LOCAL OPERATIONS OF CHINESE CONSTRUCTION FIRMS IN AFRICA: AN EMPIRICAL SURVEY

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Abstract
Over the past decade, Chinese construction activity in Africa has been dramatically enhanced with the launch of China’s ‘going out’ national strategy and the support and coordination of the Chinese government, business associations, and banks, and with innovative financing approaches such as Angola Mode. Based on original empirical data collected through interviews and questionnaire surveys, this paper analyzes the local operations of Chinese construction firms (CCFs) in the African construction market. It provides a descriptive profile of CCFs in terms of project pursuit, procurement of materials and equipment, workforce composition, financing sources, technology practices, environmental and social safeguards, and language barriers. The study offers a unique look into the behaviour of a cross-section of the largest players from the Chinese construction industry at a time when they are expanding aggressively beyond their traditional home market. The article also characterizes indirectly the expanding but complex African construction market.

Keywords
Africa, Chinese construction firms, procurement, workforce, technology transfer, environmental issues

INTRODUCTION

According to the IMF’s Direction of Trade Statistics, by 2005, the total value of trade between China and Africa reached US$36 billion, up from less than US$10 billion in 2001 (see Figure 1). Africa’s exports to China comprise mainly oil, minerals and other natural resources such as timber, needed to fuel the dramatic growth of China’s manufacturing sector. China’s exports to Africa comprise mainly manufactured consumer goods. China’s share of Africa’s trade has jumped from 2 to 6 percent, making it the continent’s third largest trading partner after the United States and France (Alden and Rothman, 2006). Complementing the growth in trade has been an expansion of Chinese foreign direct investment (FDI) in Africa, particularly in the natural resources sector. According to the Ministry of Commerce, the volume of Chinese FDI in Africa has escalated from around US$50 million per year in the early 2000s to around US$400 million per year in 2004-05. According to Broadman (2006), Chinese FDI is concentrated in the natural resource sector and Sudan was the largest recipient in 2004.

The drivers of this phenomenon are multifaceted. There is no doubt that “China’s increasing need for energy sources and raw materials to fuel its rapidly growing economy” (CCS, 2006) is principal among these. Nonetheless, others are also important. In particular, “Chinese leaders and strategists believe China’s historical experience and development model resonate powerfully with African counterparts, thereby creating a comparative advantage vis-à-vis the West” (Gill et al., 2006, v). They also believe that “Africa is on the verge of a developmental takeoff” (ibid.).