



## CHINA-AFRICA RELATIONS IN POLITICAL ECONOMY OF THE WORLD-SYSTEM: IN BETWEEN EXCLUDING-INSERTION AND INCLUDING-INSERTION

### *RELações CHINA-ÁFRICA NA ECONOMIA POLÍTICA SISTEMA- MUNDO: ENTRE A INSERÇÃO-EXCLUDENTE E A INSERÇÃO- INCLUDENTE*

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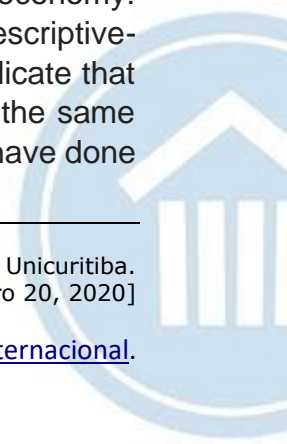
#### ABSTRACT

The purpose of this article is to investigate how the current China-Africa relations integrate the Political Economy of the World-System. The paper starts by explaining the theoretical framework of the research, the World-systems theory. Upon examination of the current economic and trade relationship between China and Africa, the research assessed two different models that the underdeveloped economies integrate the international economy: the excluding-insertion and the including-insertion. The article used the descriptive-qualitative methodology, using primary and secondary sources. The results indicate that China, when dealing with Africa, is reproducing exploitative power behaviour, the same way all nations are or have been part of the "leader circle" of the world-system have done previously.



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**Keywords:** Political Economic of the World-System; Economic development; International Political Economy; Chinese Foreign Policy; Interstate relations China-Africa.

## RESUMO

O objetivo deste artigo é investigar como as atuais relações econômicas e comerciais entre China-África integram a Economia Política do Sistema-Mundo. Na primeira parte, o artigo apresenta seu marco teórico: Teoria do Sistema-Mundo. Na segunda seção, o texto faz um exame da atual relação econômica e comercial entre a China e a África. A pesquisa avaliou dois modelos diferentes que as economias subdesenvolvidas integram a economia internacional: a inserção-excludente e a inserção-includente. O artigo utilizou da metodologia descritivo-qualitativa, empregando fontes primárias e secundárias. Os resultados indicam que a China, ao lidar com a África, está reproduzindo o comportamento de poder e de exploração que todas as nações que fizeram ou são parte do "círculo de líderes" do sistema mundial.

**Palavras-chave:** Economia Política do Sistema-Mundo; Desenvolvimento Econômico; Economia Política Internacional; Política Externa Chinesa; Relações interestados China-África.

## RESUMEN

El objetivo de este artículo es investigar cómo las actuales relaciones económicas y comerciales entre China-África integran la Economía Política del Sistema-Mundo. En la primera parte, el artículo presenta su marco teórico: Teoría del Sistema-Mundo. En la segunda sección, el texto hace un examen de la actual relación económica y comercial entre China y África. La investigación evaluó dos modelos diferentes que las economías subdesarrolladas integran la economía internacional: la inserción-excludente y la inserción-inclusiva. El artículo utilizó la metodología descriptiva-cualitativa, empleando fuentes primarias y secundarias. Los resultados indican que China, al tratar con África, está reproduciendo el comportamiento de poder y de explotación que todas las naciones que han hecho o son parte del "círculo de líderes" del sistema mundial.

**PALABRAS CLAVE:** Economía Política del Sistema-Mundo; Desarrollo económico; Economía Política Internacional; Política Exterior de China; Relaciones interestatal China-África.





## 1. INTRODUCTION

The presence of the People's Republic of China (PRC) in Africa has been stepping up significantly in economic, political, cultural and social terms. On the one hand, there is strategic China's need to securitize energy resources and raw materials and to search for diversification/expansion of its consumer market. On the other hand, the majority of African nations are emerging from a long period of open and internally militarized conflicts in an attempt to adjust socially and economically.

The paper sought to analyze today's China-Africa relationship in a multifaceted way aiming to demonstrate that the Chinese advance in Africa does not necessarily represent an opportunity to provide the continent's development, economic and political independence. The hypothesis is that China is repeating characteristic hegemonic patterns of central countries such as: The United States of America (USA) and the European Union (EU). To test this hypothesis, the research listed as theoretical framework the Political Economy of the World-System.

Therefore, at first, it was necessary to understand the essential principles of the Political Economy of the World-System and the importance of the systemic functioning mechanisms of economic relations between China and Africa. In this part, the text contributes with the Political Economy of the World-System theoretical construction, by presenting two new categories of analysis: excluding-insertion and including-insertion.

In the second part, the text focused on the presentation of the general framework of Chinese investments and underway projects in Africa and the strategy for integration of African countries in the World-Systems via excluding-insertion or via including-insertion. The text, while referring to the African continent as a whole, understands that each country has its singularities and its particularities. Economically, however, all African countries are still on the periphery of the World-System, and in order to better instrumentalize the theory in practice, the research will not extend to report China's relationship with each African country, but with a few examples.





Finally, this analytical, historical and theoretical script aimed to provide a better understanding of how power centres and local and global productive arrangements are structured. These are analyzed throughout the text, enabling thereby an understanding of the economic integration in the World-Systems of peripheral regions and their consequences, such as the emergence of dependentists or cooperativists in the contemporary international system.

## 2. BRIEF SUMMARY OF POLITICAL ECONOMY OF THE WORLD-SYSTEM

The theoretical framework of the study is the Political Economy of the World-System. The theory appeared in the 1970s and presents itself as a different epistemological approach, besides being against-hegemonic proposals (the Realism and the Liberal Theory of International System). Among the main authors, we can highlight: Immanuel Wallerstein and Giovanni Arrighi. These authors recovered the structuralist studies of Fernand Braudel as well as studies about the Dependency Theory, seeking the renewal and the application of Marxism in the field of the International Political Economy.

According to Wallerstein, the expression "World-Systems" can be defined as follows:

A world-system is not the system of the world, but a system that is a world and that can be, most often has been, located in an area less than the entire globe. World-systems analysis argues that the unities of social reality within which we operate, whose rules constrain us, are for the most part such world-systems [...] (Wallerstein, 2004, p.98-99)

For Wallerstein (2004) the analysis units of the international system are not States, as in the realistic theory tradition, but the world-systems. These co-exist in the international community, though they are not able to establish a single centred global system. According to Wallerstein (2004), when a nation establishes an international centred system, it creates a world empire, as in the case of Rome. On the other hand, when there are several countries sharing the control of the international system without a





central governmental body, we can indicate that what it actually establishes is a system of world economies.

According to Wallerstein (2004), the international system is presently governed by the Modern World-System. It dates from the 16th century in Europe and expanded in the following centuries, encompassing the whole globe after the collapse of the Union of Soviet Socialist Republics (USSR) in 1991. Undoubtedly, Wallerstein (2004) methodologically categorizes the Modern World-System with the inception and the supremacy of the capitalist economic model.

The World in which we are now living, the modern world-system, had its origins in the sixteenth century. This world-system was then located in only a part of the globe, primarily in parts of Europe and the Americas. It expanded over time to cover the whole globe. It is and has always been a world-economy. It is and has always been a capitalist world-economy (Wallerstein, 2004, p.23).

Another fundamental aspect of the studies regarding the World-Systems Theory is the conceptual operationalization of hegemony with its systemic cycles of accumulation (Arrighi, 2010). Based on Antonio Gramsci's studies about hegemony, Giovanni Arrighi argues that the *hegemon* of the international system did not build its supremacy only by means of domination, but essentially through leadership. For Arrighi:

The concept of "world hegemony" adopted here, in contrast, refers specifically to the power of a state to exercise functions of leadership and governance over a system of sovereign states in principle, this power may involve just the ordinary management of such a system as instituted at a given time. Historically, however, the government of a system of sovereign states has always involved some kind of transformative action, which changed the mode of operation of the system in a fundamental way (Arrighi, 2010, p. 27)

Throughout history, Arrighi identified four systemic cycles of accumulation and their respective hegemonic States: The Genoese, which extends from the 15th century to the early 17th century; the Dutch, beginning in the 16th century until the late 18th century; the Briton State from the second half of the 19th century until the early 20th century and; finally, the North-American, which took place after the II World War (Arrighi, 2010).







The perception that hegemonic centres exist in the international system also creates outskirts. In this sense, the World-Systems Economy theorists brought the class struggle studies – presented by Karl Marx in the context of national capitalist economy – to an international perspective. The world-system, thus, is characterized by a hierarchical and unequal relationship. In this sense, it divides into the centre, semi-periphery and periphery (Arienti, 2007).

It is important to mention that when it comes to the analysis of the world-systems, the use of the terms "centre", "semi-periphery" and "periphery" occur because of complex processes and not by geographical and regional reasons. The areas are structured from central because they dominate the operating processes of commercial holding and the concentration of added value in relation to semi-peripheral and peripheral regions. Alternatively, peripheral regions are defined by their condition of exploited zones and are subject to the centralizing and resource accumulating processes and to the capital markets of the central countries.

Nevertheless, according to Arrighi (2010), the hegemonic structure in which the current international system is substantiated is not static and it is likely to suffer short-term economic fluctuations as well as long changing cycles. These fluctuations promote hierarchical changes in the world-economy. As the author reports, in spite of occasional positioning switches in the system – as in the case of a nation leaving the center position to the semi-peripheral position or moving from the periphery to the semi-periphery or from the semi-periphery to the center – that fact rarely changes the nature of such a system (Arrighi, 2010).

We truly believe that economically and politically superior countries by relating to those in a subaltern position in the World-Systems Economy hierarchy may choose to adopt two models of relation: the excluding-insertion or the including-insertion. The excluding-insertion is notoriously responsible for maintaining the system as it is, while the including-insertion could cause significant modifications in the system.





The excluding-insertion in the World-System takes place when the peripheral countries are inserted in the global and political geo-economics, but they maintain a supporting and subordinate role. This would be what Gunder Frank (1996) called the development of underdevelopment. Moreover, the inclusion strategies from the local elite and from the central or sub-central country's elite occur at various levels of cooperation arrangements, which do not meet the structural needs and overcoming economic dependence. Consequently, excluding-insertion is unable to respond and to overcome the demands of the peripheral nation's development. The nation maintains itself with weak capital, low productive sophistication, restricted to the local bourgeoisie (not national bourgeoisie), without internal saving and that generates a low primitive accumulation, lower technological components, reduced capital and labour mobility, limited associative links between social intergovernmental classes – distancing from production and from circulation – and low representation in multilateral forums.

The including-insertion is the relationship in which a more economically developed country seeks to modify the social, economic and political structure of the peripheral countries, by taking them to new levels of development. This insertion seeks not only articulation between the peripheral and the central bourgeoisie, but it also encourages cooperation and organization among the workers and bourgeois of these zones, thus trying to achieve mutual gains for both. The including-insertion allows the emergence of a strong capital, both in the hands of the national bourgeoisie and in the hands of cooperatives and workers' associations; greater primitive accumulation, greater technological elements with a higher productive sophistication, less devaluation in the capitalist production process, greater mobility of capital and of workers, horizontal relations and support for greater action in multilateral forums. As a result, these features provide greater democratic corporatism and participatory and operational independence at local and global levels.

Therefore, it is possible to affirm that the unifying element of the world-economy is the global division of labour which is dominated by the excluding-insertion model. This





does not take into consideration its functional character only, but also its organizational dimension. The global division of labour also interferes on the regional distribution of the product. According to this view, the position that each country occupies determines to a large extent the possibilities and the development limits of its productive and social forces.

Presumably, it is suggested that China currently occupies the category of an active semi-peripheral country because, although it presents a strong economic activity in the international system, it still contains limited zones of prosperity, which impossibility its hegemonic outward expansion. China is part of the subordinate way in the international division of labour (traditionally industrialized countries have creative processes and production of knowledge, while China has become a major "factory in the world" due to low labour costs).

For Jinjun (1995), China adopted the model of labour-intensive, export-oriented industrialization since the reforms of Deng Xiaoping in the 80s. According to UNCTADStat, from 1980 to 2005, the world share of the number of Chinese workers producing for the world market increased from 8% to 32%. Incorporating Chinese labour into the world market has played a crucial role in the formation of the "Lewis Model on the world scale".

The model that China adopted was called by the press the "Foxconn Model". This can be defined with a strong presence of transnational capital and with low capital-labour ratio, high work intensity and low compensation at the micro level, and under-consumption at the macro level. The final result is surplus outflows in times of expansion, and severe excess capacity in crisis-ridden times (Foster, McChesney 2012; Hart-Landsberg, Burkett 2006; Smith, 2016). Recently, China is making dedicated efforts and State investments to occupy the central position in the world-economy. According Hua (2011), China is tending to move from an export-led growth model to a domestic economic growth model (more wage led growth model), but it is a recent movement.

To Wallerstein (2004), the World-System presents moments of structural imbalances in the global markets. In these moments of crisis, the production capacity and its high costs can no longer coexist with the lack of demand and with the increasingly high-





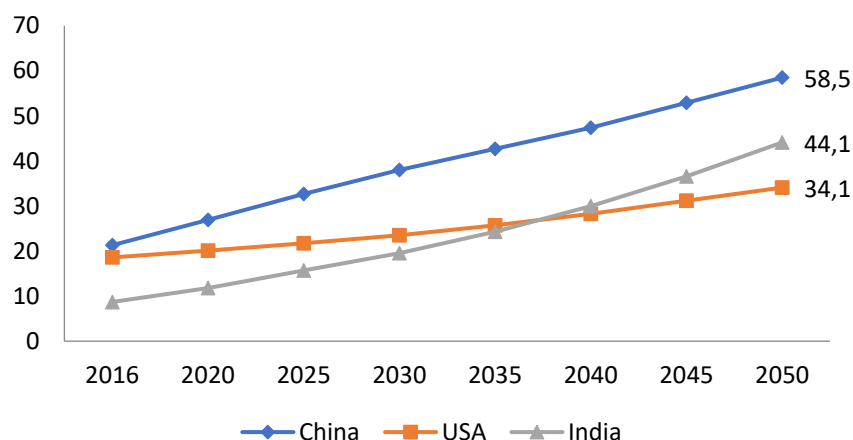


profit margins. This fact would consequently lead to a shift in the production bases to regions of the globe where labour costs and the prospect of demand generation are promising, consequently creating the chance for semi-peripheral countries to ascend to the central condition. It is the movement that China is successfully implementing.

According to Arrighi (2007), the US is still dominant, economically, militarily and politically. However, it is domination without hegemony, in the sense that hegemony is not only pure domination but also the ability to make others believe that you act in the general interest. The US hegemony in the World-System was harmed by the fall of the dollar, the drop in exports and a huge current-account deficit financed by Japan in the past and now by China. Besides that, the US-led War on Terror diverted American attention to other sectors, opening space for Chinese growth in certain international forums. In the years 2000, China – already considered a regional leader by its population, territorial extension and relative political-military force in the Far East – succeeds with its pulsating economic development to forcing the maintenance of a system of world economies or maybe even become a *hegemon*.

According to data from the World Economic Outlook Database of the International Monetary Fund (IMF), when measuring the GDP at Purchasing Power Parity (GDP in PPP), China has already surpassed the USA in 2014, when its economy came to represent 16.6 % of the world GDP and the USA fell to 16%. The PWC report makes the following forecast for 2050.

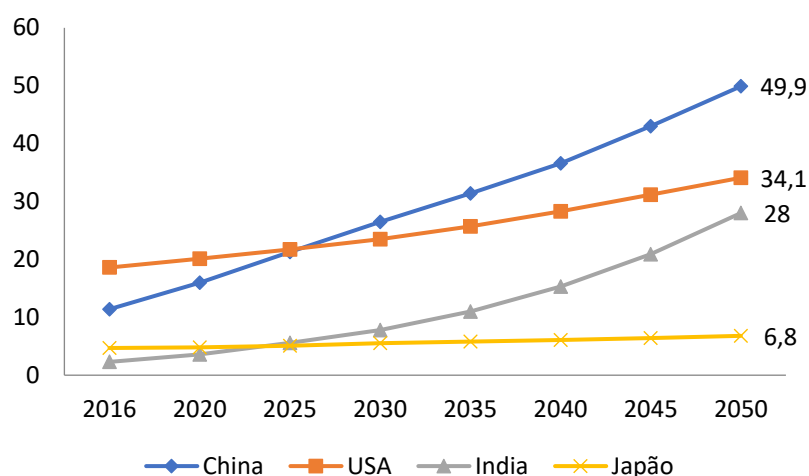




**Figure 1.** GDP in PPP terms (US\$ trillions). Source: PricewaterhouseCoopers (2017), The long view: how will the global economic order change 2050?

When looking at the GDP at Market Exchange Rates (GDP in MER), without any price adjustment, the USA is still the world's largest economy with an estimated GDP of \$18.6 trillion, in 2016, while the Chinese have a GDP of \$11.4 trillion. However, the rapprochement between the two countries has been relatively fast. Sixteen years ago, China's economy represented less than 12% of the US economy, now rising to 60%. The US investments in defence, another major force in geo-economics, are still far superior compared to the Chinese. In 2016, according to a report by the Stockholm International Peace Research Institute (SIPRI), US expenses were of US\$ 606 billion, equivalent to 3.3% of GDP, while China was of US\$ 225 billion, 1.9% of GDP.





**Figure 2.** GDP in MER terms (US\$ trillions). Source: PricewaterhouseCoopers (2017), The long view: how will the global economic order change 2050?

For Arrighi (2007), the rise of East Asia, led by China, as the new epicentre of systemic processes of capital accumulation, would be based on the intensive use of cheap labour. China would be using non-labour-saving technologies because that is the country's comparative advantage, in other words, an immense reservoir of workers. Furthermore, Arrighi (2007) sees possibilities that China established another path of development. The fundamental difference between the Western and Asian model is that the former is characterized by the intensive use of capital and energy, while the latter is characterized by the intensive use of labour and energy-saving. Besides the Asian model focuses on the regional division of labor (resulting from the proliferation of domestic, community production units), never rejecting “the Confucian ideal of social harmony in favor of a view of unfettered struggle in the market place” (Arrighi, 2007, p.329) and not on a European system based on the technical division of labor (the result of the Industrial Revolution).

To achieve the position of the hegemon and deploy your economic model, the current Chinese foreign policy aims to expand its sphere of geo-economic influence and to reformulate their local and global productive arrangements, ensuring determining





factors for its process of capital accumulation and economic growth. It is in this attempt that arises The Belt and Road Initiative (BRI), China's monumental infrastructure investment project, launched in 2013, involves more than 60 countries in four different continents (Asia, Europe, Africa, Latin America) and reflects Communist Party of China's (CPC) strategic plans for increasing the role of China in the system of world economies.

Thus, Africa presents itself as a promising continent for China. The possibility of fulfilling their economic requirements at reasonable prices as well as offering their products and services to the African continent allows us to conjecture that if China keeps its pace of growth over the next decades, the country will possibly be able to overcome the USA economic hegemony until 2026, as published by a recent study performed by the PriceWaterhouseCoopers (PWC).

### 3. EXCLUDING-INSERTION AND INCLUDING-INSERTION IN THE SINO-AFRICAN RELATIONSHIP AND ITS IMPACT ON THE WORLD-SYSTEM ECONOMIC POLICY

Since the beginning of the 21st century, the African continent has shown growth rates around 5% to 6% per year, varying accordingly to the countries observed. The Sub-Saharan region, specifically, presented an average growth rate of 6.8%, between 2003 and 2008. In 2016, despite the decline in commodity values – the main item on the agenda of the region's exports – and the reduction of the economic expansion of China, the countries of Sub-Saharan Africa grew 3.3% and, in 2018, 2,3% (World Bank Group, 2019). The latest report of the African Development Bank, before Covid-19 pandemic, demonstrate that some nations are still presenting expressive growth rates, such as: Ethiopia (8.3%), Côte d'Ivoire (6.8%), the Democratic Republic of the Congo (4.7%), Tanzania (7.2%), Rwanda (6.0%), and Kenya (5.5%). This index puts the region only behind Asia, with prospects of improvement for the next few years (AFDB, 2016; World Bank, 2019).





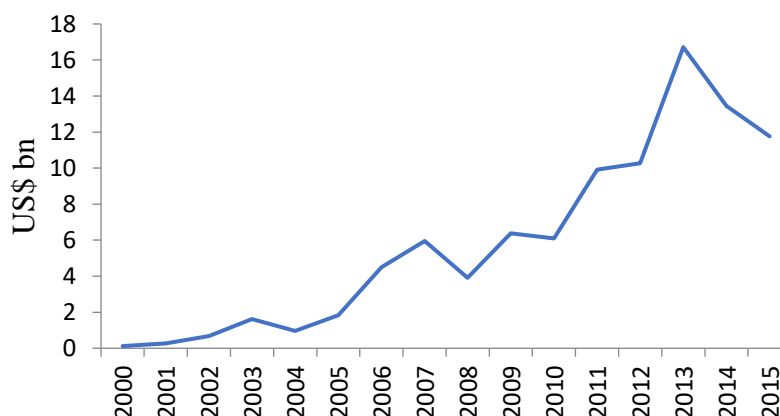
Evaluated as a zone of prosperity, when it comes to the investment return in a suburb, the expectations are high. Regarding Africa, there are studies such as the one presented by *The Banker*, a financial market-related newspaper created in 1926, in which it points a Return on Investment (ROI) of 20% to 30%. That is more than any region in the world, for example, the South and Central America present 22%, while Asia presents 16% and the Eastern Europe 8% (Schneidman, Collier, 2009; The Banker, 2011). Due to these numbers, Africa received US\$ 54 billion of direct foreign investments in 2015 and reach US\$ 59 billion in 2016 (UNCTAD, 2017). All these characteristics make the African continent a territory in dispute for the trade war between China and the US.

The Sino-African relations intensified in 1996 when the Chinese President Jiang Zemin endorsed the importance of Sino-African relations by proposing the development of a versatile and stable cooperation structure between China and Africa. In his speech at the Organization of African Unity (OAU) in *Addis Ababa*, the Chinese representative maintained that Sino-African relations should be guided by honest friendship, equal treatment, solidarity, cooperation and mutual development (SARAIVA, 2008). Four years after the speech, the Chinese Government launched the Forum on China-Africa Cooperation (FOCAC), bringing together the vast majority of African countries. Held in Beijing, representatives from 44 African countries attended the event.

Since 2005, China directly invested a sum of US\$ 870.4 billion in other countries. Sub-Saharan Africa received the largest amount of resources with more than US\$ 150.4 billion. In the period, between 2001 and 2015, the Chinese loans to Africa made by the Export-Import Bank of China (EximBank) were estimated at US\$ 63.0 billion and more of the 900 Chinese companies had invested in Africa by then, second (China Global Investment Tracker, 2016; Sais-Cari, 2017; Brautigam, 2009). At 2018 the FOCAC announced it would be providing \$60 billion in financial support to Africa.







**Figure 3.** Chinese Loans to Africa. Source: SAIS China-Africa Research Initiative (SAIS-CARI).

In May 2007, the China Development Bank launched the first phase of the China–Africa Development Fund (CADFund) with US\$1 billion of initial funding by the China Development Bank. The investments within the fund are concentrated in fields, such as agriculture, manufacturing, infrastructure, and resources. The CADFund invests in Chinese firms that have economic and trade activities in Africa as well as Chinese firms that have invested in African businesses and projects. The fund invests through equity investments, quasi-equity investments (such as preference shares and convertible bonds) and fund investments. The CADFund gives priority to: agriculture and manufacturing, infrastructure and related industries such as electric power, energy facilities, transportation and urban water supply natural resources such as oil, gas and minerals. In December 2017, Chi Jianxin, chairman of the CADFund affirmed that the fund has invested a total of \$4.5 billion in 91 projects in 36 countries. CADFund nowadays is open to private initiative and has partnerships with large banks and asset management group as: Investec and Standard Chartered Bank (CADFund, 2019).

In 2013, Xi Jinping becomes president and reorients the paradigm of foreign policy in China. Currently, the purpose of Chinese foreign policy is to increase Chinese influence





in the system of world economies (i.e BRI Project) and export of its economic model, named by Beijing as: Market Socialism (Ding, 2009). Since Xi's rise to power, China's foreign policy has become more assertive and far-reaching intending to put forward an alternative economic and political model, different from the liberal western one. In the Chinese model, there is a regional division of labour where each country specializes in certain products and the Confucian ideal of social harmony instead of persisting in the Marxist class struggle.

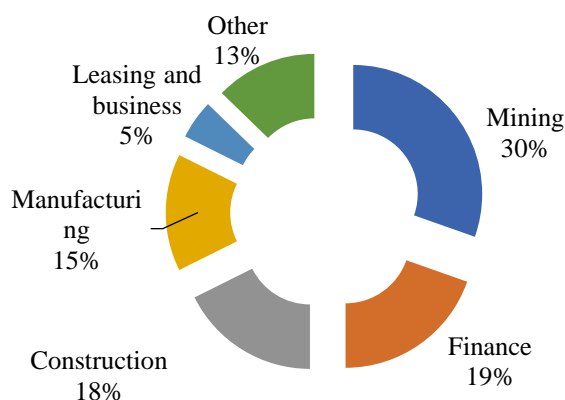
Although the loans are an important instrument of the CPC foreign policy for Africa, the system named Angola Mode prevails in Sino-African relations. It was first adopted by Angola – the fact that originated the title – and later by other nations and is a typical model of **tied aid** because the assistance is only settled if the services, goods or equipment from the provider State are acquired by the receiving State. The Angola Mode is characterized by the direct exchange of intensive goods and natural resources for infrastructure works carried out by Chinese engineering companies (Mbeza, 2010). By adopting this method, the Government of Beijing brings together technical cooperation for infrastructure development, typical of the Western world, with an operation for financing exports. The Angola Mode creates value chains through the export of technology, equipment, labour and professional contracts, and significantly reduces the incidence of corruption as the money is not passed on directly to African Governments.

The CPC, aware of the need to internationalize its companies and build a systemic cycle of accumulation, also offers subsidies to cover transportation costs of up to 20% of the Chinese machinery freight value used for the exploitation of natural resources in Africa. Besides that, Beijing encourages the Chinese labourers to work in African nations, granting personal accident insurance and credit guarantees. Nowadays, according to The Annual Report on Overseas Chinese Study (2016), the African continent was home to more than 1.1 million Chinese immigrants, in 2012, compared with less than 160.000, in 1996. Several varieties of Chinese products are being sold in the African markets and





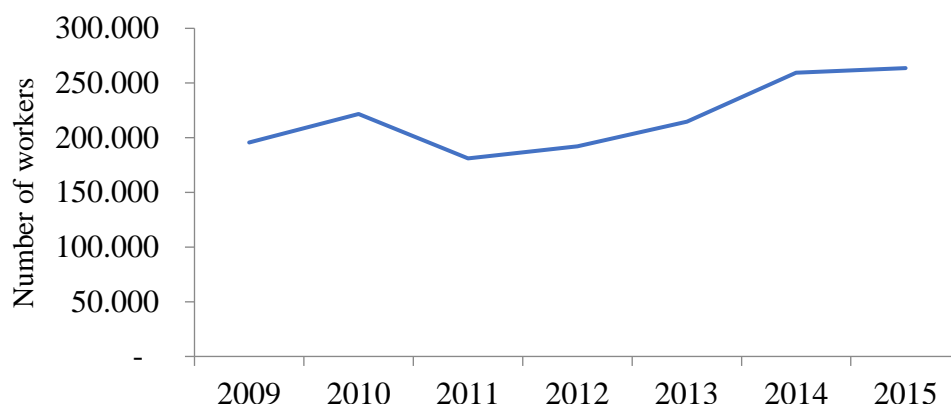
most of the infrastructure works are being financed and/or implemented by companies linked to Chinese State structure.



**Figure 4.** Industry Distribution of China's outward foreign direct investments in Africa in 2013. Source: World Resources Institute.

A recent survey conducted by AidData and by the Center for Global Development (CGD) charted 1.952 Chinese projects in another 50 African countries between 2000 and 2012. The largest number of partnerships is concentrated in the fields of Governments and Civil Society, followed by Health, Education, Transportation and Storage. However, the Transportation and Storage and the Generation and Energy Supply sectors received the largest number of Chinese funds (AidData, 2015; Focac, 2016).





**Figure 5.** Number of Chinese workers in Africa by the end of the year. Source: SAIS China-Africa Research Initiative (SAIS-CARI).

In Sudan, Beijing has invested US\$ 5.8 billion since 2005, for oil production and for the development of ports and pipelines (China Global Investment Tracker, 2016). The three largest Chinese State-owned oil companies operate in China, China National Petroleum Corporation (CNPC), China National Offshore Oil Corporation (CNOOC) and China Petroleum and Chemical Corporation (SINOPEC). Currently, the Asian country absorbs 50% of Sudanese oil production and maintains 4.000 troops to ensure the defence of the facilities responsible for transporting oil through the Red Sea. Besides the purchase of Sudanese oil, China is a supplier of war products to the country (China Global Investment Tracker, 2016).

In Zimbabwe, in 2006, President Robert Mugabe announced the creation of a national security council. Because of cooperation and trade in the war sector with China, the training of Zimbabwe's national agents is done by the Chinese People's Liberation Army. Additionally, the Sinohydro Corp., a construction and electrical engineering company, invested nearly US\$ 500 million to increase production at the Kariba hydroelectric plant and signed a US\$ 1.4 billion contract to build a coal plant (Jullien, Landrin, Reverchon, 2015; China Global Investment Tracker, 2016).





The Mugabe government, which had already benefited from US\$ 9 billion in investment and contracts from 2005 to 2016, has also purchased wagons and locomotives from China, through facilitated payments, to rehabilitate its rail network. And there is a negotiation for the establishment of mixed cigarette manufacturing companies to explore the vast tobacco plantations in the African country (China Global Investment Tracker, 2016; Focac, 2016).

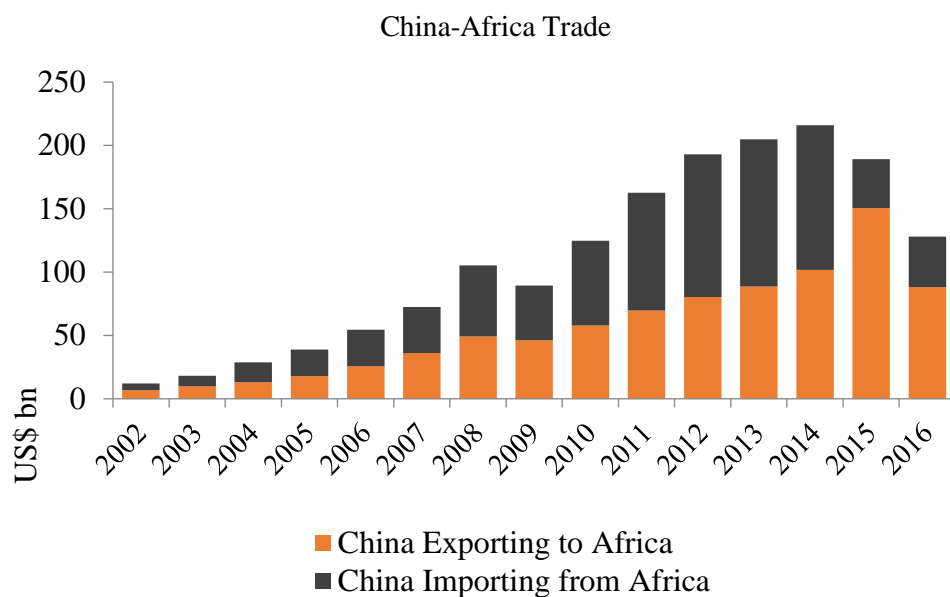
In Angola, China has offered a loan of US\$ 9.7 billion since 2005 to the government of Luanda. Chinese investments and contracts were of US\$ 18.03 billion in the country. In return, it obtained a guarantee, the minimum supply of 10.000 barrels of oil per day. At present, the African country is responsible for supplying 791.000 barrels of oil per day to China (China Global Investment Tracker, 2016).

Nigeria is currently the largest recipient of Chinese investments and contracts in the continent with US\$ 36.84 billion, since 2005 until 2016. Special attention to the country is due to its strategic location in the Gulf of Guinea, its important oil reserves and its potential consumer market of 170 million people (China Global Investment Tracker, 2016). Chinese engineering companies are rebuilding part of the country's rail network. The CPC, with SINOPEC, has already invested US\$ 7.2 billion in the purchase of oil exploration rights. In 2010, Lagos signed an agreement with Beijing to build three US\$ 31 billion refineries in partnership with the Nigerian government in the states of Bayelsa, Kogi and Lekki (Mthembu-Salter, 2009)

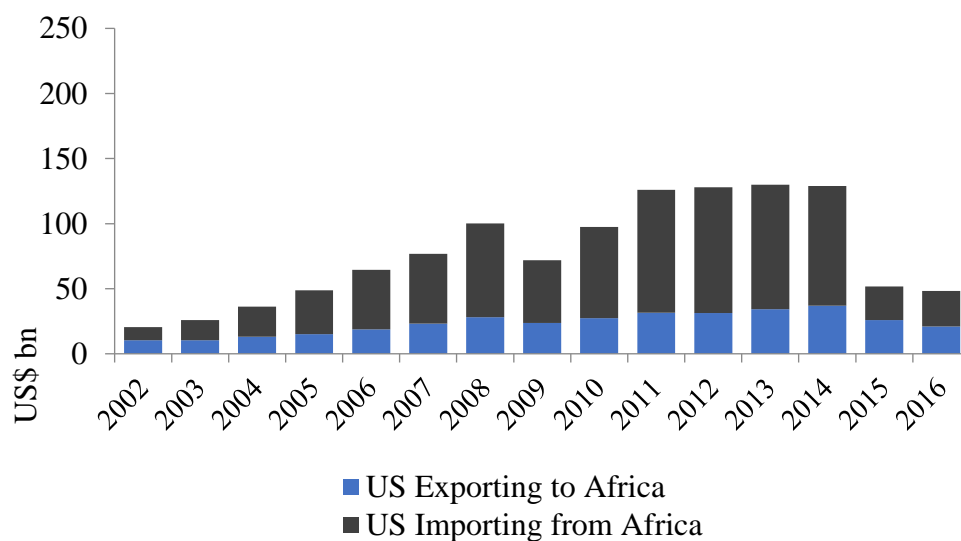
In addition to oil, Chinese imports from Africa include raw cotton from West Africa, copper and cobalt from the Democratic Republic of Congo, iron ore, copper and platinum from Zambia, iron from South Africa, platinum and tobacco from Zimbabwe and wood from Gabon, Equatorial Guinea and Cameroon. Wood imports enabled Beijing to become the largest furniture producer on the planet in 2010. There was a significant increase in the last decade regarding the commercial trading between Africa and China. In 2000, the trading marks were on US\$10 billion, nowadays exceeding the barrier of \$200 billion, which is more than the USA trade (China Global Investment Tracker, 2016).







**Figure 6.** China-Africa Trade. Source: SAIS China-Africa Research Initiative (SAIS-CARI)





**Figure 7.** USA-Africa Trade. Source: SAIS China-Africa Research Initiative (SAIS-CARI)

Part of the international community, including presidents from various countries, opposes China's foreign policy in Africa, saying that China's indiscriminate approach, ignoring the presence of authoritarian, corrupt governments and human rights violators, shows that the country acts in an imperialist way, focused exclusively on the extraction of natural resources. These ones were being extracted from the mainland to be processed in China, resulting in an unbalanced trade exchange (see figure 6). Further, the critics argue that Beijing, by emphasizing investments in the construction of new works aims only at exporting raw materials and pays little attention to regional integration projects, practices a neo-colonialist policy which is concerned not to provide capital accumulation on the continent itself but in China. There are also accusations that China would not be having environmental awareness and would be removing polluting industries to Africa, disregarding labour laws and displacing Chinese to the region (Brautigam, 2009).

China, as it approaches Africa, is forcing the destruction of subsistence economies, of the natural economies; forcing non-capitalist producers to enter the world economic market; destroying peasant economies and simple mercantile economies; transforming idleness family and community activities into commercial activities; establishment of a permanent debt arrangements of the majority of countries in the region to enforce that demand and additional capital that Africa needs for its development necessarily come from outside: the solution for the underdevelopment would come from "third parties". China's expansion into Africa is embedded within a historical context of the revival of trade and territorial disputes in the world. The trade war is expanding via the State, via conquest, transforming community and natural economies that are not mercantile into market economies. There is a vast literature on the New Imperialism as: Callinicos (2009); Harvey (2003); Wood (2005); Santos (2011), Chomsky (2016).





All this Chinese political-cultural-economic movement in Africa coincides with Arrighi's theory. The author contends that China, with multi-tiered labour subcontracting system, represents the emerging regime of capital accumulation in East Asia that would be the new epicentre of the world political economy. This new international order could be more favourable to the peoples of the southern hemisphere. However, to use a new development tool is also necessary to build a new economic mindset and does not seem the Chinese case.

The Asian model with the largest representative of China is characterized by the intensive use of labour and energy-saving; and the regional division of labour (Arrighi, 2007). China, however, while subordinately integrated to the international circuit of the capitalist division of labour also relies on the prevalence of monetary capital, becoming a sub-central country in relation to the periphery. The Asian country started to produce more and more products with higher added value and to participate actively in global finance and now aims to obtain a technological and organizational monopoly over the African production chain. This fact points out that if there is no significant transfer of knowledge and technology, China will be reproducing exploitative power behaviour, the same way all nations that are or have been part of the "leader circle" of the world-system have done previously.

For that reason, in spite of being semi-peripherally inserted in the World-System, China is under the risk of reproducing the model of uneven development in virtue of a vertical and hierarchical relationship of capital versus labour. If it is repeating the Center-Periphery dynamics – in which the absolute surplus value, with the overexploitation of the workforce and the relative surplus value, with the technological backwardness – it will make the peripheral countries develop in absolute, but never in relative ways. Then, China would be contributing to the gap between the periphery and the centre to be maintained or even increased.

In fact, it is the responsibility not only of China but also of the capitalist elites and African policies to decide which model of development they want to opt for. Tempted by





the Chinese capital, the local bourgeois African class and the bureaucratic State of each country can adopt an association and yield to the international Chinese project, therefore accepting an excluding-insertion or articulating with other sectors, countries and classes, claiming an including-insertion in the Economic World-System.

The excluding-insertion is a dependency scenario coordinated by a local bourgeois class and a bureaucratic State of peripheral regions that associate with a stronger capital (sub-central or central) and contend with small and medium gains to maintain privileges for one class. Such insertion only places the country in the international system, not leaving it extremely marginalized – as happens with some failed States – but excluding it from the main tenants of international decisions. In this sense, there is no offering of conditions for structural transformations that would make the country's real development possible.

The including-insertion is a scenario coordinated by an intra-class and extra-class agreement that pursues the well-being of diverse social sectors and not only of small groups. In order to do so, it creates a coalition that, when operating the State seeks to relate in a more pragmatic manner, but fair with the other international actors. This coalition has as scope to modify the social, economic and political structure, aiming, therefore, the economic development with a new economic mentality. The ultimate goal of this coalition is to seek mutual gains for all. This could be achieved by elaborating mechanism of competitive adaptation, some structural convergence fund, transfer of technology, harmonization of labour rights and environmental sustainability. The rationalization of society and international relations do not follow only material principles but attend to the relevance of moral principles.

In the meantime, African countries can use Chinese investments in infrastructure to enhance intraregional trade relations. When comparing intra-regional trade statistics, the figures for Africa are among the lowest, where less than 20% of regional production is within the region. This, in essence, means that more than 80% of what is produced in Africa is exported, mostly to the EU, China and the USA. In comparison, 60% of European





trade is carried out within the continent itself, and in North America, the value is around 40% (UNComtrade, 2017).

An example of attempting to structure an including-insertion model is the IBSA Dialogue Forum (India, Brazil, and South Africa) created in 2003. The IBSA aims to examine issues on the international agenda and of mutual interest. The forum currently has 16 thematic Working Groups that address issues such as democracy, human rights, social inclusion and sustainable development. One of IBSA's successful programs was the democratization of pharmaceutical production, especially in drugs related to combating Human Immunodeficiency Virus (HIV). The model began with political, moral and cultural values trying to create a platform for political consultation at the international level. The engine of the IBSA was non-commercial issues, however, provided a spillover effect and increased trade flow among the three member countries (Mattos, 2017).

After the presentation of the concepts of excluding-insertion and including-insertion, it is possible to recognize the reality of insertion in the World-System economy of each African nation, a topic that needs to be studied increasingly. Nonetheless, it would be necessary to analyze the intra-class forces and the extra-class coalitions, the bureaucratic stratum and the workers present in different countries of the continent, thus dispersing from the proposal of this research. The study, therefore, will not go deeper into this debate.

In consequence of all explain, we can suggest that many African nations, led by elites with particularistic ideas and alienated from social interest groups, are choosing to adopt measures to achieve preferential treatment with China, in a dependency relationship. To a large extent, this can be explained because African countries, marginalized by foreign investors until recently, now recognize that the cost of opposing the Chinese presence outweighs the benefits of subordinating themselves to Beijing.

Moreover, central countries such as the United Kingdom, USA and Germany invest to maintain their positions and to highlight their rankings in the global geo-economy. Such articulation of economic forces in the complex World-System can be better







understood with the analogy created in XIX century by the German economist Friedrich List and popularized by Ha-Joon Chang, from Cambridge University. According to List (1983) and Chang (2004), the countries that are considered central have risen to their current level by adopting protectionist policies and vigorous trading practices, thereafter, they “kicked away the ladder”. With its economic-cultural policy in Africa, it can be deduced that China may be trying to climb some steps in the development ladder and become a central country instead of creating a new ladder with a different structure and a more democratic escalation based on solidarity relationships, cooperativism, associativism and some more participation, thus remodelling the current World-System.

#### 4. FINAL CONSIDERATIONS

Part of the international community, academics and social movements oppose Chinese foreign policy in Africa. For the objectors, China opted for proper capitalist development in its worst model: a State Capitalism. On the whole, trying to answer the hypothesis in the introduction of this paper, so far, this thesis has support, because the Chinese Socialist Market abandoned the struggle for self-organization and self-emancipation of the working class, based on the Marxist-Leninist-Maoist ideological orientation. The PRC despite maintaining a union discourse of poor countries, this does not rise above the Chinese State interest, staying, not rarely, only in the political rhetoric. What is really reigning in the model that China's international economic policy currently represents is the regional division of labor and the ideal Confucian of social harmony in favor of a view of unfettered struggle in the market with the USA.

China is more concerned on adopting labour-intensive and exploring the primary resources of peripheral nations to save capital, progressing with its catching up and development, raising the minimum wage internally and maintain its project of ascension in the World-System. China has reversed the USA capital-intensive, flexible automation,





and material handling process. While American capitalism increases the cost of capital and support systems, Chinese State grows by overexploiting workforce. With this model, China, ironically socialist, intensified the profit through the surplus value. The value of the workforce has dropped dramatically in virtually the entire world while in China it has increased. It is a more Ricardian model of productive specialization of nations than anything socialist.

African countries need to seek the elaboration of strategic plans for international insertion and for intra-class relations and social extra-class alliances, in order to enjoy the cooperation of central and semi-peripheral countries to develop their independence by a raw materials' processing industry, the strengthening of its economy services and by creating concrete socioeconomic improvements. For instance, the African countries could adopt a "pendulum diplomacy" and bargain in the international system a dialogue of interests and mutual values, not only between nations but also between classes, thus building a new political, economic and commercial geography for the continent through its including-insertion in the international system. The United Nations Economic Commission for Africa (UNECA) composed of 54 African countries and linked to the United Nations Economic and Social Council and the African Union's (AU's) with 55 members and with the purpose of generating African unity and solidarity should be the promoters of this ambitious plan.

Meanwhile, it is possible to affirm the capitalist Chinese diaspora in different parts of the globe can still open up possibilities for a reorganization of the interstate system. Nevertheless, this depends on other actors of the world-system, such as Brazil, Russia, India and South Africa (namely the BRICS countries), which are currently the active semi-peripheral regions with more international management capacity. As an illustration, China can invest in this group of countries and may lead to a broader project of more egalitarian and cooperative redistribution of power and wealth, providing a different world-system. In this case, China would take advantage of its systemic cycles of accumulation to gain





hegemony. It is a construction of a new condominium of world leading countries that will rise by another “ladder”.

Additionally, China's attempt to climb the “old ladder” can cause the central nations – hitherto reluctant of the participation of the peripheral countries in the major international political and economic forums – to opt for leading this structural change in the global condominium. It remains to be seen whether this would be accomplished only with the introduction of China in the central nations' club or whether thus retaining the present structure, it would be by the including-insertion of a plurality of nations acting in common agreement, in order to develop a new world order less hierarchical and more horizontal, thus replacing the current World-System.

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