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China isn't the only Asian country expanding its trade with Africa

By Phillip Meng

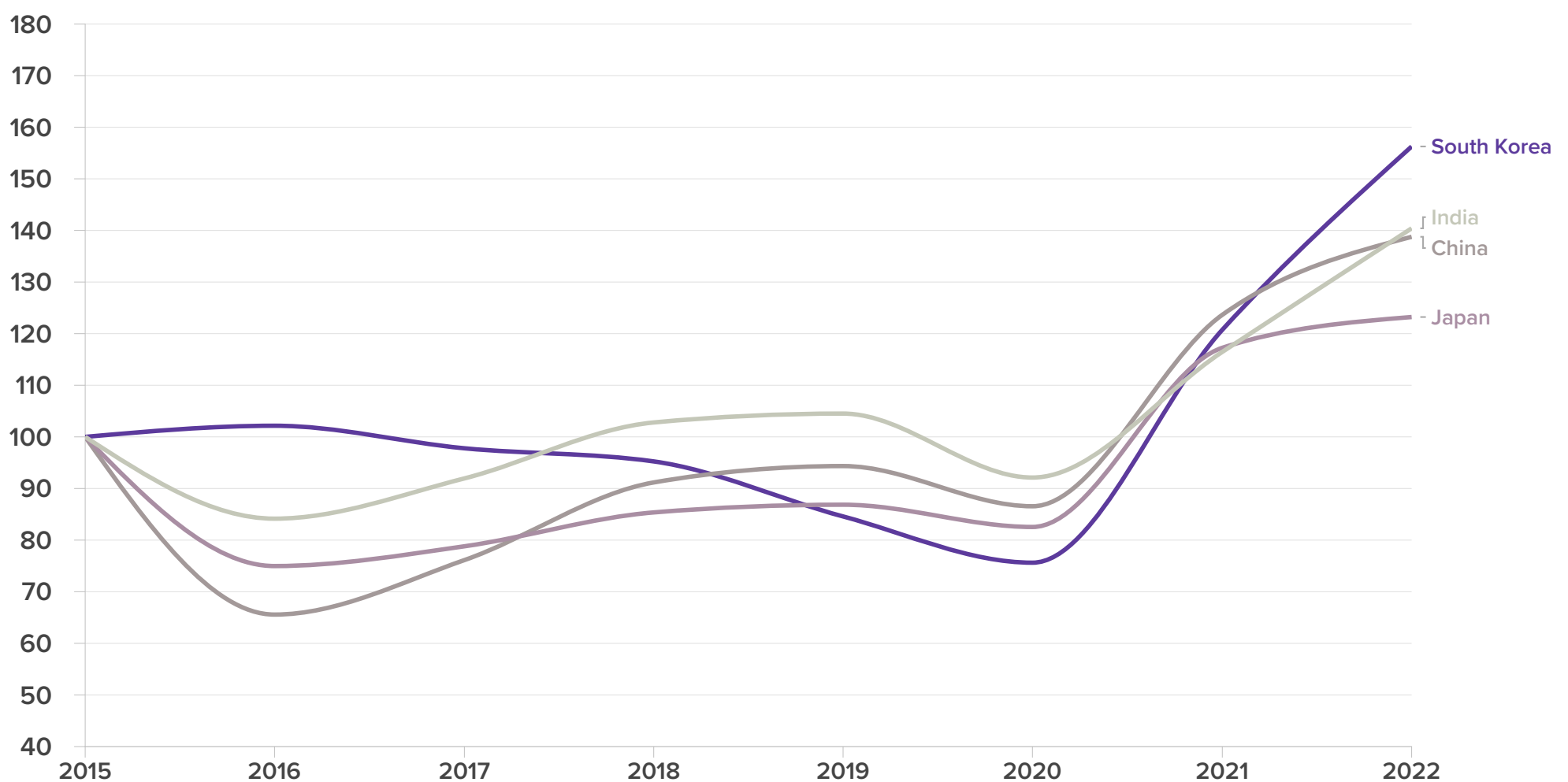
When it comes to Asia-Africa trade, many think of China first. But Beijing is not the only country growing ties. Take South Korea, traditionally a minor partner to the continent. In recent years, Seoul has accelerated trade, investment, and development initiatives—expanding trading volumes significantly. For African economies, this means another potential partner—and an alternative source of financing—as the continent seeks jobs for its growing population. And it is welcome news in Washington, which has long encouraged its Asian allies to adopt more proactive foreign policies to counterbalance China's growing power in the developing world.

In 2022, year-over-year growth of bilateral trade volumes was 29 percent, totaling over \$20 billion:

Africa's Pivot to Asia

Percentage growth in trade volumes with African trading partners 2015=100

 **Atlantic Council**
GEOECONOMICS CENTER



Source: UN COMTRADE, Korea Customs Service, Japan Customs and Tariffs Bureau, China-Africa Research Initiative, Indian Ministry of Commerce, PRC General Administration of Customs

From South Korea's perspective, growing engagement in Africa is part of what President Yoon Suk-Yeol calls becoming a "global pivotal state." It helps to diversify supply chains, expand in new markets, and enhance Seoul's soft power. In its latest bid to expand ties this month, the Yoon administration **unveiled the K-Ricebelt initiative** to boost rice production in eight African states.

Meanwhile, Yoon will host African heads of state and heads of government in a "**Korea-Africa Special Summit**" next year. While South Korea hosts a number of ministerial-level summits—including Korea-African Union Policy Consultation Meetings and the Seoul Dialogue on Africa—the upcoming event will add leader-level engagement to the mix. In this sense, South Korea is following neighbors like China, which has organized the leader-level Forum on China-Africa Cooperation since 2000.

Alternatives to Beijing?

Booming trade between South Korea and Africa is only one example of a broader pattern. While China has historically accounted for the largest share of trade growth between Africa and Asia, trade has also grown rapidly with other major economies in Asia. India has emerged as a particularly important partner. Since 2000, India-Africa trade has grown more than twenty-fold to over \$97 billion in bilateral trading volumes, now exceeding that with the United States.

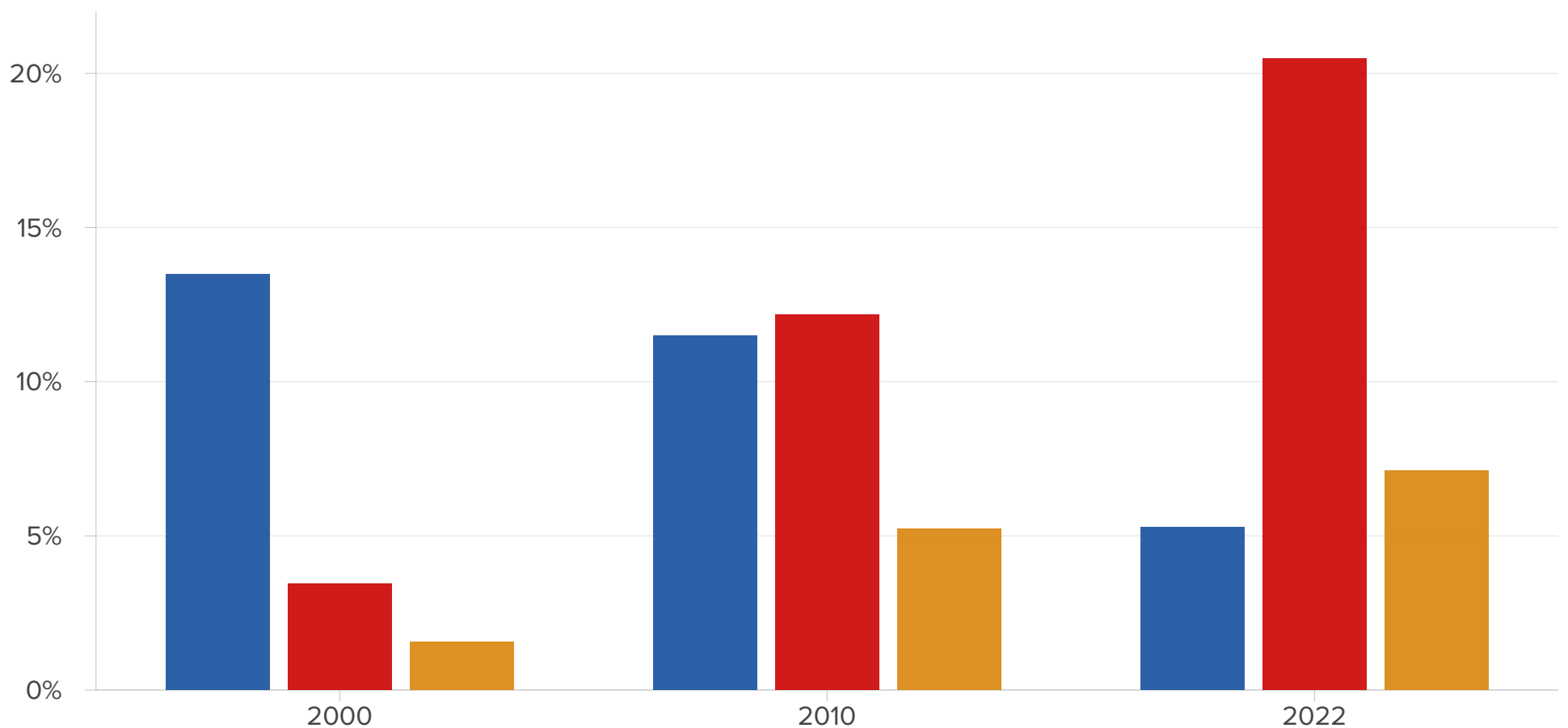
African trade patterns with these other partners are similar. As is the case for China, countries like India and South Korea mostly import raw materials (especially fuels and commodities) from Africa, while exporting more manufactured goods. But there are key differences. Unlike with China, these trade relationships with Africa are also considerably more balanced. Africa's \$47 billion trade deficit with China in 2022 (16.7 percent of total trade volume) far exceeded its \$4.5 billion (4.6 percent) and \$1.7 billion (9.6 percent) deficits with India and South Korea, respectively.

Rising Tide

Share of total African trade volume (imports and exports)



US China India



Source: US Census Bureau, PRC General Administration of Customs, China-Africa Research Initiative, India Ministry of Commerce, IMF Direction of Trade Statistics • Note that India data is by financial (not calendar) year

Moreover, these partners may become more important to African economies if Chinese engagement ebbs. There are some warning signs. First, China's fragile economic recovery from the COVID-19 pandemic has dampened demand for imports: African imports **fell by 11.8 percent year-over-year** in the first four months of 2023. In the longer term, slowing economic growth and demographic stagnation will likely reduce Chinese demand for African commodities. Second, China has **scaled back** development lending amid increasingly unsustainable debt loads in Africa. That means fewer infrastructure projects to increase economic connectivity. If this month's China-Africa Economic and Trade Expo is any guide, these headwinds are already weighing on the dealmaking environment. The **\$10.3 billion in deals** at the Expo was less than half the volume of those signed in 2021.

China remains Africa's largest trading partner by far in terms of total volume. But there is pressure on that relationship. If Beijing steps back, other parts of Asia are ready to go.

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