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Dragon's Dividend or Debt Trap? The Implications of China's FDI in Africa for African States

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ABSTRACT: The paper examines the increasing influence of China's foreign direct investment (FDI) in Africa since the early 2000s, analysing its implications for both recipient African nations and traditional Western donors. It discusses the motivations behind China's investments, including resource acquisition and strategic policy objectives, while acknowledging a growing focus on market size. The paper also explores the diverse impacts of Chinese FDI on Africa's development, presenting mixed opinions on its effectiveness in fostering economic growth, infrastructure, and industrialisation, alongside concerns regarding debt sustainability and environmental degradation. Finally, it highlights the competition between China and Western powers for influence in Africa, suggesting that this dynamic offer African nations increased leverage to pursue their own development paths.

KEYWORDS: Foreign Direct Investment, Aid, Dependency, Debt Sustainability, Resource Depletion

INTRODUCTION

One of the most significant developments in the world of international investment since the early 2000s, particularly following the start of the global financial crisis, has been the increase in Chinese outbound direct investment (Liang, 2019). The amount of foreign direct investment that left China rose from less than US$3 billion in 2003 to around US$200 billion in 2016, propelled by both proactive company strategy and robust government assistance. Outflows have shown novel structural features and have been propelled by several important emergent drivers in recent years (Liang, 2019). Specifically, in developed countries, cross-border mergers and acquisitions have emerged as a successful way to get strategic assets, such as well-known brands and cutting-edge technology.

In addition to helping Chinese businesses advance up the value chain and become more globally competitive, such cross-border mergers and acquisitions have also been crucial to the general restructuring and modernization of the Chinese economy. Large-scale capital outflows have, nonetheless, also raised hazards and raised issues with the policy. Chinese investment and financing in infrastructure sectors and productive capacities in other developing nations were to rise with the launch of the Belt and Road Initiative, contributing to increased global connectivity, economic growth, and a major boost to globalization.

Over the past two decades, China's economic footprint in Africa has expanded with unprecedented speed and scale. What began as a trickle of trade and technical cooperation has transformed into a flood of multi-billion-dollar foreign direct investment (FDI), reshaping roads, ports, power grids and politics. As traditional Western donors scramble to reassess their roles on the continent, China's ‘no-strings-attached’ investment model is hailed by some as a catalyst for development and criticized by others as a new form of dependency cloaked in diplomacy.

This paper critically examines the implications of China’s FDI in Africa for both the recipient states and the traditional donor community. It asks: To what extent is Chinese FDI contributing to Africa’s development, and how is it reconfiguring the global aid and investment landscape? While African governments increasingly leverage Chinese capital to meet urgent infrastructure needs, concerns over debt sustainability, weak local linkages, and environmental degradation persist. At the same time, Western donors, long accustomed to setting the development agenda, now face a rival paradigm that challenges their norms, conditionalities, and influence.

Situating the analysis within the broader context of global power shifts, this paper draws on recent data, policy reports, and scholarly perspectives to unpack the dual-edged nature of China’s FDI strategy. It argues that while Chinese investment presents undeniable opportunities for African growth, it also surfaces new governance dilemmas and strategic calculations—both for recipient states and for the broader donor ecosystem. Ultimately, this inquiry contributes to ongoing debates around South-South cooperation, development sovereignty, and the future of aid effectiveness in a multipolar world.

Trends in Global FDI Flows

Foreign direct investment refers to direct investment equity flows in an economy. It is the sum of equity capital, reinvestment of earnings, and other capital (World Bank, 2005). Direct investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy. Ownership of 10 per cent or more of the ordinary shares of voting stock is the criterion for determining the existence of a direct investment relationship.

Recent trends in foreign direct investment (FDI) have had varied impacts on developing economies, initially marked by significant growth and integration, but more recently by slowdowns and increasing volatility (Gestrin, 2016). Between 2005 and 2014, FDI flows to non-OECD countries more than doubled in absolute terms. Since 2012, non-OECD countries have accounted for more than 50% of the global total FDI, a significant increase from 35% in 2005. In 2014, non-G20 emerging economies received USD 350 billion (44%), G20 emerging economies (excluding China) received over USD 150 billion (20%), and China received around USD 300 billion (36%) of flows to all developing countries (Evenett & Fritz, 2016).

A significant slowdown or reversal of inward investment flows in 2015 led emerging markets to adopt more cautious and less welcoming approaches towards foreign investors and capital, as evidenced by growing foreign currency-based restrictions and scepticism regarding investor-state dispute settlement mechanisms. Despite these challenges, foreign direct investment is seen as an important mechanism for mobilising capital, technology, skills, and market access necessary for sustainable growth and development, especially for financing the Sustainable Development Goals (SDGs).

This trend has persisted especially after the COVID-19 pandemic. Global FDI flows were up by 1% in 2024, to USD485 billion, but fell by 9% when excluding large fluctuations from selected European economies (OECD, 2025). Over half of OECD economies saw lower inflows, particularly in EU countries. FDI flows to G20 non-OECD economies also dropped by 30%. The People's Republic of China saw a continued decline for the third consecutive year. The United States, Luxembourg and Canada were the top three FDI destinations worldwide in 2024 (UNCTAD, 2025). Cross-border M&A activity is recovering slowly from a decade-low, with advanced economies showing more resilience than emerging markets. Greenfield investment in 2024 shows weak momentum. Although project counts rose slightly by 2%, overall capital spending dropped by 6% (UNCTAD, 2025).

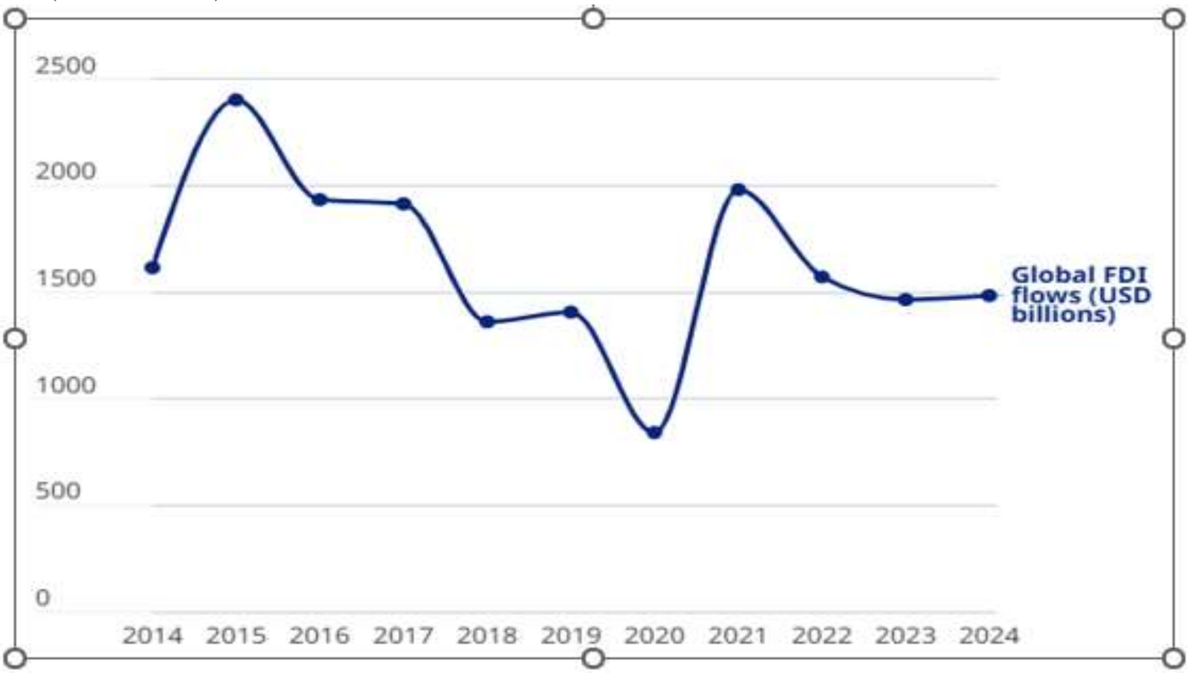

Figure 1: Global FDI Flows
Source: OECD (2025)

Figure 1 shows the trend in global FDI flows from 2014 to 2024, according to OECD report. From a high of nearly USD2.5 trillion in 2015, investments fell in 2020, obviously attributable to COVID 19 lockdowns. After a strong rebound in 2021, global foreign direct investment (FDI) fell by 12% in 2022 and by a further 2% in 2023 to $1.3 trillion. The decline was felt mostly in developed economies, where FDI fell by 37% to $378 billion. But flows to developing countries grew by 4% – albeit unevenly, with a few large emerging countries attracting most of the investment while flows to the least developed countries declined (UNCTAD, 2024).

Outflows from non-OECD countries also saw a dramatic increase, quadrupling between 2005 and 2014 from USD112 billion to USD 443 billion, while OECD country outflows declined. Figure 2 shows a comparatively lower FDI flows into the African region over the period. This 'redistribution' of FDI towards emerging markets has been beneficial, as it has allowed them to play a counter-cyclical role in maintaining international investment levels during slumps. It has also led to a more even distribution of the benefits associated with international investment, integrating economies at various development levels into global value chains. This rebalancing has also contributed to a convergence of views on international investment rulemaking.

Figure 2: Global FDI flows over the last 30 years by region and economy 1990-2023
Source: UNCTAD World Investment Report (2024).

China's Share of Global FDI

In terms of total capital invested, China remains the most significant FDI contributor to Africa. During the 2014 – 2018 period, China invested funds of more than $72 billion in Africa, creating more than 137,000 jobs (AFR-IX telecom, 2021). Apart from China, other significant FDI contributors to Africa are the United States, France, and the United Kingdom. The top five African FDI recipient countries between the period of 2011 to 2020 are Egypt ($56.2 billion), Nigeria ($45.1 billion), South Africa ($43.1 billion), Mozambique ($37.17 billion) and Ghana ($32.5 billion) (World Bank, 2021).

FDI outflows from G20 non-OECD economies dropped by 25% in 2024 (OECD, 2025). The most significant declines were recorded in China and, to a lesser extent the Russian Federation, likely reflecting reduced new investment activity and, in the case of China, changes in intra-company loans. Brazil also reported lower FDI outflows, as foreign affiliates increased lending to their Brazilian parents. In 2024, the United States (USD 299 billion), Japan (USD 204 billion) and China (172 billion) were the major sources of FDI outflows worldwide.

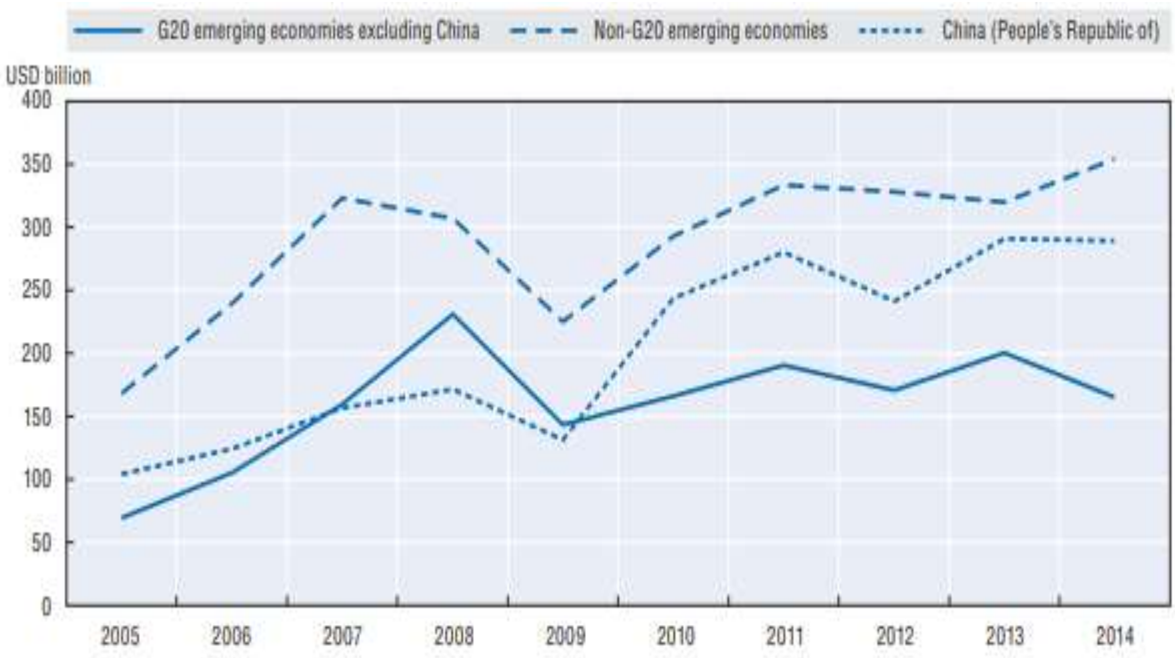

Figure 3. Breakdown of foreign direct investment inflows to emerging economies
Source: OECD (2016), OECD International Direct Investment Statistics (database), http://dx.doi.org/10.1787/bmd4-data-en

Among emerging economies, China has stayed on top of the chart since 2005 as shown in Figure 3. This indicates how China has remained an increasingly attractive destination for investment over the period. This corresponds to Chinese outward FDI that had saw a sharp increase from 2005 compared to the years before as shown in Figure 4.

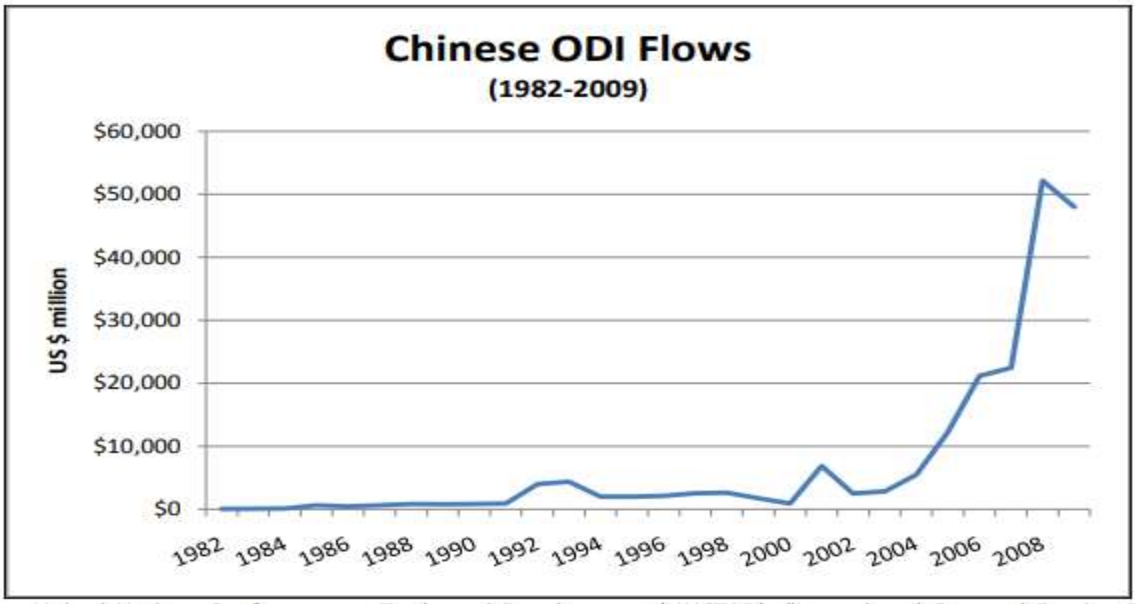

Figure 4: Chinese ODI Flows (1982-2009)
Source: UNCTAD, "Inward and Outward Foreign Direct Investment Flows, Annual," UNCTADStat Database.
http://unctadstat.unctad.org

Chinese annual FDI flows to Africa have increased steadily since 2003 but remain modest compared to China's FDI in other regions. In 2023, China's FDI in Africa reached US$3.96 billion, up from US$75 million two decades earlier. Flows peaked in 2008 at US$5.5 billion, driven by the Industrial and Commercial Bank of China's (ICBC) acquisition of a 20% stake in Standard Bank of South Africa. As shown in the chart below, U.S. FDI flows to Africa in 2023 (US$7.79 billion) exceeded those of China. The top five African destinations for Chinese FDI that year were Niger, South Africa, Angola, Morocco, and the Republic of Congo. For U.S. investment, the main destinations were Egypt, South Africa, and Nigeria. However, it's worth noting that over half of U.S. FDI flows were not disclosed in detail.

Since China initiated its 'go global' policy that promotes its overseas investment, China's Outward Foreign Direct Investment (OFDI) has increased dramatically, reaching $55.9 billion in 2008 (Wei, 2010). In terms of aid, Chinese global foreign aid expenditures increased steadily from 2003 to 2015, rising from US$631 million in 2003 to US$3.14 billion in 2015 (Global Development Policy Center, 2025). However, spending dropped in 2016 following a recalibration of China's foreign aid strategy in Africa. Nevertheless, expenditures have since rebounded, reaching a new high of US$3.46 billion in 2024. Between 2013 and 2018, 45% of China's foreign aid went to Africa (Global Development Policy Center, 2025).

Motivations for China's FDI in Africa

Many studies attribute China's motives to invest in Africa to natural resource access. This may be true because, China's FDI is reflected in resource-focused investment. In Africa especially, China's FDI is closely linked to trade and development assistance and is dominated by a few resource-rich countries such as Nigeria, South Africa, Sudan, Algeria, and Zambia (Shan et al., 2018; African Development Bank, 2011; Kolstad & Wiig, 2011). Most Chinese enterprises investing in strategic sectors like oil, minerals, or infrastructure are state-owned and receive government backing (African Development Bank, 2011).

From 2003 to 2007, over half of Chinese FDI flows into Africa were absorbed by three countries: Nigeria (20.2%), South Africa (19.8%) and Sudan (12.3%) as shown in Figure 5. Algeria (oil) and Zambia (minerals) came 4th and 5th, respectively. FDI to Nigeria has risen according to the Financial Times publication, and China National Offshore Oil Company (CNOOC), a State-owned enterprise and one of the three major energy players in China, is negotiating the acquisition of rights to 1/6th of Nigeria's oil reserves.

Chinese FDI in Africa and its natural resource focus continue to be a subject of scholarly investigation. Specifically, between 2003 and 2006, Chinese FDI is drawn to countries rich in natural resources, particularly petroleum, and, notably, to those with weaker institutional environments and higher levels of corruption (Kolstad and Wiig, 2011). Research also compares Chinese investment to other foreign investments in Africa, suggesting that the patterns are not significantly different, implying that exploiting resources and weak institutions is a common investment strategy in the region. Chinese FDI predominantly flows to African countries with large natural resource endowments, except for South Africa (Busse, Erdogan, & Mühlen, 2016). Chinese FDI is influenced by strategic national policy objectives, such as the 'Going Global Policy' and the 'Forum on China-Africa Cooperation' (FOCAC), leading to large and long-term investments (Busse, Erdogan, & Mühlen, 2016).

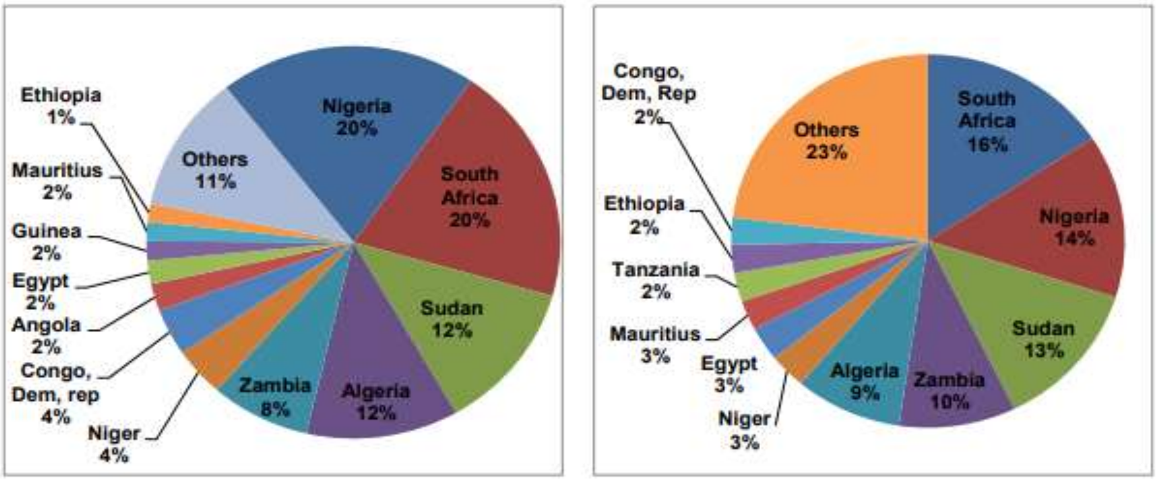

Figure 5: China's FDI flows into Africa by destination (2003-2007) and FDI stocks in Africa by location (2007)
Source: China Ministry of Commerce, 2008

Contrary to the idea that the major pull factor of Chinese FDI is natural resources, other scholars found that market size is a significant pull factor for Chinese investment, whereas natural resources do not play a significant role (Shan et al., 2018). Furthermore, different institutional factors have varied effects, with voice and accountability positively influencing FDI, while political stability and regulatory quality surprisingly show a negative correlation, and rule of law and control of corruption are not significant factors (Shan et al., 2018). Chinese investors, perhaps due to their experience with domestic institutional environments, maybe more comfortable operating in less regulated or politically volatile settings, and that political ties can mitigate perceived risks.

Again, the argument that Chinese investments are attracted to natural resource wealth, should is not limited to China but more so Western investments. This challenges the narrative that China is solely focused on resource extraction in Africa. Contrary to popular belief, China's share of the stock of foreign direct investment (FDI) in Africa was about 3% as of 2012. While this figure is growing rapidly, it remains relatively small compared to Western investments (Chen, Dollar, & Tang, 2018). Chinese ODI is profit-driven and responsive to the economic fundamentals of host countries. What is interesting is that, unlike Western investors who prefer countries with strong property rights and the rule of law, Chinese investments are indifferent to these governance measures. As a result, China's share of investment is higher in countries with weaker governance (Chen, Dollar, & Tang, 2018). Also, Chinese ODI is positively correlated with the market size of host countries, indicating a market-seeking motive. This correlation is stronger when host countries face higher international trade costs.

Other studies that used panel data on authorized Chinese FDI to 49 countries from 1984 to 2001 also discovered that while natural resources (calculated as the proportion of ores and metals exports in total item exports) are negligible in the whole sample, more Chinese investment flows to nations with weak institutions (as shown by a political risk score) (Buckley et al., 2007). This finding indicates that institutions are only important from 1992 to 2001. Chinese FDI is heavily drawn to natural resources during this time. This implies that these factors have gained significance in the years since Deng Xiaoping's 1992 South China Tour, when reform took place although Chinese FDI is drawn to nations with other factors (Buckley et al., 2007).

Also significant is that China directs its investments to Africa for the purposes of spreading the Chinese model of development. Increasingly, Chinese foreign direct investment projects are leaving their mark on African communities, serving as a symbol of the China model of growth for people who live near them. China's economic engagement has significantly influenced Africa's development trajectory and economic diversification, presenting both opportunities and challenges. While China has served as a development model for Africa and an alternative source of trade and finance from traditional partners, the impact has been diverse, depending on each country's sectoral composition and governance. Indeed, FDI from Chinese firms shapes individual-level perceptions of China's approach to development in Africa (McCauley, Pearson, and Wang, 2022). Chinese FDI decreases respondents' perceptions of China's model of development as the best model for their country. Respondents living near manufacturing projects view infrastructure development as a positive contribution from China while those living near resource-related projects express concerns about Chinese land grabs and job threats (McCauley, Pearson, and Wang, 2022).

Historically, however, infrastructure remains one of the first sectors for Chinese investment in Africa. China has provided significant financial commitments for infrastructure projects, including hydroelectric power projects, road and railway networks, and information and communications infrastructure. Major beneficiaries include Nigeria, Angola, Sudan, and Ethiopia. In essence, China's engagement offers significant investment in infrastructure and access to affordable goods, while simultaneously raising concerns about de-industrialization, over-specialization in raw materials, and governance challenges in certain sectors.

Impact of China's FDI in Africa

The literature presents mixed opinions on the impact of China's FDI in Africa with some authors arguing strongly that African states have seen notable development while other scholars see no significant impact. Data from 48 African countries across various regions was analyzed to assess the impact of China's trade and foreign direct investment (FDI) on Africa's participation in global value chains (GVCs) and economic upgrading (Cudjoe, Hi and Hu, 2023). The findings suggest that both China's trade and FDI have a positive effect on Africa's involvement in GVCs and its economic upgrading. This suggests that increased economic engagement with China can facilitate Africa's integration into global markets and enhance its economic development.

While the initial impact of China-Africa trade is positive, its marginal benefits decrease when compared to trade relationships with the US and EU (Cudjoe, Hi and Hu, 2023). This also indicates that diversification of trade partnerships may yield more substantial benefits for Africa's GVC participation and economic advancement. This finding is pioneering in empirically exploring the effects of China's FDI and trade on Africa's GVC integration and economic upgrading. It uniquely examines these effects from both backward and forward GVC participation perspectives and contrasts them with the impacts of economic cooperation with the EU and the US.

Another related argument is that China's economic engagement with Africa, encompassing trade, foreign direct investment (FDI), and aid, has had varied and specific influences on Africa's economic growth (Busse, Erdogan, & Mühlen, 2016). Generally, from the data (1991 and 2010) analysed, FDI flows from China (and the rest of the world) do not appear to play a major significant role in explaining African countries' economic development in the baseline regressions. However, there is some evidence that Chinese FDI could promote growth, but these may take time to materialise (Busse, Erdogan, & Mühlen, 2016), as seen when lagged FDI variables are used in robustness checks. If the contention that African countries with a stronger rule of law tend to benefit more from Chinese FDI, then it aligns with the understanding that investment increases growth more effectively in countries with high institutional quality.

Overall, the actual volume of Chinese FDI to Africa, while growing rapidly, remains relatively small compared to total FDI inflows into Africa and African GDP. The insignificant results regarding FDI's impact on growth may point to an insufficient FDI environment in African countries, where most foreign investment have been resource-seeking with few linkages to other sectors of the economy (Brusse et al., 2016). It has equally been concluded that an increase in Chinese FDI stock significantly boosts Africa's Gross Domestic Product (GDP) growth, establishing a unidirectional causal link where China's FDI influences Africa's GDP growth (Doku et al., 2017). Furthermore, while Chinese FDI offers benefits like lower consumer goods prices and infrastructure development, it also presents challenges, such as increased competition for local African industries (Doku et al., 2017). These findings offer policy recommendations to facilitate further Chinese investment, aiming to maximise its developmental impact on the continent.

The roles of Chinese Foreign Direct Investment (FDI) and China–Africa trade, with a particular focus on how institutional quality within African countries mediates these effects continue to enjoy research focus. While the direct impacts of Chinese FDI and trade might be inconclusive, a stronger institutional environment significantly enhances the positive growth effects of both Chinese FDI and China–Africa trade (Miao et al., 2020). This suggests that improved governance and regulatory frameworks are crucial for African countries to fully benefit from these economic partnerships. On the other hand, weak institutional frameworks derail the potential positive impact of China's FDI.

The pessimism associated with China's FDI in Africa has been dismissed by some scholars (Donou-Adonsou, & Lim, 2018; Zhang, 2021). For instance, Chinese FDI contributes to income growth in African countries but the impact of U.S. and German investments on income growth is more pronounced (Donou-Adonsou, & Lim, 2018). A similar positive assessment of Chinese foreign direct investment (C-FDI) argues it has a more substantial positive impact on African economies compared to FDI from Western traditional investors (Zhang, 2021). Specifically, C-FDI significantly boosts exports and accelerates industrialization in host countries. A distinctive feature of C-FDI is its focus on large-scale infrastructure projects. These investments not only contribute directly to economic growth but also enhance the host country's capacity to attract and effectively utilize foreign capital (Zhang, 2021). Chinese investments also play a pivotal role in improving the absorptive capacity of African nations. By enhancing infrastructure and industrial capabilities, C-FDI enables these countries to better assimilate and benefit from foreign technologies and investments.

While African public opinion generally views Chinese investments positively, Western perspectives often express scepticism. This divergence underscores the need to understand the unique dynamics and impacts of South-South FDI. Studies have challenged conventional narratives by highlighting the distinct and often more beneficial effects of South-South FDI, particularly from China, on African economies (Zhang, 2021). The emphasis on infrastructure and industrial development sets C-FDI apart, suggesting that such investments can be instrumental in driving sustainable economic growth in developing nations.

A case study of Kenya examines the impact of China's investments in Africa and found that China's investment and trade presence in Kenya surged during the period, especially in sectors like infrastructure — roads, hydropower, ports (e.g., the Lamu port) — and manufacturing (Ombaba et al., 2012). This marks China's strategic push into Africa's economic landscape. Major Chinese-funded projects include hydropower plants, Chinese loans to the tune of USD 16 million for road development and plans for the multi-billion-dollar Lamu Port and the LAPSSET transport corridor. The study held that Chinese investments helped transfer technology and business know-how to Kenya, enhancing its capacity for infrastructure and manufacturing. These contributed to economic growth, new jobs, and improved connectivity, which supports commerce and trade.

Scepticism over possible debt overhangs and dependency of Kenya and other African countries on China remains, but China's investments have boosted infrastructure, tech, and growth. The downsides like debt sensitivity, unfair competition for local industries, and weak governance frameworks require strategic African leadership and smart foreign policy.

Chinese FDI to Africa: a Competition to the West?

China's ascent is seen as a threat to the US's global dominance. Although the concept of China's inevitable economic and military development and the loss of power for the US is founded on faulty assumptions, China is the only country capable of threatening US status in Africa. Despite the comparatively lesser Chinese FDI into Africa, the surge in the outflows appears to threaten traditional investors. Chinese FDI contributes to income growth in African countries but the impact of U.S. and German investments on income growth is more pronounced (Donou-Adonsou, & Lim, 2018). Evidence suggests that Chinese investment may crowd out U.S. investment in Africa, while France appears to be in direct competition with China for investment opportunities in Africa, rather than being crowded out. The increasing demand for resources by China's growing economy intensifies its competition with the U.S. in African markets. This indicates a competitive dynamic between China and other countries.

In terms of trade and investment dominance, China has long surpassed Washington as Africa's largest trading partner and investor, with the US playing catch-up economically. In 2019, China's total import and export volume with Africa was $206.8 billion, significantly higher than the US total trade with Africa, which stood at $56.9 billion (Wang, 2020). China's FDI stock in Africa grew from $2.5 billion in 2006 to nearly $50 billion by 2019, with yearly FDI flow increasing from $500 million to $3 billion. In contrast, American FDI stock in Africa, while reaching $54.8 billion in 2010, declined steadily to $49 billion by 2019 (Wang, 2020). Figure 6 shows China's investment dominance over the US from 2013 to 2021 but 2023 records indicate a sudden rise of the US outward FDI flows to Africa.

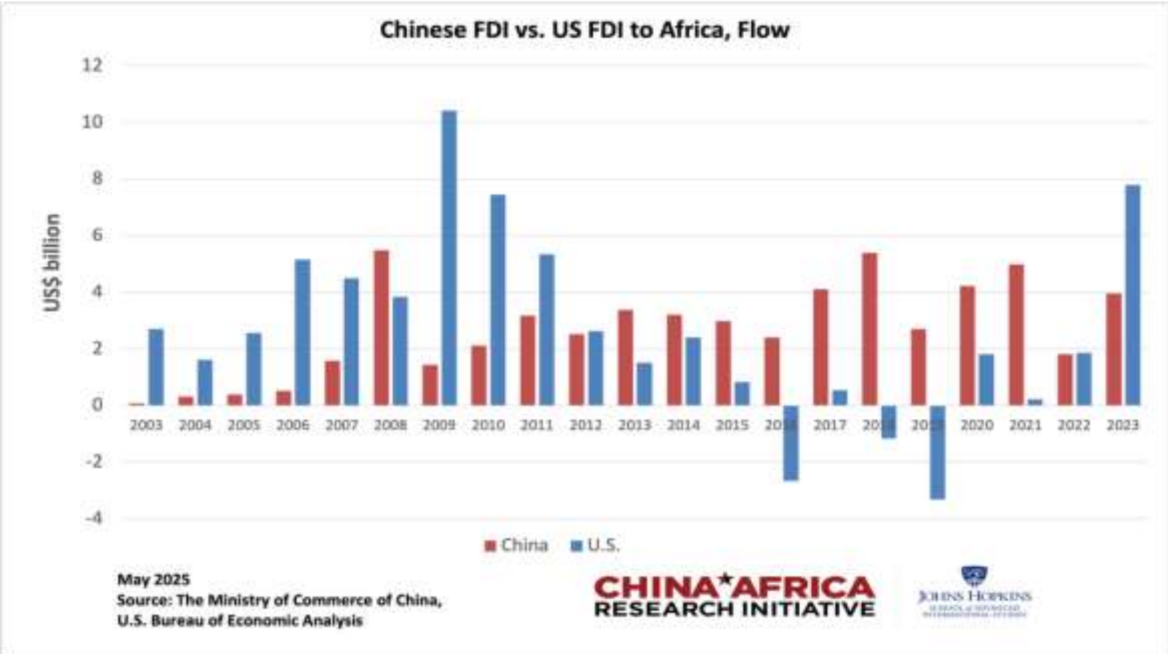

Figure 6: Chinese FDI vs. US FDI to Africa, Flow
Source: China African Research Initiative

China's investment in Africa prioritises construction, mining, finance, and manufacturing, with these sectors accounting for 65 per cent of its total investment. US investment is heavily concentrated in Africa's extractive industries, with mining alone making up 60 per cent. Competition may grow in these extractive industries where both are heavily invested. The question is whether this seeming competition benefits Africa in any way or whether there should be cooperation among the big power investors for Africa to better benefit. China's second Africa policy paper explicitly welcomes tripartite and multilateral cooperation for Africa's peace, stability, and development, based on the "Africa-proposed, Africa-agreed and Africa-led" principle.

African Strategic Ambiguity refers to the complex dynamic of the US-China relationship on the African continent, characterised by a mix of both competition and cooperation (Lohalo et al., 2022). Despite their political, economic, and commercial interests often leading to conflict and competition, the United States and China also identify and engage in areas for cooperation in Africa. This dual nature explains why their competition in Africa is described as "overall moderate" (Lohalo et al., 2022)

Studies compared Chinese and Western approaches to foreign direct investment (FDI) and aid, highlighting the historical preference of African nations for Western engagement despite often unsatisfactory results (Nnajiofor, 2020). China has become an attractive alternative due to its non-interference policy and significant investment in much-needed infrastructure projects at competitive prices and delivery times. Furthermore, common criticisms against Chinese investments, such as resource exploitation and hiring practices, often contrasts with similar or worse actions by Western entities. Ultimately, China offers a viable and important source of FDI for African economies, especially given the limitations of traditional Western aid and investment models (Nnajiofor, 2020).

Another ideological competition is China's believe that development should precede democracy and that rigid Western standards may not apply to Africa, often sharing its own success story and experiences in reform, development, and governance. The US, however, considers economic growth and social progress unsustainable without individual liberty and the rule of law. Key differences exist in their political ideologies, with China focusing on government efficiency and development-oriented governance, while the US emphasises democratic procedure and the rule of law. China adheres to sovereign equality and non-interference, whereas the US prioritises human rights over sovereign rights and believes armed interventions are sometimes necessary.

A comparison of the divergent developmental models of China and the European Union (EU) and how these profoundly impact African nations reveals interesting outcomes. The European approach, rooted in the Washington Consensus, emphasizes universality and proposes policy and institutional reforms based on Western experiences, norms, and values (Ahrens & Kalkschmied, 2021). Traditionally, European cooperation has been driven by the desire to fight poverty and underdevelopment, often assuming particular responsibilities due to colonial pasts. More recently, concerns over migration, political instabilities, international terrorism, climate change, and economic opportunities have shaped European engagement. Despite recent efforts to redesign approaches towards genuine partnerships (e.g., Germany's Marshall Plan with Africa, the EU's

Comprehensive Strategy with Africa), the fundamental traits of donor-recipient relationships persist, reflecting European interests rather than African needs (Ahrens & Kalkschmied, 2021).

China's approach on the other hand, often associated with the Beijing Consensus, offers a pragmatic and self-interested alternative, focusing heavily on infrastructure projects and economic cooperation. China invests heavily in infrastructure, such as roads and railways, which reduces trade costs and helps African countries develop domestic industries and integrate into global markets. This is central to China's Belt and Road Initiative (BRI), in which 42 out of 54 African countries participate. China is Africa's largest bilateral trader and provider of loans, significantly increasing trade flows, loans, and foreign direct investment (FDI) over the last two decades (Ahrens & Kalkschmied, 2021). Loans primarily fund transportation, power, and mining projects.

China's development model then serves as competition for the Europe at different fronts. The Chinese "one-step-at-a-time" strategy, combined with pragmatism and short-term orientation, allows for faster implementation and continuous success experiences, enhancing credibility and acceptance in African countries. Europe on the flipside expects African partners to adhere to and implement Western interpretations of human rights, democracy, and the rule of law as preconditions for partnerships. Aid allocation, trade arrangements, and technical support are subject to these conditionalities. This often requires African authorities to act against their interests to meet European institutional standards. This has disincentivise EU-Africa cooperation in recent years to the advantage of China (Ahrens & Kalkschmied, 2021)

Implications for African States

Africa can leverage the competition between Europe and China to pursue its self-determined development path by utilising its increased bargaining position and seeking more favourable partnerships. China's growing presence in Africa necessitates Europe and the West to reconsider their developmental partnership approaches. This rivalry allows African countries to have a perceived choice between alternative trade and development partners and their respective models, thereby increasing Africa's leverage in negotiations. African countries can potentially gain more advantageous terms for trade, aid, and loans by having multiple 'suitors.' China's success in Africa serves as a 'wake-up call' for European authorities and governments. This competition might compel Europe to seriously rethink its development cooperation strategies and explicitly account for African interests and needs.

The prevailing narratives surrounding a contemporary 'new scramble for Africa' by various global powers has been critiqued (Ayers (2013). Much of the discourse is built upon problematic claims, particularly regarding the scale and perceived threat of emerging economies' involvement (like China's) while downplaying or ignoring the historical and ongoing exploitative role of Western nations (Ayers (2013). Instead of focusing solely on inter-state rivalry, understanding this 'new scramble' within the broader context of neoliberal capitalism's spatial reorganisation and intensified processes of primitive accumulation is far important. This involves a critical examination of the competition for Africa's natural resources (oil, gas, minerals, land, forests, marine and genetic resources) and markets, leading to a 'new militarisation' of the continent (Ayers (2013). Ultimately, Africa remains integrated into the global economy on a subordinate, neocolonial basis, with these new dynamics intensifying existing patterns of exploitation rather than fundamentally restructuring them for the continent's benefit.

Others argue that this contemporary scramble, driven by neo-imperialist global strategies and modern globalization imperatives, involves new powerful actors such as the United States, Russia, China, and India, alongside traditional European powers and oil-rich nations (Nwachukwu & Ogundiwin, 2020). They highlight the 'quick-loot-fast-plunder' ideology of this new exploitation, which is further exacerbated by internal African leadership deficits and a lack of regional capacity to resist external predation. Without intervention, this ongoing scramble risks consolidating Africa's marginalisation and cultural irrelevance, potentially leading to its recolonisation. Africa states can be wiser in their alignment and negotiations to escape the counterfactual predictions.

What appears different from the European approach is the shifting landscape of economic cooperation between China and African nations. China's increasing influence in Africa, with specific focus on its intensive extraction of natural resources reveals a shift from previous colonial patterns to mutually beneficial 'resources for infrastructure' deals (Merem et al., 2021). This transition away from traditional colonial exploitation toward a more balanced model of reciprocal exchange facilitates the extraction of raw materials in return for essential development projects. This approach suggests a unique geopolitical framework that prioritises mutual gain over one-sided dominance. Consequently, modern Sino-African relations are redefining global standards for resource management and industrial growth.

The profound ecological and economic impacts of these activities, including deforestation, biodiversity loss, and increased debt burdens for African nations is well documented. In 2012 for example, over 540,000 tons of rosewood, equivalent to 6 million trees, were illegally harvested and imported into China from Ghana, despite bans (Merem et al., 2021). This resulted in Ghana losing an estimated $10 billion over six years. The influx of Chinese citizens in Ghana for gold rushes has amplified ecological degradation, including the loss of woodlands. China became the largest export market for timber from the Congo Basin between 2001 and 2015. African states must recognise the ecological impacts of these investments and negotiate agreements such that the investments do not create new and exacerbating climate and health problems for its people.

Finally, the African Strategic Ambiguity dynamic, for instance, allows for a flexible engagement by African states, as the competition between China and the West is not consistently aggressive across all sectors or countries. The principal categorisation of US-China interests into hard-core (politics, economics, security), soft-core (ideology, humanitarian, development), and global common interests helps to understand why their relationship can vary from intense competition to cooperation depending on the specific country or issue at hand. This 'strategic ambiguity' in Africa may appear to contradict the core assumptions of the realist school of thought in international relations. However, the observed 'mix of conflictual and convergent interests' in Africa indicates a more nuanced relationship than a pure zero-sum competition (Lohalo et al., 2022). It remains Africa's chance to counter this strategic ambiguity and leverage the seeming competition between China and the West in the FDI environment.

CONCLUSION

In this paper, I examine how African nations often enter bilateral deals with China, referred to as resources for infrastructure swaps, providing an opening for China's presence. While these are seen as a path to local growth, there is widespread scepticism regarding their exploitative nature and impacts on resource stock and ecosystem viability. China's avid craving for minerals leads to deals for lucrative bauxite and oil/gas reserves, luring African countries into these transactions. The allure of short-term economic gains from China's presence, even at the cost of widespread environmental impacts, has been a characteristic of the fiscal policies in some African nations.

China's pragmatic, self-interested cooperation with Africa, focused on infrastructure projects, has gained significant momentum over the past two decades. Chinese investments have successfully improved infrastructure and increased industrial capacity. This engagement has also created jobs in Africa and contributed to economic growth rates that are above the world average. Africa can continue to benefit from these tangible outcomes, such as better infrastructure, reduced trade costs and enabling domestic industries and markets to integrate into world markets, opening new development and trade opportunities.

However, African countries must navigate the associated risks, such as potential debt defaults, concerns over labour rights and environmental standards, and the threat of Chinese manufactured goods blocking domestic industrialisation. Leaders like Thabo Mbeki have warned that a relationship based solely on raw material exports and manufactured goods imports could lead to Africa's underdevelopment. By highlighting the risks of Sino-African relations (e.g., debt, resource exploitation, lack of human rights adherence), African countries can strengthen the argument for a renewed strategic partnership with Europe that genuinely addresses African priorities.

For Africa to achieve a self-determined development path, African actors must be in the driver's seat. The seeming competition between China and traditional investors from the West sets the stage for Africa leaders to rise to the occasion. African transformation must emerge from within Africa, not from donors' missions or European defensive reactions. African countries can foster an environment where they have a real choice among development partners, rather than being dictated by external agendas. This competition may encourage the formation of multilateral development alliances involving African, European, American, and potentially other Asian powers (like India), offering a true alternative to sole reliance on Chinese pragmatism and short-term financial incentives.

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