

**The Chinese Economic Strategies in African Countries:
An Analysis of Economic Diplomacy Tools.****BELATEL Ayache**Ferhat ABBES setif 1 University (Algeria), ayache.belatel@univ-setif.dz**Received:** 07/02/2025**Accepted:** 26/04/2025**Published:** 25/05/2025**Abstract:**

This study aimed to analyze the foundations of Chinese economic strategies in African countries and highlight the role of Chinese economic diplomacy tools in enhancing china's economic and even political influence in the African continent. To achieve this, an analytical approach was employed.

The study concluded that Chinese economic diplomacy and soft power strategies have effectively contributed to the growth of china's influence in Africa. China utilized tools such as development aid without preconditions, foreign direct investment, particularly in urgent sectors, intercontinental trade, and economic migration, to strengthen its economic and political relations with African countries. As a result, china has become the primary trading partner and one of the key economic partners of the African continent

Key words: China, Africa, Economic diplomacy, Soft power economic tools.**JEL Classification:** O53, O55, F53, F52.

1. Introduction:

In their efforts to protect and promote their interests, countries rely on their economic capabilities alongside other mechanisms to exert pressure on other nations and direct their policies in line with their goals. In this context, economic tools have become a crucial part of soft power, enabling countries to achieve political and economic objectives without resorting to traditional means of force. This shift in global power dynamics became evident after World War II, as the impact of traditional methods of power gradually diminished in international relations.

This view is supported by several examples, such as the influence wielded by economically advanced nations like Germany, the United Kingdom, and France, which have a greater capacity to shape global politics compared to Russia, despite Russia having larger territorial expansion and a more formidable military. While other factors influence this reality, the importance of economic factors in the post-World War II era has become a key determinant in international relations, whether bilateral, regional, or multilateral.

Joseph Nye, an American political scientist and the founder of the concept of "economic diplomacy," argues that military power has lost much of its relevance in managing relations, especially between non-nuclear and developing nations. In contrast, new forms of power have emerged, offering greater potential for mutual influence. This has made it increasingly difficult for major powers to use force as a means of pressure, while economic leverage has grown in importance. This shift has altered the balance of power in international relations from security issues to economic concerns (Mouled, 1985, pp. 424-425).

Economic diplomacy is one of the most significant tools of soft power, utilizing trade, investment, loans, and aid to manage bilateral, regional, and multilateral relations. At the end of the 20th century and the beginning of the 21st century, China emerged as an enormous economic power, competing with traditional economic giants, particularly the United States. This transformation came after China adopted an economic model that diverged from Western imperialistic programs, allowing it to become a global economic and political player in a relatively short time and thus enhance its soft power through the use of economic influence.

On one hand, China succeeded in building balanced political and economic relations with competing countries, including the United States, its largest trading partner. On the other hand, it expanded its influence in many developing countries and regions under the banner of cooperation and economic partnership.

Through this research paper, we aim to analyze the factors behind China's success in becoming one of the key economic and political players in Africa, despite its geographical distance and the lack of historical ties, unlike Western countries. This will be done by answering the following question:

What are the foundations of Chinese economic diplomacy that enabled it to become one of the most important economic partners for African countries?

Importance and purpose of the study:

The significance of this study lies in its contribution to understanding the multifaceted economic relations between China and African countries. As China's economic influence in Africa continues to grow, it is crucial to analyze the tools and strategies used to promote economic expansion in the region. This study aims to fill gaps in existing literature by providing a comprehensive analysis of China's economic policies, investments, and trade relations in Africa. It will also highlight the long-term impact of these economic engagements on the political, social, and economic landscapes of African nations. Additionally, the findings of this study will help policymakers, researchers, and business leaders better understand the dynamics of China-Africa relations and offer insights into future trends.

Review of related literature

Among the previous studies that addressed the topic of Sino-African economic relations and attempted to analyze the tools of China's economic expansion in African countries, the following can be mentioned:

a- “China’s Economic Engagement in Africa”; by “Sezgi Cemiloğlu” who examined the strategic use of China’s economic tools in Africa, particularly in infrastructure development and trade partnerships, highlighting how China leverages foreign direct investment and concessional loans to strengthen its geopolitical and economic presence on the continent. The study also explores the implications of these engagements for African development and governance.

b- “Understanding China’s Economic Engagement in Africa: An Exploration of the FDI-Trade Nexus”; by “Qiyue Zhang, Zheng Wang, and Godwin Okafor”, who investigated the relationship between Chinese outward foreign direct investment (OFDI) and trade flows with 54 African countries, focusing on the period from 2003 to 2014. The study found that Chinese OFDI boosts exports of manufactured and consumer goods to Africa more than it increases imports of raw materials, thereby shaping trade dynamics and reflecting China’s strategic economic policy approach in the region.

c- “China’s Lending to Africa: A Shift in Strategy”, by “the Global Development Policy Center (Boston University)”, which analyzed the resurgence of Chinese lending to African countries in 2023 after a seven-year decline. The study highlighted a policy shift from financing coal and conventional energy projects toward renewable energy and sustainable infrastructure, reflecting China's evolving economic diplomacy and its attempt to reposition itself as a leader in green development finance in Africa.

2. Historical Context of Economic Relations between China and Africa:

The founding of the People's Republic of China in 1949 coincided with a wave of liberation movements across many African nations, which helped shape the relations between China and Africa. Newly independent China, facing significant economic challenges, had a strategic interest in gaining support from these countries in international diplomatic forums. Similarly, newly independent African nations saw China as an important political, financial, and economic partner, offering an alternative to the Western colonial powers.

In the initial phase of China-Africa economic relations, China recognized the strategic importance of Africa and sought to secure a foothold in the region for access to its vast oil and mineral reserves. China began providing aid to African nations with unstable economies as a way to bolster economic relations.

Between 1956 and 1977, China provided nearly \$2.476 billion in aid to 36 African countries, accounting for approximately 58% of the total foreign aid received by these countries, which amounted to \$4.276 billion. Specifically, Chinese aid between 1956 and 1969 represented about 43.5% of the total foreign assistance received by African countries during that period. Since the early 1970s, China has significantly increased its commitment to providing aid to African nations, with aid reaching 85% of China’s total foreign assistance in 1974 alone (Shenfeng, 2021).

From 1956 to 1976, China’s total aid to Africa amounted to approximately \$2.4 billion, the majority of which consisted of interest-free loans (Shen, 2019, p. 67). Despite being a developing country at the time, China continued to provide substantial aid to African nations (Al-Madani, 2016, p. 146).

Table 1: Total Chinese Aid to Selected Arab African Countries (1956-1973)

Country	Aid Amount (Million USD)
Algeria	99.9
Egypt	94
Tunisia	36
Sudan	75
Mauritania	27.5

Source: Rafe Ali Al-Madani, "Soft Diplomacy in Chinese Policy toward Africa: The Case of Sino-Sudanese Relations (2000-2010)", First Edition, Dar Al-Jinan Publishing, Amman-Jordan, 2016, p. 147.

It is worth noting that China did not impose any political conditions on its aid, remaining committed to the Eight Principles for Economic and Technical Assistance that were established by Chinese Premier Zhou Enlai during his visit to several African countries in 1963-1964. These principles included: equality and mutual benefit; no special privileges or conditions; efforts to reduce the burden on the recipient nations as much as possible; assisting these nations to gradually become self-reliant; focusing on projects requiring lower investment with quicker results; providing high-quality materials and equipment made in China; ensuring that experts from recipient countries take control of the technical assistance; and forbidding Chinese experts from requesting special privileges or services from the recipient countries (China Daily, 2010).

During the same visit, Zhou Enlai also proposed five principles for Sino-African and Sino-Arab relations, which centered around supporting the sovereignty of these countries, promoting regional integration, and enhancing their capacity to peacefully resolve conflicts (Shen, 2019, p. 65).

Another prominent example of China seizing opportunities to expand its influence in Africa occurred in 1965 when both Tanzania and Zambia requested aid from Western nations and the Soviet Union but were refused. Despite facing economic difficulties, China voluntarily decided to assist them. Premier Zhou explained this decision by stating: "We view the economic aid project from the perspective of supporting the national liberation cause in African countries, as assisting them means helping ourselves" (Shenfeng, 2021).

Regarding trade, the volume of trade between China and Africa in the 1960s and 1970s was modest, due to the dominance of colonial powers over the African economy. It did not exceed 10% of China's total foreign trade during this period (Shen, 2019, p. 68). Nevertheless, China continued to strengthen its trade relations with African nations through various agreements, leading to a gradual increase in Sino-African trade, which grew from \$12.14 million in 1950 to \$177 million by 1970 (Shenfeng, 2021). It should be noted that during this period, China enjoyed a trade surplus, as Africa had limited export capabilities.

At the end of 1978, Deng Xiaoping assumed leadership of the Communist Party of China, marking the beginning of a new era focused on domestic reforms aimed at modernizing China's economy. During Deng's leadership, which lasted until 1989, China's economic relations with Africa cooled somewhat, particularly after 1982 when the country decided to reduce the volume of its foreign aid, including that to African nations. Despite this shift, China remained committed to maintaining strong ties with African countries. In late 1982 and early 1983, Chinese officials, led by Zhao Ziyang, visited 11 African nations and introduced the "Four Principles of Relations with Africa". These principles were designed to address challenges faced in implementing some aid programs in Africa and complemented the previously established eight principles, offering a new framework for Sino-African cooperation (Yan, 1988, p. 4):

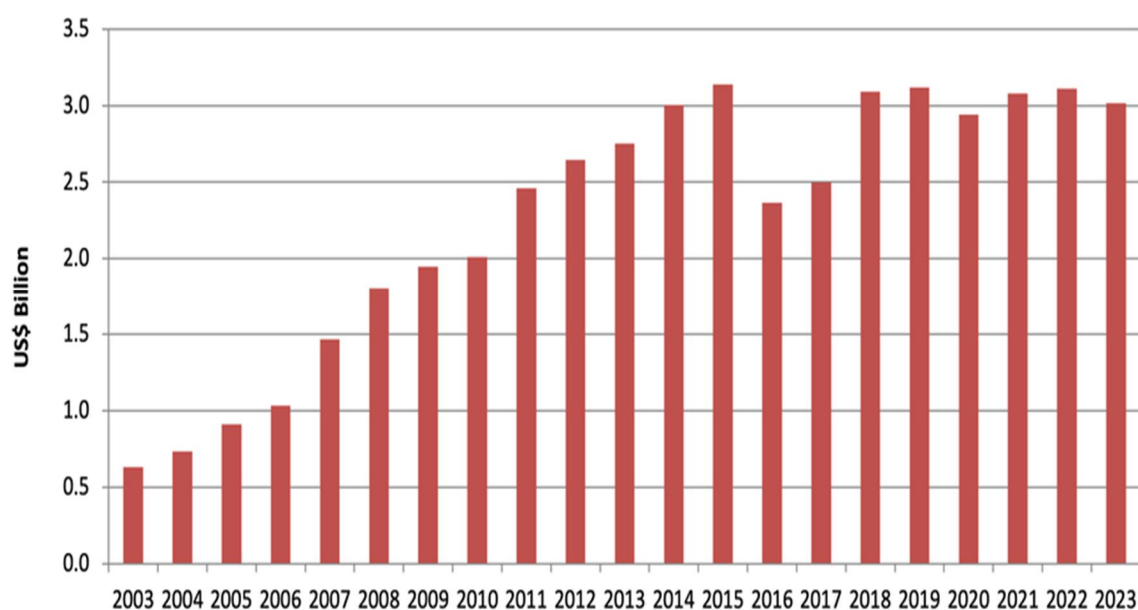
- Unity, friendship, equality, common interests, non-interference in the internal affairs of countries, refraining from imposing political conditions, and not requesting any privileges.
- Focusing on achieving positive economic results with lower investment volumes, particularly targeting projects that require shorter implementation periods and quicker returns.
- Tailoring Chinese economic and technological assistance to the specific local conditions of each African nation.
- Contributing to the enhancement of African countries' self-reliance and promoting integration and cooperation among them.

In the early 1990s, many African nations faced significant economic difficulties, with their development processes being disrupted due to economic recessions and the protectionist policies of developed countries. Consequently, Africa's foreign trade volume decreased from \$213 billion to \$197 billion between 1980 and 1990 (Shinn, 2019, p. 70). During this time, leadership in China transitioned to Jiang Zemin (1989-2002), a period marked by political unrest within the country. China's handling of these domestic issues was met with heavy criticism from Western countries. In contrast, many African nations either tacitly supported or explicitly endorsed China's position. In response, China intensified its efforts to strengthen its economic ties with Africa.

In 1999, China extended concessional loans to 23 African countries and carried out 33 related projects (Xinfeng, 2021). The volume of trade exchanges grew significantly, rising from approximately \$1 billion in 1989 to over \$10 billion by 2002. Additionally, Chinese direct investments in African countries surpassed \$4 billion in the same year (Shinn, 2019, p. 73).

A notable development in Sino-African economic cooperation during this period was the official establishment of the Forum on China-Africa Cooperation (FOCAC). This initiative followed the first Ministerial Conference on Cooperation between China and African nations, which took place in Beijing from October 10 to 12, 2000. This marked a key turning point, reflected in a steady and significant increase in the volume of foreign aid provided by China to African countries, as demonstrated in the figure below.

Figure 01: Chinese global foreign Aid expenditure



Source: <https://fr.statista.com>

3. Tools of Chinese Economic Diplomacy in Africa during the Twenty-First Century

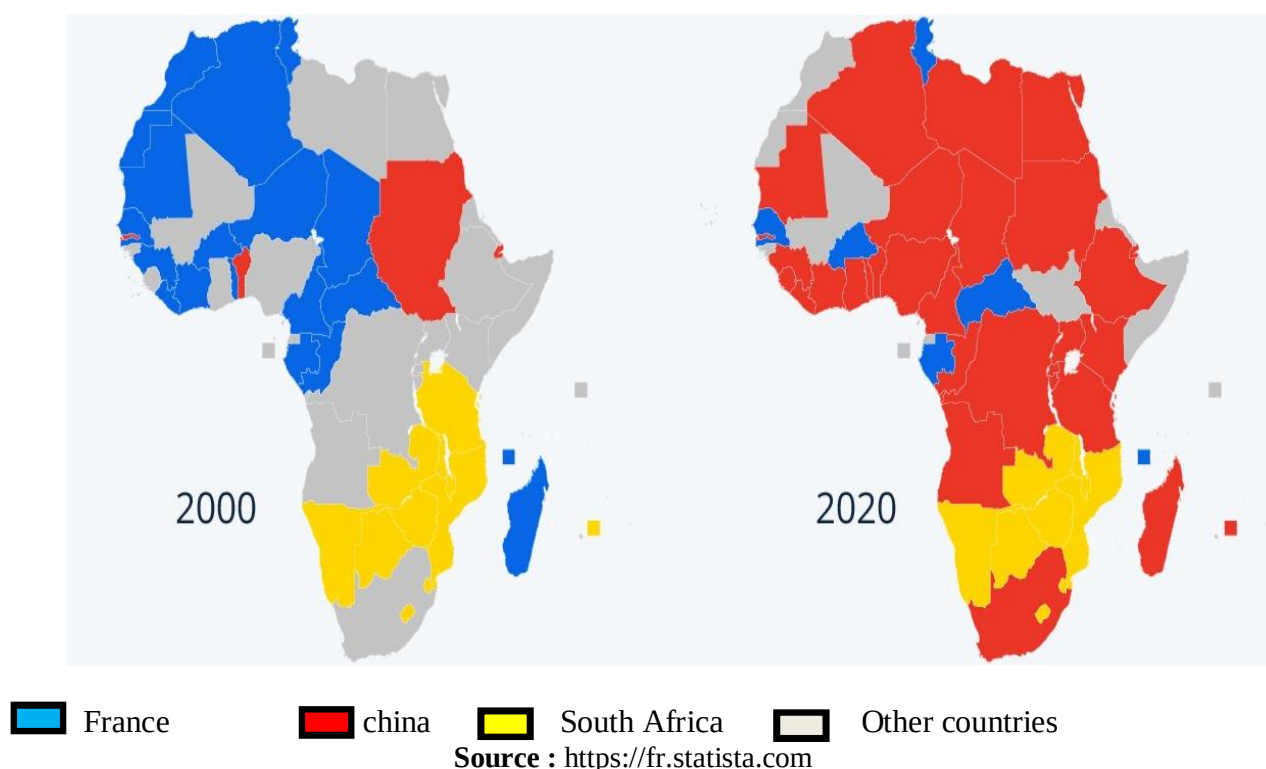
With the dawn of the 21st century, Sino-African relations witnessed significant development in both quantity and quality. Chinese economic diplomacy played a central role in making China one of the most important economic and even political players on the African continent. Chinese economic diplomacy relies on a broad range of tools, including development aid, foreign direct investments, intra-trade, and economic migration to African countries.

3.1 Trade

Trade has played a central role in Chinese economic diplomacy in Africa, helping China to establish and strengthen its influence on the continent. At the turn of the twenty-first century, China was the primary trading partner for only five African nations, including Sudan, Gambia, Benin, and Djibouti. The majority of African countries were still largely influenced by the commercial presence of Western powers, particularly France. However, in just two decades, China managed to become the leading trading partner for over thirty African countries (Gaudiaut, 2023), eventually emerging as Africa's top trading partner (Howell, 2024).

The figure below illustrates the remarkable growth in Chinese-African trade relations between 2000 and 2020, highlighting the shift from Western commercial dominance to China's growing presence.

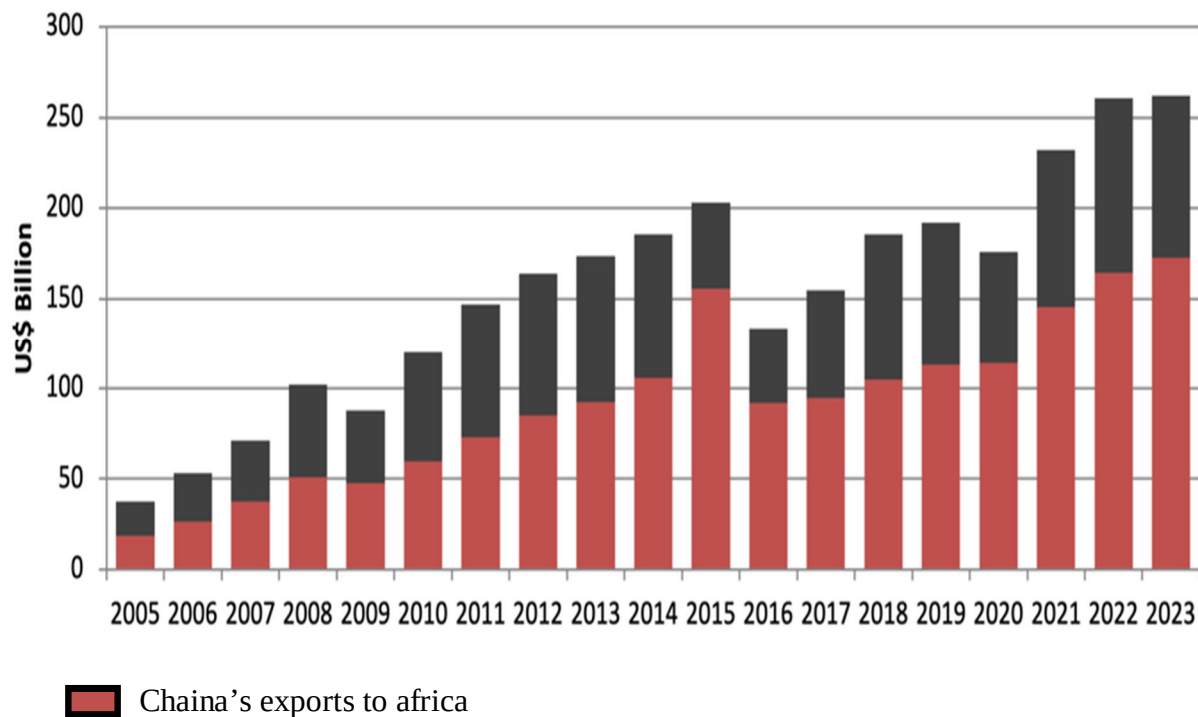
Figure 02: Evolution of the number of African countries with China as their first trading partner between 2000 and 2020.



In numerical terms, the trade volume between China and African countries experienced significant growth, rising from approximately \$2 billion in 1999 to about \$29.6 billion in 2003, and then to \$39.7 billion in 2005 (Al-Madani, 2016, p. 154). By 2023, the trade volume surged to \$282.1 billion, reflecting an annual growth rate of 1.5% (Xinhua, 2024). In the first half of 2024, Sino-African trade reached \$167 billion. During this period, Chinese exports to

Africa increased by \$97 billion, while African exports to China—primarily consisting of petroleum, minerals, and agricultural raw materials—rose by about \$69 billion (Olandi, 2024). These figures reinforced China's position as Africa's top trading partner for the past fifteen years, with the trade surplus consistently favoring China (see figure below).

Figure 03: Development of China-Africa trade volume during the period 2005-2023.



Source: <https://fr.statista.com>

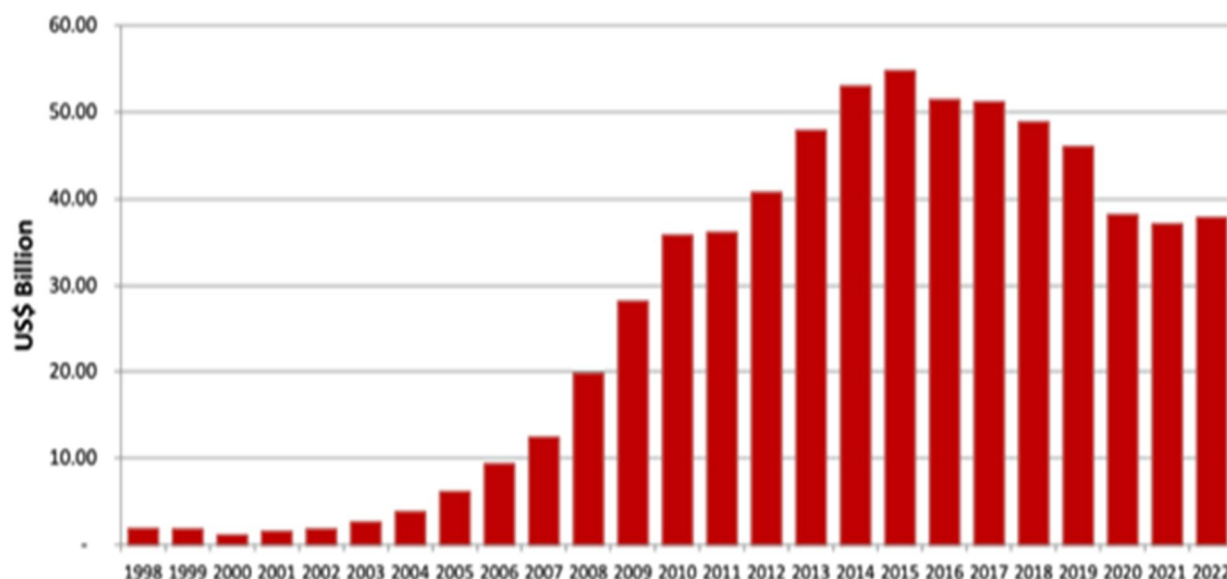
3.2 Investment in Infrastructure:

Investments in infrastructure play a critical role in achieving sustainable development. In the short term, they stimulate demand for goods, services, and raw materials needed by the construction sector. In the long term, infrastructure investments foster economic growth through their direct effects, such as increasing the stock of production factors, creating job opportunities, and utilizing idle resources. They also generate indirect effects, including positive externalities that enhance private sector productivity and returns on private capital. This is achieved by facilitating the flow of inputs and outputs in the production process, services, and intermediate goods, while reducing transaction and investment costs.

Since 2000, China has provided over \$170 billion in loans and grants to support infrastructure development in Africa (Haas, 2024). China's recognition of the importance of infrastructure investment was notably highlighted in 2013 when it launched the New Silk Road Initiative, also known as "One Belt, One Road" or "Belt and Road." This initiative involves China investing billions of dollars in infrastructure projects (ports, roads, railways, etc.) along the Silk Road, connecting China to Europe. By December 2023, 44 out of 54 African countries had joined the initiative (Haas, 2024). Noteworthy projects in Africa under this initiative include the "Silk Roads" railway project in Kenya, which connects Nairobi to Mombasa, Kenya's largest port on the Indian Ocean. Additionally, a 50-kilometer road project connecting Uganda's international airport, and Chinese investments that transformed a coastal city in Tanzania into one of the largest ports in Africa (Al Jazeera, 2019).

The figure below illustrates how the revenues of Chinese construction companies have grown during this period. It is evident that these revenues have steadily increased since the beginning of the third millennium, reflecting the positive impact of the China-Africa Forum in this sector. These revenues peaked in 2015, nearing \$55 billion.

Figure 04: gross annual revenues of Chinese companies' construction projects in Africa.



Source: <https://fr.statista.com>

3.3 Foreign Direct Investment:

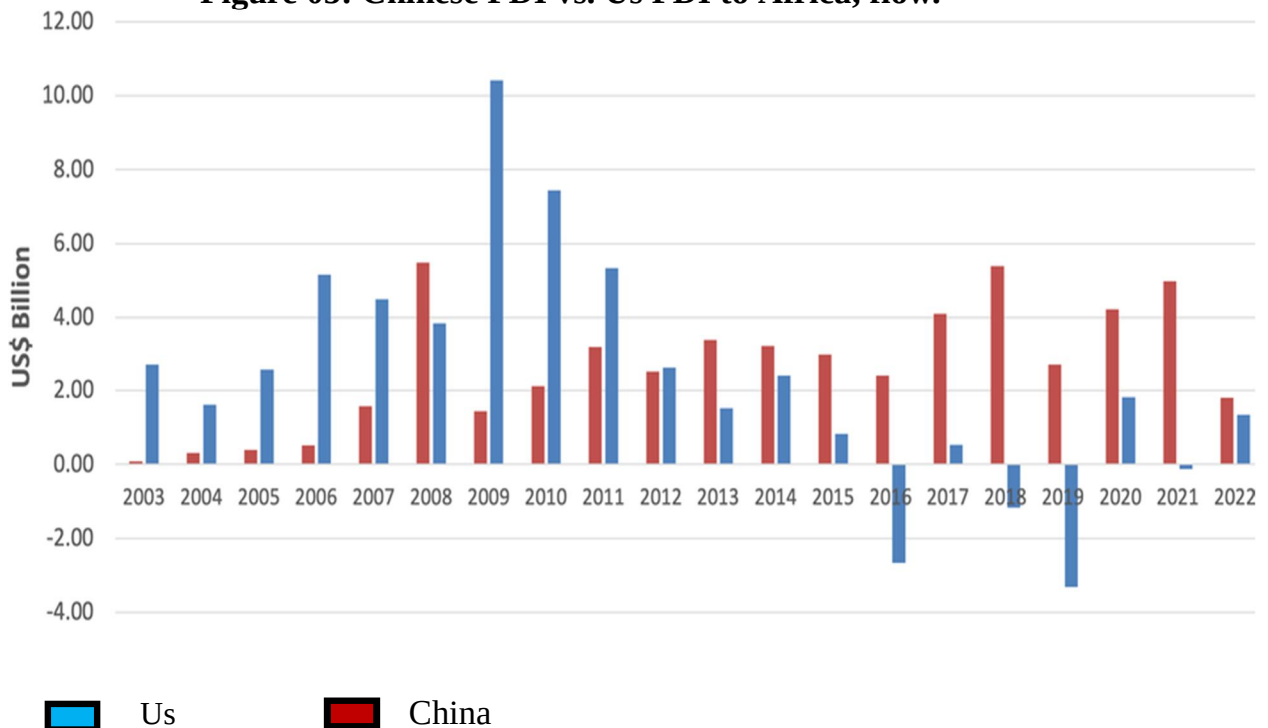
By the end of 2023, Chinese direct investments in Africa had surpassed the \$40 billion mark, making China the largest investor on the continent, ahead of both the United States and European Union countries. Notably, since 2013, the flow of Chinese direct investments has consistently exceeded that of the United States (see figure below). Chinese investments in Africa span various sectors, including manufacturing, extractive industries, agriculture, logistics services, and more. In 2019, the total direct investments made by Chinese companies in these sectors amounted to \$38 billion, representing 85.5% of the total Chinese investments in Africa (Caslin, 2022).

However, it is important to note that the stock of Chinese direct investments in Africa declined during the period from 2018 to 2022, falling from \$46 billion to \$41 billion. According to data from the United Nations Conference on Trade and Development (UNCTAD) for 2022, China ranked fifth in terms of the stock of foreign direct investments in African countries, trailing behind the Netherlands (\$109 billion), France (\$58 billion), the United States (\$46 billion), and the United Kingdom (\$46 billion) (UNCTAD, 2024).

Among the successful examples of Chinese direct investment in Africa is the Yuemei Group's investment in Nigeria. In 2006, the company invested \$1.2 million to support manufacturing industries. In 2007, the Nigerian government allocated \$50 million to establish an industrial park dedicated to textiles, with a complete production chain. By 2009, the park hosted five textile companies and employed 1,000 local workers. Today, the Yuemei Group operates ten factories in Nigeria. In Tanzania, the stock of Chinese investments reached \$541 million in 2012. In Ethiopia, the Huajian Group invested approximately \$10 million to establish a shoe factory. Before operations began, over 90 employees were sent to China for

technical training. The factory opened in 2012, and by 2013, the number of workers had increased to 3,500 (World Bank, 2015).

Figure 05: Chinese FDI vs. Us FDI to Africa, flow.

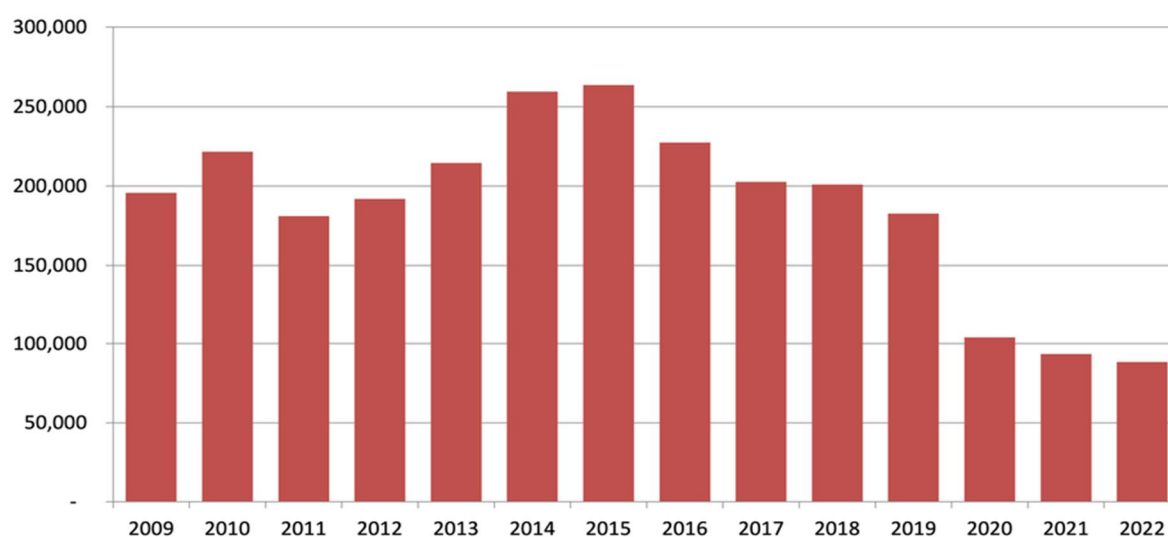


Source: <https://fr.statista.com>

3.4 Economic Migration:

Chinese economic migration to African countries is a significant aspect of China's economic diplomacy, closely linked to Chinese direct investments on the continent. While the presence of Chinese labor in Africa is not a recent phenomenon, with historical roots dating back centuries, it has increased substantially since the establishment of the Forum on China-Africa Cooperation (FOCAC). This trend was particularly evident in the first fifteen years following the forum's inception, as illustrated in the figure below. Chinese migrants to Africa encompass a wide range of individuals, including ordinary workers, investors, brokers, commercial agents, translators, consultants, and trainers.

The peak of Chinese economic migration to Africa occurred in 2015, when the number of Chinese workers in African countries reached approximately 263,000. However, this number declined thereafter, influenced by a reduction in Chinese investments in infrastructure projects across the continent and the impact of the COVID-19 pandemic. Between 2019 and 2021, countries such as Nigeria, Algeria, Kenya, Angola, Sudan, Zambia, and the Democratic Republic of the Congo emerged as the most attractive destinations for Chinese workers. In the most recent year, the number of Chinese workers in Africa had dropped to 93,000, reflecting a decrease of about 65% compared to 2015 (IMF, 2024, pp. 18-19). Notably, Algeria and Angola experienced significant reductions in the presence of Chinese workers in 2021, with the number of Chinese workers in both countries declining by approximately 90% (IMF, 2024, p. 19).

Figure 06: Number of Chinese workers in Africa by end of year.

Source: <https://fr.statista.com>

5. Conclusion

As we reflect on the evolution of China-Africa relations, it becomes clear that this partnership has played a defining role in shaping the modern economic landscape of the continent. The key takeaways are as follows:

- The relationship has progressed significantly—from early aid and trade efforts in the 1950s and 1960s to today’s multifaceted economic partnerships.
- China’s emphasis on infrastructure, trade, investment, and its non-political approach to aid has fueled its growing influence across Africa.
- This collaboration has contributed to infrastructure modernization and economic growth in many African nations.
- Despite these advancements, serious concerns persist—ranging from rising debt levels to environmental impact and fears of economic dependency.
- It is crucial for African nations to navigate these ties with strategic foresight, ensuring benefits are maximized while risks are mitigated.
- The future of this relationship will depend on how both China and African countries address these challenges and maintain a balanced, mutually beneficial approach.
- Given China’s expanding role on the global stage, its engagement with Africa will remain a significant force in shaping 21st-century international dynamics.

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