Roundtable Discussion: Chinese Engagement in Africa: Perspectives from India

Convenor: Veda Vaidyanathan

Chair: Amb. Nalin Surie

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Nehru Memorial Museum and Library Seminar Room

A round of opening remarks were made by the Chair, Amb. Nalin Surie, Shakti Sinha, Director, NMML and Amb. Ashok Kantha, Director, ICS following which, the researchers made their presentation. Lead researcher, Dr. Veda Vaidyanathan, provided detailed explanations for why the study focused on Chinese infrastructure projects in Tanzania and Kenya, where the researchers conducted interviews of a wide range of stakeholders including government agencies, Chinese contractors and local businesses. These included the scale of economic relations both countries possess with China - it is the largest trading partner for both - and their subscription to China's Belt and Road Initiative (BRI). Mr. Jumanne Gomera presented the results of statistical tests which suggested a negative relationship between China's construction activities on the African continent and levels of industrialisation and intra-regional trade. A number of participants provided their feedback on the suitability of a statistical analysis.

The researchers elaborated on the findings that were generated from analysing 6 case studies of Chinese infrastructure projects in Kenya and Tanzania. These included one from Kenya, namely the Standard Gauge Railway (SGR), and five in Tanzania consisting of the port constructions at Dar es Salaam and Bagamoyo; the Zanzibar Airport; the National Information and Communications Technology Backbone (NICTBB) and; the Mtwara gas pipeline. The cases of the SGR and the ports, in particular, brought out the fact that Chinese contractors operating in Africa tend to have deep pockets and plan for long term profits, often at the expense of immediate revenues. That they, nonetheless, remain sensitive to changes in the costs of capital was emphasised by the participants during the discussion. Dr. Vaidyanathan emphasised that the conduct of Chinese contractors working on the two ports varied substantially since the Dar es Salaam port was funded by the World Bank, whose procedures mandate the application of strict international standards. The case of the Zanzibar port, dubbed by the researchers as an ‘expensive mistake,’ revealed the costs that planning errors on the part of Chinese contractors and consultants had generated for Tanzania.

With respect to the issue of technology transfer, the case of the NICTBB revealed that construction was taking place without provisions ensuring that local stakeholders would be capable of operating the telecom infrastructure. Finally, the case of the Mtwara gas pipeline highlighted how conflicting interests within recipient countries are accounted for by Chinese infrastructure suppliers.

Overall, the researchers found that local perceptions towards the Chinese were favourable despite certain trappings such as technology transfer, debt and cultural disparities. Locals often felt that China’s overtures were more welcome than those of the West, laying bare lingering anti colonial sentiments. The researchers also emphasised that African stakeholders considered it their own responsibility to negotiate better deals with Chinese infrastructure providers.

In his suggestions to the researchers, Amb. Nalin Surie recommended a greater focus on the positives associated with Chinese endeavours in Africa. He noted that many of the challenges identified were duly addressed during the 2018 Forum on China-Africa Cooperation (FOCAC) and that all 54 countries on the continent approach standards varyingly, making generalisations difficult. Other suggestions included evaluating learning curves of Chinese construction companies on the continent, import facilitation, alternative funding sources and how infrastructure is used.

It was noted during the discussion that China’s domestic macroeconomic conditions will have significantly large bearings on it's infrastructure engagement with Africa. Specifically, China’s ongoing economic slowdown will compel a withdrawal from Africa in a bid to preserve a focus on Asia, which is an indispensable region for China. One participant suggested tracking the business decisions of Chinese insurance companies to evaluate how whether lending is being extended rationally.

The issue of standard-setting recurred throughout the discussion. The participants concurred that a major norm setting process is underway with respect to infrastructure in developing countries and in Africa in particular. It was highlighted that there is a heightened sense among developed countries that the aid standards set by the Organisation for Economic Cooperation and Development (OECD) have become antiquated and are in dire need of simplification. This realisation was said to have been inspired directly by China’s forays into the African infrastructure market.

India’s potential role on the continent was also examined, with the researchers emphasising that although India enjoys significant goodwill in her relation with African countries, the resources and political will have been relatively lacking, with extended Lines of Credit going unused. India has had better success when it comes to human resource development of African countries - it is known, for example, that African workers are trained in Dehradun by Tata.

Even so, the participants flagged the need for India to cultivate better modes of financing to reduce costs of capital for African recipients.

The event was concluded with closing remarks from Dr. Sanjay Pulipaka, Senior Fellow, NMML, who commended the research team for their work, emphasising the difficulties that researchers face in pursuing their chosen methodologies. He concurred with the chair in suggesting that the report should contain policy recommendations in addition to conclusions.

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