



Lessons Learned: the Chinese approach to doing business in Africa

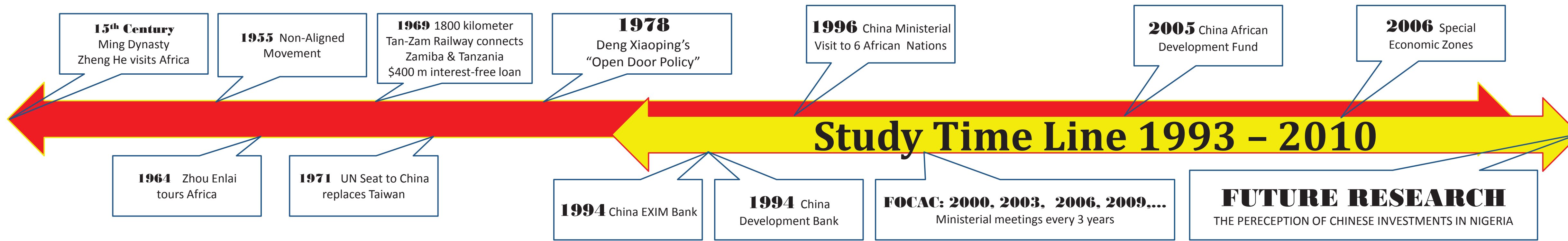


Presented by Abbey Wemimo

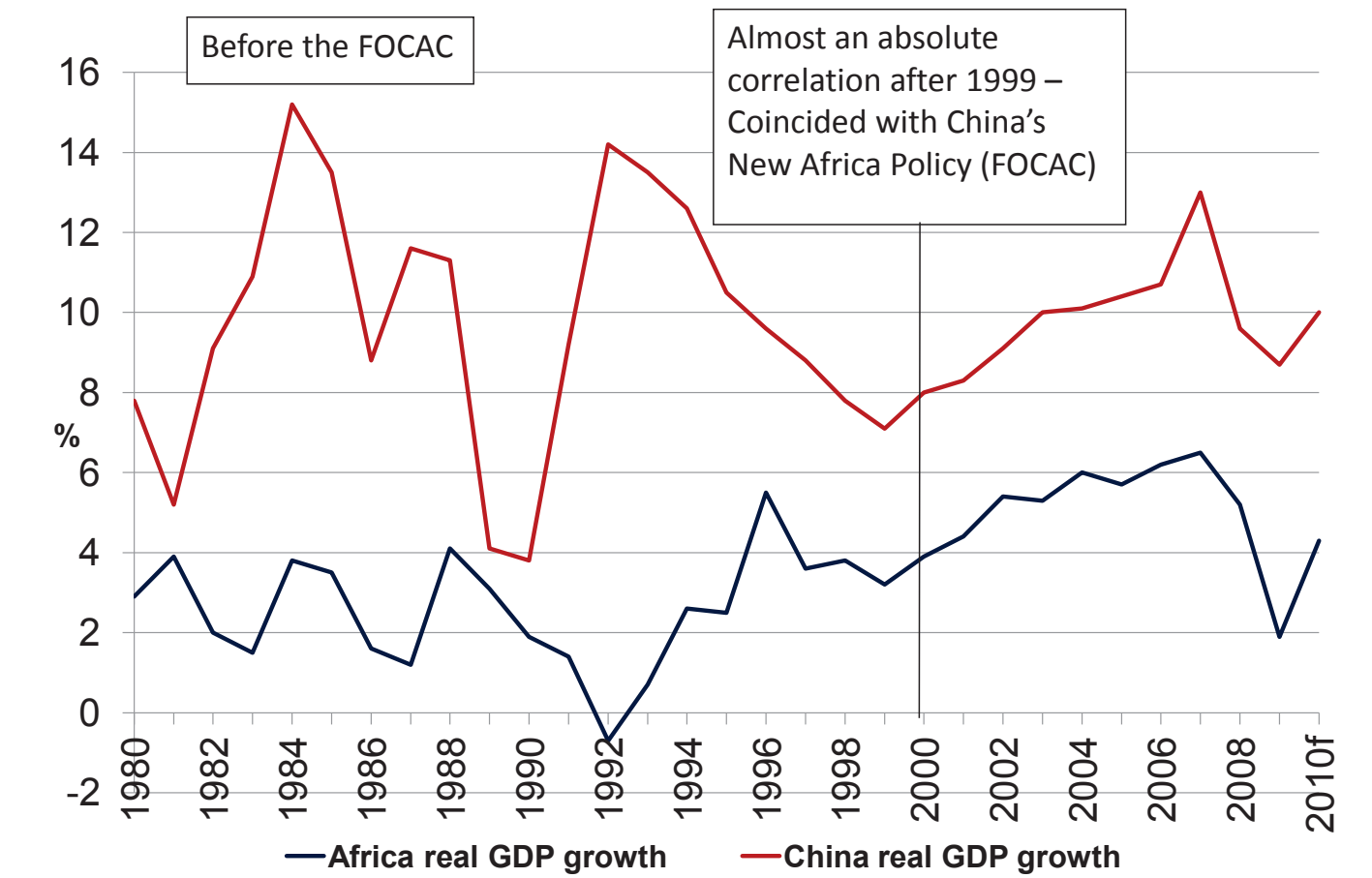
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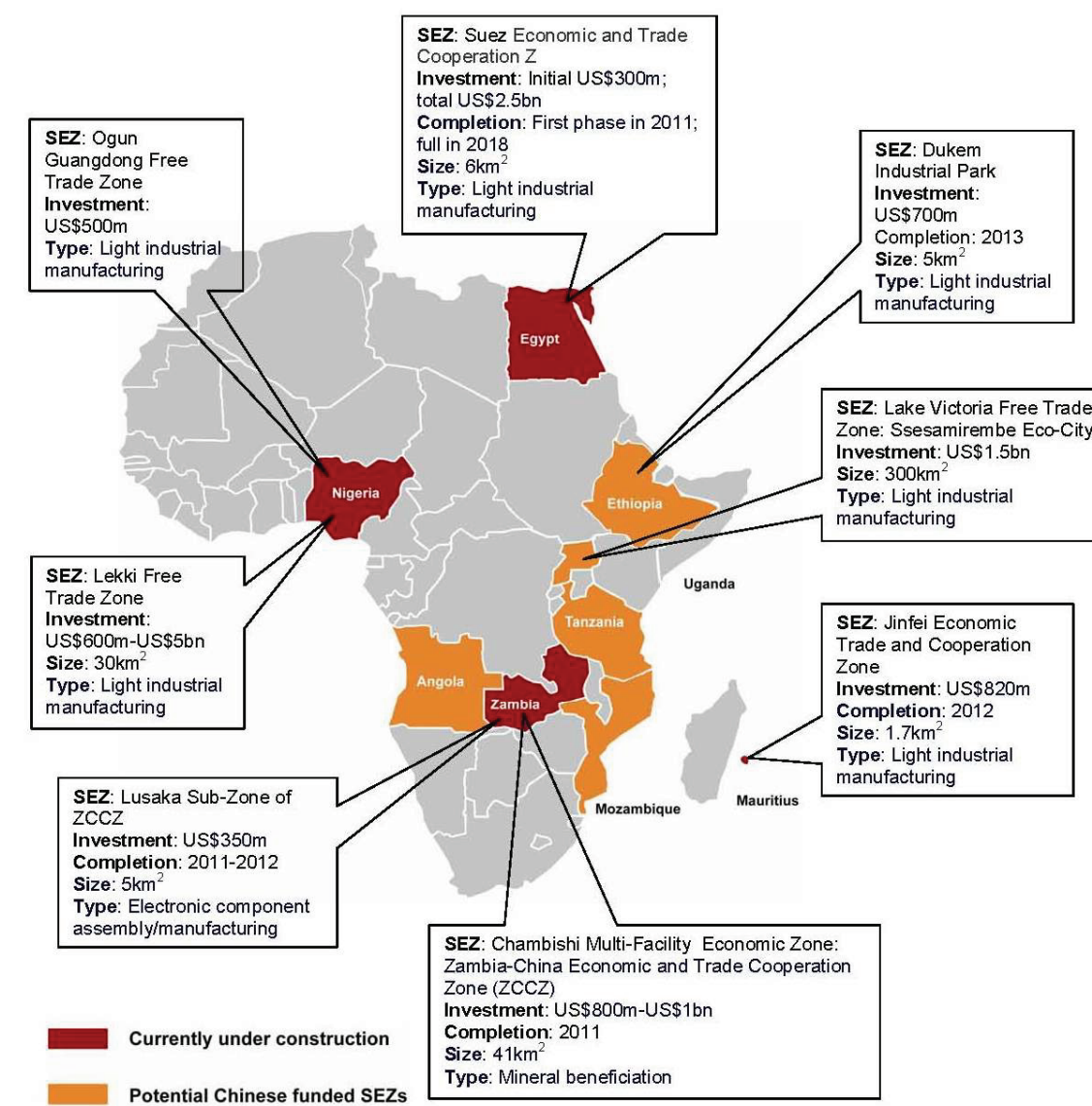
Effects of the FOCAC Policies in Africa



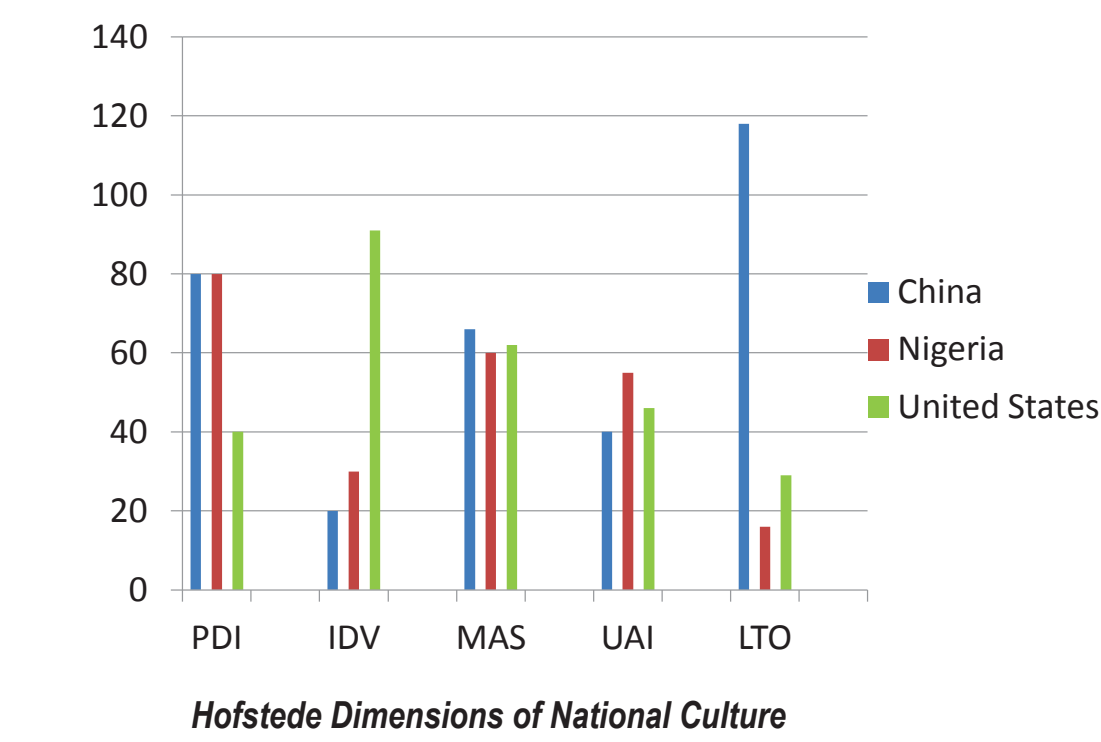
ABSTRACT

China's political and economic approaches in Africa have been under serious scrutiny. Its influence on the global and political stage is stronger than ever. Today, China is Africa's largest trade partner. Several studies have revealed prosperous Chinese investment in Africa, unprecedented benevolence, and a niche market for investment and trade. Absent from the literature, however, are lessons learned on Chinese culture, history, and its approach to doing business in Africa. This study fills this void by not only examining previous engagements and the cultural components, but also factors that influenced the Chinese Model of Development in Africa from 1993 to 2010, a time of heavy Chinese investment in Africa.

Special Economic Corporation Zones in Africa

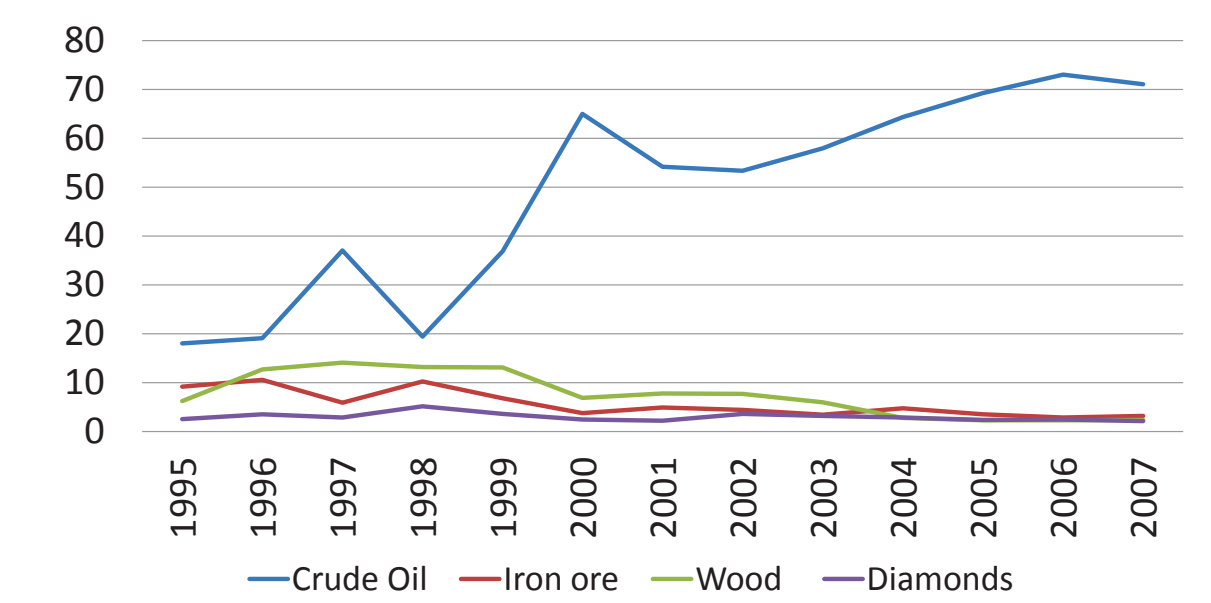


Cultural Comparisons



PDI-Power Distance- unequal power distribution
 IDV-Individualism- members' interdependence
 MAS-Masculine/Feminine-gender dependence/what motivates people
 UAI-Uncertainty Avoidance-avoid unknown situations
 LTO -Long -Term Orientation-future orientated
 Hofstede operational definitions

China-Africa Trade Profile



- 70% of exports made up of crude oil
- 80% of all exports constituted crude oil, iron ore, wood, and diamonds (highly concentrated)

Purpose of Study

The goal of this study is to examine the market-based policies of Chinese-African relations from 1993-2010.

Methods

Secondary Research through:

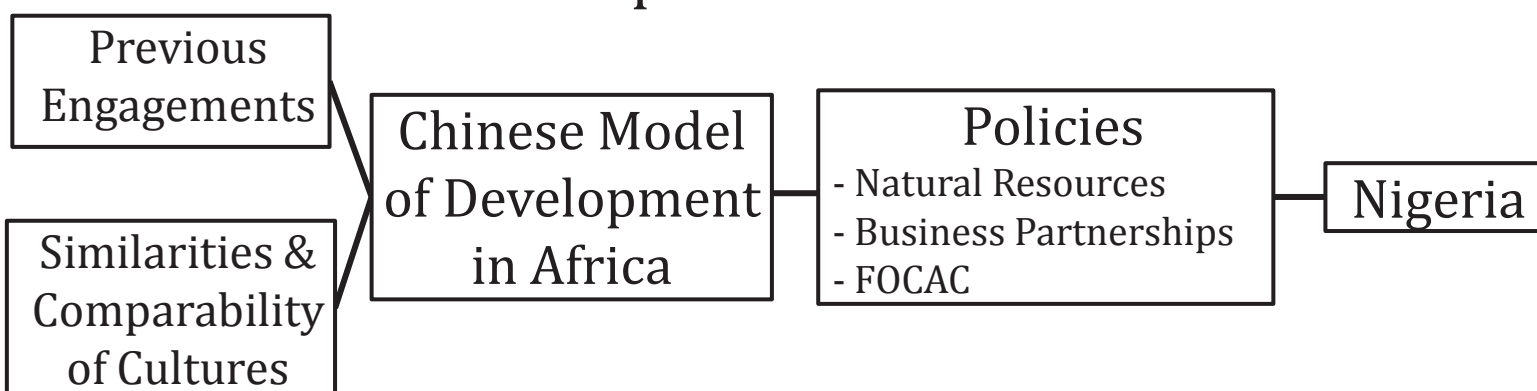
- Scholarly articles and journals from academic databases (Ebsco, Proquest, African Journals Online, etc.), award winning books including "The Dragon Gift" (the most quoted China and Africa book).
- Annual reports published by the World Bank that coincide with the study period covered (1993-2010).
- The Center for Chinese Studies Stellenbosch South Africa was used to examine recent China Africa relations.
- Nigeria's GDP from 1960 - 2010 was obtained from the African Development Bank.

Summary of Findings

The Chinese Model of Development; Threats and Benefits		
Policies		Impacts
Business Partnerships	Benefits	1 FDI - Foreign Direct Investment 2 Affordable concessional loans to foster economic growth 3 Infrastructural development
	Threats	1 Outbid local companies on projects 2 Cheap Chinese products displace existing local producers 3 Secret deals discourage competition
	Natural Resources	1 Exchanged for technical assistance 2 Lowering the cost infrastructure 3 Chinese demand for natural resources help foster economic growth in Africa
FOCAC	Threats	1 Land acquisition by the Chinese 2 Low social and environmental standards 3 Barter trade which discourages competition
	Benefits	1 Collective consultation and dialogue 2 Economic policies to foster growth (i.e. CADF) 3 "Win-Win" mutually beneficial trade
	Threats	1 Lack of transparency discourages competition from other countries 2 Dictate contract terms 3 Comparative advantage in trade

Objective

Conceptual Framework



- Chinese policies in relation to the natural resources in Africa.
- Chinese organizational partnerships with African businesses.
- The effects of the Forum on China Africa Corporation (FOCAC) policies in Africa.
- Nigeria as a case study with a special emphasis on the GDP.

Future Direction

- The Chinese Model of Development has proven to be highly productive and beneficial to both regions.
- Education should be the paramount Chinese investment in Africa.
- Policies put in place should be of long-term focus.
- **FUTURE RESEARCH:** The Perceptions of Chinese investments in Nigeria .

Grateful appreciation to too many to acknowledge here: advice, proofing, and invaluable direction on this project means more than I can adequately express - Abbey
 Special thanks for poster design assistance by Donna M. Malarkey