

Trade between China and Africa hits record in 2021

Rising commodity prices helped drive a 35 per cent rise in two-way flows, to US\$254b last year

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Trade between China and Africa reached an all-time high in 2021 of US\$254 billion – a 35 per cent year-on-year increase surpassing pre-Covid-19 numbers, according to the latest customs data.

China exported US\$148 billion in goods to Africa, up 29.9 per cent on 2020, while receiving US\$106 billion in imports from the continent – a rise of 43.7 per cent – in a year of recovery from the effects of the coronavirus.

Trade dropped 11 per cent year-on-year in 2020 to US\$187 billion – after growing 2 per cent to US\$208.7 billion the previous year – in the wake of tough pandemic control measures imposed across the world, including border and movement restrictions.



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ECONOMIST CHARLES ROBERTSON

South Africa took the lion's share of the China trade, with US\$54 billion last year, followed by Nigeria at US\$26 billion, Angola on US\$23 billion and Egypt with US\$19 billion.

The Democratic Republic of Congo – where China gets most of its cobalt, an essential component of batteries for electric vehicles, as well as smartphones, tablets and laptops – was in fifth place, at US\$14 billion.

Analysts attributed last year's better trade numbers to Beijing's recent push to boost African imports, as well as higher commodity prices, which started recovering in late 2020.

"Africa had one of the strongest trade performances versus China of all regions in the world,"

said Mark Bohlund, a research analyst at REDD Intelligence.

"The growth in China's imports from Africa and exports to Africa are likely to moderate in 2022 due to weaker growth after the 2021 economic recovery and less support from rising commodity prices.

"The Chinese efforts to boost imports from Africa of agricultural and other goods is likely to take time to deliver substantial results."

Charles Robertson, global chief economist at investment bank Renaissance Capital, said increased medical equipment supplies from China to Africa might also have played a role.

"China's exports also rose, as rising African debt levels allowed imports of investment goods," he said.

Most domestic exports to Africa are finished products – from textiles to electronics – while African sales to China are generally raw materials and unprocessed products, resulting in a trade surplus in China's favour.

To help balance trade, President Xi Jinping promised in November to grow the value of imports from Africa to US\$300 billion in the next three years.

In a speech to the Forum on China-Africa Cooperation, he said Beijing would open "green lanes" for African agricultural exports to the continent. Further, Beijing would offer US\$10 billion in trade finance to support African exports.

A number of countries have signed recent deals allowing the export of African agricultural products such as chilli peppers, cashew nuts and spices to China.

Moritz Weigel, founding director of the Germany-based firm China Africa Advisory, said that in addition to rising commodity prices, the growth in trade volume between China and African countries was a rebound effect from the disruption of supply chains in 2020.

"African exports to China will continue to increase and diversify in 2022, with agricultural products gaining more importance," he added.