Nordiska Afrikainstitutet
The Nordic Africa Institute

OCCASIONAL PAPER

Globalisation and sustainable Africa-China trade: what role play the African regional organisations?

Daouda Cissé

www.nai.uu.se

ISBN 978-91-7106-762-3

Contents

Abbreviations and acronyms

AfDB	African Development Bank
AGOA	African Growth Opportunity Act
AMU/UMA	Arab Maghreb Union
APEC	Asia-Pacific Economic Cooperation
APTA	Asia-Pacific Trade Area
ASEAN	Association of Southeast Asian Nations
AU	African Union
AUC	African Union Commission
CCPIT	China's Council for the Promotion of International Trade
CDB	China Development Bank
CEMAC	Central African Economic and Monetary Community
CEPGL	Economic Community of the Great Lakes Countries
CFTA	Continental Free Trade Area
CMA	Common Monetary Area
COMESA	Common Market for Eastern and Southern Africa
DDA	Doha Development Agenda
EAC	East African Community
EBA	Everything But Arms
ECCAS	Economic Community of Central African States
ECO	Economic Cooperation Organisation
ECOSOC	United Nations Economic and Social Council
ECOWAS	Economic Community of West African States
EPA	Economic Partnership Agreements
EU	European Union
EXIMBANK	Export and Import Bank
FDI	Foreign Direct Investment
FOCAC	Forum on China-Africa Cooperation
FTAs	Free Trade Areas/Agreements
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
ICBC	Industrial and Commercial Bank of China
ICT	Information and Communication Technologies
IMF	International Monetary Fund
LDCs	Least Developed Countries
MERCOSUR	Common Market of the South
MFA	Ministry of Foreign Affairs
MNEs	Multinational Enterprises
MOFCOM	Ministry of Commerce
MRU	Mano River Union
NAFTA	North American Free Trade Agreement
NEPAD	New Partnership for Africa's Development
OECD	Organisation for Economic Co-operation and Development
PTA	Preferential Trade Area
RECs	Regional Economic Communities
RIAs	Regional Integration Arrangements
RTAs	Regional Trade Agreements
SAARC	South Asian Association for Regional Cooperation
SACU	Southern African Customs Union
SADC	Southern African Development Community
SBSA	Standard Bank of South Africa
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Commission for Africa
WAEMU	West African Economic and Monetary Union
WTO	World Trade Organisation

Introduction

Globalisation has been one of the most debated concepts in the 21st century. It has brought together developed, emerging and developing economies to strengthen trade, investment as well as political and diplomatic ties. Foreign trade based on the General Agreements on Tariffs and Trade (GATT) and the World Trade Organisation (WTO) has been the main vehicle for countries around the world for imports and exports.

In its ideal form, globalisation was initially based on the economic principle of comparative advantage and free movement of goods across borders in a free market. Comparative advantage assumes that as countries concentrate on producing the kinds of goods and services in which they have a relative edge, the total effect will be an increased volume of trade from which all trading partners will benefit. The search for new and growing markets has become important for countries around the world to increase their market share and trade volumes. Policies have been elaborated to achieve new developments in world trade. But in addition to comparative advantage, globalisation is propelled by other more complex factors, which include frictions in the movement of goods, policy implementation, the effect on the market and numerous other conditionalities.

Besides, the development of Information Communication Technologies (ICT) and the modernisation of transport to enable communication and the flow of goods have played an unprecedented role in connecting the world. The contemporary phase of globalisation has been underscored by ICT and reduced transportation costs, paving the way for compression of the world economy, blurring of national borders and removal of barriers to enhance trade, financial flows and labour movement, even though the effects have been somewhat limited (Sumit 2010).

Developed countries have had long relationships with developing countries, including emerging economies, due to the early trade and investment connections they established, but globalisation has also enabled interactions and greater economic cooperation between emerging economies and developing countries within a South-South cooperation framework. Globalisation has thus played a role in the emergence of developing countries in the world economy.

In the process of Africa's trade liberalisation, reforms aiming at import substitution have been undertaken, but with limitations. In fact, most African countries have been dependent on imports of manufactured goods as well as food products due to a lack of policies to develop industries and achieve food self-sufficiency, which could contribute to more balanced trade between Africa and the rest of the world.

In the 1990s, the strong commitment to import-substitution evident in the 1960s and 1970s in Africa was gradually abandoned in favour of a more open and outward-oriented economic and policy stance (Oyejide and Njinkeu 2007). However, in the wake of globalisation, Africa seems not to be fully integrated into the interconnected global economy and not to have policies for its economic transformation. While Killick (2000) states that a significant part of the world and a large number of countries are now effectively participating in processes of integration and globalisation, Africa has consistently fallen behind in trade growth. Today Africa's total exports hardly account for 2 per cent of total world exports, and it has a 3 per cent share of world trade. African countries have historically lacked active participation and assertiveness in the various multilateral trade negotiations that have shaped the institutions, rules and operational modalities of the global trading system (Oyejide and Njinkeu 2007).

In the current global economic structure, industrialisation entails economic globalisation and complete economic globalisation involves four basic principles: trade, investment, technology and migration (Marafa 2010). The lack of industrialisation policies has impeded the takeoff of African countries' manufacturing sectors (Cissé 2013). Africa has therefore become a focus for globalisation and appears to be participating in the wider globalisation process (Moghalu 2013).

While African countries have enabled companies from developed countries to sell their manufactured products and relocate part of their operations to contribute to bridging the gap in the manufacturing sector by granting them tax or tariff reductions or exemptions, African exports have very often faced tariff barriers in developed economies, and Africa has thus been hindered in its strategic participation in global trade. Moreover, even though relocation brings job creation to a certain extent and enables technology transfers to African countries to improve or develop their industries, it also creates competition for local businesses in domestic and regional markets.

China's trade liberalisation and openness to the world since the 1970s have boosted its foreign trade. Economic shifts, particularly based on trade, industrial reforms and later the manufacture of products to sell abroad, have increased China's trade relationships with developed and developing countries. China's push to liberalise goes hand in hand with long-term strategies to establish ties with developing countries, including those in Africa. Through its growing position in the world economic arena, China aims to shape the world political economy.

Africa has had long-term engagement with China. While in the past, this engagement was aid-driven, today it is more economic-driven and underpinned by trade and investment. The diversification of trade partners among African countries by looking east meets China's long-term strategy for resources and markets. Alongside globalisation, China has developed strategic ties with African countries for strong economic cooperation based on non-interference in domestic affairs and mutual benefit or win-win cooperation. China's "go out" policy of the late 1990s, the establishment of the Forum on China-Africa Cooperation (FOCAC) in 2000, and the release of the white paper on China's Africa policy in 2006 demonstrate China's interest in Africa.

Moreover, China's accession to the WTO has further boosted commercial ties with African countries. Today, China is Africa's largest trading partner. Trade volume reached more than US$ 200 billion in 2013 and is expected to grow more in coming years. But the stronger Africa-China trade relationship comes with challenges for both parties. China's hunger for resources to meet the growing demands of its industries and population has driven Chinese companies to secure resources African countries are richly endowed with. Thus, Africa's trade with China is largely based on resource exports to China and imports of manufactured products from that country.

Even though China aims to strengthen its relationship with Africa, the realities of the country's economy paint a different picture. China needs economic reform. For the first time in three decades, economic growth has declined from an average 10 per cent to 7.5 per cent. To be sustainable, growth must shift from being export-driven to being consumption-driven. This will have direct and indirect consequences for China's foreign trade, including with Africa.

More and more, debates and discussions on the sustainability of the Africa-China trade focus on changing the trade pattern based on diversification of African exports to China through the development of manufacturing industries and services, for instance. The exports of most African countries, including South Africa, one of the most industrialised countries in Africa, are dominated by minerals: they thus have a common structural problem with their exports (Oyejide and Njinkeu 2007). Africa needs an endogenous growth model, in which it manufactures goods for its own markets as a first foundation, spreading out regionally from that base and emerging as an economic power in its own right through competitive advantage (Moghalu 2013).

While the trade imbalance between China and Africa has been increasingly discussed by African policymakers and academics, African regional organisations (AU, ECOWAS, SADC, EAC, COMESA, etc.) have an important role to play in addressing issues related to the sustainability of the Africa-China trade.

This study explores the impact of the globalisation of trade between China and Africa and the role of African regional organisations in Africa's sustainable trade with China. Chapter 1 analyses aspects of globalisation and international trade, while Chapter 2 focuses on Africa-China trade relations. Chapter 3 highlights regional trade integration by looking at the work of a number of African regional organisations on trade integration in Africa. In Chapter 4, the obstacles and challenges to regional trade integration in Africa are examined. Chapter 5 explores China's involvement in Africa's infrastructure development projects and its impact on regional trade. Finally Chapter 6 discusses the role of African regional organisations in a sustainable Africa-China trade. It is followed by the conclusion.

I. Globalisation and international trade

Rapid economic globalisation following the Second World War has influenced world trade. Technology transfers, advances in information technology, greater capital mobility, promotion of free trade, industrial and financial emergence and lower barriers to entry for business start-ups are making it increasingly profitable for businesses to operate worldwide. Over the past decades, integration of goods, services, capital and economic activity has become important, and it is this growing global economic integration that is the basis of economic globalisation. Globalisation has had a profound effect on the world trade environment. Progress in the ICT sector and transport has facilitated communications and interactions between people of different regions of the world for initiating, developing and strengthening commercial ties. In recent years, the world economy has become more open and more integrated. Countries are more engaged in international trade. Capital flows across regions and a certain degree of human mobility enable free trade and promote the economic interconnectedness of the world.

Through globalisation, growth in trade and investment has become more noticeable and multinational companies seek new markets to increase their market share and expand their activities beyond their domestic markets. The rise of global multinationals has impacts on the manufacturing of products. With their growing interest in accessing available raw materials and markets to sell their manufactured products, companies have been exploring regions that meet their industrial and commercial needs. Thus, access to cheaper labour, growing markets and resources has driven companies to constantly move part of their businesses or relocate their activities to developing countries, which often offer better possibilities in those areas (Cissé 2014).

The traditional manner of manufacturing products from beginning to end with components from a single place is tending to disappear with growing economic globalisation. There are therefore changes in the nature of the goods that circulate from one region to another through international trade. Products are composed of components from all around the world. This process includes international trade, foreign manufacturing as well as a growing service industry in areas such as transport, tourism, advertising, construction, mass communication.[1]

The effects of globalisation on international trade can be assessed in terms of economic policy; promotion of free trade and market openness; technology advances; mobility of capital, goods and labour; and global production systems. Besides, globalisation changes the way countries trade with each other based on Regional Trade Agreements (RTAs) and trade blocs.

Economic policy

Globalisation has had an effect on government policymaking sovereignty. The globalisation of production and world markets has created a new way of political and economic engagement between countries at continental and global levels. Therefore the way in which economies are interconnected changes the way in which economic policy is made. For instance, based on vertical specialisation, trade and foreign investment become closely linked. Thus, it is more difficult to disentangle trade policies from policies on direct investment and capital flows. In a more and more interconnected global economy, policymakers face challenges in safeguarding a country's specific economic interests related to trade, regulation and competition policy.

Domestic regulatory and competition policies, for instance, can no longer be enacted without considering the external effects on world markets – hence the impact on policy sovereignty and effectiveness. The openness of markets has made it difficult for countries to develop domestic trade and investment policies without relating them to what is happening in other countries.

Promotion of free trade and market openness

With globalisation comes the integration of national markets and the interdependence of countries worldwide. Over the past three decades, trade in goods, services and commodities has expanded because of the growing integration of economies and the increasing contribution of trade to devel-

1. See "The rapid change of international business," University of Twente. Available at: http://www.sirius.utwente.nl/wordpress/wp-content/uploads/2011/12/samenvatting-2-european-legal-governance1.pdf

opment. Apart from the liberalisation of tariffs and other trade barriers, investments through trade negotiations and agreements, trade preferences and so on have played an important role in the expansion of trade. The current shift in the world's economic geography, with the emergence of a dynamic South motor for world trade and investment in addition to the North, has also boosted trade ties between countries of the global South and enhanced world trade in general.

Globalisation has had an impact on the business environment for firms and countries, both locally and internationally.

Companies (large and small) from all over the world can participate in global markets. While small companies focus on global niche markets, large corporations can use strategies such as mergers and acquisitions in order to enter small companies' niche markets and expand their businesses.

Internationally, advances in information technology open doors and enhance connections between countries in order to increase global trade. More and more countries participate in global competitive markets as well as in domestic, regional or continental markets.

At the country level, more and more countries have entered the global marketplace, thanks to market openness and technology advances. Countries like Singapore, South Korea and others have become important players in the global economy.

Given the three aspects mentioned above, it becomes increasingly important for companies to take advantage of what globalisation offers to cope with the changing global business environment, production systems and economic policies. In an ever growing and increasingly competitive global marketplace, companies need to adjust to globalisation and its effects on the global business landscape.

Technological advances

Technology advances shape the way business is done today. Such innovations have been driving forces in globalisation and company activities. Information technology has become a key component of companies' global business strategies. New developments in ICT and transport enable people to be closer to each other in terms of information and global business opportunities. Information technology enables economic integration between economies across the globe.

The Personal Computer (PC), fax and dial-up modem of the 1990s created a new platform and contributed to the global information revolution. The invention of the World Wide Web (WWW) in 1991 and the rise in internet use both by companies and people accelerates the pace of globalisation (Yip 2000:2) and its effects on the trade environment. Instantaneous sharing of knowledge and information across the globe through the internet accelerates the progress of global trade.

With companies using new work flow software,[2] company operations have become faster, more effective and more cost efficient. In addition, instant messaging enables people to communicate quickly regardless of their location as long as they have internet access and a messaging service. A global study by IBM (2006) found that new wireless capabilities and changing integration of worldwide economic policies mean that barriers to global competition have nearly disappeared. The combination of those technologies creates a global marketplace. Globalisation's trend towards greater integration of mature and emerging markets and economic policies correlates with information technology's ability to standardise global computing platforms (Do 1999).

Mobility of capital, goods and labour

Until the 1970s, a conventional perspective on international trade with less mobile factors of production prevailed. Limitations existed on the mobility of resources, components and manufactured goods. Such mobility was regulated by tariffs, quotas and limits on foreign ownership. Given regulations, protectionism, high transport costs and inefficient distribution networks, trade was limited.

From the 1980s, the mobility of factors of production, mainly capital, became possible. Such mobility led to the concrete realisation of the comparative advantages of specific regions and countries.

The surge in the mobility of factors of production and the emergence of regional markets enabled growth in international trade. Integration of services, finance, distribution networks and manufacturing industries determined the new global economic system. Such integration relied on improvements in transport and logistics as well as the efficient exploitation of regional comparative advantages and a transactional landscape based on legal and financial frameworks. Besides, the changing nature of

2. Work flow software automates business procedures as well as being able to pass along documents, information, tasks, etc. from one employee to another. It enables employees in different locations in the company to collaborate and manage and design business data that previously had to be handled manually.

international trade reflected the emergence of global commodity chains and the strategies of global multinational corporations to relocate to countries which offered competitive advantages in order to lower labour and production costs as well as access other markets.

While the mobility of capital and goods through globalisation has been at the forefront of the changing global economic system, the mobility of labour has garnered less attention. The economic consequences of the free movement of capital and goods are equivalent to those of the free movement of labour. The interdependence between capital and labour is obvious: labour moves to where the capital is, and vice versa. Mobility of labour is part of economic globalisation if one considers global labour productivity and the elimination of frontiers for economic purposes.

Global production systems

In an increasingly interconnected global trading system, production systems have become globalised – hence the growing trade dependency. A country sells what it produces and buys what it lacks from another country. Thus globalisation of production goes hand in hand with globalisation of trade. Without international trade, each country would have limited access to the products and commodities it lacks. Global production systems based on trade enable access to a wider range of products. They also facilitate the distribution of products across the world.

The emergence of global production systems has increased trade and investment between countries. With the upsurge of Multinational Enterprises (MNEs), the structure of industries has changed in today's global economy. More and more, MNEs locate their businesses outside their home countries. They have been reshaping and internationalising global production systems through such relocations.

Trade between partners in RTAs

It is estimated that more than half the world's trade today is conducted under preferential trade agreements, both regional or multilateral (WTO 2001). Based on the principles of the GATT and the WTO, countries can establish custom unions and free trade areas (FTAs), which can be extended to free trade agreements, economic unions and common markets in order to strengthen regional trade integration. However, the possibilities offered by WTO and GATT have limitations: they have in fact created geographical trading blocs (EU, NAFTA, COMESA, ASEAN, MERCOSUR, etc.), which come with restrictions (for instance tariffs and tax imposition), and do not fully enable multilateral trade between wider WTO members. Ranging from NAFTA and MERCOSUR to APEC and the enlarged EU, regional blocs have to be taken seriously in the future trading system (Virág-Neumann 2009:381). Besides tariffs and taxes, such restrictions include policy regulation related to anti-dumping, standards and subsidies (WTO 2001). Even though RTAs have increased over the years due to the uncertainty arising from GATT's Uruguay Round in the 1990s, there is a growing need among some WTO members to redefine the relationship between RTAs and the multilateral world trading system. By 2010, there were 400 RTAs scheduled for implementation, plus the RTAs under negotiation, those signed but not enforced and those being proposed (Virág-Neumann 2009). While RTA characteristics vary, signatories have one common objective: to reduce trade barriers. Although RTAs may take the form of FTAs, customs unions, or agreements leading to the formation of one or the other, 72 per cent of all RTAs take the form of a free trade agreement (Nataraj 2007:7).

The fact that most WTO members are involved with several RTAs at times makes establishing a multilateral trading system very difficult. Many observers believe that RTAs deepen market integration and complement WTO efforts to liberalise international markets. Others contend that these agreements also distort trade and discriminate against non-member countries (Vollrath and Hallahan 2011:3).

While regional agreements enable growing regional trade among signatories of the RTAs, they can be a challenge to WTO efforts aimed at liberalising international trade by eliminating trade barriers through multilateral negotiations. The growth of RTAs strengthens concerns about the negative effects of regionalism (Virág-Neumann 2009). However, the regionalism vs. multilateralism issue has prompted a vast debate as to whether regionalism encourages or discourages evolution towards globally freer trade (Nataraj 2007:4).

South-South trade

As the world's strong economies slipped into recession, many developing economies continued to grow, partly because of the strength of their interactions with other developing countries in the global South (Nasongo'o 2012). In this context, Africa has developed trade ties with other developing economies, particularly China, India and Brazil. To coordinate developing countries' common policy positions on the world economy and in WTO's trade negotiations, the South Centre was established in July 1995 (Nasongo'o 2012). It has several objectives, including trade facilitation, human capital movement from South to North and market access for developing country exports to developed economies through global South trade partnerships. Limitations have always existed in negotiations between developed and developing countries, and very often they have led to failures in the Doha Round trade negotiations.

South-South relations are becoming increasingly relevant, because of the roles countries like South Africa, Brazil, India and China play globally and regionally in sub-Saharan Africa, Latin America and Asia (Aguilar 2010). To be part of the international trade system, developing countries are seeking new opportunities in trade negotiations derived from the emergence of the South as producer, trader and consumer (Nasongo'o 2012).

Investments by emerging economies in developing economies in the global South contribute to trade complementarities, technology transfers and intra- and inter-regional investment. In this regard, Africa's trade with emerging economies such as China, Malaysia, India and Brazil has increased from US$8.8 billion in 1990 to US$ 148 billion in 2007. The global commodity price boom particularly related to China's need for resources has improved terms of trade for many countries in Africa, Latin America and Asia and reduced trade deficits with emerging economies. For instance, Africa's balance of trade with emerging economies improved from a deficit of US$ 1.7 billion in 1995 to a surplus of US$ 1.9 billion in 2000 and a surplus of US$ 2.8 billion in 2006 (United Nations 2010). The diversification of trade partners partly shifted the destination of Africa's exports from Europe and the United States to the emerging economies in the global South. While European countries remain Africa's major trade partners, Europe's share of Africa's exports has fallen steadily (Renard 2011).

Trade between developing countries, including emerging economies, has increased over the past decade. This growth is particularly due to the rise in trade between China, Brazil, India and South Africa and developing countries in Africa, Asia and Latin America. On one hand, intra-regional trade through RTAs has contributed to growing commercial ties between countries of the global South. One the other, inter-regional trade also shows signs of growth, although at times limited due to policy implementation issues and lack of infrastructure, which implies higher trade costs. Intra-Asian trade is more integrated into world trade than intra-African or Latin-American trade, even though there are signs of growth in Africa's and Latin-America's trade with the rest of the world (See Table 1).

Table 1: Intra-trade among trade groups

Trade groups	**Intra-trade (exports in millions of dollars)**					
AFRICA	**1995**	**2000**	**2005**	**2010**	**2011**	**2012**
CEMAC	97	101	261	830	755	709
CEPGL	5	4	24	51	86	152
COMESA	1 363	1 404	3 399	8 876	9 332	9 297
EAC	539	489	1 133	2 222	2 595	3 086
ECCAS	135	157	350	1 394	1 062	990
ECOWAS	2 294	2 711	6 011	9 783	10 636	12 530
MRU	103	111	238	164	338	283
SADC	6 622	7 249	11 231	22 345	25 792	24 337
UMA	1 232	1 095	1 916	3 739	4 105	5 710
WAEMU	1 055	976	1 717	2 534	2 645	3 124
ASIA	**1995**	**2000**	**2005**	**2010**	**2011**	**2012**
APTA	21 988	37 785	128 116	278 555	325 535	326 030
ASEAN	80 081	98 189	165 406	262 987	310 488	325 513
ECO	4 908	4 693	14 565	32 945	42 740	48 430
GCC	7 041	8 340	19 453	34 523	47 015	51 191
SAARC	2 436	2 935	9 112	16 633	20 209	20 291

Source: UNCTADStat (2013)

However, while Asia has been increasingly integrated into international trade over the years due to its exports to developed markets (particularly Europe and United States), intra-Asia trade did not develop much before the 2008 financial crisis, which pushed Asian countries to trade more among themselves to compensate for slackening trade with Europe and the US. Since stable growth in both these markets remains elusive, regional markets are becoming more attractive among Asian countries, highlighting the importance of enhanced integration (Salze-Lozac'h *et al. 2*013).

More and more, trade takes place between members of RTAs, due to the proliferation of such agreements. The number of RTAs is likely to increase. However, in Asia, as elsewhere, regional integration is uneven, with the ASEAN Economic Community at one extreme and the South Asian Association for Regional Cooperation (SAARC) at the other (Salze-Lozac'h *et al.* 2013).

Developing countries have contributed increasingly to the growth of the world merchandise trade –more so than developed countries – due to their becoming destination markets for the developed economies' exports. World merchandise exports have more than tripled over the last two decades, reaching US$18 trillion (in current prices) in 2012, with a quarter of that trade comprising exports among developing countries (so-called South-South trade), which reached a record US$ 4.7 trillion (UNCTAD 2013).

But this trend should be viewed with caution, given that many developing countries, including African countries and Less Developed Countries (LDCs), remain relatively marginalised from international trade (UNCTAD 2005). While the volume of world trade increased markedly during the 1990s and the share of developing countries in global trade increased substantially between the 1970s and 1990s, Africa's trade virtually stagnated: the share of sub-Saharan Africa in total world exports fell more or less steadily from 3.3 per cent in 1950 through 2.5 per cent in 1980 to 0.8 per cent in 1995 (Oyejide and Njinkeu 2007). Domestic political and economic structures as well as external trade policies elaborated through regional and international trade organisations (EU, WTO, IMF, UNCTAD, etc.) that impose tariffs on African exports are barriers to Africa's trade integration with the rest of the world. Africa's regional trade integration also faces difficulties. Among other factors, disparities in political economic structure and the composition of trade between countries, which at times drive economic self-interest, jeopardise regional trade integration in Africa. Even though Africa's regional markets are becoming more important, trade liberalisation arrangements have not fully materialised through regional integration. The predominance of domestic policies over intra- and inter-regional trade has been a barrier to trade within Africa. Furthermore, the lack of trade policy formulation and implementation to improve Africa's role in global trade negotiations through the WTO remains an issue across African countries.

New efforts are being made through African regional organisations to boost intra-regional trade and achieve deeper integration into global trade based on liberalisation programmes and initiatives. To this end, the New Partnership for Africa's Development (NEPAD) was initiated. One of its main objectives is to "halt the marginalisation of Africa in the global process and enhance its full beneficial integration into the global economy" (NEPAD 2004).

At a multilateral trade level, the launch of the Doha Development Agenda (DDA) in 2001 recognised that the trade performance of developing countries was an important objective in a multilateral trading system (OECD 2012). The launch of the DDA coincides with China's accession to the WTO, which has shaped the world's trade system.

To position itself and fully contribute to world trade, China has strengthened commercial ties with developed as well as developing countries. Such a trend has been driven by China's openness and economic reforms (industrial and entrepreneurial) aimed at liberalising its economy and attracting foreign direct investment for economic transformation, specifically shifts in the manufacturing sector, skills and technology transfer and job creation.

Besides, China's engagement with the world economy brings with it growing political, economic and diplomatic relations with developing countries, not least African countries. From an aid-driven relationship with Africa from the 1950s to1980s, China has strengthened its economic cooperation with Africa mainly based on trade and investment since the 1990s and guided by the strategic policies mentioned in the white paper on China's Africa policy released in 2006 (China Report 2007).

II. Africa-China trade relations

Through the structural change based on economic and entrepreneurial reforms which occurred in the late 1970s, China has moved from an agricultural economy to a more industrialised economy by developing its manufacturing bases and industries. China's openness to the world enables such economic changes by allowing the country to attract foreign investment to strengthen its connectedness to the global economy. But China relied heavily on its comparative and competitive advantages based on its resources, land and abundant manpower to achieve growth. Three decades of rapid growth and structural change have transformed China into an increasingly urban and more diversified economy (Leoka 2013).

Domestic economic transformation led to China's emergence in the global economy by first contributing to world trade and later through economic decisions made in the course of bilateral and multilateral negotiations. China's foreign trade has relied on bilateral trade and financial flows on one hand, and on growth spillovers and impacts on world prices of commodities and manufactured goods – in effect, the terms of trade of most countries – on the other (Leoka 2013).

Following its opening up in the late 1970s, China consolidated its economy and aimed to join the world trading system after a series of negotiations and the restructuring of trade policies *vis-à-vis* the rest of the world.

In 2001, China (re) joined the WTO, after being one of the signatories of the GATT in 1947, from which it pulled out later. China's accession to the WTO became possible after negotiations with other WTO members. China sees this accession as positive for its domestic reforms and for its linkages with the global economy. As some Chinese policymakers believed at the time: "China's accession to the WTO could bring about administrative and governance reforms that would instill confidence among domestic and international investors, encourage innovative small- and medium-sized enterprises to enter the PRC market, and facilitate dynamic and globally competitive businesses" (Singh 2011:3). China has therefore benefited from its accession to the WTO by gaining access to open markets and developing international mechanisms to reduce trade tensions with trading partners based on WTO principles.

With the diversification of its trade relations with all regions of the world, China became in 2010 the world's largest exporter and second largest importer (Singh 2011:3). Following China's accession to the WTO, businesses from elsewhere in the world started to relocate part of their operations or production to China in order to take advantage of its competitive labour costs, abundant manpower and tax incentives for foreign investments. This led to improved product standards and growing technological advances in the manufacture of high value added products to supply the domestic as well as international markets.

China's economic growth over the past three decades, partly due to its trade with the rest of the world, has been seen as positive by other developing countries, not least those in Africa seeking to strengthen their trade with other regions and fully engage with the global trading system.

In parallel with domestic economic reforms prior to its accession to the WTO and after, China has strengthened trade ties with African countries. This has been particularly fuelled by China's openness, its "go out" strategy, the establishment of FOCAC as a platform for dialogue between China and African countries, the release of China's white paper on policy *vis-à-vis* Africa and the trade liberalisation and import substitution policies evident in many African countries. The shift in China's engagement with Africa from aid to more trade and investment has also boosted trade between China and Africa.

China's active promotion of economic ties with African countries has been underscored by the establishment of institutions to facilitate and coordinate interaction between the parties (Nasongo'o 2012). In boosting trade and investment in Africa, China's ministries (Ministry of Foreign Affairs – MFA – and Ministry of Commerce – MOFCOM) and financial institutions (China EXIMBANK, China Development Bank and China Africa Development Fund) have a key role to play (Cissé 2012). FOCAC, based on ministerial meetings and summits held every three years either in China or in Africa, has shaped economic, political and diplomatic relations between China and African countries and has implications for the rest of the world. Since 2000, there has been growing political, economic and diplomatic interest in China-Africa relations (Grimm

2012). Between FOCAC I in 2000 and FOCAC IV in 2009, several agreements were reached between China and African countries to enhance economic cooperation and boost trade and investment (Cissé 2012).

China's accession to the WTO led to the end of protectionist measures and enabled foreign multinational companies to enter the Chinese market; hence the competition for Chinese businesses. Such competition has been a push factor for Chinese enterprises to explore markets abroad. The search for new markets to sell its manufactured goods is somehow obvious for China, when one considers its production capacity given abundant manpower, price competitiveness based on relatively cheap production and labour costs and its market saturation (Cissé 2013; Kathawala *et al.* 2005; Santiso 2007).

Richly endowed with resources and hosting potentially large markets for manufactured goods, developing countries, including African countries, fit China's import and export strategies. Such mutual interests have driven trade growth between China and African countries. Recently, China has become Africa's largest trading partner and trade volumes between China and Africa have increased from US$ 5 billion in 1997to US$ 198 billion in 2012 (Cissé 2013). During FOCAC III in 2006, China granted zero-tariffs on imports from African countries in order to boost African exports to China. China agreed in 2005 to exempt from tariffs 190 commodities from 25 African LDCs (Ajakaiye 2006). Such aid-for trade policies as the US African Growth Opportunity Act (AGOA) and Everything But Arms (EBA) have their limitations. While China aims at diversifying African exports and reducing trade deficits with African countries, its approach has not changed Africa's trade patterns, which are still based on resources. This is notwithstanding South Africa's involvement in the services trade with China and the growth of agricultural trade. However, the manufacturing sector in many African countries remains undeveloped.

Challenges exist for the future of Sino-African trade. Since 2012, China has sought to restructure its economy to ensure sustainable growth. To this end, the National People's Congress (NPC) in March 2014 targeted a growth rate of about 7.5 per cent, a drop from the annual average of 10 per cent over the past three decades. China's economy has slackened due to the 2008 financial crisis, which does not favour Chinese exports, particularly to the EU and the United States. Increasing labour and production costs following reforms to better welfare and working conditions in factories in Southern and Eastern China have been of concern to entrepreneurs and businesses operating in China.

The new political leadership in China since 2012 has supported economic reform and rebalancing, specifically a shift from an export-driven to a consumption-driven economy and accelerated development of the services sector. These new developments will impact China's future trade with the rest of the world, including Africa. The impacts will be long term, given that global markets still depend on China and other emerging economies. China's economic slowdown makes the rest of the world uneasy, especially in the absence of spectacular growth in other regions (Leoka 2013).

However, this shift could be an advantage for African countries, which will face less Chinese competition in developing their manufacturing industries and move from resource exports towards value-added and services trade. Furthermore, China's policy of consumption-led growth could mean fewer Chinese imports of resources from Africa and less growth for African countries whose economic emergence depends on China's interest in commodities and influence on global prices for them.

As already noted, the composition of Sino-African exports and imports remains unbalanced. Rich in resources, African countries such as South Africa, Angola, Democratic Republic of Congo (DRC), Nigeria and Sudan export oil and mineral products to China. While African oil exporters like Algeria, Sudan and Angola enjoy trade surpluses with China, every other country had a trade deficit (Lyakurwa 2006). Moreover, 63 per cent of China-Africa trade is shared among Angola (21 per cent), South Africa (18 per cent), Sudan (7 per cent), Nigeria (6 per cent), Egypt (6 per cent) and Algeria (5 per cent) (Cissé 2012). In return, China exports manufactured goods to Africa. In 2012, trade between China and Africa reached US$ 198 billion. But diversification of imports and exports is an issue for both sides and trade imbalances between China and Africa are enormous. Africa's major exports to China are oil, copper, coal and iron ore. Consequently, the ten top African exporters to China are resource- or oil-rich countries (Cissé 2012). On the other hand, Africa's imports from China are mainly manufactured products: household equipment, motorcycles, footwear, spare parts, construction material, machinery and so on (Cissé 2012). In general, the quality of "made in China" consumer goods in

Africa is low and is aimed at satisfying the needs of the broad African population with low purchasing power.

Chinese imports in Africa have enabled Chinese businessmen to open up shops across Africa, thus creating competition with local businesses in many African countries. South Africa, Lesotho and Nigeria have in the past suffered as a result of China's textile imports and its growing presence in Africa's textile industry. In the leather industry, Ethiopia and Senegal are facing the same issues, with greater Chinese involvement in the sector, low quality products, copied African designs and lower selling prices. In essence, Africa is primarily a source of raw materials and a market for Chinese finished goods (Ajakaiye 2006). Since independence, many African countries have tried to move from import dependence to export-driven economies. Such a shift in many cases did not happen, or if it did it was mainly due to resource exports. The manufacturing industry, which could change the trade patterns between African countries and their partners, is not taking off. Lack of industrialisation policies in Africa and the fierce competition faced by Chinese entrepreneurs and traders at home, and the restrictions to provide them with loans and credit to develop their activities to the detriment of State Owned Enterprises, have led Chinese small traders to look upon African markets (Gu Jing 2009; Shen Xiaofang 2013).

III. Regional trade integration in Africa

While Africa's trade with emerging economies and its traditional trading partners is growing, little trade occurs between African countries to boost intra-African trade. The establishment of blocs based on trade agreements could be an opportunity for African countries to trade at the regional level. While strong trade blocs like the EU, NAFTA and ASEAN have developed over the past decades in Europe, North America and Asia, the African market remains largely dislocated. Trade between African countries is currently estimated at 10-12 per cent of the continent's total, while in 2009 the equivalent figure within North America was about 48 per cent, within Europe about 72 per cent and within Asia 52 per cent (African Economic Outlook 2014).

However, differing trade policies among African countries and trade barriers (tariffs, import and export bans, high trade costs, etc.) don't facilitate regional trade in Africa. Thus, even though there are huge opportunities for African countries to trade among themselves and generate jobs, the African market remains fragmented, preventing cross-border trade and, in turn, the generation of new jobs (World Bank, 2012). From 2000 to 2011 Africa's exports almost quadrupled in value from US$ 148.6 billion to US$ 581.8 billion a year (UNCTAD 2013), but 80 per cent of these exports were destined for emerging markets (China, India, Brazil), the EU and the US, the latter two alone accounting for more than 50 per cent of this total and with China a particularly important export market (see Figure 1).

Even though Africa is pushing for regional trade integration, challenges and difficulties exist. Limited financial resources, tariff and non-tariff barriers, the slow implementation of a protocol on the mobility of goods and services across countries, and political and economic instability and conflict in some countries have been barriers to regional trade integration in Africa. However, the Abuja Treaty of 1991 pushed African countries to aim at deepening regional trade based on a competitive single market. Regional integration has been high on African policymakers' agendas and African governments have embraced regional integration as an important component of their development strategies. Governments have concluded a large number of Regional Integration Arrangements (RIAs), several of which have significant membership overlaps (Hartzenberg 2011). COMESA, SADC and EAC have an interest in establishing a single market, and a target was set at the 2012 AU summit to establish a continental FTA by 2017 (African Economic Outlook 2014). Challenges regarding a common customs union, common market and common monetary area and fiscal integration need to be addressed. In the meanwhile, Regional Economic Communities (RECs) have been established to improve inter and intra-regional trade.

ECOWAS and regional trade integration

To facilitate trade among countries of West Africa, ECOWAS was established. As with other RECs, its main aim is to promote intra-regional trade (Olayiwola and Oluyomi 2013). ECOWAS contributes to improved cross border trade by reducing trade barriers and costs. The adoption of a common ECOWAS passport enables the free movement of citizens from member countries and fosters business and trade

Figure 1: Sub-Saharan Africa Exports to its Partner Countries. US Dollars, Billions.

	2011	2012	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Jul	2013 Aug	2013 Sep	2013 Oct
World	374.14	373.21	90.88	97.86	100.92	99.31	33.00	32.79	33.52	34.14
Advanced Economies	207.40	190.94	46.44	44.50	41.95	43.65	13.97	14.79	14.88	14.77
Emerging and Developing Countries	151.48	169.01	41.69	49.91	55.09	51.87	17.70	16.74	17.42	18.90
Developing Asia	83.45	95.74	22.37	31.27	33.55	29.80	9.55	9.81	10.44	10.93
Europe	4.97	4.86	1.31	1.30	1.41	1.32	0.50	0.36	0.46	0.47
Middle East and North Africa	5.62	6.86	2.30	1.55	1.79					
Western Hemisphere	15.55	13.89	3.88	3.36	4.14	4.74	2.41	1.05	1.27	2.01

Source: DOTS Data extracted from IMF Data Warehouse on: 3/19/2014 6:51:30 AM ties between them. As for economic integration, the creation of the West African Economic and Monetary Union (WAEMU) accelerated the implementation of a number of significant programmes: a customs union has been in force since 2000, WAEMU has established a common trade policy and its Commission has the right to initiate negotiations with other countries or regions (Dinka and Kennes 2007). The adoption of a common currency, the CFA Franc, and a common exchange market by WAEMU member countries facilitates trade, financial transactions and capital mobility. Coordinated and harmonised trade policies between ECOWAS and WAEMU are positive and enhance ECOWAS's intra and global trade negotiations.

EAC and regional trade integration

EAC brings together five partner states (Burundi, Tanzania, Kenya, Rwanda, Uganda). These countries have focused on developing policy for regional cooperation. EAC aims to attain sustainable and equitable growth and development through increased competitiveness, value-added production, trade and investment. The establishment of a common customs union and market facilitates trade. To work towards eliminating barriers, member countries have established an institutional framework for economic and legal policy reform (Lubega 2013). Such policy reforms aim at removing non-tariff barriers, promoting exports, facilitating trade, and coordinating and harmonising trade arrangements. Member countries have also agreed to eliminate tariff and technical barriers to trade, harmonise standards and implement a common community trade policy.

EAC member countries base their combined efforts on a five-year development strategy. Since 2011, a common market protocol has been elaborated to deepen and strengthen functional integration. Trade facilitation and negotiations as part of the development strategy enable the development of regional trade and investment policy within EAC and in international trade negotiations. Negotiations are taking place to establish a free trade area between EAC, SADC and COMESA. To this end, the three RECs have developed a comprehensive tripartite legal and formal framework. Key areas of cooperation are harmonisation of trade regimes, free movement of businessmen between RECs, joint implementation of regional infrastructure projects and programmes and legal and institutional arrangements for regional cooperation (Lubega 2013).

SADC and regional trade integration

SADC aims to promote economic integration among member countries. An FTA was established in 2008 to enhance trade integration by eliminating non-tariff barriers and import tariffs and harmonising customs policies. Even though market integration was not the main objective behind the establishment of the Southern African Development Co-ordinating Conference (SADCC) in 1980, after it became SADC in 1992 a strategic plan and roadmap for integration was articulated, envisaging the establishment of an FTA, customs union, common market, monetary union and a single currency (Hartzenberg 2011). Since 2006, the SADC has also had a Finance and Investment Protocol (FIP) that seeks to harmonise member country policies on investment promotion, labour codes and immigration laws, with the ultimate goal of developing a "SADC Investment Zone" (Mengistae 2010:113).

Even though there are disparities in the political and economic structures of member states, especially the DRC, Zimbabwe, Angola and Tanzania, the SADC is integrated both regionally and globally. Following the current trend of establishing RTAs, regional integration efforts in Southern Africa have sought to liberalise trade between countries so as to increase bilateral trade flows, diversify exports by overcoming the limitations of small markets and increase specialisation through economies of scale (Gillson 2010). Regional integration enables access to neighbouring markets and attracts regionally oriented Foreign Direct Investment (FDI). As in most of the RECs, intraregional trade among SADC member countries has increased (see Table 2): intra-exports rose from US$ 4,460.7 million in 2000 to US$ 11,599.4 million in 2009, and intra-imports from US$ 4,026.3 million in 2000 to US$ 12,089 million in 2009 (International Monetary Fund DOTS 2011). These increases stem largely from tariff reductions. While much of the trade increase in the SADC occurred in the 1990s, progress has halted in recent years and substantial trade imbalances persist (Mengistae 2010). Exports and imports within the SADC continue to be dominated by South Africa, which has comparative advantages in primary resources and a more diversified economy based on trade in services and manufactured products. Besides, the South African Customs Union (SACU) continues to dominate intraregional trade flows, both as a destination for other SADC members' exports and a source of their imports (Mengistae 2010:114).

COMESA and regional trade integration

COMESA is the largest regional economic organisation in Africa, with 19 member states.[3] Its objective is promoting sub-regional economic integration through the establishment of a customs union and an FTA to contribute to the reduction of tariffs. Fourteen of the 19 countries participate in the FTA. At a recent COMESA summit in Kinshasa, DRC, COMESA stated it was encouraged by an agreement between the heads of states of Ethiopia, Uganda and the DRC to join the COMESA FTA (Clottey 2014). The establishment of the sub-regional economic community was based on a Preferential Trade Area to be upgraded to a common market. COMESA aims at fostering common policies for structural harmonisation to enable trade reforms and liberalisation among member states (Khandelwal 2004). However, disparate trade regimes (protection vs. open markets) and dependence on trade taxes by several COMESA member countries are challenges to the achievement of tariff harmonisation. A tariff structure based on the classification of products into raw materials, capital goods, intermediates and finished products would lower average protection for some countries but increase it for others (Khandelwal 2004). Besides, the overlapping membership of COMESA countries in other regional organisations and RECs makes it difficult to negotiate common trade policies at regional and global levels. Kenya's and Egypt's lack of political commitment to liberalise is an impediment to tariff harmonisation within COMESA. Thus, addressing tariffs, structural organisation and harmonisation of customs policies and procedures is crucial to enhancing regional trade integration among COMESA members.

ECCAS and regional trade integration

Involving ten countries,[4] ECCAS, like other African regional organisations, aims at fostering economic integration among member states and on the continent. It was established in 1983 and brought together the former Central Africa customs and economic union and the economic community of the Great Lakes states. It took effect in 1985 but remained ineffectual throughout the 1990s (Intellectual Network for the South 2008).

The political and economic structure that prevails in most ECCAS member countries (small countries, small economies, resource rich vs. resource scarce countries, political instability, etc.) jeopardises the prospect of economic integration. For instance, political borders are often not aligned with economic borders and natural resources and many countries are landlocked (World Bank 2013). However, despite these political impediments, ECCAS member countries recognise the value of some collaborative policies and actions to achieve regional trade integration through harmonised institutional frameworks and regional infrastructure development. Such infrastructure development helps bring the landlocked countries into regional trade and beyond.

Financially, there have been positive achievements, specifically the establishment of the Bank of Central African States, which issues the common CFA Franc used by six countries under the Economic and Monetary Community of Central Africa (EMCCA). This has facilitated trade and financial exchanges among EMCCA member countries. According to CEMAC/EMCCA (2012), the bank has the following mission:

- Define and facilitate the Union's monetary policy
- Issue the currency based on the Union's legal framework
- Facilitate the Union's currency exchanges
- Hold and manage the member states' official currency reserves
- Promote the payment and financial transactions system

EMCCA has thus managed to provide a common financial, regulatory and legal structure. To promote trade within EMCCA, tariffs have been eliminated and there is free movement of capital between member states. More and more, ECCAS aims to maintain economic stability and establish a Central African common market.

AMU and regional trade integration

Established in 1989, AMU comprises five countries: Morocco, Tunisia, Libya, Mauritania and Algeria. While economic integration is AMU's objective, political tensions – especially between Morocco and Algeria over the status of Western Sahara – meant that hopes for substantial political and economic integration in the Maghreb quickly dimmed and

3. Burundi, Comoros, DRC, Egypt, Djibouti, Eritrea, Kenya, Libya, Ethiopia, Malawi, Madagascar, Mauritius, Seychelles, Sudan, Rwanda, Swaziland, Uganda, Zambia and Zimbabwe.
4. Angola, Burundi, Cameroon, Gabon, Chad, Congo, DRC, Central African Republic, Equatorial Guinea, Sao Tome and Principe

Table 2: Intra-REC exports and imports (US$ millions)

	2000		2003		2006		2009	
REC	**Exports**	**Imports**	**Exports**	**Imports**	**Exports**	**Imports**	**Exports**	**Imports**
SADC	4,460.7	4,026.3	5,649.5	4,831.4	8,598.2	9,654.9	11,599.4	12,089.9
ECOWAS	2,714.9	2,473.6	3,037.2	3,293.1	5,901.6	6,391.8	7,312	7,950.3
COMESA	1,442.8	1,394.6	2,004.2	2,203.2	2,917.7	4,461.8	6,114.2	6,890.7
ECCAS	181.6	207.3	183.2	213.5	312.8	346	378.3	418.4
EAC	689.4	512.3	878.5	786.9	1,061.5	1,160.7	1,572.2	1,723

Source: International Monetary Fund Directorate of Trade Statistics (DOTS) (2011)

the Union was never fully consolidated (Bouhdiba 2011). Moreover, due to their different political and economic strategies towards a monetary union, the economy, migration and so on, AMU member countries could not agree on policy harmonisation. Algeria's, Tunisia's and Morocco's relations with France and Spain also hamper AMU member states in achieving a unified foreign policy on common trade negotiations. With the Arab Spring and the widespread economic malaise due to both domestic and external factors, these countries are revisiting the long-dormant AMU agreement in the hopes of jointly overcoming the challenges they face (Achy 2012).

But the 2011 Arab Spring in the Maghreb has also added to the challenges facing the Union's consolidation. Economically, low trade complementarity and competition in agriculture, energy and other sectors between member countries have not encouraged the establishment of common trade policies or a common market. This is despite the adoption of a comprehensive strategy in Libya in 1991 for a progressive transition to a free trade zone, a customs union and finally a common market by 2006. This plan failed miserably not only because of inter-state tensions but also because of resistance to trade liberalisation (Achy 2012). The lack of common currency does not facilitate trade and financial transactions among member countries. Tariff barriers imposed by countries in the Union and lack of integrated regional infrastructure to enable movement of people and goods mean that intra-regional trade is low and that the political will and incentive to achieve integration is weak among governments of the region.

Interactions among RECs

More and more, African regional organisations have an agenda to promote trade integration among the different RECs on the continent. At the 18th AU Summit in 2012, African heads of states made decisions about African integration, intra-African trade and a continental FTA (CFTA) (Mwanza 2013).

The first decision invites various RECs (ECOWAS, ECCAS, AMU, etc.) to learn from the ideas in the tripartite framework between EAC, COMESA and SADC as a model for REC integration. The second aims to expedite the formation of the African Economic Community (AEC) to boost trade and enable the CFTA.

Furthermore, agreements have been signed between RECs for regional infrastructure development, industrialisation, and trade liberalisation to promote trade and the movement of people and goods. There are also negotiations to strengthen the integration of common markets. Instead of using a linear model of integration relying on free movement of factors of production, RECs suggest a new model that could be pursued in a tripartite framework and across the continent (Mwanza 2013).

However, challenges exist in respective RECs. For instance, while ECOWAS has made progress in consolidating its FTA, ECCAS has not, due to the political and economic circumstances in most of its member countries. Overlapping membership is also a barrier to comprehensive regional trade integration, particularly in negotiations between RECs. For instance, SADC faces this situation with Tanzania, which is a member of both SADC and EAC, while the DRC is a member of ECCAS and the SADC. Kenya and Uganda are members of both EAC and COMESA. However, African countries are trying to tackle overlapping membership: in 2006 AU heads of state decided not to create new RECs and to recognise only the eight existing ones as well as the tripartite collaborative efforts at the time of COMESA, EAC and SADC. Moreover, no member state would be able to belong to more than two RECs and the focus is on creating a CFTA (African Economic Outlook 2014). Ultimately, the formation of an African common market is expected to bring about greater rationalisation and reduce overlapping membership in RECs (African Union 2010). An integrated continental market would offer Africa a better hope of building its manufacturing sector and diversifing its economy away from primary products, and of taking the necessary steps to remove continental trade barriers and strengthen regional infrastructure (Elhiraika 2005).

IV. Barriers to regional trade in Africa

Political and economic structure

Several factors account for Africa's low internal trade. The differences in comparative advantage between many African countries (resource rich, landlocked, coastal, resource poor, etc.) that could enable trade exchanges between them are not such as to favour trade. Indeed, most of them produce similar products. The production and export structures of many African economies are centred on primary commodities and are often directed towards external markets. Many African economies rely heavily on resources export even though other sectors could be developed through diversification. The lack of strong manufacturing industries across the continent increases Africa's reliance on products made elsewhere. Such reliance has been a major challenge for countries aiming at moving towards value-added exports and changing Africa's global trade patterns. Unskilled labour, poor research and development in design and manufacture, low capital investment and strong competition from cheaper imports account for the weak performance of Africa's manufacturing industries (Moghalu 2013). Dependency on external markets for resource exports and imports of manufactured goods does not contribute to developing intra-African markets and thus changing the structure of Africa's trade. Moreover, ongoing dependence on the export of commodities whose prices and markets are volatile and largely determined by multinationals from developed and emerging economies constrains many African countries in their efforts to develop other sectors of their economies and diversify their exports (Kousari 2005).

There is a stark reality to the continent's structural deficiency, which is manifested in the dichotomy between traditional and modern sectors, the excessive dependence on external inputs, and in external rather than domestic markets as the principal drivers of development (UNESCO-ECA 2012). Changes have not occurred in many African countries' political and economic structures to enhance domestic and international trade. Several African countries face stiff competition in regional and international markets and have less bargaining power in international bodies such as the WTO and in negotiating Economic Partnership Agreements (EPAs) (African Economic Outlook 2014). Regional integration has been hampered by inadequate organisational capacity within RECs and insufficient coordination and communication among them (Woodrow Wilson International Center for Scholars 2008).

The inadequate production, logistical and financial infrastructure, among others, is a drag on production capacity, market access, free trade, and capital (both social and human) and financial transfers between countries. Poor road and railway networks and port facilities impede Africa's intra and international trade and increase transport and transaction costs. Building Africa's physical infrastructure has been a major challenge for African countries seeking to develop and for regional integration, and has been impeded by lack of cooperation and funding.

Tariffs and taxes

The economic structures of several African countries, which are reluctant to liberalise trade, and the establishment of tariff and non-tariff barriers are not conducive to the harmonisation of trade policies in Africa, the promotion of free trade and the creation of African common markets. Moreover, the tariffs imposed on African exports to the European and American markets do not improve the composition of Africa's trade: higher tariffs are placed on finished African goods than on raw material exports. This affects the composition of Africa's export goods (Moghalu 2013).

Financial structure

The absence of a common currency except for the West African Economic and Monetary Union (WAEMU),[5] EMCCA[6] and the Common Monetary Area (CMA) in Southern Africa,[7] necessitates multiple currency conversions and increases trade

5. WAEMU member countries (Senegal, Guinea-Bissau, Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger and Togo) use the CFA franc as a common currency. It is issued by the West African Central Bank headquartered in Dakar, Senegal.
6. EMCCA brings together Gabon, Cameroon, Equatorial Guinea, Central African Republic and Chad which share the CFA franc, which is issued by the Bank of Central African States located in Yaoundé, Cameroon.
7. Of the SACU members (South Africa, Namibia, Lesotho, Swaziland and Botswana), only Botswana changed its currency (to the Pula) and is outside the CMA in Southern Africa. The CMA was created in 1986 out of the Rand Monetary Area (RMA) established in 1974.

costs in Africa. Harmonisation of the financial system across African countries to enable use of a common currency or currency value for conversion, establishing common financial institutions to facilitate inter-bank foreign exchange, eliminating transaction costs and transfer fees and liberalising capital are crucial to enhancing the financial sector and boosting regional trade in Africa. Financial policy reforms could help to change the financial structure of many African countries.

Customs policies

Lack of uniform customs policies across the continent increases trade costs. Most RECs in Africa have no such policies to facilitate trade between them even though customs unions exist. Thus, harmonisation of customs policies is important if intra-trade patterns in Africa are to change. Trade facilitation agreements would ease trade flows and customs procedures and cut bureaucracy and corruption, saving up to 5 per cent on total trade volumes (Moghalu 2013). The transformation of transport corridors into economic corridors aims at changing the customs structure of many African countries in the interests of policy harmonisation, trade facilitation, market integration and intra and international trade. For instance, regional corridors foster regional integration and development and provide opportunities for landlocked countries to participate in global trade (Mulenga 2013). Corridors also enhance regional transport (access to routes, ports and markets).

Trade negotiations

African countries' limited participation in meetings related to trade negotiations, aid for trade and the elaboration of trade policies affecting the continent through international and multilateral organisations such as the WTO does not support Africa's repositioning in the global trade system. International trade policy and policy advice by institutions such as the World Bank with respect to Africa need a fundamental overhaul: in negotiations, African countries should be granted sufficient flexibility to enlarge their policy space to accommodate their own development agendas (Kousari 2005). However, effective participation, taking into account both public and private sectors, requires the capacity to articulate and implement trade policy, comply with WTO commitments and assert and defend rights associated with WTO membership (Oyejide and Njinkeu 2007).

While the Doha Round of trade negotiations aims at lowering tariff barriers, it has in effect become an arena to defend self-interests, with developed countries seeking to protect their trade interests and developing countries wanting their voices to be heard in the negotiations. This has led to failures at Doha meetings in past years to find consensus on free trade, eliminating trade subsidies, reducing tariffs and non-tariff barriers, etc. Lower trade preferences for African countries and less preferential market access are obstacles to improvements in Africa's global trade. Conditionalities imposed on African countries by traditional donor countries (EU and US) and international institutions such as the IMF and World Bank are constraints on good policymaking in Africa (Woo *et al.* 2005).

Besides, AGOA and EBA trade policies that fall under "aid for trade" and aim at enabling African exports to the US and EU did not fully enhance Africa's global trade and have their limitations. Trade negotiations between African countries and Europe and the US should focus on aid for trade policies that allow beneficiaries to realistically access EU and US trade and investment opportunities without being snarled up in myriad requirements and restrictions (ECOSOC and UNECA 2012).

V. Chinese regional infrastructure development projects and potential impact on regional trade in Africa

Africa's immense needs for infrastructure to fuel its economic growth and catch up with the rest of the world and enable intra-regional and international trade require huge investments from RECs and traditional as well as emerging partners. Closing the infrastructure gap in Africa will require more than US$ 80 billion of investment per year by the public and private sectors over the next decade, split evenly between new investments, operations and maintenance (Kandiero 2009). Investment in infrastructure is on the development agenda across the continent.

The global financial crisis is already affecting Africa. Recently, investment in Africa's infrastructure development has been cut, thereby challenging several infrastructure projects (Kandiero 2009).

As part of the regional integration agenda, African regional organisations such as the African Development Bank (AfDB), AU, NEPAD and the RECs have encouraged and elaborated regional policies to finance infrastructure projects. With about 40 per cent of Africa's population in landlocked countries, continental challenges in transport and energy, the poor state of physical infrastructure and weak market integration and intra-African trade (less than 10 per cent of total trade), AfDB has shown a strong commitment to supporting infrastructure for regional integration (Kandiero 2009).

To this end, new ties between African regional organisations and financial and construction partners have been developed. In recent years, several emerging economies have begun to play a growing role in financing infrastructure in sub-Saharan Africa (Foster *et al.* 2009:11). China is the largest player among them.

Building infrastructure is a key activity in China's domestic economy, and has become important in China's overseas investments, particularly in Africa. Chinese construction companies have explored overseas markets and their overseas operations have given them opportunities to access more markets, create jobs for Chinese workers and acquire a reliable reputation in the construction industry (Cissé 2013). Africa's lack of infrastructure coincides with China's engagement on the continent through FDI and development assistance. Chinese construction companies, by venturing into Africa, have been able to put to the test their domestic experiences and gain access to new markets. In various infrastructure sectors (road, railway, hydropower, telecommunications, etc.), Chinese companies are involved. Most of the time, they are backed by China's central or provincial governments, which enables the companies to offer competitive prices and to win both bilateral and multilateral tenders.

The establishment of RECs to harmonise national infrastructure development plans drives China to promote and support African integration by financing and building ports, road and railway networks, hydroelectric power plants and ICT infrastructure (Schiere and Rugamba 2013). In South Africa for instance, China Development Bank (CDB) has recently granted US$ 5 billion to South Africa's state-owned rail and ports operator (Transnet) to improve and support the country's infrastructure development. Similarly, the International and Commercial Bank of China (ICBC) and the Standard Bank of South Africa (SBSA) signed US$ 2 billion agreement to support the South African government's renewable energy programme. China's investment in energy in South Africa falls under a regional framework and is to establish a regional power pool. Such pools can create continental energy markets with coordinated supply systems and this is already happening: in coming years, East and Southern Africa power grids will be connected in a single power pool (Schiere and Rugamba 2013).

With the growing trade, investment and economic assistance ties between China and Africa, Chinese companies, especially construction companies, are investing in African countries. While China has built, rehabilitated and renovated road and railway networks in many African countries (Angola, Nigeria, Sudan, DRC, Zambia, Tanzania and so on), today Chinese financial agencies and construction companies seek to connect African countries through regional transport projects. Most of the projects aim to link landlocked countries with the coast. African governments have encouraged China's role in Africa's regional integration. However, China's involvement in Africa's regional infrastructure remains strategic, specifically in relation to China's resource exploitation in Africa and search for new markets for its construction companies. Thus, most of the regional road and railway construction links resource-rich and coastal countries. Examples include railway renovation between Zambia and Tanzania, railway construction between Zambia and Angola and road construction between Ethiopia and Djibouti. China Railway Construction Company and China Railway Engineering Company have shown interest in helping Zambia construct railway projects connecting Angola, Mozambique and South Africa (*Lusaka Times*, 10 April 2013).

China's financing of African infrastructure projects is through EXIMBANK and the China Development Bank. Cooperation has been established between them and AfDB, the Development Bank of Southern Africa and the West African Development Bank to develop policies and institutional frameworks to enhance Africa's infrastructure development. While the value of the finance is unknown, 35 sub-Saharan African countries have benefited from Chinese finance or are discussing funding opportunities for infrastructure projects. The largest recipients of such finance are Nigeria, Sudan, Ethiopia and Angola (Foster *et al.* 2009).

Recently, China has shown growing interest in the Indian Ocean trade and investment corridor and become increasingly involved in financing infrastructure projects in East Africa (see Table3). China and Kenya have entered into cooperation agreements worth US$ 5 billion for the construction of infrastructure to improve the movement of people and goods within and beyond Kenya's borders. Recent oil and gas discoveries in Kenya and Uganda explain China's interest in building roads and railways in East Africa (Workneh 2014). In Africa, the resource sector is the primary attractant for foreign investment and once resources are secured, infrastructure building comes along (Cissé 2013). Part of the deal is the construction of a railway connecting the port of Mombasa (one of the busiest in Africa) to Malaba, a town on Kenya's border with Uganda, where China also has a vested interest (Falk 2013).

African governments should be strategic in their engagement with China and in fostering intra-regional trade in the continent. The so-called "Angola model" of exchanging resources (sometimes at prices lower than those on the international market) for infrastructure projects – a model prevalent in many African countries – is not economically sustainable in the long run (Cissé 2013). Obviously African countries can integrate through infrastructure networks for regional and international trade and investment, but infrastructure projects across

Table 3: Some Chinese infrastructure projects under construction or planned in East Africa

Geographical locations	Types of projects	Costs (US$ billions)
Mombasa-Kampala-Kigali	Railway project	13.5
Konza City, Nairobi	Technology and financial city project	9.2
Ethiopia-Djibouti	Railway	1.2
Ethiopia	Dam	4.7
Bagomoyo, Tanzania	Port	11
South Sudan	Infrastructure development	8
Kenya, Ethiopia and South Sudan	Lamu Port-Southern Sudan and Ethiopia Transport corridor (LAPSETT project)	23

Source: Workneh in Eurasia Review, 24 February 2014

African economies are only part of the equation. Holistic regional economic integration requires sustainable peace, good governance, minimisation of trade barriers, equitable benefits from wider markets, economic policy harmonisation, among other factors (Workneh 2014). Infrastructure projects will attract both regional and international investments, and the nature of the finance, energy resources and security risks should be carefully scrutinised to ensure the sustainability of the projects and the political and economic stability of African countries.

China's presence in Africa's construction sector has raised questions about norms and standards. The rapidity of constructing big infrastructure projects, norms which sometimes don't meet international standards, deterioration of infrastructure shortly after delivery and lack of transparency in financing raise major concerns about China's contribution to infrastructure development in Africa (Cissé 2013). The sustainability of projects is important to people's livelihoods and future investment and trade. Non-transparent loan deals and contract bidding (particularly with Chinese-funded projects in Africa) entail higher financial burdens for African countries (Workneh 2014). Often, Chinese institutions and companies involved in funding and building projects carry out no impact assessment. Almost nothing is disclosed about project success rates or impacts (Grimm *et al.* 2011). The longer-term performance of projects should be appraised in light of adequacy and competency of maintenance plans (Workneh 2014). Furthermore, African governments should be engaged on their role in and responsibility for ensuring more transparency in foreign development assistance.

VI. Role of African regional organisations in sustainable trade between Africa and China

While economic ties between China and Africa have been strengthened over the past 30 years, more and more issues have arisen regarding the sustainability of China's trade with African countries. Harmonisation of national policies and institutional coordination through RECs could enable better trade negotiations with China and enhance Sino-African trade.

Harmonisation of trade and investment policies not only enables African RECs to foster trade liberalisation and the establishment of common markets but also to engage in common negotiation strategies with international trade partners. Uncoordinated trade negotiations have stood in the way of African countries reaping strategic benefits through global trade. Moreover, RECs increasingly aim at establishing an African Economic Community based on a common market and common policies for regional industrialisation and infrastructure development. This emerging trend highlights the importance of RECs as the primary mechanism for cooperation between Africa and its economic partners (Schiere and Rugamba 2013). With the rapid broadening of Africa's partnerships, regional integration has become crucial to make the most of the competition among partners and achieve critical mass in negotiations (African Economic Outlook 2013).

Regional integration is supported by Africa's economic partners, not least China, in order to effect the continent's regional and international integration. Cooperation has been strengthened between the AU, African regional organisations and China in various sectors. Consequently, a new roadmap has emerged for the AU's and African sub-regional organisations' multilateral engagement with China. With the launch of the New Asian-African Strategic Partnership, China has expressed its intention to play a role in ECOWAS integration (Bertollo *et al.* 2009).

As in international trade negotiations, African regional organisations can help achieve more effective participation by African countries in trade and investments negotiations with China, and achieve sustainable trade in the interests of those countries. Initially FOCAC was based on bilateral negotiations between China and African countries, but efforts have been made for engagement based on a multilateral framework. To lay the basis for this framework, African ambassadors in Beijing have suggested coordinating their activities in multilateral negotiations (Moumouni 2010). Even though China has offered support for some AU activities and is more inclined to engage with Africa at a multilateral level and support regional integration, China's engagement remains predominantly bilateral (African Economic Outlook 2013).

In 2011, the African Union Commission (AUC) joined FOCAC as an independent body to enhance negotiations for better economic cooperation between African countries and China. The AU should coordinate the African position, but RECs should provide the detailed inputs as they are closer to the trading interests and negotiating strategies of their members (Dinka and Kennes 2007). In 2013, the AU put the emphasis on strategic dialogues to take place between African countries and China to improve people's livelihoods, with a particular focus on women's development, science, technology transfers, agriculture and manufacturing (African Union 2013). Through the AU, African countries reaffirmed their commitment to close collaboration with China based on comprehensive and efficient implementation of all of FOCAC's outcomes to the benefit of China and Africa (People's Republic of China Ministry of Foreign Affairs 2013). Increasingly, African countries are insisting on more development-oriented investment deals by calling for greater investments in power, manufacturing and other aspects of domestic production, rather than just the export sectors. Indeed, this need for investment in basic infrastructure is behind the multiple deals between China and African countries (Hendrickson 2012:54).

Under FOCAC, business forums are organised that bring together entrepreneurs from African RECs and Chinese companies to explore business opportunities. These could serve as a market entry step, enable the creation of joint ventures and strengthen entrepreneurial ties between Chinese and African companies. Joint ventures could enhance technology and skills transfers, competitiveness and productivity in African countries to address issues related to the composition of China-Africa trade. The role of the African private sector and its engagement with the Chinese business community need to be considered in enhancing industrial production capacity and bridging the gap in Africa's trade with China. Initiatives to include the African business community materialised in 2007 when China's Council for the Promotion of International Trade (CCPIT) hosted Sino-West African trade and investment symposium and in 2008 when CCPIT co-organised the first China-ECOWAS Economic and Trade Forum in Beijing and Wuhan (Moumouni 2010). A Memorandum of Understanding was signed between ECOWAS and China during the forum to establish an economic cooperation partnership based on providing capital for the development of infrastructure, agro-industries, fisheries and other industries and for the promotion of trade and other private sector activities in West Africa (Bertollo *et al.* 2009). The overall aim of the forum was to identify, establish and develop business contacts for possible joint ventures (Moumouni 2010).

The FOCAC-related business forums should also enable African companies to explore business opportunities in China, which is an important market based on its competitive advantages of population, market, production and regional ties in Asia (United Nations Economic Commission for Africa 2010:99).

African RECs (EAC and ECOWAS) and China have signed trade and investment agreements for economic and trade cooperation. These agreements aim at promoting trade, direct investment, cross-border infrastructure construction and so on (MOFCOM 2013). In the financial sector, the AfDB, the Development Bank of Southern Africa, the West African Development Bank have developed a financial framework with China Development Bank to foster the development of the manufacturing sector in Africa through Small and Medium Enterprises.

Even though China is increasingly engaging with Africa on economic cooperation, African RECs should be strategic in fostering regional intra-trade, which remains low. Regional infrastructure projects funded through AfDB, for instance, should facilitate the movement of goods and people, reduce trading costs, foster market integration and so on. AfDB has increased its efforts to support this encouraging trend by providing financial assistance to regional programmes and organisational capacity-building initiatives (Woodrow Wilson International Center for Scholars 2008). Regional infrastructure programmes and projects have been or are being undertaken by, for example, ECOWAS and SADC, and NEPAD too has made regional infrastructure a major focus (Dinka and Kennes 2007). The establishment of regional transport networks through removal of cross-border bottlenecks, additional investment to close gaps and upgrading existing roads and railways are among the priority projects of most African regional institutions. AfDB understands that addressing the infrastructural gap as well as promoting regional integration are necessary to structural transformation in Africa. This explains the establishment of the Africa50Fund to increase the amount of bankable infrastructure projects and direct project finance (Schiere and Rugamba 2013).

It is essential that RECs develop transparent and stable regional frameworks in order to attract greater investment. While the advancement towards economic regionalisation has thus far hinged on the initiative of key African leaders, sustainable progress will require much deeper institutional commitment (Woodrow Wilson International Center for Scholars 2008). Efficient networks should be established to provide accurate and up-to date information on investment opportunities, technological and market potential, national laws and regulations, costs, availability of labour and potential partners (African Union 2010).

Conclusion

Globalisation has changed world trade patterns. With advances in technology, transport, ICT and so on, the way countries trade with each other has taken on a different dimension. Trade liberalisation based on economic policy changes has enabled the free movement of people and goods across borders and the interconnectedness of global markets.

Several countries have joined regional trade groups (NAFTA, EU, ASEAN and so on) to enhance trade within their region and their position in global trade. But there are limitations: member countries sometimes act to protect their own economic interests or showcase their influence to the detriment of regional objectives. While boosting regional intra-trade is the main aim of these trade groups, tariff and non-tariff barriers and lack of concrete trade liberalisation have often made it difficult for countries to engage equally with each other. Tariffs have constrained trade between countries and changes to the characteristics of Africa's global trade. Regional integration is thus an opportunity as well as a challenge for African countries.

Africa's trade with the rest of the world has been unbalanced and its share of global trade insignificant. Regional and multilateral macroeconomic policies to reduce or eliminate tariff and non-tariff barriers would improve Africa's foreign trade and place it on a sustainable footing. However, Africa's involvement in the elaboration of trade policies needs to be considered by trade partners such as the EU and US and by multilateral organisations such as the WTO, World Bank and the UN.

While the main focus for many African countries on regional integration is the development of trade, other integration projects such as regional infrastructure projects, harmonising customs and trade policies, establishing regional corridors, enhancing national policies to include regional policies could be seen as a positive indication of regional integration in Africa. But full regional economic integration in Africa cannot materialise without the free mobility of people and goods, a regional common market for trade facilitation, a competitive business environment and a harmonised financial structure to facilitate financial transactions and payments.

Beyond enhancing intra-regional trade, Africa needs to address unsustainable trade issues with its traditional and emerging partners. "Aid for trade" that enables African exports to EU and US markets has not effectively changed Africa's trade due to the tariffs imposed on a number of products as well as rules of origin and sanitary and environmental measures. Africa has concerns about the composition of trade that relies on resource exports from Africa vs. manufactured imports from China, India and so on. The same trade pattern drives the growing trade between China and Africa. Since its accession to the WTO, China has strengthened trade ties with African countries based on strategic policies to secure resources as well as access markets in Africa.

While import substitution policies have been high on the African agenda for a balanced trade, industrialisation to make and export finished products has not really materialised. This situation is clearly unfavourable to change in the composition of Africa's global trade.

In their trade relations with China, African countries have trade deficits, unless they are endowed with resources and can take advantage of rising global commodity prices. But resource exports alone, without the development of other economic sectors, are not in the long run sustainable. Generally, the composition of Africa's trade with China remains unchanged.

The African private sector could contribute to changing Africa's trade with China. Through FOCAC, more and more African private enterprises are becoming involved and interested in opportunities in the Chinese market and in establishing joint ventures with Chinese private companies.

In addition, African regional organisations and regional banks play an important role in fostering multilateral negotiations with China. China's support for a more multilateral approach to African countries should be carefully managed to develop regional intra-trade in Africa and bring about sustainable trade between Africa and China.

China's emerging role as a financier for regional infrastructure development in Africa could be seen as positive. Such projects could enhance the mobility of people and goods between countries and regions and foster intra-regional trade. However, China's involvement in building regional infrastructure networks is in many cases linked to resource exploitation and should be carefully managed to avoid security problems between African countries and to promote sustainable development and environmental sustainability. African and Chinese financial institutions supporting regional infrastructure development in Africa should aim at more funding transparency in order to avoid the financial burdens arising from unsustainable projects.

References

Achy, L. (2012) "The Arab Spring revives Maghreb integration." Carnegie Middle East Center. Available at: http://carnegie-mec.org/publications/?lang=en&fa=47385 [accessed 11 April 2014].

African Economic Outlook (2014) "Trade Policies and Regional Integration in Africa." African Economic Outlook. Available at: http://www.africaneconomicoutlook.org/en/outlook/trade_policies/ [accessed 19 March 2014].

African Economic Outlook (2013) "Regional co-ordination needed to embrace new giants." African Economic Outlook. Available at: http://www.africaneconomicoutlook.org/en/in-depth/emerging-partners/seizing-new-policy-opportunities/regional-co-ordination-needed-to-embrace-new-giants/ [accessed 02 April 2014].

African Union (2013) "Africa China relations gain momentum with high level visit by Chinese vice premier to the African Union." African Union Directorate of Information and Communication press release No. 226/2013. Available at: http://cpauc.au.int/en/sites/default/files/PR226++Chairperson+meets+Chinese+vice+premier_e.1-2.pdf [accessed 31 March 2014].

African Union (2010) "Trade liberalisation, investment and economic integration in African Regional Economic Communities towards the African common market and economic community." African Union Conference of Ministers of Trade, 6th ordinary session, 29 October- 2 November, Kigali, Rwanda.

Aguilar, C.G. (2010) "South-South relations in the new international geopolitics." *Global Studies Review* 22 (80): 2-7.

Ajakaiye, O. (2006) "China and Africa: Opportunities and challenges." Paper presented at the African Union Task Force on strategic partnership between Africa and the emerging countries of the South, Addis Ababa, Ethiopia, 11-13 September.

Bertollo, M., O. Appolloni, J.P. Bustamente Izquierdo, F.De Angelis, E. Lelli and S. Vesenjak (2009) "China and the different regional approaches in Africa." *Transition Studies Review*16(2): 404–20.

Bouhdiba, S. (2011) "An example of South-South politics: The Union of the Arab Maghreb." Paper presented at the Annual Meeting at the Southern Political Science Association, New Orleans, Louisiana, 5 January, pp.1–8.

CEMAC (2012) "La banque des Etats de l'Afrique Centrale." Available at: https://webmail.sun.ac.za/owa/redir.aspx?C=NCRuIOwBHECuXH88U1RDVdCIZXtOK9EIYqFOXn6NulI9SjO4lMa3cDhJZTiswDTcGgKCDJ1NqVk.&URL=http%3a%2f%2fwww.cemac.int%2fservice%2fbanque-des-etats-de-lafrique-centrale-beac" \t "_blank" [accessed 08 April 2014].

China Report (2007) White paper on China's African Policy. China Report 43 (3):375–91. Available at http://chr.sagepub.com/content/43/3/375.full.pdf [accessed 28 February 2014].

Cissé, D. (2014) "Delocalisation: Opportunities for developing countries?." CCS Commentary, 10 February. Centre for Chinese Studies, Stellenbosch University.

Cissé, D. (2013) "South-South Migration and Sino-African Small Traders: A Comparative Study of Chinese in Senegal and Africans in China." *African Review of Economics and Finance* 5 (1):17–28.

Cissé, D. (2013) "China's engagement in Africa: Opportunities and challenges for Africa." *African and East Asian Affairs/The China Monitor*, Issue 4, December. Available at: http://www.ccs.org.za/wp-content/uploads/2014/01/AEAA-Issue4-December-2013_Print.pdf [accessed 28 February 2014].

Cissé, D. (2013) "Does China meet infrastructure building norms and priorities in Africa." Africa's Asian Options (AFRASO) research blog. Available at: http://www.afraso.org/en/content/does-china-meet-infrastructure-building-norms-and-priorities-africa [accessed 03 April 2014].

Cissé, D. (2013) "China's footprint in Africa's infrastructure building sector: Contribution to development?." CCS Commentary, 22 May. Available at: http://www.ccs.org.za/wp-content/uploads/2013/05/CCS_Commentary_Chinese_in_Infrastructure_2013_DC.pdf [accessed 03 April 2014].

Cissé, D. (2012) "FOCAC: Trade, investments and aid in China-Africa relations." Centre for Chinese Studies Policy Brief No. 6. Stellenbosch University.

Clottey, P. (2014) "Africa Group COMESA 'encouraged' with the regional trade cooperation." Interview with the director for trade at COMESA. Available at: http://www.voanews.com/content/africa-group-comesa-encouraged-with-regional-trade-cooperation/1860910.html [accessed 11 April 2014].

Dinka, T. and W. Kennes (2007) "Africa's regional integration arrangements: History and challenges." ECDPM Discussion Paper No. 74. Available at: http://ecdpm.org/publications/africas-regional-integration-arrangements-history-challenges/ [accessed 09 April 2014].

Do, S. (1999) "The globalisation of information technology in multinational corporations." *Information Management Journal* 33 (3):66.

Elhiraika, A. (2005) "An integrated approach to Africa's Development Constraints." In J.J. Teunissen and A. Akkerman (eds) *Africa in the world economy: The national, regional and international challenges.* The Hague: Forum on Debt and Development (FONDAD).

Falk, T. (2013) "Why China is investing US$ 5 billion in Kenya's infrastructure." *The Bulletin*. Available at: http://www.smartplanet.com/blog/bulletin/why-china-is-investing-5-billion-in-kenyas-infrastructure/ [accessed 1 April 2014].

Foster, V., W. Butterfield, Chuan Chen and N. Pushak (2009) "Building bridges: China's growing role as infrastructure financing for Sub-Saharan Africa." Trends and Policy Options No. 5. International Bank for Reconstruction and Development/ World Bank. Available at: https://openknowledge.worldbank.org/bitstream/handle/10986/2614/480910PUB0Buil101OFFICIAL0USE0ONLY1.pdf?sequence=1 [accessed 1 April 2014].

Gillson, I. (2010) "Deepening Regional Integration to Eliminate the Fragmented Goods Market in Southern Africa." Africa Trade Policy Notes No. 9**.** Available at: http://siteresources.worldbank.org/INTAFRREGTOPTRADE/Resources/9SouthernAfricaRegionalIntegrationREDESIGN3.pdf [accessed 11 April 2014].

Grimm, S. (2012) "The Forum on China-Africa Cooperation (FOCAC). Political rationale and functioning." Centre for Chinese Studies Policy Brief No. 7. Available at: http://www.ccs.org.za/wp-content/uploads/2012/05/FOCAC_Policy-Briefing_political_final.pdf [accessed 09 March 2014].

Grimm, S., R. Rank, M. McDonald and E. Schikerling (2011) "Transparency of Chinese aid: An analysis of the published information on Chinese external financial flows." Centre for Chinese Studies research report. Available at: http://www.ccs.org.za/wp-content/uploads/2011/09/Transparency-of-Chinese-Aid_final.pdf [accessed 03 April 2014].

Gu Jing (2009) "China's Private Enterprises in Africa and the Implications for African Development." *European Journal of Development Research* 21(4):570–87.

Hartzenberg, T. (2011) "Regional trade integration in Africa." World Trade Organisation

Economic Research and Statistics Division. Staff Working Paper ERSD-2011-14.

Hendrickson, R. (2012) "Global economies: Africa and the West." In E.M. Mbah and S.J. Salm (eds) *Globalisation and the African experience*. Durham NC: Carolina Academic Press.

IBM (2006) *Global Innovation Outlook 2.0*. Armonk NY: IBM.

Intellectual Network for the South (2008) "South South cooperation: Economic Community of Central African states." Available at: http://www.insouth.org/index.php?option=com_sobi2&sobi2Task=sobi2Details&sobi2Id=52&Itemid=68 [accessed 08 April 2014].

International Monetary Fund (IMF) (2011) *Direction of Trade Statistics Yearbook*. Washington DC: International Monetary Fund Statistics Department.

Kandiero, T. (2009) "Infrastructure investment in Africa." African Development Bank Development Research Brief No. 10. Available at: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Financial-Information/Infrastructure%20Investment%20in%20Africa.pdf [accessed 11 April 2014].

Kathawala, Y., Ren Zhang and Jing Shao (2005) "Global outsourcing and impacts on organisations: Problems and issues." *International Journal of Services Operations Management* 1(2):1–18.

Khandelwal, P. (2004) "COMESA and SADC: Prospects and Challenges for Regional Trade Integration." IMF Working Paper 04/227. Available at: http://www.imf.org/external/pubs/ft/wp/2004/wp04227.pdf [accessed 11 April 2014].

Killick, T (2000), "Globalisation: Is it good for the poor?" Keynote paper, Joseph Mubiru Memorial Lecture, Bank of Uganda, Kampala 17 November.

Kousari, K. (2005) "Africa's development and external constraints." In J.J. Teunissen and A. Akkerman (eds) *Africa in the world economy: The national, regional and international challenges.* The Hague: Forum on Debt and Development (FONDAD).

Leoka, T. (2013) "A slowing China may provide opportunities for South Africa." Standard Bank South Africa Special Report, 8 August.

Lubega, B.B. (2013) "Strategies for promotion of regional trade in culture and creative industries in the East African Community." paper presented at the African Creative Economy Conference, Cape Town, 6–9 October

Lusaka Times (2013) "Chinese firms express interests in helping Zambia improve the railway network." Lusaka Times. Available at: http://www.lusakatimes.com/2013/04/10/chinese-firms-express-interest-in-helping-zambia-improve-the-railway-network/ [accessed 1 April 2014].

Lyakurwa, W.M. (2006) "High oil prices and the African economy." Paper presented at the annual meeting of the African Development Bank Group, Ouagadougou, Burkina Faso, 15–16 May.

Marafa, L.M. (2010). "China's environmental footprint in Africa: Tackling trade and climate change issues." In I.C. De Sousa, A.D. Diakite and O.O.Iwaloye (eds) China- Africa emerging relations. Macao: Saint-Joseph Academic Press.

Mengistae, T. (2010) "The business environment in Southern Africa: Issues in trade and market integration." World Bank Report 2010. Available at: http://siteresources.worldbank.org/INTAFRREGTOPTRADE/Resources/12SADCbusinessenvironmentREFORMAT.pdf [accessed 10 April 2014].

MOFCOM (2013) "China-Africa economic and trade cooperation." MOFCOM white paper. Available at: http://english.mofcom.gov.cn/article/newsrelease/press/201309/20130900285772.shtml [accessed 25 March 2014].

Moghalu, K.C. (2013) Emerging Africa-How the global economy's "last frontier" can prosper and matter. Ibadan: Bookcraft.

Moumouni, G. (2010) "China's Relations with African Sub-regions: The Case of West Africa." The Bulletin of Fridays at the Commission (African Union Commission) 3(1):25–43.

Mulenga, G. (2013) "Developing economic corridors in Africa: Rationale for the participation of the African Development Bank." African Development Bank Regional Integration Brief No. 1. Available at: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Regional_Integration_Brief_-_Developing_Economic_Corridors_in_Africa_-_Rationale_for_the_Participation_of_the_AfDB.pdf [accessed 10 April 2014].

Mwanza, W. (2013) "On efforts towards a second pole for African continental integration." Trade and Law Centre (TRALAC) Hot Seat Comment. Available at: http://www.tralac.org/2013/11/27/on-efforts-towards-a-second-pole-for-african-continental-integration/ [accessed 25 March 2014].

Nasongo'o, S.W. (2012) "Reshaping the global economy: The south-south economic partnership." In E.M. Mbah and S.J. Salm (eds) *Globalisation and the African experience*. Durham NC: Carolina Academic Press.

Nataraj, G. (2007) "Regional Trade Agreement in the Doha Round: Good for India?" Asian Development Bank Institute Discussion Paper No. 67. Available at: http://www.adbi.org/files/dp67.regional.trade.agreements.doha.pdf [accessed 23 March 2014].

New Partnership for Africa's Development (NEPAD) (2004) Annual Report 2003/2004. Available at: http://eisa.org.za/aprm/pdf/NEPAD_%20Annual_Report_2004.pdf [accessed 25 March 2014].

OECD (2012) "Trade-related south-south co-operation." Policy dialogue on aid for trade. Available at: http://www.oecd.org/dac/aft/South-South_China.pdf [accessed 24 February 2014].

Olayiwola, W.K. and A.O. Oluyomi (2013) "Economic integration, trade facilitation and agricultural exports performance in ECOWAS member states." Paper presented for the Eighth African Economic Conference on Regional Integration in Africa, 28–30 October, Johannesburg, South Africa.

Oyejide, A. and D. Njinkeu (2007) "Introduction and overview." In A. Oyejide and D. Njinkeu (eds) *Africa and the World Trading System*. Asmara/Trenton NJ: Africa World Press.

People's Republic of China Ministry of Foreign Affairs (2013) "Joint communiqué of the third round of political consultations between Chinese and African foreign ministers." MFA-PRC 23 September. Available at: http://www.fmprc.gov.cn/eng/wjdt/2649/t1080313.shtml [accessed 31 March 2014].

Renard, M.F. (2011) "China's trade and FDI in Africa." African Development Bank Group Working Paper Series No. 126. May. Available at: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Working%20126.pdf [accessed 28 March2014].

Salze-Lozac'h, V., N. Merchant-Vega, K. Loh and S. Alexander (2013) "Intra-Asian trade will define the region's future." *The Diplomat,* 18 January. Available at: http://thediplomat.com/2013/01/integration-is-key-to-asias-future/ [accessed 25 February 2014].

Santiso, J. (2007) *The Visible Hand of China in Latin-America*. Paris: Organisation for Economic Co-operation and Development.

Schiere, R. and A. Rugamba (2013) "China and regional integration as drivers of structural transformation in Africa." *ICTSD Bridges Africa Review* 2(6):12–14. Available at: http://ictsd.org/downloads/bridges-africa-review/2-6.pdf [accessed 2 April 2014].

Shen Xiaofang (2013) "Private Chinese Investment in Africa: Myths and Realities." World Bank Policy Research Working Paper No. 6311. Available at: http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2013/01/09/000158349_20130109152919/Rendered/PDF/wps6311.pdf [accessed 27 March 2014].

Singh, H.V. (2011) "WTO membership: impact on China and global trade." In R. Meléndez-Ortiz, C. Bellmann and Shuaihua Chen (eds) *A decade in the WTO: Implications for China and global trade governance*. Geneva: International Centre for Trade and Sustainable Development.

Sumit, R. (2010) "Globalisation and the 'emerging giants' China and India." Occasional paper, School of International Relations and Strategic Studies Jadavpur University, Kolkata, India.

United Nations (2010) *Africa's cooperation with the new and emerging development partners: Operations for Africa's development*. New York: United Nations Office of the Special Advisor on Africa.

UNCTAD (2013) "International Merchandise Trade Statistics." UNCTADstat, Geneva. Available at: http://unctad.org/en/PublicationsLibrary/tdstat38_en.pdf [accessed 19 March 2014].

UNCTAD (2013) *UNCTAD handbook of Statistics*. New York: United Nations Publications.

United Nations Economic Commission for Africa (2010) *Assessing regional integration in Africa IV: Enhancing intra-African trade*. Addis Ababa: United Nations Economic Commission for Africa.

United Nations Economic and Social Council-Economic Commission for Africa (2012) "International and Intra-African trade." Report presented at the eighth session of the committee on trade, regional cooperation and integration, Addis Ababa, 6–8 February.

UNCTAD (2005) "International trade negotiations, regional integration and south-south trade, especially in commodities." UNCTAD, 18 March, Geneva.

Virág-Neumann, I. (2009) "Regional trade agreement and the WTO." Paper presented at the 7th International Conference on Management, Enterprise and Benchmarking, 5–6 June, Budapest.

Vollrath, T.L. and B.C. Hallahan (2011) "Reciprocal trade agreements: Impacts on bilateral trade expansion and contraction in the world agricultural market place." United States Department of Agriculture Economic Research Report Number 113. Available at: http://www.ers.usda.gov/media/128865/err113.pdf [accessed 20 March 2014].

Woo, W.T., G. McCord and J.D. Sachs (2005) "Understanding African poverty: Beyond the Washington Consensus to the Millennium Development Goals Approach In J.J. Teunissen and A. Akkerman (eds) *Africa in the world economy: The national, regional and international challenges.* The Hague: Forum on Debt and Development (FONDAD).

Woodrow Wilson International Center for Scholars (2008) "African Regional and Sub-regional organisations: Assessing their contributions to economic integration and conflict management." Woodrow Wilson International Center for Scholars, Africa program. Available at: http://www.wilsoncenter.org/sites/default/files/Regional per cent20Sub-Regional per cent20Pub1.pdf [accessed 25 March 2014].

Workneh, A. (2014) "Eastern Africa's energy and infrastructure boom: Opportunities and risks." *Eurasia Review*, 24 February. Available at: http://www.eurasiareview.com/24022014-eastern-africas-energy-infrastructure-boom-opportunities-risks-oped/ [accessed 03 April 2014].

World Bank (2013) Regional integration in Africa: An overview. Available at: http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/EXTREGINI/EXTAFRREGINICOO/0,,contentMDK:22548631~menuPK:7296233~pagePK:64168445~piPK:64168309~theSitePK:1587585,00.html [accessed 08 April 2014].

World Bank (2012) *De-fragmenting Africa: deepening regional trade integration in goods and services*. Washington DC: World Bank.

World Trade Organisation (2001) "Regionalism and the multilateral trading system." WTO Doha ministerial meeting briefing notes. Available at: http://www.wto.org/english/thewto_e/minist_e/min01_e/brief_e/brief20_e.htm [accessed 27 February 2014].

Yip, G.S. (2000) "Global strategy in the internet era." *Business Strategy Review* 11(2):2.