Article

Sino–Africa Bilateral Economic Relation: Nature and Perspectives

Insight on Africa
11(1) 1–17, 2019

DOI: 10.1177/0975087818814914
journals.sagepub.com/home/ioa

Degele Ergano[1,2]
Seshagiri Rao[3]

Abstract

Review of more than 100 articles accessed in literature survey for the last decade of dynamic China–Africa economic relation has been done with an objective of examining the nature and perspectives of Sino–Africa relation along Trade, FDI and Aid channels. China–Africa relation is a win–win in the short and medium run but the long-run impact is far from clear. Governance issues, environmental concern, asymmetric trade relation, prospects for African industrialisation, technology transfer and employment generation, and so on are debatable issues in most of the literatures assessed. Beneficial roles include that coordinated involvement of Chinese private sector alongside with State-owned enterprises and integrated application of trade, aid and FDI tools from Chinese side would remain to be a beneficial scheme in the African context. Researches can take up the impact of the relation on multilateral and bilateral development actors role in Africa; collaboration mechanisms among the actors; impact on sustainability of natural resource extraction; Africa's industrialisation and technology transfer; Africa's Global Integration and Institutional Development; Role of Private Actors; Sector specific impacts of the relationship.

Keywords

Economic relation, Sino–Africa, nature, perspectives, win–win

[1] Ph.D. Scholar, Andhra University, Visakhapatnam, Andhra Pradesh, India.
[2] Permanent staff, Department of Economics, Hawassa University, Awassa, Ethiopia.
[3] Economics Professor, Andhra University, Visakhapatnam, Andhra Pradesh, India.

Corresponding author:
Degele Ergano, Ph.D Scholar, Department of Economics, Andhra University, Visakhapatnam; Permanent staff, Department of Economics, Hawassa University, P. O. Box 05, Awassa, Ethiopia.
E-mail: degela1997@gmail.com

Introduction

China–Africa economic relation has changed dynamically to an unprecedented level benefiting both actors significantly in the last two decades and this has attracted attention from academic community as well as policy makers. Beijing is increasing its influence in Africa more than ever, intervening to solve African infrastructure bottlenecks and providing access to Chinese export markets. The Chinese engagement has ensured security of raw materials, cheap labour and energy supply for fuelling its expanding industrialisation process and internationalisation of the Chinese firms. Moreover, the Chinese firms have enjoyed access to African Regional and International markets for their manufacturing output (Mitchell, Heginbotham and Elsenman 2007).

The dominant channels of bilateral economic engagement include an integration of trade, FDI and development assistance (Biggeri and Sanfilippo 2009; Hanauer and Morris 2014). Broadly speaking, the Chinese Model of Developmental State ideology has secured a favourable response from African Governments (Bentzen 2016).

According to Kaplinsky et al. (2010), China's relation with Africa has passed through three distinct phases: the first phase consists of ideological rivalry and decolonising Africa which consisted of mutual political support under the Bandung Conference of non-aligned nations, 1955. The second phase starts from mid-1990 onwards, which would consist of the search for resources needed for industrialisation especially through SOEs and the third phase is dominated by small- and medium-sized enterprises moving to Africa and the world.

Studies indicate that China divides its relations into two major categories namely strategic partnership and cooperative partnership in ascending order of importance. It emphasised strategic partnership with key developing countries (Mitchell, Heginbotham and Elsenman 2007).

There are arguments, however, that despite the diplomatic effort and mutual benefits, the Sino–Africa relation is asymmetrical in nature and is altering the environment for foreign actors in Africa. In fact, it is believed that China is neither wholly Africa's friend nor foe. Beijing is pragmatically pursuing its national interest. It is ultimately up to African actors to ensure that this engagement catalyses development rather than perpetuate poverty and underdevelopment (Kennedy 2012).

To examine the prevailing views, a review of more than 100 articles on current Sino–Africa bilateral economic relationship is made under the following three headings: nature, major perspectives, opportunities and challenges recently prevailing.

Some Theoretical Considerations on International Economic Relation

Economic co-operation among world nations is defined as the form of international collaboration for obtaining mutual advantage through the common use of financial, material and technological resources of all partners (Andruseac and Hertug n.d). The theory of international relations identifies two different representatives of economic co-operation: the realistic and the liberal one. In the first case, economic co-operation is facilitated by government and the second is the perspective of the liberals in which the role of the state is to protect market and economic freedom (Andruseac and Hertug n.d). Other theoretical studies classify the theories in the same fashion into neorealism and neo-liberalism; where neorealism puts an emphasis on politics and neo-liberalism stresses economy (Xue 2004).

The classical theory of international trade provided the basics for understanding the usefulness of trade between nations as well as the effect of tariff policy and other aspects of State interactions in such trade. It further emphasised the difference in relative cost of commodities, resource endowments and the role of demand in trade. Other theories include the development of location role and the theory of international factor movements (Ohlin 1979; Sen 2010).

International trade theories have developed through stages from mercantilism—a zero sum game—to neo-mercantilism—a protectionist approach; Smith's theory of absolute advantage; Recardo's theory of comparative advantage to modern theories explaining patterns of trade, country size, factor proportions, country similarity, and so on (Girma 2017). The new trade theories are focusing on the ability of firms to gain economies of scale, increasing returns, trans-industry trade with product differentiation. Recent developments in the theory of trade are built in terms of market structure and technological progress.

The theory of multinational enterprises develops its arguments by concentrating on two questions (Zarotiadis et al. n.d.). The issue of internalisation, that is, replacement of firms external contracts by direct ownership due to market imperfections and the question of location, which is diversity related to the links between flows of goods and factors, that is, to locate the different activities and organisational units in a specific region.

The economic theory of gravity complements the preceding theories by providing an explanation of bilateral trade and resource flow patterns among countries (Anderson 2008). These basic theories are governing the empirical assessments made by different authors in the literatures analysed below.

Nature of Sino–Africa Relations

Chinese engagement in Africa exhibits different characteristics (Hanauer and Morris 2014). There are six major characteristics prevailing in literature on the nature of China's involvement in Africa. These dominant trends are explained under the following headings.

Claim of Neutrality in Domestic Affairs

Chinese yield the soft power approach in shifting landscape at home and in the continent. It treats African countries as peer partners, use soft equitable diplomacy, mutual respect, independence and non-interference in their relation (Murawska 2015). There is a distinct style in China's approach to the relationship building. It practices a multidirectional friendship policy that emphasises the importance of State sovereignty and non-interference with the objective of securing stable and sustainable access to resources and opening new export markets (McGiffert 2009).

This principle of non-interference in domestic affairs makes China an interesting partner for leadership in Africa (German Development Institute [GDI] 2006). The basis of this neutrality is supposed to be the five principles of peaceful coexistence by Chinese Government such as mutual respect for sovereignty, non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful co-existence (Frauke et al. 2011). There are articles considering the China's non-interference not as misconduct and indifference for African realities (Berhe and Hongwu 2013).

On the other hand, there are articles emphasising on this sort of soft power and win–win relations as a short-lived scenario that may not last long (Bbaala 2015). Hence, stakeholders' opinion still differs on this nature of the engagement from the Chinese side.

Collaborative State-Business Approach

There are four categories of Chinese investors identified in literature: Centre–State owned firms; Provincial State-owned firms; Chinese private firms incorporated in China and small private migrant firms (Ajakaiye and Kaplinsky 2009).

Significant number of Chinese investment in foreign countries is often driven by Government enterprises (Richard et al. 2011). Recently, 58 per cent of Chinese firms in Africa are small- and medium-sized privately owned from China's land scarce coastal provinces (Brautigam and Zhang 2013).

There are diverse views on this collaborative approach of the engagement stating that Chinese involvement and the concept of Statehood in Africa are both problematic (Mason 2015). It is also criticised that an alternative mechanism in terms of private sector engagement is lacking and SMEs from China took their own path and hardly any leading Chinese firms coming to Africa to date (Gu n.d.). Extra market decisions are taken up by Chinese Government only to enhance the flow by State run firms. This would harm competitiveness of the private actors in the long run (Eisenman 2012). There is also no marked difference between State-owned and private enterprises and the leadership and accountability of the aid industry (Frauke et al. 2011).

Complementarities Between Trade, FDI and Aid

China's move in to Africa is driven by strategic interaction among the three channels of FDI, Trade and Aid (Biggeri and Sanfilippo 2009; Hanauer and Morris 2014). Aid is one of the integrated elements of China's strategies (Sandvand 2007) and Aid and Trade in Chinese approach are linked implicitly (Furman 2016; Frauke et al. 2011; Uchehara 2009a).

Some authors categorise the dominant channels of interactions into four including: trade, aid, investment and politics in the Sino–Africa relationship. Public diplomacy alongside pledge to infrastructure companies' donation is the nature of Chinese engagement (Idun-Arkhurst and Laing 2007).

Nature of impact along these lines is not clear, and distinguishing impacts through major channels is a challenge (Kaplinsky and Morris 2009). There is no distinction between aid and investment, and this is supposed to be an intended ambiguity from Chinese side.

Sector-Specific Engagement Patterns

Chinese are engaged specially in oil, mining, telecommunication sector (Asche and Schüller 2008). They also invest in manufacturing, construction, agriculture and tourism industry (Rutaihwa and Mkwawa 2011). The dominant approach is to follow commodity for infrastructure (Carike et al. 2012; Jing and Richard 2011). Chinese usually invest where Western companies are unwilling (Thompson and Olusegun 2014). There are criticisms that in the entire African continent, Chinese companies are engaged in the extraction of natural resources to sell in world markets and export to China (Kennedy 2012).

Employing State Financial Promotion Tools

Chinese use two models of financing: Strategic partnership and resource-backed package financing (Brautigam and Gallagher 2014). According to China's African Policy Paper, released in January 2006, the Chinese Government encourages and supports Chinese enterprises investment and business in Africa and will continue to provide preferential loans and buyers credit to this end (Asche and Schüller 2008).

Chinese Government provides finance to Africa primarily under the category of Other Official Assistance (Brautigam 2011). There are five major instruments used in development assistance including: lines of credit to China MNCs; export credit; resource-backed loans; China Africa Development Fund; China overseas SEZs. It is claimed by some authors that Chinese finance is not out of line, and it has interest rates that is found in the Global capital markets (Brautigam and Gallagher 2014).

There is a counterargument that the ascent of China will influence the dynamics of Western Aid to the continent and this would redefine the parameter of Aid (Carine 2011; Zafar 2007). Some believe that it is another new era of colonisation over burdening African States with debt (Kennedy 2012).

Commercially Driven Economic Relation

Commercial activities such as trade and investment are moved in to the centre of China and Africa economic relations (Wang 2007). The interventions are more commercial in nature but have no less focus on infrastructure (Corkin et al. 2008). Commercial interest is the driving force (Sun 2014) and it is the pragmatic mercantilist pursuit of economic interest dominating China's engagement in Africa and exploit natural resource to improve its strategic global position (Furman 2016). This has the implication for the sustainability of the relationship in the long run due to the asymmetric nature of the relations in trade. Many authors believe that these characteristics would be beneficial in the short and medium run. The long run depends on the African agents' institutional capacity development.

Major Perspectives in China–Africa Economic Relations

Sino–Africa relation is full of contradictory claims and is considered as a mixed bag of debates among scholars and policy makers (Idun-Arkhurst and Laing 2007).

The emerging discourse on China–Africa relation depicts China either as a new imperial power or as Africa's benefactor (Uchehara 2009a). However, the deepening involvement of China in Africa has raised sensitivities around the nature of the relationship (Naidu n.d.; Naidu and Mbazima 2008; Rossouw et al. 2014).

Engagement of China is net positive in the near terms, but the long-run impact is not clear (Haroz 2011). Some authors argue that it is largely a win–win now but will be a win–lose soon (Bbaala 2015). The impact of China's non-interference principle and its partnership with fragile States in Africa is shown as a less clear motive (Giovannetti and Sanfilippo 2011).

Many scholars argue that Chinese policies on Africa are inferior to the West's policies (Berhe and Hongwu 2013) and the soft power and a win–win relation may be short lived. Chinese interest in Africa is purely economic and exploitative of natural resources only to improve its strategic global position and has no future (Furman 2016).

There are also other categories of literature emphasising three co-existing schools of thought on China–Africa economic relations: the Sino-Optimism, the Pragmatic group and the Sino-Pessimists (Adem 2013). The three schools of thought are evident in the study of (Asongu and Aminkeng 2013).

Hanauer and Morris (2014) found out that the Africa's perception of China includes a mix of approval, apathy and contempt but overall Citizens and Governments hold positive views. Other studies claim that African perceptions of China are found to be near equivalent to those held vis-a-vis the West (Gadzala and Hanusch 2010) and the perceptions of Africans towards Chinese engagement is rather negative (Rossouw et al. 2014).

The relationship has complementary and competitive impacts as well as direct and indirect effects (Goldstein et al. 2006; Kaplinsky and Morris 2009; Power 2008; Kaplinsky and Messner 2008). The outcome may also differ along the short- and long-term time horizon (Bbaala 2015; Haroz 2011).

There are some favourable arguments running in literatures indicating that Chinese Government and companies approach in investment in Africa are with a longer time frame in mind emphasising a win–win relation unlike traditional actors (Centre for Chinese Studies [CCS] 2007). It has given increased room for manoeuvre for African States and China's activities in the region are believed to be the last chance for development in Africa (Mapaure 2014) emphasises it as a win–win for both sides (Corkin et al. 2008; Thornton 2016).

Each side of the argument has its own merits and demerits, but the perspective of the pragmatist group can have a better ground because China's engagement in Africa has practical benefits in infrastructure financing and manufacturing development that can be witnessed by an ordinary African citizen. In addition to this China's economic transformation is a recent exemplary phenomenon that can have many lessons for individual African States in their endeavour for growth and poverty alleviation.

On the other hand, the challenges related to sustainable development and transformation in African context need to be addressed by African Agents' integration and awareness on global context of the game. Africa can still have the chance to ensure beneficial lasting relation with Chinese actors as most of the China's engagement is guided by State-based organisations that would make negotiations easier for African Agents.

Opportunities and Challenges in China–Africa Economic Relations

Opportunities Related to Chinese Engagement in Africa

There are several opportunities related to Chinese engagement in Africa. These can be categorised under the lines of trade, investment, financial package and China's Model of growth.

Opportunities Related to Trade

There are studies indicating an improvement in trade infrastructure due to increased Chinese engagement in Africa (Goldstein et al. 2006). China has become the largest trading partner (Biggeri and Sanfilippo 2009; Matthias et al. 2016; Patey 2013; van de Looy 2006; Wang 2007) and imports high proportion of fuel and minerals from Africa (Borovoska 2011; Breivik 2014; Frauke et al. 2011; Johnston and Yuan 2014). China's demand has increased for African exports and as a result, there is an increase in export prices (Ademola et al. 2009).

China's involvement has helped to accelerate growth in Africa by contributing to a strong commodity boom due to upward swing in the price of oil and raw materials. There are impacts on consumer welfare and income distribution (Kaplinsky et al. 2007) and low-priced imports increased consumer choice (Rutaihwa and Mkwawa 2011).

Opportunities Related to Investment

China's industrial upgrading and outward investment provides opportunity to light manufacturing development in low income countries. China can also provide ideas, experiences, tacit knowledge opportunities and finance (Lin and Wang 2014).

This unique opportunities from Chinese Government can meet African countries need for funding of infrastructure projects (Sun 2014) and shape international order along these lines (Thompson and Olusegun 2014).

China has been an important investor across extractive sector, agriculture and manufacturing (Biggeri and Sanfilippo 2009; Patey 2013; van de Looy 2006). Other key sectors include infrastructure and ICT (CCS 2007). There is a belief that China is filling a gap left open by major world economies (De Grauwe et al. 2012) and complements the social sector development support from the West (Haroz 2011).

China's involvement in African construction and infrastructure sector has been proved most effective in building relations; increasing influence, expanding access to resources in the continent (CCS 2006). The best example is the SEZs initiated by China on improving value chain to Africa (Ado and Su 2016). These interventions are beneficial even in non-resource rich countries (Asongu 2016).

African States can maximise their development gains through greater understanding of the Chinese private sector's presence and potential contribution (Gu 2011). They may be able to reap significant benefit from Regional Integration in response to the rules governing Chinese investment.

Opportunities Related to Development Finance

China is changing the Global Aid architecture especially in Africa using soft power and generous financial packages (Naidu n.d.). Concessional loans and Aid for resource security and infrastructure construction is the major strategy followed by China. There is no doubt that the China's Aid is affecting development in Africa (Asongu 2016). There is more competition in Aid market and increased bargaining power for Africa with traditional Donors (Zafar 2007). Chinese package loans, while relatively rare, are attractive to recipients (Brautigam and Gallagher 2014). Such scheme is by far the preferred modality of assistance in the African context (Giovannetti and Sanfilippo 2011).

Although China is a major donor of Aid to Africa, the Scope, Scale and Mode of Chinese Aid practices are poorly understood and often misquoted (Hanauer and Morris 2014). Aid and trade link from China is an important gain for Africa (Benedict and Simon 2015) and trade finance, soft terms loans and low-priced industrial products can contribute much for African welfare (van Dijk 2009). Moreover, China's financing the infrastructure sector addresses Africa's critical bottleneck (Lin and Wang 2014). Chinese Aid is shown to be growth oriented, practical and frictionless (Sandvand 2007).

Opportunity as a Role Model for African Development

These are mainly arguments on China's approach as a new growth model which is yet to be proved scientifically to accept as fully fledged alternative to the traditional growth theories.

The arguments are such that the Chinese Model of Development is sensitive to Africa's needs. As Western policies have limited success in alleviating Africa's poor economic growth (Besada 2013). Some see a change in paradigm-stressing that a new Chinese Model could offer an alternative to Structural Adjustment Policies that have largely failed over the past three decades in African continent

(Asongu and Aminkeng 2013). Chinese model has been hailed by many countries that have a thrust for change (Yejoo n.d.). Speculations increasing on China's development trajectory may provide a model for other LDCs. Africans are on average positive towards the Chinese engagement and there is considerable support for Chinese model in Africa (Bentzen 2016).

As a Development Model for Africa and alternative source of trade and finance, impact of China is diverse (Renard 2011).

Uchehara (2009a) indicates in his study that the political economy of Chinese reforms and the shared gains between political elites and private sector can be partially transplanted to African context.

In general, benefits from China's relation with Africa along the lines of trade, investment and finance are not debatable in the short and medium run. Making the relation more beneficial in the long run depends on both African agents' effort to integrate regionally and Chinese actors to cooperate for sustainable relationship.

Challenges Related to Chinese Involvement in Africa

Literatures identified some of the major limitations related to Chinese engagement in Africa that can be categorised under the following headings:

Employment Generation and Technology Transfer

Employment generation is the major objective behind the African interest towards manufacturing sector (Thornton 2016). Equally essential is the practice related to technology transfer from each and every investment and trade engagement with China although there is a view that Africa must generate its own technological capability (Jean-Claude n.d.).

There are some critics on the effect of Chinese engagement resulting in displacement of local worker in domestic industries as exports of textiles and utensils from China dominate African markets and hence, some local industries have had to shut down (Besada et al. 2008; Cissé 2013; Matthias et al. 2016; van de Looy 2006). On the other hand, Chinese workers are engaged in projects in large numbers, which would limit African workers opportunities for jobs and training (Thornton 2016).

Moreover, standard working conditions are not maintained by many Chinese firms and wage employment is below standard (Besada et al. 2008; Gadzala and Hanusch 2010). In many African countries, Chinese investment is based on capital intensive natural resource extraction and is not contributing to local employment generation (Zafar 2007).

There are critics showing that the Chinese de-emphasise the need for a transfer of knowledge and experience (van Dijk 2009). There is little transfer of technology in large infrastructure projects (Asche and Schüller 2008; Uchehara 2009b).

Concerns on Good Governance and Democratisation

Transparency and good governance are essential for sustainable and long-term development (Hellendorff 2011). Many literatures emphasised their doubts in Chinese engagement in Africa along these lines (Hill 2015; Mapaure 2014).

Beijing's persistent courtship of the continent's rogue regimes is a risk for regional efforts in human rights, democracy and sustainable development (Gadzala and Hanusch 2010; Mitchell, Heginbotham and Elsenman 2007; Thompson 2012; van Dijk 2009).

The New Chinese Model is believed to contradict the orthodox of strong institutions—a prime instrument for growth (Asongu and Aminkeng 2013). Moreover, tolerance of weak governance states and investment in poor governance nations would retard sustainable development (Asongu and Sozi 2015; Chen et al. 2015; Eisenman 2012; Thornton 2016). Corruption and governance problems may slide back in Africa (Alden and Davies 2006; Besada et al. 2008; Zafar 2007).

Diversion of Africa's Investment Resources

The following articles discussed diversion of resources from Africa through Chinese involvement (Adem 2013; Alden and Davies 2006; Corkin et al. 2008; Goldstein et al. 2006; Lyakurwa 2008; Uchehara 2009a). Moreover, studies indicate that resource rich African countries will be a victim of the Dutch Disease effect due to natural resource export dependence (Adem 2013).

China is shifting its low value-added manufacturing industries to Africa and mobilising raw materials from Africa, which would lead to failure of industrialisation prospects (Asongu 2016; Asongu and Sozi 2015; Johnston and Yuan 2014). Chinese selfish quest for natural resources is devastating Africa's fragile efforts for sustainable development and governance (Sun 2014).

Limited Diversification and Structural Change

China's involvement will not fundamentally alter Africa's place in the Global division of labour (Mohan and Power 2008). It will hinder economic diversification and will lead to de-industrialisation (Zafar 2007). The existing pattern does not correspond to the region's long-term objectives of diversifying its trading and economic structure for better industrial development (Ademola et al. 2009). Moreover, the challenges will be high in those African countries, which have not yet diversified their economies (Thompson and Olusegun 2014).

Impact Related to Debt Creation and Environmental Damage

Extra loans as an alternative source of capital weaken the WB in financing projects in Africa (Thompson and Olusegun 2014; van Dijk 2009). Debt creation and unconditional loan will create trouble in the long run and loan without political string is deleterious (Bosshard 2007; Chen et al. 2015; Sandvand 2007; Mapaure 2014). Chinese policy of tying economic development Aid to Government loans is often portrayed as a challenge to the prevailing aid regime and it fosters long-term African dependence on China (Hanauer and Morris 2014).

It is shown that the Chinese economic co-operation is increasing faster in those countries where traditional partners are scaling down their aid (Giovannetti and Sanfilippo 2011). Moreover, China is unwilling to coordinate its Aid programme with the traditional donor community patterns (Large 2008; Uchehara 2009b).

There is some counterargument with respect to the debt trap. China's package loans, while relatively rare, are attractive to recipients and the loan finances many of the projects and features substantial subsidisation and rigorous debt servicing conditions (Brautigam and Gallagher 2014). If managed effectively, it complements the social sector focus of the West's Aid (Haroz 2011).

Chinese approach has limited concern for environmental impact and standards, and there is illegal logging from tropical forests of African countries by Chinese firms (Asche and Schüller 2008; Bosshard 2007; Frauke et al. 2011; Uchehara 2009b; van de Looy 2006). The natural resource backed loan raises questions about continent's future and its capacity for sustainable development (Mapaure 2014; Sun 2014).

Impact on Local Trade and Commerce

Chinese trade on Africa has negative impact on local trade and commerce (Adisu et al. 2010; van de Looy 2006). The trade transaction goes at the expense of traditional supplies (van Dijk 2009) and is crowding out industries in Africa (Asongu 2016). The imbalance in trade and investment relations is partly due to economic asymmetry (Berhe and Hongwu 2013). It is already lopsided against Africa (Besada et al. 2008) and is not beneficial especially for resource poor countries in its terms (Renard 2011). There is also lack of transparency, and it compromises quality (Babatunde 2013).

Majority of African economies have maintained trade deficit with China (CCS 2006) and the influx of Chinese low-quality product is flooding African markets (Asongu and Sozi 2015; Rutaihwa and Mkwawa 2011; Uchehara 2009b). Moreover, China is competing away third country markets such as EU, US and other regional markets (Kaplinsky and Morris 2009; Onjala 2008) and local markets for agricultural growers and local producers in mineral markets (Bräutigam and Xiaoyang 2009; Onjala 2008; Pigato and Tang 2015). Exports by SSA to the US and EU and African markets are shrinking while those of China are growing (Kamau 2013).

Counterarguments are claiming that Chinese economic activities have resulted in an overall increase in Trade, FDI and Aid in Africa rather than diversion of existing flows from third countries (Matthias et al. 2016).

The author believes the trade and investment relations though they have opportunities associated with the flow of these activities, the challenge will outweigh in the long run unless adequate integration and institutional mechanisms evolve from African agents.

Impact on Africa's Manufacturing Growth

China's rise has created a supply shock to the world especially to textile sector (Zafar 2007) and it has resulted strong adjustment pressure on African manufacturing sector due to strong competition in domestic and international (Adem 2013). China's engagement in textile and cloth sector and foot wear has a double-edged effect. Its manufacturing firms could displace their African competitors in case they produce similar goods (Matthias et al. 2016). Most obvious threat is seen in squeezing the SSA's clothing, textile, furniture and foot wear exports to US and EU markets (Power 2008). There is also strong evidence on displacement effect for labour intensive manufacturing goods (Matthias et al. 2016). Hence, these sectors and other consumer goods industries in Africa are acutely threatened (GDI 2006). Construction companies are also crowding out domestic firms (Asche and Schüller 2008).

There is limited interest in collaborative venture with local companies (CCS 2006; Mohan and Power 2008) and low linkage effects from Chinese engagement (Asongu and Sozi 2015). Efforts need to be enhanced to improve Africa's world manufacturing value chain participation.

Impact on the Long Run Win–Win Prospects

The new Sino–Africa economic relation could soon plunge in to win–lose relations in favour of China and the soft power and win–win relations may be short-lived. Moreover, its recent engagements with the continent have raised questions of neo-colonialism tantamount to those in the N-S relations (Bbaala 2015). In the medium and long run much rests in the complementarities or competitive nature of trade and investment in sectors that are increasingly attractive to China (Roy 2014).

There are arguments showing that the relationship is unsustainable and asymmetric and not different from earlier actors in Africa. It is just a new scramble, new imperialism (Asongu and Aminkeng 2013; Borovoska 2011; Chen et al. 2015; Hanauer and Morris 2014; Idun-Arkhurst and Laing 2007; Naidu n.d.). Moreover, there is limited number of efficiency seeking firms coming to Africa (Matthias et al. 2016).

From the African Side

An economic relation must shift from natural resource to human resource in the long run. Africa is expected to create 30 million jobs per year for 20 years from now (Thornton 2016).

Moreover, African countries need greater leverage to ensure that they benefit from the relationship as much as China does. If managed poorly, Africa risks Chinese exploitation and misses a prime opportunity to advance its political, social and economic development (Haroz 2011).

The relationship with China is dynamic in its own right mainly due to its worldwide competition and the prevailing global landscape as well as its domestic interests. Hence, the long run is far from clear for all actors including China.

Conclusion

The following conclusions can be drawn from the literatures assessed:

Bilateral relationship along Trade, FDI and Aid complement one another, and the balancing is done by State actors through guiding market operations. Hence, these can somehow ensure continuity of a win–win beneficial relation for both partners.

Chinese focus on infrastructure, construction and manufacturing is of critical importance for African growth. These sector-specific interventions made by Chinese are complementary to the development assistance from the West, which is focusing on social development and governance issues.

Most African States still have dominant State-based development intervention approach in their economies as the private sector's role is minimal yet. China can provide a good mix of the knowledge on how efficiently African States can engage their private sector alongside the dominant Government role in their economies.

African States are in critical shortage of capital to finance big projects by their own domestic capacity. The Chinese follow less bureaucratic approach and the multiple instruments used in this respect are seen to be beneficial to secure the much needed resource to break the African infrastructure and manufacturing bottlenecks.

The long-run impact of the Chinese involvement in Africa along the lines of governance, environment and natural resource extraction would remain to be challenging for Africa.

Africa's interest in ensuring technology transfer; employment generation; economy diversification and structural change through industrialisation; trade and commerce flows need to be wisely addressed by Chinese actors for a better win–win relation.

Further research can be taken up in under researched areas such as the impact of Chinese actors on multilateral and bilateral development actors role in Africa; relevant collaboration mechanisms among the actors; future impact on sustainability of natural resource extraction; Africa's industrialisation and technology transfer; global integration and institutional development; role of private actors from China and Africa; sector-specific impacts of the relationship, and so on.

Declaration of Conflicting Interests

The author declared no potential conflicts of interest with respect to the research, authorship and/or publication of this article.

Funding

The author received no financial support for the research, authorship and/or publication of this article.

References

Adem, S. 2013. Decoding the Discourse on China in Africa: Mapping Knowledge about China-Africa Relations. A Conference, Yale University.

Ademola, O. T., A. S. Bankole and A. O. Adewuyi. 2009. China–Africa Trade Relations: Insights from AERC Scoping Studies. *European Journal of Development Research* 21, no. 4: 485–505.

Adisu, K., Sharkey, T., and S. C. Okoroafo. 2010. The Impact of Chinese Investment in Africa. *International Journal of Business and Management* 5, no. 9.

Ado, A. and Z. Su. 2016. China in Africa: A Critical Literature Review. *International Business* 12, no. 1: 40–60.

Ajakaiye, O. and R. Kaplinsky. 2009. China in Africa: A Relationship in Transition. *European Journal of Development Research* 21, 479–484. doi:10.1057/ejdr.2009.30

Alden, C. and M. Davies. 2006. A Profile of the Operations of Chinese Multinationals in Africa. *South African Journal of International Affairs* 13, no. 1: 83–96.

Anderson, J. E. 2008. International Trade Theories. London: Palgrave Macmillan.

Asche, H. and M. Schüller. 2008. *China's Engagement in Africa: Opportunities and Risks for Development*. Eschborn: GTZ.

Asongu, S. A. 2016. Sino-African Relations: A Review and Reconciliation of Dominant Schools of Thought. *Politics & Policy* 44, no. 2: 351–83.

Asongu, S. A. and G. A. Aminkeng. 2013. The Economic Consequences of China-Africa Relations: Debunking Myths in the Debate. MPRA Paper No. 48468.

Asongu, S. and J. Sozi. 2015. Sino-African Relations: Some Solutions and Strategies to the Policy Syndromes. AGDI WP/15/013. RePEc Archive.
Babatunde, M. A. 2013. Sino-Africa Investment Relations: The Good, the Bad and the Ugly. *Asia Pacific and Globalization Review* 3, no. 1: 1–23.
Bbaala, P. 2015. Emerging Questions on the Shifting Sino-Africa Relations: 'Win-Win' or 'Win-Lose'? *Africa Development* XL, no. 3: 97–119.
Benedict, K. and K. Simon. 2015. Key Determinants of China's Outward FDI to Africa. *Journal of Economics and Sustainable Development* 6, no. 6: ISSN 2222-1700.
Bentzen, J. 2016. The Middle Kingdom in Africa: A Quantitative Study of Support for the China Model.
Berhe, M. G. and L. Hongwu. 2013. *China–Africa Relations: Governance, Peace and Security*. Ethiopia: Institute for Peace and Security Studies (Addis Ababa University) and Institute of African Studies (Zhejiang Normal University).
Besada, H. 2013. Assessing China's Relations with Africa. *Africa Development* XXXVIII, no. 1–2: 81–105.
Besada, H., Y. Wang and J. Whalley. 2008. China's Growing Economic Activity in Africa. NBER Working Paper No. 14024. Cambridge, MA: National Bureau of Economic Research.
Biggeri, M. and M. Sanfilippo. 2009. Understanding China's Move into Africa: An Empirical Analysis. *Journal of Chinese Economic and Business Studies* 7, no. 1: 31–54.
Borovoska, H. 2011. The China-Africa Marriage. Master Thesis, Copenhagen Business School.
Bosshard, P. 2007. *China's Role in Financing African Infrastructure: Policy Director*. International Rivers Network.
Brautigam, D. 2011. *Chinese Development Aid in Africa: What, Where, Why, and How Much?* https://deborahbrautigam.files.wordpress.com/2013/04/2011-brautigam-chinese-aid-in-africa.pdf
Brautigam, D. and K. P. Gallagher. 2014. Bartering Globalization: China's Commodity Backed Finance in Africa and Latin America. *Global Policy* 5, no. 3: 346–52.
Bräutigam, D. A. and T. Xiaoyang. 2009. China's Engagement in African Agriculture: Down to the Countryside. *The China Quarterly* 199: 686–706.
Brautigam, D. and H. Zhang. 2013. Green Dreams: Myth and Reality in China's Agricultural Investment in Africa. *Third World Quarterly* 34, no. 9: 1676–96.
Breivik, A.-L. 2014. Determinants of Chinese FDI in Africa: An Econometric Analysis. Master's Thesis, Department of Economics, University of Bergen.
Carike, C., L. Elsabé and B. Henri. 2012. Chinese Foreign Direct Investment in Africa: Making Sense of a New Economic Reality. *Review African Journal of Business Management* 6, no. 47: 11583–97.
Carine, Kiala. 2010. China–Angola aid relations: strategic cooperation for development? *South African Journal of International Affairs* 17, no. 3: 313–331. DOI: 10.1080/10220461.2010.533528
Centre for Chinese Studies (CCS). 2007. *China's Engagement of Africa: Preliminary Scoping of African Case Studies: Angola, Ethiopia, Gabon, Uganda, SA and Zambia*. Stellenbosch: Centre for Chinese Studies.
Chen, W., D. Dollar and H. Tang. 2015. *Why Is China Investing in Africa? Evidence from the Firm Level*. Munich: Center for Economic Studies & Ifo Institute.
Cissé, D. 2013. South-South Migration and Sino-African Small Traders: A Comparative Study of Chinese in Senegal and Africans in China. *African Review of Economics and Finance* 5, no. 1: 21–35.

Corkin, L., C. Burke and M. Davies. 2008. *China's Role in the Development of Africa's Infrastructure*. Stellenbosch: Centre for Chinese Studies, Stellenbosch University African Studies Program.

De Grauwe, P., R. Houssa and G. Piccillo. 2012. African Trade Dynamics: Is China a Different Trading Partner? *Journal of Chinese Economic & Business Studies* 10, no. 1: 15–45.

Eisenman, J. 2012. China–Africa Trade Patterns: Causes and Consequences. *Journal of Contemporary China* 21, no. 77: 793–98.

Frauke, U., N. Johan, Y. Wang, H. Deepika and M. Giles. 2011. China and the African Oil Sector: Channels of Engagement, Motives, Actors and Impacts. IDS Working Paper No. 374. Brighton: IDS.

Furman Jr., J. H. 2016. A Comparative Analysis of US and Chinese Engagement in SSA. MA Thesis, Naval Postgraduate School.

Gadzala, A. and M. Hanusch. 2010. *African Perspectives on China-Africa: Gauging Popular Perceptions and their Economic and Political Determinants*. Cape Town: Afrobarometer.

German Development Institute (GDI). 2006. China's Africa Policy: Opportunity and Challenge for European Development Cooperation. Briefing Paper 4.

Giovannetti, G. and M. Sanfilippo. 2011. China's Economic Cooperation with Africa. *Journal of African Development* 13: 143–175.

Girma, M. 2017. International Trade Theories and Trends.

Goldstein, A., N. Pinaud, H. Reisen and X. Chen. 2006. *China and India: What's in It for Africa?* Policy Coherence and Productive Capacity Building; OECD Development Centre.

Gu, J. n.d. *China's Private Enterprises in Africa and the Implications for African Development*. Institute of Development Studies EJDR on China and Africa.

———. 2011. The Last Golden Land? Chinese Private Companies go to Africa. IDS Working Paper No. 365. Brighton: Institute of Development Studies at the University of Sussex Brighton.

Hanauer, L. and Morris, L. J. 2014. *Chinese Engagement in Africa: Drivers, Reactions, and Implications for U.S. Policy: The RAND Corporation Research Report Series*.

Haroz, D. 2011. China in Africa: Symbiosis or Exploitation? *The Fletcher Forum of World Affairs* 35, no. 2: 65–88.

Hellendorff, B. 2011. China and DRC: Africa's Next Top Models? UCL. https://cdn.uclouvain.be/public/Exports%20reddot/pols/documents/NA13-INBEV-ALL.pdf0

Hill, C. A. 2015. The Role of the Tiger and the Elephant in the Ascent of Africa: Partners or Neo-colonialists? Honors Thesis, University of Tennessee, Chattanooga.

Idun-Arkhurst, I. and J. Laing. 2007. The Impact of the Chinese Presence in Africa: An Africa Practice Report.

Jing, G. and S. Richard. 2011. *Post-crisis Prospects for China-Africa Relations, Series No. 124*. Tunis, Tunisia: African Development Bank.

Johnston, L. A. and C. Yuan. 2014. *China's Africa Trade and Investment Policies: Review of a 'Noodle Bowl'*. Stellenbosch: Centre for Chinese Studies, Stellenbosch University African-East Asian Affairs.

Kamau, P. 2013. *Chinese Ascendancy in the Global Clothing Industry: Implications for sub-Saharan Africa*. Nairobi: Institute for Development Studies, University of Nairobi.

Kaplinsky, R. and D. Messner. 2008. Introduction: The Impact of Asian Drivers on the Developing World. *World Development* 36, no. 2: 197–209.

Kaplinsky, R. and M. Morris. 2009. The Asian Drivers and SSA: MFA Quota Removal and the Portents for African Industrialisation.

Kaplinsky, R., D. McCormick and M. Morris. 2007. *The Impact of China on SSA*. Department of Policy and Practice.

———. 2010. China and Sub-Saharan Africa: Impacts and Challenges of a Growing Relationship. In *The Political Economy of Africa*, ed. V. Padayachee, 389–409. London: Routledge.

Kennedy, E. 2012. China in Africa: South-South Camaraderie or Exploitation? Proceedings of the National Conference on Undergraduate Research. Weber State University, Ogden Utah.

Large, D. 2008. Beyond Dragon in the Bush: The Study of China Africa Relations. *African Affairs* 107, no. 426: 45–61.

Lin, J. Y. and Y. Wang. 2014. China-Africa Co-operation in Structural Transformation: Ideas, Opportunities, and Finances. WIDER Working Paper No. 046.

Lyakurwa, W. 2008. American and Chinese activities in Africa –and African Priorities for the Future. Brenthurst Discussion Paper 6.

Mapaure, C. 2014. *Chinese Investments in Zimbabwe and Namibia: A Comparative Legal Analysis*. Stellenbosch: Centre for Chinese Studies, Stellenbosch University.

Mason, R. 2015. *Patterns and Consequences of Economic Engagement Across Sub-Sahara Africa: A Comparative Analysis of Chinese, British and Turkish Policies*.

Matthias, B., E. Ceren and M. Henning. 2016. China's Impact on Africa: The Role of Trade, FDI and Aid. *KYKLOS* 69, no. 2: 228–62.

McGiffert, C. 2009. *Chinese Soft Power and Its Implication for the US: Competition and Cooperation in the Developing World: A Report of the CSIS Smart Power Initiative*. Washington, DC: Center for Strategic and International Studies.

Mitchell, D. J., Heginbotham, E., and J. Elsenman 2007. *China and the Developing World: Beijing's Strategy for the 21st Century*. Armonk and London: M.E. Sharpe.

Mohan, G. and M. Power. 2010. Redefining 'Aid' in the China–Africa Context. *Development and Change* 41, no. 5: 857–81.

Murawska, A. 2015. China's Foreign Investment in Africa: Evolution and Significance for the Regional and World Economy. *Journal of Management and Financial Sciences* VIII, no. 22: 11–20.

Naidu, S. n.d. Africa's New Development Partners: China and India: Challenging the Status Quo?

Naidu, S. and D. Mbazima. 2008. China–African Relations: A New Impulse in a Changing Continental Landscape. *Futures* 40, no. 8: 748–61.

Ohlin, B. 1979. Some Inefficiency in the Theories of International Economic Relations.

Onjala, J. 2008. *Scoping Study on China–Africa Economic Relations: The Case of Kenya: Revised Final Report*. Institute for Development Studies University of Nairobi.

Patey, L. 2013. *The Global Impact of Africa on Chinese Companies. Chinese National Oil*. Copenhagen: Danish Institute for International Studies.

Pigato, M. and W. Tang. 2015. *China and Africa: Expanding Economic Ties in an Evolving Global Context*. Washington, DC: The World Bank.

Power, R. 2008. What Does the Rise of China Do for Industrialisation in Sub-Saharan Africa? *Review of African Political Economy* 35, no. 115: 7–22.

Renard, M.-F. 2011. *China's Trade and FDI in Africa. Series No. 126*. Tunis: African Development Bank Group.

Richard, S., N. Léonce and W. Peter. 2011. *China and Africa: An Emerging Partnership for Development?* Tunis: African Development Bank Group.

Rossouw, G. J., S. Geerts and N. Xinwa. 2014. *Africans: Perceptions of Chinese Business in Africa: A Survey*. Pretoria: Ethics Institute of South Africa.

Roy, S. 2014. *China and India, 'Rising Powers' and African Development: Challenges and Opportunities*. Uppsala: The Nordic Africa Institute.

Rutaihwa, J. L. and A. R. Mkwawa. 2011. Empirical Analysis of China-Africa Economic and Trade Cooperation for Good or Bad: A Case of Tanzania. *International Journal of Academic Research in Business and Social Sciences* 1, no. 3: 17.

Sandvand, Heidi. 2007. *Friends and Interests*: *A Comparison of Chinese and Nordic Aid to Tanzania*. Master's Thesis, Department of International Environment and Development Studies Norwegian University of Life Sciences (UMB).

Sen, S. 2010. *International Trade Theory and Policy: A Review of the Literature.* Annandale-on-Hudson, NY: Levy Economics Institute.

Sun, Y. 2014. *Africa in China's foreign policy*. Thornton China Centre and Africa Growth Initiative.

Thompson, R. 2012. *Assessing the Chinese Influence in Ghana, Angola, and Zimbabwe: The Impact of Politics, Partners, and Petro*. Stanford: Stanford University Centre for International Security and Cooperation.

Thompson A. & Olusegun S. 2014. China in Africa: An Evaluation of Chinese Investment. Working Paper Series. Lagos: Initiative for Public Policy Analysis.

Thornton, J. L. 2016. *China's Engagement with Africa: From Natural Resources to Human Resources*. China Centre at Brookings.

Uchehara, K. E. 2009a. China Africa Cooperation in the 21st Century: Analysis of the Obstacles and Challenges to Good Cooperation. *Journal of Global Strategic Management* 2, no. 3: 5.

———. 2009b. China-Africa Relations in the 21st Century: Engagement, Compromise and Controversy. *Uluslararası İlişkiler* 6, no. 23: 95–111.

van de Looy, J. 2006. Africa and China: A Strategic Partnership? ASC Working Paper 67. Leiden, The Netherlands: African Studies Centre.

van Dijk, M. P. ed. 2009. *The New Presence of China in Africa.* Amsterdam: Amsterdam University Press.

Wang, J.-Y. 2007. What Drives China's Growing Role in Africa? IMF WP/07/211.

Xue, L. 2004. China-EU Trade Relation: The Period After 1975.

Zafar, A. 2007. *The Growing Relationship Between China and Sub-Saharan Africa: Macroeconomic, Trade, Investment, and Aid Links*. Oxford University Press on behalf of The World Bank.

Zarotiadis, G., N. Mylonidis and K. Griva. n.d. *FDI and International Trade Relations: A Theoretical Approach.* University of Greece.