

Explore China-Africa Relations Through China-Africa Trade Exchanges

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Abstract: In recent years, with the deepening of economic globalization, the trade between China and African countries has become increasingly close. The trade between China and Africa has brought economic growth to China and African countries, consolidated the friendly relations between the two sides, and also led to some frictions and disputes. The economic and trade cooperation between China and African countries began as early as around the 1950s. On May 30, 1956, Egypt and China established diplomatic relations at the ambassadorial level. It was the first country in Africa to establish diplomatic relations with China, opening a new chapter in China-Africa relations. Since then, China has maintained increasingly close ties with African countries and has established diplomatic relations with more African countries. On this basis, China and African countries have also gradually started economic and trade cooperation. China has helped many African countries to carry out infrastructure construction, promoted the economic development of African countries, and also helped them to enhance their international status to a certain extent. The economic and trade relations between China and East African countries are generally improving, but there are still many problems and instability. Only by carrying out trade in the right way can the friendly relations between China and African countries be maintained.

Keywords: China-Africa trade, east African countries, economic and trade cooperation

1. Introduction

1.1. Reasons for China's Trade Cooperation with East African Countries

The East African region has two unique advantages: cheap labor and abundant natural resources, which attract Chinese enterprises to invest in it. Among them, abundant and cheap labor can effectively reduce operating costs and improve product competitiveness. Rich natural resources can bring economic income to East African countries, maintain their economic growth, and reduce dependence on external suppliers. In addition, China's investment in East African countries also has the desire to gain political support from African countries in the international community. For China, having 54 African friends is also crucial.[1]

1.2. Exchanges and Cooperation Between China and East Africa

Four ways of bilateral exchanges and cooperation. For all the countries in East Africa, China is a robust partner, a solid partner, an unbalanced partner and a nascent partner. The governments of many East African countries, represented by Kenya, Nigeria and Tanzania, have recognized the importance of China, had close ties with China, and conducted frequent business contacts and investment activities with China.

The basis of intergovernmental cooperation between China and East Africa. The precondition of economic and trade cooperation between China and East African countries is based on the common desire for political stability and friendly cooperation. China's strong economic strength is an important foundation for it, and the sensitivity and foresight of the Chinese government's continuous adjustment measures is its necessary guarantee.

1.3. Results of China's Trade and Investment in East Africa

Most countries in East Africa have very backward infrastructure, the economy is not booming, and people have no fixed income to make ends meet. China's investment will undoubtedly inject vitality into its development.

Compiled by the central African folk chamber of commerce of the Chinese enterprise investment report (2022) — *Chinese and African enterprise cooperation from the perspective of supply chain* in Chinese version has been published. The African development bank President Akinwumi Adesina in the opening recommendation wrote: "Africa needs a high quality investment. Africa needs environmentally friendly investment. Africa needs investment that helps promote the development of the local supply chain and improve young people's labor skills. Africa needs socially responsible investments that empower communities. This has to be a win-win investment partnership." [2] This shows that China's assistance has greatly promoted the construction and development of African countries.

Chinese investment has boosted the construction of national infrastructure in East Africa. Key projects such as financing and construction of transportation networks and power plants have effectively solved the problem of infrastructure deficit in East African countries, and have largely promoted the economic growth and regional integration of East African countries, and greatly improved people's living standards.

China's investment in East Africa has also provided it with a large number of employment opportunities and created good employment prospects. In particular, through the establishment and expansion of production facilities, the current situation of poverty in East Africa has been improved and its social development has been promoted.

The Chinese investment has also enabled the transfer of new technology and knowledge. China has brought advanced technology and expertise to East African countries, promoted the industrialization process of East Africa, helped them realize technological innovation, and promoted economic diversification.

Most importantly, unlike many other countries, China's investment is not conditional on demanding political reform [3] and does not interfere in its internal affairs. China's investment has great flexibility, allowing East African countries to pursue their own development goals without external interference in their internal affairs, and giving them great autonomy and decision-making power.

1.4. Special Trade Partner—Rwanda

Rwanda is a country with a series of reconstruction policies after the 1994 genocide, known as the "Singapore of Africa." The Rwandan government has outlined its development goals: from an

agriculture-based low-income economy to a middle-income country by 2020, and become a high-income country by 2050.

China is a reliable investment and trading partner of Rwanda. China has invested in local featured agricultural products such as pepper, tea and coffee, and has also provided support for infrastructure, manufacturing, agriculture, services and other industries, which has greatly promoted the economic growth of Rwanda.

China and Rwanda are engaged in a strategic partnership for win-win cooperation and common development. In 2019, Rwanda sent entrepreneurs and international students to China to learn e-commerce knowledge and receive trade training; in 2021, the bilateral trade volume between China and Rwanda was 364 million dollars, up 13.4% year on year. Among them, China's exports reached 335 million dollars, up 18.6% year on year; in 2021, the direct investment flow of Chinese enterprises in Rwanda was 36.14 million dollars. The two sides have very close trade exchanges, and Rwanda is also China's special trade partner.

2. Problems and Frictions Existing in Inter-China-Africa Trade

2.1. Problems for Chinese Companies in Africa

According to the investigation, the development and production of Chinese enterprises in Africa violate labor laws and damage the environment. On the labor side, some enterprises provide inhumane working conditions. They require workers to work more hours than the legal limit and do not replace protective equipment in time, posing a threat to their health. Some enterprises even threaten or dismiss workers who refuse to work in unsafe conditions, posing a threat to the life safety of workers.

At the same time, some local workers in Africa said in interviews that some Chinese enterprises do not pay attention to the fulfillment of their social responsibilities when opening and operating factories in Africa, and unilaterally pursue product output and factory operation while ignoring their social responsibility.[4] On the environment, some Chinese enterprises illegally exploit timber, smuggle logs and illegally fish in the West Sea, causing damage to local natural resources.[1]

2.2. Challenges for Chinese Companies in Investing in Africa

Lack of inputs and scarcity of foreign exchange are just two of the obstacles faced by Chinese entrepreneurs. The investment conditions of Chinese enterprises in Africa are not loose, and they are often limited by various conditions, so it is difficult to get sufficient capital investment.

It is very difficult to acquire permits and licenses. Corruption is rampant in parts of Africa. Only by constantly bribing local officials can they get a license, which is also a huge obstacle for Chinese entrepreneurs.

The Africa region has backward infrastructure and poor production conditions. Many African countries, such as Nigeria, have a huge infrastructure deficit, lack of reliable electricity, water resources and all-weather roads. Frequent power outages, water shortage and transportation problems have seriously delayed the construction period, which is not conducive to the development of enterprises.

In the cooperation between Chinese enterprises and Africa, the local workers in Africa also have their own limitations. First, the quality of the local workforce is low. Due to poor educational conditions, African workers lack corresponding skills and relatively poor learning ability, so it is difficult for production and construction to proceed smoothly. Secondly, the enthusiasm of local workers is not strong. Many African workers refuse to work overtime with paid and often absent from work without reason. For managers, this disrupts the order of production, affects the quality of the product and extends the construction period. Finally, the local workers' credit awareness is

relatively weak. Some workers have problems such as not paying back the money and not keeping the appointments on time, which has greatly reduced the trust between Chinese and African workers and increased the transaction costs.[5]

2.3. Friction Between China and Africa in Trade Cooperation

Trade cooperation between China and Africa faces many challenges. China's investment and establishment of factories in Africa has also been negatively evaluated by the local people, which hinders trade cooperation.

Chinese companies sell their products in African markets, rather than exporting them back to China. At the same time, the lack of diversity in China's imports from Africa [6] also caused market disputes.

The sale of Chinese goods in Africa has led to competition with local companies and sparked resentment among African companies. African entrepreneurs are resisting Chinese companies because they are disrupting local market conditions. It is reported that in recent years, local businessmen have cut off gas pipelines from Chinese companies in retaliation for China's takeover of the market; In Kenya, a Chinese supermarket was opened on January 29, 2023. But it was resisted by local merchants and with street protests because the goods were too cheap. The supermarket was eventually forced to close on February 26 after less than a month of sales.

The second biggest contradiction is the allocation of senior managers. In most Chinese enterprises in Africa, the managers are mostly Chinese. While Africans have limited access to advance to management positions. Many African employees feel marginalized, excluded from power and decision-making positions at these companies and lack promotion mobility. This creates a sense of frustration and rejection, leading to tension with Chinese companies.

The dependence of Chinese companies on cheap labor in Africa has also led to tensions. Some Chinese companies do not participate in technology transfer, but adopt backward technology and use cheap labor to produce. This is good for Chinese companies, but is seen by African workers as limiting their opportunities to acquire new skills and knowledge through access to more advanced technologies. Thus they have a sense of exploitation.

2.4. Successful Cooperation in the Past does not Guarantee Future Success — Take Tanzania as an Example

In recent years, the relationship between the "iron friend" — China and Tanzania has deteriorated. The increased trade friction between the two countries is one of the main reasons for the deterioration of bilateral relations. In recent years, Tanzania has become increasingly dissatisfied with China's import policy, arguing that the entry of Chinese companies has hindered local exports.

In 1994, China and Tanzania officially established diplomatic ties. Since then, China has been helping Tanzania to solve its economic and social development problems. It is well known that China had provided financial aid to Tanzania at its worst times and helped them build the Tanzania-Zambia Railway. Over the years, China-Tanzania relations have been harmonious and stable. China also reached an agreement with the Tanzanian government in 2013 to build a port of Bagamoyo for it. In return, Tanzania agreed to give China 99 years of access after the construction of the port was completed. However, when the port was about to be completed in 2019, Tanzanian President John Pombe Joseph Magufuli suddenly announced the termination of cooperation, considering that the 99 years of use to China was a "robber". He also believes that without China's help, Tanzania will already have the ability to build the port independently. The sudden termination of the cooperation also has a key reason behind it, which is that the UK and Japan have also expressed their willingness to cooperate with Tanzania and promised lower costs than China. The

aid is conditional on Tanzania ending all cooperation with China. As a result, the cooperative construction of the port was forced to end, and relations between China and Tanzania became slightly estranged.

Even with the close and friendly relations between China and Tanzania over the past few years, this strong friendship has produced a tendency of dilution under the dual influence of local trade conflicts and the temptation of external interests. It can be seen that the successful friendly trade cooperation in the past cannot be used as a guarantee of the friendly cooperation in the future, nor does it mean that the trade cooperation between countries will continue to improve forever. Therefore, continuous trade cooperation discussions, adjustment of cooperation strategies and optimization of aid methods are important support for economic and trade cooperation among countries.

3. The Current Situation and Future of Trade Between China and East African Countries

The economic and trade relations between China and East African countries are generally improving, but there are still many problems and instability. Since the establishment of diplomatic ties between China and East African countries, senior leaders of the two sides have maintained mutual visits. Former Tanzanian President Julius Nyerere has visited China five times. Between 2014 and 2020, President Xi Jinping also visited Africa 10 times. Exchanges between ministries and governments in China and East Africa have also increased. Friendship between the two sides is strong. In terms of culture and education, China has also provided east African countries with construction programs that accord with their national conditions and keep pace with the times to help them train high-quality talents. The increasingly close economic and trade exchanges have brought continuous economic income to east African countries, maintained their economic growth, and accelerated the poverty reduction process in East Africa.

3.1. Vision of Trade Exchanges Between China and East African Countries

In trade cooperation, the East African government hopes that among the local Chinese enterprises, local African workers can learn advanced technology, improve their technical level and labor quality, and thus be promoted to become managers, and change the situation that most of the managers of Chinese enterprises are Chinese. Secondly, the East African government hopes that under the training and guidance of China, the local factories in Africa can have the ability to solve production problems independently, no longer rely on the assistance of other countries, and reduce their dependence on foreign investment, so as to realize production autonomy.

Chinese companies want to be seen as teaching skills in East Africa. [1] The Chinese government is actively helping the East Africa region to transform itself. Chinese companies are also building ports, railways, airports, roads and telecommunications networks in the most obscure corners of East Africa, hoping to promote the transformation and long-term development of East African countries through the assistance of infrastructure. China is also training high-quality talents in East Africa. The company Huawei trains 12,000 telecommunications students each year in production centers in Angola, Kenya, Congo, Egypt, Morocco, Nigeria and South Africa. According to statistics, Huawei's revenue from Europe, The Middle East and Africa in 2022 was 149.2 billion yuan, an increase of 14% compared with 131.5 billion yuan in 2021. Huawei's revenue from China and the Asia-Pacific region decreased, while revenue from the Middle East, Africa, the Americas and other regions increased. Researchers at Johns Hopkins University said 80 percent of the workers in China's projects are African, making many African employees with no production experience become experienced and very sophisticated senior workers. In July 2023, after the end of the third China-Africa Economic and Trade Expo, Zhang Xinyu, general manager of Xiangfei

Lianbo International Trade Co., Ltd., signed a contract with the Ministry of Industry of Niger on behalf of the expo, planning to buy land in Niger for the construction of industrial park project. It is also the first industrial park invested and built by a Chinese company in Africa. [7]

3.2. Ways to Realize the Vision

To realize the common vision of common and sustainable development between China and East African countries, both sides need to make joint efforts. There is no denying that there are some obstacles between China and East African countries, such as language and cultural barriers, security issues and corruption, which may endanger the sustainability of bilateral relations. To solve this problem, the governments of both sides should strengthen ties, jointly explore new models of business growth and cooperation, and transform Africa's population and resource advantages into sustained and rapid development.

At the same time, the East African and Chinese governments can boost investment through better governance. The East African government can develop a clear dialogue strategy and establish a trusted bureaucracy to cooperate and negotiate with China. East African enterprises should also keep up with the current politics, follow the trend of social development, adjust their production strategies and production scale with the times, and strive to improve the quality of workers and enhance the competitiveness of African enterprises. The Chinese government should also support the investment and production of private enterprises in Africa, ensure that government financing is provided to private enterprises to the maximum extent, and effectively solve the problem of financing difficulties of Chinese private enterprises in Africa. On this basis, the Chinese government can make phased changes in the way of assistance to East African enterprises, adjust the assistance strategy in time according to the actual situation in East Africa, and shift the infrastructure construction assistance from debt-driven contracting to public-private partnership mode. Chinese enterprises should also actively explore new market entry strategies, and provide more moderate and more acceptable assistance to East African enterprises on the premise of not damaging the local market order, so as to avoid the recurrence of market grabbing. The two sides can also promote trade and production through agricultural agreements between governments, maximize the interests of farmers in East Africa, and protect the local people's livelihood.

4. Conclusion

Trade between China and African countries has a two-sided influence. It is undeniable that the trade between the two sides has enhanced the friendship between China and African countries and promoted the economic growth of both sides. However, if Chinese companies invest and build factories in Africa in the wrong way, it may also undermine China's friendly relations with African countries, leading to frictions and disputes. Therefore, trade between China and Africa should keep up with the current politics, conform to the law of social development, take root in the national conditions of both sides, timely adjust and improve them, and carry out friendly trade cooperation that does not violate the will or harm the interests of each other, so as to achieve mutual benefit and win-win results. At the same time, China's non-business enterprises should also explore measures to improve their own work quality on the basis of carrying out the three principles of centering on the center and serving the overall situation, being people-oriented and jointly building harmoniously, taking measures according to local conditions and being pragmatic and efficient, [8] so as to truly realize the double harvest of economic benefits and harmonious labor relations.

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