

The Strategic Sino-African Cooperation Impact on Africa's development

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Abstract:

China is now Africa's third most important trading partner behind the US and some European countries. While the development of trade, aid and investment between Africa and China has normally been welcomed, interests have been stated about how China's growing presence might impact Africa's development thanks to the strategic cooperation between China and Africa.

On the other hand, China might experience massive effect from other world powers because of its engagement and commitment in African internal affairs. Their purpose might focus on Chinese products safety, quality and protectionism strategies than ever before. Both China and Africa have to balance in their new found relationship to keep it on a win-win situation.

Keywords: Sino-African cooperation; African continent; Impact; Development prospects.

JEL Classification Codes: O55, O53, O41, O11, F02, F18.

Résumé:

La Chine est maintenant le troisième partenaire commercial d'Afrique derrière les États-Unis et quelques pays Européens. Alors que l'expansion du commerce et de l'investissement entre l'Afrique et la Chine ont été majoritairement accueillis d'une manière positive, des préoccupations ont été exprimées quant à la manière dont la présence croissante de la Chine pourrait avoir comme impact sur le développement du continent africain. La Chine pourrait ressentir des retombées importantes d'autres puissances mondiales en raison de son ingérence dans les affaires internes africaines. Leur objectif pourrait se concentrer sur la sécurité et la qualité des produits chinois ainsi que les politiques de protectionnisme. L'Afrique et la Chine doivent nouvellement équilibrer leurs nouvelles relations stratégiques afin de maintenir une situation de gagnant-gagnant entre eux.

Mots-clés: Partenariat Sino-africain ; continent africain ; impact ; perspectives de développement.

Codes de classification de JEL: O55, O53, O41, O11, F02, F18.

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1. Introduction

China's fortified presence on the African region since the end of the Cold War has accelerated a developing academic research papers on Sino-African relations. There is general agreement concerning discussions referring to China's motivations for its commitment with Africa; nevertheless, those in view of the economic implications for Africa are more assorted.

How African countries are to make the most of the possibilities and address the challenges which China brings for poverty reduction and development at large? How the region could make better use of the strategic bilateral cooperation to further its long-run development objectives? Do the trade strategies of the EU and the US compare favorably to those of China in Africa? To what extent is China in Africa following a different approach than Europe and the US? Nevertheless, we principally concentrate on the northernmost region of the African continent. Against this background, this paper examines those key questions. The basic arguments will be presented here.

2. China's economic interests in Africa

Taylor (2005)¹ supports that China-Africa relations are mainly economic and trade-associated. This argument is defended by much of the scholarly literature on the question: Mooney (2005)² argues that the demands of China's speedily emerging economy are the motivating strengths in back of China's commitment in Africa; likewise, Shelton (2001)³ affirms that China's relations with Africa are roughly based on economic cooperation; and Cornelissen & Taylor (2000)⁴ argue that China's strategy towards Africa is focused on enriched economic cooperation with an illustration to combining Africa into the global economy. It has been further discussed that for the Middle Kingdom, politics and beliefs are of little significance in related to its Africa policy.

As stated in the literature, China's economic interests in Africa are based fundamentally on one or all of these crucial areas: firstly, China's developing needs in energy (petroleum); then, Africa's natural resources and raw materials; and finally,

¹ Taylor, I. Beijing's Arms and Oil Interests in Africa. The Jamestown Foundation in China Brief, 2005.

² Mooney, P. China's African Safari. Yale Global, January 2005.

³ Shelton, G. China and Africa: Building an economic partnership. South African Journal of International Affairs, 2001 (2): 111-119.

⁴ Cornelissen, S & Taylor, I. The political economy of China and Japan's relationship with Africa: a comparative perspective. The Pacific Review, 2000 (4): 615-633.

Africa's possibility as a market for China's industrial products.

Muekalia (2010)¹ affirms that China's involvement in the continent figures part of its master plan for obtaining energy and markets for its commodities. Correspondingly, Shelton (2001) highlights the meaningfulness of Africa as a reference of new business for China's manufactured goods, but essentially places accent on reach to Africa's raw materials as the most significant reflection. Alden (2011)² acquiesces that the appropriation of energy resources is the main cause of China's exhilarated relationship with Africa.

There is common agreement amongst scholars that the other impelling force behind the involvement of China with Africa is diplomatic assistance, mainly with respect to the situation of China in world politics and especially in multilateral forums such as the United Nations (Taylor; Muekalia; et al). In consonance with Cornelissen & Taylor, China's policies request abundantly to African leaders as a method to raise electors that can be counted on at multilateral forums. As Giry (2012)³ points it, China is trying to buy the hearts and minds of African leaders as section of its large strategy to get partners in emerging countries so as to extend its soft power universally. Thus, as Alden has shown, most of China's activity in Africa has been about economics and diplomacy, and the main targets have been the governments and elites of Africa.

A few authors Brautigam and Kragelund⁴ have refined evaluation of aid flows to Africa, which continue comparatively insignificant in comparison to aid flows from developed countries. Foster and others⁵, evaluate that Chinese basic structure money management engagements to Sub-Saharan part of the region are composed of \$16 billion from 2001 until 2007. While some of this finance has an element of concessionality, plurality of it does not match the developed countries meaning for aid.

¹ Muekalia, D.J. Africa and China's Strategic Partnership. *African Security Review*, 2010 (1): 5-11.

² Alden, C. Leveraging the Dragon: Toward 'An Africa That Can Say No. eAfrica South African Institute of International Affairs, February 2011.

³ Giry, S. China's Africa strategy – Out of Beijing. *The New Republic*, 2012 (15): 19-23.

⁴ Brautigam, D. China's African Aid: Transatlantic Challenges. German Marshall Fund of the United States, Washington, D.C, 2008.

Kragelund, P. The return of non-DAC donors to Africa: New prospects for African development?. *Development Policy Review*, 2008 (5): 555-584.

⁵ Foster, Vivien, William Butterfield, Chuan Chen & Nataliya Pushak. *Building Bridges: China's Growing Role as Infrastructure Financier for Sub-Saharan Africa*. Washington, DC, 2009.

It is habitually stated that the Chinese involvement in Africa is mainly motivated by its crucial quest for raw materials (e.g., Kaplinsky; McCormick and Morris). China's trade with Africa has been approved by trade opening up in both Africa and China, along with Chinese tariff exemptions on an amount of commodities exported by acceptable African countries. Nevertheless, both Zafar and Broadman¹ argue to the constituency of tariff intensification and tariff peaks that can possibly restrain rises in the value added content of exports of Africa to China. Minson² achieves that, while the gains for Africa of China's exclusive trade policy are plausible to be moderate, the advantages have been carefully applicable to African export abilities. China's trade and investment in Africa similarly has been financed by tacit subsidies supplied by Government assistance programs with low cost loans, while Kernen³ accentuates the significance of many private sector networks and the increasingly important role of Chinese privatized enterprises and the Chinese migration.

Broadman comes to say that China's trade and investment in the region used to enhance them, and realizes important investments in secondary industries like clothing, food industry, building and telecommunications. He points out that China's investment in Africa has had an insufficient function (mainly in apparel) in combining African nations in the global disintegration of the value chain, and that Chinese companies have portrayed an optimistic part by transferring technology and are in addition engaged compared to other companies in regional trade. Consequently trade with China could bring forward to the merchandise and geographic variety of African exports.

Henley et al.⁴ analysis find that Chinese firms within the research are amazingly condensed in the industrial sector (specifically in the textile and apparel industry) and (consistent with Broadman) a great number have arranged export principles in East

¹ Zafar, A. The Growing Relationship between China and Sub-Saharan Africa: Macroeconomic, Trade, Investment, and Aid Links. *The World Bank Research Observer*, 2007, 22(1): 103-130.

Broadman, H.G. *Africa's Silk Road: China and India's New Economic Frontier*. World Bank, Washington D.C, 2010.

² Minson, A. China's preferential trade policy for Africa. *China in Africa*. South African Institute of International Affairs, *China in Africa Briefing*, 2011, 12(1): 02-19.

³ Kernen, A. Les stratégies chinoises en Afrique : du pétrole aux bassines en plastique. *Politique Africaine*, 2010 ,105(2) : 163-180.

⁴ Henley, J., Kratzch, S., Külür, M. & Tamer Tandogan, T. Foreign Direct Investment from China, India and South Africa in sub-Saharan Africa: A New or Old Phenomenon?. *World Institute for Development Economics Research of the United Nations University working paper* 2008/24, 2008.

Africa to benefit from the trade advantageous tenures assumed by the US and EU to African countries.

Chen et al (2007)¹ study the accomplishment of Chinese companies was caused by cost competitiveness, inexpensive labor work, and low-priced construction materials.

3. China's engagement within Africa

It is though visible that there are competing perspectives and arguments with respects to the implications for Africa according to the involvement of China on the continent. There are some comprehensive empirical studies that explore these implications, both negative and positive, within an economic context. In addition, it is obvious that much of the literature is already outdated, or becoming outdated. In addition, despite the fact that there is a large frame of literature on general Sino-African relations, there is a need for more studies that focus on specific countries and regions in Africa. The research attempts to fill these gaps. It is expected that the study will better contextualize China's engagement within Africa and contribute towards understanding China's intentions in Africa, thereby enhancing the ability to analyze the costs and benefits for regions in Africa.

China's orientation towards African states is based on an evaluation of the African countries potential with regard to natural resources and raw materials, the provision of a market for China's exports, and/or usefulness as a partner in the international field; China takes an important position on the African continent with respects for a strategic partnership.

In order to critically assess the complex issues that persist, it is essential to understand and analyze consent events and relations or cooperation between China and Africa. For a proper understanding of the events and relations, we believe that proper definition and conceptualization of the key variables and actors enabled us to clearly see the complex process, and the dynamics involved in these particular issues.

4. Impact of the Sino-African relations for Africa

4.1 A positive impact

The economic commitment of China in Africa since the FOCAC has been illustrated by majority as a good opportunity for Africa's growth and development. It has been said that Southern Africa and South Africa in particular, can gain from

¹ Chen, C., Chiu, P.C, Ryan J. & Goldstein, A. An Empirical Analysis of Chinese Construction Firm's Entry into Africa. CRIOCM international symposium, 2009.

increased trade with China: Van der Wath (2010) has recognized that there are special industries where for instance South Africa has a strategic advantage, such as in mining, tourism, raw materials and certain recess technologies. Draper (2009)¹ identifies the export of food products to China as conceivably advantageous to Southern Africa, mainly since it can boost Chinese investment as a method to acquire food supplies.

In accordance with Draper, an additional power industry for South African exports to China is that of services, since this sector is not as well advanced as other internal industries in China. Moreover, Draper has said that as long as China's economy keeps on growing at current rates, mineral exports from Africa will persist to increase, as will Chinese investments in Africa.

Chinese investments in Africa have too been viewed by analysts as opportunities for Africa. For instance, Shinn & Eisenman (2005)², in their research of the engagement of China in the Horn of Africa, ended up saying that China's economic assistance and investment provide to the prosperity of the Horn of Africa. On a more micro-level, Alden has discovered that there are illustrations of African enterprisers in small and medium companies who have served from Chinese investments, specifically by the increase of informal and formal linkage with Chinese trade networks outside of government financing.

Alden (2011) has moreover discussed that China's investments in Africa are pretty required, specifically in the face of recession investment from Western countries, and in so doing be honored. Accordingly, there is great opportunity for Africa to benefit from these investments, especially if the terms of investment involve the transfer of skills and technology to Africans. For instance, Muekalia has found that Chinese technologies in the area of agriculture will unquestionably enlarge richness in Africa, cut down poverty and create jobs.

Some research point to positive characteristics of Chinese support. While Davis et al.³ concede the disputable function that China has acted in resource rich countries like Angola and the Sudan, the result was that China's action has been one of mutual respect, also granting small African nations with merely little economic and political

¹ Draper, P. Jekyll and Hyde: China and Southern Africa. Business Report, March 2009.

² Shinn, D & Eisenman, J. Dueling Priorities for Beijing in the Horn of Africa. The Jamestown Foundation in China Brief, 2005.

³ Davies, M., Edinger, H., Tay, N. and Naidu, S. How China delivers development assistance to Africa. Centre for Chinese Studies, University of Stellenbosch, 2008: 05-28.

importance, with aid and investment assistance. Wang and Foster and others ¹ argue that China affords considerable funds for substructure, for instance in power (like hydropower), transport (like railroads), information and technology (mainly equipment supply), where traditional donors commit modestly little support. It does not come into view that the involvement of China in Africa has principally damaged labor to comfort Africa from the debt difficulty. Reisen ² confirms that Chinese lending has not threatened the clear outcome of the Heavily Indebted Poor Countries drive, and some papers reveal the important volumes of debt relief granted or sworn by China.

Consequently, certain analysts see the involvement of China in the region as profitable to both parts. Others describe relations between China and Africa as useful, steady, sociable and supportive, and Shelton anticipates that, by reason of Beijing's perception of Africa's ongoing conflict for economic growth, social equilibrium and peace, China can at last be a true partner in Africa's wished for twenty first century economic renaissance.

4.2. A negative impact

There are, nevertheless, analysts who are not pretty as optimistic about China's presence in Africa, and point out that it has to be seen more as a menace than a good fortune. Scholars argue that trade between China and African nations is profoundly immoderate (excluding oil exports to China) in grant favors for Chinese exporters, which has the consequence of incapacitating and even abandoning local manufacturers and businesspersons (Taylor; Wilson III; Draper; Alden) ³. Similarly, not exclusively Chinese imports endangered local manufacturers, but likewise the labor market, from the abandoning of local retailers and manufacturers consequences in tons of job losses too (Draper; Alden). There are yet situations where Chinese investments have mannered a menace to national industries, for example in the case of the Horn of Africa where Chinese enterprises have been recognized to propose suggestions below cost in a struggle to break into the market and are fierce to the end of estranging national competitors. Unemployment is further aggravated by the

¹ Foster, Vivien, William Butterfield, Chuan Chen, Nataliya Pushak. *Building Bridges: China's Growing Role as Infrastructure Financier for Sub-Saharan Africa*. Washington, DC, July, 2009.

² Reisen, H. *Prudent versus Imprudent Lending to Africa: From debt relief to emerging lenders*. Economic Cooperation and Development Centre, 2011.

³ Wilson III, E.J. *China's Influence in Africa: Implications for U.S. Policy*. Testimony before the sub-committee Africa, Human Rights and International Operations. U.S. House of Representatives, Washington D.C, July 2005.

adoption of imported Chinese labor for infrastructural projects in China, alike for some manufacturing projects in Africa.

Many research, several critical of Chinese policy, centered on the kind and type of Chinese aid towards Africa. For instance, McCormick and Penhelt¹ are involved that the Middle Kingdom does not consider the kind of governance when designating aid. By the same token and conforming to Penhelt, China is about to offer aid to unstable and uncertain regions and rogue States that emerging nations are more unwilling to assist. They argue to multiple examples of China's importance commitment in frangible nations too.² Nevertheless, none of these researches give us a mathematical confirmation to assist the demand that China affords assistance according to the quality of governance.

4.3. The dislikable effect

A number of analysts have aimed criticism and bad reviews in opposition to China for the once in a while doubtful and suspicious way in which it shows its business in Africa. The principal tenets of China's foreign policy towards Africa are non-interference in the affairs of another state, and respect for state sovereignty. As a result, China does not attach any political conditionalities or the like to its engagement with Africa. In accordance with Giry for example, principles like transparency and good governance do not attribute in China's Africa policy.

5. Conclusion

It is a reality that the extending Chinese business presence in North Africa may have caused disturbing reorganization within some of the most fragile and employment creating industries in the continent. But it is similarly the fact that, in Northern nations like Algeria, the Chinese have constructed the much required infrastructure and have supplied new investment into the industrial and services sectors. This last tendency is even more emphasized in Egypt where the foundation of a prosperous trade and industrial zone has helped along a growing tide of Chinese companies into the economy. At the same time, there is a need for North African

¹ McCormick, D. China & India as Africa's New Donors: The Impact of Aid on Development. *Review of African Political Economy*, 2010, 10(35): 73-82.

Penhelt, G. The Political Economy of China's Aid Policy in Africa. *Jena Economic Research Paper*, 2007, 17(51): 10-20.

² Kaplinsky, R., McCormick, D. & Morris, M. Dangling by a Thread: How Sharp are the Chinese Scissors?. Paper prepared for Africa Policy Division, DFID, Brighton: Institute of Development Studies, 2011, 14-39.

countries to make sure that their growth agenda on problems such as job creation and technology transfer factors in any contracts hit with the Middle Kingdom (and other foreign investors).

The real question here is to which limit Africa itself will ultimately be capable to gain from the presence of China and be able to struggle with China in sectors like textiles and food procedure. The advantages relied on the negotiations, and smaller nations may feel it harder to obtain a fair compromise. The competition between Chinese and African industries will not only occur in Africa, but in other markets too. A lot will depend on whether Africa as a big region and continent will be capable to improve a regular stage to China's progress and whether African countries are well prepared to arrange common economic regulations to describe their relations with their greater partners mainly the EU, the US and China. The African Union could be useful in this regard and has already transformed its name to explicit the desire of creating one big Union of African countries, anything in a way comparable to what Europe has done over the past fifty years.

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