

Global Economy

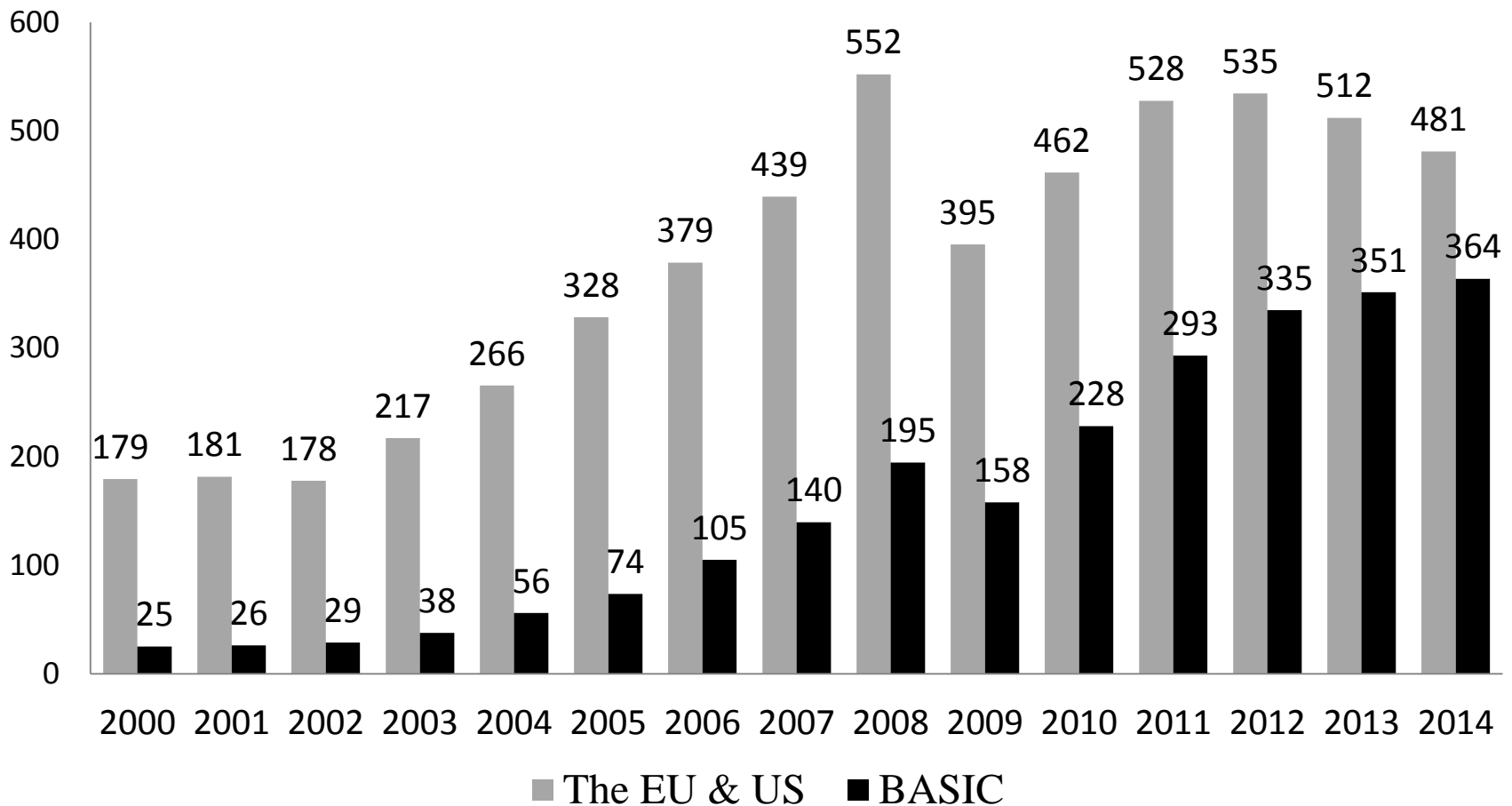
Lecture 3

Dr Wioletta Nowak

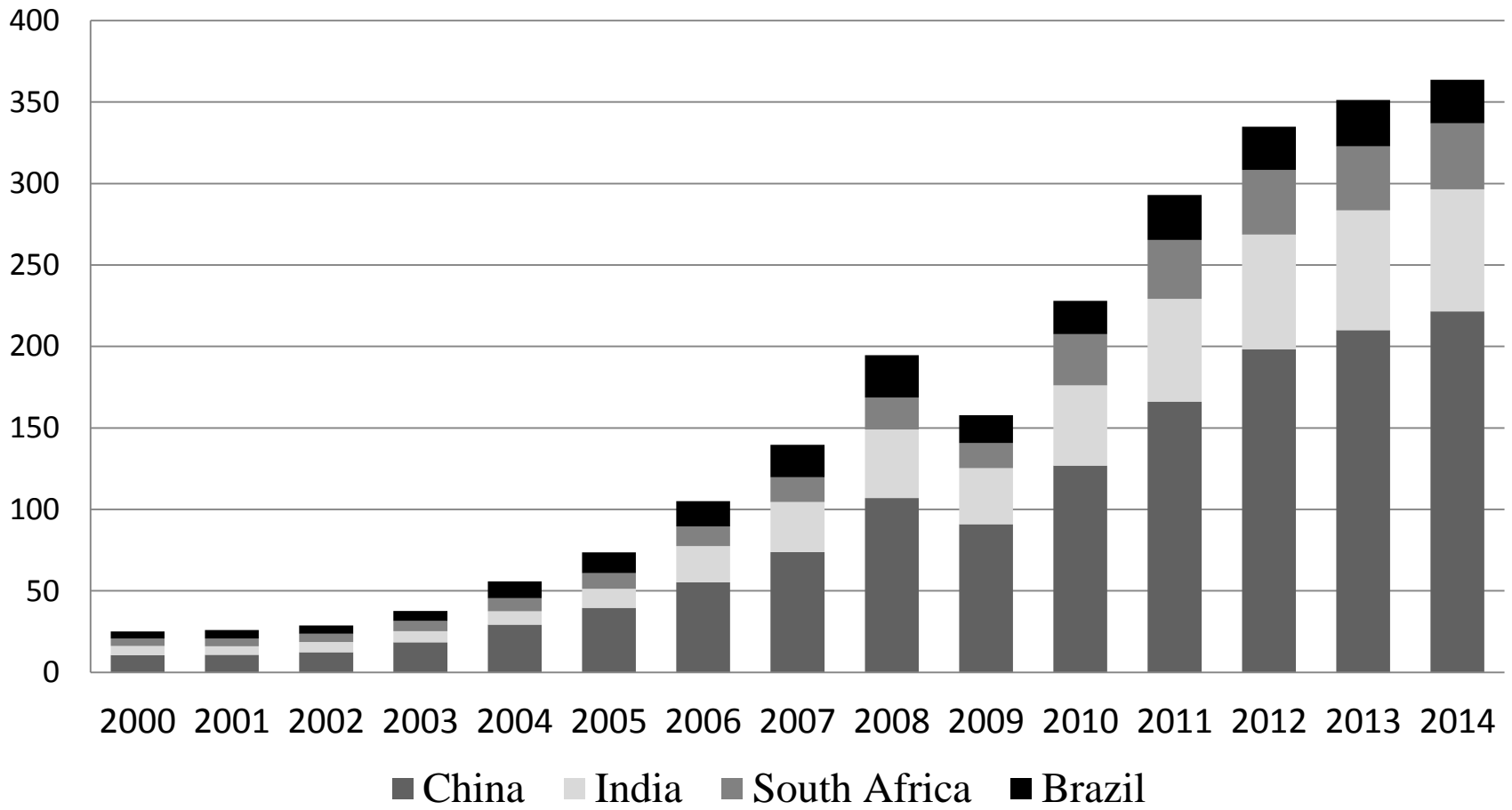
North-South trade competition in Africa and Latin America

- The aim – to show the scale of and trends in merchandise trade
- **The North** (the European Union and the United States)
- **The South** (China, India)
- Africa (54 countries)
- Latin America (21 countries)
- The period of analysis: 2000-2014
- The data retrieved from the UN Comtrade Database

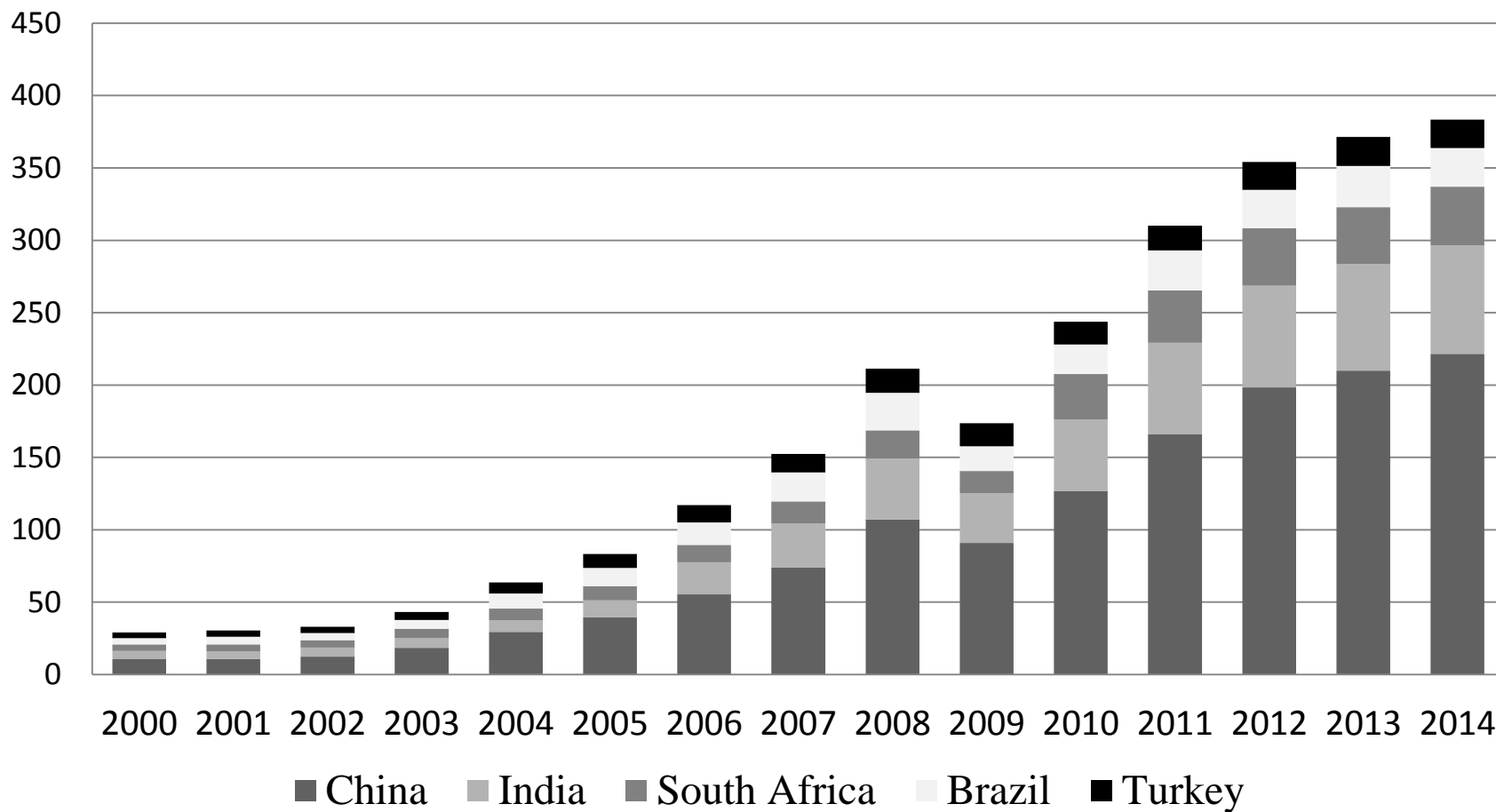
Merchandise trade of the North and BASIC countries with Africa, 2000-2014 (USD billion)



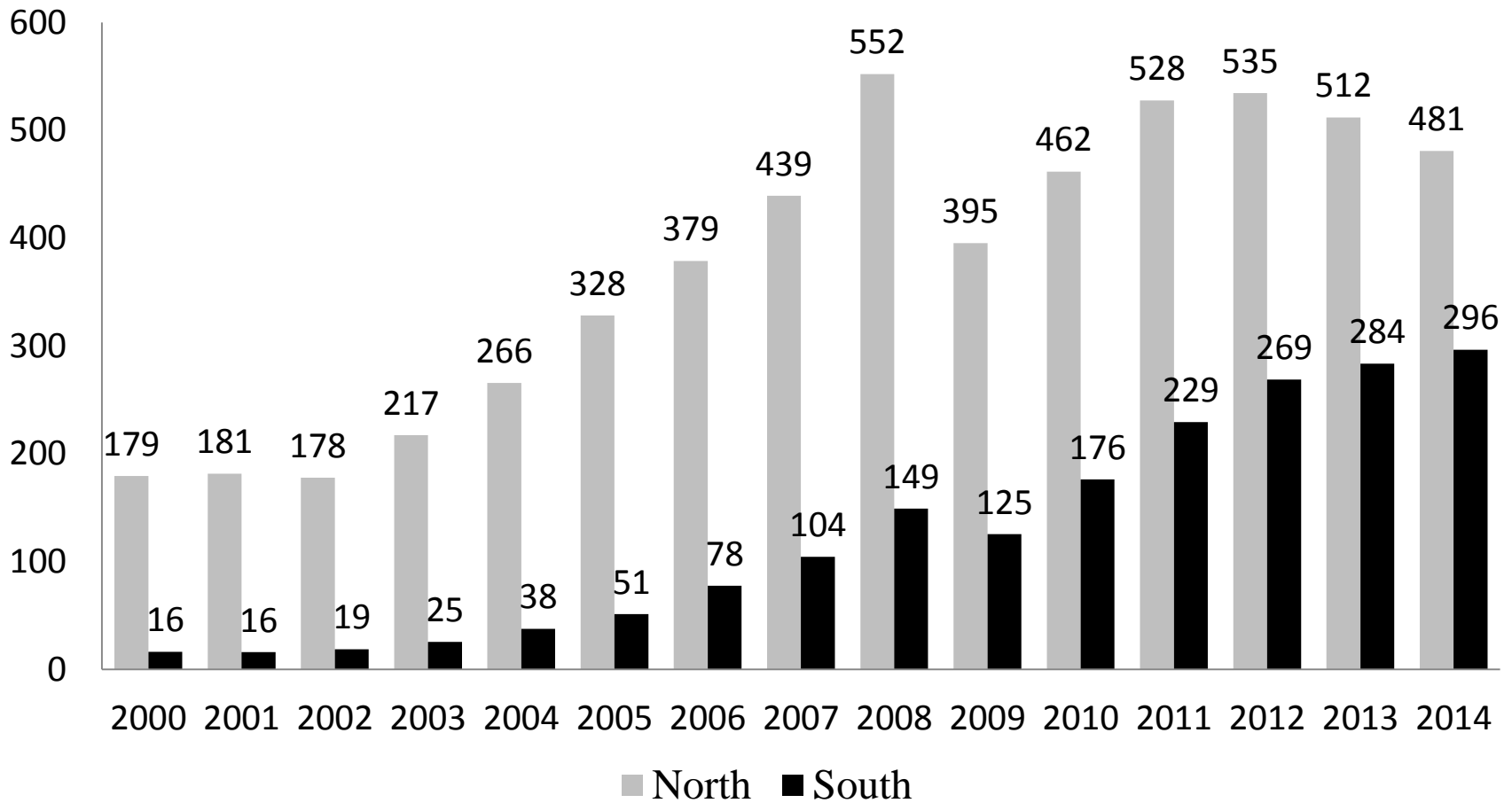
Merchandise trade of BASIC countries with Africa, 2000-2014 (USD billion)



Merchandise trade of emerging economies with Africa, 2000-2014 (USD billion)



Bilateral trade of the North and the South with 54 African countries, 2000-2014 (USD billion)



Merchandise trade of the North and the South with Africa, 2000-2014

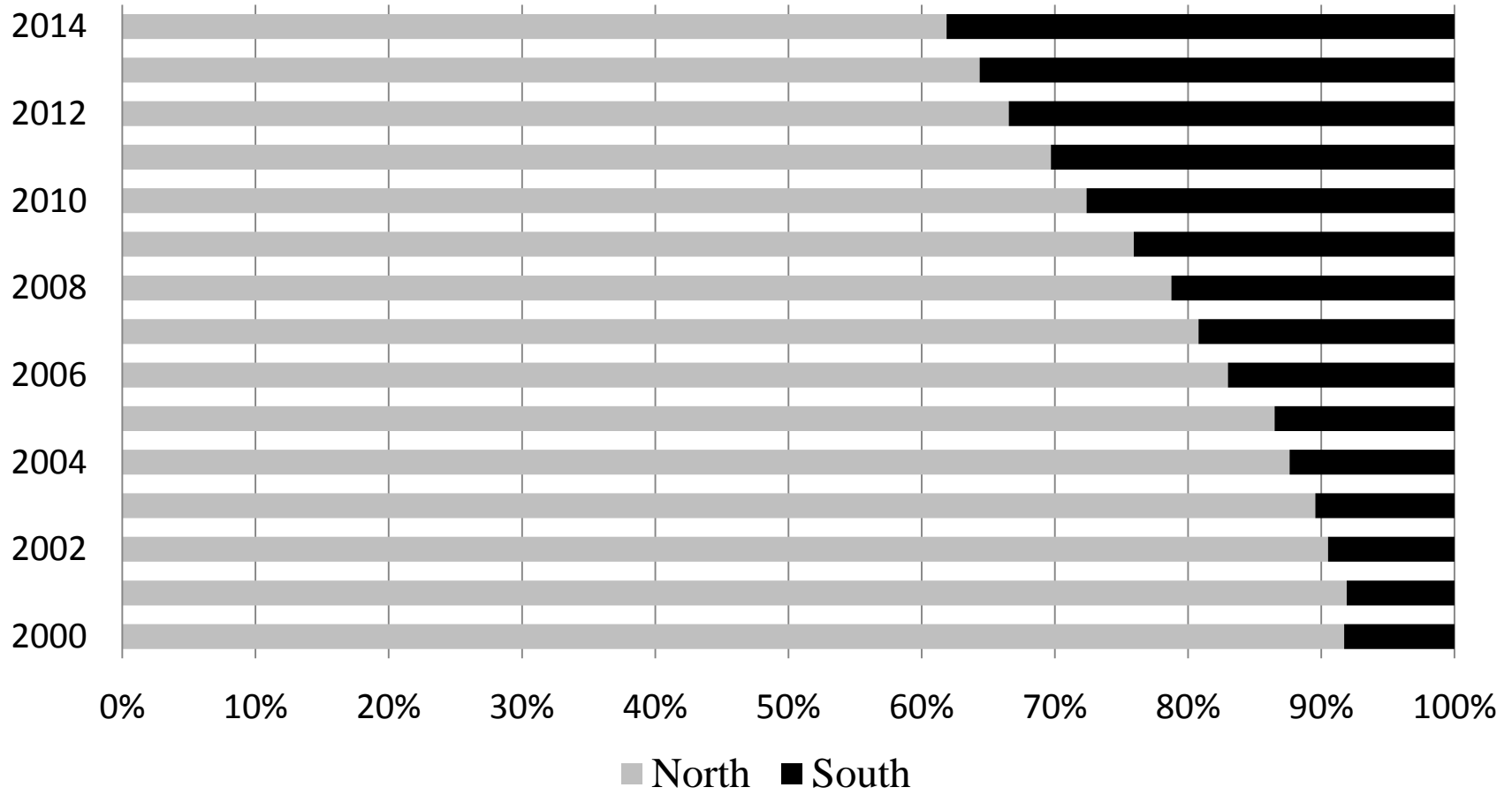
- In the years 2000-2014, the value of bilateral merchandise trade between the North and Africa increased **nearly 3 times**.
- Annual growth rate – **6.8%**
- The South-Africa trade increased **18.3 times**
- Annual growth rate – **21.4%**

Merchandise trade of the North and the South with Africa, 2000-2014

- 2000 – the North-Africa trade was 11 times bigger than the South-Africa
- 2014 – the North-Africa trade was 1.6 times bigger than the South-Africa

- 2000-2008 – the North-Africa trade was 5.5 times bigger than the South-Africa
- 2009-2014 – the North-Africa trade was 2.1 times bigger than the South-Africa

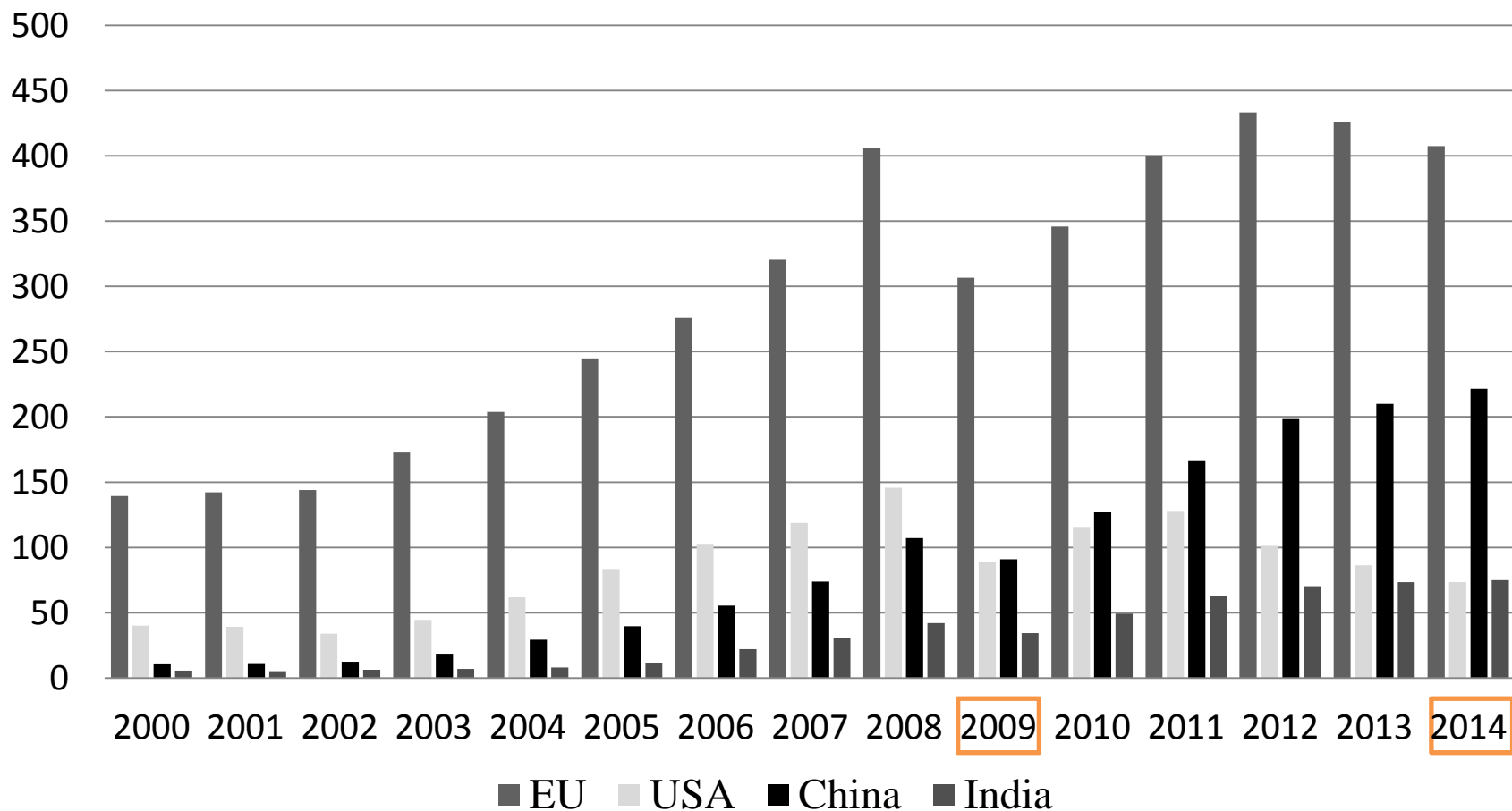
Bilateral trade of the North and the South with 54 African countries, 2000-2014



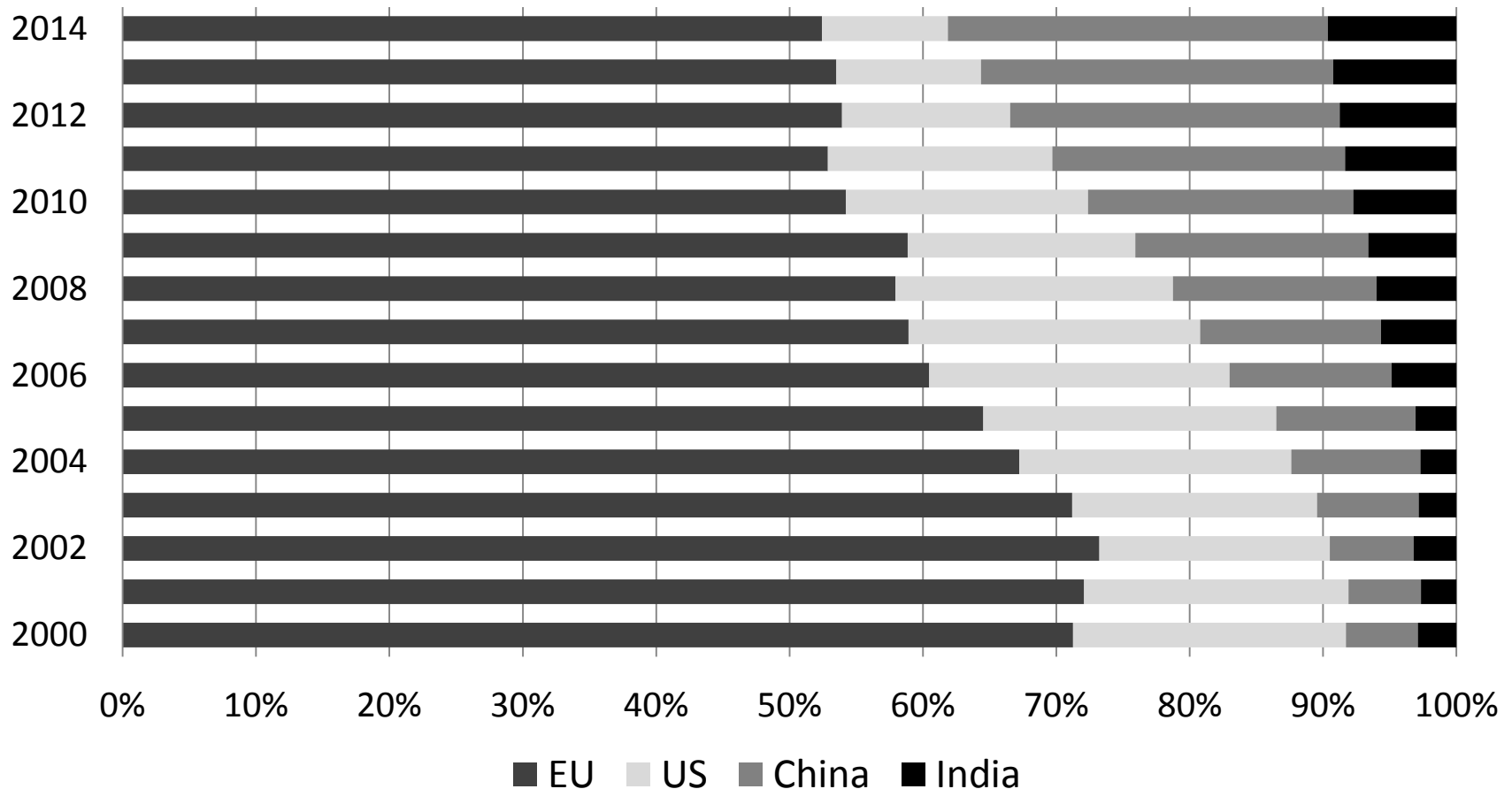
2000 North – 91.7%; South – 8.3%

2014 North – 61.9%; South – 38.1%

Bilateral trade of the North and the South with 54 African countries, 2000-2014 (USD billion)



Bilateral trade of the North and the South with 54 African countries, 2000-2014 (current US\$ billion)



The North – a **29.8** percentage point decrease
EU – a 18.8 pp decrease **US** – a 11.0 pp decrease
China – a 23.1 pp increase, **India** – a 6.8 pp increase

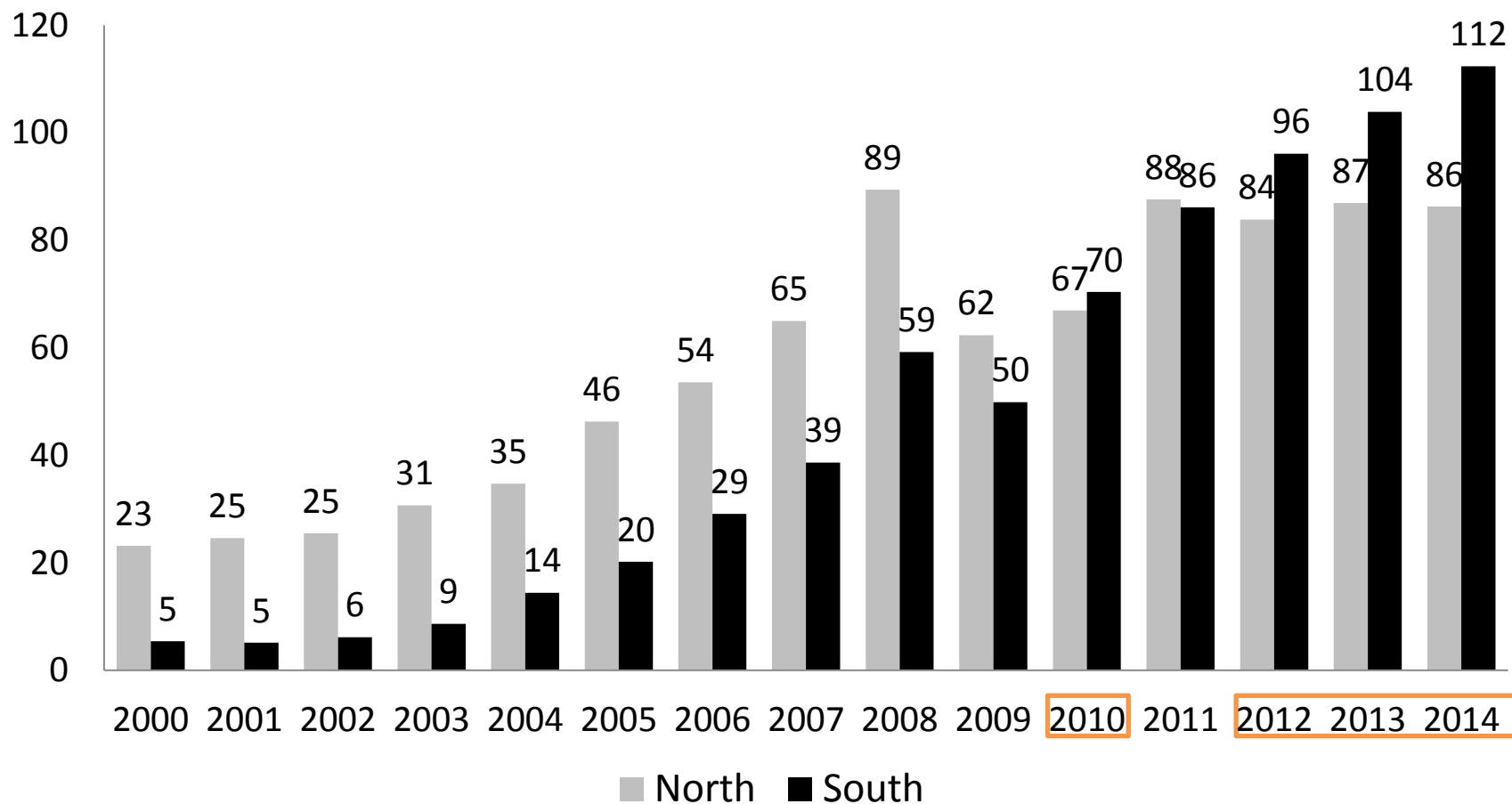
The share of trade with Africa in the North's and the South's trade with the world

Year	The EU	The US	China	India	The North	The South
2000	8.2%	2.0%	2.2%	5.9%	4.8%	2.8%
2001	8.5%	2.0%	2.1%	5.5%	5.1%	2.6%
2002	8.1%	1.8%	2.0%	5.9%	4.8%	2.6%
2003	8.5%	2.2%	2.2%	5.2%	5.3%	2.6%
2004	8.1%	2.6%	2.5%	4.7%	5.5%	2.8%
2005	8.6%	3.2%	2.8%	4.8%	6.0%	3.1%
2006	8.4%	3.5%	3.1%	7.4%	6.1%	3.8%
2007	8.5%	3.7%	3.4%	8.4%	6.3%	4.1%
2008	9.6%	4.2%	4.2%	8.4%	7.2%	4.9%
2009	9.1%	3.3%	4.1%	7.8%	6.6%	4.7%
2010	9.0%	3.6%	4.3%	8.6%	6.5%	5.0%
2011	8.5%	3.4%	4.6%	8.3%	6.3%	5.2%
2012	9.4%	2.6%	5.1%	9.0%	6.3%	5.8%
2013	9.3%	2.2%	5.1%	9.2%	6.0%	5.7%
2014	8.8%	1.8%	5.2%	9.6%	5.6%	5.8%

Africa's 34 least developed countries

- Angola, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Somalia, South Sudan, Sudan, Tanzania, Togo, Uganda, and Zambia.

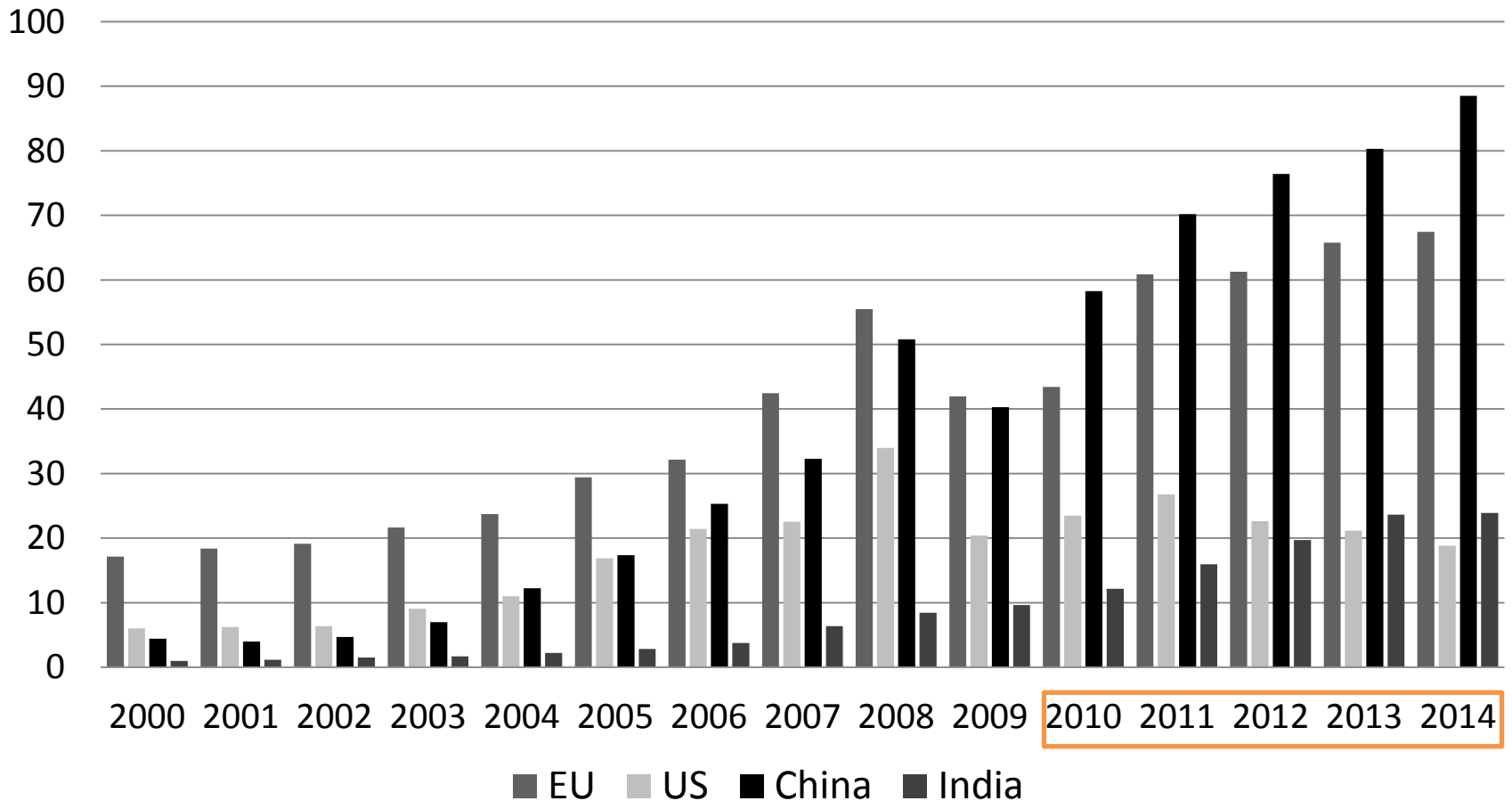
Bilateral trade of the North and the South with 34 African LDCs, 2000-2014 (current US\$ billion)



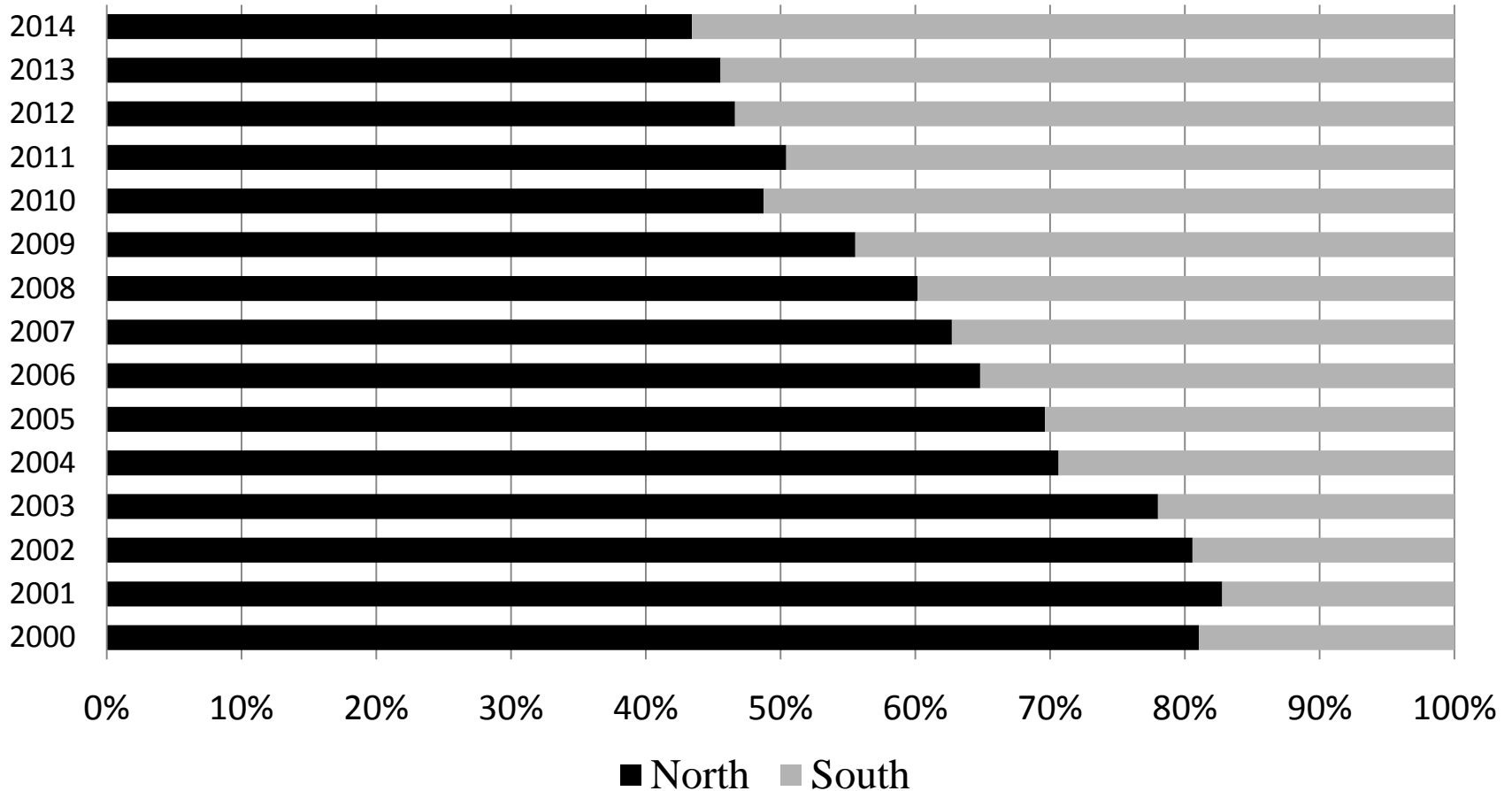
Merchandise trade of the North and the South with Africa's LDCs, 2000-2014

- In the years 2000-2014, the value of bilateral merchandise trade between the North and Africa's LDCs increased **3.7 times**
- Annual growth rate – **9.2%**
- The South- Africa's LDCs trade increased **20.8 times**
- Annual growth rate – **19.8%**
- 2000-2008 – the North-Africa's LDCs trade was 2.1 times bigger than the South- Africa's LDCs
- 2009-2014 – the North-Africa's LDCs trade accounted for 0.9 of the South- Africa's LDCs one

Bilateral trade of the North and the South with 34 African LDCs, 2000-2014 (current US\$ billion)

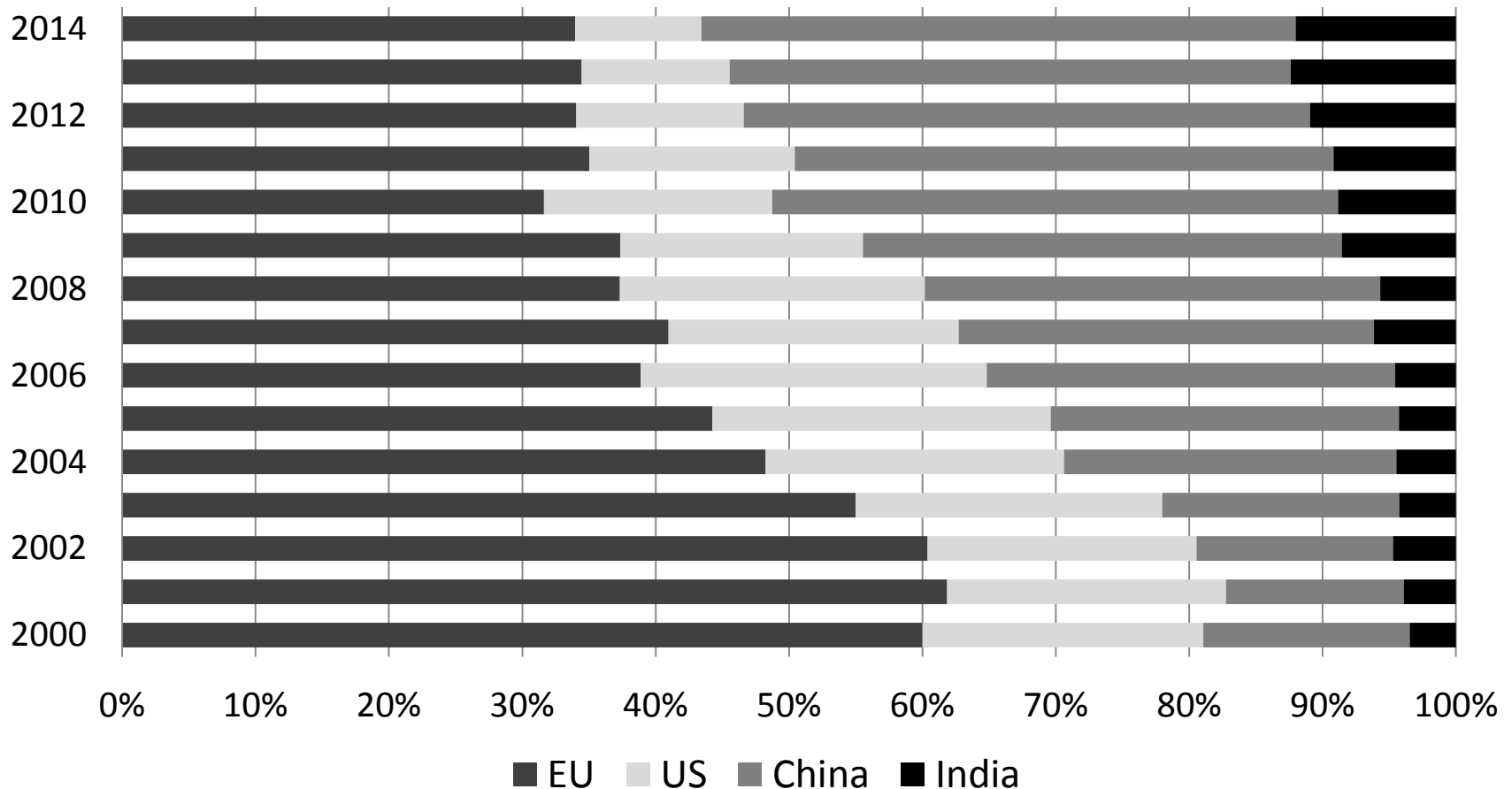


Bilateral trade of the North and the South with 34 African LDCs, 2000-2014



2000 North – 81.1%; South – 18.9% **2014** North – 43.4%; South – 56.6%

Bilateral trade of the North and the South with 34 African least developed countries, 2000-2014 (current US\$ billion)



The North – a **37.6** percentage point decrease
EU – a 26.1 pp decrease **US** – a 11.6 pp decrease
China – a 29.1 pp increase, **India** – a 8.6 pp increase

African countries for which China and India were more important trading partners than the EU and the US

Period	Exports of goods	Imports of goods
2000-2008	4 countries	5 countries
	Benin, Djibouti, Lesotho, Somalia	Sudan, Benin, Guinea-Bissau, Burkina Faso, Somalia
2009-2014	17 countries	16 countries
	Tanzania, Kenya, Liberia, Sudan, Benin, Mozambique, Djibouti, Mauritius, Somalia, Zimbabwe, Zambia, Gambia, Lesotho, Uganda, Malawi, Swaziland, Eritrea	Angola, Sudan, South Africa, Zambia, Dem. Rep. of Congo, Mauritania, Congo, Sierra Leone, Benin, Tanzania, Guinea-Bissau, Mali, Eritrea, Burkina Faso, Gambia, Somalia

African countries for which China was more important trading partner than the EU

Period	Exports of goods	Imports of goods
2000-2008	2 countries	6 countries
	Benin, Lesotho	Angola, Sudan, Congo, Burkina Faso, Benin, Somalia
2009-2014	13 countries	17 countries
	Liberia, Benin, Tanzania, Sudan, Djibouti, Kenya, Ethiopia, Gambia, Zimbabwe, Lesotho, Somalia, Mozambique, Zambia	Angola, South Africa , Sudan, Congo, Zambia, Dem. Rep. of Congo, Mauritania, Sierra Leone, Benin, Mali, Chad, Burkina Faso, Eritrea, Gambia, Rwanda, Guinea-Bissau, Somalia

- Both, the North and the South imported more goods from African countries than they exported there.
- They traded mainly with several African countries rich in natural resources.
- In the years 2000-2014, top ten African importers accounted for **80.9%** of the North's exports to Africa while the top ten exporters accounted for **85.5%** of the North's imports from the region.
- Top ten African importers accounted for **68.9%** of the South's exports to the continent. The South imported **86.4%** of all goods only from 10 African countries.

Top five trading partners of the North and the South in Africa, 2000-2014 (current US\$ billion)

Rank	Exports of goods		Imports of goods		Total trade with Africa	
	Trading partner	Value	Trading partner	Value	Trading partner	Value
	Trading partners of the North					
1	South Africa	431.8	Nigeria	578.7	South Africa	880.8
2	Egypt	281.2	Algeria	567.6	Algeria	844.6
3	Algeria	277.1	South Africa	449.0	Nigeria	785.5
4	Morocco	252.1	Libya	400.9	Libya	492.4
5	Nigeria	206.8	Angola	219.7	Egypt	430.6
	Trading partners of the South					
1	South Africa	150.3	South Africa	290.0	South Africa	440.4
2	Nigeria	101.1	Angola	259.5	Angola	291.1
3	Egypt	86.0	Nigeria	108.9	Nigeria	210.0
4	Algeria	51.1	Sudan	58.1	Egypt	114.6
5	Kenya	43.9	Congo	43.0	Sudan	85.0

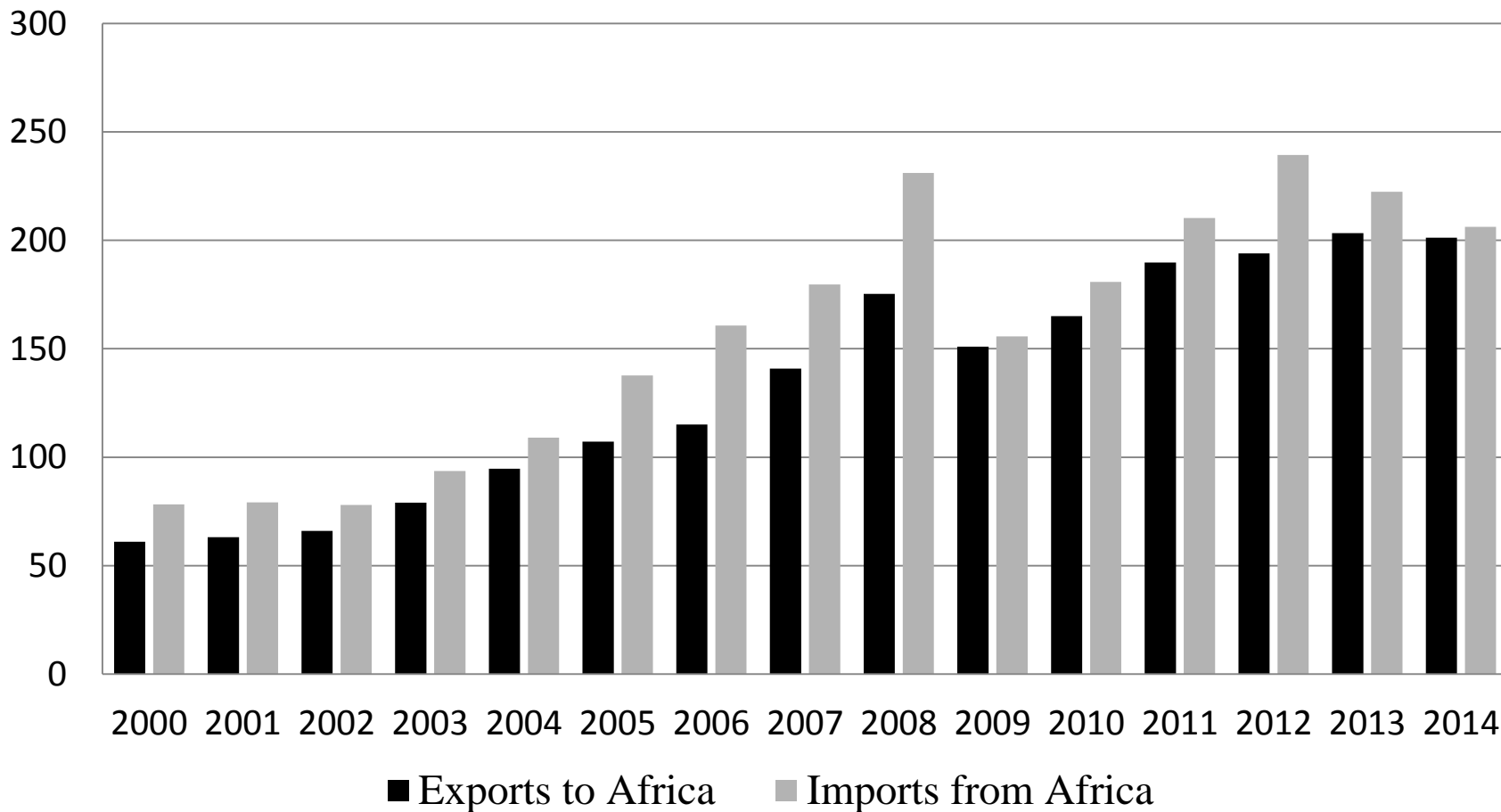
Annual growth rate of trade with Africa (%), 2000-2014

Trading partner	The European Union			The United States		
	Exports	Imports	Total	Exports	Imports	Total
54 African countries	8.3%	6.7%	7.4%	8.6%	1.3%	4.1%
34 Africa's LDCs	9.8%	9.2%	9.6%	14.5%	5.1%	7.9%

Annual growth rate of trade with Africa (%), 2000-2014

Trading partner	China			India		
	Exports	Imports	Total	Exports	Imports	Total
54 African countries	22.6%	22.4%	22.5%	22.2%	17.8%	18.8%
34 Africa's LDCs	24.0%	21.1%	22.1%	22.7%	25.1%	23.7%

Trade of the EU with 54 African countries, 2000-2014 (USD billion)



Trade deficit

The EU's top five trading partners in Africa, 2000-2014 (USD billion)

Rank	European exports		European imports		Bilateral trade	
	Country	Value	Country	Value	Country	Value
1	South Africa	358.3	Algeria	419.8	South Africa	700.2
2	Algeria	257.8	Libya	378.1	Algeria	677.6
3	Morocco	232.5	South Africa	341.9	Libya	464.3
4	Egypt	211.4	Nigeria	276.3	Nigeria	437.0
5	Tunisia	174.0	Tunisia	151.2	Morocco	380.9

61.5%

66.4%

60.9%

The EU-Africa trade relations

- Relations between Europe and Africa have evolved over the years.
- They were mainly determined by the European colonialism, the Cold War, and various stages of enlargement of the European Economic Community (EEC) and then the European Union.

The EU-Africa trade relations

- The first institutional relations between six member states of the EEC and their former colonies in Africa were established in the Treaty of Rome in 1957.
- The Treaty created a free trade area between the EEC and Sub-Saharan Africa.
- Additionally, the EEC's member states established the European Development Fund (EDF) to provide development aid to African countries.

The EU-Africa trade relations

- After independence, trade relations between the EEC and 18 African countries were regulated by the Yaoundé Conventions of 1963 and 1969.
- The Conventions maintained the system of preferential trade between the EEC and Sub-Saharan Africa and financial support through the EDF.
- Due to differences in economic potential between trading sides, Africa has become a market for the European goods. Besides, the Yaoundé Conventions were a continuation of post-colonial relations.

The EU-Africa trade relations

- Since the second half of the 1970s, trade relations between the Western Europe and Sub-Saharan Africa were defined by Lomé I (1975), Lomé II (1979), Lomé III (1984), Lomé IV (1989) and Lomé IV-bis (1995) Conventions.
- Europe has granted non-reciprocal trade preferences to Sub-Saharan Africa. African manufactured goods and agricultural products that were not covered by the Common Agricultural Policy gained duty-free access to the European market.

The EU-Africa trade relations

- Separate protocols guaranteeing prices and quotas for sugar, bananas, rum, and meat were implemented.
- The Lomé system was supplemented by System of Stabilization of Export Earnings (STABEX) and System of Stabilization of Export Earnings from Mining Products (SYSMIN).

The EU-Africa trade relations

- The critics of the Lomé trade regime mainly pointed out that:
 - it reinforced Sub-Saharan Africa's dependence on exports of a few primary commodities to Europe,
 - did not contribute to an increase in the share of African countries in the trade with Europe,
 - failed to stimulate development of African countries,
 - and worked against the development of regional trade and cooperation links.

The EU-Africa trade relations

- 2000 – Cotonou Agreement – trade between the EU and African countries will be based on the principles of free trade and neoliberal orthodoxy.
- It replaced Lomé Conventions that granted non-reciprocal trade preferences to African countries.

The EU-Africa trade relations

- The EU has been negotiating the Economic Partnership Agreements (EPAs) with five groups of African countries:
 - Central Africa,
 - Eastern and Southern Africa,
 - East African Community,
 - Southern African Development Community,
 - West Africa.

Central Africa (8 countries)	Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo, Equatorial Guinea, Gabon, São Tomé and Príncipe,
Eastern and Southern Africa (ESA) (13 countries)	Comoros, Djibouti, Eritrea, Ethiopia, Madagascar, Malawi, Mauritius, Seychelles, Somalia, South Sudan, Sudan, Zambia, Zimbabwe
East African Community (EAC) (5 countries)	Burundi, Kenya, Rwanda, Tanzania, Uganda
Southern African Development Community (SADC) (7 countries)	Angola, Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland
West Africa (16 countries)	Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo
Caribbean (16 countries)	Antigua and Barbuda, Bahamas, Barbados, Belize, Cuba, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and Grenadines, Suriname, Trinidad and Tobago,
Pacific (15 countries)	Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, Vanuatu

The EU-Africa trade relations

- The EU granted African products full duty-free and quota-free access, except for products competitive with those falling under the Common Agricultural Policy.
- The standard request from the European Union is that African countries gradually open 80% of their markets to imported goods from the EU.

The EU-Africa trade relations

- In 2009, Madagascar, Mauritius, Seychelles, and Zimbabwe signed interim EPA with the European Union.
- In 2014, East African Community (Burundi, Kenya, Rwanda, Tanzania, and Uganda) finalised the negotiations for a region-to-region EPA.
- In 2016, the EU signed EPA with Southern African Development Community (Botswana, Lesotho, Mozambique, Namibia, South Africa, and Swaziland).
- 7 African countries signed free trade agreements with the EU.
- The free trade areas have been in force with Tunisia (since 1998), Morocco (2000), South Africa (2000), Egypt (2004), Algeria (2005), Côte d'Ivoire (2009), and Cameroon (2014).

The EU-Africa trade relations

- African countries that are in final stages of negotiating EPAs can export to the European market under
 - the **EU Generalized System of Preferences (GSP)**
 - the **GSP+** sub-regime if they ratified and implemented international conventions relating to human and labour rights, the environment and good governance,
 - **Everything but Arms (EBA)** sub-regime of GSP if they are classified as least developed countries.

The EU-Africa trade relations

- Negotiations on EPAs with African LDCs are complicated.
- The EBA grants them duty-free and quota-free access to the European markets for all their export products with the exception of arms and ammunitions.
- They have an access to preferences that do not require them to liberalize access to their own markets. They have limited incentives to negotiate reciprocal agreements.
- The acceptance of reciprocal agreement deprives them to protect their domestic industries and they lose tariff revenues which constitutes high proportion of their total government revenues.

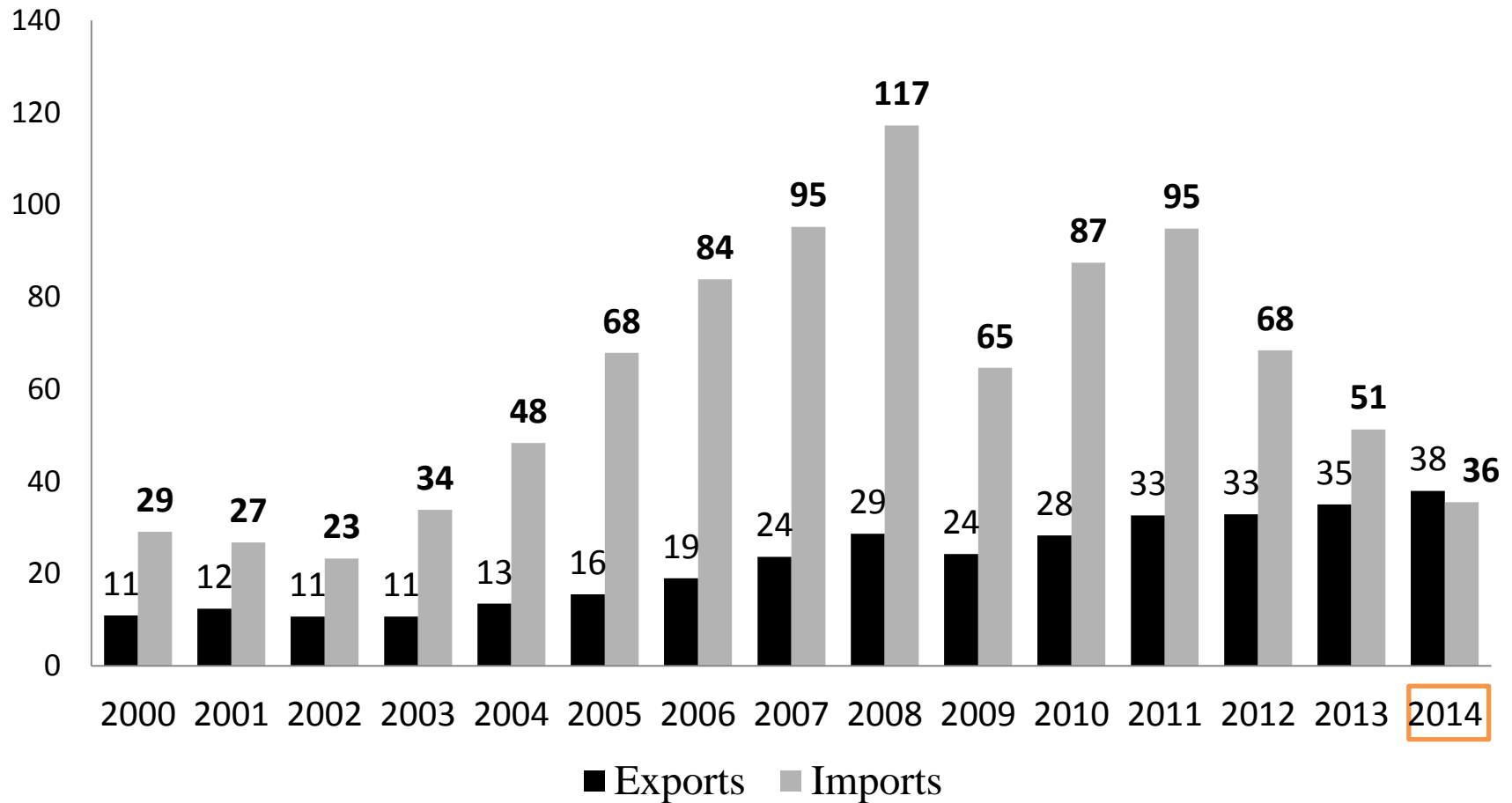
The EU-Africa trade relations

- **Aid for trade:** to support trade policy and regulations, trade development, trade-related infrastructure, building productive capacity, trade-related adjustments, and other trade-related needs in beneficiary countries.

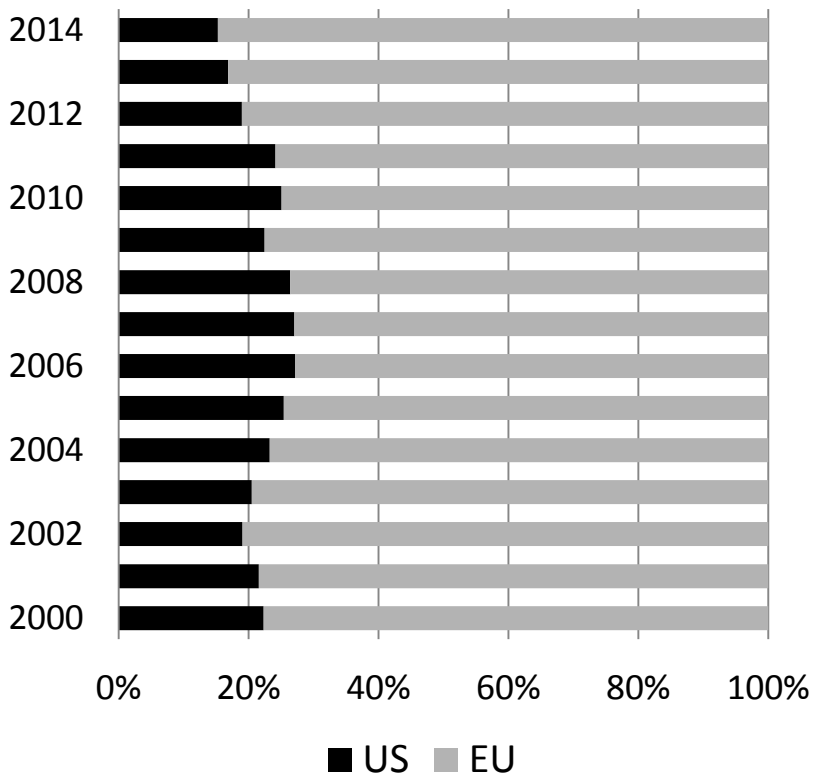
The EU-Africa trade relations

- Trade relations between the EU and Africa are very complicated.
- The EU negotiates agreements with individual African countries, groups of countries, and the African Union.
- It declares partnership, insists on multilateral trade liberalization by African countries but at the same time protects its own market.
- The EU provides more and more development assistance to African countries. However, its assistance is highly conditional.

Merchandise trade of the US with Africa, 2000-2014 (USD billion)

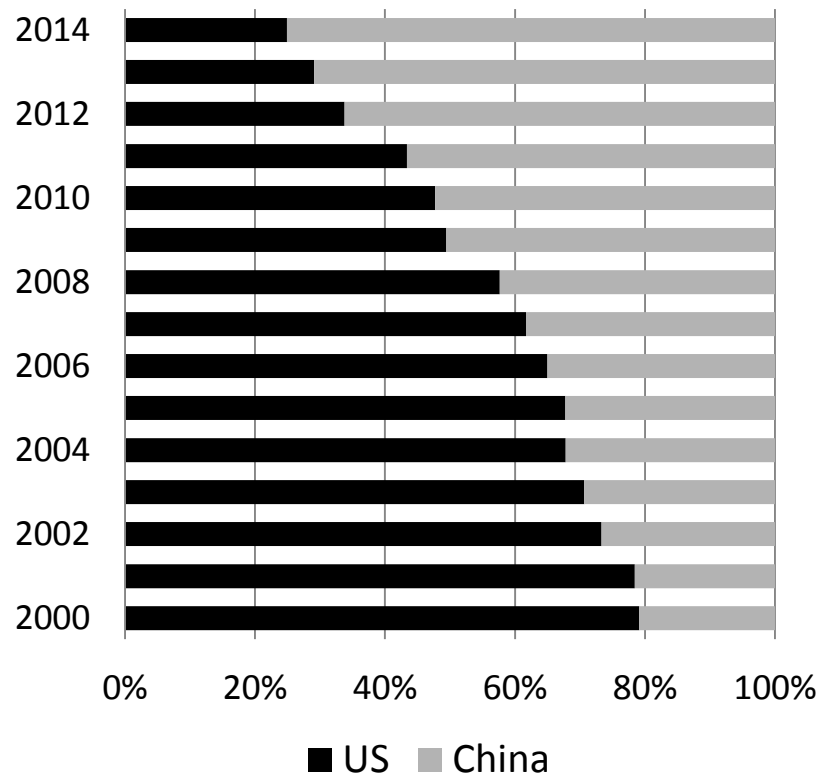


Total trade of the US and the EU with Africa, 2000-2014



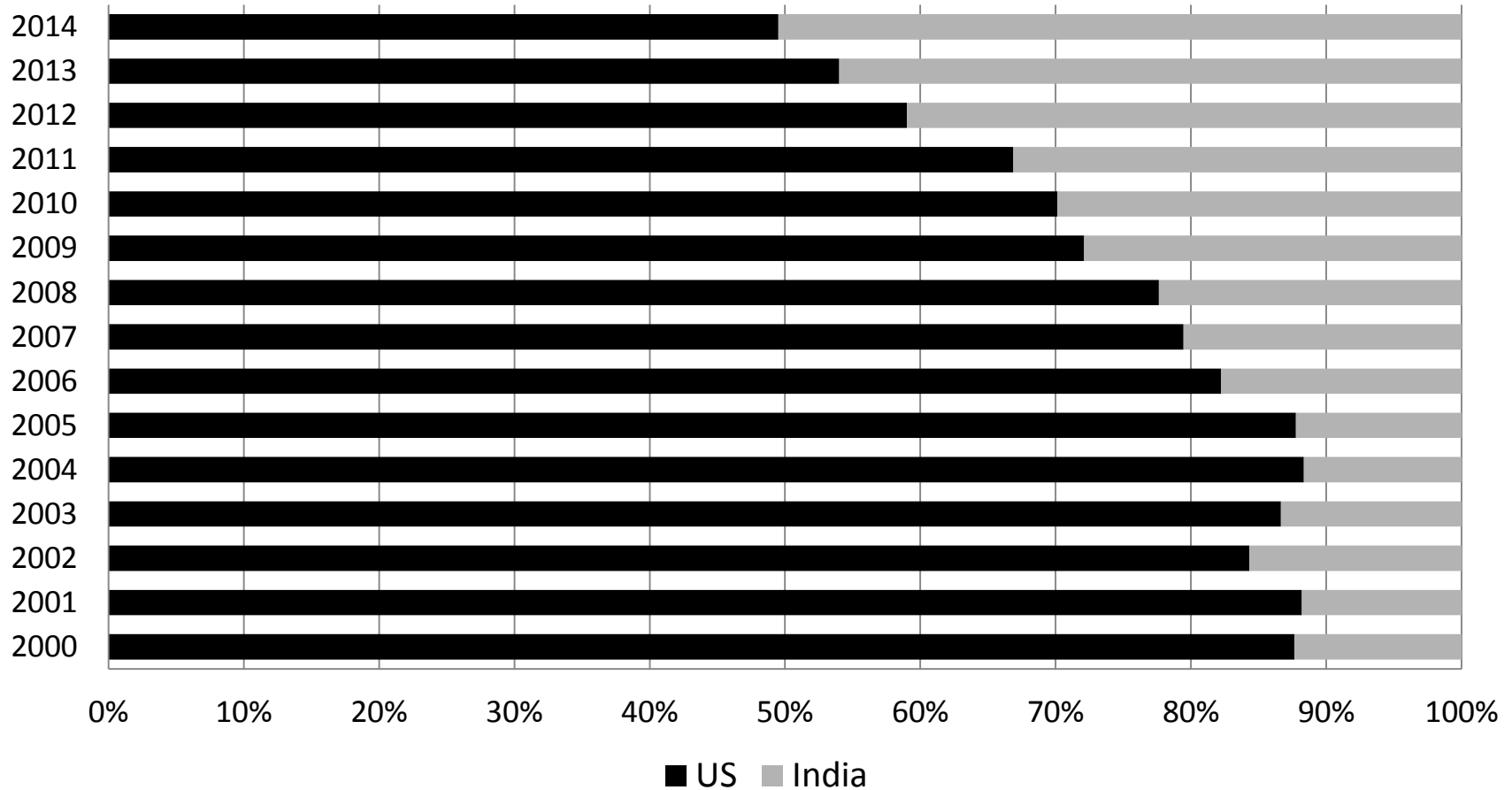
2000-2014 – a **7** percentage point decrease

Total trade of the US and China with Africa, 2000-2014



2000-2014 – a **54.2** percentage point decrease

Total trade of the US and the India with Africa, 2000-2014



2000-2014 – a **38.1** percentage
point decrease

African countries for which the United States were more important trading partner than China

Period	Exports of goods	Imports of goods
2000-2008	19 countries	37 countries
	<p>Egypt, Angola, Equatorial Guinea, Gabon, South Africa, Chad, Namibia, Seychelles, Niger, Eritrea, Tunisia, Central African Republic, Swaziland, Cabo Verde, Malawi, Sierra Leone, São Tomé and Príncipe, Somalia, Burkina Faso</p>	<p>Nigeria, Algeria, South Africa, Egypt, Gabon, Angola, Chad, Côte d'Ivoire, Libya, Lesotho, Morocco, Madagascar, Kenya, Tunisia, Mauritius, Equatorial Guinea, Swaziland, Ghana, Congo, Cameroon, Botswana, Guinea, Malawi, Liberia, Namibia, Niger, Sierra Leone, Uganda, Ethiopia, Senegal, Seychelles, Comoros, Guinea-Bissau, Burundi, Cabo Verde, Djibouti, São Tomé and Príncipe</p>

African countries for which the United States were more important trading partner than China

Period	Exports of goods	Imports of goods
2009-2014	2 countries	23 countries
	Equatorial Guinea, Central African Republic	Nigeria, Algeria, Chad, Gabon, Côte d'Ivoire, Egypt, Morocco, Tunisia, Kenya, Lesotho, Mauritius, Botswana, Guinea, Niger, Madagascar, Swaziland, Malawi, Djibouti, Seychelles, Cabo Verde, Liberia, Comoros, São Tomé and Príncipe

The US's top five trading partners in Africa, 2000-2014 (USD billion)

Rank	American exports		American imports		Bilateral trade	
	Country	Value	Country	Value	Country	Value
1	South Africa	73.5	Nigeria	302.4	Nigeria	348.5
2	Egypt	69.9	Algeria	147.7	South Africa	180.6
3	Nigeria	46.1	Angola	133.7	Algeria	167.0
4	Morocco	19.7	South Africa	107.1	Angola	150.7
5	Algeria	19.3	Gabon	31.5	Egypt	98.6

68.0%

77.9%

74.8%

Regions in Africa

Northern Africa (7 countries)

Algeria, Egypt, Libya, Morocco, South Sudan, Sudan, Tunisia

Western Africa (16 countries)

Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo

Central Africa (9 countries)

Angola, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo, Equatorial Guinea, Gabon, São Tomé and Príncipe

Eastern Africa (17 countries)

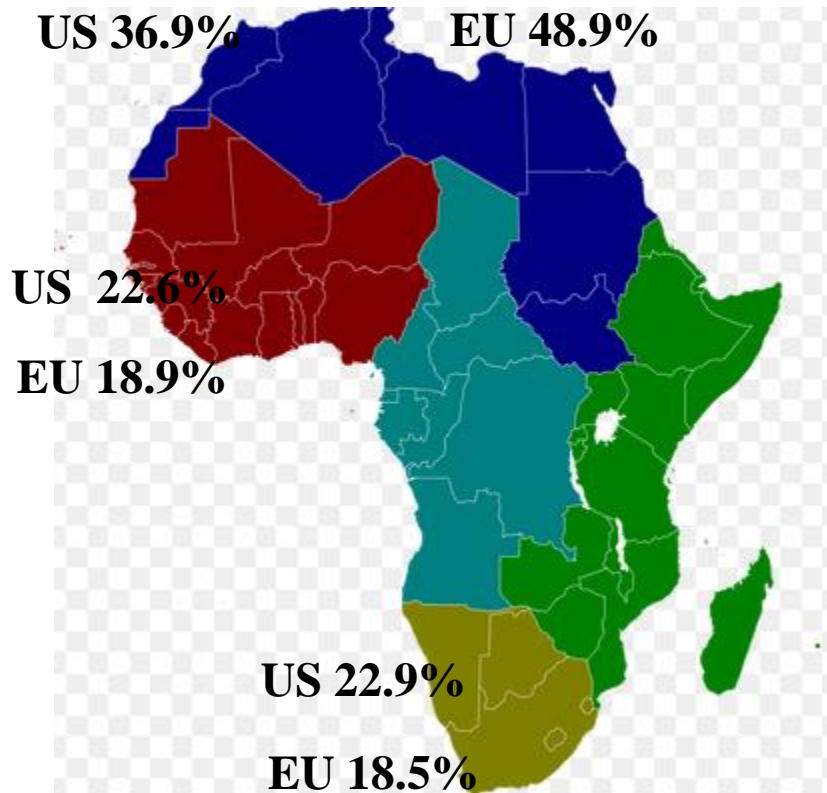
Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Mozambique, Rwanda, Seychelles, Somalia, Uganda, Tanzania, Zambia, Zimbabwe

Southern Africa (5 countries)

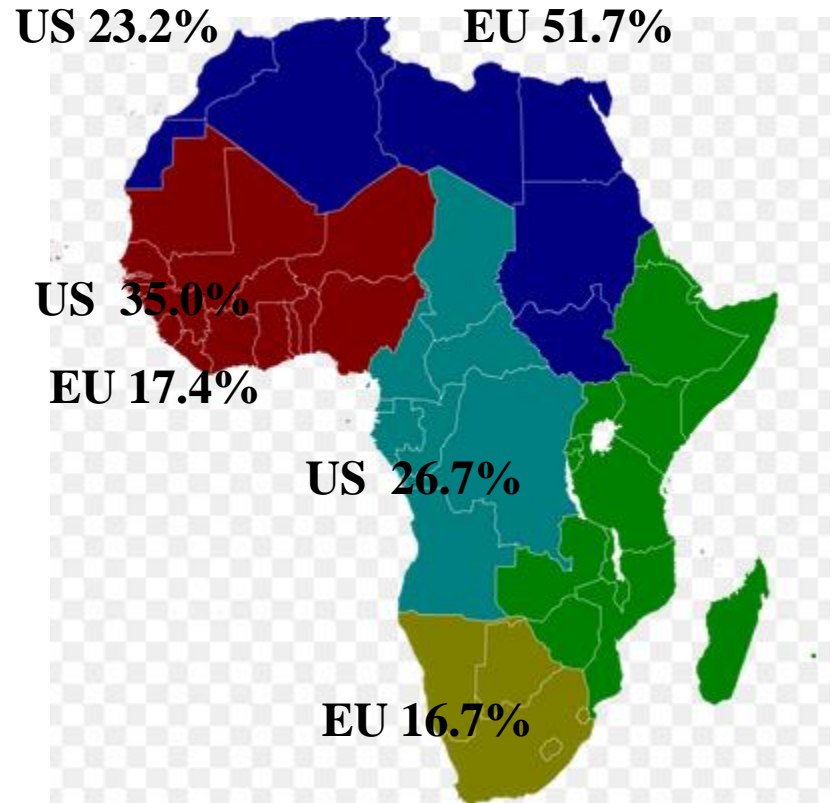
Botswana, Lesotho, Namibia, South Africa, Swaziland

Trade of the EU and the US with African regions, 2000-2014

Exports



Imports



The US-Africa trade relations

- The US-Africa relations have been determined mainly by the slave trade and the Cold War.
- For a long time, Africa played minor role in American trade. The United States exported their goods mainly to South Africa and imported natural resources from Nigeria.
- Until the beginning of the 21st century, the US trade policy towards African countries was based on the Generalised System of Preferences (GSP) that came into effect in 1976.

The US-Africa trade relations

- In 2000, the United States extended a preferential access of Sub-Saharan African countries to the American market of goods.
- They implemented the African Growth and Opportunity Act (AGOA). The AGOA expands benefits under GSP.
- The GSP scheme grants duty-free entry for approximately 5 000 American tariff line items.
- It provides duty-free market access on more than 1,800 tariff line items in addition to the standard GSP list. The AGOA expands market access for textile and apparel goods for eligible countries.

The US-Africa trade relations

- A country is deemed eligible to benefit from the US AGOA if it has established, or is making progress toward establishing market-based economy, elimination of barriers to US trade and investment, protection of intellectual properties, protection of human rights and worker rights, elimination of child labour practices, policy to reduce poverty, increasing availability of health care and educational opportunities, the rule of law and political pluralism, and efforts to combat corruption.

The US-Africa trade relations

- Each year the president of the United States evaluates and decides which country is eligible for the AGOA.
- In 2015, **38** Sub-Saharan African countries were eligible for trade benefits of the US AGOA.
- Between 2000 and 2015, the United States granted the status of AGOA-eligibility to **43** Sub-Saharan African countries. However, seven of them were declared ineligible: Central African Republic and Eritrea on January 1, 2004, Democratic Republic of Congo (December 21, 2010), Guinea-Bissau (December 20, 2012), Swaziland (June 26, 2014), Gambia (December 23, 2014), and South Sudan (December 23, 2014). Burundi has not been the AGOA-beneficiary country since January 1, 2016.
- Four African countries have never been granted the status of AGOA-eligibility: Equatorial Guinea, Somalia, Sudan, and Zimbabwe.

The US-Africa trade relations

- In 2015, 24 countries were eligible for the AGOA textile benefits.
- The following countries met the requirement to benefit from the AGOA textile project: Benin, Botswana, Burkina Faso, Cabo Verde, Cameroon, Chad, Côte d'Ivoire, Ethiopia, Ghana, Guinea, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, Senegal, Sierra Leone, Tanzania, Uganda, and Zambia.

The US-Africa trade relations

- Non-AGOA Sub-Saharan African countries (except Sudan) benefit from the US Generalised System of Preferences.
- The US signed a reciprocal trade agreement only with **Morocco**. The agreement came into force in 2006 and concerns the deregulation and liberalisation of market of goods, services, and investment.
- In 2002, the United States signed a Trade and Investment Framework Agreement with **Tunisia**. However, negotiations between both partners on free trade agreement seem to be postponed.

The US-Africa trade relations

- The US AGOA excludes some agricultural products (240 tariff lines) that are important for SSA exports (certain products within the general categories of beef, dairy, vegetables, peanuts, oilseed products, sugar and sweeteners, cocoa products, tobacco, wool, cotton, or flax).
- Excluded products are subject to tariff rate quotas.

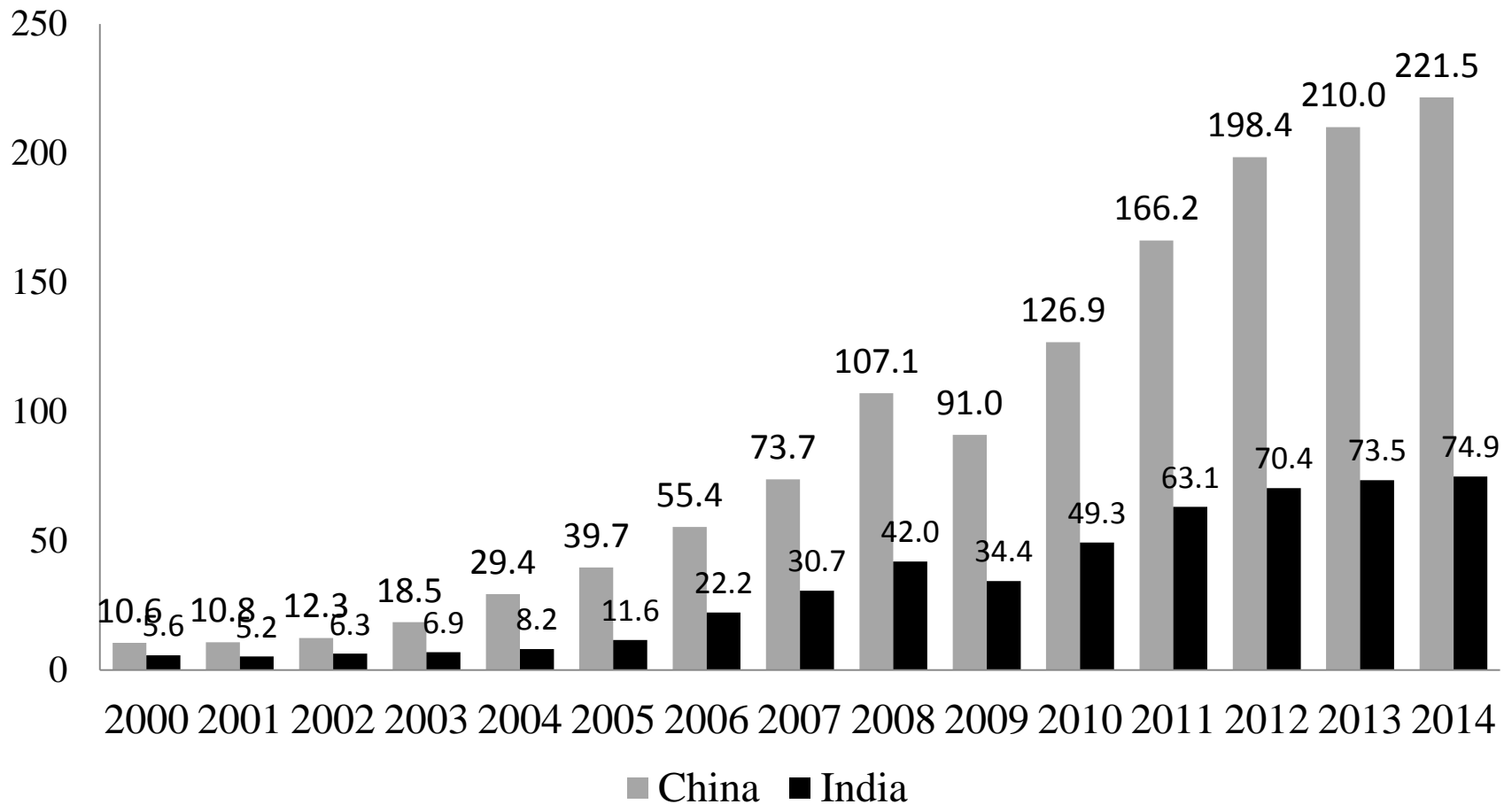
The US-Africa trade relations

- The AGOA was developed and advanced by the United States to improve the trade with Sub-Saharan Africa and to promote American investment in the region.
- However, the trade under the AGOA benefits only a few African countries.
- The programme rather encourages the American exploitation of Africa through trade and creates dependency of SSA countries on the US for both economic and political decisions.
- It is also worth noting that the mono-cultural economy of Sub-Saharan African countries do not allow for full implementation of the AGOA.

Merchandise trade of China and India with 54 African countries

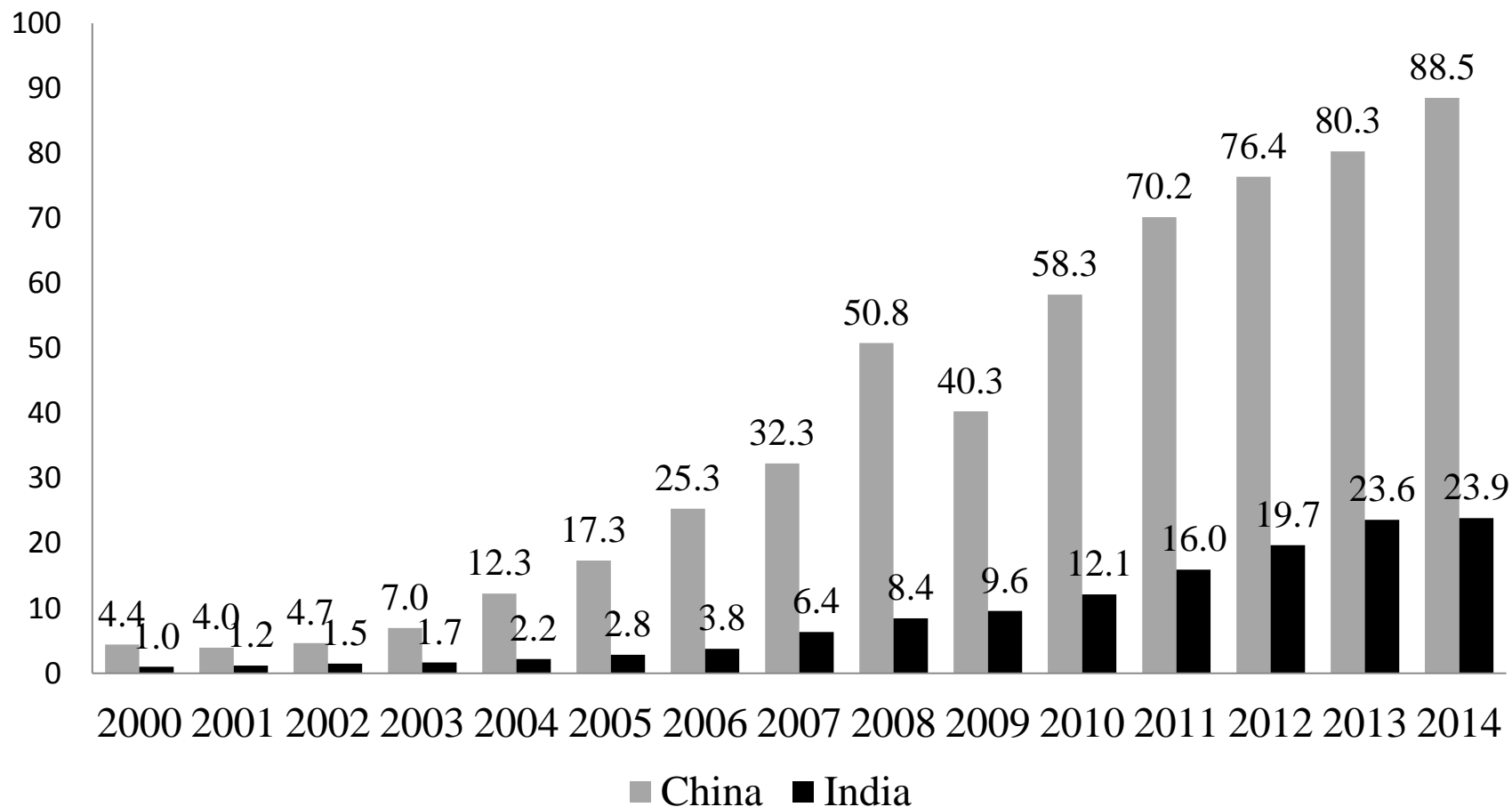
- Since the beginning of the 21st century, the value of bilateral merchandise trade between China and Africa increased nearly **21 times**, from USD 10.6 billion in 2000 to USD 221.5 billion in 2014.
- The value of bilateral trade in goods of India with Africa increased over **13 times**, from USD 5.6 billion in 2000 to USD 74.9 billion in 2014.
- In 2000, bilateral trade of China with Africa was 1.9 times larger than India-Africa one, while in 2014 three times.

Total merchandise trade of China and India with 54 African countries, 2000-2014 (USD billion)



- The value of China's total trade with 54 African countries surpassed India's nearly 3 times in the years 2000-2014.
- China's trade domination in Africa is more evident in the case of Africa's least developed countries.
- The value of China's bilateral trade in goods with 34 Africa's LDCs surpassed India's about 4.3 times in the years 2000-2014.

Total merchandise trade of China and India with Africa's 34 LDCs, 2000-2014 (USD billion)

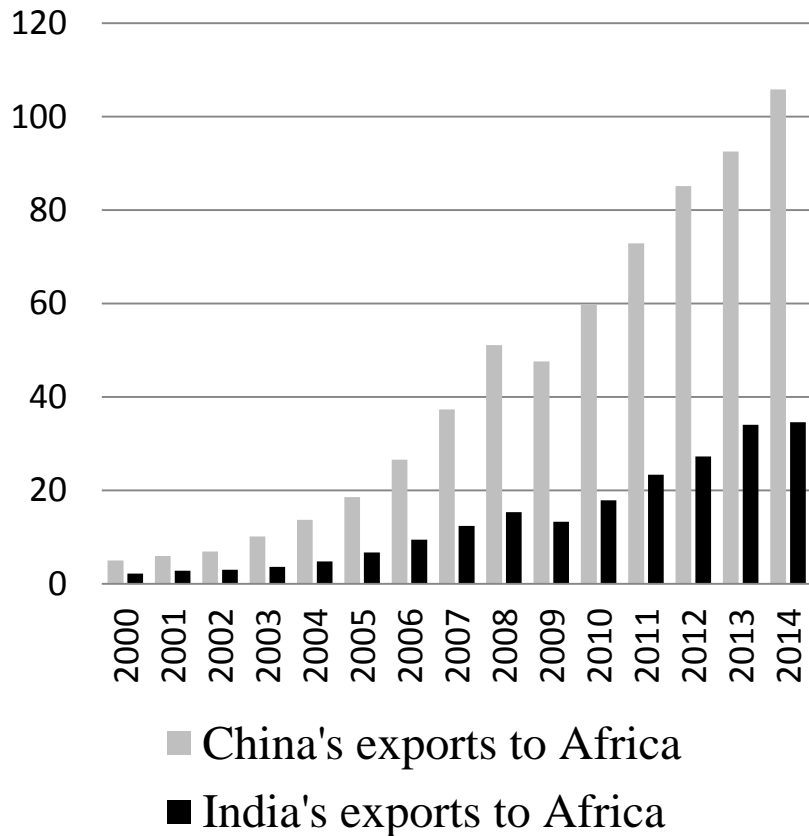


African countries for which India was more important trading partner than China

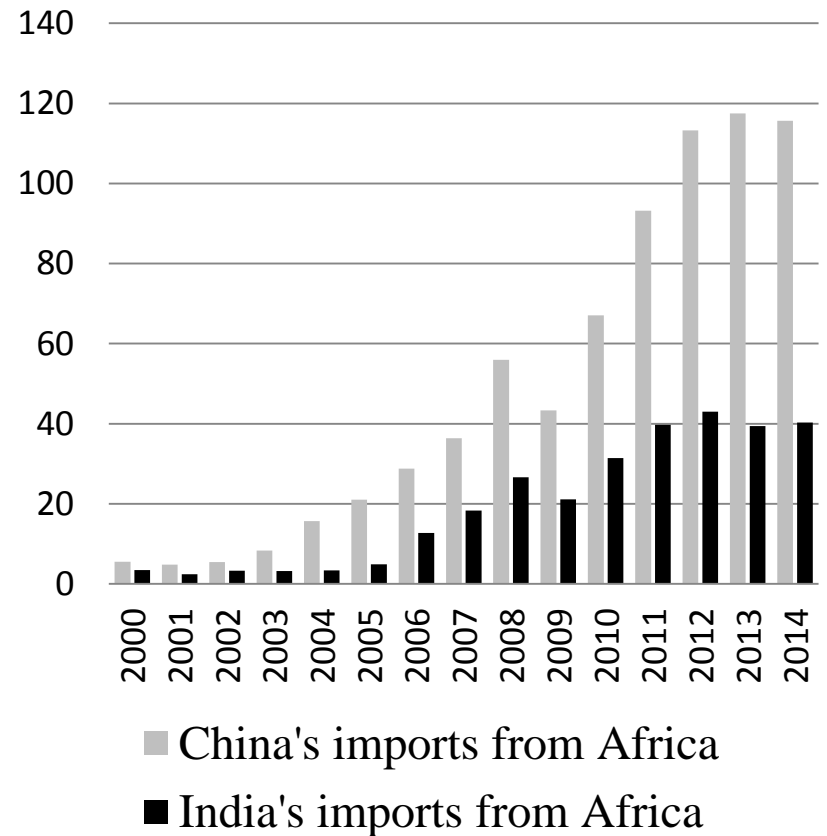
Period	Exports of goods (9 countries)	Imports of goods (21 countries)
2000-2014	Mauritius, Kenya, Mozambique, Somalia, Seychelles, Malawi, Uganda, Swaziland, Burkina Faso	Nigeria, Egypt, Morocco, Guinea, Senegal, Côte d'Ivoire, Guinea-Bissau, Tunisia, Tanzania, Kenya, Togo, Botswana, Swaziland, Somalia, Mauritius, Comoros, Malawi, Djibouti, Benin, Cabo Verde, Seychelles

Merchandise trade of China and India with Africa, 2000-2014 (USD billion)

Exports

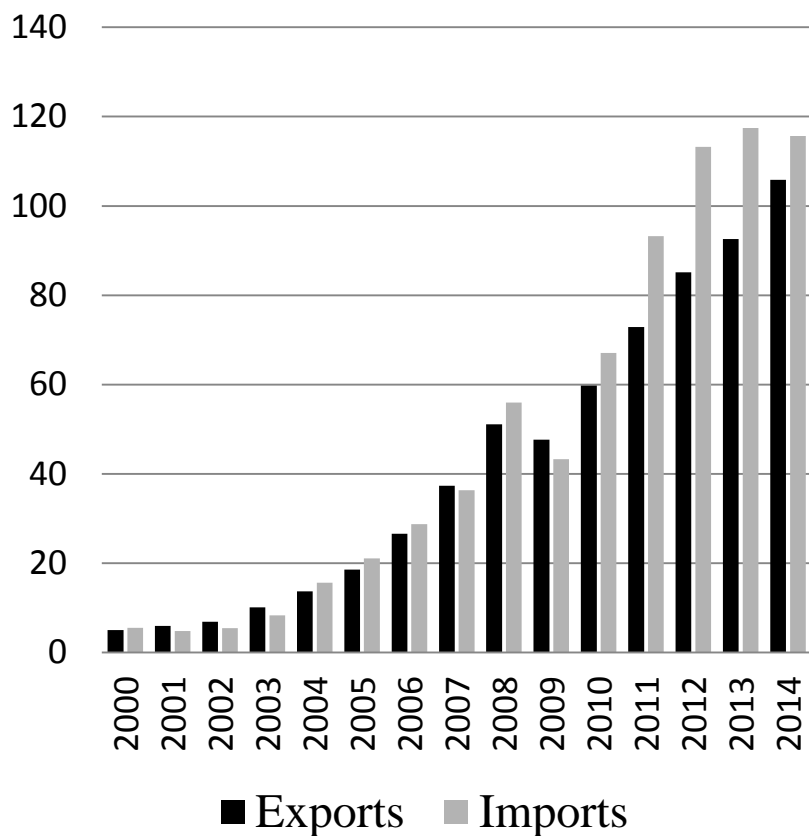


Imports

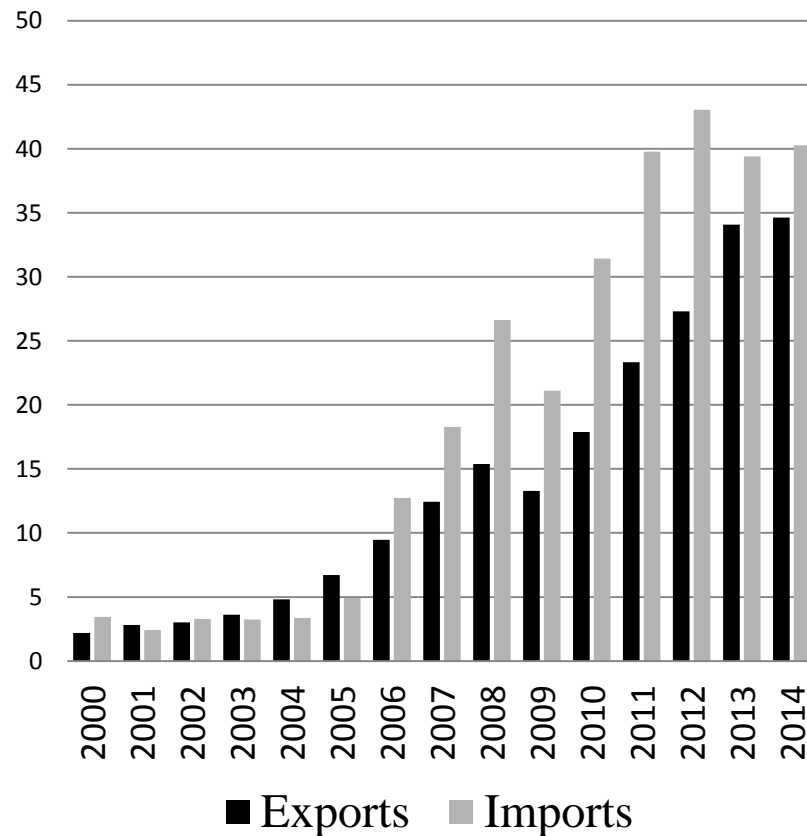


Merchandise trade of China and India with Africa, 2000-2014 (USD billion)

China



India

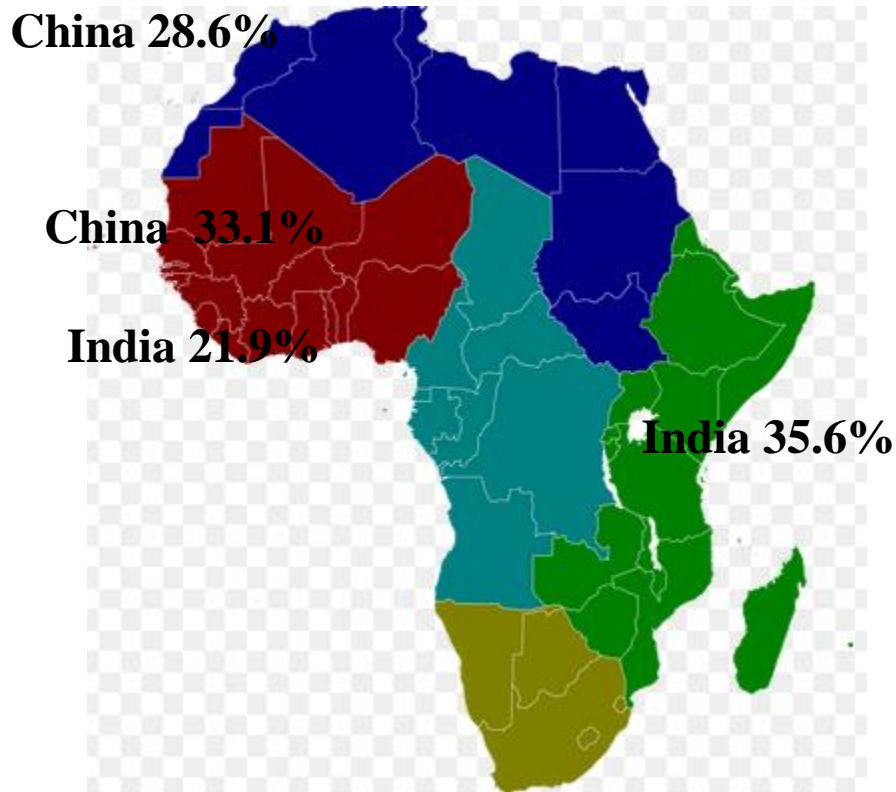


Negative trade balance

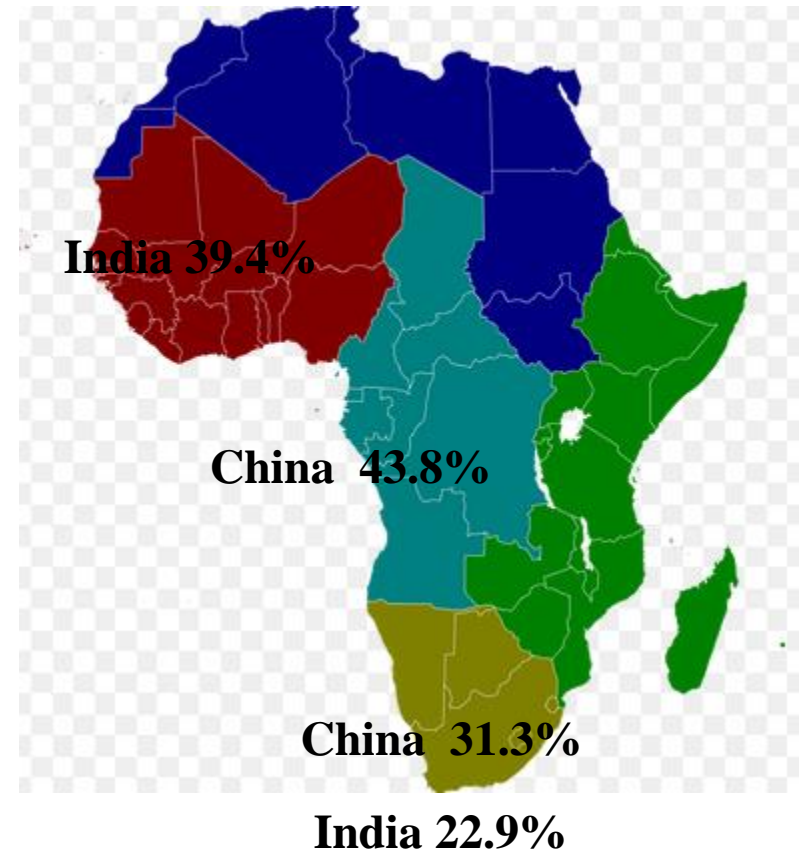
- In the years 2000-2014 – China had a trade deficit with 16 out of the 53 African countries.
- India recorded a trade deficit with 17 African countries.
- Trade relations between China and Africa, and India and Africa create and sustain the asymmetry between those Asian countries and the net-winner and net-loser African countries.

Trade of China and India with African regions, 2000-2014

Exports



Imports



Trade with African regions, 2000-2014

Trading partner		Northern Africa	Central Africa	Southern Africa	Eastern Africa	Western Africa
China	Exports	28.55%	8.10%	18.73%	13.29%	31.33%
	Imports	14.91%	43.84%	31.29%	4.62%	5.34%
India	Exports	19.67%	4.57%	18.31%	35.59%	21.86%
	Imports	17.68%	16.51%	22.89%	3.49%	39.42%

Top five China's trading partners in Africa, 2000-2014 (USD billion)

Rank	China's exports		China's imports		Bilateral trade	
	Country	Value	Country	Value	Country	Value
1	South Africa	113.4	South Africa	225.0	South Africa	338.4
2	Nigeria	79.8	Angola	222.4	Angola	249.5
3	Egypt	65.6	Former Sudan	54.4	Nigeria	91.9
4	Algeria	43.7	Congo	40.1	Former Sudan	74.9
5	Angola	27.1	Libya	26.2	Egypt	74.8

51.6%

77.6%

60.5%

Top five India's trading partners in Africa, 2000-2014 (USD billion)

Rank	India's exports		India's imports		Bilateral trade	
	Country	Value	Country	Value	Country	Value
1	South Africa	36.9	Nigeria	96.8	Nigeria	118.0
2	Kenya	23.2	South Africa	65.1	South Africa	102.0
3	Nigeria	21.2	Angola	37.1	Angola	41.6
4	Egypt	20.4	Egypt	19.3	Egypt	39.8
5	Tanzania	15.4	Morocco	10.2	Kenya	24.3

55.6%

77.8%

64.6%

- Both, China and India mainly import mineral resources and raw materials from Africa.
- China supplies industrial machinery, electrical and electronic equipment to Africa.
- India exports refined petroleum, automobiles, textiles, and pharmaceuticals to Africa.

- China and India have been intensively developing trade relations with African countries in 21st century.
- Their economic growth and constantly increasing demand for natural resources, food, and new markets caused that resource-rich Africa became very important partner for China and India
- China and India compete in Africa not only for strategic space but also for ensuring support on the international arena.

Sino-African relations in the 21st century

- In development of trade relations between China and Africa the key dates were 2000, 2003, and 2006.
- **2000** – the First Ministerial Conference of FOCAC (Forum on China-Africa Cooperation) – Programme for China-Africa Cooperation in Economic and Social Development – cancellation of RMB 10 billion of debts of the heavily indebted poor countries and least developed countries in Africa (RMB 18.96 billion cancelled)
- **2003** – the 2nd Ministerial Conference of FOCAC, further increase assistance for Africa, zero-tariff treatment to products exported to China from some of Africa's LDCs. Special economic zones in Africa.

Sino-African relations in the 21st century

- **2006** – the 3rd Ministerial Conference of FOCAC, a new type of strategic partnership featuring political equality and mutual trust, win-win economic cooperation and cultural exchanges
- China EX-IM Bank, USD 2 billion in concessional loans and USD 3 billion in preferential export credits in 2007-2009

Sino-African relations in the 21st century

- The 4th Ministerial Conference of FOCAC, 2009
- 8 new measures for China-Africa cooperation, covering agriculture, environmental protection, investment promotion, debt exemption, market access expansion, addressing climate change, scientific and technological cooperation, health care, education, cultural exchanges and other areas
- USD 10 billion in concessional/preferential credits was announced for Africa, committed in 2010-2012

Sino-African relations in the 21st century

- The 5th Ministerial Conference of FOCAC, 2012
- China declared to provide USD 20 billion of credit line to African countries, train 30 000 personnel in various sector, offer 18000 government scholarships, send 1500 medical personnel, sponsor 100 projects of research.
- The 6th Ministerial Conference of FOCAC, 2015 – China's declaration of a further assistance of USD 60 billion for African countries in the years 2016-2018.

Indo-African relations in the 21st century

- The 2000s – India extended lines of credit and grants for Africa.
- 2004 – African countries have been beneficiaries of Indian Development and Economic Assistance Scheme.
- Special Commonwealth African Assistance Programme (SCAAP); Indian Technical and Economic Cooperation Programme (ITEC).

Indo-African relations in the 21st century

- In the late 2000s economic and trade relations between India and Africa were strengthened during the India-Africa Forum Summits.
- 2008 – the First India-Africa Forum Summit (India committed USD 5.4 billion)
- 2011 – the Second India-Africa Forum Summit (USD 5 billion)
- 2015 – the Third India-Africa Forum Summit (USD 10.6 billion)

- Since the beginning of the 21st century, the Sino-Indian trade competition in Africa has been observed.
- China and India in order to increase merchandise trade with Africa intensively develop South-South cooperation with countries in the region.
- Besides, China and India develop and strength their trade relations during high-level visits and official forums like FOCAC or the India-Africa Forum.
- Both, China and India use development assistance in the form of loans and grants to develop their bilateral trade relations with African countries.

- The winner of the Sino-Indian trade competition in Africa is China.
- China is diplomatically more active and invests more in Africa than India.
- China more intensively supports domestic companies which trade with Africa and provides more development assistance to African countries than India.

- Merchandise trade with Latin America

Regions in Latin America

Central America (7 countries)

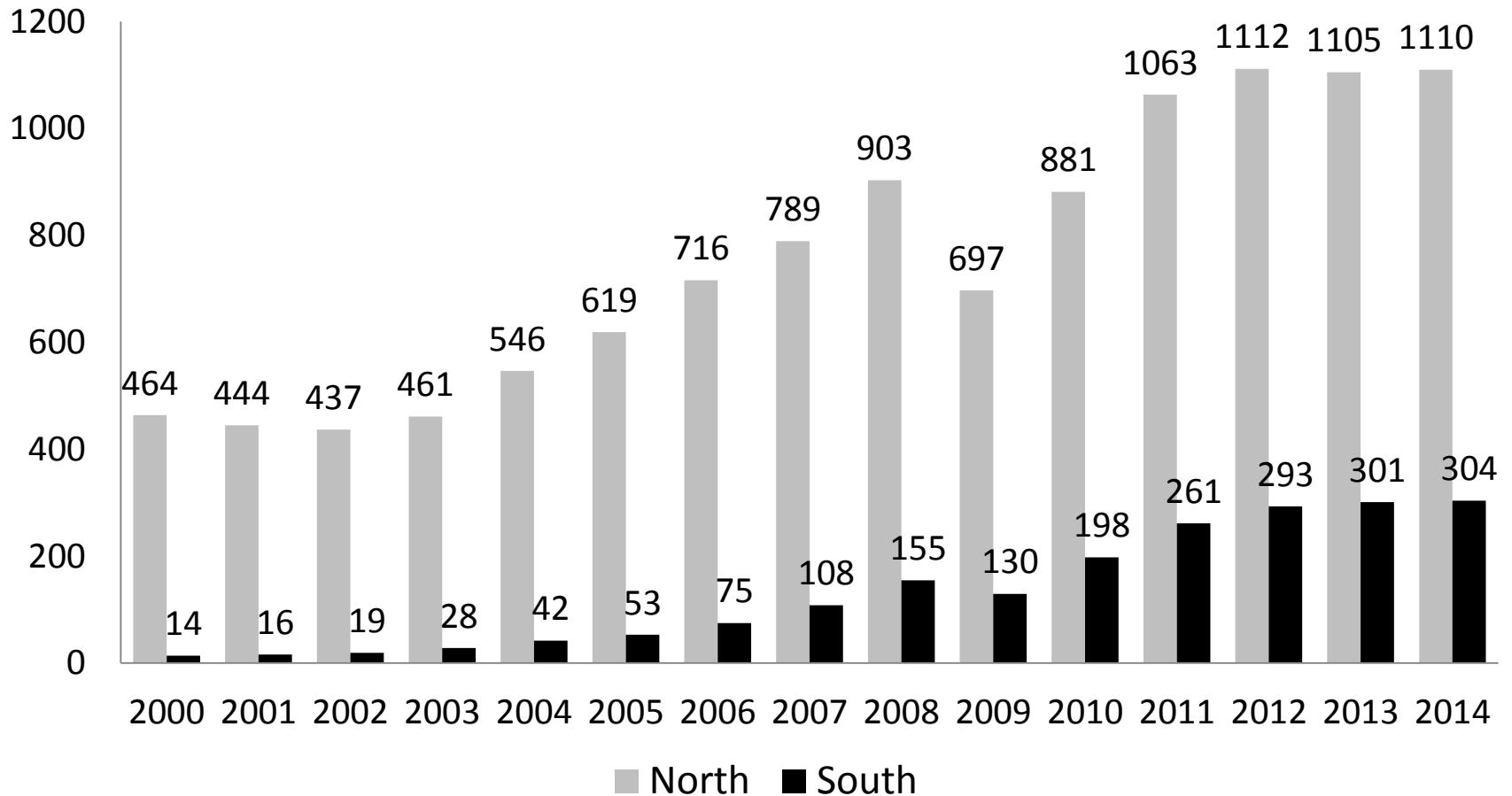
Belize, Costa Rica, Guatemala, Honduras, Nicaragua, Panama, Salvador

South America (13 countries)

Argentina, Bolivia, Brazil, Chile, Columbia, Ecuador, Guyana, Paraguay, Peru, Surinam, Trinidad and Tobago, Uruguay, Venezuela

Mexico

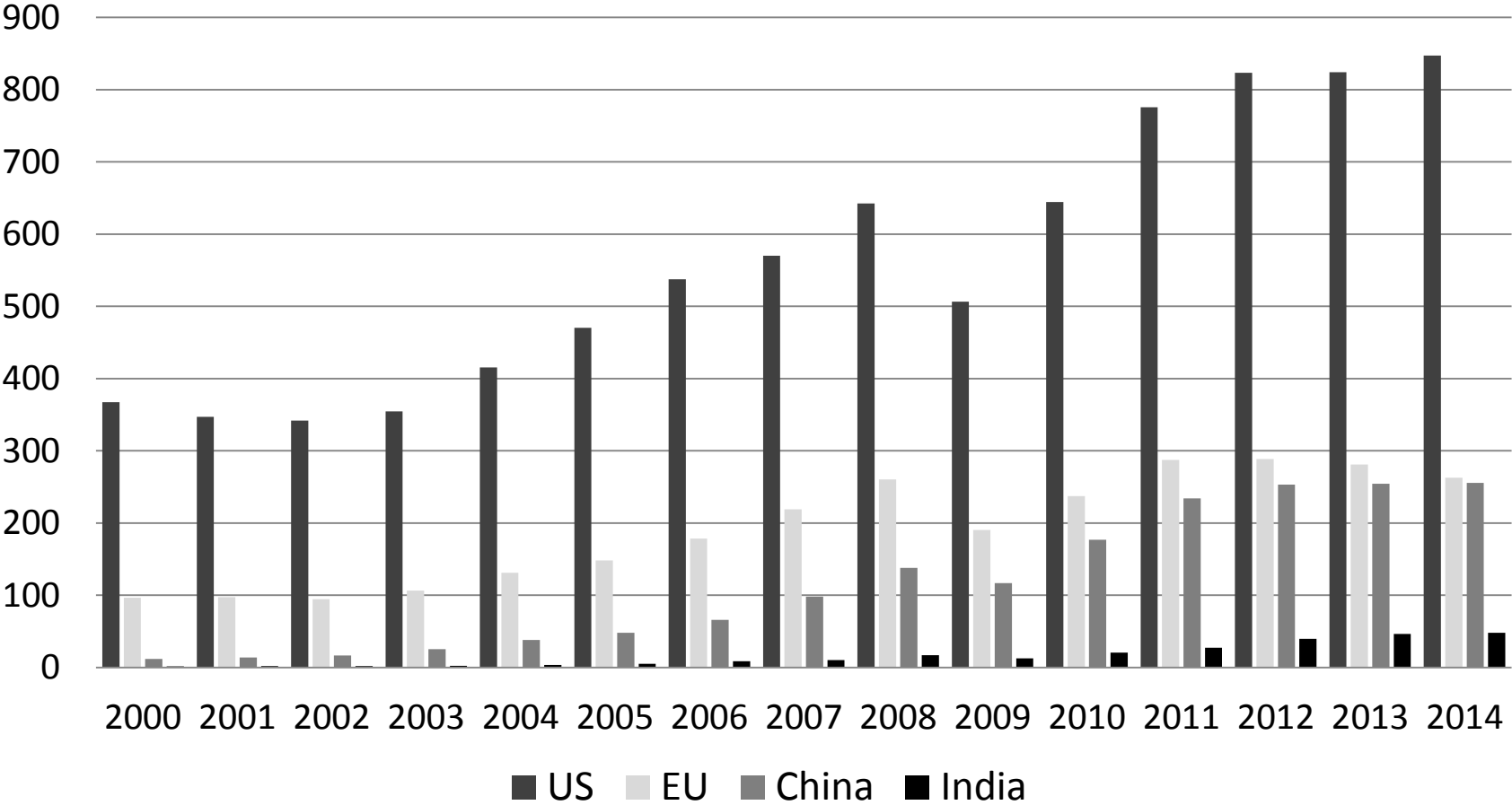
Bilateral trade of the North and the South with 21 Latin American countries, 2000-2014 (current US\$ billion)



Merchandise trade of the North and the South with Latin America

- In the years 2000-2014, the value of bilateral merchandise trade between the North and Latin America increased **2.2 times**.
- Annual growth rate – **6.0%**
- The South-Latin America trade increased **22.4 times**.
- Annual growth rate – **23%**

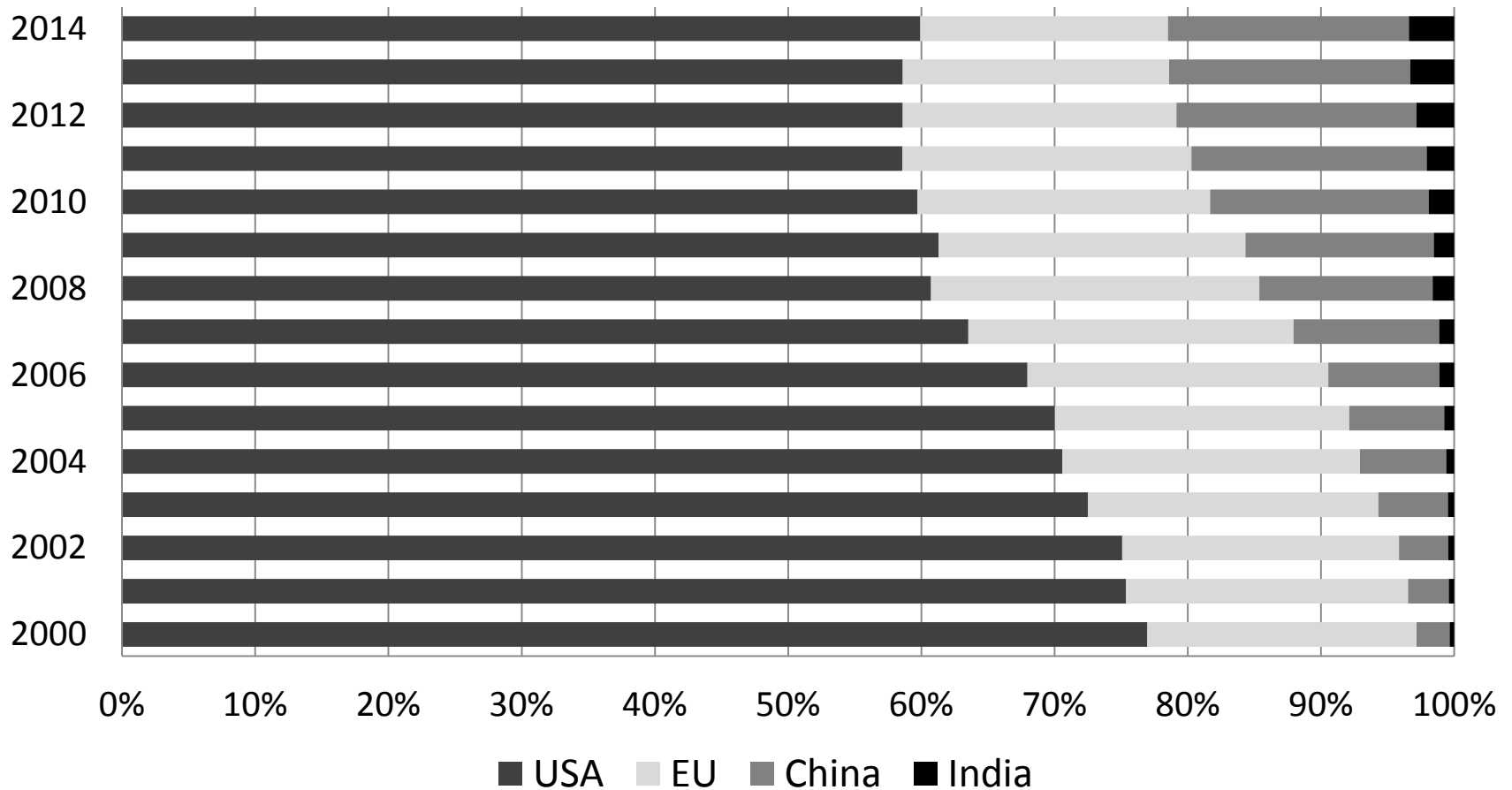
Bilateral trade of the North and the South with 21 Latin American countries, 2000-2014 (current US\$ billion)



The share of trade with LA in the North's and the South's trade with the world

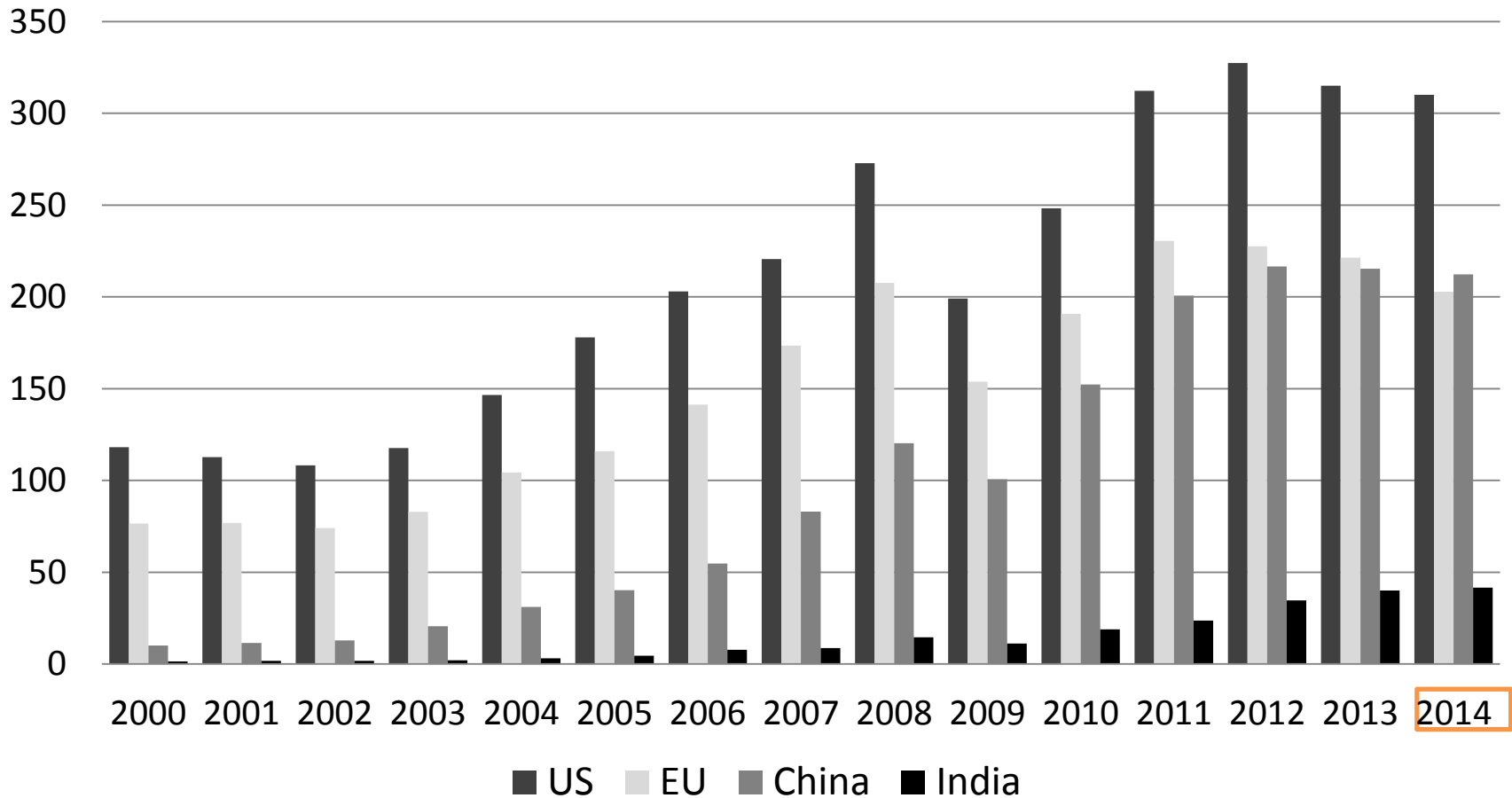
Year	The EU	The US	China	India	The North	The South
2000	5.7%	18.0%	2.5%	1.7%	12.4%	2.4%
2001	5.8%	18.2%	2.8%	2.0%	12.4%	2.6%
2002	5.3%	18.0%	2.7%	1.9%	11.9%	2.6%
2003	5.2%	17.5%	3.0%	1.8%	11.3%	2.8%
2004	5.2%	17.7%	3.3%	2.0%	11.3%	3.1%
2005	5.2%	17.8%	3.4%	2.1%	11.3%	3.2%
2006	5.4%	18.2%	3.8%	2.9%	11.7%	3.6%
2007	5.8%	17.9%	4.5%	2.8%	11.3%	4.3%
2008	6.2%	18.5%	5.4%	3.4%	11.8%	5.1%
2009	5.7%	19.1%	5.3%	2.9%	11.6%	4.9%
2010	6.2%	19.9%	6.0%	3.6%	12.5%	5.6%
2011	6.1%	20.7%	6.4%	3.6%	12.6%	5.9%
2012	6.3%	21.2%	6.5%	5.1%	13.1%	6.3%
2013	6.2%	21.1%	6.1%	5.8%	13.0%	6.1%
2014	5.7%	21.0%	5.9%	6.2%	12.8%	6.0%

Bilateral trade of the North and the South with 21 Latin American countries, 2000-2014 (current US\$ billion)

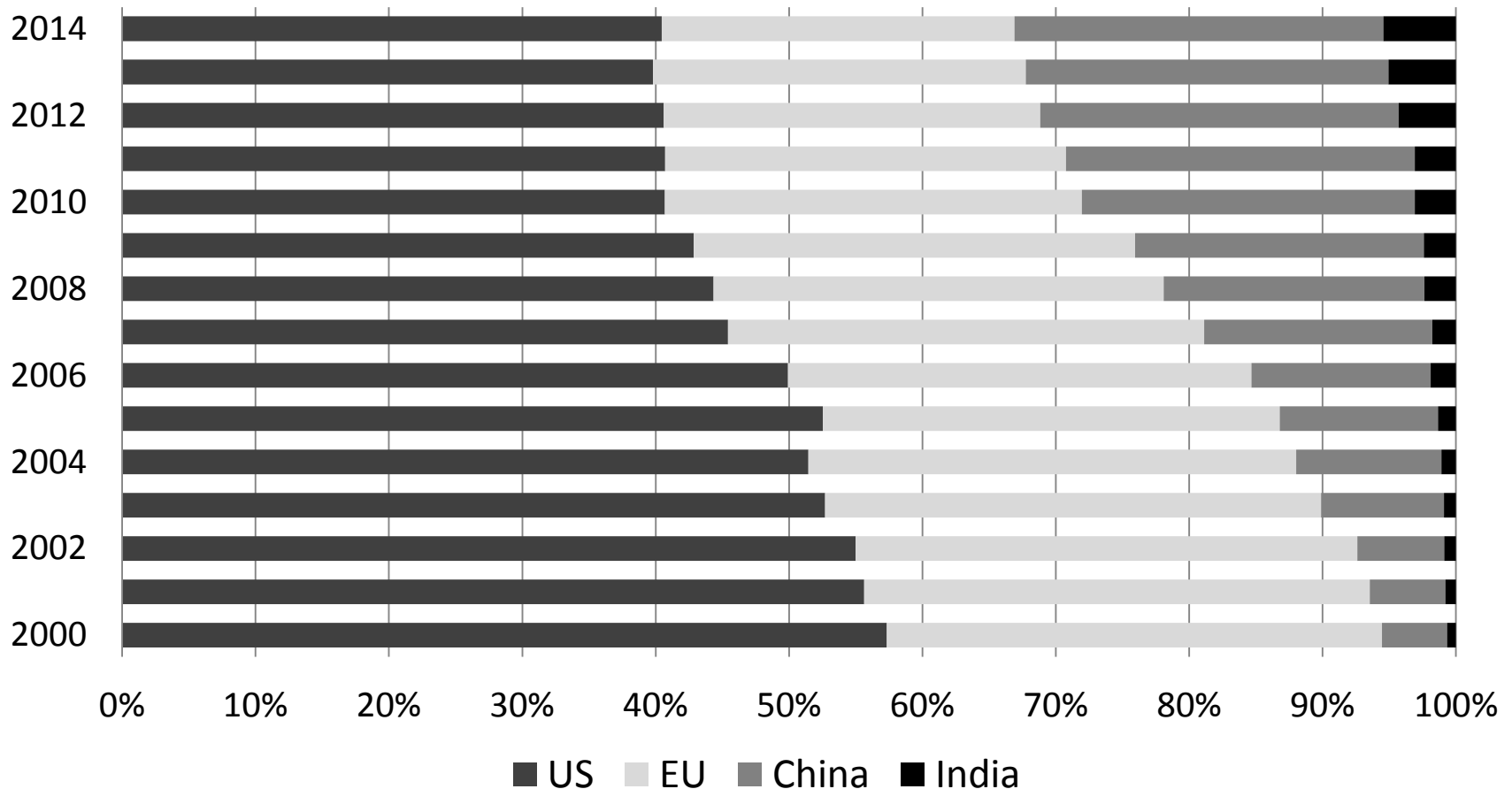


The North – a **18.6** percentage point decrease
EU – a 1.6 pp decrease **US** – a **17.0** pp decrease
China – a 15.6 pp increase, **India** – a 3.1 pp increase

Bilateral trade of the North and the South with Central and South America, 2000-2014 (current US\$ billion)



Bilateral trade of the North and the South with Central and South America, 2000-2014 (current US\$ billion)



The North – a **27.6** percentage point decrease
EU – a **10.7** pp decrease **US** – a **16.9** pp decrease
China – a **22.8** pp increase, **India** – a **4.8** pp increase

Latin American countries for which China and India were more important trading partners than the US

Period	Exports of goods	Imports of goods
2000-2008	1 country	1 country
	Panama	Argentina
2009-2014	2 countries	5 countries
	Panama, Uruguay	Brazil, Chile, Argentina, Peru, Uruguay

Latin American countries for which China and India were more important trading partners than the EU

Period	Exports of goods	Imports of goods
2000-2008	2 countries	0
	Panama, Paraguay	–
2009-2014	10 countries	5 countries
	Panama, Peru, Chile, Paraguay, Guatemala, Uruguay, Nicaragua, Honduras, Ecuador, Guyana	Venezuela, Chile, Brazil, Peru, Uruguay

Latin American countries for which the EU was more important trading partner than the US

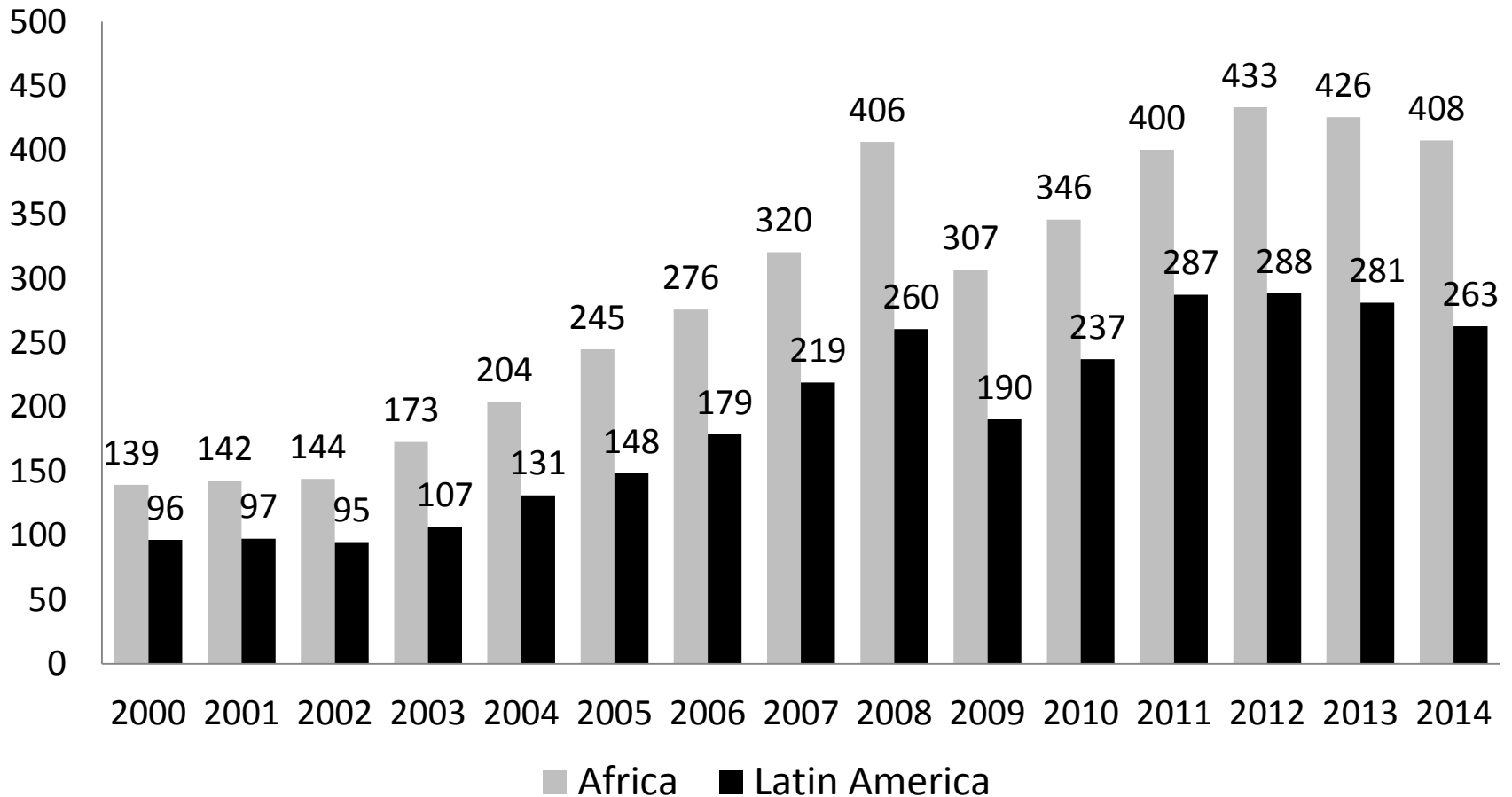
Period	Exports of goods	Imports of goods
2000-2008	2 countries	8 countries
	Brazil, Argentina	Brazil, Argentina, Chile, Panama, Uruguay, Paraguay, Guyana, Suriname
2009-2014	4 countries	9 countries
	Brazil, Argentina, Uruguay, Suriname	Brazil, Argentina, Chile, Uruguay, Paraguay, Peru, Panama, Suriname, Belize

- Both, the North and the South imported more goods from Latin American countries than they exported there.
- 2013-2014 – the EU had trade surplus
- 2012-2014 – China had trade surplus
- The North and the South traded mainly with 5 LA countries.
- In the years 2000-2014, top five LA importers accounted for **82.0%** of the North's exports to LA while the top five exporters accounted for **83.3%** of the North's imports from the region.
- Top five LA importers accounted for **76.1%** of the South's exports to the region. The South imported **84.3%** of all goods from 5 Latin American countries.

Top five trading partners of the North and the South in LA, 2000-2014 (current US\$ billion)

Rank	Exports of goods		Imports of goods		Total trade with LA	
	Trading partner	Value	Trading partner	Value	Trading partner	Value
	Trading partners of the North					
1	Mexico	2610	Mexico	3268	Mexico	5878
2	Brazil	858	Brazil	901	Brazil	1759
3	Chile	236	Venezuela	542	Venezuela	749
4	Colombia	208	Colombia	281	Chile	511
5	Venezuela	207	Chile	275	Colombia	489
	Trading partners of the South					
1	Brazil	266	Brazil	400	Brazil	666
2	Mexico	210	Chile	175	Mexico	298
3	Panama	98	Venezuela	135	Chile	264
4	Chile	89	Mexico	88	Venezuela	182
5	Argentina	61	Argentina	80	Argentina	141

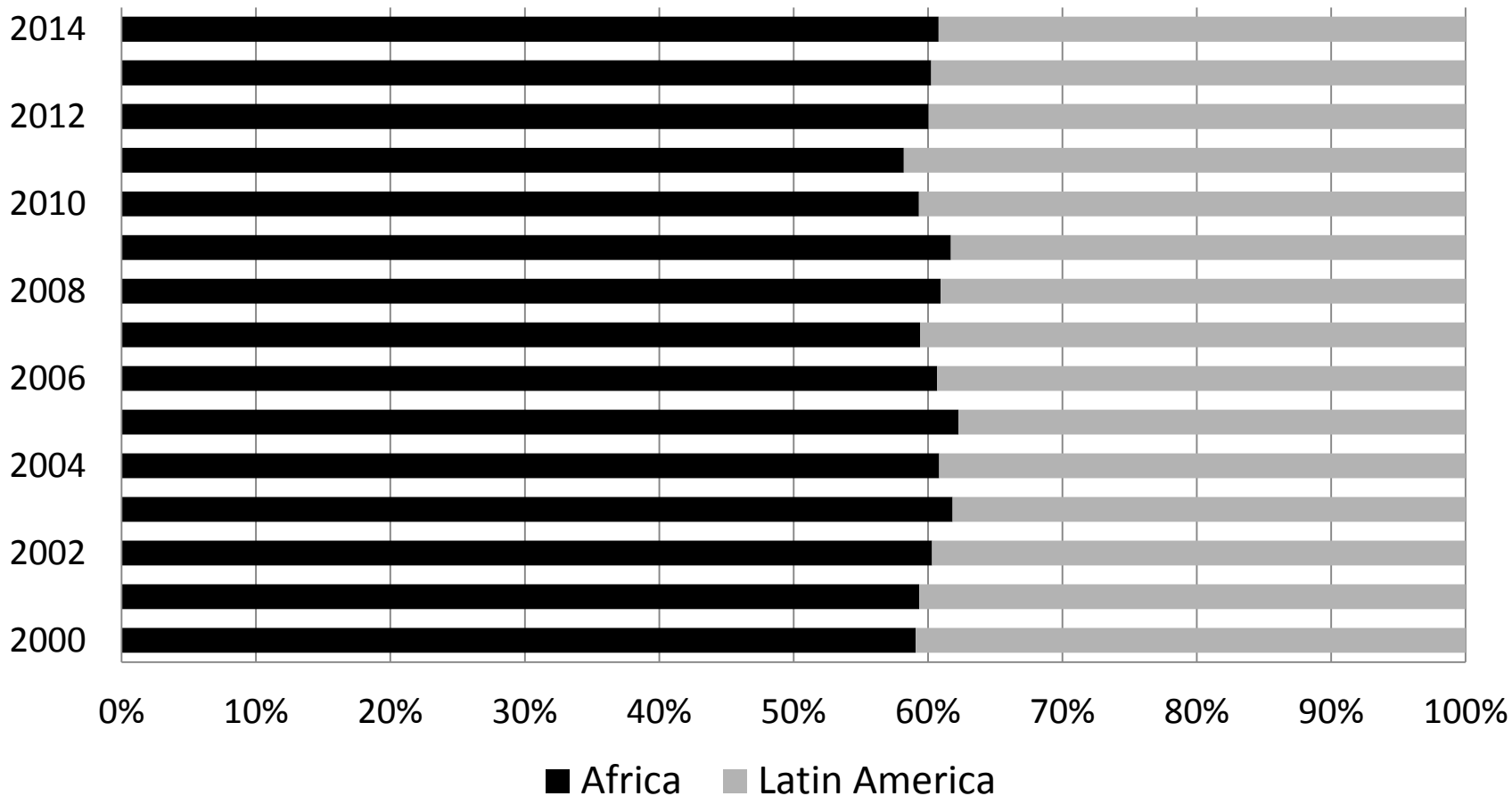
Bilateral trade of the EU with 54 African countries and 21 Latin American countries, 2000-2014 (USD billion)



Merchandise trade of the EU with 54 African countries and 21 Latin American countries

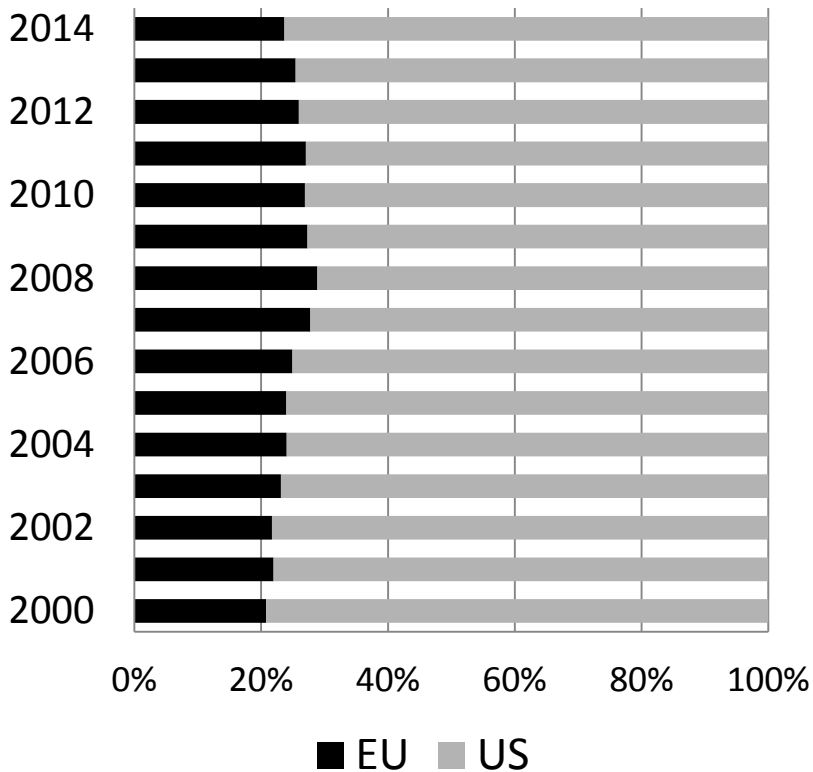
- In the years 2000-2014, the value of bilateral merchandise trade between the EU and Africa increased **nearly 3 times**.
- Annual growth rate – **7.4%**
- The EU-Latin America trade increased **2.7 times**.
- Annual growth rate – **6.9%**
- 2000-2014 – the EU-Africa trade was 1.5 times bigger than the EU-Latin America

Bilateral trade of the EU with 54 African countries and 21 Latin American countries, 2000-2014



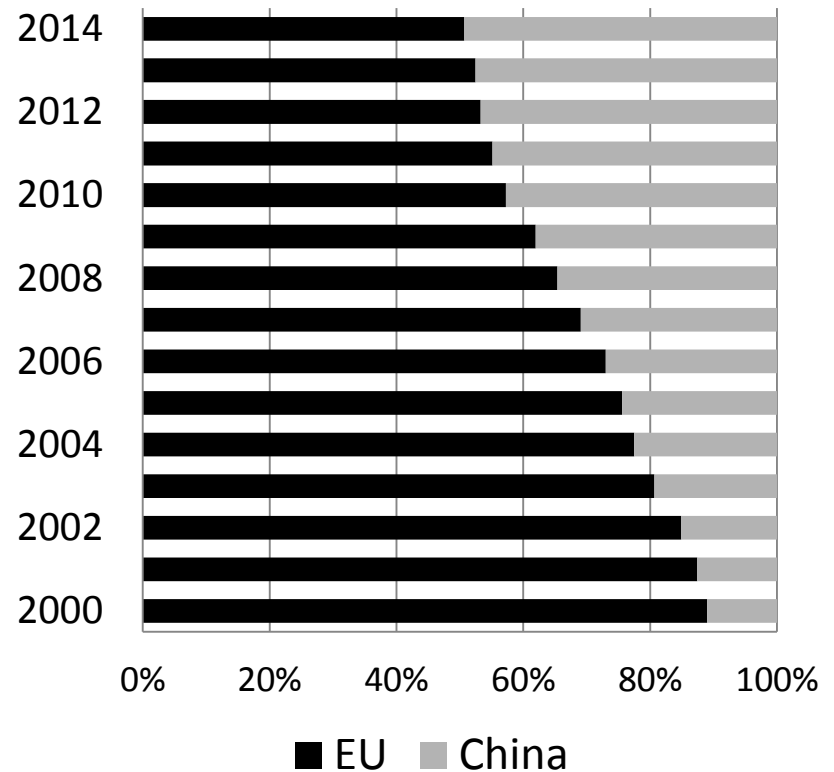
2014 Africa – 60.8%; Latin America – 39.2%

Total trade of the EU and the US with Latin America, 2000-2014



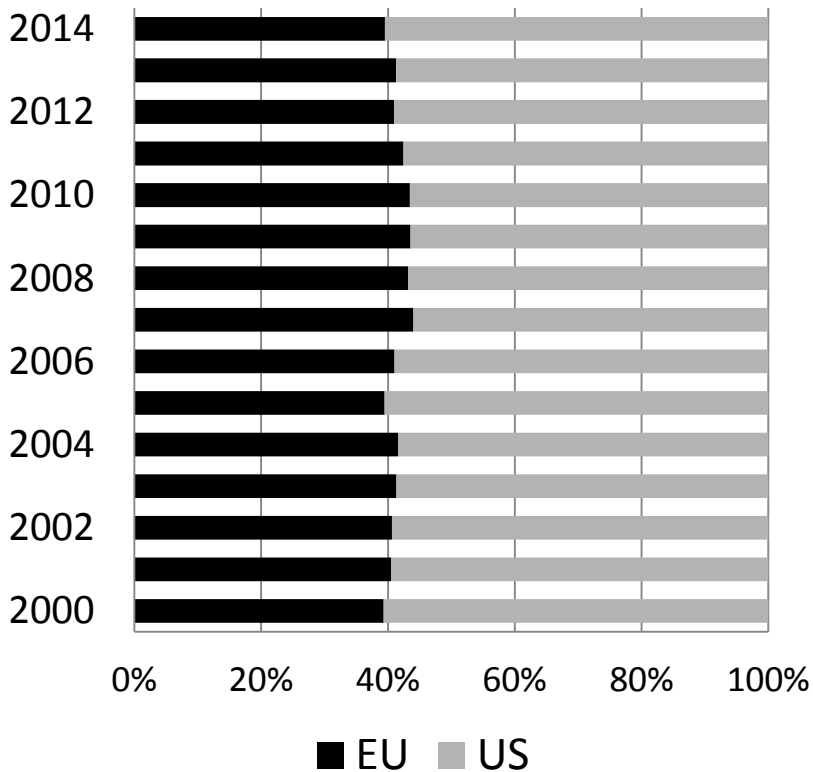
2000-2014 – a **2.9** percentage increase

Total trade of the EU and China with Latin America, 2000-2014



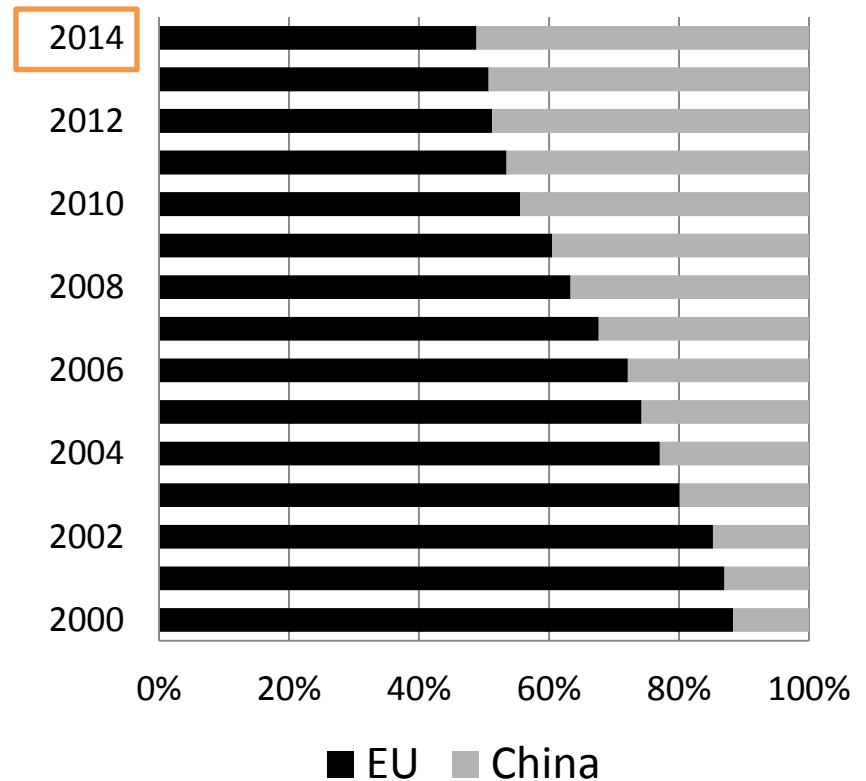
2000-2014 – a **38.3** percentage decrease

Total trade of the EU and the US with Central and South America



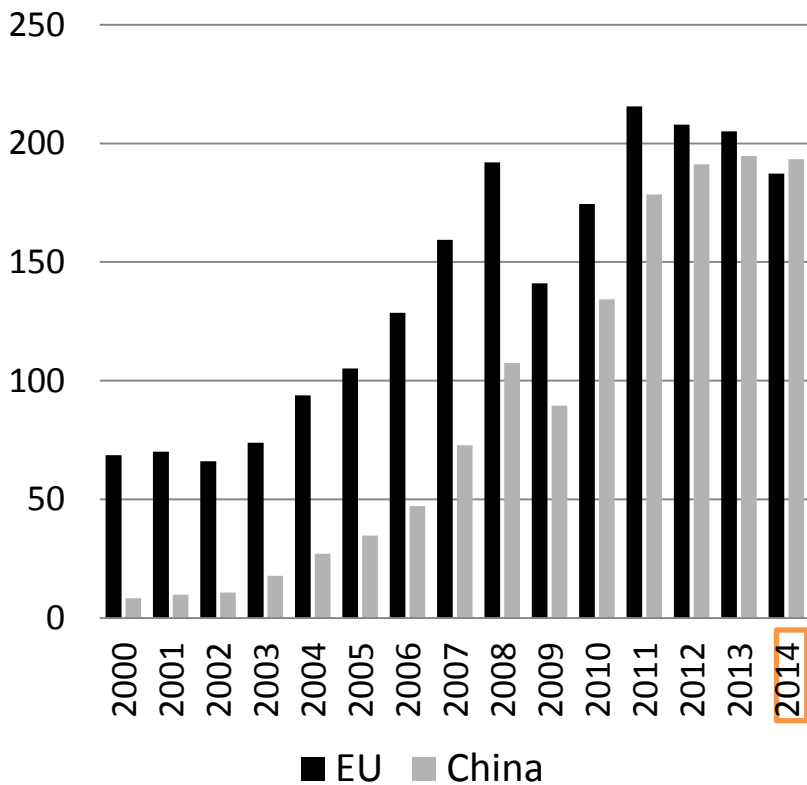
2000-2014 – a **0.2** percentage increase

Total trade of the EU and China with Central and South America



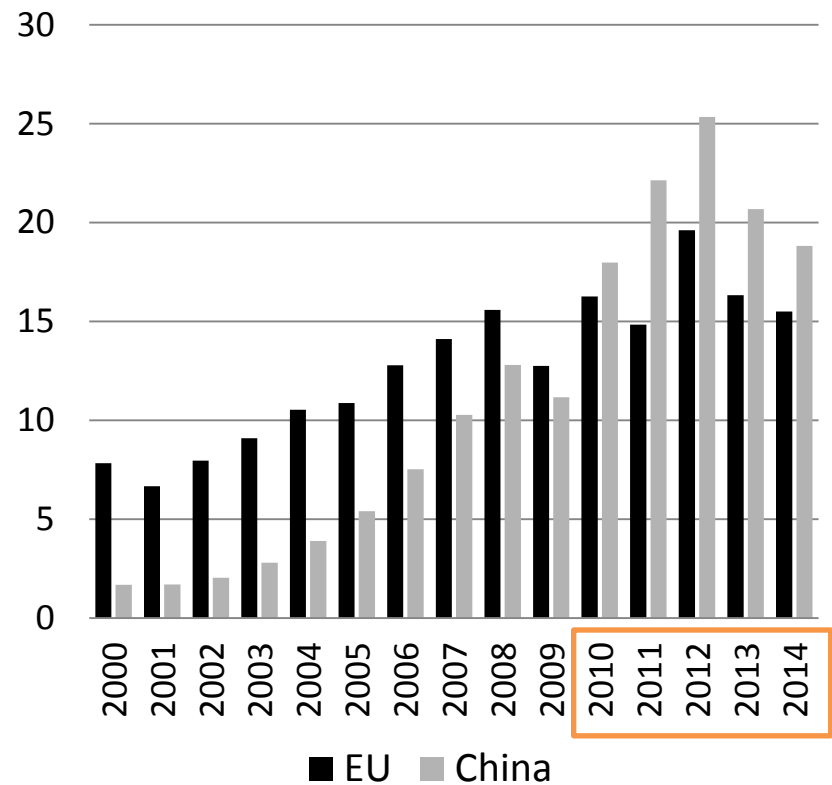
2000-2014 – a **39.5** percentage decrease

Total trade of the EU and China with South America, 2000-2014



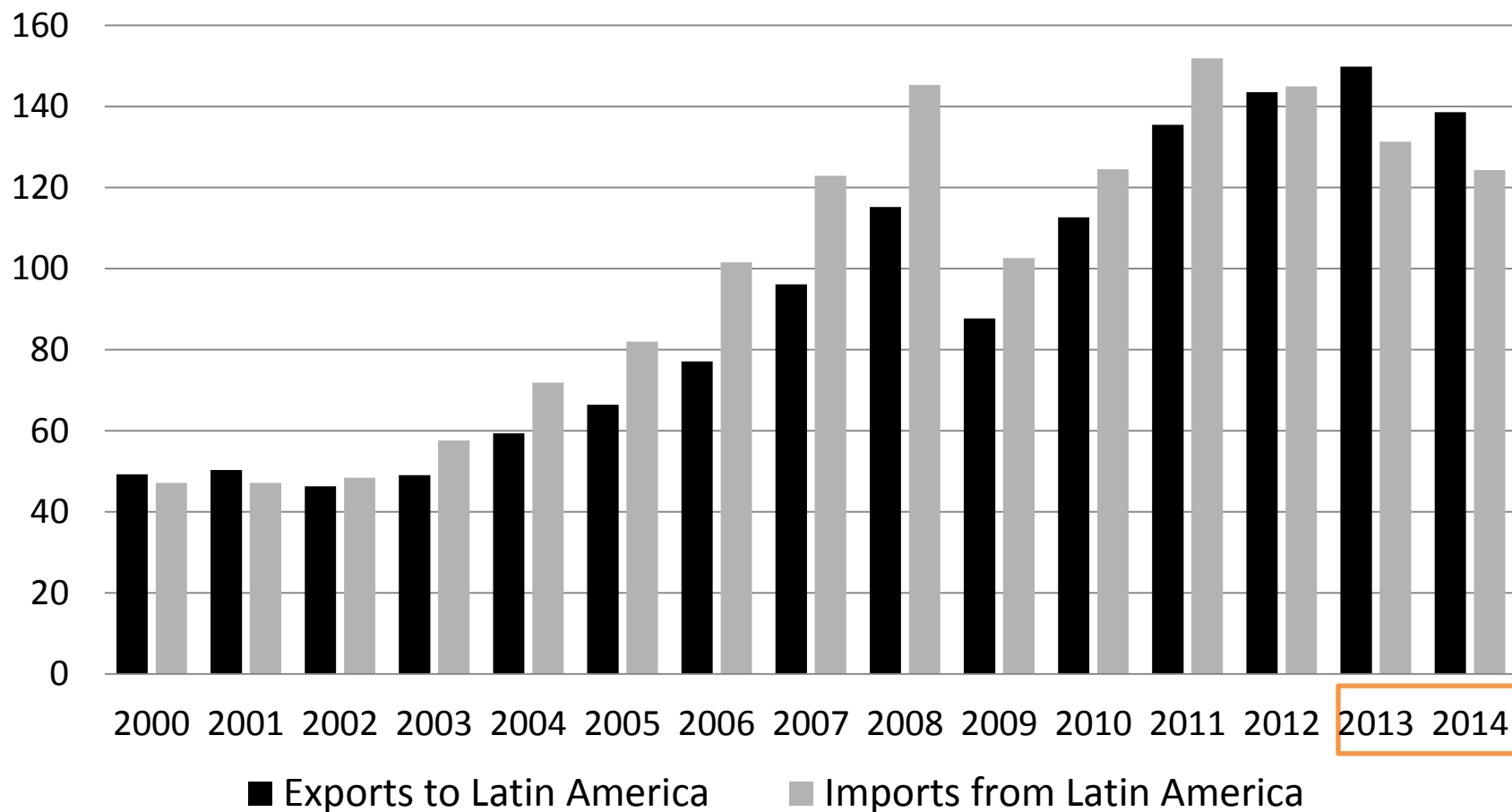
2000-2014 – a **39.9** percentage decrease

Total trade of the EU and China with Central America, 2000-2014



2000-2014 – a **37.1** percentage decrease

Trade of the EU with 21 Latin American countries, 2000-2014 (USD billion)



Trade surplus in 2013-2014

The EU's top five trading partners in Latin America, 2000-2014 (USD billion)

Rank	European exports		European imports		Bilateral trade	
	Country	Value	Country	Value	Country	Value
1	Brazil	462.6	Brazil	530.0	Brazil	992.6
2	Mexico	375.7	Mexico	224.9	Mexico	600.6
3	Argentina	111.5	Chile	163.0	Chile	261.9
4	Chile	98.9	Argentina	148.5	Argentina	260.0
5	Venezuela	70.8	Colombia	87.9	Colombia	154.1

81.3%

76.8%

78.8%

The EU-Latin America trade relations

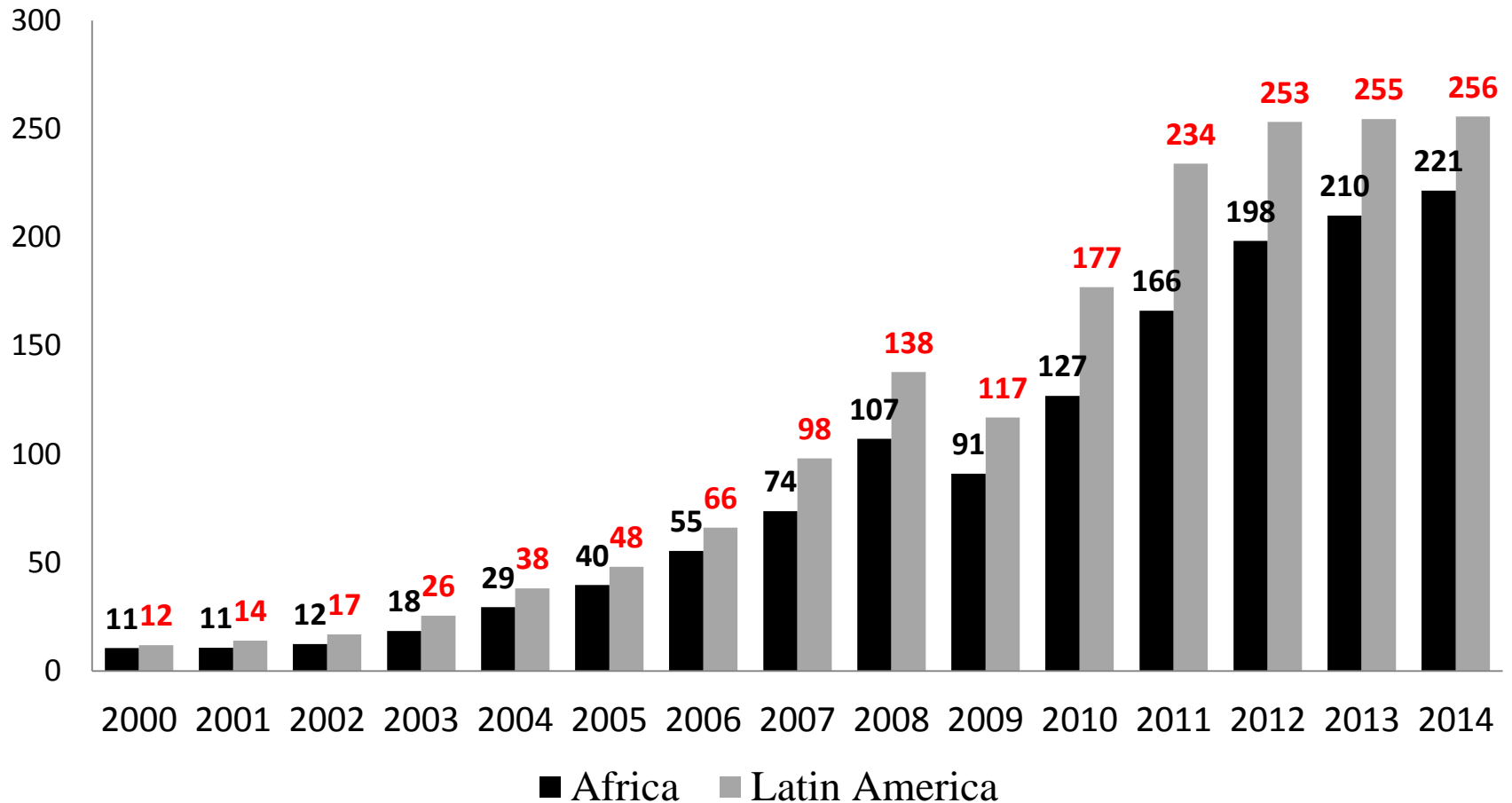
- Relations between the regions were regulated during the first EU-LAC (Latin America and the Caribbean) summit in 1999.
- The summit established a strategic partnership between the EU and LAC.
- Since 2011, the EU-LAC Foundation has been operating.

Trade agreements between the EU and LAC

Agreement name	Date of entry into force
EU to CARIFORUM States EPA	01-Nov-2008
EU to Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama)	01-Aug-2013
EU to Chile	01-Feb-2003 (Goods),
	01-Mar-2005 (Services)
EU to Colombia and Peru	01-Mar-2013
EU to Mexico	01-Jul-2000 (Goods),
	01-Oct-2000 (Services)

The EU is currently negotiating a trade agreement with **Mercosur** (Argentina, Brazil, Paraguay, Uruguay, and Venezuela)

Merchandise trade of China with 54 African countries and 21 Latin American countries, 2000-2014 (USD billion)



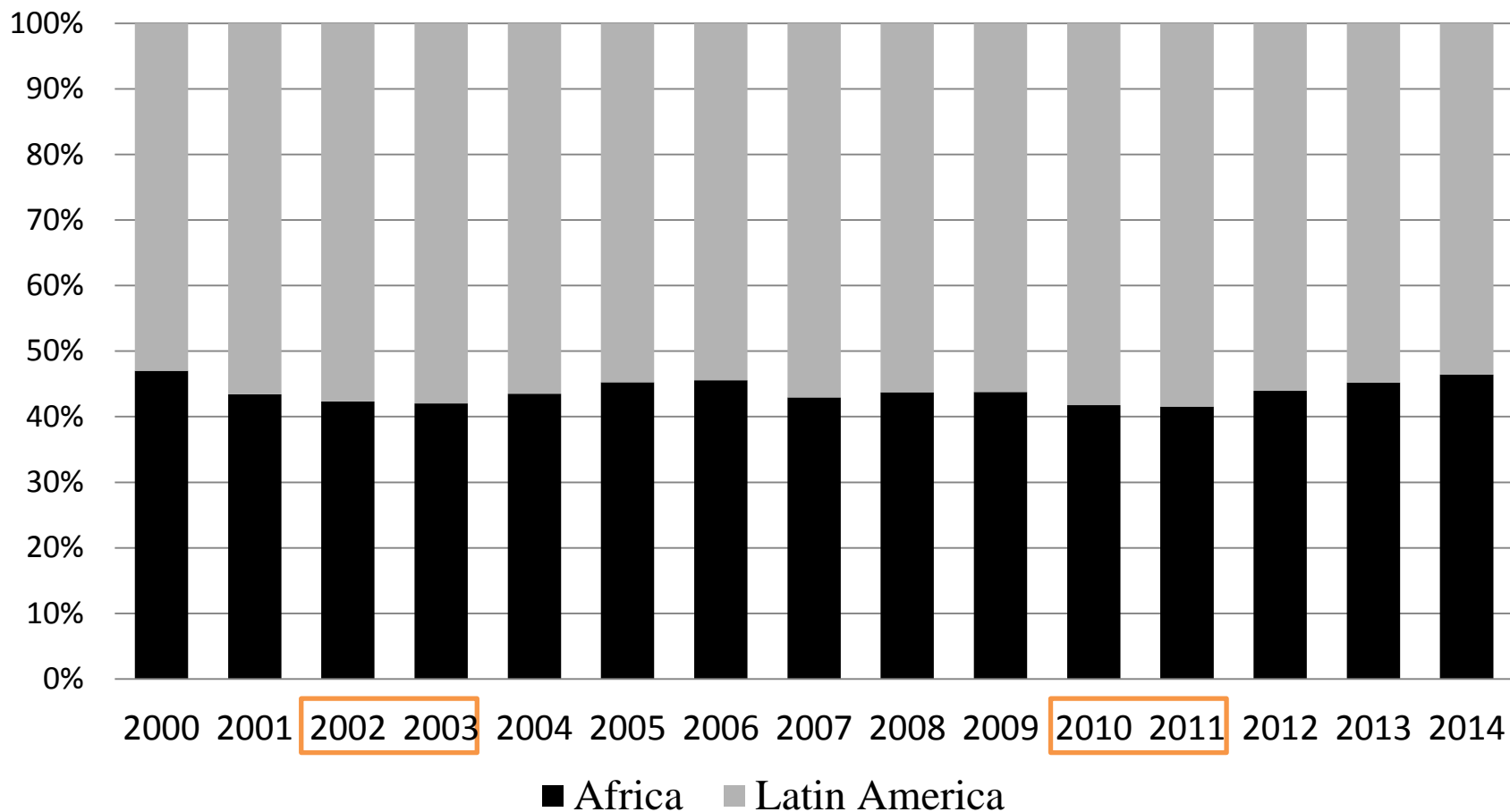
Merchandise trade of China with 54 African countries and 21 Latin American countries

- Since the beginning of the 21st century, the value of bilateral merchandise trade between China and Africa increased nearly **21 times**, from USD 10.6 billion in 2000 to USD 221.5 billion in 2014.
- Annual growth rate – **22.5%**
- Sino-Latin American trade increased **21.5 times**, from USD 11.9 billion to USD 255.7 billion.
- Annual growth rate – **22.7%**

Merchandise trade of China with Africa and Latin America

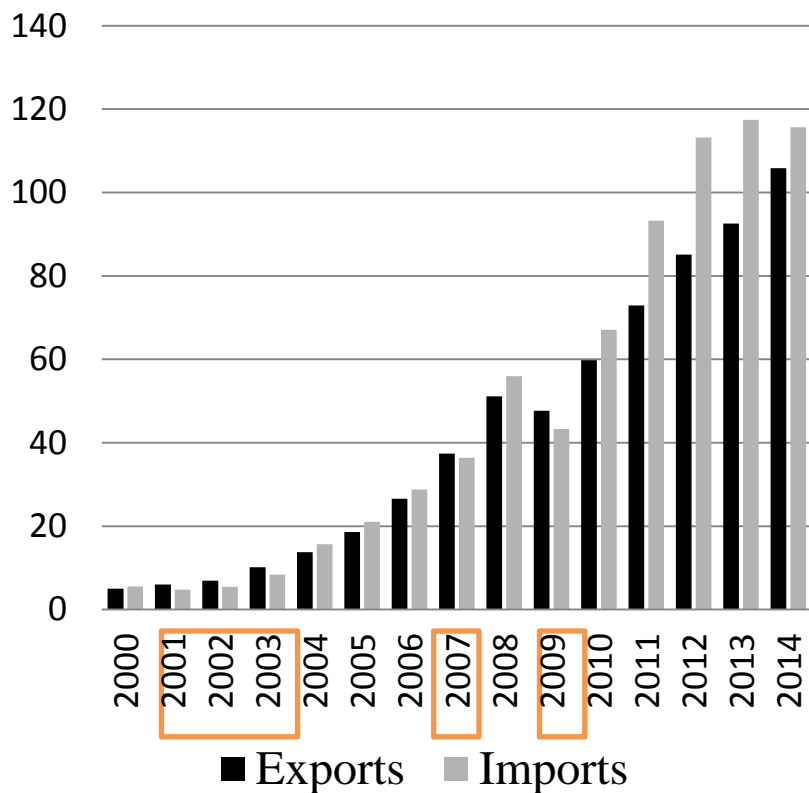
- In 2000, the Chinese trade with Africa accounted for 47.0% and with Latin America for 53.0% of China's trade with both regions while in 2014, those shares were 46.4% and 53.6%, respectively.
- The advantage of Latin America over Africa in trade with China was the biggest in the years 2002-2003 and 2010-2011.

Merchandise trade of China with Africa and Latin America, 2000-2014

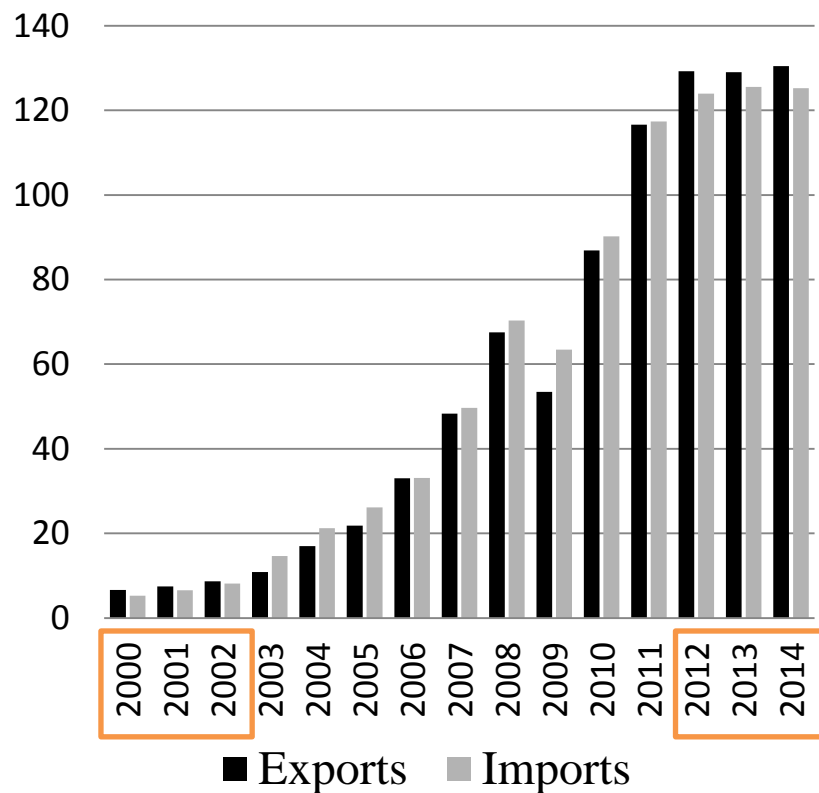


Trade of China with Africa and Latin America, 2000-2014 (USD billion)

Africa

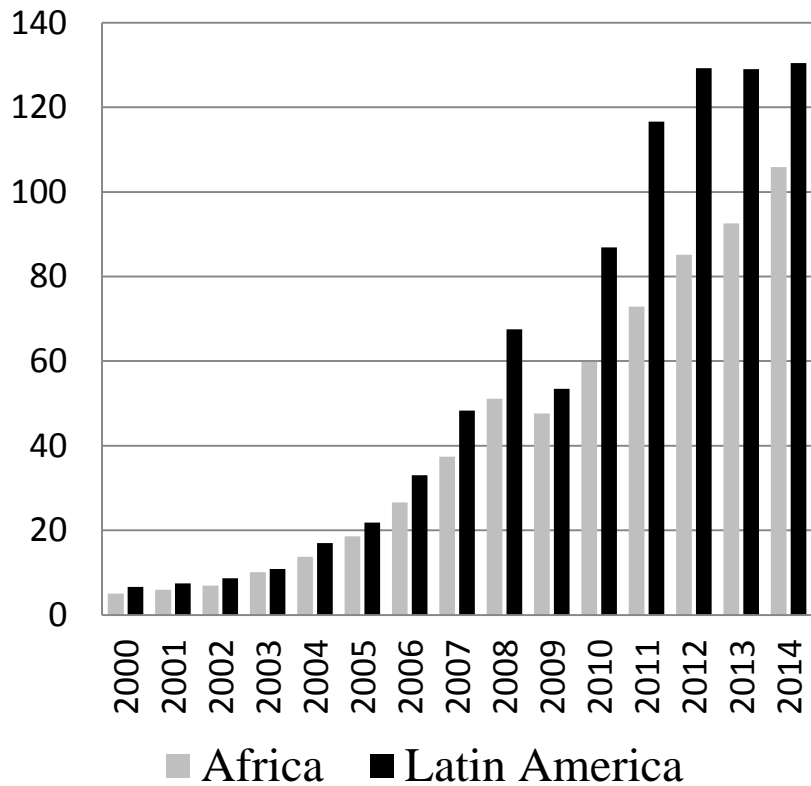


Latin America

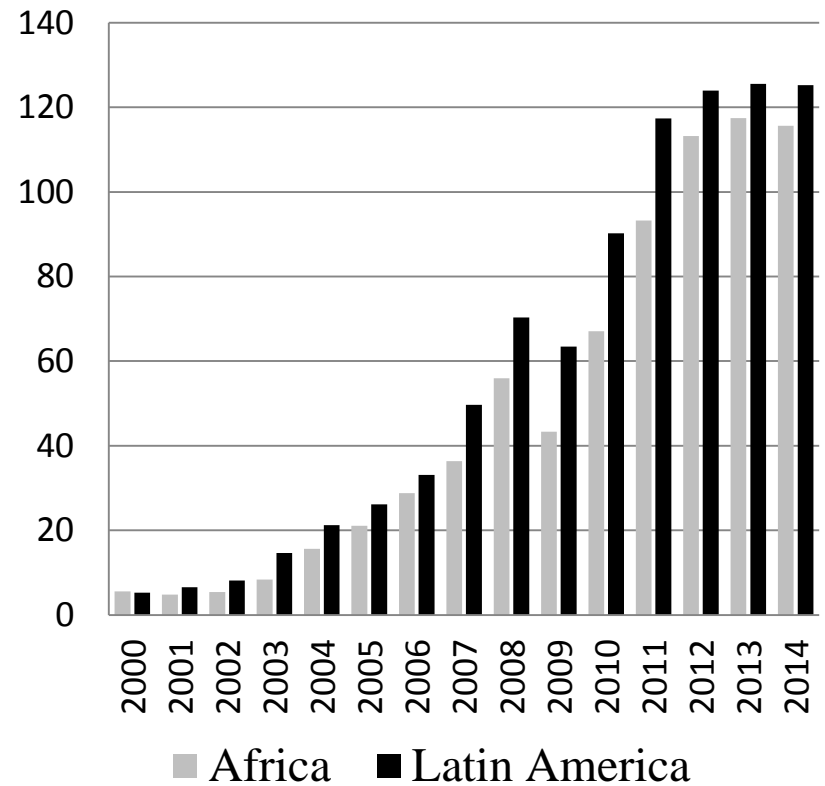


- In the years 2000-2014 – China had a trade deficit with 16 out of the 54 African countries.
- China recorded a trade deficit with 6 out of the 21 Latin American countries.

China's exports to Africa and Latin America, 2000-2014 (USD billion)



China's imports from Africa and Latin America, 2000-2014 (USD billion)



Top five China's trading partners in Latin America, 2000-2014 (USD billion)

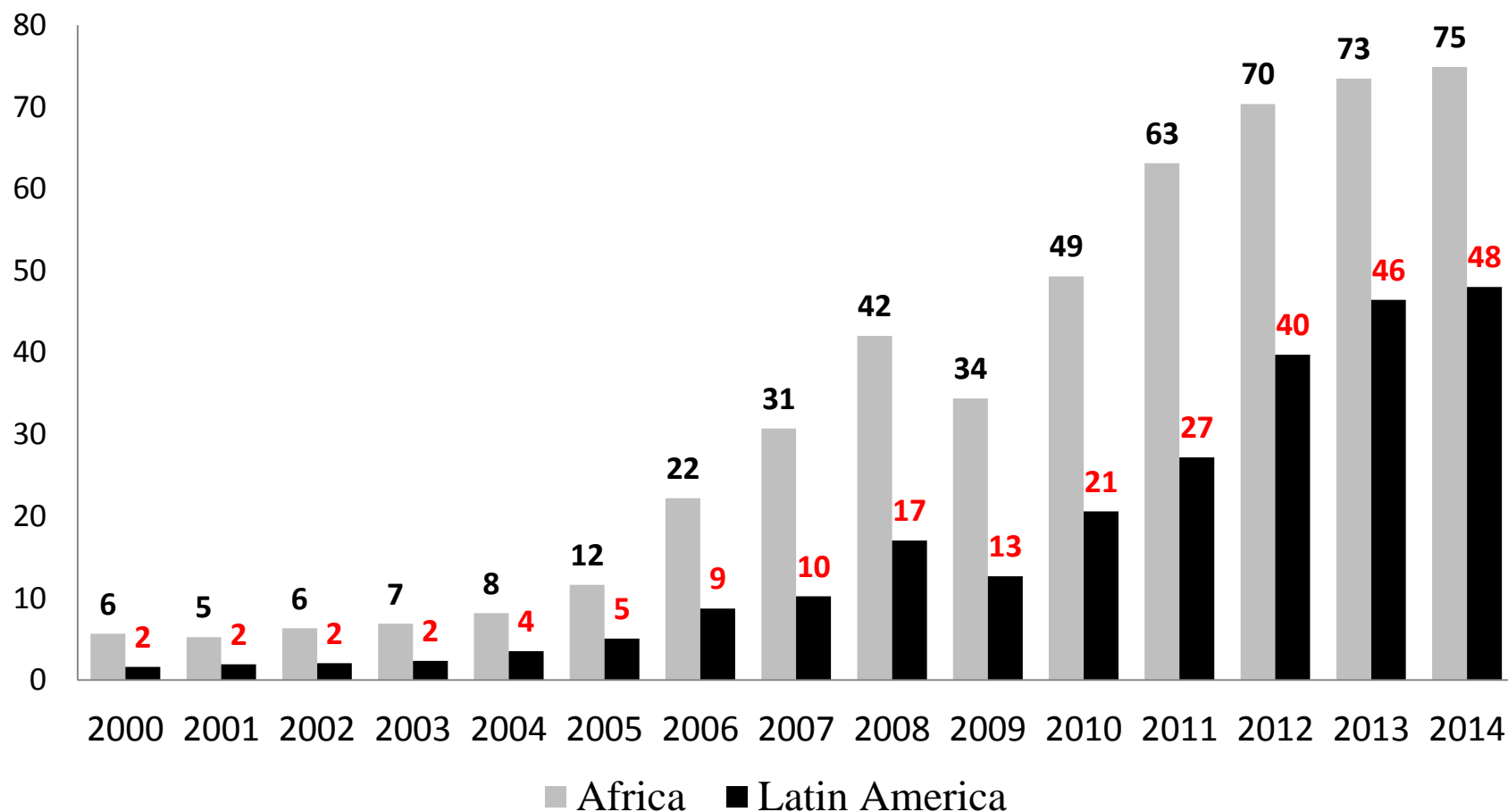
Rank	China's exports		China's imports		Bilateral trade	
	Country	Value	Country	Value	Country	Value
1	Brazil	226.9	Brazil	369.6	Brazil	596.5
2	Mexico	197.1	Chile	156.0	Mexico	265.8
3	Panama	96.7	Venezuela	76.9	Chile	239.9
4	Chile	83.9	Mexico	68.7	Argentina	124.9
5	Argentina	57.0	Argentina	67.9	Venezuela	121.6

76.3%

83.9%

77.2%

Merchandise trade of India with 54 African countries and 21 Latin American countries, 2000-2014 (USD billion)



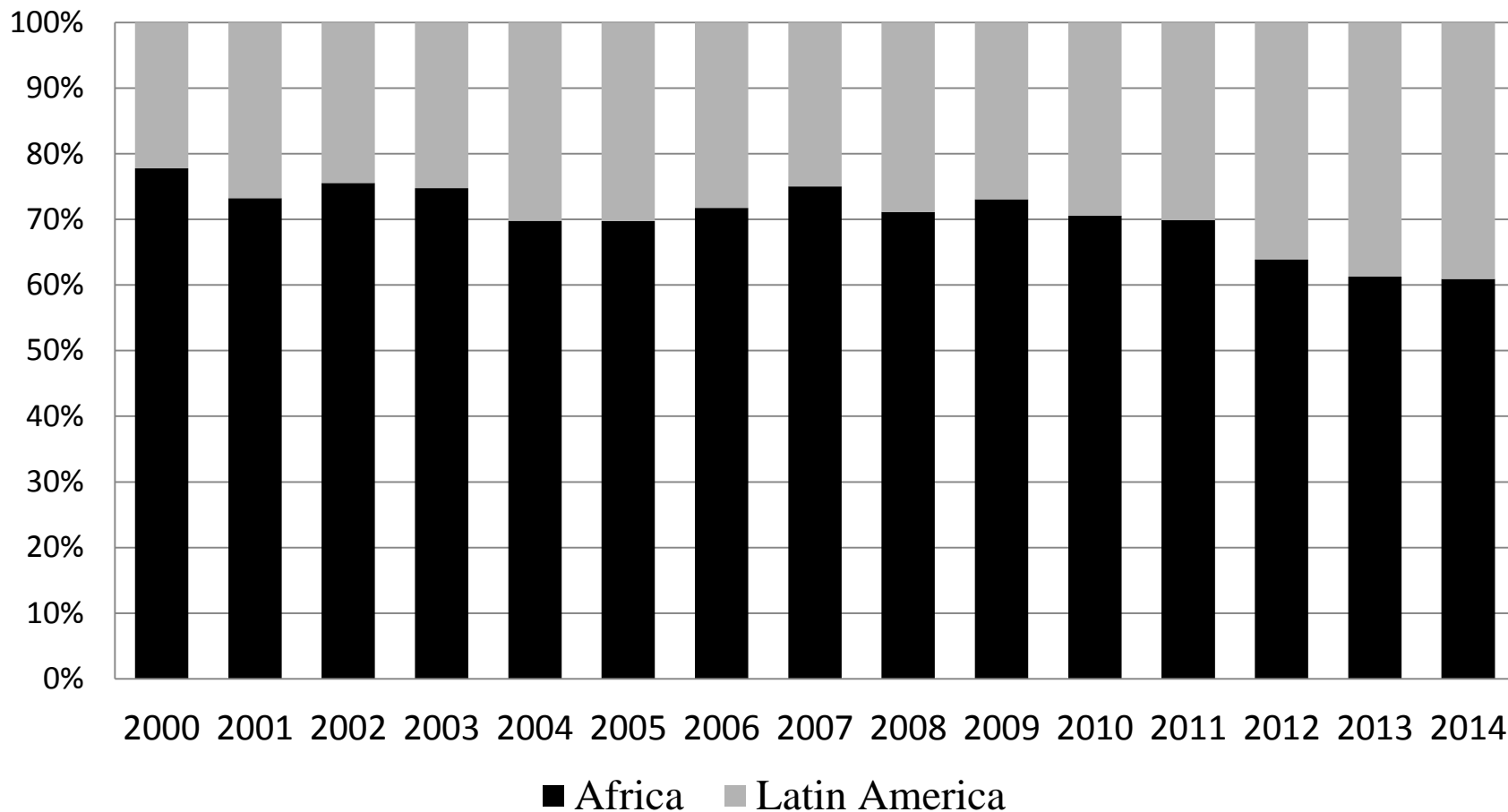
Merchandise trade of India with 54 African countries and 21 Latin American countries

- The value of bilateral trade in goods of India with Africa increased over 13 times, from USD 5.6 billion in 2000 to USD 74.9 billion in 2014.
- Annual growth rate – 18.8%
- India-Latin America trade increased about 30 times, from USD 1.6 billion to USD 48.0 billion.
- Annual growth rate – 25.4%

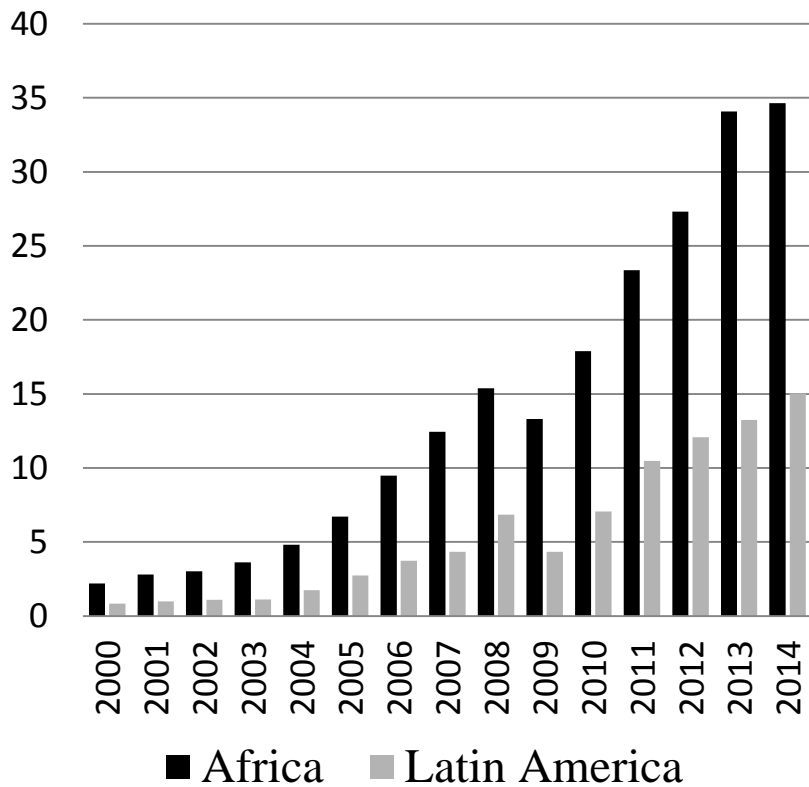
Merchandise trade of India with Africa and Latin America

- Africa is more important trading partner for India than Latin America. However, its role in India's bilateral trade has been decreasing.
- In 2000, India's trade with Africa accounted for 77.8% and with Latin America for 22.2% of India's trade with both regions while in 2014, those shares were 60.9% and 39.1%, respectively.

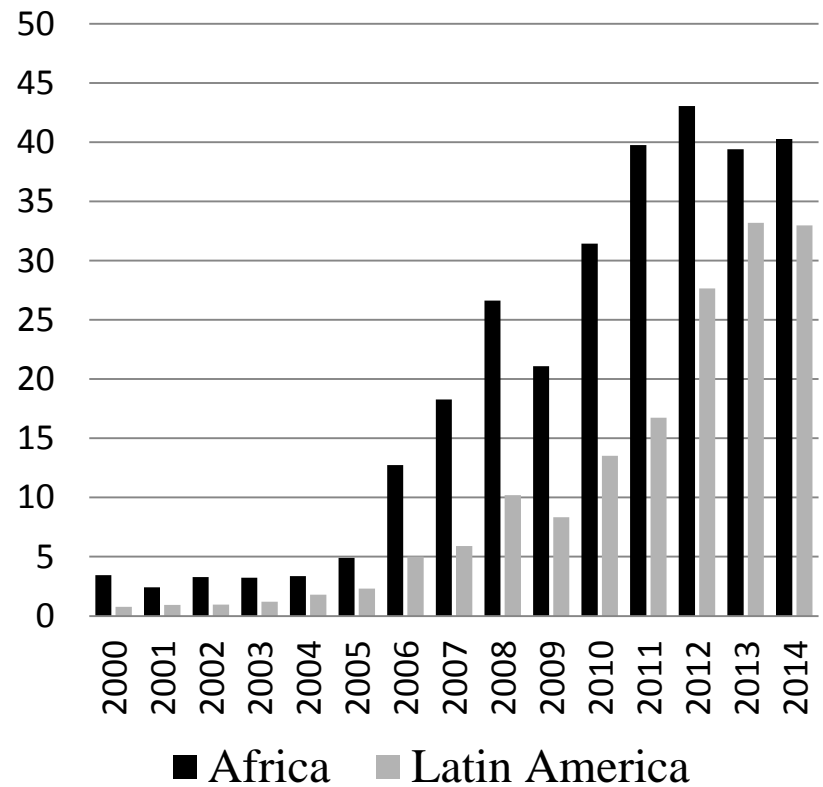
Merchandise trade of India with Africa and Latin America



India's exports to Africa and Latin America, 2000-2014 (USD billion)

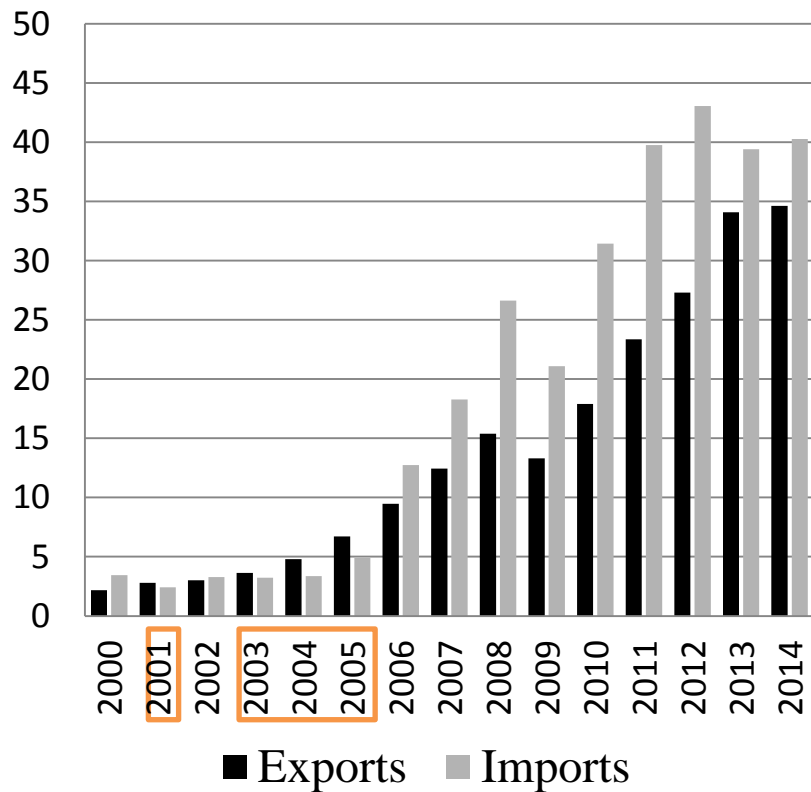


India's imports from Africa and Latin America, 2000-2014 (USD billion)

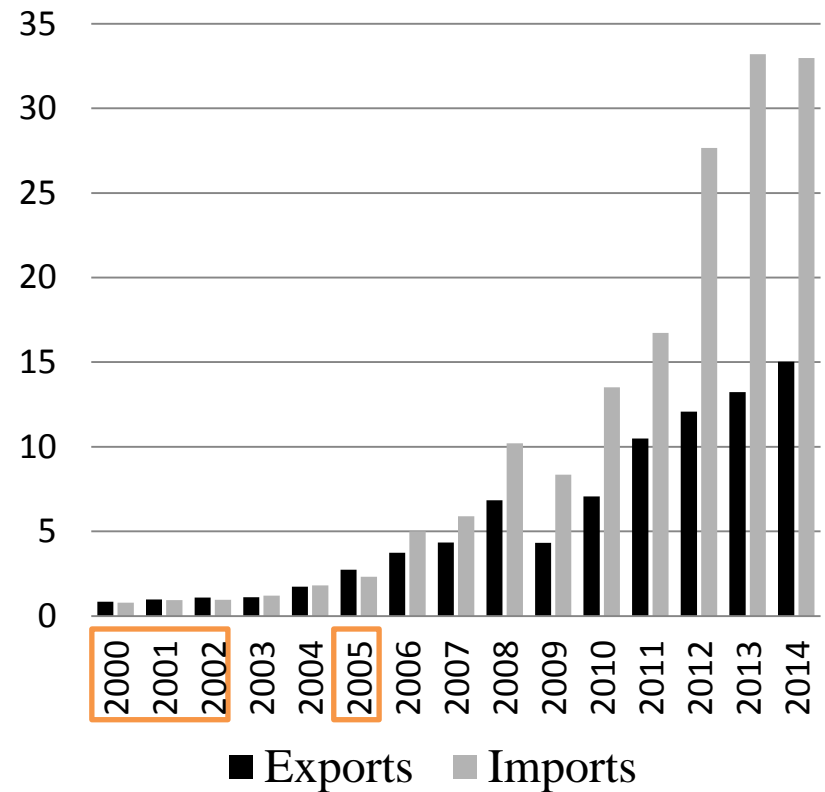


Trade of India with Africa and Latin America, 2000-2014 (USD billion)

Africa



Latin America



- In the years 2000-2014 – India had a trade deficit with 17 out of the 54 African countries.
- India recorded a trade deficit with 8 Latin American countries.

Top five India's trading partners in Latin America, 2000-2014 (USD billion)

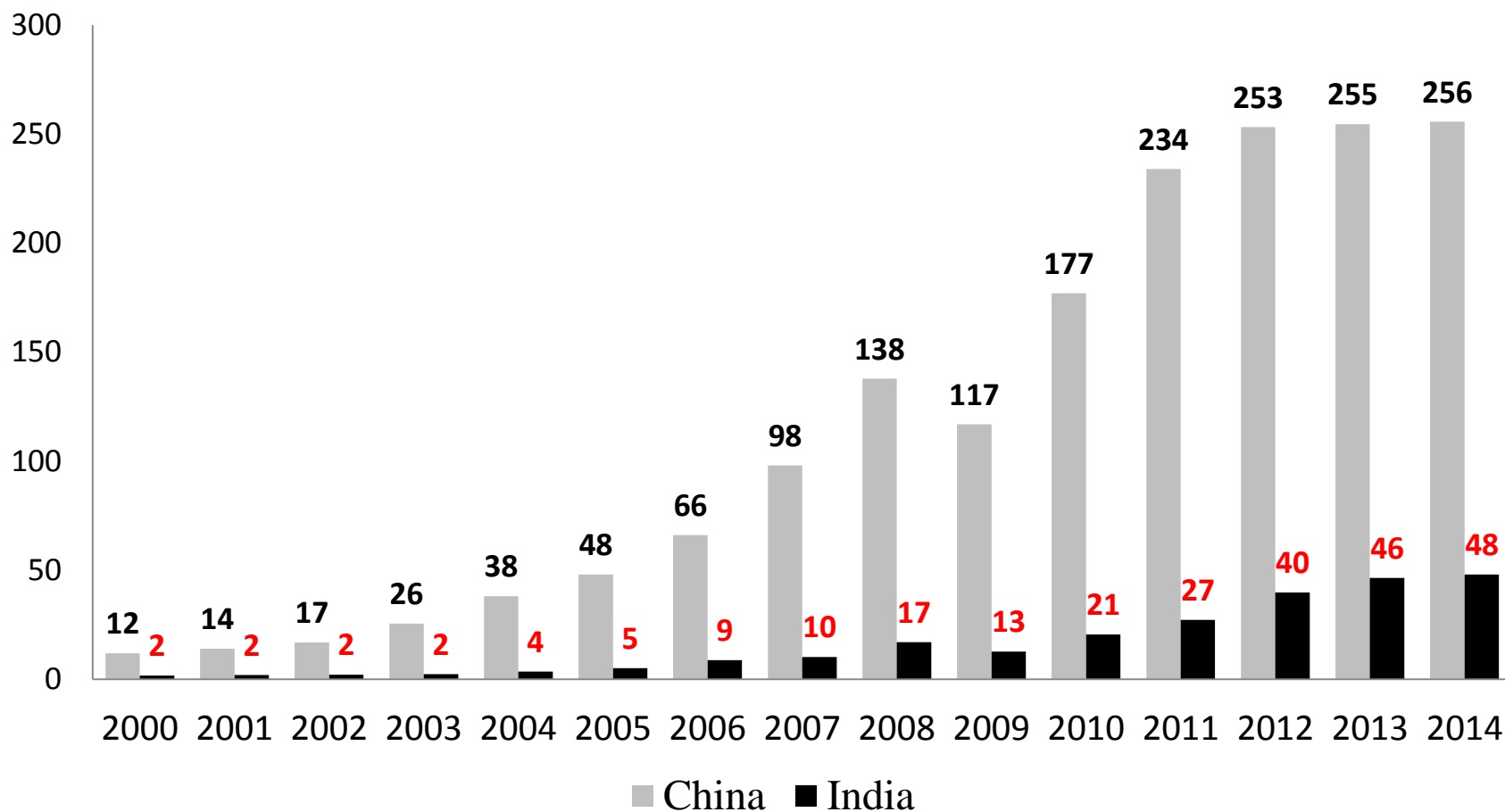
Rank	India's exports		India's imports		Bilateral trade	
	Country	Value	Country	Value	Country	Value
1	Brazil	39.9	Venezuela	58.3	Brazil	69.9
2	Mexico	12.8	Brazil	30.3	Venezuela	60.3
3	Colombia	7.4	Chile	19.5	Mexico	32.0
4	Chile	4.6	Mexico	19.2	Chile	24.1
5	Argentina	4.3	Argentina	12.3	Colombia	18.5

80.2%

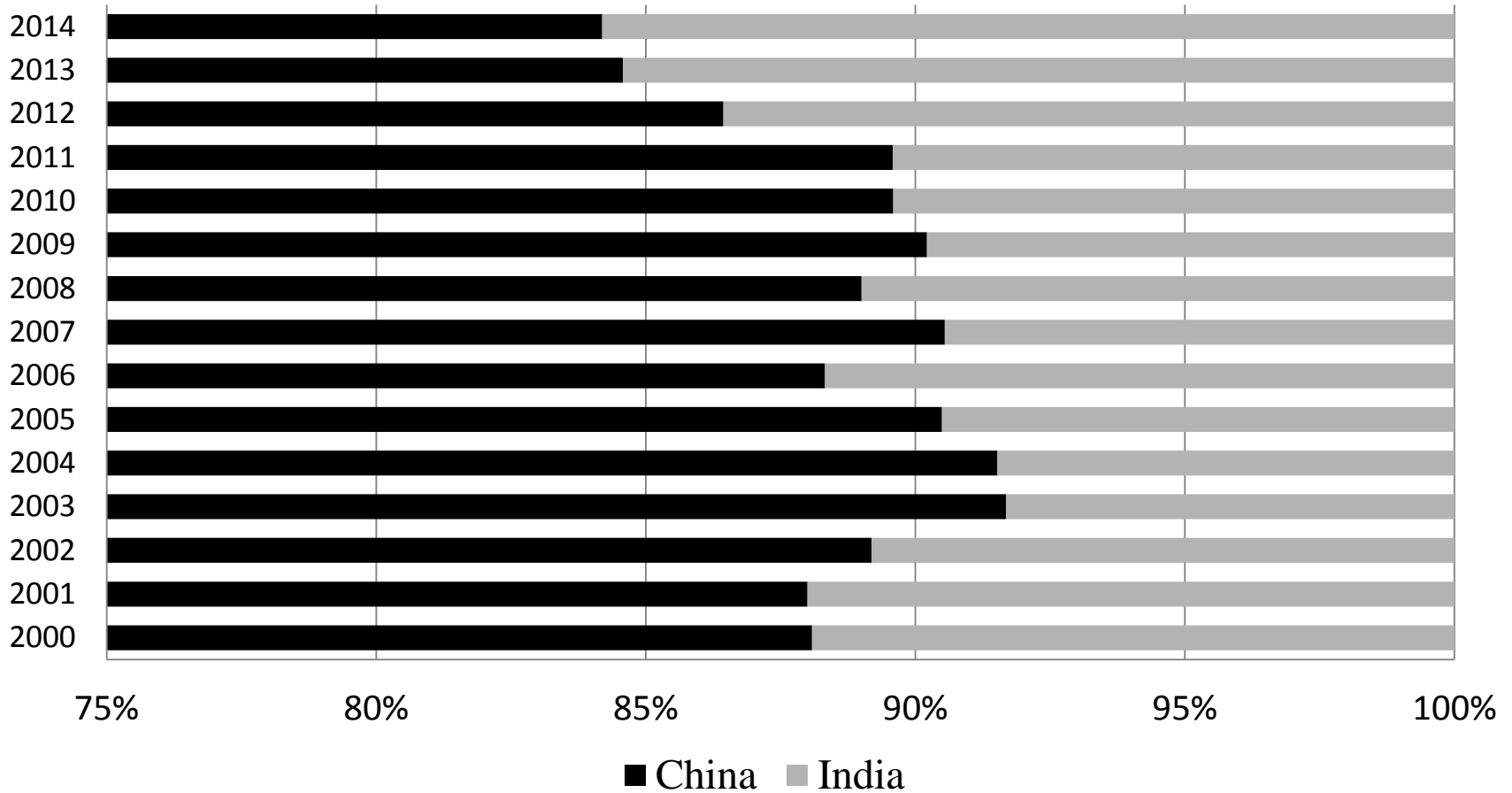
86.4%

82.9%

Total merchandise trade of China and India with 21 Latin American countries, 2000-2014 (USD billion)



Total merchandise trade of China and India with 21 Latin American countries, 2000-2014



Latin American countries for which India was more important trading partner than China

Period	Exports of goods	Imports of goods (1 country)
2000- 2014	—	Panama

Sino-Latin American relations in the 21st century

- China signed free trade agreements (FTA) with Chile (2005), Peru (2009), and Costa Rica (2010).
- 2007-2015 – nine China-Latin America business summits were held.
- 2015 – the China-CELAC (the Community of Latin American and Caribbean States) Forum was set up.
- USD 120 billion in the form of low-interest loans to Latin American countries since 2005.
- China-Latin America trade relations are strengthened during high-level visits.

Development of bilateral ties between China and Latin America in the years 2001-2014

Year	Chinese authority	Visited countries
2001, April	President Jiang Zemin	Chile, Argentina, Uruguay, Brazil, Cuba, Venezuela
2003, December	Prime Minister Wen Jiabao	Mexico
2004, November	President Hu Jintao	Chile, Brazil, Argentina, Cuba
2005, September	President Hu Jintao	Mexico
2008, November	President Hu Jintao	Peru, Costa Rica, Cuba
2009, February	Vice President Xi Jinping	Mexico, Jamaica, Colombia, Venezuela, Brazil
2010, April	President Hu Jintao	Brazil
2011, June	Vice President Xi Jinping	Cuba, Uruguay, Chile
2012, June	Prime Minister Wen Jiabao	Brazil, Uruguay, Argentina, Chile
2013, May/June	President Xi Jinping	Trinidad and Tobago, Costa Rica, Mexico,
2014, July	President Xi Jinping	Brazil, Argentina, Venezuela, Cuba

Indo-Latin American relations in the 21st century

- 1997 – India launched *Focus LAC* (Latin America and the Caribbean) programme.
- Development of cooperation with Brazil: IBSA (India-Brazil-South Africa), 2003; BRICS (Brazil-Russia-India-China-South Africa), 2006
- 2004 – preferential agreement with MERCOSUR (Argentina, Brazil, Paraguay, Uruguay, Venezuela)
- 2006 – preferential agreement with Chile.

- Latin American countries benefit from trade with China. However, expansion of China's goods causes displacing LA products from LA markets; Chinese products compete with LA products in the international market; increasing dependency of LA economies on China's economy.
- India exports to LA mainly product components not final products. Trade with India increases LA competitiveness in in the international market and doesn't displace domestic products in LA markets.

Conclusions

- The European Union is the largest trading partner for Africa.
- The EU increased its advantage over the United States in trade with Africa but it has been steadily losing its advantage over China.
- Since 2010, China has been more significant trading partner for Africa's 34 least developed countries than the EU.

Conclusions

- The EU is still the second important trading partner for Latin America.
- However, China's trade with South America surpassed the EU's one in 2014 and China has been more important trading partner for Central America than the EU since 2010.
- In the years 2000-2014, the EU to a great extent lost its market share in Latin America than in Africa.

Conclusions

- It seems that
 - in Africa the EU-led trade liberalization and its EPAs lose with China's trade and aid policy, and South-South cooperation.
 - in Latin America the EU's trade policy lose with China's trade and development aid policy.

Conclusions

- In the 21st century, the American influence on the African continent was undermined by Asian giants.
- The US ceased to be a second important trading partner for Africa in 2009 and a third in 2014.
- The Asian giants have been systematically increasing their advantage over the EU and the US in merchandise trade with the poorest African countries.
- Africa does not play important role in the merchandise trade of the United States.

Conclusions

- Latin America is not only more significant market for Chinese commodities than Africa but also more important source of natural resources for China than the African continent.
- In the years 2000-2014, India-Africa bilateral trade surpassed India-Latin America one more than two times, but Latin America has become more and more important source of goods for India.

The causes of China's and India's trade expansion in Africa and Latin America

- Changes in policies (China's „going out”),
- Development of economic cooperation (South-South cooperation) and technical cooperation.
- Development of trade relations during high-level visits and economic forums (Forum on China-Africa Cooperation, India-Africa Forum).
- **Combining trade arrangements with investment and foreign aid policy.**

Conclusions

- The winner of the Sino-Indian trade competition both in Africa and LA is China.
- China is diplomatically more active and invests more than India in both regions.
- China more intensively supports domestic companies which trade with Africa and LA and provides more development assistance to its African and Latin American trading partners than India.

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