needs to be acknowledged when wading through this topic is that there are a lot of motivations for every actor involved to paint China in a certain light. It is not merely an academic split into camps for and against Chinese engagement, it represents a system wherein China is upsetting a status quo. This disequilibrium is creating clear winners and losers that have vested interests at stake. An idyllic version of this relationship where it fulfills its lofty goals is both partially true and partially fantasy. Conversely, the failures of the investment to match its ideals and the risk of growing Chinese influence toes the line between fact and fiction. While the truth lies somewhere between the two, false representations of the relationship in a certain direction can lead to tangible reactions. One of the reasons it is important to contextualize the relationship through China's motivations is that it can help with parsing fact from fiction. Moreover,

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[91] Liao, R., 2015. Out of the Bretton Woods: How the AIIB is different. *Foreign Affairs*, *27*(July), pp. 633

[92] Ibid. pp.31

the standard for what represents 'bad' or 'predatory' relations is blurry: "…the recent debates on China in Africa have taught us that China is actually not that 'different' compared to many other Western states—while the effects of the PRC's growing influence in the African continent have been mixed, this does not make China a uniquely pernicious presence."[93] If we were to take the cynical stance on China as fact, there would be nothing unique about their actions. They would merely represent the latest foreign power in a long tradition of predatory practices on the continent. How exactly do we choose to classify China's foreign policy in relation to its contemporaries? There is an irony in US government officials cautioning Africa against China whilst sitting on centuries of the continents' extracted wealth and a string of AFRICOM military bases across its expanse (as Secretary of State Anthony Blinken did on a trip to Nigeria and Kenya[94]). Reactionary narratives are to be expected in this case. Approaching the relationship with the greatest amount of contextual information possible is crucial to forming a cogent understanding of the narrative.

[93] Hirono & Suzuki, 2014. pp. 445

[94] "Blinken Cautions Africa on China during Virtual 'Trip' to Nigeria and Kenya." South China Morning Post, April 27, 2021. https://www.scmp.com/news/world/africa/article/3131339/africa-should-beware-chinas-growing-role-top-us-diplomat-antony.

Chapter 7: China's Investment in the AU

As previously established, institutional capacity is a crucial element to building and maintaining the governance organs of a regional political body. I have previously outlined the internal difficulties African nations have faced in giving sovereignty/power over to the OAU and AU from their inception. The third element to building legitimacy is through external validation – this comes from third-party actors recognizing, engaging with, and reinforcing the status of a political body. A major element in the EU's legitimization is having the US directly engage the institution and recognizing/reinforcing its status/jurisdictions.[95] Where China is playing this role with the AU is twofold: it is directly investing in its capacity and subsequently building the internal legitimacy of the project. This is not to say that the AU's legitimacy is wholly derived from China. The project independently arose and grew with external validity in spite of its internal struggles. Foreign countries have recognized, engaged with, and participated with AU processes since its inception. China engaging with the AU is not revolutionary in this regard as it becomes yet another foreign actor recognizing the AU's legitimacy as an independent organization. However, China has gone a step further and heavily invested in the lagging capacity of the AU to rapidly advance the project. There are three central ways in which China has played this role for the AU: Equipping/training the African Standby Force (ASF), funding the construction of AU headquarters in Addis Ababa, and incorporating the AU into its deliberations through the FOCAC.

In 2015 China announced that it would be providing $100 million in funding to

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[95] Schmidt, V.A., 2004. "The European Union: Democratic legitimacy in a regional state?" *Journal of Common Market Studies*, *42*(5), pp.975-997.

the AU to build its military capacity through the ASF.[96] The ASF was initially created in 2003 in conjunction with the AU charter to uphold the tenets of its Constitutive Act. Notably, these are to, "defend the sovereignty, territorial integrity, and independence of its Member States….and promote peace, security, and stability on the continent."[97] Article 13 of the Protocol Relating to the Establishment of the Peace and Security Council gave the ASF an incredibly wide mandate predicated on rapid deployment. This includes preventative measures, interventions, peacebuilding, and a further section allowing for further expansions of the mandate. The force was designed as a powerful collective security apparatus that would fill the security gap plaguing the continent. Through the ASF, Africans could theoretically foster internal solution to both conflicts and policing that would diverge from having more foreign military influence on its soil. However, as of 2020 it has yet to be deployed and only had its first actual military exercise in 2015.[98] The deal with China represented a major step in moving the ASF from dream to reality. The formation of the ASF has been plagued with in-fighting over its structure, leadership, and funding.[99] China is not the only actor to show support for the ASF, but it has written the largest cheque to date to help resolve these issues.

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[96] Ndzendze, Bhaso, and Sara Zumbika Van Hoeymissen. 2018. "China and Africa's Integration Agenda: The Role of FOCAC." *ISPI (Istituto Per GLI Study Di Politica Internazionale)*, https://www.ispionline.it/it/pubblicazione/china-and-africas-integration-agenda-role-focac-21280.

[97] African Union. 2000. The Constitutive Act: Article 3. *Addis Ababa*.

[98] "African Standby Force Starts First Military Exercises." BBC News. BBC, October 19, 2015. https://www.bbc.com/news/world-africa-34570755.

[99] Darkwa, L., 2017. "The African Standby Force: The African Union's tool for the maintenance of peace and security." *Contemporary Security Policy*, *38*(3), pp.471-482

The AU headquarters in Addis Ababa, Ethiopia opened in 2012 with a reported cost of a quarter billion US dollars. What made the project so interesting was that China completely funded the project.[100] To someone without knowledge of the nature of this relationship it is a perplexing gesture (and use of $250 million), but it makes complete sense in the context of this argument. China provided the AU an impressive permanent home and the capacity to scale operations as the organs of the institution grows to take on greater governing responsibility. The largest building in Ethiopia's capital has become a beacon of the project with Chinese aid.

The last of these acts of building capacity was China including the AU in the FOCAC in 2015. The FOCAC is the primary medium for access and trade between China and Africa. It can be thought of as the central coordinating point of contact through which the relationship flows, the AU was admitted as a member to the conference and gradually incorporated into proceedings in the subsequent years. Inclusions in international conferences was a major factor in China's revolutionary government under Mao legitimizing itself in relation to Chiang Kai-Shek's regime in Taiwan. Notably, foreign minister Zhou Enlai attended the Badung Afro-Asian Conference in 1955 to solidify its place amongst third-world contemporaries and receive this recognition.[101] It is valuable to consider Oscar Otele's argument concerning the impact of China's infrastructure projects on accelerating African regionalism. He concludes that China's insistence on bilateral deals and competition between inter-regional blocs on the continent has created an

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[100] "African Union Opens Chinese-Funded HQ in Ethiopia." BBC News. BBC, January 28, 2012. https://www.bbc.com/news/world-africa-16770932.

[101] Bevins, Vincent. 2020. "The Jakarta Method." *New York: Public Affairs*. pp.53

equivalent countermovement that isolates states as individuals: "…attempts at regionalisation have also been limited by the tendency of China to ignore regional institutions in its bilateral engagement, for instance with the EAC member states, thereby acting as a regional sub-system wrecker."[102] Including the AU in this space for trade deliberations signals a potential break from this approach. Using the AU (amongst other subregional blocs) in this context could yield the end of this atomization and bilateralism of aid and investment. This is also the first major international conference to include the AU as a full autonomous actor. The FOCAC operates on 'action plans' in three-year intervals between conferences. They lay out the fundamental goals and policy direction they intend to address in the span of the cycle itself. The FOCAC Beijing Action Plan (2018-2021) takes the inclusion of the AU a step further to get universal support embedded in its core beliefs on political cooperation in section 2.4 which are as follows:

> 2.4 China, the African Union and Africa's Sub-regional Organizations
>
> 2.4.1 The two sides recognize the important role of the African Union in safeguarding peace and stability and promoting the integration of Africa. The African side appreciates China's efforts and contribution in promoting peace, stability and development in Africa.
>
> 2.4.2 The two sides agree to consolidate and strengthen the momentum of friendly exchanges between China and the African Union and Africa's sub-regional organizations to enhance strategic trust and practical cooperation.
>
> 2.4.3 China appreciates the positive role of the African Union Commission since joining the FOCAC and welcomes the establishment of an African Union Representative Mission in Beijing.

[102] Otele. 2020. pp.15

> 2.4.4 China will continue to engage with the African Union and sub-regional organizations of Africa through various consultations and dialogues to strengthen communication over the economic development of Africa and its sub-regions and important regional issues. China will continue to support the capacity building of the African Union and Africa's sub-regional organizations.
>
> 2.4.5 China applauds the signing of the African Continental Free Trade Agreement. The two sides will explore ways to further cooperate in the Free Trade Area.[103]

Throughout the section China makes the AU a cornerstone to its policy in Africa and uses the FOCAC to promote internal validation of the AU (note the language: 'the two sides'). 2.4.4 explicitly includes a promise to "continue to support the capacity building of the AU." Not only has the AU been included in the forum, but within two action-plan cycles become a central policy partner of both China and the constituent member states. China is using it leverage to include these provisions that may be ancillary to the goals of the action-plan, but crucial to the growth of the AU.

A way to illuminate the importance of these gestures is to reverse engineer the relationship through a counterfactual to determine the impact of China's actions. Simply put, where would the AU be without this helping hand? The answer is not far from where it was in 2006. Without China the AU would have no official headquarters to signal its institutional maturity. A factor limiting the growth of Africa's integration has been the lack of infrastructure to adequately support the project. This building has provided the basis from which the AU can expand its functions and competency both short and long-

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[103] Forum on China-Africa Cooperation Beijing Action Plan (2019-2021) § (2018). https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1593683.shtml.

term.

The deal with the ASF fulfilled a sense of military capacity that had been a distant dream since the early days of the OAU. As previously noted, despite the ASF being conceptually founded in 2003 it has yet to be operationalized – the force has never even remotely had the ability to be deployed. This funding deal being the first in the AU's history directly addresses that deficiency. Regardless of how member states choose to buy-in and cede sovereignty to the AU, it has taken a step towards developing the capacity to develop power without necessarily forming a consensus.

The inclusion of the AU in the FOCAC was a significant signal of a changing paradigm in governance on the continent. Gradually bilateral and multilateral deals with individual countries/organizations can be transitioned to the AU. Moreover, the AU could begin to expand its function in a regulatory role. If this inclusion parlays into greater future inclusion and functions for the organs of the AU, it could prove most impactful. While the AU has intended to establish a broader mandate than the OAU, true unity has been elusive. Yet, through the Beijing action plan, the internal validation over the AU's jurisdiction and importance has been fostered. Considering the abstract effects of this initiative and proximity to its occurrence, it will be difficult to judge its true impact for years to come.

All counterfactuals come with the usual caveats and disclaimers. Hypothetically, on a longer timeline and with another source of funding many of these achievements are attainable. However, it is not possible that the AU could have taken these steps without the helping hand of China in the same time frame. Given the inability of the AU or its predecessor to achieve these goals in the preceding decades, it is unlikely that these goals were proximate if developed independently (especially given the financing would still need to be externally sourced). But to what extent is China unique or acting in a unilateral manner? NATO has a cooperation and training initiative with the ASF that was established in 2005.[104] The USA has provided funding ($258 million) for early AU peacekeeping missions in Somalia between 2008 and 2010.[105] Turkey has begun to foray into the development aid space through billions in lending in East and North Africa.[106] Canada has long been a supporter of the AU, though as of 2020 had invested a mere $17.4 million CAD in the AU commission since 2000.[107] The EU and AU have a longstanding partnership intended to harmonize policy, promote multilateral action, and coordinate development funds.[108] Simply put, China is not a unilateral force pushing forward the AU. However, what makes China unique is the size of its investment (which has eclipsed any other single nation), and the extent to which these funds have directly focused on capacity-building of the AU itself. Essentially China has put its money where its mouth is, backing its diplomatic support with heavy monetary support. While NATO

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104 "Assistance to the African Union." *NATO*, December 19, 2019. https://www.nato.int/cps/ru/natohq/topics_8191.htm?selectedLocale=en.

105 "Policy and History." *US Mission to the African Union*. https://www.usau.usmission.gov/our-relationship/policy-history/.

106 Pitel, Laura, and Andres Schipani. "Erdogan's Great Game: Turkey Pushes into Africa with Aid, Trade and Soaps." *Financial Times*, January 18, 2021. https://www.ft.com/content/0e3cec2a-bd80-499c-a6ab-e5d1a1e768cf.

107 "Canada and the African Union." *Government of Canada Global Affairs*, January 30, 2020. https://www.canadainternational.gc.ca/ethiopia-ethiopie/bilateral_relations_bilaterales/au.aspx?lang=eng.

108 Engel, U., 2018. "An emerging inter-regional peace and security partnership: The African Union and the European Union". In *Inter-organizational Relations in International Security*. Routledge. pp.170 187

is providing coordination/training for the ASF, China is providing $100 million in funding. India offers $50 million to Niger to help in hosting an AU summit,[109] while China spends $250 million on building the AU a permanent home. China is clearly not alone, but it is the most significant and the one most consistently emphasizing the long-term organizational capacity of the AU as opposed to funding single initiatives. Many nations are pushing in this general direction, but China's is the strongest and most direct. This can be observed by EY's (formerly Ernst and Young) report on FDI attractiveness in Africa displayed in table one below. China has more than doubled both the capital and jobs created of any other source country.

FDI into Africa, 2014-2018 by Source: 10 Largest Investors

Country	**Projects**	**Jobs Created**	**Capital (USD in millions)**
China	259	137 028	72 235
France	329	57 970	34 172
Germany	180	31 562	6 887
India	134	30 334	5 403
South Africa	199	21 486	10 185
Switzerland	143	13 363	6 432
UAE	189	39 479	25 278
UK	286	40 949	17 768
USA	463	62 004	30 855
Spain	119	13 837	4 389

Table 1: EY Africa FDI Attractiveness Report 2019

Thus, China's investment has significantly advanced the integration timeline that

[109] Chaudhury, Dipanjan Roy. "African Union Summit: India Extends $50 Million Package to Host African Union Summit." *The Economic Times*, July 12, 2019. https://economictimes.indiatimes.com/news/politics-and-nation/india-extends-50-million-package-to-host-african-union-summit/articleshow/70186194.cms?from=mdr.

would have been possible without their injection of support. They have provided a sense of capacity and legitimacy that no African regional project has previously possessed. The AU is no longer masquerading as a unified front: it has begun the process of transforming into a true regional actor as per its founding mandate. The caveat that comes with this development is that it takes more than a building and an organization to integrate a continent. A regional government needs to preside over a truly integrated set of geographies, economies, and people to function collectively. As the AU slowly coalesces its position at the top and begins to mature, much work needs to be done beneath it to create a unified Africa. It must be noted that the AU's growing capacity has yet to materialize in concrete governance. Their self-reported mandate is relegated to the verbiage and goals of Agenda 2063 such as 'aspirations' and 'envision.'[110] At this point, much of the AU's role has been as a third-party development actor akin to the UN – far from the ideals of other regional bodies such as the EU and the dream of a United States of Africa. This is still a fragmented continent, and its underlying connective tissue is lacking. The legitimization on the institutional side must also be met with both a groundswell of subregional economic integration and a shift to regional governance. Both are targets of Chinese investment.

[110] "AU in a Nutshell" African Union. https://au.int/en/au-nutshell

Chapter 8: Analysis

This section is split into two subsections. The first is a grouping of four case studies that show the positive, neutral, and negative effects of Chinese investment. These combine to give a representative and tangible sample of the relationship as it stands. They will be framed in accordance with how the project influences the process of integration. The subsequent section utilizes a broader macro lens to evaluate the extent to which Chinese FDI is correlating with integration.

8.1. Addis Ababa-Djibouti Railway and the Memve'ele Hydroelectric Plant:

The Addis Ababa-Djibouti Railway and the Memve'ele dam are excellent examples of how China's strategy develops industry and draws a region together with infrastructure. The Addis Ababa-Djibouti Railway project was opened in 2018 to a tune of $4.5 billion funded by China. The 750km rail connects a landlocked Ethiopia to the Red Sea through the port of Djibouti which handles 90% of the country's trade.[111] China has a rich history of investing in African rail projects, starting with the Tanzania-Zambia line in the 1970s. The rail has dual citizen and commercial use which directly boosts the integration of the two countries through freeing the movement of people, allowing more open trade, and opening the possibility of further productive integration. The Memve'ele dam in the Southwest of Cameroon was jointly funded by the Chinese Exim bank ($531.6 million loan), the African Development Bank ($190 million), and the Cameroonian government ($110 million). Built and operated by China's state-owned Synohydro

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[111] "Addis Ababa – Djibouti Railway." Global Infrastructure Hub, November 30, 2020. https://www.gihub.org/resources/showcase-projects/addis-ababa-djibouti-railway/.

corporation, the dam is estimated to provide 211 megawatts of power to the country. The World Bank reports that 37% of Cameroonians are without electricity, the majority of whom are concentrated in the South of the country that the dam is directly targeting.[112] The regional development utility of the project is twofold: it has immediate impacts on quality of life and can allow more extensive and complex industry to thrive. This is a historically underdeveloped region that has had its ability to generate economic processes severely limited by a lack of basic electrical utility. As this electric capacity spreads into requisite communities, quality of life improves, and the possibility of more advanced economic production becomes feasible. The World Bank's Cameroon-Chad power interconnection initiative has been attempting to foster the trade of electricity across the border between the nations.[113] The effect of such initiatives by other development actors serves the purpose of amplifying the effects of integration and further emphasizes how China is not the sole actor pushing forward the project.

These cases are perfect examples of how Chinese investment can directly contribute to the regionalization of the continent. They allow for freer movement of people between nations, productive integration as firms can begin to operate transnationally with lower transportation costs, allow for greater trade between nations, and by their very nature integrate infrastructure. Their impact directly targets/addresses Africa's greatest barriers to its integration. The projects themselves have little financial

[112] "Access to Electricity-Cameroon." World Bank, 2019. https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS?locations=CM.

[113] "Cameroon-Chad Power Interconnection Project." World Bank. June, 2020. https://www.worldbank.org/en/news/loans-credits/2020/06/16/cameroon-and-chad-cameroon-chad-power-interconnection-project.

yield beyond debt interest which in many cases is forgiven by China. The railway and dam themselves are public works projects that are not necessarily going to be generating revenue in a vacuum. However, potential long-term impacts on economic development in the affected countries is significant. While subsequent investments may or may not accelerate the development trajectory, the basis for growth is supplemented by these projects. The Addis Ababa Djibouti line directly tying two nations together and the Memve'ele dam is addressing a major energy deficit that can significantly alter the trajectory of development in Southern Cameroon.

8.2 Ethiopia's Eastern Industrial Zone:

The Eastern Industrial Zone was announced in 2007 and launched in 2009, it is a 2-sqaure kilometre area 30km Southeast of Addis Ababa. Chinese owned and operated, "…the Ethiopian government has also agreed to provide all the necessary infrastructure outside the zone and to cover the cost of 30% of the internal infrastructure. This is a remarkable commitment from Addis Ababa and hints at the focus within Ethiopia to promote industrialisation"[114] Chinese firms are moving operations to Africa due to the aforementioned rising wage/operations costs in China and the cheap land and labour in countries such as Ethiopia. The big issue with the zone is that it has failed to have spillover effects to Ethiopia's broader industrialization. Internally the mix of enterprise is eclectic and support for the zone has been weak. Benefits have not diffused beyond the zone in nearly the same manner as similar industrial parks had in China's economic

[114] Giannecchini, Philip & Taylor, Ian, 2018. "The eastern industrial zone in Ethiopia: Catalyst for development?" *Geoforum*, 88, pp. 30

genesis. The main problem has been the inability for Ethiopian firms to have access to participation within the zone:

> "If local companies cannot afford to invest in the EIZ, and it is not financially feasible for the bigger companies to shift operations from their current location into the zone (which itself is somewhat geographically remote), then the zone will be of likely limited benefit to Ethiopia. Technology and knowledge transfer or spillover, a fundamental aspect of any claimed special economic zone model, will not occur if Ethiopians are unable to access the opportunities in the zone"[115]

The positive spin on the zone is that it has succeeded in attracting foreign FDI and both governments have used early lessons to signal a willingness to adjust course. "Given that infrastructure (or lack thereof) is one of Ethiopia's main barriers to attracting significant foreign investment, the special economic zone may provide one way to address this issue, albeit necessarily spatially confined."[116] One can see where the intended harmony between the Lin & Monga industrial park strategy for deriving growth and its diffusion using mass investment into the infrastructural capacity outside of it is supposed to be occurring: especially when evaluating the project in conjunction with the Addis Ababa-Djibouti Railway. While the EEIZ has not adequately displayed this aspect of diffusion in the model, it is still early in the process and has been proven internally viable despite this inadequate external impact. This case typifies Chinese FDI that has neither created negative externalities nor pushed forward the

[115] Ibid, pp.33-34

[116] Ibid, pp. 33

industrialization/regionalization of its intention. While the case can be viewed as disappointing given its lofty goals in deriving growth, from a political perspective it has been largely neutral.

8.3 Bauxite and Gold Mining in Ghana:

Mining in Ghana is the clearest counterexample to the dynamics presented in the previous cases. Foreign operations in the country are aligned with the type of predatory extraction and dependency that has typified Africa's relationship with the West. China's gold and bauxite mining operations have led to tension over both environmental concerns and the influx of Chinese workers into the country.[117] There is an estimated 350 million tonnes of Bauxite in the country and foreign firms have flocked to be a part of the boom. In 2018 the two countries signed a $2 billion deal for China to build mass infrastructure in the country in exchange for 5% of the reserve.[118] However, the deal has come under scrutiny as it has become apparent that Chinese operations are failing to adhere to environmental standards as mining schemes continue to degrade precious forests to a greater extent than initially reported.[119] Bauxite mining is inherently destructive given it requires the removal of topsoil and deforestation has been rapidly increasing since the inception of the deal.[120] Furthermore, many Chinese workers in the country have begun to

[117] Gbadamosi, Nosmot. "Ghana's Bauxite Boom." *Foreign Policy*, January 28, 2020. https://foreignpolicy.com/2020/01/28/china-investment-bauxite-mining-ghana infrastructure/.

[118] Smith, Elliot. "China's $2 Billion Deal with Ghana Sparks Fears over Debt, Influence and the Environment." CNBC, November 21, 2019. https://www.cnbc.com/2019/11/21/chinas-2-billion-ghana-deal-fears-over-debt-influence-environment.html.

[119] Gbadamosi. 2020

[120] "The World Lost a Belgium-Sized Area of Primary Rainforests Last Year: Data and Research." Global Forest Watch, January 13, 2021. https://www.globalforestwatch.org/blog/data-and-research/world-lost-belgium-sized-area-of-primary-rainforests-last-year/.

break off from official corporate projects to engage in illegal gold mining operations.[121] They have been leveraging local corruption to develop a thriving proto industry that has been called an 'informal gold rush'.[122] This illegal industry compounds with the growing wedge between Chinese and local workers in living conditions and standards as firms continue to import foreign workers for legal operations. Despite the billions in investment that has been provided in exchange for the mining rights, this relationship is fraught with problems that the Ghanaian people have every right to be concerned with.

Ghanaian mining typifies tensions that exist across the continent "In democratic African states like South Africa, Zambia, and Kenya, Chinese labor and capital often encounter frustrated unemployed or underemployed masses with the lawful right to protest, petition, and vote against 'all things Chinese' that often compete with 'all things local."[123] There is a deep suspicion and tension that follows Chinese operations that mirror extractive or other exploitative industries. These cases are where the anti-China school of thought can point to there being a new scramble for Africa. In this case it is a completely justified fear. This sentiment has become a popular electoral issue across the continent, with pro and anti-China positions becoming mainstays in national elections. Early indications of this trend began in the 2006 Zambian presidential election where runner-up Michael Sata made it a clear policy position of the Patriotic Front to limit

[121] Crawford, G. and Botchwey, G., 2017. "Conflict, collusion and corruption in small-scale gold mining: Chinese miners and the state in Ghana." *Commonwealth & Comparative Politics*, *55*(4), pp.444 470.

[122] Botchwey, G., Crawford, G., Loubere, N. and Lu, J., 2019. South South irregular migration: The impacts of China's informal gold rush in Ghana. *International Migration*, *57*(4), pp.310-328.

[123] Aidoo, Richard. "Why Anti-Chinese Sentiment in Africa Is on the Rise." Sixth Tone, July 18, 2016. http://www.sixthtone.com/news/1076/why-anti-chinese-sentiment-africa-rise.

Chinese economic activity.[124] A candidate's position on China has become a crucial policy decision throughout the continent.

While these negative cases exist, it is important to contextualize them within the broader trends in the relationship. I have already discussed how the ideals of South-South cooperation often fall short of their lofty ideals. However, this case is not emblematic of the entirety of the relationship. As per figure 2, mining is only a quarter of China's investment. On a macro-level Africans (and more broadly, emerging markets) have positive attitudes on Chinese investment. The Pew Research Centre found in Nigeria, Kenya, and South Africa, a mean positive view of 67% and negative of only 28%.[125] This case shows that the relationship is not free from contention. An undercurrent of Sino-skepticism follows when the purported ideals of partnership erode and China funds extractive industries or imports its own workers into its projects. However, on the macro level there appears to be support from both national populations and politicians. The case of Chinese mining Ghana is a legitimate reason to approach the relationship with caution and fuels anti-China rhetoric. Conversely, it is a single case in an investment initiative that spans an entire continent and hundreds of billions of dollars. Thus, it must be treated as a reason for caution but not one to define the entirety of China's investment into Africa.

[124] Sautman & Hairong, 2009: 749-752

[125] Pew Research Centre. 2019

Chapter 9: Data Analysis

Utilizing the FDI stock data from the China-Africa Research Project and the AU's self-report integration metric (presented in table 2), I will test to see if Chinese FDI is predictive of integration in each country.

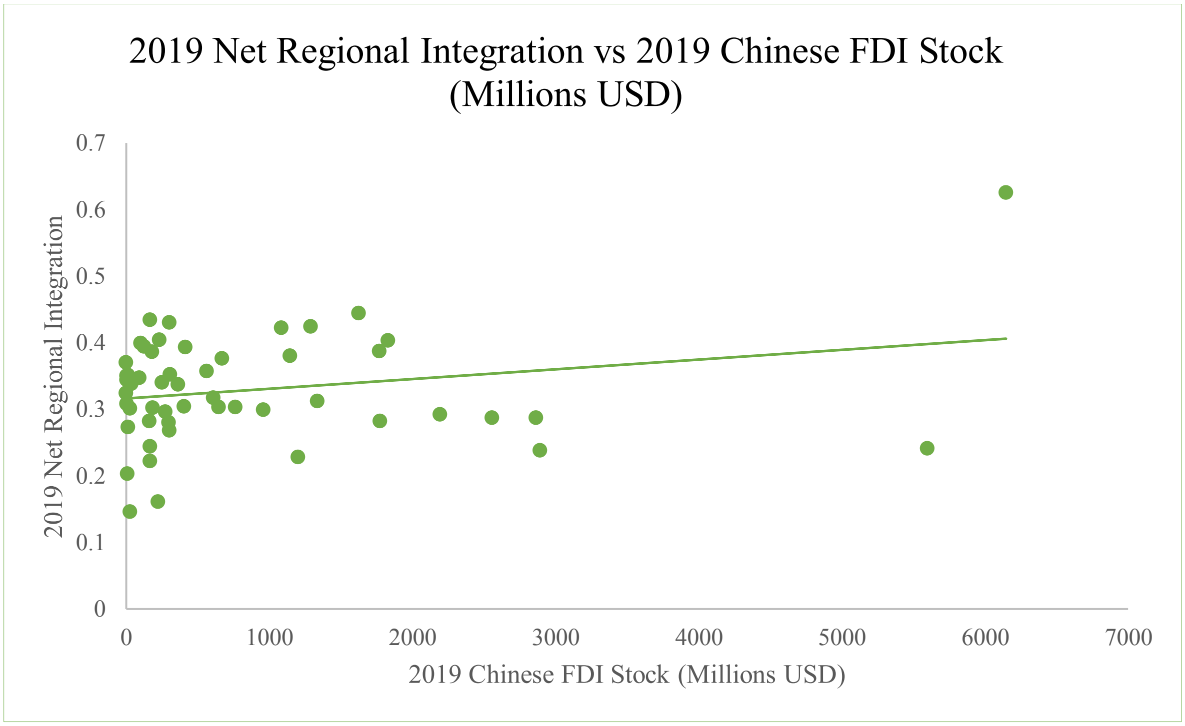

Figure 1: China's FDI Stock vs Net Regional Integration. Figures from 2019 as reported by the China-Africa Research Project and the 2019 African Regional Integration Index.

Regression Statistics	
Multiple R	0.23284144
R Square	0.05421514
Adjusted R Square	0.03529944
Standard Error	1254.14224
Observations	52

$r(50) = .23, p = .096$

The result is not significant at $p<0.05$

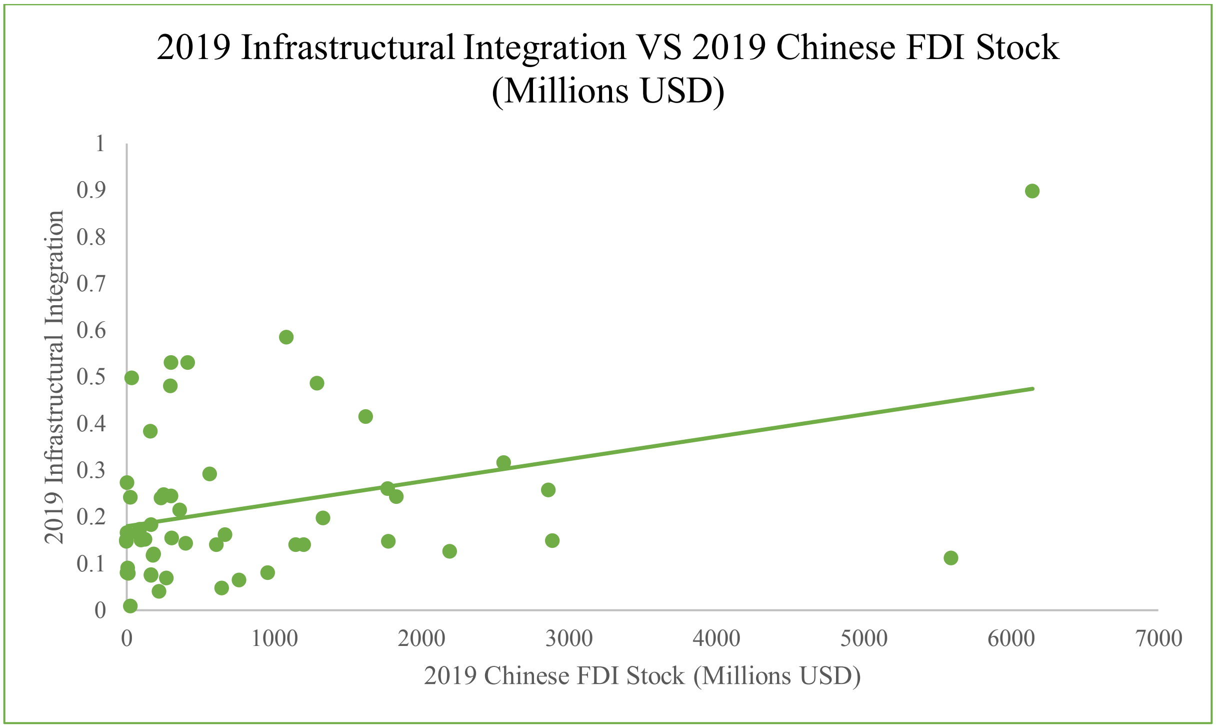

Figure 2: China's FDI Stock vs Infrastructural Integration. Figures from 2019 as reported by the China-Africa Research Project and the 2019 African Regional Integration Index.

Regression Statistics	
Multiple R	0.35964561
R Square	0.12934496
Adjusted R Square	0.11193186
Standard Error	1203.29933
Observations	52

r(50)= .36, p= .009

The result is significant at p<0.05

The results of this section suggest that to date, China's monetary flows into the continent of Africa are not yet predictive of the extent to which a given country has achieved *net* regional integration (.23). This consists of the five elements used to measure integration in the ARII report: trade, productive, macroeconomic, infrastructural, free movement of people. However, it can be statistically surmised in figure 4 that there is a positive correlation between China's FDI stock and the *infrastructural integration* of a country (.36). What makes this significant is that the results come from a nearly complete view of the continent without controls for particularly low investment in specific countries. These results suggest that China is having an impact on the process of integration, but the process is still in its infancy. Chinese funds are only correlated with the indicator their investment disproportionately impacts. Amongst the broader set of indicators, the relationship is weaker. This makes sense given trade, macroeconomic and free movement of people are all beyond the direct purview of Chinese investment. Furthermore, this is still a weak correlation and Chinese funds are broadly distributed. Certain countries (e.g., South Africa, Angola, and the DRC) have built greater equity with China whilst many nations are only starting to explore the possibilities of this alternative source of financing. Therefore, the data set is a combination of mature and new relationships wherein the effects should be expected to differ. Alternatively, there are outliers that have achieved high levels of net integration such as Rwanda (.434) and Morocco (.430) despite relatively low investment from China (167 and 303 million USD in 2019 FDI stock respectively). It must be recognized that China is not creating new connections these ties and outliers show that many nations have achieved a moderate level of integration independently. Furthermore, China is not a unilateral investor, with many foreign nations initiating investment/aid projects of a similar nature. China is merely supplementing and attempting to accelerate the conditions of integration as they exist in Africa.

These are the foundations being laid that will begin to foster these changes in the other indicators in coming years. Investments accumulate and their effects can become amplified in conjunction with further growth in FDI stock and loans. Integration is a contingent process wherein functional spillover from one area will lead to a similar push for integration in another. Thus, the effect of accumulating assets over time will theoretically have a multiplier effect. This trend must be weighed in the long-term goals of both actors. The AU has been operating towards a target date of 2063 to achieve the integration it desires, and the Chinese government has the luxury of operating on a distant time horizon whilst overseeing a gradual economic shift. In the context of this time horizon, we can interpret these results as merely the first step in this direction. For example, the Memve'ele hydroelectric project fits into this puzzle in an abstract sense; it is providing the basis for development which in turn will begin to yield regionalization. The early foundational pieces of the spaghetti bowl are being laid and if this process of infrastructure/industrial investment is extrapolated, it fits with the theoretical approach of bottom-up regionalization. As noted in figure 1, AU's lagging indicators of integration are productive and infrastructural, both of which Chinese funds are explicitly targeting. However, it must be noted that this project is starting at a deficit on an underdeveloped continent that is massively lagging in terms of industrialization in many of its subregions. Operating from this position on the continent is invariably going to lead to a long and uneven process as regions such as Southern Cameroon are provided with necessities such as power, while advanced industrial parks in Ethiopia are connected to global economic processes. As these industries grow, they will hypothetically begin to operate transnationally and reinforce integration. The timelines across the multitude of contexts present in Africa make this a difficult trend to accurately capture in a single figure. Yet, using the criteria presented in regional integration theory, most of China's investment either directly supports or is neutral to integration. The counterexamples in extractive practices account for only a quarter of investment and despite being harmful at a local level, have little effect on future growth in the AU's governance mandate. This bottom-up trend coupled with top-down institutional capacity makes a distinct case that China is a leading force in pushing forward the AU project through these avenues.

Conversely, a narrative relating to this trend is the possibility of the development model faltering in the future. It is difficult to accurately predict the shape an extrapolation of the relationship will take. Every country and development context are different and there is no guarantee that China's model is going to translate well into long-term economic gains or integration. While early gains were incredibly promising, the shock from COVID and a general inability to diffuse gains beyond industrial parks has hamstrung the project.[126] Development aid slowed over the course of 2020, yet the BRI was simultaneously expanded in this period. It is difficult to determine the long-term impact of the COVID shock on funds. Lin and Monga do suggest that the structural economic approach is a slow process: "That kind of comparative-advantage-following approach may be slow and frustrating to countries with major poverty challenges… In reality, it is the fastest way to accumulate capital and upgrade endowment structure."[127] This is a long march towards the production possibility frontier in each country through sustainable means. It should be expected that there will be shocks and potentially sub-optimal development indicators. Should these obstacles be overcome and the theoretical

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[126] Pairault, Thierry. "China's Infrastructure-Heavy Model for African Growth Is Failing." The Diplomat, July 30, 2020. https://thediplomat.com/2020/07/chinas-infrastructure-heavy-model-for-african-growth-is-failing/.

[127] Lin and Monga. pp. 134

approach of the model hold, there is reason to be optimistic that the development trend will hold as well. Another complicating factor is how other actors alter their investment strategies into Africa. For example, the USA's Biden administration has attempted to bolster its predecessor's 'Prosper Africa' initiative to counter Chinese investment.[128] Prosper Africa intends to re-centre Africa's place in American foreign policy through funding sustainable development programs. As countries have begun to adjust policy in Africa to catch-up with China, the underlying nature of financing could experience another shift which is difficult to accurately project. While China has become the most important source of finance and influence, it is not the only actor in this space nor the only actor supporting the growth of the AU.

[128] Shalal, Andrea, and Doyinsola Oladipo. "Biden Revives Trump's Africa Business Initiative; Focus on Energy, Health." Reuters, July 27, 2021. https://www.reuters.com/business/biden-revives-trumps-africa-business-initiative-eyes-future-digital-project-2021-07-27/.

Chapter 10: Discussion

There are a multitude of interesting questions that arise from this dynamic. First, would this be happening without China's influence? The history of Africa's regional integration suggests that these strides towards integration would not have been possible alone. Decades of failure to build a true regional bloc does not point to Africa suddenly having success starting in 2006. China has either directly provided the capacity and legitimacy the AU has sought (i.e., headquarter and ASF funding) or indirectly addressed the biggest shortcomings in the project through its infrastructural investment. With more time Africa could have possibly achieved these things alone or through a major shift in other sources of finance, at a minimum it must be recognized that China has played a role in accelerating the development of the AU. This is hundreds of billions of dollars in financing that the continent either could not generate internally or would have needed to source elsewhere.

The more interesting points to be explored are why China is making this concerted effort into forming the regional bloc and how this relationship fits within the historical record. I have established the economic incentives for China to invest in Africa development, but that does not answer why investing in the regional project as well has become central to the relationship. Political and institutional stability is necessary for both the success of investment and building long-run growth.[129] African nations have infamously been plagued with corruption, inequality, and weak institutional structures.[130]

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[129] Acemoglu, D., Johnson, S. and Robinson, J.A., 2005. Institutions as a fundamental cause of long-run growth. *Handbook of economic growth*, *1*. pp. 385-472.

[130] Gyimah-Brempong, Kwabena. 2002. Corruption, economic growth, and income inequality in Africa. *Economics of Governance*, 3(3). pp. 183-209

Ruling classes disproportionately benefit from the disfunction in these countries that have little to no incentive to change this system. However, “the empirical results show that the attractiveness of FDI to African countries is positively correlated with the control of corruption, the effectiveness of governments, the quality of regulation, and accountability.”[131] This has only been reinforced by the second unbundling of global production: wherein control/coordination is separated from actual production.[132] “When production is delocalized, the quality of institutions, infrastructure, and politics in the recipient country matter enormously to the centre. If designs are stolen, goods are impounded, or travel of people between the centre and the offshore location is made difficult, the entire production structure of the company collapses.”[133] For China’s economic strategy to succeed, it requires a stable institutional environment on a continent that has been deprived of the ability to develop them since its decolonization. Conversely, China must maintain its non-interference policy and image of trustworthy South-South partnership to build its role/influence in Africa. However, the non-interference policy is notoriously vague and not an inalienable tenet to Chinese foreign policy.[134] Aidoo and Hess capture the core tenets of the policy by stating that they,

> “…include respecting the sanctity of internal and external sovereignty; abstaining from intervention or interference in the internal affairs of a particular

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[131] Bouchoucha, Najeh and Saloua Benammou. 2018. "Does Institutional Quality Matter Foreign Direct Investment? Evidence from African Countries." *Journal of the Knowledge Economy*: pp. 1-15

[132] Baldwin, Richard., 2016. “The Great Convergence”. *Harvard University Press.* pp.79-110

[133] Milanovic. pp.151

[134] Chen Zheng, 2016. “China Debates the Non-Interference Principle.” *The Chinese Journal of International Politics*, 9(3): pp. 349–374

country…avoiding the use of economic or political measures to force a country or its government to acquiesce to particular demands and eschewing any efforts to assist or tolerate the overthrow of a regime in power."[135]

Note the focus on national sovereignty alone. It is a very narrow scope that China has managed to stay within through its engagement in Africa. Yet, China still needs to maintain institutional stability to execute its development strategy. The AU is the perfect answer to this conundrum. China can foster a stable institutional environment through the AU as it slowly gains sovereign governance rights and acts as a regulatory body elsewhere. China can create the institutional structure it needs for long-term growth/investment to succeed in Africa whilst having minimal impact on national governance. This appears at odds with the de-emphasis of institutions throughout the new structural economic approach. However, Lin and Monga do not suggest that political institutions are not important factors in economic growth, what they suggest is that they evolve alongside economic development and are not preconditions of growth. Therefore, China is developing the AU in stride with the economic development it is helping to foster in Africa and not mandating a strong regional project as a prerequisite for investment. The narrow scope of 'non-interference' as a policy encompassing domestic affairs allows for capacity-building on a regional level without betraying a core tenet of China's foreign policy and relations with Africa. Short-term volatility can be weathered in exchange for this long-term goal. Other countries have invested into the AU as well, which only bolsters the desired effect for China. However, as previously discussed,

[135] Aidoo, R. and Hess, S., 2015. "Non-interference 2.0: China's evolving foreign policy towards a changing Africa." *Journal of Current Chinese Affairs*, *44*(1), pp.111

China’s engagement is different in that it encompasses a larger scale, and directly targets the AU’s operational capacity. Financing coming from other foreign players in Africa (i.e., India, Turkey, USA, Korea) further accelerates this effect, especially if strategies pivot to match China’s direct engagement with the AU.

Chapter 11: Precedence

Attempting to historically situate Chinese investment in Africa is a further question that needs to be explored. Much of the prevailing literature on the subject has focused on comparing China's BRI to the Marshall Plan. On a surface level these initiatives look quite similar: "Economically, the Marshall Plan rebuilt a strong consumption-based global economy cemented by the post-war baby boom in the West."[136] The USA's Marshall Plan provided $100 billion (in 2016 USD) to rebuild Europe from the decimation of World War II.[137] American products, bought with American loans, restored a wealthy consumer market for American products to later penetrate.[138] The US used these funds to promote economic integration in Europe (namely between France and Germany) which as previously discussed, began the basis of political integration in Europe. The parallels are obvious: a foreign power investing mass sums in the infrastructural capacity of an entire continent. Similarly, the domestic economic motivations of both nations are aligned given they were both suffering from industrial overcapacities and required foreign export markets to sustain domestic economic health.[139]

That is largely where the similarities end. The BRI has a much larger scale

[136] Chan, W. and Shen, S. 2018. "A comparative study of the Belt and Road Initiative and the Marshall plan." *Palgrave Communications*, 4(1). pp. 32

[137] Eichengreen, B. and Uzan, M., 1992. The Marshall Plan: economic effects and implications for Eastern Europe and the former USSR. *Economic Policy*, *7*(14): 13-75.

[138] Hogan, Michael J. 1987. "The Marshall Plan: America, Britain, and the Reconstruction of Western Europe, 1947-1952." Cambridge. Cambridge University Press: 11-14, pp. 135-189

[139] Chan & Shen. 2018. pp. 4

(approximately $575 billion to date[140]) than the MP ($100 billion 2016 USD) and encompasses multiple continents. Furthermore, the MP had differing motivations, namely unifying Western Europe against the Soviet Bloc, and rebuilding a previously economically advanced continent.[141] Preventing the spread of communism was a crucial goal of the US as the Cold War began to take shape and forming a Europe unified under its own ideology was a cornerstone of that strategy. Alternatively, the BRI is targeting historically underdeveloped, neglected, and/or exploited regions that have arisen from the global periphery to enable newfound growth. The MP was a unilateral aid project, whilst the BRI is operating within a multilateral aid environment. The BRI focuses on promoting stable political institutions regardless of specific ideological orientation given China's reliance on foreign markets. Alternatively, the MP was predicated on consolidating distinct liberal democracies in the image of the US.

The most unique effect of both the BRI and MP is that they have paved the path for integrated continents to emerge. The integration of France and Germany was an important cornerstone to building a lasting European peace. Trade barriers were eliminated as production began to coordinate across the continent and productivity soared. The BRI is the only other example wherein a widespread economic investment initiative has the explicit goal of driving forward regional integration abroad. Between the two, we uncover a unique political phenomenon wherein integration is spurred by forces external to the constituent states themselves. The traditional logic of regional integration

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[140] "China's Belt and Road Initiative: Where It Goes and What It's Supposed to Accomplish." CBC. November 27, 2019. https://www.cbc.ca/news/world/china-belt-and-road-cbc-1.5372916.

[141] Ibid

is spurred by inherently internal incentives and growth. This model proved incredibly profitable for the USA post WWII and has a lot of potential for China as it carves out a place in the international economy/system. These cases are drawn together through the use of regional politics to provide the institutional stability for successful investment and lay the groundwork for an integrated transnational economy of scale.

Chapter 12: Broader Dynamics

This influence of China on the AU has broader ramifications beyond the relationship itself. It indicates that China has successfully broken the monopoly on aid that wealthy Western countries have wielded for decades (and other nations such as Turkey have begun to follow in this path).[142] African nations are no longer at the whim of conditionalities that have plagued development efforts from the Western aid institutions given China's success at creating its own structures of finance. To African leadership, this is an incredibly attractive option: a new approach coupled with limited foreign influence after decades of underdevelopment. Peter Evans coined the term counter-hegemonic globalization to describe the process through which the global South has leveraged the forces of economic globalization to alter their development and create a more equitable system not dominated by any one actor, group of actors, or ideology.[143] The South has been revolutionizing global capitalism from within, but never formalized these arrangements or managed to break the liberal monopoly on development finance until China's newfound finance initiatives. This new system has changed the very nature of how these nations interact with foreign actors, "…developing countries have a less unequal negotiating relationship between themselves and Southern transnational corporations (TNCs) and are able to extract benefits not possible in negotiation with larger, more powerful Northern TNCs."[144] Instead of having a small number of financing

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[142] Wang, H., 2019. The New Development Bank and the Asian Infrastructure Investment Bank: China's Ambiguous Approach to Global Financial Governance. *Development and Change*, 50(1), pp.237 238

[143] Evans, P., 2008. "Is an alternative globalization possible?" *Politics & society*, *36*(2), pp.271-305.

[144] Sumner, A., 2008. "Foreign Direct Investment in Developing Countries: have we reached a policy 'tipping point'?" *Third World Quarterly*, *29*(2): pp.249

options within a single system, China has become a viable alternative and undermined the power of existing sources of finance. Even if a state is not willing to completely buy-in to Chinese leadership, their bargaining power has been greatly expanded through the ending of this monopolistic system.

This has inevitably led to backlash from those sources of finance in the West. The language of a new Cold War is prevalent, yet it is not an accurate way to describe China-US relations.[145] The Cold War represented a clash of capitalism and communism – grand ideas and values competing on the international stage. Yet, China is by all accounts a capitalist nation (albeit a different post-communist manifestation of this ideology). Instead, this conflict is defined by influence and power: "America wants to prevent China being able to do what America currently does to the rest of the world by controlling the financial system."[146] This has become a conflict wherein China has shown no interest in any form of ideological supremacy; rather it focuses on improvement around the state as the central actor, not the system itself. Meanwhile the US still projects exponentially more military power abroad than China and continues to dominate the international system.[147] In Africa alone its 29 AFRICOM military bases litter the continent and play a pivotal role in its security environment.[148] Meanwhile, China's sole foreign military base

[145] Zhao, M., 2019. "Is a new Cold War inevitable? Chinese perspectives on US–China strategic competition." *The Chinese Journal of International Politics*, *12*(3), pp.371-394.

[146] Farrell, Henry, and Abraham Newman. "Chained to Globalization." Foreign Affairs, June 15, 2021. https://www.foreignaffairs.com/articles/united-states/2019-12-10/chained-globalization.

[147] Sachs, Jeffrey D. "America's Unholy Crusade Against China." Project Syndicate, August 5, 2020. https://www.project-syndicate.org/commentary/america-evangelical-crusade-against-china-by-jeffrey-d-sachs-2020-08.

[148] Nathan, L., 2009. "AFRICOM: A Threat to Africa's Security". *Contemporary security policy*, *30*(1), pp.58-61.

is in Djibouti, five miles from its American counterpart.[149] Thus, Africa finds itself on the path to development convergence and a burgeoning regional project at the cost of putting itself between these two powers. Where the Cold War rhetoric is correct is in the sense that the international system is becomingly increasingly bipolar (at least in an economic sense), and countries are being caught in this cleavage. The very nature of Africa's rise and China's role in it, is fueling the forces of counterhegemonic globalization and therefore this backlash. This is an incredibly tenuous position for African states to be in as they are forced to walk a proverbial tightrope between the great powers. Therefore, this exogenous cost that comes with accepting China's support could lead to unjust complications as this new international system continues to adjust to a new equilibrium. Africa has not been successful during previous iterations of a counter-hegemonic movement. The non-aligned movement of the 1950s was crushed as the US helped set up a multitude of violent authoritarian regimes across the third world in the name of anti-communism. Africa had leaders such as Nkrumah and Sankara deposed/assassinated as regimes favorable to the West established crony capitalist societies. It would be understandable for states to shy from inclusion in any system that opposes the status-quo given how brutally any figure opposing it has been suppressed. The big difference with this iteration is that this counter-hegemonic movement is being led by a major superpower and not the postcolonial nations alone. Instead of a 'third-way' between the capitalism and communism of the Cold War, this challenge is deriving from China itself and being implemented on a global scale. We see the relationship starting to seep into

[149] Cabestan, J.P., 2020. "China's military base in Djibouti: a microcosm of China's growing competition with the United States and new bipolarity." *Journal of Contemporary China*, *29*(125), pp.731-747.

Latin America as it expands the BRI and its influence on the global South.[150] This is becoming the blueprint from which contemporary Chinese foreign policy towards developing nations is emerging. While Africa is being placed between these two centres of power, it is not in the same position of vulnerability given it is not leading the challenge but merely a beneficiary gaining leverage through a larger power. Furthermore, the existence of initiatives such as Prosper Africa from the USA indicates a willingness to match China through projecting its own finance. If this trend holds, Africa merely becomes the beneficiary of an expanded access to funds from two centres of power. The relationship between China and Africa may yield contention, but Africa is reaping the benefits and is not being placed in the same position of risk as it has in past challenges to the liberal order.

Naturally these dynamics feed into the anti-China argument many scholars and governments have cautioned African governments on. As China continues to invest and accrue assets on the continent their leverage/power accumulates. African agency has been undermined by foreign loans for decades, and China is quickly entering into a position to recreate this dynamic choose to do so. There is consequently a very fine line between China's patronage and China's power. China's growing interests in Africa incentivize a greater use of its influence to protect these interests. Growing equity will only continue to amplify the risk to China. Subsequently, it is approaching a place wherein China will fundamentally wield the ability to act in the same manner of exploitation as contemporary global powers and have clear motive to do so. The only thing standing in the way from this happening is China sticking to its purported ideals (i.e., South-South Relations) or

[150] Montoya, M.A., Lemus, D. and Kaltenecker, E., 2019. "The Geopolitical Factor of Belt and Road Initiative in Latin America". *Latin American Journal of Trade Policy*, *2*(5), pp.6-21.

African leaders managing to position themselves between both spheres of influence. We must note that in many instances China has failed to live up to its professed ideals such as its experiments with CSR. The use of economic by China to pursue political goals would not be a new dynamic on the continent. How the relationship continues to take shape will be important to resolving this debate.

Chapter 13: Conclusion

I have argued that China has become a primary motivating force behind the AU through pursuing a dual strategy of bottom-up economic integration and top-down capacity building. The Chinese economy requires structural transformation through upgrading domestic output to higher value-added production and a growth in foreign export markets. The growth potential of Africa poses a possible solution, but the institutional quality necessary for the long-term success of investments is lacking. Furthermore, China's non-interference policy and the ethic of South-South cooperation are crucial to maintaining the relationship and not recreating a dynamic of exploitation. Both principles prevent China from directly tampering in national politics and influencing the quality of institutions necessary to derive growth in Africa. Therefore, China is addressing this problem by investing in building the capacity of the AU through widespread funding (e.g., headquarters, ASF) and bilateral engagement (i.e., FOCAC). Furthermore, China's FDI/loan focus on infrastructure has begun to provide the economic basis of integration crucial to the success of the project. This way, China can maintain its policy of non-interference whilst creating the institutional structure for sustained and mutually beneficial economic growth in Africa. The major caveat with this trend is that the integration of Africa and development of the AU is still in its infancy. The AU is yet to take over a significant amount of governance authority on the continent and maintains a role akin to a third-party development actor. China may be providing the capacity for integration to expand, but expectations must be tempered with the AU's long-term goal of 2063 to achieve it integration mandate. Furthermore, China is not acting unilaterally as the only foreign nation investing in African development and the growth of the AU. As the policies of other nations change in response to China's success, it could significantly alter the trajectory of these trends. There is only a single comparable case on the historical record of regionalism being primarily driven by investment from a foreign source. While the Marshall Plan has similarities to China's relationship to Africa through their focus on infrastructure and the growth of common markets, vastly differing contexts and goals make the China-Africa relationship unique. It is difficult to parse fact from fiction with China's relationship to Africa. The issue has become highly sensationalized and led to a reductive debate with hardline stances on either side. While both positions have merit (albeit in different veins of analysis), the reality of China's investment in Africa lies somewhere between the two. China is having a political impact, although not in the way that either pro or anti-China arguments perceive. Rather than debt-trap diplomacy or national interference, China is moulding regional integration to pursue its goals.

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Appendix A

Country	*2019 Chinese FDI Stock (Millions USD)*	*2019 Net Regional Integration*	*2019 Infrastructural Integration*
South Africa	6146.57	0.625	0.898
Kenya	1624.23	0.444	0.415
Rwanda	167.51	0.434	0.184
Morocco	303.29	0.43	0.53
Mauritius	1291.68	0.424	0.487
Egypt	1085.8	0.422	0.585
Senegal	234.24	0.404	0.241
Ghana	1831.29	0.403	0.244
Togo	101.16	0.399	0.15
Djibouti	125.26	0.394	0.152
Seychelles	414.05	0.393	0.531
Zimbabwe	1771.48	0.387	0.261
Mauritania	181.4	0.386	0.117
Mozambique	1146.75	0.38	0.141
Uganda	669.94	0.376	0.162
Burkina Faso	1.49	0.37	0.147
Cote d'Ivoire	564.34	0.357	0.292
Mali	305	0.352	0.154
The Gambia	13.9	0.351	0.164
Comoros	1.83	0.35	0.166
Benin	91.44	0.347	0.174
Cape Verde	2.34	0.344	0.274
Gabon	252.21	0.34	0.247
Tunisia	36.62	0.338	0.498
Namibia	363.59	0.337	0.215
Sao Tome & Principe	0.44	0.324	0.15
Congo, Rep.	609.84	0.317	0.14
Tanzania	1335.54	0.312	0.197
Lesotho	5.93	0.308	0.08
Equatorial Guinea	404.13	0.304	0.143
Chad	648.52	0.303	0.047
Guinea	763.26	0.303	0.064
Botswana	186.28	0.302	0.12
Guinea-Bissau	26.71	0.301	0.242
Niger	956.71	0.299	0.081

Madagascar	272.91	0.296	0.069
Nigeria	2194	0.292	0.126
Ethiopia	2558.87	0.287	0.316
Zambia	2863.79	0.287	0.258
Algeria	1775.35	0.282	0.148
Malawi	161.45	0.282	0.384
Libya	299.43	0.28	0.48
CAR	13.98	0.273	0.079
Cameroon	303.9	0.268	0.245
Liberia	167.65	0.244	0.076
Congo, Dem. Rep	5596.6	0.241	0.112
Angola	2890.73	0.238	0.149
Sudan	1203.09	0.228	0.141
Sierra Leone	165.32	0.222	0.074
Burundi	8.2	0.203	0.091
Eritrea	223.29	0.161	0.04
South Sudan	26.88	0.146	0.009

Table 2: 2019 Chinese FDI stock in Africa, 2019 net African regional integration, and 2019 African infrastructural integration. Data from the China-Africa Research Project and the African Union Report on Regional Integration Indicators