



China Increasingly Turns to Africa for Agricultural Products

OE Watch Commentary: China's push to increase economic ties with Africa is reflected in the accompanying article, partially excerpted here, from *The East African* website that describes how "the effects of the trade war between the US and China have spilled over into East Africa as Beijing starts looking to the region as one of its alternative soybean sources."

Initially, China turned to Brazil for help, but Brazil's supplies were found to be insufficient for China's demand. As a result, China found east Africa, where suppliers were happy to divert their soybeans from African markets to the better paying Chinese one. With China purchasing so much of the soybean crop, prices for the local African users of the commodity have shot up 25 percent in a matter of months. African food processors, whose businesses operate on low profit margins, are finding it difficult to survive in this environment. Besides the higher cost of the product, it is also more difficult to obtain, with companies such as Rwanda-based African Improved Foods, which imports much of its soybeans from Uganda and the Democratic Republic of the Congo, operating below capacity.

China imports a great many other natural resources from Africa, especially minerals for its manufacturing sector. Therefore it already had significant experience in meeting some of its needs through importing African resources, helping to pave the way for it to import yet another commodity, this time soybeans. Other articles have discussed China's burgeoning investment in African agriculture for additional commodities besides soybeans as it looks for new suppliers. **End OE Watch Commentary (Feldman)**

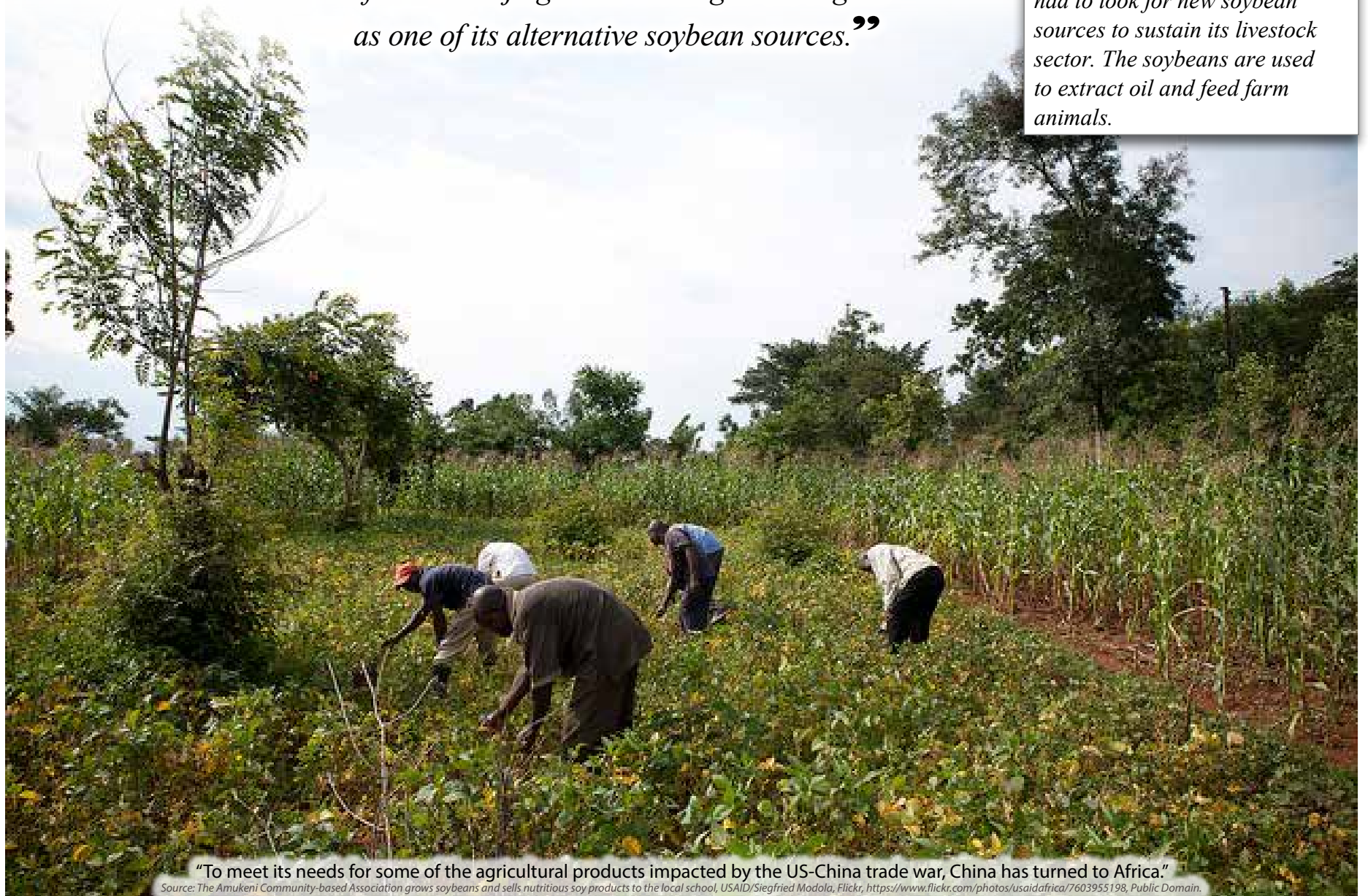
"The effects of the trade war between the US and China have spilled over into East Africa as Beijing starts looking to the region as one of its alternative soybean sources."

Source: Moses K. Gahigi, "Africa, China Buys Up East African Soybean," *The East African*, 12 December 2018. <https://www.theeastafrican.co.ke/business/China-buys-up-East-Africa-soybean/2560-4891734-isa07jz/index.html>

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In retaliation to the US's imposition of punitive tariffs of \$34 billion on Chinese goods, Beijing imposed 25 per cent duty on soybean imports from the US in July, causing major shocks in the global market.

With the tariff war, Beijing has had to look for new soybean sources to sustain its livestock sector. The soybeans are used to extract oil and feed farm animals.



"To meet its needs for some of the agricultural products impacted by the US-China trade war, China has turned to Africa."
Source: The Amukeni Community-based Association grows soybeans and sells nutritious soy products to the local school, USAID/Siegfried Modola, Flickr, <https://www.flickr.com/photos/usaidafrika/7603955198>, Public Domain.