China-Africa Relations and Imperialism: Towards an End of the Debate

Testing Imperialism Theory on the Case of China and Angola

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Abstract

This study assesses the popular claim that Chinese engagement in Africa is imperialism through a case study of relations between China and Angola. Using Marxist imperialism theory as point of departure, it develops a comprehensive theoretical framework for testing the hypothesis that China is imperialist in its relations with Angola. This necessitates two areas of examination: the export of capital as the principal method of expansion, exploitation and extraction, and neo-colonialism as the principal mode of control and domination. Whereas the former must in effect cause underdevelopment, the latter must in effect facilitate and maintain the current order. The empirical assessment finds no substantial support for the hypothesis that China is imperialist in Angola. Although multiple problematic aspects are identified in terms of debt levels, resource dependence, employment patterns and capacity building, no strong causal link is found between Chinese capital export and underdevelopment in Angola, or strong indication of neo-colonialist means of control and domination for the facilitation and maintenance of such relations. Rather, the assessment finds more empirical support for China-Angola relations being of mutual benefit development-wise, as their principal arrangement of oil-backed loans for infrastructure projects guarantees China a relatively stable market for oil import in exchange for sorely needed national reconstruction following decades of civil war. Although China and Angola are unequal power-wise, the conclusion is that they do engage on fairly equal terms in a way that cannot be deemed imperialist. This puts the general applicability of imperialism theory on China-Africa relations into question, inferring that they may indeed be more beneficial than regularly assumed. It also signals that a more careful, critical and evidence-based approach must be demanded from those that are quick to assert Chinese engagement in Africa as imperialist based on unfounded, biased or dogmatic notions rather than theoretical-empirical consideration. More case studies based on a framework such as the one developed here are encouraged to substantiate these results, with the hope of finally reaching a constructive end to this debate.
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1 Introduction

“Imperialism Will Be Dangerous for China” reads a headline in The Wall Street Journal.\(^1\) “The Imperialist People’s Republic of Africa?” asks The Herald.\(^2\) “Africa is now willingly opening itself up to a new form of imperialism” writes the Financial Times.\(^3\) ”What the Chinese see as a win-win situation […] can also be seen as fresh neocolonialism disguised as South-South development.” writes the Le Monde diplomatique.\(^4\) “China has been the principal actor donning neocolonial garb to advance its interests” writes the Jacobin.\(^5\) Indeed, there has been much talk from both the left and right about imperialism and neo-colonialism ever since the deepening of China-Africa relations at the turn of the millennia. Held in 2006, the first summit of The Forum on China-Africa Cooperation (FOCAC) signified the advent of a new era of mutual, preferential engagement. This development has stimulated an explosion of political, journalist and scholarly interest, not the least from the West, where a high degree of concern has been shown over China as an imperialist and neo-colonialist force. Despite much discussion, little effort has been made to seriously scrutinize these claims on the basis of their theoretical nature. The result has been a never-ending debate without regard for the theoretical engagement necessary to settle it more firmly. With this as point of departure, the following study tests if the concept of imperialism, including its relation to neo-colonialism, is applicable on China-Africa relations through a case study of relations between China and Angola.

1.1 Literature Review

A staggering amount of research has been published on China–Africa relations. While scholarly interest dates back to the 1950s and 1960s, it was not until after the turn of the millennia that it expanded into a vast, sprawling multi-disciplinary academic field encompassing a wide range of themes, approaches and debates.\(^6\) This section outlines how China-Africa relations have been explained in the literature, with focus on studies that assess them in terms of imperialism and/or neo-colonialism. The central argument is that there is a general lack of theoretical and empirical engagement on this topic. I will also give an overview of research on China-Angola relations.

\(^6\) For a comprehensive overview of the academic field, see Alden, C. & Large, D. (eds.), New Directions in Africa-China Studies. For other overviews of relations, see Oquay, A. & Lin, J. Y., China-Africa and an Economic Transformation; Brautigam, D., The Dragon’s Gift: The Real Story of China in Africa.
1.1.2 The Character of China-Africa Relations

Research on China-Africa relations tends to converge around three dominant paradigms on how Chinese engagement in Africa should be understood: China as a beneficial development partner presenting a complementary and (for some) superior alternative to Western counterparts; China as an increasingly powerful competitor whose growing presence challenges the current balance of power to the detriment of the West, while also affecting the overall geopolitical and economic dynamics at play in the context of Africa; and China as a neo-colonial power seeking to reel in natural resources and exploit African labor, thus benefiting itself while purposely preventing African development, similarly to what Europe has done historically.\(^7\)

While the first and last paradigm view China-Africa relations in ‘win-win’ and ‘win-lose’ terms respectively, the second paradigm is more ambivalent, focusing rather on the broader structural changes that occur from a more ‘neutral’ standpoint. The third paradigm is nonetheless what is of interest here as the notion of Chinese neo-colonialism is closely related to that of imperialism. Indeed, the two concepts are used quite interchangeably in the literature, which by itself already implies a lack of theoretical consideration in how they are employed. Most often they are used to frame or contextualize the study at hand by highlighting the contending, paradigmatic views on China-Africa relations outlined above. Even studies whose explicit purpose is to assess the claim that China exerts imperialism or neo-colonialism rarely adhere to a coherent theory.\(^8\) This absence of any substantial theoretical engagement echoes a broader issue in the field noted by A’Zami, namely that while China-Africa relations may no longer be under-researched, they are still under-theorized. In particular, he argues that a general problem that researchers in the field run up to but have yet to explain adequately is the ‘unequal equals’-character of relations, where China and African countries are viewed as equal in sovereignty but unequal in power. Although the claims of imperialism just seek to posit them as ‘unequal’, it nonetheless highlights the need of further theorizing to advance an appropriate understanding of China-Africa relations.\(^9\)

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There are however a few exceptions to this trend, although they are not without their own issues. Lumumba-Kasongo provides perhaps the most ambitious attempt in his reflective essay on the applicability of ‘neo-imperialism’ and ‘neo-colonialism’ on China-Africa relations. To this end, a number of definitions are outlined. Imperialism is defined as “a policy, practice, or advocacy of extending the power and dominion of a nation especially by direct territorial acquisitions or by gaining indirect control over the political or economic life of other areas.” The importance of control is emphasized here but he does not elaborate on the distinction between its direct and indirect forms. Neo-imperialism is described as “new practices of exploitation [that] produces outcomes of new dependency, which creates a cycle of perpetual inequality” based on a division of nations along power lines. Here, he seems to refer to a post-colonial order of exploitation, foreign investment, unequal trade and debt creation supported by the state. Why this would be unique for neo-imperialism is not explained, however. Colonialism is defined as a historically specific regime of direct domination and control, whereas neo-colonialism is the “ideological and intellectual prolongation of colonialism” involving “policies by which a powerful nation-state or any political institution for that matter indirectly maintains or extends its influences […] over other areas or people.” Failing to notice that this definition is virtually identical to the one provided for imperialism, he nonetheless separates imperialism from colonialism by stating that the former depends on the latter “as the main form of political and economic control.” Finally, it is asserted that “while neo-colonialism implies some new forms of physical and institutional control, neo-imperialism is about domination without necessary having physical control.”

What we thus have is a series of concepts that are framed as distinct, yet their definitions overlap to such an extent that they become indistinguishable, not the least for neo-colonialism and neo-imperialism. On the other hand, Lumumba-Kasongo does note that these two tend to be used somewhat interchangeably, but why separate them then if that is the case? Considering that they are both defined (more or less) as post-colonial forms of indirect control and domination, would it not be preferable to adopt neo-colonialism as the principal term and connect it to imperialism as the new mode of domination and control following colonialism? Indeed, Lumumba-Kasongo

11 Ibid., p. 245.
12 Ibid., p. 246 for all three citations.
13 Ibid., p. 247.
14 Reading somewhat between the lines, the argument seems to be that they are distinct in a historical and practical sense: imperialism and colonialism precedes neo-imperialism and neo-colonialism, with domination and control being direct under the first two but indirect under the second two.
derives his definition of neo-colonialism from Kwame Nkrumah who in his own work does just that.\textsuperscript{15} To his defense, his essay is a reflection rather than empirical study, but the fact remains that imperialism, colonialism and neo-colonialism/neo-imperialism \textit{are} distinct concepts (in the Marxist sense of the terms), which is why it is crucial to distinguish between them theoretically in order to properly address the claim of Chinese imperialism or neo-colonialism. Nevertheless, Lumumba-Kasongo captures legitimate features of the concepts even if they are jumbled, so it is at least a more thorough attempt at outlining how theory should inform analysis.

The problem evident here reaches further than just theory, however. Not only are China-Africa relations under-theorized in the sense that theory does not inform analysis in attempts to explain them as imperialist or neo-colonialist. They are also under-substantiated, whether argued for or against such an explanation. To take an example, a study by Lee posits that China exerts ‘naked imperialism’ in Africa due to its ‘scramble’ for natural resources, yet the sole evidence provided in support of this claim is the fact that China has interests in oil, timber and minerals across the continent.\textsuperscript{16} Although an important area of investigation, this truism alone cannot be sufficient proof that China is imperialist. Lee then argues that Chinese corporations squeeze out domestic ones by winning construction contracts through underbidding while neglecting employment of locals, yet the supposed proof for this is a news item where ‘some industry observers’ and ‘one commentator’ speculate about \textit{two} contracts won by Chinese firms in South Africa, and a Q&A by the Council on Foreign Relations (CFR), a US State Department affiliated think-tank.\textsuperscript{17} It is also written that the ‘dumping’ of cheap Chinese goods has ruined local retailers and industries, but the empirical basis for this claim is largely anecdotal and meagre at that.\textsuperscript{18} Lee does provide some plausible evidence that industries in South Africa have declined based on a report by the CFR, but any causal link between this and China specifically is not proven.\textsuperscript{19} Finally, Lee argues that China fuels conflict by selling arms to certain African countries. However, the sources cited contain no evidence themselves and she does not show how this can be related to an imperialist

\begin{itemize}
  \item \textsuperscript{15} Ibid., p. 246. The title of Nkrumah’s work, \textit{Neo-Colonialism: The Last Stage of Imperialism}, makes this clear.
  \item \textsuperscript{17} The first news item cited by Lee even states that the Chinese company in question had pledged to employ as much local labor as possible. Terence Creamer, “Construction industry rocked by contract award to Chinese firm”, \textit{Engineering News}, 2006-02-03.
  \item \textsuperscript{18} A retailer lamenting that he must switch from Italian to Chinese suppliers, a taxi driver complaining about low-quality Chinese clocks, an informal trader speaking of competitive shoe prices and trade unions wanting protection of native industry. Some even contradict Lee, e.g., a hairdresser saying that cheap Chinese generators have helped her business. Mbachu, D. “Africa a frontier of opportunity for expanding China”, \textit{The Namibian}, 2006-02-13.
  \item \textsuperscript{19} Indeed, this view is contested as there is evidence indicating that native industries were on the decline before China entered the equation. For a nuanced discussion of this, see Brautigam, D., \textit{The Dragon’s Gift}, pp. 215–222.
\end{itemize}
project of destabilization. Lee then asserts that China makes ‘rogue regimes’, ‘dictators’ and ‘undemocratic’, ‘despot’ leaders stay in power. Disregarding the racialized, orientalist notions implied in such terminology, some plausible indicators are provided in the case of arms exports to Sudan. On the other hand, it is also argued that China prevented “the international community from intervening in the genocide in Darfur in order to protect its oil interests” with reference to its expressed hesitancy towards enforcing sanctions and peacekeeping forces without respect to Sudan’s sovereignty, two by no means uncontroversial measures. Either way, as Lee does not consider any other aspects of China-Sudan relations, it would be a stretch to put this single case as undeniable evidence of imperialism. Thus, while these may all be important areas to examine indeed, Lee’s indictment of Chinese imperialism is not compelling empirically.

This article was published in 2006, but later texts are similar in their approach. Furthermore, authors that seek to refute the claims fare no better. For example, Taylor & Xiao argue that the idea of a grand imperialist strategy pursued by a unitary China is misguided. Notwithstanding the importance of this inquiry, it does not preclude the possibility that what is state-led or carried out by its major corporations cannot be assessed in terms of imperialism. At most, it highlights the necessity of disaggregating China. What is more, the authors argue that as trade imbalances exist in all trade relations and have colonial roots, i.e., when China was itself subjugated, such traits in China-Africa relations cannot be deemed neo-colonial. Instead, they claim that Chinese policies “are fundamentally capitalist” and that the relations must rather be viewed as processes of globalization. Yet, imperialism is essentially a capitalist phenomenon, so this is a fallacious argument. Thus, even if they offer compelling evidence that places China-Africa relations in a more nuanced light, even contradicting Lee, their argumentation as a whole falters.

In sum, the general issue seems to be one of insufficient and dubious evidence on the one hand, and an absence of holistic analysis on the other. Why is this so? The above discussion about not adopting the theoretical foundations necessary for such an assessment is perhaps one part of the

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20 For example, it is unclear how helicopters sold to Mali and Angola and uniforms to Mozambique fueled conflict.
21 Ibid., p. 325. For a nuanced discussion of China and Sudan, see Brautigam, D., The Dragon’s Gift, pp. 281–284.
24 Ibid., p. 720. Left unanswered is why mere trade imbalances are sufficient to label any relations neo-colonial.
Angola and Mozambique: Is B
Negotiating China: Reinserting African Agency into
consequences of China
of Contemporary China
relions in
Business Studies
ions in
rs.

Thus far I have argued that research attempting to assess the character of China-Africa relations in terms of imperialism/neo-colonialism is under-theorized and under-substantiated. I now turn to the literature on China and Angola. Following the new millennia, engagement has primarily taken the form of oil-backed credit lines for financing infrastructure projects. Loans from these credit lines are disbursed for each project and repaid with revenues from oil sales to China. This subject has thus been the main point of departure in the literature, with Corkin offering the most substantial analysis. One takeaway from her work is that this mode of engagement defies strict categorizations as either foreign aid, investment or trade, as these are all implicated. Another is that Angola has not been a passive actor, but one that exerts agency in the relationship.

More general accounts have also been written, with the anthology China & Angola: A Marriage of Convenience? being the most comprehensive, covering subjects such as the development of relations, strategic interests, engagement in the oil sector and national reconstruction, corporate

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26 As secondary literature will be used extensively in this study, the following will be more of an overview.


practices and Chinese views on Angola. Some studies have furthermore examined the effects of the engagement on domestic market formation, manufacturing, resource curse mitigation and economic diversification. Research on labor relations has also been carried out with the SOAS University of London research project Industrial Development, Construction and Employment in Africa (IDCEA) being especially comprehensive. Specific housing and agricultural projects have been studied as well.

There are few studies however that seek to answer the question of imperialism. Khodadadzadeh has written a master’s thesis that studies neo-colonialism based on a theoretical framework with five variables: interference, dependence, reinforcement and appearances. While more ambitious than most studies on this subject, it is constructed and employed in a rather dogmatic, static and context-insensitive way so as to become somewhat self-reinforcing when faced with substantial relations between countries. Another article by Ovadia views China-Angola relations through the theoretical prism of ‘accumulation by dispossession’ as developed by Harvey, but the scope is rather narrow and imprecise. What is more, both authors have a tendency for speculation at the expense of empirical rigor. As such, they suffer similar issues as those outlined above.

1.2 Problem Statement and Hypothesis

The objective of this thesis is to assess whether the character of China-Africa relations can be accurately explained in terms of imperialism. To this end, a case study approach based on theory testing will be employed to examine relations between China and Angola since the end of civil war in 2002 up until 2020. The research questions are as follows:

- What is imperialism and how is it related to neo-colonialism? How can imperialism theory be operationalized for empirical assessment?
- Can the character of China-Angola relations be explained in terms of imperialism?

The hypothesis is that China is imperialist in its relations with Angola. However, this is not to infer a preconceived notion of what the likely scenario will be, but rather to situate the analysis in the context of the popular notion of Chinese imperialism and neo-colonialism in Africa.

1.3 Theoretical Framework: Imperialism

In this section I will present a theoretical framework for assessing imperialism that will be used to test the hypothesis. This framework will be derived from Marxist theorizing. Not only is the evolution of imperialism theory primarily situated in the Marxist tradition, but a more stringent yet concise framework is favorable over an exhaustive and cumbersome synthesis of disparate theories. To this end, intensive and systematic reading has been carried out for the purpose of developing a comprehensive, in-depth understanding of imperialism that can be operationalized for rigorous empirical testing. This process is summarized in Table 1.

<table>
<thead>
<tr>
<th>Table 1. Reading Process</th>
<th>Principal Text(s)</th>
<th>Outcome(s)</th>
</tr>
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<tbody>
<tr>
<td>Step 2: In-depth reading</td>
<td>Classical Phase:</td>
<td>Imperialism is monopoly capitalism</td>
</tr>
<tr>
<td></td>
<td>Lenin, V., <em>Imperialism: The Highest Stage of Capitalism</em> (1917)</td>
<td>Five features, including the export of capital</td>
</tr>
<tr>
<td></td>
<td><em>Colonialism</em> as mode of domination and control</td>
<td>Division into imperialist and subject nations</td>
</tr>
<tr>
<td></td>
<td>Neo-Marxist phase:</td>
<td>Imperialism causes underdevelopment through the extraction and appropriation of economic surplus from subject nations</td>
</tr>
<tr>
<td></td>
<td>Nkrumah, K., <em>Neo-Colonialism: The Last Stage of Imperialism</em> (1965).</td>
<td><em>Neo-colonialism</em> as the mode of domination and control following colonialization</td>
</tr>
<tr>
<td>Globalization-era phase:</td>
<td>Amin, S., various works.</td>
<td>Neo-liberal globalization: systematic deregulation, privatization and austerity</td>
</tr>
</tbody>
</table>
The first step involved gaining a cursory understanding of what imperialism means as a Marxist concept, how it has been theorized over time and by which authors. Two comprehensive surveys have been written, the latest of which by Noonan. It traces the historical development of Marxist theorizing over three phases: the classical phase of the early 20th century, whose works laid the foundations for subsequent theorizing; the ‘neo-Marxist’ phase of the post-war period, whose works adapted the analysis to neo-colonial conditions while putting the nations subjugated by imperialism at the center of analysis; and the ‘globalization-era’ phase of the late 20th century onwards expanding on the historical and modern dynamics of imperialism. With this outline as point of departure, in-depth reading has been carried out of major works from each phase. These have been selected on the basis of formative qualities, their empirical rigor and subject matter. The theoretical survey by Brewer has also been consulted for alternative summaries, especially when Noonan has been lacking. Finally, supplementary reading has been carried out of texts that are mentioned or excluded but still thought to be important for this study. Thus, I arrived at the following description, outlined in greater depth in Appendix 1.

Imperialism is a process of capitalist expansion, exploitation and extraction of one country by another, facilitated through the export of capital and neo-colonialism. While export of capital is the principal method of exploitation and accumulation, neo-colonialism is the principal mode of domination and control employed to expedite and maintain such operations. Capital export comes in three forms – foreign investment (FDI), lending and aid – each containing mechanisms that when employed must effectively cause underdevelopment. Underdevelopment means that the subjugated country is deprived of its means to develop, as economic surplus (current output minus consumption) is extracted from it by the imperialist country and appropriated to wasteful ends. As such, its productive resources become diverted away from actual productive use. Neo-colonialism replaced colonialism following its downfall and involves indirect (or direct) forms of domination and control – imposition of comprador rule, foreign interference, currency and foreign exchange regimes and market manipulation – each containing mechanisms that must in effect prevent the subjugated country from any form of independent development that infringes on the interests of the imperialist country, so as to perpetuate underdevelopment and thus the

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35 For example, Baran (and Sweezy) are given rather negative surveys by Noonan, arguing that they in time moved away from imperialism due to an overemphasis on market relations and the concept of economic surplus. I thus felt inclined to neglect them, however, soon did I realize that they are very much the ‘pioneers’ of their own phase by advancing the scope of analysis to the effects of imperialism on the nations being subject to it, thus paving the way for the theorizing by dependency theorists, among others. I found Baran especially important due to his work on underdevelopment, a key concept. Noonan, M., Marxist Theories of Imperialism, pp. 96–123.
imperialist status quo. Transnational corporations and the segments of monopoly capital behind them are the agents of this project, with their respective nation states acting on their behalf. The ‘international’ institutional instruments at their disposal – the IMF, World Bank and the WTO, etc. – are in this context important facilitators of preferential trade and investment relations, not the least through debt creation by which leverage is provided for imposing neo-liberal policies of ‘structural adjustment’ in the form of systematic deregulation, privatization and austerity as conditions for financial support, thus helping cement capitalism globally.

This description has subsequently been operationalized into a theoretical framework, presented in Table 2. It captures the process of imperialism in terms of methods, mechanisms and effects based on the three forms of capital export and neo-colonialism. That there are many aspects in the framework does not mean that all must be fulfilled to conclude that China is imperialist in its relations with Angola. It is neither a case of simply ticking off boxes until a specific threshold has been reached. Indeed, more mechanisms could be added, and new ones could be found. The point is that the assessment must be both dynamic and holistic, with this framework functioning more as a broad guide than strict manual. In fact, most distinctions in the framework cannot be sustained when faced with the concrete reality, as they overlap and complement each other. For example, lending and aid implicate neo-colonialism in the form of conditionalities, whereas all three, or FDI, can contribute to resource dependence. What is more, a lot of mechanisms involve trade relations, meaning that they must be examined as well. Indeed, Corkin notes that “Chinese aid is part of a larger package of investment involving export promotion”, thus complicating the separation of them in the framework.36 It is thus important to refrain from static measurements of individual variables in isolation and instead consider how the sum of some aspects of China-Angola relations may outweigh others in the final analysis. This also means avoiding dogmatic and subjective notions of the sort that ascribe merely the involvement of oil production or ‘poor’ labor practices as imperialism. What matters is the general direction of the relationship as it has evolved. Does it point to net gains or losses for Angola and its people in terms of development or underdevelopment? In the end, the intention is to make an informed conclusion.

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1.4 Research Design and Method

This paper adopts a case study approach to theory testing. This is warranted for three reasons. First, it is an appropriate method for testing the applicability of theory through in-depth analysis of a chosen case, as the objective is not only to draw conclusions for that particular case but to situate it in a wider context so as to make more general inferences about the population of cases at large.\textsuperscript{37} Theory testing can in this respect be seen as a deductive form of case study research that is based on comparing propositions derived from a chosen theory against the corresponding empirical data derived from a chosen case. Accordingly, both case selection and data collection are informed by the theory to be tested.\textsuperscript{38} In other words, the research method involves applying

\textsuperscript{37} Gerring, J., \textit{Case Study Research}; Yin, R. K., \textit{Case Study Research and Applications}.

imperialism theory as embodied in the framework above on the case of China-Angola relations, while simultaneously situating them in the wider context of China-Africa relations. Second, as has been argued by Mohan & Power, there is a need of further case studies that can supplement the abundance of research that focuses on China-Africa relations in general terms. Third, it is logistically justified in order to be able to conduct a test that is rigorous. It could be argued that two cases are more advantageous for comparative purposes, although it is hard to see how this would not sacrifice the above qualities and go beyond the scope of this study. In any case, there is no consensus that multiple cases in a single study offer better conditions for generalization.

1.4.1 Case Selection: China-Angola Relations

There are multiple strategies for case selection in case study research. However, when it comes to theory testing, there are advantages to actively choosing a case based on its empirical content and theoretical value. Such an ‘information-oriented’ case selection strategy as Flyvbjerg calls it can, if adapted to the research objective in a way that is plausible, enhance the generalizability of a case study. Thus, as the objective of this study is to assess whether the character of China-Africa relations can be accurately explained in terms of imperialism, the case should necessarily accommodate this. Based on the hypothesis that China is imperialist in its relations with Angola, I argue that China-Angola relations are a critical and most-likely case in this scenario. Flyvbjerg describes a critical, most-likely case as one whose information content is indicative of being in strong support of a hypothesis or theory, thus allowing for inferences about its general validity if disproven. As Gerring writes, it is a case where “the hypothesized relationship between X and Y does not hold even though background factors (Z) predict that it should.” In other words, if the assessment finds that the character of China-Angola relations cannot be explained in terms of imperialism, thus disproving the hypothesis, it yields stronger ground for making inferences about the character of other China-Africa relations, as the general applicability of imperialism theory is diminished. This is not to say that the results allow for extrapolation out of proportion of the validity of imperialism theory for each and every African country, but rather to argue that they can infer more broadly how China is engaging with the continent.

42 Gerring, J., p. 103. The Galilean experiment of choosing a light feather and heavy metal object to drop together in a vacuum is an instructive example.
I must clarify, however, that the objective is not to assess the aggregate strength of imperialism theory in order to prove or disprove its existence – this study takes the position that imperialism does in fact exist – but rather to assess its applicability in the context of China and Africa so as to point more firmly to what imperialism is, or is not, today. My inquiry is thus perhaps better situated in the context of leftist debates about the nature of China in the world capitalist system today, here with particular attention to South-South relations.

Which background factors, then, make China-Angola relations a critical most-likely case? First, as will be shown, its sheer economic magnitude compared to other African countries and Africa as a whole. Second, the arrangement of oil-backed lending for infrastructure is highly indicative of imperialism in terms of resource extraction, loan conditionalities, indebtedness and strategic construction of infrastructure that facilitate exploitation and underdevelopment. Third, the oil-rich character of Angola coupled with the extensive state-led Chinese engagement indicate that Angola is especially vital strategically in terms of natural resources. Similarly, the high relative levels of unemployment in Angola indicates an especially large reserve pool of cheap labor that can be exploited. Fourth, the strong official relationship between the countries in the context of the alleged corruption of the Angolan government is indicative of comprador rule that benefits China and the Angolan politico-economic elite, but not its people. These are for strong reasons in favor of this designation of China-Angola relations.

On the other hand, it could be argued that their arrangement makes the case of China and Angola too particular for Africa to be labelled as such. However, such an argument implies a static view of imperialism that fails to account for its capacity to adapt to different conditions. Furthermore, it disregards that even if the strategies differ across countries, the general effects of imperialism remain the same, i.e., underdevelopment, domination and control. A more persuasive argument would perhaps be that other China-Africa relations are better suited as critical cases. However, this is not an argument against the choice of Angola as a case in and of itself but rather asks for more case studies that can further substantiate the conclusions drawn here.

1.4.3 Research Material

As noted above, data collection for the purpose of theory testing must naturally be informed by the theory to be tested. Research material has thus been assembled and analyzed on the basis of the theoretical framework for imperialism devised in Table 2. The general approach has been
two-pronged: gathering quantitative data pertaining to the export of capital, including trade, and complementing it with qualitative (and quantitative) research based on the literature review, the latter of which has been used for potential insights on neo-colonialism as well. However, neo-colonialism will not be given its own section, but is rather imbedded in the rest of analysis. This is because a majority of methods were simply not evident for China-Angola relations, such as currency and foreign exchange regimes or market manipulation which are still monopolized by the West. The same goes for overt forms of foreign interference, whereas those forms that might be, such as conditionality, are not easily separated from the export of capital, as noted above.

In-depth analysis of the different aspects of China-Angola relations relies largely on secondary source material, whereas primary source data in the form of official statistics has been consulted primarily for gaining aggregate quantitative overviews of relations, including comparisons with China-Africa relations as a whole and other countries’ engagement. Both types of sources have been treated in the critical manner that is necessary for each, with special attention to sourcing and methodology for secondary sources and the real or potential drawbacks of official statistics for primary sources. I will now give a breakdown of major research material used.

A principal source consulted across the board has been the China Africa Research Initiative at Johns Hopkins School of Advanced International Studies (SAIS-CARI), renowned in the field of China-Africa studies for its evidence-based and rigorous research. SAIS-CARI has compiled official statistical data on Chinese lending, investment, trade and overseas workers that will be used as point of departure for the assessment.43 Crucial to this study, SAIS-CARI has also built an extensive database covering Chinese loans to Africa from 2002 to 2018, with aggregate and broken-down data by country, financier, sector and specific project.44 A drawback is that it only records official loans from state-owned banks, which means that projects contracted beyond the credit lines to Angola are excluded, thus underestimating the actual volume of engagement by Chinese companies. Nevertheless, it does capture a substantial amount and as such provides an adequate view into the range of infrastructure projects involved that can be complemented with

44 Brautigam, D. et. al., "Chinese Loans to Africa Database", China Africa Research Initiative (SAIS-CARI). It is available at http://www.sais-cari.org/data. On that page, I downloaded the aggregate data, which includes loans by country, financier and sector. Data for Angola is accessible by entering the interactive database from the same page. There, enter the list view on the righthand side. Choose Angola and keep the rest as “All”. The data includes loans by status, borrower, lender, finance type, amount, interest rate, grace period and term (if available).
In addition to this, SAIS-CARI has published multiple reports that cover debt relations, which have been useful to make inferences about debt management.

Other major sources used for official statistics include the IMF Coordinated Direct Investment Survey (CDIS) for data on FDI outstocks to Angola, UNCTADstat for data on instocks reported by Angola and the MIT Media Lab built Observatory of Economic Complexity (OEC), which compiles and visualizes official data on international trade, including breakdowns by products and import sources. Data on FDI must be treated with care as it is prone to both underestimate and overestimate actual investment levels due to its reliance on foreign exchange records when company survey data is lacking, in particular for developing countries. Furthermore, FDI flows channeled through tax havens, of which Hong Kong is one, are generally hard to trace. I have thus refrained from drawing any strong conclusions based on the official statistics alone.

As for secondary sources, The Dragon’s Gift by Brautigam will be used for general information on Chinese lending to Angola, whereas Uncovering African Agency by Corkin will be used for in-depth analysis of the oil-backed credit lines. One point of consideration with the latter is that she relies to a large extent on interviews as primary sources, which might be slanted depending on the interviewee. The IDCEA project has been used for quantitative and qualitative material on sectoral investment, labor relations, capacity building and domestic market formation. In the case of labor relations, they have not only conducted a large-scale literature review of previous research on workforce localization, but also a large-scale survey that covers Chinese (and other) firms in Angola ranging from the smallest to the largest within construction and manufacturing, as well as qualitative interviews with Angolan workers, Chinese managers and the like. I have also consulted another database on Chinese lending and foreign aid by AidData. Although not as reliable as the SAIS-CARI database, it provides additional information for many of the items that appear in the latter. AidData also covers grant-based aid projects, which SAIS-CARI does not. Entries that are ambiguous on their completion have been disregarded, however.


46 For a discussion of this, see Cheng, S.K., & Wolf, C., Chinese FDI in Angola and Ethiopia: Between Flying Geese and Resource Colonialism?, pp. 2–3.

47 For a project overview, see Oya, C., “Industrial Development, Construction and Employment in Africa”.

2 China-Angola Relations: Export of Capital and Neo-Colonialism

2.1 Chinese Lending to Angola

The SAIS-CARI database covers official Chinese loans to African governments and state-owned enterprises (SOEs). Between 2002 and 2018, a total of US$148 billion has flown from China to Africa, with the top recipients being Angola, Ethiopia, Zambia, Kenya and Sudan, accounting for 50 percent of the total. Angola leaps forward the others by a large margin, taking up 30 percent alone (see Table 3). The total amount is broken down into 1076 loan projects, with the top sectors being transport, power, mining, communication and water by SAIS-CARI’s categorization (see Table 4). Notably, 95 percent (US$17.5 billion) of loans to the mining sector have flown to Sonangol, the state-owned oil company of Angola, indicating that this is otherwise a rather minor field of lending. The health, education and other social sectors are also separated in the data. By combining these and excluding the loans to Sonangol, social projects actually fall in at fourth place, with US$7.7 billion in total.

With over US$43 billion for 256 projects, Angola is by far the largest borrower from China, with the largest sectors being power, transport, social, water and agriculture, excluding mining. This is not surprising as their principal partnership has taken the form of credit lines that are earmarked for infrastructure projects, most of which are repaid with revenues from oil sold to China. These are constructed by Chinese companies as part of Angola’s reconstruction

<table>
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<tbody>
<tr>
<td><strong>US$bn</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Angola</td>
<td>43.2</td>
<td></td>
</tr>
<tr>
<td>2. Ethiopia</td>
<td>13.7</td>
<td></td>
</tr>
<tr>
<td>3. Zambia</td>
<td>9.7</td>
<td></td>
</tr>
<tr>
<td>4. Kenya</td>
<td>9.0</td>
<td></td>
</tr>
<tr>
<td>5. Sudan</td>
<td>6.8</td>
<td></td>
</tr>
<tr>
<td>6. Nigeria</td>
<td>6.2</td>
<td></td>
</tr>
<tr>
<td>7. Cameroon</td>
<td>5.9</td>
<td></td>
</tr>
<tr>
<td>8. ROC</td>
<td>5.1</td>
<td></td>
</tr>
<tr>
<td>9. Egypt</td>
<td>4.2</td>
<td></td>
</tr>
<tr>
<td>10. Ghana</td>
<td>3.7</td>
<td></td>
</tr>
</tbody>
</table>

Source: Brautigam, D. et. al., "Chinese Loans to Africa Database".

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>44.3</td>
<td>262</td>
<td>7.1</td>
<td>71</td>
</tr>
<tr>
<td>Power</td>
<td>37.0</td>
<td>165</td>
<td>7.4</td>
<td>31</td>
</tr>
<tr>
<td>Mining</td>
<td>18.6</td>
<td>14</td>
<td>17.6</td>
<td>6</td>
</tr>
<tr>
<td>Communication</td>
<td>9.3</td>
<td>100</td>
<td>0.5</td>
<td>7</td>
</tr>
<tr>
<td>Water</td>
<td>6.5</td>
<td>89</td>
<td>1.4</td>
<td>45</td>
</tr>
<tr>
<td>Government</td>
<td>5.2</td>
<td>62</td>
<td>0.6</td>
<td>8</td>
</tr>
<tr>
<td>Social*</td>
<td>7.7</td>
<td>123</td>
<td>4.0</td>
<td>47</td>
</tr>
<tr>
<td>Industry, Agriculture</td>
<td>5.8</td>
<td>66</td>
<td>1.3</td>
<td>23</td>
</tr>
<tr>
<td>Other**</td>
<td>13.7</td>
<td>195</td>
<td>3.5</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>148.1</strong></td>
<td><strong>1076</strong></td>
<td><strong>43.4</strong></td>
<td><strong>256</strong></td>
</tr>
</tbody>
</table>

Source: Brautigam, D. et. al., "Chinese Loans to Africa Database".

* Health, Education and Other Social.
** Multi-Sector, Budget, Business, Banking, Trade, Food, Environment, Other Commodity and Unallocated.

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49 Each loan is filed by purpose and phase. For example, if a loan of US$10 million is split equal for two projects, the total amount is US$15 million. These are also recorded as either ‘completed’, under ‘implementation’ or ‘committed’. This means that only actual loan commitments are recorded, not pledges.

50 This significant margin is in large part due to US$17.5 billion lent to the national oil company Sonangol in 2010.

51 The database has 91 completed projects, 111 under implementation and a further 54 signed. However, following up on some projects, especially those that are more than 10 years old, there are multiple projects that deemed to have been completed. This implies that the data is not fully up to date. There are many projects under implementation since 2014 and 2016 as well. Considering the economic crisis in the country, there is a strong possibility that many have been delayed or halted. The ratio of non-completed projects should thus be approached with this in mind.
efforts following the end of a long, protracted civil war in 2002. The government initially sought financial assistance from the IMF but were met with strict demands of structural adjustment to become eligible for debt rescheduling and further aid that could service its ballooning debt from 48 commercial oil-backed loans taken over the war. Although some reform efforts were made, the conditions were soon deemed as unacceptable by the government for delaying the pressing needs of reconstruction while also imposing constraints on its state-led direction.\textsuperscript{52} Angola thus approached China and after a few initial projects, the first oil-backed credit line for US$2 billion was extended in 2004 by the Export-Import Bank of China (China EximBank). Since then, two additional oil-backed credit lines have been extended and two other SOEs made inroads: China Development Bank (CDB) and Industrial and Commercial Bank of China (ICBC). However, their lending is more commercial and generally not oil-backed (see Table 5).\textsuperscript{53}

\subsection*{2.1.1 Credit Lines for National Reconstruction}

The credit lines involve a specific amount of money that is being extended for a definite number of years, with partial disbursements at the request of Angola for the infrastructure projects that have been specified.\textsuperscript{54} This means that the entire line of credit must not necessarily be used, and that part which is not thus be repaid. While advice might be given, it is principally the Angolan government that decides which projects to propose. These are then assessed in a commission with the bank in question. What is more, the disbursements do not flow to the government, but to the Chinese companies that are put on tender and contracted to do the work. This is to remove the risks of misappropriation of loan funds so as to ensure that they are used for their intended purpose, that is, the building of infrastructure. In the case of the oil-backed credit lines, it is also to guarantee a steady revenue stream for repayment (which is how China EximBank structures its lending to begin with). The mechanism for this is that of an escrow account with the bank in which revenues from a fixed quantity of oil sold to China quarterly are deposited.\textsuperscript{55} International market prices are used in this case, not fixed prices. As Corkin notes, this is a clear disadvantage

\textsuperscript{52} Brautigam, D., The Dragon’s Gift, pp. 273–277. A reform program from 2000 includes 44 conditions, such as budget transparency, oil/diamond sector supervision, privatization of banks, removal of (fuel) subsidies, and cuts in public spending. IMF, “Memorandum of Economic and Financial Policies”, International Monetary Fund.

\textsuperscript{53} Ibid., pp. 111–117. China EximBank is one of the policy banks that were established as part of China’s 1995 aid reform to assist in domestic development objectives. It does not have a formal profit motive but has to operate so as to not need subsidies. CDB is also a policy bank. Corkin, L., Uncovering African Agency, pp. 63–68.

\textsuperscript{54} The rest of this sub-section is based on Corkin, L., Uncovering African Agency, pp. 75–97, and Brautigam, D., The Dragon’s Gift, pp. 145–153, unless stated otherwise.

\textsuperscript{55} The exact number is unknown but estimates range from 10’000–15’000 bpd to 40’000–100’000 bpd depending on the credit line in question. Corkin, L., Uncovering African Agency, pp. 83–84.
to China as a guaranteed buyer. On the other hand, the escrow account must have enough funds for six months repayment, so if prices fall, as they have in recent years, deficits must be covered.

<table>
<thead>
<tr>
<th>Table 5. Official Chinese Lending to Angola, 2002–2018</th>
<th>Lender, Month/Year</th>
<th>Amount</th>
<th>Terms</th>
<th>Purpose/Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>First preferential oil-backed credit line</td>
<td>China EximBank, March 2004</td>
<td>US$2.0bn</td>
<td>Interest rate: 3-month LIBOR + 1.5 percent</td>
<td>Infrastructure projects, including procurement</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Grace: 3–5 years</td>
<td>repayment: 12 years</td>
</tr>
<tr>
<td>First private credit line</td>
<td>CIF, 2005</td>
<td>US$2.9bn</td>
<td>Interest rate: 3-month LIBOR + 1.5 percent</td>
<td>National Reconstruction</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extension of first credit line</td>
<td>China EximBank, July 2007</td>
<td>US$0.5bn</td>
<td>Same as above.</td>
<td>Complementary projects</td>
</tr>
<tr>
<td>Second preferential oil-backed credit line</td>
<td>China EximBank, Sep. 2007</td>
<td>US$2.0bn</td>
<td>Interest Rate: 3-month LIBOR + 1.25 percent</td>
<td>Infrastructure projects, including procurement</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Grace: 3–5 years</td>
<td>repayment: 15 years</td>
</tr>
<tr>
<td>Third oil-backed credit line</td>
<td>China EximBank, 2009/2011</td>
<td>US$3.0bn</td>
<td>Presumably similar to the above.</td>
<td>Infrastructure projects, including procurement</td>
</tr>
<tr>
<td>Commercial loan, oil-backed</td>
<td>ICBC, 2010</td>
<td>US$2.5bn</td>
<td>Maturity: 8 years (grace + repayment)</td>
<td>New city: Kilamba Kixi</td>
</tr>
<tr>
<td>Commercial loan</td>
<td>ICBC, 2011</td>
<td>US$2bn</td>
<td>Maturity: 9.33 years (grace + repayment)</td>
<td>Development of Sonangol</td>
</tr>
<tr>
<td>First non-resource backed credit line</td>
<td>CDB, 2011</td>
<td>US$1.5bn</td>
<td>Commercial rate at LIBOR + margin</td>
<td>Infrastructure projects, including procurement</td>
</tr>
<tr>
<td>Oil-backed loans to Sonangol</td>
<td>CDB, 2011–2014</td>
<td>US$7.5bn</td>
<td>Interest Rate: LIBOR + 3.5 percent</td>
<td>Projects involving the development of Sonangol</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Maturity: 7–10 years (grace + repayment)</td>
<td></td>
</tr>
<tr>
<td>Second non-resource backed credit line</td>
<td>CDB, 2014</td>
<td>US$2.5bn</td>
<td>Commercial rate at LIBOR + margin</td>
<td>Infrastructure projects, including procurement</td>
</tr>
<tr>
<td>Third credit line</td>
<td>CDB, late 2015</td>
<td>US$15bn</td>
<td>Maturity: 12 years (grace + repayment)</td>
<td>1/3 earmarked for Sonangol</td>
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<tr>
<td>Syndicated Loan</td>
<td>Multiple, 2016</td>
<td>US$4.1bn</td>
<td>Maturity: 15 years (grace + repayment)</td>
<td>Caculo Cabaça Project</td>
</tr>
<tr>
<td>Other</td>
<td>EximBank etc., 2002–19</td>
<td>US$0.6bn</td>
<td></td>
<td>Infrastructure projects</td>
</tr>
<tr>
<td>Tot</td>
<td></td>
<td>US$43.2bn</td>
<td></td>
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</table>

**Terms and Conditionality**

While the monetary terms for the China EximBank credit lines are known, the others are patchy. Interest rates are generally based on the 3-month LIBOR benchmark rate plus an additional risk premium of a certain percentage. The first two oil-backed credit lines had a risk premium of 1.5 and 1.25 percent respectively. Due to the floating nature of LIBOR, real interest rates have seen highs of 4–7 percent 2005–2008 and lows of 1–2 percent 2009–2015 (assuming similar nominal rates).56 Grace periods were 3–5 years, with repayment over 12 and 15 years respectively. The lending by CDB and ICBC is more commercial, which seems to be reflected in lower maturities.

56 Macrotrends, “3 Month LIBOR Rate – 30 Year Historical Chart”, [https://www.macrotrends.net/2520/3-month-libor-rate-historical-chart](https://www.macrotrends.net/2520/3-month-libor-rate-historical-chart).
As for conditionality, China has one major pre-condition for establishing any relationship with another country, namely to adhere to the ‘One China’ policy by not recognizing Taiwan. Other than that, no conditions involving policy reforms have historically and in this case been imposed by China, due to its foreign principles of non-interference and respect for sovereignty. On the other hand, bargaining does take place about terms of lending as part of the negotiation process, which points to the question of power relations and their effects on outcome. Furthermore, as a general rule, infrastructure projects are to be contracted to Chinese firms and a certain ratio of procurement (equipment, machinery, material, construction or services) come from China. For China EximBank, this ratio was 50 percent until at least 2013, but has since been revised to 15 percent. Preferential treatment is thus involved in one way or another. In the case of Angola, however, it was negotiated that 30 percent of the contracts should go to domestic firms and that 70 percent of low-skilled labor be local, indicating some agency from the borrowing country. Notably, this arrangement is in many ways different from previous (and current) relations with Western creditors. Oil-backed loans from these had higher interest rates, ranging from LIBOR + 2.5 percent to 10 percent, without grace period but repayment over just 4–5 years. Loans were paid in cash directly to the government and generally involved higher guarantees of oil, at low, fixed prices. They were neither earmarked for infrastructure. Thus, while the China EximBank credit lines result in a preferential trade-investment relationship where China is the beneficiary of guaranteed oil on market terms coupled with export outlets for its machinery, equipment and construction firms, it is not a one-way street, as Angola is the beneficiary of rapid and efficient infrastructure projects on relatively preferential terms. These also came at a time when Western aid efforts became oriented away from infrastructure projects to social programs. Furthermore, considering that corruption is an actual problem, especially so in conflict-ridden countries rising from colonialism, imperialism and civil war, this arrangement bypasses such patterns. On the other hand, it might enhance resource dependency and push the country further into debt, with no productive infrastructure to show for it. The emphasis on procurement and construction by Chinese firms also raises concerns about labor relations, capacity building and domestic market formation. The positive or negative effects of this arrangement thus depend on the character of projects and the conditions they create for Angola in terms of (under)development.

57 See the Five Principles of Peaceful Coexistence from 1954, which have been reiterated many times.
2.1.2 Infrastructure Projects and their Indications

The major share of projects financed by the credit lines and other loans from China has targeted the basic infrastructure devastated by decades of civil war: roads, railways, electricity networks, water supply systems, hospitals, schools and housing. The construction of roads has mainly targeted the western half of the country, connecting the provinces to each other. Special focus seems to have been given to roads stretching out from the capital Luanda in all directions – up north towards Zaire and Uíge, down south towards Benguela and Huila and inward to Malanje, Bié and Huambo – thus facilitating central connections. The three colonial railways have been rehabilitated as well. Electricity networks (including substations, transmission lines and general electrification) have been stretched across 13 provinces, including the eastern provinces Lunda Sul, Lunda Norte, and Moxico. These were mainly constructed under the first two credit lines, with later lending primarily being commercial and more focused on energy capacity, of which the most significant undertakings are the 2170 MW Caculo Cabaça Power Station and 750MW SOYO I Thermal Power Plant. As part of a wider national strategy for expansion of optic fibre and mobile network, next-generation networks have also been constructed in 13 provinces.

Health and education projects were carried out under the first credit line. Six health care centers, six municipal hospitals, three regional hospitals and two general hospitals were constructed and equipped across nine provinces, covering mainly the western half of the country. Furthermore, 18 secondary schools in seven provinces, 17 technological institutes in twelve provinces, eleven business administration institutes, two university campuses, four agrarian technical schools and two institutes have been built. Water supply systems (including distribution and treatment) have been or are being constructed in 30 localities across 13 provinces. In agriculture, the EximBank credit lines were used for irrigation projects in five provinces as well as purchases of equipment, machinery and boats, whereas the first CDB credit line were used for farms in seven provinces.

As for housing, a number of ‘integrated infrastructure’ projects involving multiple sectors have been carried out with aspects of housing, primarily in different parts of Luanda, except for two in Cabinda and Zaire. Housing projects are also being carried out in Malanje, Moxico and Bié. Most monumental, however, is the planned, mixed-use city of Kilamba outside Luanda, which was constructed by the CITIC Group on a resource-backed loan of US$2.5 billion extended by

59 All projects derived from Brautigam, D. et. al., “Chinese Loans to Africa Database”, unless otherwise specified.
60 However, further electrification of households in major cities is being financed by the 2016 CDB credit line.
the ICBC. Stretched over 5’200 hectares, the new city encompasses 740 buildings with 20’0000 units in total, and public facilities including water and electricity, sport fields, roads, bus stops, shops and “24 kindergardens, nine elementary schools and eight middle schools.”61 Although touted as a ‘ghost town’ when it was finished in 2012 as the contracted (non-Chinese) real estate firm set the prices too high, prompting the government to lower them while offering subsidized low-mortgage loans, its population soon grew to 40’000 in 2013 and doubled by 2015. The city is primarily meant to accommodate a growing middle class, while (free) social housing for low-income families is being produced in joint ventures between local and foreign companies.62

The US$7.5 billion extended between 2011 and 2014 for the development of Sonangol take up the bulk of mining sector projects. Although this is a significant amount, little information exists on what it has been used for, thus making it hard to draw any conclusions. Regardless, whatever engagement in this sector is insignificant compared to the magnitude of infrastructure projects. While projects such as hospitals, schools, housing, access to clean water and electrification are undeniable evidence that the construction boom facilitated by official lending has improved the livelihood of people, some geographical bias seems to be involved, as construction efforts are somewhat concentrated in the western half of Angola and especially Luanda, whereas Cuando Cubango and Moxico seem to be more neglected. It should be kept in mind however that war-driven urbanization has resulted in a serious concentration of the population within metropolitan Luanda, growing from 20 percent to 30 percent of the national total since 2004. It is also notable that Huambo, Bie and Huila, three of the most war-stricken provinces in Angola, does not seem to be particularly neglected. Considering that reconstruction efforts are planned and coordinated by the Angolan government, it is possible that other foreign or domestic construction companies are active in those areas. In any case, since non-loan projects are excluded from the database, it is likely that the actual geographical spread of Chinese corporations is greater.63

Projects in the transport and power sector are more ambiguous to assess in terms of their effects. While it is evident that they will contribute to exploitative activities in a more general sense by

63 Indeed, the Chinese ambassador to Angola estimated that ”Chinese enterprises have repaired or built 2,800 km of railways, and 20,000 km of roads in Angola, and built more than 100,000 sets of social housing, more than 100 schools, and more than 50 hospitals”, which significantly exceeds what is captured in the database. Ferreira, Liane, ”Chinese investment in Angola exceeds $20 billion”, CGTN, 2019-09-27.
enhancing infrastructural capacity, cutting transportation costs and stabilizing power supply, it is hard to imagine a scenario where this would be unavoidable in any process of comprehensive development, not the least in a country in ruins. Indeed, adequate infrastructure can be argued to be an essential pre-condition for any type of development, as ensuring efficient transportation and stable power and water supply, two problems endemic to many African countries including Angola, removes key bottlenecks in the production process.\(^{64}\) Furthermore, even if exploitative motives are involved, this does not negate the fact that these projects carry indirect benefits for provinces, cities and communities by creating linkages that reduce travel time, the risk of power outages and poor sanitation. Nevertheless, while the current evidence points to a rather diverse portfolio of projects spanning both productive and social sectors, it does indicate a geographical unevenness to the process where certain provinces are emphasized. This implies a potential for unequal results, at least in the short run. However, there are no strong indications that China is actively or directly enforcing such an agenda, so this reads more like an issue of priorities from the Angolan side, while the general trend is that of creating general conditions for development.

\[\text{2.1.3 The Question of Indebtedness}\]

Prior to the economic downturn in 2008 and 2009, Angola decreased its debt by a large margin, from 39.5 percent of GDP in 2005 to 15.6 percent in 2007. Indeed, there is evidence that China’s oil-backed credit lines contributed to this decrease because of upward price trends in oil driven largely by Chinese demand, thus generating increasing revenues for Angola to service its post-war-inflated debt.\(^{65}\) Although affected by the recession, this trend continued up until the more sustained crash in oil prices in 2014, still reverberating today.\(^{66}\) This has significantly increased Angola’s debt burden. The debt burden with China does not seem to be related to the oil-backed credit lines however, as a visit by SAIS-CARI found that its escrow account contains “enough revenue to cover the annual debt repayment obligations.”\(^{67}\) Rather, it is the US$10 billion worth of commercial lending by CDB and ICBC to Sonangol (2010–2014) that has caused problems, leading the former bank to extend US$10 billion of its 2015 credit line for injection into the oil company so that its debt could be restructured into public debt with 12-year maturity. Thus, the debt was put on the state rather than Sonangol, yielding a better debt profile overall.\(^{68}\)

\(^{64}\) A World Bank report argues that the expansion of hydropower capacity across the continent is of key importance in terms of development due to the paucity of power supply in African countries today. Foster, V. et. al., *Building Bridges: China’s Growing Role as Infrastructure Financier for Sub-Saharan Africa*, pp. 21–22.

\(^{65}\) Reisen, H. & Ndoye, S., *Prudent versus Imprudent Lending to Africa: From Debt Relief to Emerging Lenders*


\(^{67}\) Acker, K., Brautigam, D. & Huang, Y., *Debt Relief with Chinese Characteristics*, p. 19.

\(^{68}\) Ibid.
Nevertheless, debt is debt and the share owed to China has grown to US$19 billion in 2019 (or 49 percent of the total) which is above the IMF threshold for high risk of debt distress. This is considerable as an implication of imperialism through indebtedness. However, although it may create the leverage for it, debt in and of itself need not necessarily be imperialism. This depends on how the debt is managed, to what effect and its relative weight taking China-Angola relations as a whole. In the case of China, write-offs of debt are available for zero-interest loans, whereas rescheduling (the extension of repayment with lower interest) and payment relief are available for concessional loans.69 This is not different from other creditors, but what is attached to such measures is another question and here some clues lie in how China approaches debt differently from traditional creditors. When it comes to the Paris Club of major creditors, this level of debt essentially shuts the door to rescheduling and further aid until the fiscal situation has improved towards debt sustainability. This generally requires consultation with the IMF and as this study has shown, such consultation means enforcing neo-liberal austerity measures and other reforms, which is definitive evidence of imperialism. In fact, Angola has embarked on an IMF program since 2018 that involves adherence to a strict budget ceiling while implementing reforms such as exchange rate and currency deregulation, state withdrawal from the banking sector, removal of fuel subsidies and most notably a sweeping privatization program of 54 SOEs.70

China, by contrast, does not demand such policy conditions in its relations with other countries. Furthermore, its view of debt also seems to emphasize development sustainability before debt sustainability. This rests on the notion that “investment, while increasing debt ratios in the short run, can generate higher economic growth […] leading to lower debt ratios over time.”71 Thus, debt distress need not necessarily be a problem for further lending, as long as the investment it finances is expected to be productive. This implies that China will not shun Angola due to long-term expectations of debt reduction with the help of further investment. In 2021, it was reported that Angola had secured three years of payment relief for its debt to China EximBank, although it remains to be seen if similar measures are taken with the CDB and ICBC. Nevertheless, this suggests that the partnership will continue despite a growing debt burden.72

69 Corkin, Uncovering African Agency, p. 80. This is because lending is based on estimations of expected returns.
70 See IMF Country Staff Reports between 2018–2021 for the country, for example IMF, Angola: Fourth Review Under the Extended Arrangement Under the Extended Fund Facility, IMF Country Report No. 21/17, 2021. See also The Economist, “João Lourenço’s reforms in Angola are pleasing the IMF”, The Economist, 2021-02-20. By the end of 2020, 30 SOEs had been privatized for kZ50bn, with the rest pending for an estimated kZ330bn.
2.2 Chinese Investment in Angola

Chinese FDI to Africa has grown extensively since 2003, with annual flows rising from US$75 million to US$2.7 billion in 2019. The FDI stock stands at US$44.4 billion, which corresponds to 9 percent of China’s total FDI stocks (tax-havens excluded).\(^\text{73}\) Taking the economic size of Africa into account, it has thus become quite a significant receiver of Chinese FDI. Investment as of 2019 covers 52 out of 60 countries, with 3800 firms reported in total. On the other hand, 90 percent is located in just 21 countries, with the largest being South Africa, the DRC, Angola, Zambia and Ethiopia.\(^\text{74}\) Furthermore, UNCTAD data for 2014 and 2018 shows that China is closing in on the FDI stocks of the US, the UK and France in Africa.\(^\text{75}\) Indeed, the SAIS-CARI data shows that China surpassed the US in 2019. While Chinese FDI flows have remained positive the whole period, US FDI flows have turned negative since 2019. This divestment has translated into a shrinking FDI stock from US$69 to US$43.2 billion 2014–2019.

Data on Chinese and other major FDI stocks in Angola are shown in Figure 1. Three trends are reflected in the graph.\(^\text{76}\) First, although China has seen a significant increase in its FDI to Angola, outpacing Norway, Portugal and the US in 2019 with US$2.9 billion in stocks, investment in the country has historically been modest relative to the West. Despite persistent fluctuations downward in Western FDI levels, China comes in third after the Netherlands and France. Although this indicates that China might be rising further

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\(^{73}\) All Chinese FDI data from SAIS-CARI, “Data: Chinese Investment in Africa”, unless otherwise specified. I have excluded the disproportionate amount of FDI in Hong Kong SAR, the Cayman Islands and the British Virgin Islands. If these are included, Africa comprises 2 percent of the total Chinese FDI stock.

\(^{74}\) Coverage from MOFCOM, 2019 Statistical Bulletin of China’s Outward Foreign Direct Investment, p. 141.

\(^{75}\) UNCTAD reports US$46, US$48, US$49 and US$53 billion for China, the US, UK and France respectively. Only the Netherlands surpasses all four with US$79 billion invested in Africa. However, its FDI stock is highly concentrated in three countries: Egypt, Nigeria and South Africa. See UNCTAD, World Investment Report 2020: International Production Beyond the Pandemic, p. 67.

\(^{76}\) The IDCEA notes strong discrepancies between reported outstocks and instocks, but these seem to have been solved as they largely follow each other here, thus giving a more accurate overview of investment relations. Cheng, SK., & Wolf, C., Chinese FDI in Angola and Ethiopia: Between Flying Geese and Resource Colonialism?, p. 18.
up the ladder, this development has thus not primarily been a case of Chinese FDI closing in on Western FDI, but rather one of Western FDI closing in on Chinese FDI due to divestments from Angola following the drops in oil prices. Second, Chinese FDI levels did not see substantial growth rates until 2009, being largely negligible prior. Considering that the majority of projects from the first credit line had been completed by that time, with further on the way, this suggests that the interest of Chinese investors has grown in tandem with the reconstruction efforts. Third, Chinese FDI appears to be less volatile to profit losses amidst declining oil prices, as its growth has been consistently positive except for a year of slight divestment in 2014, whereas aggregate flows have been negative for Western countries during 2005–2007, 2010–2013 and 2016–2019, as reflected in the decline of non-Chinese FDI stocks in Figure 1. Interestingly, Cheng & Wolf point out that Chinese investment in natural resources tends to be more long-term oriented than Western investment as China is primarily interested in the use value of natural materials rather than their market value. This might explain the relative persistence of Chinese FDI in Angola amidst Western outflows for avoiding profit losses.

2.2.1 Sectoral Investment

There is little long-term data on the sectoral distribution of investment in Angola, but Cheng & Wolf provide a limited overview based on national data on FDI outside the oil sector, over the period 2003–2013. It shows a small cumulative total of US$554 million in Chinese FDI, located primarily in construction (81 percent), followed by manufacturing (9.9 percent). Manufacturing data is disaggregated for 2011 and 2012, showing that Chinese FDI targets machinery and final consumption. In contrast, the FDI from high income countries is much higher and concentrated in mining (72 percent of the sector) and manufacturing of beer and spirits. However, as this does not include most oil sector investments and is restricted to a 10-period, it is hard to estimate the volume and share of investment accurately. Nevertheless, the data does correspond with the official totals which show that construction, mining and manufacturing are the top three sectors of Chinese FDI to Africa. Furthermore, FDI in the mining sector has declined from 26 percent to 23 percent between 2016 and 2018, whereas FDI in construction has grown from 28 percent to 32 percent. This suggests that the attention to construction has grown relative to mining.

77 Indeed, data for the Netherlands is ‘confidential’ in 2013–14, yet the total outstocks follow the instocks for these years, thus indicating a sharp drop in Dutch FDI around the oil crisis at that time.
78 Ibid., pp. 13–14. It could also reflect differences in sectoral engagement, or a combination of both.
79 Ibid., pp. 19–23.
Engagement in the oil sector is easier to track as Angola publishes annual maps of concessions that show the distribution of oil fields.\textsuperscript{80} There are two Chinese investors in the oil sector: the Beijing-based national oil company (NOC) Sinopec and the Hong Kong-based private company Dayuan International Development. In 2004, Sonangol used its preferential right to block Shell from selling its 50 percent stake of block 18 to an Indian NOC, as Sinopec offered higher bids. A joint venture for exploration and production was established between Sonangol and Sinopec, Sonangol Sinopec International (SSI), of which Sinopec holds 55 percent. This translates into an effective oil equity of 27.5 percent at block 18. As Weimer & Vines note, this acquisition by Sinopec has been of great benefit to China as it allows for a relatively stable supply of oil, while gaining access to high-end Western technology as the block is operated by the British BP.\textsuperscript{81} In 2006, SSI acquired three more stakes: 20 percent (now 26.32) in oil block 15/06, 27.5 percent in oil block 17/06 and 40 percent in oil block 18/06 (now defunct).

The other two shareholders of SSI are Dayuan (31.5 percent) and China Sonangol International Holding (CSIH, 13.5 percent), the latter of which was established by Dayuan (70 percent) and Sonangol (30 percent) for raising funds to energy sector projects. In 2005, CSIH acquired stakes in blocks 3/05 (since removed) and 3/05A of 25 percent each. Out of four other stakes acquired in 2011, only one remains in possession (10 percent in block 19/11).\textsuperscript{82} Sonangol stands to gain more effective oil equity ownership through CSIH, which has prompted some to suggest that CSIH is the preferred partner over SSI. Indeed, Alves recounts three cases where Sonangol has sidelined SSI. In 2006, two newly acquired stakes were placed under CSIH after Sinopec urged Sonangol to lower its winning offers to the second highest bidder due to allegedly having been misled on their expected value. Sinopec was thus forced to concede their inflated offer in order to preserve their assets from expropriation by Sonangol. That same year, Sinopec’s involvement in the construction and management of a new refinery in Lobito fell apart due to disagreements with Sonangol over its preference for Western export markets with higher profit margins. Then in 2009, Sonangol blocked Marathon from selling a 20 percent stake to Sinopec and another Chinese NOC for US$1.3 billion, as it was thought to be undervalued.\textsuperscript{83} This shows that Angola is not without capacity to act against China, contrary to notions of subservience. Nevertheless,

\textsuperscript{80} Sonangol, “Map of Concessions”, 2019.
\textsuperscript{82} The other three were in block 20/11 (10 percent), block 36/11 (20 percent) and block 38/11 (15 percent).
\textsuperscript{83} Alves, A. C., “Taming the dragon: China’s oil interests in Angola”, in China & Angola, pp. 111–117.
SSI has made further inroads again by acquiring 15 percent of block 31 and 20 percent of block 32, whereas CSIH has largely disappeared from the map of concessions.

Production at block 18 stood at 160’000 bpd in 2009. This would mean 44’000 bpd for Sinopec at that time. However, Alves estimates that this volume could exceed 100’000 bpd after further development of the blocks in possession. Four years prior, Sinopec had entered its first seven-year supply agreement with Sonangol in the context of the credit lines, with 44’000 bpd to be supplied to the intermediary Unipec the first three years. Although it is no secret that increasing demand for resources has prompted China to establish strategic partnerships with countries such as Angola, it becomes clear by looking at the concessions map that SSI, and CSIH even more so, are minor players compared to Western giants in terms of equity ownership and operatorship (China has none). This implies that the oil secured by the credit lines remains the most important flows for China, which is in line with the point above about its long-term emphasis on use value.

2.2.2 Labor Relations

Between 2001 and 2015, the number of Chinese workers in Africa increased from about 47’000 to 263’000. Since then, the number has seen a steady decline to 183’000 Chinese workers in 2019 – an absolute decrease of 30 percent. Half is located in Algeria, Angola, Nigeria, Zambia, and Kenya, with Algeria hosting 25 percent alone. Oya & Schaef er argue that this indicates that workforce localization has increased. On the other hand, it could also reflect a general decline. Indeed, this trend is also reflected for Angola, but the sharp fall in 2016 that has continued since indicates that this has more to do with the financial crisis as a lot of projects from 2016 onwards have been halted (see Figure 2). In any case a large-scale literature review by the IDCEA indicates that Chinese

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84 Ibid. Indeed, surveying some of the oil block stakes still in possession indicates that the level have risen.  
85 The statistics exclude informal workers in trading and shopkeeping, so these numbers are likely underestimated.  
86 Oya, C. & Schaef er, F., Chinese firms and employment dynamics in Africa: A comparative analysis, p. 15. They calculate that the share of Chinese workers in Sub-Saharan Africa has fallen from 80 percent in 2011 to 60 percent in 2016. However, calculations based on the SAIS-CARI data shows that it has risen again to 75 percent in 2019.  
87 Mendes, C., “Chinese Businesses Quit Angola After ‘Disastrous’ Currency Blow”, Bloomberg, 2017-04-20. This has probably continued in 2020 due to the ‘Covid-19’ pandemic, however, projects seem slowly to have been resumed. CLbrief, “Chinese Construction Companies to Resume Work in Angola”, CLbrief, 2020-06-03.
corporations in Africa have an average workforce localization rate of 85 percent, with a spread of 80–95 percent. Higher ratios of local labor are found in manufacturing due to lower barriers of entry skill-wise, whereas the construction sector employs higher degrees of Chinese labor. Furthermore, managerial and engineering positions tend to be filled entirely by Chinese workers, often for strategic reasons involving the completion of projects on tight schedules set by the host country. Nevertheless, existing evidence confirms that workforce localization has strongly increased across Africa for the last 10–15 years, driven largely by long-term adaptation of Chinese companies to national contexts and rising costs of Chinese labor.88

These trends are also reflected in China-Angola relations, but workforce localization in Angola has historically been and continues to be lower compared to the average. However, the IDCEA found that the ratio of Angolan workers has grown from 50 percent between 2002 and 2010 to about 75 percent in 2017, or 85 percent if high-skilled labor is removed.89 The low initial levels are primarily explained by the demand for rapid reconstruction which put pressure on efficiency and expertise in construction. This discouraged local employment, not the least because of the chronic skill shortage caused by the pauperization and informalization of the population during the war. The subsequent growth in localization can be explained by the long-term adaptation of Chinese companies and the costs of Chinese labor, but also the rise in trained local labor.90

However, workforce localization can contribute to development as much as it can contribute to underdevelopment, as this depends on the type of job creation and labor regimes involved. Here, the IDCEA presents official data showing that a significant share of new public jobs has been created by Chinese contractors between 2013 and 2018. Furthermore, their own survey showed that 60 percent of labor in construction and manufacturing tends to be poor, rural migrants from Centre-South provinces, with less education, skill and experience.91 While direct employment is the norm, written contracts were found for only 35 percent of low-skilled workers, indicating high degrees of informality, in part due to difficulties obtaining ID cards for rural workers. The regular work week is generally 5-6 days, with 10-hour shifts in construction and 8-9 hour shifts in manufacturing being common, which is close to what national labor legislation stipulates.

89 Oya, C. & Wanda, F., Employment patterns and conditions in Angola: A comparative analysis of the infrastructure construction sector and building materials industry. This is lower than the average 88 percent for the non-Chinese corporations surveyed. However, the difference it only statistically significant for construction.
91 This is in contrast to Angolan and other foreign non-Chinese firms which tend to use a ”more skilled, permanent, older and better educated workforce”. Ibid., p. 33.
Average wage levels were found to be similar across both sectors and well above the national minimum, even 30 percent for the least paid group (low-skilled construction workers). This was also the case when measured in purchasing power parity terms against the international poverty line. 

Furthermore, qualitative interviews by the IDCEA indicated that “the poorest workers in our samples seemed to welcome earning for the first time in their labour market experience a stable monthly income at a higher level than what they used to earn before in irregular informal work.” Nevertheless, while far from poverty wages, many workers expressed that they were insufficient. Interestingly, a lot of Chinese companies had adopted a ‘dormitory labor regime’, thus enhancing labor control while cutting costs by including food and accommodation in the wage. However, it was precisely in these arrangements where low-skilled workers were able to save money due to the ‘social wage’ driving down their overall costs of living. Payment delays were also non-existent, while other problems usually found in exploitative labor arrangements, such as injuries and health issues, were in the minority.

Thus, while much here is concerning in terms of potential imperialist patterns of coercion, it is also clear that Chinese corporations not only absorb a segment of the workforce that tends to be neglected, but seemingly contribute to poverty alleviation through a labor regime that, even if controlled, provides relatively stable wages that make room for (some) savings.

2.2.3 Capacity Building and Domestic Market Formation

There exists no evidence that training and skill development are not involved in the operations of Chinese construction and manufacturing companies. However, it is often carried out on more informal grounds, especially for smaller companies. The IDCEA reports that on-the-job training the initial weeks of employment is common, followed by further and more complex training for those that are “considered ‘reliable’ and less likely to leave.” On the other hand, larger Chinese corporations, in particular SOEs and ‘national champions’ such as Huawei, generally offer more systematic capacity building, including vocational training centers and visits to China. This is not surprising as this is encouraged by the Chinese government itself. Capacity building has

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92 Ibid., pp. 36–44. Minimum wage was Kz18754 in 2017, with low-skilled construction workers earning about Kz25’000. Based on the international poverty line of US$1.90 per day – US$58 in PPP terms – and US$3.20 per day – US$96 in PPP terms – for middle income countries, wages ranged from US$244 to US$713, with most low-skilled workers earning above US$300 in PPP terms. This reflects in part the relatively high costs of Angola.

93 Ibid., p. 43.

94 Ibid., p. 43–47.

95 Ibid., p. 20.

96 Programs in Angola have been carried out by SOEs such as CITIC Construction, the China Road and Bridge Corporation (CRBC), Sinohydro, and car assembly joint-venture CSG with Sonangol. Corkin, *Uncovering African...*
also been a focal point of the FOCAC summits, with substantial pledges since 2006.\textsuperscript{97} It is also a part of turnkey projects, although sometimes with mixed results. For example, the five farms financed by the CDB credit line involved five-year contracts of tree years for construction and experimentation and two years of capacity building before handover. However, due to problems with landmines and profitability, some were delayed and struggled to survive.\textsuperscript{98} What is more, the need of workforce localization has spurred training efforts to stay competitive. Interestingly, Chinese firms hesitant to implement more training seem to complain that workers often quit to take their skills to domestic companies, thus implying that skill development, whether informal or formal, travel beyond the exclusive right of its original source. In any case, existing evidence does at least not indicate any disregard for efforts of capacity building on China’s part.\textsuperscript{99}

As for domestic market formation, Cheng & Wolf presents evidence that the construction boom has stimulated the demand for manufacturing of building materials, especially cement. This has meant the development of a domestic supply base of cement to the point of self-sufficiency in 2014, with four Angolan companies and one Chinese company active. In turn, forward linkages have been created in the form of domestic clinker production. Other demand-induced industries related to construction include pig iron, steel and natural stone processing. This is in line with official Chinese encouragement of outward FDI towards the development of industrial capacity for construction in host countries. These spill overs are not without problems, however, as these emerging industries are dependent on continued construction demand, which is reliant on public spending, thus making them volatile to financial downturns such as the one Angola is currently in.\textsuperscript{100} Nevertheless, the general trend before the crisis does not yield strong support for the claim that Chinese engagement is facilitating underdevelopment in the country, although the evidence of long-term diversification is (as of yet) not overtly strong either.

\textsuperscript{97} Thus, between the 2006 and 2015 summits, China has pledged more than 50’000 government scholarships in China, training of 250’000 African professionals (in Africa or China) within agriculture, healthcare, education and other sectors, and multiple vocational training centers and capacity-building schools. Corkin, \textit{Uncovering African Agency}, pp. 101–102; Eom, J. et. al., \textit{Looking Back and Moving Forward: An Analysis of China-Africa Economic Trends and the Outcomes of the 2015 Forum on China Africa Cooperation.}


\textsuperscript{99} For a discussion of difficulties in capacity building, see Brautigam, D., \textit{The Dragon’s Gift}, pp. 157–161.

2.3 Chinese Aid to Angola

China delivers financial aid as grants (donations), zero-interest loans or concessional loans, the latter of which have general terms of 2 percent interest, a five-year grace period and repayment over 15 years.\textsuperscript{101} In its new white paper on ‘International Development Cooperation’ published in 2021, China states that a total of RMB$270.2$ billion (or US$42 billion) in foreign aid has been provided between 2013 and 2018, of which the ratios for grants and concessional loans are split almost equal at a little below 50 percent each, with zero-interest loans making up the difference. Roughly 45 percent of this has been delivered to Africa.\textsuperscript{102} Although hard to trace and estimate for individual countries, AidData has gathered some entries on Angola in its database.

China has one major aid project in Angola – the Luanda General Hospital – constructed between 2004 and 2006 based on a zero-interest loan of US$6 million. A great fuzz has been made about this project as a symbol of how China delivers construction with disregard for quality and then leaves it to decay, as the hospital was reported to have been evacuated in 2010 due to the danger of collapse. However, it was soon announced that China would carry out its rehabilitation and expansion on a donation of RMB$100$ million (or US$31 million), while temporary wards with sewage systems would be built so that the operations could be maintained. This was completed in 2013, followed by a donation of medical equipment and furniture the next year. The hospital has a capacity of 250 beds and offers a wide range of medical services.\textsuperscript{103}

Another area of aid commitment related to this is the dispatchment of medical teams of roughly 20 doctors to the country on a 2-year basis since 2009, of which the third team reportedly treated 20’000 in the area of placement. China has also been active in assistance for disease prevention, including donations of medicine for cholera and tuberculosis, as well as the donation of an anti-malaria center in 2009 including equipment, multiple batches of medicine and capacity building in research on malaria prevention. Other aid efforts include humanitarian aid following the end of civil war and floods in 2001, donations of sports and school equipment for youth recreational activities, donation of 26 containers of agricultural equipment to farmers in the country (mainly

\textsuperscript{101} The ‘concessional’ part of the loan refers to the difference from the central bank interest rate that the government has subsidized. Brautigam, D., \textit{The Dragon’s Gift}, pp. 162–184.


for the credit-line financed farm in Malanje), and the construction of the 400-student Angola-China Friendship primary school in Huambo.¹⁰⁴

The existing evidence thus suggests that Chinese aid to Angola is either not that large, or under-reported. However, this would be rather odd as aid projects tend to yield much exposure due to the diplomatic benefits involved, especially when it comes to donations which the majority of these projects are. Indeed, debt forgiven in 2009 is not high above the zero-interest loan for the hospital, indicating that non-grant aid to Angola is modest, which is not surprising considering the large and fairly concessional credit lines. Chinese aid to Angola is thus rather negligible in the context of this study, especially since no conditionalities are attached to the aid efforts.

2.4 Trade Relations

Angola has historically been among the top three exporters of oil to China and its own top export destination as well, surpassing the US since 2007. Chinese exports to Angola pale in comparison, however, while Angola has relied more (though not by much) on Portugal and other Western and Asian countries for imports.¹⁰⁵ This has meant a consistent trade surplus for Angola throughout the whole period (see Figure 3), as opposed to the majority of African countries. As Corkin notes, the stipulated procurement levels by China EximBank thus function as a strategy to mitigate its trade deficit.¹⁰⁶ However, as the figure shows, this strategy seems not to have paid off.

On the other hand, despite a positive trade balance, Angola remains dependent on a number of key imports of manufactured goods, in particular refined fuel. These do not seem to be primarily imported from China, however, whose meagre basket of exported goods is much more capital-

¹⁰⁴ All projects derived from Dreher, A. et. al., Aid, China, and Growth.
intensive except for some types of consumer goods, such as shoes.\textsuperscript{107} Furthermore, such cheap, competitive goods entering the Angolan market does not seem to have been the principal cause of displacement of local manufacturing industries, as they were already on the decline before, partly as a result of aid efforts after the war.\textsuperscript{108} Nevertheless, the procurement quotas coupled with the low trade diversity do present risks of resource dependency and reduced incentives for local spin-offs. In the context of the oil-backed credit lines for infrastructure, it is thus a question of evaluating the trade-off between the ‘oil-backed’ and the ‘for infrastructure’ in terms of the expected net gains or losses. Here, some studies do indicate that the benefit of the latter offsets the risks of the former by resolving infrastructural bottlenecks in construction and production, thus yielding better conditions for manufacturing development and diversification, although at the expense of short-term oil dependence.\textsuperscript{109} Indeed, it is clear that this arrangement with China successfully translates oil revenues into productive ends, but likewise that it turns China into a guaranteed buyer despite downturns. This affects Angola’s debt since the revenue base shrinks when oil prices fall. However, as seen above, this need not imply the withdrawal of China. The three-year relief for the oil-backed loans reflects this by alleviating oil revenues from such debt-servicing, thus increasing the overall revenue base so that it can be used for other debt-servicing and productive investment, in hope of the situation improving during this time. How the surplus generated in the oil sector is utilized is therefore of utmost importance, which in turn implicates political relations. Here, it is not China but the IMF that seems to be the enforcer, by demanding a reform program from Angola so that the country becomes eligible for non-Chinese debt relief.

3 Conclusion and Discussion
This study has sought to assess whether the character of China-Africa relations can be explained in terms of imperialism. To this end, Angola was chosen as a critical case for theory testing, not only because of the sheer magnitude of relations with China, but also its oil-backed and lending-based arrangement with China. A comprehensive understanding of imperialism was developed using Marxist theory as point of departure and then operationalized into a theoretical framework for empirical assessment. Such a framework emphasizes export of capital – foreign investment, lending and aid – as the principal method of expansion, exploitation and extraction, and neo-

\textsuperscript{107} OEC, “China/Angola: Bilateral Trade by Products”, The Observatory of Economic Complexity, different years, https://oec.world/en/profile/bilateral-country/chn/partner/ago#bi-trade-products [Retrieved 2021-03-01].
colonialism – the imposition of comprador rule, currency and foreign exchange regimes, market manipulation and foreign interference – as the principal mode of control and domination. While the former must in effect cause underdevelopment, the latter must facilitate and maintain such relations. It was also stressed that a dynamic and holistic approach to analysis is necessary.

The empirical assessment of China-Angola relations did not provide any substantial support for the hypothesis that China is imperialist. Although multiple problematic aspects were identified, no strong causal links were identified between Chinese capital export and underdevelopment in Angola. Indeed, by being earmarked for infrastructure that targets health, education, housing, transportation, power generation, water supply and sanitation, the evidence rather supports the argument that the oil-backed credit lines have expedited the reconstruction process of Angola markedly and in a way that has inarguably been of both public and private benefit. The general trend is thus more in line with development and as such not primarily for Chinese corporations in Angola, though they will of course benefit from this, but the country in a more general sense, by resolving infrastructural deficiencies and enhancing capacity so as to furnish conditions that permit different paths to development depending on how the surplus is utilized. The mechanism for loan disbursements and repayment can in this context be seen as a strategy of more or less ‘forcing’ surplus to be allocated for infrastructure, thus circumventing the risks of unproductive diversion or wasteful absorption, two issues that have historically characterized oil-rich nations. That boom in construction largely driven by China has stimulated the rise of a domestic building materials industry is also notable, especially as many of the companies seem to be Angolan and that the principal target market of their production is domestic.

The notion of FDI-driven imperialism was also rather weak, perhaps more so because Chinese FDI levels in Angola are relatively low. In any case, current evidence does not indicate that the effects of manufacturing and construction firms have contributed to economic impoverishment akin to imperialism. Although Chinese companies do take advantage of cheap, rural labor, they also seem to pay above the minimum wage, while the ‘social wage’ offered by many contributes to savings, although at the expense of more labor control. As for capacity building, it seems that the initial 10 years involved a trade-off between local participation and speedy reconstruction, with the latter coming out winning. That this has since shifted to increased localization and skill development through training is notable. This is not to say that this is enough, just that it is not particularly indicative of imperialism.
Evidence for neo-colonialist patterns of control and domination were also slim. While it is clear that China enjoys a preferential position in Angola, this has not meant that the country has been disproportionately privileged over domestic interests, as the negotiations of local content quotas and the sidelining of Sinopec highlights. It is especially notable that in the latter case China has not made any efforts at intervening to change outcomes or forcibly enhance its position, as has historically been the case when countries resist subservience to foreign capital interests. It could be argued that the status of Angola as an oil-rich nation gives it political leverage against foreign powers, thus making Angola an outlier in China-Africa relations. However, this misses the fact that Angola has been in a worsening financial state since the last incident in 2009 yet China has not seized this opportunity to exploit Angola’s vulnerable position to its own ends, whereas the opposite is true for the IMF on behalf of Western monopoly capital.

All this is not to say that China-Angola relations have been without problems, in particular debt-wise, but also in terms of local participation, resource dependence, non-inclusive reconstruction and reliance on cheap, rural labor on informal and coercive terms. However, as has been shown throughout the analysis, these cannot on any empirical level easily be dismissed as imperialism, but demand context-sensitive and historical explanations that indicate a more nuanced situation that has evolved over time and involves mutual responsibility. It might be instructive to consider a counterfactual situation where China never got itself involved. Angola would most likely have had to concede to IMF demands or remain in shambles until other neo-colonialist means yielded similar results. Regardless, it would entail subordinating the reconstruction process to the needs of a private sector dominated by foreign capital, while at the same time sacrificing capacity for any substantial state-led intervention in the public interest. This also bears dire implications for the use of oil revenues. Thus, despite there being corruption today, the alternative would by no means necessarily be better. Indeed, the Angolan government has ensured that the oil sector is not fully at the mercy of foreign capital, even if much is appropriated by national elites instead.

In sum, the assessment finds more empirical support for China-Angola relations being of mutual benefit in terms of development, as the principal arrangement guarantees China a stable market for buying oil in exchange for sorely needed infrastructure following decades of civil war, with moderate spill-over effects that have grown in significance over time. While China and Angola are unequal power-wise, they do engage on fairly equal terms in a way that cannot be deemed imperialist. This puts the general applicability of imperialism theory on China-Africa relations into question, inferring that they may indeed be more beneficial than regularly assumed. It also
signals that a more careful, critical and evidence-based approach must be demanded from those that are quick to assert Chinese engagement in Africa as imperialist based on unfounded, biased or dogmatic notions rather than theoretical-empirical consideration. More case studies based on a framework such as the one developed here are encouraged to substantiate these results, with the hope of finally reaching a constructive end to this debate.
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Appendix A: In-Depth Outline of Imperialism

Imperialism and Underdevelopment

What then is imperialism? Lenin defines imperialism as the monopoly stage of capitalism. This means five things. First, it means the concentration of production and banking to such an extent that a few giant industrial corporations and banks can exert monopoly by virtue of their holdings of capital. As such, the old capitalism of free competition is displaced by the ascent of monopoly capitalism.\footnote{Lenin, V., *Imperialism: The Highest Stage of Capitalism*, pp. 34–58.} Second, it means the actual merging of industry and banking so that finance capital becomes a dominant force in the organization of production and accumulation: “Finance capital is capital controlled by banks and employed by industrialists.”\footnote{Hilferding, quoted in Lenin, V., p. 58.} The banks thus grow from their role as mere middlemen for industrial operations to that of financial conglomerates exercising overarching economic control over industry. A financial oligarchy with wide-reaching financial assets is formed that bring in super-profits from their operations as shareholders, investors and rentiers.\footnote{Ibid., p. 58–70.} Third, and importantly, it means the monopolistic accumulation of capital to such an extent that the export of capital abroad is necessitated to yield further profitable investment. As such, the transformation of capitalism into imperialism is completed, as the expansionistic force of monopoly finance “sets the seal of parasitism on the whole country that lives by exploiting the labour of several overseas countries and colonies.”\footnote{Ibid., p. 70–75} Finally, it means the economic division of the world market between the giant monopolies, and the corresponding geopolitical division of the world’s territories between the imperialist countries, i.e., the imperialist states which act on behalf of finance capital. The net result is an intensified inter-imperialist struggle for control and domination over the world – its markets, industries, technologies and the cheap, plentiful exploitable sources of labor and natural resources therein.\footnote{Ibid., p. 75–91.} Imperialism means the pronounced division of the world into imperialist and subjected nations, the domination and control by the former the latter and on this basis “the imperialist oppression and exploitation of most of the countries and nations of the world, for the capitalist parasitism of a handful of wealthy states!”\footnote{Ibid., p. 71.}

Baran developed Lenin’s analysis in his seminal work *The Political Economy of Growth* (1957) by theorizing how imperialist relationships cause and maintain underdevelopment in the subject...
nations to the benefit of the advanced capitalist nations. This process has its historical origins in the early modern period of European colonial expansion and mercantile accumulation. The massive extraction of wealth coupled with the competitive influx of cheap manufactured goods and shift to export-oriented production of primary commodities thwarted whatever conditions existed for industrial development in subjugated territories. With their subsistence economies dislocated and native manufacturing capacities destroyed, large civilizations and peoples found themselves immiserated and reduced to utter destitution as their societies were externalized to the needs of foreign merchant capital and market demand. As such, the violent removal of self-determination and self-sufficiency pushed the colonial (or otherwise dependent) countries into perpetual stagnation under the domination of their new, foreign administrations. The result was an economic and socio-political structure stuck between feudal-mercantile and capitalist modes of production which prevents development. ‘Underdevelopment’ is thus a historical product of centuries of foreign exploitation that deeply distorted the development trajectory of the nations that fell under its yoke.116 As imperialism have developed since that of Lenin, the rationalization and maintenance of these exploitative relationships have become of pronounced importance:

Its central feature is that it is now directed not solely towards the rapid extraction of large sporadic gains from the objects of its domination, it is no longer content with merely assuring a more or less steady flow of these gains over a somewhat extended period. Propelled by well-organized, rationally conducted monopolistic enterprise, it seeks today to rationalize the flow of these receipts so as to be able to count on it in perpetuity. And this points to the main task of imperialism in our time: to prevent, or, if that is impossible, to slow down and to control the economic development of underdeveloped countries.117

How then does imperialism perpetuate underdevelopment? The central argument put forward by Baran is that the economic surplus (or net profits) produced in the underdeveloped countries is diverted away from productive utilization, despite it generally being large enough as share of national income to permit investment for development.118 This misappropriation can be traced

117 Ibid., p. 340.
118 The economic surplus can be divided into an actual and potential surplus. The actual surplus is “the difference between society’s actual current output and its actual current consumption”, i.e., the sum of saved or accumulated assets in a given period. The potential economic surplus, on the other hand, is “the difference between the output that could be produced in a given […] environment with the help of employable productive resources, and what might be regarded as essential consumption.” As such, there is a gap between the actual and potential economic surplus which is ‘lost’ surplus that could be realized for development under different conditions. This points to the fundamental determinant of (under-)development: “the size and the mode of utilization of the currently generated economic surplus.” In other words, what determines development is whether the surplus is utilized for productive purposes – defined as investment that cause an “increase over time in per capita output of material goods” – or if it is diverted for unproductive purposes, mainly excess consumption and foreign appropriation. Ibid., p. 127–134.
to the different sectors of the distorted economic and socio-political structure mentioned above which show similar patterns across the underdeveloped world. First, a semi-feudal agricultural sector of large estates operated by feudal landowners that accrue the bulk of surplus in the sector yet are disincentivized to invest it. Second, a mercantile sector of merchant capital engaging in usury, expensive trade, speculation, brokerage, leasing and other parasitic market activities, causing significant drain on the aggregate economic surplus away from new investment. Third, a small monopolistic industrial sector of partly foreign-owned corporations operated by native industrialists producing for the local market, whose disinterest in expanding the market beyond what benefits themselves and their foreign shareholders, coupled with the high relative costs of entry on an already narrow competitive market, stifles transformation. Whatever surplus found here flows abroad, into excess consumption, mercantile activities or unproductive ventures.

Fourth, and most predominant, a capitalist sector of foreign corporations that produce primary commodities for export. While the surplus generated here is immense, it is primarily siphoned out of the country except for partial reinvested earnings for the upkeep and expansion of current operations. Rather than seeking to assist domestic development, investment is carried out to the extent that it will generate profits. A significant share tends to be reserved for equipment and materials imported from the home countries, while whatever infrastructure projects involved in the process are planned out to facilitate exploitation. Furthermore, the exploitation of cheap native labor yields high profits, yet does not contribute to widening domestic markets as the workers tend to have to use their (below) subsistence wages for basic consumption needs. This is further aggravated by the employment of foreign managerial or technical workers whose high wages eat up revenues while being saved or transferred abroad. As such, it does not really matter if the surplus is reinvested or not as the net effects on the underdeveloped countries remain slim regardless due to being deprived of their productive means for development.

Under the overall domination and control of imperialism, these different class interests become firmly interlocked with one another in wanting to preserve the status quo as anything else would threaten their wealth and power. The upper echelon of rich merchants that work in tandem with

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119 The incentive for excess consumption exceeds that of investment due to the relative costs of imported machinery to labour, high rate of interest on loans, slow rates of return and volatility of agricultural produce.
120 Ibid., pp. 300–317.
121 For Baran, the issue is not investment in auxiliary works in and of itself but rather how they are imbedded in the wider project of imperialism to prevent development and industrial transition. Ibid., pp. 334–337.
122 Ibid., pp. 317–337.
foreign corporations as wholesalers and suppliers, the native industrialists that seek to prevent the rise of competitors, and the feudal landowners that find new market outlets and land demand all benefit from the presence of foreign capital. The imperialist states in turn help maintain this subservient, yet complicit, comprador regime by suppressing any and all progressive forces that seek change, thus keeping the current order intact.\textsuperscript{123} This highlights the importance of political power for how the economic surplus is utilized. This is especially clear in oil-rich states, as they generate enormous amounts of surplus that can be utilized for great potential as long as the state is occupied by the class that can and will permit it.\textsuperscript{124}

Development and underdevelopment can thus be understood as two sides of a singular process where the advanced capitalist nations extract surplus from the subjected nations to support their own development, via colonial and neo-colonial modes of domination and control. This aspect of Baran’s analysis has become integral to dependency theorists. Imperialism is understood in terms of centre-periphery relations (or equivalent terms), where the centre exploits a periphery reduced to a state of dependency, leading to the ‘development of underdevelopment’, advanced via unequal exchange. Unequal exchange refers to the super-exploitation of peripheral labor for above average profits. This is made possible by the low wage rates in peripheral economies, yet similar levels of productivity relative to the centre, thus generating higher rates of surplus value as the workers are paid below the value of their labor power. In other words, unequal exchange underpins the imperialist process of surplus transfer first explored by Baran (and Sweezy).\textsuperscript{125}

One of the most prolific figures in this context is the Marxist and African revolutionary Samir Amin, whose work centers on the relationship between the globalizing tendencies of capitalist expansion and modern imperialism. For Amin, globalization refers to the means required by monopoly capital to perpetuate and enhance its dominance and control over the peripheries.\textsuperscript{126} The post-war period ushered into a new era of globalized capitalist expansion characterized by the emergence of a ‘collective imperialism of the Triad’ comprised of Europe, Japan and USA, the latter of which acts as the hegemonic force in this arrangement. Through global economic integration and neo-colonial strategies of economic strangulation, financial-monetary coercion, (covert) intervention and military might, it sought to subvert the modernizing forces of national

\textsuperscript{123} Ibid., pp. 337–344.
\textsuperscript{124} Ibid., pp. 345–383.
liberation, socialist revolution and peripheral industrialization that threatened their wealth and power. This imperialist project became increasingly mediated by and through the state, but also the new institutional instruments at its disposal – the IMF, World Bank and WTO. Lending and foreign aid became the key means for facilitating preferential treatment in trade and investment relations and debt creation yielding profits from interest payments. This provided the leverage necessary to demand IMF-imposed austerity programs in return for additional lending to service debt and resolve balance of payment (BoP) issues to stay eligible as a borrower. This systematic enforcement of neo-liberal deregulation and privatization underpins both the overaccumulation and debt crisis in the 1970s and 1980s, followed by the successive dismantling of socialist and popular governments across the world. The ‘opening up’ and integration of national markets to the dictates of the triad, and the subordination of peripheral economic activities to subcontractor status for super-exploitation by its monopolies, thus consolidated imperialism’s grip.127

Taken together, Amin argues that imperialism under neo-liberal globalization has developed to that of generalized monopoly capitalism dominated by globalized and financialized monopolies of the triad whose embodiment can be seen in the transnational corporations (TNCs) owned and directed by its financial oligarchies. The monopolistic positions held in world financial markets, technology, natural resources, media and weapons of mass destruction create the basis for the continued reproduction of centre-peripheral polarization that is intrinsic to the imperialist logic of globalized capitalist expansion.128 Financial investment is the principal outlet for accumulated capital under modern imperialism (excluding what is absorbed by public-military spending and marketing), whereas the relocation of manufacturing to the periphery through subcontracting is the principal source of surplus.129 As Smith explains, while neo-liberal globalization has ensured the mobility of capital and commodities, harsh labor-migration regimes enforce the immobility of labor across borders. The informalization, flexibilization and segmentation of labor markets have in turn depressed wages. The result is a reserve army of labor located in the Global South, open for super-exploitation by foreign capital – often referred to as global labor arbitrage.130 By subcontracting “some or all of production to an independent


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130 Smith, J., *Imperialism in The Twenty-First Century*. “Global labor arbitrage—super-exploitation—that is, forcing down the value of labor-power, the third form of surplus-value increase […], is now the increasingly predominant form of the capital-labor relation.” It “spotlights the enormous international differences in the price
supplier while retaining effective control over both the final product and the process of its production,” TNCs extract the surplus required for the triad’s survival and, in extension, the capitalist imperialist system as a whole.\textsuperscript{131}

Neo-Colonialism

The concept of neo-colonialism can be traced specifically to the African countries’ mobilization for national liberation, decolonization and pan-African unity. A foundational resolution adopted at the third All-African Peoples’ Conference in Cairo 1961 provides the first succinct definition, stating that neo-colonialism is “the survival of the colonial system in spite of formal recognition of political independence in emerging countries which become the victims of an indirect and subtle form of domination” so as to “prevent African states from directing their political, social and economic programmes towards the exploitation of their natural wealth for the benefit of their peoples.”\textsuperscript{132} In 1965, a year before being deposed of in a violent coup supported by the US, the revolutionary Ghanaian president Kwame Nkrumah made the link between neo-colonialism and imperialism explicit in \textit{Neo-Colonialism: The Last Stage of Imperialism}. In paraphrasing Lenin, Nkrumah argued that decolonization had produced a shift in the historical development of imperialism. As the direct control of colonies became unfeasible due to growing anti-colonial insurrection, the imperialist countries found themselves forced to grant these territories formal independence. Instead, indirect forms of domination and control were adopted, thus supplanting colonialism for neo-colonialism. Nkrumah identified this as a new stage of imperialism.\textsuperscript{133}

As Nkrumah writes, the “essence of neo-colonialism is that the State which is subject to it is, in theory, independent and has all the outward trappings of international sovereignty. In reality its economic system and thus its political policy is directed from outside.”\textsuperscript{134} Being independent and sovereign in theory, but in a colonial-like grip in practice, meant that national liberation has for the majority of states merely been the continuation of imperialism by other means. Foreign aid functions in this context as an important method of ostensibly seeking to assist development, while essentially being “capital export under a more cosmetic name,” applied with oppressive

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\textsuperscript{131} Ibid., p. 79.
\textsuperscript{133} Nkrumah, K., \textit{Neo-Colonialism: The Last Stage of Imperialism}, p. ix-xx.
\textsuperscript{134} Ibid., p. ix.
conditions that grant information, supervision and influence over policies in trade, currency and foreign exchange and how funds are to be used so that donor interests are accommodated.\textsuperscript{135}

The monopolistic hold of the world market can be used to artificially inflate prices for manufactured goods and freight shipping while commodity prices are depressed, thus controlling the revenue streams of former colonies. What is more, their integration into currency and foreign exchange regimes administrated by the imperialist countries provide further means of retaining effective control and domination of peripheral economies. These economic and financial methods are in turn complemented by the establishment of military bases across the world, the abundant supply of expensive ‘advisors’ and ‘technical assistance’ that subvert rather than support development and the cultural-ideological dominance exerted (mostly by the US) through the establishment of radio networks and educational institutes, and the infiltration of labor unions.\textsuperscript{136}

By giving just enough leverage so as to prevent the former colonies from being able to develop independently and beyond what serves the needs of foreign capital, neo-colonialist relations are nurtured.\textsuperscript{137} These ‘client states’ are sustained by national segments of compradors that employ whatever measures necessary to facilitate imperialism’s grip of the country.\textsuperscript{138} The methods have changed, but the results are the same: “foreign capital is used for the exploitation rather than for the development of the less developed parts of the world. Investment under neo-colonialism increases rather than decreases the gap between the rich and the poor countries of the world.”\textsuperscript{139}

\begin{footnotes}
\item[135] Ibid., p. 50–51, 242–243, p. 50 for quote.
\item[136] Ibid., pp. 239–254.
\item[137] Ibid., p. xiii.
\item[138] “In a client state, corporate investors enjoy direct subsidies and land grants, access to raw materials and cheap labor, light or nonexistent taxes, few effective labor unions, no minimum wage or child labor or occupational safety laws, and no consumer or environmental protections to speak of. The protective laws that do exist go largely unenforced.” Parenti, M., \textit{Against Empire}, p. 33.
\item[139] Nkrumah, p. x.
\end{footnotes}