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Africa. A Critical Literature Review**



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China Economic Relations with Developing Countries in Africa. A Critical Literature Review

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Abstract

Purpose: Although not yet a superpower, China has propelled itself to both challenges and the existing status quo that has brought it into direct competition with other superpowers. The overall objective of this study was to examine china economic relations with developing countries in Africa.

Methodology: The paper used a desk study review methodology where relevant empirical literature was reviewed to identify main themes and to extract knowledge gaps.

Findings: This study concluded that hat the changes in China Africa relations were informed by the shifting of bilateral relations from 1989-2003. The shifts of bilateral relations were informed by the change of regimes. Economic engagement between China and Africa during the period 1977-1990, accounted for these foreign aid, economic and technical cooperation between both countries. During this period, the Tolbert and Doe's administrations accounted for China Africa economic engagement. From the findings, the Doe and Taylor regimes severed bilateral relations with China which accounted for low economic interaction between China and Africa developing countries from 1989 to 2003.

Unique Contribution to Theory, Policy and Practice: This study recommended that it would be necessary for the African government to create a comprehensive strategy that would effectively balance its relations with China and the West. In addition, the African government needs to unleash its full potential and establish a policy for long-term development that corresponds with the interests of its citizens.

Keywords: *China, Economic, Relations, Developing, Countries, Africa.*

INTRODUCTION

The emergence of China as a global power has become one of the significant features of the era of capitalist globalization, and its presence has changed the international economic system of politics (Andrew, 2015). The rise of China on the global stage has become a significant debate in the 21st century. The economy of China in 1949 was directed toward Western nations. When the Soviet bloc's contention began during the 1960s, the Chinese economy was additionally directed toward the Eastern bloc alliance by 1978. According to Besada (2013), the Chinese economy was one of the most tied economies globally, but China's government decided to expand its foreign trade in welcoming foreign direct investment in 1979, since its economy had experienced significant growth. China is emerging as the 21st century's economic superpower (Juma, 2015).

Although not yet a superpower, China has propelled itself to both challenges and the existing status quo that has brought it into direct competition with other superpowers. According to Ninhuanet (2015) China in 1978 was at the 32nd place and 10th in 1997; in the intentional trade. China is currently the fourth largest trading nation in the world. China is second to the United States with a GDP of 13% of world output (a purchasing power parity) (Ninhuanet 2015) . The transition in the Chinese economy from 1979 to 2000 took a different path from that of Eastern Europe and the Soviet Union (Chieh, 2015). Ninhuanet (2015) argues that China, an inheritor of 5000 years of civilization, is also the world's fastest-growing economy in this present age and has developed 9.5% annually for the past 20 years. China's high growth rate, low labor costs, and a vast emerging market have attracted the world's highest foreign direct investment (FDI) (Maddison, 1998). China joined the World Trade Organization (WTO) in December 2001, and also became one of the most open economies in the international market, with average tariff dropping from 41% in 1992 to 6% after joining the WTO (Ninhuanet 2015).

According to Fung and Lau (1997), regions that China trades with benefit from cheaper varieties of imported goods, raw materials, and intermediate products. China also provides an extensive and developing export market. Sen (2010) observes that China's export grew at an annual average of nearly 22% between 2005 and 2007. However, the global economic slump affected China's export, especially with its close links with the USA, reducing more than 20% on an average since 2000. During 2009, the value of goods exported was about US\$ 1.2 trillion down, 16% year-on-year, while the value of products imported was US\$ 1.0 trillion, decreasing by 11.2% from the previous year (Cheng, 2015). Prasad (2014) notes that China's trade with the world has increased; the proportion and geographical setting of China's trade changed the global economy. Also, the share of imports by industrial economies accounted for by China had increased, and exports to those markets have become more diversified. China is a significant contributor to the world's economy, and it had strengthened the commodity prices; it is now the world's largest importer of raw materials, including iron ore, aluminum, copper, coal, and cement and also, the second consumer of oil after the United States (Lotta, 2019).

China-Africa relations have developed over the last five decades. With its annual growth of 8-9 percent and rapid economic growth, China had seen Africa as a favorite partner to secure raw materials (Dondoo, 2016). China-Africa economic relations are based on Chinese and African policies, their markets for each other's exports, Africa's demand for infrastructure and China's new approach to financing development projects. According to Sun (2014), China-Africa economic relations since 1949 have been divided into three stages; (1949-1979, 1979-1990s, and 1990-2000). The first stage in China Africa economic activities was from 1949-1979. During this period, it is established that economic activities between China and Africa were politically motivated. China supported African states to fight imperialism and colonialism. The second stage is called the reform stage, which starts from 1979 to the mid-1990s. According to Sun (2014), during this period, the Chinese foreign policy was directed towards assisting its economic development. During this period, the shift resulted in a change in gaining political favor from African countries for mutual economic benefit and cooperation. The reform process resulted in a rise in the international cooperation of China. The third stage, according to Sun, was from the mid-1990s to 2000. During this period of China-Africa economic relations, China began to utilize the idea of exploring both the international and domestic markets to grow its economy. Africa, with its rich energy reserves, raw materials, and minerals, became suitable to directly fuel the quest of natural resources for China to boost its economic growth on the global stage (Kraij, 2015). Approximately 70 percent of registered African exports to China consist of crude oil and percent of raw materials (Osei & Mubiru, 2010).

Although China and Africa have been trading partners for a long time, China-Africa trade relations have flourished and grown much faster in the post-Mao period. Available data shows that between 1976 and 1980, China's trade with Africa rose to US\$ 1.1 billion (Mashingaidze, 2016). Chinese exports to Africa continued to grow faster than its imports from Africa for most of that period. Trade flows between China and Africa have grown rapidly, especially since the mid-1990s, and rose from US\$4 billion in 1995 to US\$40 billion in 2005. Between 2005 and 2006 alone, trade volume increased from US\$40 billion US\$55 billion (Osei & Mubiru, 2010). For instance, bilateral trade between Nigeria and China grew from US\$384 million in 1998 to US\$3billion in 2006. Most of this was attributed to the oil sector (Odeh, 2014). The first large-scale conference on China-African trade was held in Beijing in 2000. Mulati (2016) note that China explained that the objective of the Sino-Africa Forum was to establish an international political and economic order and explore new China-Africa Cooperation.

After the FOCAC in 2000, China promised to increase twoway trade in Africa from US\$40 billion to US\$100 billion in 2009; three to five special economic zones were set-up, and US\$5 billion funds were instituted to support Chinese development in Africa (Rana, 2015). Cheng and Shi (2015) argue that over the last decade, the Sino-Africa trade relations have experienced significant growth from less than US\$10 million per annum in the 1950s to almost US\$40 billion in 2005. In 2014, trade between China and Africa exceeded US\$200 billion and was expected to reach a target of US\$400 billion by 2020 (Cheng & Shi, 2015). Following the changes in China-Africa economic

relations, the formulation of FOCAC led to China canceling of debts for many African countries, including Liberia, and the expansion of its market in Africa (Shelton & Paruk, 2018). China is the third trading partner in Africa after the European Union and the United States (Omenka, 2014). The trade relations between China and Africa have developed significantly, however, most African countries continued to witness trade imbalance from China.

Statement of the Problem

This study sought to trace the extend of change and continuity in China-Africa economic relations. Factors influencing the issue of change on China-Africa relations have not been given much attention. It is within this context of the Africa shifting diplomatic relations between China and developing countries in Africa that the study sought to investigate. This study will therefore examine China economic relations with developing countries in Africa.

Objective of the Study

The overall objective of this study was to examine China economic relations with developing countries in Africa.

Significance of the Study

In China's Soft Power in Africa: From Beijing Consensus to Health Diplomacy (2005), Thompson notes that China's influence on the continent of Africa is the result of the sound relationship and the many years of investment in building relations through aid, trade, cultural and technical exchange. China's foreign aid policy has motivated African leaders to establish bilateral relations with China and this has seen China as a development partner filling the vacuum left by western partners. The rise of China in the world economy and its interest in Africa, has intensified the need for research. Overtime, China has economically engaged with developing countries in Africa through investments, foreign aid and trade. China is crucial to this study because as an emerging economic superpower, its presence seems to be felt in almost every African country.

THEORETICAL REVIEW

The study of international relations deals with many contending theories. These include but not limited to realism, liberalism, game theory, and interdependence theory. These theories endeavor to give an overview on how relations between states can be analyzed. According to Dunne and Schmidt (2008), realism has remained the most dominant theory in international relations. Realism theory is centered upon four major propositions; these are the international system is an anarchic, states are the most important actors in the international system, states are rational actors that tend to pursue self-interest and finally that the primary concern of all states is survival. Economic relations are among the essential aspects of states' relations. Scholars like David Ricardo, and Karl Marx, studied the economic relations from the angle of contending theories in international relations. Since the present world is globalized, it operates under capitalist regimes and principles from socio-economic liberalism (Snyder, 2004). The study was, therefore, guided by the complex

interdependence theory as a tool of analysis. The phrase "complex interdependence" was postulated by Raymond Leslie Buell in 1925 when he depicted the new formation among economies, cultures, and races (Crane & Amawi, 1997).

The complex interdependence theory in international relations as a critique of political realism was postulated by Keohane and Nye (1977). The complex interdependence theorists note that states are inextricably connected, and the idea is more liberal than realist. The idea of economic interdependence was presented in Richard Cooper's work in 1968. In their analysis as a critique of political realism, Keohane and Nye (1977) observe that states do not dominate their contacts because there are multiple channels that connect states, and as in such, governments do not use military force against each other. According to Aloba (2014), complex interdependence theorists acknowledge that several and complex transnational connections and interdependencies between states and societies are rising, while the use of military force and power balancing was decreasing but remain essential. From their analysis, Keohane and Nye characterized complex interdependence into the following. First is that, a state's policy goals are not organized in stable hierarchies but subject to trade-off. Second, is that the existence of many channels of contact among societies extends the range of policy instruments, reducing the potential of foreign offices closely to control governments' foreign relations and military force.

In the prevailing global trends, the theory of complex interdependence disputed the postulations of traditional realism and liberalism, that the measures for accomplishing real power are no longer the use of military force. Instead, it required substantial economic and technological advancement. The fall of military force as a policy tool and the rise in economic and other sectors of inextricability should increase the capacity of relations among states (Keohane & Nye, 1977). Complex interdependence theorists have critiqued liberalism and political realism for their failure to address the social nature of state relations and the global community's social structure.

The complex interdependence theory is relevant for analyzing and understanding change and continuity in China-Africa economic relations because both are interdependent in their relations. The theory guided this study in erasing the misconception and misguided application of dependency theory in treating relations between nations. Moreover, the theory is significant as it explains the contemporary world in which no country can be an island unto itself since no nation is naturally equipped or endowed with all the resources that it requires in sustaining itself. Nations must therefore relate with one another in order to survive. This theory's fundamental contribution was that it directs attention to the fact that nations are intricately dependent on one another, to the extent that no nation can entirely decide for others. However, this does not dispel the fact that there must be winners and losers in each relationship.

Empirical Review

Macheso (2022), conducted a study on examined the diverse challenges faced by the two countries in attaining balanced trade despite belonging to the same regional block of Southern African Development Community (SADC). The study employed an explanatory research design with the

use of both primary and secondary data to answer the research questions. The study concluded that the trading partners need to identify more ways to promote state policies on imports, exports, customs, and tax that favour their trade relations and create a constructive atmosphere for investment. Furthermore, regardless of the discrepancy in the economic levels between Malawi and South Africa, their trade relations still have the capacity to expand further in the future with appropriate and specific strategies. The study also outlined some recommendations that could be of benefit for the two countries in their future engagement.

Ibrahim (2021), conducted a study that examined Kenya-Britain military diplomacy and trends in acquisition of military equipment. The study used the historical research design to trace the nature of cooperation and trends influencing the acquisition of military equipment between the two states. The study also made use of comparative case study to provide new empirical evidence on nature, trends and factors influencing trade diplomacy among the two states. The study utilized a sample size of 70 respondents. The conclusion that emerged from this study was that general volumes of trade imports in military equipment from Britain to Kenya and military diplomacy between the two countries had declined over time. This trend has been influenced mostly by economic and political sanctions levelled on Kenya in the advent of multi-party democracy in the early 1990s as well as the Look-East policy adopted by Kenya to cushion it from the stringent measures on limited funding from the West. The study however presented a methodological gap as it utilized historical research design while our study will utilize desktop review approach.

Kakalukha (2021), conducted a study that evaluated participative and representative role of women influenced the foreign policy. The study sought to assess the influence women in executive and legislative positions had on Kenya's foreign policy drafting, formulation and implementation between the year 1963 to 2017. Descriptive research design was used with the aid of self-administered open-ended questionnaire from women leaders and interview-guided questionnaires from target informants. The study concluded that ,women in executive and legislative leadership positions had not effectively taken part in foreign policy matters because of the harsh environment they still operated in, but if well trained and given a fair opportunity with less opposition from the society and their male colleagues, they had great potentials to contribute more in matters foreign policy and in return would lead to a peaceful state and peaceful co-existence, with recommendations of offering adequate training to women leaders on foreign policy matters as well as inclusion of more women in Defense and Foreign Relations Committee. The study presented a conceptual gap as it focused on participative and representative role of women influenced the foreign policy while our study will focus on examine China economic relations with developing countries in Africa.

Sitienei (2021), conducted a study to evaluate the discontinuities in Kenya-China foreign aid relations between 1963 to 2015. This study adopted the qualitative approach in the analysis of both primary and secondary data consulted. Sampling was done based on a purposive technique and snow balling to reach out the informants who were sourced for primary data. The data from the

two sources were corroborated for authenticity and validity. Data analysis was done through critical textual analysis, evaluation and comparison of collected and existing information. The study used realism and rational choice theories. The two theories were used in the interpretation of established primary and secondary data. The study found that there has been changing trends (discontinuities and continuities) on Kenya-China foreign aid relations dictated by internal and external political developments under different regimes. During the first regime, Kenya-China partnership was not as enhanced as compared to later regimes. The study also generally adds to existing literature on international relations and diplomacy and relations between Kenya and China in particular. The study was done in Isiolo County presenting a geographical gap while our study will be done in Africa.

Momanyi (2021), conducted a study to establish the relations between Kenya and Somalia from 1963-2014. The study employed descriptive and explorative research designs where interviews were used as the main source of primary data and as well as secondary sources of data. It was also established that between 1990 to 1995, the policy of free movement of people and goods between Kenya and Somalia existed but this changed between 1998 to 2006 when there were terror activities in Kenya and Tanzania. These created mistrust and tension between Kenya and Somalia thus complicating the relationship. The study also indicated that the emergence of Al-shabaab and the war of terror have reconfigured the relations between Kenya and Somalia since cases of insecurity in Kenya have increased leading to vetting of the Somali people seeking asylum or working in Kenya twice and also the country want the Somali refugees to go back to their country. This has really strained the relations between the two countries. The study is significant for policy makers and in particular those in the foreign relations docket as it will help inform policy formulation relating to how relations between the two states may be crafted. The study presented a contextual gap as it focused on relations between Kenya and Somalia from 1963-2014 while our study will focus on China economic relations with developing countries in Africa.

METHODOLOGY

The study adopted a desktop literature review method (desk study). This involved an in-depth review of studies related to influence of China economic relations with developing countries in Africa. Three sorting stages were implemented on the subject under study in order to determine the viability of the subject for research. This is the first stage that comprised the initial identification of all articles that were based on China economic relations with developing countries in Africa. The search was done generally by searching the articles in the article title, abstract, keywords. A second search involved fully available publications on the subject on China economic relations with developing countries in Africa. The third step involved the selection of fully accessible publications. Reduction of the literature to only fully accessible publications yielded specificity and allowed the researcher to focus on the articles that related to China economic relations with developing countries in Africa which was split into top key words. After an in- depth

search into the top key words (China, economic, relations, developing, countries, Africa), the researcher arrived at 5 articles that were suitable for analysis. This were findings from:

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SUMMARY, CONCLUSION AND RECOMMENDATIONS

Conclusion

This study concluded that hat the changes in China Africa relations were informed by the shifting of bilateral relations from 1989-2003. The shifts of bilateral relations were informed by the change of regimes. Economic engagement between China and Africa during the period 1977-1990, accounted for these foreign aid, economic and technical cooperation between both countries. During this period, the Tolbert and Doe's administrations accounted for China Africa economic

engagement. From the findings, the Doe and Taylor regimes severed bilateral relations with China which accounted for low economic interaction between China and Africa developing countries from 1989 to 2003.

Recommendations

This study recommended that it would be necessary for the African government to create a comprehensive strategy that would effectively balance its relations with China and the West. In addition, the relevant African government needs to unleash its full potential and establish a policy for long-term development that corresponds with the interests of its citizens. China is seen in every part of the country, but details about China's activities and engagement are scanty and fragmented. This institution, basically a technical branch of an institution that is already into existence, should be responsible in examining and investigating agreements, memorandum of understandings, and other contracts between China and Africa developing countries.

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