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# Ordnungspolitische Diskurse

## Discourses in Social Market Economy



**Joachim Ahrens**

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**China in Africa: Competitor of the EU?**

**Diskurs 2021 - 10**

# China in Africa: Competitor of the EU?

Joachim Ahrens  
Katja Kalkschmied

## Abstract

European development strategies with Africa have been challenged by a pragmatic, self-interested Sino-African trade and development cooperation with a focus on infrastructure projects, which gained momentum in the last twenty years. African-European development cooperation and European norms and standards as role models appear to have lost some of their appeal to African governments due to incoherencies, poor communication, and inadequate deliberations. Recent changes in European development strategies with Africa do not go far enough to solve these issues to stop a gradual shift in development cooperation away from Europe towards China. In this article we discuss and contrast Sino-African relations with African-European relations and investigate whether there exists competition between China and EU in Africa and what opportunities and threats this competition may hold for Africa.

## Key Words

Development cooperation, Sino-African relations, European-African relations, competition over Africa

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# China in Africa; Competitor of the EU?

## 1 Introduction: Beyond the Forgotten Continent

For many years, Africa, especially Sub-Saharan Africa (SSA), had been viewed as the forgotten continent with several lost decades in terms of economic growth, political stability, and inclusive people-centered development. Particularly Western countries, most notably the USA and European countries, have a long tradition to fight poverty and support marginalized African nations with traditional approaches of development aid and cooperation, while private sector engagement such as trade and investment have remained at very low levels compared to other world regions. Especially Official Development Assistance (ODA) payments and other financial transfers brought only partial success or even failed in the long run to support the emergence and creation of self-sustaining economic, social, and political structures in recipient countries (Moyo, 2009, and Easterly, 2006). The overall economic situation started to change at the beginning of the 2000s. Economic growth rates began to increase and per-capita incomes began to grow in many African countries, leading to a nascent but in some cases steady process of growth and development. Yet, many problems have persisted. Africa is still the continent with widespread poverty and misery, poor governance, the lowest living standards, unequal income and asset distribution, political instabilities, and the lowest levels of human development measured by health, educational, and income indicators (World Bank 2021, United Nations, 2021).

The changes in the economic situation since 2000 have been accompanied by a fast-growing presence of China in Africa. It was China which reminded the world of the forgotten continent with its new interest for partnerships with African countries and its novel approach to design development aid and cooperation presumably at eye level and in a pragmatic manner. China developed a serious approach to engage numerous African states in its so-called belt-and-road initiative (BRI) and invested large sums of money in numerous long-term infrastructure projects. Better infrastructure reduces trade costs and allows African countries to develop domestic industries and markets and to integrate into world markets. This opens new development and trade opportunities for Africa, China and the rest of the world.

Even in Europe a serious new interest in Africa has evolved. This has been mainly driven by growing concerns over migration and refugee flows from Africa to Europe. As a reaction, the

European Union (EU) and its member countries seek to reduce and prevent the inflow of people and aim at stabilizing the economies and politics in selected African countries to decrease the incentives for migration and the causes for flight. This new policy priority, together with general concerns over underdevelopment and poverty, brought authorities in Europe and the EU itself to rethink and redesign traditional approaches to development cooperation and aid payments. New political strategies across Europe formally call for genuine partnerships among equals and negotiating about development support at eye level. They also request the cooperation of the development community including international organizations and traditional bilateral donors and partner countries. Most multilateral and bilateral agencies of development cooperation officially conclude that it takes the cooperation and coordination of the international community to support African countries to achieve self-sustaining trajectories of development. In fact, the African Union and the Organisation for Economic Development and Cooperation (OECD) jointly request: “New development strategies are necessary” (African Union/OECD, 2018).

However: Reality has proven to be different. Notwithstanding visible and partially effective approaches to cooperation and coordination, e.g., among European countries, between Europeans and the US, within the G20, or between international organizations and bilateral donors, the current activities of third countries’ governments, companies, and non-governmental organizations resembles rather a competition for political influence, access to markets and natural resources, and determining the directions of development. Some observers already diagnose a “new scramble for Africa” (The Economist, 9<sup>th</sup> March 2019, and Carmody, 2016).

Being the addressees of this competition: How will African countries react? What are the alternatives and what should they do? Should African countries jump on the developmental bandwagon of the BRI? Should they accept the cooperation offers of the EU and its members? Or should they follow distinct own initiatives, either in their region or inter-regionally? These questions guide this essay. They are being discussed in three steps. First China’s growing role in Africa is being described in Chapter 2. It appears to challenge the traditional and novel approaches to development cooperation, European- or Western-style, which are addressed in Chapter 3. Chapter 4 contrasts the Chinese and the European initiatives, strategies, and models of development. Chapter 5 concludes.

## **2 China in Africa**

Within the last 20 years, China has massively expanded its footprint in Africa. It made enormous coordinated efforts to build economic relations with African countries. These efforts paid off. China is among the top four bilateral partners for Africa in trade, investment (both loans

and foreign direct investment (FDI), and aid. Yet, the Chinese way of building alliances depends on far more than the flows in goods, services and capital. The economic partnership is built on, accompanied by and complemented by Chinese officials' efforts to build political partnerships, business networks and individual relationships between African and Chinese people. The goods, services and capital flows are directed in strategic areas. They come together with the building of infrastructure, the adoption of new technologies, the creation of social networks and social capital, and the transfer of knowledge and skills from person to person alongside with the transfer of persons from continent to continent. *Guanxi* is the Chinese word that describes the relationship-based cooperation approach that is distinctively different from the transaction-based approach of Western countries.

When Sino-African relations started to intensify at the turn of the millennium, African countries were not perceived as attractive economic partners due to serious deficiencies in infrastructure, political instabilities, high corruption, a lack in rule of law, missing or malfunctioning legal property rights and contracting institutions. Yet, China started to invest heavily in building infrastructure. Most analyses on what lies behind China's encompassing endeavors with and in African countries identify two primary motives: First, to secure access to raw materials and energy. For domestic production, China relies heavily on coal, oil, and raw material imports. Natural resource and energy shortages had slowed down production and consequently economic growth in China. The second motive is to build new markets for Chinese goods. It is the world's number one provider of low-value manufactured goods. Global demand for low-value manufactured goods slows down as developed countries' markets are increasingly saturated (Zhao, 2017). China's recently announced five-year plan for the 2021-25 period includes a 'dual circulation strategy' that intends to invest in the development of domestic markets in order to decrease the dependence of China's economic growth on export markets (Cheng, 2020). Still, a switch in the economic growth model is unlikely to happen in a short period in time. It is much more likely that China remains dependent on world markets in the future.

Cooperation with African economies can refuel Chinese economic growth by solving both issues. Africa is abundant of natural resources, oil, precious metals and coal. Also, African markets are only about to develop. Many African economies have experienced sustained, above world average growth rates throughout the last two decades (Zamfir, 2016). China, African, Asian, and Latin American developing economies are the world's growth engines. Since China and Africa will host about 40% of the world's population already in 2050 (Marafa, 2009), Chinese and African consumer markets are of increasing importance in future. Investing in African countries now, China can critically influence the direction of the structural and economic development in African countries in a way to make it fit to China's present and future political and economic interests.

That the design of a country's foreign policies and cooperation strategies is driven by its economic interests is standard theory of international relations. What is new or particular of the Chinese approach is the *guanxi* way taken to pursue its interests. It centers on the narrative of a brotherly South-South cooperation for mutual benefits. The philosophy of *guanxi* shines through China's 2021 *White Paper on International Development Cooperation*, in which China casts its duty as a responsible member of the global community, emphasizing "*humanware* over hardware, highlighting capacity building, livelihood initiatives, volunteerism, and people-to-people connectivity" (Mulakala and Hongbo, 2021) to alleviate poverty in the world. Chinese officials communicate to target a cooperation between developing countries in which the parties meet at eye level and do not interfere in internal affairs, in which each party pursues its own endeavors and, in doing that in a cooperative way, win-win situations are created (World Foresight Forum, 2011). The speeches given by the Chinese foreign minister, Wang Yi, during his five-country trip to Nigeria, the Democratic Republic of Congo, Botswana, Tanzania and the Seychelles in January 2021 were all about *guanxi*. Wang laid out a seven-point plan to upgrade China-Africa cooperation for 2021, and pledged that China will provide substantial finance to bolster health, agricultural, digital, environmental, military and security cooperation, regional connectivity and free trade as well as industrial capacity in Africa (Mulakala and Hongbo, 2021).

Another reason why China was able to grab a foothold in African countries within such a short period of time lies in the pragmatism of the Chinese approach (Jing, 2016). China is exceptionally fast in making decisions and letting actions follow, whether this concerns providing finance, implementing infrastructure projects, negotiating and agreeing on trade conditions, setting up businesses, sending Chinese experts and workers as well as providing military support, support in educational or medical matters.

The foundation of the Forum on China-Africa Cooperation (FOCAC) in 2001 marks the beginning of increased Chinese efforts to cooperate with African countries. In the FOCAC framework, Chinese and African senior officials meet every three years to refresh their 'brotherly ties', deliberate, plan future cooperation actions and reevaluate past ones. At the 2018 FOCAC Beijing summit, Chinese and African leaders agreed to build a stronger Sino-African community with a shared future. As mechanisms to foster friendship between the Chinese and African people, the Think Tank Forum, The People's Forum, the Press Center and the Youth Festival were implemented. By 2021, China has provided some 120,000 government scholarships, and opened 61 Confucius Institutes and 44 Confucius Classrooms in 46 African countries. As many as 21,000 Chinese medical personnel have worked in 48 African countries, providing treatment to around 220 million African people. The shared common future entails building a Sino-African

community of development with support in enhancing infrastructure, advancing industrialization and building up capacity for independent development (speech by Wang Yi, Chinese Minister of Foreign Affairs, on 12. November 2020). Chinese trade and development cooperation with Africa go hand in hand. Bilateral trade agreements reduce non-physical trade barriers, infrastructure and industry building projects reduce physical trade barriers.

The Belt and Road Initiative (BRI), launched in 2013, is the central mechanism for the realization of infrastructure and industry building projects. 42 out of 54 African countries have already signed an agreement to take part in the BRI. China began many of its investment activities in the East Africa region, given its access to ports and need for rails and roads, but initiatives have since branched out to numerous projects across the continent. Major road infrastructure projects stretch to Southern and Northern Africa, such as Mozambique's Maputo–Katembe bridge and Algeria's Cherrhell Ring Expressway Project (Dong et al., 2018). The success in fostering Sino-African trade and development cooperation within the last 20 years can be seen in the increase of trade flows, provision of loans, provision of aid, FDI flows, the number of Chinese-owned enterprises and the number of Chinese workers in Africa.

China is Africa's largest bilateral trader. In 2019, it was the largest export market for 16 African countries and the largest source of imports for 35 African countries. According to the Johns Hopkins China-Africa Research Initiative (SAIS-CARI) which draws on UNComtrade data, trade between Africa and China has been growing at approximately 20% per year from US\$ 14.71 billion in 2000 to US\$ 191.73 billion in 2019. The value of exports to China in 2019 was US\$ 78.68 billion. The largest exporter was Angola followed by South Africa and the Republic of Congo. Exports predominately consisted of resources such as oil and minerals as well as semi-processed raw materials including copper, base metals, wood and articles thereof. The value of imports from China was US\$ 113.05 billion in 2019. The largest importers were Nigeria, South Africa and Egypt. Imports predominately consisted of manufactured goods including electrical machinery, other machinery, vehicles, articles of iron or steel and plastics and articles thereof (The Africa Report, 2019). To boost free trade, eight special economic zones were installed; two in Algeria and one in Egypt, Sudan, Nigeria, Zambia, Malawi and Mauritius. Mauritius became the first African country to sign a free trade agreement with China in 2019 (The Economist Intelligence Unit, 2021).

No other country provides as many loans to Africa as China does. Between 2000 and 2019, SAIS-CARI estimated that Chinese financiers signed 1,141 loan commitments worth 153US\$bn with African governments and their state-owned enterprises. By far the most loans went to Angola followed by Zambia, Sudan, Ethiopia, Cameroon and Kenya. Loans worth 46.6US\$bn went to transportation projects, US\$ 38.0 billion to power projects and US\$ 18.4

billion to mining projects. Loan finance is varied. Chinese loans constitute export credits, suppliers' credits and commercial loans that are not concessional in nature. Some government loans qualify as ODA and are concessional for infrastructure and export credits. According to the State Council Information Office of the People's Republic of China (2021), 44.65% of Chinese foreign aid expenditures between 2013 and 2018 went to Africa. At the 2018 FOCAC summit in Beijing, Chinese President Xi Jinping pledged another US\$ 60 billion of finance for African growth: US\$ 20 billion for credit lines, US\$ 15 billion for grants, interest-free loans and concessional loans, US\$ 10 billion as special fund for development finance, US\$ 5 billion as special fund for financing imports from Africa and US\$ 10 billion for other investment over three years. Funds will flow into eight major initiatives: industrial development, infrastructure connectivity, trade facilitation, green development, capacity building, health care, people-to-people exchanges, peace and security (The Africa Report, 2019).

FDI complements loans as another channel of China's financial involvement in Africa. Though there is a primacy of loans over FDI, the gap narrows. Starting from nearly zero in 2000, the Chinese FDI stock in China has grown faster than trade to US\$ 49 billion in 2016 with an average annual growth rate of 40% (McKinsey, 2017). Chinese largest FDI stocks are in South Africa, followed by Nigeria, Zambia, Angola, Ethiopia, Kenya and Tanzania. The FDI sectors vary greatly across these countries. FDI has been targeted and differentiated. In resource rich countries like South Africa, Nigeria and Zambia, FDI has been directed towards transport, power, extractives, and telecoms sectors. In Ethiopia, Kenya, Tanzania and also Nigeria, FDI went into transport and industrial sector projects. With respect to ownership, Chinese state-owned enterprises have played and still play a critical role in the natural resources sector. In other sectors such as manufacturing or services, there is a rapid rise of privately-owned Chinese companies which invest mainly their own money. According to a 2016-2017 McKinsey field study, only about 15% of enterprises were linked to the Chinese government. The private Chinese firms do well. In 2015, nearly one-third of them reported profit margins of more than 20%. Most Chinese firms in Africa operate in manufacturing (31%), services (25%) and construction and real estate (15%) sectors. An increasing number diversifies into new high-growth-potential industries: agriculture and food production, banking and insurance, housing, information communications technology and telecommunications, and transport and logistics. McKinsey reports that 89% of the employees were African. Yet, only 44% of the managers were African. An extrapolation across the continent suggests that there are more than 10,000 Chinese-owned firms operating in Africa today. Together with Chinese state-owned firms, they hired about 200,000 Chinese workers.

The Chinese endeavors in and with Africa seem to bite. Chinese investments in Africa over the last two decades have successfully improved infrastructure and increased industrial capacity, they have created jobs – the 10,000 private Chinese enterprises surveyed by McKinsey together already hired 300,000 African workers – and they have certainly contributed to the above world average growth rates of African countries. This is the winning part for African countries. The winning part for China lies in increased imports of natural resources from African countries, increased exports of manufacturing goods to African countries and the high profitability of private Chinese firms in African countries (McKinsey, 2017).

Yet, not all is gold. On the financial side, experts are increasingly concerned that African countries will default on their debts. Several countries such as Zambia are bumping up against their debt ceilings, failing to make repayments to China and other lenders. The Covid-19 pandemic has aggravated the situation (Acker et al., 2021). On the business side, there are concerns regarding employment conditions and regulations. Many Chinese firms operate with insufficient regards for the health and safety of workers, taking advantage of the few regulatory constraints in many African countries. Many Chinese workers who moved to Africa live in very decent conditions and are hardly integrated into local communities (Asongu and Ssozi, 2015). On the environmental side, the concerns lie in failing to jump on the track of sustainable development. Instead, the extraction of non-renewable resources is continued and currently viewed as an important pillar of China-Africa trade and development cooperation, which drives growth in China and Africa. Although the Chinese 2021 White Paper puts emphasis on strengthening efforts for a green development, few actions have been taken in that direction so far. On the development side, little is known about the long-run prospects of the Sino-African cooperation. Not everybody won so far. The most obvious losers are the African manufacturers that have come under pressure from both imported manufacturing products from China and products of Chinese-owned manufacturing sites in Africa. There are concerns that China is not Africa's biggest development partner but Africa's biggest development competitor, whose explosive growth and insatiable quest for resources and global markets threatens Africa's industrialization and competitiveness (Zezeza, 2014). These concerns are not only among economists. In the wake of the 2006 FOCAC summit in Beijing, Thabo Mbeki, president of South Africa at that time, was quoted as declaring:

“(...) if Africa just exported raw materials to China while importing Chinese manufactured goods, the African continent could be ‘condemned to underdevelopment’. He [Thabo Mbeki] said that this would simply mean ‘a replication’ of Africa's historical relationship with its former colonial powers.” (BBC News, 2006)

### **3 Europe's Approach to Development Cooperation, Trade, and Investment**

Despite the growing trade and development cooperation between China and Africa, the EU has been and still is (even after Brexit) the largest donor of ODA, investor, and trading partner of Africa. African-European cooperation initiatives have been traditionally driven by the desire to fight poverty and misery and to overcome underdevelopment especially in Sub-Saharan Africa (SSA). Due to their colonial past, European countries have assumed particular responsibilities as donors to African countries. Due to persistent bonds from the colonial period, some European countries, especially France and the United Kingdom, maintained special political and economic relations with distinct countries (i.e., the francophone African countries in the French case).

More recently, overarching problems such as growing migration from Africa to Europe, political instabilities and international terrorism, the need to find global solutions for the challenges of climate change, and environmental degradation strengthened further motives for European engagement for and with Africa. The perceived need to limit, control, and eventually prevent labor migration led to numerous European involvements with countries of origin of migration as well as with typical transit countries to physically stop people from migrating, to stabilize economies and governments. The pursuit to reduce migration also found its way into more recent updates of European development strategies for Africa as did measures to cooperate with African countries in matters of climate and environmental protection. The EU is seeking partners in Africa who are willing and prepared to join the EU on the way towards a so-called green transition and limiting climate change. Eventually, European authorities also see economic prospects and business opportunities: access to natural resources in Africa, low-cost production locations, and steadily growing markets.

New global challenges such as flight, labor migration, climate change, and international security issues as well as sobering experiences and failed development cooperation approaches in the past led European authorities (i.e., the European Commission, the European Parliament, and the European Council) to rethink and revise African-European relations recently. Key problems with traditional donor-recipient relations were the lack of ownership, credibility, and acceptance of aid-cum-reform packages on the one hand and the lack of absorptive capacities, capabilities, as well as inappropriate incentives systems on the other hand. Especially development aid through money transfers frequently induced dependencies on donors, cemented persisting conditions, promoted corruption, possibly financed violent conflicts, and destroyed incentives for doing business (Moyo, 2009, Jakupiec 2018, Easterly 2006). A novel European development approach with Africa was elaborated by the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy (2020) in the *Comprehen-*

*sive Strategy with Africa*. This strategy will become the new foundation for a long-term sustained strategic partnership with the African Union (AU) along various dimensions including inter alia fighting poverty, promoting political dialogue, fostering private-sector development, trade as well as inclusive growth-cum-development, technical and financial cooperation, virtually all Sustainable Development Goals (SDGs) as well as more modern topics such as digitalization, cybersecurity, data protection, preventing labor migration and refugee flows, drugs, environment protection, slowing climate change, and fostering the green transition (Boidin, 2020). The *Comprehensive Strategy with Africa* is complemented by other multilateral and bilateral approaches. The EU prepares the ratification process of a treaty to replace the so-called Cotonou agreement (Yotova, 2021, Boidin, 2020). In Germany, the government has introduced its Marshall Plan *with Africa* in 2017 and, in the same year under its G20 Presidency, initiated the *G20 Compact with Africa* (Federal Ministry for Economic Cooperation and Development, 2021, G20, 2021).

As regards economic relations between the EU and Africa, the Cotonou Agreement is the most important document. It is a partnership agreement between the EU and African, Caribbean and Pacific (ACP) countries. Especially, it covers trade and aid, but also relates to human rights and good governance. The Cotonou Agreement had replaced the unilateral trade preferences under the Lomé Convention with so-called Economic Partnership Agreements (EPAs). These include open-ended, interest-driven, reciprocal trade relations, i.e., free access to each partner's domestic market (Boidin, 2020). However, EPAs are often seen as mechanisms which predominantly seek to promote opportunities for European businesses and eventually adversely affect production and trade in Africa (Tadesse Abebe and Maalim, 2020).

In terms of international trade, the EU received 31% of all African exports (China: 11%, USA: 6%) and accounted for 29% of Africa's imports (China 16%, USA: 5%). More recently, EU trade relations with Africa as a whole have become more balanced with export and import values accounting for some 150 billion Euro and 140 billion Euro, respectively. However, total trade turnover was unevenly distributed with almost negligible values of some 20 billion Euro for Eastern and Central Africa. The largest European trading partners in absolute terms have been traditionally France, Germany, Spain the Netherlands, Italy, and Belgium. While the EU market has been important for African exports and imports, the opposite is the case from a European standpoint. Exports to Africa account only for 3.8% of extra-EU trade for Germany and 10.9% for France (Eurostat, 2021).

Aid payments have been at the forefront of development cooperation and economic relations between Europe and Africa for decades. In 2019, EU institutions disbursed 45.8% of their total ODA to Africa and 33.4% to SSA, indicating the importance of strengthening African economies from a European perspective. Germany as the second largest ODA donor (after the US),

provided 24.6% and 17.2% of its ODA payments to Africa and SSA, respectively. OECD's Development Assistance Committee (DAC) countries offered 28.7% and 24.8%. In 2019, all DAC countries disbursed US\$ 29.6 billion and US\$ 25.6 billion to Africa as a whole and SSA according to merits and needs. Germany as one of the largest bilateral donors spent US\$ 4.5 billion and US\$ 3.2 billion. The EU Institutions provided US\$ 6.8 billion to Africa and US\$ 5.0 billion to SSA. While German ODA payments to Africa as well as globally nearly doubled between 2013 and 2019, EU Institutions' contributions hardly changed. DAC countries disbursements to Africa remained stable as well, but increased overall (i.e., to ODA recipients globally) by 10%. Approximately 60% of all ODA payments to Africa consistently come from DAC donors, almost 13% from EU Institutions, and about 40% from EU institutions plus European DAC members. If *Other Official Flows* (OOFs) and private flows (including direct and portfolio investments) are included, Europe (including EU Institutions and DAC EU members) provided financial means to Africa (SSA, respectively) between US\$ 26.8 (17.2) billion and US\$ 52.9 (43.6) billion in the period 2013–2019. About two thirds of these flows have been ODA payments (OECD, 2021).

The European private sector had largely neglected Africa, especially SSA. Only recently, some nascent dynamics emerged in terms of expanding trade relations and direct investment projects in a few African countries. Private sector flows from DAC countries including direct and portfolio investments to African countries have been highly volatile (especially portfolio investments). Direct investments to Africa as a whole and to SSA accounted to some US\$ 98 billion and US\$ 67 billion, respectively, in 2013–2019 (OECD, 2021). This implies that between 4.4% (-0.6%) and 18.4% (26.1%) of all annual private flows from DAC countries to developing countries went to Africa (SSA). These flows have been typically subject to strong volatility. In addition, these numbers reveal a sobering insight if compared to global private flows. It shows that direct investments to African countries have consistently accounted for less than 4% of global direct investment and less than 10% of direct investment to developing countries. Trade and investment data reveal that African economies are still of minor importance for European businesses (UNCTAD, 2020, OECD 2021).

All new European development strategy initiatives view Africa as Europe's direct neighbor who should be engaged through partnerships at eye level with a clear focus on ownership, responsibilities, and rights for self-determined development. This appears to be the condensed message which follows from virtually all official documents, speeches, and emerging strategies of the EU and single European governments. Another common feature of these European, German, French, and other initiatives is the perception that partnerships with African countries need to be guided by clear principles and criteria. In contrast to the proposed G20 Compact with Africa, but similar to the European Commission's strategy, the German Marshall Plan with

Africa shows a broad scope. The Marshall Plan with Africa focuses on distinct objectives such as stability, employment, and the rule of law as well as measures to be taken in Germany, the EU, African countries and at international levels. This calls for a multilateral framework and creates a more suitable basis for development than an approach which merely emphasizes private investment, i.e., only one partial aspect of sustained development (Menkhoff and Stöhr, 2019).

Traditional European development strategies with Africa centered on aid transfers. Promising and providing aid in terms of money transfers is simpler and faster than agreeing and implementing a common strategy to restructure and develop a continent. The still existing weakness to coordinate communication, interests, and policies among European actors and between them and African governments and other stakeholders constitutes a bottleneck to the implementation and enforcement of European development cooperation with Africa. This particularly holds for the lack in effective communication with (potential) African partners, and this also relates to a neglect to ask for needs, priorities, and strategies which African governments and nations may favor (Tadesse Abebe and Maalim, 2020).

Effective development cooperation between European and African partners also suffers from the EU's and single European countries' heavy bureaucratic setup that produces numerous texts with many, at times, overlapping or even conflicting priorities (Boidin, 2020). The post-Cotonou agreement concluded between the EU and the ACP countries in December 2020 still needs to be ratified, which is expected to take up to three years. Disagreements among EU members threaten to undermine or at least delay the ratification process, so that Yotova (2021) warns that the momentum may be lost and a renewed strategic partnership between the two continents becomes increasingly more unlikely so that the agreement may amount to not much more than political rhetoric in the end.

Finance is another issue. The new European approaches lack sufficient financial resources, focus on a small number of so-called reform partnerships, and disregard failed or failing states (Menkhoff and Stöhr, 2019). Financial support may become less predictable as the EU merged the European Development Fund in the general EU budget. The programming of aid flows as well as management rules are no longer subject to joint deliberation, but can now be altered at the EU's will. Another problem is the lack of pooling resources and expertise to gain more leverage and developmental momentum. Boidin (2020, p. 6) concludes that "the new system of financial cooperation (...) will be much less 'partenarial' than before." At present, European financial commitments reach a similar level as the Chinese payments do. Yet, Europe lacks an authoritatively coordinated development cooperation policy or an initiative to pool forces to address the causes for flight. That is being further aggravated as EU countries pursue different political interests (Menkhoff and Stöhr, 2019).

The need for replacing the old with a new European development strategy is urgent. Yet, the planned AU-EU summit to negotiate the new strategic partnership had been delayed to 2021. Yotova (2021) argues that the AU-EU summit could be further postponed to 2022 as the next FOCAC meeting had been already scheduled to take place in 2021. Some Members of European Parliament feel time pressure and fear that the EU may lose further ground vis-à-vis China on the African continent the longer the summit will be postponed. However, the new European development strategy as well as the novel bilateral approaches will hardly have groundbreaking effects. All novel approaches emphasizing and seeking genuine partnerships with African countries are still characterized by traditional, old traits of yesterday's donor-recipient relations. Partnerships are advertised, but documents still convey (explicitly or between the lines) the expectation that only those African countries qualify as partners which share certain (European) values, norms, and cooperation objectives and fulfill distinct (European) standards of governance, democracy and the rule of law, market capitalism, and social development. Hence, European approaches still reflect donors' aims, preferences and self-interests. They neither account for the actual situation in African countries, nor for priorities which African people would need. They do not take account of African governments and elites which would possibly need to act against their own interests if they actually pursued the advertised (new) European development strategies (Booth and Golooba-Mutebi, 2011, Köhler, 2017).

In sum: The European approach to development cooperation, trade, and investment has changed recently. Yet, bureaucratic hurdles, lack of finance and conflicting interests among European authorities continue to be controversial issues. Moreover, the new approaches continue to show essential traits of the paternalistic donor-recipient relationships which had brought about numerous disappointments with the traditional approaches. Therefore, one may still agree with Booth and Golooba-Mutebi (2011: 1-2), who argued ten years ago:

"Despite the frequently reported death of the Washington Consensus, international policy prescriptions for low-income Africa remain ideological, unimaginative and out of touch with reality. The intellectual capital and financial leverage Western donors and concessional lenders still exercise are dissipated on the promotion of a standard package of institutional 'best practices' which includes sound macroeconomic management, transparent public finances, free and fair elections, the rule of law, well-defined property rights and an arm's length relationship between private enterprise and the state. (...) With the exception of sound macroeconomic management, the standard list of best practices owes very little to the actual experience of those poor developing countries which have reduced mass poverty and enabled the attainment of basic human rights in any part of the world, in recent decades (...). It does not correspond closely even to the earlier history of the countries that now take the lead in advocating free markets, multi-party politics and the rule of law around the world."

#### 4 European *Developmental Paternalism* vs. Chinese *Smartness*

Disappointments relating to traditional European approaches to development aid and cooperation with the typical donor-recipient relations as well as the missing success of (post)Washington Consensus policy reforms prescribed by the World Bank and the International Monetary Fund – which often were prerequisites for ODA flows from Europe and the US – entailed growing dissatisfaction in African countries and beyond. This opened room for new cooperation ‘offers’. One offer emerged at the beginning of the 2000s, when China proposed the so-called *Beijing Consensus* as an alternative model of development. The Chinese development approach may not be restricted to China. It relies on principles and shows characteristics which could be attractive for governments of less developed countries eager to catch up economically. If so, the Beijing Consensus would seriously challenge the *Washington Consensus* approach which had guided European-African cooperation for a long time.

The two models of development and their inherent development-cooperation approaches differ significantly from each other. Table 1 contrasts them in five aspects to better understand why Chinese involvement has been welcomed in African countries and gained so much importance within the last twenty years, while Europe’s influence decreased.

**Table 1: Comparison of the European and Chinese development and cooperation approaches**

<b><i>Washington Consensus</i> and the European approach</b>	<b><i>Beijing Consensus</i> and the Chinese approach</b>
Universality: One model of development based on economic liberalization, democratization, and Western values and experiences	Particularity: Model(s) of independent, country-specific development allowing heterodox approaches
Primary role of state: ensure market institutions work, promoting an open social, ecological market economy	Strong states making strategic interventions, semi-free markets, illiberal political systems possible
Adherence to specific values and norms as precondition for cooperation: human rights, democracy, rule of law in Western-style interpretation	Principle of non-interference in internal affairs and self-determination, presumed unconditionality of loans/aid
Developmental paternalism: no genuine partnership of equals, lack of ownership, credibility and acceptance of (imposed) reforms	Chinese smartness: pragmatic South-South partnerships at eye level for mutual benefits, clearer ownership, relative high credibility, and acceptance of policies
Problem of simultaneousness, focus on holistic development. Implementation: slow	Focus on gradual one-step-at-a-time development. Implementation: fast

Source: Authors’ compilation.

First, proponents of the Washington Consensus and its successor strategies claim universality. Respective policy and institutional reforms are normative and propose essentially the same strict reform packages to nearly all developing countries irrespective of their heterogeneous economic, political, cultural, and environmental structures. Internal and external economic liberalization and stabilization need to go hand in hand with democratization. This development model does not only declare macroeconomic stability, deregulation, and secure private property rights as development goals but also prescribes the ways to reach these goals. These approaches are based on European experiences, norms and values as much as on European interests such as preventing migration and adapting to the EU's so-called *Green Deal*. China instead acknowledges the need for idiosyncratic approaches to meet country-specific challenges. Therefore, it gives pragmatism priority over ideals in its development cooperation with African countries. The Chinese approach allows independent, country-specific development under heterodox approaches and does not dictate distinct policy measures to those who seek development (Ramo, 2004). Whatever approach a country takes, China approves it as long as it is compatible with Chinese interests, i.e., having access to natural resources, export markets and profitable business opportunities.

Second, the two development models differ regarding the role of the state. The Washington Consensus sees the primary role of the state to ensure that market institutions work. The principles of liberalization, privatization, and deregulation are closely associated with the neoliberal school of thought (Turin, 2010). In a European tradition, this approach combines the development of functioning markets with building democratic governance structures, ensuring social cohesion and addressing ecological concerns. The Beijing Consensus suggests an almost diametrically opposed approach (Serra and Stiglitz, 2008). It recognizes the need for flexibility and pragmatism in solving multifarious problems and underlines the role of the state in macroeconomic planning and strategic market interventions. Semi-free markets and industrial policies are not only allowed but advised, even required, when market or coordination failures persist. This approach also acknowledges that development requires effective governance. Yet, it argues that effective governance is possible in non-democratic regimes (Ahrens and Stark, 2015, Ramo, 2004). The Beijing Consensus is based on a state-capitalist regime. China does not seek to impose its own model on African countries, but it clearly communicates its presumably positive developmental characteristics and highlights its focus on innovation, equitable development, and self-determination. The Chinese development model is especially attractive to African countries under authoritarian leaderships for its non-requirement of political change and its opportunity to legitimize illiberal leadership through economic success.

The third aspect considers the conditionality of cooperation. Europe expects the adherence to and implementation of human rights, democracy and rule of law in its Western interpretation

as political preconditions for partnerships. This requires some African authorities and elites to act against their (personal) interests in order to meet specific European institutional standards, expectations, and conditions. The allocation of aid, trade arrangements, and technical support from Europe to African countries is subject to conditionalities. African partners are expected to agree with policy and development priorities set by their European partners. These priorities include peace and governance, migration and mobility, green transition and energy access, digital transformation, sustainable growth and jobs (European Commission and the High Representative of the Union for Foreign Affairs and Security Policy, 2020). The priorities mainly reflect their European interests and European perception of what would be good solutions to African problems. China does not require good governance or the adherence to human rights, labor rights, and climate-friendly production conditions for cooperation. Chinese authorities appear to adhere to the principles of non-interference and self-determination. Whatever countries do is their business as long as it does not interfere with the Chinese business model. African leaders frequently welcome the provision of expertise, the favorable terms of trade, aid and loans which China offers while promising to keep hands off internal affairs (Gresh, 2008).

Fourth, for its strict prescription of distinct reforms, development priorities, and objectives as well as for the attached conditionality of development cooperation African actors may perceive the European approach as illegitimate developmental paternalism. African-European cooperation cannot be seen as a partnership of equals as long as genuine African interests and needs are disregarded and African voices remain unheard. As a result, the European approach cannot easily bring about African ownership of reform programs and development strategies. This eventually undermines the acceptance of presumably imposed aid-cum-reform packages in African countries. Due to conflicting national interests among different European governments and inconsistencies in its implementation, the European approach also lacks credibility. The German Marshall Plan *with* Africa, e.g., aims at correcting these insufficiencies of the traditional donor-recipient development cooperation approach. It seeks to offer an approach of 'genuine partnerships', putting African development goals into the center of cooperation endeavors and giving responsibilities for development into the hands of African authorities. Still, little has changed in the practical design of African-European partnerships yet. There is still no common European voice and development strategy with African countries. China instead acts in a smart way to get African countries into a cooperation that meets its interests. China uses smart power (Nye, 2003), a combination of hard and soft power, to lure African countries into cooperation which benefits China and seemingly African countries, too, at least in the short run and with respect to accelerated economic growth. The narrative of a South-South partnership at eye level for individual and mutual benefits under the principle of self-determination and under country-specific economic development trajectories has enhanced credibility and acceptance in African countries.

Fifth, the Western development-cooperation model appears to be a holistic development approach that requires changes in economic, political and social spheres all at once. The all-encompassing plan for broad societal change is hard to achieve. It usually is politically impractical, especially if not adapted to country-specific challenges and interests. Also, it may be prohibitively costly, overcharge existing institutional capacities, and possibly require ruling elites to act against their interests (Yao, 2011). Numerous comprehensive structural adjustment programs in the 1980s and 1990s that had been imposed on African countries by international organizations – at times in concert with bilateral European donors – failed. This has certainly negatively affected the acceptance of Western policy advice and ODA and slowed down African-European development cooperation. The Chinese approach is again smarter. Changes are piecemeal, but pragmatic, gradual rather than shock-therapy like. Where changes and reforms go easy, they are prioritized and build the foundation for further steps to follow. The one-step-at-a-time strategy combined with pragmatism, self-interest and short-time orientation allows a faster implementation with continuous success experiences.

## **5 Conclusion: Whither Africa?**

Now, can we say that there is a competition for Africa between Europe and China? The answer is clearly a 'Yes'. But competition for what? It is a competition in several dimensions: a competition for natural resources and markets in the economic dimension, a competition for political influence and geopolitical power (including winning African countries to take Chinese side in UN matters and securing transportation ways) in the political dimension, and a competition for a suitable development model in a normative view of development.

What may be the implications of this intensifying competition? The gradual shift in African countries' development and trade cooperation away from Europe towards China is a driver as much as an outcome of a reallocation of political and economic power and influence at the expense of the Western nations and in favor of China. This power reallocation holds opportunities as much as threats for Africa and the world in general.

China's growing presence in Africa also offers opportunities for African countries. On the economic side, it helps to increase Africa's intra- and interregional connectivity, develop industries and markets. On the political side, it necessitates Europe and the West in general to rethink their developmental partnership approach. In that sense, competition between China and Europe increases Africa's bargaining position for it may seemingly have a choice among alternative trade and development partners as well as models. Yet, China's success with and in African countries may imply serious problems and risks. In the short run, we already see human

rights violations and the legitimization of illiberal politics, labor rights violations, natural resource exploitation driving climate change, and manufactured goods imports blocking domestic industries to evolve. In the medium and long run, one may expect debt defaults and intensifying dependencies on China. At some later point, African countries may find themselves in a severe lock-in situation, in which Sino-African cooperation may turn to become harmful for African countries, but lock-in effects prevent African governments to reduce cooperation.

China's success in and with African countries may serve as a wake-up call for European authorities and governments. They may find it beneficial and necessary to pool resources, to seriously rethink their development cooperation strategies, and eventually to explicitly account for African interests and needs and to actively involve African stakeholders in development cooperation. The actual and conceivable risks and threats of Sino-African relations might, in addition, strengthen the momentum of such a reset and new start of African-European relations. When China is becoming a major geopolitical power in Africa, a multilateral development alliance including African, European, American, and possibly Asian powers (such as India) might be a true alternative to Chinese pragmatism and short-term economic and financial lures. The Covid-19 pandemic may actually represent an opportunity for Europeans and their allies to regain trust if they agree to pragmatically provide large aid packages, vaccines, and medical support without any strings attached.

Moreover, and in more general terms, it is necessary for European authorities to accept that African actors need to be in the driver's seat. Horst Köhler, former Federal President of Germany and former IMF Managing Director, stated that African transformation will only succeed with African actors and their own priorities. Köhler (2017) requests that several European actors need to give up their "Allmachtsfantasien" (fantasies of omnipotence), and he adds that African transformation will only emerge from itself and not from donors' sense of mission nor from European defensive reflexes. This implies a clear warning not to misuse policies of development cooperation as obvious instruments for steering and controlling migration.

As long as the Europeans do not really act in a coordinated manner and do not speak with one voice in the realms of foreign policy and development cooperation, the EU, its member states, and their governance structure will appear to be weak, even fragile, not being able to credibly commit to genuine partnerships with African countries. If the EU manages to supra-nationalize foreign policy and development cooperation, if European development agencies focus on distinct projects based on African needs, suggestions from African governments and stakeholders and embedded into the institutional framework of the African Union, if Europeans apply a more inclusive, people-centered, pragmatic, less paternalistic approach, if they refrain from normative holistic development approaches, and if they successfully engage in effective multilateral development coalitions – then Europe and its partners may be able to generate an alternative

offer to African nations which may appear to be more attractive than development cooperation, Chinese-style. In such a scenario, African governments and actors may have a real choice and be able to choose a self-determined path of development.

China has come to Africa to stay and to seek benefits; possibly at the expense of others. Without any doubt, China's presence in Africa will shape the development of millions of people on the previously forgotten continent. European governments have to accept this competition and badly need to bring about a more attractive offer for African partners – this will be in the interests of all neighbors in Africa and Europe.

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