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The relationship between the European Union and Africa: does China jeopardize it?

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Structure of the presentation

1. Research objective
2. The EU-Africa and the China-Africa relations
3. Motivations behind the cooperation with Africa
4. Empirical analysis: the difference between the EU and China
 - Hypothesis tests
 - Correlation analyses
5. Conclusions

1. The aim of the paper

To determine the similarities and the differences between the EU and China while they build their relations with Africa.

→ theoretical background reflects to key differences

2. The EU-Africa and the China-Africa relations

- EU-Africa
 - Lomé Conventions (1975-2000, -2007)
 - Cotonou Partnership Agreement – Economic Partnership Agreements (2000-2008)
 - Development aid
- China-Africa
 - Bandung Conference I and II (1955, 2005)
 - China's modern Africa Policy (2006)
 - Aid, debt-cancellation, bilateral trade agreements

3. Motivations

	the European Union	China
Political motivations	<ul style="list-style-type: none">• preserving colonial relations• building up democracy• preserving influence	<ul style="list-style-type: none">• human rights (allies)• non-recognition of Taiwan• global role
Development motivations	<ul style="list-style-type: none">• development• providing aid for development• eradication of poverty	<ul style="list-style-type: none">• investment in infrastructure• no poverty issues
Economic motivations	<ul style="list-style-type: none">• trade• natural resources• FDI	<ul style="list-style-type: none">• natural resources (oil hunger)• trade (gaining market)• FDI

4. Empirical analysis: the difference between the EU and China

- 34 Sub-Saharan African countries
- 11 indicators (commercial, macroeconomic and political)
- 1995-1998; 2005-2008; 2009-2010
- Hypothesis tests: 2 paired t-tests and an independent samples t-test
- Correlation analyses

Hypothesis tests

- *Paired t-tests*: whether Sub-Saharan Africa's trade with the EU and China was significantly increased in recent years
- *Independent sample t-test*: whether the EU and China make a distinction between the countries that have oil resources and those that not (1995-98: 5 oil-countries; 2005-08 and 2009-10: 7 oil-countries)

Results – paired t-test I.

	t-test sig. 1995-98 / 2005-08		t-test sig. 2005-08 / 2009-10	
Export of SSA countries to the EU	0.000	Significant increase	<u>0.611</u>	No significant difference
Import of SSA countries from the EU	0.000		<u>0.446</u>	
Total trade of SSA countries with the EU	0.000		<u>0.199</u>	
Export of SSA countries to China	0.000		0.006	Significant increase
Import of SSA countries from China	0.000		0.000	
Total trade of SSA countries with China	0.000		0.000	

Results – paired t-test II.

	t-test sig. 1995-98 / 2005-08		t-test sig. 2005-08 / 2009-10	
The EU 's share of the SSA countries' total export	<u>0.083</u>	No significant difference	<u>0.164</u>	No significant difference
The EU 's share of the SSA countries' total import	0.001	Significant decrease	0.012	Significant decrease
China 's share of the SSA countries' total export	0.000	Significant increase	0.004	Significant increase
China 's share of the SSA countries' total import	0.000		0.004	

Results – independent sample t-test

	t-test sig. (in all three periods)	
SSA countries' export to the EU	< 0.05	Trade values are significantly higher with the oil-countries than with the not net oil-exporters
SSA countries' import from the EU	< 0.05	
SSA countries' export to China	< 0.05	
SSA countries' import from China	≥ 0.05	No significant difference

Correlation analyses

- Whether similar or different factors (GDP, GDP per capita, distance, etc.) play greater role in trade with the EU and China
- Compare the economic powers to each other
- Investigate the changes happened between the periods

Results – correlation 1995-98

SSA countries'	export to the EU	import from the EU	export to China	import from China
GDP	++	++	+	++
GDP per capita		+	+	
trade openness				
ECI				
population	+			+
political stability				
distance from China				
distance from Germany				

Results – correlation 2005-08

SSA countries'	export to the EU	import from the EU	export to China	import from China
GDP	++	++		++
GDP per capita	+			
trade openness			+	
ECI			+	
population	+	+		+
political stability				
corruption index				
distance from China				
distance from Germany				

Results – correlation 2009-10

SSA countries'	export to the EU	import from the EU	export to China	import from China
GDP	++	++	+	++
GDP per capita				
trade openness				
ECI				
population	+	+		+
political stability				
corruption index				
distance from China				
distance from Germany				

5. Conclusions

- The most important factors of the trade relations are the market potentials and the oil capacity of the African countries
- Democracy and freedom is not as important as we expected in the EU-Africa relations
- **There is no significant difference between the Western and Eastern presence**



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