



# China-Africa Economic Relationship

An Historical Overview

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## **Introduction**

China's engagement with African countries dates to the early years of the People's Republic of China (PRC) in the 1950s, but it was not until the early 2000s that China ramped up its economic activities in Africa.<sup>1</sup> Against the backdrop of China's "Going Out" policy initiated in 2000, which encourages Chinese firms to go abroad, China transformed into Africa's biggest economic partner in a mere two decades.<sup>2</sup> From 2001 to 2015, bilateral trade between China and Africa increased from US\$13 billion to \$188 billion, and to \$204.19 billion in 2018. Chinese foreign direct investment (FDI) on the continent grew at an even faster pace of 40 percent per annum, from \$1 billion in 2004 to \$35 billion in 2015.<sup>3</sup> Behind these numbers are a wide scope of Chinese economic activities in Africa from both private and public actors, spanning infrastructure financing, construction, and natural resources extraction, as well as to manufacturing, retail, the internet, and much more. While China's economic relations with Africa have often been fraught with controversies — such as accusations of unfair lending practices, environmental