



China sharpens its Africa focus

Looking at the bigger picture of Africa's improving economic fortunes in the past decade, it is clear that China's influence in Africa has been largely a success story.

An ancient Chinese proverb may shed some light on China's contribution in Africa: "Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime."

One way in which China has been teaching Africa 'to fish' was by means of training programmes. In the 2000s especially, China increasingly expanded its programmes for training African personnel. These programmes have progressively included more fields, including areas of African national economic and social development, investment and trade.

Great expansion in trade and investment

China's economic engagement with the continent has witnessed massive growth. The establishment of the Forum on China-Africa Co-operation in 2000 put bilateral economic and trade relations on a fast track. In 10 years, trade between the two regions increased from US\$10.6 billion to US\$114.81bn, and today China is officially Africa's largest trade partner, ahead of the European Union and the US.

China is also one of the main investors in Africa. By the end of 2003, China's stock of direct investment in Africa stood at US\$490 million, yet this increased to US\$9.33bn by the end of 2009. Chinese investment in Africa is today distributed in 49 African countries and covers mining, financing, manufacturing,

construction, tourism, agriculture, forestry, animal husbandry and fisheries in a range of investment methods such as equity participation, mergers and acquisitions, and joint venture co-operation.

Imparting the knowledge of rapid growth

China and Africa have a lot in common. For both, the memories of colonialism and foreign intervention are not too distant. In 1971, the People's Republic of China resumed its legal status at the United Nations largely due to support from the developing world, including many African countries.

China is now working to impart some of its hard-earned know-how to Africa. The special economic zone (SEZ) was one such crucial element in China's own success story: a place where foreign capital and technology could be meshed with Chinese labour and industry. China is constructing seven such SEZs on the African continent: two in Nigeria and one each in Zambia, Mauritius, Uganda, Ethiopia and Egypt. As one academic paper put it recently: "These zones are a central platform in China's announced strategy of engagement in Africa as 'mutual benefit'... The zones form a unique, experimental model of development co-operation in Africa: market-based decisions and investment by Chinese companies are combined with support and subsidies from an Asian 'developmental state'."

As the world's largest developing economy, China needs the natural resources that Africa has in abundance, and in its quest to gain access to these minerals, Chinese companies are investing hugely in African infrastructure, both in terms of transport infrastructure to get Africa's minerals to port, and in civil infrastructure as components of deals with African governments and other entities. Nigeria is a leading example of the breadth of Chinese investment on the continent. US\$5.4bn of funding has been earmarked for roads, railways and power stations in this country, in addition to the construction of a 1,506km oil pipeline.

Mutually beneficial, not perfect

Cheap imported Chinese goods have become accessible to many Africans, and Chinese activities in Africa have significantly improved academic, social and political relations between the two regions. While China's influence on the continent has been generally positive, there are certain risks that need to be managed. China's direct investment in Africa is focused on a handful of countries, namely Angola, the DRC, South Africa, Zambia and Nigeria. Many Chinese construction projects in Africa, moreover, continue to import their labour from China, which can create tensions with local communities. The appearance of cheap Chinese products can also threaten local businesses and industries. In addition, China's booming resource demand could decrease the incentive for African countries to diversify their economies and lessen their dependency on commodities.

Nevertheless, when observing the big picture of China's presence in Africa, it is clear that China's influence has worked to the benefit of African countries. For its part, China has gained access to vast mineral resources, and Africa has seen China developing special economic zones and large infrastructure projects. The relationship is not perfect, yet it has generally benefited both sides.

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