Sino-African Trade: A Multi-layered Appraisal

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Abstract: There are both believers and critics on the state and potential of Sino-African trade. For example, China's Belt and Road Initiative (BRI) is expected to benefit several African countries. At the same time, some critics refer to it as 'debt trap diplomacy' for China to politically and economically exploit the countries involved. Nearly a decade ago, China surpassed the US to become Africa's largest trading partner. Sino-African trade is now four times larger than that of US-Africa. While the importance of Sino-African trade can be seen in the scale of trade and investment, this article at the same time concerns the legal, and also some non-legal mechanisms such as BRI and the Forum on China-Africa Cooperation, to take the bilateral/multilateral relations to the next level. Other than continental and country level perspectives, firm level considerations cannot be ignored. Chinese companies now dominate in certain Africa's business sectors and are rapidly expanding into new sectors. There have been concerns regarding the behaviour of certain Chinese companies in Africa. Through a multi-level analysis, the article endeavours to form a comprehensive picture of the closer than ever Sino-African trade relations.

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Introduction

Nearly a decade ago, China surpassed the US to become Africa's largest trading partner.[1] In 2017, Sino-African trade was four times larger than that of US-Africa.[2] While the importance of Sino-African trade can be seen in the scale of trade and investment, this article at the same time concerns the legal, and also some non-legal mechanisms such as China's Belt and Road Initiative (BRI) and the Forum on China-Africa Cooperation (FOCAC), to take the bilateral/multilateral relations to the next level. The legal mechanisms include the bilateral (and can also be multilateral) trade and investment treaties signed between China and African countries. New development in this regard has been the signing of a free trade agreement (FTA) between China and Mauritius on 17 October 2019, the first ever Chinese FTA with an African country, as well as the launch of the Africa Continental Free Trade Area (AfCFTA), enabling negotiations with Africa as a bloc.[3] As for the non-legal mechanisms, the BRI refers to the Silk Road Economic Belt and the 21st-Century Maritime Silk Road, involving numerious infrastructure projects linking the continents; whereas the FOCAC is a platform established by China and African countries for collective consultation and dialogue and a cooperation mechanism between the countries.[4] Through a multi-level analysis, the article endeavours to form a comprehensive picture of the closer than ever Sino-African trade relations. This article is divided into two main parts and is structured as follows: in the first part, the paper will discuss China's trade with Africa as a continent as a whole (continental-level evidence). It will look at the trade volume between both sides and the level of investments from China in Africa, and explore the scope for China to foster a closer relationship with Africa. The second and third parts will proceed to discuss China's trade with certain selected African countries and Chinese companies in Africa (country-level and firm-level evidence) before a conclusion is made.

Continental-level Evidence

According to data from the China Africa Research Initiative[5], the value of China-Africa trade in 2018 was US$204 billion, up from US$155 billion in 2017.[6] China-Africa bilateral trade has been steadily increasing over the past two decades, despite weak commodity prices since 2014 have greatly impacted trade activities. For the trade figures since 1998, see Chart 1. It can be seen that when comparing the figures in 1998 and 2018, there was an over fifty-fold increase in trade value from US$3.91 billion to US$204 billion. In most of the years, China generally

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[1] Luke Patey, 'The Chinese Model is Failing Africa' *Financial Times* (26 August 2018) https://www.ft.com/content/ca4072f6-a79f-11e8-a1b6-f368d365bf0e accessed 10 March 2020.

[2] Ibid.

[3] Mu Xuequan, 'China, Mauritius Sign Free Trade Agreement' *XinhuaNet* (17 October 2019) http://www.xinhuanet.com/english/2019-10/17/c_138480183.htm accessed 10 March 2020; for more about the AfCFTA, see African Union, 'About AfCFTA' (2020) https://au.int/en/cfta accessed 10 March 2020.

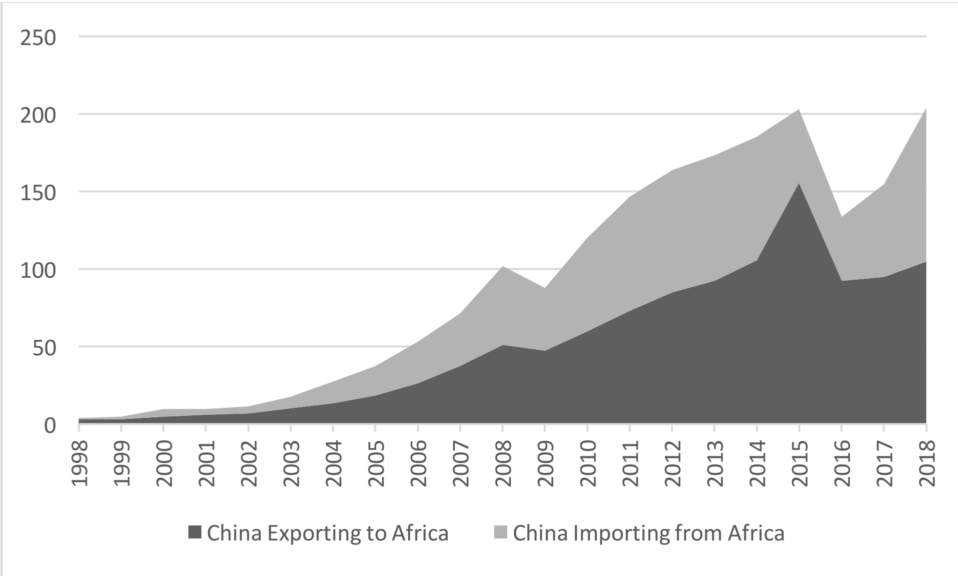
[4] For more about BRI, refer to official portal, Office of the Leading Group for the Belt and Road Initiative, 'Belt and Road Portal' (2020) https://eng.yidaiyilu.gov.cn/ accessed 10 March 2020. For more about FOCAC, see Secretariat of the Chinese Follow-up Committee of the Forum on China-Africa Cooperation, 'Forum on China-Africa Cooperation' (2020) https://www.focac.org/eng/ accessed 10 March 2020.

[5] Covering 54 countries, as defined by the UN. In contrast, the African Union (AU), as a continental body consists of 55 member states. The additional member state in the AU is Sahrawi Arab Democratic Republic, also known as the Western Sahara. The China Africa Research Initiative provides and consolidates data as reported by the Chinese government. The Initiative, launched in 2014, is based at the Johns Hopkins University School of Advanced International Studies in Washington D.C., with the aim to promote evidence-based understanding of the relations between China and African countries. See China Africa Research Initiative, 'Other China-Africa Data' (2020) http://www.sais-cari.org/other-data accessed 10 March 2020.

[6]. The trade value is the sum of China's imports from Africa and China's exports to the continent.

exported more to Africa than it imported from the continent, with exceptions that in some years when the two values were roughly equal or even the latter slightly exceeded the former.[7]

Chart 1 - China-Africa Bilateral Trade Volume 1998-2018 (US$ bn)



Data Source: China Africa Research Initiative

The African Trade Statistics Yearbook indicated that the whole of the African Union (AU) accounted for approximately 3 percent of the world's trade in goods in 2016.[8] The three major African importers (Egypt, South Africa and Algeria) and three major exporters (South Africa, Nigeria and Angola) accounted together for 39 percent of total AU imports and exports. Among countries, the main net exporters were Angola (ratio 265 percent), Gabon (ratio 162 percent), Côte d'Ivoire (ratio 127 percent), and Botswana (ratio 121 percent). Trading with China, as well as other overseas countries, is crucial because the African Trade Statistics Yearbook also reported that extra African trade made up more than 80 percent of the total trade, with the remaining being intra African trade.[9] China remained by far the most important AU trading partner accounting in 2016 for 13 percent of extra-AU exports[10] and 17 percent of extra-AU imports[11]. Conversely, as a comparison, the value of China-Africa trade merely accounted for 4.4 percent of the total volume of Chinese trade with the world, notably less than that with other key trading partners.[12]

[7] For example, in years 2004, 2005, 2006, 2008, 2010, 2011, there was largely balanced trade between China and Africa.
[8] African Union, 'African Trade Statistics Yearbook 2017' (2018) https://au.int/en/documents/20180917/african-trade-statistics-yearbook-2017 accessed 10 March 2020.
[9] Ibid.
[10] Ibid. 16. As a comparison, the largest destination markets for AU goods, after China, were India and the US, accounting for 7 percent of extra African exports each, followed by France, Spain and Italy (6 percent each).
[11] Ibid. As a comparison, the value of goods imported from France, Germany and United States made up approximately 6 percent for each.
[12] China's total trade volume (imports and exports) with the world in 2018 amounted to US$4,623 billion, with the value of China-Africa trade at US$204 billion as stated before. As a further comparison, China's trade volume with the EU, the US, and ASEAN amounted to US$682 (14.8 percent), US$634 (13.7 percent), and US$587 billion (12.7 percent) respectively. Data from the Chinese Customs.

In addition to imports and exports, another important indicator of trade is the level of investment. Although naturally there is an opposite flow from Africa to China, the article is more concerned with the Chinese FDI flows to Africa. In Table 1, it can be seen that the Chinese FDI stock in Africa from 2008 to 2017, relative to overall Chinese FDI stock in the whole world. China's direct investment in Africa has been steadily increasing for the past decade. Meanwhile, it can be seen that China's FDI stock in Africa amounted to 4.24 percent of their total overseas FDI stock in 2008, dropping to 2.39 percent in 2017, indicating a trend that Chinese investors have been becoming more interested in other parts of the world instead of Africa. Furthermore, it is worth highlighting that, as reported by Ernst & Young, the US remains Africa's largest source of FDI, with European countries close behind.[13] To interpret the findings from Ernst & Young, Adegoke and Matiashe believe that the US and EU have undertaken an approach different from China's predominantly loan-based infrastructure focus (therefore not being counted as 'investments'), where the latter inevitably warrants public concern concern in light of the debt incurred by African governments.[14] A way to address this problem will be for China to move toward a blended financing model, involving a mix of lending and taking equity stakes in the infrastructure projects.[15]

Table 1 - Chinese FDI Stock in Africa and the World (US$ bn) 2008-2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Africa*	7.80	9.33	13.04	16.24	21.73	26.19	32.35	34.69	39.88	43.30
World	184.0	245.8	317.2	424.8	531.9	660.5	882.6	1097.9	1357.4	1809.0
% (Africa/ World)	4.24	3.79	4.11	3.82	4.08	3.96	3.67	3.16	2.94	2.39

Data Source: China Africa Research Initiative

*Note: The African figures here do not include Somalia, Swaziland and Western Sahara.

Having had a quick overview of some figures, the next step is to look at the mechanisms, both legal and non-legal, which can foster the bilateral trade. One option is to trade on WTO terms. China has been a member of WTO since 11 December 2001. In contrast, not all African countries are members of the WTO. Non-WTO members include Algeria, Ethiopia, Equatorial Guinea, Comoros, Libya, São Tomé and Príncipe, Somalia, Sudan and South Sudan.[16]

Despite the fact that non-discrimination[17] among trading partners is one of the core principles of the WTO, regional trade agreements (RTAs), which are defined as reciprocal preferential

[13] Ernst & Young, 'Turning Tides' (2018) https://www.ey.com/Publication/vwLUAssets/ey-Africa-Attractiveness-2018/$FILE/ey-Africa-Attractiveness-2018.pdf accessed 10 March 2020. Ernst & Young attributed this to the US African Growth and Opportunity Act.
[14] Yinka Adegoke & Farai Shawn Matiashe, 'US Corporates Made More Investments in Africa in 2017 than Businesses from Any Other Country' *Quartz* (6 November 2018) https://qz.com/africa/1451768/us-still-leads-china-in-fdi-investments-in-africa accessed 10 March 2020. For a comparative view between the stakes of China, US and EU in Africa, see Witney Schneidman and Joel Wiegert, 'Competing in Africa: China, the European Union, and the United States' (2018) https://www.brookings.edu/blog/africa-in-focus/2018/04/16/competing-in-africa-china-the-european-union-and-the-united-states/ accessed 10 March 2020. See also in this article below for some critqiues on the BRI, which is infrastructure project-based as opposed to treaties-based.
[15] Schneidman and Wiegert (2018), *supra* note 14.
[16] All of them are negotiating accession at the moment. See WTO, 'WTO Accessions' (2019) https://www.wto.org/english/thewto_e/acc_e/acc_e.htm accesssed 10 March 2020.
[17] GATT Art I and GATS Art II for the most-favoured-nation treatment requirement.

trade agreements between two or more partners, constitute one of the exemptions and are authorised by the WTO.[18] According to Carrère, RTAs have generated a significant increase in trade between members, but often at the expense of the rest of the world.[19] Similarly, Bartels and Ortino concur that, on the one hand, RTAs 'provide countries with an opportunity for broader and deeper integration than is otherwise possible, with all attendant political and economic benefits'.[20] On the other hand, RTAs can also be 'politically and economically risky'.[21] In relation to the political risks, the rise of new regional trade blocs can disturb the interests of existing stakeholders, namely 'the founders of the [pre-existing] multilateral trading system'.[22] In relation to the economic risks, Bartels and Ortino observe that the rise of RTAs may not be economically justified.[23] Despite these concerns, the WTO observes that RTAs 'have risen in number and reach over the years'.[24] In the view of de Melo and Tsikata, the RTAs increase trade among members via three channels.[25] The first is a reduction in tariffs between members; the second is a reduction in non-tariff barriers; and the third, via more trade facilitation[26]. However, in any case, consistent with the data above on intra and extra African trade, amongst the main RTAs in Africa, intra-regional imports represent less than 10 percent of total regional imports.[27]

The RTAs in Africa can be both extra and intra African. Egypt is the most active African country to enter into RTAs. The country has reported nine RTAs to the WTO.[28] It has bilateral trade agreements with the European Free Trade Association, EU[29], Turkey, and Southern Common Market. It is also part of the Pan-Arab Free Trade Area, Agadir Agreement, and Common Market for Eastern and Southern Africa (COMESA). Tunisia has similar bilateral agreements (reporting seven RTAs) compared to Egypt, except none with Southern Common Market and it did not notify the WTO about its membership with COMESA. In the context of this article, it is worth highlighting that China has had no bilateral trade agreements with anyone of the African countries or trading blocs for a long period of time. This calls into the

[18] GATT Art XXIV and GATS Art V.
[19] Cèline Carrère, 'Revisiting the Effects of Regional Trade Agreements on Trade Flows with Proper Specification of the Gravity Model', *European Economic Review*, 2006, 50(2): 223-247.
[20] Lorand Bartels and Federico Ortino, *Regional Trade Agreements and the WTO Legal System* (Oxford: Oxford University Press, 2006), p. 2.
[21] Ibid.
[22] Ibid.
[23] Ibid.
[24] WTO, 'Regional Trade Agreements' (2020) https://www.wto.org/english/tratop_e/region_e/region_e.htm#facts accessed 10 March 2020. As of 17 January 2020, 303 RTAs were in force. Amongst which, there are plenty of intra African RTAs, such as Arab Maghreb Union (AMU); Community of Sahel-Saharan States (CENSAD); Common Market for Eastern and Southern Africa (COMESA); East African Community (EAC); Economic Community of Central African States (ECCAS); Economic Community of West African States (ECOWAS); Intergovernmental Authority on Development (IGAD); Southern African Development Community (SADC), etc.
[25] Jaime de Melo and Yvonne Tsikata, 'Regional integration in Africa : Challenges and prospects' in Célestin Monga and Justin Yifu Lin (eds.) *The Oxford Handbook of Africa and Economics: Volume 2: Policies and Practices* (Oxford: Oxford University Press, 2015).
[26] This includes the installation of tangible infrastructure such as ports, roads, highways and telecommunications; and more intangible institutional improvements in transparency, customs management and business environment.
[27] de Melo and Tsikata (2015), *supra* note 25.
[28] Data from the WTO RTA Database.
[29] As a side note, the EU has bilateral agreements with ten African countries or trading blocs, including Algeria, Cameroon, Côte d'Ivoire, Eastern and Southern Africa States Interim EPA, Egypt, Ghana, Morocco, Southern African Development Community, South Africa, and Tunisia.

question the 'adequacy of the legal infrastructure for the ordering of economic relations between China and Africa'.[30] A recent breakthrough came on 17 October 2019, when the FTA between China and Mauritius was signed.[31] According to the Ministry of Commerce of China, in addition to closer bilateral relations, the FTA also has a 'continental level' meaning by fostering China-Africa comprehensive strategic partnership, and '[elevating] China-Africa economic and trade cooperation to a new height'.[32]

According to the WTO, China currently has 15 RTAs in force.[33] There is scope for China to enter into RTAs with more African countries, or trading blocs to foster more trade. But it is worth noting that China has offered unilateral duty free treatment to 41 least developed countries, most in Africa.[34] Comparatively, China may have done notably more to foster investment in Africa. The principal legal instruments that govern China-Africa investment relations are bilateral investment treaties (BITs). So far, China has signed BITs with 35 African countries.[35] BIT is an agreement between two countries regarding the promotion and protection of investments made by investors from respective countries in each other's territory.[36] The three goals of BITs are foreign investment protection, market liberalisation, and foreign investment promotion.[37] In the view of Salacuse and Sullivan, while BITs may not have directly and substantially liberalised FDI, there is strong evidence to show that they both protect and promote FDI in developing countries.[38] As observed by Ofodile, 'BITs appear to play a minimal role in stimulating FDI inflow.'[39] This may explain why the level of Chinese FDI in Africa still remains low (especially when compared to the US and EU) despite the existence of various BITs. In a similar vein, the lack of FTAs (though now there is one with Mauritius) has

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[30] Won Kidane, 'China's Bilateral Investment Treaties with African States in Comparative Context', *Cornell International Law Journal*, 2016, 49: 141-177, p. 142.
[31] Ministry of Commerce of China, 'China and Mauritius Sign Free Trade Agreement' (2019), http://fta.mofcom.gov.cn/enarticle/chinamauritiusen/enmauritius/201910/41658_1.html accessed 10 March 2020.
[32] Ibid.
[33] They are with: ASEAN, Asia Pacific Trade Agreement, Australia, Chile, Costa Rica, Georgia, Hong Kong, South Korea, Macau, New Zealand, Singapore, Iceland, Pakistan, Peru, and Switzerland. But according to the Ministry of Commerce of China, the China-Mauritius Free Trade Agreement is the 17th FTA signed by China. See ibid. By comparing the two sources, the China-Mauritius FTA and the China-Maldives FTA (signed on 7 December 2017) are currently missing from the WTO database.
[34] Data from the WTO Preferential Trade Arrangements Database. See *Duty-free treatment for LDCs – China* (entered into force 1 Jul 2010). All but nine countries are located in Africa. Indeed, it is not uncommon for developed countries to grant either full or nearly full duty-free, quota-free market access to LDCs under similar arrangement. However, it is worth noting that China is still a developing country. Under the WTO, there are no definitions of 'developed' and 'developing' countries. Members announce for themselves whether they are 'developed' or 'developing' countries. In light of the fact that China is now the second largest economy in the world, only behind the US, US President Donald Trump has recently put pressure on the WTO to change how it designates developing countries, singling out China for its 'developing' status. See Jeff Mason and David Lawder, 'Trump Targets China in Call for WTO to Reform 'Developing' Country Status' *Reuters* (26 July 2019) https://www.reuters.com/article/us-usa-trade-wto/trump-targets-china-in-call-for-wto-to-reform-developing-country-status-idUSKCN1UL2G6 accessed 10 March 2020.
[35] China is a party to 145 BITs. Data from the UNCTAD Database.
[36] UNCTAD, 'International Investment Agreements Navigator' (2020) https://investmentpolicy.unctad.org/international-investment-agreements accessed 10 March 2020.
[37] Jeswald Salacuse and Nicholas Sullivan, 'Do BITs Really Work: An Evaluation of Bilateral Investment Treaties and Their Grand Bargain', *Harvard International Law Journal*, 2005, 46(1): 67-130, p. 111.
[38] Ibid.
[39] Uche Ewelukwa Ofodile, 'Africa-China Bilateral Investment Treaties: A Critique', *Michigan Journal of International Law*, 2013, 35(1): 131-211, p. 203.

not prevented China from becoming the largest trading partner with Africa. The actual effect of these treaties and agreements on trade and investments is arguably more apparent than real.

More generally, according to the Chinese government, China-Africa economic and trade cooperation has been developed within the framework of the FOCAC.[40] The Forum has 53 African members.[41] It is a platform established by China in collaboration with African countries for collective consultation and dialogue. Established in 2000, FOCAC ministerial summits take place every three years, alternatively in China and then Africa. The existence of FOCAC might be best seen as the institutionalisation of Sino-African relations at a time of intensified interactions and following a period of exponential growth in such linkages.[42] In the view of Taylor, from the African perspective, new aid commitments from China can help solidify the African leaders' positions of authority back home.[43] But from the Chinese perspective, the need for FOCAC is not necessarily clear. Du Plessis is by contrast more adamant about the role of FOCAC, and claims that it embodies China and Africa's 'strategic partnership'.[44] The partnership entails deepening and diversifying relations, involving several role players from both China and Africa. Local, provincial and national governments, multinational companies, individuals, entrepreneurs and workers are all propelled onto the global stage and function under the framework of FOCAC.

Furthermore, Sino-African relations can be understood in terms of China's BRI. When the Chinese President Xi Jinping visited Central Asia and Southeast Asia in Autumn 2013, he raised the initiative of jointly building the Silk Road Economic Belt and the 21st Century Maritime Silk Road (and hence the name, Belt and Road). According to the State Council of China, BRI can help promote the economic prosperity of the countries along the routes and regional economic cooperation, strengthen exchanges and mutual learning between different civilisations, and promote world peace and development.[45] Tang provides a thoughtful comparison between bilateral/multilateral trade and investment agreements and BRI.[46] BRI is based upon projects, not rules. Bilateral/multilateral trade and investment agreements normally lead to standards beyond those set by the WTO, such as further cuts in tariffs and better treatment of foreign investors. Meanwhile, under BRI, China has made connectivity and infrastructure as the top priorities. Many projects such as rail links have been arranged through negotiations with other nations and are usually funded with Chinese money.

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[40] State Council of China, 'China-Africa Economic and Trade Cooperation' (2013) http://english.gov.cn/archive/white_paper/2014/08/23/content_281474982986536.htm accessed 10 March 2020.
[41] Excluding Swaziland, amongst 54 UN members in Africa. It is the only African country that maintains diplomatic relations with Taiwan.
[42] Ian Taylor, *The Forum on China-Africa Cooperation (FOCAC)* (Abingdon: Routledge, 2010), p. 1.
[43] Ian Taylor, 'From Santa Claus to Serious Business: Where should FOCAC go next?', *The China Monitor*, 2012, 74: 31-38, p. 38.
[44] Ambrosé Du Plessis, 'The Forum on China–Africa Cooperation, Ideas and Aid: National Interest(s) or Strategic Partnership?', *Insight on Africa*, 2014, 6(2): 113-130.
[45] National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China, 'Action Plan on the Belt and Road Initiative' (2015) http://english.gov.cn/archive/publications/2015/03/30/content_281475080249035.htm accessed 10 March 2020.
[46] Frank Tang, 'How Does China's 'One Belt, One Road' Match up against the TPP?', *South China Morning Post* (24 January 2017) https://www.scmp.com/news/china/economy/article/2064967/xis-one-belt-one-road-better-idea-tpp accessed 10 March 2020.

According to the World Bank, an official list of participating countries does not yet exist.[47] To assess the impact of BRI on Africa, one may need to look at the geographical location of a country. The Silk Road Economic Belt may not have anything to do with Africa. However, the New Maritime Silk Road links China to the nations of South East Asia, the Gulf countries, East and North Africa, and on to Europe. Under this definition, the African section of the Maritime Road covers three countries: Kenya, Djibouti and Egypt.[48] Alternatively, the impact of BRI can also be understood in terms of whether a country has signed any BRI collaborative agreements with China. Under this definition, there are 125 BRI countries as of March 2019.[49] Many of these countries are not located along the Belt and the Road, such as South Africa and Nigeria. According to the Chinese government, the goods trade volume between China and these 125 BRI countries surpassed US$6 trillion from 2013 to 2018.[50] However, commentators are referring to BRI as 'debt-trap diplomacy', in a sense that China is trying to exploit poorer countries by offering predatory loans for infrastructure development, intending to gain political or other concessions in the case of a default. [51]

A noteworthy recent development at the continental level is the launch of the AfCFTA. The entry into force of the AfCFTA on 30 May 2019 is described by Amare as 'an economic, political and diplomatic milestone' for the AU and its member states, as well as 'making Africa a meaningful player in international trade'.[52] According to the AU, the AfCFTA can on the one hand accelerate intra-African trade; on the other hand, it can also boost Africa's trading position in the global market by strengthening Africa's common voice and policy space in global trade negotiations.[53] In the view of Okeke, the AfCFTA as a single trade bloc, will expedite unified trade bargains, which are preferred to bespoke negotiation arrangements with countries on an individual basis within the continent.[54] It may still be too early to assess the impact of the AfCFTA on Sino-African trade, but Chinese Foreign Ministry spokesperson Geng Shuang regards it as a 'new ground' for cooperation between the two sides, in addition to pre-exisitng platforms like the FOCAC.[55]

Country-level Evidence

After looking at Africa as a continent, this section will proceed to discuss China's trade with certain African countries, as well as later in the next section the prospects and challenges encountered by Chinese companies operating in Africa. From Charts 2 and 3 below, we can see China's trade and investment with the closest African countries. South Africa is China's top partner, both in terms of trade and investment. There is undoubtedly a need to look at China-

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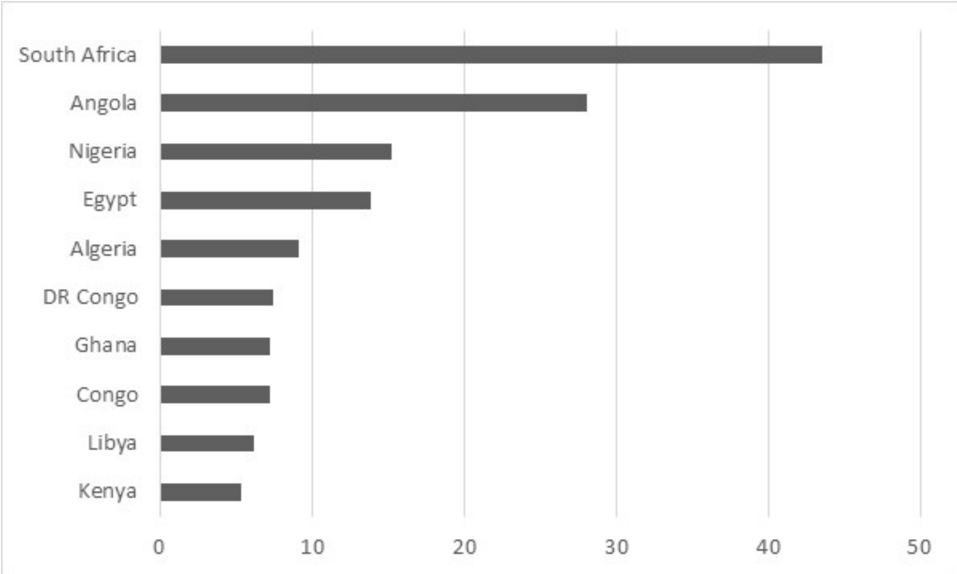
[47] World Bank, 'Belt and Road Economics: Opportunities and Risks of Transport Corridors' (2019) https://www.worldbank.org/en/topic/regional-integration/publication/belt-and-road-economics-opportunities-and-risks-of-transport-corridors accessed 10 March 2020.
[48] The World Bank includes Tanzania as a beneficiary country as well. See ibid.
[49] Ibid.
[50] Belt and Road Portal, 'China's Goods Trade with B&R Countries Reaches over 6 Trln Dollars' (2019) https://eng.yidaiyilu.gov.cn/qwyw/rdxw/86301.htm 10 March 2020.
[51] See for example, Nathaniel Taplin, 'One Belt, One Road, and a Lot of Debt' *Wall Street Journal* (2 May 2019) https://www.wsj.com/articles/one-belt-one-road-and-a-lot-of-debt-11556789446 accessed 10 March 2020.
[52] Tighisti Amare, 'The African Continental Free Trade Area Could Boost African Agency in International Trade' (2019) https://www.chathamhouse.org/expert/comment/african-continental-free-trade-area-could-boost-african-agency-international-trade accessed 10 March 2020.
[53] African Union (2020), *supra* note 3.
[54] Charles Okeke, 'AfCFTA an Opportunity to Expand China-Africa Ties' *Global Times* (11 September 2019) http://www.globaltimes.cn/content/1164317.shtml accessed 10 March 2020.
[55] XinhuaNet, 'China Hails Official Launch of AFCFTA Operational Phase' (2019) http://www.xinhuanet.com/english/africa/2019-07/08/c_138209527.htm accessed 10 March 2020.

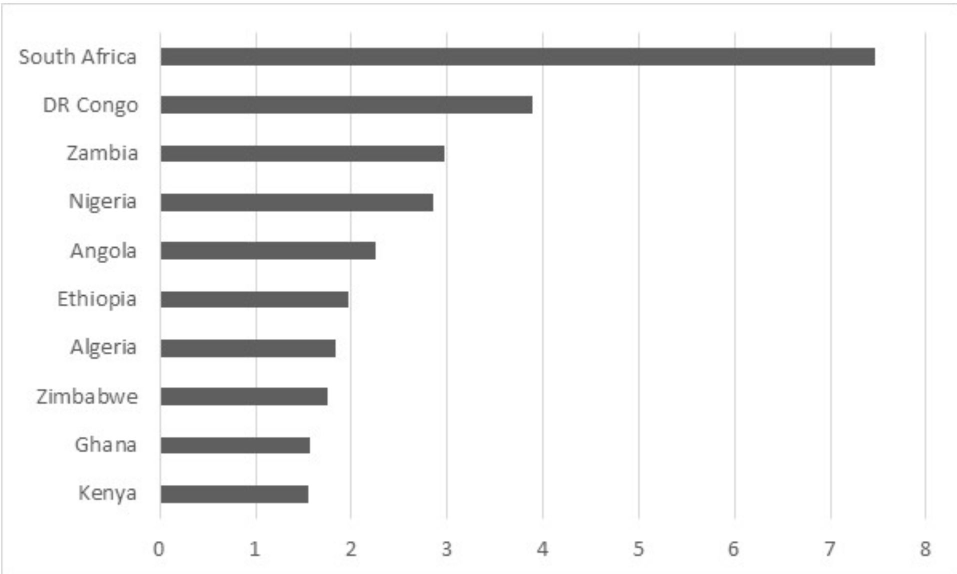
South Africa trade relations further. Also, Angola is China's second trading partner and fifth investment destination in Africa. China-Angola trade relations will therefore also be discussed. Finally, in light of the fact that Kenya and Djibouti are major BRI countries, the two countries will also be a focus of this section.

Chart 2 – China's Top 10 Partners in Africa in 2018 (Trade Volume in US$ bn)



Data Source: China Africa Research Initiative

Chart 3 – China's Top 10 Investment Destination in Africa in 2017 (FDI Stock in US$ bn)



Data Source: China Africa Research Initiative

Although South Africa is China's top trade and investment partner in Africa, the same may not be said conversely. In 2017, the EU was the top trading partner of South Africa, with China coming the second.[56] As a result, it makes sense for South Africa to take a more proactive

[56] According to the statistics from the WTO, the EU accounted for 21.7 percent and 30.8 of South African exports and imports respectively. The corresponding figures with China were 9.8 percent and 18.3 percent respectively.

stance to deepen trade with the EU. As said above, currently there are no trade agreements between China and any African countries, including South Africa. Meanwhile, according to the WTO, there are six trade agreements reported by South Africa.[57] Firstly, South Africa is a member of two trading blocs, namely the Southern African Customs Union and the Southern African Development Community. These two trading blocs, in turn, have bilateral trade agreements with the European Free Trade Association, EU and Southern Common Market.[58] Moreover, South Africa also has a separate bilateral agreement with the EU and in the process of negotiation to sign one with India.[59] On the other hand, South Africa has a BIT with China.[60] As noted by Han, the South African government may have adopted a double standard between Western countries and China.[61] First, non-renewal or abrogation of existing treaties have been witnessed with the former, but not the latter or other developing countries. Second, the China-South Africa treaty seemingly offers a better balance between the interests of investors and states. It is observed that the China-South Africa BIT permits investors to enjoy some protection and standards of treatment while restricting fair and equitable treatment, including the exception of national treatment, thus guaranteeing the policy space of the host state.[62]

Although there is no plan for a China-South Africa free trade agreement, the bilateral mechanisms to boost the trade between both sides can perhaps be understood in terms of a broader picture. On 28 June 2004, Chinese Vice President Zeng Qinghong visited South Africa where the two sides announced the launch of China-SACU[63] free trade negotiations.[64] As indicated before, there are both benefits and risks in the use of RTAs. The potential increased exports and inflow of investments can be the obvious benefits. In contrast, South Africa and the rest of SACU have legitimate concerns about the impact of a free trade agreement with China. As indicated by the South African Institute of Foreign Affairs, the concerns are twofold.[65] Firstly, that cheap Chinese products will flood the South African market, and secondly, that it will at the same time impact intra-African trade in a sense that the Chinese goods will replace South African goods being exported to the other SACU member states.

Here a useful comparison may be drawn between a potential China-SACU agreement and the EU-SADC[66] Economic Partnership Agreement[67]. The latter was signed on 10 June 2016.

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[57] Data from the WTO RTA Database.
[58] Ibid.
[59] Ibid.
[60] Data from the UNCTAD Database. *China - South Africa BIT* (signed on 30 December 1997, entered into force 1 April 1998).
[61] Xiuli Han, 'The China–South Africa Bilateral Investment Treaty: National Rule of Law versus International Rule of Law', *South African Journal of International Affairs,* 2017, 24(3): 269-290, p. 279.
[62] Ibid. p. 274.
[63] The Southern Africa Customs Union (SACU) consists of South Africa, Botswana, Namibia, Lesotho and Swaziland.
[64] Ministry of Commerce of China, 'China-SACU FTA' (2019) http://fta.mofcom.gov.cn/topic/ensacu.shtml accessed 10 March 2020.
[65] South African Institute of Foreign Affairs, 'A China-SACU FTA: What's in it for SA?' *South African Foreign Policy Monitor* (August/September 2004) https://www.saiia.org.za/wp-content/uploads/2008/04/2004_-FPM_-Aug_Sep.pdf accessed 10 March 2020.
[66] The Southern African Development Community (SADC) consists of Angola, Botswana, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. For a concise comparison between the SACU and the SADC, see Department of Agriculture, Forestry and Fisheries of South Africa, 'SACU Agreement and SADC Protocol on Trade (2009) https://www.nda.agric.za/doaDev/sideMenu/internationalTrade/docs/SACU_AgreementAndSADC_Protocol.pdf accessed 10 March 2020.
[67] *Economic Partnership Agreement between the European Union and the Southern African Development Community (SADC) EPA Group* (signed on 10 June 2016).

As assessed by the Department of International Trade of the UK, the agreement is development-focused in a sense that while it is reciprocal, trade liberalisation is strongly asymmetric in favour of the Southern African countries.[68] Firstly, the EU will open its market more than the SADC states have committed to. It guarantees immediate duty-free quota-free access into the EU goods market for Botswana, Lesotho, Mozambique, Namibia, and Swaziland (when South Africa benefits from duty-free access for 98.7 percent of products).[69] Secondly, the SADC states will benefit from a range of safeguard measures (protections from a sudden surge in imports).[70] Thirdly, the EU is committed to substantial development assistance to the SADC, for example, in relation to capacity building.[71] This EU-SADC agreement will set out a good model for the ongoing China-SACU negotiations. Furthermore, China-South Africa's cooperation can also be understood in terms of the wider BRICS[72] summits. The summits are regarded as dialogue and cooperation platform. Despite also covering topics like peace and security, the platform is largely trade and development oriented.[73]

As commented by South Africa President Cyril Ramaphosa, much of what is exported from Africa are raw materials and primary products (though not exactly a South African problem as noted below); much of what is imported from China are finished goods.[74] Therefore, this limits the ability of African countries to extract the full value for their abundant natural resources and to create work for their people. The response was an action plan in which Beijing committed to increasing China's imports of non-resource products from African countries, particularly value-added agricultural and industrial goods, as announced by Chinese President Xi Jinping in the China-Africa Summit 2018.[75]

In line with its very rapid economic development, China's oil consumption doubled to 6.8 million barrels per day from 1995 to 2005.[76] The new figure as of 2018 stood at around 13.5 million barrels per day.[77] To keep up with this rapidly rising demand for petroleum, Beijing has been encouraging state-owned oil companies to secure exploration and supply agreements

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[68] Department of International Trade of the UK, 'Impact assessment for the EU-SADC Economic Partnership Agreement' (2018) https://www.gov.uk/government/publications/impact-assessment-for-the-eu-sadc-economic-partnership-agreement accessed 10 March 2020.

[69] *Economic Partnership Agreement between the European Union and the Southern African Development Community (SADC) EPA Group* (signed on 10 June 2016). See Art. 23 for the customs duty commitments of the parties.

[70] Ibid. Art. 33 (multilateral safeguards), Art. 34 (general bilateral safeguards), Art. 35 (agricultural safeguards), Art. 36 (food security safeguards), Art. 37 (BLNS transitional safeguards), and Art. 38 (infant industry protection safeguards).

[71] Ibid. e.g. Art. 67 (cooperation, capacity building and technical assistance).

[72] BRICS consists of Brazil, Russia, India, China and South Africa.

[73] Russian Presidency of the 2015 Ufa Summit, 'The Strategy for BRICS Economic Partnership' (2015) http://www.brics.utoronto.ca/docs/150709-partnership-strategy-en.pdf accessed 10 March 2020.

[74] Jevans Nyabiage, 'The Avocado Strategy: How Africa Aims to Rebalance Trade with China' *South China Morning Post* (31 July 2019) https://www.scmp.com/news/china/diplomacy/article/3020840/avocado-strategy-how-africa-aims-rebalance-trade-china accessed 10 March 2020. This comment is supported by the findings from Marino. Similarly, he observes that 'the bilateral trade between South Africa and China is primarily Chinese imports to South Africa of a variety of labour intensive manufactured goods, while South Africa's exports to China are largely processed raw materials'. See Rich Marino, *The Future BRICS: A Synergistic Economic Alliance or Business as Usual?* (Basingstoke: Palgrave Macmillan, 2014), p. 163.

[75] Nyabiage (2019), *supra* note 74.

[76] Ian Taylor, 'China's Oil Diplomacy in Africa', *International Affairs*, 2006, 82(5): 937-959, p. 943.

[77] CEIC, 'View China's Oil Consumption from 1965 to 2018 in the Chart' (2019) https://www.ceicdata.com/en/indicator/china/oil-consumption accessed 10 March 2020.

with states that produce oil, gas, and other resources.[78] The strategy chosen is basically to acquire foreign energy resources via long-term contracts as well as purchasing overseas assets in the energy industry. Africa is a prime site because 'China confronts foreign competition. Chinese companies must go to places for oil where American and European companies are not present.'[79] In the view of Taylor, two countries, in particular, stand out as examples of where Beijing has intimate dealings, but where standards of good governance are woefully inadequate: one of which is Angola (the other is Sudan).[80]

In relation to Angola, in 2015, China was by far the major destination of exports (43.2 percent) from the country. 97.7 percent of all exports from the country were fuels and mining products, unlike South Africa above where their major exports were manufactures (47.7 percent).[81] The case of Angola has reflected well what lies under the core of the strategic partnership between China and Africa, that is, Africa's natural resources. This in fact has been explicitly acknowledged by the FOCAC.[82] Angola is a member of two trading blocs within Africa, namely COMESA and SADC. According to Begu and colleagues, Angola is the second largest petroleum exporter to China, just after Saudi Arabia.[83] This can be a win-win scenario, in a sense that China gets the natural resources they need, and Angola gets the petroleum revenues and other forms of investments from China to rebuild the country which was destroyed by civil war. Ofodile is surprised that Angola has not concluded a BIT with China and yet is amongst the highest recipients of Chinese FDI in the region.[84] Begu and colleagues concern that the underdevelopment of legal approaches will likely 'vitiate the long-term sustainability of [trade relations between the two countries]'.[85] As rightly indicated by Han, BITs are an outcome of the evolution of international investment law and can overcome the weakness of domestic law. In the absence of BITs, it means foreign investors have to rely on the national rule of law.[86]

According to the Legatum Prosperity Index 2018, although it generally finds that Sub-Saharan Africa is progressing, gaining particularly in the business environment, governance and social capital, certain African countries like Angola may not be regarded very highly in terms of their business environment (see Table 2).[87] Likewise, the World Bank has presented an essentially similar view in its Doing Business Report 2019 (see also Table 2). All these points to the conclusion that the regulatory environment in certain African countries may not be very conducive to business activities. For example, Angola is particularly performing poorly

[78] Taylor (2006), *supra* note 76, p. 942.
[79] Ibid.
[80] Ibid. p. 946.
[81] Data from the WTO. If one looks at the bilateral data, in 2018 China imports from Angloa amounted to US$25 billion. Meanwhile, China exports to the country only amounted to US$2.2 billion. There was a vast trade surplus for Angola. The bilateral data from the China Africa Research Initiative.
[82] Du Plessis (2014), *supra* note 44.
[83] Liviu Stelian Begu *et al.*, 'China-Angola Investment Model', *Sustainability*, 2018, 10(8): 1-17.
[84] Ofodile (2013), *supra* note 39. According to UNCTAD, Angola has 15 BITs at the moment, none with China. As noted above, the economic effects of FTA and BITs are far from certain. In a Chinese context, as noted by Cotula and colleagues, Chinese businesses pay little attention to BITs in their investment decisions. See Lorenzo Cotula *et al.*, *China-Africa Investment Treaties: Do they work?* (London: International Institute for Environment and Development, 2016), p. 49.
[85] Begu *et al.* (2018), *supra* note 83.
[86] Han (2017), *supra* note 61.
[87] Legatum Institute, 'Legatum Prosperity Index 2018' (2019) https://www.prosperity.com/about/summary accessed 10 March 2020. The ranking is based on a variety of factors including wealth, economic growth, education, health, personal well-being, and quality of life. In contrast, the Doing Business Report of the World Bank, which this article also draws on, focuses on the life cycle of a business, and hence on factors like starting a business, getting electricity, registering property, enforcing contracts, protecting investors and resolving insolvency.

in the aspect of enforcing contracts in the World Bank report (ranking 186th out of 190 countries).

Table 2 – Business Environment of Selected African Countries

	South Africa	Angola	Djibouti	Kenya
Legatum Institute (Out of 149 Countries)	53th	146th	138th	48th
World Bank (Out of 190 Countries	82th	173th	99th	61th

Data Source: Legatum Institute and World Bank

The suboptimal legal environment may prove to be a problem for Chinese entities operating in Africa, as evidenced by reportedly the first court case related to BRI.[88] DP World, based in Dubai, one of the world's top port operators, sued China Merchants Port, a subsidiary of state enterprise China Merchants Group, over the cancellation of a long-term contract that DP World had been granted to run a container terminal in Djibouti exclusively. It is alleged that Djibouti's government nationalised the container terminal in 2017, cancelled the contract and brought in China Merchants in return for investment and state financing. An arbitration court in London had ruled in favour of DP World that the company is the legal owner of the terminal concession.[89] Hence the company then took the case to Hong Kong's High Court with a view to enforcing the arbitral ruling.[90] This case has certainly demonstrated the legal uncertainties surrounding operating in Africa.

As reported by the South China Morning Post, a surge in investment in big infrastructure projects that started in 2015, most of it financed by loans from state-backed financial institutions from China, has been a significant driver of economic growth in Djibouti.[91] Export-Import Bank of China, one of three institutional banks in China charged with implementing the state policies and not subject to Beijing's recent capital control restrictions, is major investor in at least eight infrastructure projects, including an ongoing US$322 million water pipeline project from Ethiopia, the US$490 million Addis Ababa-Djibouti railway, which was launched in January, and a new, US$450 million international airport in Bicidley. However, at the same time, the IMF has warned that Djibouti faced a high risk of debt distress as the government had raised public external debt from 50 percent of gross domestic product at the end of 2014 to 85

[88] Costas Paris, 'China Tightens Grip on East African Port' *Wall Street Journal* (21 February 2019) https://www.wsj.com/articles/china-tightens-grip-on-east-african-port-11550746800 accessed 10 March 2020.

[89] As reported by the Wall Street Journal, the London Court of International Arbitration in January 2020 asked Djibouti to restore DP World's rights to run the terminal for 25 years in line with a deal signed in 2004. It was the court's fifth order in favour of DP World since Djibouti nationalised the facility. See Costas Paris, 'Djibouti Rejects Court Ruling to Hand Back Container Terminal' *Wall Street Journal* (17 January 2020) https://www.wsj.com/articles/djibouti-rejects-court-ruling-to-hand-back-container-terminal-11579296713 accessed 10 March 2020.

[90] Ibid. It is expected that the case will be heard at Hong Kong's High Court in March 2020.

[91] Laura Zhou, 'How a Chinese Investment Boom is Changing the Face of Djibouti' *South China Morning Post* (17 April 2017) https://www.scmp.com/news/china/diplomacy-defence/article/2087374/how-chinese-investment-boom-changing-face-djibouti accessed 10 March 2020.

per cent by the end of 2016.[92] This concern is consistent with the sceptical view of BRI that it is 'debt-trap diplomacy'.

As shown above, Djibouti is not a major trading partner of China in Africa, despite being a BRI country. Kenya, in contrast, is more important. Djibouti's Doraleh Container Terminal, and Kenya's port Mombasa, are strategic trading gateway at an ocean-going crossroads between Asia and Europe. The flagship BRI project in Kenya is the Mombasa-Nairobi Standard Gauge Railway. As reported by the BBC, the Kenyan government expects the new railway line, largely financed by Chinese loans to boost GDP by 1.5 percent, meanwhile sceptics were of the opinion that the economic benefit of it would be marginal.[93] This again echoes the general concern of the BRI, as to whether the benefits brought about by the infrastructure projects can outweigh the costs. As a BRI country, Kenya's trade does somewhat rely on China. The country mainly exports to the EU and Uganda, although it imports significantly from China (as by far the leading importing origin).[94]

It has been reported recently that Kenya ranked as Africa's third most indebted country to China for the period between 2000 to 2017.[95] As a condition of the initial funding deal, the Kenyan government agreed that Chinese lenders could lawfully seize the port of Mombasa if the debt were not repaid. This may mirror what happened in Sri Lanka. In July 2017, Sri Lanka agreed to lease the Hambantota Port to China Merchant Port for 99 years for US$1.4 billion to settle unpaid debts to China.[96] The port was built with Chinese money borrowed by Sri Lanka. Critics denounce the Chinese move as an erosion of country's sovereignty.[97] Yet some defend that Chinese infrastructure loans have not led to the forfeiture of a single valuable asset abroad thus far.[98]

There is obviously tension in Sino-African trade, which can perhaps be summarised by two polarising theses. While critics frequently pose the 'China threat' discourse, many commentators believe that the world could gain benefits from the rise of China.[99] In the view of Manero, the bottom line is China's investments have already begun to change how the West approaches development deals, causing a shift from a focus on pure lump aid to new systems

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[92] IMF, 'For Djibouti, Infrastructure Investment Paves Way to Regional Hub' (2017) https://www.imf.org/en/News/Articles/2017/03/29/NA033117-For-Djibouti-Infrastructure-Investment-Paves-Way-to-Regional-Hub accesssed 10 March 2020.

[93] Nancy Kacungira, 'Will Kenya Get Value for Money from its New Railway?' *BBC* (8 June 2017) https://www.bbc.co.uk/news/world-africa-40171095 accessed 10 March 2020.

[94] Data from the WTO, as of 2017.

[95] Kristin Huang, 'Will China Seize Prized Port if Kenya Can't Pay Back its Belt and Road Loans?' *South China Morning Post* (30 December 2018) https://www.scmp.com/economy/china-economy/article/2180026/will-china-seize-prized-port-if-kenya-cant-pay-back-its-belt accessed 10 March 2020.

[96] Ibid.

[97] Kiran Stacey, 'China Signs 99-year Lease on Sri Lanka's Hambantota Port' *Financial Times* (11 December 2017) https://www.ft.com/content/e150ef0c-de37-11e7-a8a4-0a1e63a52f9c accessed 10 March 2020.

[98] Barry Sautman and Yan Hairong, 'The Truth about Sri Lanka's Hambantota Port, Chinese 'Debt Traps' and 'Asset Seizures' *South China Morning Post* (6 May 2019) https://www.scmp.com/comment/insight-opinion/article/3008799/truth-about-sri-lankas-hambantota-port-chinese-debt-traps accessed 10 March 2020.

[99] Regarding the China Threat theory, see Bill Gertz, *The China Threat: How the People's Republic Targets America*, (Washington D.C.: Regnery, 2010); for the opponents, see for example, Yong Deng, 'Reputation and the Security Dilemma: China Reacts to the China Threat Theory' in Alastair Johnston and Robert Ross (eds) *New Directions in the Study of China's Foreign Policy* (Stanford: Stanford University Press, 2006). In the context of Africa, see Tukumbi Lumumba-Kasongo, 'China-Africa Relations: A Neo-Imperialism or a Neo-Colonialism? A Reflection', *African and Asian Studies*, 2011, 10(2/3): 234-266; Elizabeth Manero, 'China's Investment in Africa: The New Colonialism?' *Harvard Political Review* (3 February 2017) https://harvardpolitics.com/world/chinas-investment-in-africa-the-new-colonialism/ accessed 10 March 2020.

like aid for trade, where developing countries receive focused trade capacity and infrastructure building assistance.[100] For example, Aboubaker Omar Hadi, chairman of the Djibouti Ports and Free Zones Authority, has indicated that 'countries other than China had not invested enough in Djibouti'.[101] In other words, countries like Djibouti indeed have no choice but to rely on Chinese funding for infrastructure development.

In a nutshell, it is said that there are four distinct archetypes of the Africa-China partnership, according to McKinsey and Company.[102] South Africa can be regarded as a robust partner, where a clear strategic posture toward China is present, along with a high degree of economic engagement; Kenya is an example of solid partners, where a comparatively weak level of engagement is witnessed, but government relations and Chinese business and investment activity are meaningful and growing; Angola is an unbalanced partner, where engagement with China has been quite narrowly focused. In Angola's case, the government has supplied oil to China in exchange for Chinese financing and construction of major infrastructure projects, but market-driven private investment by Chinese firms has been limited compared with other African countries; finally, there are nascent partners where the partnership is still in its early days.

Firm-level Evidence

As for the firm level, according to a study by the Chinese government in 2013, other than infrastructure and petroleum projects by large SOEs, China's investments were seen in different sectors and sizes.[103] From 2009 to 2012, Chinese enterprises' direct investment volume in Africa's manufacturing sector totalled US$1.33 billion.[104] Chinese enterprises have invested in finance, trade, science and technology services, power supply and other fields in Africa. By the end of 2012, China's direct investment in Africa's financial sector reached US$3.87 billion, accounting for 17.8 percent of its total investment volume in Africa.[105] There were also a large number of small and medium-sized Chinese investors engaged in agricultural and sideline product processing and petty commodity production in Africa. In 2017, McKinsey

[100] Manero (2017), *supra* note 99. As reported by the Financial Times, US unveiled its new Africa strategy in December 2018, stating that, 'it would seek to promote intraregional trade and commercial ties with its African allies, shifting its focus from "indiscriminate aid" to one of trade and investment and positioning itself as a more sustainable alternative to what it termed "predatory" lending to promote Chinese and Russia interests in Africa.' For example, the new US International Development Finance Corporation absorbs the Overseas Private Investment Corporation to become the primary US development finance institution for emerging markets, but with twice the previous lending capacity. See Jim O'Brien, 'US's New Africa Policy Will Increase Competition to Fund Infrastructure' *Financial Times* (18 December 2018) https://www.ft.com/content/355c6988-02d5-11e9-9d01-cd4d49afbbe3 accessed 10 March 2020.

[101] Akane Okutsu, 'Djibouti has "No Choice" but China for Infrastructure Development' *Nikkei Asian Review* (29 August 2019) https://asia.nikkei.com/Spotlight/Belt-and-Road/Djibouti-has-no-choice-but-China-for-infrastructure-development accessed 10 March 2020. According to the BBC, around 20 percent of African government external debt is owed to China. This makes China the largest single creditor nation, with combined state and commercial loans estimated to have been US$132 billion between 2006 and 2017. A further 35 percent of African debt is held by multilateral institutions such as the World Bank, with 32 percent owed to private lenders. In 2017, for Djibouti, 77 percent of its debt is from Chinese lenders. See BBC, 'Reality Check: Is China burdening Africa with debt?' (2018) https://www.bbc.co.uk/news/world-africa-45916060 accessed 10 March 2020.

[102] McKinsey & Company, 'Dance of the Lions and Dragons' (2017) https://www.mckinsey.com/featured-insights/middle-east-and-africa/the-closest-look-yet-at-chinese-economic-engagement-in-africa accessed 10 March 2020

[103] State Council of China (2013), *supra* note 40.

[104] Ibid.

[105] Ibid.

and Company estimated that more than 10,000 Chinese firms were operating in Africa, spreading across different African countries and sectors of business.[106]

Further, as observed by the management consulting firm, despite the many diverse African sectors in which Chinese firms are investing, within two sectors, manufacturing, and construction - real estate, Chinese companies have rapidly achieved a sizeable market share.[107] In manufacturing, it is estimated that Chinese companies already handle 12 percent of Africa's industrial production, valued at some US$500 billion a year in total.[108] In construction and real estate, Chinese companies' dominance is even more pronounced, with nearly 50 percent of market share.[109] However, investment is not always necessarily a success. For example, in Angola, Sinopec invested in six deep-water oilfields in co-operation with Angola's state oil group, Sonangol, between 2004 and 2013. Those oilfields have turned into a black hole of sorts, swallowing funds from Sinopec without generating any commercial value.[110] Dollar attributed the investment failure to poor governance in certain African countries like Angola, which has been discussed above.[111]

On the other hand, despite relatively immaterial, such an investment flow is not unilateral. The southern Chinese city of Guangzhou has the presence of a large number of Africans and their small businesses.[112] African businesspeople started streaming into Guangzhou after China joined the World Trade Organisation in 2001. The growth was so rapid that in the 2000s the city's Xiaobei area became known as 'Little Africa'.[113] In 2009, local media put the city's African population as high as 100,000.[114] As regards large companies, SABMiller, a South African brewing company, began its expansion into China in the mid-1990s. Today, decades after its first investments, SABMiller co-owns more than 90 breweries with China Resources Enterprise, producing around 30 beer brands with a 23 percent market share.[115] Tunisia's investment in China's fertiliser production has an even more extended history. Initially launched as a key project of China's Eighth Five-Year Plan, the Sino-Arab Chemical Fertilizers Company was a joint initiative reached by Tunisia and China when Tunisia's late Prime Minister Mohammed Mzali visited Beijing in 1984.[116]

In addition to economic benefits, it is also expected that China and Chinese companies can create wider good for Africa. McKinsey and Company have acknowledged various instances

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[106] McKinsey & Company (2017), *supra* note 102.
[107] Ibid. pp. 29-30.
[108] Ibid.
[109] Ibid.
[110] David Dollar, *China's Engagement with Africa: From Natural Resources to Human Resources* (Washington D.C.: Brookings, 2016), p. 40.
[111] Ibid. p. 39.
[112] See for example, Steve Tonah and Mary Boatemaa Setrana, 'Introduction' in Steve Tonah *et al.* (eds.) *Migration and Development in Africa: Trends, Challenges, and Policy Implications* (Lanham: Lexington, 2017), pp. 13-14.
[113] Franck Kuwonu, 'China's 'Little Africa' Losing its Allure' *Africa Renewal* (August-November 2018) https://www.un.org/africarenewal/magazine/august-november-2018/china%E2%80%99s-%E2%80%98little-africa%E2%80%99-losing-its-allure accessed 10 March 2020.
[114] Huifeng He, 'After the Boom: Fortunes Turn for China's "Little Africa" as African Entrepreneurs Leave Guangzhou' *South China Morning Post* (6 May 2018) https://www.scmp.com/news/china/society/article/2144823/after-boom-fortunes-turn-chinas-little-africa-opportunity-awaits accessed 10 March 2020.
[115] Bo Li, 'Africans also Investing in China' *African Renewal* (August 2015) https://www.un.org/africarenewal/magazine/august-2015/africans-also-investing-china accessed 10 March 2020.
[116] Ibid.

of labour and environmental violations by Chinese companies.[117] Furthermore, human rights are also at the top of the agenda. One notable episode was the divestment movement of PetroChina, a listed company and subsidiary of the state-controlled China National Petroleum Corporation owing to the genocide in Darfur, Sudan.[118] Companies like PetroChina were heavily criticised for having a business relationship with the government and not having taken a stand against the genocide. A good corporate governance framework through pressure from the markets and other regulatory mechanisms to foster corporate social responsibility may ensure that China's presence in Africa can create wider good.[119]

The aforementioned Chinese government study in 2013 notably showcased several examples that Chinese companies have done to improve the overall livelihood in Africa, as opposed to exploitation and a pure profit-seeking motive.[120] For example, while undertaking infrastructure projects in Africa, the study indicated that Chinese enterprises had paid attention to localised operation and management styles, and taken an active part in programs benefiting local people.[121] Those that invest in crop cultivation in Zimbabwe have provided interest-free loans to local farmer households, improved production infrastructure, offered technical guidance for the whole production process, organised local employees to visit China, and funded local schools and orphanages.[122] These have promoted the positive interaction and common development of Chinese enterprises and local society. Similarly, in Zambia, Chinese enterprises have repaired roads, hospitals and houses of some mines, and donated sports facilities for communities and money for charity activities, making positive contributions to local development.[123]

Conclusion

By looking at the statistics, the importance of China to Africa appears to be more apparent than the converse relationship. China is the largest source of trade and a major source of investments for Africa. However, conversely, the trade and investment with Africa merely represent a fraction of China's overall activities in this area. On the one hand, China's appetite for Africa's natural resources is evident. On the other hand, it is quite fair to say Sino-African trade is more symbolic to China than material, as somewhat evidenced by the absence of motivation to engage in advanced trade discussions/agreements between Africa and African countries. For example, South Africa is the largest trading partner of China in Africa, but indeed the country is closer to the EU than China. The level of Chinese trade and investment may be expected to rise amidst BRI, which has been bringing about an unparalleled level of infrastructure development to the contingent. However, BRI itself has attracted various criticisms and has

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[117] Ibid.
[118] Marc Gunther, 'Warren Buffett and Darfur' *Fortune* (18 April 2007) https://money.cnn.com/2007/04/17/news/companies/pluggedin_gunther_darfur.fortune/ accessed 10 March 2020.
[119] The divestment movement is a good example of market pressure. The Stewardship Code in the UK, for instance, has placed more burden on institutional investors to exercise more effective stewardship and investment decision-making. Chinese companies are not at the liberty to ignore corporate social responsibility, as under Article 5 of the Chinese Company Law 2013, 'a company shall…observe social morality and business ethics, act in good faith… and bear social responsibilities'. See more in Li-Wen Lin, 'Corporate Social Responsibility in China', *Berkeley Journal of International Law*, 28(1): 64–100.
[120] State Council of China (2013), *supra* note 40.
[121] For example, it is said that large Chinese communication companies in Africa have raised their localization rate to above 65 percent. They have also cooperated with 1,200 local subcontractors, indirectly providing more than 10,000 job opportunities.
[122] State Council of China (2013), *supra* note 40.
[123] Ibid.

been accused of making participating countries debt-laden. On the other hand, one noteworthy recent development is the FTA between China and Mauritius, which may prompt more African countries, or even Africa as a bloc given the launch of the AfCFTA, to follow suit. However, it is to be greeted with the caveat that FTAs, and likewise BITs, may not necessarily lead to increased level of trade and investments. Also, certain African countries may not have provided an optimal business environment for Chinese companies. Furthermore, there remains doubt whether these companies can uphold their social responsibility (as required by law) and help to create a better Africa.