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China-Africa and India-Africa trade in the years 2000-2014

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Abstract

The paper presents merchandise trade between China and Africa and between India and Africa over the period from 2000 to 2014. The analysis is based on the data retrieved from the UN Comtrade Database. Both, China and India have significantly increased their trade in goods with 54 African countries since the beginning of the 21st century. In the analysed period, China's bilateral trade with Africa increased 21 times while India's about 13 times. The Asian countries increased their merchandise trade with Africa mainly due to the development of South-South cooperation and diplomatic relations with the region, and combining trade with development assistance. So far the winner of the Sino-Indian trade competition in Africa is China. The value of China's total trade with Africa surpassed India's nearly 3 times in the years 2000-2014.

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Keywords: merchandise trade; development assistance; South-South cooperation.

1. Introduction

Since the beginning of the 21st century, the Sino-Indian trade competition in Africa has been observed. Both, Asian giants have been intensively developing trade relations with African countries. Their fast economic growth and constantly increasing demand for natural resources, food, and new markets caused that resource-rich Africa became very important partner for them. China and India compete in Africa not only for strategic space but also for ensuring support on the international arena.

The aim of the paper is to show the scale and trends in merchandise trade of China and India with 54 African countries in the years from 2000 to 2014. The analysis is based on the data retrieved from the UN Comtrade

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Database. Trade data for South Sudan are available from 2012 so in the study they are combined with data for Sudan and both countries are considered as one called Former Sudan.

There are many studies on trade between two Asian giants and Africa in the 21st century. The expansion of China-Africa trade and its impact on African economies was analyzed by Large (2008), Balamoune-Lutz (2011), Montinari and Prodi (2011), Obuah (2012), He (2013), and Kummer-Noormamode (2014). Trade between India and Africa was studied by Geda and Meskel (2008), Broadman (2008) and Roy (2014). Besides, theoretical framework of China-Africa relations was presented by Lee et al. (2007). In turn, Beri (2003) and Taylor (2012) focus on India-Africa relations.

The main contribution of this paper to the discussion on China-Africa and India-Africa trade in the 21st century is a comparison of scale and trends in trade of both Asian countries with Africa in the years, from 2000 to 2014.

2. Development of China-Africa and India-Africa commercial relations

China-Africa trade relation dates back to two thousand years ago. Chinese silk and bronze pots were reaching Egypt through the Silk Road. On the other hand, elephant tusks and rhinoceros horns from Africa were transported to China (Gao, 1984). At the time of the Ming dynasty (1368-1644), Chinese products were directly shipped to Africa. The famous Chinese admiral Zeng He (1371-1433) sailed to Somalia and Kenya. He exchanged gold, silver, silk, and porcelains for African local products (Gao, 1984). The development of China-Africa trade was stopped during the Qing dynasty (1644-1911) due to the adoption of a closed-door policy with regard to foreign relations. Until the proclamation of the People's Republic of China in 1949, the relations between China and Africa were negligible.

In the 1950s and 1960s, China's interest in Africa was mainly of political and ideological nature. Initially, China supported independence movements in Africa. After the Sino-Soviet split, it competed with the Soviet Union for influence in newly independent African countries. In order to achieve its objectives, China provided foreign assistance to Africa. The first beneficiary of China's aid was Egypt in 1956. In the 1960s, China offered aid to Guinea, Mali, Central African Republic, Ghana, Kenya, Tanzania, Somalia, and Congo (Nowak, 2015a).

Merchandise trade between China and Africa was low up to the beginning of the 1970s and limited to countries that recognized the People's Republic of China¹. In the 1980s, China focused on domestic economy and its trade with Africa noticeably declined. Sino-African trade in goods began to improve in the late 1990s. It increased by 700% comparing to the 1980s. China revived its bilateral relations with Africa based on commercial cooperation rather than ideological coalitions (Ebner, 2015). A huge rise in China-Africa trade has been observed since the middle of the first decade of the 21st century.

The recent surge in trade between China and Africa is due to changes in China's policy. Since the late 1980s, Chinese government encouraged and supported domestic entrepreneurs to trade and doing business abroad. In 1994, the *Grand Plan of Trade and Economic Cooperation* was launched by Wu Yi, Minister of Foreign Trade and Economic Cooperation, and the Export-Import Bank of China (EXIM Bank of China) was set up (Nowak, 2015a). The EXIM Bank of China provided concessional loans to support the development of China's foreign trade. In the late 1990s, the Chinese government launched "going-out" strategy in order to accelerate overseas expansion of Chinese companies. Since the beginning of the 21st century, China has been successfully combined investments, trade and foreign aid. Besides, it has been developing and strengthening its cooperation with other countries during high-level visits.

In the development of trade relations between China and Africa the key dates were 2000, 2003, and 2006. In 2000, China established the Forum on China-Africa Cooperation (FOCAC) at the ministerial conference in Beijing. Besides, it cancelled of RMB 10 billion of debts of heavily indebted poor countries and least developed countries (LDCs) in Africa. During the 2nd Ministerial Conference of FOCAC in 2003, China announced further increase in assistance for Africa and zero-tariff treatment to products exported to China from some Africa's LDCs. It also began

¹ At the beginning of the 1960s, China was recognised by 14 African countries (Scalapino, 1964). In the 1970s, China had diplomatic ties with 22 countries in Africa.

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