



# China in Africa

Goodbye IMF Conditions, Hello Chinese Capital

# Africa

- 48 countries
- Home to over 1 billion people of many ethnic, linguistic, religious, and socio-cultural backgrounds
- GDP grew from \$368 billion in 2000 to \$1.6 trillion in 2015
- Economic growth supported by growing demand for commodities such as copper, food, gold, and oil
- 36% of Africans still live in poverty (2021)





# Imperialism and Colonization in Africa

Slave trade in Africa started in the 1400s, with the Portuguese, followed by the English. Lasted for over 400 years

By 1866, over 12.5 million Africans had been kidnapped and sent to the Americas as slaves

In 1884, Africa was divided into 50 countries, ignoring cultural commonalities, and were colonized by Europeans

# Two Types of European colonization

## Extractive

- Focus on building institutions that removed and transported raw minerals

## Settlement-driven:

- Focus on European settlement and establishing institutions that protected private property and upheld the rule of law



# Decolonization

- By the 1980s, most former colonies were independent
- Authoritarian leaders in the newly independent countries exploited extractive institutions and forced people to work

# International Monetary Fund (IMF)

Founded in 1945, led by the United States

**Goal:** To loan money to countries to cover short-term debts

**Financial Aid:** Given through grants (loans that do not require repayment) or concessional loans (long-term loans without high interest rates)

**Problems:** U.S. only awarded aid dollars to countries that supported the U.S. political ideology, especially during the Cold War



# IMF & Structural Adjustment Programs (SAPs)



Loans from the IMF were dependent on countries achieving internal and external balances

Examples include reducing public spending, raising taxes, boosting exports, privatization of state-owned enterprises, political freedom

# The IMF in Africa

The IMF lent to distressed countries to allow them to service their external debt, conditional upon their acceptance of SAPs

IMF had to cancel debts for Heavily Indebted Poor Countries in 1996

1980–2000

1980s

1996

African countries' average debt levels increased from 50 to 120% of GDP, and foreign aid reached 10% of GDP



## Perceptions of Western Aid in Africa

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- Denies Africans the agency to transform their own country due to loan policies
- International institutions run by the West did not understand the reality in Africa



# Perceptions of The IMF in Africa

- Regarding the IMF's SAPs: "How can you have structural adjustment without electricity?"
- Regarding the IMF's stance on homosexuality: "You can't impose middle-class values on a pre-industrial society"

# China in Africa: Commercial Presence

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**Trade:** China and African trade reached \$188 billion in 2015 (20% increase per annum from 2020)

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**FDI:** Chinese FDI stock was \$35 billion in 2015 (10,000 Chinese state-owned enterprises and private investors broke ground on major infrastructure projects, factories, shops, and farms across the African continent)





# China in Africa: Investments

- **Infrastructure financing loans:** Chinese firms spent \$21 billion in infrastructure financing (railways, plants)
- **Aid:** China offered at least \$6 billion in development assistance for transportation, energy and mining upgrades

# Perceptions of Chinese Aid in Africa

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Chinese investment reduces Western aid, which were usually financial loans with strings attached

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**”Trade and investment bring greater opportunity for wealth creation”**  
*- Rwandan President Paul Kagame*

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**“China is bringing investment, world-class technology, jobs, value addition. What more can you ask for?”**  
*- Zambian Minister of Finance*

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**“Unlike other foreign investors, this one brings no colonial baggage, wags no finger at undemocratic host governments, and does not aspire to make poverty history.”**

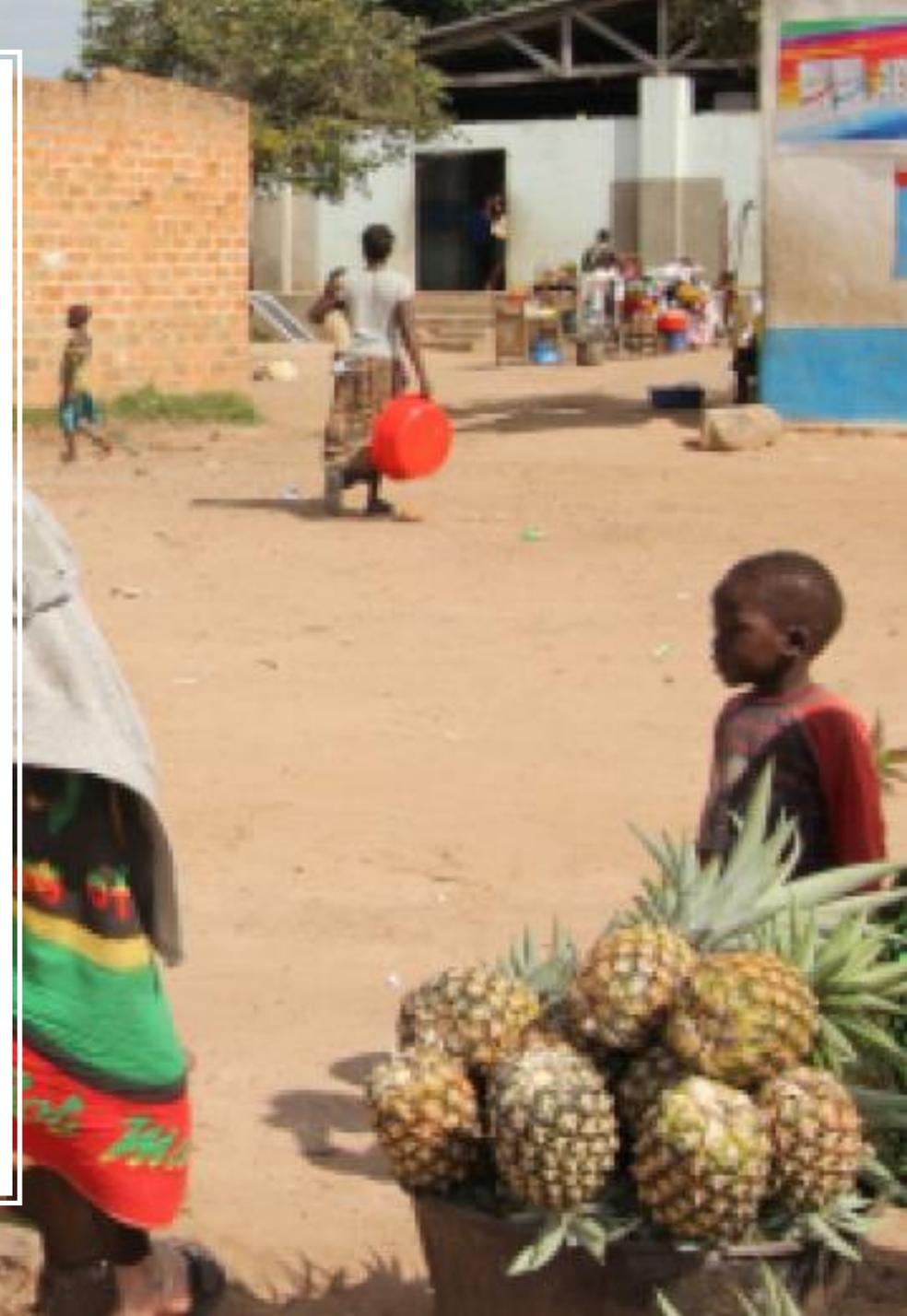
# Zambia

Zambia is a landlocked, lower middle-income country of 16.2 million people and a GDP of \$21.2 billion (2015)

**Economy:** Has market-friendly reforms, including privatization and promotion of FDI

**Poverty:** 60% of the population is under the poverty line (2015), 55% are either farmers or wholesale/retail traders

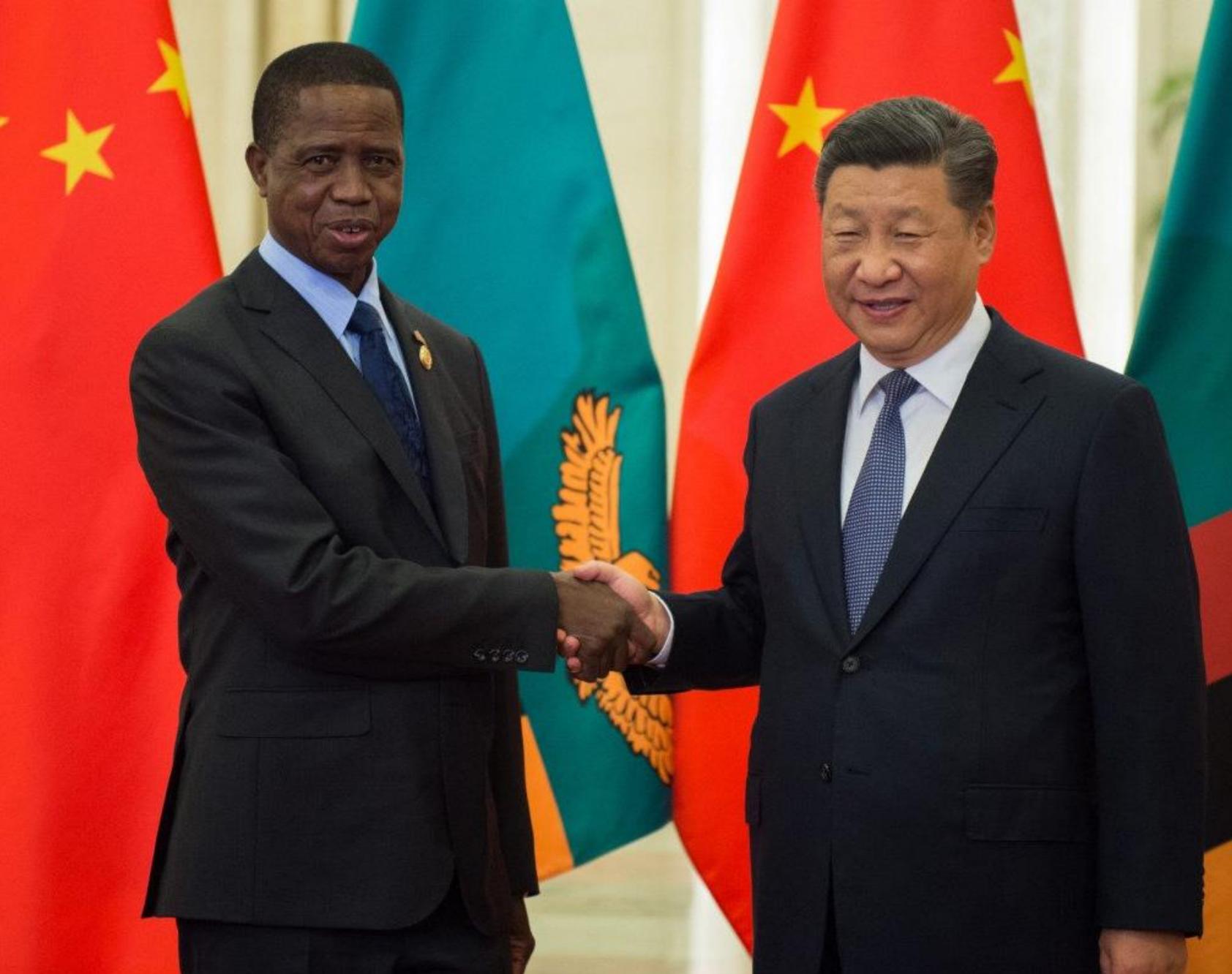
**Infrastructure:** The 1970 TAZARA railway (built with Chinese funds) is still being used, although in disrepair





## Zambia's Exports

- **Main exports:** Copper generated 11% of the GDP, two-thirds of total export value, and 16% of taxes paid to the government
- Copper mines were state-owned and offered generous social welfare programs until 1997, when they were privatized



# Zambia and China's Relationship

- Zambia has an "unbalanced" partnership with China, leading to regular labor and corruption scandals
- More than 40% of Zambia's exports go to China

# Fears of Chinese Disregard for Zambians: Chambishi Copper Mine



- An inactive copper mine that was bought by the state-owned China *Non-Ferrous Metals Mining Corporation (CNMC)* in 1998, and was reopened in 2003
- CNMC delegated management to its African subsidiary
- Labor issues emerged – workers were not given protective equipment, did not receive national minimum wage, and could not engage in union activity

# Chambishi Copper Mine

- In 2005, a massive explosion killed 46 Zambian workers and severely burned others
  - The Chinese government compensated families \$10,000 per victim
  - The NFCA started allowing workers to join the National Union of Miners and Allied Workers, reaching an agreement to increase the base pay from \$14 to the national minimum wage of \$68 per month... which did not materialize
  - Similar issues led to multiple worker riots over the years at the Chambishi Copper Mines, where further 24 miners were shot or killed



# Perceptions in Zambia: After the Accident

“Zambia is becoming a province - no, a district – of China. We’ve removed one foreign power and we don’t want another foreign power here, especially one that is not a democracy... We want the Chinese to leave and the old colonial rulers to return. They exploited our natural resources too, but at least they took good care of us... at least Western capitalism has a human face; the Chinese are only out to exploit us... They have simply come to take the place of the West as the new colonizers of Africa.”

– **Michael C. Sata (President)**



# The Debate

China has had a net  
**POSITIVE**  
impact in Africa

First  
Team

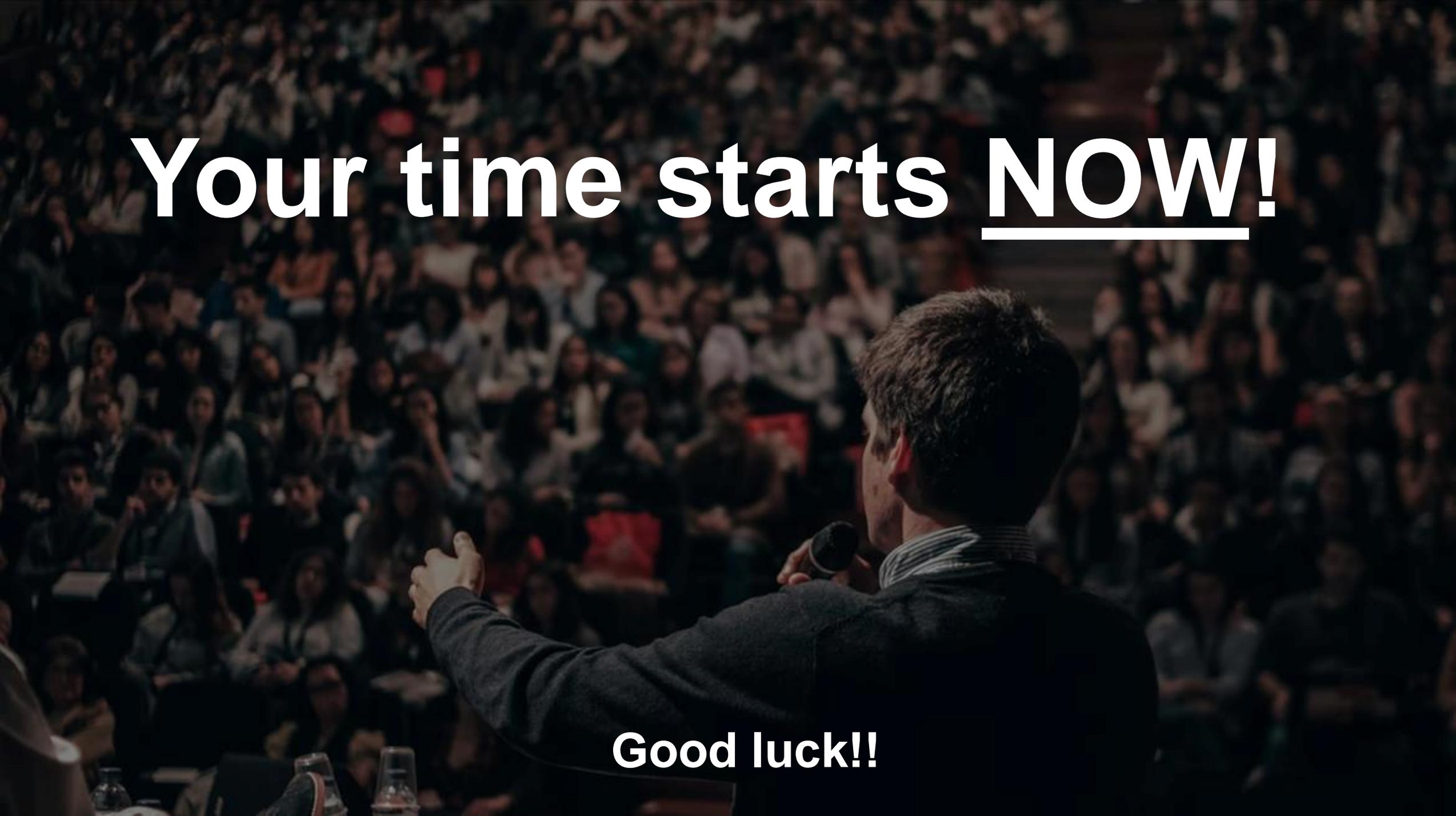
China has had a net  
**NEGATIVE**  
impact in Africa

Second  
Team

# Debate Structure



**YES, you will be cut off!**

A man in a dark sweater and light shirt is seen from behind, speaking into a microphone and gesturing towards a large, dense crowd of people seated in an auditorium. The scene is dimly lit, with the speaker and the text being the primary focus.

**Your time starts NOW!**

**Good luck!!**