

Navigating the Shift: Is China Losing Its Grip on Africa?

By Mr. Samir Bhattacharya

In the first week of September, as African leaders convened in Beijing for the [ninth Forum on China-Africa Cooperation \(FOCAC\)](#), it became increasingly clear that Africa is growing disillusioned with China. On the surface, the summit appeared as significant as ever, with [51 African heads of state](#) in attendance and a [\\$51 billion investment pledge](#) from China for the next three years. While this reflects China's continued commitment, a closer look reveals troubling issues beneath the surface.

For instance, of the \$51 billion pledged, only \$10 billion constitutes new investment. This amount is relatively modest over three years, especially compared to the \$8 billion the US annually allocates in humanitarian aid. Additionally, most of these investments will come from the private sector. While this sum is noteworthy for financially strained African countries, it is relatively insignificant for China. This shift also indicates a change in China's approach to engaging with Africa.

Furthermore, FOCAC 2024 has attracted noticeably less media coverage in Africa compared to previous years, leading to questions about whether the China-Africa Summit has lost the appeal it once held. This decline in excitement reflects a shift in China's engagement with the continent, moving away from the aggressive approach of the mid-2010s. The era of massive resource deals, large loans, and grand infrastructure projects has been replaced by a new focus on financial and environmental sustainability.

Over the years, FOCAC has gained significant influence partly due to its adept use of optics. Although the summit reflects the inherent imbalance of 54 countries versus one, it does so within China's meticulous small-country diplomacy framework. African leaders often receive a lavish red-carpet treatment, including high-profile meetings with Chinese President Xi Jinping during their visits to China. This approach mitigates the impression of the unequal "Africa Plus One" summit structure. Before arriving at FOCAC, many leaders met President Jinping and toured major cities like Beijing, Shanghai, Shenzhen, and Guangzhou.

Despite the continent grappling with [over \\$170 billion in Chinese loans](#), President Xi Jinping's inaugural address surprisingly made no mention of this issue. Instead, China unveiled a significantly larger loan package compared to previous commitments. Subsequently, [the SCMP](#) reported that China plans to [waive intergovernmental interest-free loans for 33](#) African countries due by the end of this year. However, this waiver represents only five percent of the total loans China has extended to the continent.

Beyond financial aid, China's strategy now ventures into new areas: political and security cooperation. The new plan includes training African military forces, participating in peacekeeping missions, and combating terrorism. This turn of events marks a crucial advancement of the [Global Security Initiative \(GSI\)](#). Beijing has expressed a desire to foster exchanges between political parties. Thus, after establishing a [political party training school](#) in Tanzania, the CCP plans to open another in Kenya. This move raises concerns that China may promote its authoritarian model among the participating African governments.

Mr. Samir Bhattacharya, Associate Fellow at Observer Research Foundation, asks "Does the Forum on China-Africa Cooperation 2024 (FOCAC) mark the end of an era in Sino-Africa relations in a proverbial boom-to-bust scenario?" and "Is there disenchantment among the African leaders vis-à-vis China?"

There were also some subtle yet noteworthy changes. This year's meeting was the first to be segmented into [four high-level sessions](#): state governance, industrialization and agricultural modernization, peace and security, and high-quality Belt and Road cooperation. The precise reasons for this division remain unclear, but it may allow China to maintain some ambiguity regarding its funding. In contrast, numerous sweeping announcements on future commitments involved retroactively repackaging old funds within combinations of existing projects or attaching them to new endeavors, some of which have yet to materialize.

Finally, in another first, [China announced its support grants and loans in Yuan](#). Currently, international payments in RMB represent 6 percent of all currency transactions, ahead of the Euro share of 5.3 percent. This marks [a significant step towards de-dollarization](#) and promotion of the Chinese Yuan.

The new reality of China in Africa

Therefore, two questions arise, "Does the FOCAC 2024 mark the end of an era in Sino-Africa relations in a proverbial boom-to-bust scenario?" and "Is there disenchantment among the African leaders vis-à-vis China?" Indeed, for the past 15 years, the China-Africa narrative has been characterized by "win-win development," steadily increasing investments, and booming trade. As traditional donors turned away, China allowed African governments to look for alternative ways to fund infrastructure and other pressing financial requirements. In exchange, Africa supplied China with raw materials for its manufacturing sector and opened new markets for its finished goods. While African governments were eager to secure these financial benefits, China was equally content to keep its growth engine running.

However, over time, Africa has come to realize that its relationship with China has always been uneven. China is the world's second-largest economy and second-most populous country. It has always held a significant advantage in dealings with Africa's relatively small and economically disadvantaged nations. Despite being the largest trading partner for an increasing number of African countries, Africa, as a whole, remains relatively insignificant to China. Even though the specter of trade wars looms large, Chinese trade flows to the United States, Europe, and even South Asia are more significant compared to flows to Africa, which constitutes less than five percent of China's global trade.

Although China-Africa trade volume continues to grow, the pace is slower post-pandemic. On top of everything, Beijing is now gradually scaling down its financial commitments to Africa. It seems that more African countries are becoming disillusioned with China and may soon opt for other partners offering more favorable terms and conditions. '

Despite these shifts, China remains Africa's top trading partner, with its two-way trade reaching a record high of [\\$282 billion](#) in 2023. Its foreign direct investment (FDI) in Africa stands at [\\$4.2 billion](#), nearly double that of the United States. Additionally, China continues to be the leading lender to the continent. While it is premature to be overly bearish, the once-promising relationship has undoubtedly lost some of its luster and faces a relatively unsure future.

Meanwhile, there will be more and more Africa+1 summits. New players like Korea, Indonesia, and even Saudi have also started organizing similar summits. Moving forward, the key challenge for African nations, individually and collectively, will be whether they can navigate beyond the ceremonial aspects of these summits to negotiate favorable deals, set their own terms, and advance their interests. As for China, it is clearly profiting from its investment in Africa, but it remains to be seen whether African countries can also reap equitable benefits.

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