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# US and China Aid to Africa: Impact on the Donor-Recipient Trade Relations<sup>1</sup>

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## Abstract

This paper investigates the impact of the US and China's foreign aids to Africa on trade flows between donor and recipient countries. Evidence from the gravity model estimates reveals that the two donors' exports are strengthened by their aids to African partners. Interestingly, China's aid shows a positive effect on its total volume of trade and imports from Africa, while the aid from the US exhibits little impact on the US-Africa total trade and its imports from Africa. A possible explanation for such a difference could be due to the dissimilar national interests of donors in Africa. This study finally suggests that African countries should accelerate the pace of advancing domestic economies and rely less on foreign assistance, in order to establish a fairer and more equal international economic order.

**JEL Classification:** F35, P33

**Keywords:** Foreign aid, Aid-trade relations, Gravity model

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