

Assessing the Constraints to Structural Transformation in Commodity Exporting Countries: China's Trade-Investment-Aid Relationships with Sub-Saharan Africa

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The relationships between China and Sub-Saharan Africa have witnessed a remarkable intensification over the first decade of the 21st century. These relationships respond to political agendas but are also strongly driven by economic objectives. They take complex forms, in particular original contractual modes that interlink trade, investment and aid. These modes, as well as the increasing financial flows involved, are questioned by the 'traditional' partners of African countries regarding their effects (lock-in governments' room of manoeuvre, crowding-out of other players, debt creation). In addition, China's spectacular growth has been associated with trade and investment relationships, which in Africa are heavily focused on the sector of primary commodities (petroleum, ores, metals) as well as infrastructure development. While the latter has beneficial effects on long-term growth under certain conditions (fostering industrialisation, enhancing the functioning of markets), the effects of the former remain the subject of heated debates. Many studies indeed identify commodity-dependence as one of the key factors of African economic stagnation due to the intrinsic volatility of commodity prices, and a demand that is out of the control of exporting countries and dependent on importing countries' business cycle. Other studies, however, view the exporting of commodities as an opportunity for long-term growth, since these commodities constitute necessary inputs for the growth of emerging countries, including China, and are therefore subject to a steady demand that is likely to maintain high price levels. The assessment of the effects of this new mix of trade, investment and aid is thus a recurring question in the literature. The paper argues that these effects cannot be assessed as a whole: they differ across African countries, as they depend on these countries' market structure (types of export sectors and commodities, the latter's importance in China's stages of development) and institutional consolidation. These effects can be 'neutral' (exhibiting patterns that are similar to other trade partners, investors or donors), negative (reinforcing the detrimental effects of commodity-dependence, threatening African industrial production) or positive (augmenting the number of players, available resources and investment flows; creating infrastructure).