



**S. RAJARATNAM SCHOOL
OF INTERNATIONAL STUDIES**
A Graduate School of Nanyang Technological University

RSIS COMMENTARIES

RSIS Commentaries are intended to provide timely and, where appropriate, policy relevant background and analysis of contemporary developments. The views of the authors are their own and do not represent the official position of the S.Rajaratnam School of International Studies, NTU. These commentaries may be reproduced electronically or in print with prior permission from RSIS. Due recognition must be given to the author or authors and RSIS. Please email: RSISPublication@ntu.edu.sg or call (+65) 6790 6982 to speak to the Editor RSIS Commentaries, Yang Razali Kassim.

No. 153/2012 dated 14 August 2012

Great Power Rivalry in Africa: Economic Engagement Holds Key

By Joel Ng

Synopsis

Hillary Clinton's visit to Africa, following the recently-concluded China-Africa Summit, is viewed as a competition for influence in Africa. However, those who criticise China's expansion in Africa largely ignore the structural differences in economic engagement between the US and China with their African counterparts.

Commentary

US Secretary of State Hillary Clinton's recent nine-country tour of Africa has largely been viewed as following the Forum on China-Africa Cooperation (FOCAC) summit in Beijing in July. At the FOCAC summit, the fifth since 2000, China pledged US\$20 billion in aid to various African projects across the continent, reinforcing Chinese centrality in Africa's development aspirations.

Chinese media made great play of China's being Africa's number one trading partner, with some \$166 billion in trade with the continent in 2011, more than 16 times the level in 2000. The US is unable to match these numbers – its trade with Africa over the same period was just under \$126 billion, according to the US Census Bureau. Instead, in Senegal, Clinton highlighted over \$630 million in aid the US had pledged in a variety of development projects in just that state alone.

Given these differences, the US has focused on commitments in other forms, especially its stated support for good governance and democratization. Clinton's speech in Senegal mentioned no names, but she described America's partnership with Africa as one "that adds value rather than extracts it" – widely seen as a dig at China's sectoral emphasis on extractive industries such as mining and oil & gas in its trade with Africa. Earlier, during a visit to Zambia in 2011, Clinton had warned of a "new colonialism" in Africa, again interpreted as an indirect reference to China.

Communication breakdown

Western criticisms of China's engagement, however, have failed to make an impact on the continent, for three reasons: Firstly, the Western supporters of human rights and good governance have failed to demonstrate clearly how the values they espouse for the continent have led to real economic growth. The saying that "You can't eat democracy" has resonance precisely because of this failure.

Aware of these shortcomings, Clinton acknowledged in her speech that the US "has not always done the best

job promoting and explaining what we mean.” Similarly, Obama’s deeply symbolic first visit to Africa as president was to Ghana because of its strong democratization.

Yet this rhetorical commitment can be difficult to reconcile with economic and security imperatives. Clinton’s stop in Uganda, a key security ally but with a controversial human rights record, symbolised the delicate balance, while the US has threatened to withdraw aid to Rwanda, which has been accused of supporting insurgents in the Democratic Republic of Congo. However, for the democratization argument to gain real traction it will take more than just good public relations: the truly democratic states (and this in itself is a contentious issue), must economically perform visibly better than their more authoritarian neighbours, and this has not yet occurred. Until then, it remains a moral argument – a much harder sell in a post-colonial age.

Differences in aid

The second factor is that too often, aid has not had sufficient impact. The management and disbursement of aid has improved over the years, but it still has a legacy of failure to overcome, rooted in failed technocratic attempts of the 1960s–1980s. Aid also doesn’t translate often enough into economic growth. Aside from losses to corruption, much of aid promised simply does not reach the shores of Africa in monetary form. Two-thirds of American food aid in 2010-11 went to just three American companies (who then ship foodstuffs to poor countries) according to data uncovered by a British newspaper, and aid critics have lambasted the habit of aid going to domestic companies of the donor state.

In contrast, China’s aid largely consists of in-kind infrastructural developments – power plants, dams, roads – illustrating China’s faith in the role of the state to overcome development obstacles. Analysts have noted that China’s aid policy is not much different from Japan’s in the 1970s, linked to concessions and trade agreements. It is not difficult to understand the appeal of this sort of aid to African leaders, reaffirming their own role in societies.

China’s structural differences

The third factor is structural, both economically and institutionally: China, with its vast array of state-owned enterprises, is able to direct external investment in a more coordinated and direct manner. China’s multiple national oil companies rarely overlap or compete with each other in their overseas ventures. China’s natural resource ventures have been extremely effective at sourcing for its domestic consumption needs. The competitive advantage of putting state enterprises at the disposal of external policy is difficult to match for the free market economies of the West. This close state-enterprise association has some disadvantages, however: occasional anti-Chinese outbursts have indiscriminately targeted Chinese labourers and traders in Africa.

Institutionally, the crucial role FOCAC plays in keeping Chinese centrality on the African continent is a lesson they have learnt from their regional neighbours in ASEAN: An intergovernmental platform where they set the tone and agenda is a mirror image of the ASEAN Plus arrangements in the Asia-Pacific. So too is their ability to work with anyone with common economic goals, a lesson too often disregarded even by proponents of “partnership not patronage” maxims. This has ensconced China in the heart of African elites, whose opinions of China’s engagement have been generally positive. African civil society voices are either muted or supportive of China (in another model taken from ASEAN, the Chinese established a China-Africa People’s Forum on the sidelines of FOCAC to engage civil society, much like the ASEAN People’s Forum).

Given these problems, Western criticisms of China will continue to lack an impact in Africa. The key argument for democratization and commitments to human rights as necessary parts of good governance is unevenly applied, not effectively communicated, and economically intangible. The Western model of aid has not been an unqualified success. However, most crucially, there are significant structural differences between the US and China in their engagement with Africa that fundamentally affect the nature of relations between these parties, and in which China currently has the upper hand. With Africa rapidly developing, and China’s leaders fully understanding the imperatives of development given their own recent rise, the US will need to do significantly more to regain and retain its influence in the continent.

Joel Ng is an associate research fellow at the Centre for Multilateralism Studies, S. Rajaratnam School of International Studies, Nanyang Technological University.