CHINA’S ENGAGEMENT WITH AFRICA: From Natural Resources to Human Resources

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China’s engagement with Africa

- Background on African growth and trade
- China’s direct investment in and lending to Africa
- Chinese workers and migration to Africa
GDP growth of Sub-Saharan Africa has been good up until the last two years.
China’s demand supported high metals and energy prices through 2014.
Investment and lending

• China’s direct investment (ODI) less than 5% of total, attraction to natural resources same as FDI
• ODI uncorrelated with property rights/rule of law index
ODI is indifferent to governance environment

- CHINESE ODI:
  - Top third rule of law: 44%
  - Middle third: 19%
  - Bottom third: 37%

- TOTAL FDI:
  - Top third rule of law: 59%
  - Middle third: 16%
  - Bottom third: 25%
Investment and lending

- China’s direct investment (ODI) less than 5% of total, attraction to natural resources same as FDI
- ODI uncorrelated with property rights/rule of law index
- Private SMEs invest in services, manufacturing
Chinese SMEs invest all over Africa
Investment and lending

• China’s direct investment (ODI) less than 5% of total, attraction to natural resources same as FDI
• ODI uncorrelated with property rights/rule of law index
• Private SMEs invest in services, manufacturing
• EXIM, CDB fill a niche with large lending to transport and power
China’s share of external financing for African infrastructure is significant.
Labor and migration

- Official figure on Chinese workers in Africa: 259,385 end-2014
- Estimates of total migration as high as 1 million
Chinese workers in Africa, end-2014

- Algeria: 71542
- Angola: 50231
- Congo: 14483
- Ethiopia: 14078
- Eq. Guinea: 12550
- Sudan: 9808
- Nigeria: 8677
- Zambia: 7489
- Tanzania: 5619
- Congo DR: 5155
- Kenya: 4938
- South Africa: 4186
- Liberia: 4099
- Cameroon: 3636
- Chad: 3462
- Ghana: 3351
- Mozambique: 3214
- Uganda: 2817
- Rwanda: 2776
- Guinea: 2378
- Mauritius: 2364
- Senegal: 1919
- Niger: 1858
- Mauritania: 1569
- Gabon: 1560
- Namibia: 1471
- Botswana: 1458
- Sierra Leone: 1309
- Lesotho: 1294
- Morocco: 1237
- Mali: 1104
- Togo: 1057
Labor and migration

• Official figure on Chinese workers in Africa: 259,385 end-2014
• Estimates of total migration as high as 1 million
• Half of Africa’s population is below the age of 20
• Africa needs to create about 20 million jobs per year
• China’s working age population has peaked and will decline in future decades
Africa’s population is young
African populations have a favorable view of China (Pew Global Attitudes 2015)
China’s engagement with Africa

• China’s trade and investment have supported African economic growth
• Some resource investments in poor governance environments not faring well
• Private SMEs invest in services, manufacturing
• Chinese migration a mixed blessing
• Foundation of the relationship shifts from natural resources to human resources
Recommendations for African governments and civil society

• Please publish more data!
• Manage labor flows (China severely limited ability of foreign investors to bring in workers)
• To diversify the economy improve the investment climate: infrastructure, ease of doing business, anti-corruption
THANK YOU!