

'Fixing' Africa's infrastructure: But at what price? Problematising Chinese infrastructure development in Africa

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8,500,000,000,000 Ugandan Shilling. This is roughly the volume of a loan which the Ugandan government currently negotiates with China's state-owned Exim Bank. The sheer number of digits is impressive, even when converted in less inflationary currencies. The concessional loan over \$2.3 billion is earmarked for the construction of 273 kilometres of rails between Kampala and Malaba at Uganda's border with Kenya. The project constitutes the next stage of East Africa's new standard gauge railway that is designed to link Mombasa at the Indian Ocean with Uganda's capital and, if plans materialise, will extend to Juba and Kigali in the future. The first stretch of the line between Mombasa and Nairobi has been inaugurated in mid-2017 and celebrated as another milestone of Sino-African development cooperation.

However, the recent leaking of the loan contract signed in 2014 by state-owned Kenya Railways and China's Exim Bank has further fuelled doubts about the amicability and sustainability of the project. Whereas confidentiality clauses are common practice in such agreements, the contractual details that were now leaked reveal significant legal risks for Kenya. On 13 January, Kenya's *Sunday Nation* cited paragraph 5.5 of the loan agreement as follows: "Neither the borrower (Kenya) nor any of its assets is entitled to any right of immunity on the grounds of sovereignty or otherwise from arbitration, suit, execution or any other legal process with respect to its obligations under this Agreement, as the case may be in any jurisdiction" (Daily Nation 2019). One does not need a degree in contract law to imagine the legal repercussions in case Kenya defaults on the loan – a scenario that is not out of the realm of possibility, considering the amount of debt the government has amassed in recent years. Thus, it appears all the more surprising that the National Treasury Cabinet Secretary Henry Rotich, the very official who signed the deal in 2014 on behalf of the Kenyan government, is cited as being "not aware" of the clause (Daily Nation 2019). Another sensitive passage is concerned with the dispute settlement mechanisms that apply in case of arbitration. As revealed now, arbitration between the contracting parties is confined to the China International Economic and Trade Arbitration Commission. A jurisdictional level-playing field looks somewhat different.

The increasingly heated debate in Kenya is part of a wider discourse about Africa's recent infrastructure boom. While some commentators welcome Chinese large-scale investments into Africa's debilitated transport infrastructure as the long-awaited kick-start for the continent's development, there are growing concerns about the economic viability of such projects and, more fundamentally, about skyrocketing debt liabilities vis-à-vis the People's Republic and its financial institutions. China has granted infrastructure loans all across the continent, with another \$60 billion in loans recently pledged at the Forum on China-Africa Co-operation in Beijing in September. Yet, how fragile China's lending policy has become was apparent at the Forum. While Nigeria's president Buhari returned with another \$6 billion in infrastructure loans, the Ethiopian government used the same occasion to demand a 20-year repayment delay for a \$4 billion Exim loan for its brand-new railway that connects the capital of the landlocked country to Djibouti's port. In total, Ethiopia is estimated to owe China almost \$14 billion, that is a good 17.5 % of its GDP. Angola's 'China debt' even doubles Ethiopia's. In Zambia, government and opposition quarrel about the actual sums owed to Chinese banks, while nervousness levels in the IMF headquarters seem to correlate with mounting liabilities. The list can be extended at will. What is clear is that the chronic

underinvestment in Africa's infrastructures fuels what Sum calls a "China-oriented infrastructural mode of growth" (Sum 2018). But at what cost for Africa?

'China in Africa' and the 'spatio-temporal fix'

It is worth to dissect the surge in Chinese-sponsored infrastructure development all across Africa. In his attempt to 'spatialise' Karl Marx's *Kapital*, renowned geographer David Harvey offers a theoretical framework that helps to make sense of some of the dynamics behind Africa's current infrastructure boom (see Harvey 1982; 2003). In a nutshell, Harvey argues that capitalist accumulation must spatially expand in order to counter its endemic tendency towards crises of overaccumulation within given territories. Capitalism constantly seeks for what he calls 'spatio-temporal fixes' through a combination of temporal deferral and geographical expansion. In the case of the former, enormous portions of capital are quite literally 'fixed' in the landscape in the form of physical and social infrastructures. As such investments generally have long gestation and turnover times, they secure profit generation far into the future and thereby 'postpone' the overaccumulation problem to a later point in time. At the same time, 'fixing' surplus capital in the built environment (just think of roads, railways, ports, airports, etc.) opens up new outlets for mobile forms of surplus capital and goods and thus geographically expands the circuits of capital. 'Killing two birds with one stone', one might want to say... 'But at what price?', one might want to add.

David Harvey offers some answers to this question in *The New Imperialism* (see Harvey 2003). What he calls 'accumulation by dispossession' points to practices of devaluation, expropriation, commodification or privatisation related to the spatial reorganisation of capitalism. Harvey emphasises the role that the credit system and finance industry play in advancing accumulation by dispossession. Where countries do not hold enough resources (financial or natural) to trade back, foreign loans and credit pave the way for the 'spatio-temporal fix'. While such financial flows potentially boost receiving economies, they also increase their vulnerability vis-à-vis speculative forms of capital and can result in savage devaluations of assets and currencies. As infrastructural assets generally serve as collaterals, their privatisation is often the mid- to long-term result of unsustainable levels of debt incumbency.

What can we learn from Harvey's (here admittedly simplified) arguments in the context of Africa's current infrastructure boom which is, to a significant degree, sponsored by China? China's infrastructure development in Africa must be understood in relation to capitalist accumulation. While the People's Republic is governed by the *Communist* Party, the circuits of both Chinese state and private investments follow *capitalist* logics. The African continent turns out to be a remedy for China's overaccumulation problem by serving as a major locale for a spatio-temporal fix. Generous loans for infrastructural projects absorb huge amounts of Chinese capital that cannot be re-invested profitably (enough) within China and thus secure profits far into the future. Moreover, they create demand for gigantic state-owned as well as private corporations in the construction, transport, communication and energy sectors. Even more, 'fixing' Africa's infrastructure allows for the geographical expansion of the Chinese accumulation regime by ensuring the smooth circulation of surplus commodities and goods. This can be everything from tiles, made in China and sold in Zambia's Copper Belt towns, to motorised ploughs tilling Kenyan acres.

Importantly, the Chinese spatio-temporal fix that currently plays out at various spatial scales and locations in Africa (and beyond! Just consider the geographical scope of China's 'Belt and Road Initiative') is not an economic determinism. Africa's decision-makers are not mere bystanders but active participants in its unfolding, as each and every infrastructure project on the continent as well as its funding arrangements are negotiated between African governments and their Chinese counterparts. Most African political elites still seem to be convinced that the integration of their economies into the global economy by opening-up to foreign investment is inevitable – at whatever cost. However, a central risk of China's spatio-temporal fix in Africa is related to the debt accumulation that is central to its operation. Against the historical backdrop of African foreign debt crises and resultant structural adjustment programs that ravaged public infrastructures and services to the detriment of social cohesion in many African states in the 1980s and 1990s, the current accumulation of debt on the side of African governments seems surprising. Just as the warning shouts that echo from Western capitals appear hypocritical, considering how complicit Western financial institutions have been in indebting African societies.

Taking on liabilities of such grandness may be motivated by growth projections linked to infrastructure development. It may also be based on silent hopes that China will be a forgiving creditor in the future. The former is optimistic, the latter naïve. Ultimately, Africa's rising debts will result in accumulation by dispossession. A new wave of commodification and privatisation of public goods with the declared aim to re-finance ever-growing sovereign debt is well underway. Zambia's new road tolling system is a good example for the commodification of commons as a result of unsustainable debt levels. Equally, all sorts of innovative public-private-partnership schemes are put in place in the context of transport infrastructure projects. They 'outsource' the operation, maintenance and, in some cases, the ownership of public infrastructures to private corporations for jaw-dropping concession periods. Needless to say, who pays the (higher) price for such arrangements: The ones with the smallest disposable incomes, the small-scale-traders when on the move to source goods, farmers on the way to the local markets and workers, both in the formal and informal economies, on their daily commute.

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