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Two Belts, One Road?

The role of Africa in Chinas's Belt & Road initiative

By Julia Breuer

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In the light of the EU-Africa Summit 2017 and of the G20 Summit 2017 with Africa being one of the focus areas, China's engagement in Africa seems more relevant than ever. China's "One Belt, One Road" initiative (OBOR) or silk road initiative is often referred to as a Eurasian infrastructure network initiative, but it is in fact much more than that. The maritime silk road is supposed to go past the coast of East Africa, where several ports are being built and will be built. Furthermore, ports are not only planned and under construction on the maritime silk road's direct way along Africa's east coast through Suez Canal, but also on coasts of Central and West Africa. In addition, some of those ports are planned to be connected to Africa's hinterland by roads and railways — sometimes all the way from the east coast to the west coast. OBOR is thus not only about Eurasia, but also to a significant extent about Africa. There even is a second belt — on the African continent (see below).[1]

In 1955, high level politicians from 29 African and Asian countries, met in Bandung (Indonesia) to send a clear signal against imperialism after many decades of colonialism. The participants of the Bandung conference agreed to base their cooperation on the five (resp. ten) principles of peaceful coexistence, that originally had been developed as a guideline for China-India relations a year earlier. These principles include inter alia mutual respect for sovereignty, equality, mutual benefit, and non-interference into the inner affairs of the other state.

To date, these principles are still emphasized by Chinese politicians to contrast China and Western countries in their development approaches e. g. to Africa. This contrast became especially visible when Joshua C. Ramo published the Beijing Consensus in 2004 which was contrasted with the Washington Consensus. Non-interference e. g. includes to cooperate with no political strings attached (except for the resp. partner to adhere to the One China Principle, i. e. not to have diplomatic ties with Taiwan), whereas Western partners usually attempt to link cooperation to certain conditions regarding good governance or human rights (see e. g. the European Consensus on Development). China perceives itself as a formerly (partially) colonized developing country, as the "largest developing country" (see e. g. China's 2nd Africa policy paper 2015), thus emphasizing common ground and solidarity. China calls for increasing "the representation and voice of developing countries including China and African nations in international affairs" (ibid.). The spirit of Bandung is thus still vivid.

In contrast to many Western countries, China's approach to development partnership is rather trade than aid (in the sense of traditional Official Development Assistance, ODA). The Belt & Road initiative (also known as One Belt, One Road, OBOR, see boxed text), which is mainly — but not exclusively — an infrastructure initiative thus perfectly fits into this approach.

Perception of China in Africa

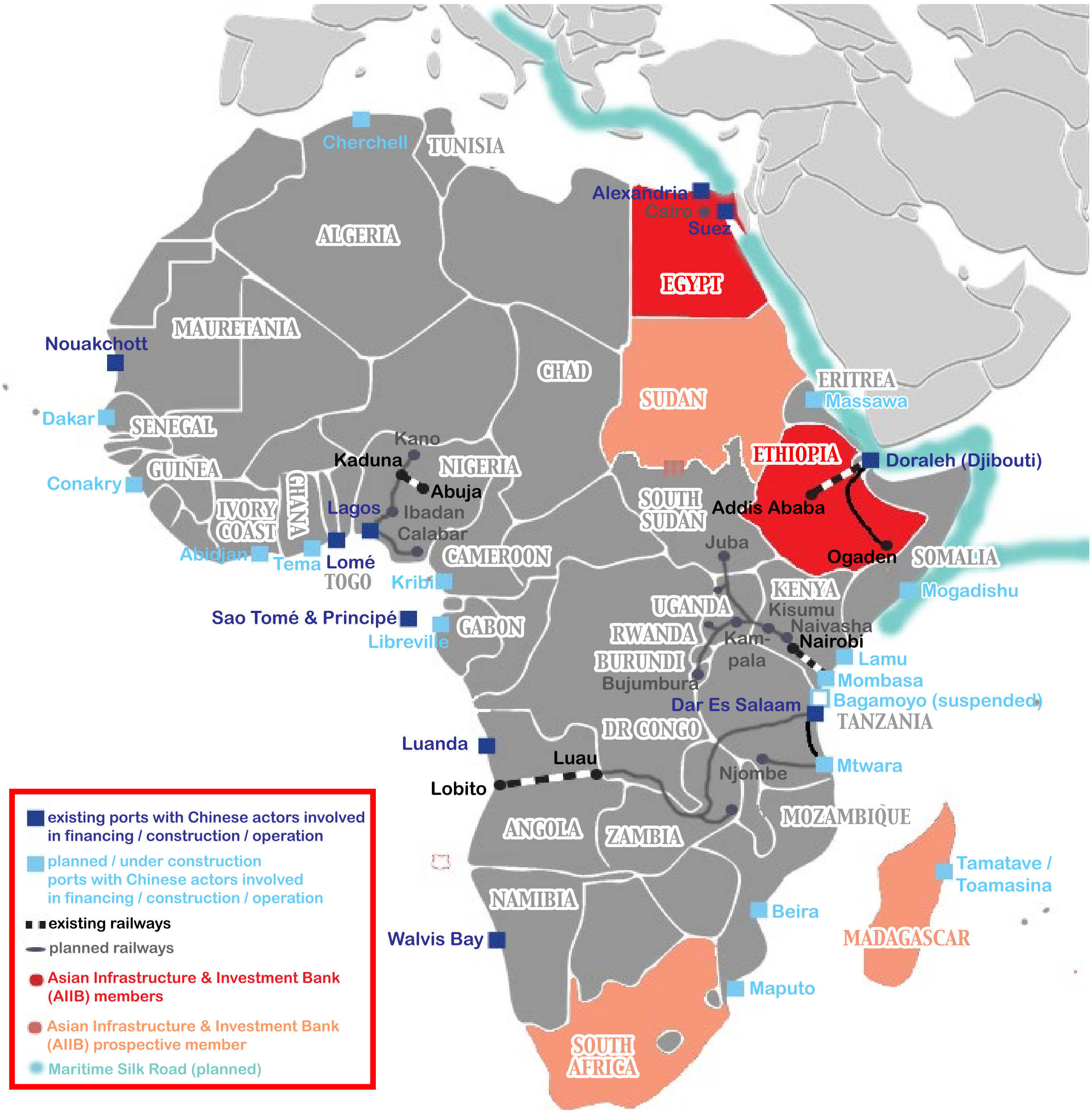
The keywords "China", "Africa", and "infrastructure" are often associated with the "Angola model", which is a special model for a development partnership. The term was coined in 2008 when Angola preferred an oil-backened credit from Chinas EximBank over a credit from the IMF. In that case, China's benefit was not only the oil, but also the requirement that 70 % of the infrastructure projects realized thanks to the credit had to be assigned to Chinese companies thus creating jobs for Chinese.

More than half of the European respondents of a survey conducted by *Pew Reseach Center* (2013) do not see China positively. However, the study also shows that China is being embraced by most Africans, which is underpinned by an *Afrobarometer* survey. According to *Pew Research Center,* 76 to 78 percent of the respondents in Nigeria, Kenya and Senegal viewed China favorably, whereas this is valid for only 28 percent of respondents in some European counties, namely Germany and Italy.[2] *Afrobarometer* (2016)[3] found that Madagascar, Tunisia, Ghana and Algeria are seeing China rather negative. However, almost two-thirds of Africans said China's influence was 'somewhat' or 'very' positive, while only 15 % saw it as somewhat/very negative. The factors which contributed most to a positive image of China are the cheap Chinese products as well as China's business and infrastructure investments. Especially in Central and East Africa, the factor "investments" is perceived positively, with about 70 % of Kenyan, Zambian, and Gabonese respondents naming investments as the factor contributing most to a positive image of China.

2017 Belt & Road Forum and African countries

In May 2017, observers closely watched the events around China's first Belt and Road Forum (BRF) in Beijing. During the BRF, China signed economic and trade cooperation agreements with 30 countries, among them two African ones: Kenya and Ethiopia. As the *China Daily* (16.5.2016) reported, the Export-Import Bank of China (EximBank) signed loan agreements with the National Treasury of Kenya, at least one company from Egypt, and with the Ethiopian Ministry of Finance.

Infrastructure plays a very important role in Chinese-African Union relations. As early as 2014 Chinese premier Li Keqiang had referred to the dream expressed by AU Commission Chairperson Dr. Nkosazana Dlamini Zuma about connecting all 54 African capitals via high speed railways. Li stated that China would help to make that dream come true. Already in the years 2015 and 2016, both parties signed memorandums of understanding (MoUs) on cross-continental infrastructure development including railway, highways, and aviation as well as on the high speed train network which is a flagship project of Africa's Agenda 2063. At the BRF now in Beijing, the Global Energy Internet Development Cooperation Organization which was initiated by China's State Grid Corporation signed inter alia an MoU on energy cooperation with the African Union (AU).



On the national level, according to *China Global Television Network* (18.05.2017) Egypt, Ethiopia, South Africa, and Kenya are the only African countries having signed high-level BRI MoU's with China.

Among the African countries who sent high-level politicians to BRF and/or have signed high-level MoU's on OBOR are also members of the Asian Infrastructure and Investment Bank (AIIB) initiated by China. Its African members are Egypt (founding member) and Ethiopia. Madagascar, South Africa and the Republic of Sudan are prospective members (as of June 2017). However, as of June 2017 the AIIB does not play any role regarding financing OBOR projects in Africa. Instead, Chinas EximBank remains an important player as to African infrastructure.

OBOR projects in Africa

The hotspots of China's engagement in Africa within the scope of OBOR are Djibouti, Egypt, and Ethiopia as well as Tanzania, Zambia, and Angola. No other country invests more in the development of Egypt's Suez Canal Corridor than China. According to *all*Africa (18.10.2015) a Chinese company signed a contract on constructing the new multi-purpose terminal at Alexandria Port (Egypt). The port is operated by the Hong Kong based company Hutchison Ports. China Railway Construction Corporation is currently constructing a 70 km railway from the expanding capital Cairo to its surroundings.

In Egypt's bordering state Djibouti, starting from 2015, Doraleh port was built within less than two years jointly financed by China Merchant Holdings Intl. (CMHI) and the Djibouti Ports and, Free Zones Authority (DPFZA). When constructing Doraleh port it was ensured that it is well connected with Djibouti's resource-rich neighbor and newly developed production country (see below) Ethiopia: a railway from Addis Ababa to the Doraleh port as well as a pipeline from Ogaden (Ethiopia) to Djibouti have already been finished. The 750 km long Ethio-Djibouti railway was financed by Chinese EximBank, built by China Railway Group Ltd (CREC) as well as China Civil Engineering Construction Corporation (CCECC). Both, Doraleh port in Djibouti as well as the Ethio-Djibouti railway, started operating in 2017.

The Ethiopia-Djibouti railway will be linked with the Kenyan standard gauge railway (SGR). Thus, a connection to South Sudan will be created. In May 2017 the SGR cargo train between Mombasa port and Nairobi (470 km), which was largely financed by China EximBank, started operating. Mombasa port will be extensively connected to Africa's inland, going far beyond Kenya: There will be railway lines via Nairobi linking it with South Sudan, Uganda, Rwanda and Burundi (see map). At the Belt and Road Forum (BRF) in May 2017, Kenya and China agreed upon a 3,6 billion USD credit in funds for the extension of the Kenyan railway line between Naivasha, near Nairobi and Kisumu. From the latter, it is a mere 100 km to the border of landlocked Uganda.

The definition of "high speed" aside, Li Keqiang's promise is taking shape. Chinese built railways are gradually forming a network. Simultaneously, the new silk road is expanding. Kenyan State House Spokesperson Manoah Esipisu, quoted by *The Star* (Kenya, 15.5.2017), said "Through the [Lamu Port and Southern Sudan-Ethiopia Transport Corridor] LAPSSET project [an infrastructure project comprising Kenya, Ethiopia and South Sudan], this creates an extension of the Maritime Silk Road. This will create massive economic advantages for Kenya".

A second belt?

Furthermore, China wants to revitalize the Tanzania-Zambia Railway (TanZam or TaZaRa), built with the help of the Chinese in the 1970s, which is 1900 km in length and is still perceived as a symbol of Sino-African friendship. It was inter alia built in order to transport Zambian copper to the port. Once these railways are linked via the south of the DR Congo, the Port of Dar Es Salaam (Tanzania) at the east coast will be connected with Lobito port (Angola) at the west coast, since the Lobito-Luau railway (1340 km) from the Angolan coast to the border of the Congo already started operating in 2015.

"One Belt, One Road?" Apparently, there will be a second belt, as a deeper look into an article published by *Xinhua News Agency* on March 26th 2017 suggests: it is stated that "[t]hrough a comprehensive reform of the management system, effectively linking the [new *Tanzania-Zambia]* railway to ports, and building an industrial economic belt along the railway [emphasis added], it is hoped that the 1,860-km railway line will gain renewed vigor […]." Xi's vision thus seems to expand.

In addition, China Civil Engineering Construction Company (CCECC), which is involved in many infrastructure projects in Africa, is currently building a 400 km railway from Chipata eastwards to Serenje, linking Zambia with Mozambique's coast via Malawi.

As Bob Wekesa, postdoctoral fellow at University of the Witwatersrand (South Africa), wrote in a *China Daily* (14.4.2017) article "Addis Ababa-Djibouti railway could be extended from Ethiopia all the way to the West African coast."

If this becomes reality, a belt parallel to the one through Tanzania and Zambia would emerge. Chad, whose government signed an MoU with Hsin Chong Construction Holdings Overseas Ltd. on OBOR-related infrastructure and construction projects in 2016, might be an important East-West nexus as well.

Tazara Rail – Tanzania-Zambia, built in the 1970s by the Chinese

China's interests

East African countries such as Egypt, Djibouti, Sudan and Ethiopia are of particular strategic importance for the Maritime Silk Road due to their geographical location. However, Chinese infrastructure projects are working their way from the port at the coasts through the hinterland, crossing the continent. Not only at Africa's east coast but also on the west coast, infrastructure networks are expanding: China Merchants Holdings International (CMHI) invested not only in Djibouti's Doraleh port, but also in Lomé port (Togo) and Lagos port (Nigeria) in West Africa. Near Lagos, Lekki deep sea port is currently being built by China Harbour Engineering LFTZ Enterprise (CHELE). Furthermore, large shares of the Lagos-Ibadan railway, as well as the coastal Lagos-Calabar railway are financed by China EximBank and built by China Civil Engineering Construction Company (CCECC).

Connecting the ports with the inland provides several profits for China. Products or resources from the inland can be transported to the respective coast to be exported to (inter alia) China. And, even more importantly, Africa serves as an export market for Chinese materials and work force (see below). China accounts for about 1 % to 2 % of Kenyan resp. Egyptian resp Nigerian exports, but for more than 10 % of the imports of Egypt and Kenya and even 20 % of Nigerian imports (2013, Worldbank). However, products made in Africa are increasingly produced in Chinese owned companies: In the scope of restructuring its economy, China started to outsource labor-intensive branches such as shoe and clothing manufacturing as well as car assembling to African countries like e. g. landlocked Ethiopia, which makes the Ethio-Djibouti railway essential.

Africa is being highlighted by the current German G20 presidency. Furthermore, the 5th EU-Africa Summit will be held in Ivory Coast in November 2017. Whereas China is not only already holding its 7th Africa Summit next year, but also sends its Foreign Minister to Africa annually at the beginning of each year in order to underline the importance of the continent to China. These visits also provide opportunities to promote the OBOR initiative. Since his inauguration as China's Foreign Minister four years ago, Wang Yi visited Kenya three times, more often than any other African country. Kenya had been visited by Chinese Premier Li Keqiang in 2014 as well. It is one of the main OBOR targets. During his most recent trip to Africa in early 2017, Wang went to Madagascar, Tanzania, the Republic of Congo, Zambia and Kenya. China is keen to revitalize the TanZam railway it had built in the 1970s (see above).

A politically interesting issue might be the fact that Sao Tomé and Principé, an island state located off the African west coast, cut its diplomatic ties with Taiwan in late 2016 and re-established those with the PRC. In April 2017 China announced to donate 146 million USD to São Tomé and Príncipe for the construction of infrastructure, i. a. a deep water port. An MoU on the construction of the port had already been signed in 2015.

Impact of OBOR in Africa

For the construction of the Lagos-Ibadan railway line, buildings had to be demolished by Nigeria Railway Corporation and people had to relocate, many complaining about the lack of compensation, according to *The Guardian* (18.4.2017). In Cameroon, another West African country, houses were pulled down to make room for Kribi deep sea port, as *The Diplomat* (27.2.2015) reported. Similar problems occurred regarding Bagamoyo port: Before the project was suspended, 2000 people had to relocate, i. e. to leave their farm land and houses for the construction of Bagamoyo port and an industrial zone attached to it, as *BBC* (7.6.2016) stated. This new port was supposed to be a joint project of Tanzanian government, Oman's General State Reserve Fund and Chinese CMHI. Instead, the Tanzanian government decided to focus on upgrading the ports of Dar Es Salaam and Mtwara. Both had already aroused China's interest. While the former is operated by a subsidy of Hong Kong's Hutchison company, oil and gas deposits have been discovered near the latter. In 2015, the Chinese built Mtwara-Dar Es Salaam gas pipeline, funded by China EximBank, was inaugurated.

The suspension of Bagamoyo port might have saved the surrounding ecosystem. According to *The Diplomat* (1.12.2015), endangered mangrove swamps are located in the area around the formerly planned port.

In Soamahamanina (Madagascar) the Chinese enterprise Jiuxing Mines had received a 40 year licence for mining of gold, beryllium, zinc and lead in exchange for infrastructure such as roads and electricity. However, according to *Africa Daily* (07.10.2016), the company had to stop its activities in October 2016 due to protests of locals whose land was affected by mining. According to the NGO *Collectif pur la Defense des Terres Malgaches,* a church and a school were supposed to be destructed.

In Kenya protests against an OBOR-related Chinese built project started in fall 2016, because a six kilometer long elevated section of the planned standard gauge railway (SGR) line was supposed to cross Nairobi National Park. The park is home to rhinos, giraffes, zebras and lions. Due to a court order reached by Kenyan conservationists, the construction works had to be interrupted. The first leg between Nairobi and Mombasa cutting through Tsavo National Park is finished now and was equipped with bridges, fences and underpassages for wild animals such as elephants, whereas the construction of the second leg linking Nairobi and Naivasha is paused. While the railway is supposed to boost the region's economy, decision makers should be aware of the importance of wildlife – also in economic terms, i. e. tourism. However, it needs to be stated that decisions upon routes are rather taken by the (in this case) Kenyan government than the Chinese construction companies and banks.

The share of African workers in Chinese infrastructure projects on the continent is often perceived to be too low. In Nigeria, politicians, worrying about jobs for locals, recently discussed a loan offered by China EximBank, which was apparently supposed to come with the condition that Chinese construction companies realize the rail projects funded this way. In Kenia however, according to *Business Daily* (28.3.2016), China Road and Bridge said the company hired about 20.000 locals for the construction of the Nairobi-Mombasa railway, thus having ten times more Kenyan that Chinese workers.

Africa is not only rich in natural resources, but also a huge market to be tapped — for Chinese products and not least to sell Chinese working power. To ensure that the local population benefits more from China's infrastructure projects in Africa, African countries need strong laws regarding (foreign) labor that are implemented consistently.

Outlook and (not only) silver linings

Despite all concerns that China might attempt to exploit Africa, there are silver linings, such as the MoU China signed in 2016 with the UNDP on enhancing collaboration between UNDP and the PRC's government, regarding the implementation of the Belt and Road Initiative and the 2030 Agenda for Sustainable Development.

Recently, the MoU was complemented by an action plan which was signed during the Belt and Road Forum for International Cooperation in May 2017. Simultaneously, the China Center for International Economic Exchange and the UNDP jointly published a Global Governance Report emphasizing the nexus between the OBOR initiative and the Sustainable Development Goals (SGDs). Since many African countries would be among those who benefit the most from reaching the SGDs, these are good news. However, whether this plan will be put into action and if so, where about in the world, remains to be seen. Synergies between OBOR and the African Union's Agenda 2063 could be created in this regard.

Building infrastructure does not just harm nature, it can also help to protect it, e. g. the construction of cargo train networks shifts the transport of goods from trucks to railways and thus reduces pollution and CO_2 emissions. However, it is incontestable that improved infrastructure can (and is supposed to) increase the amount of transported goods and thus traffic in total.

The construction of infrastructure is one thing, but operating ports provides the operator with the power of deciding which cargo ships will receive preferential treatment. The G20 and the EU, whose increased interest in Africa is a positive signal, should also take such economic and strategic considerations into account when engaging with Africa – and perhaps with China in Africa.

What is One Belt, One Road?

In 2013, Chinese President Xi Jinping proposed the "One Belt, One Road" (OBOR) initiative. OBOR is a vision focusing on the set-up of infrastructure and consisting of an economic belt reaching from China through Central Asia to Europe as well as of a maritime Silk Road. The latter leads from China's coast to Southern Europe via the Suez Canal and thus includes Southeast Asia as well as East Africa. Consequently, the initiative is connecting Asia, Europe and Africa. According to The Diplomat (16.05.2017) Government representatives from more than 60 countries participated in China's first Belt and Road Forum (BRF) which was held in Beijing in May 2017.

Besides the construction of pipelines, railways and ports, the Belt and Road Initiative (BRI), as the OBOR initiative is called as well, also aims at customs cooperation to facilitate trade. But the initiative is not all about infrastructure and trade. In addition, it i. a. strives for increasing cooperation and exchange in fields such as technology, resources, tourism, environment protection, NGOs, etc.

Projects within the scope of the OBOR initiative can e. g. be financed by the China EximBank or by new funding instruments initiated by China such as the 40 billion USD Silk Road Fund (est. 2014) and the Asian Infrastructure and Investment Bank (AIIB). The subscribed capital owned by the latter amounts to approximately 100 billion USD. Currently, about 80 countries from Europe, Africa, the Arab region, South America and all over Asia are AIIB members.

Notes

1 This article does not intend to present China's engagement in Africa within the scope of the OBOR initiative rather positive or rather negative. The views on this can vary depending on the respective country and/or interest group. Given the fact that there are 54 African countries, it is impossible to mirror all perspectives on this without any bias within one short article. However, I presented various views to the best of my knowledge and no bias is intended.

2 Pew Research Center 2013 surveyed i. a. respondents seven European and eight African countries regarding their view on China. http://www.pewglobal.org/2013/07/18/americas-global-image-remains-more-positive-than-chinas/

3 Survey conducted in 2014/15 with about 54.000 respondents from 36 African countries http://afrobarometer.org/sites/default/files/publications/Dispatches/ab_r6_dispatchno122_perceptions_of_china_in_africa1.pdf

Former issues of China-Blickwechsel

(download under the noted addresses):

- **One Belt, One Road and the Sino-Mongolian Relationship,** Gregor Grossman, https://www.eu-china.net/uploads/tx_news/2017_April-9__Mongolei___UA__sec_01.pdf

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