



**What does the global financial crisis mean
for China's Engagement with Africa?**

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Firstly

the crisis provides an opportunity for China to extend its economic and political interests in Africa.

Indeed, the onset of the global financial crisis has raised new questions regarding China's continued public and private commitment to Africa.

*Political Enthusiasm and commitment from Chinese
leaders?*

‘China will fully and punctually implement measures agreed at the Beijing Summit of the Forum on China-Africa Cooperation, seek China-Africa **pragmatic relations** and promote the further development of **our new strategic partnership**’

President Hu Jintao
(February 2009)



China's private business engagement with Africa

Strong entrepreneurial drive



‘They [the Chinese] are hard-working,
very adventurous and innovative.’

The Chinese entrepreneurs have
changed the concept of risk because
when Western firms see “risk”, Chinese
entrepreneurs see “opportunity”.



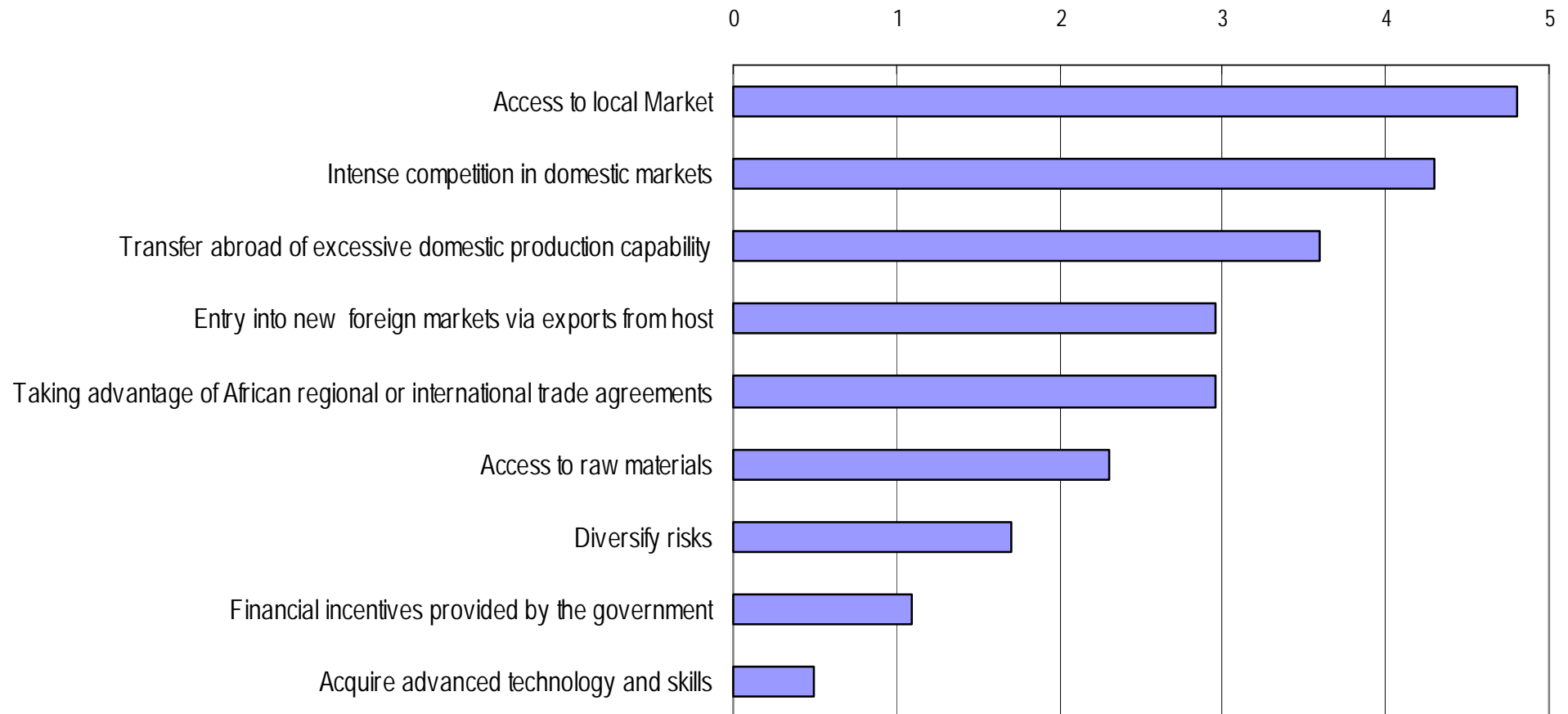
Why *are* Chinese firms investing in Africa?

The top 5 important motives for investing identified by
Chinese firms surveyed
(in order of importance)

- (1) Access to local market;
- (2) Entry into new foreign markets via exports from host;
- (3) Transfer abroad of excessive domestic production capability;
- (4) Taking advantage of regional or international trade agreements;
- (5) Access to raw materials.

Why *are* Chinese firms investing in Africa?

Reasons for Investing in Africa



Source: China-Africa Project Survey

Why *are* Chinese firms investing in Africa?

“Despite the strong wind and wild waves, the deepwater
still has fish to be found”.

(Feng Da Lang Ji, Shui Shen You Yu)

风大浪急，水深有鱼



Why *are* Chinese firms investing in Africa?

In a new trend, the stated intention is to move ‘upwards’ from low value-added products towards middle-to-high value-added goods that they believe have a sustainable demand in African and other markets.

Secondly

The current financial crisis has given Africa more potential policy-space.





Thirdly

Beyond the immediate consequences of the global financial crisis, a major shift is underway in power towards the developing world and emerging economies.



Conclusion: Key points

- The global financial crisis will not have big impacts on China's public and private business engagement with Africa.
- These developments are largely insulated from the financial crisis, if not actually accelerated by it.
- They require, however, a multifaceted African response, through government, the private sector and unions in Africa.
- Benefiting from engagement with China is positively related with the level of African domestic capacity in production, management and human capital.



Conclusion (cont)

What does it mean for Africa? Development implications

Firstly,
it is a **dynamic** picture in Africa. We need to recognise that there is much more **diversity** and there are many more actors involved. It's an **unfolding** picture. And it requires also a **multidimensional response**.

Secondly,
there is a **mutual learning process** for both Chinese public and private sectors and also for China-Africa relationships.