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Is the Chinese economic influence on Africa becoming of a greater importance than that of the European Union?

Master's thesis conducted in the context of the **Advanced Master's degree in Enterprises and European Economic Policies** under the supervision of **Pr. Jean-Christophe DEFRAIGNE**

Student name: Rayane CHARBEL

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I. INTRODUCTION

Since the beginning of the 21st century, China has managed to cement itself as one of the main economic partners of Africa, thus directly challenging EU's hegemonic economic position on the continent. Yet, we were curious to understand to what extent exactly is China challenging the EU in what many people have called – perhaps cynically – EU's historical backyard. Although it is not really surprising to see China's economic footprint gain importance in Africa considering its specular economic development during the last 30 years, and the important role it plays today in global trade, one can remain skeptical on what a country can do in 20 years to overcome more than 100 years of economic and political privileges. Conversely, it would be an exaggeration to say that things have not changed since the independence wave of the 1960s. Even more so since that, from an economic point of view, the EU is, more often than not, lately described as an “ageing power” by opposition to a “rising China.” The question therefore remains: is the Chinese economic influence on Africa becoming of a greater importance than that of the European Union?

To answer that question, this master's thesis will be divided into three parts. We drew our inspiration from an analogue research paper conducted by Jean-Raphaël Chaponnière (2014) that used a similar segmentation to assess China's economic presence in Africa. We should stress then that our analysis will mainly be conducted from an economic perspective and political considerations shall only be covered superficially.

The first part compares the commercial presence of each partner on the continent. It shows that, while it's true that China's weight has considerably increased, and is more strongly felt in a few parts of Africa than that of the EU, the latter remain the main trading partner of Africa by an appreciable margin and is not really showing signs of decline. It also shows that contrary to popular belief, Chinese goods are now competing directly with European ones on African markets. Finally, it shows that China has a competitive advantage over EU firms, and Western firms in general, in the provision of so-called “turnkey services” where Beijing has become a staple of the market related to the construction of infrastructure projects.

The second part relates to the economic presence of European and Chinese Multinational enterprises. It shows that major African economies are still overwhelmingly dominated by European multinationals and that Chinese enterprises are for the most part left to address second-choice resources/investments as well as niche markets. Moreover, it also highlights the fact that China is a modest and prudent investor in Africa, and that its relationship with the continent is first and foremost of a commercial nature rather than that of an investor.

The third part concerns the financial footprint of each actor on the continent. It shows that while Chinese level of official development assistance is still weak compared to that of the EU, it has nevertheless cemented itself as the biggest creditor of Africa. Moreover, it also shows that the way China and the EU engage economically with African countries cannot be described as purely “antithetic,” despite strong rhetorical differences. However, it seems that China's economic offer best respect the integrity of African countries which, in turn, tends to fuel its economic penetration on the continent.

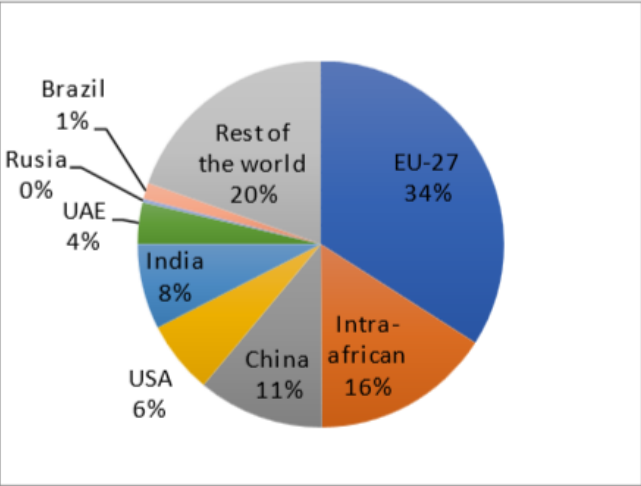
II. COMMERCIAL PRESENCE

In this section, we shall analyze and compare the commercial presence of China and the EU in Africa. In order to do so, we mainly relied on data provided by the UNCTAD (United Nations Conference on Trade and Development). This commercial presence shall be measured and compared using data on EU-Africa and China-Africa trade of goods since data on trade of services is not made public in the case of the latter. Nevertheless, we shall try to grasp the full picture of Chinese commercial presence on the continent by complementing our analysis building on the work provided by specialists of the Chinese presence in Africa.

A) *Overview of Chinese and European trade positions*

At continental level, the European Union (hereinafter ‘EU’) remains Africa’s main trading partner by an appreciable margin, both for export and import of goods (Figure 1). Within the EU, France, Germany, Spain and Italy are the largest exporters of goods to Africa as well as its most crucial importers (Eurostat). China is Africa’s second largest partner both for exports and imports while Intra-African trade (exports as well as imports) is still very low by intra-regional comparison at around 14 per cent of the total (UNCTAD).

African exports to...



African imports from...

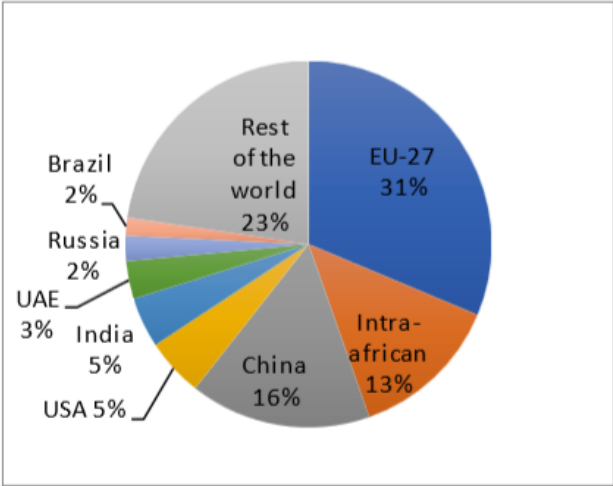


Figure 1 : African main trade partners (2018). Source: DG EXPO (2020) based on UNCTAD’s online database.

According to the UNCTAD, China’s volume of trade (exports as well as imports) with Africa started at a very low level (US\$ 9 billion in 2001) and has seen an increase by US\$ 157 billion between 2001 and 2019, while that of the EU increased by US\$ 190 billion over the same time span. At pre-pandemic levels, the EU has thus recorded the biggest increase in volume of trade with Africa out of any partner. In relative

terms, the EU’s share in African trade (exports as well as imports) went down 10% between 2001 and 2019, all the while that of China rose from 3.3% in 2001 to 15.8% in 2019. This is proportionally, the biggest increase out of any partner. If anything, the decline of the EU’s share in Africa’s trade with the rest of the world had become quite inevitable considering the growing importance of rapidly developing economies which had historically shown a very low volume of trade with Africa (Figure 2). Indeed, besides China, other such countries as India and the United Arab Emirates (UAE) show a significant upward trend in relation to both exports and imports increasing their total trade with Africa by 9.4 and 11.6-fold, respectively.

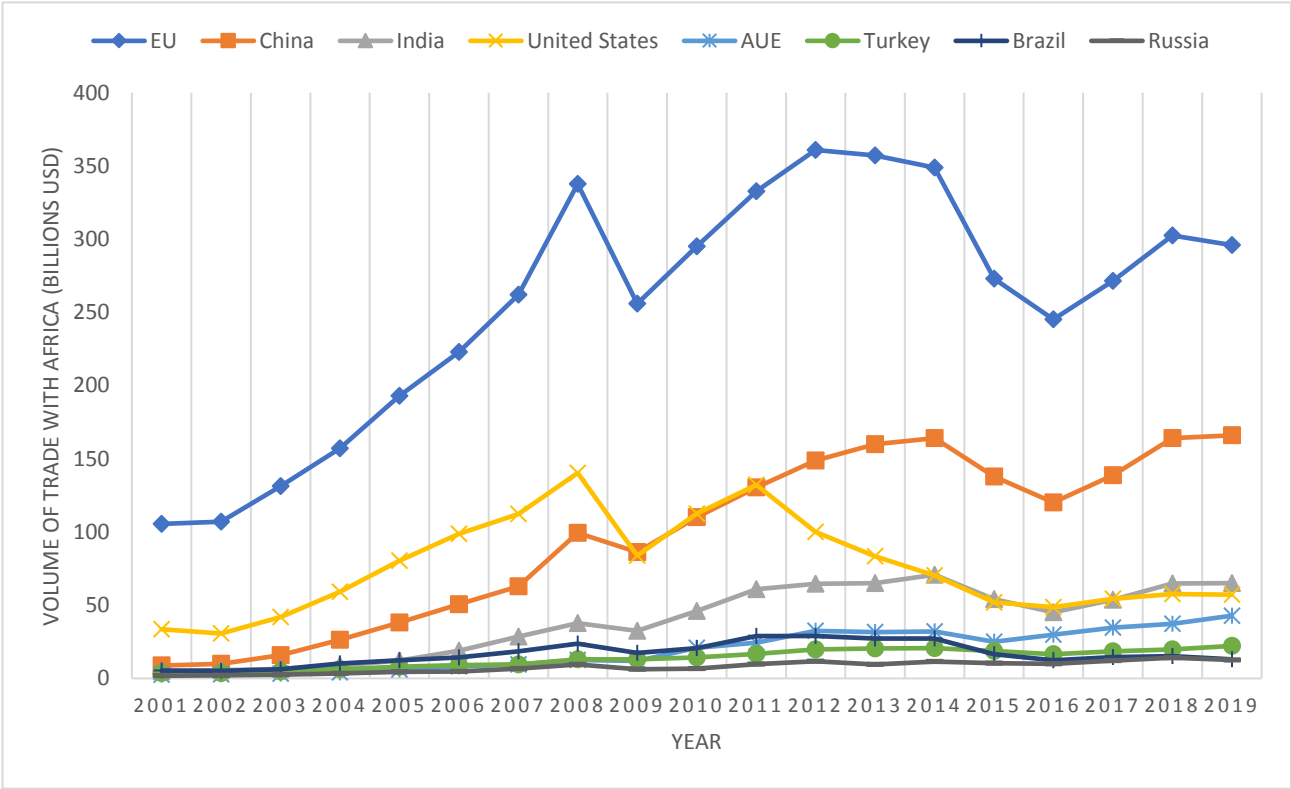


Figure 2 : African trade of goods (exports plus imports) by origin (Billions of USD). Source: own elaboration from UNCTAD online database.

While contracting following the falling of commodity prices in 2015 and 2016, both China-Africa and EU-Africa trade subsequently experienced significant growth in 2017 and 2018 before stagnating in 2019. However, whereas China-Africa trade peaked in 2019, EU-Africa trade had yet to get back to its peak level of 2012 as its level of trade in 2019 equaled to that of 2010. But despite China’s consistent rise, the EU total volume of trade with Africa was still – slightly – bigger than those of China, the US and India combined in 2019. Bearing this in mind, China has nevertheless been able to cement itself as the second major trading partner for Africa over the last twenty years. This is even more significant as China has managed, at country-level, to overthrow the US in order to become Africa’s first trading partner from 2009-2010 onwards. As of 2019, the EU’s four biggest economies ranked in 4th, 5th, 6th and 7th place regarding their trade position with Africa with France, Italy, Spain and Germany holding a share of 5.3%, 4.4%, 4.3% and 4.2%, respectively (UNCTAD). Besides China ranking first in this view, with 15.8% of the trade volume, these European economies have also been surpassed by India (ranking 2nd with 6.2%) and the US (ranking 3rd with 5.4%).

REC/Partner	Intra-Regional	China	USA	European Union (28)	Rest of Africa	of Rest of the world
ECCAS¹	2	34	15	20	4	25
SADC²	19	20	8	20	3	30
AMU³	3	5	8	63	2	19
ECOWAS⁴	9	3	12	29	7	40
COMESA⁵	9	12	4	37	8	30
EAC⁶	20	5	4	19	18	34

Table 1 : Export trade of the regional economic communities by partner, 2000-2017 average. Source: own formatting from UNECA (2019)

REC/Partner	Intra-Regional	China	USA	European Union (28)	Rest of Africa	of Rest of the world
ECCAS	3	34	13	19	5	26
SADC	16	27	8	21	3	25
AMU	3	5	8	64	2	18
ECOWAS	8	4	13	31	6	38
COMESA	9	13	5	38	5	29
EAC	17	14	5	19	14	31

Table 2 : Import trade of the regional economic communities by partner, 2000-17 average. Source: own formatting from UNECA (2019)

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- ¹ Economic Community of Central African States.
² Southern African Development Community.
³ Arab Maghreb Union.
⁴ Economic Community of West African States.
⁵ Common Market for Eastern and Southern Africa.
⁶ East African Community.

Moreover, China's commercial footprint is already more strongly felt than that of EU countries or of similar importance in some Regional Economic Communities (hereinafter 'RECs') (Table 1 & 2). Indeed, this is the case of the ECCAS or the SADC where the Chinese presence both in terms of exports and imports is already bigger than or at least equal to that of EU countries. Meanwhile, the EU can only be labelled as "hegemonic" in the AMU and "dominant" in the ECOWAS as well as in the COMESA. With respect to the EAC, the picture is a bit more nuanced as the EU still imports significantly more goods than China whereas the difference is not as perceivable in terms of export.

Nevertheless, a more detailed approach shows that Chinese trade with Africa is in fact concentrated on a few key countries. As of 2016, 47% of Chinese export to Africa was to be attributed to four main countries of destination: South Africa (15 per cent), Egypt (12 per cent), Nigeria (11 per cent) and Algeria (8.7 per cent) (Chaponnière & Delavelle, 2018: 5). Similarly, 58 per cent of Chinese import from Africa came from its top three partners: Angola (35%), South Africa (17 per cent) and Democratic Republic of Congo (6 per cent) (Ibid).

B) Structure of Chinese and European trade with Africa

In order to further examine the situation, Figure 3 below breaks down Chinese and European imports from Africa by main categories of product (in UNCTAD parlance) showcasing averages for the 2010-2020 timeframe. It shows that China's imports from Africa are mainly composed of fossil fuel (63.3% on average between 2010 and 2020) and primary commodities (32.2% on average between 2010 and 2020), 24.6% of which is constituted of ores and metals. The structure of China's import from Africa did not fundamentally change over the last two decades. Indeed, Barton and Bellefroid (2015: 374) showed that, on average between 2002 and 2012, Chinese imports from Sub-Saharan Africa (SSA) – not Africa, but the overall picture should be right – were composed of 62.2% of fossil fuel and 24.5% of primary commodities with similar small percentages of imported manufactured goods. In the same vein, Africa's exports to the EU are also mainly composed of fuel (53.6% on average between 2010 and 2020) although proportionally less than China (Figure 3). Unlike China however, the EU imports large quantities of manufactured products from Africa (24.6% on average between 2010 and 2020), 11.8% of which concerns machinery/transport equipment as well as 5.4% for textile fibers, fabrics, and clothing, and 3.4% for chemicals. In contrast to China, the EU also imports less ores and metals (5.9% on average between 2010 and 2020) but more food items (12% on average between 2010 and 2020).

In addition, Figure 4 below shows that both Chinese and European exports to Africa are dominated by the export of manufactured goods, although the EU's structure of export looks more diversified while that of China is more concentrated. Chinese exports were indeed almost exclusively composed of manufactured products (93% on average between 2010 and 2020), 41.8% of which concern machinery/transport equipment and 13.2% relate to textile fibers, fabrics, and clothing. In contrast, the EU's exports are slightly more heterogenous as, on average between 2010 and 2020, they were composed of 70.4% of manufactured products (35.9% of which concern machinery/transport equipment and 14.2% relate to chemicals) as well as 12.7% of food products, tobacco, and beverages and 12.5% of fuel.

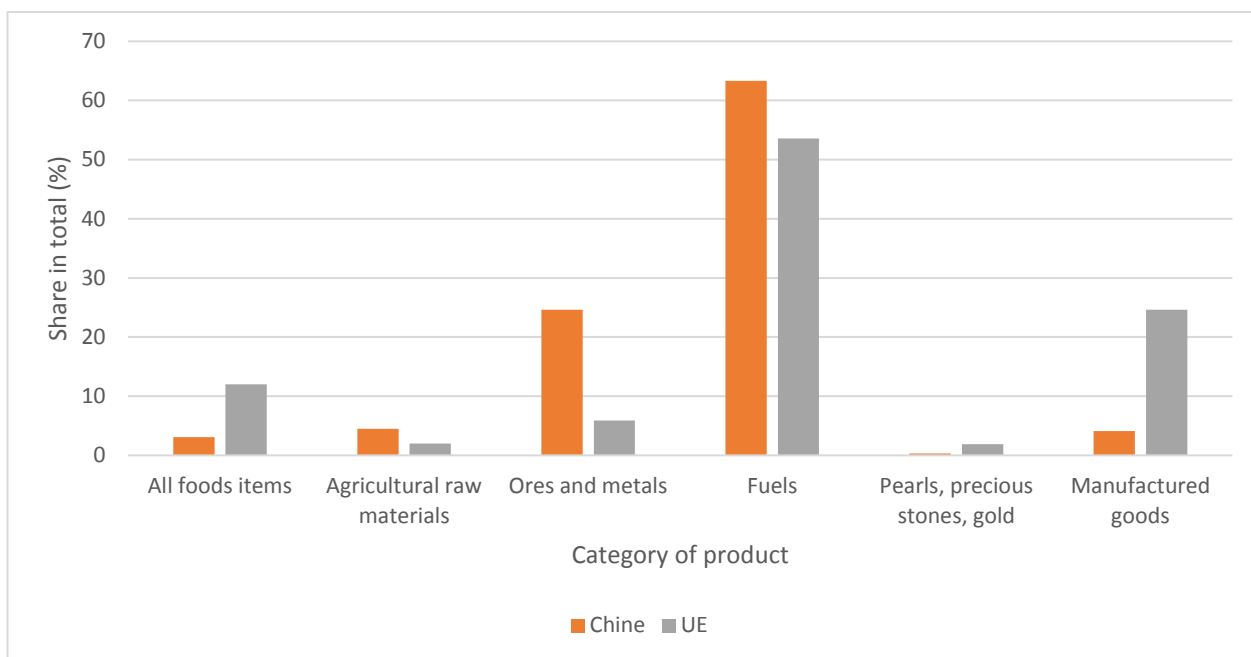


Figure 3 : Chinese and EU imports from Africa (%): average between 2010-2020. Source: own elaboration from UNCTAD's online database.

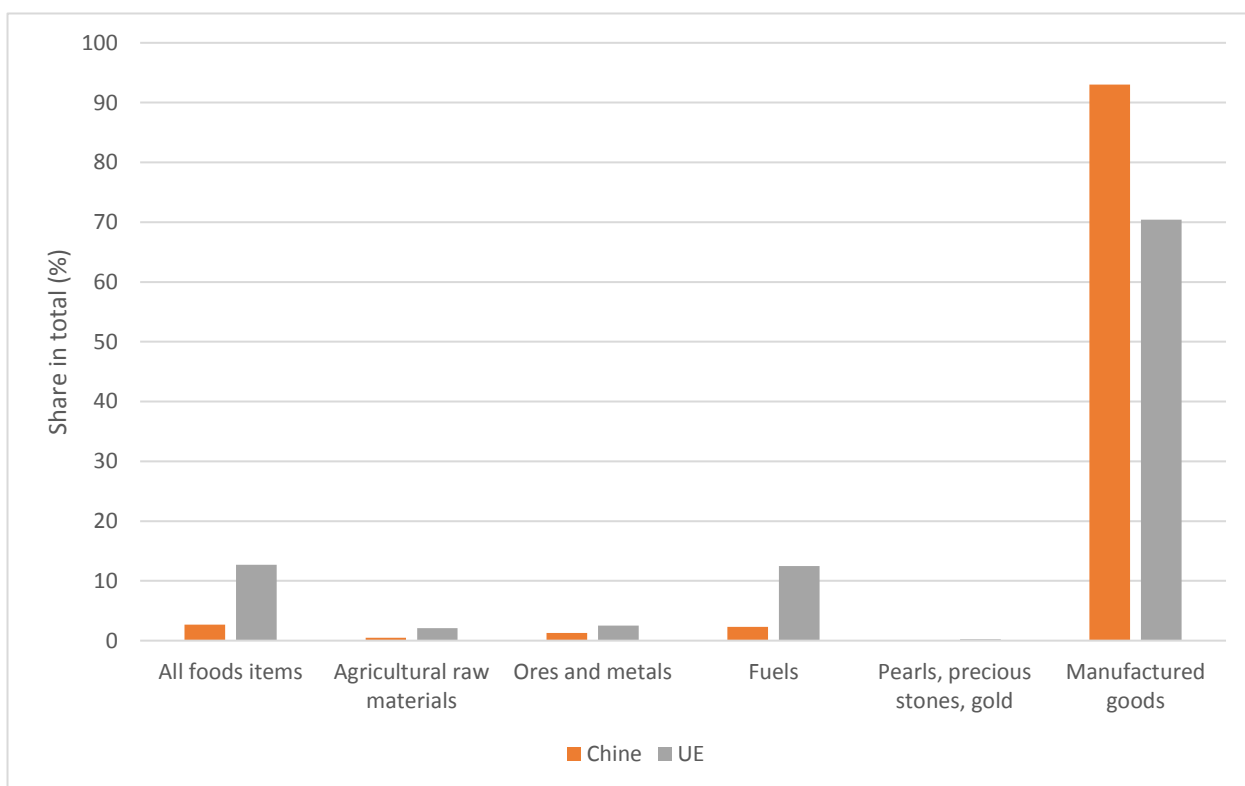


Figure 4 : Chinese and EU exports to Africa (%): average between 2010-2020. Source: own elaboration from UNCTAD's online database.

As noted by Jean-Raphaël Chaponnière (2014: 196), while China constitutes an important outlet for oil-rich countries (such as Angola, Congo, Sudan, and Equatorial Guinea) and mineral-rich countries (like South Africa, Guinea, Zambia, and the DRC), non-resource-rich countries do not enjoy the same privilege. The balance of trade with non-resource rich countries importing manufactured goods from China has therefore been structurally in deficit with Beijing (Chaponnière, 2014: 197). Meanwhile, that of resource-rich countries has been mainly function of the terms of trade which have fluctuated widely since the end of the last so-called “super cycle” which can be partially attributed to China’s growing appetite for raw materials in the 2000s. While over the 1995-2010 period, Africa’s trade balance with China was either slightly in deficit or slightly in surplus, its trade deficit with China was aggravated since 2013 and equaled US\$ 46 billion in 2016 or as much as Africa’s trade deficit with the rest of the world⁷. Meanwhile, the EU’s balance of trade has, on average between 2008 and 2018, been in deficit with West and Central Africa and slightly in surplus with East and Southern Africa while that with North Africa has fluctuated widely (Figure 5 below).

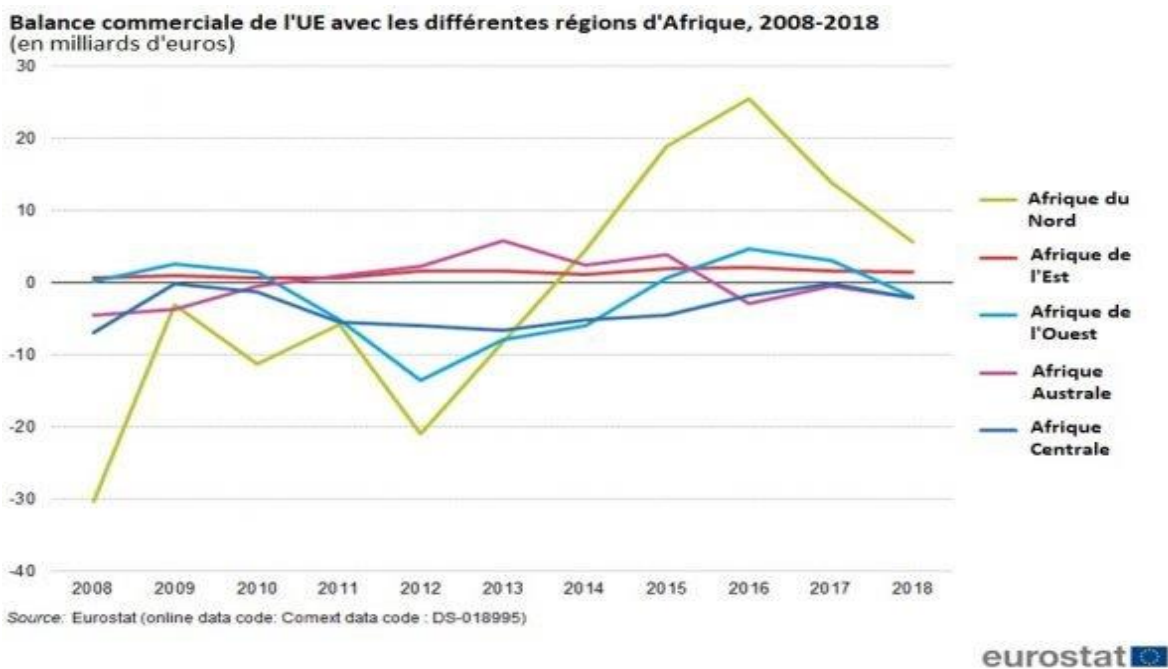


Figure 5 : EU's balance of trade with different regions of Africa, 2008-2018. Source: Eurostat.

What is certainly of interest when comparing China and the EU is to emphasize the difference in distribution of manufactured goods according to technical sophistication (Table 3). In that respect, China is the main supplier of low-tech goods – that is, labor- and resource-intensive as well as low-skill and technology-intensive goods – whereas the EU is the foremost supplier of high-tech goods (the two highest categories). This contrast between low- and high-tech productions is believed to be even more significant since many high-tech goods which are “made in China” are actually manufactured under the control of

⁷ <https://ictsd.iisd.org/bridges-news/passerelles/news/la-chine-en-afrique-un-fournisseur-de-marchandises-et-un-prestataire>, retrieved 07-08-2021.

Western companies – including European ones (Pairault, 2020a: 164). That is to say that some high-tech goods fabricated in China are no more than low-cost variants of existing models produced by, *inter alia*, European multinational enterprises (hereinafter ‘MNEs’). A good example of such dynamic can be found in the automotive sector where Chinese Shacman or Dongfeng trucks which are exported to Africa are actually low-cost variants of Daimler-Benz trucks as well as low-cost Volvo, Nissan and Renault trucks. In fact, according to Pairault (*ibid*), if we go up value chains, China’s participation in the supply of high-tech manufactured goods to Africa “designed and made by China” is probably much smaller than suggested in Table 3.

As a percentage of total imports in the category	Manufactured goods (%)	By degree of manufacturing				GDP, billion US\$
		Labour- and resource-intensive (%)	Low-skill and technology-intensive (%)	Medium-skill and technology-intensive (%)	High-skill and technology-intensive (%)	
United States	5	1	4	7	6	19504
European Union (28)	34	26	26	41	34	17285
China	23	35	24	20	20	12016
Other economies	37	37	46	32	40	

Table 3: Structure of Africa's imports of manufactured goods (2017). Source: Pairault (2020a).

Considering this, it should be stressed that despite such difference in the degree of sophistication between Chinese and European goods, the type of manufactured goods exported from China to Africa has significantly changed during the past two decades. Indeed, during the 2000s, Chinese manufactured goods could not position themselves in direct competition with European manufactured goods in African markets, since the former mainly dealt with textiles, leather goods, low-tech electrical and electronic equipment (Chaponnière and Jozan, 2008: 27). Back then, the rise in African imports of cheap Chinese consumption goods came with both benefits and drawbacks. While it allowed Sub-Saharan African (SSA) consumers to gain access to an increased share of primary goods, it also progressively drove many SSA entrepreneurs and craftsmen out of business in the textile and shoe industry, notably in Kenya, South Africa, Nigeria and Cameroun⁸ (Chaponnière, 2014).

Since then, the nature of imported Chinese manufactured goods has shifted from primary goods towards machinery/transport equipment as well as intermediate goods and are now competing with European or Japanese products⁹. By the end of the first half of the 2010s, primary goods only represented one fifth of

⁸ This subsequently pushed Beijing to voluntarily adopt restrictive measures on its exportations towards SSA (Chaponnière, 2014).

⁹ <https://asialyst.com/fr/2018/09/04/chine-pas-responsable-desindustrialisation-afrique/>, retrieved 05-08-2021.

Chinese exports to Africa, while intermediary goods (*i.e.* textiles, fertilizers, steel products) and machinery/transport equipment (*i.e.* autobus, cars, trucks, motorcycles) accounted for 40% each (Chaponnière, 2014: 198). This is consistent with our findings developed *supra*. Moreover, these new types of Chinese manufactured products have the advantage of being better adapted to the purchasing power of African consumers while allowing them to gain affordable access to advanced Western technologies (Pairault, 2020a: 164).

Eventually, it seems of importance to note that Africa's share in Chinese trade has remained significantly small over the last twenty years although it doubled in relative terms. As of today, Africa's share has been estimated to be equal to 4% in comparison to Europe's 20% or America's 21% (UNCTAD). Meanwhile, EU-Africa trade has fluctuated around 3% of the EU's total trade with the world in the course of the past two decades. Overall, this holds little to not surprise as Africa remains a minor actor in international trade, still accounting for only 3% of global imports and exports in 2019. (WTO, 2021)

As reported by Thierry Pairault (2020a: 160), between 1995 and 2016, China's trade with the EU was growing at a rate almost one-third faster than that with Africa. Similarly, Lirong (2011: 17) noted that China-Africa trade dynamics were not very compelling, neither in total amount, nor in terms of growth when compared to that with ASEAN, India, Latin America and the Middle East. This holds particular significance in the case of the Middle East since its trade pattern with China is similar to that of China-Africa trade (*ibid*). All this supports the idea that Africa is a minor trade partner for China in the sense that the latter would not favor trade with the former at the expense of other parts of the globe which possess more solid macroeconomic fundamentals. Here, we could argue that China's commercial penetration in Africa has mainly been driven by China's spectacular economic development at home rather than the other way around. However, while it remains true that China's commercial engagement in Africa is similar to that of the EU – in the sense that it is also engaged in a typical “North-South” pattern of trade, mainly buying non-transformed raw materials from African countries in exchange of manufactured products – its commercial footprint on the continent also contains another part, namely the provision of ‘turnkey services’ to African countries (as called in French “*prestations de services clés en main*”).

C) China's provision of “turnkey services”

Turnkey services relate mainly to big infrastructure projects that are designed, built, and often financed, by a set of various Chinese State-Owned Enterprises (hereinafter ‘SOEs’) included in the process. Generally, materials and equipment are also imported from China or generated in Africa by Chinese enterprises which, as acknowledge by Defraigne and Belligoli (2010: 15), enables China to secure additional supplies of spare parts and replacement equipment. Moreover, as noted by Chaponnière and Delavelle (2018: 8), this allows China to impose its standards which subsequently favors Chinese enterprises on African markets, notably for the maintenance of the installed infrastructure equipment. These infrastructure projects typically range from hydraulic and railway to road infrastructure and transport sectors, such as the Gibe III (huge) hydroelectric dam in Ethiopia or the railway linking Nairobi to Mombasa, both achieved in 2017.

According to Thierry Pairault (2020)¹⁰, Africa constituted 32.8% of the total contracts relating to turnkey services completed and conducted by China between 2003 and 2019 in the world, behind Asia (49.5%) but far ahead of other regional parts of the globe, such as South America (7.9%), Europe (5.7%), the Pacific and Oceania (2.1%) and North America (1.3%). The top 5 African countries of destination for Chinese investment accounted for half of these contracts: Algeria (14.8%), Angola (12.9%), Nigeria (8.2%), Ethiopia (7.9%), and Soudan (5.2%). In 2019 alone, Chinese enterprises conducted more than US\$ 46 billion worth of contracts on the African continent, a number that is to be put into perspective with Chinese levels of total trade of goods with Africa that year reaching US\$ 166 billion. Hence, this market can be deemed a very significant portion of the Chinese commercial presence on the continent.

In the 1990s, Western lenders as well as international institutions such as the World Bank (hereinafter ‘the WB’) or the International Monetary Fund (hereinafter ‘the IMF’) found themselves reluctant to finance infrastructure projects that could have been completed by Western construction companies¹¹, despite a strong need for African economies to develop their infrastructure. Meanwhile, Western construction companies turned to Eastern Europe abandoning the African continent, thus leaving the door wide open to Chinese construction enterprises to penetrate the African markets¹². Between 2002 and 2015, the annual value of Chinese turnkey contracts achieved in Africa has increased 27-fold¹³. Chinese construction companies have become a staple of this market in Africa, winning as much as 40% of infrastructure contracts on the continent (Chaponnière, 2014: 203),

This is mainly to be explained by the fact that their offer is highly attractive for African governments: not only can China make offers 30 to 40% cheaper than those of the so-called “traditional donors” (Kabamba, 2015: 416) but, unlike them, China can quickly deliver a 360° package which provides feasibility studies, design, financing, engineering, procurement, and construction for infrastructure megaprojects without direct money transfers to African governments (Wissenbach, 2020: 206). Moreover, China often offers a simpler but more robust technology than its European counterparts - a feature which is more consistent with the needs of a least developed country (Defraigne & Belligoli, 2010: 25). In that respect, Chinese firms benefit from the experience acquired in building infrastructure in the less developed Chinese provinces (*ibid*). Lastly, their expatriate labor force is much cheaper and ready to experience tougher local working conditions than the ones of EU firms, increasing the speed of the project completion while keeping costs down (*ibid*). In fact, China’s offer is so appealing that it has led some African countries, starting with Kenya, to issue calls for tender labelled as “Finance and Build” where they specifically ask the contractor to provide an offer which includes a sound financial package (Chaponnière, 2014: 203). Hence, it is fair to say that, in this respect, China already bears a bigger commercial print in Africa than that of the EU.

As later examined in this paper, the provision of these turnkey services is deeply rooted in China’s broader political and economic way of engaging with Africa. But for the sake of reasoning, it seems of interest to first elaborate on the second pillar of our comparative analysis, mainly assessing the economic presence of both Chinese and European MNEs in Africa.

¹⁰ <https://www.pairault.fr/sinaf/index.php/statistiques/statistiques-generales/2065-prestations-de-services-cles-en-main-de-la-chine-en-afrique-2019>, retrieved 07-08-2021

¹¹ <https://asialyst.com/fr/2018/09/04/chine-pas-responsable-desindustrialisation-afrique/>, retrieved 07-08-2021.

¹² *Ibid*

¹³ *Ibid*

III. ECONOMIC PRESENCE

In this section, we shall aim to ascertain the economic footprint of Chinese and European MNEs in Africa. In order to do so, we shall more particularly look at the level as well as the distribution of their foreign direct investment since it constitutes a reliable proxy to quantitatively estimate the position and the dynamic of foreign MNEs economically involved on the continent. This shall also allow us to highlight potential areas of influence and power relations at play between European and Chinese MNEs on the African markets.

A) General definitions and why do we need to be cautious

In practice, foreign direct investment (hereinafter ‘FDI’) provides a mean for creating direct, stable, and long-lasting links between economies. Therefore, it constitutes an essential economic factor to understand the positioning and the strategy of foreign MNEs economically involved with the African continent (Barton & Bellefroid, 2015: 378). We distinguish FDI flow from FDI stock: the former records the value of cross-border transactions related to direct investment during a given period of time, while the latter measures the total level of direct investment at a given point in time. Simply speaking, FDI stocks are the revalued cumulation of past FDI flows - “revalued” being the key term here as it highlights that cumulative FDI flows are generally not equal to the first difference of FDI stocks. In what follows, we shall primarily focus on outward foreign direct investment (hereinafter ‘OFDI’) stocks to Africa since they constitute the reflection of foreign MNEs’ economic presence on the continent.

Before delving into such analysis, it is to be stressed that for OECD (‘Organization for Economic Co-operation and Development’) countries, a FDI is defined by the direct or indirect ownership of 10% or more of the voting power of an enterprise residing in one economy by an investor residing in another economy as well as reinvested earnings and other capital transfers such as inter-company debt (OECD, 2018: 48-49). Although China shares this general definition of what constitutes an investment, it has somewhat its own way of measuring it. Indeed, investments made by Chinese MNEs must be considered with caution for several reasons:

1. statistics provided by the MOFCOM only include OFDI flows authorized by the Ministry, without taking into account Chinese branches abroad, or smaller enterprises;
2. allocated FDI is not necessarily spent during the fiscal year and sometimes not even spent at all;
and
3. the phenomenon of ‘Roundtrip FDI’ between Hong-Kong and mainland China which further blurs the picture (Defraigne, 2007).

Therefore, Chinese official statistics on direct investment are believed to be widely underestimated. All this supports a cautious approach while digging into a comparative analysis between Chinese and European investment in Africa.

B) Overview of Chinese and European investment in Africa

Figure 6 below provides the evolution of OFDI stocks of the top 10 investing economies in Africa in 2019 since 2006. The choice was made to exclude Netherlands from the scope of the analysis because, as indicated by Pairault (2020a: 158-159), the exact origin (European or not) of investments (as well as in the case of Luxemburg and, to a lesser extent, the UK) as well as the precise destination of any repatriation of capital (in the case of a negative OFDI flow) are unclear. Moreover, it is to be noted that data for Singapore as well as South Africa were not made available for 2006.

The most striking observation here is that African markets remain strongly dominated by Western MNEs – led primary by British, French, and American enterprises. Although at a less spectacular pace than China's, Italy has managed to triple its OFDI stock going from US\$ 7 billion in 2006 to US\$ 31 billion in 2019, while Germany has double its OFDI stock from US\$ 7 billion to US\$ 15 billion over the same time span.

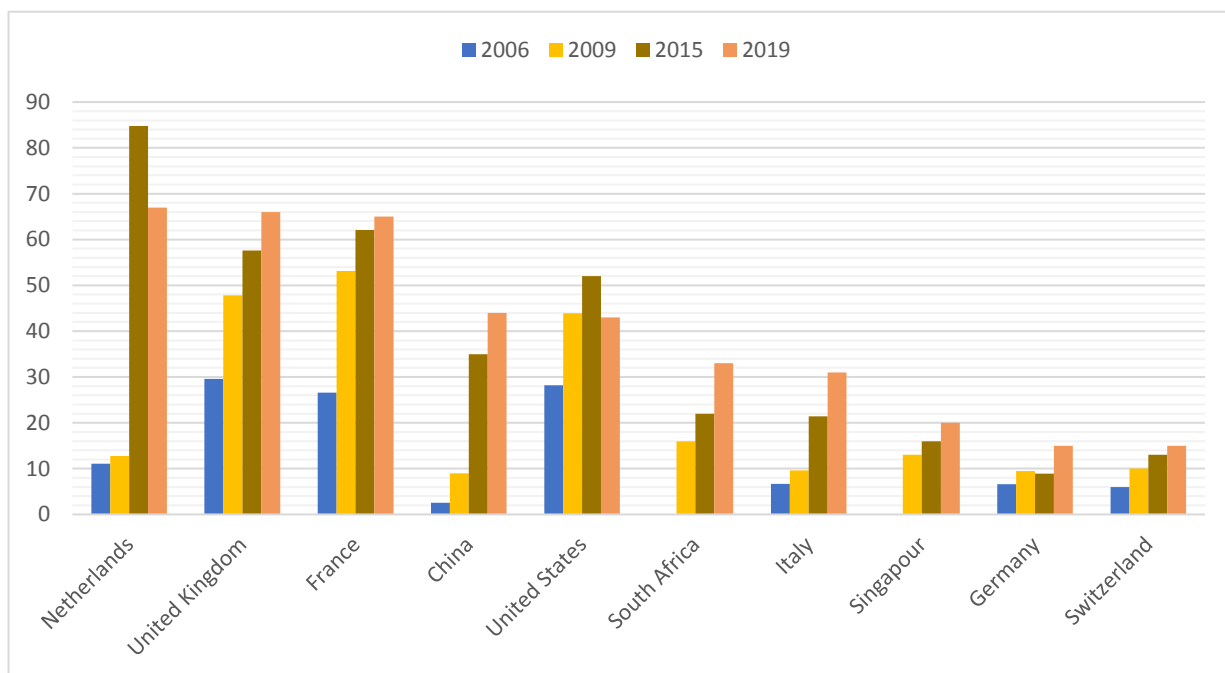


Figure 6 : Top 10 investors economies in Africa by OFDI stock in billions of USD.

Source: own elaboration from OECD International Direct Investment Statistics (various years) and UNCTAD World Investment Report (various years) and MOFCOM via Pairault.fr/sinaf/index.php/statistiques

Over the last four years, while British and French MNEs have slowly but surely increased their total levels of investment on the continent, American MNEs have, in contrast, lost some ground in that respect going

from US\$ 52 billion in 2015 to US\$ 43 billion in 2019. Meanwhile, China has somewhat caught up with traditional powers and quickly been able to build up an OFDI stock comparable to that of the US (the former having US\$ 44 billion in 2019; the latter US\$ 43 billion, according to cited sources in Figure 6). According to Pairault (2020: 160), this means that the amount of foreign investments in Africa, whatever their origin, is extremely low. Thus, China's ability to finance African infrastructure investments can be a key factor for the continent's development (Ibid).

It nonetheless remains important to put China's current level of OFDI stock in Africa in perspective at several levels.

Firstly, the EU27 OFDI stock to Africa remains significantly higher than that of China. According to Eurostat, it equaled US\$ 271 billion in 2019, or as much as 6 times that of China. Even if the amounts of Netherlands and Luxemburg OFDI were to be retrieved, an "EU-25" OFDI stock would amount to US\$ 141 billion and still be as much as three times bigger than that of China. Despite Chinese official statistics lacking transparency, many analysts put forth that Chinese OFDI stock is still very inferior to that of the EU (see for instance Chaponnière, 2014: 201). As a matter of fact, the EU OFDI stock to Africa would still be bigger than that of any other country by a very significant margin. It is therefore fair to say that Africa is still (and perhaps unsurprisingly) heavily linked to EU MNEs.

Secondly, according to the MOFCOM, the US\$ 44 billion of Chinese OFDI stock to Africa only accounts to 2% of China's total OFDI stock in the world. As noted by Chaponnière and Delavelle (2018: 8), China is rather turning its investments towards Europe and North America, in line with the strategy of Chinese authorities to acquire innovative technologies at a quote-unquote "forced march". This affirmation is well illustrated by Thierry Pairault (Figure 7).

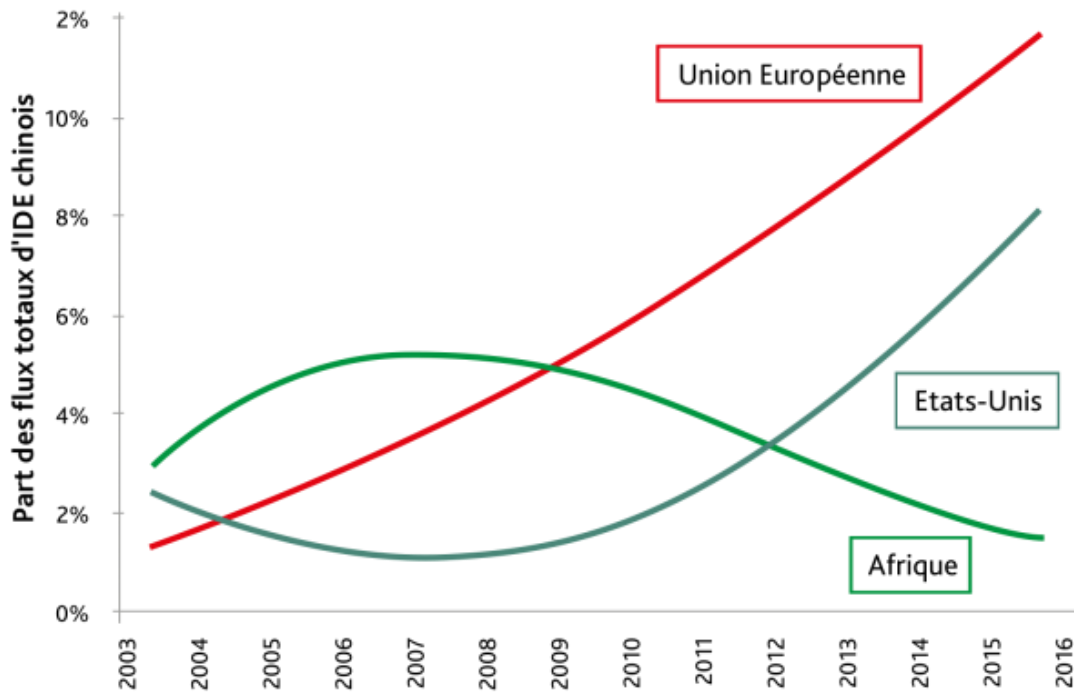


Figure 7 : Compared Chinese OFDI flows by destination (2003-2016). Source: MOFCOM via Pairault (2018a).

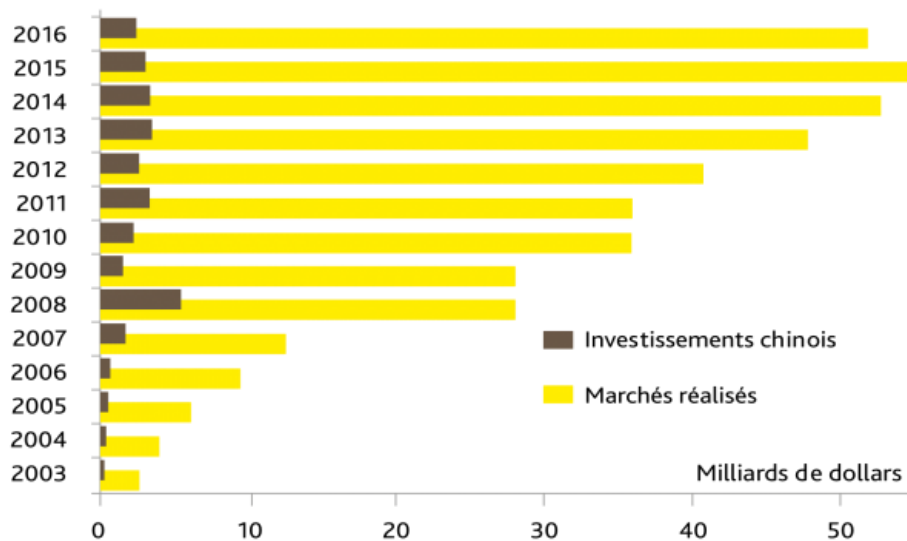


Figure 8 : Chinese OFDI flows and construction contracts in billions of USD. (2003-2016). Source : MOFCOM via Pairault (2018a)

A third factor which puts the Chinese OFDI flows in perspective lies within the value of the turnkey services contracts mentioned earlier. Figure 8 above shows that in 2016, the turnover of Chinese construction enterprises was 25 times bigger than the amount of Chinese OFDI flow that year. These numbers are not an exception, but rather the rule.

Furthermore, over the last 6 years, Chinese MNEs invested only half of what “EU-25”¹⁴ countries invested in Africa (Figure 9). Although Italy has indeed been the most consistent and prevalent European investor throughout the last years notably by significantly increasing its presence in Algeria and Egypt, China has

only topped Italian investors by a small margin. Yet, China’s economy is 7 times bigger than that of Italy. Also, China’s OFDI flows to Africa have not shown sign of consistent growth over the last years. Thierry Pairault (2020a: 160) has noted that while the Chinese level of OFDI flow to Africa peaked in 2013, it consistently decreased between 2013 and 2016. Although it indeed rose again – and significantly so both in 2017 and 2018 – it subsequently plummeted in 2019 to get back to its initial level of 2016.

Investor/Year	2013	2014	2015	2016	2017	2018	2019	Total
"EU-25"	3,4	3,8	14,9	3,8	3,8	5,8	8,3	44
United States	1,10	1,80	0,75	-1,91	0,29	-1,57	-2,14	-2
China	3,40	3,20	3,00	2,40	3,42	4,71	2,40	23
United Kingdom	3,9	3,4	0,3	-7,6	-4,0	11,3	4,6	12
Germany	1,5	0,5	0,6	1,7	1,2	2,1	1,2	9
France	-1,9	-0,2	6,9	0,3	-2,0	0,6	4,9	9
Italy	2,8	3,7	3,9	2,4	2,4	2,8	1,4	19

Figure 9 : OFDI flows to Africa by investors' countries (2013-2019) in billions of EUR. Source: own elaboration from Eurostat [Bop_Fdi6_Pos]

C) Distribution of OFDI stock amongst European and Chinese investors: areas of influence and power relations at play

In what follows we shall look at the distribution of OFDI stock in Africa between European and Chinese investors by countries of destination. This is illustrated in Figure 10 below. It displays main investors’ countries and their top 25 countries of destination as well as the relative share of each of these investors in each of such African countries. These 25 countries have been selected because they hold at least 1% of either Chinese or European OFDI stock to Africa. Only European countries which have an OFDI stock of at least US\$ 10 billion Africa has been selected. The diameter of the circle is proportional to the cumulated amount of OFDI stock held in that specific country by the highlighted investors. Of course, readers will understand that figure 10 is a simplification of the reality since other investors’ countries, including European ones, can also happen to be significant investors in one or few of the highlighted countries. This is the notably the case of Angola for instance where, according to Eurostat, France holds the biggest OFDI stock in the country (US\$ 5 billion in 2018) but is followed closely by Portugal (US\$ 3.4 billion in 2018). More problematic would be the case of Mozambique where China is presented as overwhelmingly dominant in comparison to other selected countries (US\$ 1,4 billion in 2018) although it is topped by Portugal (US\$ 1.5 billion in 2018). However, this should remain a marginal matter across the board and does not prevent the current exercise of highlighting potential areas of influence and the power relations at play rather than to give an exhaustive overview of investments in each African country which would be out of the scope of this paper’s research question.

¹⁴ EU-27 minus Netherlands and Luxemburg.

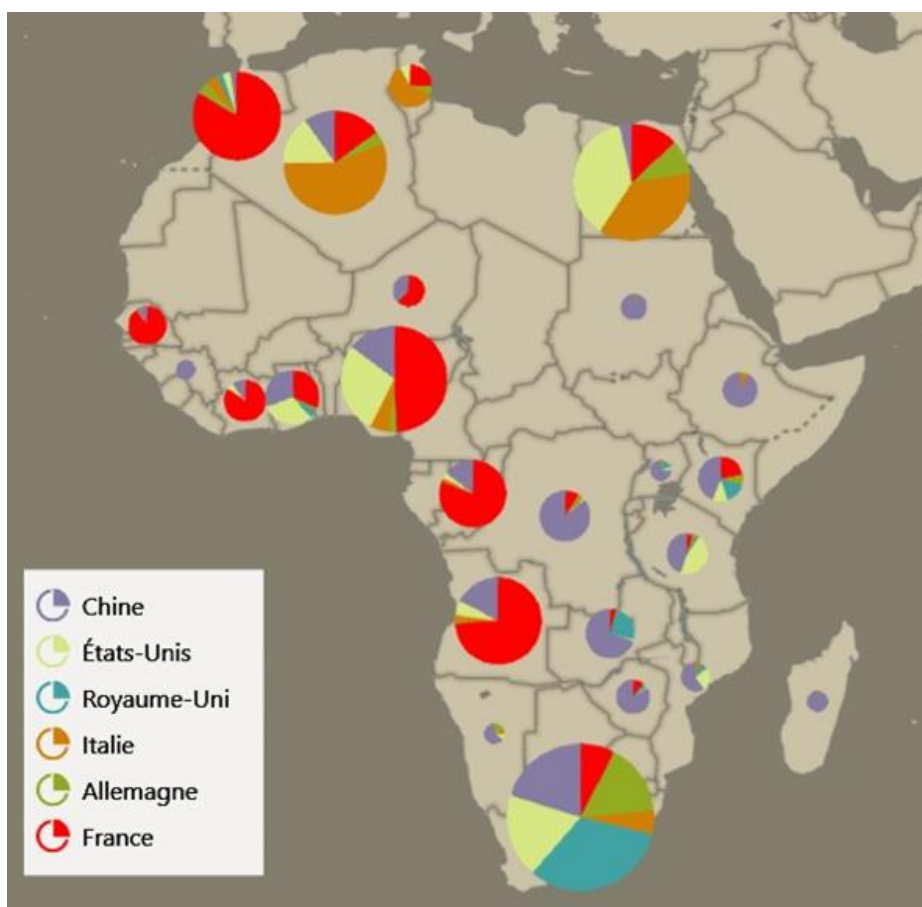


Figure 10 : Main investors countries and their top 25 countries of destination in Africa (2017). Source: Pairault (2020b).

The most salient observation out of this figure is that the bulk of OFDI stocks to Africa is, as one could expect, located in the biggest African economies – some of them also being resource-rich countries. In these countries, European investors – led primarily by France, in a few cases by Italy, and the United Kingdom in South Africa – and/or American investors are the dominant players. Meanwhile, Germany seems to play a subordinate role although its presence is quite significant in South Africa, notably in the automotive manufacturing sector¹⁵. If we factor in the consideration that China is the ‘newcomer’ in Africa and that China’s investment is still in its early stages in comparison with that of some European MNEs which have historically benefitted from long-term privileges in these countries, this unequivocally means that Chinese MNEs are mainly left with second-choice resources/investments. This is less true in the case of South Africa where, for instance, China’s most prevalent bank in Africa (*i.e.* The Industrial and Commercial Bank of China) has committed to the most important Chinese investment on the continent to date by acquiring a participation of 20% in the capital of the Standard Bank Group (Chaponnière, 2014: 205) – which, despite its moderate size in comparison to American or European Banks, is by far the biggest bank in Africa.

¹⁵ <https://www.econstor.eu/handle/10419/219039>, retrieved 08-08-2021.

As noted by Chaponnière (2014: 201), although a large part of Chinese investment has been directed into the extractive industry, Chinese MNEs only play a minor role in these areas which are still dominated by Western oil and minerals giants such as Total, Eni, Shell, ExxonMobil or Glencore. In the manufacturing industry - which also constitutes a significant part of China's investment in Africa, Chinese MNEs have invested in raw materials processing (refineries in Sudan, Niger and Chad; and cement plants in Cameroon, Congo, Sudan and Nigeria), wood processing (Central Africa), textile and manufacturing of durable goods (South Africa, Ethiopia, Nigeria, Kenya) (*Ibid*). With some notable exceptions, such as the case of *Huajian*, a Chinese giant of the shoe industry, in Ethiopia (Pairault, 2018b), most of these companies are targeting African markets (Chaponnière, 2014: 202).

While many analysts would agree that Chinese enterprises have been more responsive to rapid growth in some Central and East African countries, China's prevalence in Central and East Africa is also to be explained by the retreat of Western MNEs¹⁶. Hence, despite high levels of growth, these countries did not constitute an attractive economic prospect for Western MNEs while, at the same time, they fitted the objectives and needs of often smaller, sometimes private, Chinese enterprises. This is perhaps best illustrated by the controversy which occurred a few years ago regarding the strategy of a little Chinese enterprise, *Humanwell*, and that of a British MNE, *GlaxoSmithKline* (GSK). Back then, GSK was accused of not choosing Ethiopia for the construction of its new African unit of antiretrovirals by opposition to *Humanwell* which was aiming to produce plastic bottle used for infusion as well as other products related to post-partum hydration and hygiene. While *Humanwell* could indeed find the adequate environment in Ethiopia in terms of its objectives, this was not the case for GSK which was investing far greater amounts and needed a more favorable local environment at every level, therefore ultimately favoring South Africa over Ethiopia (Pairault, 2018c).

All this supports the idea that China is still a cautious as well as modest investor in Africa, a continent which remains, in most areas, dominated by Western – and in particular European – MNEs. For a while, the increase of Chinese average wages has made people believe that it would perhaps push Chinese enterprises operating in labor-intensive industries to delocalize some part of their production lines in Africa. In fact, these enterprises have a better alternative in automating their production line and/or delocalizing to Western China where wages are lower, and infrastructure got upgraded. If delocalizing abroad remains the solution, they will in any case first consider countries like Bangladesh, Vietnam, Cambodia or Burma before African countries¹⁷.

These factors demonstrate that China's penetration in Africa is first and foremost commercial. Simply put, China mainly acts as a provider of goods and services provider rather than an investor. Whereas its commercial presence is catching up with that of the EU and arguably topping it in some respects, European MNEs still dominate Africa's economic landscape by a significant margin since China doesn't invest in infrastructure but rather finance and build infrastructure. However, this is not yet the end of the story for both sides as financial footprint constitutes another crucial pillar to cover in order to grasp the overall picture of economic presence of each partner economic presence in Africa.

¹⁶ <https://www.jeuneafrique.com/606441/economie/jean-raphael-chaponniere-les-brics-en-afrique-cest-dabord-et-surtout-la-chine/>, retrieved 07-08-2021.

¹⁷ <https://asialyst.com/fr/2018/09/04/chine-pas-responsable-desindustrialisation-afrique/>, retrieved 07-08-2021.

IV. FINANCIAL PRESENCE

In this last part of our comparative analysis, we shall aim to ascertain the respective level of financial presence of China and the EU in Africa. In order to do so, we shall look at their level of Official Development Assistance¹⁸ (hereinafter “ODA”) since it constitutes the main channel through which “traditional donors” convey their money to Africa¹⁹. The financial footprint of both partners is, without a doubt, the most difficult part to compare since China and European partners simply don’t have a shared common statistical approach on “official development assistance”²⁰ nor do they share an equivalent understanding of how “official development assistance” should materialize in practice. As noted by Defraigne and Belligoli (2010), this is a direct reflection of an ideological difference between the Communist Party of China and the EU which, in turn, influences how each partner politically engages with African countries.

In practice, anyone who wants to compare Chinese and European “official development assistance” will face two main issues:

1. All financial flows considered as aid by China is not considered as ODA by the OECD-DAC (Development Assistance Committee) guidelines.
2. A large part of China’s financial flows directed to Africa is not concessional in nature and do not qualify as aid per se.

Given the difficulty of such an exercise, we shall build on the work of Naohiro Kitano and Yumiko Miyabayashi (2020) that provide the most recent estimate of the part of China’s financial flows that would indeed be qualified as ODA by the OECD-DAC guidelines. We shall then try to extrapolate the numbers directed to Africa by recouping these estimations with other reliable sources. This should enable us to roughly compare Chinese and European ODA on an equivalent basis. Another difficulty we encountered is to measure the level of commercial loans stemming from EU countries, since they mainly come from EU private commercial banks. To circumvent this problem, we shall try to put China’s level of commercial loans in perspective so as to get the overall picture of its financial footprint in Africa.

Bearing this in mind, it seems necessary to start by recounting the evolution of both Chinese and European aid to Africa so as the reader can fully grasp the melted interests that lie behind these financial flows and how their aims has evolved over time. This, we believe, is of critical importance to understand the current dynamic of each partner in Africa.

¹⁸ We shall use the word “aid” as a synonym as well.

¹⁹ <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/official-development-assistance.htm>, retrieved 09-08-2021.

²⁰ By « official development assistance », we are not referring to the strict definition provided by the OECD-DAC guidelines, but rather to all financial flows aiming to foster development in African countries.

A) Evolution of European “Aid”: From tied to untied aid?

As reported by Defraigne and Belligoli (2010: 5), at the origins of the European Economic Community (hereinafter “EEC”), aid programs, both national and supranational were designed to maintain existing trade and business links between the former colonial powers and their colonies. In 1963, a privileged relationship was institutionalized in a new framework between the EEC and its ex-colonial dependencies, the Yaoundé convention. The point of the Yaoundé convention was to create a reciprocal free trade agreement that secured access to raw materials and local markets for European firms that had been historical traders and investors in Africa (Defraigne & Belligoli, 2010: 6).

A European Development Fund (hereinafter “EDF”) was created in 1958 mainly to finance infrastructure projects in the French-speaking African countries (Nixson, 2007: 341). It was subsequently extended to finance aid mechanisms such as STABEX and SYSMIN included in the Lomé convention – the convention that replaced the Yaoundé convention after the UK joined the EEC and which saw the notable addition of the Commonwealth African states in the preference system (Holland, 2002). STABEX and SYSMIN were basically funds that would guarantee a minimum price for mining and agricultural exports in order to protect African, Caribbean and Pacific (hereinafter “ACP”) countries against fluctuations of commodity prices. As noted by Defraigne and Belligoli (2010: 6), it also intended to generate a more predictable environment for resource-seeking European MNEs operating in Africa. Although labeled “supranational”, the EDF would be financed by member states and its decision process was inter-governmental (Ibid).

Nevertheless, the amounts of bilateral aid programs between individual member states and individual African countries were always greater than that of European funds (Matthews, 2007: 503). Most of these bilateral aid programs were tied aid programs, especially among the small or least developed EEC member states (Nixson, 2007: 334). These bilateral aid programs were also often linked with the activities of European MNEs in that they provided the necessary funds to ensure a good infrastructure for the investor of the former colonial power (Defraigne & Belligoli, 2010: 6).

The 1970s saw the improvement of the bargaining position of developing countries. The economic slowdown and the monetary crisis that followed the collapse of the Breton woods system generated a slowdown in investment in the Western economies (Defraigne & Belligoli, 2010: 7). Excess liquidity on international financial markets made international borrowing extremely cheap - real interest rates being negative at the end of the 1970s (Ibid). Meanwhile, the boost of commodity prices increased the export revenues of developing countries and Western military power was directly challenged in different parts of the world, most notably in Vietnam (Ibid).

Many African states began to pursue import substitution industrialization policies (hereinafter “ISI”) and nationalized subsidiaries of MNEs, including European ones (Brunel, 2004) or forced them into a joint venture with mostly state-owned companies (Defraigne & Belligoli, 2010: 7). African governments also managed to include a unilateral preferential trade agreement in the Lomé Convention, which meant that EEC market was open to many ACP exports while ACP could maintain strong protectionist measures to protect their infant industry (Holland, 2002). Numerous African countries who tried to develop their industry or infrastructure bought turnkey factories and utilities from the OECD countries. Most of these

purchases were linked to a bilateral tied aid program from EU member states, more often from the former colonial power than not (Defraigne & Belligoli, 2010: 7). Moreover, most of these turnkey factories were highly capital intensive with a degree of technology that was not in line with the absorption capacity of African economies which severely lacked qualified labor force to operate them (Ibid). Hence, technical assistance was necessary, and this was also linked to bilateral aid programs (Ibid). In fact, many of these projects led to the construction of the notorious “White Elephants”. (Brunel, 2004)

In the early 1980s, the sudden rise of interest rates combined with the fall of commodity prices pushed many African economies – and other countries in the world – into the so-called “debt crisis” which had a profound effect on development and industrial policies (Ibid). Indeed, many African countries were pressured to follow structural adjustment programs (hereinafter “SAPs”), most notably by the IMF and the WB. In practice, these SAPs conditioned the access to new funding to “sound economic” reforms such as fiscal discipline, privatization or liquidation of non-profitable public undertakings (even if they concerned primary health, education, electricity or clean water) which considerably weakened the state apparatus (Ibid). As reported by Defraigne and Belligoli (2010: 9), privatization programs rarely involved local entrepreneurs who didn’t possess sufficient funds to acquire these capital-intensive enterprises.

SAPs were imposed on the premise that it was necessary for African economies to open to international trade and investment flows in order to generate export revenues to pay back their debt. However, European MNEs were found reluctant to invest in Africa because of high level of macroeconomic and political instability as well as deteriorated infrastructure (Ibid). Instead, in the 1990s and 2000s, European MNEs pursued efficiency-seeking and market-seeking investments mainly in Eastern Europe, as well as in the East Asian tigers and China (Defraigne, 2009). Meanwhile, Eastern Europe became the main recipient of aids. These aids were linked to the need of Western European enterprises that were looking to regionalize their production process across Europe (Defraigne and Belligoli, 2010: 9). In that respect, Africa was simply not part of European MNEs spatial reorganization production process – with the notable exception of Morocco and Tunisia which were, to a small extent, involved in specific industries like textile, calling centers and automotive (Ibid).

In this context, European MNEs was less interested in tied aid programs, even for those from the former colonial powers (Ibid). Supranational aid programs experienced an evolution which can be partially attributed to the waning of European MNEs interest but also to the end of the cold war and the strengthening of European supranational institutions regarding external economic relations (Ibid: 10). In practice, the collapse of the USSR meant that the support to pro-western and authoritarian African regimes could not remain unconditional (Moyo, 2009). The focus of European aid became more social (i.e., poverty alleviation, access to social services and education, gender equality) but also more horizontal, targeting the entire economy, rather than vertical, targeting a specific industry (Defraigne and Belligoli, 2010: 10). Similarly, bilateral aids also started to be subject to conditionality in terms of human rights and good governance. Nevertheless, many member states – especially the least developed one such as Portugal or Greece – still ties the majority of their bilateral programs (Brautigam, 2009: 152). One can also remain skeptical on the systematic application of political conditionality in the case of bilateral aid programs (Defraigne and Belligoli: 10).

When the WTO questioned the conformity of the unilateral preferential trade agreement contained in the Lomé Convention, the Commission seized the opportunity to negotiate a new framework with the 78 ACP countries (Defraigne & Belligoli: 10). Signed in 2000 for a period of 20 years, the Cotonou Partnership Agreement (hereinafter “CPA”) formalized this new EU-ACP relationship. In effect, the CPA switched back to reciprocal trade agreement and adopted WTO compatible Economic Partnership Agreements (hereinafter “EPAs”). The EU pushed to negotiate EPAs by regions, dividing ACP countries into six regional groups, four for the African continents. It also emphasized on the need for these groups to achieve a certain degree of economic integration and develop regional infrastructure networks. However, these regional groupings failed to match the existing regional organizations between African countries (previously referred to as Regional Economic Communities in this paperwork) (Farrell, 2005).

Furthermore, liberalization of EU-ACP trade would only constitute a marginal improvement for many African countries in terms of access to the European market since the Least Development Countries are exempted from the principle of reciprocity and non-discrimination (Barton & Bellefroid : 376). Indeed, these countries will continue to benefit from the Everything But Arms program. For the other African countries that do not qualify for this program, preferences will most probably not be extended beyond the advantages offered by the General System of Preferences (hereinafter “GSP”) or GSP+. (Ibid) Another obstacle is that by pursuing this kind of regional economic integration, African countries would also lose important revenue derived from tariffs which, on average, represent between 7 and 10% of their income. (Ibid)

But by supporting this kind of regional integration, the EU aims at creating the necessary conditions to enable European MNEs to organize more efficiently their African production and distribution facilities in manufacturing but also in utilities and services (Defraigne & Belligoli: 10). New EU aid programs were designed to facilitate African integration processes within the new framework of the CPA. For the period 2014-2020, the funds provided under the CPA framework amounted to EUR 30.5 billion²¹. However, after two decades, only one interregional EPA has been concluded with the EU and that is by the SADC²². For the others, EPA negotiations are still ongoing, despite most regional groupings having signed interim agreements²³, which reveals the extent of SSA countries disapproval of EPAs (Barton & Bellefroid, 2015: 377).

In 2018, negotiation for a “post-Cotonou” agreement started between the EU and ACP countries and has recently been initiated on April 15th of this year. Fundamentally, this new framework still holds the main features of the CPA. Under the new long-term EU budget 2021-2027, the EU will channel its development aid programs for ACP countries through its Neighborhood, Development and International Cooperation Instrument – Global Europe (hereinafter “NDICI”). The total financial envelope of the NDICI will be granted around EUR 79.5 billion²⁴. However, it’s unclear how much of this money will be directed to African countries.

²¹ consilium.europa.eu/en/policies/cotonou-agreement/, retrieved 09-08-2021.

²² Ibid.

²³ Ibid

²⁴ Ibid.

In a nutshell, it is fairly evident from the preceding analysis that European aid, both national and supranational, have for a long time been tied to the economic interests of their MNEs. However, for the last two decades, this aid has become more horizontal than vertical, and more social than targeting infrastructure or production projects. While in recent decades supranational aid has been untied, it has also started to be attached to political conditionality such as good governance and human rights as the latter are seen as necessary conditions to ensure political and macroeconomic stability. However, most bilateral aid programs still possess the main features of the 1960s and 1970s, and the systematic application of political conditionality remains faint. This last point contrast with supranational aid which is under greater scrutiny by European institutions, most notably the European parliament. Eventually, it is becoming apparent that the institutionalized economic relationship between the EU and Africa is indirectly supporting the needs of European MNEs in Africa rather than targeting specific needs put forward by African countries.

B) Evolution of Chinese “Aid”: From political to economic motivations

Early examples of Chinese aid programs were mainly driven by political imperatives, namely in the context of its geopolitical competition with Taiwan and the Soviet Union (Chaponnière, 2014: 204). These aid programs were much more limited in scope since it mainly encompassed grants as well as interest-free loans, many of the latter being subsequently canceled and thus becoming de facto grants. Chinese aid to African countries culminated in 1975 with the construction of the railway linking Dar Es Salam and the Zambian copper belt (Ibid) and China had more aid programs in Africa than the US (Brautigam, 2009).

The “Eight principles for China’s aid to foreign countries” proclaimed by Zhou Enlai in 1964 combined with the “Five Principles of Peaceful Coexistence” enshrined in the final statement of the 1954 Bandung Conference still constitute the framework of reference for Chinese aid policies (Defraigne & Belligoli, 2010: 14). These principles are articulated around the need to respect the sovereignty of the recipients’ countries as well as to never attach any conditions or asks for any privileges in return for this aid (Ibid).

Bearing this in mind, in the mid-1990s, Chinese aid system was properly restructured. Indeed, it is around that time that Beijing launched its “Great Economic and Trade Strategy” which aimed to combine aid, mutual cooperation and trade in Africa (Brautigam, 2009: 80). New aid instruments were created, notably the well-known concessional loans, and the Export-Import Bank of China (hereinafter “EXIM Bank of China”), created in 1994, were charged with administering these loans (Chaponnière, 2014: 204). Meanwhile the MOFCOM became the dominant authority in China’s foreign aid policy (Defraigne & Belligoli: 15).

Although China’s aid had always been tied to the purchase of Chinese goods and services, it’s really from the mid-1990s onwards that economic concerns became of primary importance (Defraigne & Belligoli, 2010: 15). Hence, China’s logic of aid moved from mainly political to a mix of political and economic motivations. However, economic matters are definitely prevalent as China sought to institutionalize a supplier relationship with African countries and secured the long-term presence of

Chinese enterprises on the African continent considered as a place full of business opportunities (Ibid). A surge of Chinese aid commitments and aid-related activities followed.

As synthesized by Barton and Bellefroid (2015: 383), this shift is deeply intertwined with national economic reforms operated by China's central government and was quickly followed by the so-called 2001 "Going Global strategy" deeply rooted in the 1997 "grasping the large and letting go of the small". China's pursued objective was to foster internationalization of Chinese firms and their expansion in new markets as well as to establish globally recognized Chinese brand names in an attempt to reduce total number of SOEs, while supporting a smaller group of national champions which should "go global" (Ibid).

In practice, this translates by China tying its aid programs to procurement by Chinese enterprises, be it for grants which are generally provided in-kind or for concessional loans where contracts must be awarded to Chinese companies and 50 per cent of purchases and supply most come from China (Defraigne and Belligoli, 2010: 19-22; Brautigam 2009: 114-115). Therefore, despite China's will to never attach any conditionality to its aid programs, it would be a creation of the mind to view Chinese and European systems as purely "antithetic" since most of the bilateral aid programs are tied – although supranational aid programs are not – and some EU member states do not systematically apply political conditionality – although supranational institutions do.

Having made this precision, the absence of political conditionality combined with China's adherence to the non-intervention principle has been appealing to many African governments who have controversial records in terms of human rights and the respect of democracy. It also constituted an alternative for those who wanted to escape Western conditionalities (Ibid). Chinese aid programs also offer other advantages. As reported by Deborah Brautigam (2009: 139-140), African governments are keener to rely on Chinese help, for they can decide about its allocation at their convenience whereas Western governments or enterprises tend to identify African needs for them rather than responding to the needs identified by African countries themselves. Moreover, Chinese aid is disbursed much faster than that from traditional donors and contrary to the EU, China applies a policy of "pledging less and, in the end, offering more" (Brautigam, 2009: 133).

Meanwhile, at the start of the 21st century, China also looked to institutionalize its relationship with Africa by launching the Forum on China-Africa Cooperation (hereinafter "FOCAC"), in response to repeated demands stemming from African elites (Barton & Bellefroid, 2015: 386). In practice, the FOCAC has implied the organization of ministerial conferences, meetings at the senior official level as well as African governments heads of diplomatic missions and their Chinese counterparts (Ibid).

Interestingly, the framework of the FOCAC shows that the way privileged by China to meet with Africa is mainly on a country-to-country basis by conducting bilateral agreements rather than by operating at a continental or regional level. This also clearly departs from the way the EU engages itself with Africa. Each ministerial summit is succeeded by a two-year action plan covering themes ranging from trade and investment to infrastructure as well as debt relief, natural resources, healthcare, or education, to name a few (Ibid). Last Summit was held in 2018 in Beijing while that of 2021 has been delayed due to the COVID pandemic. In 2018, China pledged US\$ 60 billion to African countries, or as much as in 2015.

As many observers have highlighted it, it was the first time since China's financial commitment to the continent had not increased.

In light of the above, it is fair to say that the way China engages with Africa – or perhaps should we say African countries – is quite different than that of the EU, and Western countries in general. Whilst it's true that from an economic point of view differences in practices are not so visible in that they both respond, first and foremost, to some internal economic prerogatives, the way each partner engages with African countries is, from a practical point of view, fundamentally different. Beyond the evident dichotomy on political conditionality, China's rhetoric of equal partnership and mutual benefit is perhaps best illustrated by the fact that it only acts when asked to do so and to respond to a need identified by African governments themselves – whereas the EU and its member states still tend to decide where to allocate the money on behalf of African countries.

C) Overview of European and Chinese financial footprints in Africa

According to the last white paper on aid published by the MOFCOM (2014), 50 per cent of Chinese aid is directed to Africa. If we extrapolate the numbers from the estimation conducted by Kitano and Miyabayashi (2020: 15), this should mean that, between 2010 and 2019, China's net foreign aid directed to Africa increased from approximately US\$ 2.5 billion to US\$ 3 billion annually. This is in line with Deborah Brautigam estimation – who, like Kitano and Miyabayashi, includes the cost of the subsidy allocated to the EXIM bank concessional loans by the central government – who finds that China's net foreign aid to Africa was equaled to US\$ 2.5 billion from 2010 onwards (Chaponnière, 2014: 204). Thus, if these numbers are true, China's net annual foreign aid to Africa is equal to approximately 10% of that of OECD-DAC countries (OECD, 2020b: 5). Here it should be noted that the United States and the United Kingdom alone accounted for 47% of the aid provided by OECD-DAC countries, or as much as 14 US\$ billion annually, on average between 2010 and 2017. However, the total OECD-DAC countries does not include the amount provided by EU institutions which amounted to US\$ 5.6 billion annually, on average between 2010 2017. If we add up all the contributions of EU countries part of the OECD-DAC countries as well as that of EU institutions, we found that their total contribution was equal to US\$ 15.6 billion annually, on average between 2010 and 2017. Total contribution is primarily led by EU institutions followed by France and Germany (around 2.7 US\$ billion annually each). Hence, this means that China's net foreign aid is approximately 6 times smaller than that of EU official development assistance to Africa.

Unfortunately, the MOFCOM (2014) did not provide disaggregated data by country of destination or sectorial distribution. As for OECD-DAC countries, Figure 11 under shows top 10 ODA recipients in Africa in 2015, 2016 and 2017. With respect to sectorial distribution, in 2017, OECD-DAC donors (including both international and EU institutions) devoted 42% of their aid to the social sector and 32 per cent to economic and production activities (OECD, 2020b: 2). In light of the above, it's fair to say that China's net foreign aid is still weak in comparison to that of the EU.

	2015	2016	2017	3-year average	% of all recipients
1 Ethiopia	3 235	4 074	4 117	3 809	7%
2 Nigeria	2 432	2 498	3 359	2 763	5%
3 Tanzania	2 582	2 318	2 584	2 495	5%
4 Kenya	2 464	2 188	2 475	2 376	5%
5 Democratic Republic of the Congo	2 599	2 102	2 280	2 327	5%
6 South Sudan	1 675	1 587	2 183	1 815	4%
7 Uganda	1 628	1 757	2 008	1 798	4%
8 Morocco	1 481	1 992	1 885	1 786	3%
9 Mozambique	1 815	1 529	1 776	1 707	3%
10 Egypt	2 499	2 130	-114	1 505	3%
Other recipients	28 643	27 733	30 247	28 874	56%
Total ODA recipients	51 055	49 908	52 800	51 254	100%

Figure 11 : Top 10 ODA recipients in Africa. Source: OECD (2020b).

However, as noted by Chaponnière (2014: 204), China's net foreign aid flows are inferior to the loans provided by the China EXIM Bank and many of these loans are, in fact, non-concessional. Chaponnière (2014: 204) has estimated that the outstanding loans of the China EXIM Bank regarding Africa could amount to US\$ 55 billion in 2014, with this number rising to US\$ 65 billion if we include the outstanding loans of the China Bank of Development. Since then, many mega infrastructure projects have been undertaken by Chinese enterprises in Africa so this number should probably be higher as of today.

Moreover, according to Chaponnière (ibid), China has cemented itself as the largest creditor of Africa even though he acknowledged that its financial footprint is difficult to measure. This is confirmed by Thierry Pairault which believes that no commercial bank or bilateral lender alone holds a greater part of Africa's debt than China²⁵. However, Pairault rejected the recent narrative relayed by most Western media according to which 40% of Africa's debt were owed to China. He also argued that the number provided by Deborah Brautigam – she calculated that 17% of Africa's debt was owed to China using the database of the WB – was more likely to be close to the real number. Nevertheless, Thierry Pairault warned that the number of 17% is an average, thus it varies widely from country to country, and some might, in fact, be very much exposed to China.

To put this number in perspective, according to the CEPS²⁶, 36% of African government external debt is owed to multilateral organizations such as the World Bank and IMF (which China is also part of), 32% to bilateral creditors (from which 20% is owed to China) and another 32% to private lenders. All this support that China's financial presence is definitely a huge presence to be reckoned with. Although it's unclear to us how much of Africa's debt is owed to the EU, we are quite confident in the fact that its financial footprint in Africa is quite significant as well.

V. CONCLUSION

The objective of this research paper was to determine whether China's economic influence on Africa was becoming of a greater importance than that of the EU. In light of the above, we can conclude a few things.

Firstly, it is important to stress that China is mainly a provider of manufactured goods as well as services (most notably in construction and engineering). In that respect, it is fair to say that Beijing is catching up swiftly with the EU and even topping it in some respects. Indeed, as we depicted it earlier, China's commercial presence is already more strongly felt than that of the EU in some RECs and China has become the dominant actor in the provision and financing of big infrastructure projects. This last point is all the more significant since it allows China not only to increase its level of trade with Africa but also to position itself as a major financial partner on whom African countries are increasingly relying on. This is, of course, not without consequence on China's political influence as well. But even then, this financial dependence on China should not be overexaggerated in the sense that financial support and flows stemming from the EU, be it supranational or bilateral, public or private, is likely to be important as well.

Moreover, it would be hasty to claim that the EU is close to losing its dominant economic position in Africa.

First of all, in most countries, and most notably in biggest African economies, EU (and Western) MNEs still control and dominate entire sectors of the economy. This is the kind of domination that is very difficult to overcome in the short and medium term, unless European MNEs decide for whatever reason to abandon these markets. Moreover, China does not, in that respect, actively engage with Africa and remains a prudent investor. However, as we mentioned it earlier in this paperwork, the fact that Africa still constitutes a minor destination of foreign direct investment gives greater importance to China's ability to finance big infrastructure projects.

Secondly, EU's commercial footprint is, in fact, still bigger than that of China by a significant margin. While it's true that EU trade with Africa has, in recent years, not shown signs of consistent growth contrary to China and that the former is now facing direct competition from the latter, it's difficult to imagine, in the short and medium term, the EU losing its position of first trading partner. Nevertheless, this might continue to happen on a local, perhaps regional level.

Having made this precision, some African regions simply seem out of reach. This is most notably the case of North African countries with whom EU countries and MNEs share a privileged economic relationship. This is perhaps best illustrated by the fact that while Algeria has distanced itself from French MNEs in the past decade, it was only to get closer to Italian ones, hence another European

²⁵ https://www.lepoint.fr/afrique/dette-africaine-la-part-chinoise-a-40-mythe-ou-realite-04-05-2020-2374031_3826.php, retrieved 10-08-2021.

²⁶ <https://www.ceps.eu/why-the-eu-should-take-the-global-lead-in-cancelling-africas-debt/>, retrieved 10-08-2021.

partner, rather than China. Or by Egypt which recently decided to grant the exploitation of its huge Zohr gas field to an Italian company of the energy sector. Meanwhile, Morocco is getting increasingly involved in the regionalization of European MNEs production chain – most notably by French enterprises.

Bearing this in mind, the practical offer as well as the various forms of subsidized economic instruments attached to China's economic engagement with African countries might constitute two elements that, in the long run, allow Chinese enterprises to overcome EU MNEs incumbent position in Sub-Saharan African countries.

Hence, to answer the research question of this paper, we can conclude that China's economic influence on Africa is not yet becoming of greater importance than that of the EU, but Beijing has clearly positioned itself as a political counterweight as well as a reliable economic alternative which can only increase the degree of freedom of African countries.

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