Title of Article: Multilateral Trading System and the Potential for Sino-African Trade

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Outlet: African Economic and Business Review Vol. 8, No. 2

Date: 2011

Abstract: The emergence of China as world trade power opens another channel of trade relations in Africa. Prior to 1994, China operated an inward looking, state controlled closed economy and only had to review her economic policies and thus gave priority to market forces since she became a member of WTO. This paper applies the extended gravity model to analyze the trend, intensity and potential of Sino-Africa trade and investigate the effect of multilateral trade system in influencing seeming changing pattern of African trade. Both Heckscher-Ohlin and the Linder hypotheses are tested. The model is tested on a sample of 30 African countries trading with China. A panel data analysis with time variant and time in variant variables are used to capture the relationships between relevant variables over time. The period of study is 1995-2007. Three methods of estimation were used: pooled OLS, Fixed Effect and H-T. The latter method was preferred and used. The paper shows that per capita income; per capita income differential, geographical distance and consumer price index are important determinants of bilateral export flows between China and the selected African countries. Our results support the Linder hypothesis. However, future research should envisage a more detailed study of the pattern of commodity trade between the two regions.