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China-Africa economic transitions survey: Charting the return of a fleeting old normal

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Abstract

Expanding economic ties between China and Africa reflect a dramatic surge in centuries-earlier direct exchange of the Ming dynasty. Ties today raise hopes for realising 20th century goals of mutual development, yet also fears of renewed resources-led exploitation of Africa. Amid divergent anticipation, charting a course of greater prosperity could be supported via scoping of China-Africa economic ties past. To this point, this paper specifically identifies six transitions in China-Africa economic exchange: Maritime Silk Road (Pre-16th Century); Parallel Worlds (1500s-1949); Political Alliances (1950-1979); Independent Development (1979-1995); Interdependent Development (1995-2012); Comprehensive Development (2013-ongoing). Elaboration of these transitions highlights the dynamic characteristics of Sino-Africa economics. This in turn can inform policy-making, studies and research on China-Africa economics henceforth.

Key Words: Africa, China, China-Africa, Mutual Development, History, Trade, Investment

Introduction

Africa's largest bilateral trading partner since 2009, China-Africa trade was just some US$10bn in 2000. By 2014 reached US$202.7bn according to China (IMF, 2015). The level reported by Africa was smaller, at

US$162.1bn (ibid). Over the decade to 2020 intra-emerging market trade is forecast to increase ten-fold, with China and Africa leading the way (HSBC, cited in *The Telegraph*, 2012).

Recent growth in Sino-Africa trade is playing a role in higher levels of growth in some African economies. Over years 2005-12, demand from China stimulated some 30% of sub-Saharan Africa's export growth (Drummond and Liu, 2013: 10). China is one factor in why selective African economies are recently consistently home to some of the world's fastest growth rates (*The Economist*, 2011). The IMF (2014:1) forecasts Chad, Cote d'Ivoire, Congo DRC and Mozambique to be among countries growing at a rate exceeding 8 per cent (ibid) in 2015. China's trade and investment ties with Africa have moreover been fundamental in shifting the attractiveness of the continent as an investment destination (Wang, 2007). It has become "inconceivable, from the African end at least, that Africa's economic and political destiny could be discussed without reference to China" (Ajakaiye and Kaplinsky, 2009: 479).

The composition of trade, which presently vastly exceeds flows of Chinese aid or investment, however is contentious. This owes to the dominance of raw commodities in Africa's exports to China. "If Africa continues to just export raw materials to China while importing Chinese manufactured goods, the African continent could be condemned to underdevelopment", said Former South African President Mbeki in 2007 (*The Namibian*, 2007, accessed 05/10/11). Nigerian Central Bank Governor Sanusi Lamido suggested in March 2013 that Africa must avoid romanticism in ties with China, and should "recognize that China – like the US, Russia, Britain, Brazil and the rest – is in Africa not for African interests but its own. Engagement must be on terms that allow the Chinese to make money while developing the continent, such as incentives to set up manufacturing on African soil and policies to ensure employment of Africans."

More immediately, those fears are being compounded by changes to the structural drivers of China's economy. For three decades until around

2011, China's unprecedented growth miracle was driven by high rates of capital investment and industrial sector growth. That growth was itself under-pinned by a steady flow of workers migrating from rural to urban areas, which served to keep down wage inflation. This flow has now dried up, inducing slower growth and forcing a re-think of China's labour and energy-intensive economic model. That in turn means the end of the decade-long China-led commodities price boom (Garnaut, 2015).

Given the role of commodities in China's imports from Africa, especially oil, one study points to a terms of trade deterioration in the order of 18 per cent for the SSA region, with declines of closer to 40 per cent for oil exporters (World Bank, 2015a). For metals and minerals exports however the report suggests a net improvement in the terms of trade of 1.2 per cent, owing to reduced cost of oil imports. In December 2014 South Africa for example enjoyed a surprise trade surplus, driven almost entirely by lower oil prices which mean that where imports had fallen 17 percent year-on-year, trade volumes had only fallen by 3 percent (Bisseker, 2015).

Amid a mix of hope and uncertainty in the direction of China's economy as well as in China-Africa economic ties, this paper reflects those economic ties over centuries. Changes in China and in Africa that have helped to define long-term economic ties are identified and described. This economist's simplification around selected transition points offers both a lens for understanding China-Africa economies ties to date, as well as for helping to better project them going forth.

The rest of this paper is structured as follows: the second section presents a six-era chronology of China-Africa economic ties and challenges over five centuries that is labelled 'Comprehensive Development'; the third section explores the policies presently available to advance Sino-African economic ties; the final section summarizes and offers some suggestions for future research.

China-Africa economic transitions

In the China-Africa literature, Li (2007) studies political transitions around two major Chinese policy upheavals taking place in 1949 and 1979. China-Africa ties are described as of "ideological beginnings", which diversified to include economics following China's economic about turn in 1979. The domestic academic study of Africa in China is periodized as follows: sensing Africa (1900-1949); supporting Africa (1949-65); understanding Africa (1966-76); and studying Africa (1977-2000) (Li, 2005).

China-Africa economic ties are considered in the Chinese literature by Jiang (2012) through a first attempt to identify change in China-Africa economics over time. In this paper, China-Africa ties are explored through a series of identified transition points, as follows: 'Maritime Silk Road' (pre-16th century); Parallel Worlds (1500s-1949); Political Alliances (1950-1979); Independent Development (1979-1995); Interdependent Development (1995-2013), and Comprehensive Development (2013-present). The characteristics of each of those periods are now elaborate

Maritime Silk Road (1400s)

The road between modern Xi'an, Shaanxi province, China, and the Mediterranean has for centuries served as an artery of world commerce (Finlay and O'Rourke, 2007). Eleventh century Song dynasty coins found in Zanzibar and Zimbabwe are understood to have reached Africa via Middle Eastern emissaries of the land-based original Silk Road (Gao, 1984).

While incomparable in scale to trade that moved along the Silk Road, excavation along Kenya's coastline continues to unearth artefacts from China's maritime journeys of the fifteenth century. At that time, the state-sponsored fleet of Admiral Zheng He is said to have thrice to the East African coastline on his fleet's fourth (1412/14-1415), fifth (1417-1419) and sixth (1421-1422) oceanic voyages (Dreyer and Sterns, 2005), exchanging porcelains, silks and other Chinese crafts for African products, fauna and flora.

Snow (1998: 29) captures a proud retrospective of contemporary China on its relations with Africa: “The Chinese were not aggressive. Unlike the Portuguese, they stormed no cities and conquered no land … They did not burn, as the Portuguese would, with the urge to impose their religious convictions, to lay siege to African souls. All they sought from Africans was a gesture of symbolic acquiescence in the Chinese view of the world”. Wade (2005) disputes this interpretation, and instead identifies Zheng He’s fleet as expansionist in origin. Citing the then Yong-le emperor (1403-24) invasions of Dai Viet and Yunnan, Zheng’s Indian Ocean voyages are interpreted by Wade (2005) as seeking to dominate related trade routes.

European and later Japanese naval advances challenged the land-based Ming and Qing dynasties (Gao, 1984: 246). The colonisation that ensued saw China enter a period characterized mainly by isolation, while African economies were mainly under the direct governance of foreign leaders. We thus call this period an era of ‘parallel worlds’.

Parallel Worlds (1500s – 1949)

While direct exchange during this period were limited, use of Chinese labour in Africa and Chinese support for African political struggles remained open channels of exchange. Specifically, demand for Chinese labour in Africa followed the end of slavery, with demand in the late 1800s arising mainly from colonial leaders in South Africa and Mauritius (Mohan and Kale, 2007: 10). Estimates suggest some 70,000 to 100,000 Chinese labourers worked in South Africa’s mines in the early 20th century (Richardson, 1977).

While most such Chinese workers in Africa were sent home after their contracts had expired, some descendants and later official or unofficial emigrants are today citizens of related African countries (Mohan and Kale, 2007). A prominent example is former Chair of the African Union (2008-2012) and President of the United Nationals General Assembly (2004-2005), Gabonese diplomat and politician Jean Ping, the son of a Chinese trader who migrated to Gabon in the 1930s and married the daughter of a local chief (Riechenecker, 2011:8).

Political Alliances (1949-1979)

The formation of the People's Republic of China (PRC) in 1949 took place when most Africa countries were colonies. Chairman Mao stressed support for African nations in their struggle to defend national and economic sovereignty (Hu and Liu, 2012). China-Africa relations for two decades thereafter thus focussed on 'Supporting Africa' (Li, 2005). In an early version of today's official win-win political ideology, then supporting Africa politically also helped China to realise its own political goals. This also made Africa the region of "greatest secondary importance" to China's foreign policy over at the time (Hutchison, 1975: 4, 278, 282).

In 1955 the Asian-African Heads of State Conference was held in Bandung, Indonesia. This was a seminal occasional for the more specific case of Sino-Africa relations also, even though Africa was represented by its then few states, including: Egypt, the Sudan, Ethiopia, Liberia, Libya and the Gold Coast (now Ghana) (Ogunsanwo, 1974: 48). Afro-Asian Solidarity and the 'spirit of Bandung' are considered to have played a significant part in Chinese pronouncements thereafter (ibid).

Early independent African states were also on the frontier of the diplomatic choice of Beijing or Taipei, a form of signalling recognition of the new and former leadership of Mainland China. Egypt was the first mover in recognising Beijing over Taipei, in 1956. That year marked the beginning of China's official foreign aid to Africa (Mao, 2011). Early movers to recognise Beijing over Taipei following gaining their own independence include Guinea and Sudan (1959); Ghana (1960); Congo DRC (1961); Kenya (1963); Benin (1964); and Congo Republic (1972) (Brautigam, 2009: 68; World Heritage Organisation, 2015)).

The independence of almost 20 African nations in the early-to-mid 1960s forced a stocktake of China-Africa relations (Ongunsanwo, 1974: 48). For a minority of individuals in Africa this also created an opportunity. The promise of more stable flourishing economies following independence encouraged Chinese migrants to move to Africa in the 1960s, where in countries such as Ghana some even opened factories (Ho, 2008).

In line with earlier trends, among African countries, Mauritius hosted Africa's largest population of Chinese workers, whose numbers in the mid-60s reached 23,266 (Chang, 1968). The second largest population was less than a quarter of that population, 5,105 workers, in South Africa (ibid). Studies on the Chinese population in Madagascar have shown integration and acceptance relates to length of time in the country, inter-marriage rates with Malagasy citizens, and general sentiment toward recent "economic" migrants (Veeck and Diop, 2012). In general, across Africa Chinese migrant labour numbers however tend to be under-estimated owing to poor African migration data, confusion in ethnic classifications, as well as informal migration falling outside of statistics (Mohan and Kale, 2007).

China officially launched its aid policy for Africa during Premier Zhou Enlai's 1963 visit to ten mainly newly independent African nations, including United Arab Republic (now Egypt), Algeria, Morocco, Tunisia, Ghana, Mali, Sudan, Ethiopia and Somalia (Ministry of Foreign Affairs (China PRC), 2000). To draw contrast to aid from the West, China's aid to Africa was explicit in emphasising non-interference and mutual development (Wang, 2012: 56), and politics over economics (Ogunsanwo, 1974:59). Interest-free or low-interest loans were regarded as the best way to help newly independent countries in Africa to realise the eight principles of self-reliance (Hu and Liu, 2012: 17).

A promise to Africa of premier Zhou Enlai was realised in 1970 when construction of a 1,860km railway from the central Zambian town of Kapiri-Mposhi to the port city of Dar-es-Salaam in Tanzania began, unlocking Zambia's trade including export of its copper. Media reports the $500mn invested in the railway made it then China's largest ever foreign aid project (*Africa Daily*, 2013a). Having fallen into disrepair over decades, in March 2012 China offered an interest-free loan and grants to Tanzania and Zambia to rehabilitate the line. Construction has begun but the project has financing difficulties (*Wall Street Journal*, Sept 2013).

Beijing's 1971 win over Taiwan in acquiring China's seat in the UN Security Council, was a diplomatic coup in which African votes were instrumental (Brautigam, 2009). Many African countries have oscillated between recognition of Beijing or Taipei according to different incentives and alliances of the day. These decisions were also related to the interaction of Chinese events and how these conflicted with those of the United States and Soviet objectives (Ogunsawo, 1974: 59).

Autarkic China adopted a policy of openness and reform in 1979 under the leadership of Deng Xiaoping. His implementation of the *Four Modernizations* - the modernisation of agriculture, industry, technology and defence - linked foreign trade and investment to the domestic goals of further economic development.

Independent Development (1979-1995)

The policy of economic opening and reform in China newly permitted and promoted foreign trade, following decades of autarky. Economies closer to the technological frontier, especially Japan, Taiwan, Hong Kong and the United States were of importance to the then goal of economic and technological upgrading. Japan, Taiwan and Hong Kong, plus South Korea and Macao, led the foreign investment drive of China's early industrial upgrade. This was mainly via China's Special Economic Zones (SEZs).

These were located in port cities along the South Eastern seaboard, in Shenzhen, Xiamen and Zhuhai – proximate to investors in Hong Kong, Taiwan and Macao respectively. Through these years most African countries in contrast were undertaking structural reform under guidance and with lending support from international institutions, and hence the label herein of “independent development” paths.

Within this period, the end of the cold war from 1989, the disintegration of the Soviet Union, and the retreat of the USA and Russia from Africa created great opportunities for Africa and for China’s foreign policy in Africa (Payne and Veney, 1998). The 1994 end of apartheid in South Africa was morever important in for political stability and in allowing sub-Saharan Africa’s (SSA) largest economy to reintegrate with the region (Carmody, 2009).

The year 1995 was a macroeconomic turning point in both Africa and in China. In Africa, this year marked the end of two decades of persistent zero or negative growth rates for most SSA economies (Radelet, 2010: 10). From 1995 forward, a more macro-economically stable growth acceleration than those of earlier periods was ushered in (Arbache & Page, 2008). Moreover, that more stable growth environment was broadly registered across different types of economies also, rather than just high growth in select resource-rich countries (ibid).

For China, the year 1995 was the year that China’s export of machinery and electronics exceeded those of textiles and clothing (Lin and Wang, 2014: 4). This industrial growth had a few years also seen China become an increasing net oil importer, necessitating a global search for energy and raw material supplies. A mandate from China’s State Council of the mid 1990s directed that China should “combine aid to Africa, mutual cooperation, and trade together” (Brautigam, 2009: 80).

Additional drivers of this push include that plans for a more open and expanded role in world trade were also underfoot - China had begun negotiations toward WTO (then the GATT) ascension in 1994. Amid this advance of China's economy especially, President Jiang Zemin's 1996 visit to Africa marks another point of inflection, from geopolitics to economics as the driver of ties (Alden, 2007), and one that brought incrementally greater economic interdependence. In 1995, former Ethiopian Prime Minister, Meles Zenawi, also made a trip to China, where the two sides signed an economic cooperation agreement (Gebreselassie, 2015).

Interdependent Development (1996-2012)

Rapidly expanding China-Africa economic ties from the mid-1990s were driven by China's search for oil and mineral resources; the creation of new markets for Chinese goods and services; and the creation of jobs in China, as well as by political factors (Pannell, 2013). Trade is driven by unmet (Chinese) domestic demand for natural resources, reflecting growing industries as well as increasing consumption by households (Broadman, 2006: 11). China's willingness to invest in Africa's infrastructure and its relative capacity to follow through are also factors (Brautigam, 2009).

During this period ties took a leap forward at the inter-governmental level, with the inception of the Forum on China and Africa (FOCAC). China instigated FOCAC in 2000, in the footsteps of the Europe-Africa Summit and the Tokyo International Conference on African Development (TICAD) (Zhang, 2012). FOCAC aims to "further strengthen the friendly cooperation between China and Africa under the new circumstances (of the 21st century), to jointly meet the challenge of economic globalization and to promote common development" (FOCAC, 2011). Moreover, in its own have arrived the Africa-Korea Forum, the Africa-South America Forum, the Turkey-Africa Forum and an Iran-Africa Forum held in 2010 (Li and Liu, 2012).

In FOCAC's case a head of state level forum is held every three years on a rotational basis between China and a country in Africa, alongside more regular ministerial meetings. Countries in Africa not observing the One China Policy are excluded, in May 2015 meaning Burkina Faso and Swaziland. At the close of this paper's "Interdependence of Development

Period”, four countries were excluded from FOCAC via this Chinese conditionality, but Sao Tome and Principe has since broken ties with Taipei in favour of Beijing. The Gambia is the exception. It broke ties with Taipei in late 2014, but has not since established diplomatic relations with Beijing.

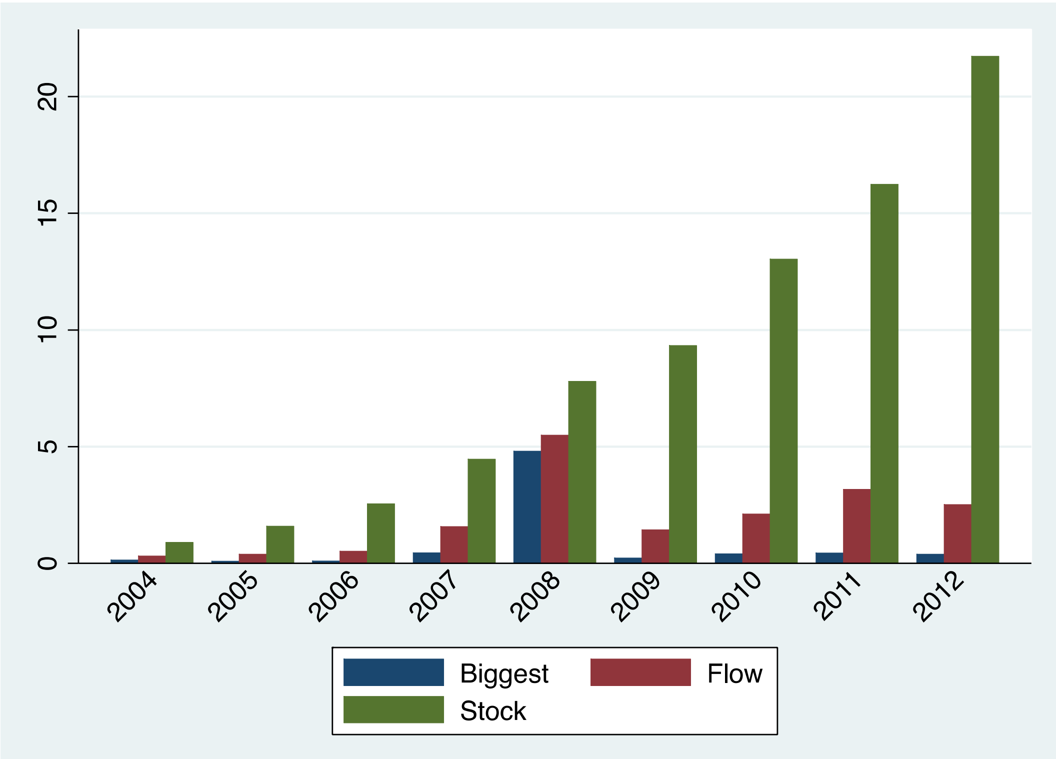
Economic ties through the buoyant growth of the Interdependent Development period as now ran through three inter-connected channels: aid, investment and trade. Construction projects (infrastructure), medical teams (health), and scholarships for African students to study in China comprise the bulk of aid (van de Looy, 2006). Since China insists on a unique sovereign definition of aid, Chinese aid levels are difficult to compare internationally (Brautigaum (2011; cited in Golley, 2011 (13:203-222); Brandt, 2013).

One estimate from the period is that aid reached $2.1bn, in 2010 (Christensen, 2010). Using China’s own definition of aid the *2014 China White Paper on Foreign Aid* (State Council, 2014) informs that over 2010-2012 China provided Rmb89.3bn ($US13.4bn) in aid. This was delivered in the form of grants, interest-free loans (8.1% of total foreign aid), and concessional loans (55.7% of total foreign aid). Half of this goes to Africa, and that prioritises agricultural development, followed by infrastructure, health, capacity building (education), and climate change (ibid).

Third parties have challenged the governance standards that apply to China’s aid. At the aid recipient level, the home regions of African presidents have for example been found receiving three to four times more Chinese aid than less politically important regions (Hodler, 2014). At the donor level, a 2014 index of aid transparency produced by USA-based *Publish What You Fund* ranked China last of 62 donor agencies.

Aid flows in any case are small compared to investment and trade levels, though the line dividing them is a murky one. Lin and Wang (2014: 8) offer one overview of the range of Chinese financing structures available to Africa that highlights that disaggregated challenge: “Other Official Flows (large but less concessional loans and export credit provided by China EXIM); resource for infrastructure packages; equity investment by China-Africa Development (CAD) fund; infrastructure investment by the China Development Bank (CDB) and other commercial banks (which are OOF-like loans and investments with the intention for development, but non-concessional, and suitable for long-term infrastructure investment).

Figure 1: China PRC Investment in Africa, $USbn.



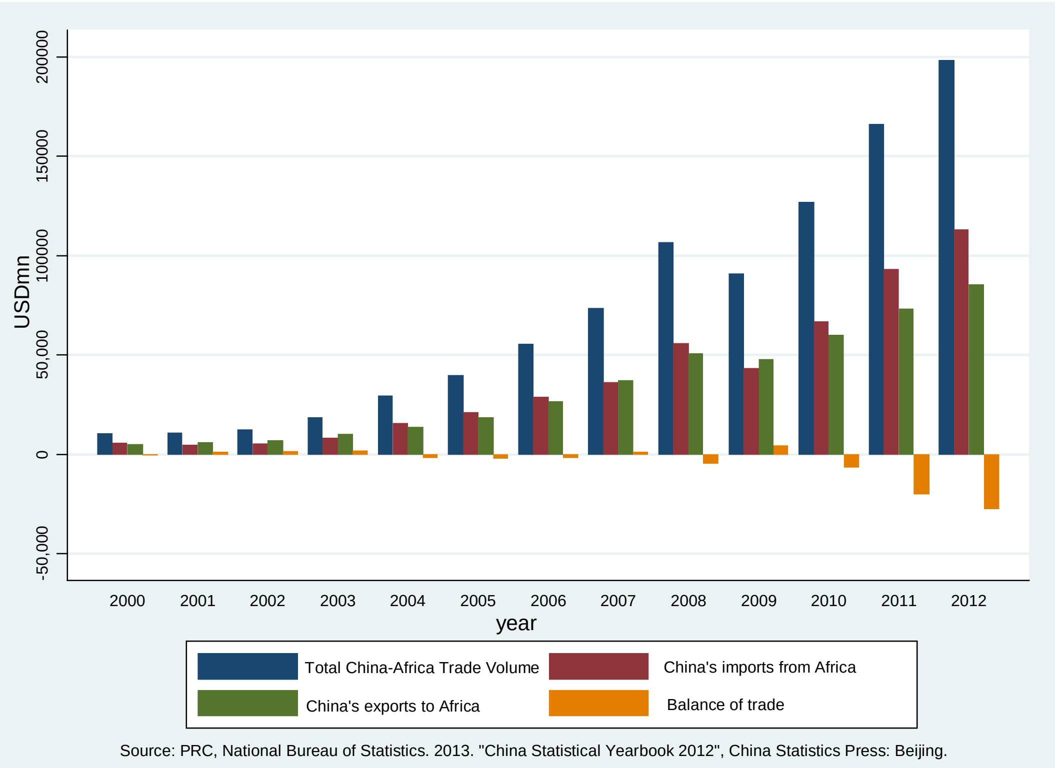
Sources: National Bureau of Statistics (NBS) (2013), 2012 Statistical bulletin of China’s outbound foreign direct investment, Beijing: China Statistics Press; National Bureau of Statistics (NBS) (2014), 2013 Statistical bulletin of China’s outbound foreign direct investment, Beijing: China Statistics Press

Later trends of the Interdependent era relating to China’s outbound FDI into Africa are shown in Figure 1. By 2012 China had accumulated FDI stock in Africa of $US21.23bn, a large proportion of which was loan-financed (State Council, 2013), and just $US2.5bn of which had arrived in 2012. The year 2008 is an interesting transition year for China’s FDI investment, probably the only year ever that the balance of China's FDI flow, stock and even the value of a single investment project were roughly equal (Figure 1). That investment, by Industrial and Commercial Bank of China (commonly known as ICBC) acquired 20 percent of South Africa's Standard Bank, for $US5.6bn, in 2008 (Standard Bank, 2010), then China's largest investment in Africa.

Aside from the economics of supply and demand, at the policy level, rapid growth in Chinese FDI reflected a policy shift of 1999. That year, after decades ranked among the world's top FDI recipients, China began also to actively promote outbound investment. Then Premier Zhu Rongji made this policy shift official in a speech to the National People's Congress in 2001 when he spoke of a "going global" strategy. Since the policy's priorities included acquisition of natural resources in short supply in China, Africa, considered a source of relatively untapped natural resources, came into greater focus.

The period also saw Africa's investments in China rising, but these remain a fraction of China's investments in Africa. According to China's *2012 White Paper on China Africa Affairs* (State Council, 2013), in 2012 direct African investment in China reached US$1.388bn. Invested sectors cover petrochemical industries, manufacturing and process, and retail industries, and the main investing countries were Mauritius, Seychelles, South Africa and Nigeria (ibid).

Figure 2: Recent China-Africa trade flows



Among aid, investment and trade it is the dramatic rise in trade flows that most characterises the economics of the Interdependent Development era. That rise in trade flows was supported by China's ascension to the World Trade Organisation, in 2001. By the end of the *Interdependent* period, China-Africa trade volume reached US$198.5bn (State Council, 2013), after recovering from a GFC-related slowdown in 2009 (Figure 2).

While this paper suggests that interdependence characterises this period, that itself has no inference for the equality of interdependence. Trade for example is proportionately far more important to Africa. By 2012, China imported almost 20% of Africa's exports, and was responsible for over 14% of Africa's imports (ibid). Trade with Africa for China by comparison reached only 5.13% of total foreign trade. China's imports from Africa however, are a higher proportion of total imports than the same for

China's total exports: 6.23% against 4.16%. Similarly, the vast majority of investment at this stage flows from China to Africa.

The legislative framework underlying this rising Sino-Africa economic interdependence also advanced in the interdependence era. China had signed 5 bilateral "Economic and Technical Cooperation" Agreements with African countries by late in this era (MOFCOM, 2011). Economic and Technical Cooperation agreements are signed to mark a new beginning in commercial and economic ties on the basis of "equality and mutual advantage" (European Commission, 1985: 1). Almost three quarters of those signed between China and African countries include a bilateral economic and trade joint committee, or at least a committee mechanism (MOFCOM, 2011).

Table 1: China-Africa Effective tax treaties, end-2012

Country	Signed on	Effective from	Applicable date*
Mauritius	Aug 1994	May 1995	1996
Sudan	May 1997	Feb 1999	2000
Egypt	Aug 1997	Mar 1999	2000
Seychelles	Aug 1999	Dec 1999	2000
South Africa	Apr 2000	Jan 2001	2002
Nigeria	Apr 2002	Mar 2009	2010
Tunisia	Apr 2002	Sept 2003	2004
Morocco	Aug 2002	Aug 2006	2007
Algeria	Nov 2006	July 2007	2008
Ethiopia	May 2009	Dec 2012	2013
Zambia	Jul 2010	June 2011	2012
Uganda	Jan 2012	-	-

Botswana	Apr 2012	-	-

* Applicability applies from January 1.

Source: State Administration of Taxation of China (2013).

Specifically, and by end-2012 China had also signed bilateral investment treaties with 32 African countries (Xinhuanet, 2013). Some dozen on average more developed economies had also signed “Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes and Income” Agreements (Table 1).

An increasing number of countries in Africa have also signed currency-related agreements with China. By mid-2015, Ghana, Mauritius, Nigeria, South Africa and Zimbabwe, had agreed use of the RMB as part of the basket of currencies in which they hold foreign currency reserves and in which they settle international transactions (UN, 2015). Nigeria, Mauritius, Kenya and Zambia are among countries reported to be openly considering expanding the role of the RMB within their economies, and the Bank of Zambia has pledged to increase the use of the RMB in its trade settlement (ibid). South Africa is the only African country among a select few countries that participate in the China Interbank Bond Market (CIBM) program, which offers an indirect route via which offshore RMB can be invested in China by offering approved investors access to the Chinese interbank bond market (Ballantyne, 2013: 71). Johnston and Cheng (2014) survey the ‘noodle bowl’ of Sino-Africa economic policies and the related issues.

In February 2013 current Chinese President and Chinese Communist Party Secretary Xi Jinping made his inaugural overseas trip, a tour that included three countries in Africa: Tanzania, South Africa, and the Republic of Congo. In the footsteps of Alden’s (2007) view that 1995 marked a Sino-Africa shift from politics to economics, this paper suggests that the 2013 visit by Xi to Africa as marking a transition point, from the economics of quantity to economics of quality.

Comprehensive Development (2013-ongoing)

Speaking firstly in Tanzania, President Xi described China-Africa relations entering a “fast track of comprehensive development”. Common ground of that track was emphasized: “Africa and China have always shared a common sense of destiny, adhered to peaceful development and equality, and are now looking for a new meeting point of cooperation and growth – the world’s largest developing country and the largest developing continent,” (*AllAfrica*, 2013). As a start the Chinese President promised additional soft loans of $20bn over years 2013-2015 for Africa, and more scholarships for African students to study in China (ibid).

Six months later at the 2013 UN General Assembly, China and South Africa’s Foreign Ministers co-chaired the *Third Round of Political Consultations between China’s and African Foreign Ministers*. Together with a further 39 African foreign ministers they agreed a joint communiqué highlighting areas of growing importance: supporting Africa’s industrialization and diversification, and cooperation in peace and security (Asia-Africa Confidential, 2013).

In those footsteps and in 2013 Chinese state media announced a decision to dramatically scale up resources available for the “fast track of comprehensive development”. In 2013, the year marking the start of the “Comprehensive Development” period, China launched a plan to fast-track trade ties, the “Special Plan on Trade with Africa”. The Plan seeks to increase Sino-Africa trade via expanded zero tariff treatment for African products exported to China, and to increase China’s imports from Africa. Strategies within the plan include improving brand recognition, marketing channels and improved customs and inspection services. The Plan targets China-Africa trade volume of at least US$400bn by 2020, a target announced by Premier Li on a visit to Africa in May 2014 (State Council, 2014).

On his 2014 visit to Africa Premier Li also spoke of infrastructure visions that would help underlie trade – and investment - intentions. He spoke more specifically of connecting African capitals using China's high-speed rail technology. Foreign Minister Wang Yi, in Africa in January 2015, re-emphasized that commitment to working on infrastructure in Africa, in this case to construct the 'Three Major Networks' – railway, road and regional aviation. Wang's visit included signing of the "African Union-China deal" – a cross-continental agreement to jointly connect African countries by road, rail and air transportation, the largest such agreement ever signed in Africa.

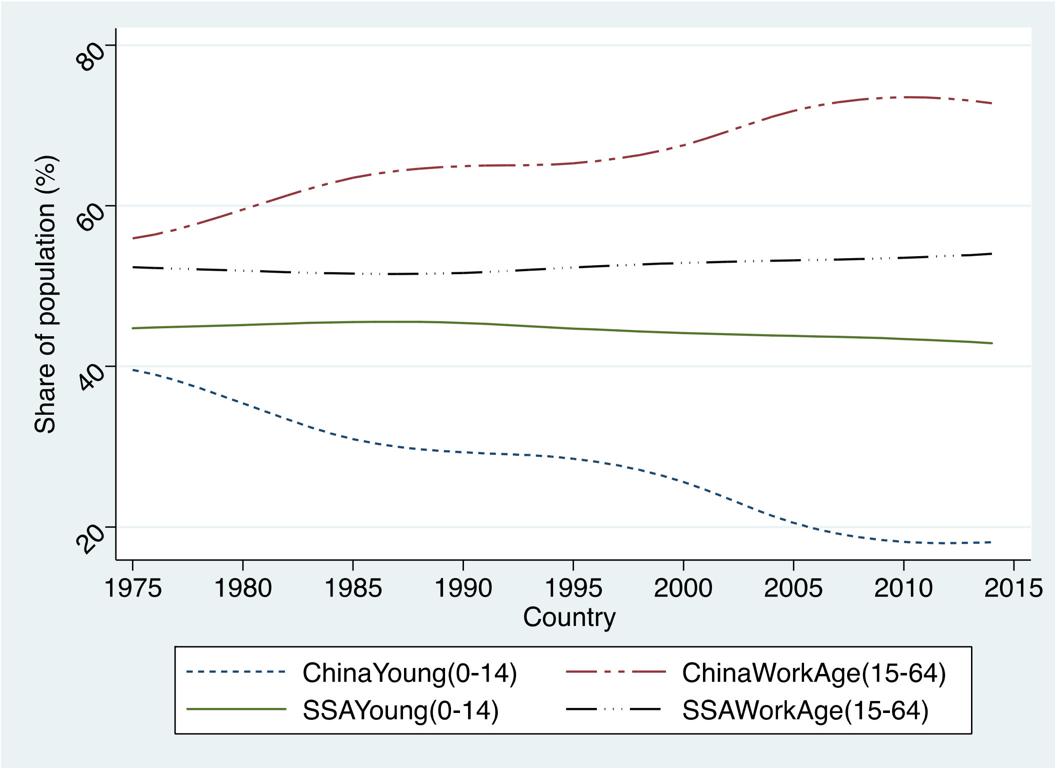
Progress on this ambitious agenda is underway. A non-exhaustive list of ongoing joint aviation projects for example in Africa is provided by Lim (2015): Chinese engineering firms, like China Civil Engineering Construction Corporation, China Airport Construction Group Corporation, and China Harbour Engineering Company are active in airport construction in Angola, Comoros, Djibouti, Gabon, Kenya, Nigeria, Sudan, Tanzania and Togo. Similarly, deep-water coastal ports are under construction in at least Djibouti Gabon, Ghana, Mozambique, Senegal, Sao Tome and Principe, Tanzania and Tunisia. Energy projects include construction of sub-Saharan Africa's largest wind-power project, on Lake Turkana, Kenya.

The focus on infrastructure reflects basic economics. Over the next decade the African Development Bank (AfDB) (2015) estimates sub-Saharan Africa alone is estimated to require almost US$100bn in infrastructure investments annually. But at present less than half of that sum is available for such projects. Moreover, infrastructure is important for its 'bottle-neck' releasing effects on domestic and intra-regional economic development (Lin and Wang, 2014: 13). Similarly, the AfDB (2015) also estimates poor infrastructure – electricity, water, roads and telecommunications – reduces growth and productivity by as much as 40 per cent.

And from China's perspective, Africa's infrastructure needs are broadly complementary to its own economic interests. The global financial crisis

(GFC) of 2008 brought a structural decline in demand for China's exports, leaving excess capacities across selective industrial and export-oriented sectors. China's also has vast foreign exchange reserves, a labour supply that is shrinking, and competitive strength in infrastructure and related industries, especially steel. In outreach to Africa China seeks deliver new sources of foreign income and international brand recognition that take advantage of its own economic imbalances, as well as to co-capture Africa's own pending demographic dividend.

Figure 3: Population share, young, working and old, China and SSA



Source: World Bank, *World Development Indicators* (2015b)

Decline in China's working age population share, evident in Figure 3, is driven by lower fertility rates. That trend is producing a rising dependency ratio – an increasing share of dependent old and young on a relatively diminishing working population share. Higher productivity per capita is in turn required of those working to maintain the same rate of national output per person.

In contrast to China's, SSA's working age population share is increasing. The combination of relatively high fertility rates and declining child mortality moreover mean that the parallel share of young has decreased only marginally. The median age in Africa's two most populous countries, Ethiopia and Nigeria, for example is less than 20 years. Recent prioritisation of the primary school education under the Millennium Development Goals also means that the proportion of children finishing primary school education in SSA has also increased, from 48.8% in 1975 to 69.1% in 2013 (World Bank, 2015b). Such trends converge to offer the potential for an imminent demographic dividend in SSA.

In capturing that potential, Africa alongside Asia and Europe is fundamental to President Xi's flagship One Road One Belt initiative. The strategy has two main applications in Africa – infrastructure development and the transfer of labour-intensive industries from China to Africa (Sun, 2015). The China-led Asia Infrastructure Investment Bank (AIIB) was also founded in mid-20-15 under Xi to offer a multilateral lending institution that has One Belt One Road infrastructure needs in its sights. Expected to start lending by end-2015 South Africa and Egypt are among founding members of the AIIB. The African Development Bank has already launched discussions with AIIB member countries toward a partnership to develop Africa's infrastructure.

China-Africa: Return of a Fleeting Old Normal

This paper has presented a series of selected seminal transition points in the China-Africa economic relations over time: Maritime Silk Road (pre-16th century); Parallel Worlds (1500s-1949); Political Alliances (1949-1979); Independent Development (1979-1995); Interdependent Development (1995-2012); Comprehensive Development (2013-ongoing).

Amid uncertainty around the dynamic and varied causes and consequences of the recent surge in economic ties between China and Africa, this paper has simplified that surge around a series of identified and respective transition points. The resulting synopsis offers a lens through which students, researchers and policy makers can consider past and prospective future directions in China-Africa economic relations.

The evolution and expansion of Africa-China economic ties is providing a major boost to African development, and forms part of the internationalisation of the Chinese economy. Given ageing populations and sluggish growth in many high-income economies, the 'return of a fleeting old normal' that is, is an increasingly important new normal for the entire world economy. Since neither China nor Africa are respectively exclusive economic partners, maximising the return to each of China and African nations will be a global process of international economic integration of development. Future research may surveys of economic history, and through conducting specific national and regional studies of specific policy interventions, or of trade or investment flows.

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