



# China's Partition of Africa: Will US Intervention Slow Down the New Silk Road?

By Mary Serumaga



The just ended Forum of Chinese-African Cooperation (FOCAC) in Beijing may prove to be the straw that breaks the camel's back for the United States, long irritated by Africa's relationship with an Asian country as powerful as itself. The 2018 forum was attended by more African leaders than attended the last AU Summit. Only six heads of state did not show up; Tanzania, Burundi, DRC, Eritrea and Algeria and were represented by vice presidents and prime ministers. Swaziland alone had nothing at all to do with FOCAC.

On 3 August, the day FOCAC 2018 opened, [sixteen US senators wrote to Steven Mnuchin](#), Secretary of the Treasury and Michael Pompeo, Secretary of the Department of State demanding to know what the Administration proposes to do to stop China's attempt to dominate the global economy. First signatory is Senator David Perdue, described as 'Donald Trump's Man in the Senate'. The letter is therefore guaranteed to get attention.

The senators point out that 23 of the 68 countries hosting Chinese Belt and Road Initiative (BRI) projects are at risk of debt distress. Eight countries with future BRI infrastructure investments are also at risk of debt distress. China is accused by the Senators of 'predatory lending', 'weaponizing' capital and holding poor countries to ransom when they fail to repay.

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This is not to say that the West has not weaponized capital as a matter of course. Sometimes literally. For example, International Lending Institutions will lend to countries that suppress political opposition. Such oppression means citizens cannot fulfil their right and duty to oppose unsustainable debt through democratic processes. In Uganda, electoral violence prevents the citizenry from freely campaigning for elections. Knowing this, Western sovereign lenders provide the means of repression by arming, for example, Uganda's Special Forces Command while lending to the perpetrators of violence.

The core of the argument the US Senators are preparing against China's BRI is this: countries in debt distress caused by BRI projects are also in debt to the IMF and turn to the IMF for bailouts. The US is the IMF's biggest shareholder. As such, IMF bailouts to countries in debt-distress from Chinese loans would be transferring US taxpayers' money to China. Sri Lanka's bailout in 2016 did not prevent the loss of Hambantota Port.

However the major immediate cause of concern is Pakistan, reportedly planning to apply for an IMF bailout after her BRI indebtedness under the China-Pakistan Economic Corridor put Gwadar Port at risk. Djibouti whose debt to China is equivalent to 75% of her GDP (its total foreign debt to GDP ratio is 85%) is said to be at risk of losing Doraleh Container Terminal to China, an asset strategically important to the United States.

Uganda is not mentioned but is likely one of the other countries alluded to. Uganda's debt-distress has been on the horizon for at least two years. The Auditor General signaled it in 2016. A recent attempt to increase tax revenues led to the #ThisTaxMustGo movement, an outcry from a public that sees little in the way of public services, and more recently, the [disruption of a tax policy conference attended by donors](#).

What is important to Uganda is the questions put by the senators to the American Administration;

"As the largest contributor to the IMF, how can the United States use its influence to ensure that bailout terms prevent the continuation of ongoing BRI projects, or the start of new BRI projects?"

An understanding appears to have been reached with Kenya which this year applied for a bailout and simultaneously suspended all new infrastructure projects apparently in return for assistance.

The senators also require the Treasury and the State Department to investigate: i) which other countries are likely to require bailouts; ii) how BRI countries in debt distress can be assisted to repay their loans; and iii) alternative sources of infrastructure funding."

The closing paragraph of the senators' letter indicates that another proxy war is about to be fought on the African continent. It is clear the senators want the United States to disrupt Chinese-African cooperation:

"In his speech to the 19<sup>th</sup> Party Congress, President Xi declared, 'China's development does not pose a threat to any other country. No matter what stage of development it reaches, China will never seek hegemony or engage in expansion.' It is apparent that this statement is fundamentally false, and the goal of BRI is the creation of an economic world order ultimately dominated by China. It is imperative that the United States *counters* [emphasis mine] China's attempts to hold other countries

financially hostage and force ransoms that further its geostrategic goals.”

African leaders attending FOCAC have been promised \$60 billion in development assistance. It will be made up of grants and more importantly, loans from Chinese financial institutions. China in 2018 has promised to import more non-commodities (finished goods) from Africa. At FOCAC 2015, the same amount was promised. Given that several countries are already struggling to repay Chinese debt, which carries higher interest and is repayable over a shorter period than loans from other sources, the offer is not necessarily an altruistic gesture.

At the end of FOCAC 2015 held in Johannesburg, the dysfunctional relationship between Africa and China was already evident. The relief of the Chairman of the Africa Union as he welcomed the blandishments of President Xi Jinping was palpable. Probably remembering the [Bandung Conference of 1955](#), in a quivering voice President Robert Mugabe (for it was he) delivered one of those lyrical declamations he was so good at, “Here is a man representing a country once called poor, a country which was never our coloniser. But there you are, he is doing what we expected those who colonised us yesterday to do.”

With the colonial and especially settler-state experience, and after the Continent has been all but disembowelled so that its endowment of natural resources has failed to translate to a decent standard of living as the norm, the current belief that China or anyone else is going to do the work, is astounding in its naïveté.

The relationship between China and Africa is said, over and again, to be rooted in friendship and equality. It is this that is expected to provide the impetus to begin to deliver on goals whose attainment is long overdue: industrialization, modernisation of agriculture, poverty reduction, technological capacity building and economic development. These are expected to be reached by means of Chinese capital, technology and personnel for the construction of roads and other infrastructure, investment and trade facilitation and environmental protection. Sino-sceptics recall the very same development goals were discussed at great length with Europe and America in the immediate post-independence period and beyond.

For his part, [President Museveni expressed the hope](#) in Beijing 2018, that the relationship with China would allow Africa to, “more easily work with our friends in the EU and the USA on the basis of win-win arrangements, not the win-lose arrangements of the last 500 years [...] many African countries and the former colonizers can put to good use the historical relations with the British Commonwealth or the French Community. What was previously negative could become much more positive than it has been hitherto.”

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In the interim, raw materials have continued to dominate African exports. Structural Adjustment Programmes led to deindustrialisation on a grand scale. Despite mineral and other endowments dwarfing anything available in the West or the East, African countries continue to occupy the lower rungs of the Human Development Index.

Listening to Xi Jinping's address at FOCAC 2015, one would have thought China has no needs of her own - they were not mentioned either by China or her African hosts - and that China is in it for purely altruistic reasons. Mugabe, the AU chairman, claimed that the Sino-African relationship goes far deeper than mineral extraction. The [50,000](#) elephants we lose to poachers every year did not feature either.

Pro-FOCAC leaders no doubt recall the heady days of Bandung and the creation of the Non-Aligned Movement, when there was an Afro-Asian bloc at the UN General Assembly. Back then, African countries were proactive and saw themselves as actors on the world stage rather than as mere props in other people's scripts and proxies in their wars. An episode that occurred during the Cold War illustrates this. The US sought to bar China from membership of the UN General Assembly and African leaders were lobbied by high-level American officials to vote against China. Just a week after Nigeria gained independence in October 1960, Prime Minister Balewa called on President Eisenhower. Having assured Eisenhower that he was not a Communist, Balewa made a request for bilateral aid and was assured aid would be available through the UN Special Fund. He was advised that the United States preferred making loans to giving grants.

Later in the conversation in answer to a question from Prime Minister Balewa, President Eisenhower said that a vote by Nigeria in favour of Red Chinese representation at the UN would "*constitute such a repudiation of the U.S. that we would be in a hard fix indeed.*" <sup>[1]</sup> Balewa in turn expressed surprise that a nation of 650 million should be excluded from representation at the world body. In the event, Nigeria voted against the U.S. position on the Chinese delegation.

Nowadays things are different. Uganda abstained from the historic UN General Assembly vote against the United States' endorsement of Israel's annexation of East Jerusalem when Washington announced that the US was moving her Embassy there. Kenya dodged the vote altogether. In an earlier resolution (December 2016) against, among other things, Israel changing the status of internationally recognized Palestinian territory via settlements, Uganda abstained.

FOCAC 2015 provided [US\\$5 billion in grants as a sweetener and US\\$ 55 billion in loans](#). In 2018 a further \$60 billion has been pledged. Going on precedent, the majority of these funds will not reach their intended beneficiaries, for easily understandable reasons. Apart from the bureaucracy surrounding the loan applications, most African countries lack a strong regulatory framework. The result: massive waste and theft of public funds. Uganda, for example, has spent billions of dollars of tax revenues and loans on civil service reform, and millions on programmes to deepen democracy yet an enabling environment for sustainable development continues to elude her citizens. State brutality is on the increase.

Uganda's allegiance to China does not require her to address failures in deepening democracy and inclusive development even for public relations purposes. Although the Western development industry too has tolerated what it calls 'democratic deficits' their leaders can be called to account because unlike China, they continually profess democratic values. What follows below is a brief run-through of recent examples of kleptocracy and incompetence supported in Uganda:

The National Roads Authority (UNRA) was established in 2006 to make road construction more efficient than it was under the Ministry of Transport. With its large budget, the UNRA quickly became known for some of the country's more colourful corruption scandals. In 2015 UNRA excelled itself when the country lost in the region of UGX 24.7 billion (US\$ 6.5 million at current rates) in the Mukono-Katosi road scam. The [Inspector General of Government](#) found that the Minister for Transport, Abraham Byandala, abused his office by inducing the supposedly independent UNRA to give a contract to one Eutaw, a firm claiming to be related to an American firm of a similar name. The firm, which turned out to have no relation to its American 'parent company', was paid advances

for work it was unable to complete. [Byandala was acquitted](#) in August 2018, for insufficient evidence.

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Meanwhile in the south, the brand new highway to Rwanda literally split in two with one half sliding down the hill. The much-praised Northern By-pass in Kampala was closed as the swamp through which it was built began to reclaim it in the March rains. The Roads Authority is slated to be disbanded by presidential decree as a waste of resources.

The Uganda National Bureau of Standards (UNBS), was established in 1983, "to enforce standards for protection of public health and safety and the environment against dangerous, counterfeit and substandard products; ensuring fairness in trade and precision in industry; strengthening Uganda's economy...." Given that the disposal of disused short-life cheap goods imported from China is becoming an environmental hazard and counterfeit drugs a health hazard, UNBS and other specialised quality assurance agencies would need to be much stronger if the goals of green development, health and prosperity are to be attained.

The CEO of UNBS was suspended in 2015 with various management weaknesses cited as the reason. In 2018, the situation has deteriorated to the degree that foods have been found to be adulterated, notably meat preserved with formaldehyde.

The judiciary (Justice Law and Order Sector) is at once a source of hope and a constant source of disappointment. Sovereign debt has legal and constitutional ramifications. For example, Uganda's constitution requires the *state and its citizens* to 'defend the independence, sovereignty and territorial integrity of Uganda' and to build national strength in political, economic and social spheres to avoid undue dependence on other countries and institutions.' This is meant to be done mainly through Parliament which approves or rejects debt. Clearly unsustainable debt flies in the face of independence.

Other indebted countries too have fallen into debt in contravention of the law. Mozambique's \$2 billion secret loans (one from a Russian bank) were taken out by the finance minister who was not authorised to do so. He later admitted that he was unaware when he signed the guarantee that he gave the creditors sovereign powers over all Mozambican assets until the debt was repaid.

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This is what the US Senators refer to as 'predatory lending.' However, the same administrative weaknesses taken advantage of by Chinese and Russian lenders are relied on by Western lenders despite the claim that they operate under different standards.

It was expected that the Constitutional Court would strike down Parliament's removal of presidential age limits further reducing the chance of removing the incumbent kleptocratic regime.. What came as a shock was the ruling on the invasion of Parliament by the Special Forces beating, torturing several Members of Parliament" physical assault on the elected representatives of the people by 'security operatives'.

During the appeal against age limit removal, only one out of five judges ruled that state violence is unconstitutional in all circumstances and that it therefore rendered the Age Limit Act null and void. Justice Kenneth Kakuru said,

"The Constitution demands that citizens of this Country be treated with respect and dignity by all agencies of the State. Again I am constrained to refer to the maiden speech of President when in 1986 he promised Ugandans that no citizen would be beaten by the army (read or the Police) as it had been the norm in the past regimes.

*The police in Uganda have no right to frog march Members of Parliament, beat them and humiliate them the way they now routinely do which this Court takes judicial notice of being a notorious fact [emphasis mine]."*

The rest of the judges were of the view that the attack on Parliament did not nullify the Age Limit Act opening the way for President Museveni's life tenure and also for assaults on members of parliament.

Many blame the constitutional court's failure to condemn state violence for the subsequent attack on members of parliament and their supporters in the Arua by-election weeks later.

For two weeks beginning in Arua on 13 August 2018 the armed forces indulged in a wave of electoral violence that spread to other cities. At the time of writing, a high level press conference has just ended in Kampala. Briefing the media about the electoral violence, the Minister for Security said the armed forces acted with restraint and that had they not, casualties would have been more severe. In other words - be grateful we let you live. A further update: President Museveni addressing his party caucus [warned them](#) that he has the power to shut down Parliament.

Justice, law and order, health, education, immigration, infrastructural development and tax administration, are all sectors important for development which have exhibited persistent weaknesses. Neither debt nor grants (Chinese or Western) have removed precarity from the manner in which the country is governed or from the day-to-day existence of the majority of Ugandans. Increased debt and grants are not the answer.

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In any case, the Chinese project is about to receive major push-back from the United States. A decade ago, correspondence between the US Embassy in Kampala and Washington indicated concern about the manner in which China beats American firms in bids for oil concessions and infrastructure projects by bribing government officials. (Email-2011-10-19 07:38:18 From: gary@ocnus.net To: responses@stratfor.com. Source: Wikileaks). At some point, officials discussed (with the UK) but did not implement travel bans on the senior government officials taking bribes, possibly leaving room for negotiation. That era may have ended.

There are two possible outcomes for Africa. It is just possible that African, Asian and South American countries could become active negotiators this time around. If they were to engage regional blocs they would be able to come away with more profitable and transparent financial arrangements. The best case scenario would include repudiation of illegitimate debt; all monies

recklessly loaned to kleptocrat administrations and all those used to perpetuate despots in power.

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<sup>[1]</sup> [FRUS 1958-1960 v.14 Newly Independent States, Document 77, Memorandum of Conference with President Eisenhower, October 8, 1960.](#)

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