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Exploring the overlooked diversity of Chinese investments in Africa in the pre-BRI era

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Abstract

China's Belt and Road Initiative (BRI) was officially launched in 2015. The expanding BRI-driven investments in Africa have been fiercely criticized particularly from the West, mainly for China's alleged self-interest in seeking and ensuring access to natural resources on site. The focus on the Chinese investments in Africa since BRI is, however, too narrow to evaluate Chinese firms' economic engagement in Africa. It is important to look back on Chinese investments in Africa in the pre-BRI era. Against this background this note fills a literature gap by providing an overview based on analyzing a comprehensive FDI project database provided by China's Ministry of Commerce (MOFCOM) for the period from 2004 to 2014. We find that Chinese investments were actually more diversified in the pre-BRI era – as to investing firms, host countries and targeted industries – than usually perceived by the public. Overlooking the diversity of Chinese investments in Africa may lead to a biased judgement that neglects the relevance of China's private investments and business engagement on site.

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1 Introduction

The Chinese government officially launched the Belt and Road Initiative (BRI) in 2015.[1] BRI aims at significantly improving the connectivity between Asia, Europe and Africa and strengthening the partnerships among the BRI countries (NDRC et al. 2015). In line with the Chinese government's BRI ambition, the annual amount of Chinese investments flowing into Africa achieved USD 3.5 billion on average in the years 2015-2019[2], about 23% higher than that in 2007-2014[3] (USD 2.9 billion) (MOFCOM et al. 2007-2019). China's share in the annual incoming investments in Africa increased from an average of 5.4% in 2007-2014 to 7.7% in 2015-2019 (MOFCOM et al. 2007-2019; UNCTAD 2024), signaling Chinese investors' relatively stronger willingness to invest in Africa in the BRI period than before, compared to other investors. At the end of 2019, Chinese investments in Africa in stock amounted to more than USD 44 billion, an increase of 37% compared to that in 2014 (MOFCOM et al. 2007-2019).

With the increasing policy promotion for BRI, Chinese investments in Africa not only increased in 2015-2019 but also became more concentrated in the construction sector, including investments in infrastructure and facilities to support mining projects on site. The stock of Chinese investments in the construction sector in Africa in 2019 exceeded USD 13.5 billion, an increase of over 70% compared to the end of 2014. As a result, while Chinese investments in the construction sector were ranked second in a sectoral comparison in 2014 (25%), they clearly played a leading role in 2019 with a share of almost 31% of Chinese investment stock in Africa. Consistent with this development, resource-intensive African countries also became more attractive to Chinese investors in the BRI era than before. The Chinese investment stock in six out of nine resource-intensive African countries with a higher than 20% natural resource rents to GDP ratio of the year 2014 increased over time. One clear winner was the Democratic Republic of Congo, whose country share of Chinese investment stock in Africa almost doubled from 6.7% in 2014 to 12.6% in 2019. In contrast, the country share for South Africa, a country with a less than 5% natural resource rents to GDP ratio, decreased from over 18% to 13.8%.

Against this background, the BRI and the development of the BRI-related Chinese investments in Africa have received much attention but also criticism, particularly from the West, mainly for China's alleged self-interest in seeking and ensuring access to natural resources in Africa for its own economic development. While the academic and political focus on the BRI and on the most recent Chinese investments in Africa are for their topicality and their larger sizes understandable, such a focus without considering the development of Chinese firms' engagement in Africa in the pre-BRI era can also be too narrow to understand the motivation, distribution and development of Chinese firms' engagement in Africa. It is thus important to look back on Chinese investments in Africa in the pre-BRI era.

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[1] The General Secretary of the Chinese Communist Party Xi Jinping first announced China's plan for BRI during his official visit to Kazakhstan and to Indonesia in Fall 2013. BRI officially started in Spring 2015, when the key BRI plan document "Vision and Actions on Joinly Building Silk Road Economic Belt and 21st-Centruey Maritime Silk Road" was issued by the National Development and Reform Commission, the Ministry of Foreign Affairs and the Ministry of Commerce of China with the authorization from the State Council.

[2] To avoid the structural break caused by the COVID-19 pandemic in the years 2020-2022, the year of 2019 instead of 2022 is considered for the comparison here.

[3] The year of 2007 is the earliest possible year for using official statistics of Chinese outward investments for a comparison. The statistics before 2006 only included Chinese outward investments in non-financial sectors.

In fact, the Chinese government already initiated in 2000 the Forum on China-Africa Cooperation (FOCAC) to have regular dialogues with African countries to promote joint cooperation and development. With China's FOCAC arrangement, the action plans as well as the policy measures implemented within the framework, a general increase in Chinese investments in Africa has been observed since then.

Chinese investments in Africa in the pre-BRI era have received relatively limited academic attention so far. Previous studies mainly relied on small-scale and in-depth qualitative firm surveys or case studies on the one hand (e.g., Gu 2009, 2011; Song 2011) and macroeconomic statistics on the other hand (e.g., Kolstad and Wiig 2011; Cheung et al. 2012; Drogendijk and Blomkvist 2013; Ross 2015) for the analysis. These studies often suffer from methodological problems like small-sample bias or an overemphasis on the importance of capital-intensive investment projects in the investment statistics. Although there have recently been more relevant papers based on project-level investment data from China (e.g., Chen et al. 2018; Marukawa et al. 2014; Utesch-Xiong and Kambhampati 2021; Zhang et al. 2013), a comprehensive overview of Chinese investments in Africa covering all approved investment projects in the pre-BRI era is, to the best of our knowledge, still missing.

This note fills this gap by providing such an overview based on analyzing a comprehensive Foreign Direct Investment (FDI) project database provided by China's Ministry of Commerce (MOFCOM). We characterize the spatio-temporal development of Chinese investments in Africa, considering the relevance of the time, host country, sectoral and investor ownership dimensions of investment projects. This note can thus help improve the public's understanding of the often-neglected Chinese business engagement in Africa before the BRI.

The remainder of the paper is structured as follows: Section 2 introduces the data. Section 3 presents the empirical analysis and results. Section 4 concludes.

2 Data

The MOFCOM FDI project database (MOFCOM 2004a-2014a) includes all FDI deals of Chinese investors in non-financial sectors for the period from 2004 to 2014 that were required to register for official approval from MOFCOM.[4] For each approved investment deal, the database provides background information about the investing firm (firm name, home province), time of investment approval, host country, and the main business activities of the invested firms but no data on the investment size. Through the firm-specific information, whether firms are state-owned enterprises (SOEs) can be identified (NBSC 2003). We categorize FDI deals into different targeted industries based on the business activities of the invested firms on site.

There are two types of missing entries in the database. First, the database does not include Chinese investments in the financial sector, e.g., banking, since such deals had to be approved by a different Chinese authority but not by MOFCOM. Since the number of Chinese FDI deals in Africa's financial (banking) sector in our research period was very small[5], such missing entries in the project database have little impact on our analysis. Second, the database

[4] Due to regulatory changes of outward FDI registration in China in October 2014 (MOFCOM 2014b), the database does not register Chinese FDI deals in a systematic way after the regulatory change.

[5] Relevant new deals in the research period from 2004 to 2014 were two projects of the Bank of China to found affiliates in Kenya (2012) and Angola (2013) and the ICBC deal in 2008 (MOFCOM 2015b; Huang and Shen 2017).

does not include FDI projects that were not required to register for official approval.[6] These are generally small projects that tend to be carried out by non-SOEs in less capital-intensive industries. Thus, while our study makes a significant step forward to learning more about the diversity of Chinese investments in Africa beyond what the FDI macroeconomic statistics can tell, the diversity, in reality, is expected to be even higher than being reflected in the data analyzed here.

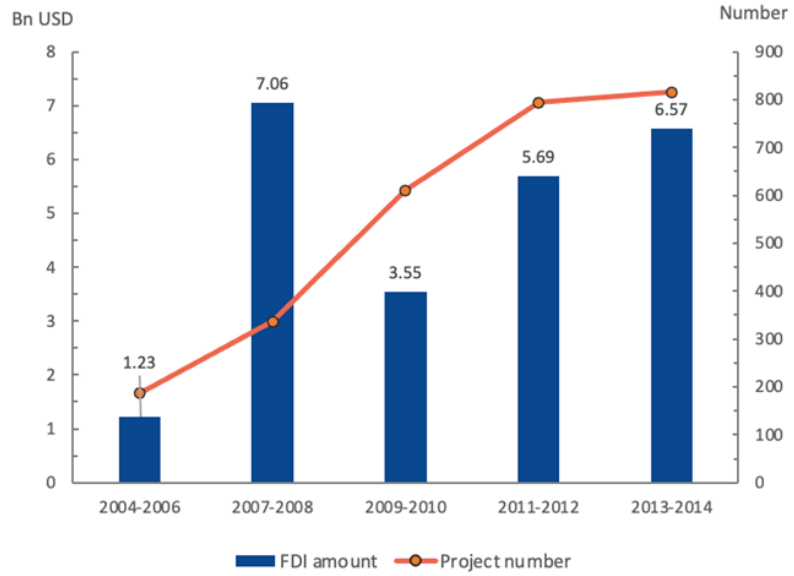
3 Findings

Our statistical analysis of the MOFCOM FDI project database leads to seven key findings. They provide insights into how Chinese investments in Africa developed over time and how diversified they were across countries and targeted industries in the pre-BRI era. We group the FDI project data into five periods[7] to reduce data volatility caused by individual, exceptional FDI deals in certain years.

Finding 1: Number of Chinese FDI projects in Africa increased over time

In total, there were 2,742 new FDI projects from Chinese investors in Africa over the research period 2004-2014. While Chinese investments in value terms based on official financial statistics increased generally but with a decline between 2007-2008 and 2009-2010, the number of FDI projects of Chinese investors in Africa increased continuously over time. The number of FDI projects increased from 187 in the first period to 815 in the last period (Figure 1). The continuous increase in the number of Chinese investment projects in Africa reflected China's and Chinese firms' continuously rising interest in doing business in Africa.

Figure 1: Overall development of Chinese investments in Africa



Sources: MOFCOM (2004a-2014a) ; MOFCOM et al. (2007-2019) for FDI amounts.

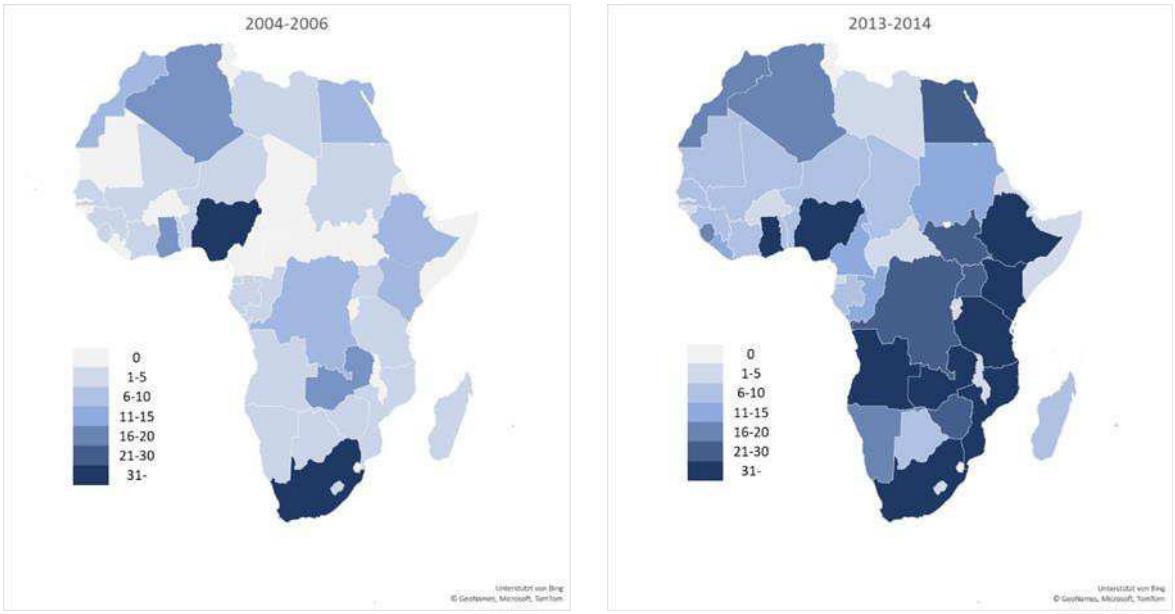
[6] In addition to small-scale projects and investment projects in the financial (incl. banking) sector that were not monitored by MOFCOM (2004b, 2009b), investment projects of investors who have (illegally) circumvented the complicated and time-consuming approval processes, and projects financed by retained foreign earnings abroad are not included in the database (Rosen and Hanemann 2009).

[7] The first period covers three years, while the other four periods cover two years each. In this way, data of all years provided in the database can be used for the analysis.

Finding 2: Number of African countries hosting Chinese FDI projects increased over time

Along with the continuously increasing number of Chinese FDI projects in Africa, more and more African countries hosted these projects over time. In 2004-2006, the 187 registered FDI projects were distributed across 35 of 54 African countries, leaving 19 African countries without new FDI projects from China in that period. The number of African countries without new FDI projects dropped continuously period by period, to only 5 African countries in the last period 2013-2014 (Figure 2).

Figure 2: Number of Chinese investment projects by African countries: 2004-2006 vs. 2013-2014



Sources: MOFCOM (2004a-2014a).

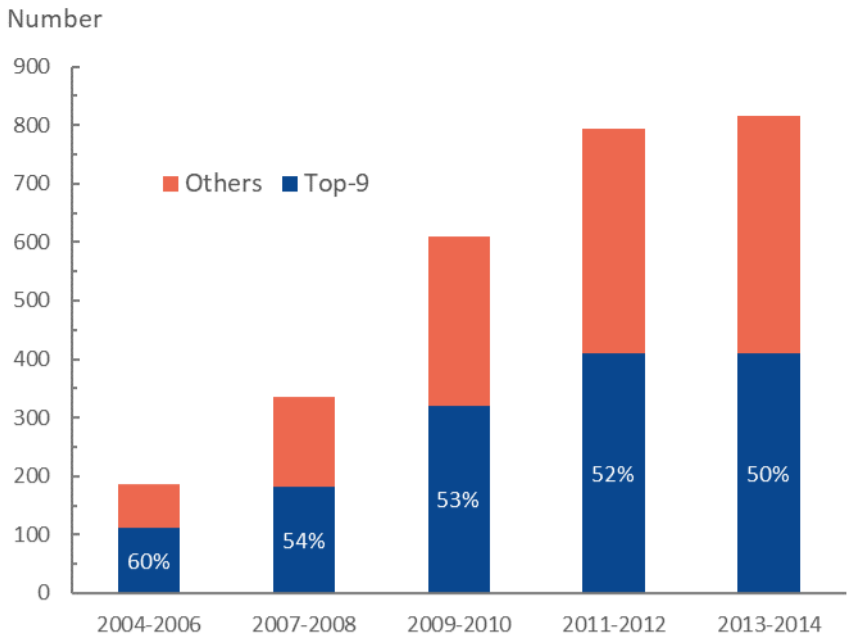
Finding 3: Chinese investments were less concentrated by number than by value across countries and the project-level geographic concentration decreased over time

African countries differed substantially from each other as to their attractiveness to Chinese investors. The Top-9 countries that each received more than 100 FDI projects from Chinese investors from 2004 to 2014 were Nigeria (287), South Africa (208), Zambia (180), Ethiopia (151), Tanzania (144), Ghana (140), Egypt (108), Kenya (108) and Angola (107). Jointly, they hosted 1,433 of 2,742 Chinese FDI projects (52%) in the research period. The annual share decreased, in fact, from 60% in 2004-2006 to 50% in 2013-2014 (Figure 3).

These Top-9 countries were, however, not the nine countries that received the largest amounts of Chinese FDI flows to Africa from 2004 to 2014 according to China's annual investment statistics. The Top-9 countries according to the investment amounts accounted for 69% of the accumulated Chinese FDI flows to Africa in this period but only 43% of the Chinese FDI projects (MOFCOM et al. 2007-2019).

Such share differences suggest that there was a much lower concentration of Chinese investment engagement in Africa when considering the distribution of FDI projects than that of FDI amounts. In other words, the portfolio of African countries as host countries for Chinese FDI projects was actually more diversified than usually assumed on the basis of the distribution of invested capital. And the project-level geographic diversification increased over time.

Figure 3: Number of Chinese investment projects in Africa: Top-9 countries (according to the number of projects) vs. others



Sources: MOFCOM (2004a-2014a).

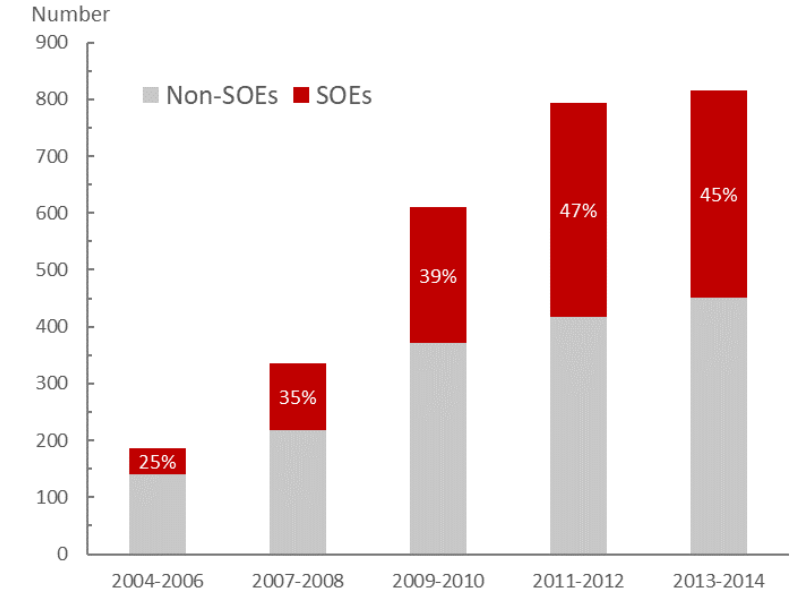
Finding 4: There were more non-SOE projects than SOE projects in Africa, with the former more concentrated in the Top-9 countries[8] than the latter

About 25% of FDI projects were carried out by SOEs in 2004-2006 (Figure 4). Although the SOE share did increase over time, they did not play a dominant role over the whole research period. There were a greater number of FDI projects from non-SOEs to explore business opportunities in Africa. The country coverage for both SOE and non-SOE projects increased over time, with the increase for the former clearly more substantial. While SOE (non-SOE) projects were concentrated in only 20 (32) countries in 2004-2006, they covered 47 (42) of 54 African countries in 2013-2014.

The non-SOE FDI projects were more concentrated in the Top-9 countries than their SOE counterparts. For both types of investors, the concentration of the FDI projects in the Top-9 countries was lower in the last period of 2013-2014 than in the first period. The decline was stronger for SOEs, however (Figure 5). Non-SOEs may tend to invest in Top-9 countries where there were already other Chinese firms on site or the local institutional, economic and labor conditions were more favorable for their projects (e.g., Gu 2009; Ramasamy et al. 2012; Song 2011; Zhang et al. 2013). SOEs may be more open to investments outside the Top-9 countries for (geo-)political reasons or for their larger state-supported capabilities to deal with higher risks due to, for example, the less favorable local conditions and institutions in these other countries (e.g., Ramasamy et al. 2012; Zhang et al. 2013).

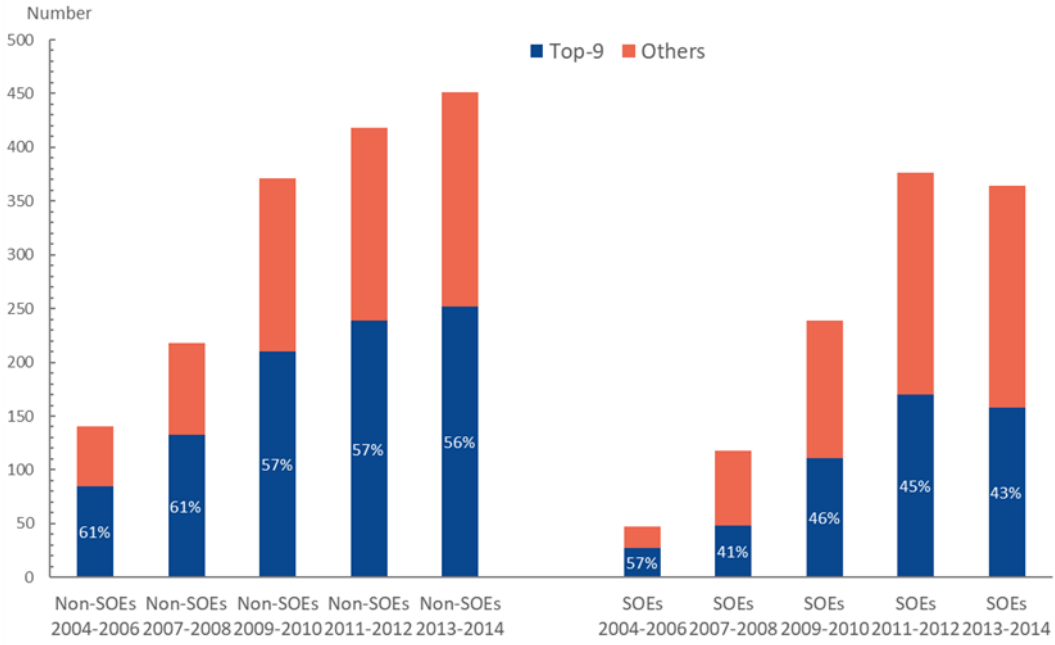
[8] Hereafter, unless otherwise mentioned, the term "Top-9 countries" refers to the nine African countries hosting more than 100 new Chinese FDI projects from 2004 to 2014.

Figure 4: Number of Chinese investment projects in Africa: SOEs vs. Non-SOEs



Sources: MOFCOM (2004a-2014a).

Figure 5: Number of Chinese investment projects in Africa: Top-9 countries vs. others and SOEs vs. Non-SOEs



Sources: MOFCOM (2004a-2014a).

Finding 5: Chinese firms invested in a wide range of sectors in Africa, with SOEs and non-SOEs favoring different targeted sectors

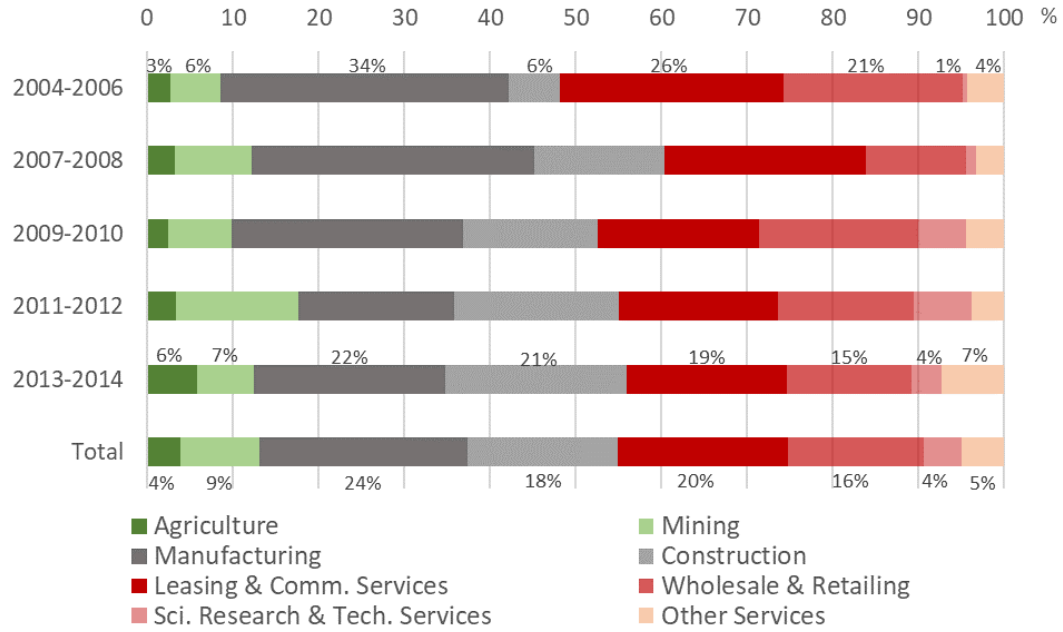
The sectoral distribution of Chinese FDI projects in Africa was more diversified than suggested by the macroeconomic financial statistics, according to the latter about 25% of Chinese investments in Africa (in stock) targeted the construction industry and the mining industry in 2014, respectively (MOFCOM et al. 2014). The tertiary (services) sector, in fact, received the largest number of FDI projects from China, followed by the secondary sector

(manufacturing and construction) and the primary sector (agriculture and mining). The dominance of the service sector slightly decreased over time, however (Figure 6).

Grouping the FDI projects by using a more detailed sectoral classification, 24% of the 2,742 FDI projects were invested in the manufacturing sector, followed by leasing and commercial services (20%), the construction sector (18%), and the wholesale and retailing sector (16%). The mining sector only hosted 9% of all Chinese FDI projects in Africa. Against this background, the usual perception of Chinese investments as mainly resource-seeking is thus biased to some extent.

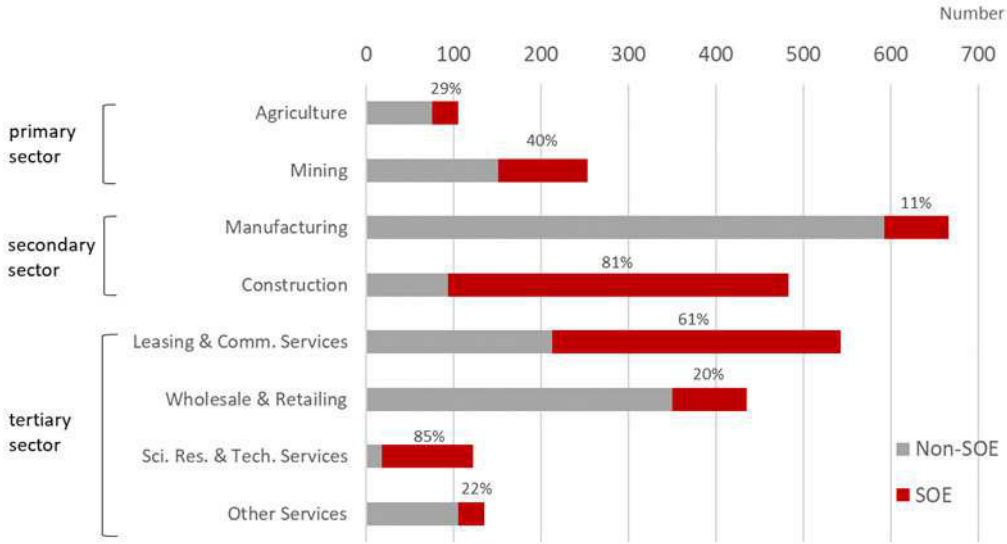
Chinese SOEs and non-SOEs in Africa tended to target different sectors. SOEs were responsible for disproportionately high shares of FDI projects in the construction sector, in leasing and commercial services, as well as in scientific research and technical services, with the latter often providing scientific and technical services to support the mining and construction projects on site. In the other industries, particularly in the manufacturing sector and in wholesale and retailing, non-SOEs played a dominant role (Figure 7).

Figure 6: Chinese investment projects by sector and year period



Sources: MOFCOM (2004a-2014a).

Figure 7: Number of Chinese investment projects by sector: SOEs vs. non-SOEs



Sources: MOFCOM (2004a-2014a).

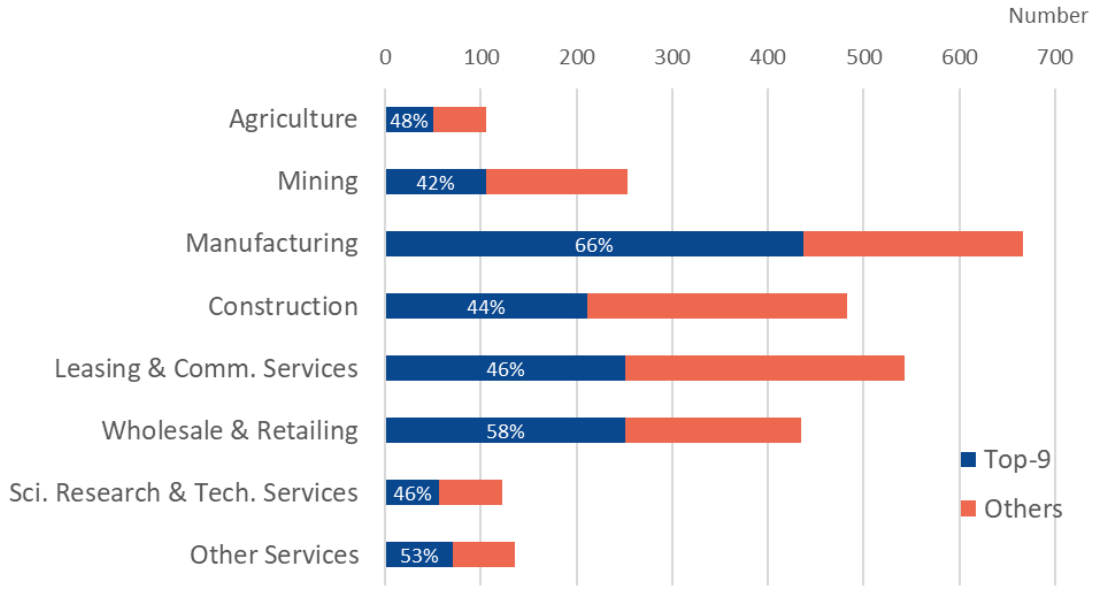
Finding 6: Top-9 countries received disproportionately high shares of FDI projects in all sectors, particularly in manufacturing and wholesale & retailing

Finding 3 and Finding 4 above show that Chinese FDI projects in Africa were concentrated in the Top-9 African countries (52%) and the concentration was higher for non-SOE projects (58%) than SOE projects (45%). In fact, such a concentration on the Top-9 countries as host countries is observed for all sectors. And the shares of FDI projects going to the Top-9 countries were the highest for the manufacturing sector (66%) and the wholesale and retailing (58%) where non-SOEs were particularly active as investors in Africa (Figure 8).

These countries had a larger-than-median economic size and a larger-than-median size of labor force in the research period. Eight of them had lower-than-median trade costs with China and six out of nine were resource-rich countries.[9] The high attractiveness of the Top-9 countries for Chinese investors is thus reasonable, considering the findings of previous studies, suggesting investors going abroad generally for market-, efficiency- and resources-seeking reasons.

[9] These are countries where the natural resource rents to GDP ratio is at least 10% (World Bank 2021b).

Figure 8: Sectoral distribution of Chinese investment projects: Top-9 countries vs. others



Sources: MOFCOM (2004a-2014a).

Finding 7: Host country features were more relevant for non-SOE investors for their location decision than for SOE investors

We carry out a simple country-level regression exercise using the fixed-effect Poisson estimator to learn more about the correlations between the number of China's FDI projects that the African countries received and their country characteristics, differentiating FDI projects by firm ownership and sector. We consider as explanatory variables the four abovementioned country features (market size, labor force, resource richness and bilateral trade costs with China) and control for African countries' institutional quality as to the rule of law, their political distance to China's global political preference and whether they host joint SEZs with China. A brief description of these variables is provided in Table 1. Year dummies are also considered in the regressions.

Table 1: Overview of the explanatory variables considered in the regression analysis

Variable	Description	Source
lnGDP	GDP (constant 2010 USD) in log	World Bank (2021a)
lnLabSize	Total labor force in log	World Bank (2021a)
Resource	Total natural resources rents in relation to GDP (%)	World Bank (2021a)
lnTradeCost	Bilateral trade costs with China (total estimates) in log	UNESCAP and World Bank (2017)
WGIrl	Worldwide governance indicator: Estimates for Rule of law	World Bank (2021c)
PolDist	Political distance to China's global governance preference based on countries' UN voting behavior	United Nations (2004-2014); Bailey et al. (2017)
SEZ	Number of joint special economic zones with China	Huang and Tang (2012); MOFCOM (2010b)

Results are presented in Table 2, with Table 2(a) and 2(b) presenting results for non-SOE and SOE FDI projects as dependent variables, respectively. Results for all non-SOE and all SOE FDI projects are presented in Col. (1). Results for non-SOE or SOE FDI projects in the primary, manufacturing, construction and services sectors are shown in Col. (2) to (5), respectively. Results in Table 2(a) suggest that non-SOE investors seem to be more motivated by their own business interests when carrying out investment projects in Africa. Countries' economic size is found to be significantly positively related to the number of non-SOE investment projects in general and to their project engagement in the primary and secondary industries in particular. Countries rich in resources generally hosted more non-SOE investment projects, particularly those in the construction sector. Countries' governance quality is significantly positively correlated with non-SOEs' investments in general and particularly in the manufacturing sector but not so for their other investments. Countries with a larger labor force or a higher level of resource intensity are found to host more non-SOE investments in the construction and services sector. While countries with joint SEZs with China seem to host more construction projects from non-SOE investors than other countries, non-SOE investments in general and in the services sector in particular are found to be more concentrated in countries without SEZ agreements with China.

For SOE investors (Table 2(b)), the four country features found to be generally relevant in the previous literature seem to play a less relevant role in their location decision. Countries' economic size is only significantly positively correlated with their investments in the manufacturing sector, while countries' resource intensity is significantly positively correlated with SOEs' investments in general and in their project engagement in the services sector in particular. Countries' governance quality is not found to be positively correlated with SOEs' investment projects in Africa at all. It is also worth noting that SOEs seemed to be more willing to invest in countries where no joint SEZ existed.

Table 2: Estimation results – projects by investor ownership and sector

(a) Projects from Non-SOEs

Y	Non-SOE all		Non-SOE primary		Non-SOE manufacturing		Non-SOE construction		Non-SOE services	
	(1)		(2)		(3)		(4)		(5)	
lnGDP	1.112	*	1.806	*	1.293	*	6.472	**	0.436	
	(0.599)		(1.067)		(0.781)		(3.046)		(0.971)	
lnLabSize	1.732		4.243		0.195		8.926	*	2.944	*
	(1.394)		(4.278)		(2.993)		(4.598)		(1.559)	
Resource	0.021	**	0.007		0.020		0.077	**	0.020	*
	(0.009)		(0.040)		(0.016)		(0.032)		(0.010)	
lnTradeCost	-0.017		0.439		0.280		-1.908	**	-0.295	
	(0.160)		(0.339)		(0.263)		(0.810)		(0.325)	
WGIrl	0.696	*	-0.434		0.832	*	0.997		0.669	
	(0.367)		(0.988)		(0.472)		(1.570)		(0.469)	
PolDist	0.047		0.310		0.029		-0.448		-0.174	
	(0.223)		(0.619)		(0.382)		(1.193)		(0.385)	
SEZ	-0.148	*	-0.257		0.065		13.601	***	-0.175	*
	(0.083)		(0.218)		(0.130)		(1.050)		(0.095)	
Year	yes		yes		yes		yes		yes	
Obs.	420		293		379		258		394	
Wald Chi2	482.09	***	237.73	***	635.64	***	4968.63	***	244.92	***

(b) Projects from SOEs

Y	SOE all		SOE primary		SOE manufacturing		SOE construction		SOE services	
	(1)		(2)		(3)		(4)		(5)	
lnGDP	1.172		1.943		4.617	**	1.576		0.172	
	(0.993)		(2.060)		(2.088)		(1.362)		(1.355)	
lnLabSize	0.033		-7.648		-0.713		0.262		-0.625	
	(1.917)		(8.841)		(5.420)		(3.044)		(2.255)	
Resource	0.022	*	-0.024		-0.019		0.021		0.031	**
	(0.013)		(0.058)		(0.043)		(0.016)		(0.015)	
lnTradeCost	-0.111		-0.464		-0.070		-0.284		-0.039	
	(0.307)		(0.510)		(0.967)		(0.423)		(0.380)	
WGIrl	-0.263		-2.314	*	-0.867		-0.578		0.164	
	(0.488)		(1.332)		(0.977)		(0.741)		(0.683)	
PolDist	0.130		0.769		1.746	*	-0.366		0.098	
	(0.346)		(0.590)		(0.998)		(0.533)		(0.456)	
SEZ	-0.369	*	-1.264	***	-0.692	**	-0.856	***	0.241	
	(0.202)		(0.436)		(0.323)		(0.261)		(0.537)	
Year	yes		yes		yes		yes		yes	
Obs.	404		240		249		388		394	
Wald Chi2	199.81	***	668.26	***	66.44	***	212.80	***	135.05	***

Notes: The regression analysis is based on the fixed-effect Poisson estimator for panel datasets. Table 2(a) and (b) present results for non-SOE and SOE FDI projects as dependent variables, respectively. Results for non-SOE or SOE FDI projects in total, in the primary, manufacturing, construction and services sectors are shown in Col. (1) to (5), respectively. All explanatory variables are with a one-year time lag. Robust standard errors are in parentheses.
*** p<0.01, ** p<0.05, * p<0.1.

4 Conclusions

China has intensified its economic engagement and influence globally since the turn of the 21st century. Its Going Global Policy has encouraged Chinese firms to invest abroad, including in Africa. Chinese official outward FDI statistics showed a generally increasing trend in China's investments in Africa since 2004, although African countries are still not (yet) among the most favored destinations for Chinese investments. Still, from an African perspective, China gained considerable importance over time as a major FDI sourcing country. While only 3% of Africa's total inward FDI came from China in 2007, the share rose to almost 6% in 2014 and more than 12% in 2018 (MOFCOM et al. 2007-2019; UNCTAD 2024).

China's Belt and Road Initiative (BRI) officially launched in 2015 has been often argued to play an important role behind the strong increase in Chinese investments in the Global South, incl. in Africa. The focus on the BRI and on the development of Chinese investments in Africa in the BRI era can, however, easily give an impression as if Chinese investments in Africa had always been seeking to ensure China's access to natural resources in Africa for its own economic development. It is thus not surprising that the BRI and the policy-driven expansion of Chinese investors' economic engagement in Africa have been fiercely criticized particularly from the West.

Therefore, it is important to also look back on Chinese investments in Africa in the pre-BRI era to better understand the motivation, distribution and development of Chinese firms' engagement in Africa. Despite the existence of a limited number of related empirical studies in

the pre-BRI era, a comprehensive overview of the development of Chinese firms' investment projects in Africa, considering their geographic, temporal, sectoral and ownership dimensions is missing.

This note fills this gap by providing such an overview based on analyzing a comprehensive FDI project database provided by China's Ministry of Commerce (MOFCOM) for the period from 2004 to 2014.

The analysis showed a continuously increasing number of FDI projects in Africa over time, from 187 new FDI projects in 2004-2006 to 815 new projects in 2013-2014. Such a continuous increase was not observed for the value of Chinese investments in Africa over the same period. Second, more and more African countries hosted Chinese FDI projects over time. While 35 of 54 African countries hosted new Chinese FDI projects in 2004-2006, there were only five African countries that did not receive any new FDI projects from China in 2013-2014. Third, the distribution of African countries as host countries for Chinese FDI projects was actually more diversified than has usually been assumed on the basis of investment values, and the geographic diversification of Chinese FDI projects further increased over time. Fourth, while Chinese SOEs as investors in Africa usually received much more attention from the public than Chinese non-SOE investors, it was actually non-SOEs that carried out the majority of FDI projects in Africa. Compared to non-SOEs, FDI projects of SOEs were less concentrated in the Top-9 host countries and the concentration rate decreased over time for both SOEs and non-SOEs. Fifth, in terms of the targeted industries, Chinese FDI projects in Africa were also found to be more diversified than suggested by investment values. The services sector was found to be the preferred target sector (45%), followed by the secondary sector (42%), with more projects going to the manufacturing sector than the construction sector. The mining sector only hosted 9% of all Chinese FDI projects in Africa. SOEs and non-SOEs were found to target different sectors, with the latter accounting for a disproportionately high share of FDI projects in manufacturing sector (89%) and in the wholesale and retailing sector (80%). Sixth, the Top-9 countries received disproportionately high shares of FDI projects in all sectors, particularly manufacturing (66%) and wholesale and retailing (58%), where non-SOEs were the dominant investors.

Last but not least, there is some empirical support suggesting that non-SOE investors seemed to be more motivated by their own business interests when making location decisions for their investment projects in Africa than their SOE counterparts. While the host countries' market size, labor force, resource intensity and trade costs with China were found to be significantly correlated with non-SOE investment projects in general or in specific sectors in particular, only market size and resource intensity are to some extent relevant for SOEs' investment decisions. The quality in the rule of law of the host countries was also found to be relevant for Chinese non-SOE investments (particularly in the manufacturing sector), while this was not the case for SOE investments.

In a nutshell, as shown in our analysis of MOFCOM's FDI project database, Chinese investments were actually more diversified – as to investing firms, hosting countries and targeted industries – than usually perceived by the public. China's increasing influence in Africa through Chinese investments on site in the pre-BRI era was promoted by Chinese policies but also driven by Chinese firms' own business interests. This is particularly the case for Chinese non-SOE investors in Africa. Before simply regarding China's large-scale BRI since 2015 and its expanding engagement in Africa as a threat to the West in global governance and further

developing alternative programs such as G7's B3W (G7 2021) and the EU's Global Gateway (EU Commission 2021) aiming at balancing China's influence in Africa and beyond, Chinese firms', particularly Chinese non-SOEs', motivation, engagement and impact over the past decades need to be considered more carefully. Overlooking the diversity in Chinese investments in Africa in the pre-BRI era may lead to a biased judgement that neglects the relevance of Chinese private investments and business engagement on site.

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Data availability

The MOFCOM FDI project dataset for the period 2004 – 2014 is publicly available via MOFCOM's official website. The macroeconomic data for the regression analysis were obtained from or calculated based on publicly available secondary statistics (Table 1).