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INVESTIGATING THE IMPACTS OF CHINESE INVESTMENTS ON THE GLOBAL COMPETITIVENESS OF SUB-SAHARAN COUNTRIES

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Abstract:

The main objective of this study is to shed light on the effects of Chinese investments on the global competitiveness of Sub-Saharan Africa, specifically Chad, Ethiopia, and Ghana. The study employs a qualitative technique based on depth semi-structured interviews. In the in-depth interviews with field professionals and experts, four questions were asked to one participant from each country.

The depth interviews show that Ghana and Ethiopia have the most competitive potential respectively. On the other hand, Chad has no chance of competing due to limited resources. While Chad is characterized by poor governance and limited economic freedom, Ghana and Ethiopia have relatively a large capacity to attract foreign investment. China, as a strong competitor, uses various strategies to beat local rivals in Chad, Ethiopia, and Ghana. In this regard, it offers a wide range of products of average quality at affordable prices to customers in Chad and Ethiopia, while benefiting from large-scale production, economies of scale, and tax breaks in Ghana. With this, local investors are unable to compete with China, which negatively impact the local markets to flourish, especially in the long run.

Keywords:

China, Sub-Saharan Africa, Investment, Global Competitiveness

1. Introduction

The relationship between investment and competitiveness has received increased attention across a number of disciplines in recent years. In this context, factors such as Foreign Direct investment (FDI), trade and labour productivity have been cited as major determinants of competitiveness in both efficiency-driven and innovation-driven countries (Rusu and Roman, 2018). Identifying factors that affect competitiveness has become a critical strategy for companies, sectors, and countries to not only survive but also expand.

As indicated by Asiedu (2006) the availability of resources, well-structured institutions, and market potential of the host country are the prime factors that influence China's FDI to Africa (Asiedu, 2016).

China has engaged with Africa in the last six decades. This relationship which has been considered by many scholars as one of the prominent examples of South-South cooperation (SSC) has begun especially after several injustice practises, political and economic exploitations caused by the Western Powers which go by the name of the North. China has begun to come into the front, especially after establishing itself among the most powerful industrial powers in the globe (Bbaala, 2015). With this aim in mind, China continued to cooperate more with the Southern countries, especially Africa's resource-rich countries. Africa's natural resources and the search for new markets are the primary drivers of China's engagement with the continent, while Africa appears to benefit from Chinese infrastructure development projects, Foreign Direct Investment (FDI), and trade (Haroz, 2011).

Studies over the past two decades have provided important information on the Sino-African relation. It is now well established from a variety of studies that the bilateral cooperation between China and Africa is on the rise. Chinese FDI in Africa has clearly increased over the preceding decade, with investment directed specifically at Africa following the 2015 FOCAC high point, when China contributed $60 billion to the continent (Abdullahi, 2020).

In parallel with these developments, the subject of Chinese investment in Sub-Saharan Africa has received scant attention in the research literature. Although studies have recognised both negative and positive impacts of Chinese investment in Sub-Saharan Africa, research has yet to systematically investigate the effect of Chinese investment on the global competitiveness of Sub-Saharan Africa. In other words, several studies have been conducted on the Chinese investment in Sub-Saharan Africa including Abdullahi (2020); Bbaala (2015), Niu (2019) and Breivik (2014) however, specifically, no work has been done to investigate the impact of Chinese investment on the global competitiveness of Sub-Saharan Africa, at least to the best of this researcher's knowledge. Consequently, this work aims to collect data that will help in filling these gaps.

2. Competitiveness

As is known, Competitiveness is one of the most essential factors of both economic and technological development. It has become a crucial issue in the field of economics due to its driving force of the capital system. Yet according to the classical theory, Competitiveness increases the level of production between firms and labourers. For this and similar reasons, Competitiveness has been studied many years and nowadays has turned into an honourable subject in economy (Semizoğlu, 2019).

Competitiveness refers that in order to compete, one must be more successful or better than others who are also attempting to do the same. According to United States author Nancy Pearcey “Competition is always a good thing. It forces us to do our best. A monopoly renders people complacent and satisfied with mediocrity” (Arun, 2018: 1). According to the definition of World Economic Forum (WEF, 2016), competitiveness is defined as “the set of institutions, policies, and factors that determine the level of productivity of a country”. Based on the view of La Falce et al; (2020), competitiveness is the capability of a nation to sustain and extend its markets. Organisation for Economic Co-operation and Development (OECD) refers to firm competitiveness as the “capacity of firms to compete, to increase their profits and to grow. It is based on costs and prices, but more vitally on the capacity of the firms to use technology and quality and performance of the products” (Wignaraja, 2003: 22). According to Okereafor et al. (2015), the sole understandable way of defining competitiveness at the typical level is productivity which stress that the growth of productivity that is related with national competitiveness strategy. Porter (1990) averred that the development or growth of any economy is calculated by its efficiency to nourish competitiveness, produce, keep, and tempt economic activities which make sure enrichment.

3. Relationship Between Investment and Competitiveness

Some scholars suggest even more sceptical views regarding the link between investment and competitiveness. More explicitly, although most of the studies in the literature have agreed on the existence of a relationship between investment and competitiveness, however some of these studies have not acknowledged the condition in which this relationship takes place. For example, there is a debate as to whether this relationship can take place in a competitive or monopolistic market. In this regard, some studies suggest that a market with competitive conditions would result in more investment compared to that with monopolistic characteristics; while others claim the opposite by acknowledging that better incentives for investment can only be achieved under monopoly (Dube, 2009). According to Schumpeter (1939), the most important reason why a monopolistic market is optimal for competition is the desire of firms to monopolise the market in the future. This desire also serves as a driving force for firms to improve the production process. With this purpose in mind, these firms are expected to invest and innovate today for their own benefits in the future, which also benefit other firms. Other scholars such as Dube (2009) however, criticise this “one-size-fits-all- approach” which generalises the relationship between investment and competitiveness across sectors. Dube (2009) therefore concludes that deciding on whether a sector will open up for competition should depend on the sector-specific characteristics. Simply because there are some sectors which are more beneficial to investment in monopolistic conditions than competitive conditions.

Within the scope of the investment-competitiveness connection, the relative importance of competitiveness has been subject to considerable discussion. Much of the literature pays particular attention to the positive impacts of competitiveness on investment and the economic environment in general. Some of these studies suggest that promoting competition has an important role to play in pushing firms to improve efficiency and contribute to prosperity and well-being by offering wide-ranging quality products and services at affordable prices. In addition to these, the positive impacts of competition, especially on investment have been recognised by many countries today (Khemani, and Carrasco-Martin, 2008).

In the light of all facts that has been mentioned so far, one may say that there is positive correlation between investment and competition. In other words, results from earlier studies demonstrate a strong and consistent association between investment and competition. Investments, particularly Foreign Direct Investment (FDI) on the other hand, does not only provide capital for domestic investment, but also creates employment opportunities for the host countries, including Sub-Saharan Africa. Investments, especially Foreign Direct Investment (FDI), not only provide capital for domestic investments, but also create employment opportunities for host countries, including Sub-Saharan Africa. Therefore, the investments made contribute to the competitiveness of the country in different ways.

4. Overview of Chinese Investments in Sub-Saharan Africa

Many studies have identified China-Africa relations as one of the most notable examples of South-South cooperation (SSC) over the last six decades. This cooperation began in earnest after Southern countries or developing countries from Africa and Asia were subjected to a series of injustices, political and economic exploitations caused the Western Powers (the North) during the colonial era. The Southern countries, also known as the South, suffered from underdevelopment and backwardness throughout this time. As a result, many South countries began to shift their focus and so collaborated with the Eastern bloc rather than the Western bloc. Since then, as a South country, China has begun to take the lead, particularly after establishing itself as one of the world's most powerful industrial powers. It began to compete with the already established hegemonic nations such as the United States and Japan (Bbaala, 2015). Competition between great powers on the other hand remains an ever-present phenomenon in Africa, especially when considering the anarchic nature of the international arena, where every country is looking for its self-interest. The United States and China for instance, have strained relations in a time when they need to cooperate more than ever (Salitskii and Salitskaya, 2020).

Returning to the relationship between China and Africa, despite the fierce competition, China continued to cooperate more with the southern countries, especially Africa's resource-rich countries. Thanks to this collaboration, China gained access to natural resources such gas, oil, minerals, and forests, as well as the ability to expand into new markets. Besides, the existing literature on potential determinants of China's involvement in Africa cites resource seeking, efficiency seeking, market seeking, and strategic asset seeking as primary reasons for China's involvement in Africa (Dunning, 1993). Another study done by Breivik (2014) to investigate the motives behind China's presence in Africa between 2003 -2011 using panel data from 49 African countries concludes that China is mainly driven by natural resources, GDP, market size and trade openness. Nevertheless, recent studies have cited Foreign direct investment (FDI) as the most important aspects of China's activities in the continent.

Underdevelopment, large population (the second largest continent after Asia and with more than 1.2 billion people) and the presence of natural sources (such as bauxite, iron, silver, petroleum et cetera), have pushed many African countries to attract foreign investors. This being the case, many African countries had signed more than 972 bilateral investment treaties (BITs) since 1960. On the other hand China has been an important partner since then. Today there are more than 3,400 settled Chinese enterprises operating in various parts of the continent. President Xi Jinping has also declared $60 billion financial support to Africa which will be given as government aid and investment (Niu, 2019).

China has FDI stock of $40 billion in Africa, which makes the country the fourth largest FDI stock provider in the continent, only behind the United States, the United Kingdom, and France (UNCTAD, 2018). When it comes to FDI flows however, the top 10 recipient countries are respectively Angola, Kenya, Congo (DRC), South Africa, Zambia, Guinea, Congo (Brazzaville), Sudan, Ethiopia, Nigeria, Tanzania, and they hold more than 75% of China's total FDI flows in the continent. When it comes to investment areas however, China's outward FDI stock is concentrated in several industries. A report on China's outward investment published by Ministry of Commerce of the People's Republic of China (MOFCOM) reveals that construction sector (29.8%), mining sector (22.5%), financial services sector (14%) manufacturing (13.2%) leasing and business services (5.3%) are the top five industries in Africa which attract China's outward FDI stock the most (Ministry of Commerce of the People's Republic of China. 2018).

The point of view on China's cooperation with Africa is one that is widely shared by both Chinese and African people, who see the collaboration as a chance for both parties to benefit. Many Africans now see the partnership with China as an opportunity for mutual benefit and win-win outcomes (Sautman and Hairong, 2007: 80). Beyond the fact that China invests more than other European countries, China's investment model, the "Chinese model," fully meets the needs of Africa. For instance, China, unlike the Western one, does not require cash payments in exchange for investments. That is to say, China accepts natural resources rather than cash in exchange for investments, a practice known as Infrastructure-for-resources (IFR) or Resources-for-infrastructure (RFI) (Bbaala, 2015). Another distinguishing feature of the "Chinese model of investment" or the "Beijing consensus" which emerged as an opponent to the well-known "Washington consensus" is that it does not impose any neoliberal reform package such as privatisation, deregulation, and social spending cuts, which are also known as "IMF conditionality". The primary reason for such an approach is China's aforementioned "non-intervention policy". This being the case, the principle of non-interference has been a central tenet of China's Africa policy from the beginning. "In its relations with Africa, China consistently upholds the principles of sovereignty, equality and non-interference into other countries' internal affairs. They remain the fundamental principles of China's diplomacy toward Africa" (Ying, 2018: 31).

5. Methodology

This study uses a deductive approach to investigate the impacts of China's investments on the global competitiveness of Sub-Saharan Africa (Arlbjorn and Halldorsson, 2002; Yin, 2003). As most experts such as Brautigam (2009) also points out, the Chinese- African relationship in general and the investments and projects carried out by China in particular, are very complex and ambiguous areas in the field. Therefore, using deductive, qualitative research methods can help better understanding of the subject as well as explaining it. Qualitative research techniques can also aid in reaching and forming accurate conclusions about the issue, especially when taking into consideration the debate mode that surrounds the subject as described above.

Going deeper into the study, this work uses semi structured interviews as a main data collection instrument, where in-depth interviews were conducted with professionals and experts of the field. The reason why this instrument was selected is that it is the most appropriate method for this study, especially when it comes to providing better understanding of the subject under study. As it allows collecting the required data to determine factors of Chinese investment affecting competitiveness in Sub-Saharan Africa as a semi structured interviews; it also provides enough space for flexibility, clarification, and discussion, where the interviewees can share their opinions, attitudes, and strategies in an unrestricted manner (Topolansky Barbe, 2008). On that note, managers, professionals, chief executives, and key-decision makers who have sufficient knowledge and experience in the field were interviewed. To put it more explicitly, the interviewees were aware of the Chinese investment in Sub-Saharan Africa, especially Chad, Ethiopia, and Ghana and so they were deliberately selected from these countries which included in this work. This was important especially when it comes to obtaining the right information from the right sources.

5.1. Significance of the Study

As it has been mentioned earlier, although extensive research has been carried out on Chinese investment in Africa in general, no single study exists which investigate the effects of Chinese investments on the global competitiveness of Sub-Saharan Africa (especially Chad, Ethiopia, and Ghana). This study will therefore seek to obtain data which will help to address these research gaps. Consequently, the work will be a useful source for academicians and researchers who want to conduct future research in the field. In addition to its academic contribution, this study will also provide valuable insights that can help governments, investors and policy making institutions in taking the right steps while developing policies. Approaching the subject from both the Western and the Eastern perspectives and more importantly presenting an authentic African stance will be a great contribution to the literature as whole. This being the case, the present study will therefore provide a valuable contribution to the literature in this area.

5.2. Research Questions

As stated previously, the purpose of this study is to shine light on the impacts of China's investments on the global competitiveness of Sub-Saharan Africa, especially Chad, Ethiopia, and Ghana.

The research questions of the study prepared in this context were formed as follows.

• Question 1: To what extent do you consider Chinese investments sufficient in terms of competitiveness, do you have any suggestions?

• Question 2: What are your thoughts on the Chinese investments and competitiveness when considering both global and local market conditions including your company and sector?

• Question 3: What are the impacts of Chinese investments on the local market and customers by considering its role in fostering competitiveness?

• Question 4: How do you see the future of Chinese investments and it's impacts on the competitiveness of your country, any comments, or suggestions for future improvements?

6. Findings

The findings obtained from the semi-structured in-depth interviews with one expert participant from three countries are respectively summarized below.

6.1. Chad's Interview Results

Question 1: To what extent do you consider Chinese investments sufficient in terms of competitiveness, do you have any suggestions?
When it comes to the question of whether Chinese investments are sufficient in Chad, the interviewee responded that Chinese investments are not enough. Because the Chinese investments in Chad have not reached the desired point yet.

Question 2: What are your thoughts on the Chinese investments and competitiveness when considering both global and local market conditions including your company and sector?
The truth is that China competes with producing countries all over the world. Today Chinese goods compete with all world products including Chad's products. One of the most important reasons why Chinese products stand out in the world market is that they are cheap. Another reason is that China offers products according to the purchasing power of its customers. For example, while it offers high quality and expensive products to a market with high purchasing power like Europe, it offers cheap and low-quality products to a market with low purchasing power like Africa.
"Chinese investments are sufficient in terms of competitiveness...Today Chinese goods compete with all world products. China offers products according to the purchasing power of its customers. It offers high quality and expensive products to Europe and offers just the opposite for the Africa" (C.I, Participant 1, January 21, 2022).

Question 3: What are the impacts of Chinese investments on the local market and customers by considering its role in fostering competitiveness?
The interviewee from Chad used this part of the interview to highlight that Chad is a consuming country. Because most consumed goods, particularly manufactured goods such as packaged goods, paper, textiles, machinery, clothing, and vehicles, are imported from countries such as Nigeria, Cameroon, Sudan, and China. In this scenario, local consumers are looking for high quality and affordable products at the same time.
Consumers in the country, on the other hand, have limited purchasing power due to low earnings. This being the case, China has begun to offer affordable products to consumers, including but not limited to technological devices such as cell phones, clothing, and shoes. When viewed from this aspect, one can conclude that China's presence in Chad has benefited regular customers. Especially that China introduces a wide range of products with average quality and affordable prices that suit purchasing power of the local customers. While this situation benefits consumers, it also pushes manufacturers to compete. Therefore, it is possible to say that Chinese investments and products have positive effects on the Chadian market, as it contributes to the competitive environment in the country. To explain the impacts of Chinese investment on local market, the interviewees from Chad expressed the belief that unlike developed or developing countries, the private sector in the country is very weak compared to the public sector. Because the country's overall economy remains fragile, and conflict-affected. This situation has an impact on not only employment but also the country's competitive climate. As a result, local investors are still unable to compete with foreign investors like China. The following quote summarizes the interviewee's views:

"Chad is a consuming country that generally import from countries such as Nigeria, Cameroon, Sudan, and China. Consumers in the country, on the other hand, have limited purchasing power due to low earnings. This being the case, China has begun to offer a wide range of products with average quality and affordable prices that suit the purchasing power of the local customers. All those suggest that China's presence in Chad has benefited regular customers" (C.I, Participant 1, January 21, 2022).

Question 4: How do you see the future of Chinese investments and it's impacts on the competitiveness of your country, any comments, or suggestions for future improvements?
Even though China is currently focused on economy rather than politics, there are many question marks about the country's future direction. Many experts are now questioning whether China, which has grown stronger in Africa over time, will interfere in African politics in the future, as present superpowers such as the United States and France do, and whether China will use hard power rather than soft power. The debt policy that China has recently adopted in countries such as Kenya and Ethiopia may turn into a trap for these countries in the future. Indeed, China took over the Kilindini Harbour Mombasa Port, the biggest port in east Africa and so China has managed the harbour in exchange for release of the debt. Moreover, China wants to have a place in Africa in the military sense. For example, China currently has a military base in Djibouti, and this number may increase in the future as African Chinese relations develop.
Yet because Chinese investors have a competitive advantage in nearly every aspect, local investors are unable to compete, which does have a negative impact on the local market's ability to improve. Instead of having an unbalanced partnership in which China benefits at the expense of the Sub-Saharan African countries, the relationship should be designed to benefit African countries too. The interviewee's viewpoints are summarized in the following quote:
"China is currently focused on economy rather than politics, however, there are many question marks regarding the country's future direction. Experts are questioning whether China will interfere in African politics in the future, and whether China will use hard power rather than soft power" (C.I, Participant 1, January 21, 2022).

6.2. Ethiopia's Interview Results
Question 1: To what extent do you consider Chinese investments sufficient in terms of competitiveness, do you have any suggestions?
As a matter of fact, China has overpoweringly broken into the African market, especially Ethiopia. As it has fearlessly and unsmilingly invested in various areas and parts of the country. It made investment from construction to mining to manufacturing and financial services. The reason why Chinese investors are unfearfully investing in the continent is that they are fully supported by both China and the local governments in Africa. For instance, Chinese investors are financially supported by China while also granted some privileges in some legal and bureaucratic procedures in Africa. With this mind, China has made various agreements with the local governments in Africa to provide investment environment for its citizens. Therefore, when there is a problem, the problem remains between the countries. Chinese government provides even advocacy services to the Chinese investors in such cases.
Another important feature of Chinese investors is that they can communicate well with local businessmen and therefore they can easily establish partnerships. Because they are more business-oriented, Chinese investors use local investors as an asset to benefit from their experiences in the local market. Due to these and similar reasons, it is possible to say that Chinese investors are doing a good job in the Ethiopian market in terms of competition. In response to the question, the interviewee highlights that:
"China has overpoweringly broken into the Ethiopian market. It has fearlessly and unsmilingly invested in various areas construction to mining to manufacturing and financial services. The reason why Chinese investors are investing in the continent is that they are fully supported legally and financially by both China and the local governments in Africa. China doing a good job in the Ethiopian market in terms of competition" (E.I, Participant 2, January 14, 2022).

Question 2: What are your thoughts on the Chinese investments and competitiveness when considering both global and local market conditions including your company and sector?

Commenting on impacts of Chinese investment on competitiveness in Ethiopia, the interviewee emphasised that China's investment in Ethiopia has some positive and negative aspects. One of the positive sides of China's investment is that it opens up new employment opportunities for the local markets, especially when considering country's huge working capacity. While also creates business spaces for local businessmen who lack resources and so desperately look to form partnerships with others. China's investment also helps transferring technology, brings knowledge and experiences to the country which lacks experience in this regard.

The negative side is that because Chinese investors have competitive advantage in nearly all aspects, local investors cannot compete with them which negatively impact the local market to flourish, especially in the long run. As in this case, there will not be a fierce competition environment in the market.

"China's investment creates jobs and partnerships, transfers technology, brings knowledge and experiences to Ethiopia. With this, local investors cannot compete with them which negatively impact the local market to flourish, especially in the long run... and there will be no severe competition in the market in this regard" (E.I, Participant 2, January 14, 2022).

On sectoral basis, however, the results have shown that there are a lot of Chinese firms operating in various sectors such as the paint industry. Even though Chinese firms do not negatively affect the local firms in the foreseeable future, however this condition may change over the long term. This is mainly because of the demand and supply gap in the market. When asked for more specific examples, interviewees provided the following:

"In the paint industry, where my company also operates, there are many Chinese firms operating on a sectoral basis. Even though Chinese firms do not have a negative impact on local firms in the near future, this situation may change in the long run. Since there is a demand-supply mismatch in the market" (E.I, Participant 2, January 14, 2022).

Question 3: What are the impacts of Chinese investments on the local market and customers by considering its role in fostering competitiveness?

Talking about impacts of Chinese investment on local market and customers in Ethiopia, the interviewee expressed that know-how, innovation, and technology transfer are the main assets that can positively contribute to competitive environment in the country if the local government establish an environment that is based on mutual gain and trust. Another advantage is that because Chinese products are generally of poor quality, local manufacturers can win the competition, especially when they offer quality products. However, due to its raw material inventory advantage and economies of scale, China continues to outperform the competition. The interviewee cited the following example to explain why China's low quality cannot compete with locally produced high-quality products:

"For example, in the paint industry where my firm operates, customers prefer the products we produce in the country much more than the Chinese products. Despite this, China still beat the competition thanks to its raw material inventory and economies of scale" (E.I, Participant 2, January 14, 2022).

Question 4: How do you see the future of Chinese investments and it's impacts on the competitiveness of your country, any comments, or suggestions for future improvements?

In response to the question: 'How do you see the future of Chinese investments and it's impacts on the competitiveness of your country, any comments, or suggestions for future improvements? the interviewee highlights that:

"Considering the current course, one can argue that Chinese investments in Ethiopia and Africa will increase in the future. However, I think that China-Africa link should be a win-win type of relationship" (E.I, Participant 2, January 14, 2022).

6.3. Ghana's Interview Results

Question 1: To what extent do you consider Chinese investments sufficient in terms of competitiveness, do you have any suggestions?

In response to Question 1, the interviewee indicated that China is mostly operating in the retail sector. For instance, China has made significant shopping mall investments in Ghana. Even in the mining sector, prior to the arrival of the China, people were primarily engaged in manual mining until the China arrived and introduced sophisticated machinery. This process has been accelerated by the presence of new technology. As nearly every gold-bearing region in Ghana has been discovered thanks to Chinese influence and technology. The interviewee explained how Chinese investments in Ghana had changed the game:

"Prior to the coming of the Chinese to Ghana, people were mainly doing manual type of mining until the Chinese came to introduce sophisticated equipment in the mining sector... Places before then we never even thought of now with the influence of the Chinese has made it possible for mining to be discovered in otherwise unknown environment" (G.I, Participant 3, January 09, 2022).
In explaining the role played by technology, the interviewee also added that:
"In terms of positive aspects, the Chinese have introduced technology that was previously unknown. A technology which has made it possible for new discoveries in otherwise unknown places that we normally never thought of having gold there, now we have discovered almost every part of Ghana that has gold deposit" (G.I, Participant 3, January 09, 2022).
However, one must admit that the introduction of those sophisticated equipment to the Ghanaian territory came with its own negative consequence. The environment has been damaged because of the kind of tools used by China, and people have begun to express their dissatisfaction with the situation. For instance, the mining activities took place in the forest has destroyed the water bodies which are also having negative consequences for the time being, and possibly in the future. When asked for more specific examples, interviewees provided the following:
"The impact on the environment is so severe. As China is aggressively operating in forests and natural places, the water bodies and the aquatic animals in the country are being destroyed and we know for sure that if the last three dies mankind can no longer survive. Yes, to a larger extend China has impacted us in both positive and negative ways" (G.I, Participant 3, January 09, 2022).
In fact, according to estimates, if precautions are not taken, almost all of Ghana's water bodies will be destroyed within the next few years. As major rivers, such as the Oti and Ofin, have been negatively impacted. It should not be forgotten that Ghana's top export commodity is cocoa, followed by gold, and that these two commodities generate a significant portion of the country's revenue. As a result, the more the country mines, the more revenue it generates; however, a cost-benefit analysis shows that Ghana may benefit today, but there is a risk in the future. Therefore, Ghana must take a step back and consider these environmental consequences. The following quote summarizes interviewee views regarding the first question:
"In accordance with the estimates, in the next couple of years all most all of Ghana's water bodies as well big rivers such as Oti River, Ofin River are going to be destroyed if care is not taken. Therefore, if you do the balancing in terms of cost-benefit analysis you can see that we may benefit today but in the future the danger is there. So, there is a need for Ghana to pause a little bit and think about these environmental consequences" (G.I, Participant 3, January 09, 2022).

Question 2: What are your thoughts on the Chinese investments and competitiveness when considering both global and local market conditions including your company and sector?
As stated before, China has now started investing in retail sector, almost all household items in the Ghanaian market are either made in China or supplied from China. Before the Chinese presence, most of the Ghanaian traders were traveling to China, but in recent times, China itself is coming down to establish businesses in the country. China is now competing with indigens and so there is no space in the market. The interviewee does believe that such trend is not limited to Ghana, but also applies to almost the entire Sub-Saharan African region. Because the current trend in Africa is that China is invading those countries and so definitely having impact on the local markets. The local market is therefore unable to compete with China, particularly in household items, where China benefits from large-scale production, economies of scale, and tax breaks provided by the local governments. All these factors help reducing the cost of production to a considerable extent.
"The China has now started investing in retail sector, especially household items. In recent times the Chinese are coming to establish businesses in Ghana. Now China is competing with indigens and there's no space in the market. Such trend is not only limited to Ghana, but it also applies to almost all Sub- Saharan Africa. The common trend is that Chinese are invading these countries and so definitely having impact on the local markets" (G.I, Participant 3, January 09, 2022).
In terms of competition, however, China uses pricing as one of the strategies in breaking down the competitors in the local market. Therefore, when viewed from this perspective, those are so much on the indigens, and so China is taking businesses away from them. When one looked at the other way around, profits that are made in the end

transferred from Ghana to China. To highlight the impacts of Chinese investment on the local markets, the interviewee asked:
"Who benefits at the end of the day? The local market is rather helping Chinese market to be stronger whereas the Ghanaian market becomes weaker" (G.I, Participant 3, January 09, 2022).

Question 3: What are the impacts of Chinese investments on the local market and customers by considering its role in fostering competitiveness?
For the consumers, one must admit that most of the Chinese products are cheap relative to the European products, namely low-end goods. China's strong presence in the African market has made it possible for many African people to have access to certain facilities, products as well as technological devices including mobile phones. Another aspect is that Chinese products are relatively affordable, and less low-quality products that cannot last for quiet long time (short life items). In other words, China provides consumers with low-cost, but short-life products.
"Because of China's presence in the African market, many Africans now have affordable access to various facilities, products, and technological devices such as mobile phones and so on" (G.I, Participant 3, January 09, 2022).

Questions 4: How do you see the future of Chinese investments and it's impacts on the competitiveness of your country, any comments, or suggestions for future improvements?
The respondent from Ghana forecasted that China will continue to have a strong presence in the African market. Because, like it or not, the world's power has shifted to China, particularly given China's enormous global market impact. China has now surpassed the United States in almost every aspect of trade and investment. For this reason, China will continue to act in accordance with its competitive advantage in the global economy. Even when viewed through the lens of Porter's Model, China now has competitive advantage not only in terms of supply and demand conditions, but also in terms of structure and rivalry. As Porter also stated, these are the primary determinants that contribute to the creation of a national environment in which businesses can emerge and learn how to compete. However, as China benefits from its competitive advantage, it must be mindful of the rights of others so that the relationship can always been a win-win situation. In this case, China will benefit and so the Sub-Saharan African countries which are mostly at the weaker end of the relationship. Instead of being a lopsided relation where China has advantage over the Sub-Saharan countries, the relationship should be structured in such way that benefit all. That is to say, there should be a sense of balance in the cooperation.
"China will continue to have a strong presence in the African market. However, instead of being a lopsided relationship in which China has an advantage over Sub-Saharan African countries, the relationship should be structured in such a way that all parties benefit" (G.I, Participant 3, January 09, 2022).

7. Conclusion, Implications and Recommendations

7.1. Conclusion

To conclude, the study looked at the competitiveness of Chad, Ethiopia, and Ghana within the context of Chinese investment in sub-Saharan Africa. Findings from in-depth interviews reveal several discourses regarding China's presence in the continent:
In terms of competitiveness sufficiency, collected data from the semi-structured interviews has shown that China has overpoweringly broken into the African market. It has fearlessly and unsmilingly invested in various areas from construction to mining to manufacturing and financial services. Despite some negative environmental consequences such as damage to forests and water bodies, the introduction of new technologies has accelerated this process. The reason why Chinese investors are investing in the continent is that they are fully supported legally and financially by both China and the local governments in Africa. As a major investor, China doing a good job in the African market in terms of competition.
Regarding the effects of Chinese investment on Africa's and the world's competitiveness, the analysis of the collected data revealed that Chinese investments are sufficient in terms of competitiveness. As today Chinese goods compete with all world products. Moreover, China's investments create jobs and partnerships, transfer technology, bring knowledge and experiences to Africa including Chad, Ethiopia, and Ghana. Domestic investors on the other hand are unable to compete with China, which could have negative influence on both local market and competitiveness. For instance, the local market is unable to compete with China in household items where China benefits from large-

scale production, economies of scale, and tax breaks provided by the local governments. With this, China uses pricing as one of the strategies in breaking down competitors in the local market. China also provides products based on the purchasing power of its customers. For example, it offers high-quality, expensive products to Europe while doing the inverse for Africa.

Talking about the impacts of Chinese investment on local market and customers, the interviewees expressed that know-how, innovation, and technology transfer are the main assets that can positively contribute to competitive environment in the continent. Despite this, China still beat the competition thanks to its raw material inventory and economies of scale. Consumers in the continent, on the other hand, have limited purchasing power due to low earnings. This being the case, China offers a wide range of products with average quality and affordable prices that suit the purchasing power of the local customers. This has enabled many Africans to have access to certain facilities, products, and technological devices such as mobile phones. When viewed from this aspect, China's presence in continent has benefited the local customers. However, because the Chinese products are relatively affordable, they are less low-quality products that cannot last for quiet long time (short life items).

It is forecasted that China will continue to have a strong presence in the African market. Especially that China has now surpassed the United States in almost every aspect of trade and investment. For this reason, China will continue to act in accordance with its competitive advantage in Africa. China is currently focused on economy rather than politics, however, there are many question marks regarding the country's future direction. Experts are questioning whether China will interfere in African politics in the future, and whether China will use hard power rather than soft power. The debt policy that China has recently adopted in countries such as Kenya and Ethiopia may turn into a trap for these countries in the future. Indeed, China took over the Kilindini Harbour Mombasa Port, the biggest port in east Africa and so it has managed the harbour in exchange for release of the debt. Instead of being a lopsided relationship in which China has an advantage over Sub-Saharan African countries, the relationship should be structured in such a way that all parties benefit.

However, when the three competing countries of Chad, Ethiopia, and Ghana are compared, the single conclusion to be drawn from the in-depth interviews in this study is that Ghana and Ethiopia have the best potential to be competitive, respectively. While Chad with limited resources has no potential to compete. This is all to say that Ghana has a competitive advantage over Ethiopia and Chad. Ethiopia, on the other hand, has a competitive advantage over Chad. Therefore, Chad is in a worse position than Ethiopia. It appears that Chad has been unable to compete due to a lack of a well-established economic system.

7.2. Scope and Limitation of the Study

The study has some limitations. Firstly, even though the Sub-Saharan Africa region includes as many as forty-six countries, the study mainly focuses on Chad, Ethiopia, and Ghana.

Secondly, the present study was subject to a number of weaknesses. The most important limitation lies in the fact that the researcher faced with several problem regarding collecting the related data, particularly primary data, where some firms and experts selected from the related countries were not able share well-structured information concerning the Chinese investment and its impacts. These problems mainly originated from time and finance constraints which restrained the researcher from conducting the interviews in some of the selected countries especially, Ethiopia, and Ghana. What is more, the present study was subject to a number of potential methodological weaknesses. As noted by Topolansky Barbe (2008), the difficulties in interviewing key decision makers, non-response bias, lack of representativeness, data validity, and the interviewer's personal bias are the main downsides connected with using this research technique (Topolansky Barbe, 2008: 174). Because of these limitations, study findings must be treated with some caution.

7.3. Implications

The study's findings highlight key elements that could have a significant impact on Sub-Saharan Africa's economic development. As a result, the study's findings have several important implications for future practice.

Economic openness should be increased through more liberalised economic policies, as openness is widely acknowledged as a key factor in FDI inflows as well as fostering competitiveness. Removing investment and trade restrictions such as taxes, quotas, exchange controls, and embargoes should be the first step to be taken in this

regard. International organisations and partners such China can also help improve and stabilise democratic institutions in the continent.
Given the positive and statistically significant effect of the private sector on competitiveness and economic growth, Sub-Saharan African countries, especially Chad should prioritise private sector development. Private sectors can be enhanced by reviewing existing investment legislation and introducing incentives including but not limited to tax relief, legal arrangements, privatisations. While doing so, it is important to keep the public and private sectors in harmony. As public-private sector consultation has proven to be tremendously beneficial in increasing the efficacy of government policy and investment decisions.
To better use the abundance of natural resources and attract foreign investment, countries with natural resources should pursue policies aiming to completely liberalize (privatize) natural resource sectors. Natural resource-related conflicts and instability must be addressed to maximise natural resource development and production while encouraging a fair distribution of income.
Governments of Sub-Sahara Africa should play an active role in creating and promoting business-friendly environments, if they want to attract more foreign investment and boost competitiveness. Governments can help firms gain competitiveness by providing finance, research, information, professional advice, and trainings as well as developing infrastructure. However, before all of these, fundamental obstacles such as political instability, corruption, and poor governance must be addressed.
As is known, infrastructure capacity is extremely important for competitiveness and economic development. Infrastructure services such as transportation, communication, water, and power systems are critical for keeping up with economic changes brought about by industrialization, urbanisation, and globalisation. In this regard, Africa should benefit from China's technology and experience. Therefore, infrastructure investment from China should be prioritised, however, it must be ensured that these investments are long-term (sustainable). The private sector should also provide alternative sources for infrastructure investment in this regard. For example, the private sector can promote the use of renewable energy sources including solar, wind, and hydropower.
Serious attention should be paid to human resource development if competitiveness and economic development are to be achieved. Human capital accumulation is key in attracting FDI, as investors prefer to invest in markets with dynamic, high-quality, and experienced workforce. However, it is possible to have a healthy workforce by focusing on future industries with the ability to compete in the global market. To achieve this, both local governments and the private sector must work together to foster and strengthen university-industry collaboration for research and development, skills development, and innovation. Governments also should allocate adequate resources to science and technology education including information technology and digital technologies, as well as other knowledge-based resources.

7.4. Recommendations

The study further contributes to the growing body of evidence that Chinese FDI in Sub-Saharan Africa is vertical in nature (resource-seeking). It should also be noted that, because competitiveness policy is so broad in scope, the policies recommended here are much more focused on infrastructure and the overall structure of the economy.
1- Africa-China relationship should be built on common economic values such as mutual gain, mutual trust, mutual respect, and so on.
2- The investments should be strategic, well-planned, and directed to priority areas such as infrastructure and agriculture. However, it must be ensured that these investments are sustainable and environmentally friendly.
3- A business-friendly environment should be established to attracts more investment and increases competition. That is to say that governments should create favourable market conditions that are a win-win situation for Africa and investors alike.
4- The investments should transfer knowledge, technology, and experience to the continent. The investments should specifically provide African workers with the opportunity to gain knowledge, skills, and experience in this regard.
5- Instead of the public sector, where local governments have greater state control over economies, the private sector should be prompted not only to create alternatives, but also to foster competitiveness in local markets.
6- Human resource development must receive significant attention, as investors prefer to invest in markets with a dynamic, high-quality, and experienced workforce.
7- Social responsibility should be considered in the investments made. As a result, companies should make efforts to operate in ways that benefit society and the environment rather than destroy them.

8- Further research should be conducted to investigate the effects of Chinese investment on the global competitiveness of other African countries not mentioned in this study.

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