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SCHOOL OF ECONOMICS

Politics and Trade in Africa: Does Sino-African Trade and Investment Significantly influence Africa's United Nations General Assembly Voting Behaviour?

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## ABSTRACT

This paper is concerned with the political consequences of China's rapidly growing economic engagement in Africa. Whilst there has been much debate regarding the economic impact of China, few studies have been concerned with the foreign policy consequences of Sino-Africa trade relations. Using a panel of ten Sub-Saharan countries, this paper builds on the theoretical understanding of dependency theory, to explore the relationship between economic dependence and political alignment in the United Nations General Assembly (UN General Assembly). This research seeks to provide an understanding of whether states that rely heavily on China's export market are more likely to converge with China on foreign policy decisions. Acknowledging that convergence of votes with China will have implications for the United States, particularly in light of consistent foreign policy divergence between China and the US, this paper evaluates whether changes in trade relations with the US or US aid disbursements have a negative effect on voting alignment with China. The research includes two specific time periods, 1971-2011 and 2000-2011, which isolates the effect of China's rapid emergence in the global economy and Africa in particular. Statistical analysis of the data prior to 2000 yields less convincing evidence of the relationship between export dependence and foreign policy convergence in the UN General Assembly. However, in the period thereafter, both export dependence on China and FDI from China have come to hold explanatory power in convergence of trade relations with voting convergence.

Is China knowingly or unknowingly creating a level of export dependence as a way of bolstering support in the multilateral arena? Using ordinary least squares and fixed effects this paper finds evidence that greater trade in terms of exports to China promotes foreign policy convergence amongst SSA countries. Remarkably, this is not limited to oil resource exporting countries. This study finds evidence of greater foreign policy convergence with China compared to the US. Regarding the source of influence, the results suggest that export dependence alone does not significantly influence voting correlation in the UN General Assembly. Instead, influence is determined by a combination of factors including economic assistance, investment and China's high level diplomacy which has in part formed the basis of its soft power.

The data reveals that whilst significant political influence has accompanied China's meteoric rise, the degree of influence in terms of "buying" support in the UN General Assembly varies considerably across SSA countries. This research therefore captures the complexity of China's influence on the African continent.

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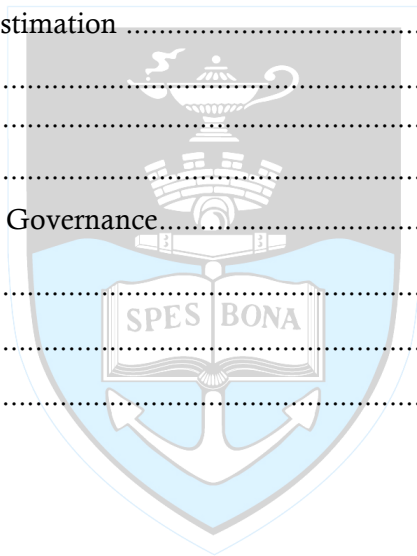
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# 1. Overview

China's pursuit of influence in Africa has sparked intense debate over China's motives and intentions, and has placed Africa in the centre of geopolitical competition for resources. Trade and investment between China and Africa has increased significantly over recent years, particularly in Sub-Saharan Africa (SSA). Chinese imports of oil from Angola and Sudan and copper from Zambia are examples of China's interest in Africa's resources. A positive consequence of this trend is the opportunities for Africa to reduce its marginalization from the global economy and to harness the influx of financial resources to promote poverty-reducing economic development.

This paper looks at various pillars of China's ascendancy on the African continent, and modalities of its increased engagement including aid, foreign direct investment (FDI), security and trade. In particular, it looks at Africa's trade with China to determine whether African countries demonstrate preferential treatment of China in trade agreements and in voting patterns in the international arena. This question flows from the fact that China has actively pursued relations with African Governments to pursue a multitude of objectives, including access to foreign markets, access to resources and political influence. Recognising the complexity of these objectives, this paper is concerned specifically with China's increasingly emanant economic and political relations as an avenue to secure access to their vast resources, as well as to garner support for its policies in the international arena.

Between 2004 and 2011, China's dealings with African countries are said to have concentrated on seven resource-rich countries and reaching unprecedented levels, recorded as having a total volume of nearly 14 billion USD. (Sun, 2014) Although resources, in particular oil and mineral resources, represents one of the major motivations for China's ascendancy into Africa, this is but one. Nevertheless it represents one of the major objectives of China's move into Africa, and despite the fact that much of the trade of oil with African countries like Angola goes to the world market as opposed to being destined for China, access to oil security merely represents a way to bolster power. The post-Maoist era gave rise to a foreign policy, which emphasised China's economic development and modernisation as the primary objective. (Mohan & Power, 2008) From this perspective oil was, and will continue to be, a key concern for China in light of the expected increase in oil consumption by 153 percent from 2002 to 2025. (Mohan & Power, 2008)

China has become Africa's leading trading partner, particularly in oil which accounts for one-third of its imports. (Shinn 2013) China has in turn made massive infrastructure investments to

secure the concessions of African governments, including projects such as schools, hospitals, roads, railways, ports and airports, which ultimately contribute positively to Africa's growth and development.

Important consideration should be given to the fact that China's interests in Africa are not only commercially motivated, but are also motivated by diplomacy. It is well known that China seeks support from allies in the UN General Assembly Security Council and Human Rights Council. Mohan and Power (2008) support the idea that tied to China's resource diplomacy are various forms of 'soft power,' which helps to garner support for China's regional and international geopolitical aims.

Insofar as China's involvement in Africa has had both economic and political ramifications, the issue remains whether or not its political influence will escalate, as trade relations continue to rise and as China's development strategy evolves. More importantly, it is necessary to understand what this means for African development going forward. In this light, this paper identifies trends in governance indicators, including government effectiveness and rule of law pertaining to SSA countries.

The paper presents a multi-regional analysis of political and economic relations between Africa and China, with a focus on key oil and mineral exporting SSA countries. The countries included in the study are the, Sudan and Uganda in the East, Ghana and Nigeria in the west; and South Africa, Zambia, Angola and Mozambique in Southern Africa. The rationale for selecting these countries is based on the fact that these countries are of immense strategic significance to China as sources of oil and minerals, their rapidly growing trade relations with China, and their resultant potential for achieving geo-strategic influence. These countries therefore have strategic political and economic significance for China.

Mozambique is of particular interest due to the fact that, to date, China has developed relations with oil/mineral rich countries like Angola and Zambia, therefore, given Mozambique's recent discovery of natural gas it is interesting to analyse the commencement of trade relations between the two countries. In the case of Mozambique many resources have not yet been fully exploited and more recently, there has been Chinese interest in the exploitation of Mozambique's coal reserves. Chinese companies have made inroads into the Moatize and Mucanha-Vuzi coal mines in Tete province, and trade between China and Mozambique has also accelerated rapidly during recent years. In 2010, trade increased by 42%, despite Mozambique being ranked fourth in terms of China's main trading amongst Lusophone countries. (Kabemba, 2012)

This research topic is of increasing importance, particularly in light of China's economic strategy reforms away from export-led growth and resource-driven industrialisation towards a more

domestic-consumption, knowledge-based growth model. Africa's reliance on commodity exports means that such policy decisions made by the Chinese government will have impacts on Africa's growth path. Simultaneously, this transition has geopolitical ramifications, as it might be seen as an opportunity for the US to not only regain influence in African trade and to re-affirm its interest in Africa's oil and mineral resources, but also as a policy goal to serve US national security interests. In this light, this paper analyses China's rising economic importance and political influence in the United Nations General Assembly (UN General Assembly) and the consequences this will have for US hegemony and global power.

In order to assess China's influence on Africa's UN General Assembly voting behaviour, this paper looks at the export dependence of SSA countries on China, and the subsequent impact on voting behaviour in the UN General Assembly. Furthermore, given that the US typically ties its aid provisions to voting alignment at the UN General Assembly, this paper measures the impact that US aid has on UN General Assembly voting patterns within SSA countries. As the US and China have historically exhibited a low voting affinity in the UN General Assembly, it is possible to determine the relative influence of these countries in African countries that are economically dependent on China and the US according to voting patterns.

The objective of this paper is twofold; firstly, it seeks to contribute towards an understanding of Africa's development strategy in the context of the political and economic impact of the emergence of China in the global sphere. Secondly, it seeks to provide insight into the political implications of Africa's reliance on energy commodities for future sustainable growth and development.

This paper looks at how a country's UN General Assembly voting alignment with China varies with export dependence on China. Specifically, this paper asks; does dependence on China as an export market significantly influence voting alignment with China in the UN General Assembly? In answering this question, this paper looks at whether voting alignment with China varies with export dependence on the US. Ultimately, this paper achieves the abovementioned objectives by building on the following hypotheses;

*Hypothesis 1:* Countries that have a higher level of export dependence on China are more likely to exhibit foreign policy convergence with China in the UN General Assembly.

Apriori, the expectation is that a higher level of exports to China will significantly influence Africa's voting convergence with China in the UNGA. In determining the influence of China on African countries voting patterns in the UN General Assembly however, reliance on export dependence as a determinant of voting alignment with China is not sufficient enough to provide a complete answer to the research question. Having acknowledged this, the paper includes

China's FDI in African countries as a determinant of political alignment in the UN General Assembly. This provides a fuller understanding of the impact of FDI and Aid relationships on voting convergence. This leads to the second hypothesis, that due to the hybrid nature of China's economic engagement in Africa, it is necessary to incorporate FDI data to assess the political influence of its economic relations.

*Hypothesis 2:* Both export dependence and FDI/Aid play a major role in defining alignment of political interests in the UN General Assembly.

It is important to take into consideration the rapid development of Sino-African economic relations, recognising that they have undergone phenomenal growth within the last ten years, occurring under the auspices of a more recently established China Global Strategy. Therefore, whilst Sino-African relations extend beyond the past decade, these relations have intensified significantly in recent times, and hence recent developments are more likely to be influential over aspects of voting behaviour in the UN General Assembly. For example, the nature of China's relations post 1990 differs considerably to the prior period. Specifically, following the Tiananmen events of 1989, China's relations with the USA weakened significantly, contributing to China's eager and intense pursuit of improved Sino-Africa relations. Subsequently, focussing on an extensive time period may limit the explanatory power of the model as it dilutes the impact of the major political and economic shifts over the last ten years, more specifically the rapid growth in trade. For instance, China's burgeoning commercial relations with Africa have occurred as a result of a number of structural shifts in the global economy. Arguably, structural shifts in international trade, namely China's accession to the World Trade Organisation (WTO) in 2001, as well as its domestic push toward liberalisation, have facilitated the acceleration of China's trade with African countries observed today. By limiting the period of estimation, this paper is able to isolate the impact of the influence of trade on foreign policy, and therefore better able to develop the understanding of the consequences of trade on foreign policy convergence across time. For this reason the paper posits the following hypothesis;

*Hypothesis 3:* The period of estimation matters for understanding the relationship between trade, aid and political alignment in the UN General Assembly because it captures the structural shifts that have occurred over the last ten years.

Given Africa's heterogeneous character, China's policy towards the continent has been tailored to suit the particularities of each country. China is pursuing multiple objectives and therefore approaches its commercial and strategic interests and overall engagement to respond to this heterogeneity. This does not however, detract from the fact that China does not itself represent a monolithic entity. Instead, China resembles an increasing number of entities pursuing different

objectives, often with competing agendas and contradictory in their approach. For example, Corkin (2011) makes reference to the disparities in the agenda of various Chinese government bodies, and illustrates the declining role of the Ministry of Foreign Affairs (MFA), and the rising prominence of MOFCOM in the implementation of policy towards Africa. She argues that this is indicative of the increasing importance and emphasis placed on commercial relations, despite the fact that Africa's continued political importance as a large voting bloc in international platforms. (Corkin, 2011) However this thesis argues that irrespective of the shift in emphasis towards commercial relations, that it is indirectly through these commercial relations, that China is able to maintain and even strengthen political influence on the continent.

As a result it can be expected that China's ability to achieve influence in the UN General Assembly will differ, in part reflecting the variations in China's approach. In fact, an expanding range of government bodies is conducting China's policy implementation. Therefore, making general assertions on the impact of Chinese influence in the UN General Assembly ignores the nuanced approach that China employs on the continent. This leads to the following hypothesis;

*Hypothesis 4:* Countries that have specific bilateral agreements with China and that exhibit the Angola Mode of investment have a higher voting affinity with China.

To test this hypothesis this paper employs a country-level analysis, looking at specific political economy features, to ascertain whether countries that hold special bilateral trade agreements or follow the "Angola model" of FDI are more likely to align their political interest with China.

The remainder of this paper is structured as follows; the following section (2) provides the background to the study, and a review of the literature. Section 3 discusses the data and methodology. Section 4 provides the results of the empirical estimation. Section 5 provides a detailed analysis using a case study approach focussing on countries that present typologies associated with China's approach to economic engagement. Section 6 is concerned with assessing China's influence on African governance, and finally, section 7 concludes with a summary of the main findings and a discussion of the policy implications pertaining to China's augmented influence in Africa.

## 2. Literature Review

This chapter provides the background of Sino-African relations, identifying the channels through which China engages with Africa and underlining the economic and political trends in these interactions.

### 2.1 Trends in China-Africa Political Relations

The remarkable rise of China has had varying impacts on Africa's political and economic landscape, and has resulted in various points of contention, namely around human rights, natural resource extraction as well as issues related to Africa's governance.

Trade and political relations between China and Africa extend as far back as a century, although relations have varied according to China's internal politics, as well as tensions resulting from the Cold War and China's disputes with the Soviet Union. Following the Tiananmen Square pro-democracy protests of 1989, and the condemnation from Western governments that followed, China looked to African States, seeking to revive political and economic ties.

Sino-African relations were strengthened after the establishment of the People's Republic of China in 1949 and subsequent Bandung Conference, a pivotal event for Sino-Africa relations that aimed at establishing Afro-Asian economic and cultural cooperation. The Bandung Conference is significant because that is where China introduced the Five Principles of Peaceful Coexistence into their international relations, which include amongst others, peaceful co-existence, mutual respect for sovereignty and mutual non-interference in each other's affairs.<sup>1</sup> It is through this approach, and emphasis of south-south relations, experience-sharing and equality that China has successfully earned the attention of African countries.

China has since intensified its diplomatic efforts and economic engagements on the continent through a number of initiatives, for example the Forum on China–Africa Cooperation (FOCAC) established in 2000, and China's "Going Out" Strategy. In 2000, Beijing also established the China-Africa Cooperation Forum (CACF) to promote trade and investment with 44 African countries. To further promote trade and investment relations, China introduced Special Economic Zones (SEZ's) across a number of African countries. It is interesting to note that although the selection of economic zones was based on submission of tenders by the host

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<sup>1</sup> The other principles, not mentioned in text include mutual non-aggression, and equality and mutual benefit.

countries, most of China's economic and trade-cooperation zones (ETCZ's) were first established within resource-rich countries like Zambia, Nigeria and Egypt. (Alves, 2011) Additional reasons for the establishment of these zones include the promotion of Chinese investment in Africa as a way to promote Africa's development by supporting the establishment of local manufacturing. More importantly, Brautigam and Xiaoyang (2011) argue that these economic zones were in part intended to fulfil "soft power" political goals but were also intended as a way to facilitate a restructuring of the Chinese economy by allowing for China's mature and labour intensive industries to move offshore. (Brautigam and Xiaoyang, 2011)

Over the last decade, China has undergone several political shifts domestically that have resulted in its "going out strategy" as well as its entry into the World Trade Organisation (WTO). China's investment in Africa through its "going global" strategy can be seen as driven by the aim of creating a shift in globalisation in favour of China, and protection of its political power. (Carmody and Owusu, 2007) China's mounting membership in international organisations, most of which adopt a one-country-one-vote approach, implies that African countries are becoming an increasingly important aspect of China's strategy. In addition to its role in international trade relations, China's role in the international political arena has undoubtedly elevated, in part as a result of its economic rise. With support from many African countries, China is now an active player in the WTO and a number of other international forums, including the UN General Assembly Commission on Human Rights. China's diplomacy in Africa has been predicated on the "One China" Policy, which precludes the establishment of relations with the Republic of China (Taiwan), which is the only political condition China places on African countries. China's assistance and aid to Africa has also differentiated itself as having no conditionalities relating to political objectives or standards typically associated with Western forms of cooperation.

Malawi presents an example of an African country that has reaped the rewards of relinquishing its ties with Taiwan. The country's decision to relinquish recognition of Taiwan in December 2007, is reported to have been incentivised by billions of dollars in aid. (Besada, 2013) It is interesting to note that China's interest were not motivated by the economic potential of Malawi in terms of natural resources; instead it is reminiscent of China's political objectives of building "soft power" on the continent. A parliament building was erected in the capital Lilongwe as a token of appreciation for the friendly relations between the two states. Chinese ambassador to Malawi, Pan Hejun, admitted to Beijing's geopolitical ambitions, refuting allegations of colonialism, and stating that in return for FDI and economic assistance, China reaps rewards through diplomatic relations and support in the international arena. (Smith, 2012) He further stated that "by not interfering, our [China's] influence increases".

Although China's strategy towards Africa seeks to avoid direct interference by placing greater emphasis on state sovereignty, there are many examples of influential relationships between the Communist party of China (CCP) and African ruling parties. (Shinn and Brown, 2012) In addition, Mohan (2012) points to the fluidity of China's non-interference policy by highlighting allegations of China's involvement in Zambia's 2011 elections wherein China is alleged to have bankrolled the Movement for Multiparty Democracy (MMD) campaign in order to stifle the opposition's chances. (Mohan, 2012) China's principle of non-interference has come under similar scrutiny in light of China's relations with Sudan, when criticism from the West regarding China's role in financing arms used in the Darfur conflict forced China to become more involved in diplomacy. (Mohan, 2012)

Despite the stated non-conditionality of China's engagement in Africa, there is arguably a hidden element of political influence that results, which is revealed through the influence in UN General Assembly voting. Furthermore, the indirect political effects of China's engagement in the context of Africa have seldom been discussed in the literature. This suggests that China may be in fact indirectly imposing conditions, through promotion of export dependence in key African countries, as part of a broader strategy to augment China's soft power in the international arena. Despite China's proclamation of non-interference, it is reasonable to assert that ultimately China's rise will have indirect effects on Africa's political development. Furthermore, the extent to which African countries will adopt similar positions to China in the UN General Assembly in return for economic gain (as documented in the literature) would suggest that future governments are forced to adopt positions taken by their predecessors. Votes or agreements based on short-term gains of players may therefore perpetuate in the long run, irrespective of whether or not these are conducive to the recipient country's developmental interests. As China's rise affords it greater power within multilateral organisations, its indirect influence is likely to increase further, and in such a way that will continue to affect SSA national policy processes.

China's long-term influence in Africa is not limited to indirect means; China's efforts will also impact on Africa's development by undermining the benefits of development assistance from the West - which places greater emphasis on the importance of trade liberalisation, financial reform, and market reforms. On the other hand, China has been an important source of investment and aid to many SSA countries. However, whilst these aid disbursements are important to the short-term needs of recipient countries, the long-term political impacts are arguably more important to consider. Tull (2006) characterises China's engagement in Africa as a "negative political development", arguing that China's elite-centred mode of economic assistance means that state elites are by extension "political winners" of China-Africa relations.

From this perspective, China can be seen to be contributing significantly towards shaping not only Africa's economic development, but likewise Africa's political developments. China-Africa relations are typically viewed more favourably than Western aid because the concept of mutual benefit underscores China's aid disbursements and provides opportunities for commercial and infrastructure development, whilst traditional or Western approach of donor organisations is seen by most African countries, and expressed by President Abdoulaye Wade of Senegal, as slow, post-colonial and patronising (Strange, 2013). Instead, China's approach has assisted the rapid development of its much needed infrastructure-including roads, bridges, schools and hospitals.

Whether African governments support or accommodate China's interests because they are beneficial to future development, or whether their support is influenced by the rents they receive, is a matter of importance. If the latter applies, then the supposed "win-win" alternative to traditional Western aid dependence provided by China's engagement in Africa may become questionable because it denies African agency in the relationship and suggests that African countries are powerless to repudiate China's interests in the multinational arena. For this reason, some scholars have pointed to the risks entailed in the fact that China has a strategy for Africa, whilst Africa on the other hand lacks a "China" strategy (Kaplinsky and Morris, 2010). However, contrary to such assertions, it is generally acknowledged that African countries play a substantial and assertive role in shaping Chinese engagement in Africa (Brautigam 2009; Alden 2007).

China's Africa Strategy has facilitated the advance of China's core strategic, economic and diplomatic objectives. This in turn contributes towards understanding China's rapid economic and political rise over the past decade. As stated by Medeiros (2003) China's diplomacy and establishment of partnerships serve as diplomatic instruments to achieve influence and bargaining leverage in multilateral relations. China recognises its need to court votes in multilateral negotiations in order to promote its own interests, and given that African countries represent the largest bloc of votes, China has actively pursued relationships on the continent (Alden, 2005). With 54 member nations, the African Union makes up the largest bloc of votes in the UNGA. As such China has identified Africa as a political ally, and China's Africa diplomacy encompasses diplomatic relations with 49 of the 54 African states. Mohan (2012) mentions the importance of African votes in blocking UN General Assembly Human Rights Commission" resolutions condemning human rights abuses in China.

As previously mentioned, China's diplomacy in Africa is driven by a suite of different factors. Notwithstanding this, growth in Sino-Africa trade has largely been guided by China's need to secure energy resources and energy security has become a critical issue in China's foreign policy. This is reflected in the high concentration of China's imports from resource rich, particularly oil

producing countries. By way of example, whilst assisting the formulation of the Comprehensive Peace Agreement in Sudan, China is also said to have been working towards securing access to the country's oil resources. (Mohan, 2012) However, China's engagement on the continent extends beyond the primary need to secure a reliable source of resources, but rather includes a secondary motive which has underlying political intents. (Grimm & Hackenesch, 2012) Whilst most studies have focussed on China's goal of securing resource imports and its economic motives, China's political motives in Africa deserve equal attention and have begun to raise concerns on the international arena. To this extent, this study seeks to fill the gaps in the literature concerned with African voting behaviour on the UN General Assembly in light of the changing geopolitical environment.

One of China's primary goals is to gain political influence both on the bilateral and multilateral level, and China's trading relationships, particularly due to the "One China policy" have historically reflected its political ties. Moreover, China has adopted a strategy to maintain a "developing country" status, so as to leverage support of African countries and position itself as a leader of the global South to bolster support in the international arena. The rationale for this strategy is supported by evidence that suggests that countries that share economic, socioeconomic and institutional attributes can be expected to define similar foreign policy responses. (Dreher, Nunnekamp & Thiele, 2008) This strategic approach by China dates back to 1971 when, following declaration of a seat for China on the UN General Assembly, then chairman of the Chinese delegation declared that "like the overwhelming majority of the Asian, African, and Latin American countries, China belongs to the Third World" (Chai, 1979). The "three worlds theory" refers to a Maoist theory that describes a time during which competing views between China and the Soviet Union spurred a struggle for influence on the continent.

Subsequently, over the period 1971-1977, China was viewed more favourably by the Third World than Western Nations. Furthermore China was supportive of developing nations and less so of Western powers, with agreement between China and the US elusive and inconsistent over the period (1971-2011), and even more so since 1997. Figure 1 confirms the findings of Chai (1979), who provided evidence of China's success in demonstrating its "pro third-world and anti-super-powers" position within the context of the UN General Assembly, and extends the analysis to 2011. To the extent that donor interests are correlated, the estimated coefficients may reflect the combined effects of pressure from both countries. However lack of cohesion in voting alignment between China and the US, as evidenced by the data, provides sufficient evidence to suggest the contrary.

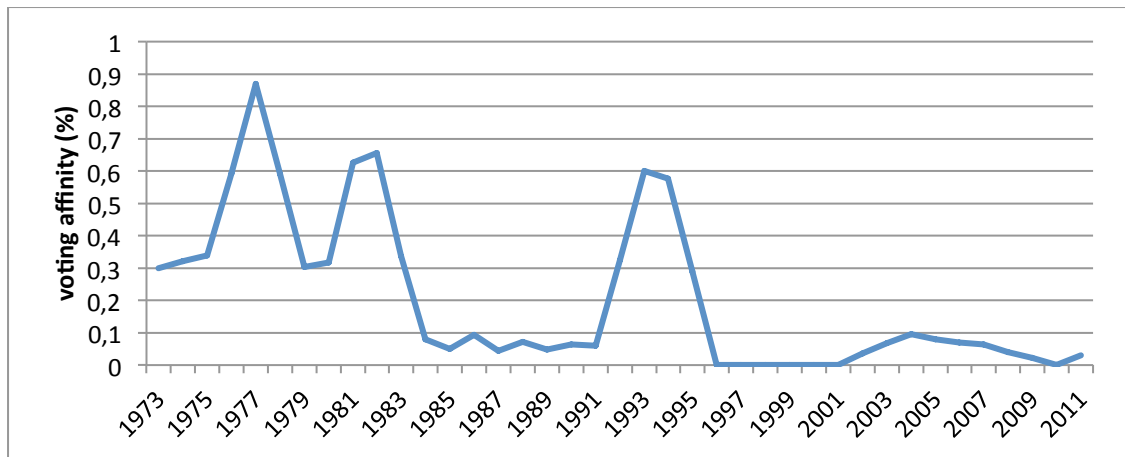


Figure 1: Three Year Moving Average Voting Alignment of China with the United States (1973-2011), Source: Author's own calculations

The US and China have diverged in their overall UN General Assembly voting behaviour since China's admission to the body. This suggests somewhat of a zero sum dynamic in which China's growing trade relations make it easier to attract allies in international forums, while US influence is diminishing. (Kreps and Flores-Macias, 2013) An emerging issue in the China-Africa rhetoric is centred on identifying the multilateral political intervention China is engaging in, and the extent to which this affects already established global powers, like the US. Overall, the key factors driving China's engagement with Africa can be described as its desire to expand into new markets and international political incentives (Alden, Large & Soares de Olivier, 2008).

### **Contextualising China-Africa relations: 21<sup>st</sup> century dynamics**

Recent relations between China and Africa can undoubtedly be likened to one of economic pragmatism, compared to the ideological focus of Africa policy during the Maoist era. Naidu et al. (2009) discuss the contemporary shift in the geopolitical environment which has seen Africa's relationships with the global north being offset by competing interests from the south, most notably China and India. However they assert that complexities arise from the growing competition resulting from Africa's engagement with emerging powers in the south. According to Cornelissen (2009), one of the legacies of the end of the Cold War has been a shift in the relative influence of economics over politics in determining trends in international relations. (Cornelissen, 2009) For Africa in particular, the contemporary global state of play has important implications for Africa's development. Cornelissen (2009) argues that the prominence of emerging power is necessitating a better understanding of international hierarchy, hegemony and power.

It is clear that the China's involvement in the globalised world is becoming an important determinant of future dispersion of global power. It is worth mentioning that the underlying

presumption of competition between China and the United States for African influence is merely a result of the inherent focus of this paper on oil-resources, and is therefore informed by the fact that China and the U.S both represent the leading consumers of global oil resources. This does not, however, suggest a bi-polar world in which the two (China and the US) are seen as alternatives, but rather recognises China as an emerging global power and recognises the complexities that may arise as a result.

## **2.2 Trends in China-Africa Economic Relations**

Through bilateral trade agreements, aid, debt relief, as well as non-concessional loans, China has captured the favour of many resource-rich African states. China has provided the necessary investment and finance, and some argue that it has presented a development model for Africa. The Chinese government provided a total of about \$6 billion in aid, including grants and concessional loans, to all of Africa between 2001 and 2009. (Brautigam, 2009) As such, China has emerged as one of Africa's most important strategic partners and by way of its investment has contributed considerably to the continents' growth in recent years. (Weisbrod and Whalley, 2011) One of China's successful strategies in re-inforcing its relations on the continent, has been its emphasis on south-south relations, which has contributed towards advancing a new global order. African leaders have welcomed China with open arms, as a contributor to development, supplier of development finance, and as a political ally. China's 'Africa Policy' developed in 2006, is centred on trade, investment and economic co-operation, and more importantly, strongly emphasises cooperation in multilateral systems. (Tjønneland et. al, 2006)

Trade between China and Africa has increased dramatically over recent decades. Between 1971 and 2011, trade between China and SSA countries increased considerably and, despite changing economic conditions within that period, including the global economic downturn in 2008, has consistently been on an upward trend. In 2011, trade between China and Africa reached US\$146 billion; fourteen times the 2000 level (Fundira,2012). In addition, analysis of China's outward FDI (OFDI) indicates a significant rise in FDI to Africa over recent years. A product of China's "going out strategy" has been an increase of almost 85% in OFDI to Africa between 2004 and 2010. In 2012, China's FDI to Africa reached \$15.3 billion, compared to less than \$500 million in 2000 (Fundira, 2012). A major component of OFDI in Africa is directed through State-owned Enterprises (SOE's) like China National Offshore Oil Company (CNOOC), China National Petroleum Company (CNPC) and Sinopec. Not surprisingly, this investment has been concentrated in resource rich countries, and in particular in oil producing countries. An important aspect of China's interest in African oil originates from its wish to diversify supply away from the conflict-ridden Middle Eastern countries to some of Africa's relatively more stable countries. The Middle-East's ongoing conflict, instability, and more recent political upheaval

that erupted in China's customary oil dealers in the Middle East as a result of the war in Iraq and more recent Arab Spring, has provided further incentive for China to solidify its deals in African countries like Angola and Nigeria.

China's aid and FDI on the other hand have been comparatively more extensive, reaching most African countries, including those lacking oil resources. This pattern reflects the fact that China's strategic policy for resources extends beyond their preoccupation with oil, to include other key natural resources such as copper, uranium and iron ore. Although China's entry into Zambia's was gradual, starting with the acquisition of a small mining operation in 1998, it has since invested a considerable amount in the Chambishi copper mine and is one of the top investors in Zambia's copper industry, alongside Canada and India. (Fessehaie, 2011) China's involvement in the area has since extended in both directions to form a mining belt stretching from south-east DRC, through to Tanzania and Mozambique.

In order to promote trade, China has bilateral trade agreements with 45 African countries, a number of which now have zero tariff preference with China. Tariff exemptions, amongst other measures, have contributed towards a 24% compounded growth rate in exports from Africa to China between 2000 and 2011. Zafar (2007) provides an analysis of the impact of China on the terms of trade in SSA, and finds that so-called "winners" include oil-rich and mineral exporting countries, including Angola, South Africa, Zambia and Mozambique. Empirical analysis by Claasen et.al (2011) on the determinants of China's FDI to Africa, find that, in addition to oil resources, agricultural land and market size feature as key determinants of China's FDI. Their results support the idea that Chinese investment in Africa is not solely resource driven. However, their approach overlooks the political motives behind Chinese FDI and trade relations. This paper argues that, whilst the commercial and economic reasons for China's increased investment Africa are obvious, there are questions about the political reasons for the increase in Chinese OFDI in Africa.

### **2.3 Africa's Commodity-based Development and China's Need for Resources**

As this paper develops a theoretical argument about the political consequences of resource export dependence, it warrants a discussion on the role that commodities and resources play in Africa's development. Africa's double edged fate is that its endowment of natural resources and commodities has provided an important source of economic independence that has at the same time opened up opportunities for exploitation from global powers. The continent's rich resources have been the main source of economic growth for many African countries, but this has also contributed to the poor progress in diversification of exports, in part due to its lack of development of infrastructure and human capital. It is worth acknowledging however that China

has contributed significantly to the development of the continent's infrastructure and towards achieving higher technical training, both of which are vital components of economic development. Morris, Kaplinsky and Kaplan (2012) shed light on the dynamics of commodity induced industrialisation by arguing that fostering backward and forward linkages in commodity based value chains presents a significant opportunity for Africa's development. However they also caution that commodity based development can be limiting where infrastructure is based solely on meeting the requirements of the lead commodity-exploiting firm because this likely to hamper other firms' ability to participate in commodity value chains. (Morris, Kaplinsky & Kaplan, 2012) This brings to light some of the complexities associated with commodity-induced industrialisation and the resultant need for developing countries to be able to strategically define their positions within global value chains if they are to benefit from commodity-based development.

China has undoubtedly played a pivotal role in Africa, and in the words of Denis Tull "only ill-informed observers would see Africa's embrace of China as a zero-sum game" (Tull, 2008). In this light, and especially given China's strategic direction towards a consumption-based, knowledge-led economy, China has arguably paved the way and provided considerable scope for Africa's future industrialisation path. Arguably, by providing the necessary investments in infrastructure, China has provided a platform on which African countries can begin to benefit from integration into global production chains. Furthermore, as China's strategic direction moves towards a more knowledge based economy, this could expose opportunities for Africa to gain, by filling the gap in global manufacturing, and further contributing to global production of manufactured goods.

As previously mentioned, China has become Africa's largest trading partner, having surpassed the US in 2009. A key aspect of the burgeoning trade with China however lies in the structure of that trade. More specifically, the composition of exports to China typically encompasses unprocessed commodities, while China exports a wider variety of goods, typically final-consumption goods with considerably higher value added. Farooki & Kalinsky (2010) provide evidence in support of the fact that China's growth has contributed to a sharp rise in its share of global demand for commodities. In 1990, Sub-Saharan exports to China were less than 1% (0.4%) of exports to industrialised countries; however this rose to 9% by 2004. (Kaplinsky, McCormick & Morris, 2007) This remarkable transformation in the structure of trade lends further credence to the motivation of this paper, that is, to evaluate impact of the abovesaid increase in export dependence on foreign policy alignment.

At present, China plays an important role in the WTO and other multilateral platforms. Much like it is shown to do in the UN General Assembly, it could be argued that China is buying

influence in other international arenas like the WTO. As with the UN General Assembly, the WTO operates according to equal votes. This implies that China could benefit from mobilising support of African countries in the WTO. Idun-Arkhurstand Laing (2007) states that with the support of Africa, the largest regional bloc in the WTO, China could have the power to affect, or frustrate, trade regimes in its favour, including on the key issue of intellectual property rights.

China's economic rise and subsequent need for resources has contributed to Africa's commodity boom. Arguably, the period over which this has occurred holds explanatory power vis-à-vis political alignment within bi- and multilateral structures, amongst others the UN General Assembly. Farooki & Kaplinsky (2010) argue that with future growth projections of the 'Asian Drivers', specifically China and India, it can be expected that the commodities boom is likely to be sustained. For example, one of the main drivers of the last decade's boom in copper prices was due to increased demand from China. (Fessehaie, 2011) This global shift in spending and consumption is informed by structural crises in the north resulting from the 2008/2009 crisis, and sustained consumption in the south on the back of projected growth to 2030. According to their projections, the share of Asia and the Pacific in global consumption is projected to increase from 23% in 2009 to 59% in 2030. (Farooki & Kaplinsky, 2010)

Farooki and Kaplinsky assert that the characteristics of demand in the south, where levels of income per capita are relatively lower than the north, implies that there will be greater demand for cheap, undifferentiated goods, compared to the major trends in demand in northern economies which favoured differentiated products. (Farooki & Kaplinsky, 2010) Coupled with structural imbalances in the global economy, this growth is likely to lead to a structural shift in production and consumption from the historically domination of Europe, North America and Japan, towards China and India, which will have implications for southern producers operating in value chains for products destined for markets in the south. These findings have major implications for the future demand for Africa's commodities, suggests that China will become increasingly reliant on commodity resources, and adds to the economic basis of China's political relationship with Africa.

Whilst the commodity price boom has provided African states with greater bargaining power as well as an alternative to a reliance on Western aid and international financial institutions, it can also be seen as a means for political influence through the linkage of trade dependence. Through China's demand for Africa's exports, it has increased the gains to African countries in maintaining export dependence, and through this dependence has secured political support in international organisations like the UN General Assembly. This forms the basis for dependency in which a country geared towards the production of commodities finds itself in a compromised situation if no new markets are available.

Given China's FDI into mainly resource rich countries in SSA, it is reasonable to conclude that much of China's FDI is concerned with acquiring natural resources. China's demand for oil resources is inextricably linked to securing resources necessary to support China's manufacturing-based economy and rapid economic growth. However, the focus tends to be on the economic consequences of China's exploitation of Africa's resources despite the inherent link with politics. For example, following secession of North and South Sudan following decades of violence, China subsequently concentrated its efforts towards supporting the oil-rich South. Sudan is recognised as one of Africa's largest oil producers, with a significant share concentrated in the south. As such, Sudan has since received considerable support from China in the form of debt forgiveness, altering its previous position of blocking UN Security Council resolutions, authorizing peacekeepers for Darfur, and the continued sale of arms. China's actions in relation to the situation in Sudan raises some questions about the credibility of its policy, and suggest that China's foreign policy evolves as it realises the need to protect its interests. This not only demonstrates China's thirst for natural resources, but in addition it suggests that China's preoccupation with energy security dominates its foreign policy and international relations.

More importantly, it further demonstrates the fluidity of China's longstanding policy of non-interference. China's efforts to support peace in the region in order to protect its \$5 billion investment in Sudan's oil field development through the China National Petroleum Company (CNPC). The implications of China's actions demonstrate the alignment between China's economic and political intentions on the continent, and how China's economic concerns shape its international relations.

Although Africa's commodities provide a basis for Sino-Africa partnerships, there are potential political and economic risks which threaten growth and development of African economies. As an example, risks of economic slowdown of the Chinese economy pose a threat to Africa's development prospects and further highlights the threat associated with Africa's reliance on commodity exports-based development. China's rising global dominance and demand for oil has been linked to a renewed sense of anxiety surrounding concerns for energy security, and a geopolitical power struggle with the US is said to be on the horizon. SSA reliance on China's demand for commodities means that any reduction in demand will affect employment and creates potential for domestic instability. This does not however imply that the same outcome cannot arise as a result of economic dependence on the west; rather, the increasing magnitude of trade with China, coupled with the west's focus on aid, makes this an especially pertinent risk. Moreover, the negative impact of price volatility will have a further negative influence on sustainable future development. In conclusion, China's thirst for resources will have implications for Africa's growth path and political alternatives.

## 2.4 Chinese Outward FDI: Aid, Trade or FDI?

Bilateral relations between China and African countries have been cultivated to a large extent by development assistance, debt relief, humanitarian aid, and education and technical assistance. Some of China's aid also takes on the form of concessional loans for infrastructure projects. Furthermore, Kaplinsky & Morris (2006) point out that China's Africa strategy has to a large extent been directed towards establishing links with resource-rich SSA economies (Kaplinsky, McCormick & Morris, 2010).

Generally, this represents an important aspect of China's foreign policy, and is strategically linked to its political objectives. The ambiguity surrounding China's definition of aid is partly due to the fundamental lack of transparency which currently exists in official records of China's aid packages to African countries. Issues of transparency are compounded by the fact that Chinese official policy defines development assistance differently to OECD-DAC definition, as well as the fact that the unwillingness of recipient countries to publish details of Chinese deals means that statistical records of recipient governments are often not comprehensive or up-to date. (Grimm, 2011)

The limited, or lack of, published information of Chinese aid from various Chinese institutions, including Ministry of Commerce for the PRC (MOFCOM) and China's Export-Import (EXIM) Bank, is driven by a number of reasons on the part of the Chinese Government, the discussion of which is unwarranted for the purpose of this paper.

Notwithstanding, understanding China's changing political structure since the 1980s and 1990s is important to understand its "diplomatic strategy". According to Kaplinsky and Morris (2009), compared to the post-colonial era of globalisation where trade, aid and FDI were three discernible factors, China's characteristics of investment, including trade related credits, debt forgiveness and other dimensions of foreign policy, have become increasingly less distinct. Notably, this is reminiscent of the colonial post-war era, during which the French, Portuguese and British provided investment and infrastructure to support the transfer of traded commodities from their Colonies. In the latter half of the 20<sup>th</sup> century however decolonisation of African countries brought about a separation in Trade, Aid and FDI. Moreover, opposition by OECD countries spurred the separation of trade aid and FDI in the latter half of the 20<sup>th</sup> century, in part because it was seen as a framework for the exploitation of low income economies (Kaplinsky & Morris, 2009). Included in China's investment approach is the so-called "Angola model" of investment, which refers to a bilateral arrangement wherein African countries effectively repay infrastructure loans extended by the EXIM Bank with natural resources, more specifically oil. This method, which resembles a forward contract, makes it impossible to disentangle genuine FDI from bilateral aid and suppliers/construction contracts. The Angola model represents a

distinct characteristic of how China approaches negotiations with African countries in which their economic and natural resource interests lie. This model of investment, associated with a form of conditional aid, is expected to have influence on voting alignment with China. As Corkin (2011) explains, the Angola model refers to the preferred method of financing by the Chinese government, where funds are secured using natural resources as collateral, and named as a result of its initial emergence in Angola. In addition to this mode of investment, aid, concessional loans and technical assistance as well as the use of debt forgiveness are closely associated with the forging of stronger political relationships (Kurlantzick, 2006).

The common misconception about China's role in Africa, and the nature of China's aid in particular is criticised for acting against good governance in Africa. The nature of the Angola model should result in less corrupt behaviour because the investments are made directly into infrastructure projects. Taking the case of Angola as an example, not only were oil-backed loans from Western countries invested in the country not tracked, they were often extended in the form of cash, making them open to corruptive behaviours of recipients. Corkin (2011) highlights that loans made by China's EXIM Bank are targeted towards facilitating public investment in Angola, and argues that although it initially appeared that China's infrastructure financing aimed at exploiting its resources, there is little evidence that this trend continued. Subsequently, Chinese national oil companies have become less prominent players in Angola's oil industry, and the Angolan government is in fact becoming less open to Chinese investment in its oil industry than initially expected. Corkin (2011) As found by Brautigam, China's oil-backed loans on the other hand did not arrive in the form of cash, but instead in the form of Chinese shipments of agricultural equipment and infrastructure. (Brautigam, 2011) Arguably, this made China's loans less likely open to corrupt behavior and less likely to promote poor governance. However this does not preclude the possibility that SSA countries are open to a plethora of other negative developmental outcomes including exploitation of resources, poor environmental outcomes, and debt unsustainability on the back of resources. Generally, these findings but more importantly, shed light on the complex and dynamic nature of Sino-African relations and the changing nature of strategic alliances.

To add to the complexities surrounding the ambiguity of China's aid to Africa, is the recognition that different types of aid contribute differently towards achieving influence. Treating aid in the aggregate may produce inconclusive results when one considers the fact that certain aid categories are better suited to buying political support than others (Dreher, Nunnekamp & Thiele, 2006). According to Dreher, Nunnekamp and Thiele (2006), programme-related aid is considered to be more effective in buying political support compared to project-specific aid.

Similarly, unconditional aid can be seen to have greater potential for achieving political influence, compared to conditional aid.

According to a recent study, China's official finance as a share of the recipient country's Gross National Income (GNI) (commonly used as an indicator for aid dependency) shows that aid dependency is generally low compared to the size of African economies (Strange et. al, 2013). Aid dependency is therefore less likely to influence UN General Assembly voting in most cases, with the exception of Ghana, which has an aid to GNI ratio of 5.3%. Brautigam (2010) argues that unlike Chinese investment which is driven primarily by natural resources, development aid is extended to all African countries that recognise Beijing. As a result, China's aid is more closely associated with reinforcing diplomatic interests within African countries than China's investments (Brautigam, 2011). If this is indeed the case, it is expected to find very little correlation between Chinese FDI and voting affinity in the UN General Assembly, since FDI is directed more towards securing natural resources. AidData does reveal correlation between resource extraction and countries in which China maintains diplomatic relations.

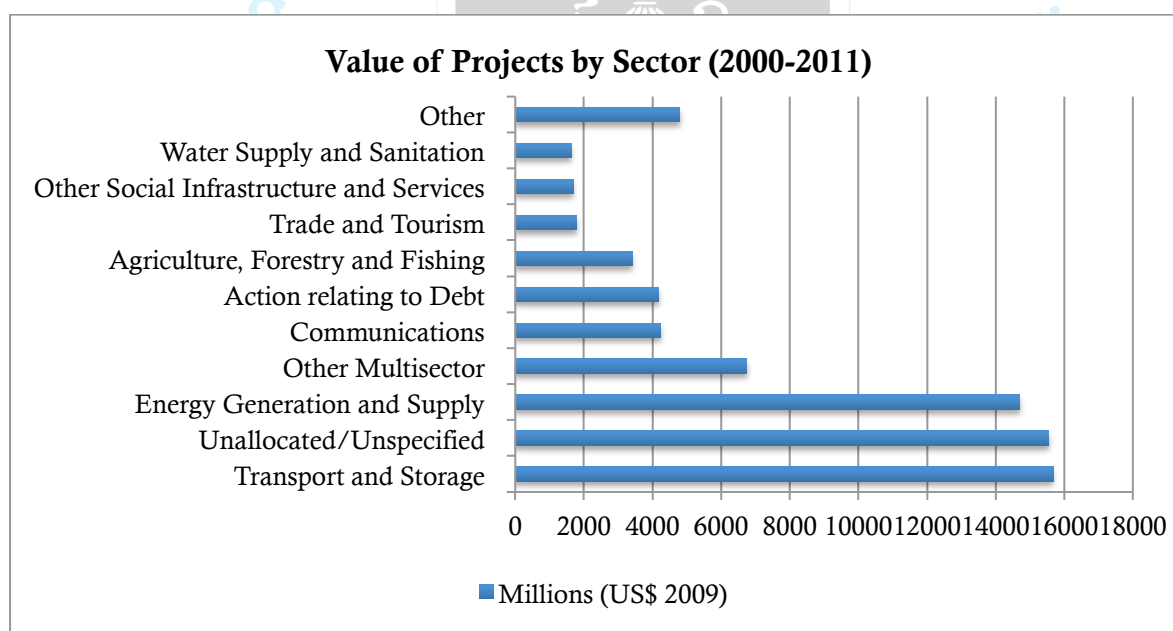


Figure 2: Evidence of China's Development Finance to SSA (2000-2011), Source: Strange et. al (2013)

According to AidData, Ghana and Nigeria are the leading recipients of official finance from China for the period 2000-2011 receiving \$11.4bn and \$8.4bn respectively (Strange et.al, 2013). Sudan is the third highest recipient of China's official aid (\$5.4bn); however this has to a large extent focused on the resource sector, more specifically on the oil pipeline and infrastructure in the eastern corridor. In contrast, Western DAC donors have concentrated on funding in social sectors and support for conflict regions such as Darfur. (Strange et.al, 2013) Furthermore, the

data shows that whilst China's activity as a financier of development has improved, China still falls significantly behind the US in terms of Official Development Assistance (ODA)-like flows. The importance of this is that it sheds light on the differences in sectors of funding between China and DAC donors, and provides further evidence of China's resource diplomacy.

Although the AidData database represents a comprehensive attempt at quantifying Aid flows to Africa, it has fuelled much debate amongst China-Africa scholars. One expert on China-Africa relations, Deborah Brautigam argues that the use of media reports for aid data is methodologically flawed and highly inaccurate because it fails to account for the realities and intricacies of the project on the ground (Brautigam, 2013). What is particularly interesting is that the database contains records of health and education, and social infrastructure projects. This challenges what has been the dominant story of Sino-Africa relations that is, of China's quest for natural resources (Provost & Harris, 2013). Regardless of the contention over aid figures, what is evident is that China's financial commitments to the continent have increased substantially and this has played a key role in many African economies. Nonetheless, given the lack of transparency on China aid data, the database provides a point of departure in terms of assessing China's role in Africa.

## **2.5 Theory of Trade Dependence**

### **2.5.1 Trade Dependence and Voting Affinity**

Dependency theory is widely discussed, with varied opinions on the link between resource dependence and political influence. Hirschman (1980), one of the intellectual originators of dependency theory developed his theory of trade dependency based on empirical evidence of Germany and Eastern European countries. According to Hirschman, Germany is said to have unintentionally created a strong dependence amongst European countries during the inter-war years as a result of concentration of their trade towards the German market.

Dependency theory postulates that strong trade relations characterised by a scenario where one country is highly industrialised and represents a relatively large trading partner for a smaller economy producing an undiversified range of exports. Furthermore where motive exists on the part of the larger trading nation to control the smaller country, dependency theory predicts encroachment of power over the smaller nation. This creates a superior bargaining power over its dependent trading partner which can then be used to achieve further economic or political objectives(Hirschman, 1980).

Moon, B.(1983) draws on the “*dependencia*” discourse to assess the dependency perspective, and states that not only is the weaker state constricted choice based on a history of relations, but also

on dependency-producing transactions, which in turn undermine the autonomy of the weaker state's decision-making. Moreover, he argues that a higher degree of dependency could distort the political system of the weaker states, "bringing to power an elite whose interests have more in common with the interest of the powerful state than with the masses in their own country" (Moon, 1983). Whilst early proponents of the concept see a clear link between trade and dependency, more recently scholars have come to accept a more sophisticated interpretation of the argument. Keohane and Nye (1987) define "asymmetrical dependence" as a case in which one country is more dependent on another for a specific commodity. Both of the theories outlined above, that is asymmetrical interdependence and the relationship between trade dependence and political influence, epitomise the Sino-Africa relationship. Roeder (1985) studied the theory of Soviet-centred dependence, which argues that Soviet economic and military aid to Third World states increases the recipient's trade dependence on the Soviet Union, and subsequently translates to increased political compliance. His findings confirm the positive association between trade dependence on the Soviet Union and political compliance with the Soviet Union. Richardson (1981) advances development of dependency theory by suggesting that any loss of economic ties with the dominant country that will have long-run deleterious effects on dependence may be used as leverage for political ends.<sup>2</sup> An interesting example can be drawn from the Soviet-centered dependence theories which relates to the Soviet Union's strategy of establishing influence, by building economic relations with less developed countries (LDC's) that build trade dependence, making the task of redirecting trade particularly difficult. This was the strategy used by the Soviet Union to develop relationships that translated into political power (Roeder, 1989). Roeder (1985) states that through this strategy, the Soviets ultimate objective in building trade dependence was to deny capitalist economies access to raw materials and markets. These analogies demonstrate the importance of trade dependency as a way to gain political influence and power.

From this theory, one can draw a parallel with China's current role and their supposed impact on redirecting resources away from leading Western economies, particularly the United States.<sup>3</sup> This historical evidence contributes to the appreciation of the importance of considering the effects of competing efforts of East and West of providing aid, expanding trade and political influence. Other studies have shown positive associations between countries reliance on trade with superpowers and the adoption of foreign policy aligned with the interests of those superpowers. Mignozetti (2011) tested the hypothesis that trade interdependence promotes cooperation

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<sup>2</sup> As stated in Roeder(1986), p. 194

<sup>3</sup> The historical background of "Dependency Theory" originates from Frank and Cardoso, and refers to a school of thought used to argue disparities between the centre and the periphery. However it is worth stating that for the purposes of this paper, dependency theory is applied specifically to trade dependency.

between countries at the international level and finds an overall positive relationship between trade interdependence, in terms of both imports and exports, and voting at the UN General Assembly.

Whilst the theory of trade dependency presents a useful point of departure, some important considerations must be brought to light. Firstly, trade dependency is not to be perceived from a negative light. Instead, for African countries, rising Chinese engagement brings with it opportunities; China might simply be an additional market. Secondly, it is worth noting that dependency theory operates in both directions and, in so far as trade dependency enables greater influence over Africa, it is possible that African countries are equally placed to exercise substantial leverage over Beijing. Moreover whilst it is possible that African countries vote with, or at least not against China, it might also be the case that China has in fact become increasingly inclined to vote with African countries. However, as mentioned previously, this paper does not seek to determine the underlying causalities, which would present an area for further research. Nevertheless trade dependency theory provides some interesting perspectives, and allows us to draw an important corollary with the influence of trade on political power in the case of the Soviet Union, and potentially informs the assessment of China's role on the continent.

Generally, it is clear that the role of China in the global economy and global politics, and within Africa in particular, has shifted considerably over recent decades. It is observable that as China continues to develop the capacity to define agendas for global governance, and its role as leader/representative of the developing world, voicing concerns of other developing countries, it will continue to develop its ability to translate its economic power into political influence in the international arena (Gu, Messner & Humphrey, 2007). All things considered, there is an ample theoretical basis for economic dependence serving as an instrument for political coercion. This theoretical foundation of the political consequences of resource dependence is the core focus of this research paper.

### **2.5.2 Trade Relations between Africa and the US**

Symbolic diplomacy is cited as one of five core objectives of China's Africa strategy, and an important aspect of China's evolving relations with Africa (Alden, 2006). However, Sino-African relations are of significance for the West for a number of reasons. In particular, concerns surrounding issues of national security and the need for natural resources have resulted in the geopolitical competition observed in recent years. African oil is of strategic interest to the US, and even more so considering the recent instabilities of the Arab nations and longstanding tensions in the Middle East. Not surprisingly, aid and economic assistance to SSA, particularly oil-producing countries, has increased rapidly since the early 2000s, as shown in Figure 3 below. The largest share of US aid to Africa has been directed to Angola and Nigeria, Africa's leading

suppliers of oil to the USA. Prior to 2010, US assistance was concentrated in Sudan, where after the focus shifted notably to the DRC, and remained relatively high in South Africa, Tanzania, Nigeria and Uganda into 2011.

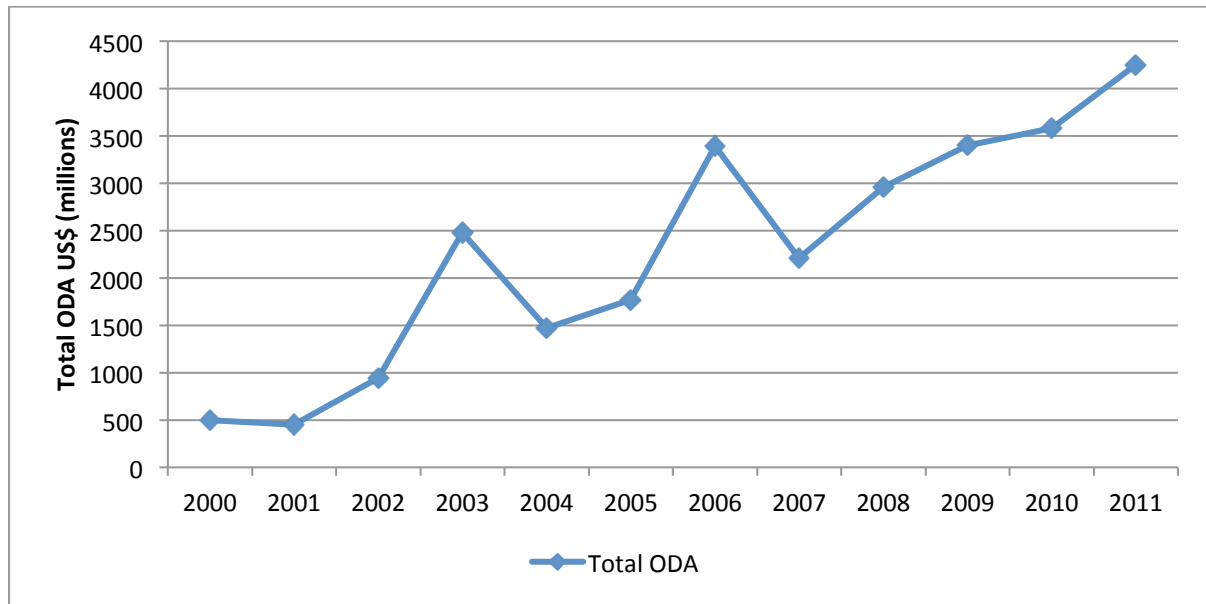


Figure 3: Assessment of US Official Development Assistance to SSA (1998-2011), Source: Authors own calculations

Evidence of US development assistance to SSA seems to suggest a level of competition between China and the US for African influence. The emergence of China as a driver of the global economy, and its role in Africa has important implications for US foreign policy, and poses some threat to US hegemony (Campbell, 2008). As a result, many Western countries, including the US, have been compelled to alter their strategies to re-emphasise greater collaboration. According to OECD figures, in 2009 China surpassed the U.S. as Africa's largest trade partner, despite the fact that in 2000, US trade with Africa was three times that of China. This shift is also evident on the political front. Prior to entry of China to the UN General Assembly in 1971, foreign policy of African states exhibited a notable convergence with the US compared to China, as demonstrated by the data on UNGA votes. This is interesting given the rivalry with the USSR and subsequent shift in support for the USSR from other countries. It is also worth mentioning that during this time, most countries had not yet been unleashed from the ties of colonialism and were not in fact independent.

Following the Cold War, the political terms of trade meant that Africa's voice was drowned out by that of the burgeoning West. However since the early 1990s, China's economic ascent has meant that, whilst the US had previously enjoyed unrivalled political influence, it is beginning to

lose this influence. America's declining influence as a world power and China's rising prominence has created unease in the West, a situation which contributes to the description of Africa as “the corner of the world where that declining US influence is most evident” (Downie, 2011).

This observation is confirmed in the data, which indicates that many SSA countries have become increasingly more aligned to China in comparison to the US, since its entry into the UN General Assembly. This finding is not surprising, based on the fact that the US consistently exhibits negative voting affinity with China. Given the disparity in voting behaviour between China and the US, the expectation is that SSA countries' voting behaviour will be aligned with either country. This prompts the question as to whether trade with China was instrumental in bringing about this shift in voting alignment. Defining the causal effect is however beyond the scope of this paper. Nevertheless, one would expect this to be the case; increased trade with China caused a realignment of interests amongst African countries towards those of China. As China embarked on its industrial phase and manufacturing-led growth path, its role as a market for Africa's export, which predominantly include primarily resource commodities, became increasingly important. Arguably, this in turn made it increasingly important for African countries to protect and strengthen existing economic relations, and created the foundation for the current dependence that epitomises contemporary Sino-Africa relations.

## **2.6 Voting in the United Nations General Assembly**

### **The determinants of Voting Alignment in the UN General Assembly and the Theory of Vote buying in the UN General Assembly**

The UN General Assembly General assembly represents a forum in which foreign politics is played out, and is an avenue to explore 21<sup>st</sup> century politics and the new politics of international cooperation that have accompanied the rise of China. UN General Assembly votes matter for three reasons; firstly votes determine the policy of UN General Assembly Bodies, secondly, they focus world attention and influence perceptions of global problems; finally, votes define world opinion on major global issues, and provide a way of public punishment for unethical behaviour or signalling unacceptable actions by member and non-member countries.

The ability of any one country or group of countries to influence the outcomes of decisions made in the UN General Assembly forum allows a country to command some global “power”, and the cumulative impact of UN General Assembly decisions affect perceptions of influence and legitimacy (Kirkpatrick, 1984). Whilst votes in the UN General Assembly provide a great deal of information regarding preferences on key issues, it is important to be cautious of their potential to conceal a substantial amount of information. Strategic economic and moral factors influence

relations between countries which are of equal importance, if not greater importance than behaviour in the United Nations. Amongst the important determinants of voting in the UN General Assembly mentioned in the literature include; regime type and political values, geographical location, its level of economic development, its bilateral relations, group memberships inside the UN General Assembly such as the OAU, and finally, concerns about whether vital bilateral votes will be affected by a vote in the UN General Assembly. It is important to remain mindful of the fact that votes are often a consequence of group loyalties, as well as the personal, moral and financial incentives perceived to be at stake. Because the UN General Assembly acts on so many diverse issues, the voting record of a UN General Assembly member explains a good deal about a country's orientation in world politics, including where it stands, with whom it stands, and for what purposes (Kirkpatrick, 1984).

There is a growing body of literature explaining voting alignment in the UN General Assembly. A number of studies have shown that aid disbursements are strongly related to geopolitical interests and foreign policy preferences. Thacker and Strom (1999) find evidence suggesting that IMF programmes are more likely to be extended to governments who are aligned with the US in terms of their UN General Assembly votes. Dreher et.al (2006) find strong evidence that US aid in general, and unconditional grant aid in particular, buys voting compliance in the UN General Assembly. These results are corroborated by Dreher & Jensen (2007) and Dreher & Sturm (2006) who analysed the influence of the IMF and World Bank on voting patterns in the UN General Assembly, and find that World Bank loans have a positive impact on voting correlation with the US. In particular, they find that World Bank projects and non-concessional loans increase a recipient country's voting correlation in the UN General Assembly with G7 countries. On the other hand, Kastner (2010), using three issues on which China has clear preferences, namely, criticism of Taiwan's UN General Assembly referendum, endorsement of China's response to unrest in Tibet, and recognition of China as a market economy, are accommodated by other countries and fails to find a relationship between economic ties and political accommodation. He does however find, particularly without considering EU countries, a positive relationship between Chinese OFDI and willingness to recognise China's status as a market economy.

Similarly, Kilby (2009) uses UN General Assembly voting as a measure of alignment with the US and finds that loan disbursements are less dependent on macroeconomic performance compared to alignment with the United States. Carter & Stone (2010) examines the effects of the US policy of linking aid to important votes in the UN General Assembly on aid recipients' voting decisions and finds convincing evidence to suggest that the strategic use of aid induces strategic voting. Kim & Russett (1996) assert that poor countries have preferences that are inherently opposed to the US. If this is the case, you would expect to find that non-resource rich countries

should vote consistently against the US, whilst resource rich countries' votes should be more aligned to the US (Kim & Russet, 1996).

An important finding by Alam (2012) suggests that higher export dependence is associated with lower voting alignment for countries that do not rely on oil and mineral exports. Therefore oil and mineral exporters are more likely to converge with the US on foreign policy. Furthermore, resource exporting African countries are found not only to have a lower level of voting alignment with the US, but their alignment does not vary with export dependence on China. Countries that export oil and minerals therefore maintain their political alliance with China regardless of their export dependence on China (Alam 2012).

### **Interim Conclusion**

China's foreign policy has clearly been implemented to achieve a plethora of goals, both economic and political; that is, building its support in international organisations, establishing itself as an ally to African countries whilst simultaneously securing access to Africa's natural resources. This paper seeks to contribute to the literature, by developing an understanding of the relationship between China's economic investment in Africa and the accompanying political influence.



### 3. Data, Methodology & Model Specification

#### 3.1 Data

This paper analyses the influence of economic and political variables on UN General Assembly voting patterns using a panel of ten Sub-Saharan countries, particularly oil and mineral rich countries. The variables of interest include Chinese foreign direct investment (FDI), trade, US Aid disbursements (USAID) and UN General Assembly voting affinity. The period of analysis for this study is 1971-2011.

The paper utilises UN General Assembly voting as a proxy for political influence and foreign policy. This paper uses Kilby's (2008) United Nations General Assembly Voting Data, updated from Voeten and Merdzanovic (2009) to test for political alignment between the countries in question. (Kilby, 2008) This paper uses UN General Assembly voting affinity between SSA countries and the US on the one hand, and China on the other, as a measure of foreign policy convergence.

In constructing an index of voting alignment with China and the US, this paper follows the methodology for assessing voting in the UN General Assembly proposed by Kilby (2008) which codes votes in which the country voted in agreement with China as 1, unmatched votes as 0 and abstentions as 0.5. Barro & Lee (2005) employ a similar approach, which measures voting affinity as the number of times countries vote the same (either both yes, both no, both abstaining or both being absent) as a proportion of the total number of votes/resolutions. (Barro & Lee, 2005)

This paper treats any resolution in which any country chooses to abstain as a vote, due to the fact that an abstention can be taken to reflect a political statement, in that it offers insights into the importance of trading partners and from the fact that a country may be influenced to abstain from a given resolution, even if its initial intention was to place a definitive vote. As an example, Angola may decide to abstain on a contentious issue potentially on the knowledge that China has rescinded their vote.

In addition, votes in which any one country is absent are not included in the sample. The rationale for this is that in comparison to an abstention, absenteeism is less likely to be a result of influence, and more likely due to a number of other factors. This contributes to more robust analysis as it also accounts for years for which any one country has not yet gained membership to the UN General Assembly and is therefore "absent" by default.

The limitation of this measure however is that in cases where countries have abstained or are absent from the vote, little can be deduced from the data. In order to account for this limitation, in addition to excluding any absent votes, this paper counts half of votes in which country "A" chooses to abstain as a match when China votes either "yes/no". This avoids any bias and accounts for the fact that the choice to abstain can be a result of influence flowing from any conflicts of interest, yet still represents a political statement. The "unspoken" vote may be either yes/no, in which case it could represent a matched vote. By way of example, South Africa may wish to vote "yes" in line with China, but may choose instead to abstain if the resolution on which they are voting has negative repercussions for the African Union. Despite these and other limitations using UN General Assembly voting as a proxy for political influence has become somewhat of a convention in empirical studies on political compliance.

The trade indicator, measured as the total value of exports, is derived from the IMF Direction of Trade Statistics (DOTS) database. The importance of China as an export market for any one country is shown as the total exports to China as a share of that country's total exports; hence the variable of interest is total exports to the trading partner as a share of total exports.

Data on US AID from the OECD Statistics Database is utilised to provide empirical evidence on the relationship between aid disbursements and voting alignment, and captures the potential influence of the US on voting behaviour in the UN General Assembly. Foreign Aid is a major component of foreign economic policy and China's contribution to growth and development through aid to many African countries is patent. However, as mentioned previously, the inability to distinguish development assistance from commercial activities is widely acknowledged. Due to these data limitations, the significance of the relationship between China's aid to Africa and UN General Assembly voting affinity has been adapted for the purpose of this paper. This paper employs data on China's Foreign Direct Investment as a proxy for aid disbursements from China. Official outward FDI data is derived from the Ministry of Commerce (MOFCOM) 2010 Statistical Bulletin of China Outward Foreign Direct Investment. However, the data covers only the period 2004-2010. This is supplemented with a newly compiled AidData dataset using a media-based approach to data collection (MBCD) database of information sourced from published media reports on Chinese-backed projects in Africa between 2000 and 2011. The database provides an overview of Chinese development finance in Africa and despite its limitations, represents the most comprehensive attempt at quantifying China's otherwise exceedingly opaque official finance to Africa.

Although the period of data available represents a limitation and thereby precludes statistical certainty of the analysis, it is sufficient to capture any existing relationship between FDI and UN General Assembly Voting behaviour.

A priori, the expectation is that voting alignment is positively associated with the level of aid disbursements and FDI. Similarly, one would expect that a greater level of export dependence will be associated with increasing voting alignment with the partner country. In terms of the impact of export dependence, the expectation is that an increase in the level of exports from SSA countries to China will have a positive influence on voting alignment with China.

Following previous studies (Kilby 2009; Alam 2012) this paper uses a set of macroeconomic variables including GDP as a control variable. The GDP data is sourced from the World Bank's World Development Indicators (WDI). This calculation also includes a lagged variable for the independent variable, the vote affinity index, as a control variable; this provides an indication of a country's historic voting tendencies. In addition, this accounts for any persistent factors that determine voting behaviour.

These variables capture the effects of country specific characteristics which may influence UN General Assembly voting. Following Dreher and Sturm (2006) GDP per capita and GDP growth are included as a proxy for national capability and to control for dependency on foreign support. They find strong evidence that national capability lowers the probability of voting alignment with the donor country, lowers dependence on foreign relationships and hence allows greater autonomy on the UN General Assembly. Similarly, Dreher, Nunnekamp & Thiele (2008) suggest that national capability lowers the probability of voting coincidence, and thus more resource abundant countries are more capable of resisting influence by other parties. Furthermore, the literature suggests that larger countries may feel intimidated by China's dominance on the international arena, and may perceive China as a threat to potential dominance. Based on this idea, we should expect Nigeria to vote less in line with China compared to a country of relatively fewer resources and GDP, for example Uganda.

In addition, a political variable (polity index) is included as a control variable. This variable may also represent a proxy for influence that a country's political regime will have on UN General Assembly voting behaviour. The variable is a composite indicator, ranging from +10 for strongly democratic to -10 being strongly autocratic; computed by subtracting a country's score of autocracy (AUTOC) from their respective score of democracy (DEMOC). DEMOC represents institutionalised democracy and encompasses institutionalised constraints on the executive, institutions and procedures and civil liberties given to the public in electing political leaders (Marshall, Gurr and Jagers, 2013). AUTOC represents a measure of authoritarian regime, political competitiveness, the election of leaders and the limitations to their power. Voeten (2000) argues that shared institutional characteristics may help to explain voting similarity and foreign policy alignment. Alternatively, voting similarity can develop on the basis of shared characteristics. That is, more democratic countries are expected to align their votes with the US,

whilst less democratic countries are expected to vote more in line with China. In the same light, Hagan (1989) states that the political direction of governments might be important for voting in the UN General Assembly.<sup>4</sup>

### 3.2 Empirical Model

The methodological approach and empirical analysis begins with the fixed effects approach; accounting for country fixed effects. Included in the methodological approach is the use of robust estimates as well as the lagged values of the variables, to account for the assumption of slow policy adjustments over time. This allows for more realistic estimates and results.

The Equation below denotes the model specification equation:

$$UN\ General\ Assembly_t = \alpha_t + \mu Export\ Dep-China + \gamma FDIChina + \beta USAID_t + \phi Export\ Dep-US + Controls_t + u_t \dots (1)$$

The dependent variable, UN General Assembly, represents a similarity index of voting behaviour between China and SSA countries, and serves as a proxy for political influence. The model therefore estimates the influence that the independent variables, and export dependence in particular, have on voting alignment over time.

(*USAID*) denotes yearly aid receipts from the US, *FDIChina* is a measure of China's FDI to SSA, whilst US Aid dependence is a measure of total US Aid to the recipient country as a proportion of that country's GDP, measured in current prices. Export dependence on the US (*μExport Dep-USA*) is included as a measure of reliance on the US Export market and to control for the potential diluting effect of US trade relations on policy convergence with China. The expectation is that increased export dependence on the US will have a negative effect on voting convergence with China in the UN General Assembly.

Export dependence (*μExport Dep-China*) is the key variable of interest, and measures a country's export dependence on China. It is defined as the sum of total exports to China as a proportion of the country's exports to all its trading partners. Although a fitting proxy for dependency, it is important to recognise the assumption that demand from China cannot or will not be substituted by demand from alternative exports markets like the US and Europe. The fact that SSA exports are tradable goods suggests that this dependence can be shifted to other markets and it is worth acknowledging that economic dependence takes on various forms, hence the sensitivity of results based on a simplified variable. On the other hand, the strength of this variable as a measure of

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<sup>4</sup>In Dreher (2006) "Do the IMF and World Bank Influence voting in the UN General Assembly?" Hagan 1989 "Domestic political regime changes and Third World voting realignments in the United Nations, 1946-84"

economic dependence can be realised when one takes into consideration that, compared to the abovementioned alternative markets, China is unique in that it provides the infrastructure to access these resources. This in turn creates a stronger relationship of dependency.

The dynamic equation is represented as:

$$UN\ General\ Assembly_t = \alpha t + UN\ General\ Assembly_{t-1} + \mu Export\ Dep-China_{t-1} + \gamma FDICChina_{t-1} + \beta USAID_{t-1} + \phi Export\ Dep-US_{t-1} + Controls + u_t \dots \dots \dots (2)$$

The fundamental problem is that (votechina<sub>t-1</sub>) is correlated with the fixed effects in the error term, which gives rise to “dynamic panel bias” (Nickell, 1981).

An advantage of panel estimation is that it deals with unobserved heterogeneity (individual characteristics that vary across individuals). More importantly however, dynamic estimation accounts for the use of a lagged variable of voting affinity.

To account for the time differential between aid commitments and disbursements, we use a one-year lagged variable to measure the influence of aid on decisions made in the UN General Assembly. The analysis examines UN General Assembly resolutions between ten African countries, China and the US, and all resolutions are included in voting compliance measure irrespective of whether they are considered key or non-key resolutions. This multi-session approach provides for more robust analysis of voting behaviour of SSA. On the other hand this approach detracts from changes in states' voting preference on recurring issues, as well as changes in voting clusters and alignments (Meyers, 1966).

## 4. Results of Empirical Model Estimation

The statistical analysis offers support for the proposition that export dependence has a positive influence on voting convergence in the UN General Assembly.

Table 1: Correlation between Variables of interest (expected signs in parentheses)

	votechina	xsharechina	xshareusa	usaid	fdichina	Polity2	gdp
Votechina	1.00						
Xsharechina	0.154 (+)	1.00					
Xshareusa	0.004 (-)	-0.190 (-)	1.00				
Usaid	0.199 (-)	0.403 (-)	-0.081(+)	1.00			
Fdichina	0.116 (+)	0.057 (+)	-0.031 (-)	0.225 (+)	1.00		
Polity2	0.166 (-)	0.045 (-)	-0.040 (+)	0.256 (+)	0.251(+)	1.00	
Gdp	0.082 (-)	0.015 (+)	0.023 (+)	0.351(-)	0.084 (-)	0.497(+)	1.00

Table 1 presents correlations between the variables of interest in the empirical model specification. As expected, the matrix indicates a positive relationship between Chinese FDI into SSA and the level of voting affinity. Interestingly, (*polity2*) is positively correlated with voting alignment with China, i.e. countries with higher scores on polity are more inclined to vote with China. This contradicts popular misconceptions that countries with poorer measures of governance, like Sudan and Zimbabwe are likely to support China interests.

The matrix indicates a positive correlation between export dependence on China and voting alignment with China in the UN General Assembly, however greater export dependence on the US is not typically associated with a reduction in voting convergence with China in the UN General Assembly (0.004), although the magnitude of the influence is relatively insignificant. Finally, correlations also reveal that countries with higher GDP are less inclined to vote with China.

A Hausman test strongly rejects the null hypothesis of no country fixed effects. However, Clark and Linzer (2012) test the efficacy of the Hausman test in determining model specification and find it neither a necessary nor sufficient statistic for choosing between fixed and random effects. Nonetheless, this paper implements fixed effects estimation, in order to address the potential issues related to omitted variable bias.

This section provides a detailed analysis of the interactions between export dependence and voting affinity between oil and non-oil rich SSA countries. Whilst the empirical analysis provides

an explanation of the pooled sample, there may be systematic differences in voting behaviour between the countries in the sample. It is worth noting that these differences may exist both between oil and non-oil rich countries, as well as within countries of each group. These variations in voting responses amongst the individual countries may result in a zero net effect in the pooled estimation. For this reason, country-level regressions shown in table 3 are country-specific and may provide a clearer explanation of relationships between the variables. Table 2 provides results of the fixed effects estimation of equation (1), at times (t) and (t-1).

Table 2: Estimation of the effect of Trade Dependence on Foreign policy Convergence (1971-2011)

Fixed Effects Estimation: Dependent variable UN General Assembly Voting alignment to China (votechina2)						
	(1) excluding fdichina	(2) incl. fdichina	(3) Lagged effect of xshare	(4)lagged effect of all variables	(5)incl. lagged dep.variable	(6)post 1992- 2006
Votechina2t-1					0.383 (0.000)	
Xchina	0.255 (0.000)	0.255 (0.000)				0.354 (0.002)
Xchinat-1			0.251 (0.005)	0.247 (0.002)	0.138 (0.029)	
Xusa	-0.175 (0.210)	-0.169 (0.222)	0.0113 (0.968)			-0.363 (0.188)
Xusat-1				0.138 (0.223)	0.196 (0.051)	
Gdppc	0.000 (0.50)	8.02e-0.6 (0.602)	0.000 (0.354)			5.35e-06 (0.897)
Gdppct-1				0.00001 (0.383)	9.59e-0.6 (0.428)	
Fdichina2		0.00012 (0.006)	0.0001 (0.002)			0.000 (0.358)
Fdichina2t-1				0.0001 (0.002)	0.000 (0.008)	
Usaid	1.20 (0.010)	1.193 (0.008)	1.328 (0.010)			-0.038 (0.164)
Usaidt-1				1.189 (0.024)	0.740 (0.077)	
Polity2	0.009 (0.000)	0.009 (0.001)	0.009 (0.001)			0.027 (0.003)
Polity2t-1				0.007 (0.000)	0.004 (0.224)	
R <sup>2</sup>	0.08	0.07	0.21	0.16	0.42	0.24
N	331	331	331	331	331	184

Note: All columns include fixed effects, p-values in parentheses. \*\*\*p<0.01, \*\* p<0.05, \*p<0.10

The empirical results suggest that the effect on trade exerts a positive effect on foreign policy convergence. The effect of trade with the US has a negative impact on voting alignment with China. However estimating the model using the lagged indicator of export dependence on the US shows a positive effect on voting coincidence with China, implying that SSA countries maintain voting affinity with China. Overall, this result suggests that voting affinity with China does not vary with export dependence on the US. On the other hand, the coefficient on *xsharechina* (0.255) indicates that a 1% increase in export dependence on China is associated with an increase in SSA voting affinity with China of roughly 0.25.

Taking into account the period of estimation, China's outward FDI exerts less of an influence on voting alignment with China compared to the variable on export shares. It is interesting to note that the effect USAID becomes negative in determining convergence of voting behaviour with China. Post 1992, SSA countries have come to place less importance on USAID receipts for voting convergence with the US, as indicated by the negative coefficient (-0.038). Although relatively insignificant, this result suggests that SSA countries are more likely to converge with, or support China's interests in the UN General Assembly, despite USAID receipts.

The results indicate a weak effect of regime type, as measured by the *polity2* variable, and national capability, as measured by GDP, on voting affinity with China in the UN General Assembly. Nonetheless, the positive coefficient suggests that improvements in both indicators correlate with greater voting affinity with China.

Table 3: OLS Estimation of the effect of Export Dependence on Foreign policy Convergence (1971-2011)

OLS Estimation: Dependent variable UN General Assembly Voting alignment to China						
	Xsharechina <sub>t-1</sub>	Xshareusa <sub>t-1</sub>	USAIDt-1	GDPt-1	Polity2t-1	R <sup>2</sup>
<b>Angola</b>	0.643 (0.140)	0.699 (0.151)	0.813 (0.126)	0.00002 (0.594)	-0.0587 (0.003)***	0.42
<b>Congo D.R.</b>	-0.095 (0.885)	-1.531 (0.195)	-0.365 (0.643)	-0.001 (0.059)**	0.0154 (0.481)	0.25
<b>Ghana</b>	2.589 (0.584)	1.111 (0.422)	-0.784 (0.327)	0.00003 (0.248)	-0.0036 (0.748)	0.09
<b>Mozambique</b>	3.02 (0.040)**	1.092 (0.210)	1.737 (0.244)	0.0018 (0.716)	0.0157 (0.095)*	0.28
<b>Nigeria</b>	30.29 (0.077)	0.358 (0.469)	-0.376 (0.431)	-0.00017 (0.431)	0.0041 (0.095)	0.15
<b>South Africa</b>	5.266 (0.168)	-0.8556 (0.561)	-0.569 (0.570)	-0.000087 (0.017)**	0.1928 (0.002)**	0.90
<b>Sudan</b>	0.0159 (0.945)	-0.469 (0.870)	1.083 (0.035)**	-0.00011 (0.582)	0.0134 (0.314)	0.28
<b>Tanzania</b>	0.303 (0.823)	7.226 (0.074)*	0.048 (0.984)	-0.00017 (0.839)	0.054 (0.095)*	0.24
<b>Uganda</b>	-50.09 (0.01)**	0.138 (0.754)	0.6406 (0.557)	0.0024 (0.001)***	0.0216 (0.111)	0.32
<b>Zambia</b>	-0.415 (0.855)	-1.092 (0.356)	2.26 (0.123)	-0.0004 (0.225)	0.0047 (0.581)	0.12

Note: Dependent variable is UN General Assembly voting convergence, measured as per the similarity index on all UN General Assembly resolutions. The model uses country-level OLS estimation in each case, p-values in parentheses. \*\*\*p<0.01, \*\* p<0.05, \*p<0.10

The coefficient on export dependence on China is positive in the case of most countries and although not statistically significant, it suggests that export dependence plays an influential role in voting alignment with China in the UN General Assembly. The one year lagged variable on China's voting index enters positively and is statistically significant. This is suggestive of an inherent tendency or impetus to align voting behaviour with China, based on previous voting decisions.

As per a priori expectations, the results show that for most countries an increase in export dependence is associated with greater voting alignment with China. Three countries in particular (Congo, Uganda and Zambia) indicate the opposite relationship, in that higher export

dependence on China is instead associated with decreased voting alignment with China. The empirical analysis shows that greater export dependence leads Zambia to vote less in line China (evidenced by the coefficient -0.415), as is the case with Uganda, whose voting alignment decreases considerably with increases in export dependence (-50.09). This result is particularly interesting since Uganda and Zambia are both non-oil countries, and China's presence in the mining of Zambian copper is relatively substantial. This result demonstrates the case made by Kim & Russet (1996), who assert that economic ties can have a negative influence on voting compliance because it is associated with a feeling of exploitation by the trading partner.

Given the results of the country-specific Ordinary Least Squares (OLS) estimation, it is also interesting to find that not all countries respond to USAID receipts by reducing their voting alignment with China. Consistent with previous analysis, most countries continue to vote in line with China irrespective of aid disbursements from the US. However, in the case of Congo, Ghana, Nigeria and South Africa, an increase in USAID has a negative effect on voting alignment with China, as indicated by the negative coefficient.

On the basis of the theory of vote-buying in the UN General Assembly, one would expect that an increase in the level of USAID can be expected to negatively influence SSA voting affinity with China. Interestingly, USAID is associated with greater voting alignment with China; more so than Chinese FDI. This may illustrate Africa's importance to the US as a trading partner, because these countries have the freedom to vote opposite to the US without concern for losing favour with the US. Another possible explanation for this result is that the US has historically been seen as providing large humanitarian and development aid to African countries, which has not been tied to greater voting alignment in the UN General Assembly. This may cause some African countries to perceive the costs of not aligning their foreign policy interests with those of the US as being less risky. In line with this thinking, Schaefer (2011) contends that the US should make voting alignment in the UN General Assembly a precondition for receiving USAID. He recommends that the US should explicitly link development assistance with support for US priorities in the UN General Assembly.

In light of the exponential growth of Sino-Africa trade relations, it is reasonable to assert that increased trade relations with China occur at the expense of trade with the US and other EU countries. The case of Nigeria provides convincing evidence in support of this assertion, revealing a decline in export dependence on the US, from 53% in 2005 to 29% in 2011, partly as a consequence of China's role in global trade.<sup>5</sup> A number of countries, including Nigeria, Angola, Ghana, Mozambique, Tanzania and Uganda have a positive coefficient for the variable on export dependence on the US (*xshareusa*). This implies that these countries align their political

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<sup>5</sup> According to Authors own calculations

interests with China, regardless of variations in export shares to the US. As mentioned previously, Mozambique represents an interesting case as an SSA country that has recently discovered natural resources, and receives comparatively less official FDI from China. Mozambique remains an important trading partner and export dependence on China has increased significantly in recent years. As a result, Mozambique affinity with China does not vary with export dependence on the US.

Interestingly, the results of the estimation indicate that Tanzania is more likely to vote in line with China irrespective of any increase in export dependence on the US. That is, a 1% increase in exports to the US is associated with an increase in foreign policy alignment with China (as shown by the coefficient 7.226 on *xshareusa*). This result is interesting given that the Tanzanian economy is primarily agricultural and exports to China do not typically include oil or mineral products. Nevertheless it can be seen as a result of China's proactive approach in securing diplomatic ties with Tanzania, in order to tap into the country's growing economic potential.

In the case of Sudan voting affinity with both China and the US declined significantly over recent years, however this can be attributed to amongst other things, the significant decline in export dependence on both China and the US, which occurred as a direct result of the Sudanese civil war and conflict.

With respect to regime type, the data indicates that for eight of the SSA countries an improvement in democracy has a positive effect on voting alignment with China in the UN General Assembly. It is expected that more corrupted countries are more easily bribed and are more likely to submit to political pressures in determining their foreign policies. The empirical results however suggest the contrary. In the case of Angola, a progression towards democracy is associated with a decline in voting affinity with China; therefore, as Angola becomes more democratic, there is likely to be a decrease in voting alignment with China, given by the negative coefficient (-0.0587). Similarly, the case of Ghana reveals a negative relationship between democratisation and voting alignment with China in the UN General Assembly. This implies that, as Ghana makes progress towards improved governance, it becomes less accommodating of China's interests in the UN General Assembly. This finding contradicts the conventional conception of China's role in Africa, which suggests that China's support for corrupt governments with poor scores on institutional quality and governance induces SSA countries to align their policy objectives with those of China and leads to a further worsening of governance. However it is important to recognise that this finding is insufficient to disqualify the possibility of the overall concept.

It is worth mentioning that a limitation of using the polity variable is that its relatively static nature may not adequately capture the effect of democratisation on political alignment with China. An improvement would therefore include the use of a variable measuring corruption or rule of law which exhibits yearly changes. Overall, although statistically insignificant with a relatively small magnitude of effect in all cases, the coefficient on *Polity2* generally enters with a positive sign. The implication of this result is that improvements in the level of governance are associated with convergence of votes with China in the UN General Assembly, compared to more authoritative and/or less democratic countries. Generally, it shows that SSA countries irrespective of their stage of democratisation are more likely to support China in the UN General Assembly. This voting affinity can be attributed to the characteristics of Chinese investment. China has shown a willingness to invest in more politically unstable countries, which promotes support for China in the international arena. Claasen (2011) finds that whilst the relationship between political stability and China FDI remains unclear, their findings infer that political stability loses importance/relevance for investment criteria if the potential market is attractive enough. Arguably, China's investment in SSA countries may therefore be considered a necessary way of building political support in the UN General Assembly.

### **Interim Conclusion**

On aggregate, the data appears to support the idea that having China as an export market influences countries to vote more in line with China. However, failure to find a clear and consistent association, and statistically significant voting alignment with China and export dependence for most countries may be due to one of two reasons; firstly, the aggregation of aid flows where some forms of aid will have more power in explaining political alignment, and secondly this may be due to the limited availability of data on China's Aid flows to Africa. More importantly however, and as argued by Kaplinsky and Morris (2009) a key problem is that most formulations of the "China challenge" assumes a homogenous "Africa" (Kaplinsky & Morris, 2009). However since Africa encompasses a broad and divergent set of economic and political structures, it necessitates a comparative case study approach which emphasises the agendas of different African states. Having said that, it is apparent that formulating an understanding of the factors that influence policy convergence with respect to China in the UN General Assembly extends beyond mere dependence on an export market. Instead, understanding China's influence in the UN General Assembly involves complex factors, which need to be incorporated into the analysis. FDI represents one such complex factor, and is particularly important in the African context and for the purpose of this paper. The reason for this is that China's FDI is typically concentrated in SOE's operating in the resource sector, and is typically an amalgamation of Chinese aid, Trade and FDI. As a result, it is apparent that any empirical analysis of trade dependence alone is incomplete for determining convergence of voting behaviour amongst

African countries. The next section discusses the empirical results of the inclusion of the variable which accounts for Chinese FDI to Africa.

### **The Impact of Chinese FDI on Voting Affinity in the UN General Assembly**

Table 1 provides pooled estimation results of the empirical model (4) including the measure of outward FDI from China as an explanatory variable. Empirical estimation shows that in the case of four countries (Ghana, Mozambique, South Africa and Sudan) voting alignment with China declines with any increase in Chinese FDI, as indicated by the negative sign on the coefficients. However, as in the case of all SSA countries, the effect of FDI is relatively small. Therefore despite improvement of the model by incorporating a measure of China's FDI to SSA countries, contrary to initial expectations, there is still no clear empirical relationship between the export dependence and the convergence of voting behaviour in the UN General Assembly. That is, introducing FDI into the model does little to improve the relationship between export dependence on China and voting in the UN General Assembly.

Furthermore, despite accounting for Chinese FDI, the results reveal significant variations between countries with no general association between trade and voting alignment in the UN General Assembly. The reason for this could be due to the nature of China's FDI. As mentioned previously, compared to US aid which is clearly defined, and therefore providing a clearer understanding of the motives behind that FDI. In contrast, China's aid and FDI is less discernible, and as a further result of the aggregation of China's trade aid and FDI, the motives behind China's Aid are generally less understood. In summary, the lack of FDI data contributes to the poor explanatory power of the model following the inclusion of the FDI variable.

Another possible reason for these variation in research results may be the time period of estimation, which integrates a period of major political and economic shifts, for example as in the case of South Africa. Foreign policy convergence therefore varies according to domestic policy interests, as well as the shifting interests represented by various leaders. Having said that, it is worth narrowing the analysis of the relationship between export dependence and voting alignment to the the more recent decade i.e. from 2000 onwards. Ultimately, this analysis highlights the fact that country-specific dynamics play a significant role in determining voting behaviour of SSA countries. That said, it is possible that the empirical model has the effect of oversimplifying the relationship between trade and/or aid and UN General Assembly voting convergence.

## Interim Conclusion

Overall, the data indicates that the voting behaviour of African countries is more aligned with China irrespective of the level of Chinese FDI. Alam (2012) finds that resource-exporting countries in Africa have a lower level of voting alignment with the US relative to other countries, and that voting alignment does not vary with higher export dependence on China. The empirical analysis provided by this paper contributes to this finding by showing that the ten SSA countries not only maintain their alignment with China, but are likely to improve foreign policy convergence with China, irrespective of their reliance on US export markets or US Aid disbursements.

Furthermore, the empirical analysis shows that although China's FDI does have a positive impact on UN General Assembly votes, as indicated by the positive signs of the coefficients on *fdichina*, the effect is less significant. For that reason, any increase in voting alignment should be attributed to other factors. Therefore based on the analysis, this thesis rejects the initial hypothesis of “vote-buying” by China in the UN General Assembly, on the evidence that FDI from China does not considerably influence voting affinity with China.

As a final note, it is worth mentioning that upward trends in SSA convergence with China can be expected to be minor, given the already high baseline level of voting affinity in comparison to the US. As such, any increase in export dependence is likely to have less impact on further improvements in UN General Assembly voting convergence, and it is possible that convergence may be on account of other unobserved factors. Perhaps it is China's emphasis on building relationships based on mutual understanding and soft power on the continent, and its ‘all-weather’ friend rhetoric which compels African countries to align their foreign policy with China in the UNGA.

In what follows, this paper will provide detailed analysis, including a country level analysis of countries that are known to engage with China, taking into account country-specific aspects of Chinese engagement such as bilateral trade agreements, and the influence of China on African governance, over the period (2000-2011).

## 5. Detailed Analysis

### 5.1 Analysis of Data Trends

#### Comparative Analysis of SSA Voting Behaviour with China and the USA

This section provides a comparative analysis of voting convergence in the UN General Assembly between Africa's new alternative trading partner, China, and the world's superpower, the US. Whilst the focus of the paper is on China as the "global power", albeit the recently emerging power, a comparative analysis contributes to the quality of the research by providing a point of differentiation with other global powers, namely the US. This contributes to underscoring/highlighting the uniqueness and proliferation of Sino-African engagement.

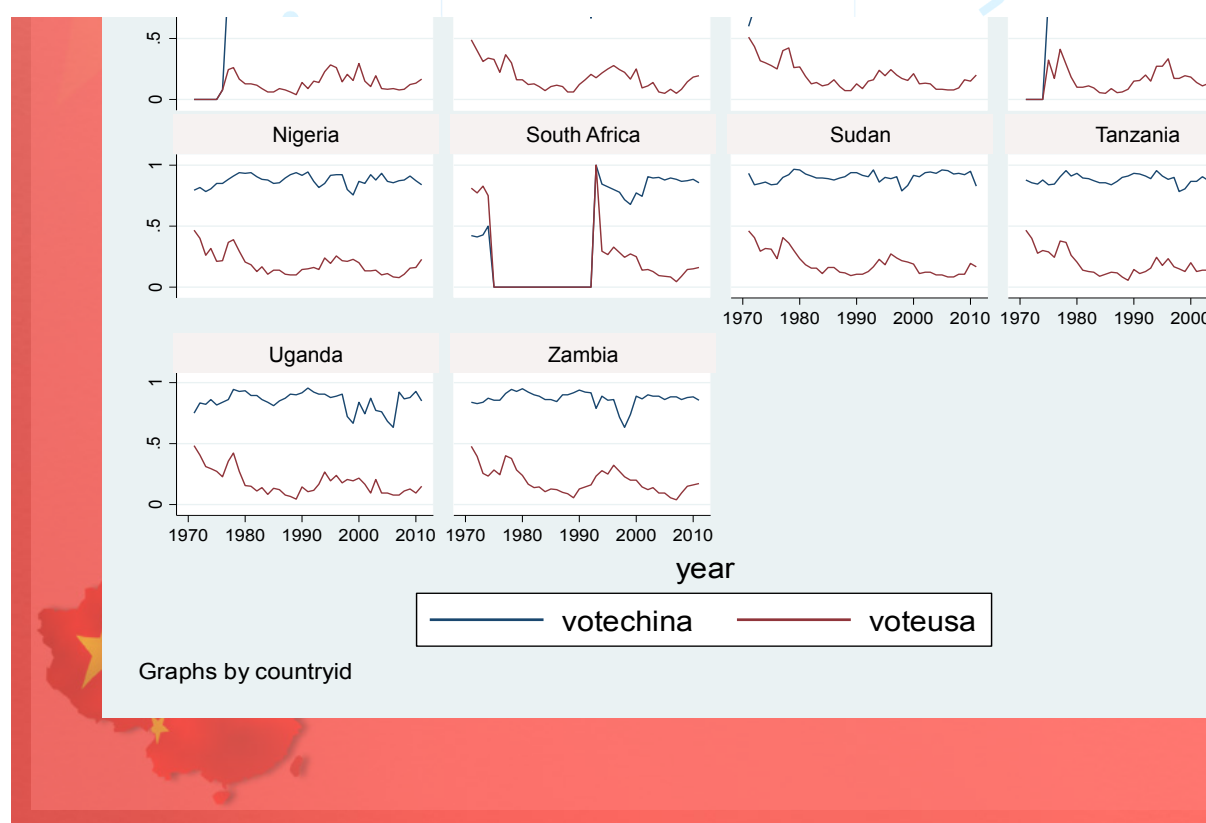


Figure 4: Voting Similarity with China and the US, measured by votes in the UN General Assembly, 1971-2011. Votechina=voting similarity index with China, Voteusa=voting similarity index with U.S

China's augmented political and diplomatic clout on the international stage, and in particular its increasing political influence in Africa is evident in figure 4 (below). The data reveals a high degree of voting affinity (closer to 1) between China and SSA Countries, compared to relatively

lower voting alignment with the US. All SSA countries display a higher baseline level of foreign policy convergence with China compared to the US. Furthermore, in the case of most SSA Countries, the variations in voting alignment with China have become less apparent since 2000, i.e. policy convergence has become more consistent over recent years.

Following its suspension from the UN General Assembly in 1974, which was a direct consequence of internal opposition to the policy of apartheid, South Africa resumed voting in the UN General Assembly in 1994, and has since aligned itself with China's interests. Of the countries analysed however, South Africa displays the lowest baseline level of voting coincidence with China. Overall, China generally attracts more support from SSA countries compared to the US, and for most SSA countries this has been the case since the early 1970s.

### Analysis of Export Dependence on China

Given the above mentioned trends in UN General Assembly voting behaviour, it is interesting to see whether the abovementioned trends in voting affinity coincide with any changes in the pattern of export dependence amongst SSA countries. To the extent that there is a correlation between rising export dependence and greater voting convergence in the UN General Assembly, suggests a relationship explained by trade dependence theory.

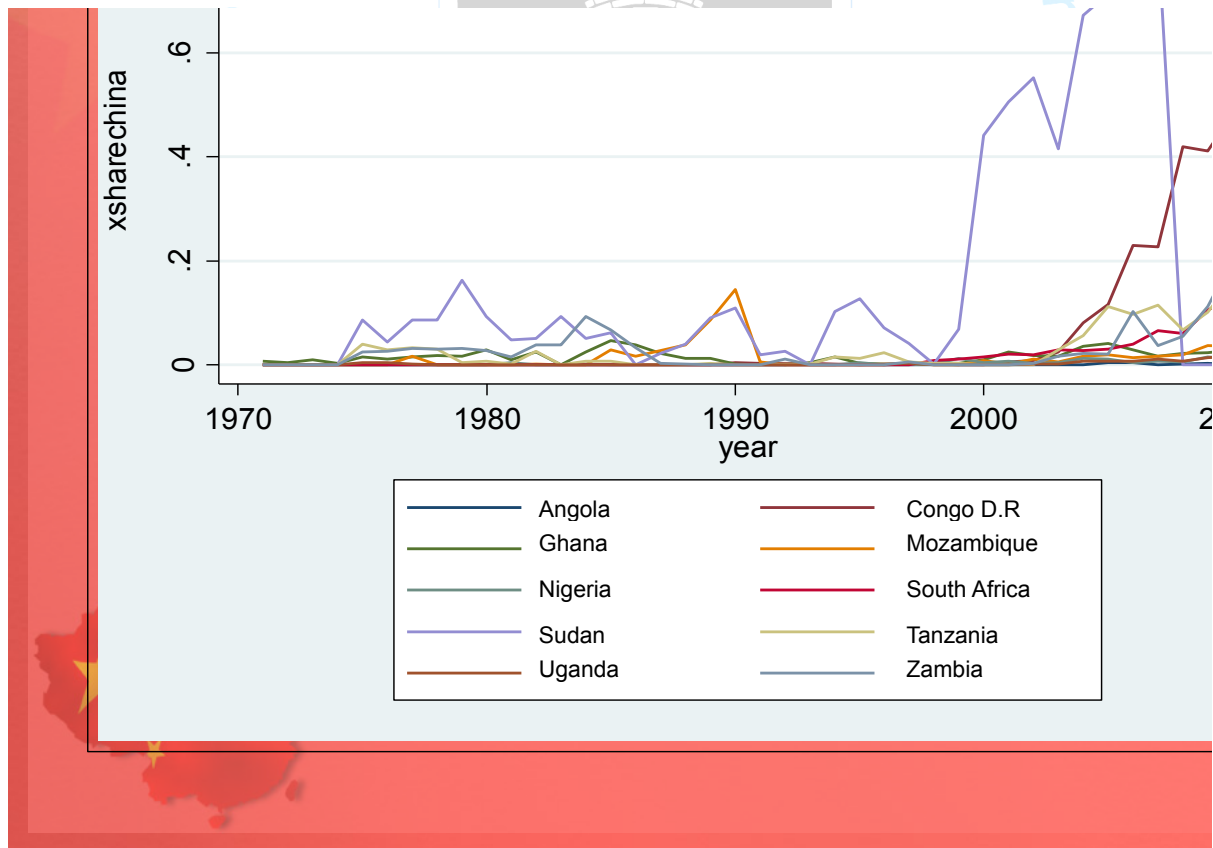


Figure 5: Proportion of total Exports to China (Export dependence) for SSA (1971-2011)

Figure 5 (above) highlights China's increasing importance as a market for exports amongst most African countries. In particular, Uganda, Zambia, Tanzania and South Africa indicate comparatively sharper increases in export dependence on China, particularly within the last decade. Importantly, not only is this finding consistent throughout most countries of study, insofar as the data represents exports to China as a share of total exports means exports to China supersede exports to the US. The data therefore shows that there is a noticeable increase in dominance of China's export market over that of the US.

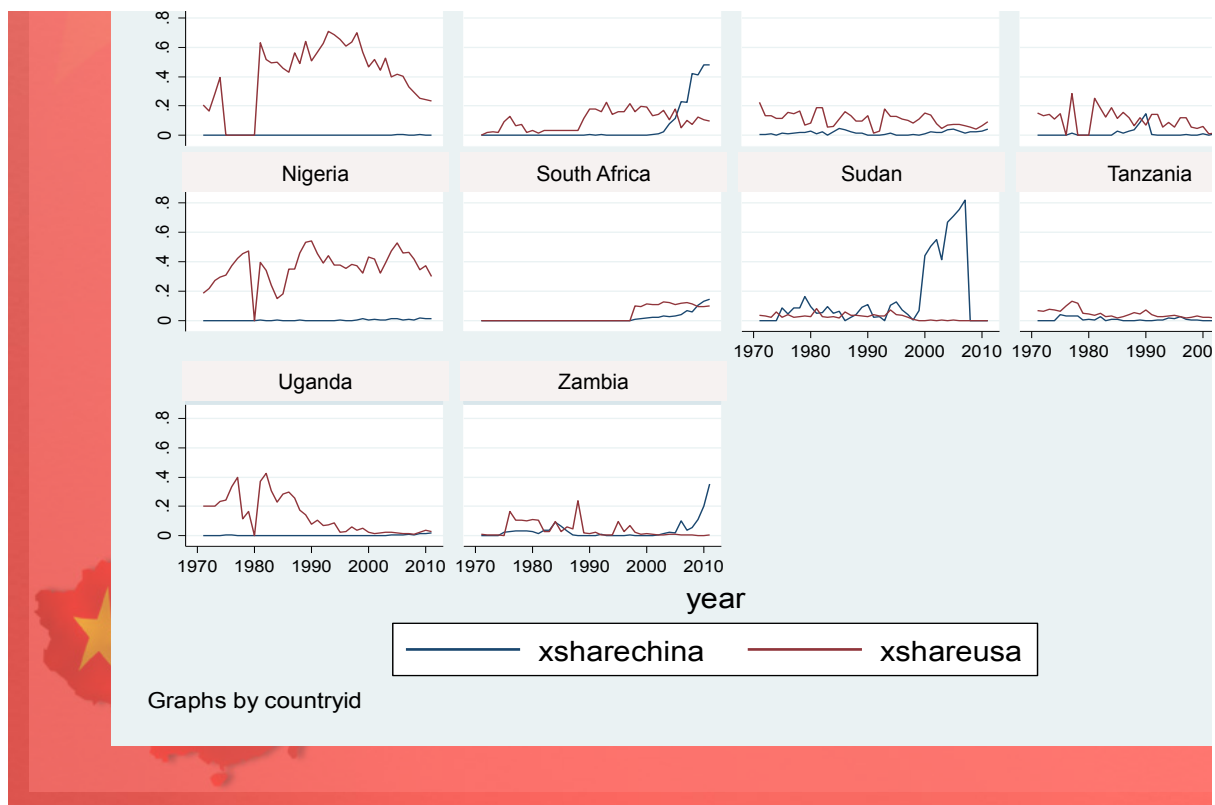


Figure 6: Comparison of Export Dependence on China and the US for SSA (1971-2011)

Figure 6 confirms the above-mentioned pattern among all SSA countries; one of growing export dependence on China since the early 2000s which has continued into 2011. This has led to a notable decrease in export dependence on the US for many African countries. In particular, countries like DRC, South Africa, Sudan, Tanzania and Zambia have become increasingly reliant on China's markets for their exports, and export dependence on China has surpassed export dependence on the US. Interestingly, even for a non-resource rich country like Mozambique, export dependence on China is surpassing that of the US. Overall, the pattern is one of declining trade dependence, in terms of exports to the US in favour of exports to China.

These findings meet expectations in terms of the theory of trade dependence, and suggest that as SSA countries come to rely increasingly on Chinese markets for their exports, this reliance will steadily influence voting behaviour of these countries in the UN General Assembly. Subsequently, we expect to find a positive and significant relationship between export share to China and voting alignment with China in the UN General Assembly.

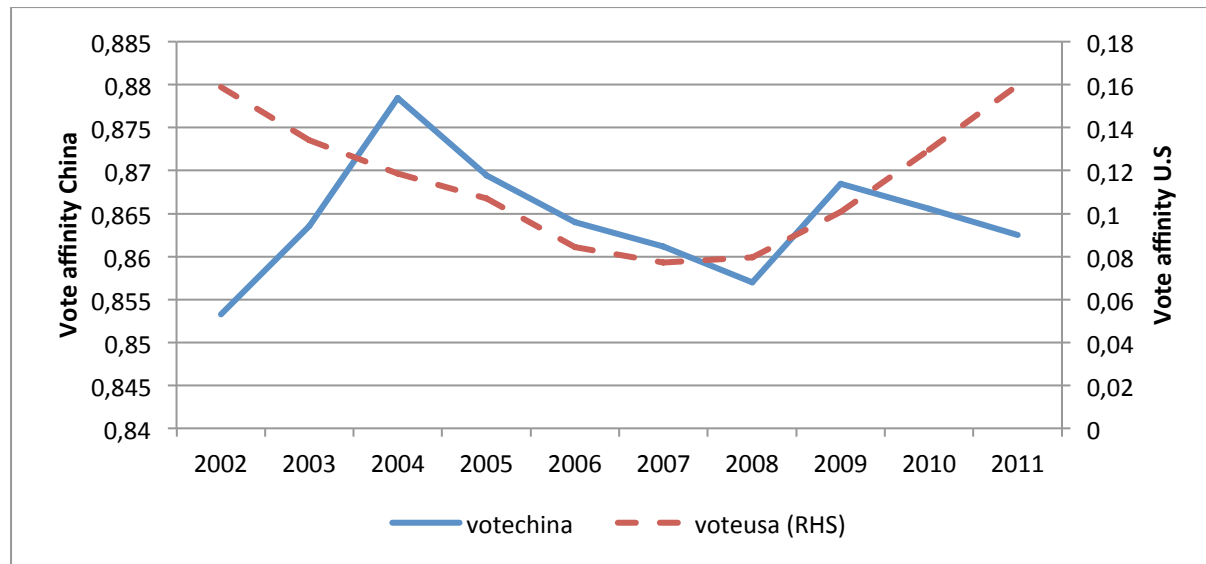


Figure 7: Evidence of UN General Assembly Voting Convergence with China and the US

Assessing figure 7 (above) it would appear that over recent years, SSA African countries are increasingly shifting their political alignment in favour of increased voting alignment with the US. i.e. that voting alignment with China is decreasing. Whether or not these countries are predominantly oil rich countries may have a bearing on this result, given that the US continues to have strong oil diplomacy in some African countries, for example Nigeria. These countries can therefore be expected to continue to align their foreign policies to the U.S.

However, the reason for this finding has more to do with the fact that the analysis above incorporates votes in which both China and the US vote "yes", and therefore overestimates the level of voting convergence with the US. Therefore, as an improvement over this analysis, this paper proceeds to analyse votes for UN General Assembly resolutions in which China and the US votes diverge. This paper does this by including only the votes between China and US which were not matched, in order to determine which country is on aggregate more likely to win support of SSA countries. This analysis is illustrated in the figure below;

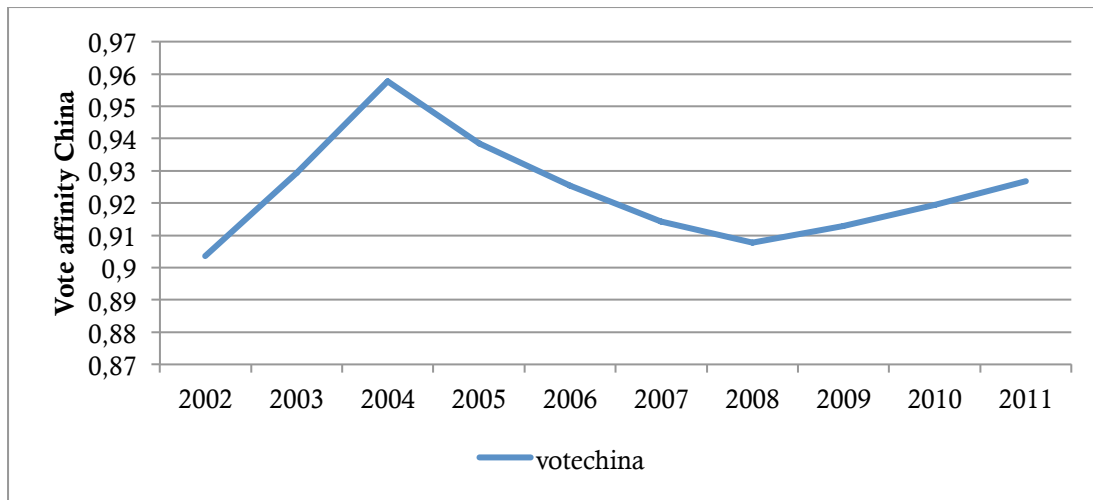


Figure 8: SSA Voting Behaviour on China-US Non-Consensus Resolutions

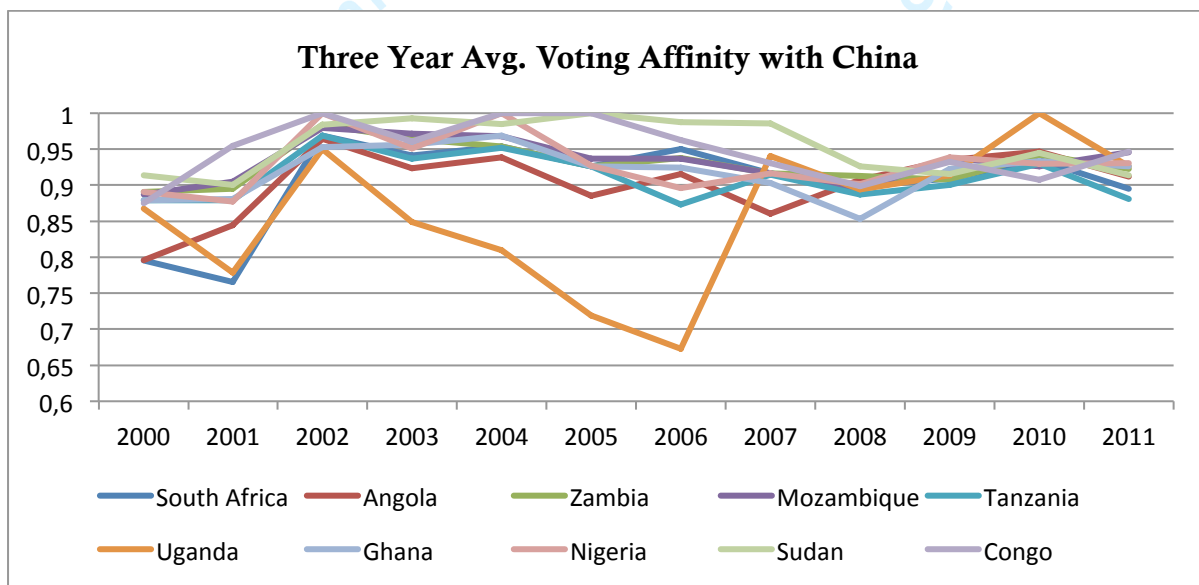


Figure 9: Evidence of China's Influence on SSA Voting Behaviour in the UN General Assembly

Figure 8 and 9 show voting affinity with China when only votes in which China and US votes diverge, i.e. vote opposite to each other, are taken into account. By taking into account political alignment with SSA countries when China or the US are in disagreement, this analysis provides a concise indication of SSA foreign policy preference in terms of voting alignment with the US versus China. As expected, most countries continue to align their political interests with China. Furthermore, it is worth highlighting that the rate at which foreign policies have converged with China is more apparent in the case of three countries in particular; Congo, Mozambique and Uganda. This is especially the case in Congo where China's "package" investment deal in 2008 represented one of the first foreign investor engagements of significant value in the country, comprising investment in infrastructure, aid and access to concessions of key commodities. (Davies, 2008)

This finding lends support to the fourth hypothesis which suggests that countries exhibiting the Angola model of FDI tend to vote more in line with China. However, preliminary descriptive assessment of the data suggests that even in the absence of special bilateral agreements or the so-called Angola model of investment, SSA countries are as likely to converge on decisions in the UN General Assembly. Interestingly, two countries in particular have shown an average tendency to voting similarity with the US, being South Africa and Tanzania. Nevertheless, the majority of the ten countries show a preference in aligning their foreign policy interests with China as opposed to the US

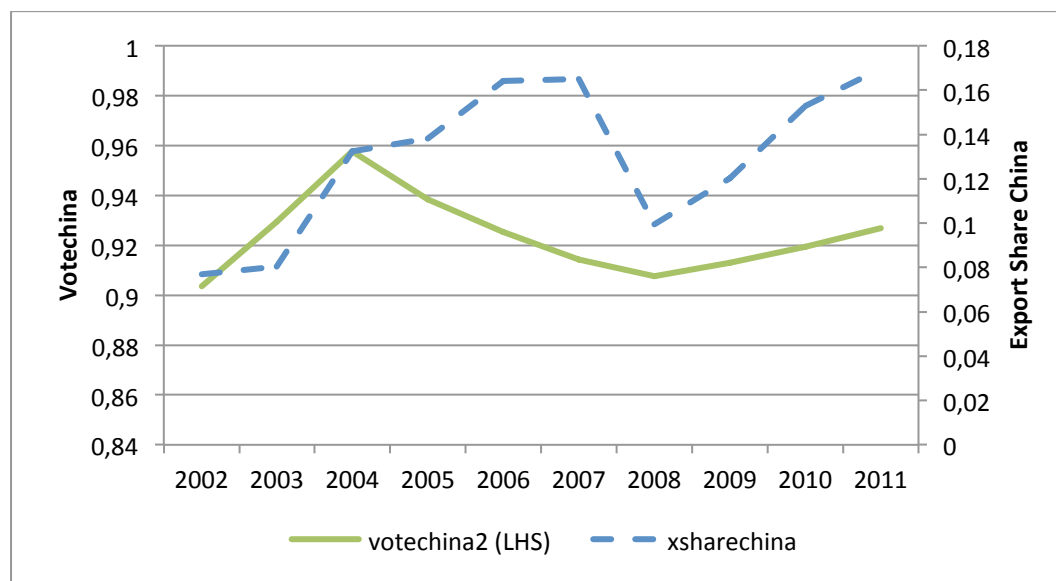


Figure 10: Export Dependence and SSA Foreign Policy Convergence with China (2002-2011)

Figure 10 above indicates a possible relationship between reliance on China as an export market and voting alignment in the UN General Assembly, particularly since 2008. Especially in the last five years, the average SSA country's voting alignment with China is increasingly associated with the level of export dependence on China, at the expense of the voting affinity with the US. This result is supported by findings of Shaeffer (2011) that since 2000, over three quarters of the recipients of USAID have voted against the US on non-consensus votes in the UN General Assembly. Since then, voting coincidence has averaged about 29.8%, and in 2010, thirty of the largest recipients of development assistance supported the US less frequently.

The combination of broader voting similarity between China and Africa in the UN General Assembly, and divergence between China and the US, lends support to the possibility that China is using its trade relations to attract allies in the multilateral arena, with the US simultaneously experiencing a decline in influence.

## 5.2 Country-level Analysis

To supplement the understanding of China's approach in Africa, and an aggregate understanding of the dependency relationship of Sino-Africa, this paper presents a detailed country level study. The following section provides a detailed analysis of voting behaviour for the countries of interest, which are not necessarily oil-rich but whose trade with China can be associated with the "trade-for-resources" or "Angola model" of investment. For example, Ghana a non-oil rich country is said to be using its cocoa exports to secure a line of credit for building the Bui Dam, whilst in Angola, China Eximbank has offered a series of oil-backed lines of credit since 2004. (Brautigam, 2011) Hence this section is concerned with whether or not this characteristic of Chinese investment in Africa is especially linked to greater voting coincidence with China in the UN General Assembly.

Angola is one of China's main oil trading partners and oil represents a significant strategic concern. It is worth noting that, although trade between Angola and China has increased remarkably within the last decade, Angola continues to supply a major component of oil to the US. Since 2004, Angola's voting behaviour in the UN General Assembly has mirrored rising trade and economic relations with China. This finding represents clear support for the hypothesis that countries predominantly exhibiting the "Angola model" of development financing have a higher voting coincidence with China in the UN General Assembly.

A different pattern emerges in the case of South Africa, one of China's largest trading partners in Africa. The three year average voting affinity shows that South Africa has increasingly sought to maintain a more balanced level of voting behaviour in the UN General Assembly. Since 2004 voting affinity with China has declined, albeit minimally, however South Africa continues to align its votes with China. A possible explanation for this may be due to the fact that although China FDI to South Africa is large relative to other SSA countries, as a proportion of total FDI into South Africa the overall contribution is less significant.

China's renewed interest in Africa has, in some cases, contributed to restoring state industries. China has played an instrumental role in reviving Zambia's copper producing industry in 2009 after Western investors pulled out as a result of the economic crisis. (Li, 2010) In 2009, China acquired Zambia's Luanshya Mine, after a Swiss investor pulled out of the investment in the face of challenges posed by the economic crisis. (Fessehaie, 2011) China subsequently invested the USD\$400 million that had been committed to re-capitalise the mine, while simultaneously financing and constructing the Chambishi Multi-facility Economic Zone. (Fessehaie, 2011) The relevance of this is that it illustrates some of the ways in which China was able to cushion the impacts of the economic crisis on the African continent.

It is interesting to note that from this time, Zambia's voting convergence with China has increased significantly at the expense of voting convergence with the US. Not only does this symbolize China's quest for resources, it also provides evidence that China's trade operates to effect influence in multilateral organisations. China's influence is not however limited to the multilateral context, and whilst China would argue for their lack of direct influence on African politics, the country-level evidence suggests otherwise. China's increasing role and involvement in Africa's governance and political affairs is increasingly evident, which contradicts their stated policy of "non-interference". For example, as an illiberal regime with a weak democracy, China's engagement with Zambia had political ramifications for the electorate, which during the 2006 national elections was divided on China's presence in Zambia. In his first two national elections, Michael Sata's Patriotic Front played the anti-China card to win votes in Lusaka and The Copperbelt, with Sata opposing China, referring to them as "infesters" as opposed to investors. (Hinds, 2010) Notwithstanding this evidence of Zambia's experience of China's domestic interference, Zambia has well established diplomatic ties and several bilateral agreements with China. Of the six special economic zones in Africa, two are situated in Zambia, although allegations of human rights violations and corruption are common, which has filtered into the domestic political situation. On the multilateral front, the results of this analysis suggest that export dependence on China positively influences Zambia's voting alignment with China.

Uganda is a typical example of a non-oil producing country that has become increasingly aligned with China compared to the US. Although political and aid relationships between Uganda and the US are a crucial aspect of Uganda's economic prosperity, the shift in the international economy has redirected Uganda's interests away from US in favour of China. In return, China's FDI constitutes the highest FDI to the country, with multi-sector investment in agricultural processing, industry and tourism. More importantly, the Chinese Petrochemical Corporation has begun investing in recently discovered oil deposits. (Nelson, 2012) Chinese foreign investments play a significant role in Uganda's key sectors.

Whether FDI is sufficient to influence foreign policy decisions in the UN General Assembly however is unclear. Kaplinsky and Morris (2009) make an important distinction between the presence of FDI and its significance to the recipient economy. For example, the significance of China's FDI in Uganda's mining sector is relatively low in comparison to its role in Zambia's mining sector. Nonetheless, China's strategy in terms of harnessing economic interests in the multinational arena is remarkably evident in Uganda. The fact that Uganda is not as yet an established oil producing country, and lacks strategic ranking in terms of mineral resources, has an important implication for the research findings. What this finding suggests is that China seeks political influence in most African countries and its economic and subsequent political interests

are not limited exclusively to oil/resource rich countries, and especially in light of China's emphasis on friendly relations and diplomatic visits, may be linked to more purely political influence.

Sudan is key to China's oil interests, and presents an exemplary case of China's "Angola model" of FDI in Africa. Sudan has continued to receive financial assistance from China, and has been a source of contention with Western countries pertaining to the violation of human rights associated with civil war. Interestingly however, Sudan's votes have consistently diverged from China's votes in the UN General Assembly since 2007. This result presents an interesting puzzle since a country receiving economic assistance will be expected to vote similarly to the donor country. Furthermore, it rejects the hypothesis that receipt of greater foreign direct investment is associated with greater voting affinity in the UN General Assembly. The observed decrease in voting alignment with China does however correspond to a decline in export shares to China, which in turn has occurred as a direct result of South Sudan secession, and the subsequent loss of oil resources and increase in conflict. Sudan has lost billions of dollars in oil receipts since the south gained independence in mid-2011, and in 2013 Sudan lost its right to vote in the UN General Assembly, as a result of failing to pay its dues to the organisation. Currently, China accounts for 64% of Sudan's oil exports and is increasing its investment in the country to further explore Sudan's oil reserves. In exchange, China provides low interest loans and economic aid for Chinese companies constructing railroads, schools, roads, hospitals, bridges, and offices, laying a fiber-optic network, and training telecommunications workers.

This analysis also shows that in the case of Sudan, where China is known to provide the FDI otherwise denied by Western donors, Sudan is in fact less open to influence by China despite the fact that China has played a critical role in Sudan's politics. (Mohan, 2012) This influence does not appear to have had any incremental effect on voting alignment with China in the UN General Assembly. The case of Sudan therefore appears to resist China's use of economic statecraft as a tool to gain political influence, at least insofar as voting behaviour in the UN General Assembly is concerned.

Mozambique and China's relations have improved significantly recently. Prior to 2008, Mozambique's loyalties in terms of voting affinity rested with the US. In 2008 China became Mozambique's second largest investor, the largest investment being the Wuhan Iron and Steel Corporation's \$800 million to develop coal reserves for export to China. In 2005-2006, a Sino-Lusophone initiative aimed at directing capital into Mozambique was established, from which two financial institutions were founded, Moza Capital and Moza Banco established a retail bank with Mozambican investors who have close ties to the Mozambique Liberation Front (FRELIMO). Since 2008 China has become an increasingly important ally to Mozambique, with

voting coincidence between the two countries forging ever closer, reaching 0.93 in 2011 from 0.91 in 2008. Therefore not only does the evidence indicate greater direct involvement in Mozambique's domestic politics, it also confirms China's ability to influence Mozambique's political agenda at multilateral institutions like the UNGA.

The voting behaviour of Nigeria reveals a similar pattern. Since 2008, voting coincidence with China has taken precedence over voting alignment with the US, evidenced by an increase in the similarity index in voting alignment with China from 0.90 to 0.93 in 2011. This not only exposes the influential impact of China's healthy commercial relations with Nigeria, but may also be a reflection of the high-level diplomatic visits in both directions in recent years, which may be influential in foreign policy decisions taken by Nigeria.

### **Interim conclusion**

Two important conclusions can be drawn from the above analysis. Firstly, when analysing the influence of China's engagement in Africa, the time period of estimation is important. When looking at average voting behaviour of SSA within the last decade, country-level trends show that export dependence is positively associated with voting alignment with China in the UN General Assembly. Secondly, not only do resource exporting countries have a lower voting alignment with the US, but voting convergence with China is shown to improve with higher export dependence on China. This is true for most countries in the sample, with the exception of South Africa and Sudan. Owing to specific country-level characteristics, these countries exhibit a deviation from the expected results. Whilst Sudan's decades-long civil war and conflict might help to explain this pattern, South Africa's more balanced position on the other hand reflects the fact that although China continues to be a main trading partner, this might instead echo South African President Zuma's more cautionary approach in its relationship with China. (Hook, 2012) These remarks were made at the opening to the 5<sup>th</sup> Forum of China-Africa Cooperation (FOCAC), and were formed on the basis of reverberations of a 'new colonialism' and the unbalanced nature of China's trade with Africa, which he deems 'unsustainable' in the long run. (Hook, 2012)

As a potential for further research, it may be useful to discern if any patterns exist with regards to voting on specific key issues. It is possible that when taking into account the disaggregation of votes between key and non-key votes a clearer relationship between voting alignment and trade, aid and FDI will emerge.

### 5.3 China's Influence on African Governance

Numerous examples exist of China's soft power and indirect political influence, and the subsequent impact on governance. China's direct role in local politics suggests that China's principle of non-interference, which is undoubtedly linked to their drive for Africa's resources, is somewhat of a misleading term and becoming increasingly questionable in practice. Non-interference bolsters the south-south rhetoric used by China to gain favour of African elites, as "interference" is a distinguishing feature of 'Western' aid. (Grimm, 2014) However he points out that the recent softening of China's non-interference rhetoric, as demonstrated by Beijing's mediation between the two Sudans, suggests that Beijing's foreign policy on paper is highly divergent to its actions in practice. This paper explores China's role in influencing Africa's governance indirectly through the channel of increased trade relations, and trade dependency on the basis that although China claims non-interference this is arguable as a result of the various indirect avenues of influence.

A combination of China's direct involvement in Africa's affairs, as well as the indirect effects associated with China's economic engagement has contributed to accusations of China's negative influence on Africa's governance. The following provides an assessment of this claim, to determine whether influence in the UN General Assembly, or in broader terms China's trade relations with African countries has had any negative consequences for progress with regards to governance.

China is often accused of having little regard for democracy, and is often perceived as posing a threat to Africa's governance. Owing to its principle of "non-interference", China has been criticised for having a negative impact on African governance, and has been accused of lack of consideration for human rights. The question this paper seeks to explore is whether China's preference for elite brokering undermines moves to democratic and open governments. The answer to this question will have significant bearing on whether new Chinese investments will stimulate both growth and institutional progress required to achieve broader developmental goals.

China has effectively used their lack of legal or political obligations to abide by Western imposed sanctions to their advantage, partnering with so-called "pariah states" like Sudan and Zimbabwe under the banner of non-interference. More recently however, it is apparent China is shifting their ideals. For example, China's approach of non-interference has been modified by the newly appointed President Xi Jinping by declaring more active participation in the mediation of Africa's issues. (Economic Times, 2013) In contrast to its traditional mandate of expanding trade, this suggests greater involvement in the complex issues surrounding the African political landscape. In Zambia, increased Chinese influence has become a source of public indignation

and intense debate. Similarly, China's relationship with South Africa has developed from one based on economic exchange to one with more political dimensions, following China's announcement of plans to increase political and security cooperation through enhanced military ties. (Bowie, 2011)

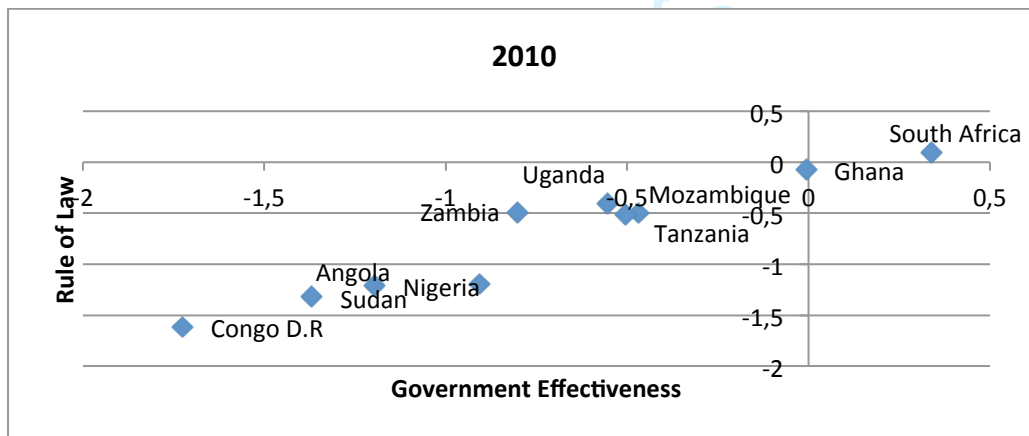
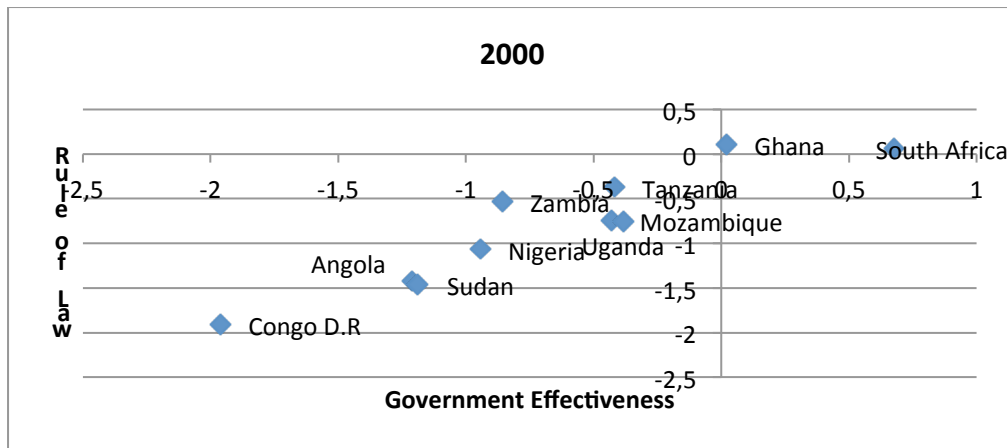
The rationale for this section is to develop an understanding of the impact that rapid engagement with China, in terms of export dependence will have on the ability to form political institutions that are crucial for long-term economic development. Results of the empirical analysis using *polity2* variable provided inconclusive evidence of China's influence on governance, recognising that factors other than economic relations with China, such as ethnic and cultural factors, may contribute to declining measures of governance. The results do nevertheless suggest a possible association with increased political and/or economic interaction with China.

To further investigate this relationship, this paper uses data compiled by the World Bank, characterized by a distinctive set of governance related measures including government effectiveness and rule of law, to assess whether countries in SSA have in fact experienced any fundamental shifts in their governance over the ten year period from 2000-2010. The purpose of this is to add to the overarching aim of this paper, which is to establish whether Chinese trade and FDI have had a substantial impact on the governance of African countries.

The graphs below illustrate the state of rule of law and government effectiveness in the countries under study, over a period of time in which Chinese engagement both in terms of trade and FDI have reached remarkably high levels. Government effectiveness is an important indicator for the purpose of this study because it captures the quality of the civil service and the degree of its independence from political pressures, also captures the quality of policy formulation and implementation, as well as the credibility of the government's commitment to such policies.<sup>6</sup> Rule of Law on the other hand captures amongst other things, the quality of contract enforcement, property rights, and the likelihood of crime and violence.

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<sup>6</sup> Kaufmann, D. and Kraay, A. World Governance Indicators accessed online at <http://info.worldbank.org/governance/wgi/pdf/ge.pdf>



The data indicates that countries that have improved on both aspects of governance have continued to vote in line with China. Empirical analysis suggests that increased trade with China over recent decades has not contributed significantly to major shifts in governance indicators, namely Government Effectiveness (GE) and Rule of Law (ROL), both of which represent a good proxy for institutional quality.

It is evident that few of the countries of interest reveal any major shifts in governance and institutional quality. Both Angola and Congo indicate an improvement on both aspects of governance. According to Transparency International, Angola's governance performance has shown relative improvement in recent years, which provides contradictory evidence to the common conception that increased engagement with China has a negative influence on governance. (Alden & Alves, 2009) Changes in governance indicators in the case of Nigeria however indicate a worsening of both rule of law as well as government effectiveness (GE). The overarching point however is that any shifts that have occurred over the period 2001-2010 are relatively minor, and changes in governance measures vary by country. There is therefore no observed evidence that export dependence and FDI from China specifically is associated with changes in governance outcomes.

The implication of these findings is that institutional characteristics are specific to each country and that increased trade or export dependence with China cannot be directly related to changes in governance. Additionally, whilst it is expected that countries that have similar regime structures vote similarly, this may not always be the case. In saying that, for the most part countries that score low on rule of law and government effectiveness can be expected to vote more in line with China. The results of this analysis fail to reject the initial prediction that countries characterised by the Angola model of FDI are negatively affected in terms of institutional governance. Therefore, there is little evidence to suggest that Chinese activities in Africa, particularly those linked to resource extraction, necessarily have a negative impact on governance.

## 6. Conclusions

This paper has assessed China's ability to mobilize support in the international arena to advance its political agenda and establish networks to gain policy coordination and economic cooperation with major resource-rich countries in the Global South. To my knowledge, this study represents one of few efforts to test systematically across a sample of African countries whether China's growing foreign economic ties, measured by export dependence on China, has a statistically significant effect on the willingness of countries to accommodate China interests in their foreign policy.

The purpose of this thesis is to provide an analysis of how China's economic ascendance in Africa is indirectly redefining political influence in the United Nations General Assembly. In order to do so this paper developed a voting similarity indicator or index, with emphasis on voting behaviour of SSA in UN General Assembly resolutions in which China and the US diverged. The result of this analysis reveals a dramatic increase in political alignment with China, at the expense of voting convergence with the US.

The paper began with the hypothesis that increased trade with resource-rich African countries is significantly associated with voting convergence in the UN General Assembly. Based on the regression analysis, this thesis supports the hypothesis that greater export reliance on China significantly influences SSA country's voting affinity with China, and that ultimately, African affairs will to a large extent, be shaped by China's commercial involvement. Overall, both of the key independent variables in the economic dependence model, namely FDI, USAID and more importantly export dependence, have a positive impact on convergence of votes in the UN General Assembly, although these relationships were not statistically significant.

Close examination of voting behaviour of SSA countries with respect to China shows that China's trading partners converge with China in the UN General Assembly, as SSA increasingly values its economic relations with China. Increased trade with China increases the likelihood that a country aligns with China on one or more of its foreign policy issues. Furthermore, African countries that have growing trade ties with China have begun to abstain or vote against resolutions they would have typically supported. (Kreps & Flores-macais, 2013) This trend has important future implications, particularly in the case of countries where this voting behaviour is induced by short-term gains received by elites. More crucially, this could have negative ramifications for countries that typically have long-standing promotion of human rights.

What matters for convergence of foreign policy choices? This paper finds that formal trade relations may hold less importance when determining voting affinity. Arguably, bilateral relations and "political friendships" are as important, if not more important for voting affinity. China's diplomatic strategy, characterised by high level visits with Africa's heads of state represents a potential source of influence. Visits to African nations by China's leaders have been unprecedented in terms of coverage and frequency, resulting in a network of China-Africa relations which has been known to some as the "frequent flyer" form of diplomacy. This form of diplomacy is becoming increasingly important, and is progressively an important factor shaping the geography of development. For example, recognising that it is losing the battle on Africa's economic and political front, the US has adopted an approach that includes high-level state visits, as evidenced by US President Obama's Africa tour in 2013. The tour was centred on improving economic and trade relations between Africa and the US, and much like China, announced investment in the continent's infrastructure through the "Power Africa" initiative.

This paper has shown foreign policy convergence with China to be more pronounced in countries which have special bilateral agreements with China, with the exception of Sudan. That is, countries that exhibit the Angola model tend to vote in line with China, and have tended to increase their alignment with China at the expense of political alignment with the US. On the other hand, although selected countries represent top recipients of China's official finance, in some cases this does not impact on continued political alignment with the US in the UN General Assembly, as in the case of Nigeria. Although this case counters the idea that China uses its economic relations to buy support in the UN General Assembly, there is little doubt that China's increased engagement on the continent is having an effect in the global arena. Despite the fact that China's engagement is primarily motivated by commercial goals, this paper suggests that the dynamic political relationships that accompany rising trade relations have more impact on foreign policy convergence in the UN General Assembly.

It is important to acknowledge that this relationship could potentially change in coming years, and African countries may begin to close the political gap since robust engagements are relatively recent, i.e. ten years. For this reason looking at results circa 2000, is done in hope of finding a better relationship between UN General Assembly voting affinity and the explanatory variables. Having said that, it is worth mentioning that one of the limitations to this study is that it fails to account for other determinants of voting alignment, such as regional and geopolitical considerations and other country specific characteristics. For example, it could be that voting alignment is more closely related to high-level engagement on the bilateral and multilateral front under the auspices of the FOCAC, as opposed to the economic statecraft suggested by export dependence on China. Additionally, countries tend to vote differently as members of voting blocs, or on the basis of membership within other multilateral networks. For example, as a member of BRICS, South Africa can be expected to present greater alignment with China compared to other SSA countries, in which case voting alignment will be less dependent on export dependence on China. Another limitation of this paper is that instead of taking into account political alignment based on only key UN General Assembly votes, the paper considers all votes taken in the UN General Assembly. Disaggregating the votes between key and non-key votes to China might contribute towards a clearer understanding of voting affinity with China relative to the US. This represents an opportunity for future research.

China is not using export dependence exclusively. Rather foreign policy convergence may be an indirect or spillover effect or positive externality of economic policies designed to ensure China's interests and desire to gain a foothold across African countries. Furthermore, the political incentives to accommodate China interests, realised through the control of China's state-owned enterprises in OFDI, may explain the inability of the empirical estimations to capture the key political aim of the Chinese government, that is to effectively "buy" votes in the UN General Assembly.

The findings of this paper highlight the falsity of China's policy of non-interference, as well as China's ability to indirectly influence political decisions made by African states, through its economic power. This economic power in turn is a consequence of China's ability to create economic dependence as a result of its demand for Africa's resources. This thesis fails to accept the hypothesis that a change in the level of US aid to SSA may significantly influence SSA policy convergence with China at the UN General Assembly. These findings have strong implications for the US. Finding that SSA countries are more likely to support China in non-consensus votes shows that China's growing trade relations, as measured by export dependence on China, has allowed it to form allies in international forums at the expense of US foreign influence. In this regard, it is clear that since the early 2000s, a geopolitical shift has occurred as a result of the rise

of China and this is playing out in the multilateral arena of the UN General Assembly.

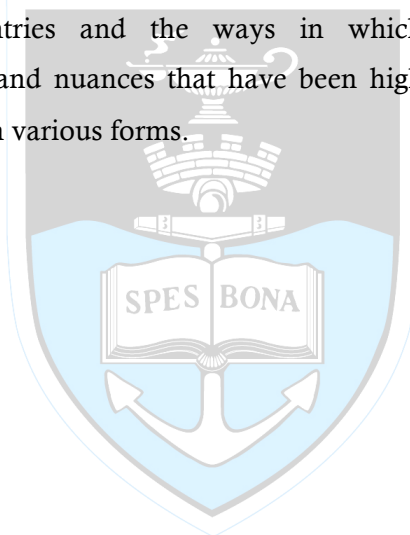
There is however no conclusive evidence supporting the idea that China's trade dependence alone is confined to its need for gaining allies in the UN General Assembly, and Sino-African relations therefore cannot be characterised by dependency theory. Broadening this study to include all African countries would increase the number of available observations and thus strengthen the robustness of the resultant analyses. Furthermore, it can be said that the lack of a consistent export dependence induces alignment in UN General Assembly voting for all the SSA countries because China does not have a holistic programme of engagement with the African Union (AU). Instead, China adopts a bilateral approach in dealing with individual African countries. Although China has expressed its increased intent to participate in Africa's political affairs, this influence has not as yet been related to any increase in exports to China. Any influence which does will require further research to identify sources of influence which go beyond export dependence and FDI. Assessment of yearly voting patterns suggests that SSA countries are not persuaded by Chinese FDI and export dependence, and SSA countries are equally likely to vote for China or the US. However, assessment of the medium-term voting behaviour trend (three year average votes) reveals greater voting alignment with China, particularly in the case where China and US do not achieve consensus, which also serves as a more persuasive indicator of China's political influence.

This paper has brought to light the nuances and subtleties regarding China's indirect political influence on the African continent as a result of direct economic engagement and trade relations with SSA countries. China's limited political influence deriving from export dependence provides space for further investigation on specific dynamics between different countries. Arguably, this research has shown that the relationship between political and economic relationships is much more complex than this paper presupposed. More importantly, it highlights the challenges of African governments in handling complex foreign relations, especially in light of being partners with both the US and China. Furthermore has shown that although China claims to operate with no interference in domestic politics, this concept is more fluid than China suggests, and that trade and politics are inherently related.

Further research might require more detailed analysis of the dynamics, as well as the players involved in making foreign policy decisions. The results show that resource abundant sub-Saharan African (SSA) countries tend to share foreign policy position with China in the UN General Assembly more often. However, the results show that resource rich countries are less likely to alter their position in favour of China on the basis of China's role as a growing export market, or as a provider of foreign investment. This provides a key aspect of the Sino-Africa puzzle, by revealing that while China has become one of Africa's main trading partners and

destination for China's investment, some SSA countries have maintained their alignment with the US and have not altered their political policies in favour of China's interests. Ultimately, insofar as political and resource endowments are endogenous, the subsequent impact of trade with China are endogenous and cannot be generalised or analysed collectively across SSA countries. Trade dependence is not the be-all and end-all for determining voting affinity and hence foreign policy convergence in the UN General Assembly. Instead trade dependence produces country-specific outcomes for voting alignment and to a large extent depends on the composition of goods from the exporting nation.

The impact on governance is also varied, though trade relations with China have generally proven less influential. Requirements to ensure these relations continue to serve Africa's interests include the need for strong institutional frameworks of governance. This highlights the need for further research into the political aspects and nuances of China's engagement in Africa, particularly resource rich countries and the ways in which these countries respond, acknowledging the complexities and nuances that have been highlighted in this study, which allow political influence to take on various forms.



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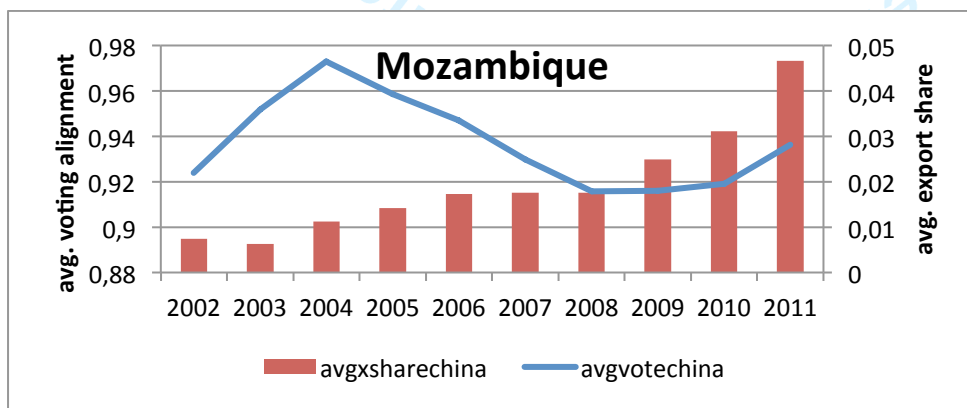
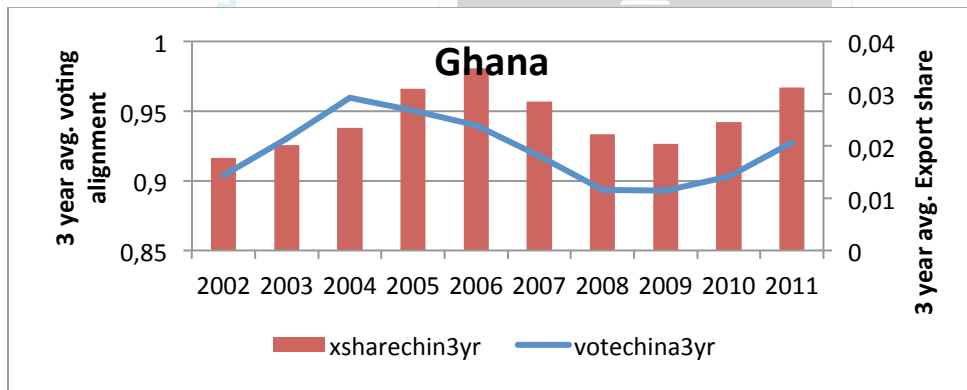
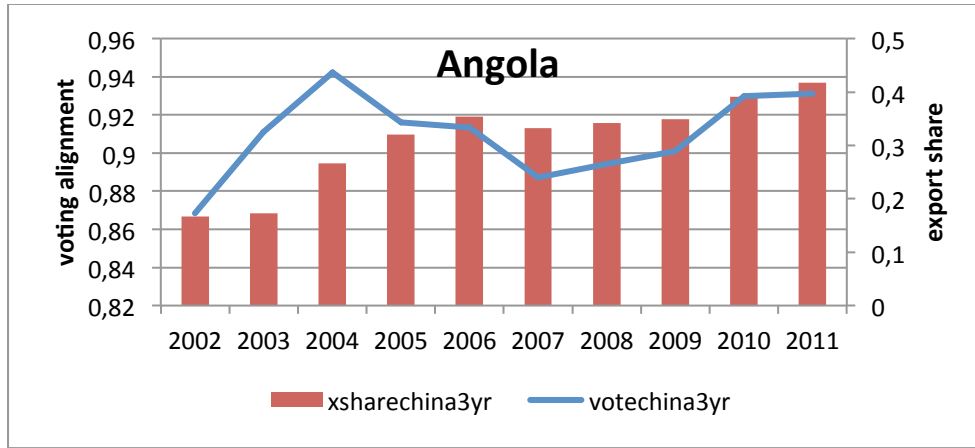
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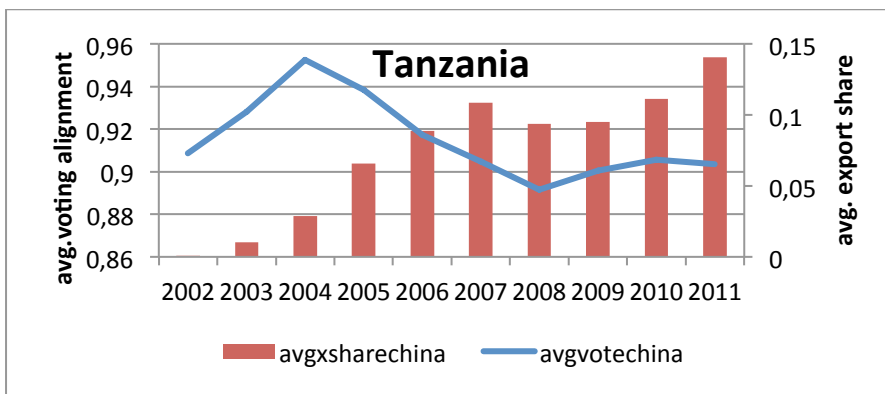
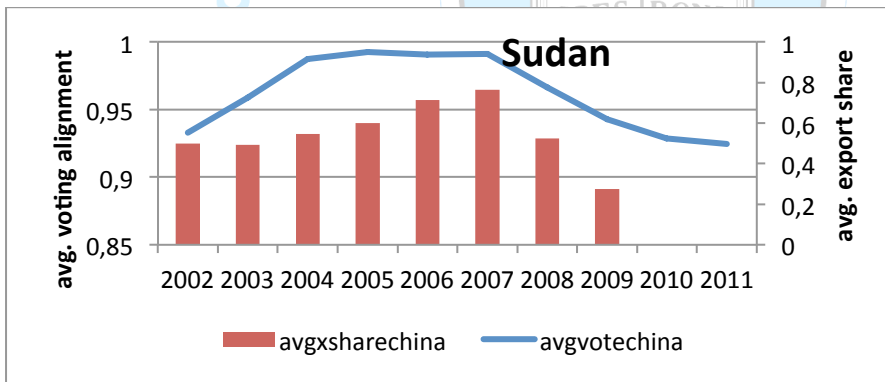
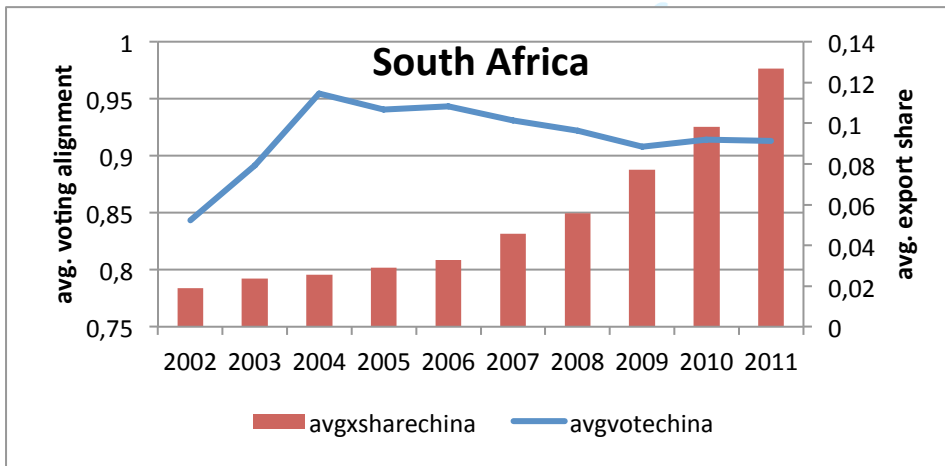
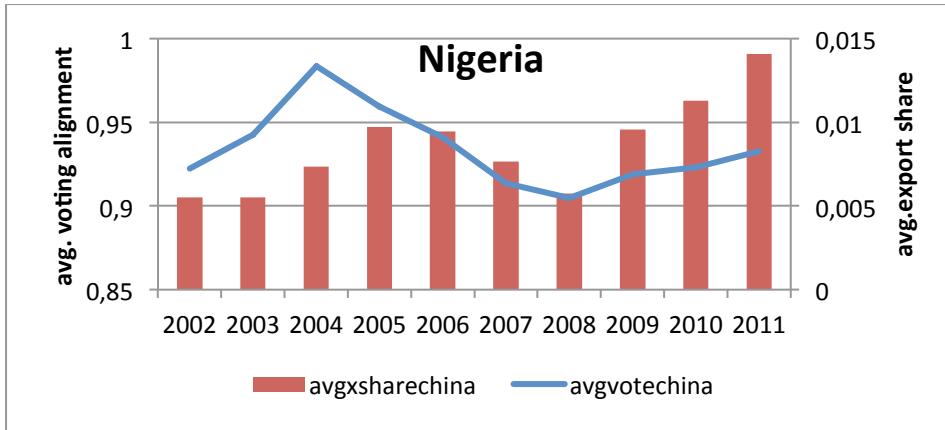
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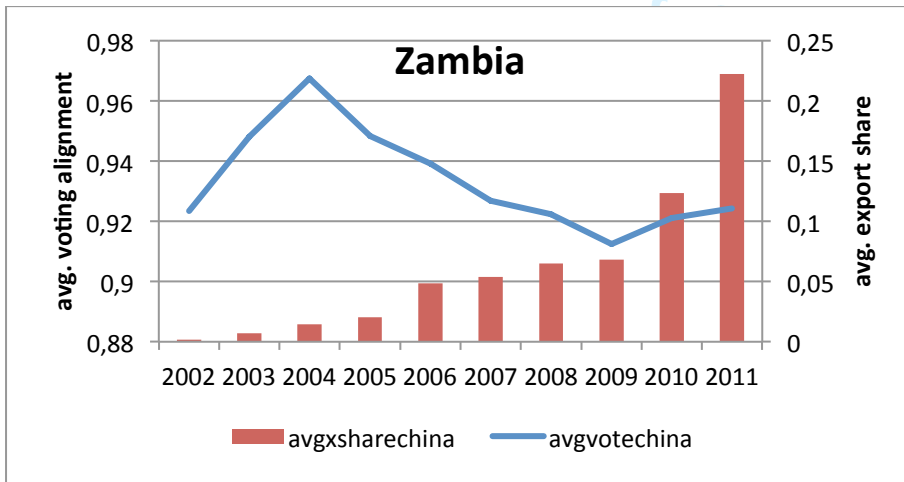
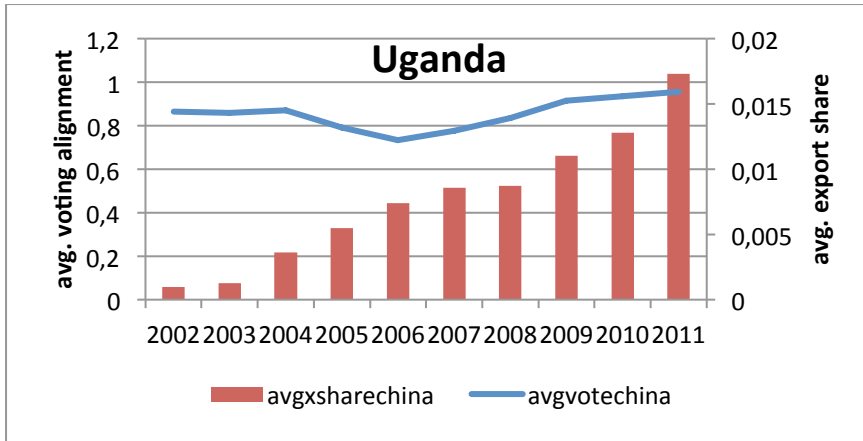
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# Appendices

## A: Country Graphs Association between Export dependence and three year Voting alignment with China







## B. Calculation of Voting Index

$$\frac{\text{Total of matched votes}}{\text{Total of votes}} = \frac{((\text{yes, yes})(\text{no, no}) (\text{abstain, abstain}) 0.5*(\text{yes / no, abstain}))}{(\text{yes, yes})(\text{no, no})(\text{yes, no})(\text{no, yes})(\text{abstain, abstain})(\text{abstain, yes})(\text{yes, abstain})(\text{no, abstain})(\text{abstain, no})}$$

