



KEY POLICY MARKERS

China-Africa both win China: Africa's largest trade partner

Africa-China economic ties have expanded substantially over the past two decades.

– Nothing symbolises this reality better than the scale of China-Africa trade. In 2009, China became Africa's n° 1 trade partner.

In 2013 Trade between China and Africa soared to a record total of USD 200 billion. US trade with Africa, totalled USD 96 billion

in 2013. European trade with Africa reached USD 137 billion in 2013.

Against the background of sluggish global economic recovery of recent years, China continues to grow at more than 7%, and Africa at about 5% per year on average. The rapid pace of economic of growth of Africa and China is benefiting both sides.

About the Pan African Chamber of Commerce and Industry (PACCI)

The PACCI is a unique business support organization, with local representation in all the African countries. Its Mission is simple: to stimulate and support responsible trade and investment in Africa. PACCI provides a platform to: promote and support the economic well-being of African businesses, and in particular that of its members; improve and boost intra-African trade and investment; facilitate policy dialogue to the realization of a Continental Free Trade Area (C-FTA); support women owned businesses; drive innovative public policy impacting on business and communities; reinforce the protection of the environment and the creation of sustainable employment.



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China's trade with Africa

Consists of petroleum mostly from Angola, Cameroon, the Republic of Congo, Equatorial Guinea, Gabon, Ghana, Nigeria, Sudan, South Sudan, and Uganda.

Cobalt, cadmium, ferrochrome, platinum, coltan, diamonds, and gold largely for industrial purposes from countries such as the Democratic Republic of Congo, Liberia, South Africa, Zambia, and Zimbabwe.

In 2011, the largest African exporters to China were South Africa and Angola, followed by the Democratic Republic of Congo, Mauritania, the Sudan and South Sudan, and Zambia.

As the world's largest importer of iron ore, China has also been diversifying its purchases away from traditional suppliers such as Australia and South Africa, and toward more ore-trade with 15 African nations, including such previously globally minor producers of the metal as Guinea-Bissau, Swaziland, Tanzania, Uganda, and Zambia.

More than minerals...

China takes hides and skins from Ethiopia and turns them locally into shoes. It fishes off Senegal and other African coastal countries; grows cassava, maize, and sorghum in such place as Zimbabwe and Madagascar and ships the produce home. Recently, China became a major purchaser of cotton grown in Mozambique, a country not hitherto known for its cotton. The new production was stimulated by a Chinese technical assistance effort, part of a Chinese attempt to help Mozambique improve its agricultural productivity.

China's exports are a smaller proportion of this US\$200 billion trade than its imports. The exports consist mainly of military equipments and uniforms, communications technology, agricultural implements, road machinery, turbines and generators.

Africa offers smaller but consistent market for China, such as: textiles, clothing, blankets, footwear, headgear, toys, telecoms equipment

and affordable cell telephones, furniture, computers, and televisions.

In 2011, in addition to countries such as South Africa, Angola, and the Democratic Republic of Congo, the major importers of Chinese goods were Tanzania, Kenya, Ghana, and Liberia.

"We can't engage with China just on the trading front - we need to work across all sectors to build the range of links that will enhance our understanding and familiarity with one another."

Kebour Ghenna

The top ten beneficiaries of China's assistance and expanded concessionary loans are:

Ghana (\$11.4 billion), Nigeria (\$8.4 billion), the Sudan (including South Sudan) and Ethiopia (both \$5.4 billion), Mauritania (\$ 4.6 billion), Angola (\$4.2 billion), Equatorial Guinea and Zimbabwe (both \$3.8 billion), Cameroon (\$3 billion), and South Africa (\$2.3 billion).

The figures are from 2000-2011 and do not include more recent ventures, especially those in the Democratic Republic of Congo, Kenya, Madagascar, Tanzania, Zambia, and Zimbabwe.

"Scramble for Africa?"

The increasing trade relations have triggered a hot discussion on Sino-Africa economic cooperation, in the international community. A common view has been that China is now repeating the old road once taken by colonialists with the aim to exploit African natural resources. Western countries still consider Africa in terms of their "spheres of influence" and China is usually considered as an "external player" in the region. It is notable that there is little criticism on the cooperation between China and Latin America, Russia or other areas.

There is another view which argues that cooperation between Africa and China is based on their comparative advantages. China's demand for



raw materials and energy enables the rich resources issues that will shape the future of the Sino-African relations include:

China's approach to investment – unconditional, and with human capital training, infrastructure development, and worker benefits – should be further reinforced and expanded to achieve common development and prosperity, especially given the mutual political trust and complimentary economies. China should still do more in deepening aid and trade ties with Africa.

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"There is no question that China's huge intervention in Africa over the last few years has completely changed the continent's traditional dependency on Europe, the U.S. and other developed nation donors. Africa now has an alternative source of aid, trade and investment... But it's up to Africa to extract the maximum benefit from the relationship"

Dr Seth Adjei Baah, President of the Pan African Chamber of Commerce and Industry, and of the Ghana Chamber of Commerce and Industry

China presents both an opportunity for Africa to reduce its marginalization from the global economy and a challenge for it to effectively harness the influx of resources to promote poverty-reducing economic development at home.

Both economies should promote policies that seek to achieve more sustainable economic growth. Key

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African countries taking a strategic approach - to secure their interests by crafting and implementing policies that :

a) diversify their economic and trade structure and ensure that trade contributes to their industrial development; and

b) help gain enhanced market access to the Chinese market as well as at eliminate the binding supply response capacity constraints.

Both economies improving linkages between African and Chinese small and medium sized enterprises – to create more jobs in both African countries and China, as well as promote a healthy environment for private firms.

Both economies sharing a mutual interest to bring together Chinese and African national, provincial and municipal leaders to collaborate on economic, energy, and environmental issues – to boost African exports to China, promote joint scientific research and exchanges, and encourage Chinese investment in Africa.