

The Power of Africa- Africa as a Stronger Actor on the International Stage (Paris, May 2nd – 4th, 2012)

Working Paper

The Absentee Landlord: African state in Chinese Special Economic Zones in Africa

Introduction

In 1979, Deng Xiaoping approved the proposition of the leader of the Guangdong Provincial Party Committee for the introduction of Special Economic Zones (SEZs). Thirteen years after having devolved the financial responsibility of these new developmental units to PRC's provincial level, Deng Xiaoping embarked on a tour of Shenzhen SEZ in 1992, eager to see the concretisation of the liberal move his government had risked. He stated:

From the very outset there were different opinions concerning the establishment of special economic zones, fearing whether this meant practicing capitalism. Shenzhen's construction achievements have answered those having worries of one kind or another, the special zone is "socialist", not "capitalist" in nature. Judged from the situation in Shenzhen, public ownership is the mainstay, foreign investment accounts for only one-fourth. Take that part of foreign capital for example, we can benefit from taxation and labor service! Don't be afraid the establishment of more Sino-foreign cooperative enterprises, Sino-foreign joint ventures and solely foreign-owned businesses. We need not be afraid so long as we are clear-headed. We have advantages, large and medium-sized State-owned enterprises and township enterprises, more importantly, we have the political power in our own hands.¹

Twenty years down the line, China has developed several variations of SEZs. It now houses 127 Economic and Technological Development Zones (EDTZs), 56 High-Tech Industrial Development Zones (HIDZs), 13 Free Trade Zones (FTZs), 14 Border Economic Zones (BEZs), 60 Export Processing Zones (EPZs), 31 Provincial Development Zones (PDZs), and 29 other types of development zones (National Tourist Holiday Resorts, Bonded Logistics Parks, Bonded Port Areas, Trade Zones, Business Investment Zones).² As Deng Xiaoping claimed, regardless of the nature of ownership in the internal composition of these zones, PRC is omnipresent in all these endeavours and has the last word in their functioning and existence. This ultimate right is covered by China's Constitution in Articles 10, 18 and 31.³

At FOCAC 2006, President Hu Jintao committed to the establishment of zones similar to China's EDTZs in Africa. This was to be implemented in the spirit of a bilateral cooperation and aims to bring mutual growth and development to both countries. Five African countries were shortlisted to host the seven zones:

1. Nigeria: Lekki Free Trade Zone (LFTZ) in Lagos state, and Ogun Guangdong Free Trade Zone (OGFTZ) in Ogun state
2. Ethiopia: Eastern Industry Zone (EIZ)
3. Egypt: Egypt TEDA SEZ
4. Zambia: Zambia-China Economic and Trade Cooperation Zone (ZCCZ) in the Copperbelt, and Lusaka Multi-Facility Economic Zone (LMFEZ) in Lusaka.

1 Chinadaily.com.cn, *Deng Xiaoping's inspection tour to South China*, 2002, retrieved on 15 April 2012, <<http://app1.chinadaily.com.cn/highlights/party16/leaders/dengtour.htm>>.

2 CADZ.org.cn, *China Development Zones*, 2009, retrieved on 15 April 2012, <<http://www.cadz.org.cn/en/index.jsp?ItemID=1650>>.

3 People's Daily Online, *Constitution of the People's Republic of China*, retrieved on 15 April 2012, <<http://english.people.com.cn/constitution/constitution.html>>. These Articles address the three key aspects of SEZs: land ownership, permits to foreign investors to invest in China and the setting up of special administrative regions, respectively.

5. Mauritius: JinFei Trade and Economic Cooperation Zone (JFTEZ)

As the selected Chinese developers enter these countries in varied compositions--comprising of Chinese State-Owned Enterprises (SOEs), Chinese private companies, Chinese Joint Venture companies between private firms and SOEs, China-Africa Development Fund (CADFund), altogether with support from Export-Import Bank of China (EXIM Bank) and Chinese provincial governments--the tradition of China's decisive control over its SEZs is retained. In the midst of this high activism on the part of the Chinese government to support its zone entrepreneurs in their first foray in Africa, the absence of the African state in this entire scenario is conspicuous. Except for providing land, permits and off-site infrastructure, and sometimes acting as the spokesperson of the zone project, the governments of the respective five countries do not have a hands-on participation in the zone project--not even in an attempt to secure their share of the mutual development promised at FOCAC 2006. This paper outlines the limitations of the role played by the African state in Chinese SEZs in Africa, and contrasts it with the predominant presence of the Chinese state in the same. It attempts to decipher this unusual positioning of the African state in securing development for its people by referring to the alternative stances that it could have adopted in this new investment scenario.

African state absent from Chinese SEZs

Across the seven Chinese SEZs built in Africa, the presence of the host African state is either minimal, or even negligible. As no information has been released regarding the composition of the board of directors of each of the SEZs main administrative body, indications of the power equation shared between the Chinese and African partners can be identified according to their respective shares ownership in the project. Percentage ownership by each African state in the SEZs is as follows:

- LFTZ, Nigeria: 40% equity partner through Lekki Worldwide Investment, a Special Purpose Vehicle (SPV) formed by Lagos Government and Federal Government of Nigeria.
- OGFTZ, Nigeria: 18% shareholding by Ogun State Government.
- ZCCZ and LMFEZ (subzone), Zambia: 5% holding through Zambian state-owned, Zambia Consolidated Copper Mines Investment Holdings
- Egypt TEDA SEZ: 5% through Suez International Cooperation Co. Ltd.
- Ethiopian and Mauritian state have no share in their respective SEZs. Both are 100% Chinese-owned projects.

The Nigerian government is the only one to have claimed substantial action in the SEZs on its soil. According to reports on LFTZ, after having allocated the SEZ developers from China with 165km² of land at lease for 99 years, with rent free usage over construction period and that too, after having spent \$67million over compensation to displaced settlers, Nigeria renegotiated the SEZ agreement. During the new agreement, it secured a 40% employment quota for local Nigerians, and also recuperated 135km² of the initially leased land which will hereon be developed by other foreign partners, under the guidance of Lagos State Government.⁴ This was following several changes and delays in the project plan, originating from the Chinese developers. The case of Egypt is likewise interesting. Although the Egyptian state holds only 5% of action in Egypt TEDA SEZ, the fact that Egypt TEDA SEZ is situated within the larger Egyptian state-administered space called the North West Suez SEZ means that the Egyptian government has a grip on both, the perimeters within which the Chinese SEZ is allowed to function, and also, in the internal monitoring of the zone. North West Suez SEZ falls under the authority and management of the General Authority for Investment (GAFI), its sub-authority, Master Development Company, and, is regulated by the Special Economic Zones Law 83 of 2002.

⁴ See, G Mthembu-Salter, 'Chinese Investment in African Free Trade Zones: Lessons from Nigeria's Experience', *South African Institute of International Affairs (SAIIA), China in Africa Project Policy Briefing*, no. 10, November 2009, retrieved on 15 April 2012, <http://www.saiia.org.za/images/stories/pubs/briefings/saia_spb_10_mthembu_salter_20091130.pdf>.

Although the remaining Chinese SEZs too, face delays, and are yet to deliver development benefits to local African parties, none of the other African host nations have taken steps to redress the SEZs deals. For instance, despite the accidents and labour rights violations that occurred on the site of the Zambian zone, Zambian government took no action to impose new commands on the functioning of the SEZ. A Human Rights Watch Report notes that:

For its part, the Zambian government is failing to meet its obligations under the convention to provide a protective environment in which workers have the right “to report accidents, dangerous occurrences and hazards to the employer and to the competent authority... without discrimination or retaliation”.⁵

They refer to statements from miners who complained about the lack of state intervention:

Not long ago, [a senior government mining official] came here and said to the workers, “Be content with what you have. Your people are languishing—for every job here, there are 15 others waiting outside [unemployed]. Or have you forgotten that the mine was closed before the Chinese came?” The conditions here don’t matter to them, they don’t defend us, so the MSD [Government’s Mines Safety Department] doesn’t defend us either.⁶

Leaders only keep reinstating their confidence in the Chinese commitment to generate mutual growth and development through these SEZs. They constantly promise forthcoming fast-paced construction and an operational zone. Media report the words of Governor Daniel of Ogun state, Nigeria, in 2008. He claimed that ‘the pace of economic activities in the Ogun West Senatorial District would soon change for the better’.⁷ This was four years after the project had been launched, and now, four years from this declaration, Phase 1 is still under construction. Similar statements of reassurance have been pronounced by politicians in Mauritius. Six years since the start of the project and still no sign of even one building on the site, the Mauritian Minister of Foreign Affairs reacts to the scepticism of the local community by stating that: “We are more than convinced that given our strategic geographical positioning, the JinFei project has the capacity to become an investment platform for China towards Africa”.⁸

Chinese State presence in SEZs; home and abroad

While its African partners content themselves by being rhetorical partners in development, Chinese state displays more alertness in its pursuit of profits through these new spatial exports. This prominence and efficiency of the Chinese government in the context of SEZs follows from the practice established in SEZs within China itself. At home, in its domestic SEZs, Chinese state marks its presence and participation in very obvious ways. For instance, in Shenzhen SEZ, it is evident from the regulations directing this most successful zone of China that, even though partnership with foreign investors or wholly-foreign investment ventures are welcome, and are also granted investment freedom, the Central state—through an authority called Guangdong Province Committee for Administering Special Economic Zones established by the provincial government—maintains a tight control on the actions within the area. Quoting Article 24 of Regulations on Special Economic Zones in Guangdong Province, ‘...Shenzhen Special Zone shall be under the direct management and

5 Human Rights Watch, “You’ll be Fired if you Refuse” *Labour Abuses in Zambia’s Chinese State-Owned Copper Mines*, United States of America, 2011, p.66, retrieved on 15 April 2012, <<http://www.africafederation.net/zambia1111ForWebUpload.pdf>>.

6 Ibid., p. 69.

7 K. Larewaju, ‘Yar’Adua approves Ogun/Guangdong free trade’, *Guardian Nigeria*, 7 March 2008.

8 J. Chavrimootoo, ‘Arvin Boolell : Le gouvernement accorde une dernière chance au groupe Jin Fei’, *L’Express*, 11 April 2012, retrieved on 15 April 2012, <<http://www.lexpress.mu/services/archivenews-36880-arvin-boolell-le-gouvernement-accorde-une-derniere-chance-au-groupe-jin-fei.html>>.

[Original Quote: Nous sommes plus que convaincus qu’étant donné notre emplacement stratégique, le projet Jin Fei a les capacités de devenir une plateforme d’investissement de la Chine vers l’Afrique », avait déclaré Arvin Boolell.]

administration of the Guangdong Province Committee for Administering Special Economic Zones...⁹ The duties retained by the authority comprise of land-levelling, building utilities provisions in the zone, sanctioning investment proposals for factories and economic undertakings within the zone, issuing registration and land use certificates to investors, the right to veto permission for investors to carry out foreign exchange transactions and to obtain insurance coverage, and the right to permit sales of products to the domestic market. Guangdong provincial government established sub-offices to ascertain a more hands-on monitoring of the zone. For example, the Guangdong Province Special Economic Zones Development Company was set up to promote investment opportunities in the zone. It acts as facilitator in business transactions for the zone investors, and even operate or engage into joint ventures with investors coming into the SEZ. A similar hands-on engagement by the Chinese state can be witnessed in the seven official Chinese SEZs exported to Africa.

Launched as a diplomatic commitment from one state to its comrade communities, the onus to vet and direct the establishment of Chinese SEZs in Africa remains with the Ministry of Commerce (MOFCOM), PRC. MOFCOM runs the tender process aimed at identifying the appropriate Chinese companies to be delegated the task of deploying the agreed SEZ plans. Following this, the Chinese government, through its various ministries, funds and sub-bodies, grants the developers foraying into Africa with these pilot zones, numerous supports. Brautigam draws out the list of fiscal measures:¹⁰

1. Upto US\$44 million grant from MOFCOM
2. Upto US\$294 million long-term loans from MOFCOM
3. 30% subsidies to cover the cost of feasibility studies, travelling, market studies, initial land rent from Trade and Economic Cooperation Zone Fund of MOFCOM

The Chinese state is also supportive to investing companies from China which settle into these SEZs in Africa:

1. Reimbursement of half of their moving expenses
2. Export and import tax rebates on materials sent for construction
3. Ease of access to foreign exchange
4. Eligibility to apply to MOFCOM's Special Fund for Economic and Technological Cooperation granting a rebate of upto 100% of interest paid on Chinese bank loans for five years.

Certain provincial governments also add to the incentives and give away additional financial aid and assistance. Brautigam mentions the support of Jiangsu Province and Suzhou Municipality to the Ethiopian SEZ, and Tianjin Province's generous offerings of subsidies and insurance to the Egyptian project.¹¹ CADFund, an off-shoot of China Development Bank (CDB) too, provides loans and partnership investment opportunities to Chinese SEZs in Africa. Currently, CADFund supports LTFZ, Nigeria and Egypt TEDA SEZ.

Similarly, set up in 1994, EXIM Bank has among its tasks, to financially assist overseas Chinese export, investment and construction projects. Since SEZs are essentially infrastructural development, Chinese developers are therefore eligible to seek grants or loans from EXIM Bank. ZCCZ, Zambia received a concessional loan of US\$208 million from EXIM Bank in order to finance the construction of its mining plant. As he describes this move of financial assistance by EXIM Bank to Chinese SEZs in Africa as 'development assistance'¹² due to SEZs' large infrastructural component, Davies links the two concepts (i.e. Chinese SEZs in Africa and Development Assistance) to a similar outcome. Development assistance by China, which mainly comprises of concessional loans, involves a distinct procedure and consequence whereby the country seeking financial aid for

9 AsianLII, *Regulations on Special Economic Zones in Guangdong Province*, Laws of the People's Republic of China, retrieved on 12 April 2012, < <http://www.asianlii.org/cn/legis/cen/laws/rosezigp554/>>.

10 See, T Farole, G Akinci, *Special Economic Zones: Progress, Emerging Challenges and Future Directions*, The International for Reconstruction and Development, World Bank, 2011, pp. 81-83.

11 *ibid.*

12 M Davies, H Edinger, N Tay & S Naidu, *How China delivers development assistance to Africa*, Center for Chinese Studies, University of Stellenbosch, February 2008, p. 25.

an infrastructural project becomes a debtor of Chinese state without having received any tangible loan. Davies explains the process in the following diagram¹³:

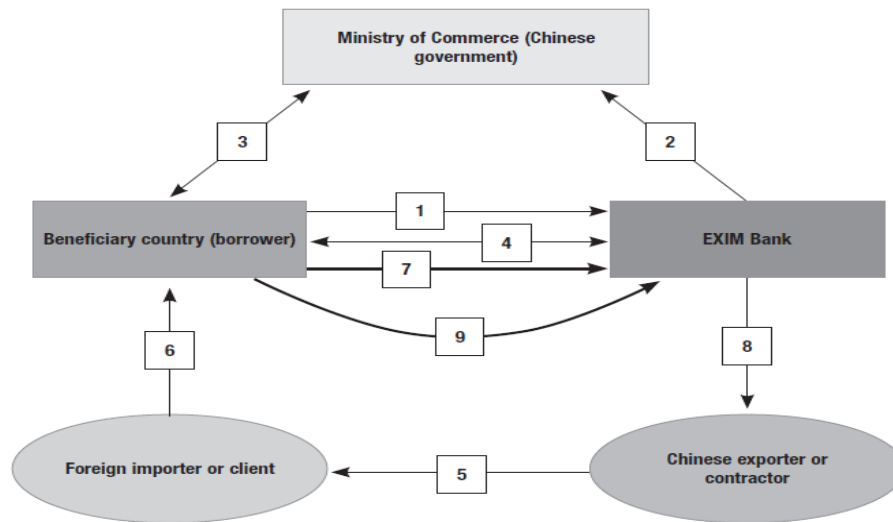


Figure 1: Structure of Concessional Loan by EXIM Bank China (Source: Davies, 2008)

Therefore, if Chinese SEZs in Africa are receivers of concessional loans, this indicates towards the possibility that the zones subject the African host states to further indebtedness vis-à-vis China; especially in cases where the Chinese SEZ developer has the African state as a joint venture partner. Thus doing, China receives capital, interests and additional income, without having actually given out credit. The way in which EXIM Bank loan procedures to these Chinese-African projects function, reflects the extent to which PRC maintains a strong presence and guarantees both, (i) lucrative financial returns to its fund through interest money, income through Chinese contractors and labour, and secondly, (ii) soft power through the goodwill it gains from Africa.

While altogether ascertaining its involvement in the pilot SEZ projects in Africa by controlling the capital and its capacity to generate returns, the Chinese state, moreover, ensures that it derives a maximum profit from the incentives granted by the African countries. An example of how China makes the most of the supporting provisions like land, which African host states place at disposition for the establishment of Chinese SEZs, is demonstrated in the case of one particular zone project whereby the Chinese developers negotiated a clause allowing them to use the leased state land as a collateral in order to obtain loan from their home bank. There are various other instances whereby, following the advent of the Chinese SEZ in a particular African country, several other Chinese companies are set-up under local jurisdiction in order to assist the Chinese SEZ developers—but nonetheless not necessarily to provide only for within the zone. For instance, in Mauritius, the JinFei zone is supported by the JFET Travel and Tours Ltd and Oriental Group (Mauritius) Co. Ltd dealing in travels and construction, respectively. Even though the construction company claims that it will only produce materials for the zone, the fact that JinFei is said to have been granted the permission to pursue ‘infrastructure construction outside the zone’ signals towards probabilities that Oriental Group will also provide for those spill-over constructions.¹⁴

13 5th Annual Collaborative Africa Budget Reform Initiative (CABRI) Seminar, 7-9 April 2009, Dakar, Senegal, *Strengthening Budget Practices in Africa*, South Africa, 2009, retrieved on 15 April 2012, <http://www.iag-agi.org/bdf/docs/cabri_strengthening_budget_practices_in_africa.pdf>, p. 159.

14 FOAC, *Interview of Xie Yajing, Commercial Counsellor for West Asia and African Department of the Chinese Ministry of Commerce*, 18 January 2011, retrieved on 15 April 2012, <<http://www.focac.org/eng/zfgx/t821563.htm>>.

Whereas the above are background ways through which China handles its pilot Chinese SEZs in Africa, its forerunning instrument remain its state-owned enterprises (SOEs). China has entrusted the responsibility of handling these SEZs mostly to Chinese SOEs. This preference for SOEs is not surprising since this is in line with the usual approach China adopts when starting a new experiment in the investment sector. Referring to researches by Sauvart (2005), Buckley et al describe China's progressive steps towards opening up to outward investment. The pioneering position of SOEs at each stage stands obvious in his account:¹⁵

- Before the Open Door Policy: Chinese SOEs invested in small service/finance/transport/trade sector projects in selected trade cities around the world
- After 1979: SOEs and export corporations invest in export-oriented businesses in an attempt to participate in the globalising economy.
- 1980s and 1990s: Stricter central control exercised over outgoing Chinese FDI as concerns emerged that overseas investment is a 'substitute for domestic development'. Nevertheless, some SOEs, like China International Trust and Investment Corporation (CITIC) and Shougang, were permitted to expand abroad as 'experimental' multinationals.
- Late 1980s and 1990s: SOEs as diplomatic actors as they venture overseas to pursue Chinese national political and economic goals such as sustaining the export function of state-owned manufacturers, establishing diplomatic relations, and securing resources.

Prior to 2003, Chinese private firms were prohibited from carrying out overseas investment. It was only after the formation of a FDI-specialising MOFCOM, out of the former Ministry of Foreign Trade and Economic Cooperation that China legally allowed private Chinese firms to go overseas. Thus, the favourable history and experience of SOEs, coupled with their extensively centralised institutional control, make them the obvious choice to be delegated the development and management of these bilateral zone projects of high diplomatic weight. As the Chinese state secures a deterministic say in the setting up and running of Chinese SEZs in Africa through a hybrid of background support measures and internal action, it only highlights the minimal participation its partner African states assume in this new attempt at cooperative development. But, with years elapsed since the inceptions of these zones, have the host African countries realised their inferior positioning in the partnership and are they acting upon a revision of the power equations?

Engaging the African state in its own territory

More than six years since the launches and still awaiting benefits out of their investments, it cannot be denied that the African governments are very much aware of the forthcoming result of the gamble they have played by welcoming the Chinese zones on the current terms and conditions. As the concerned African leaders try to suppress their anxiety and seek new ways to resuscitate the zones, their strategies indicate towards the realisation that their principal fault is: to not have been an active, maybe even, an equal shareholding partner in the Chinese SEZs in their country. The fact that (1) firstly, Nigeria went back on its steps and reclaimed 135km² to be developed under the aegis of Lagos state government itself, and (2) secondly, only recently, in March 2012, the Ethiopian government announced that it will introduce a bill to regulate the country's industrial zones, indicate towards an acknowledgement among African governments that these Chinese zones, in their present form and functional compositions, do not bring much return to the host African community. The main elements of the Ethiopian Bill are (i) the formation of an Ethiopian Industrial Zones Authority (ii) the resolution to have the industrial zones developed by Ethiopian government itself or in joint ventures with private developers. Suspicions that these sudden initiatives by the Ethiopian state are linked to the poor unrolling of the EIZ SEZ find support in the guarded remarks of officials from the Ministry of Industry, Ethiopia.

15 See, PJ Buckley, AR Cross, H Tan, L Xin & H Voss, 'Historic and Emergent Trends in Chinese Outward Direct Investment', *Management International Review*, vol. 48, no. 6, 2008, pp. 715-748.

The policy change was also triggered by the current performance of the industrial zones, sources within the Ministry disclosed to Fortune. The Ministry has established an inspection committee to evaluate industrial zones that are operational. "Some of the lands designated as industrial zones are not serving their purpose, as there are even those who lease it for residential purposes," says an official at the Ministry.¹⁶

These disguised insinuations most probably, are references to the EIZ SEZ, since it is rumoured that the Ethiopian zone developers have kept an additional 10km² as reservation land for unstated purpose. Furthermore, the unpopular trend of engaging into real estate development is one that has been observed across most of the Chinese SEZs in Africa. The news site then comments:

The first deal was signed in 2007 for the Eastern Industrial Zone, on 200ht of land in Dukem, 37km southeast of Addis Abeba. Although planned as a hub for 81 industries, it has only nine factories that have started operation, including shoe and cement factories.¹⁷

As Nigeria and Ethiopia undertake corrective measures, Zambian President Sata pressurises Chinese investors to adhere to local regulations and Mauritian authorities claim that they are in a position to reclaim the leased land if not developed,¹⁸ we wonder why African governments chose to absent from the Chinese SEZs in their own countries in the first place.

The correct answers to why the African states chose to end their role in the Chinese SEZs established in their countries at the gate of these zones, can only be given by those actors who participated in the negotiations of these bilateral agreements. Nevertheless, an understanding of the larger context points towards two possibilities: (1) the consciousness of the host countries regarding their own lack of experience in zone management as compared to China's successful SEZ history, (2) the African governments conceded to demands for a maximum control of the zone which the Chinese developers may have requested. However, the possibility of the latter scenario is reinforced through the story of China-Jiangling Free Trade Zone, Algeria. This project was initiated under the same SEZ in Africa concept, but was cancelled after the Algerian government enacted reforms requiring foreign investors to form partnerships with local firms, whereby the Algerian partners must hold the majority of the shares. While the idea of China exercising such a paternalistic stance vis-à-vis the host African countries is bound to trigger a China-bashing, it cannot be denied that the African states are equally responsible for having ignored their potential to negotiate a favourable deal. Even now, there are several elements of the Chinese SEZs in Africa concept that allows for a rectification of affairs – as has been pursued by Nigeria. For instance, the fact that Chinese SEZs develop in phases, whereby the masterplan of each phase has to be approved by the host country, leaves room for the host African countries to renegotiate and bring the development of the SEZs to match their expectations and development objectives.

In an attempt to establish a bilateral partnership project between state actors of two countries, Chinese SEZs in Africa are increasingly behaving as private projects. As the Chinese developers set up an SPV, often a limited company under local jurisdiction, and assume the identity of a private entity in order to ease negotiation with the African state, the treatment of Chinese SEZs in Africa as Public Private Partnership projects would have been more appropriate. A PPP approach could have more aptly served the purpose of delivering mutual benefits the zones were planned for. Farlam draws a distinction between privatisation and PPP, from which the nature of the Chinese SEZs in Africa can be distinguished. Privatisation is described as involving a complete sale of assets to the private firms whereby the state transfers the responsibility of the service/product provision entirely to the private

16 M. Mesfin, 'Ethiopia:Bill to create Industrial Zones Authority', *Addis Fortune*, March 2012, retrieved on 15 April 2012,

<http://wardheernews.com/News_2012/March/06_bill_to_create_industrial_zones_authority.html>.

17 Ibid.

18 Lusaka Times.com, 'Sata calls on chinese investors to adhere to labour laws', 26 September 2011, retrieved on 15 April 2012, <<http://www.lusakatimes.com/2011/09/26/sata-calls-chinese-investors-adhere-labour-laws/>>.

party after having selected the firm for most aptly matching its requirements. Privatisation does not pressure the private sector to be innovative and attentive in its responsibility to provide for the public. Farlam notes that it is the absence of a constant regulatory framework to direct the activities of the private sector towards a fulfilment of the greater good that is usually characteristic of privatisation. On the other hand, PPP deals

‘...emphasise the actual delivery phase of the project, such as the provision of water and sanitation services, or the operation and maintenance of a hospital. Under a simple tender, government bears the responsibility for specifying exactly what is needed. PPPs envision a more open relationship in which business is encouraged to propose alternatives rather than blindly providing what is demanded. The private operator will often need to design the best solution according to the government’s specifications, offer technical expertise and provide viable financial arrangements for the project, and to bear the associated operational risks.’¹⁹

It is clear from the above that regardless of the joint nature of the SEZs in countries like Egypt, Nigeria and Zambia, Chinese SEZs in Africa are conducted as private projects:

1. Once the deal is signed, the host governments hands over the responsibility of developing and managing the zone to the developers.
2. None of the countries were able to state their preferred areas of investments of the zone.
3. While the African states seek the establishment of innovative industries which will allow them to expand in R & D, technology and know-how, most of the industries established in these zones are traditional manufacturing industries.

On the other hand, a PPP approach to the Chinese SEZs in Africa would have assuaged the high risks these projects face. Already, the host nations transfer state assets (i.e. land and off-site infrastructure) to the Chinese developers. PPP would have allowed them to be involved in the designing of the regulatory framework of the zone. It would have allowed the states to pronounce themselves on the prioritised investment areas, the time limit for development and also allowed them to bring long-term development outcomes from the SEZs by directing updates of investment methods and types over time, as per the requirements of the country’s economic situation. The fact that the African governments ignored the possibility of active development partnership in these aspiring new catalysts of up-market growth through PPP measures, may be explained by their unfamiliarity with PPP beyond its adoption in infrastructural and utilities projects and due to their hesitance to subscribe to a more comprehensive understanding of the concept – which SEZs management require.

Conclusion

The general perception in academia is that these SEZs are yet another instrument through which China exploits the African countries. The African partners are left with relatively negligible benefits even after they have granted numerous preferential treatments to the Chinese developers. But no one picks upon the fact that, on the other hand, the concerned African states display little or no willingness to partner with the Chinese actors in running these SEZs—essential if they are to safeguard a return of investment to Africa. As efficiently as the five African host countries play the roles of enablers and facilitators of Chinese SEZs in their respective countries, they are as inefficient at securing a return from their investments and concessions. Once done with providing the roads, street lights, and water, electricity and telecommunications connections to the site, the African states assume the role of an interpreter, communicating to the world outside the boundary of the SEZ in a more appeaseable fashion, about what happens within the haven. Such criticism of the African attitude towards these Chinese SEZs may find opposition in arguments which highlight the need for Africa to limit interference in these zones in order to maintain their attractiveness to such grand FDI projects--an essential fiscal component, if Africa is to move up the value-chain of production. However, these explanations do not shadow out the negotiation leverage these African countries have when putting their natural resources at the disposition of Chinese zone investors. Back in 1979,

¹⁹ P Farlam, ‘Working Together: Assessing Public-Private Partnerships in Africa’, *NEPAD Policy Focus Series*, The South African Institute of International Affairs, February 2005.

China took a risk with the SEZ concept; it was nevertheless, a calculated risk as China kept the reins in state hands. Are we, Africans, therefore wrong to expect similar calculations from our state authorities, when they undertake risks at the expense of public property?