



AFRICA-CHINA
CENTRE FOR POLICY
& ADVISORY

INSIGHTS

Reimagining Africa–China trade & investment relations.

PART 2



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Infrastructure financing

China has made more investments in Africa than the next eight largest lenders combined.

Significant infrastructural expenditures are required for Africa to realize its full potential and boost trade among its member nations.

Building infrastructure in Africa is essential for promoting economic growth and raising the standard of living for Africans. It makes a substantial contribution to advancing humankind, reducing poverty, and achieving the Sustainable Development Goals (SDGs).

Over half of the recent increases in economic growth in Africa are attributable to infrastructure investment, and it has the potential to make an even greater contribution.

The primary infrastructure bottlenecks for the continent have long been identified as energy, water, sanitation, telecoms, and transportation. With 30 countries regularly facing power outages and with slightly more than a third of Africans having access to electricity, the continent's biggest infrastructure concern continues to be energy delivery.



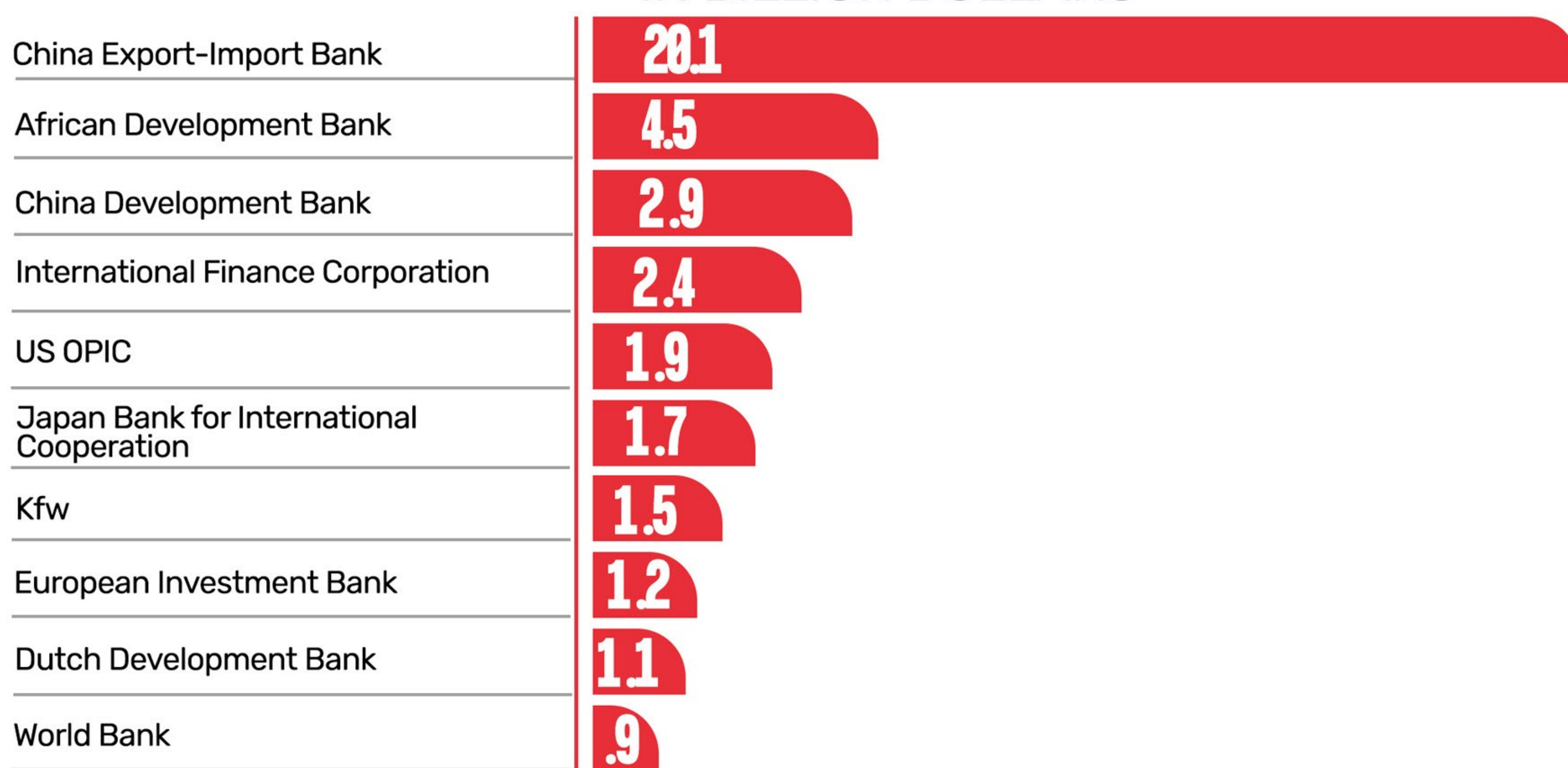
Africa now needs to invest in its infrastructure at a rate of USD 130–170 billion per year, with a financial shortfall of USD 68–108 billion by 2018. (AfDB 2018).

China has aggressively been at the center of infrastructure financing across the continent, helping African countries build a large number of infrastructure projects over the years. In 2012, China rose to the top spot among foreign investors in Africa. Its infrastructure investments totaled \$13 billion, with the World Bank coming in second place with roughly \$4 billion.

China continues to lead the way.

Aggregate infrastructure
investment in sub-Saharan Africa
from 2007–2020

IN BILLION DOLLARS





According to research by the Center for Global Development, a US think tank, China's two major foreign development banks invested \$23 billion in infrastructure projects on the continent between 2007 and 2020.

That amounts to \$8 billion more than the combined contributions of the other top eight lenders, which include the World Bank, the African Development Bank, and the US and European development banks.

Reimagining the partnership.



The headline numbers speak for themselves. It demonstrates how aggressively Chinese investments have been made in Africa across a variety of sectors and how important it is to them to establish a relationship of equality and mutual benefit with African nations.

The most intriguing aspect is that Africans themselves are on their toes and asking questions as to whether the partnership between China and Africa has been positive.



Despite the expansion of trade between China and Africa, the continent remains one of China's smaller trading partners, accounting for only around 4% of China's overall trade.

There is significant potential for the continent to significantly grow its exports to China while also reducing its trade deficit.

Many African nations are making efforts to close this deficit. For instance, Rwanda and Ethiopia are increasing their exports to China by attracting e-commerce customers there through innovative marketing strategies.

Kenya is also developing an online marketplace for the sale of agricultural goods. China wants to import more products from Africa, particularly agricultural ones.

In order to reimagine trade and investment partnerships and unlock the full potential of cooperation, African policymakers need to have a deliberate and concerted effort across all economic sizes and industries.

It's obvious that China will continue to remain an important trading partner for Africa over the next decades. Africa should consider ways to maximize this relationship in order to stimulate economic growth and development, alleviate poverty, and reduce youth unemployment.

Countries must develop a comprehensive China policy, one that covers engagement tactics beyond merely securing natural resources.



Who we are.



The Africa-China Centre for Policy and Advisory is a Sino-African research and policy think tank and advisory firm headquartered in Accra, Ghana.

The Centre is dedicated to providing unbiased policy and market research as well as distinct views on Africa-China relations.

We offer strategic guidance on key issues regarding China and Africa, covering multiple sectors and industries.

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