The Beijing Consensus and the New Silk Road in Africa: Chinese investments in new disputes of hegemony

O Consenso de Pequim e a Nova Rota da Seda na África: investimentos chineses em novas disputas de hegemonia

El Consenso de Pekín y la Nueva Ruta de la Seda en África: inversiones chinas en nuevas disputas de hegemonía

Lucas Gualberto do Nascimento*

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Abstract

This paper will analyze, through several bibliographic sources, such as governmental and academic reports, the development of Sino-African relations mainly in the sphere of influence of the Forum on China-Africa Cooperation (FOCAC); and of Belt and Road Initiative (BRI), also known as the New Silk Road.

Keywords: Chinese foreign policy. Sino-African relations. Belt and Road Initiative.
The Beijing Consensus: disputes of hegemony

From a critical geopolitics perspective, the current changes of hegemony in the international system are not essentially a dispute for supremacy between the United States and China. Hegemony, in the perspective of critical geopolitics, can be considered a development of new consensus. According to Agnew (2005, p. 57), in a Gramscian perspective of hegemony in geopolitics, the norms and principles that regulate world politics act as an element of convincing, in a relation based on attraction and coercion. Therefore, the exercise of power is not only ascribed to economic, political or military power, but is part of a geopolitical idea of international order. The Chinese ideals of harmonic progress and interdependence create incentives towards an international order with a greater presence of multilateralism, with multipolar characteristics that are promoted as more advantageous towards developing countries. This strategy as a foreign policy tool aims to be a convincing method as a “counter-hegemonic” geopolitical discourse, a form of resistance against a so-called non-equitable international system, in which developing countries must seek more relevant roles (BRITO, 2018, p. 80).

Although the Chinese state rejects this term, some scholars are defining its international development approach as the Beijing Consensus, as it is the Chinese model – that is, the terms in which the Chinese influence in the international order is going to be pursued - for economic growth with political principles of non-interference and self-determination (QASEM; DONGEN; RIDDER, 2011, p. 2). According to Ramo (2004, p. 11-12), the Beijing Consensus is based on the following terms: 1) Innovation-based development; 2) Economic success not only measured by GDP per capita, but by the extent of its sustainability; and 3) Self-determination for China and other countries, not ruled by the United States’ understanding of development. These terms are defined within a rejection of the Washington Consensus, a set of liberal norms recommended by the United States towards developing countries since the 1980’s. As a model for development and international order, the Beijing Consensus has a great presence in the discourse on Sino-African relations, and its terms are going to be further analyzed.

Innovation-based development

The terms of the Beijing Consensus are being presented to the African continent as the Chinese state offers its own development model as an example. Regarding innovation, China is currently the second largest investor in research and development (R&D) worldwide, having surpassed the European Union in recent years.

In addition, other important indicators of an innovation-based development are: applications for the registration of patents, and the level of technological qualification of its population, especially the group known as STEM (Science, Technology, Engineering, and Mathematics). Figures 2 and 3 below demonstrate results similar to figure 1; that is, the states that invest the most in R&D are the ones with the highest number of patents, as well as those with the highest level of technological qualification.
Figure 1 - Gross national R&D expenditures, in billions of dollars, from 1996 to 2013.

* The seven largest budgets for technological innovation highlight the astonishing Chinese growth in the first decade of the twenty-first century. Such a massive investment indicates China’s intention in participating in the international technological competition. Source: American Institute of Physics, 2016.

Figure 2 - The ten most recurrent applications for patent registration by country in 2014

* The seven largest investors are among those who own more registration applications. The level of Chinese technological productivity is also highlighted, being the first country in requests for registrations, when it is becoming the second largest investor in technological innovation. Source: World Intellectual Property Organization (WIPO), 2016, p. 23.
Measures of economic success

Regarding the economic success terms promoted by the Beijing Consensus, there is a rejection of the GDP measurement as the sole indicator of development. The Chinese policies are regarded as “people-focused”, due to their development rates measured by quality of life and human development, not minimizing development concepts in only economic growth (QASEM; DONGEN; RIDDER, 2011, p. 3). Therefore, despite the fact that the Chinese state indeed pursues a higher gross domestic product in promotion of its development model, it also promotes other results that are not as evident, such as the fast rise of its Human Development Index (HDI) throughout the last three decades, as figure 4 illustrates.

However, even though there is indeed a strong growth when it comes to Chinese life quality indexes, there are rising levels of inequality as well, which must be controlled by the People’s Republic of China (PRC) government if there is an interest to promote the Chinese development model internationally. According to Ning Jizhe, head of the National Bureau of Statistics (NBS), the Gini coefficient of China remained above 0.4 in 2017, which is classified by the United Nations as an inequality alert line (PEOPLE’S DAILY ONLINE, 2018).

Figure 3 - Projection of the percentage of graduates in the STEM group among the OECD and G20 countries in 2030

* There is a Chinese and Indian dominance of the graduates in technological areas, responsible for R&D research, intellectual property development, and the establishment of new technological standards.
Source: Organization for Economic Cooperation and Development (OECD), 2015
Self-determination

The third and last element that composes the Beijing Consensus is the idea of self-determination, which is often accompanied by the principle of non-interference when conducting foreign policy. According to this principle, “China emphasizes the need for developing countries to actively seek independence from outside pressure” (QASEM; DONGEN; RIDDER, 2011, p. 3), especially regarding the previous principles known as the Washington Consensus. According to Williamson (1990), the Washington Consensus is based on ten principles: 1) Fiscal discipline; 2) Reordering public subsidies; 3) Tax reforms; 4) Liberalization of interest rates; 5) Competitive exchange rates; 6) Trade liberalization; 7) Liberalization of Foreign Direct Investment (FDI); 8) Generalized privatization; 9) Deregulation; 10) Protection of property rights.

In fact, the Chinese development model does not reject the previous principles entirely, but adapts them for its own interests. In general, only the principles of privatization and deregulation are not respected by the Beijing Consensus developmental approach, since the “state-directed capitalism” (HALPER, 2012, p. 103), in direct contrast with privatization principles, is seen as an advantage both by the Chinese authorities and its African allies, as there are less or no conditionality imposed by the Chinese when conducting business development overseas. As Halper affirms,

China’s political system provides a further commercial advantage over rivals in the United States, Europe, and Japan. Liberal democracies must deal with powerful domestic interest groups in business and the legislature. The absence of domestic political obstacles enables Chinese companies and government
actors to forge agreements much more rapidly than their Western counterparts. (HALPER, 2012, p. 104)

After the exposition of the three elements that compose the Beijing Consensus as a new development model, section 2 further analyzes how these ideas are shaping Sino-African cooperation, especially the Forum on China-Africa Cooperation (FOCAC) and the Belt and Road Initiative (BRI) infrastructure initiative in the continent. These initiatives are based on the same principles of the Beijing Consensus: technological development; economic measurements beyond GDP; and the respect for the principles of non-interference in domestic politics of other states.

The FOCAC and the OBOR in Africa: new forms of consensus

The generation of consensus in Africa, such as the Forum on China-Africa Cooperation (FOCAC), brings elements of Chinese foreign policy in ways of convincing. This forum had its 18th anniversary in 2018, as well as its third summit. Taking place in Beijing, it has been considered as a landmark in Sino-African relations, as all African United Nations’ member-states have recognized the People’s Republic of China (PRC) as the legitimate Chinese state, except for the state of Eswatini, former Swaziland (BLANCHARD, 2018).

The Beijing Declaration, document of the FOCAC summit held in 2018, is another element of the Chinese consensus principles for the region. In a position opposed to what is considered as a post-colonial imposition, the members of the forum signed not to impose policy conditionalities on their cooperation agreements, in a dual commitment both to respect the one-China principle, and the so-called “national conditions” of African countries (FOCAC, 2018).

The principles of mutual benefit, also expressed as “win-win”, and cooperation driven by non-conditionality fit the African needs to expand economic growth - without the restraints required by Western countries - are elements that favor the intensification of Sino-African development cooperation. The African continent is receiving important investments in the coming decades, as China pledged US$60 billion for the next three years. This is a significant sum, as it is estimated by the African Development Bank that the African continent needs US$130 to US$170 billion worth of infrastructure annually (RYDER, 2018).

Figure 5 - Types of financing as consequences of the 2018 FOCAC Summit

<table>
<thead>
<tr>
<th>Type of financing</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit lines</td>
<td>$20 billion</td>
</tr>
<tr>
<td>Aid &amp; Interest-free loans</td>
<td>15</td>
</tr>
<tr>
<td>Development financing</td>
<td>10</td>
</tr>
<tr>
<td>Investments</td>
<td>10</td>
</tr>
<tr>
<td>Financing imports</td>
<td>5</td>
</tr>
</tbody>
</table>

* As a result of the last FOCAC Summit, in 2018, the Chinese government announced US$60 billion as financing to African countries, especially for projects supported by the Belt and Road Initiative (BRI).
Source: DAFIR, 2018
The FOCAC initiatives are synergistically connected to BRI projects in Africa, promoting the ideals of technology development, new measures of economic success – the so-called “people-to-people” economic development -, and non-interference, along with the “win-win” cooperation proposals. Therefore, both initiatives contain the main principles of the Beijing Consensus as strategic guidelines, and a complement between the Chinese development discourse and its initiatives being promoted.

Nevertheless, such an extensive infrastructure project among emerging countries raises consequences on international politics, especially questions regarding negative impacts – and skepticism about “win-win” terms - along with challenges that may come throughout its development. The Chinese financing policies to Africa are being accused of “debt trap” (SHABAN, 2018), even though external debt-GDP rates of African states are lower than their European counterparts (RYDER, 2018), and even neocolonialism (TIEZZI, 2018). Gascón (2018) emphasizes that high levels of bilateral debt may cause economic dependency in the future, and that Chinese financing in Africa still suffers from lack of transparency, as follows:

The beneficiary African countries – which accumulate a debt higher than 100 billion dollars to China – could be compromised for generations and even be obligated to cede to the Asian giant part of the infrastructures and projects built with Yuans. [...] This secrecy, which is common on Chinese commercial operations in countries generally lacking of democracy as Africans, raises suspicions about the loan conditions, and brings fear that some leaders may have mortgaged their countries in exchange of acceding fast money that is needed to survive and to be presented with popularity in elections.

However, Eom (2016) affirms that there are scarce evidences that Chinese loans aim at natural resources, defending that Chinese interests are focused on establishing the One China policy – it is, the non-recognition of Taiwan as a sovereign state – and on connective infrastructure, communications and power.

In addition, African leaders are defending mostly two aspects of financing China-Africa development cooperation: lower interest rates compared to Western counterparts; and shorter average waits. According to Nigerian president Muhammadu Buhari, during the 2018 FOCAC,

Let me use this opportunity to address and dispel insinuations about a so-called Chinese ‘debt trap’. These vital infrastructure projects being funded are perfectly in line with Nigeria’s Economic Recovery & Growth Plan. Some of the debts, it must be noted, are self-liquidating. Nigeria is fully able to repay all the loans as and when due, in keeping with our policy of fiscal prudence and sound housekeeping. (SHABAN, 2018)

Firstly, as the more African countries are being classified as “middle-income”, the harder it is for them to receive low-interest financing from institutions, such as the World Bank. Therefore, countries as Nigeria, Côte d’Ivoire and Kenya tend to perceive Chinese financing as positive, due to lower repayment rates (RYDER, 2018). In the case of financing in Ghana and Democratic Republic of Congo (DRC), repayments were made in exports, called as “resource-secured”: the Bui Dam, paid with 6% of Ghanaian cocoa exports throughout 20 years; and extensive infrastructure projects in DRC, mainly transportation and power grids, financed by the profits from a Sino-Congolese mining joint-venture (BRAUTIGAM, 2013, p. 212-213).

Second, still according to Ryder (2018), one of the greatest advantages that African lea-
ders seek among Chinese development cooperation is the dynamism that Chinese loans provide towards financing projects in this continent. Non-Chinese loans to Africa have an average wait of nine years, even when there is an environmental commitment, such as in Rwanda and Ethiopia. Therefore, Chinese loans are seen as preferable as the viability and return of the projects are prioritized, occasionally being approved in two years.

Within the African demands expressed by its leaders and the African participation throughout FOCAC summits, the BRI stands out as an agglutinating element of infrastructure needs between China and Africa. China’s proposals on infrastructure investment in Africa are based on the expectation of an exponential growth rate of Sino-African trade, which were expanding at rates of fifteen to twenty percent a year until the end of this decade (FOXMANN, 2013). Thus, to support the growth of such a steady trade, the Chinese trade partnership project with Africa is based on the establishment of twelve ports, designated as Strategic Maritime Distribution Centers (SMDC), according to the map below.

Figure 6 - The Strategic Maritime Distribution Centers (SMDC) of the BRI

![Map describing the Chinese strategy for the insertion of the African continent into the BRI, from strategic distribution centers established in the Indian and Atlantic Oceans. Part of the 21st Century Maritime Silk Road, it can be observed how they also articulate with ports in South and Central America, forming a network of intensifying trade between emerging countries. Source: EYLER, 2014.](image-url)
These seven ports located along the Indian, the Atlantic, and the Mediterranean Sea were strategically selected to promote the Chinese development model in Africa through trade. This section of the so-called 21st Century Maritime Silk Road is located close to large population centers, which provide a reasonable distribution network of goods being imported and exported. Thus, such investment in infrastructure is sustaining the growth of Sino-African trade, which reached US$ 385 billion in 2015, representing three quarters of the Chinese trade with the European Union (FOX-MAN, 2013; SUN; RETTIG, 2014).

Next, figure 7 illustrates key factors of the SMDCs of the Maritime Silk Road, such as population and GDP per capita, crucial elements to analyze the strategic importance of these locations to the expansion of Sino-African trade.

Figure 7 - The strategic African ports of the 21st Century Maritime Silk Road

<table>
<thead>
<tr>
<th>Population</th>
<th>GDP (USDm)</th>
<th>Per Capita GDP</th>
<th>Africa GDP Rank</th>
<th>Deep Water Port</th>
</tr>
</thead>
<tbody>
<tr>
<td>Djibouti</td>
<td>792,168</td>
<td>1.46</td>
<td>1839.26</td>
<td>45</td>
</tr>
<tr>
<td>Tanzania</td>
<td>44,929,002</td>
<td>34.24</td>
<td>762.05</td>
<td>13</td>
</tr>
<tr>
<td>Mozambique</td>
<td>24,096,669</td>
<td>15.33</td>
<td>636.15</td>
<td>19</td>
</tr>
<tr>
<td>Gabon</td>
<td>1,640,286</td>
<td>19.23</td>
<td>1172.35</td>
<td>18</td>
</tr>
<tr>
<td>Ghana</td>
<td>25,199,609</td>
<td>44.22</td>
<td>1754.91</td>
<td>12</td>
</tr>
<tr>
<td>Senegal</td>
<td>13,301,410</td>
<td>15.57</td>
<td>1170.85</td>
<td>21</td>
</tr>
<tr>
<td>Tunisia</td>
<td>10,335,873</td>
<td>47.44</td>
<td>4377.96</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: World Bank

* It emphasizes the size of the population centers combined, with more than 120 million people, as well as their largely-populated neighbors. As middle-income countries with economic potential, they are crucial to further growth of the Sino-African trade. Source: EYLER, 2014
As a complement to the SMDCs, a land distribution network is being developed, improving physical integration among African countries, facilitating trade intra-Africa and exports, and bringing new levels of cooperation into the BRI. The infrastructure agreements reached as a result of FOCAC and BRI are representative of a technologic-based development alongside the exercise of the concept of “win-win” cooperation, due to the African needs for infrastructure and the Chinese needs of emerging markets. Figure 8 illustrates the land infrastructure projects tied to the SMDCs, the land sector complementary to the Maritime Silk Road.

Figure 8 - Map of the African continent highlighting the SMDC ports with their land railway ramifications

There are projects aiming at connecting both African coasts through railways, as it is visible from the Dar Es Salaam-Lobito railroad. The colored countries are members of the Asian Infrastructure & Investment Bank (AIIB), an important alternative for further infrastructure financing. Source: BREUER, 2017, p. 3
Through the construction and expansion of ports and infrastructure along the African coastline as a part of the BRI, as well as the promotion of new levels of trade with the countries that are active in the activities of FOCAC, the terms of the Beijing Consensus take part as a guideline offered to African countries as a development pathway. The three main aspects of the Chinese development model—technological development, economic measurement beyond growth, and non-interference in domestic politics—take part in the contemporary Sino-African relations, as the Chinese state promotes its idea of development as a model for emergent countries.

Conclusions

This paper intended to analyze the concept of the Beijing Consensus as a development framework of the Chinese foreign policy, especially towards Sino-African relations. Based on the principle of hegemony as the capability of shaping new kinds of norms and consensus of an international order, the Chinese development model is being sought by African countries with relative success.

Through the economic cooperation measures implemented by the Forum on China-Africa Cooperation (FOCAC) and the infrastructure projects that are part of the BRI, new kinds of consensus are being structured in Africa, and they are applying the three aspects that define the Beijing Consensus: a) technological development, through infrastructure construction; b) economic growth measured by other means rather than only GDP, improving development sustainability with external debt rates below the size of national economies; and c) preserving the principles of non-intervention and self-determination of the African partners, not looking after regime changes in their domestic politics.

However, there are challenges that still have to be solved for the complete establishment of this consensus. Ryder (2018) highlights that, even though most of the critics towards BRI projects in Africa are coming from non-Africans, especially neocolonialist accusations coming from European countries, the Chinese loans conditions need to be improved, as they still require the strategy known as “tying”, which is the necessity of the participation of a Chinese company for the approval of the loan contracts. In addition, more sources of financing are needed, as the African continent annual demands on infrastructure are more than the double of the value coming from Chinese investment. Moreover, there are concerns about higher levels of transparency regarding the content and terms of such loans, especially in South Africa (GASCÓN, 2018).

The contemporary Sino-African relations are the best example of the application methods of the Beijing Consensus, and these measures have been very attractive to developing countries so far. It is a success of a Chinese foreign policy, which seeks to promote China as one of the leaders of an international order marked by multipolarity and the intent of establishing new norms that shape international relations. As long as Western powers do not seem eager to fulfill the large demands of emergent countries, it is difficult to predict competition against the Chinese model in terms of development cooperation.

References


