

SIMPLIFIED BRIEFING ON CHINA IN AFRICA -

For IFA Africa Region

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Many of you will have heard of Mackinder, the founder of geo-politics and the World Island hypothesis (heartland and rim lands).² Few will know that Mackinder considered international tax policy an essential part of geo-politics and devoted most of his life seeking (and sometimes succeeding) to influence international tax policy in the UK, both as an academic and as a politician.

Belt and Road Initiative

This can best be seen as a response to Western sea power. Prior to and in the time of Admiral Mahan the Western domination of the world was based on control of sea trade routes. Also, the long term control of colonies required the ability to transfer soldiers from one part of the empire to another to suppress revolts. This creates asymmetric warfare. It allows the imperial power to access global depth of power and resources by drawing on their other colonies while denying the colonies the ability to form alliances or working together against a common foe. Sea power would allow the interdiction of communications between the colonies. The British Empire shipped Caribbean conscripts to Africa to invade and assist in conquering the Ashanti. It also shipped African conscripts to India to suppress revolts in India. At the same time no other colony could come to their aid without being interdicted by the Royal Navy.

To understand the importance of this consider the American War of Independence. The colonists would have been thoroughly defeated without help from France. France had a powerful navy and could provide means of communication between France and US. It also had capital to assist funding the American War of Independence. Obviously, the French were interested in seriously weakening the British Empire. As it happens the French support for American colonists was so great that the French state raised taxes so much that it among other matters provoked the French Revolution!

After WW2 the Russians provided support for liberation movements. This required secure access to ports for the transfer of military materiel.

From China's point of view, all Asia's trade routes were directed to the West not among themselves. We Africans know how hard it is to travel within Africa compared to travelling to Europe or America. At the commercial level China wanted to encourage trade among the Asian countries and toward the West along the old silk road. The other issue was that as trade grew China's reliance on sea routes might grow and China is not a sea power putting it at the mercy of America. Originally it was described as the 'new silk road'. Further consideration led them to consider that China's trade was global and they added the 'maritime' silk road. On all illustrations the maritime silk road ended in East Africa. Privately they explained that the new routes would go around South Africa up to West African ports and then onto South America. South America was left out of all public maps because of the US Monroe Doctrine and Chinese sensitivity to not rubbing the US nose in the fact that they were flouting the Monroe Doctrine. This new proposal was so much greater than

the old silk road that there was no point calling it a 'new silk road' rather than an entirely different name. The maritime route became the 'belt' and the land route became the 'road'.

US navy could interdict the sea routes which is how the US defeated Japan in WW2, but as the US is NOT primarily a land power it could not interdict the land routes. In any war China could retreat behind its borders and trade through the land routes.

In China's eyes BRI prevents military encirclement and is therefore key for their survival.

China also looked at trade routes globally and saw that they inherited the colonial patterns of trading with the West. Britain for example had made great returns from the 'carrying trade', when to get goods from country A to country B it had to be transhipped through UK ports. The BRI would make trading with China and East Asia far simpler, cheaper and more direct for all countries globally.

GAS

Another formerly secret plan within BRI is the energy supply lines. Russian gas would be piped direct to China by a massive investment in gas pipelines. This low cost gas would then go to Japan, South Korea and other East Asian countries. This would potentially devastate European manufacturing. German car manufacturers opted to setup plants in China so that they would benefit from these cheap gas supplies when they arrive.

The US has sought to deny Europe access to Russian gas, and supply US natural gas at three times the cost of Russian gas. It is not possible for European manufacturers to compete against South Korean, Japanese or Malaysian companies whose fuel costs are one third of their own. Instead, the US are offering tax incentives and subsidies for European companies that relocate to the US with its lower gas prices - thereby assisting the US policy of re-industrialising.

With direct access to Russian gas, China is no longer completely dependent on fuel that passes through sea routes which the US can interdict at will.

DATA

Both the US, and China believe that whoever tames AI first will rule the world. In order to win the AI race access to huge amounts of data is required. China ten years ago considered itself 20 years behind America. Africa is a continent where there are huge amounts of data not previously acquired. This is an asset that Africa can use in negotiation with China. Unfortunately some young Africans are selling this data to the US (Amazon et al) for next to nothing in return for gaining millions in sham stock valuations and cashing out. This is plain treason and should be recognised as such.

In a recent speech the Head of MI6, Sir Richard Moore³, explained that this issue, seeking to deny China primacy in AI, is their most important goal and of greater urgency than Russia or Ukraine.

Africa should negotiate that in return for our data China trains our people in the latest technology and allows us to perform those tasks that Chinese escalating wage cost will render China an inappropriate place for production. Equally individual African countries cannot negotiate tax terms and this should be negotiated on a continental basis.

In the detailed briefing paper it will be shown how international tax policy is implicated at every stage of these plans.

Endnotes

1. IFA is the International Fiscal Association see ifa.nl
2. (Mackinder, 1904)
3. (Moore, 2023)

References

Mackinder, H. J. (1904). The Geographical Pivot of History. *The Geographical Journal*, 23(4), 421–437. <https://doi.org/10.2307/1775498>

Moore, S. R. (2023, July 19). *Speech by Sir Richard Moore, head of SIS, 19 July 2023*.

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