China and The European Union in Africa

Economic Partnerships: Beneficial or Questionable

Raoul Hoekman / / s1417177

Thesis Seminar – Africa A
2016-2017
Dr. Stefano Bellucci

Introduction

> "Africa represents our fastest growing region in the world. If you want to be relevant, you need to be in this part of the world."
>
> (Barton, quoted in *World Economic Forum on Africa*)

Africa has become an increasingly interesting continent for many of the world's countries, both politically and economically. The continent harbors large quantities of natural resources, which is rapidly providing the continent with more and more international attention. Africa itself, however, seems to be shifting its gaze eastward from the traditional trade partners, such as the European Union and its member states, to China. Following an increased need for both natural resources and an external market for its goods, China has gratefully obliged and has proven to be the preferred trading partner for many African countries (Busia 2010). This does not mean, however, that the European Union has completely left Africa, far from it. In 2000 an agreement was signed that would call into being the Economic Partnership Agreements, which would work to liberalize trading between the European Union and Africa, among others.

Following the increased presence of China on the continent and the EU signing a new agreement with Africa, people started to question the integrity of both these actors' action and policies. China was starting to make people doubt the nature of their presence in Africa and the integrity of the aid they were providing, whilst the European Union was receiving an increased voice of concern over the agreements that were signed with the African countries. This raises a question: which of these large actors is the better economic partner for Africa (if any) and, more importantly, are these partnerships actually beneficial to Africa?

In order to come to a conclusion regarding these questions, a number of factors that define these actors' presence on the Africa continent will be explored. In the case of the European Union this will be done by giving a brief overview of the history of the European Union in Africa as well as the Cotonou

Agreement and the subsequent Economic Partnership Agreements. This will be followed up by an analysis of the effects that these have had and still have on African countries and their markets/economies. Finally, a short overview of what has been discussed will be provided. In the case of China, a somewhat similar approach will be taken. Firstly, the history of China's presence in Africa will be given an overview of, followed by the primary means China conducts its business with African countries. This includes general trade, but the main focus will be put on investment, aid, and loans and the effects it has on the African continent. Finally, as with the EU, a concluding summarization of the previously discussed issues will be provided.

Before answering any of these questions, one would first have to define and set the parameters of what is to be a good partner or partnership for Africa. Firstly, Africa needs a trading partner that allows for participation in trade. While this might seem obvious, it is not as apparent as one might think. Africa needs to be able to participate in trade, whilst also being able to develop its own industries in order to create a healthy, sustainable and future-fit economy. Secondly, industrialization should be encouraged, as it is a big part of structural transformation (Gonzalez). This would allow for increased interaction between various parts of the economy, both upstream (energy, raw materials) and downstream (logistics, distribution etc.) (Gonzalez). Lastly, political sustainability and reliability needs to be encouraged, not forced. This is has been identified as the third highest priority for African citizens (OCDE 117) and can have a significant effect on the management of an economy and distribution of wealth in regards to investment and aid.

In the end, it will be shown that neither of the 2 actors are truly a suitable partner that fits Africa in terms of being prepared for the future. However, what will also be argued, is that the European Union as an economic partner might indeed be the better option for Africa, as they bring less negatives to the table than the Chinese do. At the same time, it is reasoned that it can also be argued the other way around, as China does indeed bring more positives to Africa than the European Union. However, in the end it will be concluded that the European Union is the better economic partner for Africa on the long term, albeit still not being a good option for the continent.

Research Question and Methodology

As was mentioned in the introduction, the question whether the European Union or the People's Republic of China is the better economic partner for Africa and whether these interactions are actually beneficial for Africa, was decided to be the research question of this thesis. Now, before a comprehensive account will be given regarding the matters stated above, a short overview of how this will be achieved is to be provided.

Firstly, as was already mentioned, the two actors are discussed individually, with a focus on the strategies and policies they enforce on the African continent. Sources were often readily available, as most of the agreements, policy outlines, etc. are uploaded and managed in accessible online databases. This was especially the case for the EU, as the Cotonou Agreement and the EPA's were easily found and downloaded. These thusly made up the bulk of the primary sources that were used in the Africa – EU discussion. Naturally, these are biased and/or based on facts and thus, another perspective was also needed. They did, however, provide me with a set of keywords, which were used to search for other sources. Many of the ones that were found provided a look from the other side of the spectrum a collection of primary and secondary sources, including various books, articles, databases, and papers, were researched and provided a valuable insight into the economic relationship between Africa and the European Union. Articles by The South Centre were especially helpful.

Primary sources for the China – Africa part of the thesis were harder to come by, as most were only in Chinese. However, the African Development Bank Group, Pigato and Tang, and Meine Pieter van Dijk provided an alternative, offering an excellent alternative account of the China – Africa relationship where necessary. Interestingly enough, a lot more secondary sources were easily and legally available on this topic in comparison to the aforementioned. Reading many of these helped guide the way in narrowing down the focus of this thesis.

In order to answer the primary research question of the thesis, namely which of the two actors is the better economic partner for Africa and whether these interactions are actually beneficial to the continent, the aforementioned sources are not enough. Unfortunately, a comparative account of the two

separate interactions is a lot harder to come by. Therefore, it was decided to compare the data and findings against each other instead, looking for an answer to the research question within it.

The European Union – African Economic Relationship

Ever since the 1970s, the European Union, when it was still called the European Economic Community, has had aid and trade agreements with the ACP (Africa, Caribbean and Pacific) group. This currently includes all of Sub-Saharan Africa (Stevens 442). These agreements have provided the ACP with a favourable trade framework, along with a considerable aid budget and a set of joint institutions within the 4 Lomé Conventions' framework (Stevens 442). Moreover, in June 2000 the Cotonou agreement was signed (European Union, 2006). For the 2000-2007 period, this agreement shaped the economic landscape regarding the European – African economic relationship.

In the Cotonou agreement, a set of objectives were agreed upon in order to improve economic and trade cooperation between the EU and the ACP states, mapping out ACP-EU relations up to 2020. Primarily, the focus was to be put on fostering the smooth and steady integration of the ACP states into the world economy, whilst also keeping in mind their political choices and development priorities, through which sustainable development and contributing to poverty eradication will be promoted (European Union 28-29, 2006).

Ultimately, the agreement stated that the fundamental objective of the aforementioned economic and trade cooperation was to make the ACP states play a full part in international trade. Given the level of development of these countries at the time, it was agreed upon that the focus was to be put on helping the ACP states transition to the liberalised global economy. In this context, however, the agreement deemed paramount the attention that should be paid to both the risk of preference erosion and vulnerability resulting from dependency on commodities or a few key products (European Union 57, 2014). A number of principles, modalities and procedures were set in place to realise the aforementioned (European Union 29-30, 2006).

On the ground, whilst these have led to many rigid rules of origin and limitations, they have also caused create a tax advantage for ACP exporters over some of their competitors when selling products which would face tariffs going into the European market (Stevens 442). However, in 2007 the European Commission and the ACP countries concluded that, in order for the trade component that was agreed upon in the Cotonou agreement to be secure, a WTO

waiver was required (European Commission 2). The main problem that was identified was that the unilateral preferences of the Cotonou agreement did not sufficiently tackle the primary problems in ACP countries (“*Economic Partnership Agreements; Means and Objectives”* 2). This was highly noticeable in the share and composition of EU imports from ACP countries: in 2002 only 3% of EU imports originated from ACP countries, compared to the 6.7% in 1976. Moreover, only ten products made up over 60% of the total EU imports from the ACP countries (appendix 1.1) and 65% of the total imports consisted of raw materials (“*Economic Partnership Agreements; Means and Objectives”* 2). Therefore, a new approach under the name of the Economic Partnership Agreements (EPAs) was introduced in 2007. “[…] *They take a new, more comprehensive approach, tackle all barriers to trade, mostly through re-enforcing regional integration and addressing supply-side constraints, and form secure, WTO-compatible trade arrangements*” (“*Economic Partnership Agreements; Means and Objectives”* 2).

The negotiations for these Economic Partnership Agreements were already scheduled with the creation of the Cotonou agreement in 2000. The agreement set out four principles along which the EPAs were to be formed: a development, reciprocity, regionalism, and differentiation principle (“*EPA Negotiations and Regional Integration in Africa”* 3). Firstly, the development aspect highlights the importance of placing the negotiations within the framework of the overall development objectives of the ACP countries, and thus stressing the need for an “economically meaningful, politically sustainable, and socially acceptable” Economic Partnership Agreement (“*EPA Negotiations and Regional Integration in Africa”* 3). The EPAs were tailored to regional specificities and constraints in order to both enhance and accelerate regional integration and development. Consequently, EPAs were to provide incentives for business and trade whilst also stabilise the economic environment (“*Economic Partnership Agreements; Means and Objectives”* 3). Secondly, the EPAs highlight the importance of reciprocity (“*Economic Partnership Agreements; Means and Objectives”* 4). Reciprocity was said to be able to stabilise the framework for trade, provide many opportunities by attracting investment and increasing productivity and secure market access to the European Union (“*Economic*

Partnership Agreements; Means and Objectives" 6). Thirdly, the regionalisation aspect is represented in that the EPAs help to enhance the aptitude of the organisations dealing with regional integration. This, in turn, was to solidify the political standing of regional initiatives and thus improve their credibility ("*Economic Partnership Agreements; Means and Objectives"* 3). Lastly, the differentiation aspect simply highlights the importance of special and differential treatment to the different ACP countries ("*EPA Negotiations and Regional Integration in Africa"* 4).

In addition to the aforementioned points, taking into account the development objectives and constraints, liberalisation on the ACP side of the spectrum was to be negotiated and not imposed ("*Economic Partnership Agreements; Means and Objectives"* 6). Also, the European Commission highlights both development and transparency being at the core of the EPAs. By maximizing the input by all stakeholders, the aim was to create a sustainable and future-fit framework through which the objectives were to be realized ("*Economic Partnership Agreements; Means and Objectives"* 7).

Ever since the creation of both the Cotonou agreement and later the Economic Partnership Agreements, however, there has been an increasing voice of concern from both within and outside of the ACP countries. Many of the stakeholders, for example, strongly believe that the European Union coerced the ACP countries into signing EPAs, otherwise revoking access to MAR (Market Access Regulation), which allowed many of these countries preferential market access for the few products they export to the European Union (Kwa et al. 6). This in itself would not be much of a problem considering that a country would sign a new agreement that would allow them a similar access to the European market. However, many stakeholders articulate a new set of threats that they feel is attached to the EPAs. These include significant tariff revenue losses, loss in policy space and threats to local industries, unemployment, serious disruption of existing or planned customs unions, and the displacement of existing regional trade and regional production capacities (Kwa et al. 6). Therefore, Kwa et al. recognise that many African countries are caught in a dilemma between losing access to an important export market and not having to deal with the aforementioned threats (6).

As was mentioned before, the trade policy of the European Union regarding Africa is heavily dominated by the Cotonou agreement and the economic partnership agreements that are a part of it. Given that the European Commission itself has divided the relationship with the ACP into various geographical and economic areas and in order to give a sufficiently diversified view of the topic at hand, a single area has been chosen that shall lie at the centre of discussing the effects and dealings of the European Union's EPA in Sub-Saharan Africa, namely West Africa. Naturally, other areas will be discussed as examples when necessary, but West Africa is a great main focus as it consists of both resource rich (e.g. Nigeria) and resource 'poor' countries (e.g. Chad), and both LDCs (Least Developed Countries) and LICs (Low Income Countries) (Kwa 21).

West Africa is the EU's largest trading partner in Sub-Saharan Africa ("West Africa" web). This is also the case the other way around: the EU is West Africa's biggest trading partner. When one delves deeper into the actual numbers however, it comes to show that Ivory Coast, Nigeria and Ghana make up for a total of 80% of the total West African trade to the European Union ("West Africa" web), and that a significant amount of this consists of fuels and agricultural products on the one hand (imports from West Africa) and fuels, agricultural products and manufactured goods, especially machinery, on the other hand (exports to West Africa) ("European Union, Trade in Goods with ACP - West Africa" 4). Moreover, given that the imports from West Africa have decreased over the last couple of years whilst exports have remained relatively stable, this resulted in a positive trade balance for the European Union, albeit also becoming more stable (appendix 2.1).

Given the concerns that were raised previously, however, the question nevertheless arises whether the Economic Partnership Agreements as part of the Cotonou Agreement are actually beneficial to West Africa. This is has become an increasingly vital question in the past couple of years given the rapidly changing trade trends within the African market itself: intra-African trade in terms of manufactured goods is increasing much faster than the exports to the EU market (appendix 2.2) ("Sub-Saharan Africa's Export Trends and the EPAs" 7). Because of this sudden increase, African countries are moving away from the primary

commodity dependency and are becoming more of a manufacturing hub, wherein the intra-African market seems like the best option. This is even more so the case because of the poor quality of trade between the European Union and West Africa, as it primarily consists of non-processed primary goods and fuels and mining products, 94% to be exact ("European Union, Trade in Goods with ACP - West Africa" 4). Only 4.9% of the exports to the EU are in the form of manufactured goods. The numbers for Africa as a whole do not differ much, being 90% and 10% respectively (not counting South Africa).

This in itself would not be much of a problem, as intra-African trade seems like a good alternative to do business in terms of manufactures and other products the EU has little to no demand for. However, because of the EPA, this African market, now rid of many of their tariffs that used to protect them because of the increased liberalisation, is also open to European manufactures. And this creates a problem on the import side of things ("Sub-Saharan Africa's Export Trends and the EPAs" 9). Imports of manufactures from the EU to West Africa stand at a staggering 50.9% of total imports and this creates the risk of the manufacturing market sector being taken over by European goods ("European Union, Trade in Goods with ACP - West Africa" 4). This inability to protect their fledgling industries by means of the now-eliminated tariffs will eventually lead to the collapse of industries and/or the incapability to grow newer industries ("Sub-Saharan Africa's Export Trends and the EPAs" 9). The opportunities that African producers had in accessing a bigger internal market for their local "manufactured products [are] lost as they would have to compete with EU manufactured exports in their own regional market. Such a situation would not bode well for the industrialization prospects of Africa, or Africa's trade integration" ("Sub-Saharan Africa's Export Trends and the EPAs" 9).

Nigerian Minister of Industry, Trade and Investment Olusegun Aganga argues that by 2025 or 2026, there will also be a significant loss of revenue to the government, loss of jobs and a loss of investment because of the aforementioned (ICTSD web). The minister explained this along the same lines as the above. It would be counter-productive for Nigeria as an import dependent country to completely open its doors for imports without firstly developing its manufacturing sector to be more competitive on a global scale (ICTSD web).

In addition to the problems the manufacturing sector faces, there also is the agricultural sector that is significantly threatened by the EPA. In the agreement, it was stated that, during the liberalization process, sensitive sectors and the degree of asymmetry in terms of tariff dismantlement were to be taken into account (European Union 59, 2014). The main problem in relation to the EU has been the large domestic support that was granted to its producers in order to make their products cheaper outside of the EU market; the notorious 'dumping'. Now, the EU claims that it is reducing these trade-warping subsidies by implementing so-called 'Green-Box' subsidies[1] (Meléndez-Ortiz et al. 7), which are subsidies deemed to be non-trade warping, and therefore 'green'. The Green-Box subsidies themselves allow countries to provide an array of support programmes in the agricultural sector. These can be provided without limits ("The WTOs Bali Ministerial and Food Security for Developing Countries*"* 4*).*

The Green Box system is relevant to African agriculture and its producers because they face a number of significant problems. Firstly, small-scale producers, many of which are also subsistence farmers, dominate African agriculture and most of these farmers lack the funds or knowledge to use modern inputs such as improved seeds and fertilizers, and soil fertility is steadily declining on the continent as a result (Oduro 3). In a UN report cited by Oduro, it was found that 30 percent of pastureland and almost 65 percent of cropland is indeed affected by land degradation (3). Secondly, there is a distinct lack of irrigation. Agriculture in Africa is primarily rain-fed and combined with the major changes in rainfall in both annual and seasonal trends due to climate change. Moreover, according to the United Nations Environment Programme, by

[1] "In WTO terminology, subsidies are generally shown as "Boxes", which are given the colours of traffic lights: green (permitted), amber (slow down — i.e. be reduced), red (forbidden). In agriculture, things are, as usual, more complicated. The Agriculture Agreement has no Red Box, although domestic support exceeding the reduction commitment levels in the Amber Box is prohibited; and there is a Blue Box for subsidies that are tied to programmes that limit production." ("Agriculture Negotiations Backgrounder" web).

2020 yields from rain-fed agriculture could be reduced up to 50 percent (UNEP 2). Irrigation is therefore becoming very important. Lastly, agriculture in Africa is challenged by market access and credit constraints, or the lack thereof (Oduro 3).

The Green Box measures provide African countries with policy space in order to be able to implement new non-distorting subsidies in order to support agriculture without having negative effects on international trade (Oudro 4). However, many of the aforementioned programmes are those provided by the EU. These include "*direct payments to producers, decoupled income support (supports given to landowners whether or not they produce as these subsidies are not tied to production); insurance payments of various forms and structural adjustment assistance to retiring producers or resource retirement programmes*" ("The WTOs Bali Ministerial and Food Security for Developing Countries" 4 – 5*).*

Programmes that are provided by developing countries themselves, however, although counted in the Green-Box, have to be counted under that country's aggregate measurement of support[2] (AMS) when the used price is more than the external reference price that is based on 1986-1988 prices ("The WTOs Bali Ministerial and Food Security for Developing Countries" *4).* Naturally, accounting for factors such as inflation due to increased demand for many goods and services, these prices are often much lower than the current price and these would then be used to count the amount of subsidies ("The WTOs Bali Ministerial and Food Security for Developing Countries" 4). With this type of calculation "*the government schemes could easily exceed the maximum level of AMS or any* de minimis *that* [African] *countries could have*" ("The WTOs Bali Ministerial and Food Security for Developing Countries" 4).

Many African countries have to rely on these *de minimis* or small-scale subsidies, which include market price support measures, direct production subsidies or input subsidies, even though they have to be limited to 5 percent of the total value production of the agricultural product in question ("Domestic

[2] The aggregate measurement of support is an indicator that is determined by calculating a market price support estimate of for each commodity receiving domestic support ("OECD Glossary of Statistical Terms").

Support" web). When taking this into account, one can distinguish that the agreement imposes a triple jeopardy on ACP countries. Firstly because a subsidy is supposed when agricultural goods are imported from resource-poor or low-income producers at an administered price by comparing it to the said 1986-1988 prices ("The WTOs Bali Ministerial and Food Security for Developing Countries" 5). Secondly, the South Centre identifies that in some cases, the subsidy is calculated over the total production and not over the actual procured quantity (5). This magnifies the supposed subsidy incongruously. Lastly, they argue that the subsidy in question is required to be counted as 'trade-distorting', ergo falling under the AMS, whilst larger and real subsidies given by the EU to their farmers under the guise of equivalent programmes are not counted as such (5). Naturally, because of the AMS restriction of 5%, it is inevitable that ACP countries will surpass this. The end result would therefore be that the subsidy credited to the government is not what the government has actually provided as a subsidy, but rather a larger and much more inflated figure. It therefore creates a distinctly distorted and inappropriate version of what is to be a subsidy plan that was to create non-distorted trade.

Furthermore, taking into account the tariff dismantlement stated in the EPA, West Africa would also come to lose the way it used to protect its agriculture from these subsidised imports as well as a significant amount of revenue (European Union 59, 2014). The South Centre has researched the cost-benefit ratio of signing an EPA for the countries in question and came to the conclusion that Ghana and Nigeria alone would face losses up of USD 1.2 billion USD and upwards (appendix 2.3) ("Economic Partnership Agreements in Africa: A Benefit-Cost Analysis 10). When looking at the import figures from 2008-2010, the region as a whole would face a loss in tax revenues totalling more than USD 1.8 billion per year, and almost USD 3.4 billion in all Sub-Saharan Africa (appendix 2.4) ("Economic Partnership Agreements in Africa: A Benefit-Cost Analysis 10).

The economic relationship that the European Union has with Africa is very much defined by the Economic Partnership Agreements and the Cotonou agreement, which the EPAs are a part of. The EPAs are defined by the European Union as aiming to promote ACP – EU trade whilst also contributing to

sustainable development, poverty reduction, and regional integration by means of trade and investment. Whilst it does seem to promote trade between the ACP countries, including the African continent, and the EU, it has shown that the EPAs are not as positive for Africa as was advertised. Africa faces problems in the manufacturing sector because the tariffs that used to protect their young industries were abolished by the EPAs, which led to a huge influx of European manufactures that ultimately drowned out the local produce as they cannot successfully compete with these European products. Moreover, African agriculture faces a significant problem in the Green Box subsidy system that was implemented in order to enhance and promote non-distorted trade. It was shown, however, that this is certainly not the case. It turns out that the system is fundamentally flawed, functioning on double standards and a faulty structure. Lastly, there are the significant effects that the tariff dismantlement has on both tax revenue and the way African countries were able to protect their industry and businesses in order for them to develop.

The Sino – African Economic Relationship

China was present already in the 1950s and 1960s, primarily supporting independence movements and anti-colonial activities and later socialist regimes, in line with Mao Zedong agenda (Van Dijk 9). Following Mao's death in 1976, China's discourse changed to follow more of a pragmatic dialogue with the appointment of Deng Xiaoping as the de facto leader of China (Cao 62). Then, following the end of the Cold War, the Russian presence disappeared from African and China emerged on the African scene as one of the new major economic actors, with the primary interests being business (Van Dijk 10). Since then, China's trade with Sub-Saharan Africa has intensified rapidly and in 2013, China became the continent's largest export and development partner (Pigato and Tang 1).

Trade flows between China and Sub-Saharan Africa have increased drastically (26% annually) over the course of the past two decades and there are no signs that it is slowing down in the foreseeable future (Pigato and Tang 5). China now accounts for roughly 24% of Sub-Saharan Africa's trade, which is a dramatic increase from the 2.3% in 1990. Yet, despite the China's increasing importance for the region, the relationship they have was and is not symmetric: Sub-Saharan Africa's portion in Chinese trade figures does not go higher than 3% (Pigato and Tang 5).

From 2001 up until now, Sub-Saharan Africa's exports to China have generally grown faster than what it has imported from China, generating a large positive trade balance for Sub-Saharan Africa (appendix 3.1) (Pigato and Tang 5). Given that the exports are significantly higher than the imports, this reveals a greater demand for domestic goods rather than buying foreign (Chinese) goods. However, Sub-Saharan Africa's exports are heavily dominated by oil and other natural resources (Pigato and Tang 6). This is highly indicative of the changing Chinese foreign economic discourse since the last couple of decades, with natural resources being at the core of China's interests in the continent and perhaps even make up the overall interest China has in Sub-Saharan Africa (Tull 465). And this is no coincidence, following the oil discoveries in the Gulf of Guinea in the few years of the 21st century.

Sub-Saharan Africa's imports from China however, are slightly more diversified than the exports are. Consumer goods represent the largest share of the imports, mainly consisting of textiles, clothing, footwear, and consumer electronics. Also, manufactures also make up a significant portion of the imports from China, such as machinery, commercial electronics, and transportation equipment (appendix 3.2) (Pigato and Tang 5)

As the economic relations between Sub-Saharan Africa and China improved, it eventually led to the Forum on China-Africa cooperation in 2006 (Van Dijk 103). This consolidated plans to continue working together in all areas of trade and development. Also, a number of bilateral investment treaties were signed with some African countries and China promised to reduce tariffs on selected African imports in order to create more favourable access to the Chinese market for African countries (Van Dijk 103).

Nowadays, Chinese economic foreign policy regarding Sub-Saharan Africa is based on a couple of different objectives and results in particular policies. The primary economic objectives are very much based on firstly assuring the supply of raw materials for China and, secondly, creating an additional market for Chinese services and products (Van Dijk 11). Many of the decisions the Chinese have made regarding trade with the Sub-Saharan African region can be explained by these objectives and it can be seen in both goods and services rendered to the region and the financial flows such as normal loans and export credit facilities. Moreover, Chinese Foreign Direct Investment (FDI) is also a very important aspect of the Chinese economic presence in Sub-Saharan Africa.

In contemporary literature, the idea of China being the better economic partner for sub-Saharan Africa, rather than the European Union, has become an increasingly popular one following the increased presence of the country in Africa. From an African perspective, this has been attributed to the lack of change following the 50-year partnership the continent has had with Europe (Busia 2010). With China's emergence as a global economic superpower, Africa has actively been looking east for an alternative to the aforementioned partnership with a Sino-African partnership as a result. Kojo Busia expands on this by saying that these new partnerships with China are increasingly more beneficial to Africa than what has been the case with the more traditional development partners.

Moreover, he states that: "concretely, [...] China's engagement in Africa has always resulted in some productive asset, or some productive sector being led" (2010).

From the other side of the spectrum, China's increasing interest in Africa resides in the fact that China was, and still is, desperate to secure a steady inflow and supply of raw materials in order to sustain their economic growth (Keenan 10). Furthermore, Keenan argues that China has another incentive to engage with Africa besides its need for oil and other natural resources: Beijing has too much money and is in need for a place to invest this monetary surplus (Keenan 11). The significant trade surpluses following the Chinese economic boom caused China to move more assertively, in order to use this increase in liquidity in the service of their strategic objectives. Because of the lack of competition from Western competitors, Africa seemed a fertile environment for investment, albeit also being slightly risky (Keenan 11).

At the same time, however, Busia raises some worries about Africa's partnership with China, primarily regarding the nature of China's interest in Africa and whether it is truly about Africa's development (2010). Yun shares this worry, as she questions the integrity of Chinese aid to Africa (2014). The general consensus on Chinese investment and loans is split down the middle. Either it is 'evil', representing China's selfish quest for natural resources whilst at the same time damaging Africa's efforts of improving governance and building a sustainable future, or 'good' because of the contribution they make to laying the foundation for long-term economic development, by means of creating revenue and investing in infrastructure projects (Yun 2014). There is a truth to both these sides. Positively speaking, Yun argues that China's financing promotes the development of Sub-Saharan African countries because of the large investments that other donors are not willing to provide. On the other hand, there is a long-term negative effect that is associated with the negligence regarding the disregarding of governance, fairness and sustainability in order to make the region future-fit, or as Busia put it: "China does not worry too much about [Millennium Development Goals]" (2010). Moreover, China tying their aid to resources causes Yun to question the integrity of China's interests in Africa and the possible prioritization of its own interests even further (2014).

Beijing's lack of interest in the Millennium Development Goals is precisely where Keenan doubts the position of China as a suitable economic partner for Africa, therefore following the aforementioned negative view. According to him: *"China's activities raise serious questions about how human rights will be enforced in an era when states can obtain what they need [...] without subjecting themselves to the conditions that attach to Western engagement and aid"* (Keenan 3). He calls this 'unconditioned wealth', and he argues that such wealth, rather than improve the lives of people in Africa, will cause harm instead (3). Keenan identifies 2 key areas in which this unconditioned wealth can cause harm: in governance and in management (how to manage the wealth within the recipient country) (32-35).

Firstly, he highlights the negative effects of unconditioned wealth on governance. According to Keenan, it creates an incentive that politicians face in 3 areas. First, he argues that if political power means access to this wealth, politicians will be more inclined to retain power for as long as possible (33). Moreover, Keenan adds that unconditioned wealth also incentivizes the centralization of control over the access to the source of the wealth (33). Second, the aforementioned linkage between political power and wealth and the free resource distribution, Keenan identifies a trend regarding the increase of government jobs beyond an optimal level. Lastly, unconditioned wealth can lead to politicians to cease to rely on other sources of revenue, such as taxes, which, in turn, creates a disparity between citizen and political figure (33).

Secondly, Keenan highlights how unconditioned wealth can negatively affect a country through the mismanagement of this acquired wealth. Similar to the before, Keenan identifies three challenges. In these, two assumptions hold: first, that the resources are directly or indirectly managed by politicians whose hold on power is less than sure; and second, that this wealth is their only or primary source of wealth (35). Within this framework, political figures are much more incentivized to exploit the resources than would be optimal (Keenan 33). If a politician knows that his job depends on the creation and satiating of public sector jobs, the need for revenue and such outweigh the arguments supporting a slower extraction of resources (Keenan 35-36). Secondly, a politician might decide to build a new football stadium rather than investing in new schools, bringing political benefits rather than economic benefits (Keenan 36). Lastly, the

creation of alternative means of revenue that might be more sustainable over a longer period of time, such as taxes, is generally avoided, as they are unpopular, Keenan states (36).

Brautigam, while admitting that that it is fair to question the governance impact of Chinese expansion in Africa (Adama, Brautigam; web), also describes China as more of a 'responsible stakeholder' (311). She is more in line with the aforementioned 'good' argument regarding the Chinese presence in Africa and this can be shown in that she highlights China learning from the West, emphasizing the differences in investment and debt relief. The credit lines during the mid-2000s in Angola are given as an example (Adama, Brautigam; web). These credit lines, of $2 billion and $2.4 billion, were tied to infrastructure investments and the Chinese managed to get the construction of new roads, railways, schools and neighbourhoods of low-cost housing well under way quite quickly (Adama, Brautigam; web). Moreover, as was mentioned before, Brautigam underlines the proactivity of Beijing regarding Africa's debt burden (Adama, Brautigam; web), as they frequently cancel the loans of African countries. These loans were already regularly granted at an interest rate of zero percent (Adama, Brautigam; web).

As was mentioned before, China's economic policy in Africa is heavily focused on firstly assuring the supply of raw materials for China and, secondly, creating an additional market for Chinese services and products. This can also be noticed when examining the import-export ratio between Sub-Saharan Africa and China, as it is very much divided between natural resources on the one hand, and consumer goods and manufactures on the other hand. This is a very similar to the situation previously described with the European Union. However, given that the imported products from China are much cheaper than the ones imported from the EU, there is also a similar, but higher, risk that Chinese products will drown out the local products. And this seems to indeed be a plausible risk when looking at the figures (appendix 3.3) wherein the price gap between Chinese and African producer prices ranges from 20 percent to almost 90 percent (Pigato and Tang 8). This can certainly also be advantageous. The low prices of imported Chinese goods can be beneficial for both consumers and producers that rely on imported capital goods and other inputs (Pigato and Tang 8).

More troubling, however, is the fact that African firms do not seem to be placing themselves within the Chinese value chains (Pigato and Tang 8). Consequently, trade with China has a limited impact on export diversification and economic transformation. Evidence suggests that China does not actively aim for using Sub-Saharan Africa in its international chains. In the standard model, a firm from a more developed country would ordinarily export components or inputs to a less developed country with lower wage rates in order to create a finished product from those inputs. Then, that product would be exported to one or more third world markets, or even back to the home country (Pigato and Tang 8). This sort of trade would generally lead to highly positive economic impact such as kick starting the development of comparative advantage and facilitating technology transfer. This is not the case with Sub-Saharan Africa and China.

China's key economic policy outside of trading lies in investment, loans and aid. Especially investment in the form of FDI has increased substantially over the course of the last decade, following a USD 5.6 billion purchase of a 20% share in South Africa's Standard Bank (Pigato and Tang 10). Generally speaking, Chinese FDI has become increasingly diversified, reaching almost all Sub-Saharan African countries, even those without formal ties to China. However, following the discourse of the first objective mentioned before, the main slice of Chinese FDI is to be found in just a few resource-rich countries (Pigato and Tang 10). Pigato and Tang state, however, that recent data has shown that, at the sector level, there has been an increase in diversification in investment targets with construction and finance following the extractive industry (appendix 3.4) (10-11).

Construction, especially infrastructure, is particularly important, as it is one of the main drivers of economic growth; the African Development Bank Group (ADBG) mentions that Africa needs an estimated USD 93 billion annually in order to address the deficit in said sector (Renard 20). Currently, over 35 countries are engaged with China in infrastructure financing agreements. The majority of projects can be found in the electricity and transportation sectors (34% and 33% respectively), and much less in ICT and water (Renard 20). This, however, is still in line with the objectives previously outlined, as proper

infrastructure is also needed for the acquisition and importing of natural resources. For example, Nigeria, whose petroleum industry is the largest on the African continent, is the recipient of most of the infrastructure projects (34%). Similarly, Angola (20%) the country that receives the most after Nigeria, is also rich in natural resources (Renard 21). This does not take away the positive (and negative) effects such projects have on these countries, both in the short-term and long-term.

Many of these projects are also realised through loans. For example, almost USD 6.2 billion was loaned to Kenya from 2010 to 2016, most of which were concessional loans (Masie 51). However, these loans are also of a conditional nature in the sense of being tied to Chinese companies, and therefore having to use Chinese products for the projects. It has been noted that the repayment of these loans often are accompanied by the export of local goods and products. For example, in previously mentioned Angola, repayment of these Chinese loans are sometimes linked to the supply of oil (Jacoby web).

There are several negative aspects of this kind of tied and conditional investment. Firstly, Osei argues that donors may be "able to mark up the prices of funded goods and services through a variety of channels that secure for the donor an advantage of eliminating competition with alternative suppliers of the goods and services" (Osei 2). This, in turn, leads to a lack of competitiveness and this increases the chance of abuse of market power in order to extract excessive profits through higher prices for the donor country (Osei 2). Secondly, research has shown that mixing donor's commercial interests and the recipients' interest can cause severe distortions and misallocations of resources (Tajoli 386). Lastly, in a study conducted in a specific project in Ghana it was concluded that there was a significant increase of mark-up on the prices of the tied input funded products, which led to a large increase of costs for Ghana (Osei 16). There is not much evidence that China is currently enforcing this kind of policy regarding their tied investment. However, it is still a worry that should be taken note of.

A similar worry that exists regarding China's aid to Africa is the aforementioned unconditional aid. Keenan shows us that unconditional aid leads to problems on both in terms of governance, and in the management of the newly acquired wealth, and these problems bear all the hallmarks of what has

been and what is undermining growth and governance in Africa (Keenan 38). Outside of the lack of properly managing these funds from an African perspective, China does not do much to remedy this, concentrating their investments' wealth in the hands of a small number of people, whilst also leaving citizens without the necessary information in order to provide any kind of check on abuse by the ones in power (Keenan 38). Keenan states:

> "When political power is the primary avenue to wealth, politicians have a strong incentive to maintain power in any way they can. As with resource wealth and much foreign aid, this can mean that the wealth is put to politically productive uses, but not socially productive uses." (Keenan 38)

This leads him to his second point: China's investments are explicitly unconditioned in the sense that those on the receiving end of investments or aid are not told how to use this newly acquired wealth. This has as a result that those who control the wealth do not have to answer for its use, as there exists nothing to counter reasons that might exist to put the wealth to unproductive uses (Keenan 38).

These incentives can lead to two main problems: politicians being bad governors (politically), and politicians being bad managers (economically) (Keenan 38). Firstly, politicians that gain access to Chinese wealth are tempted to centralize the control of access to the source of wealth by either monitoring and influencing the domestic participation in Chinese investments, or by monopolizing access to natural resources (Keenan 38-39). In order to insulate themselves from citizen pressure for reform, politicians may choose to make sure that more people share in the wealth in order to relieve some of the pressure. Rewarding cooperative local leaders with development deals or shares of rents from resources is a common way how this can be achieved (Keenan 39).

Secondly, the decisions that politicians acting as economic managers make are often strongly influenced by their desire to remain in office. In order to remain in office they have to have results by the end of their term or duration they are in office. Therefore, long-term arrangements for the both the

sustainable development of the economic and social spheres is on a backburner, whilst the short-term attempt at generating as much wealth as possible, by extracting as much of a natural resource as possible for example, is preferred.

The economic relationship China has built with Africa over the last couple of decades is indeed one to be reckoned with. China has quickly evolved into one of the primary trading partners of Africa and that can be seen in the figures. The relationship is one heavily defined by investment and aid, following the Chinese policies of securing natural resources and the creation of an additional market for Chinese goods. China prides itself in putting emphasis on nothing but the economic aspect of the Africa-China relationship. This has both political and economic repercussions. It was shown that the largest of which is the problem of unconditioned wealth as described by Keenan. Moreover, it was shown that because of the cheap Chinese imports that there is an increased risk that these goods will drown out local producers and their products. This brings about a negative aspect in the development for African countries.

However, at the same time it should be recognized that the economic partnership with China also brings some positive aspects. Improved infrastructure is one of the primary aspects, as this is generally known to bring about economic growth (Estache and Garsous). Conversely, due to the managerial problems that come with the unconditioned wealth, it is entirely possible that much of the wealth is spend on the infrastructure that countries in Africa do not need at that point in time. An example would be the excessive focus on a single aspect in order to create jobs or similar aspects in order to increase general happiness so that one can be reelected.

A Comparison

Now, after having looked at both China's and the European Union's economic presence and activities in Africa and in order to come to a satisfying conclusion regarding which of the two parties is the better economic partner for Sub-Saharan Africa, one would first have to properly compare the two. Therefore, the similarities between the two will firstly be highlighted, followed by an account of their differences.

The primary similarity between the European Union and China's relationship with Africa subsists in that both of the actors seem to threaten to local markets and producers with the export of their own products to African countries. In the case of the European Union the main causation of this problem is that with the abolishing of tariffs and such due to the Economic Partnership Agreements it has become much easier for the EU to export their own products, predominantly manufactures and consumer goods, to African countries. Due to this many African countries are unable to protect their, often fledgling, industries and this has a negative effect of the industrialization and modernization prospects in order to play a bigger part in the world economy. Similarly, China is also exporting a lot of manufactured and consumer goods, but a much lower price than the European Union. The prices are at such a significant low level that African producers cannot compete (appendix 3.3). Thusly, the risk of drowning out the local produce in the local market is considerably higher than it is with the EU. On the other hand, however, one cannot simply discount the positive effects, as such low prices of the Chinese products can be certainly be beneficial for both consumers and producers that rely on imported capital goods and other inputs. For an economy as fragile and young as it is in many African countries, it is highly implausible that the positive effects outweigh the negative effects on both a short and long-term scale. Therefore, because of this, the European Union seems to be the better option purely on the basis of the similarities between the two actors.

This is also where the similarities end, as the relationship each of the two actors has with Africa is with a vastly different goal in mind: enforcing the EPAs and procuring ways to enhance the situation back in the motherland for the European Union and China respectively. This is only logical, as the two actors are

of a different governmental structure as well, with one being a nation and the other a politico-economic union. Naturally, the effects of how the two different goals are enforced are therefore quite different as well. The effects of the European EPAs on African countries are significantly more concentrated on the tariff and subsidy side of the economy and how it affects the markets and countries, whereas Beijing's policies are much more focused on the aid and investment side of things.

The, mostly negative, effects of the Economic Partnership Agreements on Africa can be bottled down to almost a single sentence: the abolishment of tariffs and not allowing African countries to apply subsidies. This is obviously a hyperbole, but a truthful one nonetheless given that tariffs have indeed mostly been dismantled and that the Green Box system indeed incidentally keeps African countries from applying 'green' subsidies without having to count it in their AMS. However negative the EPAs may seem, however, there is the fact that it does open up the European market for ACP countries, and therefore also African countries.

The effects that China's economic policy has had on Africa are a bit more expansive than the EU. Firstly, it does not only affect the economy, but also political and therefore social spheres due to the effect that unconditioned wealth has on many African countries. It discounts the requirement for long-term projects over that many politicians would want to remain in office; in accordance to the previously described political and managerial implications of unconditioned wealth. Moreover, there are the implications of tied aid that often come together with this unconditioned wealth. China will hand out funds for projects in return for natural resources, such as oil. This has many previously described negative effects but, like before, it has its positive effects as well, such as increased budget for and the realization of infrastructural projects. These, however, are all short-term but, in line with Keenan, long-term arrangements for both the sustainable development of the economic and social spheres is necessary for a country to continue to grow healthily. This cannot be achieved with the current system in mind.

Conclusion

Looking back at what defines each of the actors' presence on the African continent in regards to the points of what would make a good economic partner for it, it can be concluded that neither of the two really are. However, given that Busia stated that the partnership with China is increasingly more beneficial than the one Africa has had with traditional trading partner, such as the European Union, there are others matters that play into the question. The first would be whether this is actually true? This remains doubtful, as both actors bring both positives and negatives to the African continent. I believe, however, that on the long-term the European Union might actually be the lesser evil of the two. Yes, China does indeed bring more positives (infrastructure, investment) to the table, but also brings with it a large load of negative aspects (unconditioned wealth, drowning local markets) that undermine the would-be positive aspects. The European Union on the other hand, brings far fewer positives (liberalization of trade with EU) to the table but the same can be said about the negative (tariff and subsidy issues), as they are less substantial than the Chinese negatives, although they also outweigh the positive aspects. Naturally, this can also be argued the other way around. China does indeed bring more positive aspects to Africa that heavily outweighs the positives the European Union provides. China would then indeed be the better economic partner for the African continent, but one would then have to discount the negatives, and that would simply not be realistic.

In the end, neither the European Union nor China really is a 'good' economic partner for Africa, with the European Union being the lesser evil of the two. But it should not be discounted that the problems come just from these two, as Africa itself also faces many problems internally. That does not take away that Africa is indeed one of the most important upcoming economic areas in the world and as Barton once said: "If you want to be relevant, you need to be in this part of the world." But in order for that part of the world to be prepared for the future, a new approach is necessary.

Works Cited

"AGRICULTURE NEGOTIATIONS: BACKGROUNDER Domestic Support: Amber, Blue and Green Boxes." *WTO*. WORLD TRADE ORGANIZATION, 1 Dec. 2004. Web. 28 Oct. 2016. <https://www.wto.org/english/tratop_e/agric_e/negs_bkgrnd13_boxes_e.htm>.

Brautigam, Deborah, and Adama Gaye. "Is Chinese Investment Good for Africa?" *Council on Foreign Relations*. Council on Foreign Relations, 20 Feb. 2007. Web. 01 Dec. 2016. <http://www.cfr.org/china/chinese-investment-good-africa/p12622>.

Busia, Kojo. *Panel Discussion.* Albert Schweitzer Haus, Vienna, 2010. Video. http://etalks.tv/2010/10/08/africa-is-gaining-bargaining-power/

Bilal, Sanoussi, and Corinna Braun-Munzinger. "EPA Negotiations and Regional Integration in Africa." *EPA Negotiations and Regional Integration in Africa: Building or Stumbling Blocs*. European Centre for Development Policy Management, Nov. 2008. Web. 30 Nov. 2016.

Cao, Qing. "From Revolution to Business: China's Changing Discourses on Africa." The Morality of China in Africa: The Middle Kingdom and the Dark Continent. By Stephen Chan. London: Zed, 2013. 60-69. Print.

ECONOMIC PARTNERSHIP AGREEMENTS IN AFRICA: A BENEFIT-COST ANALYSIS. Geneva: The South Centre, Jan. 2012. PDF.

Edwards, Lawrence, and Rhys Jenkins. 2014. "The Competitive Effect of China on the South African Manufacturing Sector." Presentation at the Jobs Knowledge Platform "China in Africa" Symposium, World Bank, Washington, DC, November 2014.

Estache, Antonio, and Gregoire Garsous. "The Impact of Infrastructure on Growth in Developing Countries." *IFC Economics Notes*. International Finance Corporation, Apr. 2012. Web. 2 Dec. 2016. <http://www.ifc.org/wps/wcm/connect/054be8804db753a6843aa4ab7d7326c0/INR+Note+1+-+The+Impact+of+Infrastructure+on+Growth.pdf?MOD=AJPERES>.

European Union. European Commission. ECONOMIC PARTNERSHIP AGREEMENTS Means and Objectives. European Commission, n.d. Web. 28 Oct. 2016. <http://trade.ec.europa.eu/doclib/docs/2003/december/tradoc_115007.pdf>.

European Union. European Commission. Economic Partnership Agreement between the EU and the Eastern African Community (EAC). European Commission, Oct. 2015. Web. 26 Oct. 2016. <http://trade.ec.europa.eu/doclib/docs/2009/january/tradoc_142194.pdf>.

European Union. European Commission. European Union, Trade in Goods with ACP - West Africa. European Union, 21 June 2016. Web. 23 Oct. 2016. <http://trade.ec.europa.eu/doclib/docs/2013/november/tradoc_151898.pdf>.

European Union. European Commission. European Union, Trade in Goods with ACP – East African Community. European Union, 21 June 2016. Web. 23 Oct. 2016. http://trade.ec.europa.eu/doclib/docs/2013/november/tradoc_151901.pdf

European Union. Partnership Agreement ACP-EC: Signed in Cotonou on 23 June 2000: Revised in Luxembourg on 25 June 2005. Luxembourg: Office for Official Publications of the European Communities, 2006. Print.

European Union. The Cotonou Agreement: And Multiannual Financial Framework 2014-20; Signed in Cotonou on 23 June 2000, Revised in Luxembourg on 25 June 2005, Revised in Ouagadougou 22 June 2010. Luxembourg: Publ. Off. of the Europ. Union, 2014. Print.

Jacoby, Ulrich. "Getting Together." *Finance & Development*. IMF, June 2007. Web. 28 Oct. 2016. <http://www.imf.org/external/pubs/ft/fandd/2007/06/jacoby.htm>.

Keenan, Patrick J. "Curse or Cure? China, Africa, and The Effects of Unconditioned Wealth." Berkeley Journal of International Law, 2009. Web. 1 Dec. 2016. <https://poseidon01.ssrn.com/delivery.php?ID=1910171210250300010940720820801181171180110080210080101180861020041040681080710741050240211200090400361080090721271161241160951100550070500320030650661020701170070000200730870931241251110150941171120020241210230870860831250701230000040710060860 73026&EXT=pdf>.

Kwa, Aileen, Peter Lunenborg, and Wase Musonge. African, Caribbean and Pacific (ACP) Countries' Position on Economic Partnership Agreements (EPAs). Dar Es Salaam, Tanzania: TANGO, 2007. DIRECTORATE-GENERAL FOR EXTERNAL POLICIES OF THE UNION. European Union, 8 Apr. 2014. Web. 30 Nov. 2016. <http://www.europarl.europa.eu/RegData/etudes/etudes/join/2014/433843/EXPO-DEVE_ET(2014)433843_EN.pdf>.

Masie, Desne. "How African Debt Got On The Global Auctioning Block." *New African* Oct. 2016: 49-55. Web. 28 Oct. 2016.

Meléndez-Ortiz, Ricardo, Christophe Bellmann, and Jonathan Hepburn, eds. "Agricultural Subsidies in the WTO Green Box: Ensuring Coherence with Sustainable Development Goals." Information Note Number 16 (2009): n. pag. Agricultural Subsidies in the WTO Green Box. ICTSD, Sept. 2009. Web. 24 Oct. 2016. <http://www.ictsd.org/downloads/2012/02/agricultural-subsidies-in-the-wto-green-box-ensuring-coherence-with-sustainable-development-goals.pdf>.

"Nigeria Clarifies Reasons for Not Endorsing EU-ECOWAS EPA." International Centre for Trade and Sustainable Development. ICTSD, 15 Apr. 2014. Web. 28 Oct. 2016. <http://www.ictsd.org/bridges-news/bridges-africa/news/nigeria-clarifies-reasons-for-not-endorsing-eu-ecowas-epa>.

OCDE, OECD. *African Economic Outlook 2016*. City: OECD Publishing, 2016. Print.

OECD Glossary of Statistical Terms. Paris: OECD, 2008. PDF.

Osei, Barfur. "How Tied Aid Affects the Cost of Aid-funded Projects in Ghana." *How Tied Aid Affects the Cost of Aid-funded Projects in Ghana*. African Economic Research Consortium, Nov. 2003. Web. 01 Dec. 2016. <http://aercafrica.org/index.php/publications/view_document/146-how-tied-aid-affects-the-cost-of-aid-funded-projects-in-ghana>.

OVERVIEW OF ECONOMIC PARTNERSHIP AGREEMENTS Updated September 2016. European Commission, Sept. 2009. Web. 22 Oct. 2016. <http://trade.ec.europa.eu/doclib/docs/2009/september/tradoc_144912.pdf>.

Pigato, Miria, and Wenxia Tang. China and Africa: Expanding Economic Ties in an Evolving Global Context. N.p.: World Bank, Mar. 2015. PDF.

Renard, Mary-Francoise. *China's Trade and FDI in Africa*. Tunis, Tunisia: African Development Bank Group, 2011. PDF.

Stevens, Christopher. "The EU, Africa and Economic Partnership Agreements: Unintended Consequences of Policy Leverage." The Journal of Modern African Studies 44.3 (2006): 441-58. JSTOR. Web. 28 Oct. 2016.

""SUB-SAHARAN AFRICA'S EXPORT TRENDS AND THE EPAS." South Centre, Nov. 2010. Web. 24 Oct. 2016. <https://www.southcentre.int/wp-content/uploads/2013/08/AN_EPA28_Sub-Sahran-Africas-Export-Trends-and-EPAs_EN.pdf>.

Tajoli, Lucia. "The Impact of Tied Aid on Trade Flows between Donor and Recipient Countries." *The Journal of International Trade & Economic Development* 8.4 (1999): 373-88. Web. 1 Dec. 2016. <http://www.tandfonline.com.ezproxy.leidenuniv.nl:2048/doi/pdf/10.1080/09638199900000023?needAccess=true>.

Tull, Denis. "China's Engagement in Africa : Scope, Significance and Consequences." *Journal Of Modern African Studies* 44.3 (2006): 459-79. Print.

Van Dijk, Meine Pieter. The New Presence of China in Africa. Amsterdam, Netherlands: Amsterdam UP, 2009. Print.

West Africa." European Commission Directorate-General for Trade. European Commission, 5 Sept. 2016. Web. 23 Oct. 2016. <http://ec.europa.eu/trade/policy/countries-and-regions/regions/west-africa/>.

World Economic Forum on Africa. Abuja, Nigeria: World Economic Forum, 9 May 2014. PDF.

"WORLD TRADE ORGANIZATION." AGRICULTURE NEGOTIATIONS: BACKGROUNDER. WTO, 1 Dec. 2004. Web. 24 Oct. 2016. <https://www.wto.org/english/tratop_e/agric_e/negs_bkgrnd13_boxes_e.htm>.

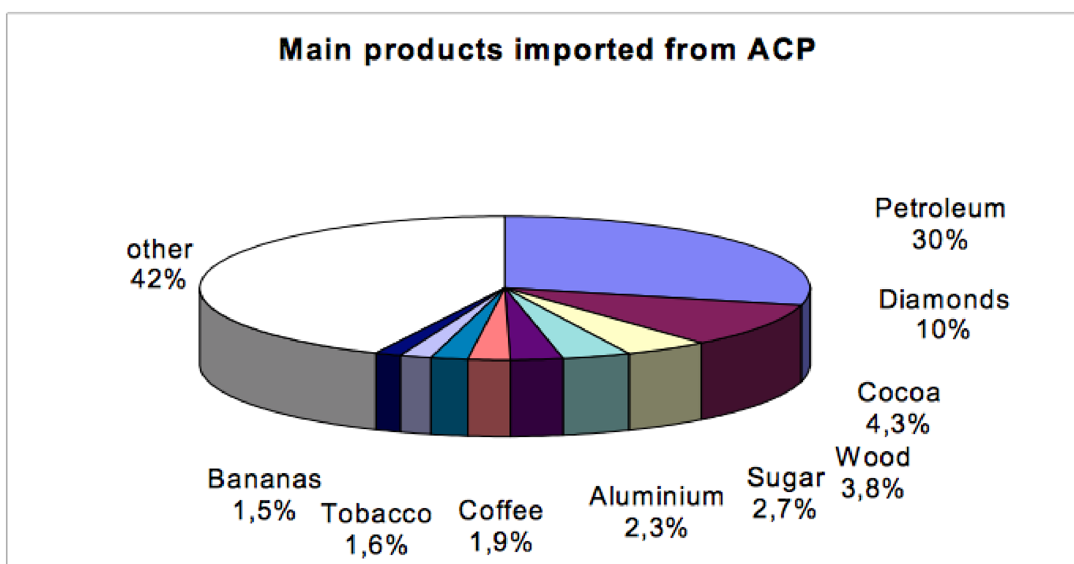
"WORLD TRADE ORGANIZATION." DOMESTIC SUPPORT. WTO, 1 Dec. 2004. Web. 30 Nov. 2016. <https://www.wto.org/english/tratop_e/agric_e/ag_intro03_domestic_e.htm>.

"The WTOs Bali Ministerial and Food Security for Developing Countries." THE WTO'S BALI MINISTERIAL AND FOOD SECURITY FOR DEVELOPING COUNTRIES: NEED FOR EQUITY AND JUSTICE IN THE RULES ON AGRICULTURAL SUBSIDIES. The South Centre, n.d. Web. 30 Nov. 2016.

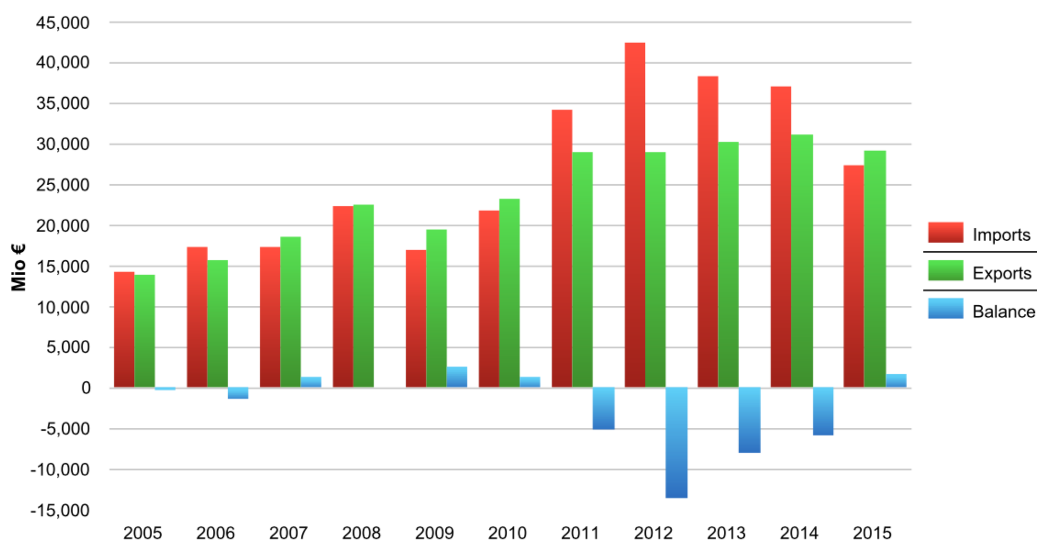
Yun, Sun. "China's Aid to Africa: Monster or Messiah?" Brookings, 06 Feb. 2014. Web. 28 Oct. 2016. <https://www.brookings.edu/opinions/chinas-aid-to-africa-monster-or-messiah/>.

Appendices

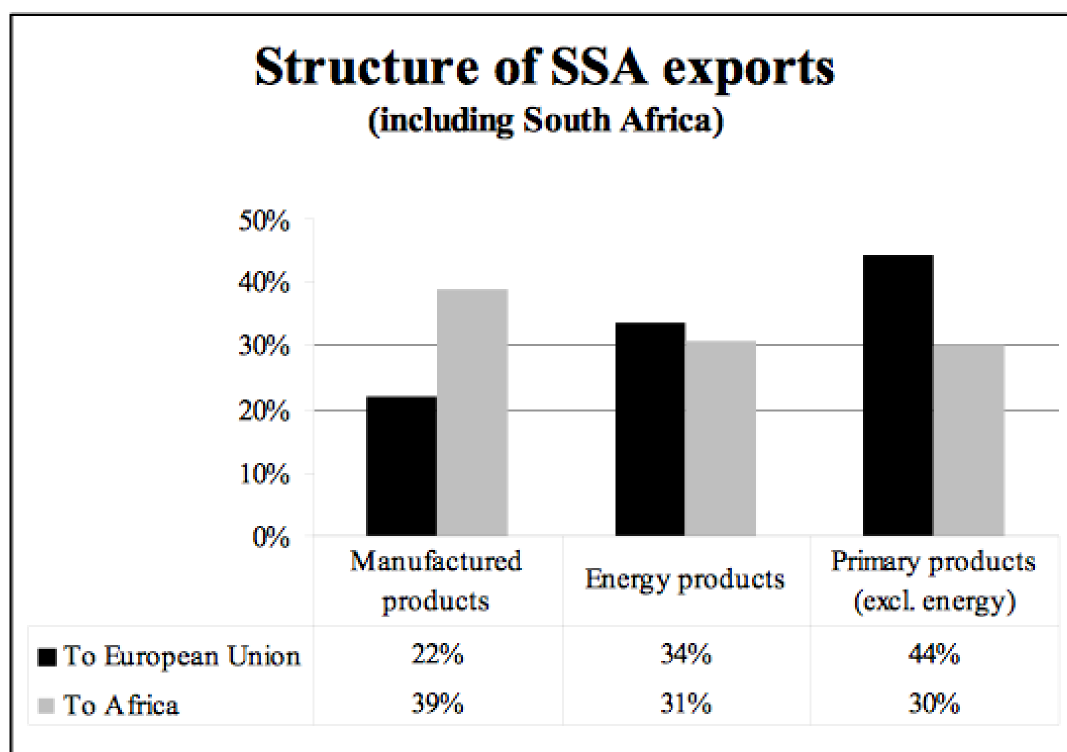
1.1 – Main Products Imported from the ACP (European Commission 2)



2.1 – Total Goods: EU Trade flows and balance, annual data 2005-2015 ("European Union, Trade in Goods with ACP - West Africa" 3)



2.2 – Structure of SSA exports (including South Africa)
("Sub-Saharan Africa's Export Trends and the EPAs" 9).



2.3 – Benefit and Cost of Signing an EPA
("Economic Partnership Agreements in Africa: A Benefit-Cost Analysis 10)

Table 7: Benefit and Cost of Signing an EPA

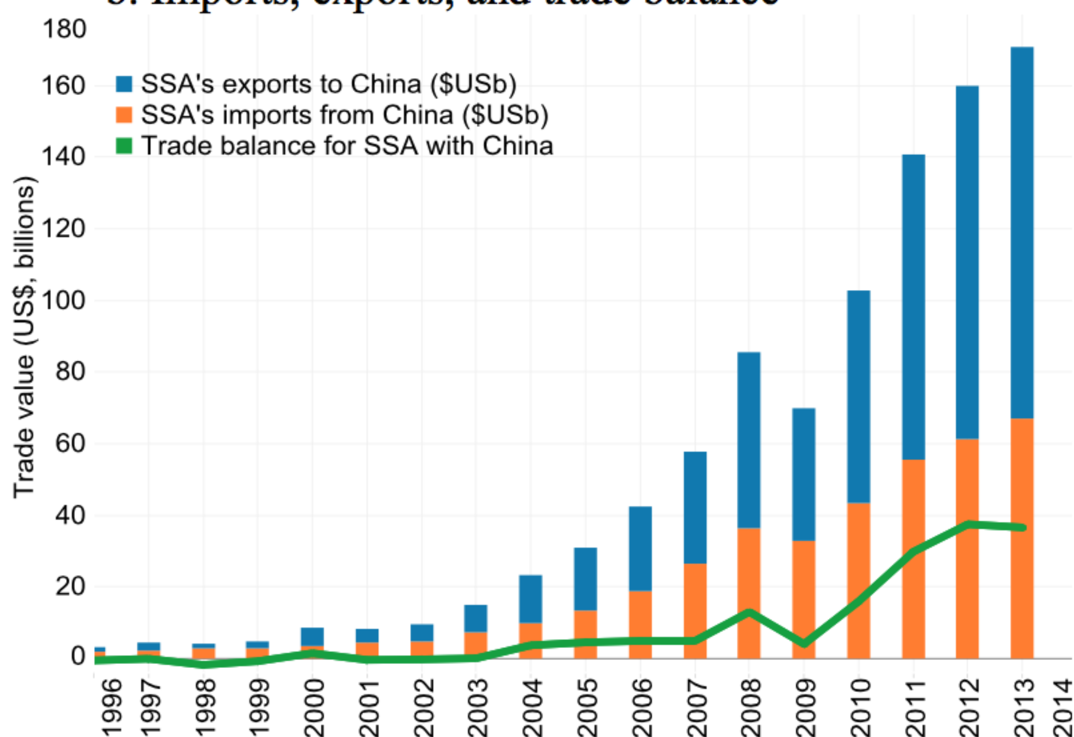
		Gains of Signing EPA	Costs of Signing EPA	
Country	**Duties under GSP (EUR mln)**	**Duties under GSP (USD mln)**	**Tariff revenue loss (USD mln**	**Cost of EPA higher than benefit of EPA**
Non LDCs	**558.7**	**782.2**	**2,110.0**	**Yes**
Botswana	26.9	37.7	5.4	No
Congo	-	-	173.5	Yes
Cote d'Ivoire	88.9	124.5	159.2	Yes
Cameroon	40.5	56.7	154.0	Yes
Gabon	2.2	3.1	88.1	Yes
Ghana	37.1	51.9	374.4	Yes
Kenya	62.2	87.1	193.8	Yes
Mauritius	138.0	193.2	50.3	No
Namibia	43.3	60.6	7.1	No
Nigeria	6.0	8.4	857.2	Yes
Seychelles	33.0	46.2	30.0	No
Swaziland	52.6	73.6	1.4	No
Zimbabwe	28.0	39.2	15.4	No

2.4 – Tariff Revenue Losses for Africa based on imports 2008-2010 (by region) ("Economic Partnership Agreements in Africa: A Benefit-Cost Analysis 10)

Table 6: Tariff Revenue Losses for Africa based on imports 2008-2010 (by region)

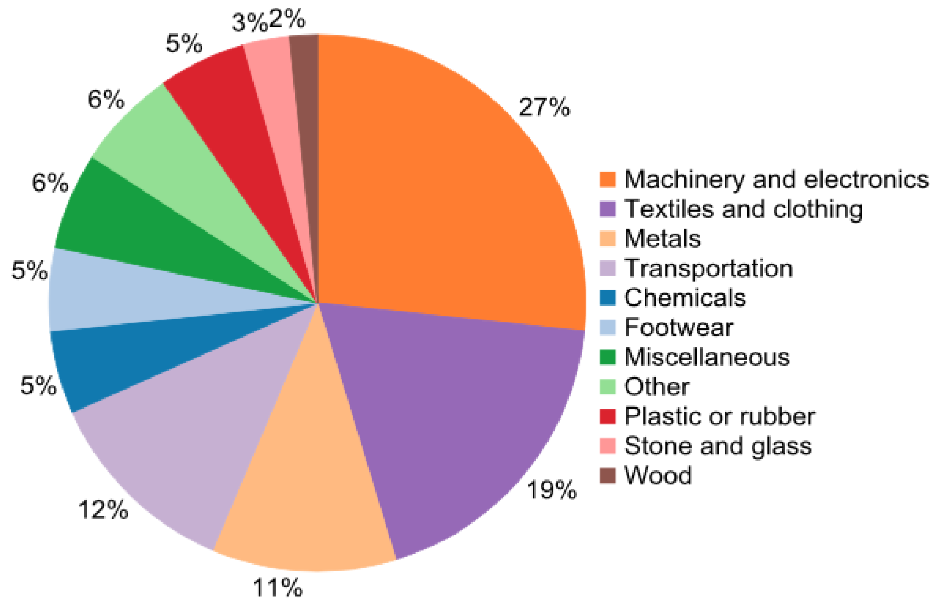
Region	Tariff revenue loss (UNECA 2005)	Import from EU, 2003	Import from EU, 2008-2010	Correction factor (D / C)	Revenue loss, based on imports 2008-2010 (B x E)
A	B	C	D	E	F
West Africa	980.2	12,317	21,483	1.7	1,804.4
Central Africa	389.8	3,479	4,925	1.4	570.5
EAC	162.6	1,543	2,905	1.9	301.1
SADC EPA	121.0	2,488	6,010	2.4	302.7
ESA EPA	318.2	3,356	3,993	1.2	406.5
Sub Saharan Africa	**1,971.8**	**23,183**	**39,316**	**1.7**	**3,385.2**

3.1 - Imports, Exports, and Trade Balance (Pigato and Tang 5)



3.2 - SSA's Imports from China
(Pigato and Tang 5)

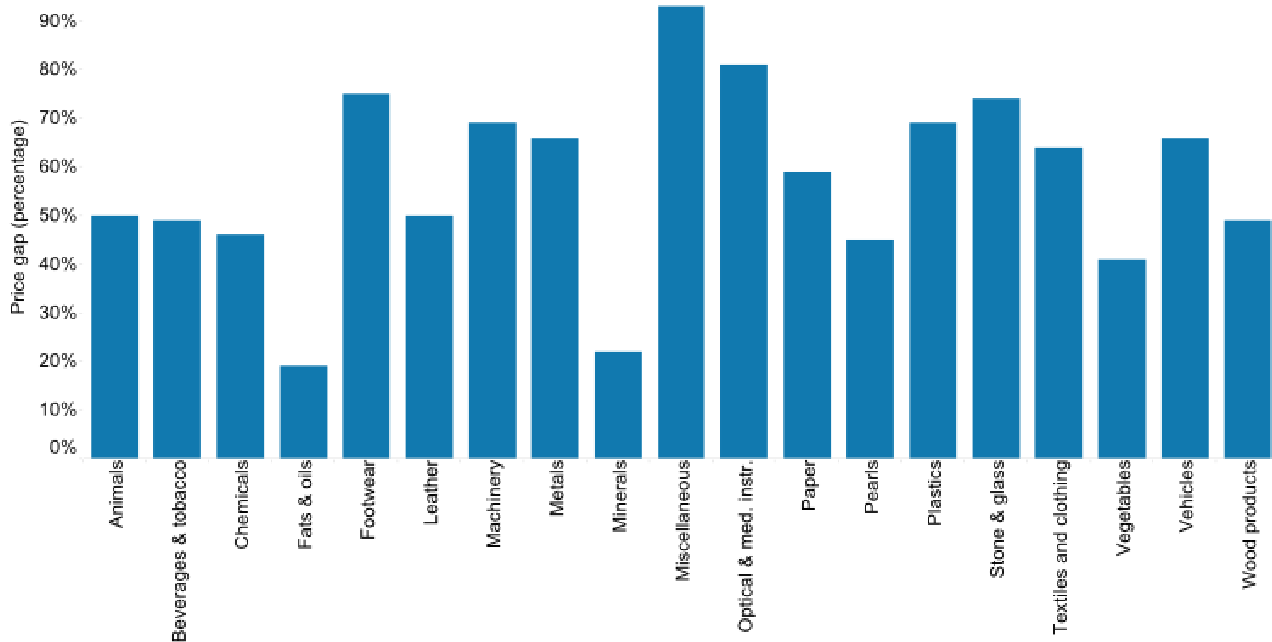
Figure 2 SSA's Imports from China



Source: World Integrated Trade Solution Data, World Bank

3.3 – Price Gap between Chinese and African Producer Prices
(Pigato and Tang 8)

Figure 5 Price Gap between Chinese and African Producer Prices



3.4 - Chinese FDI in SSA, by sector (percent)
(Pigato and Tang 11)