The Impacts of Chinese Invested Special Economic Zones on African Economies, People, and Local Governments

This paper will examine the socio-political and economic impacts of China’s construction of Special Economic Zones (SEZs) in African countries. As China has become one of the world’s leading economies, in large part through its own SEZ programs, nations outside of the Asian continent have been privy to influxes of Chinese foreign direct investment (FDI) in production and business. Since 2011, the construction of seven SEZs in six African countries has been approved, all of which are intended to attract FDI through fiscal incentives and preferential policies. While Chinese officials have called the construction of SEZs a “mutually beneficial” strategy of engagement with the continent, some on the receiving end of the construction argue that Chinese labor and safety standards are lax and that Africans are witnessing a period of “neo-colonization” in which Chinese are capitalizing on African resources and gaining indirect political control.

When assessing whether the Sino-African experimental model of development cooperation is indeed mutually beneficial, it’s important to consider whether the political, social and economic challenges of China’s engagement outweigh the benefits. This paper will argue that Chinese SEZs only achieve success in nations with effective state capacity that are able to integrate the economic zones into the wider national economies in which they are based. To illustrate this argument, the state of low functioning or abandoned zones, such as the Jiangling Economic and Trade Cooperation Zone in Algeria, will be compared with those widely regarded as economic success, including the Egypt Suez Economic and Trade Cooperation Zone. Alternative statistical methods such as hypothesis tests will be used in the data analysis. The comparative analysis of these SEZs is expected to provide useful information for assessing the impacts of Chinese invested SEZs in Africa.