Facultad de Ciencias Humanas y Sociales

Grado en Relaciones Internacionales

Trabajo Fin de Grado

Africa: the new growth pole for China

Estudiante: **Pablo López Morte**

Director: Patrizio Lecca

Madrid, Abril 2023

I. ABSTRACT

China’s increasing investments and trade in Africa have improved the economy of this continent but strikingly have also brought about some debate in the political and scientific communities. This thesis aims to analyze and understand the potential changes in the world economy and attempt to explain the current and likely benefits and drawbacks that this association between Africa and China is bringing geopolitical patterns, that this phenomenon is bringing. We use empirical evidence from previous literature and data on international trade and investments to support our analysis and findings.

Contrary to common conceptions, most of the recent projects financed by China in Africa are in infrastructure, services and manufacturing, not in natural resources. We therefore investigate whether China´s investment and increasing trade is benefiting African countries or it is only generating net benefits for the Asian territory. Is China investing in Africa because of geopolitical reasons or just economic matters?

In addition, we attempt to determine to what extent Foreign Direct Investments (FDI) from Asia is affecting the political stability of the African territories in a positive way. Who are the winners and losers from these flows of capital and goods and how these trade flows and investments are impacting Europe and North America?

II. RESUMEN

La creciente inversión y comercio de China en África ha mejorado la economía de este continente, pero también ha generado debate en las comunidades políticas y científicas. Esta tesis tiene como objetivo analizar y comprender los posibles cambios en la economía mundial y tratar de explicar los beneficios y riesgos actuales y probables que esta asociación entre África y China está generando. Utilizamos evidencia empírica de literatura previa y datos sobre comercio e inversión internacional para respaldar nuestro análisis y hallazgos.

Contrariamente a las concepciones comunes, la mayoría de los proyectos recientes financiados por China en África están en infraestructura, servicios y manufactura, no en recursos naturales. Por lo tanto, investigamos si la inversión y el aumento del comercio

de China están beneficiando a los países africanos o solo generando beneficios netos para el territorio asiático. ¿Está invirtiendo China en África por razones geopolíticas o solo por cuestiones económicas?

Además, intentamos determinar en qué medida la inversión extranjera directa (IED) de Asia está afectando de manera positiva a la estabilidad política de los territorios africanos. ¿Quiénes son los ganadores y perdedores de estos flujos de capital y bienes y cómo están impactando estos flujos comerciales e inversiones a Europa y América del Norte?

III. Keywords

FDI, investment, Africa, economic, trade, infrastructure, exports, technology, manufactures, China, raw materials, benefits,

Table of Contents

TABLE INDEX

FIGURE INDEX

1. Introduction

1.1. Objectives

This thesis has various objectives that cover an extensive range of topics related to China's growing involvement in Africa through investments and trade. The first objective is to investigate the potential changes that this phenomenon is bringing about in the world economy, and to explore the current and likely benefits and drawbacks of the association between Africa and China. This objective suggests that the thesis aims to provide a comprehensive understanding of the implications of China's investments and trade in Africa on the global economy.

The second objective is to determine whether China's investment and increasing trade in Africa is benefiting African countries or generating net benefits solely for the Asian territory. The thesis aims to achieve this by examining empirical evidence from previous literature and data on international trade and investments to support its analysis and conclusions. We have taken most of the data from The China Africa Research Initiative (CARI) is a research program based at the Johns Hopkins University School of Advanced International Studies (SAIS). The program focuses on analyzing and tracking Chinese economic and political engagement with African countries. CARI aims to provide policymakers, academics, business leaders, journalists, and other stakeholders with reliable and comprehensive data and analysis on China-Africa relations. The program also seeks to foster dialogue and collaboration between Chinese and African stakeholders, as well as with the broader international community. This objective implies that the thesis seeks to provide a detailed and rigorous analysis of the impact of China's investments and trade in Africa on African economies.

The third objective of the thesis is to explore the motivations behind China's investment in Africa and to identify the winners and losers of the flows of capital and goods resulting from China's investments and trade in Africa. This objective suggests that the thesis aims to provide insights into the economic and social factors driving China's engagement with Africa, and to assess the implications of this engagement for various stakeholders, including African countries, China, and other global players.

This thesis seeks to comprehensively analyze and understand the economic and social impact of China's investments and trade in Africa from different angles. It therefore aims to shed light on the implications of this phenomenon for the global economy and the stakeholders involved, mainly China and the African continent.

1.2. Hypothesis

The hypothesis of this upcoming work will consist of the following statement: the relationship between China and Africa is not mutually beneficial and China uses it for its own economic and geopolitical benefit. Based on this statement, we will analyze various aspects of the trade and investment relationship between China and Africa mainly from a economic perspective, using empirical evidence based on academic literature and data analysis based on a purpose built dataset on the China-Africa relationships of the Johns Hopkins University School of Advanced International Studies[1]. With all this information, we will build our thesis and verify the veracity of the aforementioned statement.

1.3. Methodology

To achieve the objectives of this thesis, an extensive qualitative analysis of existing literature on the commercial and investment relationship between China and Africa will be carried out. The focus will be on examining different academic articles from authors of different backgrounds in order to obtain a holistic and detailed understanding of the complex dynamics that characterize the relationship between these two actors.

This analysis will be conducted through a deductive approach, starting with a general premise that will be broken down and examined through the analysis of different bibliographic sources. The work will be presented as a descriptive study that will objectively address all points included in the index, using various tools such as graphs and tables to better facilitate the reader comprehension, and will conclude with a summary of the points presented in the work.

Throughout the analysis, numerous academic articles that address different aspects of the relationship between China and Africa will be examined. In this way, it is expected to obtain a deep and rigorous understanding of the current situation in the African continent,

[1] http://www.sais-cari.org/about

as well as the economic and geopolitical implications of China's growing investment in the region.

1.4. Motivation

The African continent is a territory that has always caught my attention. In the last decade, China's economic growth and its investment beyond its borders have sparked great interest in the international community. China has become, surpassing the United States, the largest individual investor in the African continent, financing projects of various kinds, including infrastructure, manufacturing, and services.

Given China's economic growth and improvement in living standards, it has gone from being the world's largest exporter to being one of the largest importers, with an aging population and more expensive manufacturing. I find it a matter of great interest to see this polarization of the Asian country and study the causes and repercussions that this focus has on the African continent, both for China and Africa and for the international community.

2. Foreign Direct Investment (FDI)

2.1. Definition of FDI

Foreign direct investment (FDI) refers to the acquisition of a significant ownership stake in a foreign project or company by an individual, business, or government from another nation. It typically denotes a strategic decision by a company to purchase a major portion of a foreign business or take it over completely to expand operations in a new region.[2] FDI is a vital aspect of international economic integration as it creates durable and secure connections between economies. (Hayes, 2023)

FDI can take many forms, including the acquisition of existing companies, the creation of new companies, the purchase of new or existing physical assets, and the investment in joint ventures or strategic alliances. Companies may engage in FDI for a variety of

[2] This term does not typically include stock investments in foreign companies.

reasons, such as to expand the operations of a company into new markets, to gain access to new resources, technologies, or talent, or to diversify their business operations. (Hayes, 2023)

The level of FDI can be an indicator of the level of economic growth and development in a country, and can also have an impact on the exchange rate and on the balance of payments. Governments around the world use various policies, such as tax incentives and investment guarantees, to attract FDI.

2.2. Advantages and disadvantages

FDI brings different benefits for developing countries as well as for developed countries. Inflow of FDI into developing countries helps and promote spillovers in technology, human capital formation assistance, integration in international trades, creation of a more competitive business environment and development of companies. All these factors contribute to higher economic growth, which is the most powerful instrument to reduce poverty in developing countries. It also may improve environmental and social circumstances in the country that receive the capital, bringing responsible corporate policies and means to produce cleaner energies.

Foreign Direct Investment for development has not only advantages but also potential drawbacks. The aspects that can lead to negative outcomes due to FDIs include lack of positive connections with local communities, weakening of the balance of payment as profits typically flow to the home country, the harmful environmental impact of these investments – like heavy and raw material industries – and abusive competition in national markets. FDI can lead into a situation where host countries are dependent on internationally operating companies and governments lose part of their political sovereignty towards these enterprises (OECD, 2002).

According to the OECD (2002), economic trends, FDI and growth are the most relevant factors that affect the behavior of Foreign Direct Investment:

2.2.1. Trend

Developing countries receive a limited share of FDI compared to developed countries. It is spread very unevenly because most of the total FDI originally from OCDE countries that goes to non-OCDE members end up in Asia and Latin America. These investments are also particularly concentrated in some areas such as China or Singapore. The sum of FDI inflows in developing countries represent a significant amount relative to the size of the domestic economy. The stream of FDI to developing countries currently surpasses official development assistance (ODA)[3] by a wide margin.

As an illustration, Mozambique had an average rate of Foreign Direct Investment inflows of 11.68 percent between 1991 and 2021, with the lowest being 0.62 percent in 1991 and the highest being 39.46 percent in 2013. As of 2021, the latest rate is 33.56 percent. By comparison, the average rate worldwide in 2021 across 179 countries was 3.92 percent. (TheGlobalEconomy, 2021)

Table 1. **OECD FDI outflows by region**

	In USD million				Percentage of total			
	1985	1990	1995	2000	1985	1990	1995	2000
WORLD	61 277	235 836	335 194	1 068 786	100	100	100	100
of which:								
OECD countries	42 055	189 166	263 716	904 349	68.6	80.2	79.7	84.6
Non-OECD countries	19 222	46 670	71 437	137 747	31.4	19.8	21.3	12.9
of which:								
Africa	404	195	3 100	7 267	0.7	0.1	0.9	0.7
Asia*	2 171	12 650	25 106	29 494	3.5	5.4	7.5	2.8
Europe*	8	408	3 570	14 026	0.0	0.2	1.1	1.3
Latin America and Caribbean*	9 101	18 948	23 632	68 374	14.9	8.0	7.1	6.4
Near and Middle East	212	1 056	1 936	1 571	0.3	0.4	0.6	0.1
Unallocated	7 325	13 413	14 093	17 015	12.0	5.7	4.2	1.6

* Excluding OECD countries.
Source: OECD *International Direct Investment Statistics*.

Table 1. OECD (2002). OECD FDI Outflows by Region

In the Table 1 above, we can observe the evolution of FDI outflows by selected regions between 1985 and the year 2000. As we can see, OECD countries have been increasing their participation in foreign investment, reaching 84.6% in the year 2000, while non-OECD countries reduced their participation to 12.6% that same year.

From that 12.6% of foreign investment carried out by non-OECD countries, Latin America and the Caribbean are responsible for 6.4%, Asia for 2.8%, and Africa for 0.7%. Both Asia and Central and Latin America reduced their relative investment compared to

[3] ODA is government aid aimed at promoting economic development and welfare in developing countries, considered the "gold standard" of foreign aid since 1969. The OECD collects, verifies, and publishes ODA data.

OECD countries since 1985, however, Africa maintained those same low values in the given period.

2.2.2 FDI and Growth

In the economic literature it has been widely recognized the contribution of FDI in increasing the productivity and the incomes in the host country well-beyond what domestic investment normally facilitates. However, in the least developed countries, the impact of foreign direct investment on growth appears to be slightly smaller, which is attributed to the existence of "threshold externalities." These thresholds refer to the lack of adequate infrastructure, human capital skilled and quality of institutions that are likely to limit the growth and the benefit from FDI inflows.

It seems that developing countries need to reach certain levels in education, technology, infrastructure and health in order to benefit from a foreign presence in the market. In addition, underdeveloped financial markets can hinder a country from fully benefiting from FDI. Weakness in financial markets hits domestic companies harder than multinationals. For both these reasons, physical infrastructure and foreign investor involvement in the financial sector can be helpful.

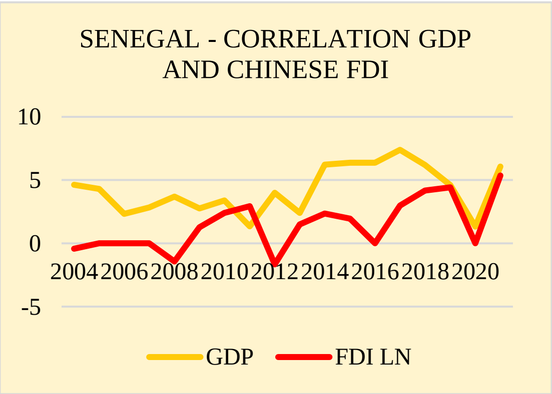


Figure 1. *Own elaboration*. (2023). Senegal – Evolution GDP and Chinese FDI [2D line]. Source: In China Africa Research Initiative. Johns Hopkins. http://www.sais-

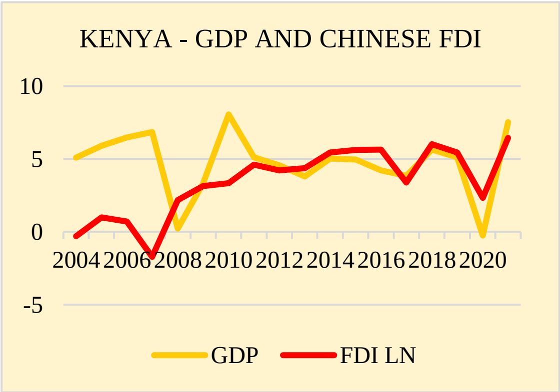


Figure 2. *Own elaboration*. (2023). Kenya – Evolution of GDP and Chinese FDI [2D line]. Source: In China Africa Research Initiative. Johns Hopkins. http://www.sais-

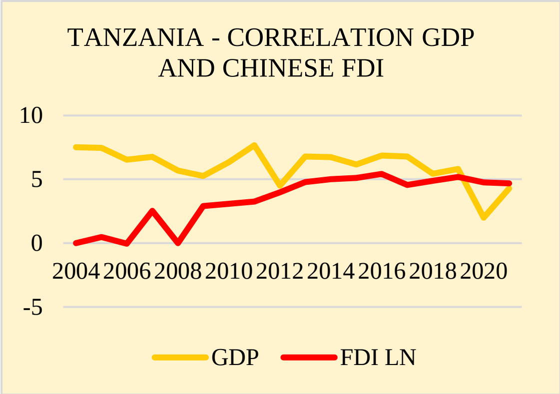


Figure 3. *Own elaboration*. (2023). Tanzania – Evolution GDP and Chinese FDI [2D line]. Source: In China Africa Research Initiative. Johns Hopkins. http://www.sais-

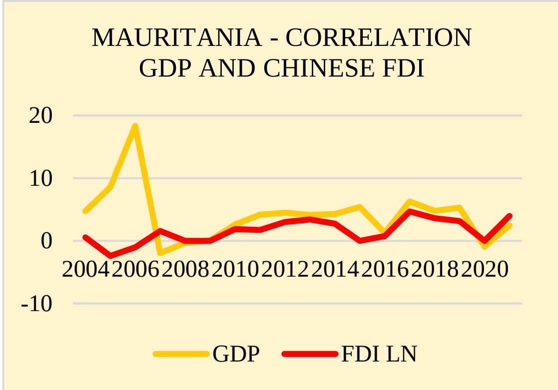


Figure 4. *Own elaboration*. (2023). Mauritania – Evolution of GDP and Chinese FDI [2D line]. Source: In China Africa Research Initiative. Johns Hopkins. http://www.sais-

Figures 1, 2, 3 and 4 show the dynamic evolution of the annual GDP growth of Senegal, Kenya, Tanzania and Mauritania and the foreign direct investment received by each of them from China between 2004 and 2021. We have chosen these countries in order to see if there are significant differences between countries that receive the most FDI from China, like Kenya and Tanzania, and countries that receive less from the Asian continent, such as Mauritania and Senegal. As mentioned in the previous paragraphs, countries need a certain level of development and quality of their institutions to be able to effectively take advantage of FDI. However, it is interesting to see if some degree of co-movements between GDP and FDI exists. Figures 1, 2, 3 and 4 show that the GDP growth of these countries is largely influenced by the investment they receive.

As previously discussed, FDI can bring both advantages and disadvantages to a developing country. However, one of the potential benefits of FDI is that it can contribute to economic growth by providing capital, technology, and expertise to support local industries. This can lead to economic development and an increase in GDP. To analyze this relationship, we have created graphs that compare the GDP growth and FDI inflows received by these countries in the previous year. In other words, we have looked at the relationship between GDP growth and FDI inflows with a one-year lag.

Looking specifically at the relation seen in Figures 1, 2, 3 and 4 we can conclude that in the last decade China´s investment in African countries is bringing about a change in their economy because African GDP and FDI inflows from China are moving similarly in the same direction. Nevertheless, this situation could make African countries to depend economically on China's (and other partners') investments. It can be remarked that 2020 has a significant decrease in GDP growth and FDI for all countries due to Covid pandemic.

It is important to note that the correlation between FDI and GDP is complex and influenced by many different factors. Analyzing the case of Tanzania, Figure 3 shows that GDP does not follow the trend of Chinese investment, unlike in Kenya. This is due to several factors, although one of the main ones arises from the fact that Chinese investments in this country do not reflect a GDP development in the short term, since the projects financed by China in Tanzania are related to several sectors, such as tourism, transport or manufacturing, and these industries generally perform better in the long term.

3. FDI influential aspects on developing countries

FDI has become an increasingly important source of capital for developing countries, providing access to funding that can be used to stimulate economic growth, create employment opportunities, and facilitate the transfer of technology and knowledge. We will now analyze the aspects that most influence or are affected by the arrival of FDI in a developing country, such as trade and investment, technology, human capital, competition and the development of companies.

3.1. Trade and investment

As countries develop and approach industrialization, foreign direct investment contributes to their further integration into the global economy by creating and stimulating foreign trade flows. Clearly, several factors are involved. This includes developing and strengthening an international network of affiliates and the increasing importance of foreign subsidiaries in the distribution, sales and marketing strategies of multinational companies.

The ability of a developing country to attract foreign direct investment is greatly influenced by its access to the international market. Therefore, it is important for the host country to have an open policy towards international trade as a strategy to benefit from foreign investment. On the other hand, the home country can attract foreign investment by limiting imports from developing countries. In other words, access to international trade is crucial for developing countries to attract foreign investment, and home countries can also use trade restrictions to attract foreign investment.

It implies that you are effectively limiting the capabilities of those countries direct investment. Host countries can consider strategies to attract foreign direct investment by expanding the size of relevant markets by pursuing policies of regional trade liberalization and integration. Whether a host country can use foreign direct investment as a means of increasing exports in the short to medium term depends on the circumstances. These circumstances refer to factors such as the level of development of its domestic businesses, the availability of skilled labor, the extend of competition in its export markets and the host country´s infrastructure.

3.2. Technology

Technology transfer is considered to be the most important channel through which the presence of foreign firms can create positive externalities to the developing economy of the host country. Technology transfer and dissemination takes place through four interconnected channels. Horizontal links with competitors or complementary companies in the same industry; professional mobility; internationalization of research and development; evidence for positive spillover effects is strongest and most consistent for vertical connections. Multinational companies typically provide technical support, training, and other information to improve the quality of their suppliers' products and modernize or upgrade their production facilities.

Horizontal spillovers mean that when a multinational company enters a developing economy, it affects local market structures in ways that researchers cannot easily control. One reason for this may be efforts by foreign companies to avoid spreading know-how to direct competitors.

For technology transfer to create an externality, the technology must be relevant to the recipient country's economic sector beyond the firm that originally receives the technology. The technological level of the host economy is very important. Evidence suggests that for foreign direct investment to have a more positive impact on productivity than domestic investment, the “technology gap” between domestic firms and foreign investors needs to be relatively small.

A study guided by Aitken and Harrison (1999) for The American Economic Review conducted in Venezuela showed that foreign investment had two effects on domestic businesses. Firstly, small domestic plants with foreign ownership showed an increase in productivity, suggesting they benefit from foreign ownership. Secondly, wholly domestically owned firms in the same industry saw a negative effect on productivity due to increased foreign ownership.

Overall, the net effect of foreign ownership on the economy is small, and joint ventures tend to internalize the benefits of foreign investment. The study did not find evidence supporting the existence of technology “spillovers” from foreign firms to domestically owned firms. The results for Venezuela may not be applicable to other developing countries due to different levels of foreign investment and economic development. Additionally, the study may not capture the long-term effects of foreign investment, such as increased human capital and labor mobility. (Aitken & Harrison, 1999)

3.3. Human Capital Enhancement

Achieving a certain minimum education level is paramount to a country's ability to attract foreign direct investment and maximize human capital spillover from the presence of foreign companies. Minimum levels vary by industry.

Education alone is unlikely to make the country attractive to foreign direct investors. However, significant ramifications are unlikely if significant 'knowledge gaps' are allowed to remain between foreign entrants and the rest of the hospitality industry.

Another important factor in the enabling environment is the standards of the host country's labor market. By taking action against discrimination and abuse, public authorities strengthen opportunities and incentives to improve the human capital of their employees and create an environment in which participants can achieve a degree of safety and social acceptance. It provides an environment in which multinational companies based in OECD countries can more easily operate while applying home country standards and contributing to human capital development.

The beneficial effects of training provided by FDI can complement, but not replace, overall improvement in skill levels. However, the presence of multinational corporations can have a beneficial demonstration effect. The demand for skilled workers by these companies gives an early indication of what skills are in demand in host country authorities.

An example of FDI's involvement in human capital improvement is the case of Nestlé, the food and beverage multinational Swiss company, in Pakistan. Nestlé has undertaken a number of initiatives to educate workers, including training programs and educational support for employees and local communities, and collaboration with the government and local universities to promote the development of the food and agriculture sector. More specifically, Nestlé partnered with the Faisalabad Agriculture University to establish a development center focused on food technology and innovation. (Nestle, 2021)

3.4. Competition

Since the early 1990s, the wave of mergers and acquisitions that has transformed the global corporate landscape has significantly increased the concentration of the global market. At the same time, the increase in strategic alliances has changed the way formally independent companies interact. There has also been a wave of privatization, which has attracted significant foreign direct investment (mainly in developing and emerging countries.

Empirical studies suggest that the impact of FDI on host country concentrations tends to be stronger in developing economies than in mature economies. Moreover, despite ample evidence that the entry of multinationals boosts the productivity levels of incumbent firms in host countries, the evidence from developing countries is weaker. However, the direct impact of increased interest in competition appears to vary by industry and host country.

Although it is economically desirable for strong foreign competitors to be able to replace less productive domestic firms, policies must be put in place to ensure a healthy level of competition. In addition, domestic competition laws and enforcement agencies are encouraged to minimize the anti-competitive impact of exiting the market by less competitive firms. Modern competition policy focuses on efficiency and consumer protection

3.5. Enterprise development

Multinationals generally impose their own corporate policies, internal reporting systems, and information disclosure policies on acquired companies, and many foreign executives accompany acquisitions. As long as foreign business practices are superior to those prevailing in the host country, this can increase business efficiency. An important special case concerns foreign participation in the privatization of state-owned enterprises in Eastern and Central Europe.

4. Why considerable FDI from China is flowing into Africa?

As we can see in Figure 5, China is the largest foreign direct investor in Africa after surpassing the US. After surpassing momentarily in 2008, China was established as the largest investor in 2013. Following 2017, China has sustained its investment in Africa, filling the gap left by the US, driven by the strategic significance of the mutually beneficial economic relationship between the two and Africa's potential to become a major contributor to the world's future economic growth.

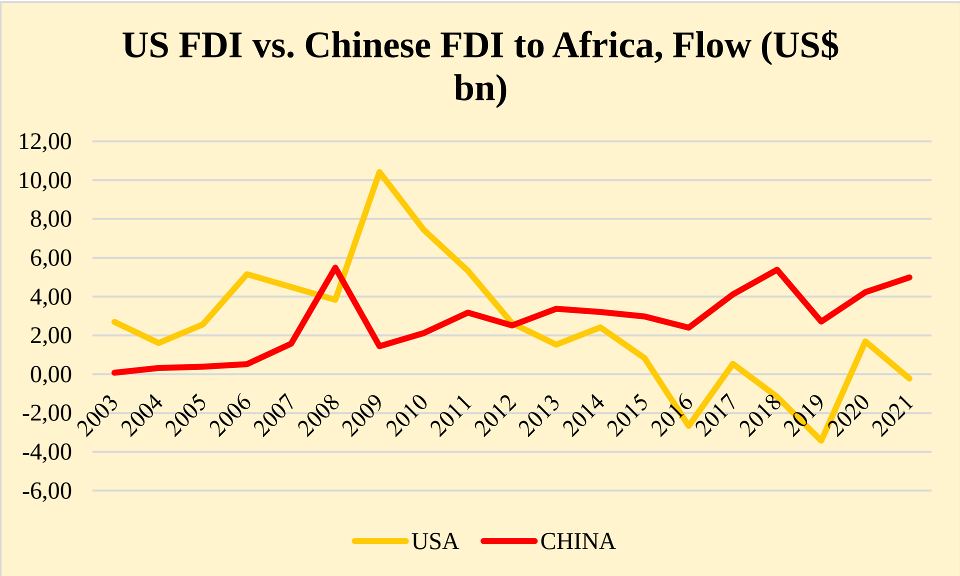


Figure 5. *Own elaboration*. (2023). US FDI vs. Chinese FDI to Africa, Flow [2D line]. Source: In China Africa Research Initiative. Johns Hopkins. http://www.sais-cari.org/chinese-investment-in-africa

China recognizes the transformative impact that Foreign Direct Investment (FDI) had on its economy. Africa bears remarkable similarities to China's own geography and economy from four decades ago. In 1978, when China started its policy of "Reform and Opening-up," it had a population of 956 million with a median age of 21.5 years. Today, Africa is home to 1.3 billion people, with a median age of 19.7 years - a large, youthful, and low-cost workforce eager for education and improvement of their lives, just like China was at that time. (Ze Yu, 2021)

China's rise to modernity was primarily driven by trade. Its advantageous coastal location allowed it to develop an export-oriented economy, blessed with ample natural resources, fertile agriculture that only utilizes 25% of its arable land, and thriving manufacturing industries seeking global market reach. As we have explained before, in addition to making substantial contributions to the growth of trade and income, Foreign Direct Investment (FDI) also has a critical impact on the soft aspects of development such as the transfer of technology, labor training, and business management expertise. Africa's development will undoubtedly benefit from the presence of FDI.

Chinese FDI Flow to African Countries (US$ mn, unadjusted)					
YEAR	Congo, Dem. Rep.	Guinea	Kenya	South Africa	Zambia
2018	643,01	203,17	232,04	642,06	523,73
2019	930,96	53,04	10,37	338,91	143,39
2020	611,51	-295,12	629,62	400,43	214,26
2021	1045,75	487,17	348,22	363,59	582,80

Table 2. *Own elaboration*. (2023). Chinese FDI Flow to African Countries. Source: In China Africa Research Initiative. Johns Hopkins. http://www.sais-cari.org/chinese-investment-in-africa

Table 2 shows the 5 African countries that received the most FDI from the Asian giant in 2021. The country that has received the most in the last 4 years is the Democratic Republic of Congo. On the other side are Zambia, Guinea, South Africa and Kenya. It should be noted that FDI figures can fluctuate sharply from year to year, as can the rankings.

Taking the Democratic Republic of Congo (DRC) as an example, one of the main reasons for Chinese investment in the DRC is the country's abundance of raw materials, including copper, cobalt and gold. DRC is known to have one of the world's largest reserves of these minerals.

Another reason for investment in this country is the great market potential DRC has for trade in Chinese products and services. Finally, China's interest in investing in this Central African country stems from its strategic location. The borders of the Democratic Republic of Congo are surrounded by 9 African countries, which suggests a very attractive location for the creation of a logistics and transport hub, with the capacity to connect and trade with a very large part of Africa.

3.1. Who is investing in Africa?

Private Chinese firms make up 90% of the total number of Chinese companies investing in Africa and account for 70% of the total value of Chinese Foreign Direct Investment (FDI) in Africa. In 2010, there were 1,955 Chinese companies operating in Africa, with over 100 being state-owned entities. (Ze Yu, 2021)

Despite this, state-owned enterprises (SOEs) from China still hold the title as the largest investors in Africa, based on the value of their investments, and continue to dominate the energy, transportation, and resources sectors due to the strategic importance and long-term profitability of these investments. For example, state-owned Chinese companies have financed and constructed one-third of Africa's power grid and energy infrastructure since 2010. Although private, Chinese MNE´s in Africa are not driven by the ambitions of the Chinese state.

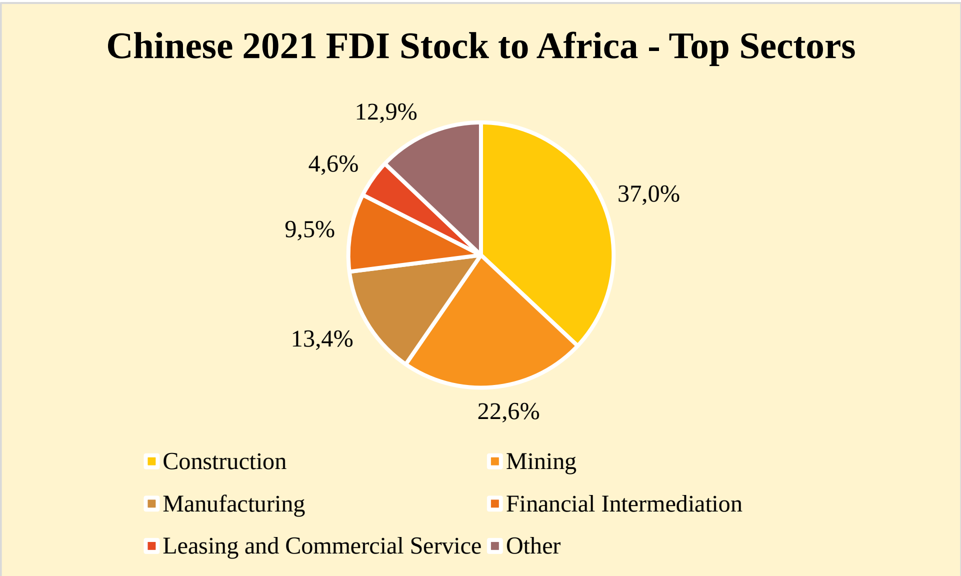


Figure 6. *Own elaboration*. (2023). Chinese 2021 FDI Stock to Africa - Top Sectors [2D pie]. Source: In China Africa Research Initiative. Johns Hopkins. http://www.sais-cari.org/chinese-investment-in-africa

As we can see in the pie chart Figure 6, the top five African sectors that receive the most foreign direct investment from China in 2021 are Construction and Infrastructure, following Mining, Manufacturing, Financial Intermediation, and Leasing and Commercial Services. This last sector refers to businesses that provide leasing services for real estate, vehicles or equipment, as well as different commercial services such as legal advisory, accounting, advertising or consulting. It can include activities like maintenance, technical support and equipment repair.

3.2. Main reasons why China is investing in Africa

According to Ze Yu (2021), China's aging process is happening at an incredibly fast rate and by 2050, its median age is expected to be 51, making it an old society before becoming a wealthy country. In contrast, Africa's labor force is expected to surpass that of China and India combined by 2034, and its population is predicted to reach 2.5 billion by 2050.

Another factor is that China is no longer considered a low-cost country. With a per capita GDP of $11,000 in 2020, it no longer offers the low labor costs that are essential for the middle to low-end global supply chains. Thus, Chinese companies are actively seeking to establish global production in demographic regions similar to China's scale and capacity, such as the ASEAN economic union and, increasingly, Africa.

China's transformation from a large agrarian economy to the world's largest agricultural importer is the third factor. Rapid urbanization has resulted in the loss of fertile soil and attracted the farming population away from rural areas, making China's structural agricultural insufficiency a potential source of social instability and a national security threat. China imports a range of agricultural products from Africa and is also diversifying its agri-imports from the US to other economies.

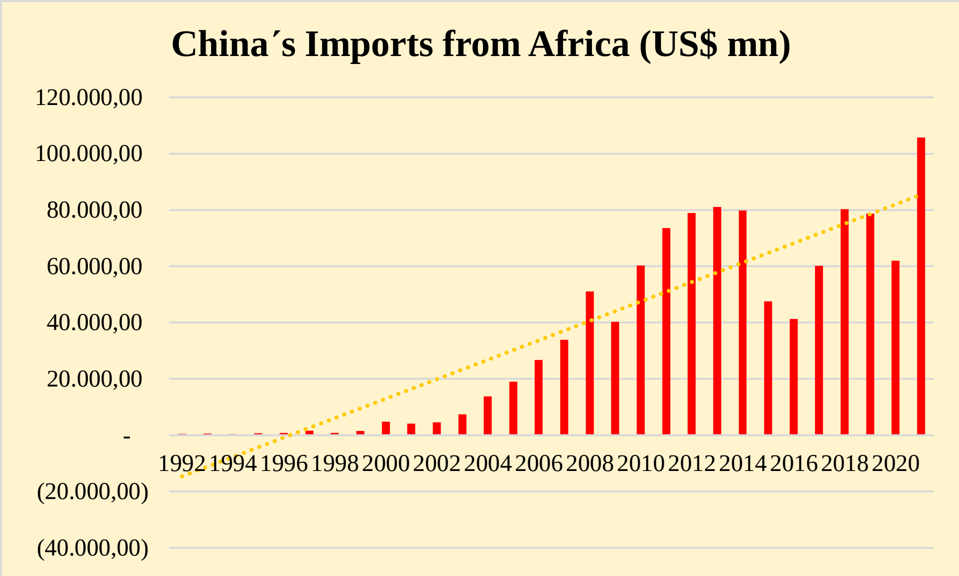


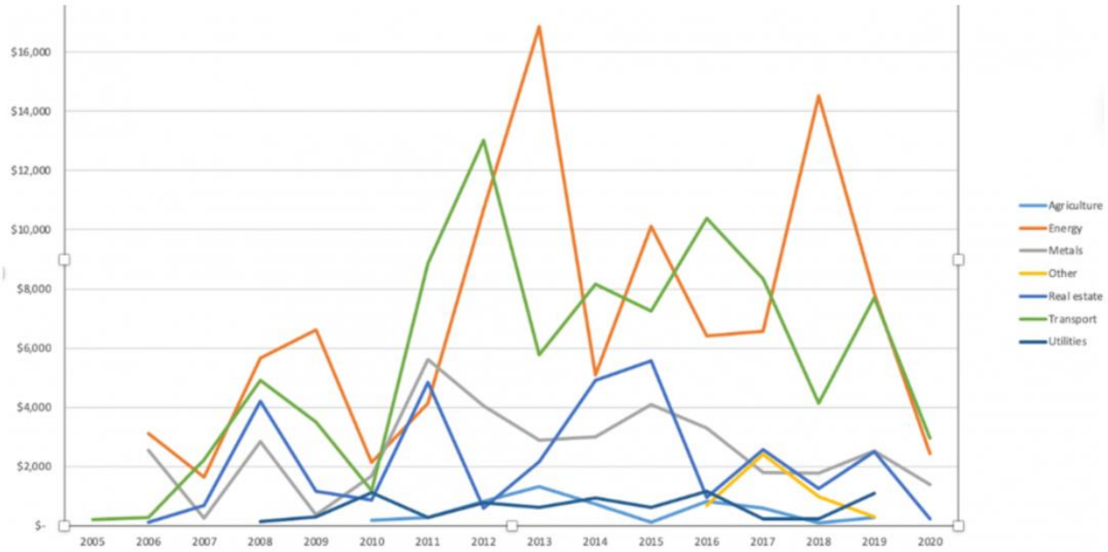
Figure 7. *Own Elaboration*. (2023). China´s Imports from Africa (US$ mn) [2D column]. Source: In China Africa Research Initiative. Johns Hopkins. http://www.sais-cari.org/chinese-investment-in-africa

In the above Figure 7, we can observe the evolution of China's imports from Africa from 1992 to 2020. As indicated by the trend line, the trend in this trade relationship has been upward, reaching a value of $105.762,78 million US dollars in imports from Africa to China. The main imports are raw materials, including crude oil (the most imported product from China to Africa), minerals, and metals such as iron and copper. (Bociaga, 2023)

In addition to raw materials, China also imports some manufactured products from Africa, such as clothing, sports shoes, and some electronic products. However, these categories of products represent a small proportion compared to raw materials. Furthermore, as mentioned above, China is also increasing its agricultural imports, given the rural exodus that occurred in China years ago and the population growth. (Bociaga, 2023)

Lastly, as China becomes the world's consumer market, Africa's exports to China can only increase by investing in upstream production. China's trade with Africa has increased 20-fold and its FDI into Africa has multiplied by 100. (Ze Yu, 2021)

Another reason to consider is the growing consumer market in Africa. Africa has a middle-class population of 350 million and 40.7% of its people live in urban areas. The rising middle class in Africa has similar desires to consumers back home and there is growing demand for smart city development, energy, consumption, education, entertainment, finance, and health, as we can see in Figure 8, which are the sectors with most investment. Savvy Chinese private companies are exploring these areas and exporting their business models to Africa. (Ze Yu, 2021)



Chinese investment by sector in Africa. Credit: Shirley Yu.

Figure 8. Shirley Yu. (2022) *Chinese investment by sector in Africa*. China´s Imports from Africa (US$ mn) [2D line]. Source: LSE blog.

4. China's Engagement in Africa: Motivations, Policies, and Resource Competition

The Chinese government has a long history of strengthening its diplomatic and economic ties with African countries, dating back to the 1950s. In recent years, its presence and economic ventures in Africa have noticeably increased. To further promote friendship and cooperation between China and African states, the Forum on China-Africa Cooperation (FOCAC) was launched in October 2000.

As a result of these efforts, China's trade with Africa has greatly flourished, making it a significant investor in the region. By 2012, China had signed trade agreements with 45 African countries, bilateral agreements for investment promotion and protection with 32

African countries, and bilateral agreements for double taxation avoidance with 10 African countries (Demas, 2011).

China and Africa share a common history of colonialism, having both experienced the struggles for national independence during the 20th century. They supported each other in their pursuits and eventually emerged from colonial rule.

Today, China has achieved remarkable political stability, economic growth, and social progress, and offers African nations lessons in reducing poverty and promoting economic development (Mancuso, 2012).

Since the 1950s, China has continuously provided financial and technical aid for the purpose of supporting African infrastructure and development. In return, African countries have supported China's efforts to gain international recognition and protect its interests in the global community, leading to a deep and mutual alignment of interests between China and Africa. (Chen, 2016)

Unlike the western colonial powers of the past, who saw themselves as "superior", China does not have a colonial legacy in Africa, making the relationship between the two more accurately described as a business partnership. The main priorities of this partnership are mutual economic benefit, reciprocity, and shared prosperity. (Chen, 2016)

4.1. Motivation behind the partnership

In order to determine if China is attempting to colonize Africa, it is necessary to examine the reasons behind its relationship with Africa since the beginning. Despite the increase in trade and investment, China's interest in Africa during the 1950s and 1960s was primarily driven by political motives, rather than economic ones.

In 1949, in an effort to gain global recognition and secure a seat in the United Nations (UN), the People's Republic of China (PRC) sought alliances with newly independent African states. After years of competition, the PRC emerged victorious, establishing diplomatic relations with many African countries. With the diplomatic support of its African allies, the PRC was able to secure a seat in the UN in 1971. (Chen, 2016)

Since the Chinese economic reform of 1978, the primary driving force behind China's growing interest in Africa has been economic considerations, such as its need for natural resources, new investment opportunities, and consumer markets. The Chinese government has prioritized economic development over other concerns, adjusting its diplomatic policies to emphasize that foreign policies should serve China's economic growth. As a result, the government actively promotes economic alliances with African nations. China's trade and investment with African countries has rapidly expanded. (Wang, 1990)

Over time, China's priorities and motivations for its partnership with Africa have changed. There is no denying that China has sought to benefit from its relationship with African nations. However, it is unlikely that China is trying to become Africa's new colonial master.

4.2. China´s African Policy

China has proclaimed that it will not interfere with the internal affairs of its trade partners. At the 1955 Bandung Conference, China established five principles for managing international relationships: respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in internal affairs, equality and mutual benefit, and peaceful coexistence. These principles were agreed upon by African states attending the conference and have since become the foundation of China-Africa cooperation and the essence of China's foreign policy. (Wang, 1990)

The 2006 African Policy reconfirms that China is not seeking to exert neo-colonial influence over Africa. The policy, released by China's Ministry of Foreign Affairs, states that *"sincerity, equality and mutual benefit, solidarity and common development"* are the guiding principles for China-Africa exchange and cooperation and the driving force for lasting China-Africa relationships. China respects African countries' choice of development paths and supports their efforts to become stronger through unity. (Chen, 2016)

China's engagement in Africa is a pure capitalist model with few or no attached conditions, in contrast to the financial aid offered by many Western countries. However, China's profit-driven approach in Africa has received significant criticism from the international community. Critics have accused China of indirectly supporting African dictators and ignoring human rights abuses, environmental degradation, and corruption caused by its economic activities in Africa. (Scott, 2005)

China has also been criticized for failing to promote good governance, democracy, the rule of law, and transparency policies in Africa while Western nations and international organizations have been working towards modernizing and democratizing the continent.

China's economic activities have resulted in undesirable consequences and the government has slowly realized the negative effects of "pure capitalism." In recent African policy, social and environmental standards have been incorporated into investment projects, particularly those of state-owned banks such as the China Development Bank and the Export-Import Bank of China. (Chen, 2016)

4.3. The newcomer´s competition for natural resources

The international community has raised concerns about China's intentions in Africa due to its unconditional assistance in various aspects of African development. This has led to suspicions that China is attempting to exert its influence and control over Africa. Although China has a growing presence in Africa, it is still relatively new compared to Western countries, who have established longstanding relationships with key African resource-producing nations. (Zhao, 2007)

As China competes for a share of Africa's resources, it must offer more attractive incentives to Africa than other countries. These incentives include funding infrastructure projects, direct investment, favorable loans, debt cancellation, trade opportunities, technical and professional training, and medical assistance. This package, which China pays for through the natural resources it extracts from Africa, sets it apart from the Western colonial powers. (Zhao, 2007)

Africa's lack of infrastructure and need for development has made it an attractive market for investment and new technology. Despite this, Africa is abundant in natural resources. On the other hand, China's rapidly growing economy has resulted in a surplus of funds and a desire for new investment and market opportunities. China needs vast amounts of energy resources and other crucial raw materials to maintain its thriving economy, making Africa a perfect match for China as a partner.

5. Africa´s gains from its partnership with China

5.1. Infrastructure

China has a significant amount of money surplus as a result of its rapidly growing economy and is actively seeking new investment opportunities and markets. Meanwhile, Africa is rich in natural resources, but lacks proper infrastructure and technology, making it in need of investment and support. This creates a mutual partnership between China and Africa as the former provides much-needed funds for infrastructure development in exchange for natural resources. (Yu, 1970)

Finding millions or billions of dollars to finance infrastructure projects is not an easy task, but China has a large amount of money available. Apart from investing in energy businesses, Chinese enterprises are also heavily involved in infrastructure development in Africa. This includes investment in railroads, roads, bridges, dams, power plants, schools, hospitals, telecommunications, and other crucial aspects of modern civilization. (Gountin, n.d.)

A prime example of China's investment in Africa's infrastructure is the Tanzania-Zambia railway (TAZARA), which was built in the 1970s and cost approximately $500 million. This was China's largest ever single foreign aid project, and the railway is now the longest in Africa, stretching 1,860 kilometers from Zambia to Tanzania and to the sea. (Chen, 2016)

According to the China-Africa Trade and Economic Relationship Annual Report 2010, China has helped build over 500 infrastructure projects in Africa in recent years, including more than 2,233 kilometers of railway, 3,391 kilometers of highways, 11 bridges, sports venues that can accommodate 780,000 spectators, 104 public buildings and cinemas, and power facilities with over $5.3 billion in cumulative commitments. Additionally, China has helped build 54 hospitals, set up 30 malaria prevention and treatment centers, and provided anti-malaria drugs worth 200 million Yuan to 35 African countries. (Clark, 2011)

In the telecommunications sector, many Chinese telecom companies have established a presence in Africa and have built more than forty 3G networks for over thirty African countries. One of the most notable projects was the launch of the Nigerian communications satellite "Nigcomsat 1R" in December 2011, which provides television, education, navigation services, and national security to Africans. (Clark, 2011)

5.2. Trade

Expanding international trade is crucial for promoting economic growth in Africa, and China provides significant trade opportunities for the continent. In 2012, China became Africa's largest export destination and African exports to China, including both raw materials and high-value manufactured goods, have seen substantial growth (Haroz, 2011).

China has committed to further opening its market to African products, and the China-Africa Development Fund, established after the 2006 Beijing China-Africa Summit, supports Chinese investment in Africa and encourages African exports to China. This support has led to the diversification of African exports and the entry of African agricultural products into the Chinese market, resulting in a substantial increase in trade between China and Africa, which reached $198.49 billion in 2013, with African exports to China totaling over $93 billion. (Haroz, 2011)

Figure 9 represents China´s export to Africa from 1992 to 2020. As we can see in the graph, China´s exports have been increasingly high until 2015, where it reached 155.695,57 US million dollars’ worth in products. After that, it slowed down due to a variety of factors. One of the main factors was the drop in global commodity prices, specifically for oil and gas, that are major export products of African countries, that reduced demand for Chinese exports to Africa. In addition, the slowdown in China´s economy, affected exports to all regions. Another factor was the appreciation of the Chinese currency, the renminbi, which made Chinese exports more expensive for African purchasers. Lastly, the political and economic instability in some African regions made the Chinese exports to decline in the African continent. Nevertheless, as we can observe in the chart, China´s exports in Africa recovered from its tumultuous situation and has increased since then.

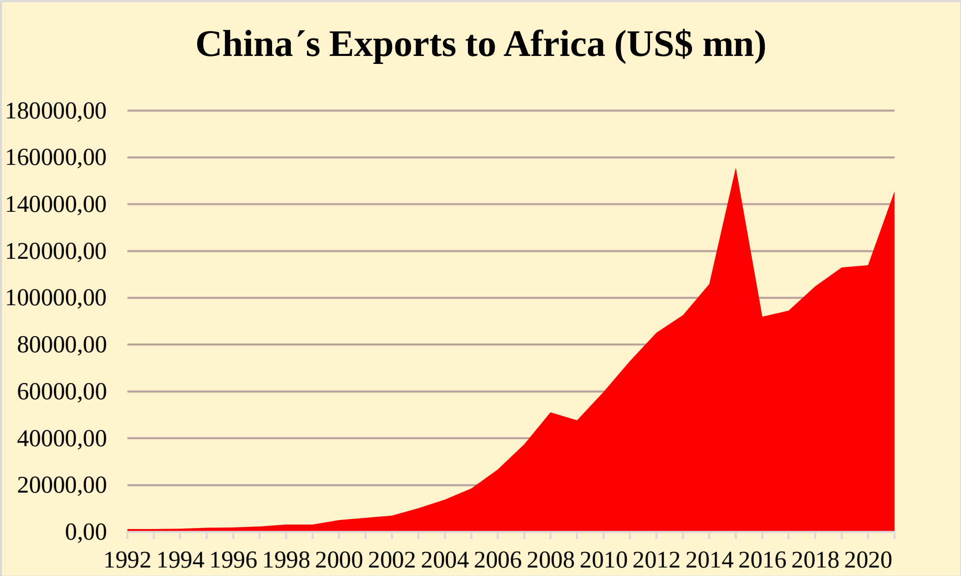


Figure 9. *Own Elaboration*. (2023). China´s Exports to Africa (US$ mn) [2D area]. Source: In China Africa Research Initiative. Johns Hopkins. http://www.sais-cari.org/chinese-investment-in-africa

5.3. FDI and Debt Cancellation

Despite Africa's abundance of natural resources, many investors remain hesitant to invest in the continent due to its long history of military conflicts, human rights abuses, corruption, limited rule of law, extreme poverty, famine, AIDS, and other significant issues. As we can appreciate in Table 3, most African countries do not have a good credit rating, where only 30 out of 54 are rated and most of them with a moderate/high risk rating, making it difficult for them to secure investment for sustained economic growth. However, China has become a growing source of foreign direct investment for Africa in exchange for access to its natural resources. As of April 2012, China's total direct investment in Africa had reached $15.3 billion, with more than 2,000 Chinese enterprises having made investments in Africa. (Sotunde, 2012)

		RATING			OUTLOOK			DATE		
		S&P	Moody's	Fitch	S&P	Moody's	Fitch	S&P	Moody's	Fitch
1	Angola	CCC+	Caa1	CCC	Stable	Stable	-	07/08/2020	08/09/2020	04/09/2020
2	Botswana	BBB+	A2	-	Negative	Negative	-	18/09/2020	29/05/2020	-
3	Benin	B+	B2	B	Stable	Positive	Stable	23/10/2020	18/06/2019	09/04/2020
4	Burkina Faso	B	-	-	Stable	-	-	15/05/2020	-	-
5	Cameroon	B-	B2	B	Stable	Stable	Negative	09/10/2020	07/08/2020	29/10/2020
6	Cape Verde	B	-	B-	Negative	-	Stable	28/08/2020	-	12/06/2020
7	Congo, D. R.	CCC+	Caa1	-	Stable	Stable	-	31/07/2020	18/06/2019	-
8	Congo	CCC+	Caa2	CCC	Stable	Stable	-	04/09/2020	12/10/2018	15/05/2020
9	Côte d'Ivoire	-	Ba3	B+	-	Stable	Positive	-	07/08/2020	03/06/2020
10	Egypt	B	B2	B+	Stable	Stable	Stable	08/05/2020	11/05/2020	27/07/2020
11	Ethiopia	B	B2	B	Negative	Negative	Negative	25/09/2020	07/08/2020	30/06/2020
12	Gabon	-	Caa1	CCC	-	Positive	-	-	14/06/2019	03/04/2020
13	Ghana	B-	B3	B	Stable	Negative	Stable	11/09/2020	17/04/2020	15/10/2020
14	Kenya	B+	B2	B+	Negative	Negative	Negative	11/09/2020	07/05/2020	19/06/2020
15	Lesotho	-	-	B	-	-	Negative	-	-	13/08/2020
16	Mauritius	-	Baa1	-	-	Negative	-	-	01/04/2020	-
17	Morocco	BBB-	Ba1	BB+	Negative	Stable	Stable	02/10/2020	20/11/2018	23/10/2020
18	Mozambique	CCC+	Caa2	CCC	Stable	Stable	-	23/10/2020	20/09/2019	09/07/2020
19	Namibia	-	Ba2	BB	-	Negative	Negative	-	22/05/2020	22/06/2020
20	Nigeria	B-	B2	B	Stable	Negative	Stable	28/08/2020	15/04/2020	30/09/2020
21	Rwanda	B+	B2	B+	Negative	Negative	Stable	07/08/2020	13/10/2020	25/08/2020
22	Senegal	B+	Ba3	-	Stable	Negative	-	05/06/2020	07/08/2020	-
23	Seychelles	-	-	B+	-	-	Stable	-	-	19/06/2020
24	South Africa	BB-	Ba1	BB	Stable	Negative	Negative	22/05/2020	27/03/2020	03/04/2020
25	eSwatini	-	B3	-	-	Stable	-	-	20/07/2020	-
26	Tanzania	-	B2	-	-	Stable	-	-	21/08/2020	-
27	Togo	B	B3	-	Stable	Stable	-	23/10/2020	05/06/2019	-
28	Tunisia	-	B2	B	-	Negative	Stable	-	06/10/2020	12/05/2020
29	Uganda	B	B2	B+	Stable	Stable	Negative	12/06/2020	23/03/2018	24/06/2020
30	Zambia	SD	Ca	-	-	Stable	-	21/10/2020	03/04/2020	-

Table 3. *African countries rating at the end of 2020*. Adapted from lecture notes in Debt and Financing Paradigms in Africa by Benoît Chervalier, October, 2022.

China has also offered Africa favorable loans, which are generally subsidized by the Chinese aid budget and come with no or lower interest rates, generous grace periods, and extended repayment terms. This not only brings Africa greater access to foreign currency but also helps build its domestic manufacturing capacity. The Chinese government has been supportive of heavily-indebted and least developed countries in Africa, working to reduce their debts. From 2000 to 2009, China canceled 312 debts for 35 African countries, and former Chinese Prime Minister Wen Jiabao, in 2010, announced that China had delivered $3.8 billion in debt relief globally, primarily for African countries. China also plans to cancel debts for the least developed countries. (Ewelukwa, 2011)

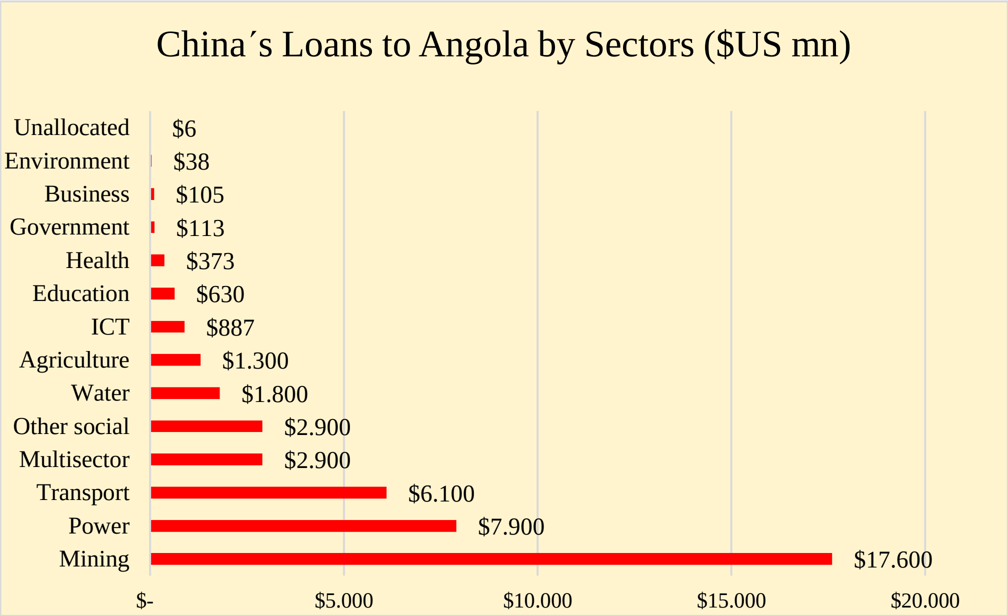


Figure 10. *Own Elaboration*. (2023). China´s Loans to Angola by Sectors ($US mn) [2D bar]. Source: In China Africa Research Initiative. Johns Hopkins. http://www.sais-cari.org/chinese-investment-in-africa

In order to understand the magnitude of the Chinese loans granted to the African continent, we take as an example the case of Angola. In Figure 10, we can observe the value of the loans granted to Angola by China in the period between 2000 and 2020. During this period, China granted 254 loans spread across various sectors for a total sum of 42.6 trillion US dollars.

According to the Global Development Policy Center (2020), Angola is the African country that has received the most loans from China. The sectors that have received a large share of loans are mining (which has received 17.6 trillion dollars in 6 loans), energy (which received 7.9 trillion dollars in 32 different loans), and transport (which received a total of 6.1 trillion dollars in 67 different loans). The year in which China granted most of the loans to this African country was 2016, which received a total of 18.8 trillion dollars in 82 loans, where the sectors that received the most were mining, energy, transport, and water.

The lenders of these operations are mainly Chinese institutional banks and commercial banks. The institutional banks represent the three large stated-owned financial institutions in China: China Development Bank (CDB), Export-Import Bank of China (Exim Bank) and Agricultural Bank of China (ADBC). These banks are controlled and managed by the

Chinese government and their main investments are in infrastructure, energy development and overseas investments. These institutions have conceded $34.2 billion in 238 loans out of the $42.6 billion granted to Angola. Commercial banks, have granted $4.3 billion in 10 loans. The commercial banks that have financed these 10 projects are also state-owned: Industrial and Commercial Bank of China and Bank of China.

5.4. Technical assistance and professionalized training

African nations often face limitations in terms of technological knowledge and skilled personnel, hindering their economic progress. New technology and trained personnel are equally important as financial resources in driving wealth creation and poverty reduction.

China has been engaged in providing agricultural support to African countries for over 50 years. The country has run around 200 agricultural cooperation programs in more than 40 African countries, and established 20 agricultural demonstration centers across Africa by 2012. (China Daily, 2011)

China has also made efforts to boost human resources development in Africa by conducting nearly 60 education assistance programs and offering government scholarships to African students. As of April 2011, 29,456 African students have received this scholarship.

From 2013 to 2015, China launched the African Talents Program, which trained 30,000 personnel across different fields, provided 18,000 government scholarships, and constructed various training facilities in African nations. (China Daily, 2011)

5.5. Healthcare and Community Well-being.

The Chinese government has placed a high priority on providing medical care and public health support to African countries. This has been a major area of cooperation between China and Africa and is widely considered to be one of the most successful programs in the China-Africa partnership.

Over the years, China has sent thousands of medical professionals to Africa, with over 17,000 workers having been dispatched to 48 African countries since 1963. These teams have treated millions of patients and have also played a critical role in enhancing the skills of local health care workers through training, workshops, and other collaborative efforts. (University of Pennsylvania, 2011)

In addition to sending medical personnel, China has also made significant investments in improving Africa's health infrastructure. By 2010, China had helped build 54 hospitals and 30 malaria control centers across the continent, and has also provided anti-malaria medicine to 35 African countries, with a total value of 200 million RMB. This shows China's commitment to supporting the development of medical care and public health in Africa and improving the health of African people. (University of Pennsylvania, 2011)

Figure 11. *Own Elaboration*. (2023). Number of Chinese workers in Africa [2D column]. In China Africa Research Initiative. Johns Hopkins. http://www.sais-cari.org/chinese-investment-in-africa

Figure 11 shows the number of Chinese workers residing in Africa. As we can see, until 2015 the number of Asian workers was increasing. Since then, the number of Chinese workers in Africa has decreased although there is still a large number of Chinese people working in Africa.

The main reasons for this decrease have been due to: the slowdown of the Chinese economy, which has caused lower demand for raw materials and fewer infrastructure projects in the African continent; the Covid-19 pandemic, which led to travel restrictions and disruptions in the global supply chain; what is more, some countries have developed laws that require companies to hire a certain percentage of local workers; and finally, anti-Chinese sentiment, which has caused unrest and violence against Chinese workers in some African countries.

6. China´s benefits from its partnership with Africa

China's support for African countries is not solely based on generosity, but also on expectations of benefit. China seeks to secure its access to Africa's abundant natural resources, potential investment prospects, and expanding consumer market. The country recognizes that Africa's development can contribute to its own growth. (Mancuso, 2012)

6.1. China´s necessity for raw materials

China has rapidly grown its economy since the 1990s, leading to a large increase in its energy consumption, especially in oil. China has become a net oil importer, surpassing the United States to become the largest energy consumer globally. However, its domestic petroleum supply is not enough to meet its increasing demand. Predictions estimate that China will heavily rely on imported oil, with its oil demand expected to rise from 8.1 million barrels per day in 2009 to 15.3 million barrels per day by 2035. In addition, China's economic growth has outstripped its domestic supply of other essential natural resources, making it dependent on imports. (Haroz, 2011)

On the other hand, Africa is abundant in natural resources, including petroleum and uranium deposits and strategic minerals, offering China the necessary oil, metals, and other critical raw materials for its economic development. According to the National Development and Reform Commission, China imported 30 million tons of oil from Africa in 2005 and is currently the second largest African oil buyer after the United States, supplying one-third of China's oil imports. Additionally, Africa also offers China the industrial minerals, such as aluminum, copper, and nickel, to support its expanding manufacturing sector. (Haroz, 2011)

6.2. New Investment opportunities

China's rapidly growing economy has resulted in excessive foreign reserves, while Africa, as the second fastest growing region in the world, is in need of large investment to support its economic and social development. Due to its lack of capital, Africa presents China with abundant investment opportunities. China's investments in Africa are primarily focused on the exploitation of natural resources and the development of infrastructure.

African countries are rich in natural resources but lack the financial means to extract them, making them attractive targets for Chinese companies. In exchange for greater access to these resources, China, which is flush with cash, is willing to invest in projects that may not yield a financial return but are strategically important, such as the acquisition of natural resources. (Chen, 2016)

Poor infrastructure is a significant hindrance to Africa's economic and social development. Many African countries lack the funds and technology needed to improve their infrastructure, and it is estimated that they will require $360 billion in investment by 2040 to do so. China has taken an active role in investing in African infrastructure projects, including agriculture, transportation, telecommunications, and power generation. In recent years, China has greatly increased its investment in Africa's infrastructure. (Chen, 2016)

6.3. Commercial Openings

China's economy has seen significant growth since the initiation of its opening up and reform policies in 1978. This growth has mainly been driven by exports, which has put pressure on China to find new markets to continue its economic progress.

African countries present an exciting opportunity as a market for Chinese goods and services due to its rapidly growing population of over a billion people, which is expected to reach almost two billion by 2050. The sustained growth of Africa's economically active population, which has gone from 56 percent to 66 percent, is higher than in mature continents like Europe and North America, leading to an increased demand for goods and services. (World Population Review, 2012)

Africa's consumer market presents a huge opportunity for growth, and China has taken notice. The country has encouraged Chinese companies to explore the African market and has established trade ties with almost every African nation, making it the main trade and economic partner for the continent. Africa presents a perfect match for China when it comes to market opportunities. (World Population Review, 2012)

7. Conclusion

The hypothesis question that we asked ourselves at the beginning of this thesis was to understand the relationship between Africa and China and discover through a deductive method if the relationship between these players was beneficial for both or on the contrary China was using this relationship to its own advantage in an unilateral way, both economically and geopolitically.

As we have been analyzing, the repercussions of foreign direct investment (FDI) are both positive and negative since, on the one hand, it promotes and encourages technological advances in less developed countries, trains local workers and creates a more competitive business environment that improves the development of companies; while, on the other hand, there may be a lack of positive connections with the local community, abusive competition from multinationals and negative environmental impact. What is more, in light of the research made, we can conclude that it is essential to reach a certain level of institutional and economic development in order to effectively use FDI. Based on the conducted research, it can be inferred that it is crucial to attain a certain degree of economic and institutional progress to efficiently utilize foreign direct investment.

Throughout this paper, we have analyzed data from the China-Africa Research Initiative made by Johns Hopkins, School of Advance International Studies, in which we have shown macroeconomic factors that affect the relation between this two territories, such as FDI flows, Chinese Loans, Trade and Human Capital.

China, through mostly government companies, began investing in the African continent due to various factors, including: its aging society and the high birth rate of the African continent; its increase in GDP per capita, with which it is no longer a low-cost country; their need to import agricultural products due to their inability to supply their population and the Chinese vision that the great African market is untapped (commercially).

Another of China's motivations for establishing ties with the African continent is not economic in nature, but political and diplomatic. At the beginning of the relations, China sought to obtain global recognition and secure a seat in the United Nations, so they relied on alliances with African states.

To determine whether Africa benefit from the relationship with China or not, we have outline the positive aspects that the continent derives from its relationship with China. One of the main gains is in infrastructure, since China is financing a large number of projects destined for schools, hospitals, telecommunications plants or highways. On the other hand, African trade is increasing thanks to the Asian country, since China has become the main destination for African exports of goods and services. In addition, for more than two decades, Africa, despite its political and economic instability, has received large loans with very favorable conditions, in addition to debt cancellations and concessions.

Academic and job training has also been another point from which the great continent has benefited. China has provided technical training services, in addition to providing advanced technological material. Lastly, the Chinese government has prioritized the provision of medical supplies and support for African public health. It has been one of the most successful projects given the impact it has had in saving lives and preventing diseases.

On the other hand, as we have analyzed in the thesis, China has also been in a beneficial situation within its relationship with Africa since it was able to satisfied its need for raw materials. On the other hand, it has managed numerous investments projects in the continent of the Sun, among which projects in raw materials and infrastructure stand out. Finally, this relationship has also allowed it to open up the large African market, which has allowed China to export a large number of products and services.

After this extensive analysis and all the data provided during the work, we can affirm that the relationship that the countries of the African continent maintain with China is beneficial for both, since it is allowing Africa to grow economically and improve its living standards thanks to technological advances, infrastructure and professional training provided by China.

8. BIBLIOGRAFY

Aitken, B., & Harrison, A. (1999). Do Domestic Firms Benefit from Direct Foreign Investment? Evidence from Venezuela. *The American Economic Review*. https://doi.org/10.1257/aer.89.3.605

Bociaga, R. (2023). *China-Africa trade soars on spike in commodity prices*. Nikkei Asia. Retrieved April, 3, 2023, from https://asia.nikkei.com/Economy/Trade/China-Africa-trade-soars-on-spike-in-commodity-prices

Chen, Y. (2016). China's Investment and Trade in Africa: Neo-Colonialism or Mutual Benefit? Cardozo Journal of International & Comparative Law, 24(3), 511–529.

China Daily. (2011, April 22). White paper: China's foreign aid. Retrieved from http://www.chinadaily.com.cn/cndy/2011-04/22/content_12373944.htm

Clark, S. (2011, 11 December). Chinese Rocket Launches Powerful Nigerian Satellite into Orbit. Space. Retrieved February 18, 2023, from http://www.space.com/13975-china-rocket-launching-huge-nigeriasatellite.html

Demas, R. R. (2011). Moment of Truth: Development in Sub-Saharan Africa and Critical Alterations Needed in Application of the Foreign Corrupt Practices Act and Other Anti-corruption Initiatives. American University of International Law Review, 26(2), 2. https://digitalcommons.wcl.american.edu/auilr/vol26/iss2/2/

Ewelukwa, U. (2011). South-South Trade and Investment: the Good, the Bad and the Ugly—African Perspectives. Minnesota Journal of International Law, 20. https://works.bepress.com/uche_ewelukwa/4/download/

Global Development Policy Center. (2020). *Chinese Loans to Africa Database*. Retrieved February 19, 2023, from https://www.bu.edu/gdp/chinese-loans-to-africa-database/

Gountin, V. M. (n. d.) China's Assistance to Africa-A Stone Bridge of Sino-African Relations. http://www.cctr.ust.hk/materials/conference/china-africa/papers/Gountin,Maurice.pdf

Haroz, D. (2011). The Arab Spring: Revolution and Shifting Geopolitics, China in Africa: Symbiosis or Exploitation?. World Affairs, 65(3), 35-66.

Hayes, A. (2023). *Direct Foreign Investment (FDI): What It Is, Types, and Examples*. Investopedia. Retrieved April 10, 2023, from https://www.investopedia.com/terms/f/fdi.asp

Mancuso, S. (2012). China in Africa and the Law [18 ANN. SURV. INT'L & COMP.].

Nestle. (2021). Nestle in Society Report 2021. Retrieved from https://www.nestle.pk/sites/g/files/pydnoa361/files/2022-04/Nestle-in-society-report-2021.pdf

OECD. (2002). *Foreign Direct Investment for Development: Maximising Benefits, Minimising Costs*. OECD Publications Service.

Scott, M. A. (2005). China's Influence on the American Legal System Resulting from China's Rise to Power. 32 SUFFOLK TRANSNAT'L L. REV, 51.

Sotunde, O. (2012). China Aims to Strengthen Investment Ties with Africa. Ventures Africa. Retrieved February 25, 2023, from http://www.ventures-africa.com/2012/07/china-aims-to-strengthen-investment-ties-withafrica/

TheGlobalEconomy. (2021). *Mozambique Foreign Direct Investment, percent of GDP - data, chart*. Retrieved March 10, 2023, from https://www.theglobaleconomy.com/Mozambique/Foreign_Direct_Investment/

The State Council of the People's Republic of China. (2013). China-Africa Economic and Trade Cooperation. Information Office of the State Council of the People's Republic of China. http://english.gov.cn/archive/white_paper/2014/08/23/content_281474982986536.htm.

University of Pennsylvania. (2011). Health Diplomacy: In Africa, China's Soft Power Provides a Healing Touch. Wharton School, University of Pennsylvania. http://knowledge.wharton.upenn.edu/article/healthdiplomacy-in-africa-chinas-soft-power-provides-a-healing-touch/.

Wang, T. (1990). International Law in China: Historical and Contemporary Perspectives. RECUEIL DES COURS DE I'ACADEMIE DE DROIT INTERNATIONAL [RCADI], 195.

Wenjie Chen, R. N. (2015, 21 diciembre). *China and Africa: Will the Honeymoon Continue?* IMF. Retrieved March 16, 2023, from https://www.imf.org/en/Blogs/Articles/2015/12/21/china-and-africa-will-the-honeymoon-continue

World Population Review. (2012, March 12). Population of Africa 2012. http://worldpopulationreview.com/population-of-africa-2012/.

Ze Yu, S. (2021). Why substantial Chinese FDI is flowing into Africa. *Africa at LSE*. https://blogs.lse.ac.uk/africaatlse/2021/04/02/why-substantial-chinese-fdi-is-flowing-into-africa-foreign-direct-investment/

Zhao, H. (2007). China's Oil Venture in Africa. East Asia, 24(4), 399