The Chinese influence in Ghana and Zimbabwe over the last two decades.

New colonialism or genuine trade?

Bachelor thesis – Practicing democracy in contemporary Africa

Diene de Jong – S1632094

Supervised by: Leila Demarest

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Abstract.

China's influence is booming, including on the African continent. While China argues that it is only seeking new economic opportunities in Africa, Western and other policymakers have raised concern on China's intentions. They argue that China has used African countries for her own diplomatic recognition, but also that the Chinese engagement leads to unsustainable debt and a form of neo-colonialism. Critiques also concern China's support for various authoritarian leaders, enabling them to stay in power at the cost of their own people. However, the debate on China in Africa does not sufficiently take into account variations between African countries and how these can affect Chinese engagement. This paper aims to contribute to this debate by investigating to what extent China's economic engagement and the economic and political consequences of this engagement differ between countries with varying levels of democracy. To this aim I will conduct a comparative case study of Ghana and Zimbabwe relying on secondary data analysis. I find that China has indeed different approaches when it comes to these countries and these differences are mainly caused by the different opportunities the different regimes provide.

“The Chinese influence in Ghana and Zimbabwe over the last two decades; new colonialism or genuine trade?”

1. Introduction

Since China’s rise on the international global markets, the Chinese have also found a particular interest for African countries. In three decades, investments, businesses and expats with Chinese roots, have come to spread all over the African continent. In Africa many countries are still struggling to develop economically and to find their way to become stable and functioning democracies. The effects of the Chinese presence on these processes are, for now, still unknown. China argues that it has no wish to interfere in the affairs of African governments, as they have pledged in their “Five no”-approach, but are mutually beneficial trade and development the only items on the Chinese agenda?

After China’s president, Xi Jinping finished his 2013 introduction tour across Russia, Tanzania, South Africa and the Republic of Congo it became clear that China had big plans for engagement with the African continent. And while it becomes clearer what this engagement entails, the intentions are still subject to widespread speculation and criticism. Lamido Sanusi, Governor of the Nigerian Central Bank at the time, made a quite negative remark on the Chinese presence in Africa. His statement: *“China takes from us primary goods and sells us manufactured ones. This was also the essence of Colonialism”* puts Xi Jinping’s tour in a different perspective and raises the question of whether or not the Chinese are interested in equal trade or in a second *‘Scramble for Africa’* (Yun, 2016).

The 2018 United States Africa Strategy considers China to be a key player on the continent. According to Trump’s national security advisor, John Bolton, China’s Africa policy is *“deliberate and aggressive”*. He also regards the Chinese business activities as *“corrupt and predatory*” and claims that China is attempting to try and gain a competitive advantage over the United States. Bolton considers this attempt to harm the long-term developmental prospects of African countries, to create large amounts of debts for them and to undercut their sovereignty. In response to these complications, as Trump and Bolton claim in their Africa-strategy, the United States will “*encourage African leaders to choose sustainable foreign investments that help states become self-reliant, unlike those offered by China that impose undue costs.”* (Tremann, 2018).

On his visit to Djibouti Emmanuel Macron, the French president, stated that *“French companies can offer a respectful partnership… One which will not bring on excessive,* *unsustainable debts and favors the development of local jobs.”*. This statement, according to Jean-Pierre Cabestan, director of the Department of Government and International Studies at Hong Kong Baptist University and a member of the French Centre for Research on Contemporary China in Hong Kong, is a direct response to the rise of China in Africa (Monteine, 2019).

These critiques on China’s increasing engagement with the African continent make clear that for many countries these changing dynamics are seen as threatening and competitive. China is being accused of using loans to create a dependence similar to colonial times. Since the Chinese government considers official aid a state secret, many Westerners frown upon their intentions. These concerns mainly center on the Chinese loans to post-conflict countries, such as Angola and the Democratic Republic of the Congo (DRC). These loans, often aimed at infrastructural development, are worth billions of dollars and are backed by the many resources the receiving countries possess (Brautigam, 2009, p.2). It is feared that this will lead to unsustainable debt, unfair trade deals and the extraction of natural resources.

Another often heard issue with the Chinese presence in Africa is that the Chinese have used African countries for their own diplomatic recognition, which led to close relationships with countries that have authoritarian leaders, including leaders from countries such as Zimbabwe or Sudan, who are avoided by most other governments (Brautigam, 2009, p. 3). Many African leaders gladly welcomed the Chinese and their investments. Not only did they see opportunities for (economic) development, but some also saw a lucrative deal for themselves. Both Robert Mugabe (Zimbabwe) and Omar Al-Bashir (Sudan) used Chinese weaponry and dollars to stay in power and to further strengthen their positions. Without the Chinese, Al-Bashir would most likely not have been able to continue his battles in Darfur; costing the lives of about 300.000 people over a timespan of just 4 years. In the same way would Zimbabwe be completely isolated if it were not for Mugabe’s ties with China, going back at least 30 years (Blair, 2007).

In discussions on the Chinese presence in Africa, these debates regularly come to the fore. However, Africa is not uniform, it consists of a large number of countries which have different political, economic and cultural histories. Yet research focus on ‘China in Africa’ too often considers Africa as one unit (Yu-Shan, 2019). This can obscure differences in Chinese engagement across the continent, as well as the political and economic consequences of this engagement.

To improve upon existing studies on China in Africa, I will therefore conduct a comparative case study of the Chinese engagement in different African countries. I focus specifically on a country with high democratic credentials and a country with low democracy ratings. The countries selected are Ghana and Zimbabwe. While Zimbabwe has long been a de facto one-party state, it has recently also witnessed a coup. Ghana on the other hand is one of the most stable democracies in Africa. Both countries are rich in natural resources and attract substantial Chinese investments. In my case studies I will compare the different trade and development sectors the Chinese are active in in these countries, the process and consequences of this engagement, as well as Chinese general diplomacy towards these countries. The research question underlying this paper is "Does China's economic engagement in Africa differ for an authoritarian versus a democratic regime?".

This paper is structured as follows: first I will discuss the history of the Chinese engagement with Africa, then I will highlight the discussion on the good and bad sides of the Chinese engagement with Africa, after which I will give a description of the research design and methodology. Continuing, I will give a historical overview of Ghana and Zimbabwe and describe the Chinese engagement and its consequences in both countries. The paper concludes with a discussion of the limitations of this research and recommendations for further research.

2. A history of the Chinese engagement with Africa

In the early 15th century the Chinese Admiral Zheng led an expedition to discover the eastern coast of the African continent. But while the European states scrambled for power in their newfound colonies for the next 500 years, the Chinese showed little to no interest (CQ Global Researchers, 2008, p. 9-11). It wasn't until African countries started their struggle for independence in the 1950's that the Chinese started to engage with the continent again.

In 1955 the Bandung Conference was held where newly independent states from Africa and Asia launched the *'Non-Aligned Movement'* stating that they would support neither the United States of America, nor the Soviet Union during the Cold War. This conference was strongly driven by Zhou Enlai, the Chinese Prime Minister at the time. Under his command the first Sino-African diplomatic relationship was formed between China and Egypt in 1956 (CQ Global Researchers, 2008, p. 11). Zhou also did a diplomatic tour across 10 African countries, which were either newly independent or about to be, to offer China's assistance. According to CQ Global Researchers (2008) this trip can be considered as a countermeasure to Taiwan's growing influence and to resist the *'Proxy Wars'* supported by the Soviet Union and the United States as an extension of the Cold War. The Chinese tried to achieve this, not only by having Zhou do a tour across countries, but also by providing scholarships to African students, by sending medical personnel and by contributing to over 800 projects like sports stadiums and railroads (CQ Global Researchers, 2008, p. 12). China's engagement didn't just focus on material issues; the spreading of a '*People's Revolution'* against Western imperialism and the countering the Soviet influence were also part of the foreign policy (CQ Global Researchers, 2008, p. 12).

By the time that Chairman Mao Zedong died in September 1976, China had diplomatic ties with almost 40 African states. After the death of Mao China turned inwards, closed up the economy and let the influence on the African continent fade (CQ Global Researchers, 2008, p. 12). This lasted until the 1990's. Since then China's economy has been on the rise. By opening up their economy and their "catch-up" with modern technology the Chinese managed to become a mighty force in the world economy. One of the main motivators for becoming such an important player in the world economy was the Chinese desire to be a member of the World Trade Organization (WTO). The Chinese expected that this would create an easier access to foreign markets, such as Africa (Naughton, 2006, p. 388). Since then China has gone from an upstarting economy to a country economically present everywhere in the world and with Chinese Foreign Direct Investment (FDI) being worth 614 billion US$ in 2013 (Pieke & Smeets, 2016, p. 227).

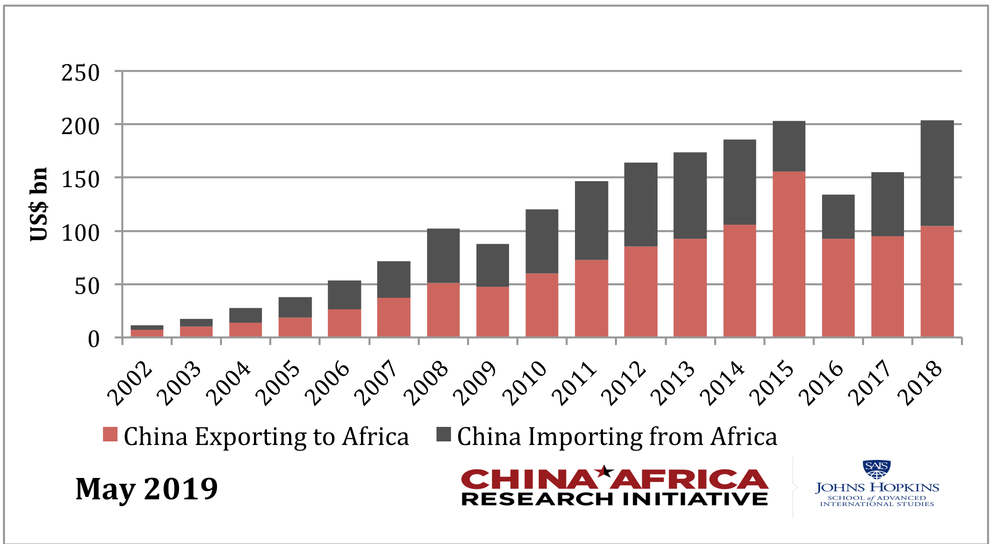
In November 2006 the three-day Beijing Summit on Sino-African relations was held. By this time China had been active in African countries for over a decade (Brautigam, 2009, p. 2). Until these developments took off, China was mainly dependent on large oil reserves in the north of the Daqing region and also on coal. But with coal being inefficient and highly damaging to the environment the Chinese decided to shift to oil and gas, eventually making Asia's number one oil exporter a large importer in 1993 and the second largest oil consumer in 2003 (CQ Global Researchers, 2008, p. 16). A large part of the Chinese engagement with African states is the negotiating of deals to secure oil supplies for the economy, not only by simply buying oil, but also by providing knowledge and specialized labor for oil discovery and oil drilling (CQ Global Researchers, 2008, p. 16). Calculations say that, to keep up with the current growth of the Chinese economy, the oil consumption will grow by at least 10% per year. When this happens China's national oil reserves will be gone in 2027 (Blair, 2007).

In order to maintain the Chinese production of everyday goods, the country has a large demand of minerals and raw commodities like iron, timber and cobalt (CQ Global Researchers, 2008, p. 16). A report concerning China's resource hunger, by the Deutsche Bank (2006), shows that 14% of China's total timber import is originating from the Republic of Congo, Equatorial Guinea and Cameroon, but also that South Africa is considered the fourth largest supplier of iron ore for China and that Gabon, South Africa and Ghana account for 37% of the Chinese manganese imports. 85% of imported cobalt originates from the Republic of Congo, the Democratic Republic of Congo and South Africa. These numbers suggest that Africa, and her resources, are vital to China's ambitions to let the domestic economy grow and expand (Naidu, 2007).

A "national plan for investments" is currently used to manage Chinese investments in foreign countries. In this plan 19 zones for trade and economic cooperation are established in Asia, Africa and Latin America based on the original Special Economic Zones from the 80's. These Zones provide structures for Chinese companies, that are not available in the developing countries itself, making it easier to access their economies (Pieke & Smeets, 2016, p. 230).

Based on their own *'Four modernizations'*, launched in the 70's, the Chinese focus on infrastructure in their development policy; building roads, ports, factories and providing power for upcoming industries by investing in power plants (Brautigam, 2009, p. 308). Over the last two decades, a trend is visible where the Sino-African trade is growing steady. During China's financial hardships in 2016 this trend was broken, but the numbers have been going up again since (China Africa Research Initiative, 2019).

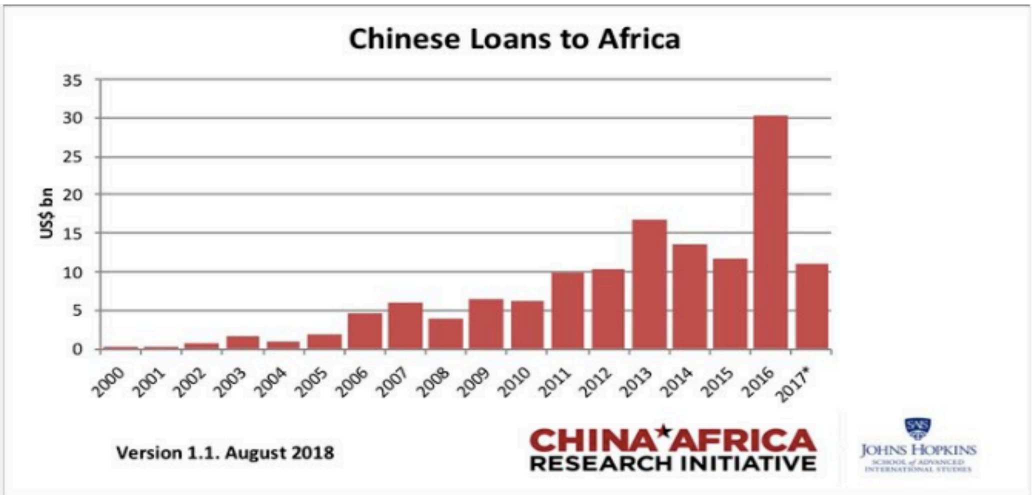
Figure 1: China-Africa trade (2002-2018)



Source: China Africa Research Initiative, 2019

Chinese loans to the African continent consist of both Official Development Aid loans and loans that cover export credits, suppliers' credits or commercial credits. The total worth of Chinese loans to African countries, governments and *'State-Owned Enterprises'* (SOE's) from 2000 till 2017 was US$ 143 billion, with Angola being the biggest receiver of US$ 42,8 billion over 17 years. The loans given out by China have been on the rise since 2000, with decreases in 2013/2014 and 2016/2017. 2016 was a record year with a total worth of US$ 30 billion (China Africa Research Initiative – Chinese loans to Africa, 2017). The loans go to different sectors of the recipient's economy; in general, for African countries, the largest amounts go directly to the transportation sector (28%; 2000-2014), mostly for railways and roads, and the energy sector (20%; 2000-2014), mainly to realize hydropower plants and power lines (Brautigam & Hwang, 2016, p. 10).

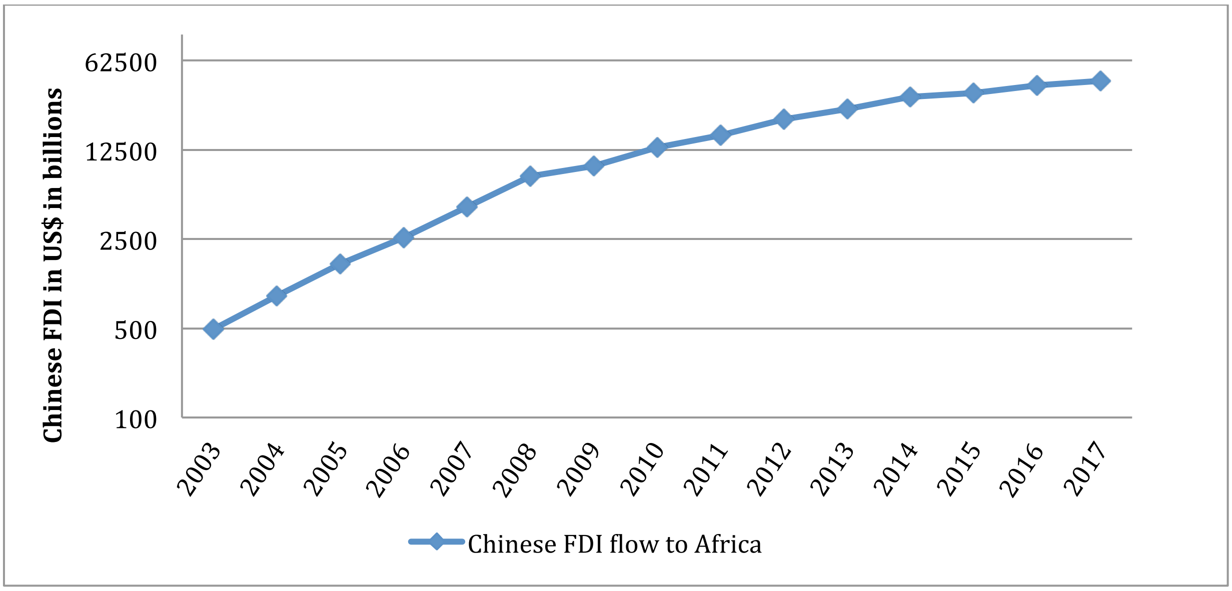
Figure 2: Chinese loans to Africa (2000-2017)



Source: China Africa Research Initiative – Chinese loans to Africa, 2018

From 2003 until 2015 Chinese FDI has fluctuated, but has also shown growth, with the exception of 2008 when the global financial crisis hit. The African countries with the most Chinese FDI are: Algeria, Zambia, Kenya, the Republic of Congo and Nigeria (China Africa Research Initiative – Chinese investments in Africa, 2017).

Figure 3: Chinese FDI flow to Africa (2003-2017)



Source: China Africa Research Initiative – Chinese FDI flow to Africa, 2017

3. The Chinese presence in Africa: Good or Bad?

Colonialism has taken its toll on the African continent; five European powers divided the land and used it according to their likings. This is considered the *'First Scramble for Africa'*: the first wave of colonization. Over the last decade, a new wave has emerged: the *'Second Scramble for Africa'* with China taking on a special interest in the continent, albeit in a very different way from the first wave (Blair, 2007). Where the European countries had direct political control as their main goal, the Chinese are aiming at economic structures and permanent cooperation. And while Western leaders are avoiding some African countries based on ideological or ethical grounds, the Chinese are a lot less bothered by meager human rights standards and poor leadership (Blair, 2007).

However, it has become very clear that China is not giving out 'free' money to African countries. China is with 72% the biggest provider of loans to Kenya and when, in 2018, the public debt hit the US$ 50 billion for the first time, the *'International Monetary Fund'* (IMF) confiscated Kenya's credits in order to make them decrease their debt. Because they were no longer able to pay off their debt to the Chinese, the Kenyan government was forced to hand over control of the largest, most profiting port of the country, Mombasa, to the Chinese (Wagner, 2019). So although China might be the biggest lender to the African continent, the USA is still the biggest donor; the loans are not donations and therefore must be repaid (China Africa Research Initiative – Chinese loans to Africa, 2017). Situations like in Kenya are feeding the international suspicions of neocolonialism and China's intentions.

The Chinese use a system for investments that is very similar to what the Japanese used in China back in the 1970's; they give out enormous credits, at market rates that are competitive, which are linked to the Chinese machinery industry and construction services and that are backed by resources like oil (Brautigam, 2009, p. 307). According to Brautigam (2009) this system is based on a win-win approach and creates opportunities for the development of infrastructure. The Chinese credits can also function as an '*Agency of restraint*' to keep the African leaders from falling for corruption and patronage. Another benefit for African countries is the fact that with this way of investing, the mineral resources can be directly flowing into development projects avoiding the *'Natural Resource Curse'* (Brautigam, 2009, p. 307)

The general question, when it comes to the Chinese engagement in Africa, is: is this a good or a bad development? There is no easy answer to this question; the engagement has brought infrastructure and economic growth to countries that would have not gotten this support from international financial institutions or Western states. The African people have benefitted from

China's contribution to healthcare and education (Hanauer & Morris, 2014, p. 45). At the same time the Chinese investments did enable authoritarian leaders to stay in power and maltreat their people. The working conditions on many Chinese projects have been highly criticized and the illegal extraction of mineral resources and the environmental damage caused by the Chinese have created difficult situations and great losses for governments (Hanauer & Morris, 2014, p. 45).

In well-functioning states one would expect state institutions to deal with these negative side effects, but in reality many African countries seem unable to do so. This enlarges the need of research on separate African countries when it comes to Chinese engagement, instead of focusing on the African continent as a whole: what countries are able to counter the negative effects and make the relationship with China a profitable one for the long run? And also, what countries are unable to do so?

It is also debatable when a relationship, like the Sino-African, is a good or a bad one. When a country sees big economic growth, job creation and infrastructural development, while at the same time experiencing some environmental damage, is this really so negative that the profits do not exceed it?

3. Research design and Methodology

By comparing the cases of Ghana and Zimbabwe I will use a most similar systems design. Both countries are resource-rich, have abundant nature and good climates for agriculture. They are also both former British colonies and have very young populations. On many fronts they seem very similar, but on the governmental level they are very different from each other. Zimbabwe is officially a semi-presidential republic and Ghana is a presidential republic. Where Ghana has been stable when it comes to elections since its turn towards a multiparty democracy in the 1990s, Zimbabwe has had the same leader since gaining independence. Zimbabwe scores a concerning 31 out of 100 (with 100 being the most free) on the Aggregate Freedom Score of 2019 after Robert Mugabe, who dominated Zimbabwean politics since the independence, was removed from power in 2017 by a military coup. Ghana on the other hand scores an 83 out of 100 on the Aggregate Freedom Score with excellent scores in the Political Rights and Civil Liberties categories as well (Freedom House, 2019).

Both countries have high levels of Chinese investments. The level of democracy, the independent variable here, is expected to lead to different political and economic relations between China and African countries, which is the dependent variable.

The paper will look at the different economic sectors the Chinese are active in, in both countries, but also analyze the differences in how this engagement takes place and finally the economic and political consequences of the Chinese presence. I make use of secondary data analysis relying on academic texts, newspaper articles, UN resolutions and research data on the Sino-African relationship. Since many of the information sources available are based on Chinese (official) numbers, I will be cautious in my usage of sources, as they are not always peer reviewed or verified with the same scientific standards used in Europe.

4. Historical overview

4.1 Ghana

The Republic of Ghana is situated on the west coast of the African continent and covers a total area of 238,533 km2. Bordering countries are: Togo, Burkina Faso and Côte D'Ivoire. The total population of 27.994.000 people is semi-evenly divided over the urban (56,1%) and rural (43,9%) area's. While the literacy rates (Male: 81,5% and Female: 71%) are quite optimistic for an African country, the life expectancy (Male: 64,5 years and Female: 69,6 years) falls slightly behind (BBC, 2018; Davies et al., 2019). Ghana is very ethnically diverse. The majority of the population is Christian, but there is also a large community of Muslims and people who adhere to traditional and indigenous beliefs (Afrobarometer, 2014/2015).

Ghana's history dates back all the way to 10.000 BCE and the country got its name from a former trading empire that was situated just northwest of the current borders. During the 15th century locals actively engaged with the Europeans and gold trade flourished. An extremely lucrative slave trade was introduced during the 17th century (Davies et al., 2019). After the international abolishment of slave trade in 1807, the main trade products became palm oil, cotton and rubber. On July 24th of 1874, the Gold Coast, consisting of the current Volta region, was officially claimed by the British as a colony and protectorate. During the following 40 years the British gained more and more territory and after Togoland was seized from the Germans during the First World War, and placed under a shared mandate with France, they had assembled a territory of what would be the future state of Ghana (Addo-Fening, 2013, pp. 39-49). During their colonial rule the British used the Gold Coast for growing cash crops like palm oil, rubber and cocoa, but also for the mining of minerals like gold (Addo-Fening, 2013, p. 50).

In the early 50's nationalist and Pan-African leader Kwame Nkrumah led the Ghanaian struggle for independence. The country officially gained independence on March 6, 1957. A period of corruption, poor governing and military rule began and only in the 90's did the country experience any form of improvement (Davies et al., 2019). Ghana did not, however, experience civil war or serious episodes of political violence.

Economically Ghana has a combination of private and public enterprises and is mainly driven by agriculture and the mining industry, most of which is for export. From 1970 till approximately 1990 the country had to deal with an extensive debt crisis, as a result of financial mismanagement. After a turn towards democracy in 1992, the economic development went up and nowadays the Ghanaian model is considered to be a leading example for other African countries (Davies et al., 2019). Currently Ghana's Gross Domestic Product (GDP) is up to 58.997 billion US$ (World Bank, 2017). Nearly 20% of the Ghanaian GDP is produced by the agricultural sector. The main export products are: gold, oil and cocoa. After the discovery of large oilfields just outside the coast of Ghana the economy was on the rise, but with the 2015-drop of oil prices the country's oil proceeds were reduced by half (CIA World Factbook, 2019).

Ghana is considered to be one of the most successful democracies in Africa, scoring an 83 out of 100 (with 100 being the most free) on the Freedom House Aggregate Freedom Score (Freedom House, 2019). The country has known relatively competitive elections and two turnovers of power since reintroducing multiparty democracy in 1992. The current Ghanaian constitution (1992) makes the country a multiparty presidential republic.

4.2 Zimbabwe

Zimbabwe is a landlocked country in the South of the African continent that covers a total of 390.759 km2 with a population of 16.500.000. The official language is English, but other major languages in the country are Shona and Sindebele (BBC, 2019). The population mostly lives in rural areas: 67,8% compared to 32,2% in the urban areas. Bordering countries are: South Africa, Botswana, Zambia, Namibia and Mozambique. Life expectancy is low: 58,3 years for men and 62,5 years for women (Ingham et al., 2019). Zimbabwe is ethnically very diverse. The majority of the population in Christian, a small percentage adheres to indigenous beliefs and there are hardly any Muslims (Afrobarometer, 2014/2015).

The history of Zimbabwe dates back to 500.000 years ago, when the San (Bushmen) were the original inhabitants of the land. At the end of the 15th century the Portuguese arrived in Zimbabwe looking for gold. In the beginning of the 1800's multiple groups came in from the south of the country; first Bantu peoples fleeing for the Zulu chief Shaka, later also British and Afrikaner hunters looking for new hunting grounds and missionaries. By 1890 Cecil Rhodes reached Zimbabwe and began to claim the newfound land and its mining and prospecting rights. In 1895 the land was formally named Rhodesia. With the uprising of the Shona and the Ndebele people it took until 1897 that all of Rhodesia was pacified (Ingham et al., 2019).

Rhodesia experienced a large influx of white settlers in search of fertile farm land. These settlers then came to strive for autonomy from the British government. Southern Rhodesia became a self-governing colony on September 12, 1923 (Ingham et al., 2019). On November 11 1965 the Rhodesian government declared the unilateral independence as the British were only willing to grant independence when the black majority population would receive their share in power (BBC, 2005). In response to this threat of white minority rule, the two opposition parties, ZAPU led by Joshua Nkomo and ZANU led by Robert Mugabe, rallied together against Smith (BBC, 2005).

In 1979 the country adopted the name of Zimbabwe after a 1978 agreement with national black leaders led to elections won by Abel Muzorewa and his UANC. This new government was unable to end internal warfare and gain diplomatic recognition. Internationally recognized independence was finally achieved when Robert Mugabe became prime minister, after a new round of elections and the formation of a new constitution, on April 18, 1980 (Ingham et al., 2019).

Mugabe's rule became increasingly authoritarian over time and an effective one-party rule was installed. Mugabe himself remained in power until 2017. His rule was characterized by economic mismanagement and violent repression. A particularly thorny issue was his handling of land reforms. Historically land reform was used to disown white farmers in order to give the land to black farmers who had suffered under colonial rule. This was based on the policy of "*willing seller, willing buyer*", but this caused the land reform to go quite slow. To increase his standing Mugabe decided to support violent groups on their quest to forcibly take the land. Following these bloody events the agricultural production decreased and a period of hyperinflation started, reaching its peak in 2008 (BBC, 2018). This downturn was also related to sanctions imposed by the international community against Mugabe for his vicious retaliation of an opposition march in 2007.

In 2017 a series of events cumulated into the resignation of Robert Mugabe. After days of protest and a failed attempt to have Mugabe resign, parliament opened a session to begin an impeachment-procedure, Mugabe recognized his fate and resigned after 37 years. Opposition leader Emmerson Mnangagwa was sworn in as the new president (Mizzen, 2017). Freedom House considered Zimbabwe under Mugabe to be "Not Free" (2014) and now under Mnangagwa Zimbabwe is considered to be "Partly Free" (2018).

Currently Zimbabwe has a GDP of 22.041 billion US$ (World Bank, 2017). The most productive sector of Zimbabwe is the agricultural sector. The main export products are platinum, cotton, tobacco, gold, steel and textiles (CIA World Factbook, 2019).

5. Chinese engagement and its consequences in Ghana and Zimbabwe

5.1 Ghana

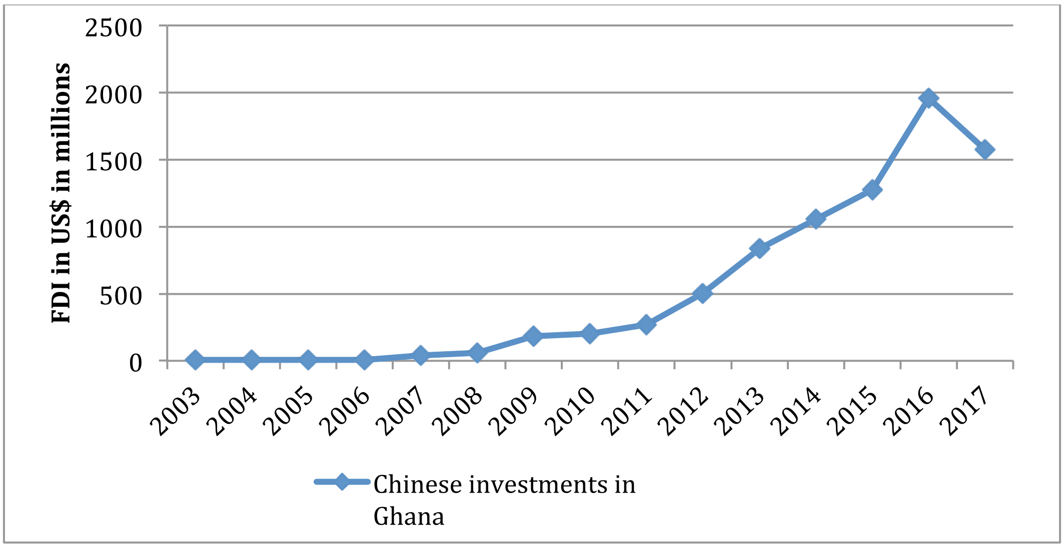
5.1.1 Economic relations between Ghana and China

The diplomatic relations between Ghana and China date back to the 1960's. A Chinese built training camp for freedom fighters from all over Africa in Ghana helped other countries in their struggle for independence. And when China was struggling with the aftermath of the Tiananmen affair, Ghana's Jerry Rawlings was the first high ranked official to visit Beijing. The timing of this engagement is not surprising: Ghana was turning away from the West after centuries of colonization and found a strategic partner in China (Frimpong & Nubuor, 2013, p. 121).

The economic ties between Ghana and China are more recent and originate mostly from loans and financial (development) aid and support. The Chinese government and multiple Chinese banks have given out both concessional and commercial loans to Ghana since 2000. These loans were used for projects in the telecom, energy, fishing and transportation sectors, but also for the development of infrastructure (Xiaoyang, 2018, p. 928).

Since 2003 China's FDI flow in Ghana is on the rise: going from US$ 6,6 million in 2003 to US$ 1575,36 million in 2017, with only a decrease in 2016/2017 (China Africa Research Initiative – Chinese investments in Africa, 2017).

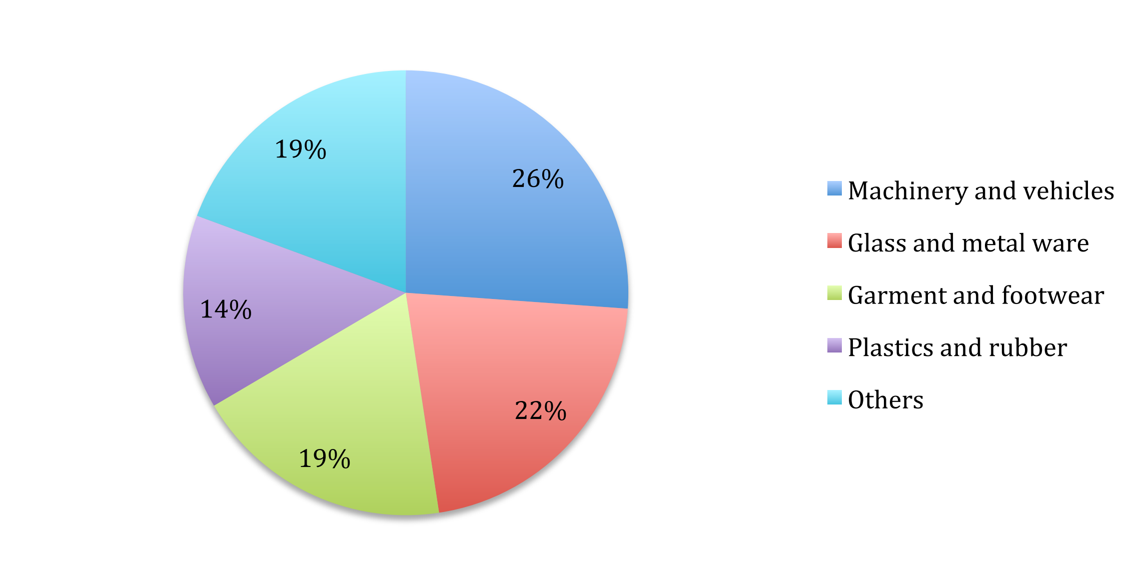
Figure 4: Chinese investments in Ghana (2003-2017)



Source: China Africa Research Initiative – Chinese investments in Africa, 2017

The Chinese exports to Ghana outweigh the imports; even after China started to import oil from Ghana in 2010. The most imported Chinese products for Ghana are: machinery and vehicles, glass and metal ware, garment and footwear and chemicals, plastics and rubber (Xiaoyang, 2018, p. 929).

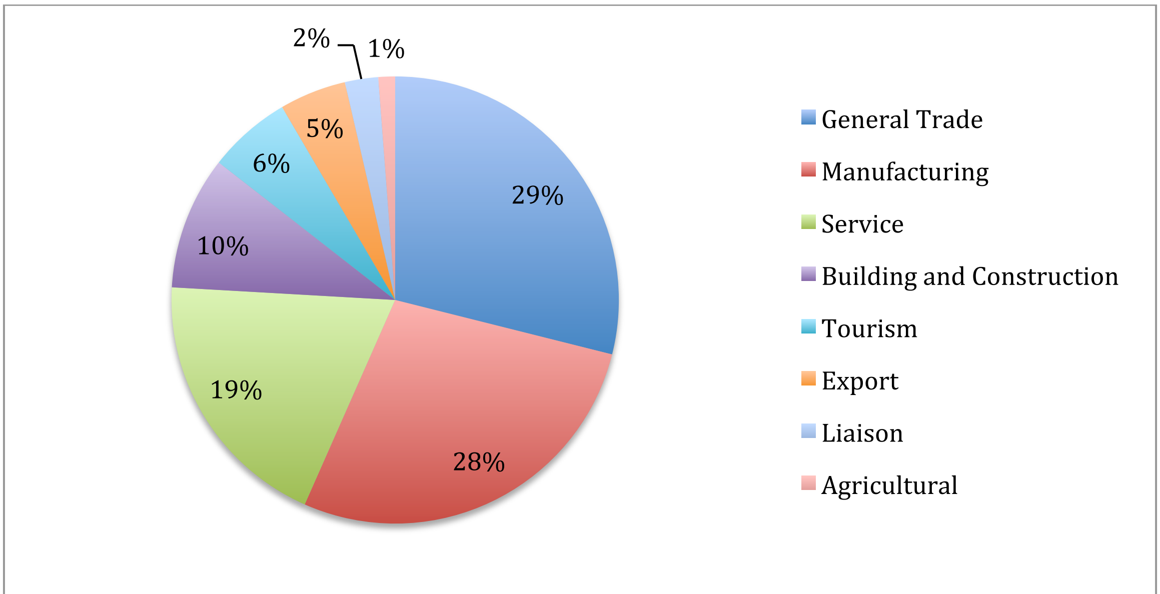
Figure 5: Chinese exports to Ghana (2014)



Source: Xiaoyang, 2018, p. 929

In 2011 there were over 514 registered foreign investment projects in Ghana; 82 of which were Chinese, spread over different sectors of the Ghanaian economy. With 24 projects, the Chinese were most active in the general trade sector, followed by the manufacturing sector with 23 projects (Frimpong & Nubuor, 2013, p. 122).

Figure 6: Chinese projects in Ghana by sector (2011)

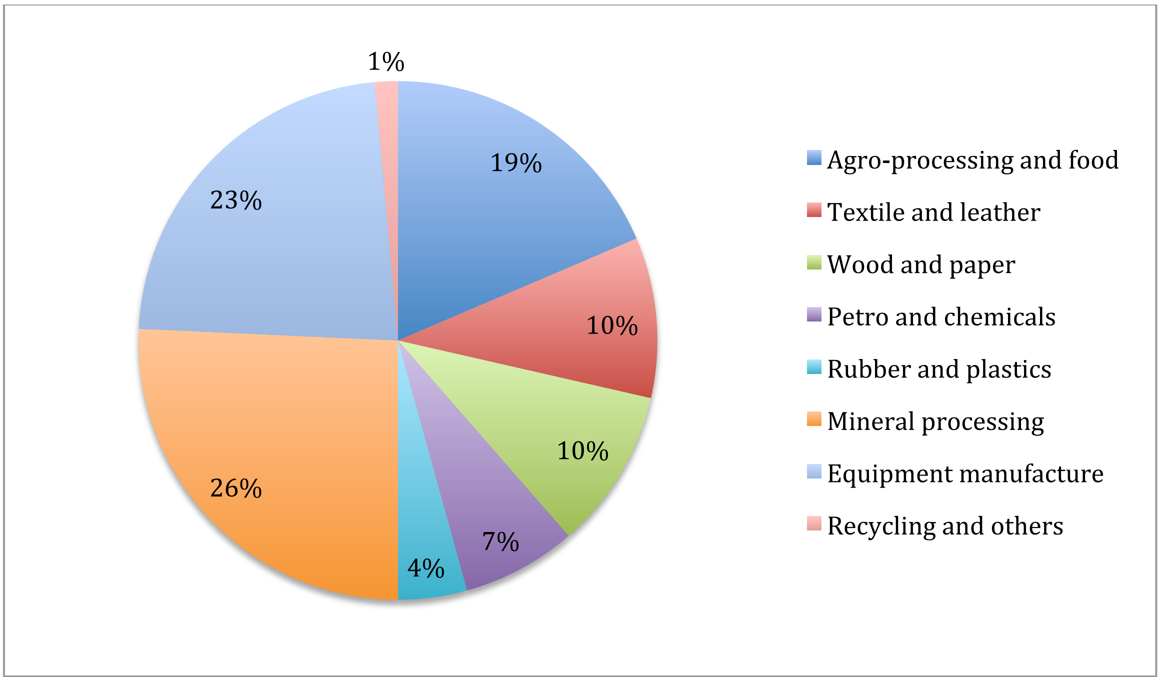


Source: Frimpong and Nubuor, 2013, p. 122

In one of the biggest investment sectors for China in Ghana, the manufacturing sector, the investments are very divers. In 2015 different sub-fields within the manufacturing sector got between 1 and 18 projects (See figure *7)*. This differs from other Sub-Saharan countries like the DRC, where the Chinese mainly focused their investments on the extraction of (mineral) resources. In Ghana the Chinese investments are represented in all areas of the manufacturing sector. According to economists this could be seen as a more equal and healthy trade relationship (Xiaoyang, 2018, p. 928).

This argument is further strengthened by the fact that China is both on Ghana's lists of biggest exporters as well as biggest importers (CIA World Factbook, 2019)

Figure 7: Chinese investments in Ghana in the manufacturing sector (2015)



Source: Xiaoyang, 2018, p. 927

With the economic engagement comes a form of political engagement as well. Internationally Ghana defends China's interests, while China supports Ghana in her search for economic change and regional incorporation (Sarpong, 2015, p. 1440). This political engagement includes the "*One China policy*"; stating that countries involved with China cannot recognize Taiwan (Frimpong, 2012, p. 57).

5.1.2 Governance Characteristics of the Chinese-Ghanaian economic relations

In the decision-making process of Chinese companies on whether or not to invest in Ghana, the Ghanaian government plays a key role. They have implemented several measures to create a positive investment climate for the manufacturing sector. A reduction of the import duty on raw materials, the exemption of foreign machinery and equipment from import duty and the remittance of the minimum investment requirement, have contributed to an appealing investment-climate. Also the fact that businesses can be completely owned by foreigners is a big argument for many Chinese investors to bring their business to Ghana. It can hence be argued that the Chinese engagement is highly desired by the Ghanaian government. According to both the Chinese government and the Chinese investors there are no (reported) incentives or financial support from the Chinese government for investments in Ghana (Xiaoyang, 2018, p. 933).

While the Ghanaian government creates a positive climate for Chinese investments, not all economic activities are under strong control of the government, which is causing problems. For example, there are many reports of widespread illegal gold mining activities by Chinese businesses in Ghana (Sarpong, 2015, p. 1440). In 2014 in the north of Ghana massive environmental destruction was discovered, reportedly caused by Chinese workers with mining machinery active in illegal mining activities. The Ghanaian government strongly reacted and condemned the actions by the Chinese, creating some tensions between the economic partners (Pilling, 2018).

Concerns have also been raised with regards to health and human rights protection. Stories of lead-infected toys and other goods that China has exported to Ghana fuel the assumptions that Chinese businesses can get away with lower standards and possibly the endangerment of the Ghanaian people. Meanwhile, there have been protests against the poor working conditions of the Bui dam construction site and the fact that the people, who were forced to move to facilitate this site, were hardly or not compensated (Sarpong, 2015, p. 1441).

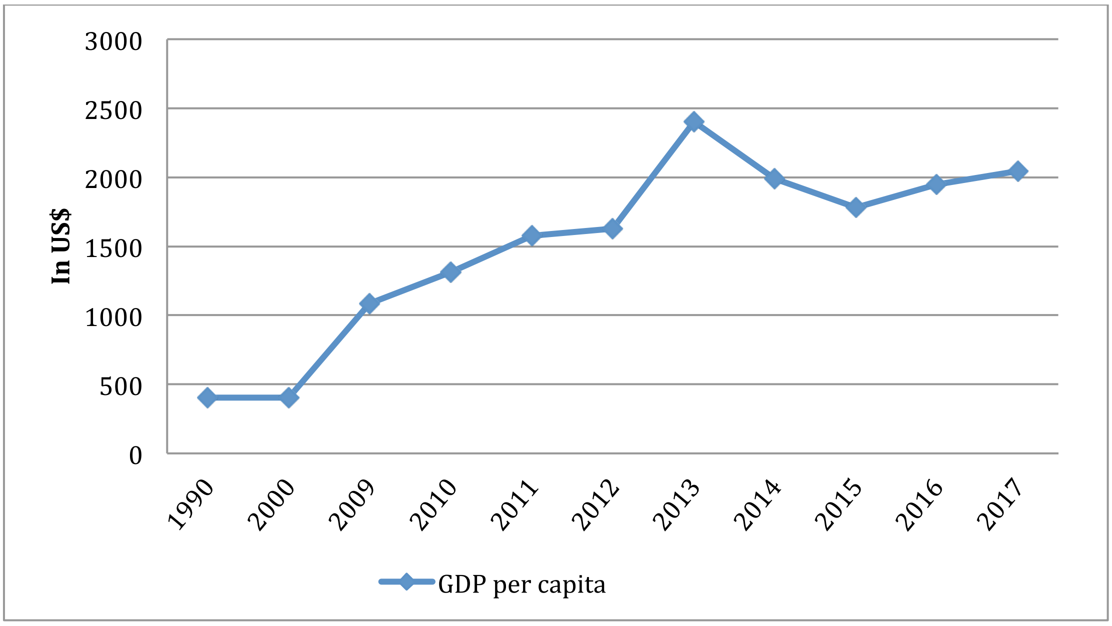
Recently a deal has been negotiated with Sinohydro, a Chinese state-owned construction company, with the Chinese building schools, roads, bridges, housing and hospitals in return for refined bauxite. The deal, worth of 2 billion US$, was mainly driven by Ghanaian vice-president, Mahamudu Bawumia, who called it a product of innovative thinking. The chairman of the Ghanaian parliamentary finance committee, Mark Assibey-Yeboah, and the Ghanaian auditor-general, Daniel Domelevo, spoke out against this increase of Ghana’s national debt (Pilling, 2018). This indicates that the Chinese engagement also creates tensions within the Ghanaian government.

5.1.3 Economic effects of the Chinese engagement in Ghana

Since the beginning of the Ghanaian-Chinese engagement, the economy has grown, but there are some downsides to this process. The Chinese investments did not support the Ghanaian industrialization when it comes to jobs and capacity, although the unemployment rates did go down since the Chinese engagement (Sarpong, 2015, p. 1440). The Chinese investors use mostly Chinese labor and Chinese materials instead of getting their supplies and workers locally and in that way stimulating the economy of Ghana (Pilling, 2018).

Before the Chinese engagement in 2000 Ghana's GDP per capita had been steady, but low. With the Chinese investments and loans the Ghanaian economy developed rapidly until 2013/2014 when the GDP per capita takes a hit. The timing of which coincides with the decrease in Chinese investments in Ghana (see figure 4). Based on the growth and the decline of the GDP per capita coinciding with the amount of Chinese investments the Chinese influence on the Ghanaian economy could be considered substantial (World Bank, 2017).

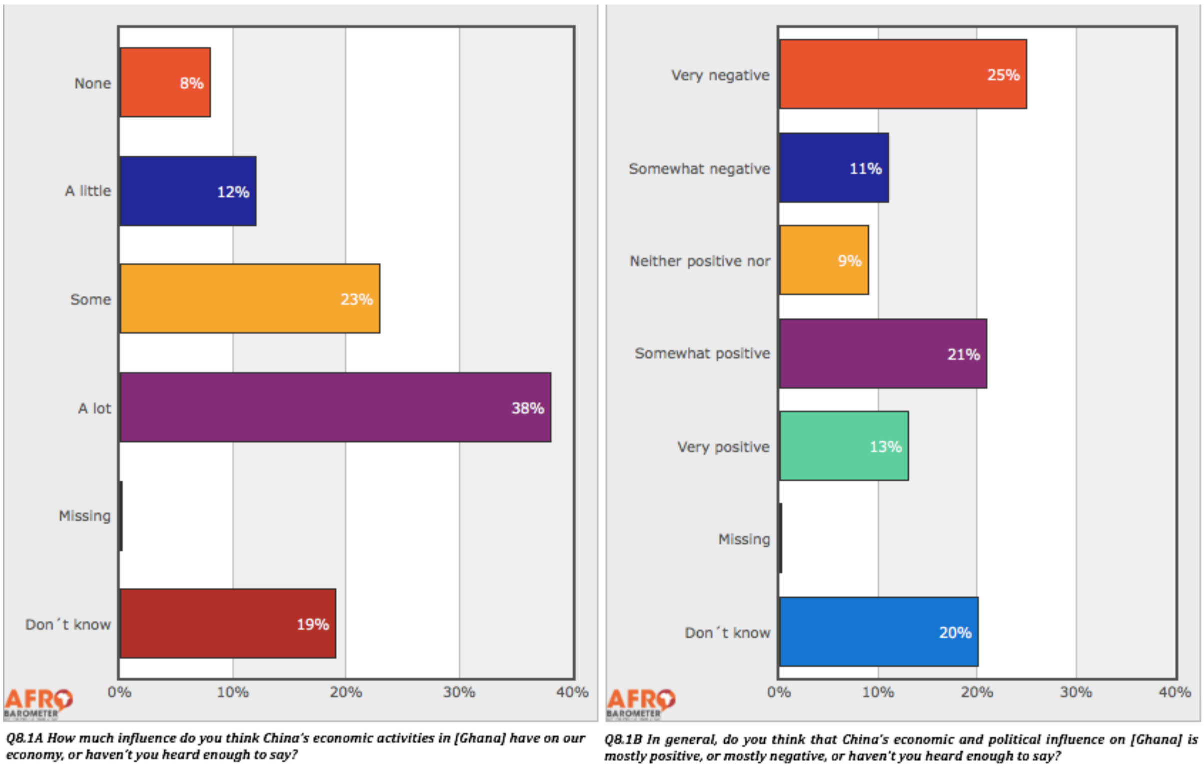
Figure 8: GDP per capita for Ghana (1990-2017)



Source: World Bank, 2017

The Ghanaian economy has grown at the same time that Chinese investments increased. Yet this does not necessarily impact the local population in a positive way if the benefits are shared unequally. Interestingly, according to the Afrobarometer round 6 (2014/2015) Ghanaian citizens themselves thought the Chinese influence to be strong and negative (see figure 9). The recent scandals of bad working circumstances, illegal economic activities and faulty and unhealthy products could have contributed to this negative attitude towards the Chinese engagement.

Figure 9: Ghanaian opinion on Chinese influence

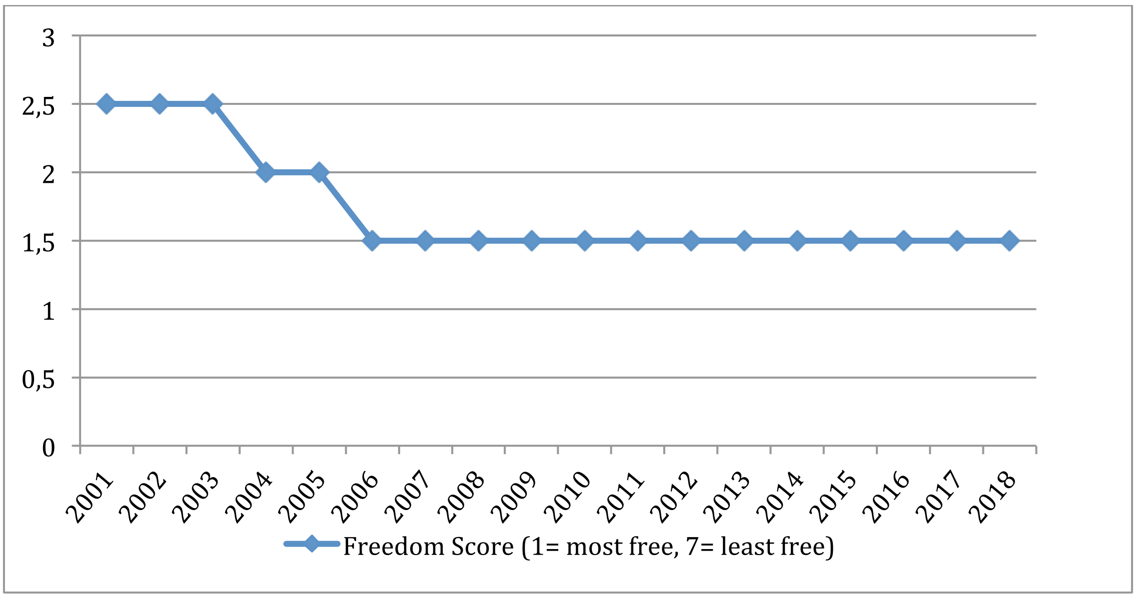


Source: Afrobarometer round 6 (2014/2015)

5.1.4. Political effects of the Chinese engagement in Ghana

Looking solely at the Freedom Score for Ghana since 2001 (see figure 10), it can be argued that the engagement with China has led to more freedom for Ghanaians. The Freedom Score has been stable since 2006.

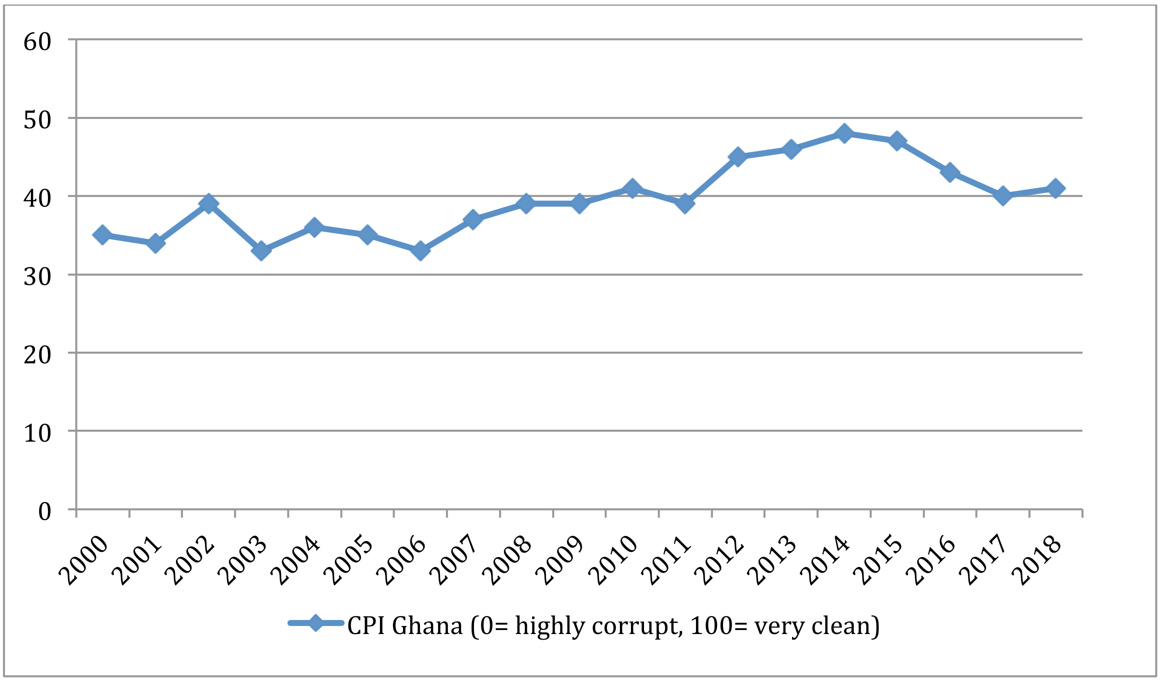
Figure 10: Freedom Score Ghana (2001-2018)



Source: Freedom House, 2019

The Corruption Perceptions Index (CPI) shows a gradual decrease of the perceived corruption. It is possible that this is due to the Chinese engagement because this has supported Ghana's development.

Figure 11: Corruption Perceptions Index (CPI) Ghana (2000-2018)



Source: Corruption Perceptions Index, 2018

Officially China does not interfere with local politics when engaging with a state. The only condition for the engaging countries is that they have to act according to the "*One China Policy*". This entails breaking all ties with Taiwan and giving (international) support to Mainland China. This is different from the traditional economic engagement, as seen by the Paris Club of donors and the international financial institutions, which all put political pressure on receiving states (Frimpong & Nubuor, 2013, p. 118). When the UN Security council voted for a permanent seat for China Ghana supported the Chinese, at the costs of Taiwan (UN Resolution 2758, 1971).

Critics however point out that it is nearly impossible for states, which are involved in this level of economic and financial engagement, to not feel political pressure. This is fueled by the fact that China has the tendency to forgive debts of those states that they developed strong political and economic ties with (Frimpong & Nubuor, 2013, p. 118).

In general, there appears to be no further evidence that China has exerted any political power over Ghana linked to the Chinese engagement.

5.2 Zimbabwe

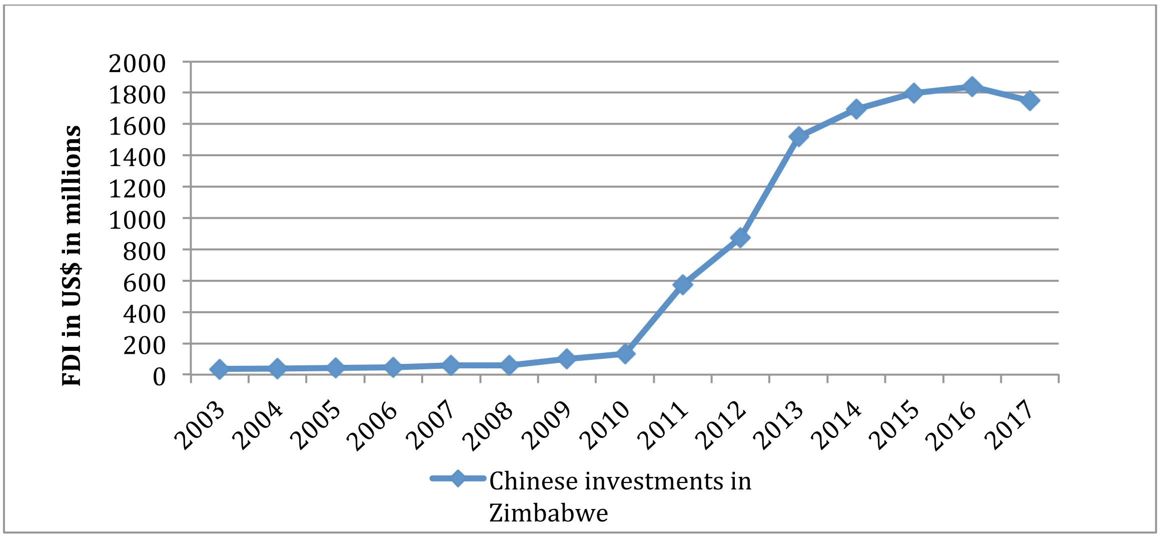
5.2.1 Economic relations between Zimbabwe and China

When, in the 1970's, the first diplomatic relations between China and Zimbabwe were established, China was supporting the Zimbabwean independence movement led by Mugabe and the ZANU PF. This made the relationship more military and political, rather than focused on trade and investment (Mapaure, 2014, p. 16). According to CQ Global Researchers (2008) the bond between China and Mugabe was also ideological as the Soviet Union, China's rival, backed Mugabe's biggest opponent Joshua Nkomo. Attracted to Zimbabwe's resources the Chinese kept the relationship warm, by openly supporting Mugabe and supplying him. The relationship further deepened during the periods of Zimbabwean isolation from the West when the first trade bans and financial sanctions against the Mugabe regime ended (Bhoroma, 2018).

The first sanctions against Zimbabwean leaders were imposed in 2002 by the European Union (EU) and in 2003 also by the US. The EU initially cut off development aid for a period of 2002 till 2007 (The Guardian, 2002). This coincides with the first Chinese investments in Zimbabwe (see figure 12). Mugabe violently ending protests in 2007 led to a renewal and expansion of sanctions by both the EU and the US in 2009 (Bearak, 2009). This is when China stepped in and the rapid increase of Chinese investments in Zimbabwe began (see figure 12).

Chinese investments in Zimbabwe went from US$ 36, 74 million in 2003 to US$ 1748,34 million in 2017, with a decrease in 2016/2017 (China Africa Research Initiative – Chinese investments in Africa, 2017).

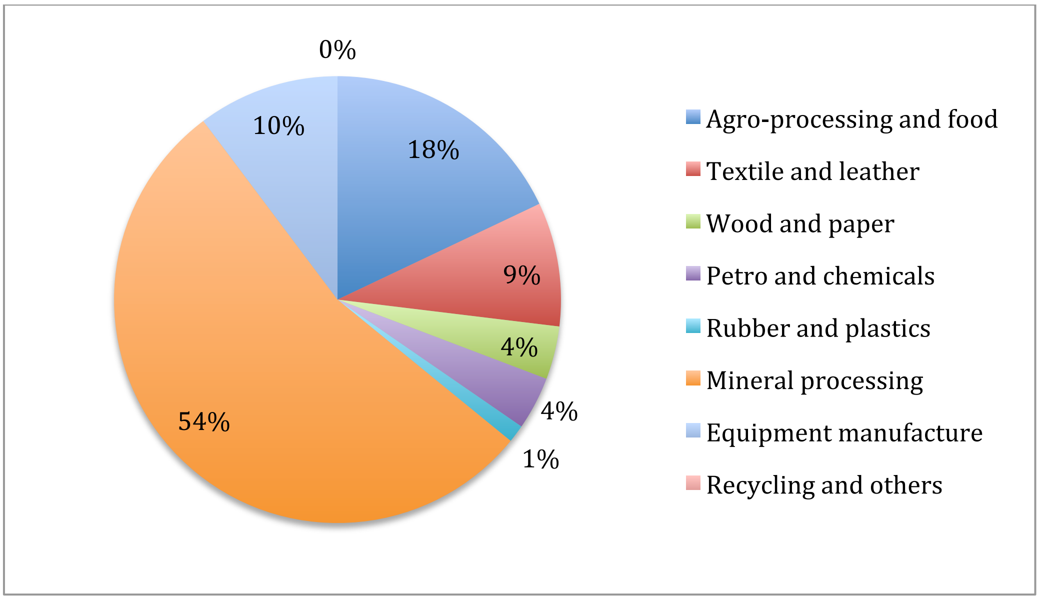
Figure 12: Chinese investments in Zimbabwe (2003-2017)



Source: China Africa Research Initiative – Chinese investments in Africa, 2017.

In Zimbabwe Chinese investments are mainly found in the mining industry where raw minerals like platinum, gold, diamonds, iron ore and coal are being extracted. This lack of diversification is very clear in the manufacturing sector where different sub-fields have between 0 and 42 projects (2015). Figure 12 shows a clear preference of the Zimbabwean mining industry by the Chinese investors (Xiaoyang, 2018, p. 927).

Figure 13: Chinese projects in the manufacturing sector (2015)



Source: Xiaoyang, 2018, p. 927

This significant focus on mining commodities by the Chinese is reason for concern, according to some critics as they point out the extracting nature of the Chinese engagement. Indeed, this type of resource-focused engagement is often compared with neocolonialism (Bhoroma, 2018).

China is also active in Zimbabwe's agricultural sector, however, investing in farm mechanization programs and in the tobacco industry. Investing in land is limited to management, not ownership, because the Chinese invest in *'Contract Farming'*. This means that the ownership of the land stays in the hands of the Zimbabwean people or the government (Mapaure, 2014, p. 17).

Another Zimbabwean sector where the Chinese are very active is the energy sector. Zimbabwe deals with large energy deficits and is dependent on other countries for her power. In 2015, Sinohydro, a Chinese, government-owned construction company, has signed a deal worth 533 million US$ with the Zimbabwean government to expand the capacity of the Kariba South powerplant. China's EXIM bank has granted loans and funds for the expansion of the capacity of the Hwange Power Station. This project is also to be executed by Sinohydro (Bhoroma, 2018).

Both major airports of Zimbabwe have also been funded by Chinese investors. The Victoria Falls International Airport was expanded with a fund of 150 million US$, executed by the China Jiangsu International Group as contractor. And more recently, in 2018, the same contract company handled the renovation and expansion of the Robert Gabriel Mugabe Airport with a contract worth 153 million US$ (Bhoroma, 2018).

Not only are the Chinese investing in the Zimbabwean economy, infrastructure and industry, they are also exporting to the African country. The total worth of Chinese export to Zimbabwe in 2017 was 443,82 million US$ (World Integrated Trade Solution, 2017).

5.2.2. Governance characteristics of the Chinese-Zimbabwean economic relations

The Zimbabwean government has created a difficult investment climate by making it illegal for foreigners to completely own a business as described in the Indigenization Economic Empowerment Act 14 (Munyedza, 2011, pp. 1-2). However, Zimbabwe became a very interesting market when the government decided to accept the Chinese RMB as a legitimate currency (CIA World Factbook, 2019).

A great problem for Zimbabwe caused by the Chinese presence is the smuggling of minerals and the externalization of proceeds to China through informal and illegal channels, like in the 2014 scandal with Anjin Investments. The company was caught smuggling billions of dollars' worth of diamonds from the Chiadzwa mines. Also a report revealed a list of Chinese personas and companies that gained millions of dollars with illegally externalized funds. In both cases there were no measures taken on the perpetrators by the Zimbabwean authorities (Bhoroma, 2018).

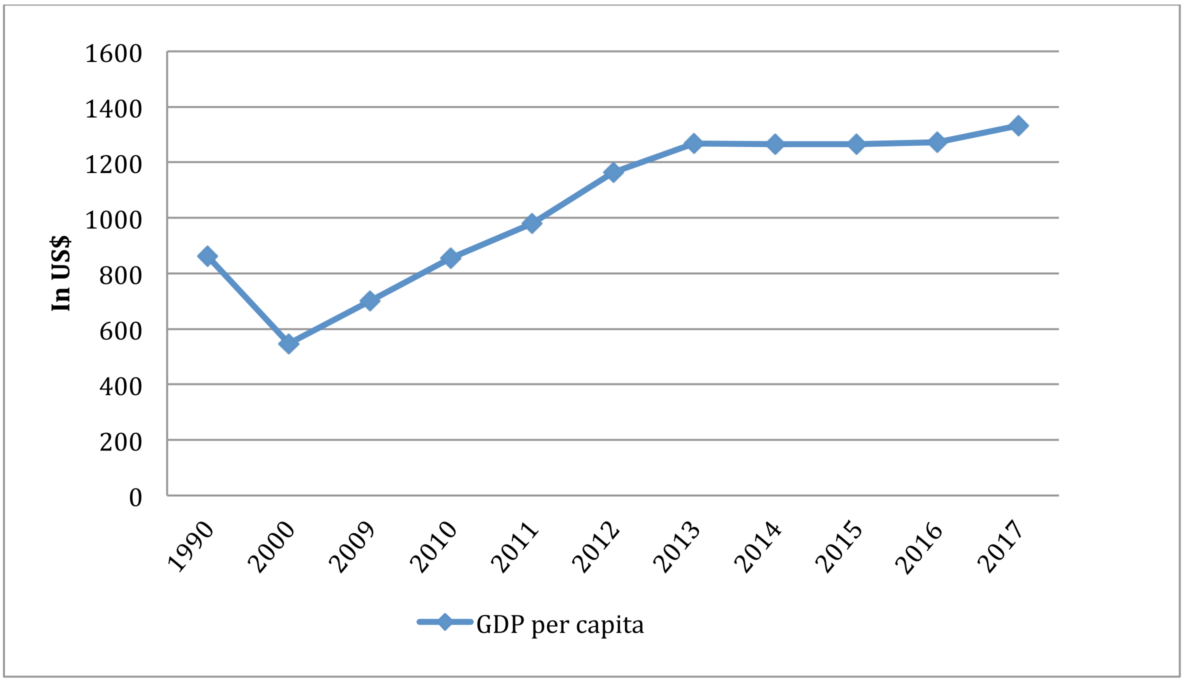
Local media often report with regards to the Chinese engagement in Zimbabwe, their critiques focus on: deplorable labor circumstances, corruption, product dumping and counterfeiting, natural resource exploitation, tax evasion and the illegal distribution of work visas for Chinese laborers (Bhoroma, 2018).

The, often extremely cheap, Chinese goods are in Zimbabwe referred to as *'Zhing Zhong'*; a nickname for the low quality goods. The import of these goods is not contributory to the local vendors as they are so cheap that they push the locals out of the market. Besides registering the Chinese traders, very little is done against this phenomenon, causing great concerns for local African vendors (Mapaure, 2014, p. 22). Local institutions seem unable to limit this issue and national government is not enforcing effective policies to protect their own people from getting pushed out of the market.

5.2.3. Economic effects of the Chinese engagement in Zimbabwe

Zimbabwe has shown a decrease in GDP per capita since the first Chinese engagement in 2000. A possible explanation for this phenomena could be found in the scandals described above; when revenues are illegally extracted from the country they are not a part of the GDP per Capita as the revenues leave the country without benefitting the originating country itself. Since the country reached its bottom level of GDP per Capita in 2008, when the economic troubles and the internal struggles were at a high, an increase is visible (figure 14). This also coincides with the expansion of Chinese investments in Zimbabwe (see figure 12). The newly found growth stagnates around 2012 and the GDP per Capita becomes more or less steady (World Bank, 2017).

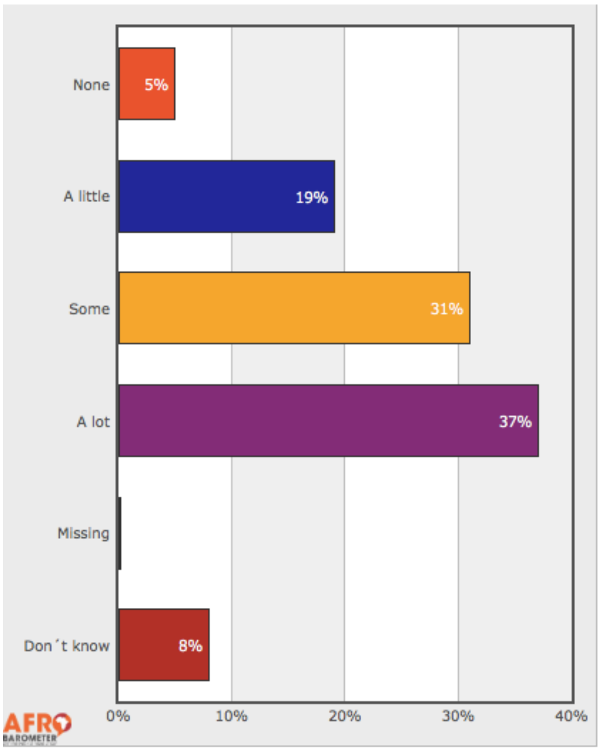
Figure 14: GDP per capita for Zimbabwe (1990-2017)



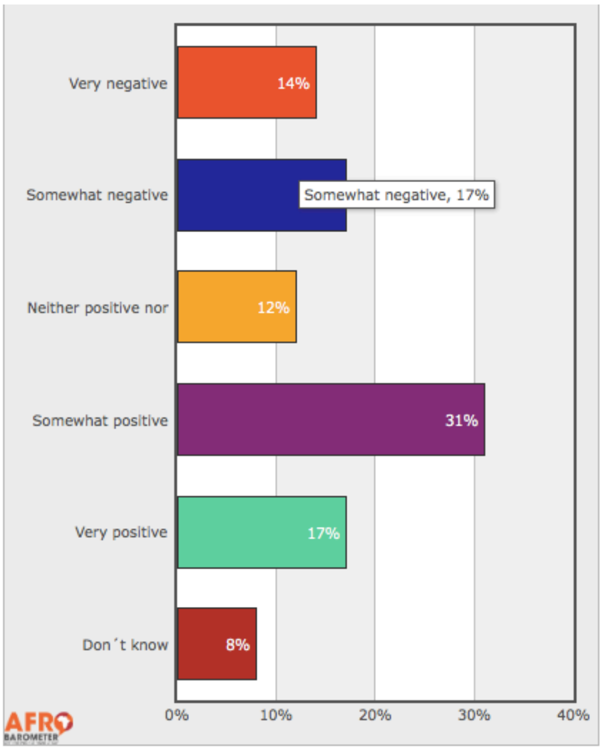
Source: World Bank, 2017

According to the Afrobarometer round 6 (2014/2015), the Zimbabweans found the Chinese influence on the economy strong and positive (see figure 15). This is interesting considering the amount of scandals and negative results surrounding the Chinese presence in Zimbabwe. The fact that many, very visible facilities for Zimbabweans are built with Chinese support could explain this positive attitude. At the same time is Zimbabwe not exactly a perfect score when it comes to freedom of speech, and it could very well be that respondents of the Afrobarometer were afraid of repercussions when responding to the questions with regard to the Chinese engagement in Zimbabwe.

Figure 15: Zimbabwean opinion on Chinese influence



Q8.1A How much influence do you think China's economic activities in [Ghana] have on our economy, or haven't you heard enough to say?



Q8.1B In general, do you think that China's economic and political influence on [Ghana] is mostly positive, or mostly negative, or haven't you heard enough to say?

Source: Afrobarometer round 6 (2014/2015)

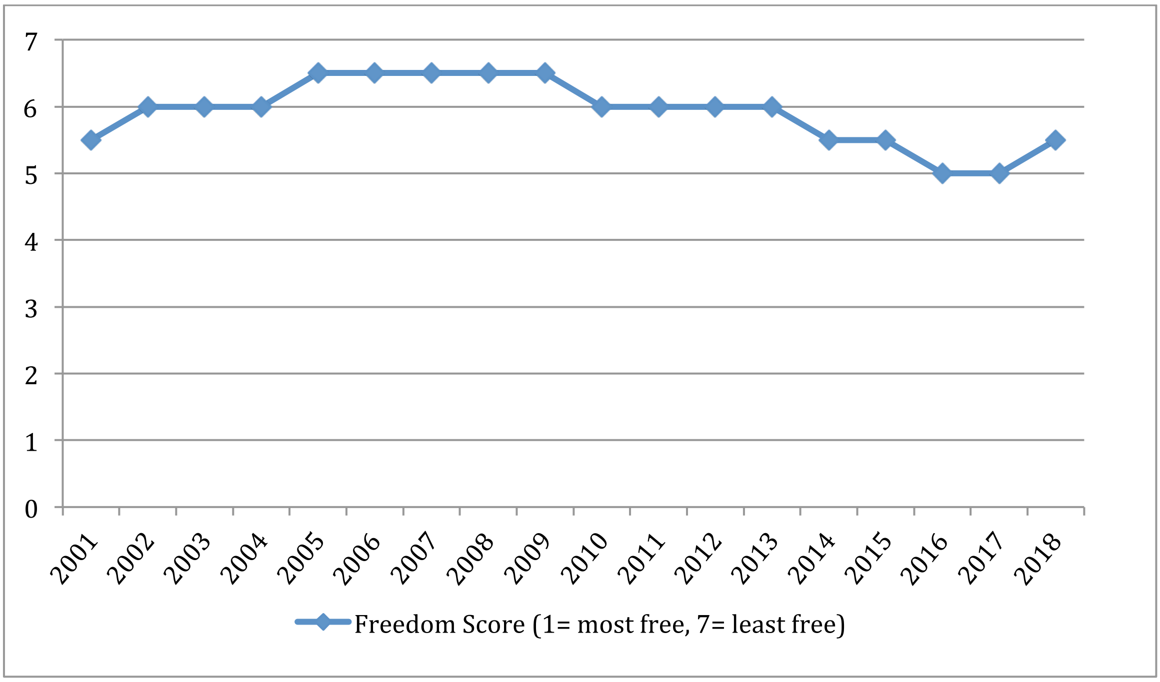
5.2.4. Political effects of the Chinese engagement in Zimbabwe

Besides national engagement between China and Zimbabwe, there was also a form of personal engagement between Robert Mugabe and China's government. Reports of Chinese businesses selling radio-jamming devices have been repeatedly covered by international press and national opposition parties. These devices are used to make sure that independent stations are being withheld from contradicting the message of state-controlled media. This has helped Mugabe to stay in power for so long. Mugabe's mansion, with 25 bedrooms, is covered in blue tiles, referring to the Forbidden City in Beijing, which were a personal gift from China to Mugabe (Beresford, 2008).

In August 2007 the Chinese government decided to contribute to the international community's attempts to increase the pressure on so-called *'Rogue Regimes'* and withdrew her support for Robert Mugabe temporarily limiting their backing of Zimbabwe to humanitarian assistance only (Spencer, 2007).

The Chinese engagement seems to have had no effect on the Freedom Score for Zimbabwe (see figure 16). This has been concerning since the early 2000's, but has been quite stable. There were no radical changes coinciding with the Chinese engagement.

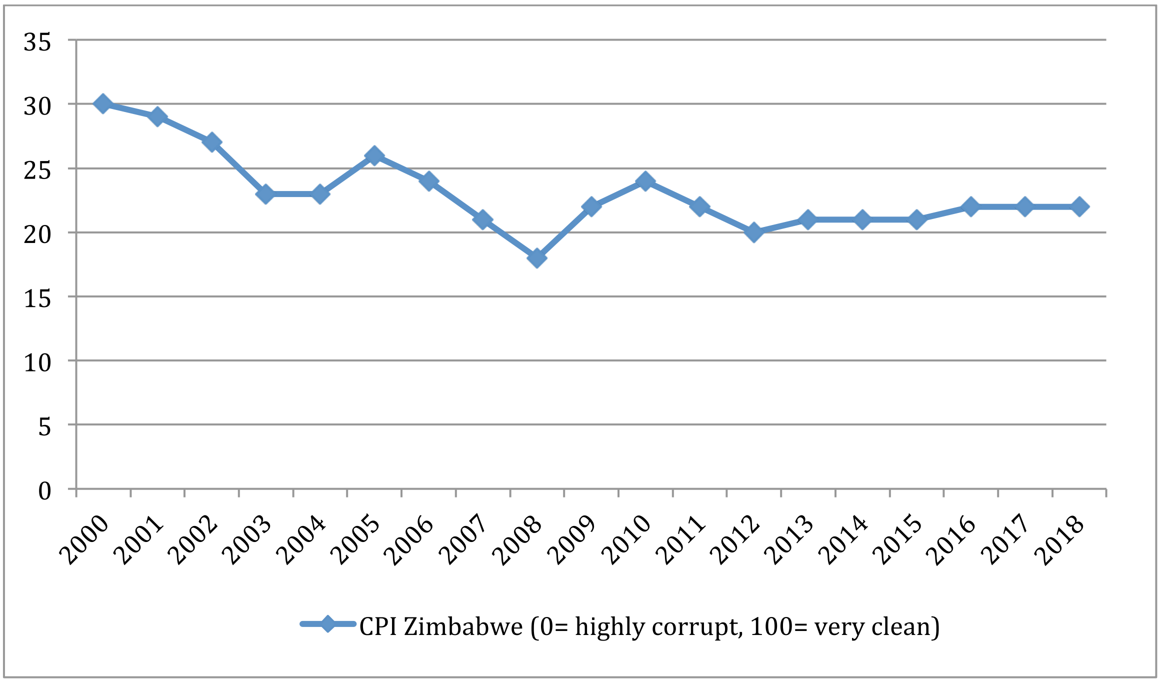
Figure 16: Freedom Score Zimbabwe (2001-2018)



Source: Freedom House, 2019

The CPI shows an increase in the perceived corruption in Zimbabwe. For the last 3 years this has stabilized. The increasing corruption could be a consequence of the Chinese engagement and the negative side effects, like illegal mineral extraction, coming with it.

Figure 17: Corruption Perceptions Index (CPI) Zimbabwe (2000-2018)



Source: Corruption Perceptions Index, 2018

5.3 Comparison of Chinese engagement in Ghana and Zimbabwe

The development of Ghana was strengthened by the Chinese engagement. The country was doing well and continues to do relatively well. The Chinese investments are quite evenly spread across economic sectors and the CPI is going up, while the Freedom Score is already comparable to some European countries.

Zimbabwe was not doing as good as Ghana and is continuing to do relatively badly. Also the Chinese investments are centered on the mineral and mining sector, which leads to the critique that China is only extracting resources instead of supporting economic development. However, Chinese investments may have adverted worse consequences for the economy. Without these investments the Zimbabwean economy would probably be even less developed and the energy deficit even higher. This could potentially explain Zimbabwean citizens' relative positive stance towards China.

Both countries experience negative side effects of the Chinese engagement. The Chinese presence has led to environmental and human rights problems. In Ghana the people respond to this by protests and critiques to urge the government into taking action. While the current institutions are not always able to fully prevent these negative side effects, the government tends to step up and tries to work on this. In Zimbabwe there are hardly any protests against the Chinese engagement and so far the government has been unable (or unwilling) to do something about the growing problems concerning Chinese investments and investors.

The Chinese engagement has also had political consequences in Zimbabwe, when the Mugabe regime started to use excessive violence on her people. However, Mugabe had used violent retaliations against opponents in the past and then China had done nothing to intervene. It is unclear to what extend the political consequences go for Ghana, as critics point out that it is highly unlikely that there are solely altruistic motives behind the Chinese engagement.

The engagement of China in Africa and its consequences is not uniform but depends to a large extent also on the characteristics of the specific African country one considers.

6. Conclusion

As shown, the Chinese engagement with the African continent dates back to decades ago and is still growing in importance and in absolute worth. In this paper I tried to find the intentions the Chinese have for Africa, since there is plenty of speculation and skepticism. By doing a comparative case study of Ghana and Zimbabwe I investigated the existing literature in order to answer the research question: "Does China's foreign trade policy differ for an authoritarian versus a democratic regime?".

My main findings are that in Ghana the political influence of China seems to be meager, besides economic interests, the democracy functions and does not let external factors interfere. The fact that Ghana has backed China in resolution 2758 is not only a defense of Chinese interests, but also of national interest for it strengthens the ties with China. Therefore it is hard to consider this a true political intervention by China.

In Zimbabwe there were possibilities for the Chinese to gain political influence; by backing Mugabe with army supplies and international support, China secured national interests and her trade position. This influence has been gained through the personal connection between China and former Zimbabwean leader Mugabe. China's foreign trade policy differs for an authoritarian versus a democratic regime in the way that in Zimbabwe China had the chance to establish all-round influence. Their trade policy with regard to Zimbabwe reflects this by having a political and business approach.

For Ghana China uses a business approach, creating little to no political opportunities, and so China will have a different kind of influence on the country. Different regimes, authoritarian and democratic, create different opportunities and China takes from there what she needs. In this way it is not necessarily a different trade policy for a different regime, but more a different trade policy for a different opportunity established by a certain regime.

In both cases China is doing both good and bad; there are significant economic benefits, but also scandals, corruption and environmental damage. This does not only depend on China's agenda, but also on the national institutions and whether or not they are capable of keep the negative side effects from happening. Hence we should not simply focus on the African countries as one when discussing China's rise and the effects.

The limits of this research were caused by the unreliability and the unavailability of data on Chinese loans, FDI and trade provided by the Chinese government. The data was also incomplete and deficit. Therefore I used the data collected by the Johns Hopkins University, China Africa Research Initiative.

Further research should be done on the situation of Zimbabwe when there is more data on the relation with China under the rule of the new Prime Minister Emmerson Mnangagwa. It will be interesting to see if he too keeps a good relationship with China, or that he turns back to the Western countries. It would also be intriguing to investigate whether or not China changes her foreign trade policy for a country when it goes from being stable to unstable or the other way around, for instance after a civil war or national conflict.

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