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China's Empire in Africa: Key Takeaways for GCC Countries

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As of 2022, China has successfully delivered an estimated US$261 billion in trade value, US$1.8 billion in FDI, and US$3.11 billion in foreign aid to various African countries. Over the past few decades, China has significantly solidified its presence and influence across the African continent. The country has established itself as an "equal" partner in its diplomatic and bilateral trade ties with the continent; it has even promoted itself as a loyal partner in its development process. This is widely referred to as China's South-South partnership: a cooperation approach with developing countries that emphasizes win-win policies, equality, and non-interference. China's BRI has been the key mechanism in facilitating this type of exchange, focusing on shared growth through economic cooperation and infrastructural development.

In the last few years, GCC countries have also been increasingly fostering their economic and political presence in Africa. In efforts to expand their geo-political influence and diversify their economies, GCC states have ramped up their trade, diplomatic, and investment outreach across different African countries. With diminishing returns on China's investment in Africa, Xi Jinping is gradually cutting its financial commitment to the continent, offering opportunities for GCC countries to increase their investment and influence there.

This policy paper aims to identify the key lessons GCC countries could learn from China's strategic approach in Africa, which can be applied in its own engagement with the continent. From strong economies to stable political models, GCC countries have a lot of potential and are imposing themselves as catalyst partners with various African countries. However, the challenges imposed by the lack of shared strategic approaches and development goals, as well as reliance on oil, remain counterproductive.

China's agenda toward Africa: A quick snapshot

China's engagement with Africa is indeed multifaceted, but its end goal is clear: the "Great Rejuvenation of the Chinese Nation." Economically, China is looking to secure access to Africa's growing market and abundant resources. It is also looking to expand its trade to and through Africa- a promising geopolitical power on different levels, making it a market for its export-driven economy. Politically, the "One China" policy has been at the forefront of the country's discourse. China trades a portion of its economic investment, with China leveraging its economic and political influence, to secure support for its positions in international organizations and in isolating Taiwan. Geopolitically, China is promoting the emulation of its "China model," and African countries have become more and more receptive to this model's approach to development and governance. The characteristics of this package are more compatible with the African environment, making the model a more appealing alternative to its Western counterpart. The popularity of China's political, economic, institutional, and ideological models further helps challenge Western dominance, particularly in predominantly Western spheres of influence.

Although there was initial excitement and hope surrounding China's engagement with Africa, sentiment has evolved to become more complex. Many African countries continue to view China favorably as a counterbalance to Western powers, and they also cherish Beijing's infrastructural projects and unconditional funding. But there are also increasing worries and frustrations becoming apparent.

As a result of Chinese financing for infrastructure projects piling up unmanageable debt, a few African nations are concerned about getting caught in a "debt trap" with China. This could be seen in the example of Kenya, which with a total debt of $7.4 billion, is expected to spend more than half of its national revenue on debt since 2023. Chinese businesses that operate in Africa have also come under fire for their unethical labor and environmental policies and practices, as well as for their disrespect for local agency.

The inadequate transfer of technology and capacity building by Chinese companies is yet another source of dissatisfaction. There are concerns that Chinese businesses are not doing enough to support sustainable development and create indigenous skills, despite their claims of sharing information. For instance, the elements of technology transfer and technical cooperation have long existed in China-Africa cooperation, whether through knowledge sharing and/or transfer and technological cooperation. Yet, the present situation highlights the gaps in China-Africa exchange, which, if managed effectively, could potentially achieve equal benefits. Additionally, there are grievances regarding unfair trade practices, as the flood of low-cost Chinese goods undermines domestic businesses and widens trade deficits. Concerns have also been expressed over the possible corruption and lack of transparency surrounding Chinese business dealings in Africa.

So, even as China's involvement remains alluring, African countries are beginning to realize that they must negotiate better terms and protect their interests with greater assertiveness. This paper does not look into whether China is the friend or foe, nor does it treat Africa as a passive agent in its partnership with China, or with the GCC. It is carried out with background knowledge about and recognition of Africa's agency in the whole process of negotiation and partnerships.

The GCC's engagement with Africa

For the past few years, GCC countries' interests in exploring their partnership with Africa have become apparent. Just in 2023, GCC countries funded over $53 billion in projects in Africa. This not only marks the beginning of a new era for Africa's sustainable development but establishes GCC countries as important partners in the process. Various funds have been channeled into critical sectors such as infrastructure, food security, energy, and trade flows.

The GCC's engagement with Africa is mostly defined according to a classical, limited economic agency: gaining access to natural resources and increasing opportunities for investment and trade. In the post-COVID period, however, the approach has shifted towards a more comprehensive strategy, noting an increasing emphasis on food security, economic diversification, and geopolitical orientation. The GCC's engagement with Africa thus relies on a variety of strategies, including but not limited to trade agreements, diplomatic outreach, and aid packages. This is especially the case with the establishment of the "GCC-Africa Corridor." With China's retrenchment, the Corridor has become a significantly prominent investment strategy for funding Africa's growth, and undoubtedly, fosters the GCC's presence in the region.

GCC investments in Africa have been experiencing a substantial increase, especially in the industries of telecommunications, financial aid, humanitarian assistance, logistics, and transportation. Besides the $53 billion in 2023 previously mentioned, between 2021 and 2022, GCC countries have pumped $101.4 billion in investment to African countries. Broken down, Saudi Arabia comes second with a total of $25.6 billion, Qatar with $7.2 billion, Kuwait with $5 billion, and lastly Bahrain with $4.2 billion. The UAE's FDI stands at $59.4 billion, allowing it to emerge as the largest investor in the GCC. High-growth industries including infrastructure, energy, transportation, logistics, and technology have accounted for the majority of UAE investments. Aviation has been a particularly active sector with significant involvement in airport infrastructure and African carriers. Similarly, Saudi Arabia has made large investments in mining and energy projects throughout Africa in addition to the continent's agro-industry, especially in East Africa. Qatar has also committed to various projects across the continent similar to its neighbors. The GCC governments' growing telecommunications sector investments in Africa have boosted digital infrastructure and access throughout the continent by improving connectivity and communication services.

At the same time, issues remain, and not everything has been smooth sailing. The rising investments have impacted the dynamics between GCC member states and increased competition among them. This is because they seek diversification routes outside conventionally traditional spheres of soft power. As such, GCC countries are now utilizing security and humanitarian assistance as instruments to subdue one another's interests and acquire influence throughout the region, particularly in the Horn of Africa and West Africa.

For Qatar, and to a lesser extent, Saudi Arabia, Islam is employed as a vehicle for public diplomacy in Africa. Qatar engages with Islamist groups as a means to maximize its influence and leverage. For Saudi Arabia, while the Kingdom is looking to leverage its religious influence, it also wants to approach the continent on a cultural and social level, beyond religion. The UAE's approach has been more secular, concentrating on economic and development cooperation over religious diplomacy. Among the GCC countries, the UAE is the biggest investor in Africa, but it has refrained from using overtly religious diplomacy.

Challenges to a full-scale GCC engagement in the continent

The GCC countries are becoming more visible and influential in Africa, but this involvement is fraught with obstacles. Rivalries within the GCC, especially between the UAE and Qatar, have resulted in disjointed policies and military posture in areas such as in the Horn of Africa. Global geopolitical objectives are changing, and the US's move to the Indo-Pacific is one example of how this is forcing the GCC to reevaluate its strategy and transition from security to economic engagements. Furthermore, the GCC's ability to make varied investments in Africa is limited by its excessive reliance on oil earnings. In addition, the GCC has to contend with rivalry from well-established international powers such as China, Europe, and the United States, all of whom have close political, economic, and military connections to Africa. These issues are examined in this section along with their consequences for the GCC's continental policy.

- *Intra-GCC rivalries and competition*: The lack of cohesiveness and unity among GCC nations has hampered the establishment of an all-encompassing and well-coordinated strategy in their engagement with Africa. Rivalries within the GCC, mainly between Qatar and the UAE, have resulted in the formation of alternative security alliances and the deployment of military forces in the Horn of Africa. This is indicative of the GCC's attempts to project power and safeguard its interests in the strategically significant Red Sea region. For example, the evolving nature of UAE's foreign security cooperation in Africa marks a flexible scheme of military outposts in Libya, Egypt, Chad, and Somaliland, in addition to other African countries. Qatar, on the other hand, has long joined hands with Turkey, coordinating positions and forming strategic alliances in the region. Besides serving as an important supporter of political Islam, Qatar's aid agreement with the UNHCR ([QC4HCR]) allows the expansion of the country's coordination and cooperation on humanitarian assistance in the Horn of Africa. The Gulf states' investments in Africa are intended to protect their political, security, and economic interests, but they frequently fall short of sufficiently addressing the urgent developmental requirements of African countries. A climate of instability and competitiveness has been fostered by the GCC's fragmented approach to Africa, which lacks unity. The development prospects of African countries are ultimately hampered by this fragmented and competitive attitude, which undercuts the potential advantages that could be obtained from a more coherent and coordinated strategy.

- *Shifts in geopolitical priorities*: The GCC's involvement in Africa has been significantly impacted by the change in global geo-political priorities, notably the US strategic pivot towards the Indo-Pacific area. This realignment is part of a larger global trend in which old powers are shifting their attention to address growing issues in Asia, most notably China's ascent. Consequently, certain traditional powers have noticeably reduced their focus on military presence and security operations in other regions, such as Africa. This change has also caused the GCC governments to reassess their approaches to engaging with Africa. As the US and other Western powers lessen their security footprint and give priority to other regions, there is a danger of security vacuums appearing with potentially negative consequences for the GCC states in terms of wider regional instability, increased refugee flows, and heightened extremism. Thus, GCC countries are challenged to consider a stronger military presence and increased security measures in key African regions. This includes participation in security agreements, military bases, and occasionally, overt military operations. But as already alluded to above, such policy approaches increase the chances for competing agendas and rivalries among GCC states. There are also questions marks as to whether the GCC can sustain such engagements and whether or not they will themselves targets by taking on a more overt security role.

  Aware of this rising challenge, there have been suggestions for strategic and policy focus on economic engagement and development investments. UAE Advisor, Dr. Anwar Gargash, states that the country is focused on geoeconomic strategies as a new venue for development and prosperity--both national and international. After all, in the words of Dr. Gargash, "You can't promote stability to people who are struggling in their daily lives. You have to also talk about prosperity." There is a growing need to recognize alternatives to stability and security beyond the traditional Western arrangements. Moreover, with the ongoing efforts to wean their economies off oil, the GCC governments are also trying to diversify their economies. Africa offers many chances for investment in industries including telecommunications, mining, infrastructure, and agriculture. Given the importance of these sectors in the development of Africa, they also represent spheres of soft power and influence that could potentially further jeopardize the security in the region.

- *Diversification challenges:* The GCC countries have long understood the importance of reducing their reliance on gas and oil revenue. Yet, their economies are still reliant on petroleum exports, despite initiatives to establish alternative industries.

While GCC economies are undergoing wide-ranging diversification strategies, the fact that the oil industry continues to dominate the economy of the GCC states also means that maintaining long-term investment plans in Africa is made more dubious by the volatility of global oil prices. The Gulf states frequently prioritize domestic spending above foreign investment during low oil prices, as they did during the COVID-19 pandemic. This results in a delay in their engagement with Africa. In the long run, GCC investments may become even more constrained by the need to maintain fiscal stability at home.

- *Competition with established players:* In terms, of the sophisticated and institutionalized way other players have already established themselves politically, economically, and militarily in Africa, GCC is late to the game. For many years, China, Europe, and the US have been the main actors in Africa; their present financial support and cooperative efforts challenge GCC's full-scale engagement in the continent. In recent times, China in particular has been a powerful presence in Africa. It is now the continent's top trading partner and largest investor, surpassing even the US. To compete with China's vast resources and wealth, the GCC states will need to set themselves apart from the competition and carve out a special place in Africa where they can dominate. Moreover, Europe is a major force on the continent because of its colonial past and historical connections to Africa. European nations with significant economic and political ties to the continent, such as France and the United Kingdom, continue to exert influence in their former colonies. The GCC countries will have to negotiate these intricate connections and figure out how to cooperate with their European allies while still seeking out their own interests in the region. Even with the recent shifts in the geopolitical landscape, the US is still a major force in Africa. It maintains a significant military presence in some areas and gives the continent the greatest official development assistance. For the GCC states to make sure that their involvement in Africa serves American interests and doesn't jeopardize regional stability, close collaboration with the US will be necessary. The GCC states need to use innovative strategies to build their presence in Africa to overcome these obstacles. This can entail concentrating on particular industries or geographical areas where they have a comparative edge, such as Islamic finance, energy, or infrastructure development. They might also look into joint ventures or co-financing partnerships as ways to work with established players.

Lessons for the GCC

Although China's approach to engagement with Africa seems varied at first glance, its ultimate goal is to increase Chinese power and gain access to resources. Beijing utilizes a combination of economic pragmatism and strategic diplomacy to expand markets, secure resources, and amass political capital throughout the continent. On the other hand, the GCC's engagement in Africa has evolved to encompass more than just energy and security issues. In addition to taking unilateral measures, GCC states have invested heavily in infrastructure, agriculture, and development assistance. Comparatively speaking, this method has been more dispersed than China's concerted effort.

As the GCC looks to diversify its economy, Africa offers chances for mutually beneficial partnerships. China's policy can help the GCC forge deeper alliances, but it should also be customized to the GCC's specific aims and characteristics. The GCC could leverage its current connections and investments to promote wide-ranging economic growth throughout

Africa, as an alternative to just copying China's model.

In light of the evolving landscape of the GCC-Africa engagement, China's strategy can give the GCC important insights toward building stronger alliances with African countries, helping GCC countries to rethink their approach and go beyond the limitations imposed by their current diplomacy model. Some of these lessons include:

- *Diversifying economic interests beyond natural resources:* GCC engagement with Africa ought to emphasize a medium- to long-term strategy that promotes stability and long-lasting alliances. This would be in opposition to other approaches that are frequently criticized for binding African nations to contractual commitments that might not be advantageous in the long term. The GCC should work to invest in human capital development and capacity building through partnerships that improve education, vocational training, and skill development programs. After all, both social progress and sustained economic growth depend on having a competent labor force. Furthermore, the GCC can back programs that bolster institutional frameworks and good governance, encouraging accountability, openness, and the rule of law in African states. Robust establishments are imperative in drawing in enduring capital and cultivating a favorable commercial milieu.

  It is also critical for the GCC to promote regional integration and intra-African trade, supporting initiatives that strengthen economic integration, regional value chains, and intra-African development. An increasingly integrated African market can unblock significant development potential and decrease reliance on outside partners. Additionally, concentrating on innovation and technology would assist GCC nations in maintaining their competitiveness in the world market. Artificial intelligence, renewable energy, and fintech are a few examples of industries with tremendous development potential that might lessen reliance on conventional resource-based industries.

  With an eye toward capacity building, good governance, and regional integration, the GCC may forge mutually beneficial ties with African countries by implementing a long-term, sustainable strategy. This is in contrast to dominant strategies on the continent, which are sometimes thought to put short-term profits ahead of long-term sustainability. Because of its advantageous location and wealth of resources, the GCC is well-positioned to assist Africa in its quest for growth. By putting stability, institutional fortification, and sustained economic growth first, the GCC can cultivate long-lasting partnerships that are advantageous to both sides.

- *Coordinating a unified regional strategy:* The GCC nations should implement a cohesive regional policy, similar to China's well-coordinated approach in Africa, to increase their influence and efficacy. Building a stronger GCC is essential to creating unified diplomatic and economic strategies. GCC nations may increase their collective negotiating power and regional stability by collaborating across the region and sharing risks, taking on bigger projects, drawing in bigger investments, and supporting joint ventures and regional efforts. A more integrated and effective economic environment could bring about the implementation of harmonized laws and regulations, which will ease intraregional investment and trade flows. Moreover, a unified intra and inter-regional vision for security approach will help improve the overall goal of a unified GCC.

A cohesive regional plan has many advantages. As the comparatively integrated stock markets in the GCC, regional financial integration can, for example, increase capital market efficiency and lower the cost of capital. Coordinated economic policies can also lessen the negative impacts of oil price volatility by diversifying the economy and lowering dependency on hydrocarbon earnings. This strategy is consistent with the more general objectives of economic diversification and sustainable growth stated in the reform agendas of the GCC nations, including the UAE's "We the UAE 2031" and Saudi Arabia's "Vision 2030."

Furthermore, by maintaining stronger diplomatic relations with foreign allies and putting up a united front in international discussions, a cohesive regional policy can increase the GCC's geopolitical power. The GCC's unified vision, which has placed a strong emphasis on diplomacy and regional security, emphasizes the value of group action in tackling shared issues and advancing regional stability. By banding together, the GCC nations may use their combined political and economic might to influence regional and international policies in their favor, securing the region's economic and overall security in the future.

- *Overcoming resistance to change:* For the GCC countries to effectively and actively engage in and with Africa, they must overcome opposition to change. Resistance and cynicism towards change are common, particularly in areas with well-established customs and economic systems. It is recommended that GCC officials build incentives for genuine economic development that is independent of the oil and gas industry and address the drawbacks of earlier diversification initiatives. This entails dealing with the political-economic aspects of the social contract that govern important developments. GCC governments must enact reforms gradually, offer incentives to companies that diversify, and promote public involvement in the process of transformation. This can minimize opposition and encourage an approach to economic reform that is more inclusive.

  Gradual reforms would facilitate the transition, as would promoting public involvement in the process. Moreover, GCC nations may expedite the shift to a more diverse and resilient economy by creating an atmosphere that emphasizes adaptability and forward-thinking. The GCC countries must keep improving their governance frameworks, anti-corruption policies, and rules pertaining to the product market to draw in foreign direct investment and boost their competitiveness. This all-encompassing reform strategy can assist GCC nations in overcoming change aversion and achieving long-term economic expansion.

Conclusion

With the implementation of the "Great Rejuvenation of the Chinese Nation," China is using its economic investments in Africa to achieve its political objectives. Due to its compatibility and lack of restrictions associated with Western models, China's model is attractive to many African nations; yet worries about debt traps, unethical business practices, and insufficient technology transfer are becoming more prevalent.

In the meantime, GCC states are making more and more investments in Africa, with an emphasis on trade, energy, infrastructure, and food security. While they are moving in the direction of a more comprehensive and elaborate plan, they still face hurdles in diversification and regional strategy, as well as competition from other GCC members and well-established international players. GCC countries could learn from China's emphasis on coordinated regional strategies, overcoming reluctance to change, and sustainable and mutually beneficial alliances. The GCC can create more robust and enduring relationships with Africa by emphasizing economic diversification, good governance, and capacity building.

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