

THE GROWING INFLUENCE OF CHINA IN AFRICA: ECONOMIC CHALLENGES AND OPPORTUNITIES

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Abstract

This paper examines the growing influence of China in Africa and the economic opportunities it offers as well as the challenges it poses to African states. Specifically it evaluates if the Sino-African relationships have actually been beneficial to Africa. To achieve this purpose data were generated from secondary sources. An eclectic theoretical framework which include; realism, liberalism and dependence theories guided the analysis and discussion. The study found out that most of the benefits of the relationship are tilted in favour of the Chinese. China's searches for natural resources to satisfy her industrialization quest and population needs are the major reasons for her presence in Africa. Sino-African trade relations have increased tremendously within the last one decade. Demand from China has contributed to an upward swing in prices, particularly for oil and metals from Africa, and has given a boost to real GDP in Africa and increased employment opportunities. Chinese aid and investment in infrastructure are bringing desperately needed capital to the continent. On the contrary, the increase in access to Africa countries by the Chinese companies has negatively affected African owned companies and economies. One result of the take-over of the manufacturing sector is massive unemployment, which begets the arrays of security challenges facing Africa. As a result, the discourse recommended amongst others that; Africa's locally produced goods which meets international standards should have unrestrained access to China's market and that African countries must diversify their economies from supplying unprocessed natural resources to China if they must benefit from the China-Africa trade relationship.

Keywords: China in Africa, Economic challenges, Economic opportunity

Abstrait

Ce document examine l'influence croissante de la Chine en Afrique et les opportunités économiques qu'elle offre, ainsi que les défis qu'elle pose aux États africains. Plus précisément, il évalue si les relations sino-africaines ont été réellement bénéfiques pour l'Afrique. Pour atteindre cet objectif, les données ont été générées à partir de sources secondaires. Un cadre théorique éclectique qui inclut; Les théories du réalisme, du libéralisme et de la dépendance ont guidé

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l'analyse et la discussion. L'étude a révélé que la plupart des avantages de la relation vont en faveur des Chinois. La recherche par la Chine de ressources naturelles pour satisfaire sa quête d'industrialisation et les besoins de la population sont les principales raisons de sa présence en Afrique. Les relations commerciales sino-africaines ont énormément augmenté au cours de la dernière décennie. La demande de la Chine a contribué à la hausse des prix, en particulier du pétrole et des métaux en provenance d'Afrique, a stimulé le PIB réel en Afrique et accru les possibilités d'emploi. L'aide chinoise et les investissements dans les infrastructures apportent au continent des capitaux qui font cruellement défaut. Au contraire, l'élargissement de l'accès des entreprises chinoises aux pays africains a eu un impact négatif sur les entreprises et les économies africaines. L'un des résultats de la reprise du secteur manufacturier est le chômage massif qui engendre les multiples problèmes de sécurité auxquels l'Afrique est confrontée. En conséquence, le discours a recommandé entre autres que; Les produits africains fabriqués localement et qui répondent aux normes internationales devraient avoir un accès illimité au marché chinois et les pays africains doivent diversifier leurs économies et ne plus fournir à la Chine des ressources naturelles non transformées s'ils doivent bénéficier des relations commerciales sino-africaines.

Mots-clés: La Chine en Afrique, Défis économiques, Opportunité économique

Introduction

In the past seven decades, China has moved from being a poor country to an industrialized nation. The decades of 1960-1970 coincided industrial growth in China, and the Chinese saw the need for importation of raw materials to maintain their manufacturing sector. Ability to earn income and access raw material suggest venting their competitive advantage elsewhere. Africa became the necessary choice because of availability of population for market and raw material. By 2009, China had become Africa's major trade partner and as since then retained this position. Although Egypt was the first Africa country to have diplomatic relations with China from 1956 (Shinn, 2005), other countries such as South Africa, Nigeria, Zambia, Sudan, Algeria, Egypt, Angola, are now trading partners.

African countries export oil to China, which accounts for about 64% of Africa export. China benefits from the Africa market and their products that are found in the Africa market include textile, automobiles and motorcycles, electronic products of different kinds, machinery and industrial suppliers, television, computers just to mentioned a few. The manufacturing of these goods in China create employment for the Chinese economy. One major area which the Chinese are pleased with is the opportunity that African states have given to them to demonstrate the country's capacity in construction. Presently, most of the construction taking place in Africa is done by the Chinese construction companies. Even the materials used for construction work are brought in from China. This is clearly not against the China's interest. For example, the Chinese construction of the Africa Union complex in Addis Ababa, Ethiopia was made possible through the assistance of the Ethiopian government. They brought in their citizens that were needed to do the work. These workers were given free entry to the country (Shinn, 2005).

This same strategy was employed during the construction of the railway project between Tanzania and Zambia in the late sixties and early seventies. The points mentioned above have been used to demonstrate China's growing interests in the African continent (Ogunsanwo, 2015:74-77). The relationship between China and Africa is built on symbiotic ideals and principles. This is actually an asymmetric economic relationship. The reality is that the Chinese are drawing so many benefits out of her economic activities on the continent at the expense of African states. It is for

this reason that some scholars now refer to the Sino- African economic relations as a new form of neo-colonialism.

Critics have stated that Chinese strategy is [completely self-promotional](#), aimed at gaining access to Africa's natural resources even when that means propping up odious governments. In other words, China like their Western counterparts, are in Africa to achieve their economy motives. This position is in line with the realists and dependency theory interpretation of the economy relations between two unequal trading nations. This paper therefore, seeks to interrogate the trade relationship between China and African countries, with the objectives of unveiling opportunities, benefits and challenges associated with the relationship.

To achieve the above objective the time-series research designed was employed using data from secondary sources. The paper is structured into four sections. The first is the introduction to the subject matter. The second section is the methodology. The third section is the discussion on China and Africa trade relations. Finally, the paper ends with concluding remarks and recommendations.

Statement of Problem

China's influence on Africa's economy has been on the increase over the years. While the volume of trade between China and Africa constitute only about 3% of China's global trade, the country has however surpassed so many of the original traditional trading partners on the continents and is presently ranked as Africa's 3rd largest commercial partner only surpassed by the United States and France.

The growing and huge trade relation between China and Africa without doubt makes her an important player in the continents economic future. Despite these positive signs in the form of the growing/huge bilateral trade relationship evidence on ground points to the fact that Chinese partnership with Africa have failed to have an impact on the economic growth of the continent. This quandary is what has made it expedient to look at the nature of Chinese trade relation with Africa considering the growing influence of China. In the light of the above, this paper intends to answer the following research questions. Does the Sino-Africa relationship beneficial to Africa? Can one assess the economic and political relationship that exists between the both countries?

The objectives of the paper are:

- i. To examine the nature and extent of opportunities and benefits available to African states as a result of China's economic relations.
- ii. To ascertain the challenges and dangers of expanding Chinese economic activities in Africa
- iii. To recommend measures African states can take to get the best out of their economic relations with China.

Literature Review

China's growing presence in Africa especially since the end of the cold war has prompted a huge amount of academic scholarship on the nature, motives and implications of the Sino-Africa relations. There is a robust debate on the motivations and implications of such relationship on the African states and people. This section will present the basic arguments on the nature of Sino-African relations.

The Motivating Factors of China's Involvement in Africa

Several scholars have argued that the China-Africa relations are primarily economic and trade-related. The argument is that the demands of China's rapidly growing economy are the driving

forces behind China's increasing engagements in Africa. Scholars such as Shelton (2001), Taylor (2005, p. 4) and Mooney (2005) have argued that China's policy towards Africa is centered on increased economic relations with a view to incorporate Africa into the global economy. They further argued that for China, politics and ideology are of little importance regarding African policy.

According to Van der Wath (2004) and Muekalia (2004) raw materials and market potentials are important considerations for China, to this end China's intercourse with Africa forms part of its strategy for obtaining the much needed energy and markets for its goods. A second trend of the argument on the nature of Sino- African trade relations gives emphasis to diplomatic factors. That is, the driving force of China's involvement with Africa is diplomatic support, and China's position in global politics (Taylor, 2004, p.83). Thus, China's policies appeal largely to African elites as a means to develop 'support constituencies' that can be relied upon at multilateral forums (Tailor, 2006).

There are several arguments and perspectives regarding the implications of China's engagement in Africa. Some scholars have argued that China's involvement offers great opportunities to Africa states, while others maintained that Chinese presence is a threat to the continent. However, the argument about the implications of Sino- African relations on the continent will be categorized into two broad sets of scholarly arguments. Those who argued that the trade relations had been beneficial to African states and those group of scholars who maintained that the Sino- African relations have no tangible benefit to the development of African States.

The Sino- African Relations as Beneficial to African

China's economic involvement in Africa has been viewed by several scholars as a great opportunity for African's growth and development. It has been argued that Southern African and South Africa (SA) in particular can benefit from increased trade with China. Van der Wath (2004) observed that South Africa has benefited from China relationship in terms of mining, tourism, raw materials and certain niche technologies. In the same vein, Draper (2006) noted that the export of food products to China has been beneficial to Southern Africa, especially when it encourages Chinese investment as a means to procure food suppliers. He further argued that as long as China's economy continues to grow at current rates, mineral exports from Africa will continue to increase, as a result of Chinese investment in the continent. Alden (2005) stated that some African entrepreneurs in small and medium industries have benefited from Chinese investments, through "the growth of informal and formal relation with Chinese, business networks outside of government support".

Sino-African Relations as a Threat to Africa's development

Conversely, there are a group of scholars (the pessimists) who are not quite as optimistic about China's involvement in Africa; they contended that the trade relations between China and Africa should be seen as a threat than an opportunity, They further argued that the Sino-African economic relations is unbalanced (except for oil, exploits to China) in favour of the Chinese people, which has the effect of debilitating and even shut down local industries (Draper, 2006).

Theoretical Framework

The argument of this paper is situated within the context of contemporary international relations theories. These are realism and liberalism; while realism belongs to the explanatory theoretical perspective, liberalism is the dominant theory of the constitutive theoretical tradition. The primary

aim of realism is to uncover regularities in human behavior and explain the social world in much the same way as a natural-scientist might explain the physical world (Ekemam, 2016). Since no single theory on its own can adequately explain the issues of international relations, this study which is geared towards understanding the benefits, opportunities and challenges posed by the China's growing influence in Africa, is deliberately designed as an eclectic research. That is, it is guided by three grand theories of international relations: realism, liberalism and dependency. The adoption of the three theoretical models is not an indication of confusion as to which of them may prove to be the correct answer to the issues raised in this research. But, rather this diverse theoretical position is taken because no single theory can adequately explain the issues raised in this study.

The theoretical underpinning of realism is firmly rooted in the argument that the central actors in the international system are nation-states. Realists like Thomas Hobbes, Niccolo Machiavelli, Jean Jacques Rousseau and Hans Morgenthau argued that the world system practically represents a constant struggle for power and interests, especially economic and political power between nation-states as they all try to enhance the maximization of their interest. The realists argued that personal morality does not have a place in the determination of a nations' national interest. Since the nation-state is ultimately responsible for its own security and survival, scholars in this school of thought tend to paint a pessimistic picture of the implications of states sovereignty. Hence, the international system is conceived as a threat system in which states would seek to achieve their interest at the expense of other states. Interestingly, the interstate relation is seen as a constant for power as states attempt to take advantage of each other (Yagboyaju et.al, 2016).

China's growing influence in Africa cannot be explained and investigated without reference to the principles and postulations of realism as a dominant theory of international relations. It is unarguably that China is not in Africa to develop the continent. They are in Africa inherently for the opportunities and benefits Africa can provide to support their industrialization. Particularly, the Chinese interest in Africa has a lot to do with its obsession with the natural resources mainly energy resources, market for its manufactured goods and profitable investment climate of the continent.

Liberalism is of the view that state preferences, rather than state capabilities, are the primarily determinant of state behavior. Unlike realism where the state is seen as the central actor, liberalism allows for plurality in state behaviour. Thus, preferences will vary from state to state, depending on factors such as culture, economic system or government type. In other words the internal dynamics of states also is given a role to play in their external diplomacy. Liberals such as Nye, Lebow and Mearsheimer stated that interactions between sovereign states are not limited to the political, but also economics (low politics whether through commercial firms, organizations or individuals) (Dunne, et al.2013). Thus, instead of an anarchical international system, there are plenty of opportunities for peaceful cooperation among states.

The main concern of focus of the liberals is how to overcome the negative effects of anarchy through international cooperation. The liberals also argue that power politics itself is a product of ideas and thoughts. And crucially the prevailing ideas and world views of estates especially that of their leaders can change the nature of global politics (Inokoba, 2014). This is based on the principal assumption of liberalism which stated that human kind is perfectible and peaceful, and capable for improvement. This strand of liberalism is known as utopian and is built upon the assumption drawn from the eighteen-century eulogy enlightenment, that shape human conduct and that such factors can be altered as a basis for changing human behavior (Herz, 2003). At the international level, the political environment can be transformed by the development of new

organizations such as the United Nations and African Union systems. Central to idealism is the formation of international organizations and regimes to facilitate peaceful conduct, disarmament, arbitration and enforcement. It is therefore the theories position that by the establishment of norms of conduct, political behaviour of actors in the international system cannot be altered (Dougherty & Pfaltzgraff, 1996).

From the above mentioned points, the picture of global politics illuminated by the liberal model is clearly that of a complex system of bargaining between and among diverse actors in line with their various interests. In the same vein, they emphasize the strategic importance of socio-economic, environmental and technological issues. In more specific terms, the liberals argue that in the world system order emerges from the interactions between and among several layers of government arrangements that comprise laws, norms, interactional and regimes, but not from a balance of power mechanism. Thus the argument advanced by the liberal's viewpoints to their conviction is that in the world system, these interdependence systems underscore the essence of states relations (Orugu, 2009).

The relevance of the liberal theoretical thought to the objective of this study is seen on its emphasis on cooperation in areas such as politics, trade and investment issues. What we are trying to explain here is that against the postulations of the realists who see the international system as a brutal system characterized mainly by power play among states, like most interactions among nation-states in global politics, the Sino-African relations is dominated by non-military issues that, are beneficial to both parties. In other words, nation-states engage more on peaceful and friendly intercourse than on confrontation and aggressive military issues. Again, the liberalist model acknowledges the important role of non-state actors like multinational cooperation's in interactional relations. This is also evidence in the several multinational Chinese corporations that interface between china and African states.

The third relevant theory to this study is the dependency theory. The scholars of this theoretical genre (Gunder Frank, Dos Santos, Samir Amin, Claude Ake,) mainly blame underdevelopment of Africa on the imperialist exploitation. The argument is that in the asymmetric trade or economic relations created by imperialist powers overwhelming surplus value is continuously transferred out of the less developed countries where Africa is situated to support the development of the imperialist nations (Alapiki, 2004). The study decided to also adopt the dependency model because even Sino-African trade relations are not devoid of the asymmetric character of the commercial relations of the Western imperialist nations. The economics relation between China and African state is overwhelmingly in favour of the Chinese interest. Again, the nature of the Sino-African relations particularly in the area of trade in natural and mineral resources is mainly dictated by the industrial demands of the Chinese economy rather than the internal dynamics of African economy. Thus, the dependency theory is employed because of its ability to explain the unequal nature of the Sino-African trade relations.

Research Methodology

The study adopts the time-series research design. The reason for applying this design is to enable the study to find out as much details as possible about the subject matter under investigation. Data for the study were derived from extensive library research, books, academic journals, articles, periodicals and virtual materials and verified online databases, help to generate useful information for the study.

The thematic approach was employed in this study, it emphasizes on examining and recording major themes within data. The method is best suited for a qualitative research such as this one as it involves a rigorous process of verifying multiple data sources, and the method in

which they were obtained in order to evaluate the extent of relevance to the overall research so as to increase trust and validity of the study's conclusions (Guest, 2012). The study adopts the qualitative method of data analysis, which is linked to interpretive study. It also gives the researcher an in-depth knowledge into the subject matter.

China and Africa Trade Relations

China is not new to Africa but the change over the decades in its relations with the continent is as revolutionary as China's own internal revolution. From Mao Zedong's leadership in 1949 until the end of the Cold War in the late 1980s, China's ideological foreign policy, Chinese internal developments, and other events exogenous to Africa, tend to determine the nature of the China-Africa relationship. Although the Cold War had the greatest impact on China's ties with Africa, the Sino-Soviet conflict that began in the late 1950s and continued until the mid-1980s also had very great impact on the China-Africa relationship.

China's Great Leap Forward (GLP) from 1958 until the early 1960s and the Great Proletarian Cultural Revolution that began in 1966 and continued in a milder form until 1976 also had significant implications for China's relations with Africa. The 1989 Tiananmen Square protests coincided with the end of the Cold War and marked a watershed in the way Africa viewed China. In the 1950s and 1960s, China had provided assistance to several left-wing movements in countries such as Cameroon and the Congo that opposed the existing independent government. Only a few African countries were independent then, and China's weak economy limited its ability to interact with Africa. Its trade link with Africa was a paltry \$12 million; this however grew to \$100 million by 1990. The Great Leap Forward (GLF) and the Cultural Revolution restrained China's interest in engaging countries far from its shores and from providing economic aid. However, in 1971, African countries became instrumental in helping Beijing to replace Taipei as the occupant of China's seat in the United Nations. China frequently refers favourably to that support in its political interaction with Africa (Michel et al., 2009).

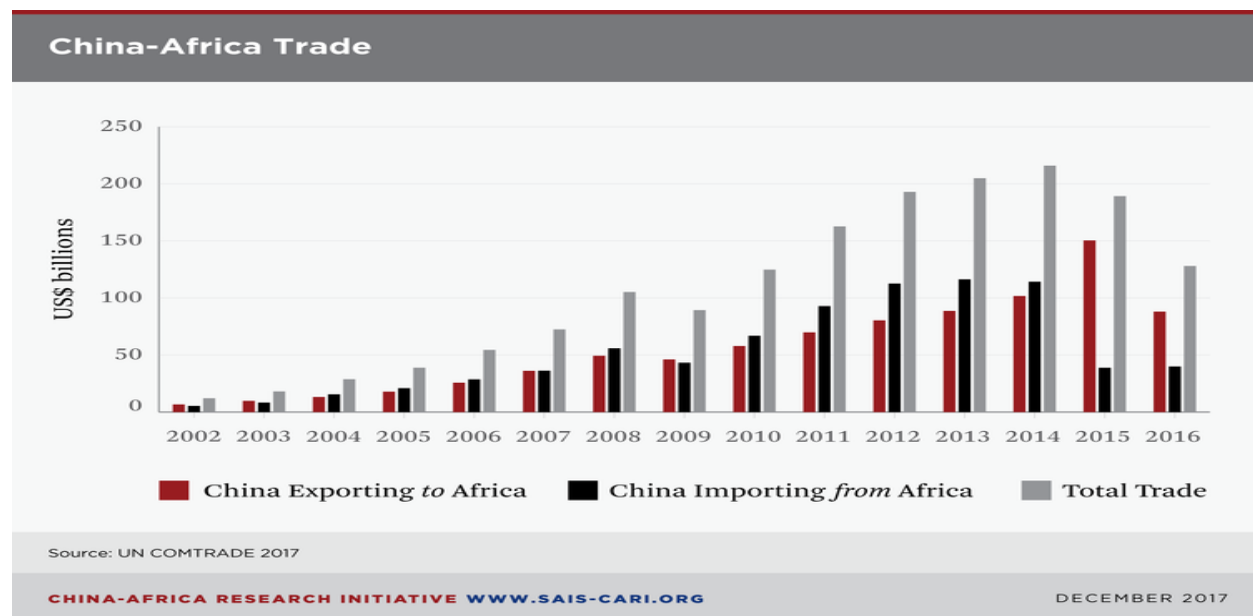


Figure 1: China's engagement with Africa between 2002-2016

China-Africa trade passed the \$1 billion level in 1980 and increased to \$10 billion by 2000. China has experienced an average 9 percent GDP growth rate since the beginning of the 1980s. The end of the Sino-Soviet conflict and the Cold War opened additional possibilities for expanding economic relations and ended any rationale for supporting governments. The African reaction to the events at Tiananmen Square provided an indication of future China-Africa political relations. While Tiananmen Square resulted in harsh criticism from the West, African countries remained largely quiet and a few even publicly supported Beijing's position. China avoids criticizing governance deficiencies and human rights abuses in African countries. Nearly all African governments, even those with strong democratic credentials and good human rights records, reciprocate and almost never criticize China's human rights policies or internal political issues (John & Colin, 1999).

The 21st century ushered in a dramatic increase in China-Africa relations. China began to stress its global economic power at a time when Western nations were experiencing pesky stock and housing market bubbles and ill-advised financial dealings that resulted by 2008 in the most serious economic recession since the American depression of the 1930s. China's economy held up much better than the Western economies. At the same time, Western companies had been drawing back from Africa while China and its state owned and private companies significantly increased their engagement in Africa. As shown in Figure 1, China-Africa trade exceeded \$100 billion in 2008; it fell back to \$91 billion in 2009 because of the global recession; and easily passed the \$100 billion mark again in 2010. China also surpassed the United States in 2009 as Africa's most significant bilateral trading partner (Eichengreen et al. 2004).

In terms of African contribution, China actually reported slightly higher direct investment in China by African countries as of the end of 2009. While China's officially reported investment in Africa constitutes a modest amount compared to Western investment in Africa, it also seems to understate significantly the magnitude of Chinese investment, which would appear to be at least double the official amount based on informal calculations. Accurate statistics have shown that China has gone from an insignificant investor in Africa to one of its most important investors (Berger, 2008).

China's Large Infrastructural Project In Africa

Most of China's large infrastructure projects in Africa, which are receiving significant publicity, are actually based on loans. They usually come with low interest rates and long-term repayment schedules. While this component qualifies as aid, they are also tied to Chinese construction companies, sometimes with a significant Chinese labour component. China does not provide annual country-by-country aid statistics. By 2006, Premier Wen Jiabao stated that China had provided \$5.6 billion in foreign aid to African countries since the beginning of its assistance program. The African Development Bank reported in 2009 that China's annual support to Africa is averaging between \$1.4 billion and \$2.7 billion, while loans had reached \$8.5 billion. To this end, China is no longer an aid recipient but has become an important aid donor to Africa, although its total assistance remains well behind that from the West (Xu, 1996).

On a global scale, Africa does not yet constitute an important export market for standard commodities because of its relative poverty and underdevelopment. Africa purchases only about 3 percent of total Chinese exports and only about 2 percent of total American exports. This situation is likely to change, however, now that Africa's population has passed the 1 billion mark and African countries have achieved on average in the last five years an annual GDP growth rate

of about 5 percent. Both China and the West understand that Africa is becoming a more significant market for their exports; they want to be in a position to take advantage of Africa's growing prosperity.

China and the Western countries, especially the United States, look to African countries for political support in international forums. Western states and China welcome African support in the World Trade Organization. African states have three non-permanent members on the UN Security Council where China, the United States, France, the United Kingdom and Russia all solicit for their backing on key global issues. China has often been more successful than the West in recent years in obtaining the support of African governments in international forums (Campbell, 2008). China is demonstrating increasing concern about them. For the past two years, China has been actively involved in the anti-piracy operation in the Gulf of Aden as its own shipping interests have been threatened. China is also increasing its cooperation with the African Union on counterterrorism and money laundering.

The Associated Opportunities and Challenges of Sino-African Relations

Unlike most African political leaders who strongly support Sino-African relations, China's increased presence in Africa has been questioned by Africans (Konings, 2007). While some scholars see China's economic growth as a positive development model for less developed countries, others look more critically at China's activities across the continent, and see it as a form of new colonialism (Jauch, 2011).

On a general note, a good number of African leaders and intellectuals appear to regard China as both an appealing economic model worth emulating and a potential catalyze for socio-economic development. No less important they view emergent South-South relations as a historical opportunity for Africa's states to escape the neo-colonial ties of the West. And yet, it is not evident that Sino-African trade differs from Western-African trade partners; nor is it clear that China's engagement will substantially develop Africa (Goldstein, et al., 2006). Most importantly, China's economic interests in Africa do not vary from those of Western states. This seems to suggest, that rapidly growing economy exchanges between China and Africa will neither fundamentally order Africans asymmetrical integration into global markets, nor will they reduce Africa's dependence on a few price-volatile primary goods that account for 73% of its overall export, revenues (Bergsten, et al. 2006).

On the positive side of the development, China has made substantial contributions to the provision of 'hard infrastructure' such as roads, railways and hydropower projects. As underscored by a 2006 World Bank Report, the investment, backlog in infrastructure is set at \$22 billion annually, and Chinese investment, peaking in 2006 at \$7 billion thereby making a major contribution to addressing this needs (Alden & Alves, 2009). As at 2009, China had financed 10 major hydropower projects with a combined capacity of 6,000 megawatts that increased sub-Saharan Africa's (SSA's) total hydropower generation capacity to 30%. Its state and private owned firms have also rehabilitated 1350 kilometres of existing railways as well as constructed 1600 kilometres of new railways, a significant addition to the 50,000 kilometres of railways in Africa (Alden & Alves, 2009). In addition to the above infrastructural projects, other projects undertaken by Chinese firms include:

Nigeria: the Lagos-Kano railway built at the cost of the US\$8.3b by 11,000 Chinese workers. There are also the Mammilla Plateau 2.6 MW hydro-electric projects;

Guinea: The 2006 free of charge industrial 'package' including: one mine, one dam, one hydroelectric central, one railway, and one refinery was proposed to the Guinea bauxite/aluminum industry by China, funded by the Exim Bank of China, which will get repaid by purchasing alumina at a preferential price.

Algeria: a 1,000 km freeway built by Chinese workers.

Tanzania and Zambia: The 1860 km Tazara railway was completed in 1976, with 47 bridges and 18 tunnel made by 50,000 Chinese workers.

Sudan: Pipeline and oilfields; Port Sudan completed within 2 years.

Congo: Barrage d'Imboulou (Fred, 2013; Caplan, 2008).

These infrastructural projects are well tailored to the over-capacity in China's domestic construction industry, which like other sectors, had been encouraged by Beijing to 'Go Global and is a fine illustration of the principle of mutual benefit' in developing country co-operation. Chinese project finance, which has in some instances ignored the conventional assessment of risk produced by western banks, has set off a process of reviewing industry standard risk metrics and, concurrently, the investment potentials in Africa (Alden & Alves, 2009).

Hence, it is assumed that the elimination of bottlenecks by providing new transport, and poor facilities and power generation capacity are all contributing to laying foundations for Africa's economic (Hareyan, 2017).

Beside infrastructures, imports from China also present its own benefits and opportunities. One of the opportunities provided by Chinese imports is their low prices and hence affordability especially by the poor. Generally, some Chinese imports can be 75% cheaper than 'equivalent' imports from traditional sources and up to 50% cheaper than the locally produced substitutes.

In a continent with weak purchasing power and high level of deprivations and poverty, this could be an opportunity to improve the livelihoods of the poor. Moreover, it can be argued that competition from Chinese imports may discourage extraction of super-normal profit from poor African consumers by the traditional trading partners and local producers many of whom collude and pursue predatory and shylock business practices. It can also encourage the producers of local substitutes to be more efficient and pass on the benefits of such efficiency to the consumers more readily (Ajakaiye, 2006).

Problematic features of the Sino-Africa's relations are the willful ignoring of some of the features of financing that have been designed to improve African governance, the lack of transparency in financial support (primarily concessional loans) for investment projects, substandard nature of some of Chinese products and projects, and the conduct of some Chinese companies in violation of labour and environmental standards in host countries. We shall now examine some of these challenges associated with expanding economic and commercial activities of Chinese business and manufacturing outfits in Africa.

Firstly, one area of great concern in the Sino-African economic relations is the sub-standard nature of goods produced in China for Africans. Most advanced countries usually reject China's goods due to the non-compliance to international standards. Chinese companies have developed a reputation as reliable and reputable business partners, but non-compliance to internationally best

practice still hunt them. Although there are some complaints about the poor quality of some Chinese goods, most African consumers appreciate the low prices and understand “you get what you pay for”. If you want higher quality products, China produces them so long as you are willing to pay the price. One of the problems that China has not been able to solve is the export of counterfeit and adulterated products, especially medicine, to Africa. Some African countries do not have institutions that are able to keep these products from entering the market and China has not taken measures to prevent private Chinese manufacturers from exporting them to Africa. More worrisome is the prevalence of fake products in the health sectors; fake and adulterated Chinese medicines easily penetrate the borders of African states and these have posed serious safety and health risks to Africans.

Secondly, the challenge posed by cheap Chinese imports is that, it largely contributed to the erosion of the industrial capabilities of several African states. Specifically, in South Africa and Nigeria, for example, Chinese imports are resulting in factory closures and the inevitable job and income losses, Chinese imports may intensify the de-industrialization process initiated by the neo-liberal policies that were packaged in the structural Adjustments Programmes (SAP) (Wilson III, 2005).

Furthermore, research by the Southern Labour Developments and Research Unit noted that, South African local industries have been under pressure as a result of cheap Chinese imports. The analysis was drawn from a database of 44 [manufacturing](#) industries over the last decade. Among others, the results showed how cheap Chinese imports contributed towards the relatively slow growth in output, loss of profits and the decline in employment in the South African [manufacturing](#) industry (Edwards & Jenkins, 2013). The [products](#) that were significantly affected by Chinese imports were textiles and clothing, [footwear](#) and leather, [electrical](#) and electronic [products](#), and [machinery](#). These [products](#) are also those that dominated Chinese imports. Within this period, the [manufacturing](#) industries that had competition from Chinese imports did have minor increases in sales volumes, but in one year, domestic producers lost their market share to Chinese [products](#) by 5% of the value of sales. This amount was significant taking into account that over the same period, domestic sales increased by 14% (Ian, 2007). In addition to loss of market share and decline in sales, job losses also resulted from Chinese import penetration. Towards the end of the 10-year period, increased Chinese imports reduced employment by more than 75,000 jobs, representing 70% of the total loss resulting from increased imports. Elsewhere, studies have shown that within the 10-year period Chinese imports cost the domestic market Zambia about ZAR 30 million (US\$ 2.7 million). This is a huge number considering the modest growth of the South African [manufacturing](#) industry in the period of the study (Hkust, 2005).

A third challenge Africa faces in its economic relations with China is the issue of the uncontrollable rate of unemployment partly as a result of the continuous closure of indigenous African manufacturing units. It has been observed that those cheap imports from China as well as the employment of cheap Chinese labour are partly a contributory factor (Ajakaiye, 2006). The cheap goods and services from China are attributed to the cheap labour, technological advancement, low interest rate loans, government subsidies and the heavy population. These attributes pull down the cost of production as compared to most African countries plagued with poor infrastructure, double digit inflation and difficult business environments. The cost of production of rail equipment's is one-third lower in China as compared to other countries. Based on these positive indices, China goods are mostly the cheapest in the world. The incursion leads to the scavenging of companies in effected countries producing similar goods and services.

Africa is therefore fastly ending up as a trading continent rather than a production one. Studies have shown that employment creation is more massive in the manufacturing sector when compared to the trading sector. Killing the manufacturing sector of any country is a step to massive unemployment. It is estimated that over 70% of the working age population is unemployed or has no job security and that the unemployment rate is about 40 to 50% in most sub-Saharan African countries (Oduwale, 2015).

For instance, Nigeria unemployment rate is put at 23.1% as at the last quarter of 2018 (Trading Economics, 2018). This is due to the decrease in the production sector. Chinese goods and services have led to a near comatose in most productive sectors in Nigeria. All these cumulatively lead to the leap in unemployment. Another mechanism employed by the Chinese is bringing to the receiving countries coupling industries rather than production ones. They massively produce goods in their countries using local technologies and industries. The almost finished goods are then brought to the receiving countries. This creates more jobs for their people as compared to the receiving countries. Aside that, their local engineers are still in charge of the coupling, only meager jobs are giving to the indigenes.

Another ugly aspect of the Sino-African economic intercourse is the much talked about Chinese company's violation of labour and environmental standards in their host African countries. In the mining sector specifically, this has resulted in practices such as illegal use of child labour and standard health and safety conditions in Katanga mines in DR Congo (Tull, 2006, p.18). There are also instances where African workers have protested against ill-treatment and poor pay and harsh working conditions by Chinese firms as well as the influx of Chinese workers who take away local jobs. In July 2010, hundreds of African workers at a Chinese owned Zambian mine rioted over low wages (Ian, 2007). In the Republic of Congo, Chinese contracts are said to be 30% cheaper than Western ones. African workers have severally complained that Chinese firms hire them on a day-to-day basis, with long working hours as well as lower wages than they received from Western firms. There are also instances where these African workers are racially abused by their Chinese employers. It was for this reason that 600 Chinese nationals involved in mining were expelled by the DRC government for violating basic labour and environmental standards. Some Angolans had complained that along with the shipment of machinery and cement, Chinese firms also imports many of its own nationals to work on these construction sites, leaving little employment, for locals and not allowing for cooperative working conditions or the transfer of knowledge and skills (Amnesty International Report, 2006).

Another dark aspect of China's trade relations with African states is that, some of its companies are known for their sharp and devious trade and business practices. A case that readily comes to mind is how Chinese used the US-sponsored African growth and Opportunity Act (AGOA) to short-changed African states and deprived them of the benefits of the scheme. When AGOA was initiated in 2000, to benefit from it, a huge number of Chinese textile companies established themselves in Africa. This movement by the Chinese companies had two main objectives: first to exploit the preferential access to US market that AGOA had conceded to certain African products, including textiles, second, shifting part, of production to Africa enabled Chinese firms to circumvent, the trade barriers that the agreement on textiles and clothing of the Uruguay Round had imposed on them to protect markets in Western countries like Europe and US from cheap Asian imports. The effect of the AGOA agreement and the flexible strategies of Chinese companies contributed to the increase of textile industries, especially in Southern and Eastern Africa (Tull, 2006).

When the agreement on textiles expired on January 2005 and access restrictions for Asian textiles to Western markets were taken off, Africa's intermittent textile boom witnessed a meltdown. American demand for African textiles plunge in favour of even cheaper clothes made in China, and African based Chinese own companies were already relocating their production back to China (IMF, 2005). In the process, about ten thousand workers lost their jobs, particularly in South Africa, Zimbabwe, and Kenya (Business Report, 2005).

Although there is some evidence that the economic activities of Chinese trade has made some improvement in local development. The diversification of trading partners is an encouraging sign, African states have to bear it in mind that China will not perse have a positive impact on their economics. China's trade policies are not driven by altruistic motives (Mbeki, 2004). Chinese and African businesses are first and foremost economic rivals for investments and markets, in particular in the field of labour-intensive and export-oriented manufacturing like textile and clothing (Jenkins & Edwards, 2004). Nevertheless, nothing indicates that Africa will be able to compete successfully with China, a result of which is that its exports to China are by and large limited to capital-intensive commodities. This imbalance has the effect of Africa creating jobs in China while undermining the availability of jobs in African states. Though this is the result of legitimate market competition, China-African relations if well directed can be mutually beneficial to both societies.

Concluding Remarks

Sino- Africa economic relations presence both opportunities and challenges for Africa states. Like its Western counterpart, Chinese policy in Africa is generally self-serving and aimed at realizing her national interest. In some instances, Chinese activities in Africa have had some positive spillover effects which her potentially beneficial to Africa. The paper also discovered some challenges posed by the Sino-African relations. Apparently, the benefits are still much tilted in favour of the Chinese. A lot of scholars have attributed the scenario to policy weakness and leadership on the side of Africans. Chinese has seized these pitfalls to draw maximum benefits, hence leading to massive unemployment, collapse of industries and abuse of human rights in Africa. There is therefore a need for a win-win policy that will gainfully empower the weaker African countries.

Therefore, this paper fronts the idea that the relationship has both opportunities and challenges but, from all indications, the Chinese has drawn much more benefits from the engagements than African States. This is understandable because the Chinese like their Western counterparts are in Africa basically to access the benefits of development in order to support their economy and industrialization process.

Recommendations

The following constitutes the recommendations of this study.

1. Africa's locally produced goods should have unrestrained access to China's markets as far as international standard are adhered to.
2. African states should insist that taxes and levies should be waved to enhance easy access of Africa goods to China's market.
3. The Chinese should source for their raw materials in their operational African countries and use them in their industries. This is based on the principle of fairness in trading, technological transfer, and employment of high manpower.

4. Africa countries must also diversify their economies as much as possible from supplying unprocessed natural resources to China. This will make them less dependent on the Chinese economy and the uncertainty of global commodity prices.
5. As part of efforts to tackle unemployment and the acrimony associated with the imports of unskilled labour from China, African states are required to go into a memorandum of understanding with the Chinese government and firms that will prevent them from importing unskilled labour to do jobs that can be done by Africans.

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