

Chinese State Capitalism? Rethinking the Role of the State and Business in Chinese Development Cooperation in Africa

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Summary. — The growing involvement of the Chinese state and business in Africa has generated significant debate about China's Africa strategy and the benefits for Africa's development. What is the nature of Chinese state capitalism in Africa? This study examines Chinese state–business relations and argues that China's involvement in Africa is more complex than often portrayed. It aims to build a closer understanding of the diverse factors that influence the Chinese state–business relations as it is implemented in Africa. This paper focuses on how state–business interactions influence agricultural development outcomes, using six case-studies from Zimbabwe and Mozambique. It explores the question of how far the state can control business and direct development by identifying the key relationships that influence the decision-making processes of state and business actors within China and its African engagement. The paper challenges the conventional wisdom of homogenized, unitary relations. It argues that these relations are, in practice, heterogeneous, as a result of the state being disaggregated into a multiplicity of provincial relations and central state agencies, and tensions arising between commercial market and political interests. The active role of African governments in agricultural schemes is also affecting outcomes. China's engagement is multivariate, involving a multiplicity of agencies, operating at different levels, structures, and processes with sometimes contrary interests and goals. The findings of an analysis of six state–business projects in the agricultural sectors of Zimbabwe and Mozambique suggest that where agriculture is concerned, a wide range of Chinese agencies are involved, with businesses being driven by either market forces or national state interests, which together make outcomes less open to generalization.

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1. INTRODUCTION

Are Chinese businesses part of a grand strategic plan of the Chinese government in Africa? Certainly, there is evidence that there is a strong link between China's domestic policy and its firms' outward investment behaviors. However, this link is unfolding in quite a distinctive and complicated way.

The Chinese state itself is changing, adapting both to globalization and the inexorable logic of its own market-oriented reforms. Consequently, contrary to the assumption of a strong, directive, collusive state, in the African context at least, many Chinese enterprises do not have much knowledge or understanding of the state's policies relating to “going global” and investing in Africa. This means there is no singular “state–business relationship” or form of Chinese state capitalism. Rather, there are multiple versions, depending on the origins of the business investor and the particular role of the provincial state. A picture emerges of a highly fragmented and often quite ambiguous political-economic framework for China's state–business relations in African agriculture. This results from the differing logics and often divergent interests driving the central government, the provinces and the business community, each with different stakes in African agriculture. This is compounded by a lack of strong and enduring forms of coordination across the wide array of governmental and corporate agencies.

This paper addresses issues related to the role of Chinese state and business in China–Africa agricultural cooperation. This role is highly controversial with the debate between those who see China's role as unequal, rapacious, and even colonial (e.g., Tull, 2006; Askouri, 2007; Clinton, 2011) and those who

see the relationship as one of mutual benefit (e.g., Asche & Schüller, 2008; Fantu & Cyril, 2010).

For critics, China is simply the latest in a long line of capricious, self-interested “benefactors”, whose presence undermines the domestic and export potential of local produces, distorts the local market, transfers little of substance to the local political economy in terms of knowledge or skills transfers, offers little in the way of meaningful employment and is restrictive—even abusive—in enclave silos protected by Chinese security service personnel, thereby limiting transparency and accountability. China's “soft loans” (i.e., weak on the conditionalities often associated with Western donor development assistance) are accused of allowing profligate African states to build up unsustainable levels of debt, retain weak financial, economic, and political governance and, in some instances, continue infringements of human and civil rights.

Proponents, however, argue that the evidence shows that China provides substantial, much-needed investment, particularly critical infrastructure capacity-building in transport and communications. Chinese firms bring technical and commercial know-how and widen market access. Projects get

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built on time, even ahead of time, without tiresome “strings” attached.

In this paper we argue that neither of these views stand up to any detailed scrutiny. By understanding the complex relationships between the state and different business operations, we explore how Chinese national state interests are reflected in China’s “development” role in Africa. We examine how Chinese state capitalism works through intimate state–business relations, with the government operating hand-in-hand with state-owned enterprises and, less overtly or directly, with the many Chinese private firms “going-out” to Africa. In the context of agricultural investments in two African countries, we explore how these relationships bring financial and practical infrastructural, production, trade, and investment benefits, as well as new challenges.

Chinese state–business relations are, we argue, key factors in explaining China’s engagement in Africa, but our understanding of the Chinese “state” and “business” sectors needs to move beyond simplistic portrayals. The Chinese state’s relationship with business is populated by a wide range of commercial, diplomatic, and financial interests operating at multiple levels of government. Similarly, there are diverse business organizations from State-Owned Enterprises to fully private firms. Both the state and business also have a local character, with diverse forms found in different parts of China, across its provinces. In other words, the core message is that there is not a single Chinese “state capitalism”, but many, and these are all playing out in Africa in different encounters, relationships, and negotiations.

This paper provides a closer understanding of this more complex landscape. It demonstrates the diversity of factors influencing Chinese state–business relations in the context of agricultural investments in Africa. It presents a more nuanced insight into Chinese “state capitalisms” as they play-out in this sector in Africa, with a focus on Zimbabwe and Mozambique.

Three key research questions are addressed:

1. What are the roles of the Chinese state and business actors in their engagement in Africa?
2. How, and to what extent, are Chinese businesses in Africa regulated and constrained by the Chinese central state and influenced by provincial states?
3. What are the implications of local level encounters in terms of shaping and influencing the ways in which Chinese state–business led development operates in practice?

The paper is based on work carried out in 2012–14, and involved in-depth case study work in Mozambique and Zimbabwe, involving both Chinese and African researchers, combined with key informant interviews with business representatives and government officials in China. Fieldwork was complemented by a review of documentary material on Chinese policy, as well as particular interventions.

2. CHINESE STATE CAPITALISM IN AFRICA

China’s role in Africa has proven to be highly controversial and the character of Chinese state capitalism in Africa has generated a great deal of interest and debate (e.g., Taylor, 2009; Brautigam, 2009; see Scoones, Amanor, Favareto, & Qi, 2013; Scoones, Cabral, & Tugendhat, 2013; Amanor & Chichava, 2016). Increasingly, however, there is more recognition of the diversity, disaggregation, and lack of coordination

between China’s state and business organizations both within China and as part of African involvement.

At the same time, the focus has departed slowly from perceiving Africa as passive recipient, emphasizing the active role of African governments in negotiating development investment (Mohan & Lampert, 2013; Scoones, Amanor, *et al.*, 2013; Scoones, Cabral, & Tugendhat, 2013); a move contextualized by the African Union’s new vision and strategy, *Agenda 2063*. As the ECA argues in relation to the BRICS countries, “The continent also needs to be assertive when negotiating, and to pursue all areas of cooperation to stimulate production and entrepreneurial development (ECA, 2013, pp. 3–4).”

The widespread portrait of China’s state–business relations in Africa is of state-directed, collusive behavior. This is said to be most evident in Chinese SOEs acquiring the critical resources needed to sustain China’s economic growth and in Chinese manufacturers taking advantage of lower cost labor to supply burgeoning consumer demand. In this perspective, the Chinese state’s role in Africa is to use a wide range of diplomatic instruments and substantial state finance to facilitate the access and operations of Chinese business. However, in practice the story is more complex. The Chinese state’s economic strategic priorities retain institutional influence on Chinese business, but, in practice, Chinese firms have substantial agency, and negotiate different opportunities within Africa, depending on local contexts.

The Chinese state’s role *vis-a-vis* Chinese business in Africa is, undoubtedly, substantial; but it is contextual, rather than directive in character. There are four principal dimensions. *Firstly*, the state’s policy framework provides the context, authority, and legitimacy for Chinese firms to go to Africa. Here the key policies are the “Africa Policy” and “Going-global” policy.¹ *Secondly*, the state has established a strong, dedicated, inter-locking institutional network of agencies at home to support Chinese firms “going out” to Africa. Together these provide not only robust practical support for businesses, but also offer demonstrable evidence of long-term commitment and policy durability. *Thirdly*, the Chinese state has engaged in unprecedented economic diplomacy in Africa. This has two aspects: multilateral (pan-African) and bilateral (state-to-state) diplomacy. The former is driven through the FOCAC framework, a dialog and institutionalized process for cooperation established in 2000. The latter is driven by extensive tours of African states by Chinese state and party officials and bilateral cooperation agreements on everything ranging from loans, guarantees, and technical assistance to cultural exchanges and educational scholarships. *Fourthly*, Chinese business also benefits from the warmer relations generated by the Chinese state’s wider political diplomacy evident in South–South Dialogue and Cooperation and in the United Nations. China has presented itself as a leading voice of the developing world, critical of traditional donors (Amanor & Chichava, 2016).

The Chinese government has introduced a series of policies and supporting measures to encourage firms to explore and invest in Africa. These include 11 Chinese investment and trade promotion centers established in African countries intended to provide information and ancillary services for Chinese firms. Major Chinese policy banks such as the China Development Bank and the China Export and Import Bank and commercial banks such as the Chinese Construction Bank and Chinese Industry and Commerce Bank have established operations across Africa (Gu, 2011). In 2009, the then Premier Wen Jiabao stated that: “We should hasten the implementation of our ‘going out’ strategy and combine the utilisation of foreign exchange reserves with the ‘going out’ of our enter-

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