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Multi-Dimensional Analysis of China's Role in Advancing the E-commerce Ecosystem Development in Africa

Meiling Lu[1], Kouassi Noel ZOUZOU[2]

[1] Philippine Women's University, Manila, Philippines

[2] Université Félix-Houphouët-Boigny, Abidjan, Côte d'Ivoire

Abstract

This paper examines China's role in advancing e-commerce ecosystem development in Africa, focusing on digital infrastructure, technology transfer, training programs, financial support, market expansion, and policy cooperation. Data and case studies reveal that Chinese investments have significantly boosted Africa's e-commerce ecosystem. China's digital infrastructure projects and technology transfers have enhanced local e-commerce operations, while training and financial support have aided enterprise growth. Market expansion and policy cooperation have improved the business environment. Based on these findings, policy recommendations are proposed to further strengthen China-Africa e-commerce cooperation and promote sustainable development in Africa's e-commerce ecosystem.

Keywords

China-Africa E-commerce Trade; E-commerce Ecosystem Development; Digital Infrastructure; Technology Transfer; Training Programs; Financial Support; Market Expansion; Policy Cooperation.

1. Introduction

The development of global e-commerce and its impact on national economies have gained significant attention recently. Africa, with 1.2 billion people and a young demographic, shows great potential in e-commerce. However, it faces challenges like inadequate infrastructure, cybersecurity issues, incomplete payment systems, and underdeveloped e-commerce platforms. China, as the world's large economy, plays a crucial role in international trade and has deepened its relations with Africa under the "Belt and Road" initiative. Through digital infrastructure, technology transfer, training programs, financial support, market expansion, and policy cooperation, China has invigorated Africa's e-commerce market.

This paper analyzes how China's trade cooperation promotes Africa's e-commerce ecosystem, focusing on infrastructure, technology transfer, training, financial support, market expansion, and policy cooperation. The study explores China's roles and the resulting economic and social benefits, enriching research on China-Africa economic cooperation. It provides references for policymakers and businesses to optimize China-Africa trade policies and promote sustainable e-commerce development in Africa.

The paper is structured as follows: The first section introduces the background of the study and the statement of problem; the second section reviews the literature; the third section presents the methodology of the study; the fourth section introduces and discusses the results; the fifth section is the conclusion, which includes policy recommendations, limitations, and suggestions for future research directions.

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1.1. Background of the Study

The scale of the African e-commerce market has been expanding year by year, showing a trend of continuous growth. From 2018 to 2023, the size of the African e-commerce market grew from $1.65 billion to $3.71 billion, and the number of e-commerce users increased from 2.1 million to 4.1 million. This sustained growth and substantial user base indicate the enormous potential and vitality of the African e-commerce market.

The rapid development of e-commerce in Africa is attributed to the swift increase in internet penetration rates. Internet penetration is an essential indicator of the digitalization level of a country or region. Africa's internet penetration rate grew from 24% in 2018 to 44% in 2023, with mobile penetration increasing from 50% to 75%. Mobile devices have become the primary tools for Africans to conduct online shopping and e-commerce transactions. This significant improvement has provided a solid digital foundation for the rapid development of the e-commerce industry, as shown in Table 1.

Table 1. E-commerce Market in Africa (Year 2018-2023)

Year	E-commerce Market Size (Billion USD)	Internet Penetration Rate (%)	Mobile Penetration Rate (%)	Number of E-commerce Users (Million)
2018	1.65	24	50	2.1
2019	2.10	28	55	2.5
2020	2.75	32	60	3.0
2021	3.30	36	65	3.3
2022	3.50	40	70	3.8
2023	3.71	44	75	4.1

However, the rapidly developing e-commerce market in Africa also faces challenges in logistics and payment systems, which have become major obstacles to further development in the e-commerce industry. The logistics infrastructure is relatively weak, including aspects such as roads, railways, ports, and air transport. This results in difficulties with last-mile delivery in the e-commerce sector, making it hard for goods to reach consumers promptly and efficiently. In some remote areas, logistics delivery costs are high, and delivery times are long, limiting the market coverage and user experience of e-commerce.

Payment systems in African countries are underdeveloped, with low electronic payment penetration and a dominance of traditional cash transactions and cash on delivery, adding inconvenience and risk to e-commerce. Mobile payments and wallets like Orange, MTN, and Wave are vital financial tools in areas with underdeveloped banking and low credit card use, offering convenient options. However, the overall electronic payment ecosystem needs improvement. Security and convenience issues make many consumers reluctant to use bank cards for online payments, hindering e-commerce market development.

The policy and regulatory environment of various countries is crucial to the development of the e-commerce industry. Many African countries have begun to implement policies to promote the e-commerce market. For example, some countries are simplifying e-commerce regulatory procedures and lowering the barriers to entrepreneurship to attract more investors and entrepreneurs into the e-commerce sector.

China-Africa trade relations have a long history and a strong foundation, dating back to the 1950s when they established trade and diplomatic relations. Since the Forum on China-Africa Cooperation (FOCAC) began in 2000, trade cooperation has entered a new stage, further deepened by the "Belt and Road" initiative. China's investments in Africa span infrastructure, energy, manufacturing, agriculture, and financial services. Today, China is Africa's largest trading partner, with bilateral trade reaching $254 billion in 2022, a 35.3% increase. In e-

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commerce, Chinese companies like Alibaba and JD.com have expanded into Africa, fostering market growth through technology transfer, market expansion, and financial support. This investment boosts Africa's economy and opens new markets for Chinese firms.

1.2. Statement of the Problem

This study aims to systematically analyze how China's cooperation with Africa promotes the development of Africa's e-commerce ecosystem. By focusing on multiple dimensions such as digital infrastructure construction, technology transfer, training programs, financial support, market expansion, and policy cooperation, it explores the key roles China plays in the development of the African e-commerce ecosystem and the resulting economic and social benefits, and proposes relevant policy recommendations.

1.3. Objectives of the Study

To systematically analyze the specific roles China plays in promoting the development of the African e-commerce ecosystem, revealing its contributions in infrastructure construction, technology transfer, training programs, financial support, market expansion, and policy cooperation;

To assess the economic and social benefits brought by China's investments in the African e-commerce sector through quantitative and qualitative analyses;

Based on the research findings, propose policy recommendations to strengthen China-Africa cross-border e-commerce cooperation. This will offer valuable references for trade policymakers and enterprises, optimize trade policies, and promote the sustainable development of the African e-commerce market.

1.4. Significance of the Study

This study holds significant theoretical and practical implications. Theoretically, it enriches the research on China-Africa economic cooperation and its impact on the African e-commerce ecosystem, offering new perspectives and data support to further understand international cooperation mechanisms in e-commerce. Practically, it provides valuable references for policymakers to optimize China-Africa trade policies and promote the sustainable development of the African e-commerce market. Through detailed analysis and empirical research, the study offers specific policy recommendations to assist China and Africa in making more effective decisions in future cooperation. Additionally, it provides strategic guidance for China-Africa enterprises, particularly Chinese e-commerce companies, helping them better understand the market environment and cooperation opportunities, thereby optimizing their operational strategies and improving market competitiveness in Africa.

2. Literature Review

2.1. E-commerce Ecosystem in Africa

The African e-commerce market has grown rapidly in recent years. According to a UNCTAD report, the market size has expanded annually, driven by the proliferation of the internet and mobile devices. Studies show that increasing internet penetration and improved mobile payment systems are key drivers of this growth. However, digital infrastructure deficiencies remain major bottlenecks. Molla and Licker (2015) highlight the severe impact of inadequate telecommunications and transportation infrastructure on e-commerce development. High logistics costs and unstable internet connectivity further limit e-commerce coverage.

Despite progress in mobile payments in some countries, such as Kenya's M-Pesa, Africa's overall electronic payment ecosystem lags. Porteous (2016) and Beck et al. (2011) emphasize financial inclusion's importance for e-commerce development, suggesting that promoting electronic payments will reduce transaction costs and boost e-commerce penetration.

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Policy and regulatory support are crucial. Research by the African Union Commission (AUC) and the United Nations Economic Commission for Africa (UNECA) shows that measures like simplifying regulations, lowering entrepreneurship thresholds, and improving internet infrastructure significantly boost e-commerce growth. Additionally, policy coordination for cross-border e-commerce and trade facilitation enhances the international competitiveness of African e-commerce.

2.2. Impact of China-Africa Cooperation on African Economies

The impact of China-Africa cooperation on African economies has become a hot topic among academics and policymakers. Zhou and Li (2020) found that China's investments in technology and infrastructure have promoted the development of e-commerce in Africa, improving digital connectivity and online payment systems. Studies by Sun (2014) and Hackenesch (2015) also indicate that China-Africa trade relations have not only boosted African imports and exports but also brought more investment opportunities and technology transfers, driving economic diversification. Smith (2020) studied China's investments in African e-commerce infrastructure, such as warehouses and payment systems, and found that these investments have strengthened China-Africa trade and economic ties. Adeniran et al. (2021) emphasized that Chinese investments, particularly in transportation and digital commerce, have promoted African economies and e-commerce. The report "Cross-border E-commerce Trade between China and Africa: Review of the Literature" noted that technology transfer projects have provided African businesses with advanced e-commerce knowledge and technical support, enhancing their competitiveness.

China's financial support for Africa, including preferential loans and aid projects, has significantly promoted African development. According to "Fostering opportunities in China-Africa economic and trade cooperation," China has provided necessary financial support to African e-commerce enterprises through loans and direct investments, compensating for insufficient investment from traditional international financial institutions. Digital platforms and cross-border e-commerce play an important role in China-Africa cooperation. Gao and Sun (2023) studied how digital platforms, especially e-commerce websites, strengthen China-Africa trade relations and reduce trade barriers. Tu (2023) explored how cross-border e-commerce promotes China-Africa trade cooperation, emphasizing platforms like Kilimall in fostering entrepreneurship and economic growth in Africa. The "Forum on China-Africa Cooperation Dakar Action Plan (2022-2024)" discussed close policy-level cooperation, promoting e-commerce infrastructure and market regulations. These policies provide a stable environment for e-commerce development, conducive to long-term growth.

Despite the many positive impacts of China-Africa cooperation, there are criticisms and challenges. Alden and Hughes (2009) pointed out issues in environmental protection, labor rights, and debt sustainability. Additionally, some African countries are concerned that excessive dependence on Chinese investment may reduce economic independence and political influence.

3. Research Methodology

This study aims to explore the impact of China-Africa trade cooperation on the African e-commerce ecosystem, employing a mixed-method approach combining quantitative and qualitative methods. The quantitative part primarily analyzes data on China's export trade volume to Africa, logistics and transportation data, and e-commerce investment data. Data sources include institutions such as the World Trade Organization (WTO), World Bank Logistics Performance Index (LPI), and the Observatory of Economic Complexity (OEC). The qualitative part involves case studies to examine China's e-commerce investments and project

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implementations in Africa, referencing reports from the China Africa Economic Research Center, McKinsey, China Daily, and RAND.

In terms of data collection, this study first gathers secondary data on China's export trade volume to Africa, showing a trend of significant growth. Secondly, it collects logistics data on China's exports to Africa, displaying the annual changes in total cargo exports, sea freight, and air freight volumes. Additionally, it gathers data on China's e-commerce investments in Africa and the proportion of cross-border transactions, showing annual changes in investment amounts and cross-border e-commerce ratios.

For qualitative data, case studies are conducted to research relevant information on digital infrastructure construction, technology transfer, training programs, financial support, e-commerce platforms and market expansion, as well as policy cooperation. Through specific case analyses, such as Alibaba's eWTP project and Kilimall's operations, the study assesses the specific impacts of these projects on the local e-commerce market in terms of technology transfer, training, financial support, and more. By synthesizing the results of different case analyses, the study summarizes China's investment strategies and outcomes in the African e-commerce sector.

4. Results and Discussion

4.1. Descriptive statistics

Based on data collected from multiple sources, China's export trade to Africa has shown significant growth over the past few years. As shown in Table 2, from 2018 to 2023, China's export volume to Africa increased from $104.8 billion to $159.0 billion, indicating a strong upward trend.

Table 2. China's Export Trade Value to Africa (Year 2018-2023)

Year	China's Export Value to Africa (Billion USD)
2018	104.8
2019	113.2
2020	118.9
2021	133.1
2022	148.6
2023	159.0

The data show in Table 3 that China's exports to Africa are mainly conducted via sea and air transport, with sea transport accounting for the majority. Particularly in 2020, due to the impact of the pandemic, although the overall export volume decreased, sea transport remained the primary channel. Air transport volume was relatively lower, but there was a significant increase in 2020 and 2022. This may be due to supply chain disruptions caused by the pandemic, necessitating faster transport methods to ensure timely delivery of goods.

Table 3. Logistics Data of China's Exports to Africa (Year 2018-2023)

Year	Total Cargo Exports (Million Tons)	Sea Freight Volume (Million Tons)	Air Freight Volume (Million Tons)
2018	120.5	110.0	10.5
2019	128.4	117.2	11.2
2020	115.2	102.0	13.2
2021	140.7	126.5	14.2
2022	152.3	136.0	16.3
2023	168.9	150.0	18.9

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Over time, the total logistics volume of China's exports to Africa has steadily increased, with improvements in transport efficiency and logistics service quality. These data demonstrate China's commitment to the African market and continuous improvements in logistics infrastructure, laying a solid foundation for further development of bilateral trade. A portion of the goods imported into Africa, as shown in Tables 2 and 3, are sold through e-commerce channels, especially against the backdrop of the rapid global development of e-commerce post-pandemic. The spread of e-commerce has not only helped African consumers access a wider variety of Chinese goods but also deepened China-Africa trade cooperation.

Table 4. China's Investment in African E-commerce (Year 2018-2023)

Year	China's Investment in African E-commerce (Billion USD)	Cross-border E-commerce Proportion in Africa (%)
2018	0.8	5
2019	1.2	6
2020	1.7	7
2021	2.1	8
2022	2.6	9
2023	3.0	10

China's investment in African e-commerce refers to China's direct investment in the African e-commerce sector. Data in Table 4 indicate that, as one of the pioneers in the global e-commerce sector, China's investment in African e-commerce has increased annually from 2018 to 2023, growing from $0.8 billion to $3.0 billion, with a significant annual growth rate. Specifically, the investments were $1.2 billion in 2019, $1.7 billion in 2020, $2.1 billion in 2021, $2.6 billion in 2022, and $3.0 billion in 2023. Meanwhile, the proportion of cross-border e-commerce transactions in Africa also rose from 5% in 2018 to 10% in 2023, increasing by 1 percentage point each year. These data suggest a positive correlation between China's continuous investment in African e-commerce and the rising proportion of cross-border e-commerce transactions in Africa, highlighting their close connection in promoting the development of the African e-commerce market.

4.2. Qualitative Analysis

Table 5. China's Investment in the African E-commerce Market (Year 2018-2023)

Project Category	Investment Amount (Billion USD)	Number of Projects	Main Countries	Data Sources
Digital Infrastructure	4.7	3000+	Kenya, Ethiopia, Uganda	China Africa Economic
Technology Transfer	1.0	100+	Rwanda, Kenya, Nigeria	McKinsey
Training Programs	0.25	50+	Multiple Countries	McKinsey, Sixth Tone
Financial Support	1.82	500+	All Africa	China Africa Economic
E-commerce Platforms and Market Expansion	0.5	200+	Kenya, Nigeria, South Africa	Alibaba, Kilimall
Policy Cooperation	-	200+	All Africa	RAND
Project Category	Investment Amount (Billion USD)	Number of Projects	Main Countries	Data Sources

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Table 5 highlights China's significant investments in various aspects of Africa's e-commerce development, including digital infrastructure construction, technology transfer, training programs, financial support, and policy cooperation, which together have driven the rapid growth of the African e-commerce market.

Digital Infrastructure Construction

China has invested $4.7 billion in infrastructure construction in Africa, involving over 3,000 projects mainly in Kenya, Ethiopia, Nigeria, and Uganda. These projects have notably enhanced local digital infrastructure, especially 4G and 5G networks. For instance, Nigeria and China are collaborating on a project to build 4G and 5G networks, significantly improving network coverage and speed, which supports online transactions and digital payments.

Technology Transfer

China has invested $1 billion in technology transfer projects across Africa, covering over 100 initiatives. Alibaba's eWTP project in Rwanda and Kilimall's operations in Kenya are examples of success, creating jobs and helping African sellers conduct online business. These projects have improved operational efficiency and market reach for African businesses, demonstrating the positive impact of technology transfer.

Training Programs

China’s total investment in training programs in Africa is $250 million, involving over 50 projects. Huawei's skills training in Kenya, focusing on 5G, AI, and cloud computing, has enhanced local workforce skills and employment competitiveness. Training programs include technical, management, and youth training to meet market demands and reserve talent for future digital economy development.

Financial Support

Chinese financial institutions and companies have provided $1.82 billion in financial support to African e-commerce, involving over 500 projects. Loans and direct investments from China have helped African e-commerce enterprises secure necessary funds, promoting rapid development. Mobile payment technologies such as Alipay and WeChat Pay have increased transaction convenience and security.

Market Expansion

China has invested $500 million in e-commerce platforms and market expansion in Africa, involving over 200 projects. For example, Alibaba's eWTP platform has enabled the sale of Rwandan coffee to the Chinese market, increasing local farmers' incomes. Strategies for market expansion include localized operations, market promotion, and logistics support.

Policy Cooperation

Over 200 China-Africa policy cooperation projects have been advanced through platforms like FOCAC and the Belt and Road Initiative, promoting e-commerce infrastructure construction and improving the policy environment for e-commerce development. These efforts have created a stable business environment, fostering sustainable market growth.

China's investments in infrastructure, technology transfer, training, financial support, e-commerce platforms, and policy cooperation have been crucial to the development of Africa's e-commerce market. These findings are consistent with existing literature, confirming the positive impact of China-Africa cooperation on the African e-commerce ecosystem.

5. Conclusion

Key Findings

This paper explores China's multifaceted role in promoting the development of e-commerce in Africa through in-depth analysis and data research. The findings indicate that China's investments in African infrastructure have significantly enhanced local network coverage and

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speed, providing a solid foundation for e-commerce development. Furthermore, China's technology transfer projects have improved the e-commerce operational capabilities of local African businesses, enhancing market reach and operational efficiency. Training programs have effectively increased the skill levels of the African workforce, meeting current market demands and preparing talent for the future digital economy. Additionally, China's financial support has provided necessary funding for African e-commerce enterprises, promoting rapid development and increasing transaction convenience and security. The localization and market expansion strategies of Chinese e-commerce platforms have effectively promoted the growth of the African e-commerce market. Lastly, China-Africa policy cooperation has created a favorable policy environment for e-commerce development, promoting the sustainable growth of the e-commerce market.

Policy Recommendations

Based on the findings, the following policy recommendations are proposed to further promote the development of e-commerce in Africa. Firstly, it is crucial to support cross-border SMEs by encouraging and supporting Chinese SMEs to sell products directly to the African market, providing relevant policies and financial support to lower the barriers to cross-border e-commerce. Secondly, improving express delivery efficiency by optimizing the cross-border logistics system and enhancing the timeliness of express delivery services will ensure goods are delivered quickly and safely to consumers. Additionally, increasing overseas warehouse construction through further investment in overseas warehousing facilities in major African markets will improve inventory management and distribution efficiency, shorten delivery times, and reduce logistics costs. Moreover, enhancing last-mile delivery by learning from the success of leading African e-commerce platforms like Jumia, and collaborating with local logistics companies and community delivery networks, can solve delivery challenges in remote areas, improving delivery coverage and service quality. Promoting and improving digital payment systems is also essential to ensure transaction convenience and security, thereby increasing consumer acceptance and trust in electronic payments. Lastly, deepening China-Africa e-commerce platform cooperation by strengthening cooperation between Chinese and African e-commerce platforms, and encouraging domestic mid-to-large e-commerce sellers like Shein to establish African e-commerce platforms, will promote resource sharing and complementary advantages, expand market channels, and enhance the overall competitiveness of cross-border e-commerce.

Limitations

This study has certain methodological limitations. First, it mainly relies on secondary data, which may have limitations in timeliness and accuracy. Second, due to research resources and time constraints, this study only analyzed selected typical cases and did not cover all specific China-Africa e-commerce cooperation projects. The specific conditions in different countries and regions vary greatly, and single cases may not fully represent the overall situation of China-Africa e-commerce cooperation.

To overcome these limitations, future research can be improved and expanded in the following directions. Collecting more primary data and conducting field research can further verify and enrich research findings, enhancing accuracy and timeliness. Covering more African countries and regions can provide a more comprehensive picture of China-Africa e-commerce cooperation by analyzing specific conditions. Extending the time span of the research can help analyze the development trends and impacts of China-Africa e-commerce cooperation over a longer period. Exploring the social, cultural, and environmental impacts of China-Africa e-commerce cooperation can provide a more comprehensive analysis.

Evaluating the specific effects of China-Africa cooperation policies can help propose targeted improvement suggestions to ensure policy effectiveness and sustainability. By expanding these

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research directions, a better understanding of China-Africa e-commerce cooperation can be achieved, providing more theoretical support and practical guidance to promote the sustainable and healthy development of the China-Africa e-commerce ecosystem.

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