Corridors of Opportunity? African Infrastructure and the Market Expansion of Chinese Companies

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Introduction

In May 2019, I was conducting observations at a Belt and Road Initiative (BRI) business fair in Beijing, when I heard a curious exchange between the secretary general of a Chinese government-affiliated BRI think-tank and the director of a private maritime investment fund. Upon meeting for the first time, the pair began discussing their respective jobs and their involvement in BRI. To my surprise the think-tank secretary general, a BRI 'veteran', used the Mandarin term for BRI – 一带一路, *yi dai yi lu* – as an 'activity', asking whether the director of the investment fund was 'belt-and-roading'[1]. After that conversation, I began noticing that, differently from what I had observed during my previous fieldwork trip to Beijing in 2018, this formulation, whereby the BRI is something that is 'done', an 'activity' (or even a 'profession'), had become part of the vocabulary of state officials and business-people alike. As the BRI continues to make headlines and to be the subject of lively scholarly and policy debates, this vignette speaks to the fact that, although no consensus has been reached on what BRI actually is, what it encompasses, and, in turn, what the implications of being (or not being) part of it are, the BRI is something 'to-be-done'.

In a recent *Diplomat* commentary, Jiang echoed this sentiment, stating that '[t]he BRI is nowadays like a growing adolescent during puberty. It genuinely aims to do things, but rarely contemplate[s] the "why" and "how"'.[2] The fog surrounding the BRI has not, however, hindered its expansion. Since the then-called One Belt One Road – the literal translation of the Chinese *yi dai yi lu* – was first presented by President Xi in 2013, the BRI has gone from a Eurasian corridor to a global initiative expected to enhance policy, infrastructure, trade, finance and people-to-people connectivity. When BRI guidelines were published by the Chinese National Development and Reform Commission in 2015,[3] this initiative encompassed the Silk Road Economic Belt[4] – a system of land-based infrastructure to recreate the Tang Dynasty's Silk Road – and the 21st Century

[1] 你做一带一路吗？ *ni zuo yi dai yi lu ma*?

[2] Yuan Jiang, 'The Continuing Mystery of the Belt and Road', *The Diplomat*, 6 March 2021, http://bit.ly/2OVhQXW [Accessed 13 March 2021].

[3] National Development and Reform Commission, 'Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road', National Development and Reform Commission, 2015, https://bit.ly/2CRNJuI [Accessed 25 June 2018].

[4] 丝绸之路经济带 - *sichou zhi lu jingji dai*

Maritime Silk Road[5] – a maritime connectivity initiative aimed to increase links between China, South East Asian nations and India. It was only in 2017, during the BRI Forum that the African continent was referred to as the 'natural' extension of the BRI and was formally included in this initiative, with East Africa's coast as the mooring point.[6]

Since then, an increasing number of African infrastructure initiatives, including transport corridors, have been labelled as being part of the BRI. Amongst the African transport corridors discussed in this volume, the Northern Corridor, connecting Mombasa port in Kenya to Uganda and Rwanda (see Lamarque in this volume), and the Addis Ababa-Djibouti Corridor, connecting Ethiopia to Djibouti (see Chen in this volume), were included under the BRI umbrella in 2019.[7] The bundling of African transport corridors into BRI comes at a time when Sino-African engagement in infrastructural development has prompted a rapidly-expanding body of literature.[8] Indeed, the process of *respacing*[9] Africa through the development of infrastructure, unfolding since the late twentieth century, coincided with a push towards internationalisation of Chinese companies. Already at the end of the 1990s, the Chinese government had published a set of guidelines under the 'Going Out Policy'[10] for companies to access financial incentives in the form of preferential lines of credit, access to preferential foreign exchange rates and trade insurances to support their overseas expansion.[11]

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[5] 21世纪海上丝绸之路 - *er shiyi shiji haishang sichou zhi lu*

[6] Belt and Road Forum, '第二届'一带一路'国际合作高峰论坛圆桌峰会联合公报 *Di Er Jie 'Yi Dai Yi Lu' Guoji Hezuo Gaofeng Luntan Yuanzhuo Fenghui Lianhe Gongbao* (Joint Communique of the Leaders' Roundtable of the Second Belt and Road Forum for International Cooperation]', *Xinhua News*, 2019, https://bit.ly/2VCuqM9 [Accessed 27 January 2020].

[7] Belt and Road Forum.

[8] See amongst many others Chris Alden, Cobus van Staden, and Yu-Shan Wu, 'The Flawed Debate around Africa's China Debt and the Overlooked Agency of African Leaders', *Quartz Africa*, 2018, http://bit.ly/2OgmpJi [Accessed 06 December 2019]; Giles Mohan and May Tan-Mullins, 'The Geopolitics of South-South Infrastructure Development: Chinese-Financed Energy Projects in the Global South', *Urban Studies* 56:7, 2019, pp. 1368-85; Folashadé Soulé-Kohndou, 'Bureaucratic Agency and Power Asymmetry in Benin-China Relations', in Chris Alden and Marcus Power (eds), *New Directions in Africa-China Studies*, London, Routledge, 2019, pp. 189-204; Yuan Wang and Uwe Wissenbach, 'Clientelism at Work? A Case Study of Kenyan Standard Gauge Railway Project', *Economic History of Developing Regions*, 3, 2019, pp. 280-99; Ian Taylor and Tim Zajontz, 'In a Fix: Africa's Place in the Belt and Road Initiative and the Reproduction of Dependency', *South African Journal of International Affairs* 81, 2020, pp. 1-19; Pádraig R Carmody, Ian Taylor, and Tim Zajontz, 'China's Spatial Fix and 'Debt Diplomacy' in Africa: Constraining Belt or Road to Economic Transformation?', *Canadian Journal of African Studies*, 2021, pp. 1-21; Ian Taylor, 'Kenya's New Lunatic Express: The Standard Gauge Railway', *African Studies Quarterly* 19:3-4, 2020, pp. 29-52; Xiao Han and Michael Webber, 'From Chinese Dam Building in Africa to the Belt and Road Initiative: Assembling Infrastructure Projects and Their Linkages', *Political Geography*, 77, 2020, pp. 1-12; Tom Goodfellow and Zhengli Huang, 'Contingent Infrastructure and the Dilution of 'Chineseness': Reframing Roads and Rail in Kampala and Addis Ababa', *Environment and Planning A: Economy and Space*, 2020, pp. 1-20.

[9] Ulf Engel and Paul Nugent, 'The Spatial Turn in African Studies', in Ulf Engel and Paul Nugent (eds) *Respacing Africa*, Leiden: Brill, 2010, pp. 1-9.

[10] 走出去政策 – *zou chu qu zhengce*.

[11] Barry Naughton, *The Chinese Economy: Transition and Growth*, London: MIT Press, 2007.

In the aftermath of the 2007/8 financial crisis, as overseas demand for Chinese goods declined, the reduction in exports posed a severe risk to the profitability of many businesses, particularly in the manufacturing and construction sectors.[12] The Chinese government introduced a stimulus package which encompassed a broad programme of development of the national infrastructure systems.[13] However, this was not enough to mitigate the overcapacity crisis in the construction sector.[14] To avoid economic stagnation and debt crisis, companies were told to 'turn the challenge into an opportunity by 'moving out' this overcapacity'.[15] Former Deputy Foreign Minister He Yafei suggested that new clients and markets should be found overseas and Chinese companies were encouraged to 'closely study the investment environment abroad' and 'act without delay' as 'a "win-win" future awaits'.[16] The renewed push towards internationalisation to sustain the recovery of the national economy relied upon 'exporting' overcapacity beyond Chinese borders.[17]

Meanwhile, the promotion of the principle that infrastructure needs to be built, upgraded and rendered more efficient to decrease transportation costs and increase African states' ability to deliver economic and social development continues to dominate international discourse and to be promoted by international organisations.[18]

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[12] Taylor and Zajontz, 'In a Fix: Africa's Place in the Belt and Road Initiative and the Reproduction of Dependency'.

[13] Nicholas R Lardy, *Sustaining China's Economic Growth After the Global Financial Crisis*, Washington, D.C.: Peterson Institute for International Economics, 2012, p. 129.

[14] Ngai-Ling Sum, 'The Intertwined Geopolitics and Geoeconomics of Hopes/ Fears: China's Triple Economic Bubbles and the 'One Belt One Road' Imaginary', *Territory, Politics, Governance*, 7:4, 2019, pp. 528-52.

[15] Yafei He, "China's Overcapacity Crisis Can Spur Growth through Overseas Expansion", *South China Morning Post*, 7 January 2014.

[16] *ibid*. It should be noted that the Chinese political economy is characterised by an apparent dichotomy between state oversight and operational autonomy of Chinese state-owned companies, particularly overseas. See for instance Thierry Pairault, 'Les Entreprises Chinoises Sous la Tutelle Directe du Gouvernement Illustrées par Leur Investissement en Afrique [Chinese Enterprises under Direct Supervision as Shown by Their Direct Investment in Africa]', *Économie Politique de l'Asie*, 13:1, 2013; Kjeld Erik Brødsgaard, ''Fragmented Authoritarianism' or 'Integrated Fragmentation'?', in Kjeld Erik Brødsgaard (ed.), *Chinese Politics as Fragmented Authoritarianism*, London: Routledge, 2017, pp. 38-55. Although the geopolitical significance of African infrastructure to the Chinese state should not be overlooked, Chinese companies operating overseas have increasingly gained autonomy with regards to decision-making processes for the participation to international tenders for infrastructure projects not financed by Chinese actors. Many scholars have underlined the fragmented nature of Chinese governance in relations to Sino-African engagement, thus demystifying Fishman's 'China Inc'. narrative. Ted C Fishman, *China Inc.: The Relentless Rise of the Next Great Superpower*, 2nd ed., New York: Scribner, 2006. See amongst others: Katy N. Lam, *Chinese State-Owned Enterprises in West Africa*, London: Routledge, 2017; Ian Taylor and Yuhua Xiao, 'A Case of Mistaken Identity: 'China Inc'. and Its 'Imperialism' in Sub-Saharan Africa', *Asian Politics & Policy* 1:4, 2009, pp. 709-725; Deborah Brautigam, Xiaoyang Tang, and Xia Ying, *What Kinds of Chinese 'Geese' Are Flying to Africa? Evidence from Chinese Manufacturing Firms*, Washington, China Africa Research Initiative, 2018.

[17] Sum, 'The Intertwined Geopolitics and Geoeconomics of Hopes/ Fears: China's Triple Economic Bubbles and the 'One Belt One Road' Imaginary'.

[18] Ulrikke Wethal, 'Building Africa's Infrastructure: Reinstating History in Infrastructure Debates', *Forum for Development Studies* 43:3, 2019, pp. 473-99; Paul Nugent, 'Africa's Re-Enchantment with Big Infrastructure: White Elephants Dancing in Virtuous Circles?', in Jon Schubert, Ulf Engel, and Elisio Macamo (eds) *Extractive Industries and Changing State Dynamics in Africa*, London: Routledge, 2018, pp. 22-40; Didier Péclard, Antoine Kernen, and Guive Khan-Mohammad, 'États d'Émergence: Le Gouvernement de la Croissance et du Développement en Afrique', *Critique Internationale*, 89, 2020, pp. 9-27.

On the African continent, the push towards regional and continental integration[19] has played a key role in repositioning infrastructure at the centre of African developmental agendas.[20] That of the African Union (AU), for instance, aims to 'connect Africa with world-class infrastructure'[21] and the African Development Bank (AfDB) estimates a current 'financing gap' of US$68-108 billion a year to reach this goal.[22] In other words, the conjunction of the growing demand for infrastructure in Africa and the necessity to address China's over-accumulation crisis through the 'moving out' of overcapacity created the conditions for the proliferation of Chinese participation to Africa's infrastructure, including transport corridors.

Nonetheless, increased engagement also meant more scrutiny. The sustainability of China-Africa engagement has been questioned by political leaders, civil society organisations and the public well beyond Africa. Debt sustainability concerns have emerged as African governments' debt to China increases, and security concerns grow in parallel with the increase in risk assessment mechanisms. Thus, this chapter aims to explore Chinese interests in African transport corridors, suggesting that participation in Africa's transport corridor development is prompting Chinese companies in related and unrelated sectors to venture along corridor routes to expand their businesses. To do so, I will first discuss the two main vehicles for China-Africa engagement, namely the FOCAC and the BRI. In this section, I will first underscore China's own experience in infrastructure construction and transport corridor development, to then investigate the inclusion of African transport corridors in the BRI and FOCAC. In the second section, I will explore the challenges to the sustainability of Chinese engagement in African transport corridors, focusing on Chinese loan conditionalities and security presence. Lastly, in the conclusion, I will reflect on the key findings.

Channelling Sino-African Engagement

The first time China formally engaged with African nations continent-wide was in 1955 at the Bandung Asian-African Conference in Indonesia.[23] Starting from ideology-driven engagement in the 1950s, China's foreign policy for Africa has evolved into

[19] See Daniel C Bach, *Regionalism in Africa: Genealogies, Institutions and Trans-State Networks*, London: Routledge, 2016.

[20] Nugent, 'Africa's Re-Enchantment with Big Infrastructure: White Elephants Dancing in Virtuous Circles?'.

[21] African Union, *Agenda 2063: The Africa We Want*, Addis Ababa: African Union, 2015.

[22] AfDB, *Africa's Infrastructure: Great Potential But Little Impact on Inclusive Growth*, Abidjan: AfDB, 2018.

[23] Delegates from 29 Asian and African countries participated in the Bandung conference held in Indonesia, and in this setting what Chinese scholars consider Zhou Enlai's "Five Principles for Peaceful Coexistence" were brought as the base of Chinese foreign policy. These principles, namely mutual respect for territorial integrity and sovereignty, non-aggression, non-interference in internal affairs, equality and mutual benefit and peaceful coexistence still guide, at least rhetorically, Chinese foreign policy and are said to be the basis of China's African policies of 2006 and 2015. See Bruce Larkin, *China and Africa, 1949-1970: The Foreign Policy of the People's Republic of China*, Berkeley: University of California Press, 1971, p. 17.

engagement mainly driven by pragmatism, as China has attempted to assume a leading role amongst developing countries. The economic growth of China drove the leadership of many African, Asian and Latin American states to increasingly look to China as a possible strategic partner, and economic engagement assumed a central role in China-Africa relations. As early as the 1990s, growing China-Africa engagement brought to light the need for an international forum to facilitate multilateral cooperation. Moving away from bilateral coordination was deemed necessary to address the concerns of asymmetric power between China and single African nations, as well as to channel Chinese engagement towards initiatives aimed at continental integration.

On the one hand, continental integration has been at the centre of Africa's developmental agenda since the early independence period. Already in 1963, the Organisation of African Unity was established to safeguard the continent's political independence and secure its economic development. Africa's integration agenda was then re-launched through the Lagos Plan (1980), which proposed the consolidation of African countries into Regional Economic Communities (RECs). The RECs are envisioned to operate as building-blocks for wider forms of integration, such as the AU's Agenda 2063 mentioned earlier. On the other hand, China's limited experience in multilateral cooperation was already recognised as a challenge to China-Africa engagement in the last decade of the twentieth century.[24] Therefore, several African leaders suggested the formation of a platform for engagement with China, referring to other multilateral platforms such as the European Union-Africa Summit or the Tokyo International Conference of African Development.[25] Within China, scholars also called for the government to further their efforts in providing a platform and a framework for Sino-African engagement.[26] These factors, together with Chinese companies' requests for support in entering African markets and the pressure caused by African nations establishing diplomatic relations with Taiwan,[27] all contributed to the creation of the Forum on China Africa Cooperation[28] (FOCAC).

[24] Chris Alden, *China in Africa*, London: Zed Books, 2007, p. 27; Anna Samson, 'A 'Friendly Elephant' in the Room? The Strategic Foundations of China's Multilateral Engagement in Asia', *Security Challenges*, 8:3, 2012 pp. 57-82; Henning Melber, 'Europe and China in Sub-Saharan Africa: Which Opportunities for Whom?', in Xing Li and Abdulkadir Osman Farah (eds) *China-Africa Relations in an Era of Great Transformations*, Farnham: Ashgate, 2013, pp. 107-26.

[25] Guimei Yao, "中非合作论坛及其对中非经贸合作的影响 *Zhong fei hezuo luntan ji qi dui zhong fei jingji hezuo de yingxiang* [Forum on China-Africa Cooperation and Its Impact on China-Africa Economic Cooperation]," in Gongyuan Chen (ed.), 中国与非洲新型战略伙伴关系探索 *Zhongguo yu feixhou xinxing zhanlue huoban guanxi tansuo* [Exploration of the New Strategic Partnership between China and Africa], Beijing: Chinese Association of African Studies, 2007, p. 263.

[26] Fei Gao, '当前非洲形势和中非关系 *Dangqian feizhou xingshi he zhong fei guanxi*' [Current Situation in Africa and China-Africa Relations], 西亚非洲 *Xiya feizhou* (West Asia and Africa], 1, 1998, pp 1-3.

[27] Sven Grimm, *The Forum on China-Africa Cooperation (FOCAC) - Political Rationale and Functioning* (Stellenbosch: Centre for Chinese Studies, 2012.

[28] 中非合作论坛 – *zhong fei hezuo luntan*

Since its formation, FOCAC has served several purposes.[29] First, it has been a platform to evaluate the evolution of the relations between China and African nations and put China-Africa cooperation initiatives on public display. Second, FOCAC offers the opportunity to set the agenda for the next three years, defining both Chinese and African nations' key projects and diplomatic agendas. Third, in addition to ministerial meetings attended by government officials, FOCAC offers officials and businesspeople several opportunities to carry out detailed discussions over future plans in the many FOCAC thematic sub-sessions. Although financial commitments witnessed a substantial increase – jumping from US$5 billion in 2000 to US$60 billion in investment in 2018 – FOCAC commitments have also reflected the evolving nature of China-Africa engagement. The table below summarises the key commitments made by China to African counterparts between 2006 and 2018.

Figure 1. Key FOCAC financial commitments[30]

2006	2009	2012	2015	2018
Double aid to Africa by 2009 Debt cancellation: matured interest-free loans to governments $5 billion investment in different forms China-Africa Development Fund US$1 billion	$10 billion in concessional loans $1 billion for African small and medium size enterprises Debt cancellation: interest-free loans due to mature by the end of 2009	$20 billion investment China-Africa Development Fund (established in 2006) received a budget of US$5 billion	$60 billion investment in different forms: -35 billion in concessional loans and export credits[31] -5 billion in grants -5 billion to the China-Africa Development Fund -5 billion in loans to African small- and mid-sized firms -10 billion for the enhancement industrial capacity $60 million towards peace and security over 5 years	$60 billion in investment in different forms: -20 billion new credit lines -15 billion in grants, interest free and concessional loans -10 billion for a fund for development finance -5 billion to finance imports from Africa -10 billion from Chinese companies China-Africa Peace and Security Fund under BRI

[29] Ian Taylor, *The Forum on China-Africa Cooperation (FOCAC)*, London: Routledge, 2010.

[30] Ministry of Foreign Affairs of the PRC, *Forum on China-Africa Cooperation Johannesburg Action Plan (2016-2018)* (Beijing: Ministry of Foreign Affairs of the PRC, 2015; Ministry of Foreign Affairs of the PRC, *Forum on China-Africa Cooperation Beijing Action Plan (2013-2015* (Beijing: Ministry of Foreign Affairs of the PRC, 2012); Ministry of Foreign Affairs of the PRC, *Forum on China-Africa Cooperation Beijing Action Plan (2019-2021)* (Beijing: Ministry of Foreign Affairs of the PRC, 2018; Ministry of Foreign Affairs of the PRC, *Forum on China-Africa Cooperation Addis Ababa Action Plan (2004-2006)* (Beijing: Ministry of Foreign Affairs of the PRC, 2003; Ministry of Foreign Affairs of the PRC, *Forum on China-Africa Cooperation Beijing Action Plan (2007-2009)* (Beijing: Ministry of Foreign Affairs of the PRC, 2006; Ministry of Foreign Affairs of the PRC, *Forum on China-Africa Cooperation Sharm El Sheik Action Plan (2010-2012)* (Beijing: Ministry of Foreign Affairs of the PRC, 2009.

During the 2006 FOCAC China also pledged to donate a US$200 million building purposed to host the headquarters of the AU. The official publications that resulted from the 2006 FOCAC directly mention the AU parliament for the first time, reiterating support to pan-African initiatives already displayed in the China's Africa Policy (2006) published earlier the same year.[31] During the 2015 FOCAC, Chinese President Xi discussed the need for a comprehensive strategic partnership between China and Africa, and the need to align FOCAC commitments to the AU's Agenda 2063, which already shared the objective of enhancing connectivity. Notwithstanding the rhetorical alignment of FOCAC objectives with the African regional and continental integration agenda, African national governments and RECs continue to drive the push for connectivity (see Cissokho in this volume). The rhetorical emphasis on partnership would suggest support for African integration initiatives, particularly when several Chinese political figures, including Chinese President Xi Jinping and the Minister for Foreign Affairs Wang Yi, have expressed support for the importance of an African goal of connectivity and integration.[32] According to the AfDB, Chinese engagement has been focusing on projects which involve single countries, instead of regional projects involving multiple countries. The Africa Growing Together Fund jointly managed by the People's Bank of China and the AfDB was supposed to be a response to this claim,[33] but little efforts were made in directing these funds to multilateral projects.

After the financial crisis of 2007/8, as funding from countries belonging to the Organisation for Economic Cooperation and Development (OECD) and Bretton Woods institutions decreased and the demand for infrastructural investment in the African continent continued to increase, China began to fill the gap. Between 2010 and 2018, the African transport sector alone recorded a total of US$37.4 billion commitments from Chinese lenders.[34] Simultaneously, Chinese construction companies' revenues from projects in Africa grew from US$28 billion in 2009 to US$54.7 billion in 2015, the highest ever.[35] The infrastructure financing trend, together with the grouping of many transport infrastructure projects – and the corridors they belong to – under the BRI umbrella, underlines the relevance of connective infrastructure to Chinese actors. Indeed, the strong focus on infrastructure connectivity of BRI is rooted in China's own experience of developing transport corridors.

[31] For the full policy paper see Ministry of Foreign Affairs of the PRC, *China's African Policy*, Beijing: Ministry of Foreign Affairs of the PRC, 2006.

[32] Yi Wang, *Wang Yi: Pan-Africanism Is the Direction for Africa and in Tune with the Times*, Beijing: Ministry of Foreign Affairs of the PRC, 2014.

[33] AfDB, *AfDB Announces US$2 Billion Fund with China*, Abidjan: AfDB, 2014.

[34] China Africa Research Initiative (CARI), 'CARI Loan Database', Washington, CARI, 2021 http://bit.ly/2P6wgCb [Accessed 20 January 2021].

[35] *ibid*.

Between 1992 and 2011, China used 8.5 per cent of its yearly Gross Domestic Product (GDP) for the development of its national infrastructure system.[36] The high spending is underpinned by China's infrastructure-driven development model. In China, infrastructural investments were first directed towards established economic hubs (for instance Shanghai or Chongqing), and then to emerging economic ones (such as Kunming or Xiamen).[37] Nonetheless, the Chinese experience with infrastructure development is not linear and faces several sustainability challenges both nationally and internationally, and I will return on this point soon.[38] China's infrastructure development process culminated in the creation of national transport corridors to supply coal – the main source of China's energy for the past 50 years – and other natural resources to the eastern part of the country, where most of industrial and financial activities are located. Nationally, China's focus on the construction of transport corridors is motivated by the asymmetrical distribution of natural resources and production activities across the territory. Since the 1970s, coal has been transported across China through interregional transport infrastructure systems, known as coal corridors.[39]

In 2009, China became a coal importer, and the necessity to import from Russia and Mongolia arose,[40] culminating in the development of the China-Mongolia-Russia economic corridor in 2016. The China-Mongolia-Russia economic corridor is one of the six proposed corridors under the umbrella of the BRI.[41] At this initial stage, the BRI was envisioned to address the Asian 'infrastructural gap'. Through several refinements, the BRI has gone from a corridor initiative to promote the development of Asian connective infrastructure to a global initiative encompassing projects in a diverse array of sectors, from infrastructure to education. For instance, in January 2015, Lin Yifu, Honorary Dean of Peking University National School of Development suggested

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[36] Yougang Chen, Stefan Matzinger, and Jonathan Woetzel, *Chinese Infrastructure: The Big Picture*, Hong Kong, 2013.

[37] Abhijit Banerjee, Esther Duflo, and Nancy Qian, *On the Road: Access to Transportation Infrastructure and Economic Growth in China,* Boston, 2012.

[38] Xiaoyang Tang, 'Co-Evolutionary Pragmatism: Re-Examine 'China Model' and Its Impact on Developing Countries', *Journal of Contemporary China,* 29:126, 2020, pp. 853-870.

[39] Shengkui Chen, Zengrang Xu, and Lei Shen, "中国省际煤炭资源流动的时空演变及驱动力 *Zhongguo sheng ji meitan ziyuan liudong de zhi kong yanhua ji qudong ji* (Spatial-Temporal Processes and Driving Forces of Interprovincial Coal Flows in China]," 地理学报 *Dili xuebao* (Acta Geographica Sinica], 63:6, 2008, pp. 603-12.

[40] Hongyan Yu, 'China Becomes a Net Coal Importer in 2009', *China Daily,* 23 February 2010.

[41] Crossing Central Asia, the BRI also envisions the development of the "New Eurasia Land Bridge", a railway link through Russia and Kazakhstan towards Europe and the "China-Central Asia-West Asia Economic Corridor" linking China to the Central Asian republics, Iran and Turkey. In South Asia, the BRI umbrella covers the "China-Indochina Peninsula Economic Corridor", expected to connect China to South East Asian nations. The "China-Bangladesh-India-Myanmar Economic corridor" is currently the slowest-moving BRI project in the region, due to the security concerns amongst India and China, which have both attempted to retain their sphere of influence in South Asia though bilateral investment or cross-border infrastructure funding. See Christian Wagner, 'The Role of India and China in South Asia', *Strategic Analysis*, 40:4 (2016, pp. 307-20. Lastly, the "China-Pakistan Economic Corridor", expected to run from the Western Chinese province of Xinjiang to Gwadar port in Pakistan is also facing security challenges, as Gwadar port poses a threat to India's influence in the Bay of Bengal. See David Brewster, 'Is India `Losing' the Bay of Bengal?', *The Interpreter*, 19 March 2014.

that African markets could bring significant opportunities to Chinese companies' internationalisation journey, and should therefore be part of BRI.[42] In the same month, Special Envoy to the AU, Zhang Ming met with Nkosazana Dlamini-Zuma, then Chairperson of the AU Commission to sign a Memorandum of Understanding concerning the development of infrastructure networks across the continent.[43] Then, during the 2017 BRI Forum, the African continent was formally included in the BRI and, in 2018, the BRI was integrated in the FOCAC agenda, giving China yet another opportunity to showcase the opportunities BRI could bring to African nations, particularly in the infrastructure sector.

In Kenya, the port of Lamu stands out as a recent addition to the BRI maritime portfolio. Lamu port – currently under construction – is financed by the Kenyan government and is being built by China Road Bridge Corporation, a subsidiary of the Chinese State-Owned Enterprise (SOE) China Communication Construction Company. This SOE is no stranger to the Kenyan construction market. In May 2017, China Road Bridge Corporation completed the construction of the 478 kilometres Standard Gauge Railway (SGR) between the capital Nairobi and the country's biggest port, Mombasa.[44] It should be highlighted that the contract for the construction of Lamu port was signed in 2013, the same year when the BRI was first presented, while the loan for the construction of the Nairobi-Mombasa SGR was agreed between China Exim bank and the Government of Kenya in 2014, when Kenya was not yet part of the BRI. Yet, during the BRI Forum of 2019, both Lamu port and the Nairobi-Mombasa SGR were included under the BRI umbrella, together with the broader corridor initiatives they belong to.[45] The Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) corridor, which encompasses Lamu port, is now considered one of the 'key strategic corridors' of the BRI even though it was initiated and designed by the governments of the three African countries it is envisioned to connect. Similar examples of pre-existing corridors that were re-labelled BRI can be found in the Horn of Africa – such as the case of the Djibouti-Addis Ababa Railway discussed in this volume by Chen – and in South East Asia.

Bundling African transport corridors into the BRI can serve several purposes. The BRI is a global initiative which would require capital-intensive investment over a long period of time. Through the inclusion of pre-existing projects in the BRI it is possible to

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[42] Yifu Lin, '林毅夫：'一带一路'需要加上'一洲'' *Lin Yifu: 'yi dai yi lu' xuyao jia shang 'yi zhou''* (Lin Yifu: The 'Belt and Road Initiative' Needs to Add 'One Continent'], *China Observer*, 2015.

[43] He Xiao, 'African Agenda 2063 with the Belt and Road Initiative', in Cai Fang and Peter Nolan (eds) *Routledge Handbook of the Belt and Road*, London: Routledge, 2019, pp. 425-30.

[44] Uwe Wissenbach and Wang Yuan, *African Politics Meets Chinese Engineers: The Chinese-Built Standard Gauge Railway Project in Kenya and East Afric*a, Washington, CARI, 2017; Taylor, 'Kenya's New Lunatic Express: The Standard Gauge Railway'.

[45] Belt and Road Forum, '第二届'一带一路'国际合作高峰论坛圆桌峰会联合公报 *Di er jie 'yi dai yi lu' guoji hezuo gaofeng luntan yuanzhuo fenghui lianhe gongbao* [Joint Communique of the Leaders' Roundtable of the Second Belt and Road Forum for International Cooperation]'.

continue its expansion and begin to address the investment sustainability concerns. Moreover, the BRI provides a platform to showcase connectivity projects and attract further investment for other components of the corridors, such as operation contracts, Special Economic Zones (SEZs), or urban development projects.[46] The BRI label thus serves its purpose of accelerating the quest for funding, either from other Chinese actors, national or international investors. Nonetheless, an increased spotlight can also throw into relief the many concerns surrounding Chinese-sponsored infrastructure projects. Some of these concerns were addressed by President Xi during the 2018 FOCAC meeting in Beijing.

At this meeting, in addition to a pledge of US$60 billion in different forms, the forum orbited around issues arising in China-Africa engagement. First, debt sustainability was at the centre of discussions. Even though China pledged the same amount as in 2015, the composition of these financial commitments stands out.[47] Overall, preferential and concessional lending decreased, while interest-free loans increased. The pledge also included US$10 billion which should be invested by Chinese companies directly, reducing the government's commitments to US$50 billion. Second, Xi Jinping also reiterated the (at least rhetorical) importance of the non-interference principle guiding Chinese foreign policy.[48] This was a way to address the critiques received from the West, concerned that China's first foreign military base overseas in Djibouti was the beginning of China's military expansion. The formulation of the non-interference foreign policy principle, however, predates the rapid increase of Chinese engagement overseas and the country's growing prominence in the international sphere, raising questions about its contemporary significance.[49]

Infrastructural Engagement 'with Chinese Characteristics'

Chinese funding is marketed as having 'no-strings attached', as the official narrative suggests that loans from Chinese financial institutions do not require conditionality. In this sense, Chinese loans are portrayed as being in stark contrast to Western lending, which typically relies on conditionalities of 'good governance', environmental protection and ethical labour practices. Yet, although Chinese loans might be portrayed as being

[46] Interview, Chinese scholar, Beijing, 25 May 2019.

[47] Deborah Brautigam, 'China's FOCAC Financial Package for Africa 2018: Four Facts', CARI, 3 September 2018.

[48] Ministry of Foreign Affairs of the PRC, 'China's Initiation of the Five Principles of Peaceful Coexistence', Beijing: Ministry of Foreign Affairs of the PRC, 2000 https://bit.ly/3g1lVm6 [Accessed 12 May 2019].

[49] Chris Alden, 'China and Africa: The Relationship Matures', *Strategic Analysis*, 36;5, 2012, pp. 701-7; Chris Alden, 'Beijing's Security Plans beyond Djibouti and the Horn', Milan: Italian Institute for International Political Studies), 28 September 2018; Zheng Chen, 'China Debates the Non-Interference Principle', *The Chinese Journal of International Politics*, 9:3, 2016, pp. 349-374.

without conditionality, 'China attaches commercial conditions to its loans'[50], thus relying on 'loan-debt contractuality'.[51] The loan frameworks not only vary according to the funder, but are also tailored *ad hoc* for each project. For instance, the case of the Resource-for-Infrastructure (RFI) agreement signed between the Angolan government and China Exim bank in 2004 to finance the post-conflict reconstruction of the infrastructure system offers a good example. The RFI framework allows governments to access financing for the development of infrastructure 'without […] having to produce sufficient revenues to support its financing',[52] but instead pledging to provide resources for the repayment.

China's deal with Angola was inspired by the 1978 agreement between China and Japan, when Japanese companies developed transport and power infrastructure in China in exchange for oil.[53] The agreement with Angola required a fixed price for oil to be exported to China, but when oil prices dropped during the financial crisis of 2007/2008, the Angolan government was forced to borrow again in order not to default on the US$2 billion loan,[54] further adding to the national debt. Similarly, a 2010 RFI loan agreement between the Ghanaian government and China Development bank amounting to US$3 billion was re-negotiated in light of fluctuating oil prices.[55] From Mohan and Tan-Mullins' analysis, it emerges that the loan conditions 'meant that China remained relatively insulated from the risk of non-payment'[56] while succeeding in entering the Ghanaian oil market, speaking to the long-term outlook often associated with Chinese engagement in Africa.[57]

Similarly, risk associated with funding infrastructure is also mitigated through the stipulation of conditionalities with regards to the acquisition or hiring of Chinese goods and services.[58] Indeed, the majority of Chinese loans require the signing party to contract a Chinese construction company without any public tendering processes. For instance, China Exim Bank loans are contingent on at least 50 per cent of the contract

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[50] Mohan and Tan-Mullins, 'The Geopolitics of South-South Infrastructure Development: Chinese-Financed Energy Projects in the Global South', p. 1373.

[51] Sum, 'The Intertwined Geopolitics and Geoeconomics of Hopes/ Fears: China's Triple Economic Bubbles and the 'One Belt One Road' Imaginary', p. 27.

[52] Havard Halland, *et al*., *Resource Financed Infrastructure,* Washington, World Bank, 2014, p. 31.

[53] Deborah Brautigam, *China in Africa: What Can Western Donors Learn?,* Oslo, 2011.

[54] Kevin Acker, Deborah Brautigam, and Yufan Huang, *Debt Relief with Chinese Characteristics,* Washington, CARI, 2020.

[55] Mohan and Tan-Mullins, 'The Geopolitics of South-South Infrastructure Development: Chinese-Financed Energy Projects in the Global South'.

[56] *ibid*, p. 1378.

[57] Thierry Pairault, 'Examining the Importance of the New Silk Roads for Africa and for Global Governance', in Maria A Carrai, Jean-Christophe Defraigne, and Jan Wouters, (eds), *The Belt and Road Initiative and Global Governance*, Cheltenham: Edward Elgar, 2020, pp. 155-80.

[58] See for instance Michael Mitchell, Omoruyi Ehizuelen and Hodan Osman Abdi, 'Sustaining China-Africa Relations: Slotting Africa into China's One Belt, One Road Initiative Makes Economic Sense', *Asian Journal of Comparative Politics*, 3:4, 2018, pp. 285-310.

content – such as machineries, materials, or goods – to be Chinese.[59] Between 2010 and 2017, Chinese actors have funded one fifth of infrastructure projects in Africa and have constructed one third of them.[60] It is estimated that 89 per cent of projects with Chinese funding also have a Chinese contractor, with decision-making processes taking place behind closed doors.[61]

Chinese contractors are often chosen through private decision-making amongst Chinese ministries and the China International Cooperation Development Agency (CICDA) in Beijing.[62] CICDA replaced the State Aid Department in 2018, yet the channelling processes for infrastructure sponsoring overseas – and foreign aid more generally – have not evolved greatly since the mid-1990s. In 1995, then Chinese Minister for Trade Wu Yi formalised new guidelines for foreign aid – which also includes concessional loans for infrastructure development – based on the principle that financing should be channelled through already-consolidated aid processes.[63] Although only slight changes have taken place in the decision-making processes for overseas infrastructure development, the modalities of engagement have evolved greatly in the past decades, prompting growing alarm over the sustainability of China-Africa infrastructure development.

In Tanzania, former President Magufuli's policy shift lead to the Bagamoyo port project being suspended indefinitely. The government of the previous President, Jakaya Kikwete – born in Bagamoyo himself – and Chinese port operation giant China Merchants Port had signed a US$10 billion framework agreement in 2013.[64] Bagamoyo port was expected to address the congestion of the first Tanzanian port, Dar es Salaam, but it was stalled in 2016 following the election of former President Magufuli.[65] His concerns revolved around the unfavourable contract conditions, given that China Merchants Port was rumoured to have set the condition of 99 years for the port operation concession.[66] The long concession period was seen as an attempt to

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[59] Deborah Brautigam, 'Aid 'With Chinese Characteristics': Chinese Foreign Aid and Development Finance Meet the OECD-DAC Aid Regime', *Journal of International Development*, 23:5, 2011, pp. 752-64; Lucy Jane Corkin, 'Chinese Construction Companies in Angola: A Local Linkages Perspective', *Resources Policy*, 37:4, 2012, pp. 475-83.

[60] Deloitte, *Africa Construction Trends Report 2018*, Nairobi, 2018.

[61] Jonathan E Hillman, 'The Belt and Road's Barriers to Participation', *Center for Strategic and International Studies*, 2018, http://bit.ly/2GGoquo [Accessed 22 March 2019]; Suisheng Zhao, 'China's African Relations and the Balance with Western Powers', in Jing Men and Benjamin Barton (eds), *China and the European Union in Africa*, Farnham: Ashgate, 2011, pp. 61-80.

[62] Interview, Chinese scholar, Beijing, 12 July 2018; Interview, Senior Representative of Chinese state actor, Beijing, 27 July 2018.

[63] Deborah Brautigam, 'Aid 'With Chinese Characteristics': Chinese Foreign Aid and Development Finance Meet the OECD-DAC Aid Regime', p. 752.

[64] Tairo Apolinari, 'Tanzania Surrenders Bagamoyo Port Project to Chinese Firm', *The EastAfrican*, 3 October 2017.

[65] Interview, Senior Manager of Chinese state-owned company, Hong Kong, 31 May 2019.

[66] The Citizen, 'How the Dream for a Port in Bagamoyo Became Elusive', *The Citizen*, 9 June 2019.

reduce the government's sovereignty over Tanzanian assets, as the Chinese company was believed to have set this condition to eventually take control of the port.

In summary, lack of transparency and accountability are a recurring critique of the 'no-strings attached' engagement. For example, in 2018 a newspaper article suggested that Mombasa port had been agreed as guarantee in case the government of Kenya defaulted on the loan repayment,[67] which resulted in public discontent and demands for accountability.[68] Kenyan President Kenyatta stated he would publish the contract of the Nairobi-Mombasa SGR to put rumours to rest, yet no contract has been released. Against this background, ongoing debates amongst African elites, businesspeople and civil society organisations are centred around the evaluation of whether the infrastructure being constructed reflects the needs and demands of African countries.

Debt sustainability concerns and African transport corridors

African governments' debt to Chinese state actors was estimated to be between US$72-100 billion in 2017, amounting to 20 per cent of their total stock of debt, compared to US$66 billion owed to the World Bank.[69] With regards to infrastructure, Chinese lending to African nations increased significantly over the last decade. Between 2003 and 2011, Chinese policy banks offered loans and credit lines to 43 African countries for a total of US$52.8 billion, most of which was devoted to infrastructure construction, often implemented by Chinese contractors.[70] In 2018, African governments remained the main funders of infrastructure projects, funding around 22.8 per cent of 480 infrastructure projects valued at US$50 million or more, while funding from Chinese sources increased to 20.4 per cent from 18.9 per cent in 2017.[71] The Infrastructure Consortium for Africa highlights an increase in Chinese funding from US$19.4 billion in 2017 to US$25.4 billion in 2018.[72] The graph below shows the trends in Chinese commitments to fund infrastructure projects in Africa between 2010 and 2018, which have shown a substantial increase in 2015, 2017 and 2018.

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[67] Paul Wafula, 'Chinese Firm Withholds Key Detail in SGR Deal Review', *Daily Nation*, 10 December 2018.

[68] Edwin Okoth, 'SGR Pact with China a Risk to Kenyan Sovereignty, Assets', *Daily Nation*, 13 January 2019.

[69] Jubilee Debt Campaign, *Africa's Growing Debt Crisis: Who Is the Debt Owed To*?, London: Jubilee Debt Campaign, 2018, pp. 7-8.

[70] Deborah Brautigam and Kevin Gallagher, 'Bartering Globalisation: China's Commodity-Backed Finance in Africa and Latin America', *Global Policy,* 5:3, 2014, p. 348.

[71] Deloitte, *Africa Construction Trends Report 2018*.

[72] Infrastructure Consortium for Africa (ICA), *Infrastructure Financing Trends in Africa – 2018,* Abidjan: ICA, 2018, p. 48.

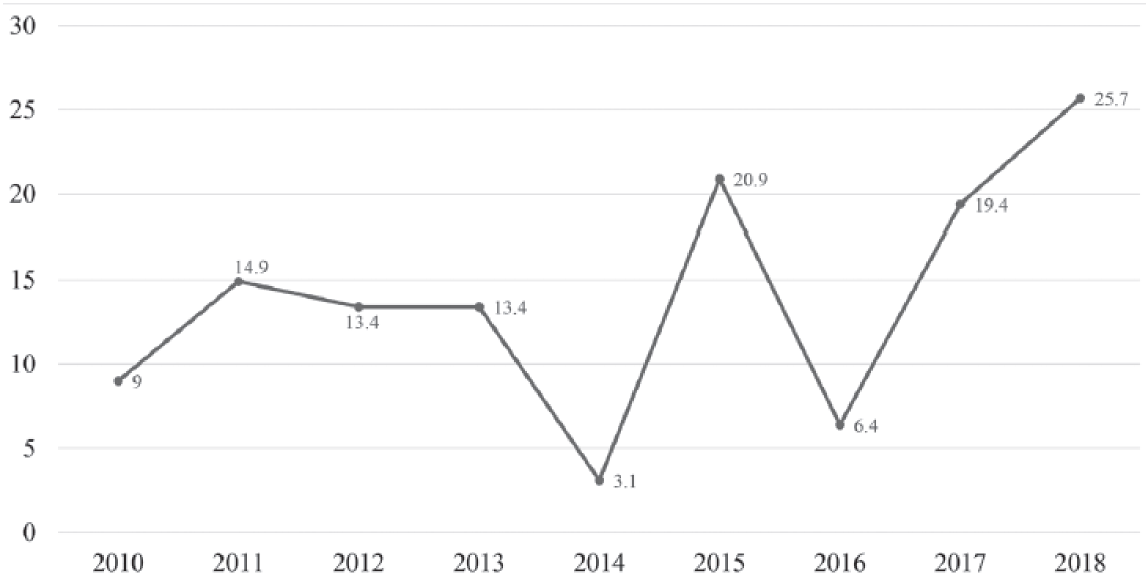

Figure 2: China's commitments to fund African Infrastructure (2010-2018) in US$ billion[73]

The sustainability of Chinese loans and the nature of their conditionalities are being questioned by political leaders, civil society organisations and the public across African nations, China and the West. In Washington, the longstanding narrative of the 'China Threat'[74] was considerably fuelled by the Trump administration, which labelled Chinese lending practices 'debt trap diplomacy'. This suggests that Chinese loans are aimed to 'trap' borrowing countries in unrepayable loan agreements and to then appropriate infrastructure upon default.[75] The 'debt trap' narrative builds upon the case of the Hambantota Port in Sri Lanka, where, upon default of loan repayments, the Chinese state-owned China Merchants Ports obtained concession of the port and surrounding land for 99 years.[76] Nevertheless, through the analysis of loan data, scholars have

[73] ICA, *Infrastructure Financing Trends in Africa – 2010*, Abidjan: ICA, 2011; ICA, *Infrastructure Financing Trends in Africa – 2011*, Abidjan: ICA, 2012; ICA, *Infrastructure Financing Trends in Africa – 2012*, Abidjan: ICA, 2013; ICA, *Infrastructure Financing Trends in Africa – 2013*, Abidjan: ICA, 2014; ICA, *Infrastructure Financing Trends in Africa – 2014*, Abidjan: ICA, 2015; ICA, *Infrastructure Financing Trends in Africa – 2015*, Abidjan: ICA, 2016; ICA, *Infrastructure Financing Trends in Africa – 2016*, Abidjan: ICA, 2017; ICA, *Infrastructure Financing Trends in Africa – 2017*, Abidjan: ICA, 2018; ICA, *Infrastructure Financing Trends in Africa – 2018*, Abidjan: ICA, 2018b.

[74] For further details on the origins and development of the 'China Threat' narrative see Herbert Yee and Ian Storey, *China Threat*, Hoboken: Taylor and Francis, 2013; in China-Africa studies see Deborah Brautigam, 'A Critical Look at Chinese 'Debt-Trap Diplomacy': The Rise of a Meme', *Area Development and Policy*, 5:1, 2020, pp. 1-14; and Stacey Links, 'Ascertaining Agency Africa and the Belt and Road Initiative', in Florian Schneider (ed.), *Global Perspectives on China's Belt and Road Initiative*, Amsterdam: Amsterdam University Press, 2021, pp. 113-39.

[75] Brahma Chellaney, 'China's Debt-Trap Diplomacy', *Project Syndicate*, 2017, http://bit.ly/3pJR7uK [Accessed 18 November 2020].

[76] Maria Abi-Habib, 'How China Got Sri Lanka to Cough Up a Port', *The New York Times*, June 25, 2018; Jonathan E Hillman, 'Game of Loans: Sri Lanka', in Jonathan E Hillman (ed.), *The Emperor's New Road: China and the Project of the Century*, New Haven: Yale University Press, 2020, pp. 151-70.

suggested that Chinese financiers have been turning to debt relief programmes – such as debt restructuring or cancellation – as opposed to asset seizures.[77] Thus, the political narrative constructed around the case of Hambantota is hardly convincing, as this case represents an exception rather than a model being replicated elsewhere.

What instead captures the attention in regard to the case of Hambantota port is its multi-sector model, as the port was envisioned to follow the Port+Park+City[78] model. This engagement blueprint is inspired by the experience of Shekou industrial zone in the 1970s, which is considered the first 'seed' of the Shenzhen SEZ, which is now often hailed as the 'template' of the so-called 'China Model' of development.[79] Now also an official blueprint of the BRI, the Port+Park+City Model encourages Chinese actors to not only participate in port construction, but also to develop a network of related infrastructure surrounding the port, specifically SEZs.[80] This understanding of transport corridors (see Nugent and Lamarque in this volume) resembles the latest characterisation of the BRI umbrella discussed earlier. The now suspended Bagamoyo port project was envisioned to include a SEZ funded by the Omani Sovereign Fund, while the Kenyan government is currently accepting Privately Initiated Investment Proposals[81] for the concession of operations of Lamu port. In the latter, China Merchants Port is negotiating the development of Lamu metropolis and a SEZ as envisioned under the LAPSSET corridor masterplan.[82] The sustainability of China Merchants Port's investment offer for Lamu operations relies on securing different contracts under evaluation by Kenyan state actors.

First, there is a concessional contract for Lamu port operations of 50 years, which is deemed to be double what the Kenyan Ports Authority considers the life of the physical infrastructure of a port. Second, there is the design and development of Lamu city. Third, land is to be allocated for the creation of a SEZ. Simultaneously, China Merchants Port is rumoured to have requested a contract for Mombasa port expansion, which echoes the concerns raised around the rumoured collateralisation of Mombasa port as part of Nairobi-Mombasa SGR contract discussed earlier.[83] The negotiation of

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[77] Acker, Brautigam, and Huang, 'Debt Relief with Chinese Characteristics'; Deborah Brautigam, Yufan Huang, and Kevin Acker, *Risky Business: New Data on Chinese Loans and Africa's Debt Problem*, Washington, CARI, 2020.

[78] 港口+园区+城市 *gangkou + yuanqu + chengshi*

[79] Xiangming Chen, '4. The BRI and Development', *Regional Studies Policy Impact Books*, 2:2, 2020, pp. 61-78.

[80] Belt and Road Initiative Portal, ''一带一路'建设海上合作设想 *Yi dai yi lu jianshe haishang hezuo shexiang* [Vision for Maritime Cooperation Under the Belt and Road Initiative]', Belt and Road Initiative Portal, 2017, http://bit.ly/2GFPQAr [Accessed 25 June 2020].

[81] These differ from public tenders in that they are unsolicited.

[82] Gediminas Lesutis, 'How to Understand a Development Corridor? The Case of Lamu Port–South Sudan–Ethiopia-Transport Corridor in Kenya', *Area*, November 2019, pp. 1-9.

[83] Interview, official of state corporation, Lamu, 24 February 2019; Interview, senior official of state corporation, Mombasa, 26 March 2019; Interview, officer of state authority, Nairobi, 28 March 2019.

sustainable financing agreements continues to remain a priority.[84] In Kenya, total debt to Chinese lenders amounts to about 30 per cent of these governments' total debt.[85] Even considering recent debt restructuring initiatives in light of the Covid-19 pandemic,[86] concerns remain on whether any of the Chinese-funded projects are at risk of default on loan repayment.

China's security presence along African transport corridors

Initial analysis of overseas engagement suggested that Chinese companies undertake projects in countries considered 'risky' by other financiers, such as Western firms or international organisations.[87] Yet, this trend does not mean that all Chinese actors have a higher appetite for risk. Instead, the increase in economic interests in African nations led to the realisation that the Chinese internationalisation journey might be at risk due to political and economic shocks. During the early stages of the 'Going Out' process, the limited international expertise of Chinese companies pushed abroad by the government meant that excessive risks were being taken.[88] Risk assessment mechanisms have been a focal point of project evaluation in recent years, showing that more attention is paid to the debt sustainability issues. This also derives from the negotiation trajectories of African partners and Chinese companies, the latter of which are aware of possible risks posed by highly-publicised projects, such as those under the BRI umbrella.[89] At the same time, Chinese companies are increasingly embedded in the socio-economic environment of the host country.[90] In 2017 alone, Chinese firms established 3400 companies in Africa, most of which are in Zambia, Nigeria, Ethiopia,

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[84] Thierry Pairault, 'Djibouti's Chinese Debt', *The China Africa Project*, 31 July 2020; Chris Alden and Lu Jiang, 'Brave New World: Debt, Industrialisation and Security in China–Africa Relations', *International Affairs,* 95:3, 2019, pp. 641-657; Taylor, 'Kenya's New Lunatic Express: The Standard Gauge Railway'; Carmody, Taylor, and Zajontz, 'China's Spatial Fix and 'Debt Diplomacy' in Africa: Constraining Belt or Road to Economic Transformation?'.

[85] Jubilee Debt Campaign, 'Africa's Growing Debt Crisis: Who Is the Debt Owed To?'; Constant Munda, 'Public Debt Repayment Hits Sh1trn for First Time', *Business Daily,* 22 February 2021; Alden and Jiang, 'Brave New World: Debt, Industrialisation and Security in China–Africa Relations'. In Kenya, the government's debt rose substantially in light of the expiration of grace periods in December 2020, see Business Daily, 'Payment of External Debt Nearly Doubles in 6 Months to Dec', *Business Daily,* 12 March 2021.

[86] CARI, 'Debt Relief Dashboard', *CARI*, 2021, http://bit.ly/3lkWTBS [Accessed 12 March 2021].

[87] Bala Ramasamy, Matthew Yeung, and Sylvie Laforet, 'China's Outward Foreign Direct Investment: Location Choice and Firm Ownership', *Journal of World Business*, 47, 2012, pp. 17-25.

[88] Katy N. Lam, *Chinese State-Owned Enterprises in West Africa*, London: Routledge, 2017, p. 17.

[89] Kejin Zhao, ''一带一路'不应回避的十大问题 *'Yi dai yi bu' bu ying huibi de shi da wenti* [Ten Issues That Cannot Be Overlooked in the Belt and Road Initiative]', 鳳凰 *Fenghuang* (Phoenix), 2015, http://bit.ly/2OSV9nz [Accessed 25 September 2020].

[90] Elisa Gambino, 'La Participation Chinoise dans le Développement des Infrastructures de Transport au Kenya: Une Transformation des Géométries du Pouvoir? (Chinese Participation in Kenyan Transport Infrastructure: Reshaping Power-Geometries?)', Critique Internationale, 89, 2020, pp. 95-114.

Kenya, South Africa, Ghana, Uganda and Angola.[91] This signals that companies' roles are evolving, perhaps moving away from dependency on Chinese financing for their business expansion.

When Chinese engagement with Africa nations began increasing at the end of the 21st century, Chinese companies were 'flying the flag of non-interference', and they had little capacity to be involved in security.[92] Chinese internationalisation processes carried on as if no security risks were present. This approach, however, changed due to Chinese companies' increasing economic interests and the growing numbers of Chinese citizens living and working on the African continent. The turning point occurred during the Arab Spring in 2011, when China needed to evacuate over 35 000 Chinese nationals from Libya. Due to China's then weak security capabilities in the region, they had to rely on Greek ships to complete the rescue mission.[93] Unable to protect its citizens and their businesses, China's security strategy shifted.[94] Not surprisingly, during the FOCAC of 2012, China made its first security commitments to African counterparts, announcing further financial assistance. During the 2018 FOCAC, President Xi announced the establishment of the China-Africa Peace and Security Fund, which encompasses 50 security assistance programs under BRI, and the first China-Africa Peace and Security Forum took place in 2019, suggesting that security is gaining a prominent role in China-Africa engagement.

The most notable example of Chinese presence in African security is the presence of the first overseas military base of the People's Liberation Army Navy (PLAN) in Djibouti. Negotiations concluded in 2016, but this military base had long been in the making. In 2008, China had joined anti-piracy missions in the Gulf of Aden, and the PLAN had been surprisingly public about the need for an overseas base to support their anti-piracy missions.[95] Once the Chinese military base in Djibouti became a reality, the debate around the use of overseas ports for Chinese military purposes intensified. Chinese maritime investment began to be associated with the so-called 'String of Pearls Strategy', which refers to the creation of a Chinese maritime network across the Indian Ocean with the final goal of becoming a maritime power.[96] According to this line of enquiry, China is seeking to increase its influence in the Indian Ocean through the expansion of its dual-use port network, but evidence of Chinese militarised

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[91] Interview, Director of investment fund, Beijing, 18 May 2019; Interview, Manager of Risk Management Company, Nairobi, 05 July 2019; Lam, *Chinese State-Owned Enterprises in West Africa*, pp. 61-63. Ministry of Commerce of the PRC, '中国对外投资发展报告 *Zhongguo dui wai touzi fazhan baogao* [Report on the Development of China's Outward Investment]', Beijing: Ministry of Commerce of the PRC, 2018, p. 68.

[92] Alden, 'China and Africa: The Relationship Matures', p. 704.

[93] Alden, 'Beijing's Security Plans beyond Djibouti and the Horn'.

[94] Alden, "China and Africa: The Relationship Matures'.

[95] Susanne Kamerling and Frans-Paul Van Der Putten, 'An Overseas Naval Presence without Overseas Bases: China's Counter-Piracy Operation in the Gulf of Aden', *Journal of Current Chinese Affairs*, 40:4, 2011, p. 119-46.

[96] David Brewster, 'Silk Roads and Strings of Pearls: The Strategic Geography of China's New Pathways in the Indian Ocean', *Geopolitics*, 22:2, 2017, pp. 269-91.

maritime expansion remains highly questionable.[97] China's increasing focus on security should not be seen merely through the lens of securitisation, but as an attempt to support Chinese companies' further internationalisation. Indeed, even more vital to the market expansion and capital growth of Chinese companies – a path underpinned by the development-security nexus – is the engagement of Chinese security companies in African nations.

Although security along African transport corridor routes is only discussed with regards to coastlines, the surge in risk assessment practices has resulted in further presence of Chinese companies in the field of risk mitigation, shifting to a more active approach in addressing security issues that pose a risk to the economic development of Chinese businesses. The expansion of the BRI umbrella to African transport corridors signifies that security services will be required along corridor routes. These security services range from static guards deployed to protect construction sites, manufacturing plants, residential compounds or people, to security in hostile environments, for instance anti-piracy. In the Horn of Africa, the Chinese maritime security company Hua Xin Zhong An is widely employed on commercial ships.[98] Nearby, on the coastal land of Kenya, where the threat of Somali terrorist group al-Shabaab persists, the Chinese SOEs building the LAPSSET corridor component at Lamu port employ former Chinese People's Liberation Army personnel as Heads of Security, in charge of training Kenyan security contractors and watching over the construction site perimeters through security cameras.[99] Employing former members of the military or the police is a common practice in the security industry worldwide, but until 2010 Chinese national laws required Chief Executive Officers of Chinese security companies to be former People's Liberation Army or police members.[100] New security markets also mean new opportunities to engage in the intelligence field. Most of the services offered by Chinese intelligence firms are in the public security sphere, such as facial recognition or traffic control programmes deployed in collaboration with governments. In 2018, the Zimbabwean government and the Chinese intelligence company CloudWalk signed a strategic partnership for a country-wide facial recognition programme.[101] In 2015, Huawei installed the 'Safe City' system made of 1800 cameras and 200 traffic surveillance systems in Nairobi.

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[97] Dual-use refers to a type of port design which makes the port viable for both commercial and military purposes, usually associated with deep-water ports. Toshi Yoshihara and James R Holmes, *Red Star Over the Pacific: China's Rise and the Challenge to U.S. Maritime Strategy*, Annapolis: Naval Institute Press, 2010; Devin Thorne and Ben Spevack, *Harboured Ambitions: How China's Port Investments Are Strategically Reshaping the Indo-Pacific*, Washington 2017.

[98] Hua Xin Zhong An (Beijing) Security Services, 华信中安(北京) 保安服务 – *hua xin zhong an* (*Beijing*) *baoan fuwu*. See Alessandro Arduino, *The Footprint of Chinese Private Security Companies in Africa*, Washington, CARI, 2020.

[99] Interview, employee of Chinese SOE, Lamu, 25 February 2019.

[100] Arduino, *The Footprint of Chinese Private Security Companies in Africa*.

[101] Hongpei Zhang, 'Chinese Facial ID Tech to Land in Africa', *Global Times*, 17 May 2018.

The spatial expansion and business development of Chinese contractors in a specific country leads to more companies in the same, related, or unrelated industry also venturing into the same country to expand their businesses. The case of China-Djibouti engagement offers insights into the interconnectedness amongst Chinese actors in different, yet interrelated, sectors. In addition to hosting the first overseas military base of PLAN, Djibouti-China engagement in the infrastructural sector has prompted reflections on the sustainability of the debt accumulated,[102] but has also prompted a series of new engagement in other sectors. Currently, it is estimated that Djibouti's debt to Chinese lenders is over 70 per cent of the country's GDP,[103] as Chinese financing for infrastructure – such as the expansion of the Goubet Salt port, the Addis-Djibouti Railway and the Doraleh Port – amounts to a total of US$936 million.[104] Nevertheless, this comes as Djibouti and China have established a strategic partnership to strengthen economic relations through an array of projects.[105] These not only revolved around transport infrastructure quickly folded under the BRI umbrella, but also on the development of related projects, such as a SEZ and a pipeline to transport oil to the port of Djibouti. In December 2020, China Merchants Port signed a US$350 million deal with the Djibouti state-owned Great Horn Investment Holding for the development of a Port+Park+City project on the model of the abovementioned Shekou in Shenzhen.[106]

In other words, the networks amongst Chinese companies and their relations with state actors – what Lam refers to as 'Chinese embeddedness'[107] – are vital. This suggests that the relationship between state support in the form of financial incentives and Chinese companies' operations abroad is central to their spatial expansion. As Chinese companies expand their businesses along African transport corridors – and BRI routes – the services of other Chinese companies, such as security and intelligence firms, will be needed, thus suggesting a similar 'Going Out' path to that of their clients. This engagement pattern, as shown in this chapter, is increasingly taking place along the routes of African transport corridors.[108]

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[102] Pairault, 'Djibouti's Chinese Debt'.

[103] Mordechai Chaziza, 'China Consolidates Its Commercial Foothold in Djibouti', *The Diplomat,* 26 January 2021.

[104] CARI, 'CARI Loan Database'.

[105] Xinhua News, 'China, Djibouti Agree to Establish Strategic Partnership', *Xinhua News,* 23 November 2017.

[106] Jevans Nyabiage, 'China Merchants Signs US$350 Million Deal for Shekou-Style Revamp of Djibouti Port', *South China Morning Post,* 5 January 2021.

[107] Lam, *Chinese State-Owned Enterprises in West Africa,* p. 6.

[108] See for instance Arduino, *The Footprint of Chinese Private Security Companies in Africa*; Donghoon Hahn and Keun Lee, 'Chinese Business Groups: Their Origins and Development', in Sea-Jin Chang (ed.), *Business Groups in East Asia: Financial Crisis, Restructuring, and New Growth,* Oxford: Oxford University Press, 2006, pp. 207-31; Jun Zhao, 'Ownership Structure and Corporate Diversification Strategies of Chinese Business Groups', *Management Research Review* 33:12, 2010, pp. 1101-12; Lucy Jane Corkin, 'Chinese Construction Companies in Angola: A Local Linkages Perspective'; Haifang Liu, 'Associations as Social Capital of 'New Chinese Migrants' in Africa: Empirical Investigations of Ghana, Zimbabwe, Tanzania and South Africa', in Scarlett Cornelissen and

Conclusion

The growing participation of Chinese actors in the elaboration of African transport corridors can be traced to the intersection of the push towards the internationalisation of Chinese companies and the increasing demand for infrastructure funding across the African continent. Chinese contractors and funding bodies are furthering their presence in Africa through channels such as the FOCAC or the BRI, but they are not shielded from challenges and critiques. Here, I specifically discussed the questionable financial sustainability of Chinese funding for Africa's infrastructure and the growing Chinese security engagement along African transport corridors. On the one hand, debt to Chinese financiers continues to pose sustainability challenges even in light of shifting negotiation trajectories of African governments. On the other hand, the increased expansion of Chinese contractors on transport corridor routes suggests that companies in related and unrelated sectors will follow.

I have also highlighted that, even when African transport corridors are being grouped under the BRI umbrella, China is not setting the agenda for corridor development. Indeed, the corridors agenda had already been adopted by African actors – at the continental level, such as the AU and the AfDB, and at the government level, as the Kenyan and Djiboutian cases exemplified – before Chinese actors became major players in Africa's infrastructural development. This means that Chinese actors engage in segments of African transport corridors rather than in the agenda-setting and governance of said corridors. Yet, African transport corridors can be neatly folded into the BRI, pointing to their relevance to Chinese actors. Through Chinese partner companies and business groups ranging from contractors to third sector services already operating in the African countries involved in corridor development, other Chinese companies can identify possible clients with the goal of expanding their overseas businesses.

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-- 'China and Africa: The Relationship Matures', *Strategic Analysis*, 36:5, 2012, pp. 701-07.

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