CHINA-AFRICA ECONOMIC ENGAGEMENTS: IT'S IMPLICATIONS ON THE DEVELOPMENT OF AFRICA

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ABSTRACT

China's spectacular economic progress has attracted the attention of the world in recent years, particularly Africa. African leaders have been concerned about bringing development to their economies and they have established relations with China to boost trade and investments. Politically, different memoranda of understandings (MOUs) have been signed by African leaders on different aspects of their engagements with China. Economically, Chinese state-owned enterprises have invested billions of dollars in foreign reserves, construction, and assisting African countries with mineral deposits in exploration to boost their exports. Also, African's penchant for cheap goods, have provided large markets for Chinese industries. This paper examines the extent to which China's engagement with Africa has produced mutual benefits for both countries. It assesses the issues that are inherent in the relationship, which have affected these countries from achieving mutual benefits. Finally, it suggested ways through which African leaders and policy makers can ensure Chinese trade and investment relations can bring tangible benefits for both countries.

Keywords: China, Africa, investment, trade, development, benefits, economy

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China's economic ascent and the increasing engagement between China and Africa are two of the most prominent features of this process (Chun 2014:5). China's meteoric rise from a developing country to today's second largest global economy, surpassing Japan in early 2011, and largest world trader has gained considerable world attention. China has become one of the world's largest recipients of foreign direct investment (FDI), having attracted approximately US$106 billion by 2010 (Besada 2013:82). While China's impact is felt throughout the entire world, it is the strengthening of ties and growing presence in Africa that are often portrayed as a direct reflection of China's rapid ambition (both economically and politically) to take over the world. The related narrative of 'China out –competing everyone else' seems to be highly visible and prominent when it comes to depicting Chinese engagements across the African continent (Romain 2015:3). The attraction of Africa to the great economic powers of the world that have continued to vigorously pursue extensive relations with the continent lies in the fact that Africa has enormous potentials that are easily exploited and translated to economic fortunes for the benefits of the economic giants of the world (Orngu 2009:89). Sino-African relations largely typifies Africa's strategic position as a source of vital mineral resources and potentials for the economic enhancement of both the developed and fast developing economies of the world (Orngu 2009:90). Taylor (2005:26) argues that "China views Africa as a ripe zone for investment and enormous trade opportunities".

As a result, China's mostly state-owned oil, mining and construction companies have become major players in the natural resource sector in Africa within a short period. Chinese companies and banks are now among the largest buyers, investors, financiers and builders in the African oil, mining and infrastructure sectors. In 2010, Africa's share of China's oil imports increased to 32%, second only to the Middle East with a 44% share. Angola and Sudan are China's main African oil suppliers. China's share of African mineral exports grew from 10% in 2008 to 15% in 2011. Similar increases were recorded for iron and steel from 6 to 16% and copper from 16 to 48% (Konijn 2014:7). China's three largest oil companies have acquired significant ownership stakes in oil fields in Nigeria, Angola, Sudan, Gabon, Cameroon and other African countries. Chinese investments in mining are concentrated in Zambia, the DRC and South Africa (Konijn 2014:7).

Although, the Chinese presence has gradually become a tangible part of the economic landscape in Africa, many questions regarding long-term developments remain open. The selected Chinese economic entities are currently in transition, set between a launching and a consolidating phase, and have consequently shown signs of change in terms of their behaviour. In other words, it is interesting to see the extent to which both Chinese operations are "anchored or embedded in particular territories or places" (Romain 2015:45). This paper will analyse the internal changes that have shaped China-African relations. It will also examine China's roles in enhancing economic development in Africa.

A HISTORICAL REVIEW OF CHINA-AFRICAN RELATIONS

Historians and scholars have uncovered ample evidence that there were some form of indirect contact between China and North Africa during the period leading up to the 2nd century. Such evidence includes traces of Chinese silk discovered amongst the remains of an Egyptian mummy excavated over 3000 years ago. It is also known that Cleopatra, the last Queen of Egypt, often wore Chinese silk clothing. It is generally acknowledged that these contacts were facilitated via trade routes in India, Persia (Iran) and Syria. Although, these contacts were few and they were peaceful and friendly; and they laid the foundation for direct forms of contacts in the succeeding centuries (Chibundu 2000:1).

However, the establishment of China-African relations in the strict modern sense is traceable to the 1960s, when Zhou Enlai made a tour of ten countries in Africa between December 1963 and January 1964 in order to establish diplomatic links with the continent for political and economic benefits. Since 1969, when the Peoples' Republic of China was founded, the country has made conscious efforts in developing and maintaining diplomatic relations with African countries. For instance, during the Bandung Conference of April 1955, Chinese Premier Zhou Enlai entertained Gamel Abdel Nasser of Egypt and, for the first time, met with representatives from Ethiopia, Ghana, Liberia, Libya and Sudan (Orngu 2009:97). The late 1960s was a very significant era of China-African relations as African national independence movements witnessed tremendous progress. As China solidly supported Africa's struggle for national independence and sovereignty, China in turn enjoyed the trust and goodwill of African nations, translating to vibrant diplomatic relations (Orngu 2009:98). During the Cold War (1955-1976), Beijing realised that newly independent countries in the former colonial world were both natural allies and a potential solution to its legitimacy problems. The launching of the 'Five Principles' (mutual respect for territorial integrity and sovereignty, mutual non-aggression, mutual non-interference in internal affairs, equality and mutual benefit), were particularly appealing to new states in a post-colonial setting (Alden and Alves 2008:47). In 1971, China became a member of the UN Security Council and it gained gradual recognition by most states in the world. Its development assistance quickly overtook subversive activities in its quest to enlarge its influence over the continent. The most notable was the construction of the Tan-Zam railway between 1970 and 1975 linking Zambia's rich copper belt to the coastal port of Dar es Salaam (Alden and Alves 2008:51). Whereas in the 1960s-19780s, China's engagement was largely ideological, today China's foreign policy is characterised as 'flexible, differentiated and proactive'. Alongside this, resource diplomacy are various forms of 'soft power' which not only garner support in exporting countries but are tied to China's regional and international geopolitical aims (Mohan and Power 2008:31). This resource diplomacy has seen various high visits and policy fora. During President Jiang Zemin's 1996 Africa visit, he signed 23 economic and technical cooperative agreements with six African countries. He also outlined a five point proposal for long term Sino-Africa cooperation, which included fostering 'a sincere friendship', interaction based on equality, respect for sovereignty and non-interference, common development on the basis of mutual benefit, enhanced consultation and co-operation in global affairs, and the pursuit of a just and fair international economic and political order (Mohan and Power 2008:31).

Entering into the twenty-first century, China and Africa expressed their mutual desire to further strengthen their consultations and cooperation. They created the Forum on China-Africa cooperation (FOCAC) and held the first Ministerial Conference under the FOCAC framework in Beijing in October 2000. High-level Ministerial Meetings within the FOCAC framework have been held, in Addis Ababa in 2003 and in Beijing in 2006, and most recently in Sharm El Sheik, Egypt in November 2009 (Hon et al 2010:1). At the Beijing Summit in 2006, a number of commitments were made and incorporated into the Beijing Action Plan. These commitments cover cooperation in various sectors, including the spheres of economics, politics and international affairs. The Action plan also outlines concrete commitments in a variety of areas, including human development, technical assistance, and infrastructure. At the 2006 FOCAC meeting, Chinese Vice Premier Wu Yi outlined three proposals for the FOCAC process intended to take advantage of the potential for expanded China-Africa co-operation and interaction. Firstly, she called for a "new vitality" for the forum in order to position FOCAC as the lead organisation in advancing comprehensive China-Africa relations. Secondly, with a view to advancing new initiatives, China and Africa should fully exploit co-operation potential and take advantage of each other strengths to expand and upgrade co-operation. Lastly, Vice Premier Wu urged Chinese and African diplomats to strengthen co-ordination in order to facilitate both bilateral and multilateral interaction (Hon et al 2010:5).

At the conclusion of FOCAC III, a declaration and an action plan for 2007-2009 was adopted by the Chinese and African leadership. The declaration refers to the establishment of a "new type of strategic partnership" between China and Africa, while the action plan provided a detailed road map for China-Africa co-operation. The action plan proposes co-operation in the fields of politics, economics, international affairs and social development (Hon et al 2010:5). On the 1st of December, 2015, President Xi Jinping acknowledged China's support toward Africa's industrialization and economic diversification efforts at the Forum on China-Africa Cooperation (FOCAC) summit in Johannesburg, South Africa attended by heads of states marked a high point in the Sino-African relations. China committed a $60 billion in funding, including the launch of a new, dedicated $10 billion industrial capacity cooperation fund and a shift toward more equity-based cooperation models and a focus on Chinese manufacturing investment in diversified sectors (Edinger 2016:17). Though, the changing structure of China's economy and the resultant growth trajectory will continue to be a hot topic in global economies. It will not only test China's commercial engagements with other leading commercial powers but with Africa too.

IMPLICATIONS OF CHINA'S ECONOMIC ENGAGEMENT IN AFRICA

Africa owns around 8% of the world's oil reserves and 11% of world oil production. A quarter of China's oil imports come from Africa: from Algeria, Angola, Chad, Sudan, Nigeria, Gabon and Equatorial Guinea. Even though this trade in natural resources has a positive effect on the trade balance, it has some disadvantages as well. The production of oil merely requires capital investment and labourers are not required in large numbers. And in countries where oil is abundant, governments tend to focus on the wealth-generating oil sector and to neglect other sectors (Looy 2006:15). Also, the rapid expansion of trade and investment is facilitated by lines of credit extended by Chinese policy banks. The Export-Import Bank of China (Exim) provided $38 billion in loans for over 1000 infrastructure projects in Africa between 2003 and 2011. Chinese construction companies are building roads, railways, power plants and dams all over the continent (Konijn 2014:8).

In Sudan, Chinese companies have invested more than US$ 15 billion since 1996, largely in the oil sector, helping Sudan to go from an importer of oil to one of Africa's largest exporters. In 2010 alone, the oil industry generated $4.5 billion, with estimated oil reserves of 1.6 million barrels, this African state is the recipient of approximately seven per cent of Chinese development; China's Sinopec is building a 1,500 Kilometers pipeline to Port Sudan to the Red Sea. In West Africa, Petro-China finalized a deal in July 2005 reported to be worth US$8000 million with the Nigerian National Petroleum Corporation to purchase approximately 30,000 barrels of oil per day for one year (Beseda 2013:86). The following year, China National Offshore Oil Corporation, following an unsuccessful bid to buy US-owned Unocal, succeeded in acquiring a 45 per cent stake to be worth more than US$ 2.27 billion in a Nigerian offshore oil and gas field (Besada 2013:87). Under the leadership of Olusegun Obasanjo (199-2007), Nigeria embraced Chinese infrastructure-for-oil-deals, totaling $12 billion. Chinese National Owned Companies (the China National Offshore Oil Corporation and Sinopec) obtained access to their first stakes in the oil industry in exchange for engaging in major infrastructure projects. These included the rehabilitation of Kaduna oil refinery ($2 billion) by the CNPC, the Lagos-Kano 1350 km railway and Mambilla hydro-electric station, with funding from China Exim Bank (2.5 billion) partly backed by Nigerian oil blocks. Though, most Chinese oil exploration contracts awarded by Obasanjo and loans signed under his rule were frozen by his successor, Umaru Musa YarÁdua after the elections in 2007, followed by a review of the Nigerian oil industry regulatory framework. The experience in Nigeria's oil sector has exposed the vulnerability of Chinese intra-governmental approach to regime change (Alves 2013:11).

The Chinese have significantly increased their investments in Zimbabwe, which accounts for the growing number of Chinese citizens in the country. Chinese companies began investing in Zimbabwe in 1994. From 1994 to 2003, three Chinese companies actively invested in Zimbabwe: China Building Material Industrial Corporation for Foreign Econo-Technical Co-operation invested $5.844 million in the Sino-Zimbabwe Cement Company, Zimna Tractor Assembly Factory invested ZIM 4.8 million (58% of shares) in Dwala Enterprises (PVT) Ltd and Hongda Intertexture Factory invested $810,000 (50% of shares) in a private company named Super Garments (Chun 2014:17). After the launch of the 'Look East' policy, China's investment in Zimbabwe grew rapidly and in 2005, 29 companies were operating in Zimbabwe. Since then, the number has gradually increased with 42 companies in 2011, 44 in 2012 and 45 in 2013 (Chun 2014:17). Chinese companies have also become active in Zimbabwe's manufacturing, agricultural, retail, transport and infrastructure sectors. As in other African countries, China is moving beyond merely securing essential inputs to acquiring stakes in potentially productive enterprises in Zimbabwe. In 2007, the Chinese government extended a credit facility of $200 million in support of Zimbabwe's agricultural sector. The facility was mainly used to acquire farming equipment from China, including 1,000 tractors and an assortment of combine harvesters, irrigation pumps, disc harrows and planters (Chun 2013:19).

Also, under the supervision of its Ministry of Commerce (MOFCOM), China donated agricultural materials (farm equipment, agricultural inputs) and participated in the funding of agricultural programmes and rural infrastructure projects such as Bui Dam in Ghana and Poilao Dam in Cape Verde, both dedicated to large area irrigation (Santi and Weigert2015:4). In 2008, China offered the Nigerian government export guarantee facilities reportedly worth US$50 billion aimed at funding projects over the next three years. In Sudan, Beijing has used its technical expertise and links to other government-owned companies to transform the country's oil industry into a major export earner for Khartoum. With $519 million in loans from the China Exim Bank, the Merowe hydropower dam was completed in 2009, doubling Sudan's electricity generation, but also resulting in a number of negative social impacts, including the displacement of 50,000 inhabitants (Besada 2013:87). Chinese agricultural engagement in Africa is also driven by diplomatic considerations. The agricultural sector constitutes the backbone of the national economies of many African countries. Given that, around 70–80% of the total population, including 70% of the continent is extremely poor, live in rural areas and depend on agriculture for their livelihood, the agricultural sector is believed to have the potential to lift people out of hunger and poverty on a massive scale. By providing capital to help boost Africa's agricultural sector, China also hopes to forge a responsible image in its contemporary engagement with the continent, and thus maintain and strengthen its traditional, strategic African alliances in the international political arena (Jiang 2015:12).

Most of these crop farming companies are located in East Africa, with Zambia, Tanzania, Mozambique, Zimbabwe and Madagascar hosting the largest number. About 25% of these companies are involved in cash crop farming, primarily cotton, but they also farm rubber, sugarcane, sisal, palm oil, etc. The majority of the companies are engaged in farming food crops, mostly grains and vegetables. In terms of enterprise ownership, up to 80% of the projects are held by private Chinese companies. State-owned/controlled enterprises (SOEs) and those with mixed ownership (companies co-invested by state and private capital) represent only a small percentage (Jiang 2015:13). The farm/plantation production model has been the most commonly used model among Chinese agro-investment projects in Africa. Under this model, Chinese investors need to either buy or lease land from the local government or private owners to build their farms, which can be farms of a few hectares or plantations of tens of thousands of hectares. The length of the lease can vary from 15 or 20 years up to 99 years or more on a country specific basis. The farms/plantations are usually run by a small Chinese management team and local workers are employed to grow the crops. The numbers of local employees depend on the size of the project. The sisal farm invested in by China-Africa Agriculture Investment Corporation (CAAIC) in Tanzania has a 99-year lease on 6 900 hectares of land obtained from a Tanzanian in 1999. The farm is run by a top-level management team of six Chinese people alongside a middle-level management team of 100 local staff working in areas such as production, administration, accounting, security, engineering, medical care, etc. The staffers are hired as permanent employees with formal labour contracts signed with the farm. In addition, the farm also employs hundreds of farm workers (700 long terms, 500 temporary in 2013) who work on a seasonal basis. The output of this sisal farm has accounted for one-tenth of total sisal production in Tanzania, ranking third in terms of the company's asset value among the 32 sisal farms in the country (Jiang 2015:17).

More so, China is going about carving out designated special economic zones (SEZs) across the continent that are set to become Africa's new economic growth nodes. China's commercial strategy toward Africa also involves linking these SEZs by building infrastructure corridors across the respective regions (Davies 2008:134). These Chinese special economic zones in Africa are; the Chambishi, Zambia's copper belt region where the Chinese government committed US$ 800 million in investment credit for its firms to tap into. The zone's anchor investment will be a US$ 250 million copper smelter for local beneficiation. The next special economic zone was announced in mid-2007 in Mauritius. The US$ 500 million manufacturing zone will house 40 Chinese businesses, creating 5,000 jobs for locals and 8,000 for Chinese contractors. The third will be located in Dar es Salaam, Tanzania. It will be a trans-shipment hub for commodities mined in the copper belt (Davies 2008:135). Lastly, China's engagement goes beyond resource extraction in Nigeria. The special economic zone will be a manufacturing and assembly operation for Chinese firms (Davies 2008:136).

According to Pehnelt and Abel (2007:21):

> China makes itself acceptable to African leaders by projecting itself as a developing country that understands the situation and special needs of other developing countries better than the G8 countries and the International Financial Institutions (IFIs) can. It offers 'total package' solutions to infrastructure needs, including financing via its Exim Bank, planning, construction and training of staff for each project. This all inclusive supply concept, in combination with the significantly lower cost of using Chinese

construction firms, makes that country attractive to African leaders who wish to undertake any kind of infrastructure projects.

ISSUES IN CHINA'S ECONOMIC ENGAGEMENT IN AFRICA

China's direct economic presence in Africa has increased dramatically since the turn of the century-after the Chinese government allowed a specific group of domestic firms to expand abroad through foreign direct investment (FDI) in 2001. China's trade with Africa has grown from $10 billion in 2000 to $166 billion in 2011, making China the largest single-country trading partner of Africa (Konijn 2014:7). China's new found role as the world's factory of manufacturing has created a rapacious craving not only for market for its cheap goods, but also for raw materials in Central Asia and Africa (Emordi and Osiki 2009:78).

Though, the Chinese "turn" to Africa is mainly fuelled by the two of these motivations. While China National Petroleum Corporation's (CNPC) objective in Chad is to secure continuous access to oil, the shopping malls in Johannesburg aim to maximize their accessibility and visibility in order to reach a large customer base. The Chinese oil company in Chad had has to deal with the challenge of operating in a land-locked state. The production zone is situated in an enclosed area with very little pre-existent transport connection to other parts of the country. To allow the kick-off of the project, known as Ronier, the Chinese investors needed to carry out a number of preliminary works. This multi-faceted investment is structured around a 311 kilometre pipeline connecting the oilfields, situated in the Bongor Basin in Eastern-central Chad, to a refinery in Djarmaya, some 40 kilometres north of the capital, N'Djamena (Magrin and Maoundonodji 2012:49). The cost of the entire project was set at one billion USD, half of which was allocated for developing the oilfields and linked transport infrastructure, and the other half for building the refinery. Construction works of the oil field surface facilities and the pipelines, launched in 2007, were completed in just four years and the valves were opened in March 2011, followed in late June of that year by the inauguration of the connected refinery. The Chinese project represents the third phase of Chad's oil history, following an episode of failed attempts (from 1973 to 2000) and the carrying out of the Doba project since 2000, located in the Southern part and operated by a consortium led by the major US ExxonMobil (Magrin and Maoundonodji 2012:49). In comparison to the latter-which had a daily production of about 122,500 barrels in 2010, the scope of the Ronier project remains limited with 20,000 barrels per day during the first phase and a possible increase to 60,000 barrels during the second phase. As a result, the project has attracted little interests among Western contenders.

Although, Africa does not only export natural resources and commodities to China, many goods are also being imported from China. Many products are produced in state-owned factories in China and sold through a growing informal network of trading posts across urban and rural

Africa. The Chinese distribution centres in Johannesburg are places of intense flows of people and merchandise. The customer base is very diverse, made up not only of end-consumers, but also, and primarily, by different types of economic operators. For most distribution centres, hawkers, brokers, retailers and intermediate wholesalers, aiming to stock up, form the majority of shoppers on weekdays, whereas "leisure shopping" prevails on weekends. Given the lack of sufficient means to go directly to China, or in the absence of local contacts, Chinese malls in Johannesburg have become major "resource spaces" for various economic operators (Romain 2015:59), because this commercial establishment offers a wide range of products at affordable prices, sold in varying quantities, they are at the interface of production units in China and the South African market (Romain 2015:59). In Johannesburg, the Chinese malls not only provide an indirect access to the Chinese market, but have also generated or at least enhanced cash flow as well as work opportunities for secondary economic operators in a context of limited purchasing power and massive underemployment. Nevertheless, because the malls are mostly confined to importing goods from China, they have not yet initiated any fundamental transformations (Romain 2015: 60-61). Alden and Alves (2008) had issues on China's claim of solidarity with developing countries so as to assist these countries develop economically. They argued that (2008:45-46):

> While African leaders may nominally accept this formulation, the rationale that they give for cooperating with China more often reflects their acknowledgement of China's status as an emerging global power with superior capital, technology and political resources. Moreover, with the economic content of these new relations echoing the classic commodity-manufacturer dynamic of old, the rhetoric of 'south-south' solidarity and cooperation seemingly takes on dimensions that seem to hardly differ from generations of North-South ties. For this reason, these aspects of China's contemporary involvement with Africa pose significant challenges to the country's self perceptions and with that, its foreign policy.

Though, the rapid expansion of trade and investment is facilitated by lines of credit extended by Chinese policy banks. The loan is secured by long-term sales agreement of oil or other primary commodities (e.g cocoa). According to Alves 2013:8):

> There are three types of financial aid; grants, interest-free loans and concessional loans. The first two are secured from China's state finances, the last is provided by the Export-Import Bank of China. They are primarily earmarked for infrastructure construction and this type of loan is rooted in two legal instruments: a framework co-operation agreement signed by the two governments stating the general terms (volume, purpose, interest rate and maturity) and a loan agreement signed by China Exim Bank and the borrower. The

> interest rate is at 1.5% to 3%. The reimbursement period is 15-20 years, including a 5-7 years grace period. The capital never leaves China. It is administered on a project basis through the borrower's account with China Exim Bank, and payments are made directly to Chinese contractors after completion of the construction project.

This type of infrastructure spending does not lower the cost of doing business. Second, there are questions about the quality of infrastructure projects in resource for infrastructure swaps. Though, low quality work is as a result of poor supervision by local institutions. Chinese construction companies will deliver high quality work if local authorities properly enforce building codes and quality standards (Konijn 2014:18) and third, is the issue of pricing of infrastructure in resource for infrastructure swaps where contracts are negotiated within a closed tender procedure overseen by the Chinese government between a small and select group of large state-owned construction companies. Lack of information further fuels concern that infrastructure projects are overpriced and do not offer value for money (Konijn 2014:19).

Attempts by Nigeria (Africa) to participate in global economy has to a large extend been stifled by poor technology. As a result China has become its best partner in terms of technological transfer (Rindap 2015:26). However, concern has been raised over the role of China in this regards, increasingly the technology transferred from Chinese foreign direct investment (FDI) is insignificant because most of the Chinese firms bring into the country complete equipments with Chinese technicians. This was the case with the Zamfara state government, Nigeria. The government signed a US$ 250 million agreement for the construction of three new processing and smelting factories in the state. Under the joint venture projects, Chinese companies had 90 percent in each of the joint venture projects while the Zamfara government had 10 percent. The Chinese firms will design the projects, select appropriate technology, buy all the equipment, install and run them while Zamfara government will provide land, acquire both exploration mining licenses, provide security for the Chinese investment and employ 5,000 local miners (Rindap 2015:27).

Also, China's relationship with West Africa itself evolves in terms of both assistance priorities and forms of intervention. Many recent projects led by state-owned enterprises are focused on cash crops, as in other regions on the continent, notably Southern Africa. In recent years, projects have been implemented in Ghana (cocoa), Benin (sugar, cotton), Sierra Leone (sugar), Guinea-Bissau (cashew), Burkina Faso (cotton) and Mali (sugar, cotton), mostly within the framework of joint ventures with local partners (Santi and Weigert (2015:4). However, China faces many difficulties in scaling up these projects, particularly when it comes to implementing processing activities (Santi and Weigert 2015:4).

CONCLUSION

Africa has embraced China as an economic partner. This has been made possible through the regular meetings and exchanges at the head-of-states and ministerial levels where these countries have affirmed their commitment to broadening economic relations. China is a valuable trading partner, a source of investment financing and an important complement to traditional development partners like the USA and United Kingdom. Exports from Africa to China are based on natural resources. About 25% of Chinese oil imports are from Africa, with its major sources being in Sudan, Angola, Nigeria and Chad. Other important resources are cotton and timber. Also, China is investing massively in Africa's infrastructure to improve its competitiveness in the global system and in order to gain support in international organisations, establish itself as a new superpower, and secure access to energy resources and other commodities, China has entered the African markets, using tied aid as a major inducement. This has given China significant comparative advantages.

Current relations between China and Africa involve a high degree of investment by Chinese companies in Africa with construction projects in infrastructure development, buildings and factories.

RECOMMENDATIONS

(1) African policy makers should implement reforms that will enhance domestic productivity and economic diversification away from an over-reliance on resource exports, through emphasizing industrial cooperation with China,

(2) China should continue to offer African countries the opportunity to benefit from its experiences in agricultural development as a developing country by passing on to African countries adapted methods and techniques that would enable countries to increase productivity, improve infrastructure and build local labour capacity,

(3) Existing laws and regulations are weak and sometimes insufficient to address some of the issues in the relations, hence, there is the need for strengthening of laws and regulations in the area of labour services, local content, technological transfer, quality of imported goods and capacity building.

(4) Africa should undertake a comprehensive overhaul of its foreign policy and use it for the aggressive pursuit of economic interests, security and mutually beneficial international cooperation bilaterally and multilaterally.

(5) African governments should encourage Chinese projects with an agro-industrial dimension, seeking investment agreements focused on enhancing projects. This includes access to capital facilitation, land rental solutions, regulatory incentives and institutional support in the projects' implementation.

(6) As the establishment of free trade zones (FTZs) or special economic zones (SEZs) mainly as joint ventures between state governments and Chinese firms are emerging, there is the need to ensure that existing laws are not only adequate but also effectively implemented.

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