

## The Mediating Role of Cultural Distance in China Africa Trade Relationship

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### Abstract:

*This respective study is aimed to investigate the trade relationship of China and Africa with the addition of cultural distance as a mediator of this relationship. China and Africa there is a huge cultural distance and some anti-Chinese factors exist in Africa but wider developments in the market of China become the focus trade by Africa. China mainly deals with African democracy and autocracies, avoiding any exchange between China and an African nation's form of governance. But still, the trade is having an intervening between the effect of cultural distance the trading countries and study concluded that trade relationship is facing complexities with the involvement of cultural distance. In general, cultural gaps as the mediating factor for trade are primarily targeted at economic partnerships between emerging economies or connections between developing and industrialized countries.*

**Key Words:** Trade Relationships, Cultural Distance, Relative Abundance Theory, Labour Intensive China

### 1. Introduction

In the Africa of modern anti-Chinese opposition stories, Beijing has become the subject of Chinese patterns in trade with African states. Instead, they are finding markets as part of China's wider national development policies in China, unlike in the Maoist era, when Chinese trade plans were the political priorities of its representatives. China's government companies can channel trade between China and Africa by non-market decision-making which impacts, but Beijing is fundamentally constrained by the market forces in its ability to handle trade with Africa. The five causes behind Chinese trade are the economic advantage of China in manufacturing with a labor-intensive output of capital; Africa's abundant natural resources; China's rapid growth; China's emphasis on developing the home and African infrastructure; and the emergence of economies of scale in China's maritime and light manufacturing industries. Chinese trade is most characterized by China's competitive advantage (Wu et al, 2019).

China deals extensively with African democracy and autocracies, avoiding any exchange between China and an African nation's form of governance. Instead, trade in China with African countries is deeply integrated into tight market conditions that have started to reduce the reputation of China among ordinary Africans. There must be no consistent or predictable effect on the dissemination of the anti-Chinese myth in Africa. For example, in December 2010 football fans shouted at Lubumbashi 'Chicanas go home.' Inter Milan was handed the Democratic Republic of Congo (DRC). The Japanese referee was confused by Congolese fans for a Chinese, and they were offended by some of his match decisions. Nine months later, after three previously futile votes, Zambia's anti-China rhetoric guided Michael Sata to resume the Presidency. Events like these demonstrate that a stirring anti-China sentiment is a powerful power that can be triggered for its own sake by spontaneous, unforeseen acts and grassroots visionary politicians (Guo et al, 2018).

China's trade with Africa has continued to increase for a decade and an increased abundance of eyewitness reports and interviews with government officials and scholars have begun. Much of most argue that China's trade promotes oppressive regimes in particular. Beijing favors equally autocratic African trade partners in its attempt to battle demands for democratic liberal constitutional amendments. In the meanwhile, long-term global economic theories (i.e. factor theory, the market economics model, modern commercial theory, and structural economics) seem to promise China's trade with Africa to be interpreted.

The objective of this paper is to explore the cultural gaps in the trade relationship between Africa and china furthermore the study will reveal that how cultural conflicts can have a negative impact on foreign direct investment of China in Africa

## 2. Research Methodology:

A qualitative research design is used in the study to identify challenges and practices that contribute to lowering the risk of cultural gaps among trading partners. Data that is presented is reliable and comprehensive and collected from secondary resources like international business journals, government data, and press releases, and internet sources.

## 3. Literature Review:

International Journal ON CULTURAL AND ACADEMIC EXCHANGES BETWEEN CHINA AND AFRICAN COUNTRIES (2015) contribute the existing literature in china Africa trade relationships while showing the importance of cultural cooperation. It put emphasis on both formal and official cooperation in this regard. The study reveals that how culture can be united in bilateral trade relations to reap mutual benefits.

**China–Africa Trade Patterns:** The causes and consequences, Journal of Contemporary China (2012), throws light on various causes of trade between the two countries. What can be the potential benefits to both countries through these trade relations and what can be the consequences of this trade? Either they create a win-win strategy for both nations.

**China - Africa culture differences in business relations:**African Journal of Political Science and International Relations (April 2012), the paper tends to explain the cultural differences of both nations in business dealings. It is made known to everyone that China has to do with a relationship that can give potentially beneficial to them. The objective of this paper was to lessen the cultural differences between Africa and china by creating mutual understandings of the cultural dimensions.

**Cultural Distance and FDI:** China Africa Perspective (2018), the paper attempt to study the impact of the cultural differences on the foreign direct investment of China in Africa. The results of the study indicate that cultural conflicts have a negative impact on trade relations.

## 4. How China-Africa Trade Started

Trade practices are decided by economic factors but political ones are also dictated, in particular between developed countries such as China and Africa. So why and how is Chinese trade in Africa affected by political variables? For example, Scale and engineering economies are the product, rather than an open business system, of the centrally controlled domestic industrial policy deriving from a government process. This extends in particular to authoritarian developed countries such as China, which indicate that state trading status in emerging economies is no more widespread than that of autocratic political structures. Several researchers have used political variables in their market models, but no one has established a model which can forecast their position not only in deciding exchange quantities but also in distinguishing the categories of products not being exchanged. Several analysts, however, believe that the economic and political influence between China and the African countries is mostly dictated by the types of products exchanged (raw materials vs. luxury goods made and capital) (Pesch&Bouncken, 2017).

But what do the transaction trends between African countries and China dictate? This topic has produced a large number of publications in the last ten years or so of China's explosive trade with Africa. The books included some examples to explain the patterns of China's trade with Africa; some are equivalent to China's trade with others like India and the US. In general, these hypotheses rely on the principle of relative factor excess, the theory of exchange of gravity, and political behavior that one or more of the three major commercial theories is expected to consist of. The political dialogue is a synthesis of widely accepted opinions, often used by numerous American, European, and African observers to enhance an understanding of the close economic links between two western countries and two autocracies. President Bill Clinton clarified the idea in his State of the Union speech in 1994 broadly: democracy does not combat each other it allows perfect negotiating allies and mates.' The inconsistencies between China and Africa, as predicted in economic modeling, and the real world have fuelled political trade arguments (Karami& Tang, 2018).

In 2005, for example, a study of Rhys Jenkins and Chris Edwards' UK Department of International Development foresees a transition in exports to African countries and identifies "untapped export markets." According to the study, the rise in per capita income in China "leads to a demand for food, especially elastic high demand food-related products such as meat products" Bi&Lehto (2018).

Economist COMESA was also shocked at the sluggish growth from East and South Africa in thousands of labor-intensive exports to China. The Eastern African International Trading Bloc produced a report in July 2007 on the impact on imports from its member countries of Chinese tariff-free entry policies. COMESA has concluded that the large majority of Member States' duty-free imports consist of mineral items such as copper, cobalt, and marble, given China's favorable tariff scheme of 454 rows of African commodities. The study defined hundreds of products as a comparative profit index that the Member States could have expected to achieve but could not reach a comparative advantage in China markets, such as textiles, fabrics, salt and sulfur, rawhides, and skins, coffee and tea, fish and crustaceans. China at least does not appear to be a relative consideration in Africa's trade (Lie et al, 2016). Or what else does the African-Chinese exchange decide? Researchers remain divided between those who claim that China has a satisfactory trading pattern with Africa and those who think that political considerations are of major importance. Those who believe that China's trade policies may not meet expectations usually do not agree that some scholars have preferential economic considerations while others have given rise to a mixture of economic and political considerations.

Many people still believe that politics supports it. China's commitment to compete with Africa generally does not comply with traditional economic theories. These scientists also argue that international trade models have not properly shaped the latest business patterns in the real world. The following segment however includes key elements and hypotheses of trade ideas and their associated updates before discussing trade policy between China and Africa (Jammal&Siddiqui, 2020).

### **Relative Factor Abundance Theory**

The theory of relative factors favored by numerous commercial economists suggests that the composition of Chinese exchange with Africa would be explained by different national energy, labor, and money donations. The Heckscher-Ohlin model is a traditional argument for bilateral inter-country exchange flows based on David Ricardo's principle of comparative advantage. H-O (also known as neoclassical exchange theory) anticipates that a country's relative surplus or scarcity, in terms of its trading partner, of fixed-factor endowments (sources, labor, and capital) determines what it will export and what it will obtain. A country may export goods made from plentiful donations and import products made from local inputs. Under H-O, trade patterns can be calculated before trade barriers are removed by a relative factor. Supporting theoretical excess factors, including economist Jian-Ye Wang, anticipate trade patterns between China and Africa to be affected as a result of competitive advantage developments and progress in foreign supply networks. JeffreysHerbst and Greg Mills assume that the Chinese impulses are the business, not the great strategy in Africa. They point to the fact that theories of relative factor wealth prove especially useful in understanding trade between China and Africa as a result of the comparatively limited natural wealth resources of China (Maksimov&Luo, 2020).

### **5. Chinese Investment in Africa:**

In the 21st century, a significant increase in foreign direct investment in Africa is observed. Due to the presence of abundant resources in African countries, the country has great potential to attract investments that can improve its economic and social condition worldwide. China can see the potential benefits in Africa. Chinese investment in Africa has been started and Africa has become the source of direct investment in China. From the historical point of view, Chinese investment in Africa can be divided into three phases.

- **First 1960-1980:** China developed diplomatic ties with Africa through proving aid or financial assistance and military assistance to newly born African countries. During this period relation was only limited to political aspects<sup>1</sup>.
- **Second phase 1980-2000:** during this period relation build up with respect to economic cooperation. Investment is limited to state owner enterprises (SOEs). China's investment in infrastructure and building projects started to grow in this period<sup>1</sup>.
- **Third phase 2000- onward:** in this era, certain initiatives had started like one belt one road initiatives (OBOR) and china Africa cooperation (FOCAC). Chinese small and medium industries began to spread. Policy initiates were infrastructure, loans, and manufacturing sectors reforms in developmental programs. Chinese investments in Africa have reached 2.4 billion dollars until now. There were about 3254 Chinese industries operating in various regions of Africa by 2016<sup>1</sup>.

### **6. Why China Invests in Africa?**

For a developed country like china foreign direct investment (FDI) is a major contributor for economic growth. According to Dunning 1977, the driving force for a firm to foreign direct investment (FDI) can be analysed by three factors these factors are<sup>2</sup>:

- Advantages form ownership
- Advantages due to location of firm or industry
- Advantages due to internalization

In the context of china's investment in Africa the potential gains or motives to Africa can be following<sup>2</sup>:

- Local market access
- Domestic competition
- Excessive production abilities
- Attraction of new foreign market
- Getting benefit from regional trade

Overall benefit to china from Africa is to get access to natural resources of African countries like oil and minerals, which are found in abundance in various regions of Africa<sup>2</sup>.

#### **7. Effects of China's Investment in Africa:**

Investment from china in Africa also resulted in some major issues. Some of them are given below<sup>2</sup>:

- Investment inflows does not specify for assistance and infrastructural projects.
- Threat of debt is always there. Is Africa will be able to pay back to chine?
- Hoe bilateral policy investments play their role to point out conditions for which china is financing to Africa?
- US and European countries started taking less interest in in Africa.
- China's relation with those states that are critical about US and Europe<sup>2</sup>.

#### **8. Cultural Distance and FDI:**

Foreign direct investment from China in Africa can be encountered to some barriers such as the effectiveness of the governmental system. Cultural conflicts and differences between the foreign country and host country, investments affect badly. If a cultural conflict arises between the two countries, it can be said that cultural practices are negatively correlated with foreign direct investment plans. The greater the conflicts, the lesser will be the investment from host countries. If industrial units are being run by foreign direct investments, then they are more prone to risk. At an early stage of investments, the cultural distances can be negatively related to firm or industry location, but at a later stage, the effect will become lesser.

Institutional distance is the major factor for multinational companies to work on. It can be perceived as a barrier to local market knowledge, which makes it complex to manage foreign subsidiaries at the local level. If institutional distances are greater than the investment inflows will be less. The focus will be on both institutional and cultural practices.

#### **China Cultural Building Movement:**

Due to economic development, the Chinese government began to emphasize traditional cultural values for bilateral trade relationships. China's big culture focuses primarily on the cultural perspective of china both as a nation and country. Its goal is to explore political and cultural functions, nationally and internationally. The first and foremost aim of this cultural building movement is to create a good and positive image of the country china. Showcasing to Chinese culture to achieve this aim, certain cultural activities and operations at national and international have been started. "The African's thematic year of 2004" is one of such kind which shows "Chinese culture going to Africa".

The second goal of this culture-building movement is to present the role of china's peaceful rising in harmonizing the world. China's philosophy was to contribute its major role to harmonize the world. China's motto of peaceful rising and issuance of white paper and its goal was to build a peaceful world. The idea was to explore harmony as the major component of cultural values and traditions.

The third goal is to develop economic interest with cultural awareness strategy. China's aim to reform the cultural system is to reform and develop culture again continuously. Various cultural reforms and strategies have been implementing to get the right strategic position.

#### **9. Cultural Diplomacy Towards African Countries:**

With the development of diplomatic relations in the establishment of international relations through cultural diplomacy between developed and developing countries. Cultural policy is of the opinion that; "Make a friend first, then build understanding and finally establish a formal relationship" (Waijiaobu he Zhonggong 1940; 406).

While establishing good relations with other developing countries cultural trade policies played an important role. Chinese cultural diplomacy for many Asian countries as well as for Africa is just a show of their cultural values. In 1950, many reforms on the grounds of cultural diplomacy have been made by 2000. China annually allocates 5-6 million for African countries in the context of cultural diplomacy. The budget is divided into two parts. The first part is intended for representatives of culture, for the exchange of people, and the second is for cultural donations. Due to the ever advancement of economic relations cultural diplomacy is penetrating many new channels or resources. Specific conferences, symposiums, and seminars are organized to develop an awareness of cultural policies and practices. Similarly, sister cities also contributed to raising awareness for cultural ties. The relationship of Changsha and Brazzaville is a prominent example of this tie. It is proved a platform for cooperating with African countries<sup>3</sup>. Such relationship has played a vital role in increasing ties with the Chinese government and African countries. Its main aim was to develop cultural association as its main task. The Chinese government expects cultural development in long run.

### **10. Mediation of Cultural Distance in China Africa Trade**

The dramatic increase in investment volumes between China and African countries has led several observers to wonder whether China and Africa are still affected by traditional investment factors. Space is one of the keys determining factors for foreign exchange between countries. The cultural distance defined as the extent to which shared standards and principles vary from one country to another has also paid great attention to the literature. Cultural distance may affect mutual preference and bilateral trust and the costs of transactions between the two parties. Chinese Africa investment, In general, cultural gaps as the mediating factor for trade are primarily targeted at economic partnerships between emerging economies or connections between developing and industrialized countries. The first contribution of research was to increase knowledge that cultural differences already exist in developing countries. Our research takes a different approach in explaining the multiple processes that influence Chinese investments in Africa through cultural disparities. We assume that a good understanding of the impact of cultural distance is one of the key factors determining the future of Chinese-African economic relations. The second and most outstanding contribution is the empirical study of the impact of the cultural gap on Chinese investment in Africa (Lee et al, 2018).

The main element is culture. This is the overall conclusion of the relationship between economics and culture. However, not only is it difficult to explain culture after all these years of analysis, but it is also very difficult to understand the impact of cultural differences on international investments. As part of informal institutions, cultural distance is often taken into account. Most researchers conclude that cultural changes have a detrimental impact on external FDIs on the following factors. Firstly, cultural isolation confuses the cultural climate of the host country and thus increases acquisition costs, understanding of knowledge, and the chance of misinterpretation. In this case, the appeal of the host country can be greatly impaired, when foreign administrators find it hard to understand the cultural barriers and make acceptable decisions. Secondly, foreign investment enables multinationals to cooperate with stakeholders in host countries. Cultural isolation, however also implies gaps between organization and management. It is far from sufficient in this context to be familiar with local laws. Multinationals should frequently adhere to unwritten, unexplained laws of the game. As a result, multinationals will not effectively export domestic activities to the host country, which increases international business costs (Gu, Wang & Wang, 2019).

On the other hand, several reports argue that cultural distance has a positive effect on the FDI: Firstly, cultural distance raises perceived barriers and discourages bilateral trade and thus helps multinationals to grow in the FDI sector. If cultural distance can be a short-term liability, this may be a significant long-term opportunity, because multinational companies investing in culturally distant countries develop the capacity to adapt and learn. Combined results were also found in the empirical literature on the connection of cultural distance with the FDI, in line with the theoretical findings. Loree and Guisinger examined the effects of policy and non-political determinants on the position of the US share FDI. You can see that the cultural difference hurts the standing of US companies with FDI, measured by the Hofstede Index, but it has declined over the years. The more international knowledge and training companies and managers acquire, the more skills they acquire to break the cultural barrier. The evolving flow trends and determinants of the American MNE FDI were analyzed. They argue that the preferences and tastes of customers converge globally, thus increasingly reducing the impact of cultural distance (Lee et al, 2018).

### **11. China Africa Cultural Differences in Trade or Business:**

There are some cultural differences in china Africa workforce. Below are some of them:

- **Cultural differences in business strategies:**

There is an element of masculinity in African culture. African people hesitate to cooperate to some extent and it is also one of their weaknesses. It places high value on control and authority. On the other hand, the Chinese appreciate the cooperation among members that are working together. A firm's overall performance relies heavily on cooperating and collaboration among members of the working force. such cross-cultural conflicts occur mainly in multinational companies.

- **Cultural Differences indecision making:**

The Chinese and African workforces often differ in their attitudes towards decision making and risk taking. They don't take immediate decisions and alternatively, they lost various opportunities that can give them potential benefits and a competitive edge in the market. In African culture, lower-level wing or supervisors are not able to take independent decisions to own their own. They rely on upper management for taking action. Decisions making process takes a much longer time and ultimately firms have to pay for it. Their level of participation in decision-making activities is also limited. From in African perspective only top-level employees make decisions while in china participatory decision-making activities is appreciated.

- **Cultural differences in conflict management:**

Chinese and African workforces have different approaches toward conflict management. For China, harmony and relationships matter, and they don't like conflicts in the workplace. They go for negotiation and upper management resolve the issues. African workforce is open to conflict and they confront problems openly by their own understanding.

- **Cultural differences in work group situation:**

Chinese work forces believe in harmony and brotherhood. They focus on friendly relationship while working with others. They build harmony among each other and state of trust. While African managers pay less attention or focus on people working with them. They pay attention only to work task, rather than building relationships among each other. They keep difference between work place and personal relations.

- **Cultural differences in motivational level:**

In business sector motivational level of the employees is the key to success. For African people factor of individuality is important and they focus on individual performances and work task. On the other hand, cooperation, harmony brotherhood, and social relationships are the key characteristics of the Chinese people. They have a sense of belongingness and work group efforts are more important to them. Their motivational level is relatively less than the African people.

- **Short term versus long term orientation:**

Africa and china also have different orientation towards short term and long terms plans. African work force has short term orientation. They think for present and pay no attention to long term planning while Chinese plans for long terms for long term benefits and showed patience in reaping long term benefits of their actions. This difference in approach to future greatly affects behaviors and attitudes of the people.

## **12. Consequences of China Africa Trade**

### **Growth of Resource Trade**

A significantly influenced trade patterns between China and Africa, as well as the unique patterns of trade with China by each African nation, are determined by relative labor and capital factor endowments and resources. The result of Chinese trade with all African states is an overall balance between China and Africa, but when the data are broken down, substantial differences arise. The Chinese trade balance is a country-by-country balance, whereas Chinese exports dominate their trade with non-resource exporting African business partners. The comparison of Chinese trade in Egypt with trade-in Libya, both of which were closely controlled autocracies until 2011; helps demonstrate the leading role played by China and Africa's trade patterns while retaining a constant type of regime. China has both been driving its exports steadily to increase with its comparative advantage in consumer goods and capital. The presence of export commodities (oil) in Libya leads to a moderate trade surplus in Libya, but the absence of resources in Egypt has led to a serious imbalance in trade relations with China (Wu et al, 2019).

### **Distance Reduction**

As the theory of the trade-in gravity predicts, China's rapidly growing economy attracts more trade, including Africa, from around the world. In particular, this is the case with China's trade across the developing world, which has grown rapidly within China's overall trade portfolio. The decline in the distance as a major determinant of trade between China and Africa may be more interesting. The reason for this was in large part China, which in the 1990s and 2000s invested heavily in the shipping and port construction of the super-sized shipping fleets of cargo. Distance is increasingly irrelevant thanks to the policymakers in Peking, the single variable which has for so long impeded trade

between China and Africa. One news story shows why the distance between China and Africa is no longer impending trade. Dar es Salaam became the world's first mega-ship automotive or truck port, and it was docked from Xingang Port near Dalian, China, on 16 February 2011. The ship, 232 m long and capable of carrying 8,000 cars, has a top speed of 24 knots per hour. It can travel from China to East Africa in two weeks and shave one-third of the shipping time. He now travels from and from China regularly, like innumerable other megatons, from and to African ports. This type of previously unexplored shipping capacity and speed was supported by growth in trade between China and Africa over the last decade (Be & Lehto, 2018).

### **African Labour-Intensive Sectors**

China develops both domestic as well as African railway and road networks that allow Beijing to monitor the export destination and suppliers. China's economies of scale, duties, and electricity incentives, diesel, waste disposal, and others have catalyzed its "Global Strategy." This means African manufactured products are almost difficult for them to reach their markets and are hard to survive in the marketplace. Labor-intensive African growers, on the other hand, annually pay political authorities' high taxes and fees. The same facilities are readily offered by traffickers to help Chinese goods escape African tariffs. China's rising development capacity and economies of scale include a steady provision of cheap Chinese consumer goods to the domestic and export markets in Africa (and other foreign markets). Increasing demand for raw materials and China's ability to make low-cost consumer products has become the dual engine to extend Sino-African industry (Karami & Tang, 2019).

### **Technical training:**

The Chinese government provides training to the local workforce for catering to the growing demand for labor in developmental projects. Various scholarships have been provided to students every year, from 2000 to 4000 per year. China announced various plans for training and developmental projects to assist capacity-building projects. African students are undergoing various study plans ranging from architecture to engineering and china sponsored projects. Such provisions are made at the local and international level to train youth to overcome issues related to their technical fields.

### **Labor rights:**

In Chinese investment projects in Africa certain issue has been created in the context of labor rights and union, in Africa trade union is considered a factor that reduces productivity. Some Chinese companies are not paying proper attention to corporate social responsibility. Chinese companies are not dealing with them, thus giving them the weakness of trade union.

There are also lack of cultural understanding between Chinese top level managers and local working class in Africa. Chinese employees are not considering the basic religious practices which have a negative impact on productivity.

### **Safety concerns:**

There are also some safety concerns in the context of environment. Chinese workers pay not fully attention to environmental responsibilities. There are many problems related to environmental damage in rural areas and various protests have come to scene.

### **Hiring labor:**

Chinese investors are reluctant to hire labor from the host country instead of their ownership in this sector. Especially in the case of construction projects, Chinese workforce is employed to carry out work projects. Chinese investors considered it the big concern due to language differences and skill issues. Chinese investment projects work with their advanced machinery and labor. Host countries such as Africa do not have the advanced technology and skilled labor to carry out these infrastructure projects. They considered it one way to ensure the project is working on tithing allocated budget and time.

Learning culture of hard work: they have more capacity of work than Africans. in the workplace cultural exchange practices are also observed. Many African workers not only learned Chinese worker's technical skills but also their language. It is interesting to know Chinese workers also learned some practices and the African language. This is the area of mutual benefit and cooperation so there is a need to learn shared practices among each other. Chinese's worker diligence, enthusiasm, dedication demarcates Chinese workers at the workplace.

### **Anti-Chines African Factors**

Although the complexities of trade between China and Africa are a blessing to Chinese producers and African trade, African countries often do not achieve a foothold in the ladder of production, a labor-intensive performance. In December 2006, South African President Thabo Mbeki said that there would also be a future chance of colonial collaboration replicating the alliance between China and the continent of Africa. An unequal partnership may be

created, the type of relationship developed between African colonies. Exports to the African plateau of raw materials and imports of finished goods, which render them undeveloped. Six years back, cautionary magazines between China and the imperial powers were a note today, and have been a common refrain during interviews with ordinary Africans and the public (Jamal & Siddiqui, 2020).

### **13. Future of China Africa Trade: Towards a Shared Culture Approach:**

Cultural and shared value exchanges have been taken place in the bilateral trade of China and Africa. Cultural exchanges between these two countries can trigger the cultural performances in both regions. Life experiences and value exchanges in terms of employment, skills, and labor of both Africa and Chinese people can give potential benefit to their economic and professional sector and it can prove very valuable for their cultural performances and shared programs. By minimizing the cultural differences among each other they can get potential benefits to form the economic, political, and social point of view. Immigration of people proved a useful tool in this regard. They can play the role of intermediaries for communication and bargaining. These interactions play a crucial role in china's Africa cooperation.

Currently, China has invested \$ 2.5 billion in Africa, and these numbers will grow over time. China plans to invest in three main sectors in Africa. The mining, manufacturing and construction industries, these industries account for 70% of Chinese investment. Africa is now at the top of those countries that are known for the maximum development of small and medium enterprises. Below are some reasons for Chinese investors to invest in Africa:

- Many Chinese companies need to look for new foreign potential markets to invest. African market size is going to increase and have much potential to absorb the surplus of those Chinese companies.
- Secondly need to import natural resources in order to fuel its development. Africa is a resource rich country. So china's plan is to access those natural resources.
- Africa needs financial assistance from developed country and technological advancement to run their infrastructure projects and to raise economy<sup>6</sup>.

To keep diversifying its projects Africa need to attract more investment projects from developed countries.

### **14. The Discussion Section:**

Since the 21st century's economic development investment and trade relations between developed and underdeveloped countries have been increased. China's Africa cooperation relation is one of them. Their strategic trade relationships are facing challenges and opportunities both. The present study focuses on cultural relationships between countries. How cultural gaps in trade relations can affect the trading process of countries. The study reveals that this impact of cultural conflict is greater and havocs. Some aspects can, directly and indirectly, harm foreign direct investments in Africa. How cultural gaps play their role in bilateral trade relationships. The study explores one factor directly linked with foreign direct investment projects can be a lack of knowledge on the part of the investment country regarding the host country's culture at the individual and societal level. The study attempts to uncover the main key factors such as; shared cultural practices, cultural exchanges, cultural performances between Africa and America. By increasing awareness through media and campaigns, symposiums, and seminars, the above-mentioned conflicting factors can be diminished. Cross-cultural issues are some of the badly affecting factors to international trade investment projects. Government must implement such policies, plans, structures, approaches, and decisions at the national and international level to encounter this issue.

Cultural misunderstandings can result in a roadblock to economic development. Managers at each business level need to develop such policies and strategies that confront the cross-culture conflicts at the workplace. The knowledge of these cultural values is essential for the investment country as well as for the host country. For strengthening the economic, political, and economic relations globally one must know the cultural aspects of other countries.

### **15. The Conclusion Section:**

The mostly market-driven trade disparities between China and African resource producers and non-resource producers are still causing new political challenges. China's trade offers to Africa are primarily influenced by its comparative edge in labor-intensive capital development, natural wealth resources in Africa, the bubbling economy of China, the expansion in infrastructure in China and Africa, and the ongoing growth of state-supported shipping and manufacturing economies. Chinese government industries inevitably use non-business measures to influence exchange flows. But Beijing's ability to direct trade would in the long run be restricted by domestic demand and the position of the African product supplier. Nothing can be done to reduce excessive reliance from certain African countries on natural resource exports to China or demand from African buyers for cheap Chinese consumer products with a reasonably high level of oil, labor, and capital services.

But the continued failure to reach Chinese markets freely via African exports, particularly agricultural products, is still a cause of frustration and concern for the African countries without capital and for those seeking to diversify their exports. Incentives from Chinese producers, tariff controls on international goods, and political support for African autocratic regimes are likely to become more restless.

China is faced with a growing turnover by ordinary Africans, many of whom would see a trade deficit expansion between their countries and China over time. In short, Chinese patterns of trade with Africa have been partly integrated into the strong market dynamics created by government policies and have not prevented many Africans from creating anti-Chinese resilience shelves that undermine China's reputation as a long-term trading partner.

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#### **17. Conclusion:**

In this period of globalization, the study of cultural values or variables is critical, and finding ways in which cultural practices influence business relationships is a major challenge for every country. Countries need to think about strategies and policies such as bilateral trade relations that can ensure the effectiveness and efficiency of investment plans between developed and developing countries. A better understanding of the practices of the host culture is critical to understanding when developing friendly trade relations with other countries.

This becomes a legitimate and legitimate concern for the know-how of other countries' cultural assets. If the cultural dimension of other trading countries is taken into account and encouraged, it may also reveal other benefits for trading countries. The achievements of China and Africa in this regard are the result of cultural cooperation between the two countries. The development of research centers, mining, construction and manufacturing industries is the result of the potential benefits that Africa has received. Growing opportunities will rightly create new challenges for both countries, trade patterns will change with changing economies, but in today's global context, the winners are those who work effectively with individuals, but not those who deal with markets and resources.

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