An Enemy from the East or Friends with Benefits: An Evaluation of Africa’s Trade Relations with China under BRICS

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ABSTRACT

Over the past decade, Africa’s trading relationship with China has been growing exponentially. Most African countries have welcomed the trading policies and opportunities offered by China over other Western superpowers. With the emergence of the BRICS (Brazil, Russia, India, China and South Africa) bloc, and South Africa leading other African countries to join this grouping, Africa’s trading relationship will be greatly influenced by China and BRICS. Consequently, the key issue now is whether China and BRICS are re-scrambling for Africa’s untapped resources or whether the relationship will create mutual benefits for both sides. Using a qualitative research approach, this article examined China’s interest in Africa and engages the critical question of whether such a relationship will benefit the people of Africa, or it is just another form of neo-colonisation. The study used a desk research approach with data collected from secondary sources such as articles, literature surveys, the internet and other electronic sources dealing with Africa’s trade relations with China. The article concludes that the future of African trade will be dominated by China and BRICS given their continuously growing influence and participation in development projects in the continent, despite accusations of exploitation and abuse by Chinese companies in some parts of Africa. This paper adds to existing literature on enhancing Africa’s trading relationship with China and BRICS.

Keywords: African trading with China, Africa and BRICS, South Africa leading Africa into BRICS, Colonisation, Re-scramble for Africa

INTRODUCTION

The formal relationship between the post-colonial African countries and the People’s Republic of China (the PRC or China) began in the 1950s when the first meeting between Africa and Asia was held. Only a few African countries partook in the meeting and these countries were Ghana (formerly known as Gold Coast), Egypt, Sudan, Libya, Liberia and Ethiopia. The Bandung conference ended with a draft document consisting of haughty values that were meant to oversee forthcoming engagements between China and Africa. To the conference’s intent, China’s initial interaction with the African continent was determined

by philosophical concern rather than economics and trade. In this regard, China supported the socialist government of Tanzania together with financial aid given to guerrilla groups in the Republic of South Africa. In the 1960s, China opted to support the railway line project construction connecting Tanzania and Zambia to boost trade between the two countries. Over the years, China has constructed more than 6000 kilometres of railway across the African continent, together with many other infrastructural projects such as roads in Mozambique, hospitals in the Republic of Congo, and dams in Sudan. In fact, many African countries have benefited either directly or indirectly from China’s construction projects.

Today, China is an economic superpower competing with the United States of America (US) and the European Union (EU). Presently, China is the third largest economy after the US and the EU. In 2012, China surpassed the US ($3.82 trillion) as the biggest trading nation in the world, in terms of trade volume in goods. It has also been estimated that by 2026, the number of Chinese middle-class citizens will be more than 800 million. A recent report on China indicates that there are now more than one million millionaires in China with a total asset of at least US $1.6 million and more than 63, 500 individuals with total assets equal to at least US $16 million. China has taken over the US and the EU as Africa’s largest trading and investment partner. The leading African trading countries with China in 2021 were South Africa, Nigeria, Angola, Egypt and the Democratic Republic of Congo (DRC). The value of trade between China and these countries accounted for more than half of all China-Africa trade. The value of trade between China and Africa rose by 35 per cent to $254 billion in 2020, mainly because of an increase in China’s exports to the continent despite the interruptions caused by the COVID-19 pandemic.

Regarding the continent trade relations with the People’s Republic of China under BRICS the partnership was expected to reach more than US$500 billion by 2015, and that amount is expected to double by 2023. Consequently, BRICS are now Africa’s trading partner and China alone is contributing in terms of value and percentage under BRICS. BRICS has also become a significant financier in the continent, as seen clearly in the industrial, construction and service sectors. Consequently, BRICS member states are also dominating as far as investment is concerned especially Foreign Direct Investment compared to traditional partners such as the United States (US) and European Union (EU) countries.

The concern now is whether China will be a reliable trading partner with Africa or if there are strings attached to their relationship and whether the future of the China-Africa relationship is in line with trade and development in Africa.

After the introduction and the research method in Parts I and II respectively, Part III of this article will compare Africa’s trading relationship with China and the West. Part IV will examine the mutual Benefits of trading with China under BRICS. Part V will look at South Africa leading Africa through BRICS, Part VI will analyse the hidden agenda of BRICS trading relationship with Africa, Part VII the future of Africa’s trading relationship with China under BRICS and the article will conclude in Part VIII.

**METHODOLOGY**

This investigation used qualitative research methods. Qualitative research is research that aims to gather or collect and analyse data to gain an understanding of the concepts. In this regard, the key methodological approach for this study was the desk research approach. Data from secondary sources such as articles,
literature surveys, the internet and other electronic sources dealing with Africa’s trade relations with China were analysed.

**DISCUSSION**

**Comparing Africa’s trading relationship with China and the West.**

China’s economic dominance in Africa has created rivalry with the Western powers and much suspicion in the continent. Given that the scars left by Western colonisation are still present in Africa, some have viewed the activities of China as a new wave of colonialism. Certainly, China has both economic and political aims for its endeavours in Africa. One of the political reasons for China’s existence in Africa is that China is seeking Africa’s support at the United Nations General Assembly for its control over Taiwan. To secure its support from African countries, China has loaned billions of dollars to African countries and has financed many infrastructural projects, thereby luring African countries into a debt trap diplomacy. Accordingly, China has loaned more money to Africa in comparison to the World Bank and the International Monetary Fund (IMF).

As indicated earlier, despite the increase in trade between China and Africa since 2020, China’s exports to the continent exceeded Africa’s exports to China. In other words, most African countries import more from China than they export to it leading to the trade deficit. One of the reasons for this deficit is the strict trade barrier China is imposing on African exports. In addition, Chinese products sold to Africans are of relatively low quality and cheaper compared with the goods from the West. Despite this, Africa would rather prefer to trade with China and BRICS nations because China remains the main financier of many projects, with a total investment estimated to be more than 155 billion dollars over the past two decades. The IMF and the World Bank subject their lending to African countries to political considerations like democracy and human rights and privatisation of state corporations along with Western capitalists’ thinking which the countries regard as interference with their internal affairs. As if this is not enough, the IMF and World Bank lend money at higher interest rates to African countries and generally tie their loans to Western economic principles. However, the BRICS Bank responsible for development has as its mandate to assemble funds for infrastructure and sustainable development projects in emerging economies and developing countries and provide unconditional lending to African countries to fill the infrastructure development gap. Conversely, BRICS acts for the collective good of the Global South and better understands member countries’ priority needs. To sum it up, South Africa’s President Cyril Ramaphosa who is a former chair of BRICS had the following to indicate, that the continent of Africa has been over-exploited by other continents in the past and therefore needs to establish a partnership with BRICS countries for the interest of the whole continent as a whole.5

As indicated earlier, China has established itself as Africa’s leading trading partner under BRICS. South Africa is leading Africa as the doorway for members to access the African market. Consequently, the recent BRICS summit held in South Africa saw Ethiopia and Egypt admitted as BRICS members. In other words, China continues to lead FDI in Africa compared to other Western powers.

**Mutual Benefits of Trading with China under BRICS**

Since the beginning of the new century, China has emerged as a favourable African trade partner. Commercial activities between Africa and BRICS increased to billions of dollars amounting to US$340 billion in 2012, and this amount is higher than the value recorded in 2002. Presently, BRICS does more business on the African continent than they do among themselves. Africa has been a favourable trade

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continent for BRICS than the US and European countries. Accordingly, since 2010, China has surpassed the US as Africa’s leading trading partner. Many agricultural products from Africa are tax-free whilst accessing the Chinese market. In the same light, statistic shows that between 2022 and 2024, China will import African goods worth 300 billion dollars. Between 2010 and 2020, China assisted in the construction of approximately 100,000 km of roads, 13,000km of railways, 1,000 bridges, 80 power plants and 100 ports in Africa, creating over 4.5 million jobs for Africans. Accordingly, Chinese investment has accelerated and boosted the economies and economic growth of African countries.

Indeed, FDI from China to Africa has increased substantially. In the space of 2000 to 2004, China’s FDI in Africa rose from US$216 million to US$317 million. However, the effect of the 2007/2008 global economic crisis saw China’s FDI in Africa drop to US$1.439 billion in 2009, and financial transactions soon rebounded to US$2.112 billion in 2010, exceeding the level record in 2007. In total, China’s assets in Africa would amount to more than US$40 billion. Whilst the scale of China’s investment continues to grow, its investment has equally broadened the band of investor companies in Africa. At present, China has set up more than 2000 direct investment enterprises, hiring over 80 thousand local employees in 49 African countries, especially in South Africa, Nigeria, Sudan and Zambia. These investment companies and firms invest in businesses comprising mining, manufacturing, construction, trade, transport and agriculture.

South Africa Leading Africa through BRICS

BRIC, which initially comprised China, India, Russia and Brazil (without South Africa), was formed in June 2009. The process leading to its formation started in 2006 when foreign ministers of these nations held an informal meeting and by 2009, the dream crystallised as BRIC with its first summit held that year. South Africa received an invitation from China to join the union in December 2010. This invitation was conveyed through South Africa’s Foreign Affairs Ministry. Jacob Zuma (who is now former President of South Africa) marketed the country as the entryway to Africa and took the view that the BRIC alliance is an important group of which to be a part given that the emerging economies of its member states have a vital role to play in restructing global political, economic and financial institutions to make them become more equitable and balanced. Accordingly, Jacob Zuma was the first President of South Africa to witness the change from BRIC to BRICS in April 2011 during the third BRIC conference that took place in the People’s Republic of China.

Initially, South Africa was unwilling to join the BRICS bloc, and this was clearly expressed by former President Mbeki who was the predecessor of Jacob Zuma. Mbeki argued that BRIC would facilitate China’s domination over South Africa. In other words, according to former President Mbeki, South Africa’s collaboration with the BRIC bloc could be compared to the relationship between the West and Africa prior to independence where Africa was forcefully occupied and exploited by the colonial masters. Nevertheless, South African officials considered joining BRIC and argued that it would encourage trade rivalry between developed and emerging economies and would benefit South Africa.

South Africa is now leading Africa through BRICS. Consequently, South Africa is regarded as the doorway to Africa as far as BRICS is concerned. As one of the most developed countries in Africa, with advanced infrastructure, South Africa as a BRICS member is better placed to encourage other African countries, Arts and Social Sciences.

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20 FOCA, Quest Opinion: Africa Cooperation with BRICS Game Changer for Future Growth.
27 Kahn, “The BRICs and South Africa as the Gateway to Africa.”
states to join BRICS. Despite its small population relative to other BRICS nations, and low gross domestic product (GDP), South Africa was admitted into the BRIC bloc in April 2011. Whilst trading with the BRICS states will benefit South Africa, BRICS member states are using South Africa as a doorway to increasing trade activities with other African nations. Consequently, the BRICS meeting held in Johannesburg, Republic of South Africa from August 22 to 24, 2023, witnessed an increase of BRICS to include six new countries, namely, Argentina, Egypt, Ethiopia, Iran, Saudi Arabia and the UAE. Two of these new members (Egypt and Ethiopia) are from Africa. The theme for the fifteenth annual BRICS summit was: *BRICS and Africa: Partnership for Mutually Accelerated Growth, Sustainable Development and Inclusive Multilateralism.*

The original four BRIC nations include the factory of the world (China), the garden of the world (Brazil), the gas station of the world (Russia), and the back office of the world (India). South Africa comes to the club both as the jeweller of the world and as a gatekeeper. China, Brazil, and Russia all have considerable expertise in mining exploration, extraction, and processing. In terms of demographics, Brazil and Russia are dwarfed by the Asian giants, whilst South Africa’s population is even smaller, standing midway between that of Brazil’s Sao Paulo state and India’s Gujarat. Nonetheless, China, followed by Russia, invited South Africa to join the BRIC club, which it did in Beijing in April 2011. Up to 2006, South Africa was the largest source of FDI to the African continent, which came about through the deliberate policy of the South African Reserve Bank of permitting certain levels of investment whilst restricting outward flows to the rest of the world. Curiously, South Africa was also the largest recipient of inward FDI on the continent, which, except for the automotive industry, was channelled into merger and acquisition activities.

**Hidden Agenda of BRICS Trade Relations with Africa**

BRICS member states are certainly interested in the development of their nations. Consequently, the development of Africa may appear to be only secondary. In other words, except for South Africa, BRICS countries are primarily seeking to pursue their commercial interest in Africa. With a total population of more than 1.2 billion inhabitants, the African continent is a very attractive market for China to channel some of its manufactured products. Accordingly, more than 87 per cent of exports from China to Africa comprise hardware and device, textile and fashion products. China is also interested in Africa’s labour market. Africa’s huge untapped labour resource is another centre of attraction to China’s labour-intensive industries. Consequently, China needs to outsource and relocate its labour-intensive industries, as well as low-skilled jobs to Africa, whilst developing more capital-intensive high-tech industries, such as telecommunications equipment manufacturing within China.

In the view of China, the African continent represents a ready market for its manufactured goods. The majority of China's imports from Africa are raw materials. In this light, China overtook the United States as Africa’s commercial partner in 2000, with an increased value of US$126.5 billion in 2010, and currently, Africa has benefited more than US$300 billion from Chinese commercial activities. However, most of the trading activities between China and Africa have been twisted in China’s favour, with only a few countries in Africa.

Africa is considered an important source of raw materials for China. whilst also serving as a market for Chinese exports, all of which are key to China’s continued economic growth and development. Consequently, the desire to access much-needed natural resources is an important element of China’s relationship with African countries. At the same time, China is also attempting to reduce its dependency on the Middle East to satisfy its energy needs. China’s internationalisation strategy has balanced investments in the financial sector and technology acquisitions in the West with expansion into what was

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29 BRICS, “Theme and Priorities.”
in the past regarded as peripheral economies in Africa. Hence, it is now extensively involved in the African economies across the energy, agriculture, finance, and telecommunication sectors.

Just like its Western counterparts’ attention to Africa during the era of the now infamous scramble for Africa, the rising labour cost in China has made the need for reforms increasingly crucial and compelled many Chinese manufacturing industries and enterprises to relocate production to a cheaper region such as Africa. Africa also represents an important market for China’s arms sales. After the end of the Cold War, Chinese weaponry began to penetrate the African market through the offering of lower-priced weapons and ammunition. Between 2003 and 2006, Chinese arms exports to Africa were the third largest of all countries.

For India and Russia, economic interest is also a priority, like China. India on the one hand, is driven by a desire to explore Africa’s market with manufactured products. Currently, India exports up to 51 per cent of its products to Africa. Some of these products include electronics, electrical equipment and pharmaceutical products. Russia on the other hand has interests in minerals and energy from Africa. Currently, Russia is selling technical expertise to develop Africa’s energy resources in countries such as Mali and the Sahel.

**The Future of Africa’s Trade Relations with China under BRICS**

Africa remains China’s preferred trading destination and valued partner. China is the most influential BRICS nation and will continue to dominate trading activities in the continent. Consequently, China will use every opportunity offered by BRICS to control trade in Africa. According to former US President Obama, Africa should entertain countries that are willing to invest in the continent. The caution is to make sure that African governments negotiate a good deal, with whomever they are associating with. This should apply to any country trading with Africa, especially by US, China and the former colonial masters. China has a certain capacity, for example, to build infrastructure in Africa that is critical. In addition, this gives China an edge over other trading partners in Africa. In other words, China has a lot of capital and may be less constrained than the US in financing roads, bridges and port construction in Africa. All these will benefit the African continent and promote economic growth. China needs natural resources that colour their investments in a way that is less true for the US. Consequently, African leaders are to ensure the following regarding development projects in the continent: (i) whether they should be employing African workers; (ii) whether the roads and railways are linking the entire country and not only trade and seaports for export and, (iii) that the road should be constructed for long term benefits. Finally, any conflict between these superpowers over the interest in Africa should be in the interest of Africa and such conflicts are going to be manageable. China has found favour and is gradually gaining ground and dominance over trade and investment activities in Africa. With the increasing number of countries in Africa joining BRICS, and given China’s dominant trading interest in Africa, the future of Africa’s trade relations is likely to be greatly dominated by BRICS and China in particular.

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CONCLUSION
BRICS has come to stay with the dominance of Chinese trading interests in Africa. South Africa and the newly admitted African BRICS members will open the floodgate for trading with China and other members of the bloc. The competition and resumed scramble for Africa’s rich and natural resources by China and other BRICS members should be carefully considered by African countries. The need for a new and better bilateral trade agreement between China and Africa must be considered. Whilst China needs Africa and the use of BRICS as a gateway for its exports of manufactured products on the one hand, African states should explore the opportunity presented by BRICS to expand the African Continental Free Trade Agreement (AfCFTA) on the other hand. It is trite that Africa needs the continued support of China through the development and construction of roads and railways and the provision of soft loans to support development and the economy. Therefore, proper terms and rules regarding African trade with China should be urgently negotiated and implemented to avoid abuses and exploitation of the continent’s reserves by China and the other BRICS nations. China will continue to be a dominant force in the global economy for the foreseeable future and given the youthful nature of Africa’s population with more than 1.2 billion inhabitants, Africa is the future. It is, therefore, imperative to understand the interests that drive China’s trade and foreign policies, especially in Africa and agree on policies which will enhance the attainment of the needs of both parties.

BIBLIOGRAPHY


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