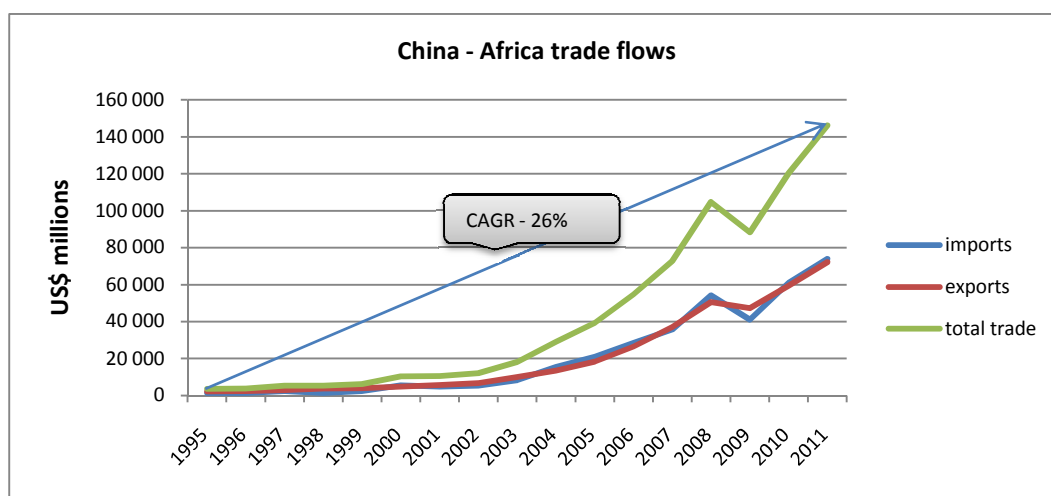


Background

- The success of China is partly attributed to the economic reforms that were undertaken since the 1970s. We have witnessed China's economy change from a closed centrally planned system to a market-oriented economy that has a rapidly growing private sector.
- The impressive economic performance witnessed by China in the past two decades has led to China being touted as the next economic superpower and become the world's top manufacturer, surpassing the United States.
- Export growth has attributed significantly to China's economic performance and currently China is the largest exporter and second largest importer of goods in the world.
- With China's social, political and economic landscape changing for the long term, this has implied China's need for more and diverse raw materials and different types of international business relationships.
- This has led to Chinese companies going global, a trend that has become a defining feature of the present stage of China's integration with the global economy. This has also marked a new phase in China's relations with Africa, with the continent increasingly becoming the target of Chinese foreign investment initiatives.
- China's involvement with Africa goes beyond trade and investment and includes development assistance. At the 2009 Forum on China-Africa Cooperation (FOCAC), China pledged US\$ 10 billion in concessional loans to Africa (AfDB, 2011).

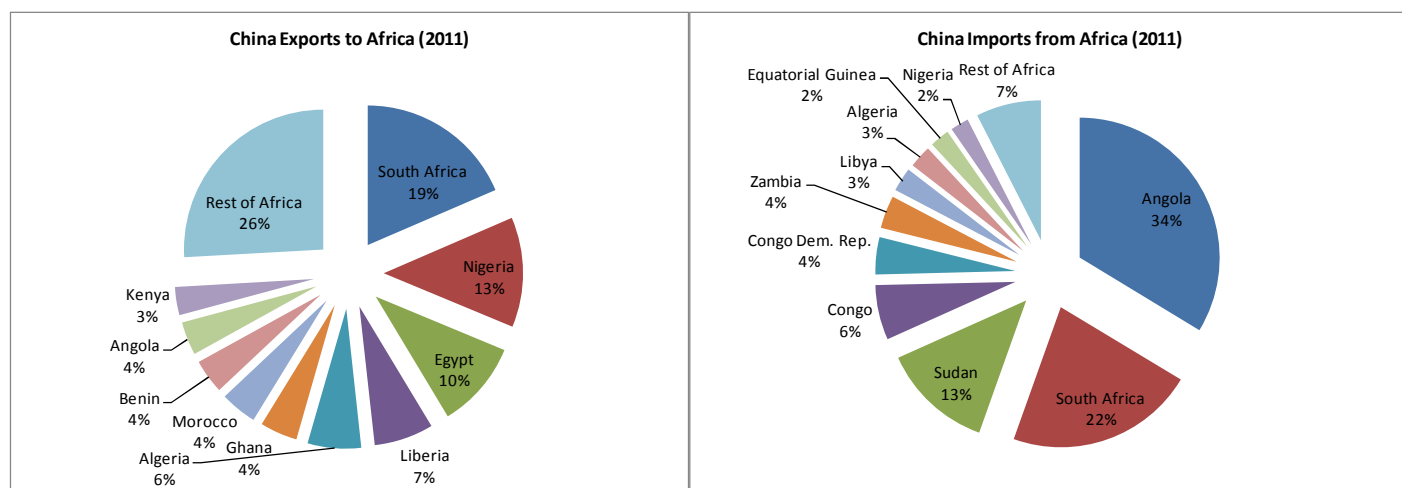
Trade patterns overview

- China–Africa trade has increased substantially in the past 10 years. By 2008, it surpassed the USD 100 billion mark for the first time to reach US\$ 105 billion.
- The 2008 global financial crisis affected imports the most in 2009, China-Africa trade nevertheless totalled US\$ 88 billion in 2009 and trade has peaked to US\$ 146 billion in 2011. .
- In growth terms exports to and imports from Africa recorded a compound growth of 24% and 28% respectively for the period between 1995 and 2011.
- Latest 2011 trade data reveals that imports from Africa accounted for about US\$ 74 billion while exports were a lesser approximate US\$ 72 billion;
- Despite the rapid growth in trade with China, the European Union (EU) and the United States at the moment remain the largest trade and investment partners for many African economies. The EU accounts for 30% of Africa's exports compared to China’s 4%.



Source: Global Trade Atlas

- China's trade with the African continent is currently imbalanced, concentrating on a small number of countries, given the emphasis on oil and minerals.
- While China's imports from Africa are concentrated with a few trading partners, exports to Africa on the other hand are spread amongst a relatively wider selection of trading partners;
- In 2011, about 70% of China's imports from Africa came from Angola (34%), South Africa (22%), Sudan (13%) and the Congo (6%) while close 50% of imports from China, went to South Africa (19%), Nigeria (13%), Egypt (10%), and Liberia (7%).



Source: Global Trade Atlas

- Between 1995 and 2011, the bulk of the top 10 exporters were growing at a faster growth rate in comparison to both the World (17%) and Continental (24%) averages, with the exception of South Africa, Egypt, Kenya and Morocco, and indication that other players are actively trading with China;
- The same applies for top importers of Chinese products where South Africa (22%), Libya (23%) and Nigeria (23%) were amongst the African countries in top 10 that had a growth rate less than the Continental average of 28% over the review period.

Exports (US\$ millions)					Imports (US\$ millions)				
	1995	2011	%share (2011)	CAGR(%) 95-2011		1995	2011	%share (2011)	CAGR(%) 95-2011
World	148,780	1,899,281		17	World	132,083	1,741,430		17
Africa	2,255	72,144	4	24	Africa	1,393	73,983	4	28
South Africa	633	13,368	19	21	Angola	137	24,889	34	38
Nigeria	153	9,201	13	29	South Africa	688	16,139	22	22
Egypt	440	7,283	10	19	Sudan	75	9,503	13	35
Liberia	36	4,966	7	36	Congo	3	4,672	6	58
Algeria	57	4,473	6	31	DRC	1	3,171	4	66
Ghana	71	3,112	4	27	Zambia	2	2,789	4	57
Morocco	112	3,043	4	23	Libya	72	2,056	3	23
Benin	67	2,875	4	26	Algeria	22	1,946	3	32
Angola	21	2,782	4	36	Eq Guinea	13	1,677	2	35
Kenya	104	2,369	3	22	Nigeria	60	1,580	2	23
Rest of Africa	561	18,672	26	24	Rest of Africa	320	5,561	8	20

Source: Global Trade Atlas and Author's calculations

A look at product composition reveals a concentration of trade in relatively few product groups. China exports mainly manufactured products while imports from Africa are mainly primary resource based products in nature.

- Main exports of China to Africa include vehicles, electrical appliances and clothing and footwear. Top 10 products account for only 23% of total exports share, demonstrating the diversity of Chinese exports to Africa

Imports on the other hand, paint a different picture. The main imports from Africa are mineral fuels, mineral ores and metals. Top 10 products account for 90% of total imports.

Sources:

AfDB, 2011. *China and Africa: An Emerging Partnership for Development?* African Development Group, Tunisia; [online]:

<http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Anglaischina.pdf>

China exports to Africa (US\$ million)						China Imports from Africa (US\$ million)					
HS4	HS4 Desc	1995	2011	% share (2011)	CAGR 95-2011 (%)	HS4	HS4des	1995	2011	% share (2011)	CAGR 95-2011 (%)
Total		2,255	72,144		24%	Total		1,393	73,983		28%
8901	Vessels For Transport Of Persons Or Goods	35	3,922	5%	34%	2709	Petroleum Oils And Oils From Bituminous Minerals,	258	46,705	63%	38%
8517	Electric Apparatus For Line Telephony	0	2,888	4%	--	2601	Iron Ores And Concentrates,	132	7,283	10%	28%
5208	Woven Cotton Fabrics,	185	2,322	3%	17%	7110	Platinum, Unwrought Or In Semi-manufactured Forms,	4	1,943	3%	47%
6402	Footwear, Outer Sole & Upper Rubber	94	1,668	2%	20%	7102	Diamonds, Whether Or Not Worked, But Not Mounted O	36	1,402	2%	26%
8711	Motorcycles	2	1,581	2%	52%	7402	Unrefined Copper; Copper Anodes For Electrolytic R	16	1,390	2%	32%
4011	Pneumatic Rubber Tires	28	1,470	2%	28%	2610	Chromium Ores And Concentrates	33	1,374	2%	26%
5407	Woven Fab Of Syn Fil Yn,	2	1,397	2%	51%	7202	Ferroalloys	0	1,326	2%	--
6104	Women'S Or Girls' Suits,	4	1,055	1%	42%	2602	Manganese Ores & Concentrates,	64	1,230	2%	20%
4202	Travel Goods, Handbags, Wallets, Jewelry Cases Etc	45	1,049	1%	22%	7403	Refined Copper And Copper Alloys (Other Than Maste	3	1,221	2%	46%
8471	Automatic Data Process Machines;	10	922	1%	33%	2701	Coal; Briquettes, Ovoids And Similar Solid Fuels M	0	1,166	2%	--

Source: Global Trade Atlas and Author's calculations