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A Dragon and a Dove? A Comparative Overview of Chinese and European Trade Relations with Sub-Saharan Africa

Bert JACOBS

Abstract: As China's footprint in African trade grows larger by the day, the need to contextualize this rise through comparative analysis becomes ever more necessary. This paper contrasts the sub-Saharan trade relations of both China and Europe with their respective designated stereotypes: those of a dragon and a dove. The article compares the trade dynamics on four levels: the policies and institutional mechanisms that shape the relationship; the composition of the trade flows; the geographic distribution of trade dominance; and the influence of norms and values on the trade pattern. It concludes that although there are empirical grounds behind these stereotypes, Chinese and European trade relations with sub-Saharan Africa are becoming more similar, partly due to a more hawkish European stance.

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Keywords: China, Africa, EU, trade

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Introduction

Over the course of the last 10 years, China has transformed itself into a major player in Africa. Its arrival has ended the privileged relationship that many Western powers enjoyed with the continent since the end of the Cold War and pushed Africa back toward the top of Western geopolitical agendas. Trade has been one of the most important channels through which this Chinese growth has taken place. Whereas China's trade with sub-Saharan Africa was only 15 billion USD in 2003, it expanded to 100 billion USD in 2010. But some of the literature has referred to this Chinese arrival in terms of a "dragon in the bush", with China playing the role of rogue trader, luring Africa's weakest regimes, such as those in Sudan, Zimbabwe or the Democratic Republic of the Congo (DRC), into unfair contracts which undermined progress on human rights and the fight against corruption (see Large 2008). China's policy of non-interference is indeed different from Europe's vision on African development, which focuses on improvements in democracy, human rights and governance (Scheipers and Sicurelli 2008; Storey 2006).

As a result, a situation seems to have emerged where African countries are told that they have a theoretical choice between two very different models and that "at the end of the day", in the words of a European Commission spokesman, "it is up to them to decide who they want ties with" (Walt 2007). On one side, there is the dragon, whose fancy trade and investment deals lure countries into situations that will ultimately undermine their chances for democracy and development. This dragon has an interest only in raw materials and wants to dump its cheap manufactured goods into local markets. On the other side, there is the dove, whose well-balanced model of trade and aid agreements, strengthened by (mutually agreed-upon) political conditionality, offers the best shot at the target countries' development. The dove is also trying to strengthen Africa's emerging manufacturing sector through preferential trade regimes.

Since both models are caricatures of reality, this paper attempts to analyse how different China's trade with sub-Saharan Africa really is from that of Europe. Although the understanding of China's trade dynamics has been much improved by works such as Broadman et al. 2007; Goldstein and Reisen 2006 and Zafar 2007, what is often missing is an analysis that goes beyond the narrow focus on China or the other BRICS countries. This paper compares Chinese and European trade data on four levels to test whether many of the claims made about China's in-

volvement with Africa are applicable only to the Chinese. Can we really speak of a dragon and a dove?

After a brief overview of the changes in the landscape of sub-Saharan trade over the course of the last decade, I compare and analyse the institutional dynamics that have influenced the trade regimes of China and the EU, focusing specifically on the historic evolutions in preferential trade agreements and the normative influences on trade relations. The second part of the paper focuses on the composition of European and Chinese trade flows. It tests the importance of resource-related trade as well as the strategic significance of sub-Saharan African trade for China and Europe. The third part of the article focuses on the geographical distribution of trade and discusses the countries in which China and Europe have been able to capture the biggest market shares. The last part focuses on the link between norms and trade by comparing the relative dominance of China and Europe in different sub-Saharan countries with the World Bank Governance Indicators.

The paper focuses only on trade data since they offer the most reliable source of information on China's African expansion. Tax havens make FDI statistics notoriously unreliable and aid data remain shrouded in secrecy and mired in debates on definition. If aid data were to be measured in terms of Official Development Assistance (ODA), it would still represent only a small fraction of total ODA to Africa (Brautigam 2011). To this day, therefore, trade data offer a relatively reliable outlook on China's evolving relations with Africa. The data used for the analysis in this paper come from the World Bank's Direction of Trade Statistics (DOTS) and UN COMTRADE data, using the Harmonized System (HS) Classification of 2007.

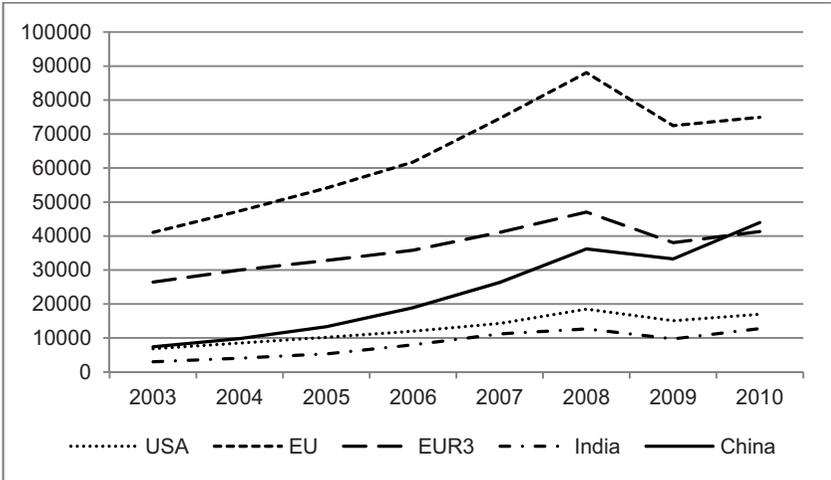
A Changing Landscape

Since the beginning of the twenty-first century, many sub-Saharan African countries have presented impressive growth figures, while riding on waves of surging resource prices. Even the recent economic crisis seems to have only briefly dented African growth rates. The IMF regional economic outlook for sub-Saharan Africa highlighted the fact that one of the least commented upon aspects of the global downturn has been the resilience of sub-Saharan Africa, caused by the stronger macro-economic position of most countries in the region (IMF 2010). At the top of the class was Equatorial Guinea, whose oil exports sparked an average GDP

growth of almost 20 per cent between 1995 and 2009. But growth was not limited only to oil exporters: 15 non-oil-rich African countries were also able to achieve growth rates above 4.5 per cent during the same period (Broadman et al. 2007). And even though growth does not equal development, this recent episode marks a significant shift from the last decade of the twentieth century, which had become known as Africa's lost decade. One major driver of this African growth can be credited to increased trade with emerging economies. For many decades, African exports and imports were mainly dominated by a small group of traditional partners in the West, whose relative shares had changed little since the 1960s. But during the first decade of the twenty-first century, this pattern was dramatically altered by the emergence of a number of rapidly emerging markets such as China, India, Brazil, Russia and South Africa. These so called "BRICS" economies have presented a source of diversification, at least in terms of potential export markets (Giovannetti and Sanfilippo 2009). These emerging powers have affected African trade both directly and indirectly (Kaplinsky, McCormick, and Morris 2007). They have directly engaged with African countries in search of both unexploited resources to fuel their economic rise and new export markets for the cheap products made by their manufacturing industries. But indirectly, their growth has also kept resource prices relatively high, even as most of the Western world has been going through one of its deepest crises in recent history.

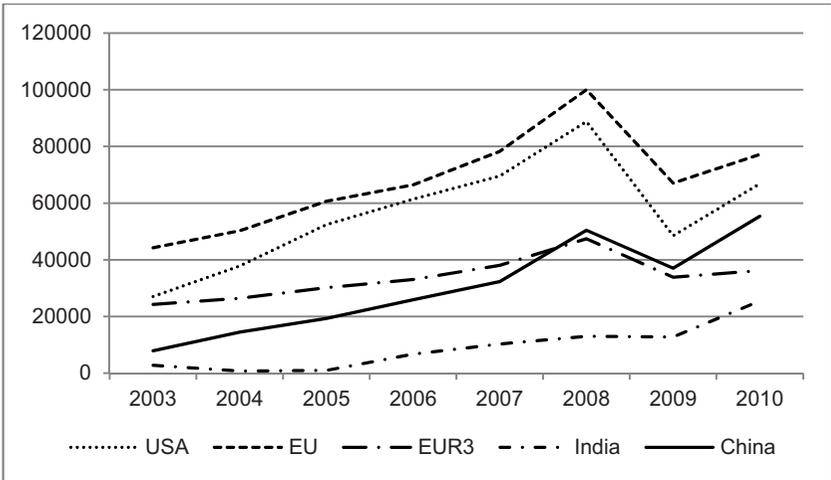
The first part of this paper analyses how Chinese and European trade relations with sub-Saharan Africa have evolved over the last seven years. The paper is limited to sub-Saharan trade because of major differences in the trade relations between countries north and south of the Sahara (Giovannetti and Sanfilippo 2009). While China has become a major partner in sub-Saharan Africa, it has been much less able to gain equally large market shares in the countries of Mediterranean Africa, where Chinese imports account for less than 5 per cent of total exports. Although China is attempting to expand its relations with the countries in this region – a fact that became clear when China had to evacuate over 30,000 of its citizens from war-torn Libya – in absolute terms, European trade with Mediterranean African countries is still more than ten times larger than China's (*Xinhua* 2011). This difference is caused by its historical relationship, geographical proximity and the effects of Euro-Mediterranean Association Agreements, which have *de facto* made these countries more integrated into the European market.

Figure 1: Export Data for Trade with Sub-Saharan Africa



Source: Author's own compilation by using DOTS.

Figure 2: Import Data for Trade with Sub-Saharan Africa



Source: Author's own compilation by using DOTS.

But Europe's sub-Saharan ties were never as strong as its Mediterranean ties. As a result, the situation in sub-Saharan Africa evolved quite differently. Figures 1 and 2 display China's growth in trade with sub-Saharan

Africa and compare this with trade from the EU, India and the United States. A fifth indicator, EUR3, is added, which is composed of the sum of trade flows from Germany, France and the United Kingdom. The graphs show the rapid rise of China in sub-Saharan Africa, where it started from rather humble beginnings in 2003, but whose growth rate was 40 per cent per year on average. As a result, China traded almost ten times more with sub-Saharan Africa in 2010 than it did in 2003. The graphs also show that Western powers have not been idle actors either. They too have expanded their trade relations with the continent. Yet, this has happened at a much slower pace, making an eventual Chinese takeover merely a matter of time.

Export and import relations show a large amount of symmetry. One major difference is the much more pronounced presence of the United States on the import side of the trade balance. The financial crisis also caused a much more significant drop in the import relationship, due to the fact that it is mainly composed of highly volatile natural resources. The difference between the EUR3 indicator and the whole EU is also interesting. Whereas the EU seems to have remained a dominant partner, China overtook the combined German, French and British trade flows with sub-Saharan Africa in 2009. For the first time, total Chinese trade with sub-Saharan Africa (100 billion USD) was valued higher than that of France, Germany and the United Kingdom combined (70 billion USD). This takeover could have been anticipated, since African trade with Europe's core economies grew only 50 per cent over the last seven years. On the other hand, these graphs also show the importance of the EU as a trading bloc. When the 27 EU countries are aggregated, they are still much more important than China, certainly when it comes to exports to Africa. As the influence of the EUR3 countries declined, membership expansion helped to maintain the dominant role and potential agenda-setting capacity of the EU as a trading power. Whether or not the EU can overcome internal disagreements and turn this potential into a significant impact is of course a very different matter. The graph also displays the recent acceleration in the growth of Indian imports from Africa. For many years, Indian trade with Africa remained significantly smaller than that of its bigger Asian neighbour, but since the crisis of 2008, India has become a major importer of African resources as well. These trade relations will, however, not be the subject of this paper, as it focuses solely on the comparison of Chinese and European trade. In the following sections, this paper will analyse these massive changes in more

detail, examining which goods these flows contain, which African countries dominate the trade relations, and what role normative principles of democracy and corruption play in guiding Chinese and European trade flows. But the next part will first analyse what effects these changes have had at the institutional and policy levels in both Europe and China.

Adapting Trade Policy to a Changing World

This section analyses the institutional evolutions of the trade relationship between the EU, China and Africa. Due to its historical relations with Africa, the EU has had strong preferential trade relations with its former colonies. But while pressures from the World Trade Organization (WTO) have recently eroded these preferential trade agreements, China has slowly been opening its markets to Africa's least developed countries (LDCs). In theory, this could create a much more level playing field. After briefly sketching out some of the problems that African trade is faced with, the paper shifts its attention to the European and Chinese responses to these problems, including their normative stance on the role that democracy and good governance play in development. Last, this section of the article predicts how the future of the trilateral relationship between China, Europe and Africa will unfold.

Africa and Trade: A Troubled Relationship

International trade is seen as one of the key drivers of economic growth, although the specific manner in which international trade affects this growth is still the subject of speculation in economic literature (Baier and Bergstrand 2001; Frankel and Romer 1999; Krugman 1979). The classical theory states that trade facilitates competition and allows countries to exploit their comparative advantages through economies of scale in larger markets. Trade also intensifies the spread of ideas and technological innovation through improved channels of communication (DFID 2011). These trade spillovers can even be greater when the trade partner is a fast-growing and relatively more developed country (Maswana 2009). Africa's exclusion from the bulk of the world's trade flows means that its countries have been unable to take full advantage of these benefits. This relative exclusion is caused by a range of factors. First, a number of physical and geographic reasons makes it comparatively harder for Africa to become fully embedded in the world's markets. The small size of

many African economies, the fragmentation of their internal markets and the constrained access of some countries to the sea are major impediments to African trade (DFID 2011). A second problem is the terrible state of much of Africa's infrastructure. A recent study by the World Bank found that an annual investment of 93 billion USD in infrastructure would be necessary for Africa to meet its Millennium Development Goals (World Bank 2009). The *Commission for Africa Report* had a similar concern when it called on donors to urgently orient their investments toward the transportation, power, irrigation, port and telecom sectors to allow African countries to tap into world markets and increase their regional integration (Commission for Africa 2005). This lack of regional integration is caused by protectionist trade policies, where huge tariff barriers and over-evaluated exchange rates further impede intra-regional trade (Hoekman and Njinkeu 2010). As a result, only 11 per cent of trade occurs within any given country's respective sub-region (Gillson and Grimm 2004). Finally, the lacking governance capacity is also central to the sub-continent's underdevelopment. Chronic state problems, such as deficient border administration, result in chronic problems in managing trade flows (Draper and Qobo 2007). Corruption and rent-seeking caused resource revenues to be sub-optimally allocated, and the lacking institutional improvements were one of the major reasons the neoliberal recipes of the Bretton Woods institutions negatively affected economic growth in the long run (Gillson and Grimm 2004). But market access on its own is an insufficient condition to harness trade for development. To exploit the access of export markets, firms and traders must be able to offer competitive products (Hoekman and Njinkeu 2010). One way of promoting the growth of infant industries that can offer such competitive products is through preferential trading schemes. Research by Collier and Venables has found that preferential trade regimes help the establishment of manufacturing industries. And even though the role of African countries in international trade has remained small, their historical relations have allowed them to enjoy greater access to OECD markets than other developing countries. Preferential trading schemes such as the EU's Lomé Agreement and the United States' African Growth and Opportunity Act (AGOA) have been a major part of the world trading system for decades (Collier and Venables 2007). These preferential trade arrangements have shaped the trade opportunities of numerous developing countries, notably the poorest ones, due to their non-reciprocal na-

ture (Candau and Jean 2005). The next section of this article analyses the rise and demise of Europe's preferential trading schemes with Africa.

EU–Africa Trade: Dismantling a Preferential Relationship

Long before the EU had a common foreign and security policy, the main foreign policy tool at its disposal was the granting of trade preferences (Candau and Jean 2005). At the start of the European integration project, France made it a condition of its accession to the Treaty of Rome that some accommodations be granted to its (ex-)colonies. This regime of association was formalized in 1963 in the first Yaoundé Agreement. The two Yaoundé Agreements that were eventually negotiated regulated EU–Africa relations between 1963 and 1975. They aimed to enable the newly independent countries to achieve significant economic development and autonomy (Flint 2009). When the UK joined the EU bloc in 1973, the need to accommodate the Commonwealth members eventually led to the creation of a new agreement: the Lomé convention. The negotiation happened in the aftermath of the oil embargo, and its grand goal was the reordering of North–South relations (Bach 2010). To the EU's surprise, the eligible countries of Africa, the Caribbean and the Pacific (ACP) decided to negotiate as a bloc. As a result, they were able to increase their leverage during the negotiations and achieve favourable concessions. The reciprocal trade agreements of Yaoundé were replaced by non-reciprocal tariff preferences, which was in fact in clear breach of the Most Favored Nation Principles stipulated by the General Agreement on Tariffs and Trade (GATT), and which also required the EU to acquire a politically costly waiver (Flint 2009). But since the ACP countries still had significant influence, the EU was willing to pay the price. The ACP were at the top of Europe's trade hierarchy, since they accounted for 6 per cent of EU trade with the rest of the world (Stevens 2006). But the Lomé Agreement was renegotiated every five years, and with each consecutive renegotiation the power of the ACP declined. The Lomé Agreement came under further pressure during the African debt crisis of the 1980s and at the end of the Cold War. Colonial ties played an ever smaller role since trade between the former colonies and their metropolises has fallen by about 65 per cent in the four decades since independence (Head, Mayer, and Ries 2010). By 2003, the ACP accounted for only 2 per cent of EU trade. As a result of these dynamics, the EU sought to normalize its relations with the ACP countries (Flint 2009). In June 2000, after two years of negotiations, the 77 ACP countries signed

the Cotonou Agreement in which the non-reciprocal trade regime gradually gave way to a more reciprocal trade agreement.

Since the WTO-sanctioned waiver for the extension of the Lomé preferences to the ACP countries could be extended only until December 2007, the EU and its African partners faced a deadline to reshape their trade relations and allow for an acceptable transition. The tensions between the WTO obligations and the Lomé preferences were the most direct cause of the Lomé trade regime's demise. Between 1998 and 2005, a quarter of all WTO disputes with the EU as a respondent were related to the differentiation in trade policy (Stevens 2006). But although WTO regulation does not allow preferential trade regimes, it does allow for Economic Partnership Agreements (EPAs), which are economic agreements between trading blocs. Therefore, the Cotonou Agreement was based on three principles: reciprocity, differentiation and deeper regional integration (Karingi et al. 2005). The drive towards regional integration eventually led to the creation of five regional economic communities in sub-Saharan Africa and one with the Arab Maghreb Union. The Everything but Arms (EBA) deal was created in 2001 and it allowed tariff-free access to the EU market for the LDCs for all goods except arms as of 2009, including agricultural products (Hinkle and Schiff 2004). This differentiation was possible because the WTO allowed for special concessions for the Least Developed Countries (LDCs). The positive outcomes for sub-Saharan Africa stemming from the EBA agreement and the EPA negotiations remain to be seen. The majority of the literature remains at least relatively skeptical (Gillson and Grimm 2004; Hinkle and Newfarmer 2005; McKay, Milner, and Morrissey 2000).

EU Trade as a Driver of Normative Power

The EU's development policy in Africa has always been influenced by moral appraisal on cultural impediments to African growth and its own historical responsibilities (Gillson and Grimm 2004). But since the end of the Cold War, the promotion of democracy, fundamental freedoms, human rights and good governance have become crucial aspects of the EU's foreign policy. Since the Maastricht Treaty in 1993, the promotion of these values has been incorporated at different European levels, such as the different regional cooperation agreements, and it has been inserted into all agreements with individual countries since May 1995. The EU saw these normative values as fundamental prerequisites for successful development. For sub-Saharan Africa, the most significant trade agree-

ments were the Lomé and Cotonou Agreements, as explained above. These agreements were originally about aid and trade, but over the last two decades, the political and normative dimension has become increasingly prominent. Each agreement tends to have a three-pillar structure: trade, development cooperation, and political dialogue (Mold 2007). Although Lomé I started off as a true partnership without conditionality, it slowly became more political and one-sided (Flint 2009). Lomé IV was the first agreement with a political element attached. This element was further elaborated in 1995, when Lomé IV was up for a mid-term review. Rule of law, good governance, and respect for democratic principles were added as fundamental criteria. In the Cotonou Agreement, democratic principles, rule of law, and respect for human rights are listed as essential elements. Good governance is a fundamental and positive element. Political dialogue was added as an extra pillar within the Cotonou Agreement and regular assessments of developments on human rights, democracy, rule of law, and good governance became the norm. EU democracy promotion has three tools at its disposal: the use of incentives to reward well-performing countries, the use of sanctions against those countries that do not comply with the essential elements of the treaties, and the funding of democratic programmes (Varrenti 2009).

By establishing that norms of democracy and human rights were the foundation of Europe's international policies, this postmodern international actor gave itself an international identity. By creating a system of global governance by "breaking of nations" (Cooper 2004), the EU was able to bypass the state-centric world order, in which its supranational structure was a serious political handicap (Laïdi 2008). The European Commission (EC) claimed that it prioritized human rights and democratization in its relations with third countries and used the opportunities offered by political dialogue, trade and assistance to promote these ends (Varrenti 2009). Ian Manners developed in this context the concept of "normative power Europe" (NPE). NPE explains how Europe's bloody historic context, its complex political-judicial structure and its supranational decision-making process shaped its identity, which was spread through its treaties, declarations and policy choices. He concluded that these factors made the EU "predisposed to act in a normative way" (Manners 2002). Other authors like Balducci along with Diez and Pace add to this that Europe saw these goals as universal ideals and not as a form of self-interest (Balducci 2007; Diez and Pace 2007). Wolfers called such goals "milieu goals", goals which one pursues not to defend or

increase one's possessions, but to shape conditions beyond the national boundaries. The alternative were labelled "possession goals" (Varrenti 2009). These morally good "milieu goals" have been the key drivers of the rhetoric surrounding the "dove" model and became the centrepiece of Europe's foreign policy ideology. All this is of course heavily contested by neorealist interpretations of democracy promotion, who claim that democracy promotion can hardly be seen as a milieu goal, but rather as an immediate, possessive goal to bolster Europe's interests: trade, security and political benefit.

China–Africa Trade: Channelling an Explosive Rise

Trade has been a key channel through which Chinese economic growth has transformed the global economy. The previous part already explained how Chinese trade with Africa has undergone an unbelievable transformation over the last seven years. This part focuses on the effects of this growth and the policies that made it possible. Trade has had both direct and indirect effects on African countries. Some of these effects are complementary, while others are competitive. More is known about the direct trade relations than about the indirect relations. Among the direct links are the welfare-enhancing flow of cheap consumption goods and unprocessed materials for industries, but at the same time, the competitive effects of crowding out domestic manufacturers. But trade also impacts African economies indirectly, due to China's expanding participation in global markets. African countries have benefitted from the rise of resource prices but at the same time, they have felt the competition of cheap Chinese exports with their traditional trading partners such as Europe and the US (Kaplinsky, McCormick, and Morris 2007).

This "tidal wave" of cheap Chinese imports has become one of the main aspects of China's "dragon" image, leading to claims that China is destroying much of Africa's emerging manufacturing sector and causing major job loss across the continent. Giovannetti and Sanfilippo examined the impact of these cheap Chinese imports on Africa's markets and concluded that Africa's manufacturing sector has been particularly vulnerable to the competitive threat posed by China, both in domestic markets and in terms of foreign exports since they lag substantially behind with respect to prices, speed to market, labour productivity and quality of products. As a result, Giovannetti and Sanfilippo concluded that an annual increase of Chinese exports corresponded to a decrease in African exports overall, but especially in the manufacturing sector (Giovan-

netti and Sanfilippo 2009). Other authors have found a similar level of competition. By examining the Export Similarity Indexes, Jenkins and Edwards, Goldstein and Reisen, and Zafar found that China has indeed become a major threat, mainly in the clothing sector and in agricultural commodities. There are, however, relatively large differences in the countries that some claim are the most affected according to these models. Some of the most affected countries seem to be Lesotho, Malawi, Mozambique and South Africa. At the same time, there have been a number of profiteers, mostly oil-exporting and resource-rich countries having gained from trade with China. This has led to a highly unbalanced trade pattern (Goldstein and Reisen 2006; Jenkins and Edwards 2005; Zafar 2007). Taylor notes, however, that the dynamics that drive these cheap Chinese imports are beyond the control of both the African importers and the Chinese exporters. They are the result of general trends in the ever more globalized and liberalized world economy, where uncompetitive industries are under constant threat from foreign competition (Taylor 2010).

To combat these negative perceptions, China has launched two major initiatives. The first one is the Forum on China–Africa Cooperation (FOCAC), and the second one involves the granting of preferential access for LDCs to China’s huge market for an increasing number of products. The FOCAC was launched in 2000 in Beijing to signal a new phase in China–Africa cooperation (Taylor 2011). Ministerial meetings held every three years aim to promote diplomatic, trade, security and investment relations between China and the African countries. At the first meeting, Beijing offered a unique package of economic, political and security inducements to fast-track its entry into the resource-rich countries of Africa. These inducements included debt relief, peacekeeping, cheap loans, support in multilateral forums, military deals, etc., all under a banner of non-interference and South–South cooperation, which would provide parallel channels for funding alongside established Western-driven institutions such as the IMF and the World Bank. During the follow-up meetings in Addis Ababa (2003), Beijing (2006) and Sharm el-Sheik (2009), the benefit package was bolstered and measures to increase Africa–China trade were implemented (see Taylor 2011 for a detailed overview of FOCAC commitments). Non-interventionism has been an essential part of FOCAC policy and is one of the major reasons China has been labelled a “dragon”. Under the banner of mutual benefit and respect for sovereignty and territorial integrity, China has differentiated

its Africa policy from that of established donors. These principles of non-interventionism go back to the Bandung Conference of 1955 and were restated in China's "Eight Principles for Economic Aid and Technical Assistance to Other Countries" in 1964. In the April 2011 White Paper on Foreign Aid, issued by the State Information Office, China restated the claim that its assistance to African countries has always been and will continue to be free of political conditions (Brautigam 2011).

As trade between China and Africa expanded massively over the course of the last decade, the problem of the highly unbalanced trade pattern became ever more urgent. Sarah Jane Danchie examined to what extent China's trade-specific commitments in FOCAC went beyond the mere facilitation of trade by attempting to stop this widening imbalance. The financial crisis of 2008 showed that a commodity price drop had a huge effect on Africa's trade with China, due to the dominance of volatile primary commodities. The granting of preferential access to exports from LDCs who have diplomatic relations with China seemed to be one of the most promising measures aimed at balancing out trade relations. This is positive because, according to research by Mayer and Zignago, South–South trade presents more trade barriers than North–South trade, and although South–South trade accounted for only 40 per cent of the total trade of developing countries, it accounted for 70 per cent of all tariffs paid (Mayer and Zignago 2005). Zero-tariff treatment was already embedded in the first FOCAC commitment, but it has been gradually expanded over the course of the meetings. During the last FOCAC meeting, the Sharm el-Sheik Action Plan promised that China would

further open its markets to African countries in a phased manner [and] grant tariff exemptions to 95 per cent of exports from LDCs. As a first step, the goal of zero-tariff treatment on 60 per cent of all products will be met by 2010 (Danchie 2011).

But according to Danchie, the impact of these exemptions will at best be limited to a small group of resource-rich countries, due to the skewed nature of African exports. The change due to the zero-tariff treatment was also less substantial than it first might seem, since China had already eliminated Most Favored Nation Tariffs on 93 per cent of African LDCs' exports before 2006. Furthermore, non-tariff barriers such as rules of origin, which are even stricter than those of the AGOA, severely limited further expansion opportunities. The preferences so far have failed to transform the structure of exports from LDCs, which remain largely primary in nature. Therefore, the most promising preferences

might be related to agricultural products. How the further expansion of preferences in the coming years to 4,700 products will impact future African trade possibilities still remains to be seen (Danchie 2011).

The Future: Triangular Relations in a Competitive Environment

The rise of China in Africa has led to a rewiring of the economic relations in Africa. While the trade data showed that European trade with Africa was able to grow steadily over the course of the last decade, except for a brief moment during the 2008 crisis, the unprecedented rise of China has rapidly taken over the bulk of the market share in many African countries. In 2009 China overtook Europe's three largest economies combined (Germany, the UK and France) in terms of total trade value with Africa. And although the bloc of 27 EU countries is still much bigger in total, this gap is also closing year by year and could only be artificially sustained through the enlargement processes of 2005 and 2007, when 12 new members joined the economic bloc.

The transformation from Lomé's one-directional preferences toward the more equal trade of the EPAs under the Cotonou Agreement has run parallel with these evolutions in trade flows. Because of the gradual opening up of the Chinese market to tariff-free imports from African LDCs, the gap between the barriers to market access that African LDCs are facing in Europe and China is also shrinking. The Lomé preferences were cancelled only in 2008, and trade figures have gone through a roller coaster ride since then due to the economic crisis and the fall in resource prices. So it is too early to tell whether the break-up of the regime of post-colonial preferential trade has boosted China's progress in Africa. But it certainly will have evened the playing field.

China's arrival in Africa has also affected Europe's ability to influence norms and values in Africa. At the end of the Cold War, the cost of democracy promotion was close to zero, since African countries had no alternatives (Varrenti 2009). But the emergence of new economic partners, the sustained African growth rates over the course of the past decade, the dismantling of Lomé's preferential relations and the rapid increases in trade have boosted the bargaining and development power of sub-Saharan Africa in its relations with the EU. Bach (2010) describes that this is leading to the type of seesaw politics and economic nationalism reminiscent of the time of the Cold War. He also describes how the arrival of China had a dramatic effect on the discourse of the EU's ex-

ternal relations. The Gleneagles pledges in 2005 were framed from a caring and moralizing perspective, but when leaders met again in 2007 during the second EU–Africa Summit in Lisbon, strategic challenges and economic relations dominated, and the Joint Africa–EU Strategy (JAES) was born (Bach 2010). The summit itself was in a way created to provide an answer to FOCAC, and according to EU commissioner Michel and AU president Konaré, the summit was also supposed to inaugurate a new era in Europe–Africa relations. The presence of Mugabe at the summit and the consequential boycott of the UK showed how power relations had shifted. A shift in language was already discernible in December 2005 when the EU adopted its Strategy for Africa. Although the emphasis on governance remained, the document was much more implicitly framed in the language of security (Mold 2007). At the same time, the EU is also pushing ahead with the implementation of a new cooperation framework under its Lisbon Treaty, which aims to bolster the EU’s position as a global player. The EU’s development priorities are therefore more often driven by geopolitical considerations in which there is little room for the ACP as a coherent unit. In November 2010, EU and African leaders met again in Tripoli for the third Africa–EU Summit, whose agenda themes were investment, economic growth and job creation. It remains to be seen whether the increasingly competitive environment will allow the EU, as an EU spokesman told *TIME* magazine, to firmly uphold their political and human rights standards, and then let Africans decide which of the two they want ties with (Walt 2007).

This section of the paper sought to show how China’s competition is directly causing changes at the level of European policy. This competition has been reinforced by the collapse of the preferential trading regimes and is potentially further threatened by China’s growing tariff reductions. According to some authors, this seems to be transforming Europe’s dovish stance into a more hawkish attitude. In the following sections, the focus will shift toward the actual empirical findings about China’s and Europe’s trade evolutions. The next section will focus on the content of the trade flows. Later, the geographical distribution and the normative drivers of trade will be analysed.

Analysing the Content of Trade Flows

After explaining the policy that has guided trade relations, this part will focus on the difference in content between Europe’s and China’s re-

source flows. The analysis will be based on UN COMTRADE data, using the Harmonized System (HS) Classification of 2007 at the 2- and 4-digit levels. After introducing a valid point of comparison, which will be used throughout the rest of this paper, the relative importance of different resource categories relative to their total trade will be analysed. Second, this part will analyse in which resource categories the biggest differences exist between China and Europe. Third, the importance of sub-Saharan trade relative to world trade will be analysed to understand whether this region has a different strategic importance for China and Europe.

In order to make such a comparison with China possible, we need a good point of reference. The European Union might seem the most logical point of comparison, but comparing the EU with China raises a number of problems. Firstly, the European Union is not a stable unit. Due to the enlargement process, 12 new member states joined the economic bloc between 2003 and 2010. Although these new members certainly are not Africa's biggest trade partners, they do distort the data sufficiently to make the differentiation between the effects of trade growth and those from enlarged membership difficult. It might be possible to create an EU27 indicator, which would add the trade of the new EU member states in the years before they joined. But this would reduce the EU to merely a geographic indicator, since at that time they were not yet fully embedded in Europe's Africa policy. There are other problems with such a comparison: I explained near the beginning of this paper that the combined EU trade with sub-Saharan Africa is still significantly larger than China's trade with the region. Regarding indicators that are significantly influencing China's African involvement, such as rising GDP or oil consumption, there still are large gaps between the European Union and China. EU trade with sub-Saharan Africa was still twice as large as Chinese trade with the same region in 2009, although the gap shrank in 2010. While China's GDP reached 5.9 trillion USD and became the world's second-largest economy in 2010, this was still much lower than the combined GDP of the European Union, which was 16.2 trillion USD for that same period. And while China has a daily oil consumption of 8 million barrels a day, the EU uses almost twice as much. Therefore, this paper argues that the combined trade of Europe's three largest economies (Germany, France and the United Kingdom) provides a much better point of comparison. With a combined GDP of 8.1 trillion USD and daily oil consumption of more than 6 million barrels, these

three economies are much closer to China's numbers. There is, however, a huge difference in population, but population alone has not been driving China's involvement in Africa. While Chinese population growth between 2000 and 2010 was approximately 6 per cent, China's trade with Africa rose more than tenfold. Since Europe's core economies and previous colonial powers – France and the United Kingdom, and to a lesser extent Germany – have been the drivers of Europe's Africa policy with all of its normative components, they are well placed to represent the European vision on norms and values. The final and probably most important reason why the combination of Europe's three core economies, which we will call the EUR3 from now on, is a valuable point of comparison is the fact that, as shown earlier, their trade flows with sub-Saharan Africa were very similar until very recently. In 2009, China's combined trade with sub-Saharan Africa was 70 billion USD, while the EUR3 traded 66 billion USD with these countries. This gap grew however in 2010, when China's trade totalled 100 billion USD and that of the EUR3 approximately 70 billion USD.

The Relative Importance of Resource Categories in Total Trade with Sub-Saharan Africa

China's imports from sub-Saharan Africa are highly skewed toward a very small number of resources. Five per cent of the resource categories account for 90 per cent of all trade. All of these categories refer to natural resource imports. The largest chunk of all imports by far comes in the form of oil trade, which on its own already takes up 59 per cent of all Chinese imports from Africa. China's main oil source is Angola, which accounted for 66 per cent of all Chinese oil imports from the region in 2010. Other important countries are Sudan (19 per cent), Congo-Brazzaville (8 per cent), Nigeria (3 per cent), South Africa (2 per cent) and Chad (1.4 per cent). Metal imports make up the majority of all other Chinese imports, such as ores and slag (15 per cent), copper and copper products (7 per cent), and iron and steel (2 per cent). Those metal imports mainly originate from South Africa (52 per cent), Zambia (18 per cent), the DRC (14 per cent) or Gabon (3 per cent). The import of precious stones (4 per cent) from South Africa or Botswana, wood (2 per cent) from Gabon, Congo-Brazzaville, Cameroon and Mozambique, and cotton (1 per cent) from Burkina Faso, Cameroon, Benin and Mali complete the top ten. All other resource categories contribute in relatively insignificant amounts.

The imports of the group of core European countries are a bit less skewed than those of China. Ten per cent of the resource categories account for 80 per cent of all imports from SSA. In terms of content, there is however a large amount of similarity between China and the EUR3 group. Mineral fuels are ranked again first, this time accounting for roughly 33 per cent of all EUR3 imports. The distribution of oil exporters is however a bit different. Nigeria is Europe's most important oil supplier, accounting for 58 per cent of all imports from the region. Angola is ranked second with 21 per cent, followed by South Africa (7 per cent), Congo-Brazzaville (7 per cent), Côte d'Ivoire (4 per cent) and Gabon (3 per cent). Metal imports are also important in Europe's trade with SSA, although again significantly less dominant than in trade with China. Ores and slag (5 per cent), iron and steel (2 per cent) and aluminium (2 per cent) are mainly sourced from South Africa and Mozambique. Precious stones (17 per cent) are also mainly imported from South Africa and Botswana. Whereas agricultural products did not play a significant role in China's imports, they do matter for Europe. Cocoa imports account for 7 per cent of all EUR3 imports. This cocoa is mainly harvested in Côte d'Ivoire, Ghana, Nigeria and Cameroon. Fruits from South Africa, Côte d'Ivoire and Cameroon (4 per cent) and coffee, tea and spices (3 per cent) from Kenya, Ethiopia and Uganda are other significant agricultural imports for Europe's three largest economies. Two categories remain: nuclear reactors, boilers and machinery (4 per cent), and vehicles other than railway (4 per cent). These variables contain more industrially related products. But the lack of manufacturing capacity in most of sub-Saharan Africa is once again on display: More than 95 per cent of these resources are imported from South Africa.

China and Europe export a whole range of items to sub-Saharan Africa. These exports are much less concentrated than their resource imports from the region. Table 1 compares the ten most important export categories and their relative share in the total exports to sub-Saharan Africa.

It is possible to divide Chinese exports into three groups. The first group would be items of machinery or vehicles. The first four categories in China's export table would fit into this group. In other words, these items of machinery and vehicles are China's main export to sub-Saharan Africa. Machinery accounts for 28 per cent of the total value of Chinese exports to Africa. Items of machinery are headed mainly for South Africa, Nigeria, Sudan, Angola and Ethiopia. Vehicle exports account for 15

per cent, and while ships are only destined for Liberia, other types of vehicles are mainly headed for South Africa, Nigeria and Angola. A second group would be unprocessed materials such as steel, rubber and plastics. South Africa and Nigeria are again the most important export destinations, followed by Sudan, Ghana and Kenya.

Table 1: Export Data for Trade with Sub-Saharan Africa

China Exports to SSA (2010)	Per cent of Total
Electrical machinery and equipment	16.00
Nuclear reactors, boilers, machinery	12.10
Ships, boats and floating structure	9.00
Vehicles other than railway or tram	6.20
Articles of iron or steel	4.90
Cotton	4.60
Articles of apparel and clothing	3.40
Footwear, gaiters, ...	3.20
Rubber and articles thereof	2.50
Plastics and articles thereof	2.40
EUR3 Exports to SSA (2010)	Per cent of Total
Nuclear reactors, boilers, machinery	19.27
Vehicles other than railway or tram	13.27
Electrical machinery	9.81
Mineral fuels	8.36
Pharmaceutical products	6.35
Optical, photographic, cinema	3.31
Articles of iron or steel	2.74
Precious stones	2.65
Cereals	2.28
Plastics and articles thereof	2.24

Source: Author's calculation, compiled using UN COMTRADE.

Finally there is a group of textile-related exports. Although this could be called the second-largest block of Chinese exports to sub-Saharan Africa, it is significantly smaller than the machinery and vehicles block. But dol-

lar value alone does not say it all: Cheap Chinese garments have made local African manufacturing much more difficult and have led to major job loss across the continent. Some sources claim 75,000 jobs have been lost in South Africa alone. But the trade relations in the textile sector are much more complex than just those one-sided imports. In the past decade, a triangular trade relationship has grown between Africa, China and the West, where some flows have had development-enhancing effects, while others were detrimental to development. Cotton exports from African countries such as Tanzania and Uganda are fuelling China's garment industries. At the same time, yarns and fabrics produced in China using African cotton are used again as inputs for clothing in African factories in South Africa, Lesotho or Nigeria. But the textiles produced in Africa are not meant for the African market. They are mainly oriented to markets in the North under what is left of the preferential trade agreements. Many of these "local" companies were in fact already Chinese companies that had moved to Africa to benefit from this preferential access to Western markets. But the African Investment Initiative Act, which allowed for less strict rules of origin for trade within the AGOA framework will be phased out in September 2012, making access much more difficult. The European EBA agreement was, for example, much less successful in boosting imports of textiles to Europe precisely because of its strict rules of origin (Asche and Schüller 2008).

EUR3 exports to sub-Saharan Africa show similarities with those from China. Many of the most important export products can be labelled machinery or vehicles. Machinery also accounts for 30 per cent of the EUR3's exports to Africa, which is about the same as China. The export destinations also are similar since more than 60 per cent of this machinery goes to South Africa, Nigeria and Angola. The same is true of vehicles: South Africa accounts for 60 per cent of all of the vehicle exports from Germany, France and the UK, while Nigeria and Angola each make up 6 per cent. Finally, the EUR3 group not only imports mineral fuels from Africa, it then exports the processed products back to Africa. Fifty per cent of these oil exports head back to Nigeria, while 10 per cent goes to Senegal and 9 per cent to South Africa.

Differences in the Composition of Resource Flows between Europe and China

The analysis above shows that there was a significant amount of similarity between the Chinese and European exports to Africa. By checking the Pearson correlation between the relative trade of China and that of Germany, France and the UK, this similarity can be expressed in an exact number. This Pearson correlation coefficient is 0.692, and the correlation is also highly significant. This means that 69 per cent of China's export pattern can be explained by looking at that of the EUR3. To contextualize this number, the same analysis is done for the import data. The Pearson correlation between the resource categories is now 0.871, which means that Chinese and European imports from SSA are very highly correlated. Although there is a large amount of similarity between China's trade pattern and that of the EUR3, there are apparently a number of variables that cause a difference.

The difference in exports is mainly caused by the relatively large European export of oil products to Africa. Furthermore, Germany, France and the UK export more machinery and vehicles and more pharmaceutical products. China, on the other hand, exports more ships and electric machinery. Since Europe also hardly exports any textile-related products to Africa, China is also clearly dominant in the categories of cotton, clothing and footwear.

The small differences in imports are caused by the fact that China clearly imports much more oil, ore and copper in absolute value, even though these imports are also important for the EUR3. On the other hand, European countries are importing more cocoa, precious stones, fruits and machinery and vehicles. In terms of all other resources, there is hardly any significant divergence.

The Strategic Importance of the Sub-Saharan Market per Resource Category

According to the UN COMTRADE data, there are nine types of resources that China imports from sub-Saharan Africa for which the former depends on the latter for more than 5 per cent of its global import. These categories are: other base metals (37 per cent), precious stones (23 per cent), tobacco (21 per cent), mineral fuels (19 per cent), cocoa (17 per cent), wood (10 per cent), copper (10 per cent), ores and slag (8 per cent), and finally zinc (8 per cent). In the literature, China's hunt for

resources to quell its economic hunger is often described as one of the key reasons for its engagement with Africa and its depiction as a hungry dragon. These data partly confirm this thesis, but only for a number of very specific resources. A more in-depth look at the data (at the 4-digit level) shows that China is highly dependent on Africa for metals such as cobalt, unrefined copper, manganese, chromium, platinum and titanium. It also has a significant stake in African oil and wood. But there are also other resources for which China relies heavily on African imports. These are cocoa, gum, tobacco, skins and hides, live animals, ivory, tea, coconuts and cotton.

According to the UN COMTRADE data, there are seven types of resources that the EUR3 imports from sub-Saharan Africa for which the former depends on the latter for more than 5 per cent of its global import. These are: cocoa (25 per cent), precious stones (16 per cent), coffee/tea/spices (12 per cent), ores and slag (12 per cent), edible fruits (8 per cent), gums (8 per cent), and meat and fish (6 per cent). A more in-depth look at the data at the 4-digit level shows how the EUR3's dependence on Africa looks very similar to that of China. The European countries are also highly dependent on Africa for a number of rare earth minerals such as chromium, aluminium, nickel, manganese, titanium, cobalt and platinum. Diamonds and oil cake are other crucial imports. But some differences with China do present themselves. First, Germany, France and the UK are much less dependent on sub-Saharan Africa for oil (only 4 per cent) and copper (only 1 per cent). Europe also has a stronger emphasis on agriculture-related resources. Items like cocoa beans, vanilla, fruits, leather and hides, gum, oil, ivory, tea and grapes are all resources of which the EU acquires at least 10 per cent of their total import from sub-Saharan Africa.

Data in the first section already showed how exports to the sub-Saharan African market expanded between 2003 and 2010. This analysis shows however that this export market is much more important for China than for Germany, France and the UK. Sub-Saharan Africa plays a marginal role in European exports since only in four product categories do exports to sub-Saharan Africa account for at least 5 per cent of the global European export package. This was the case for products of the milling industry (11 per cent), silk (11 per cent), worn clothing articles (8 per cent) and cereals (8 per cent). At the more detailed 4-digit level, the same pattern emerges. Export of some food-related items to sub-

Saharan Africa accounts for roughly 10 per cent of their total trade. These items include wheat, soy beans, fish, milk and onions.

The story is however very different for China. Here, the African export market plays a much more important role. Exports to Africa account for more than 5 per cent of global Chinese exports in no less than 17 different resource categories. These categories can be divided into three groups. The first group consists of items related to textile, including cotton (15 per cent), feathers (14 per cent), woven fabrics (9 per cent), wadding (8 per cent) and fibers (8 per cent). The second category includes basic food items and basic chemical compounds such as cereals (12 per cent), coffee/tea/spices (11 per cent), salt (11 per cent), soap (10 per cent) and pharmaceuticals (6 per cent). The final category includes vehicles for transport such as ships (10 per cent) and railway (7 per cent). The difference in the importance of SSA as an export market between the EU and China becomes even clearer at the 4-digit level. While China has over 100 resource categories of which they exported at least 10 per cent to sub-Saharan Africa. In Europe's case, this is only true for 16 resource categories.

This section has concluded that there are many similarities between the content of European and Chinese trade with sub-Saharan Africa, made visible through the relatively large Pearson correlation coefficients. They both import mainly oil and ores, and export machinery and vehicles. China's textile exports are one major source of difference, not necessarily in terms of dollar value, but certainly in terms of impact. But the success of Africa's garment industry is influenced by more than just Chinese exports. The preferential trading schemes, such as the AGOA, have drawn Chinese companies to Africa to produce textiles using local labour. Since these preferential relations were phased out, African manufacturing production has been awaiting a new set of challenges.

In terms of the strategic importance of the sub-Saharan market, this article found that both Europe and China depend mainly on Africa for a number of rare earth minerals, such as cobalt, manganese, chromium and diamonds. A number of agricultural items are also sourced from SSA in significant amounts such as cocoa and tobacco. But China is much more dependent on Africa than Europe is for oil and copper. The African export market is also much more important for China than for our group of three European countries.

The Geographical Distribution of Trade Flows

This section discusses the geographic distribution of Chinese and European trade with sub-Saharan Africa. We continue to use the EUR3 indicator as our basic point of comparison with China. In 2010, China imported most of its sub-Saharan goods from Angola (41 per cent), South Africa (21 per cent), Sudan (12 per cent), the DRC (6 per cent) and Zambia (5 per cent). In terms of the goods China exported to SSA, most of these went to South Africa (25 per cent), Nigeria (15 per cent), Liberia (10 per cent), Benin (5 per cent) and Angola (5 per cent). The EUR3 group, on the other hand, imported most of its SSA goods from South Africa (39 per cent), Nigeria (22 per cent), Angola (8 per cent), Côte d'Ivoire (5 per cent) and Botswana (3 per cent) and it exported most of its goods to South Africa (40 per cent), Nigeria (14 per cent), Senegal (5 per cent), Angola (5 per cent) and Ghana (3 per cent).

The previous section analysed the correlation between the composition of Chinese and European trade flows. It found this correlation to be 0.871 for imports and 0.692 for exports. When this analysis is completed for the geographical distribution of trade partners we find that the Pearson correlation is 0.472 for the import data and 0.898 for the export data. This shows that even though China's and Europe's imports are very similar in terms of content, each region is still sourcing these imports from a number of different countries. Exports tell the opposite story. While they are rather different in terms of content, they are oriented toward similar countries. The following part will analyse this geographical distribution more thoroughly.

To compare the distribution in imports and exports between China and the EUR3, a trade distribution indicator was developed. This indicator shows the difference in imports or exports as a share of the total imports or exports these countries have with the different sub-Saharan countries. This reduces the number to an easy-to-read scale from -1 to +1. The closer the indicator is to -1, the more dominant the trade share of the EUR3 indicator in the relationship. The closer the indicator is to +1, the more dominant the trade share of China. At 0, both trade flows are equal. This indicator was calculated for every sub-Saharan country for the time period between 2003 and 2010.

$$\alpha = \frac{\text{import}(\text{China}) - \text{import}(\text{EUR3})}{\text{import}(\text{China}) + \text{import}(\text{EUR3})}$$

$$\beta = \frac{\text{export}(\text{China}) - \text{export}(\text{EUR3})}{\text{export}(\text{China}) + \text{export}(\text{EUR3})}$$

Table 2 displays the trade distribution indicators. The first panel displays the countries at the top of the list, where China clearly is the most dominant trade partner. The countries in the second panel are those where the EU is clearly dominant. The average trade indicator for 2003 was -0.497. This number increased consistently over the course of the next seven years to eventually become -0.052 in 2010, confirming our thesis that trade between Europe's three largest economies and China is now rather equal in a country-by-country comparison, further confirming the advantage of our EUR3 indicator. So far, there are 17 countries (out of 40 relevant cases) from which China imports more than Germany, France and the UK combined. In 2003, this was the case in only five countries. This makes it interesting to analyse where the biggest differences occur and why this might be the case.

Sudan is the first case worth discussing, since the discrepancy between the EUR3 imports and Chinese imports is the largest here. In fact, China imports 67 times more in terms of dollar value from Sudan than do France, Germany and the UK combined. But Sudan is an exceptional case due to the sanction regimes imposed on it. The United States has imposed strict sanctions on Sudan since November 1997, putting severe limits on financial transactions and petroleum-related trade. The EU also implemented the UN sanctions regime on Sudan, but these sanctions are far less extensive and are mainly limited to arms control. Still, the EU has been completely absent in the surge in oil extraction that started in 1999, which left the door wide open for Chinese and Indian companies to invest. As a result, the EU saw its relative importance drop from 36 per cent in 1999 to only 2 per cent in 2008, even though in absolute value, its imports did not decrease. The recent formation of a new South Sudanese state led to the exemption of sanctions for South Sudan, but did not lead to any change in the sanctions against the North.

Table 2: Trade Distribution Indicator for Imports from Africa

	2003	2005	2007	2010
Sudan	0.889	0.883	0.955	0.978
Zambia	-0.200	0.680	0.545	0.956
Congo	0.774	0.791	0.760	0.924
Benin	0.700	0.867	0.780	0.895
Angola	0.483	0.562	0.634	0.801
Burkina Faso	0.306	0.852	0.845	0.793
Mali	-0.034	0.524	0.412	0.728
Congo DR	-0.257	0.080	0.742	0.587
Chad	-0.778	0.747	0.585	0.555
Zimbabwe	-0.216	-0.054	-0.017	0.491
	2003	2005	2007	2010
Uganda	-0.882	-0.726	-0.778	-0.676
Malawi	-1	-0.956	-0.986	-0.680
Ghana	-0.881	-0.666	-0.861	-0.736
Nigeria	-0.938	-0.668	-0.790	-0.738
Burundi	-0.692	-1	-0.944	-0.786
Côte Ivoire	-0.941	-0.853	-0.955	-0.881
Botswana	-0.998	-0.996	-0.953	-0.888
Kenya	-0.966	-0.943	-0.923	-0.893
Swaziland	-0.677	-0.620	-0.661	-0.906
Mauritius	-0.995	-0.986	-0.991	-0.972

Source: Author's own compilation, using DOTS.

Nigeria's position is also interesting because it is one of China's most important export partners. In terms of imports, however, the European countries were able to maintain their market share up until 2010, which is why Nigeria has one of the lowest values on the trade distribution indicator (-0.73). This does not mean that China has not been trying to acquire a share in the Western-dominated Nigerian oil market: In 2004 Chinese oil company Sinopec and the Nigerian National Petroleum Corporation (NNPC) signed an agreement to drill exploration wells in the Niger Delta (Taylor 2010). But Chinese ambitions have so far not been visible in the trade data. China's difficult experience in the Nigerian oil

sector stands in contrast with the generous treatment it has received in other oil-producing countries such as Angola, Sudan and Gabon. China seems eager to change this. The China National Offshore Oil Corporation (CNOOC) has restarted its negotiations with the Nigerian government in order to acquire one-sixth of the Nigerian oil reserves (Mthembu-Salter 2010).

The EU also has a sanction regime in place against Zimbabwe. In February 2011, the EU extended the sanctions, targeting 163 individuals and 31 businesses that the EU believes were involved in human rights abuses and anti-democratic activities (Vogel 2011). These sanctions are a clear example of Europe's normative stance in matters of trade. But unlike the Sudan sanctions, they did not cause Europe's trade with Zimbabwe to dry up completely. Nevertheless, China has gained market share fairly quickly and now imports three times more from Zimbabwe than does the EUR3.

Although China made its first big leaps in the Zambian copper industry in 2004, focusing on the Copper Belt around Chambishi, it was able to bolster its dominance in 2009 (Carmody and Hampwaye 2010). Since 2010, China has been turning the Chambishi site into one of its new African economic zones. While China imported resources to the tune of 2.5 billion USD from Zambia in 2010 alone, the EUR3's corresponding number was just 57 million USD, which explains why Zambia has the second-highest trade indicator. Trade with Zambia's Copper Belt neighbour, the DRC, has also evolved interestingly. Since the signing of the cooperation agreement between the Congolese parastatal mining enterprise (GECAMINES) and a joint venture of Chinese companies (SICOMINES) in April 2008, the DRC has evolved into China's seventh-largest source of African imports. The original agreement included a 3.2 billion USD mining project and a 6 billion USD investment in public infrastructure. After strong concerns raised by the IMF, the amount of investment in infrastructure projects was reduced to 3 billion USD, and the public guarantee on the loans was removed (Marysse and Geenen 2009).

China also now imports at least twice as much as does the EUR3 from Congo-Brazzaville, Benin, Angola, Burkina Faso, Mali, Chad, Tanzania, the Central African Republic, Gabon and Lesotho. Most of this trade comes in the form of natural resource imports. As shown above, oil dominates trade with Angola, Congo-Brazzaville, Chad and Gabon. Copper dominates trade with Tanzania. Other significantly diverging

trade flows are the cotton imports from Burkina Faso and Mali and the wood imports from the Central African Republic. Lesotho exports mostly knitted and crocheted fabrics to China.

There are, however, two trends visible. China's market share in Congo-Brazzaville, Benin, Angola and Burkina Faso was already very high in 2003, certainly compared to the regional average of -0.497 at the time. So China did not gain much market share in these countries; it just strengthened a trend which was already there. In other countries, however, China has been able to rapidly expand its market share at the expense of European countries over the course of the last seven years. The countries where China has made the biggest overall gains in market share in the period from 2003 to 2010 are Chad, the Central African Republic, Zambia, Tanzania, Ethiopia, the DRC, Mali and Mozambique.

The export table is composed in the same way as the import table, showing only the top and bottom ten cases (Table 3). The average trade indicator for exports in 2003 was -0.53. This number increased consistently over the course of the next seven years to eventually become 0.10 in 2010. So Chinese exports have now surpassed those of Germany, France and the UK in the majority of sub-Saharan countries – more specifically, in 30 of the 47 relevant countries. In 2003, this was only the case in three countries. This means that China's growth in export has been much stronger and much more widespread than the relatively concentrated growth in imports.

There is a striking lack of similarity between the trade distribution indicator for exports and for imports. The Pearson correlation between the two is only 0.107, meaning that only very little of the distribution of imports can be explained using the export data. Sudan and Zimbabwe are the only two countries in the top ten for both imports and exports, but the Chinese dominance in these countries is much less pronounced in exports than with imports. Congo-Brazzaville has a negative score, and Burkina Faso, even though it was sixth in the import ranking, has the lowest trade distribution indicator in our sample. This means that European countries dominate the relatively small Burkina Faso market. These findings seem to suggest that import and export flows are influenced by very different dynamics. The final part will attempt to indicate to what extent norms and values play a role in determining this relationship. Over the course of the last seven years, China was able to record the highest rise in market share in Liberia, Chad, Somalia, Zimbabwe, Botswana, Equatorial Guinea and the DRC.

Table 3: Trade Distribution Indicator for Exports to Africa

	2003	2005	2007	2010
Liberia	-0.88	0.11	0.34	0.91
Lesotho	0.09	0.60	0.62	0.84
Somalia	-0.43	0.55	0.54	0.73
Djibouti	-0.19	0.23	0.20	0.69
Botswana	-0.46	-0.02	0.20	0.64
Togo	-0.05	0.10	0.56	0.62
Gambia	0.33	0.34	0.55	0.61
Zimbabwe	-0.60	0.17	0.28	0.54
Sudan	0.09	0.26	0.35	0.53
Ethiopia	-0.18	0.00	0.37	0.50
	2003	2005	2007	2010
Cameroon	-0.86	-0.69	-0.52	-0.30
Mali	-0.78	-0.65	-0.54	-0.34
Côte Ivoire	-0.56	-0.74	-0.48	-0.37
Congo	-0.67	-0.47	-0.29	-0.37
Comoros	-0.95	-0.85	-0.56	-0.43
CAR	-0.90	-0.70	-0.73	-0.44
Senegal	-0.82	-0.81	-0.61	-0.56
Gabon	-0.98	-0.89	-0.78	-0.58
Seychelles	-0.96	-0.94	-0.93	-0.74
Burkina Faso	-0.91	-0.88	-0.76	-0.76

Source: Author's own compilation, data sourced from DOTS.

Liberia is ranked first mainly due to the large Chinese export of ships to the country. They account for 86 per cent of all Chinese exports to Liberia. This can be explained because of the practice of taking the “flag of convenience”, where ship owners bypass regulations in the owner’s country to reduce operating costs. In 2009, 15 per cent of the world’s merchant ships had Monrovia as their home port. Zimbabwe and Sudan are the two countries with the highest scores on both trade distribution indicators. These are also the two countries against which the EU has imposed a sanctions regime. Machinery is the most important Chinese export to Sudan (35 per cent), along with iron and steel. Much of these

materials will go into China's own construction endeavours in Sudan (Large 2007). The picture looks almost exactly the same in Zimbabwe, where the share of machinery is even more important (48 per cent). Nigeria is also important to mention: Even though its indicator is only 0.13, it is China's second-largest export market. More than 15 per cent of Chinese exports to sub-Saharan Africa are headed for Nigeria. This is interesting because Chinese imports from Nigeria were still relatively low in 2010. Chinese exports to Nigeria mainly encompass electronic machinery and industrial construction materials. China has also invested heavily in the development of Special Economic Zones in Nigeria, with the Lekki Free Trade Zone portrayed as a model for Africa. Nigeria is also home to one of the largest Chinese expat populations in Africa, with more than 100,000 Chinese citizens living in the country (Brautigam, Farole, and Tang 2010; Taylor 2010).

A number of small economies such as Somalia, Lesotho and Togo are also at the top of the list, but in absolute numbers, the trade gap between the EUR3 and China is rather small. In Somalia and Lesotho, the difference was only 60 million USD. Most Chinese trade with Somalia came in the form of electronic machinery, which could be explained by the investments of Chinese companies in the country's mobile phone technology. Just as with other countries with shaky economic foundations, telecommunications companies are often the first to thrive by providing missing infrastructure (Mohamed and Childress 2010). In Lesotho, knitted or crocheted fabrics accounted for half of China's exports to the country. Lesotho has been one of the countries most strongly affected by the tidal wave of cheap Chinese imported garments. This resulted in massive unemployment and economic damage. At its peak in 2002, it exported more than 450 million USD worth of clothing to the US, or roughly 50 per cent of Lesotho's GDP. In 2008 this figure fell to just under 350 million USD. But due to the nature of the triangular trade relations, Lesotho is also highly dependent on China as a source of the fabrics it uses to manufacture its clothing (Kaplinsky, McCormick, and Morris 2007). Finally China's rise in Benin, Togo and Ghana has mainly been driven by cotton exports and more specifically, the woven fabrics made from cotton, which also fits into the picture of triangular textile trade.

What is the Relation between Norms and Trade?

This section of the paper will perform the fourth and final analysis of the differences between European and Chinese trade with sub-Saharan Africa. Much of the “dragon-versus-dove” rhetoric is related to the fact that China would actively pick out weak and undemocratic regimes, with whom Europe or other Western powers do not wish to trade. China’s oil trade with Sudan became a hotbed of discussion and was one of the reasons why some activist groups were protesting against the 2008 Olympics. The cooperation with Mugabe’s Zimbabwe is another exemplary case (*The Economist* 2008). In the previous part, the European and American trade sanction regime against (former) Sudan was already discussed, and it was concluded that Sudan is indeed an exceptional case. The case of Zimbabwe was much less clear-cut. Its trade pattern shares more similarity with that of its more democratic neighbour Zambia than with that of Sudan (Large 2009; Taylor 2008).

In light of its normative discourse, European countries have a tendency to downplay their involvement with undemocratic regimes. To get a better idea of whether Chinese trade is indeed much more oriented towards corrupt and undemocratic regimes than is that of Europe’s three core economies, a basic regression analysis will be preformed, using the trade balance indicator we developed in the previous section as the dependent variable, and using data from the World Bank Governance Indicators as the independent variable. It is important to mention from the start that it is not the goal of this paper to conclusively prove this relationship, but merely to offer some basic tests that will give a preliminary indication as to the direction of this relationship.

The World Bank Governance Indicators are a set of six indicators that were originally designed by the World Bank in 1996, but that due to the enlargement process of the organization are now no longer supported by the organization itself. This is because the WB Governance Indicators, just like any other indicator, are an expression of a certain political ideology of “good” and “bad”. Governance indicators are highly oriented towards a Western model of democracy, rule of law, human rights and good governance. As a result, most Western countries receive excellent scores while many of the rapidly growing authoritarian countries still only receive low to medium scores. But the Cotonou Agreement that guides trade between the EU and Africa explicitly supports such a model of democracy, human rights protection and rule of law and claims that these are essential elements in the relationship between Africa and the

EU. A failure to comply with them can even cause a suspension of the agreement. That is why the World Bank Governance Indicators are good proxies for the EU's value preferences.

The six indicators are:

- Voice and Accountability
- Political Stability
- Government Effectiveness
- Corruption
- Rule of Law
- Regulatory Quality

When running the regression analysis for export flows towards sub-Saharan Africa, we find no significant relationship between any of the governance indicators and our trade distribution indicator. This lack of effect is true for all indicators and across the entire time period from 2003 to 2010. In other words, the level of democracy or corruption does not lead to a stronger presence of China compared to the EUR3. There also seems to be no significant effect when comparing just one country's or one region's exports to sub-Saharan Africa (divided by population) with any of the governance indicators. This would indicate that exports to Africa are not significantly influenced by governance, and this is the case for both the EUR3 and China. The large flows of exports to countries like Nigeria and Angola would probably cancel out any of the positive effects governance might have. This analysis would go against the highly normative claims made in the Cotonou Agreement.

Are European or Chinese exports influenced by the GDP per capita in the recipient African country? Here, an interesting difference appears: While the European exports are highly and significantly influenced by the GDP per capita in the recipient country, Chinese exports show no such effect. Therefore, our combined trade distribution indicator shows a negative sign, meaning that higher GDP per capita in a country leads to a higher share of European exports. This finding is significant only for the 2007 data. One possible explanation could be that Chinese exports are less oriented toward the consumer market, since most exports are items of machinery that can be employed in Chinese construction activities.

Contrary to the export data, there is a highly significant negative correlation between the trade distribution indicator and all of the governance indicators except political stability for Chinese and European

imports from sub-Saharan Africa. This effect is visible throughout the period from 2003 to 2010 and is almost always significant. When it comes to imports, China will have a higher market share than the EUR3 in those countries that have lower scores on voice and accountability, government effectiveness, corruption, rule of law and regulatory quality. The analysis does not allow us to specify whether this is due to an active constraint on the part of the EU, or a more active policy toward such countries on behalf of China.

To test the robustness of this relationship, two extra variables will be added to the regression model. The first one is an oil dummy variable, identifying which countries are oil exporters. Oil-rich nations are often affected by the resource curse, and since China's imports are even more dominated by oil trade than are those from the EUR3, oil imports might offer an explanation for the negative correlation on governance indicators.

GDP per capita will be used as a second control variable to examine whether a country's income per capita could explain the negative governance scores. Since the different governance indicators are highly correlated with each other (the average Pearson correlation coefficient is 0.77), we only take the two indicators for which the correlation is the lowest: Voice and Accountability and Corruption (which still have a correlation coefficient of 0.68).

The analysis first shows that the introduction of the GDP per capita control variable never had a significant effect on the relationship. The negative relationship between the governance indicator and the trade distribution indicator remained. The oil dummy on the other hand had a highly significant effect on the relation in all cases except 2007, cancelling out the significance of the relationship and reducing the strength of the negative relationship. This shows that China's higher oil imports from sub-Saharan Africa offer at least a partial explanation to the negative governance correlation. There are probably other determinants influencing the trade distribution indicators, but examining them is outside the scope of this paper.

Table 4: OLS Regression Analysis Based on Trade Distribution Indicator and WB Governance Indicators

	2003			2005		
Corruption	-.317 ** (.155)	-.403 ** (.172)	-.210 (.171)	-.416 ** (.166)	-.449 ** (.170)	-.308 (.188)
GDP/cap		7.94E-5 (.000)			3.98E-5 (.000)	
Oildummy			.333 (.234)			.320 (.267)
	2007			2010		
Corruption	-.430 ** (.166)	-.432 ** (.169)	-.364 ** (.198)	-.357 ** (.164)	-.360 ** (.167)	-.296 (.192)
GDP/cap		3.65E-5 (.000)			5.55E-6 (.000)	
Oildummy			.167 (.540)			.167 (.270)

	2003			2005		
Voice	-.223 * (.127)	-.248 * (.172)	-.138 (.135)	-.288 * (.144)	-.292 * (.170)	-.177 (.163)
GDP/cap		4.44E-5 (.000)			2.34E-5 (.000)	
Oildummy			.368 (.230)			.383 (.275)
	2007			2010		
Voice	-.348 *** (.125)	-.348 *** (.127)	-.299** (.140)	-.206 (.148)	-.206 (.150)	-.119 (.169)
GDP/cap		9.69E-7 (.000)			-6.11E-7 (.000)	
Oildummy			.198 (.250)			.286 (.273)

Note: * significant at 10%; ** significant at 5%; *** significant at 1%; compared to annual trade distribution variables; standard error in parentheses.

Source: Author's own compilation.

The graphs below give an overview of how corruption affected the distribution of trade partners between 2003 and 2010 and compares this with the import distribution indicator. The tables also depict China's rise on the continent as countries gradually move from the left to the right of the graph.

Figure 3: Regression Analysis based on Trade Distribution Indicator and Corruption in Year 2003, 2005, 2007 and 2010

Figure 3a:2003

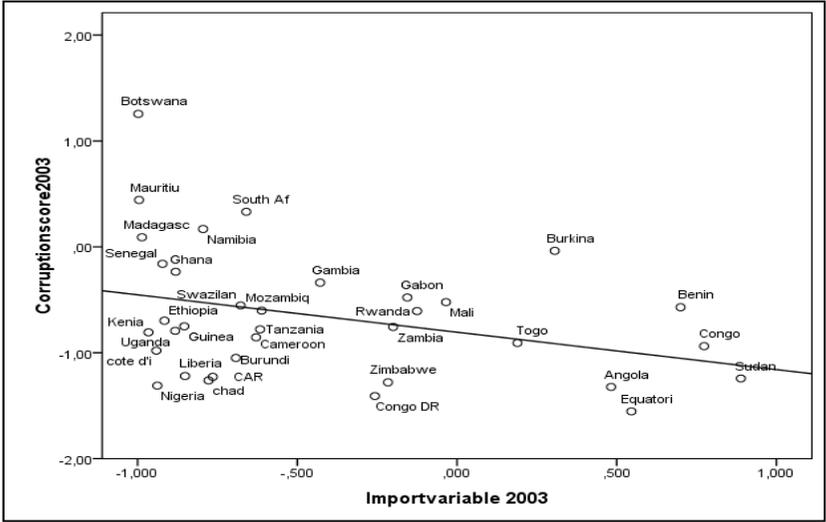


Figure 3b:2005

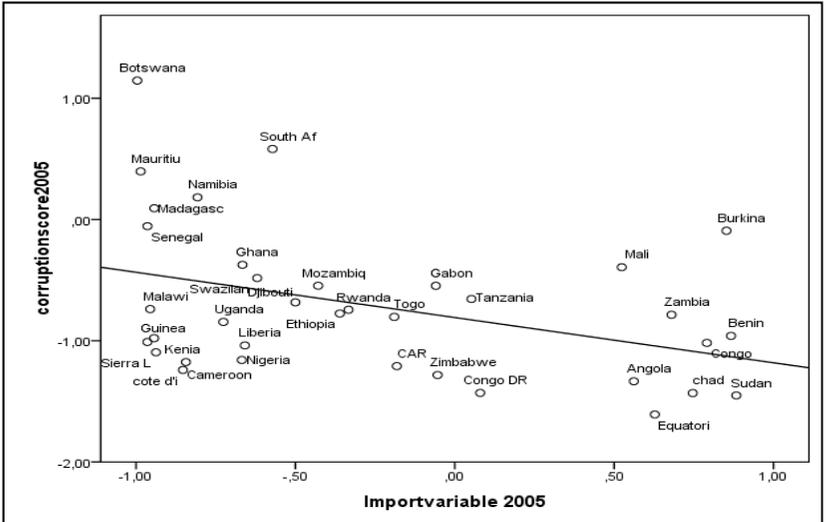


Figure 3c: 2007

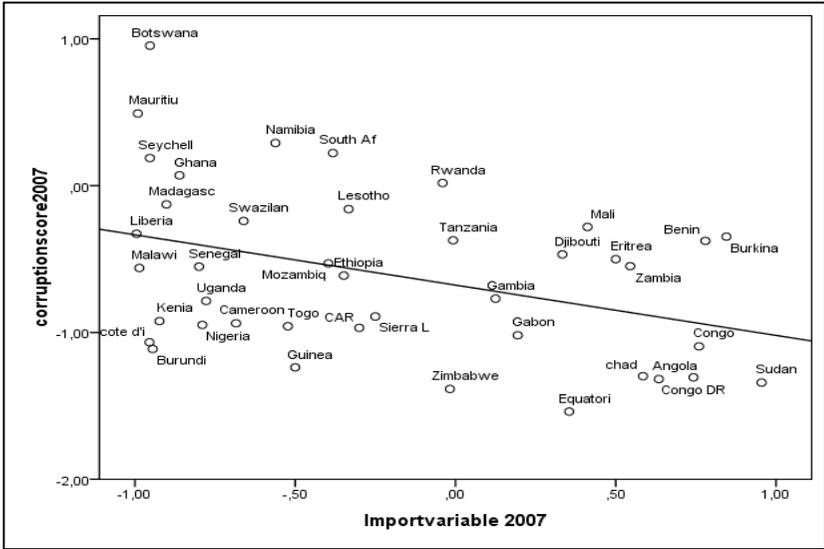
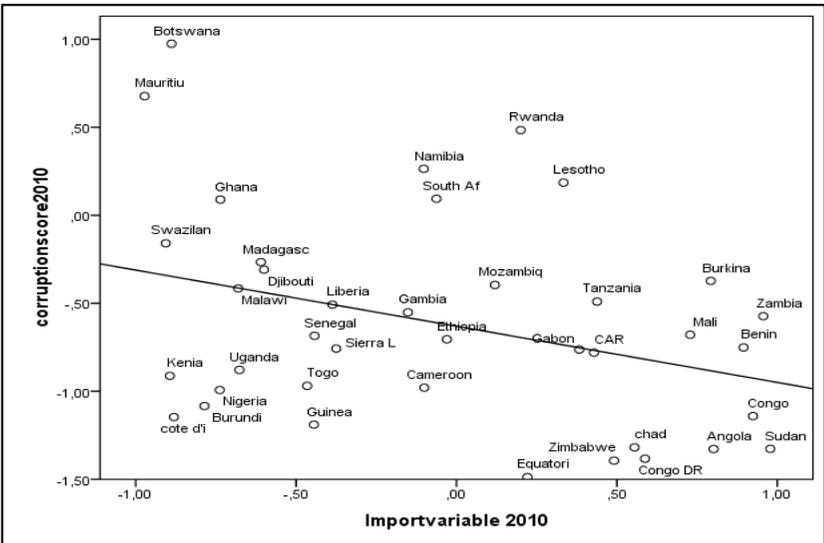


Figure 3d: 2010



Source: Author's own compilation using trade distribution indicator and World Bank Governance Indicator for Corruption.

Conclusion: Is there Really a Dragon and a Dove?

This paper examined the differences and similarities between China's and Europe's trade relations with sub-Saharan Africa. It focused on four different analyses to determine to what extent both entities live up to their caricature: the dragon and the dove. The first analysis dealt with institutional and policy-related dynamics that have shaped both regions' relationships with sub-Saharan Africa. It showed how China's competition is directly causing changes at the level of European policy. This competition has been reinforced by the collapse of the preferential trading regimes and is potentially further threatened by China's growing tariff reductions. According to some authors, this seems to be transforming Europe's dovish stance into a more hawkish attitude. But at the same time, it showed that Europe's trade agreements and joint summits with Africa remain embedded in a normative language of human rights and democracy promotion.

The parts of the paper that followed took a more empirical approach and analysed the differences between Europe and China at the level of resource composition, geographical distribution, and governance and democracy levels. A "EUR3" indicator was developed, which represented the sum of the resource flows of Germany, France and the UK, since this indicator provided a much better point of comparison with China's current stance in Africa than did the combination of the 27 European countries. Chinese and European exports and imports to and from sub-Saharan Africa share many similarities, a fact made visible by the relatively large Pearson correlation coefficients. Imports of China and the EUR3 were almost perfectly correlated with each other. They both import mainly oil and ores, and export machinery and vehicles. China's textile exports are one major source of difference, not necessarily in terms of dollar value, but certainly in terms of impact. In terms of the strategic importance of the sub-Saharan market, this article found that both Europe and China depend on Africa for a number of rare earth minerals, such as cobalt, manganese, chromium and diamonds, and for a number of agricultural items such as cocoa and tobacco. But China is much more dependent on Africa than Europe is for oil and copper. The African export market is also much more important for China than for our group of three European countries.

While European and Chinese imports were highly correlated in terms of content, they were less correlated in terms of geographical location. This showed that even though China's and Europe's imports are

very similar in terms of content, they are still sourcing these imports from a number of different countries. Exports tell the opposite story: While they are rather different in terms of content, they are oriented toward similar countries. China's imports had become most dominant compared to our group of European countries in Sudan, Zambia, Congo-Brazzaville, Benin, Angola and Burkina Faso. Its exports mainly dominated in Liberia, Lesotho, Somalia, Botswana and Togo.

Finally, the fourth analysis on the link between norms and trade showed that the distribution of export dominance is not influenced by any of the governance indicators. In fact, neither China's nor Europe's exports were significantly correlated with the governance level in any given sub-Saharan country. Imports from sub-Saharan Africa were, however, strongly and significantly correlated with five out of the six governance indicators, confirming that Chinese imports are indeed sourced more often from more undemocratic and corrupt regimes. But when testing the robustness of these findings, the introduction of an oil dummy variable cancelled out most effects of this relationship. This would lead to the conclusion that oil imports provided at least a partial explanation for the negative governance scores.

Based on these findings, the two models cannot be fully discarded, yet they are clearly caricatures of reality. China's imports do indeed more often stem from corrupt and undemocratic regimes, but a similar relationship could not be established for exports. This difference is also mainly due to the composition of the resource flows, since the oil dummy partially cancelled out the relationship. But China's resource hunger is not so different from that of Europe. The large correlation coefficient for imports (0.871) showed how similar Chinese and European imports from sub-Saharan Africa in fact are. The huge loss in employment as a result of cheap Chinese garments has been a reality in many textile-producing countries, but the analysis on the triangular textile trade showed that there are more things driving the competitiveness of African garment exports. The European EBA rules of origin regulations were, for example, so strict that even the inventive Chinese were hardly able to break into the European market by redirecting production to Africa. Due to the increasing competition with China, some authors proclaimed that Europe's dovish stance on human rights and democracy was turning into a much more hawkish stance, emphasizing security and economic development. Finally, at the institutional and policy level, the EU has continued to break down its preferential trade regimes with sub-

Saharan Africa, transforming them into reciprocal Economic Partnership Agreements. At the same time, China is opening its markets to tariff-free imports for a growing number of resources. While it is too early to tell whether the break-up of the regime of post-colonial preferential trade has boosted China's progress in Africa, it certainly has evened the playing field.

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