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Highlights

Highlights of GAO-13-199, a report to congressional requesters

February 2013

SUB-SAHARAN AFRICA

Trends in U.S. and Chinese Economic Engagement

Why GAO Did This Study

Since 2001, China has rapidly increased its economic engagement with sub-Saharan African countries. The United States has increased aid to sub-Saharan Africa and in 2010 provided more than a quarter of all U.S. international economic assistance to the region. According to some observers, China's foreign assistance and investments in Africa have been driven in part by the desire for natural resources and stronger diplomatic relations. Some U.S. officials and other stakeholders also have questioned whether China's activities affect U.S. interests in the region.

GAO was asked to review the nature of the United States' and China's engagement in sub-Saharan Africa. This report examines (1) goals and policies in sub-Saharan Africa; (2) trade, grants and loans, and investment activities in the region; and (3) engagement in three case-study countries—Angola, Ghana, and Kenya. GAO obtained information from, among others, 11 U.S. agencies, U.S. firms, and host-government officials. GAO was not able to meet with Chinese officials. GAO did not include U.S. and Chinese security engagement in the scope of this study.

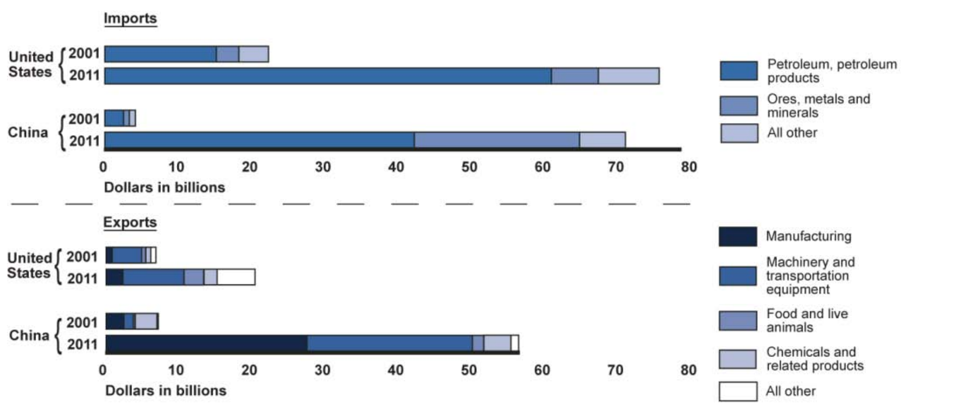
View GAO-13-199. To view a supplemental report with more details on case-study countries see GAO-13-280SP. For more information, contact David Gootnick at (202) 512-3149 or gootnickd@gao.gov.

What GAO Found

The United States and China have emphasized different policies and approaches for their engagement with sub-Saharan Africa. U.S. goals have included strengthening democratic institutions, supporting human rights, using development assistance to improve health and education, and helping sub-Saharan African countries build global trade. The Chinese government, in contrast, has stated the goal of establishing closer ties with African countries by seeking mutual benefit for China and African nations and by following a policy of noninterference in countries' domestic affairs.

Both the United States and China have seen sharp growth in trade with sub-Saharan Africa over the past decade, with China's total trade in goods increasing faster and surpassing U.S. trade in 2009. Petroleum imports constitute the majority of U.S. and Chinese imports from sub-Saharan Africa, with China also importing a large amount of other natural resources. China's exports of goods to the region have grown and far exceed U.S. exports of goods. Information on other key aspects of China's engagement in sub-Saharan Africa is limited in some cases, since China does not publish comprehensive data on its foreign assistance or government-sponsored loans to the region. Data-collection efforts focused on specific countries, as GAO's case-study analysis shows, can provide further insights but do not fully eliminate these information gaps.

U.S. and Chinese Imports from, and Exports to, Sub-Saharan Africa, 2001 and 2011



Source: GAO analysis of UN data.

Both the United States and China chiefly import natural resources from sub-Saharan Africa, but data from Angola, Ghana, and Kenya suggest that U.S. and Chinese patterns of engagement have differed in other respects. The United States has primarily provided grants to Kenya for health and humanitarian programs. Data from Ghana and Kenya suggest that China has provided much smaller amounts of grant assistance and pursued increasing engagement through loans for large-scale infrastructure projects. Information from Angola, Ghana, and Kenya indicates that direct competition between U.S. and Chinese firms is limited, with U.S. firms concentrated in higher-technology areas. Further, differences across the three countries suggest that host-government requirements, such as regulations on hiring local labor, influence Chinese and U.S. firms' engagement in each case-study country.