

# The Road to Shanghai; A Stranger in Africa's Coffin-Case of Kenya



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## Abstract

Thomas Sankara once said; 'Imperialism is a system of exploitation that occurs not only in the brutal form of those who come with guns to conquer territory. Imperialism often occurs in more subtle forms, a loan, food aid and blackmail.' In his arguments on Burkina Faso, he advocated for the monitoring of boundaries by discouraging imports of commodities that would otherwise be produced within the boundaries of his country. Trade means something in return. The idea that being an economic toddler makes Africa a perfect specimen for economic dimwits and charlatans should be challenged from the start. Africa cannot keep on increasing taxation to its already impoverished and jobless citizen to please these swindlers that they can repay any debt level. Africa is rich; all she needs is a little time to empower her institutions and not to be used as conveyor belt by the economic giants.

## Introduction

The world has become a global village and no country can thrive on its own without maintaining networks of collaboration with the rest of the continent. It has therefore become imperative for nations in the global market to identify their absolute and comparative advantages in the production of goods and services to ensure that a mutual benefit exists when there is an open economy. Africa is known to be heavily endowed with resources yet its average economic growth in terms of GDP is so alarming [1]. The potential of this continent has lately been a bride to the developed countries with a stiff competition to win the confidence of many African countries. Inefficiencies, wastage, corruption and lack of political good will among African top leadership has led to the continent falling prey to international brokerage when it comes to trade. There has been a skewed pattern of trade in Africa. In the last two decades, African continent has had a paradigm shift in trade from the west to the east. What triggered this massive shift from the west allegiance to the east is an issue of ongoing debate among scholars and the globe at large.

Whether this shift has brought more harm than good is why economists and policy analysts are burning the midnight oil to untangle. Major developments in Africa especially in infrastructure and power largely depend on external funding. Loans are crucial for development but the motive from China is strategic and meant

to draw the country into a debt trap. Ironically, China's projects in Africa are not meant to benefit the locals but rather help her access the continent resources and provide a pool of market for her low-cost and shoddy goods [2]. Why African countries still welcomes China is understandable. Her benevolent investment strategies in Africa and easy access to credit as opposed to conditional grants by institutional investors triggers the countries into its well-orchestrated debt trap. With unmet infrastructural and power need in Africa, the continent becomes an easy prey to the modern imperialism from the East Asian economic giant.

## Discussion

The penetration of China to Kenya has elicited debates concerning the cost benefit analysis in the country both in the short run and in the long run. This study reveals some provoking debate on why Kenya has shifted more of her commitments to the East as opposed to the West. In the analysis we draw our argument on a preamble of three countries; Sri Lanka, Djibouti and Zambia. According to [3], China arrived in Sri Lanka during the tenure of a semi-autocratic president Rajapaksa as a good brother who wanted to shield him from the United Nations. In return, China quickly became Sri Lanka's leading investor and lender, and its second-largest trading partner, making a milestone in its well calculated move. After the change of guard in 2015 the new administration

suspended all the major Chinese projects in the country with an aim of extricating Sri Lanka from the Chinese debt trap. But it was too late: Sri Lanka's government was already on the brink of default. So, as a Chinese state mouthpiece crowed, Sri Lanka had no choice but "to turn around and embrace China again".

They needed more time to repay old loans, as well as fresh credit, agreed to a series of Chinese demands, restarting suspended initiatives like the US\$1.4 billion Colombo Port City, and awarding China new projects. [4] With nearly all the revenue generated by Sri Lanka going to repay external debts, the government finally threw in the towel in 2017 and handed over the Chinese built port in Hambantota under a 99 year lease with China having a 70% stake in this busy port. This is the stranger making Africa to mourn. Two thousand five hundred miles from Sri Lanka but to the East of Africa lays Djibouti. The voracious appetite for coastal countries by China is raising a myriad of questions. The country has been pushed to the walls by its debt obligation and fatally compromising the economic activities of this young country in Africa. On March 2018, Djibouti signed a partnership agreement with Singaporean company that works with China Merchants Port Holding Co. or CMPort-the same state owned corporation that gained control of Hambantota port in Sri Lanka [5]. Another latest victim of this modern imperialism is Zambia.

China has mastered the art of African governments; chew more than they can swallow. With its inability to repay her debts to China, Zambia had no option other than to hand over the management of major government parastatals including her power firms. This East Asian giant is using its debt trap to force the highly indebted countries to surrender their major investments to these imperialists. Despite all these economic issues associated with China's relations, Kenya has and is still falling prey to the modern imperialism from China. The first association with China came into limelight when massive infrastructural investments were initiated in the country in the year 2008. In the initial phase of her interaction with Kenya, China engaged in an investment decorum that almost drove the western investments away from the country. At this stage, locals were involved in the supply of locally available materials. In fact, jobs that required minimum technical skills were delegated to the locals and therefore improving the standards of livings of the locals. The accumulation of debt by the country has seen the public criticize the government for lack of public engagement especially when engaging into these huge debts. Strategically acquiring key assets all over Africa so easily by China is due to gluttonous desire of African leaders to steal public funds.

The appetite for corruption an embezzlement of public funds has seen the country enter into unrealistic projects which questions whether feasibility studies were even conducted. This appetite for public resources has curtailed the government to be ran by few greedy politicians whose only mission; with the support of China, is to cripple the country. The latest reports by Kenya bureau of statistics [6,7] revealed that Kenya's debt to China has increased by 52.8% to US\$4.79 billion in 2017 compared to US\$3.13 billion in 2016. It has been established that the world's second largest

economy now controls 66% of Kenya's total bilateral debt which stood at US\$7.23 billion as at June 2017. This calculated move by China to Kenya and the debt burden puts the country in a crossroad while the modern imperialist is dancing on the country's grave site. The imbalance of trade between China and Kenya is a clear indicator that Kenya is just a conveyor belt in their investment's missions. Chinese have penetrated the country and crowding out the locals from their native jobs and even hurling insults and harassments to the locals who have been employed by the so called Chinese investors.

Is Chinese uncontrolled penetration in Kenya a coincidence or a strategy? Is the crowding out of local jobs and opportunities a mere connotation of mutual trade? Why is the Kenyan government mute of the Chinese takeovers of the Kenyan businesses? Are the political and economic buccaneers in Kenya smiling somewhere? More than a thousand questions beg for an urgent answer to mollify this puzzle. Being presumptuous on the China motive in Africa is inevitable as a scholar. Chinese population in China is at its alarming maximum. With insatiable needs compared to scarcity of resources, the government of China has offered business incentives to her citizens that makes them ever competitive compared to the Africans and therefore delineating the native entrepreneurs to a leveled trading ground. Chinese products in Kenya are cheaper compared to locally produced goods. But why despite all the transaction costs involved? It is dumping off! Due to the low purchasing power of Kenyans, they opt for the cheaper and shoddy goods compared to the locals whose cost of production is ever sky rocketing.

With little or no consumption of local products, any rational producer will exit the industry as the market is assumed to be a perfect competitive market. Locals are gradually exiting the industries especially from manufacturing, agriculture and fisheries where an influx of cheap goods from China has rendered it uneconomical to operate. When production in the country vanishes, the government revenue declines since taxation hot spots are eradicated. The consequence is an increase in budget deficit rendering the government to plunge into the well-orchestrated Chinese debt trap and a vicious cycle of Chinese manipulation and blackmails. But why is the government playing a soft target? Is the government naïve of this Chinese encroachment? The bottom line is that once the Kenyan government is unable to raise enough tax to suffice the debts, Mombasa port will be surrendered which ultimately has been the slow but well calculated debt trap by these imperialists.

## Conclusion

China is the stranger in Kenya's coffin. Her unapologetic determination to bury the Kenya's economy into the graves of dismay and torments is vivid in the way they are handling one of the major cost centers in the history of Kenya's debts; the SGR project. Well, the Chinese conceived it, did feasibility study, designed it, financed it, built it, they are running it, employs the Chinese people and carries their cheap imports from the port of Mombasa to the inland for dumping. The only role the Kenya government and her citizens

have is to repay the loan. The argument that Kenya has a deficit of manpower and technical knowhow to manage the Standard Gauge Railway is a complete fallacy and an insult that is well-orchestrated by the Chinese to siphon the little income generated by this giant project. Before Kenya purchased advanced Dreamliner, it sent several captains to Seattle, US for training and therefore never required Americans pilots. China on its end sells to Kenya a bunch of archaic trains and siphons to a tune of US\$10Million a month to manage and run it. I refuse to believe that the casket hosts one of us! As the political greed for public funds in Africa continues to sink deeper into Chinese debts and hence condemning the present and future generations into economic slavery, signals must be sent. In the words of Friedrich Nietzsche, "Today as always, men fall into two groups: slaves and free men. Whoever does not have two-thirds of his day for himself, is a slave."

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