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# Beijing's 'Going Out' Strategy and Belt and Road Initiative in the Sahel: The Case of China's Growing Presence in Niger

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## ABSTRACT

In looking at the case of Niger, this article demonstrates that there have been a lot of similarities between China's Belt and Road Initiative (BRI) launched in 2013 and its 'going out' strategy initiated in the late 1990s. Prior to 2013, many of the BRI's objectives and strategies were already at work in Africa, and particularly in socioeconomically poor, landlocked countries that badly need infrastructure and connectivity. It also shows that China has been ready to invest in projects that are not necessarily profitable in the short term to consolidate its economic and diplomatic presence in the targeted country as well as to help its large state firms growing and internationalizing. It then demonstrates that although Niger did not belong in the initial group of countries targeted by the BRI, this initiative has contributed to deepening China's economic and political influence in Niger, particularly to the detriment of France. Finally, this article highlights that both in Africa, particularly in the Sahel region, and in the BRI countries, China is facing emerging security challenges, continuing to mainly rely on others to overcome them.

## Introduction

The strategy that China has developed in Africa since the late 1990s as part of its 'going out' (*zouchuqu*) strategy and the one it has deployed in the 65 countries initially included in its One Belt, One Road (OBOR, later renamed Belt and Road Initiative or BRI) since 2013 are strikingly similar.<sup>1</sup> Since 2013, both strategies have merged, gradually expanding the BRI to the whole world, including Africa and the country studied here Niger.

There are of course several noticeable differences between China's 'going out' strategy in Africa and the BRI: in spite of the Forum of China-Africa Cooperation (FOCAC), Beijing tends to interact with African states on a bilateral basis while the BRI is more directly aimed at enhancing 'policy coordination, facilities connectivity, unimpeded trade, financial integration

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<sup>1</sup>David H. Shinn, and Joshua Eisenman, *China and Africa: A Century of Engagement* (Philadelphia: University of Pennsylvania Press, 2012), p. 128ff; Yun Sun, *Africa in China's Foreign Policy* (Washington, DC: Brookings, April 2014), pp. 6–7; Lary Hanauer and Lyle J. Morris, *Chinese Engagement in Africa. Drivers, Reactions and Implications for U.S. Policy* (Washington, DC: Rand Corporation, 2014), p. 6; National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China, 'Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road', 28 March 2015, [http://en.ndrc.gov.cn/newsrelease/201503/t20150330\\_669367.html](http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html) (accessed 25 January 2018); Simeon Djankov and Sean Miner, eds., *China's Belt and Road Initiative: Motives, Scope, and Challenges* (Washington, DC: Peterson Institute for International Economics, PIIE Briefing 16–2, March 2016); Peter Cai, *Understanding China's Belt and Road Initiative* (Sydney: Lowy Institute, March 2017); and Maximilian Mayer, ed., *Rethinking the Silk Road. China's Belt and Road Initiative and Emerging Eurasian Relations* (Singapore: Palgrave MacMillan, 2018).

and people to people bonds', its five 'cooperation priorities'.<sup>2</sup> The BRI, therefore, includes a much more visible regional integration and multilateral dimension that was highlighted at the BRI Forum in May 2017. Moreover, while many BRI infrastructure projects may benefit from advantageous Chinese loans, not every BRI nation is socio-economically poor enough to receive development aid from Beijing. For a long time, China's political objectives in Africa have been more of diplomatic than geo-strategic nature. Although they are aimed at expanding China's influence to the detriment of Africa's traditional partners and other emerging countries (and initially Taiwan), they are not, unlike the BRI, a direct response to the US President Obama's rebalancing strategy in the Asia-Pacific region.<sup>3</sup>

Yet, these differences may be more superficial than it appears. In retrospect, initiated by Jiang Zemin and amplified by his successor Hu Jintao, China's 'going out' strategy can be understood as a prelude to the BRI. To put it differently, OBOR or the BRI is a repackaging and an expansion of this strategy. In Africa, before 2013 Beijing's diplomatic, economic activism and 'mercantilism' was also aimed at promoting 'win-win cooperation', 'connectivity', 'unimpeded trade' and 'people to people bonds'.<sup>4</sup> And in the 2000s, studies on Sino-African relations made references to this new Silk Road and perhaps played a role in China's resurrection of this expression.<sup>5</sup> In any case, the eastern part of Africa (Egypt, Sudan, Ethiopia, Kenya, and Tanzania), where China has completed and is still building ambitious railways and harbor projects, has been included in the BRI since its inception.<sup>6</sup> While Africa was already included in China's '21st Century Maritime Silk Road' in the 2015 FOCAC Action Plan, the 2018 FOCAC Action Plan states that 'the two sides believe that Africa is an important partner in Belt and Road cooperation, and pledge to leverage the strengths of the Forum and support China and Africa in jointly building the Belt and Road'.<sup>7</sup>

In looking at the case of Niger, where the author conducted fieldwork in January–February 2017, this article seeks to demonstrate that there have been a lot of similarities between China's BRI and its 'going out' strategy launched more than 15 years earlier. It also shows that China has been ready to invest in projects that are not necessarily profitable in the short term to consolidate its economic and diplomatic presence there as well as to help its large state firms growing and internationalizing; more generally, although the BRI has not fundamentally changed Beijing's policy towards and cooperation projects in Niger, it has clearly boosted its economic and political presence in this country, to the detriment in particular of France. Finally, this article wants to show that both in Africa, particularly in the Sahel region, and in the BRI countries, China is facing security challenges that it has just started and a still very low-key manner to address, continuing to mainly rely on others to overcome these challenges.

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<sup>2</sup>National Development and Reform Commission, 'Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road' *op. cit.*

<sup>3</sup>Nadège Rolland, *China's Eurasian Century? Political and Strategic Implications of the Belt and Road Initiative* (Washington, DC: The National Bureau of Asian Research, 2017), Ch. 3., pp. 93ff.

<sup>4</sup>Garth Le Pere, *China in Africa: Mercantilist Predator or Partner in Development* (Johannesburg: Institute for Global Dialogue, 2007).

<sup>5</sup>Harry G. Broadman, *Africa's Silk Road: China and India's New Economic Frontier* (Washington, DC: The World Bank, 2007); and Glenn Smith, *Silk Road to Africa: The Afro Asian Connection* (Bloomington, IN: Xlibris Corporation, 2010).

<sup>6</sup>Clélie Nallet, 'Africa on the Margins of OBOR?', in Alice Ekman et al., *Three Years of China's New Silk Road: From Words to (Re) actions* (Paris: IFRI, February 2017), pp. 61–70, available at: [https://www.ifri.org/sites/default/files/atoms/files/ekman\\_et\\_al\\_china\\_new\\_silk\\_roads\\_2017.pdf](https://www.ifri.org/sites/default/files/atoms/files/ekman_et_al_china_new_silk_roads_2017.pdf) (accessed 27 November 2018); Alexander Demissie, 'Special Economic Zones: Integrating African Countries in China's Belt and Road Initiative', Junbo Jian, 'Africa in the Maritime Silk Road: Challenges and Prospect', in Mayer, ed., *Rethinking the Silk Road*, *op. cit.*, pp. 69–84, 99–114; and Isaac Nunoo, 'Africa in China's one belt and one road initiative: A boon or bane?' *International Journal of Social Science and Humanities Research* 5(2), (2017), pp. 684–694.

<sup>7</sup>The Forum on China-Africa Cooperation Johannesburg Action Plan (2016–2018)', Ministry of Foreign Affairs of the People's Republic of China, 10 December 2015, available at: [https://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1323159.shtml](https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1323159.shtml) (accessed 27 November 2018); and 'Forum on China-Africa Cooperation Beijing Action Plan (2019–2021)', Ministry of Foreign Affairs of the People's Republic of China, 5 September 2018, available at: [https://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1593683.shtml](https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1593683.shtml) (accessed 27 November 2018).

## The situation of Niger and the background of its relationship with China

Niger is a landlocked and fragile state that is among the poorest in the world reporting a low human development index that a very persistent high birth rate has aggravated (see Box 1).<sup>8</sup> A francophone country that has kept close economic, political and security relations with France, its former colonizer, Niger belongs to the West Africa Franc Zone and uses the CFA (Communauté financière africaine) currency (US\$1: 500 CFA), which is pegged to the Euro. Niger faces serious security challenges that have intensified since the fall of Gadhafi in Libya in 2011 and the emergence of Islamic terrorist movements, both in the north (Al Qaeda in the Islamic Maghreb or AQIM) and in the South, particularly around Lake Chad (Boko Haram).

As far as its relationship with China is concerned, Niger shares a similar bumpy history with some other African countries, such as Chad or Liberia. Niger first recognized Taiwan (the Republic of China) in 1963, 3 years after its independence in 1960, before normalizing with the People's Republic of China (PRC) in 1974. In 1992, as a dozen other poor nations seduced around the same time by President Lee Teng-hui's checkbook diplomacy, Niger reestablished diplomatic relations with Taiwan.<sup>9</sup> Nevertheless, after 4 years, in 1996, disappointed by Taipei's aid, Niamey changed its mind and renormalized with Beijing, hoping to get more from the latter. At the same time, worried of Taiwan's diplomatic activism, China relaunched its African policy and started to focus on possible suppliers in raw materials, particularly oil and uranium.<sup>10</sup>

Yet, until the 2000s, China did not pay much attention to Niger. It was clearly a second-rate partner in Africa. The coup organized in January 1996 against the sitting President, Mahamane Ousmane, by Colonel Maïnassara, probably facilitated the renormalization with China at a time the West had suspended its multilateral and bilateral economic assistance to Niger. Sino-Nigerien relations continued to develop after Maïnassara's assassination in 1999, Niger's subsequent return to democracy and Tandja's election as president later that year. Stimulated by China's involvement, at Niger's request, in Niger's uranium sector, relations became even closer when in 2007 Tandja started to show willingness to cling to power. But the coup organized in 2010 against Tandja did

### Box 1 Niger Profile (2018)

Population: 21.48 million

Population growth: 3.8%

Fertility rate, total (births per woman): 7.2

Life expectancy: 60

Surface area: 1,267,000 km<sup>2</sup>

Poverty Headcount ratio at national poverty line (% of population): 44.5

Primary school completion rate: 72%

GDP: \$8.12 billion

GDP per capita: \$378

GDP Growth rate: 4.9%

Human Development Index: 0.354, rank: 189/189 (2018)

Sources:

2016 Data,

[http://databank.worldbank.org/data/Views/Reports/ReportWidgetCustom.aspx?Report\\_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=NER](http://databank.worldbank.org/data/Views/Reports/ReportWidgetCustom.aspx?Report_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=NER)

<http://hdr.undp.org/en/countries/profiles/NER>  
(accessed 22 October 2018).

<sup>8</sup>On the risks linked to this high birth rate, cf. Serge Michailof, *Africanistan, Development or Jihad* (Oxford: Oxford University Press, 2017).

<sup>9</sup>George T. Yu and David J. Longenecker, 1994, 'The Beijing-Taipei struggle for international recognition: From the Niger Affair to the U.N', *Asian Survey* 34(5), (1994), pp. 475–488.

<sup>10</sup>Ian Taylor, *China's New Role in Africa* (Boulder, CO: Lynne Rienner, 2009), p. 29.

not affect Sino-Nigerien links. Demonstrating as elsewhere its readiness to fully cooperate with all types of regimes, Beijing rapidly adjusted to the new political environment and since 2011 has worked out a close relationship with the democratically elected president Mahamadou Issoufou who was reelected in 2016 for a final 5-year term.<sup>11</sup>

Partly for domestic political reasons, Tandja played an important role in Niger's willingness to open the game both in the uranium and the oil sectors. Niger, Africa's first (and world fourth) uranium producer (7.5% of world output in 2015), just ahead of Namibia, has since the 1970s been over-dependent upon Areva (Orano since January 2018), a French state-owned company known for its lack of transparency and its privileged relationship to the Nigerien government. Likewise, around the same time, instead of choosing a Western company, Tandja offered China National Petroleum Company (CNPC) to exploit the large oil reserves located in the east of Niger. This deal's opacity, as well as Tandja's own son's appointment as Commercial Attaché at the Chinese Embassy in Niamey, fed suspicions of corruption that contributed to precipitating Tandja's fall in 2010.<sup>12</sup> In any case, that is how China came in, taking advantage of this political opening and getting a larger role in a country which had been for a long time France's '*chasse gardée*' (exclusive preserve).<sup>13</sup>

### China's 'going out' strategy and its impact on China-Niger relations

The timing of Nigerien openings nicely coincided with the amplification by Hu Jintao of China's 'going out' strategy and his encouragement to the country's companies, particularly its large state-owned enterprises, to globalize. However, not all of them have been successful. Niger offers a good illustration of the uneven results achieved by China's behemoths. China's involvement in Niger's uranium and oil sectors also highlights how Beijing's going out strategy laid the ground and anticipated Xi Jinping's BRI.

Beijing's participation in the uranium sector was short-lived and far from being profitable. But CNPC's investment in the oil sector has been much bigger and more long-term, becoming a structural feature of China's presence in Niger.

### China's short-term and failed involvement in Niger's uranium

It was China's interest for Niger's uranium in the mid-2000s that explains this country's increasing importance in Beijing's Africa policy. This interest was stimulated by the Chinese government's growing concern for energy security. This interest probably started earlier: in 1990, Zhu Xun, the then minister of Geology and Mineral Resources, visited Niger. But it was in 2007 that China got the opportunity to set foot in a market that had just been opened by the Nigerien government. Receiving one of the 150 contracts offered to bidders, China National Nuclear Corporation (CNNC) then gained access to a newly developed mine in Azelik, situated half-way between Agadez, Niger's largest northern city, and Arlik, where the main Areva mine is located.<sup>14</sup>

Through its spin-off China Nuclear International Uranium Corporation and under the local name *Société d'Etat Sino-Uranium*, CNNC established together with state-owned *Société Du Patrimoine Des Mines Du Niger* (SOPAMIN) and a couple of other investors, the *Société Des Mines d'Akelik* (SOMINA) in which it promised, 2 years later (2009), to invest US\$334.7 million. CNNC held 37% of

<sup>11</sup>Adam Nossiter, 'After a coup, Niger resumes business as usual with China', *The New York Times*, 24 April 2010, available at: <http://www.nytimes.com/2010/04/25/world/africa/25niger.html> (accessed 9 January 2018).

<sup>12</sup>Faoud Farhaoui, *The Great Power Struggle for Africa: The Crisis in Mali* (Ankara: International Strategic Research Organisation (USAK), 2013), p. 37.

<sup>13</sup>Andrew McGregor, 'Mining for Energy: China's Relations with Niger', *China Brief*, VII(18), (3 October 2007), pp. 8–9.

<sup>14</sup>Julie Snorek, 'Chinese Azelik uranium mine in Ingall, Niger', *Environmental Justice Atlas*, 10 November 2016, available at: <https://ejatlas.org/conflict/chinese-uranium-mine-invades-nigers-traditional-pastoral-territory> (accessed 17 January 2018).

SOMINA's primary ownership while SOPAMIN controlled 33%; other investors included ZXJoy Investment (25%) and Korea Resource Corporation (5%). China provided Niger a \$95 million concessional loan (reimbursable in 15 years with a 5 year grace period), which allowed SOPAMIN to acquire 33% of SOMINA.<sup>15</sup>

However, very quickly, SOMINA faced both security and financial problems. In 2007, a Chinese Sino-Uranium executive working in Azelik was taken into hostage by a Tuareg rebel group, called *Mouvement Nigerien pour La Justice* (Nigerien Movement for Justice) asking for a larger autonomy and more financial trickle-down for Northern Niger.<sup>16</sup> The movement was also unhappy with the Chinese company's disregard for the environment and support for the Nigerien government.<sup>17</sup> Although the executive was later released unharmed, lingering insecurity contributed to postponing production until 2012. Uranium prices' fall and China's economic slowdown as well, delaying a CNNC investment which never fully materialized.<sup>18</sup> The fact that SOMINA was compelled to sell its production via state-owned SOPAMIN did not help either. As a result, SOMINA rapidly started to lose money, leading CNNC to halt production indefinitely. In less than 3 years, SOMINA at its height produced only 300 tons of uranium annually, and 500 tons in total, while Areva then produced 4,200 tons per year.<sup>19</sup>

Critics have argued that Azelik was a 'large-scale artisanal mining', which did not much respect the local labor legislation, did not really offer opportunities for training Nigerien workers and technicians and caused damage to the environment. Whether China's involvement in the uranium extraction had an impact on the Nigerien government's relations with Areva is far from being clear: it is fair to say that it put pressure on Areva and forced it, initially at least, to better address the former's requests and needs (higher royalties, more transparency), thanks partly to a stronger pressure from the Nigerien civil society. However, CNNC's disinvolvement has actually strengthened Areva's domination of the uranium sector in the longer run.<sup>20</sup>

According to statistics, China started to import uranium from Niger in 2010, buying then 14% of its uranium exports. Its share went up to 17% in 2012 and 37% in 2014. But since then, China has stopped importing uranium from this country preferring to turn to other suppliers, as Namibia where another Chinese state-owned company, China General Nuclear Power Group bought a mine, or closer to home, as Kazakhstan, or to extract its own mines.<sup>21</sup>

CNNC's short-term involvement in Niger's uranium sector underscores how much profitability has become a key driver of Chinese SOEs' internationalization, however not the only one as we will see below.

### **China's structural investment in Niger oil sector**

China's interest in Niger oil goes back to 2003 when CNPC started exploration in the Ténéré region, near Agadez. Nonetheless, a Tuareg rebel attack against one of its camps in 2007, killing four Nigerien soldiers, put a provisional end to this operation, convincing CNPC, while keeping its exploration exclusive rights in the north, to concentrate on its activities in the then safer southeast

<sup>15</sup>Peter Volberding and Jason Warner, 'China and uranium: Comparative possibilities for agency in statecraft in Niger and Namibia', (Working Paper No. 11, China Africa Research Initiative, March 2017), p. 8, available at: <https://static1.squarespace.com/static/5652847de4b033f56d2bdc29/t/58dc7eedebbd1af18054c700/1490845422465/warner+v8.pdf> (accessed 18 January 2018).

<sup>16</sup>Jeremy Keenan, 'Uranium goes critical in Niger: Tuareg rebellions threaten sahelian conflagration', *Review of African Political Economy* 35(117), (2008), pp. 449–466.

<sup>17</sup>Hannah Armstrong, 'China mining company causes unrest in Niger', *The Christian Science Monitor*, 29 March 2010, <http://www.csmonitor.com/World/Africa/2010/0329/China-mining-company-causes-unrest-in-Niger> (accessed 27 November 2018); and Shinn and Eisenmann, op. cit., p. 247.

<sup>18</sup>Shepherd and Melly, 'Stability and vulnerability in the Sahel', op. cit.

<sup>19</sup>Volberding and Warner, 'China and Uranium', op. cit., pp. 11, 15.

<sup>20</sup>Volberding and Warner, 'China and Uranium', op. cit., pp. 11, 15–22.

<sup>21</sup>'China's Nuclear Fuel Cycle', *World Nuclear Association*, November 2017, available at: <http://www.world-nuclear.org/information-library/country-profiles/countries-a-f/china-nuclear-fuel-cycle.aspx> (accessed 23 January 2018).

of the country, particularly in the Agadem basin, located in the desert Diffa region bordering Chad and Nigeria.

As a result, nearly at the same time as CNPC invested in Niger uranium, in 2008, Chinese state-owned company CNPC, through its operator China National Oil and Gas Exploration and Development Corporation (CNODC), decided to invest \$5 billion in the exploitation of oil fields in Agadem (\$1.3 billion) as well as the construction of a small refinery (then budgeted \$600 million) with a 1 million ton refining capacity per year (20,000 barrels per day) 45 km north of Zinder and of a 462-km long pipeline from Agadem to Zinder (\$300 to 400 million). The choice of Zinder was personally made by then-President Tandja partly for political reasons as the city was then one of his key political strongholds.<sup>22</sup>

CNPC got the contract because the ExxonMobil-Petronas consortium had withdrawn in 2006 after 4 years of exploration. The other reason was that CNPC was the only oil company which accepted to pay, without trying to bargain, a \$300 million premium to the Nigerien government.<sup>23</sup> In January 2008, the government of Niger and CNODC, which had created a national branch in Niger, CNPC-Niger Petroleum SA (CNPC-NP), signed a production sharing contract. The deal also gave CNODC exclusive exploitation rights to two additional blocks. In 2013, CNPC-NP was awarded a second exploration permit in the same area for another 59 wells.<sup>24</sup> As a result, the Agadem basin's estimated oil reserves have increased from 324 million barrels initially to over 1 billion barrels today.<sup>25</sup>

In 2008, the opacity of the deal drew a lot of criticism from various organizations, including the local mining union. However, since then, objections have calmed down and it is more the profitability of the whole investment that has become an issue both for CNPC and the Nigerien government, mainly but not only because of the rapid fall of oil prices after 2014.

The decision made by CNPC was clearly driven both by economic and strategic considerations. Since the 1970s, major oil companies, including Texaco, Exxon (before it merged with Mobil), French company Elf (today Total) and Petronas, were aware of the Agadem oil reserves but had declined to exploit them because of their doubtful profitability. It was oil price's steep increase in the 2000s that led some oil companies to contemplate exploiting these fields. The CNPC's presence in Chad since 2003, its purchase in 2006 of an oil block in Bongor, 250 km south of N'Djamena, and the completion in 2003 of the construction led by ExxonMobil with the support of the World Bank of a 1,070 km pipeline linking neighboring Chad's southern oil fields to Kribi on Cameroon's seaside also helped convincing CNPC to launch itself in this adventure, hoping to connect both pipelines in the future.<sup>26</sup>

China had multiple objectives: it was first to enhance its energy security in gaining control of oil fields in a larger number of countries, diversifying in so doing its sources of oil imports; it was also to contribute to internationalizing the activities of its oil companies; and it was to become more present in this part of Africa in making a difference, namely committing itself not only to exploit oil but also to equip both Niger and Chad with refining capacities. True, the Chinese refineries built by

<sup>22</sup>Jannik Schritt, 'Crude Politics: Oil Talk, New Media and Political Scripts in the Production of Disorder in Zinder (Niger)' (Working Paper Series No. 17, Leipzig and Halle, DFG, German Research Foundation, 2016), p. 6, available at: [http://www.academia.edu/download/41350438/SPP1448\\_WP17\\_Schritt.pdf](http://www.academia.edu/download/41350438/SPP1448_WP17_Schritt.pdf) (accessed 24 January 2018).

<sup>23</sup>Interview with a high official of the Nigerien Ministry of Petroleum, Niamey, 3 February 2017.

<sup>24</sup>Niger awards second oil permit to CNPC, plans exports', *Reuters*, 16 November 2013, available at: <https://www.reuters.com/article/niger-oil/niger-awards-second-oil-permit-to-cnpc-plans-exports-idUSL5N0J109420131116> (accessed 16 January 2018).

<sup>25</sup>Niger: CNPC-Niger Petroleum bientôt actif sur 59 autres gisements à Agadem'[CNPC-Niger Petroleum soon active on 59 other wells in Agadem], *Agence Ecofin*, 17 November 2013, available at: <https://www.agenceecofin.com/hydrocarbures/1711-15170-niger-cnpc-niger-petroleum-bientot-actif-sur-59-autres-gisements-a-agadem> (accessed 12 January 2018).

<sup>26</sup>Seign-goura Yorwana, 'Local Issues of Chinese Direct Investment in Africa: The Case of China National Petroleum Corporation International Chad (2006–2013)', in Rob Van Tulder, Alain Verbeke, Jorge Carneiro and Maria Alejandra Gonzalez-Perez, eds., *The Challenge of Bric Multinationals* (Bingley, UK: Emerald Group Publishing Limited, Progress in International Business Research, Vol. 11, 2017), pp. 629–652; and Romain Dittgen and Daniel Large, 'Refining relations: Chad's growing links with China', *SAIIA Policy Brief* 48, (2012), available at: [https://saiia.org.za/wp-content/uploads/2013/06/saia\\_spb\\_48\\_dittgen-large\\_20120614.pdf](https://saiia.org.za/wp-content/uploads/2013/06/saia_spb_48_dittgen-large_20120614.pdf) (accessed 27 November 2018).

CNPC north of Zinder and north of N'Djamena are not very large; locally, they are often called 'mini-refineries'.<sup>27</sup> Nevertheless, these projects have followed a well-known pattern that China had earlier tested and carried out elsewhere in Africa, for example in Sudan (El-Obeid, 1996, Khartoum, 2000) and Algeria (2007), and have been all aimed at boosting these countries' energy independence.<sup>28</sup> Besides, 5 years before the launching of the BRI, China's major state-owned oil company already ambioned to promote regional connectivity in the energy sector.

CNPC worked quickly and in 3 years completed the pipeline and the refinery which opened in November 2011.<sup>29</sup> The refinery's final price went up to \$980 million, because of unexpected costs and delays. As a result, the initial Export-Import Bank of China (Exim Bank) loan to the Nigerien government to build the refinery was refinanced in 2012 at a rate of 2% over 20 years.<sup>30</sup> There are also suspicions that CNPC underestimated on purpose its cost to win the contract.<sup>31</sup> To operate the refinery, CNPC also built on site a 30 MW power plan which surplus is sold to Niger's National Electricity Company (Nigelec). Commonly known as SORAZ (*Société de raffinage de Zinder* [Zinder Oil Refinery]), the refinery is mainly owned by the CNPC (60%), the rest (40%) being controlled by the government of Niger through its Ministry of Petroleum created in 2011.

Initially over 1,000 Chinese technicians and workers were attached to SORAZ but their number has gradually decreased: in early 2017, 300 Chinese and 430 Nigeriens worked at the refinery.<sup>32</sup> For domestic political reasons, although many of the initial 300 qualified jobs open to Nigeriens, particularly the refinery's directorial positions, were distributed among local elected representatives (*élus locaux*) of the new presidential majority (Issoufou's), some were given to the representatives of the political opposition who had remained dominant in Zinder. The CNPC accepted this recruitment method since it helped to alleviate political tensions that could have had an adverse effect on production.<sup>33</sup>

Oil production in Agadem started slowly: in 2012, instead of an expected output of 20,000 barrels per day, only half of this volume was produced and transported by pipeline to SORAZ. By the end of 2014, 'with the help of Chinese companies', Niger had produced 2.44 million tons of crude oil.<sup>34</sup> Since then, production has increased to 16,000 barrels per day in 2015 before plateauing at around 22,000 barrels per day in 2017.<sup>35</sup> And in spite of the problems encountered in 2015 (see below), SORAZ was able to churn out 740,000 tons of refined oil, mainly diesel and gasoline, in 2015 and 800,000 tons in 2016, bringing production close to the refinery's full capacity. In addition, SORAZ produces liquefied natural gas (capacity: 70,000 tons per year).

As a result, from an oil importing country, Niger has become an oil exporting country. It only needs about one-third of the refined oil produced: 13,000 out of 20,000 barrels are destined to be exported.<sup>36</sup> However, very quickly problems emerged for three main reasons: dysfunctions within

<sup>27</sup>Romain Dittgen and Daniel Large, 'China's growing involvement in Chad: Escaping enclosure', *SAIIA Occasional Paper* 116, (2012), available at: <https://saiia.org.za/research/chinas-growing-involvement-in-chad-escaping-enclosure/> (accessed 27 November 2018); Interview with government officials as well as Chinese and Western diplomats in Niger and Chad, January-February 2017.

<sup>28</sup>Luke Patey, *The New Kings of Crude: China, India, and the Global Struggle for Oil in Sudan and South Sudan* (London: Hurst, 2014).

<sup>29</sup>For a Chinese account of this project, cf. Zhou Fei, 'Niger: China helps Niger fulfil its oil dream', *AllAfrica*, 9 February 2015, available at: <http://allafrica.com/stories/201502092172.html> (accessed 27 November 2018).

<sup>30</sup>Abdoulaye Massalaki, 'Niger's Soraz refinery says struggling due to oil price fall', *Reuters*, 7 October 2015, available at: <https://www.reuters.com/article/niger-refinery/nigers-soraz-refinery-says-struggling-due-to-oil-price-fall-idU3L3N1263EW20151007> (accessed 16 January 2018).

<sup>31</sup>Interview with a Nigerien SORAZ official, Zinder, 31 January 2017.

<sup>32</sup>Interview with a Nigerien SORAZ official, Zinder, 31 January 2017.

<sup>33</sup>Schritt, 'Crude Politics', op. cit., p. 8.

<sup>34</sup>Zhou Fei, 'Niger', op. cit.

<sup>35</sup>Interview with a high official of the Nigerien Ministry of Petroleum, Niamey, 3 February 2017. But other sources indicate a lower output of 20,000 barrels per day, 'Niger: Des résultats macroéconomiques satisfaisants en 2017', [Niger: Satisfactory macroeconomic results]. *le Maghreb, Quotidien de l'économie*, [Maghreb, Economy's Daily], 4 January 2018, available at: [http://www.lemaghrebdz.com/?page=detail\\_actu&rubrique=Afrique&id=86769](http://www.lemaghrebdz.com/?page=detail_actu&rubrique=Afrique&id=86769) (accessed 24 January 2018).

<sup>36</sup>However, other data indicate that out of a production of 22,000 barrels per day Niger consumes 17,000 to 18,000 barrels per day and exports only 4,000–5,000 barrels per day; Interview with a high official of the Nigerien Ministry of Petroleum, Niamey, 3 February 2017.



the Nigerien state-owned company, SINODEP, to which SORAZ sold all its production; the drastic drop in oil prices (from \$147 in 2008 to \$40 a barrel in 2015); and oil smuggling activities driven by cheaper export prices. Tensions among stakeholders accumulated to the point that in 2015, SORAZ production stopped for 45 days.<sup>37</sup>

The first problem had to do with the initial arrangement according to which SORAZ sold all its refined products to SINODEP at a price negotiated every month between CNPC, the Ministry of Petroleum and SINODEP. The difficulty appeared in 2015 when SINODEP owed \$68 million to SORAZ which in turn, because of crude oil's local artificially high negotiated price, owed \$100 million to CNPC. Consequently, in 2015, SORAZ's deficit amounted to 58 billion CFA (\$116 million).<sup>38</sup> CNPC had in 2012 fixed the crude oil price at \$72 a barrel but in mid-2015, the market price fell below \$50 a barrel, putting the refinery and Niger at large in a disadvantageous situation.

A solution was eventually found: CNPC accepted later in 2015 to introduce flexibility in its crude oil price (\$57 in 2015 according to some sources, \$68 in early 2017 according to the Ministry of Petroleum); and since June 2016 SINODEP has allowed SORAZ to sell directly half of its production, increasing as a result its revenues.<sup>39</sup> But SORAZ's financial situation has remained precarious.<sup>40</sup> And although little information has been made public, observers suspect that it is still losing money. Likewise, it is far from certain that in Agadem CNPC is earning a lot. According to the Chinese Embassy in Niamey, CNPC has repeatedly complained about the low level of its profits both in Zinder and Agadem.<sup>41</sup> The tough bargaining in 2008 between CNPC and the government of Niger about crude and refined oil prices, when prices were high, can only raise additional doubts about the overall profitability of CNPC's operations in Niger, at least in the short and middle term.<sup>42</sup>

Finally, smuggling activities to neighboring countries (Nigeria, Burkina Faso, Mali) have remained a constant issue. It is hard to stop them because borders are porous and the export price of gasoline (and diesel) is much lower than the domestic price (CFA300 against CFA550 in February 2017). This price gap has led some buyers to officially export gasoline to Nigeria before reimporting it to Niger and selling it in unregistered petrol stations (Zinder is only 50 km north of the Nigerian border).<sup>43</sup> Although Nigerien officials tend to minimize this practice, the end result is for the Nigerien government lower than expected tax revenues.<sup>44</sup> Consequently, it is estimated that only half and not two-third of the production is really exported, if not less.<sup>45</sup>

Unfortunately for Niger and the CNPC, oil prices have for a long time been too low to justify the construction of a pipeline that would link up Agadem to Chad and as a result Cameroon's Kriby harbor, a project endorsed by both President Issoufou and Chad president Idriss Déby as early as

<sup>37</sup>Celeste Hicks, 'Recent troubles at Niger's only oil refinery in Zinder show importance of transparency', *Publish What You Pay*, 8 December 2015, available at: <http://www.publishwhatyoupay.org/recent-troubles-at-nigers-only-oil-refinery-in-zinder-show-importance-of-transparency/> (accessed 17 January 2018).

<sup>38</sup>Massalaki, 'Niger's Soraz refinery says struggling due to oil price fall', op. cit.; François-Xavier Frelaud, 'Niger: de l'eau dans le gaz à la Soraz ?' [Niger: Things are not running too smoothly at Soraz] *Jeune Afrique*, 7 September 2016, available at: <http://www.jeuneafrique.com/355284/economie/niger-de-leau-gaz-a-soraz/> (accessed 23 January 2018).

<sup>39</sup>Armin Rosen, 'An oil dispute in Niger is exposing big problems with Chinese investment in Africa', *Business Insider*, 30 September 2015, available at: <http://www.businessinsider.com/niger-oil-and-chinese-investment-in-africa-2015-9?r=US&IR=T&IR=T> (accessed 27 November 2018); Interview with a high official of the Nigerien Ministry of Petroleum, Niamey, 3 February 2017.

<sup>40</sup>International Monetary Fund, 'Niger: Eighth Review Under the Extended Credit Facility Arrangement and Request for Waivers of Nonobservance of Performance Criteria and for Modification of Performance Criteria-Press Release', (Staff Report and Statement by the ED. 16/247, 21 July 2016), available at: <http://www.imf.org/en/Publications/CR/Issues/2016/12/31/Niger-Eighth-Review-Under-the-Extended-Credit-Facility-Arrangement-and-Request-for-Waivers-44110> (accessed 23 January 2018).

<sup>41</sup>Interview with SORAZ Nigerien executive, Zinder, 31 January 2017; Interview with Chinese and Western diplomats, Niamey, 3 February 2017.

<sup>42</sup>Zhang Yangpeng, 'Tapping the Potential of Africa's Oil', *China Daily*, 26 September 2012, available at: [http://www.chinadaily.com.cn/business/2012-09/26/content\\_15784083.htm](http://www.chinadaily.com.cn/business/2012-09/26/content_15784083.htm) (accessed 12 January 2018).

<sup>43</sup>Interview with SORAZ Nigerien executive, Zinder, 31 January 2017.

<sup>44</sup>Interview with a high official of the Nigerien Ministry of Petroleum, Niamey, 3 February 2017.

<sup>45</sup>Interview with a high official of the Nigerien Ministry of Petroleum, Niamey, 3 February 2017.

February 2012. Making the Lake Chad area more insecure, the emergence of Boko Haram in Northeast Nigeria around 2010 has also contributed to convincing the parties involved to shelf any cross-border pipeline project until security improves. In the meantime, Niger has been contemplating exporting its oil through Benin and Cotonou harbor. However, in 2017, plans to relaunch the Niger-Chad pipeline project have resumed and, started in April 2018, its construction by CNPC (estimated \$1–2 billion) should be completed by the end of that year.<sup>46</sup> Then, Niger hopes to increase its production to 5 million tons per year (or 90,000 to 110,000 barrels per day) and export 60,000 to 80,000 barrels per day via Chad and Cameroon.<sup>47</sup>

More recently, in late 2016, Nigerian President Buhari asked CNPC to contemplate the construction of a 1,000-km-long pipeline from Agadem to Kaduna, a major city of northern Nigeria, in order to supply the crude oil refinery located there. But this remains a project: although CNPC has completed the Nigerian section of the pipeline, in early 2017 no feasibility study was even made regarding its Nigerian part.<sup>48</sup> And doubts have been raised regarding the viability of the pipeline.<sup>49</sup> In the meantime, crude oil exports from the Zinder refinery to Kaduna (600 km) will be done by trucks (5,000 barrels and later 10,000 barrels per day).<sup>50</sup>

Labor relations at SORAZ have also been an issue. The ‘Nigerization’ of the staff expected by Niamey has been slower than expected: in early 2017, although the leadership is half-half Nigerian and Chinese, there were still 270 Chinese and 417 Nigerian employees (against 400 and 200 in 2011, respectively). But more importantly, the cost of these two groups of personnel is widely unequal: 2 billion CFA per year for the Chinese and only 300 million CFA for the Nigerian. As in most Chinese companies operating overseas, Chinese technicians are paid by CNPC directly in China. Their travel expenses are taken in charge by CNPC and managed by Soluxe (*Yangguang*), CNPC’s travel agency and service company. They typically make 3 months shifts, spending every quarter one month in China (or in Niamey in the CNPC compound located behind Soluxe Hotel, see below). Soluxe is also responsible for the maintenance of the refinery’s office and living space where the Chinese are staying. In contrast, Nigerian employees need to come to the refinery by bus from Zinder every morning on a road that is in very bad shape, making the journey long (2 h) and uncomfortable. A European Development Fund-financed project has been selected in 2017 to rebuild the road all the way from Zinder to Tanaert (90 km north of SORAZ) but the work should not be completed before 2019.<sup>51</sup>

Labor relations have also been a problem in Agadem. In 2013, in 2016 and again in 2018, strikes broke out, the Nigerian workers asking for a pay rise and better working conditions. But according to Chinese sources, training Nigerian workers takes a long time (2 years instead of 6 months for Chinese workers) and it is far from certain that they will all stay, Western companies giving higher salaries.<sup>52</sup>

<sup>46</sup>Pour l’exportation de son pétrole, le Niger veut mettre en concurrence le port de Kribi et le port de Cotonou, [Niger wants to submit Kribi and Cotonou ports to competition to export its oil], *Energies Media*, 8 November 2017, available at: <https://energies-media.com/llexportation-de-petrole-niger-etudie-piste-beninoise/> (accessed 25 January 2018); and ‘Crude oil exploitation: Niger connects to the Cameroon-Chad pipeline’, *Cameroon Radio-Television*, 11 April 2018, available at: <http://www.crtv.cm/2018/04/crude-oil-exploitation-niger-connects-to-the-cameroon-chad-pipeline/> (accessed 21 June 2018).

<sup>47</sup>Niger: Des résultats macroéconomiques satisfaisants’, le *Maghreb, Quotidien de l’économie*, op. cit.

<sup>48</sup>Interview with a high official of the Ministry of Petroleum, Niamey, 3 February 2017; Aboubakar Yaboula Barma, ‘Pétrole: le Nigéria va s’approvisionner en brut au Niger’[Oil: Nigeria is going to source crude from Niger, *La Tribune Afrique*, 29 November 2016, available at: <https://afrique.latribune.fr/finances/commodities/2016-11-29/petrole-le-nigeria-va-s-approvisionner-en-brut-au-niger.html> (accessed 16 January 2018).

<sup>49</sup>Ejiofor Alike, ‘Investors Shun NNPC’s Planned Pipeline Project from Kaduna Refinery to Niger Republic’, *THISDAYLIVE*, 21 August 2017, available at: <https://www.thisdaylive.com/index.php/2017/08/21/investors-shun-nnpcs-planned-pipeline-project-from-kaduna-refinery-to-niger-republic/> (accessed 16 January 2018).

<sup>50</sup>Niger—Perspectives heureuses pour l’Or noir !’, [Niger: Good prospects for black gold], le *Courrier Des Afriques*, 24 April 2017, available at: <http://www.courrierdesafriques.net/2017/04/niger-perspectives-heureuses-pour-lor-noir> (accessed 18 January 2018).

<sup>51</sup>Interview with SORAZ Nigerian executive, Zinder, 31 January 2017; ‘Le pétrole, point d’accord entre la Chine et le Niger’[Oil, point of agreement between China and Niger], *China Magazine*, 27 February 2017, available at: <https://www.chine-magazine.com/petrole-point-daccord-entre-chine-niger/> (accessed 12 January 2018).

<sup>52</sup>Zhang Yangpeng, ‘Tapping the potential of Africa’s Oil’, *China Daily*, 26 September 2012, available at: [http://www.chinadaily.com.cn/business/2012-09/26/content\\_15784083.htm](http://www.chinadaily.com.cn/business/2012-09/26/content_15784083.htm) (accessed 12 January 2018).

The *Forces Armées Nigériennes* (FAN), the Nigerien military, is in charge of the outside security at the Zinder refinery; inside the refinery, a Chinese team is responsible. The Agadem region is much more insecure although no incident has been recently reported. The FAN protects the oil fields exploited by CNPC, which has recruited South African private security guards to better guarantee the security of its personnel.<sup>53</sup> CNPC partly finances the FAN stationed around Agadem on the basis of a convention signed with Niger's Defense Ministry.<sup>54</sup>

CNPC has clearly helped Niger becoming energy independent and an oil exporter, something Western companies have always been hesitant to do because of lack of profitability. The first consequence on the ground has been to attract other companies to Agadem as UK's Savannah Petroleum and Algeria's Sonatrach, which have started exploring in 2016 and 2017, respectively. These new players will contribute to increasing Niger's oil production to 60,000 and even perhaps 110,000 barrels per day in the coming years. At the same time, although there has been regular complains about CNPC's lack of transparency,<sup>55</sup> China's involvement in Niger's oil sector has not only strengthened its position in the Nigerien economy but also increased its influence on the Nigerien government and elites, to the detriment of other players, like France. China has paid the price for that: the refinery that CNPC has built and manages is far from being profitable, even with the new commercialization agreement. But from Beijing's point of view, this investment has allowed its major oil company to expand its footprint in the Sahel, later connect its activities in Niger to the ones it has developed in Chad since 2006 and hopefully become profitable in the long run.<sup>56</sup>

Finally, CNPC's involvement in Niger's (and Chad) oil sector highlights how much, before it launched its BRI, China had already the plan to 'promote cooperation in the connectivity of energy infrastructure, work in concert to ensure the security of oil and gas pipelines and other transport routes'.<sup>57</sup>

This approach, which preceded the launching of the BRI, may not fully align with the letter of the BRI, which promotes win-win solutions and mutual benefits, and does not officially encourage money losing projects. But China's BRI projects are far from being all profitable: Pakistan's Gwadar or Sri Lanka's Hambantota ports are good examples of BRI's geo-strategic dimension.<sup>58</sup> In that context, it is not surprising that CNPC accepts to take in Niger larger risks than its Western competitors. And while taken before the launching of the BRI, these risks have increased rather than decreased since 2013.

## The impact of the BRI on China–Niger relations

Although officially Niger was not part of the initial group of BRI countries, it has directly benefited from this initiative. Since 2013, China's infrastructure projects in Niger have multiplied, funded by a much larger envelope than before, potentially contributing to deepening this country's external debt. And while China's direct investments have remained small, its exports to and then imports from Niger have rapidly increased, becoming this country's second trade partner.

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<sup>53</sup>Interview with a Western business executive, Niamey, 2 February 2017.

<sup>54</sup>Western military source, Niamey, 2 February 2017.

<sup>55</sup>Celeste Hicks, *Africa's New Oil: Power, Pipelines and Future Fortunes* (London: Zed Books, 2015), ch. 4.

<sup>56</sup>Jannik Schmitt, 'The petro-political configuration: entanglements of Western and Chinese oil zones in Niger', *Zeitschrift für Wirtschaftsgeographie*, 60(1–2), (2016), pp. 40–56.

<sup>57</sup>National Development and Reform Commission, op. cit.

<sup>58</sup>Devin Thorne and Ben Spevack, *Harbored Ambitions, How China's Port Investments are Strategically Reshaping the Indo-Pacific*, (Washington, DC: Center for Advanced Defense Studies (C4ADS), 2017), pp. 39–40.

### More infrastructure projects

China is not a newcomer in Niger as far as infrastructure projects are concerned. Nonetheless, in the last few years, these projects have intensified, thanks especially to the allocation by China Exim Bank to Niger of a US\$1 billion (then CFA 500 billion) loan in October 2013. The simultaneity between the launching of the BRI and this large loan envelope aimed at funding projects in ‘sectors such as construction, agriculture and industry’ is striking.<sup>59</sup> With the partial help of this loan, Chinese companies have also increased their involvement in road construction, telecommunications, power transmission, water adduction, and power generation, as many sectors that the BRI has clearly prioritized to enhance ‘connectivity’.<sup>60</sup>

Loan conditions were then presented as ‘very favorable’ by the Nigerien authorities: a reimbursement period of 25 years, deferred by 8 years and subject to 2% interest rate, paid over the 2020–27 period ‘thanks to resources from the sale of oil being produced’.<sup>61</sup> However, representing one-seventh or 14% of Niger’s GDP, the size of this loan is unprecedented for Niger and, together with Chinese investments in the oil industry, may contribute to increasing this country’s external debt (see below). Moreover, all the projects financed by this loan have been realized by Chinese companies, perpetuating a kind of tied aid that China still privileges, including in the BRI countries.<sup>62</sup>

Although this big loan has triggered some criticism among Nigerien opposition politicians, it has first allowed the construction of several important construction projects, including in Niamey a second bridge on the Niger River, called *Pont de l’Amitié* (Friendship Bridge, \$40 million), a second *échangeur* or elevated interchange road (\$60 million) as well as roads and power plants in the country.

Some of the projects were won by tender as the interchange in Niamey, but most of them were directly attributed to Chinese companies by the Nigerien government. Regarding this second interchange completed in January 2016, the tender was heavily biased since to have already built an interchange road in the capital city constituted one of the conditions imposed to the bidders; the first interchange had been built by China Geo Engineering Corporation (CGCINT or *Zhongdi guoji*) in 2011–13. Nearly half of its cost was financed by a grant (\$27 million) the rest by an Exim Bank loan.<sup>63</sup>

Chinese companies have also increased their involvement in road construction. In addition to the \$1 billion Exim Bank loan, CNPC promised in 2013 as well to invest \$210 million in such projects, mainly to better connect its oil exploitations in Agadem to the rest of the country (Diffa-Zinder, N’Guigmi-Bilma) as well as to neighboring Chad (Diffa-N’Guigmi).<sup>64</sup> Financed and built by a CNPC subsidiary, the latter project (185 km) was stopped in early 2017 because of insecurity but

<sup>59</sup>China offers Niger 1 bln USD in loan for various projects’, *Xinhua*, 13 February 2014, available at: [http://www.china.org.cn/world/Off\\_the\\_Wire/2014-02/13/content\\_31463398.htm](http://www.china.org.cn/world/Off_the_Wire/2014-02/13/content_31463398.htm) (accessed 17 January 2018); Cf. also Deborah Brautigam and Jyhjong Hwang, *Eastern Promises: New Data on Chinese Loans in Africa, 2000–2014*. (Washington, DC: Johns Hopkins University, China-Africa Research Initiative, School of Advanced International Studies, Working Paper No. 2016/4, 2016), <http://www.sais-cari.org/publications> (accessed 18 January 2018); and International Monetary Fund, ‘Niger, Staff Report For The 2016 Article IV Consultation And Request For A Three-Year Arrangement Under The Extended Credit Facility—Debt Sustainability Analysis’, 22 December 2016, available at: <https://www.imf.org/external/pubs/ft/dsa/pdf/2017/dsacr1759.pdf> (accessed 2 July 2018).

<sup>60</sup>National Development and Reform Commission, op. cit.

<sup>61</sup>AFP, ‘Niger to repay US\$1 billion to China Exim Bank loan from sales of oil produced by Chinese firm’, *South China Morning Post*, 30 October 2013, available at: <http://www.scmp.com/business/china-business/article/1343686/niger-repay-us1-billion-china-exim-bank-loan-sales-oil> (accessed 23 January 2018).

<sup>62</sup>Jonathan Hillman, ‘China’s Belt and Road initiative: Five Years Later’, Statement before the U.S.-China Economic and Security Review Commission, Washington DC, CSIS, 25 January 2018, available at: <https://www.csis.org/analysis/chinas-belt-and-road-initiative-five-years-later-0> (accessed 26 January 2018).

<sup>63</sup>Interview with *Agence Française de Développement* (AFD) official, 26 January 2017.

<sup>64</sup>Niger/China: une exemplaire coopération “gagnant-gagnant” (Niger-China: An exemplary win-win cooperation), *Xinhua*, 3 January 2012, available at: <http://www.fmprc.gov.cn/zft/fra/zfgx/zjw/t892663.htm> (accessed 15 January 2018); and ‘Niger: le chinois CNPC va investir 210 millions \$ dans la construction de routes’ [Niger: China’s CNPC will invest US\$210 million in road construction], *Agence Ecofin*, 25 October 2013, available at: <https://www.agenceecofin.com/investissement/2510-14535-niger-le-chinois-cnpc-va-investir-210-millions-dans-la-construction-de-routes> (accessed 15 January 2018).

has apparently resumed since then and been completed in August 2017 even if today the region remains unsafe.<sup>65</sup>

Some of the projects carried out by Chinese companies have also been suspended or postponed because of lack of Nigerien funding. The major cause is the drop in oil prices. This has been the case since 2016 of a less ambitious road project funded by the BOAD and realized by CGCINT between Maradi, a major commercial hub in the south of Niger, and Madarounfa, a town located 20 km south and next to the Nigerian border. In February 2017, the Chinese personnel left on site to guard the equipment did not know when the construction would resume.<sup>66</sup> In April 2018, work had not yet restarted.<sup>67</sup>

Among the other Chinese projects launched after 2013 and facilitating connectivity, it is worth mentioning the construction in 2015–17 by SORAZ of a high-voltage transmission line from the SORAZ refinery to Malbaza through Zinder and Maradi (\$73 million)<sup>68</sup>; in a similar vein, in Ganaram, 40 km north of Zinder, with an Exim Bank loan (\$41 million), in 2013–15 CGCINT dug 18 wells and built a pumping station with an 8,000 to 16,000 m<sup>3</sup> capacity that has largely helped Zinder city area to solve its water scarcity problem.<sup>69</sup>

Since the launching of the BRI, China has also been involved in several power generation projects, some of them being financed by other institutions. For instance, Sinohydro was one of the two companies chosen by the Government of Niger, with Tebian Electric Apparatus, to build the Gourou Banda diesel power point, to date the largest power point in the country, with a capacity of 80 MW (\$150 million) that will reach 100 MW when the adjacent photovoltaic station is completed. Mainly funded by the BOAD (West Africa Development Bank) and the Islamic Development Bank, the plant was opened in April 2017 after more than 3 years of construction. It will help Niamey avoiding regular brownouts and fulfilling a demand that is estimated at 120 to 130 MW. As a result, it should also decrease Niger's heavy dependence upon Nigeria's electricity (between 70 and 80% of Niger's consumption) and allow more Nigeriens to have access to electricity (today only 6.5% of them).<sup>70</sup> However, Gourou Banda's high production costs and the devaluation of Naria, Nigeria's currency, continue to make Nigerian's electricity cheaper, perpetuating Niger's dependence upon this country.<sup>71</sup>

Among the more controversial and not really 'BRI-compatible'—the BRI promotes clean and renewable energies—projects, one needs to mention China's Exim Bank decision in October 2016 to take over and finance the construction of a coal power point in Salkadamna (Tahoura region, 630 km northeast of Niamey), near a lignite mine. Initially contemplated, when it was launched in 2014, by an American company, California Energy Services, this huge project (then \$1.48 billion) was abandoned after the

<sup>65</sup>Interview with a high official in charge of big projects, Nigerien Ministry of Construction, 3 February 2017. 'Routes africaines —La Nationale 1 au Niger, dérouté des peuples' [African roads: Niger National Road No. 1, peoples' rout], *Roaditude*, 24 August 2017, available at: <https://www.roaditude.com/2017/08/24/routes-africaines-nationale-1-niger-deroute-peuples/> (accessed 27 November 2018).

<sup>66</sup>Interview with two CGCINT technicians left to guard the Chinese equipment, Maradi, 1 February 2017.

<sup>67</sup>On 21 April, Niger's National Assembly asked the government to resume work as soon as possible, 'Travaux de constructions de la route Maradi-Madarounfa: déclaration de l'Assemblée nationale' [Maradi-Madarounfa road construction work: National Assembly's statement], *Ici Niger*, 26 April 2018, available at: <http://www.iciniger.com/travaux-de-construction-de-la-route-maradi-madarounfa-declaration-de-lassemblee-nationale/> (accessed 27 November 2018).

<sup>68</sup>Nigeria-Niger-Benin-Burkina Faso Power Interconnection Project, Appraisal Report', (Africa Development Fund, November 2017), p. VII, available at: [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Multinational\\_-\\_Nigeria-Niger-Benin-Burkina\\_Faso\\_Power\\_Interconnection\\_Project.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Multinational_-_Nigeria-Niger-Benin-Burkina_Faso_Power_Interconnection_Project.pdf) (accessed 17 January 2018).

<sup>69</sup>'La journée « Damagaram Goulbi »: en accompagnement à l'inauguration de l'approvisionnement en eau de Ganara', [Damagaram Goulbi' day: In accompaniment of the inauguration of Ganara water supply], *Niger Inter*, 17 January 2016, available at: <http://www.nigerinter.com/2016/01/la-journee-damagaram-goulbi-en-accompagnement-a-linauguration-de-lapprovisionnement-en-eau-de-ganaram/> (accessed 15 January 2018).

<sup>70</sup>Niger: Inauguration à Niamey d'une centrale thermique de 100 MW construite par une société chinoise', [Niger: Inauguration in Nyamey of a 100 MW power plant built by a Chinese company], *Xinhua*, 2 April 2017, accessed 15 January 2018, available at: <http://www.fmprc.gov.cn/zft/fra/zfgx/t1451281.htm>; and 'Mise en service de la plus grande centrale électrique du Niger'[Commissioning Niger's largest electric power plant], *APA News*, 3 April 2017, available at: <http://apanews.net/index.php/fr/news/mise-en-service-de-la-plus-grande-centrale-electrique-du-niger> (accessed 15 January 2018).

<sup>71</sup>Interview with a Western business executive, Niamey, 2 February 2017.

Obama Administration refused to fund it, because of its negative impact on the environment. When the Chinese plant (\$910 million) is completed, at a date that remains undetermined, its initial capacity will be 200 MW to reach later 500 to 600 MW.<sup>72</sup> This project reactivates an earlier China's interest in exploiting this mine that Chinese and Nigerien engineers explored in 2004. Then, they estimated its reserve at 69 million tons and concluded that exploitation would be profitable.<sup>73</sup> The coal produced by the mine will also help to reduce Nigerien households' consumption of firewood.

China's most eye-catching project in Niger is probably Soluxe Hotel in Niamey (*Yangguang Niyamei Jiudian*), today the capital's best hotel (\$6.7 million). Built and financed by a CNPC subsidiary called Soluxe (see above) and completed in April 2015, this project does not only include a luxury hotel but also apartment buildings and a sports complex. The project triggered some controversy because the land was acquired for a very cheap price (\$500,000), the hotel is much smaller than initially planned (73 instead of 200 rooms) and the highly secured compound is mainly occupied by apartments for Chinese engineers and technicians (both from CNPC and other companies) working in Niger.<sup>74</sup> However, it is today the only five-star hotel meeting international standards in Niamey, another way for China of promoting not only connectivity but also people-to-people bonds and tourism, two other BRI priorities...

### **An increasing economic presence in and trade with Niger**

According to Chinese statistics, Chinese direct investment in Niger have remained small after the launching of the BRI: at the end of 2016, its stock amounted to \$525 million, representing 1.3% of China's investment in Africa (\$1.357 billion) and around 10% of the overall stock of foreign direct investment (FDI) in Niger (\$5.5 billion) (Table 1). Between 2006 and 2016, China's investment flow to Niger constitutes some years (as in 2007 and 2010) a substantial portion of all FDIs, but for most of the period, it does not. Moreover, these years are followed by periods of disinvestment (2012, 2014 and 2016), probably from the uranium sector (Table 2). These statistics confirm that as in most other African and BRI countries, China still prefers letting money and building rather than investing. They also show that the launching of the BRI has not had any major impact on China's FDIs in Niger.

Nonetheless, excluding infrastructure constructions, these figures do not well measure China's economic presence in Niger. As we have seen, prior to the launching of the BRI, China had already funded a number of important projects. Although data provided by the *AEI China investment tracker* indicate the contractual amount of all the signed projects, including infrastructures, rather than actual productive investment, they are a good indicator of China's economic involvement in Niger. AEI data tell us that China has invested \$5.88 billion in Niger up to 2018, the bulk of this amount in the energy sector (\$5.12 billion) and in 2008 (\$5.18 billion) when China announced its decision to get into oil, the other meaningful sectors being metals

<sup>72</sup>Laura 'Niger: la solution au récurrent problème électrique passe par le solaire (experts)', [Niger: Solution to recurrent electricity problems lies in solar energy (experts)], *French.china.org.cn*, 26 April 2017, available at: [http://french.china.org.cn/foreign/txt/2017-04/26/content\\_40696382.htm](http://french.china.org.cn/foreign/txt/2017-04/26/content_40696382.htm) (accessed 27 November 2018); 'China's Eximbank back in play over Salkadamna power station', *Africa Intelligence*, 5 October 2016, available at: <https://www.africaintelligence.com/lce/business-circles/2016/10/05/china-s-eximbank-back-in-play-over-salkadamna-power-station108184141-art> (accessed 15 January 2018); 'Le Président Issoufou procède à la pose de la première pierre de la centrale thermique de Salkadama (Tahoua)', [President Issoufou lays the foundation stone of the Salkadamna power plant], (Présidence de la République du Niger, 25 June 2014), available at: <http://www.presidence.ne/article/le-president-issoufou-procede-la-pose-de-la-premiere-pierre-de-la-centrale-thermique-de> (accessed 15 January 2018).

<sup>73</sup>Les ingénieurs chinois et nigériens remettent leur rapport d'exploration du charbon de Salkadamna', [Chinese and Nigerien engineers submit their report on Salkadamna coal exploitation], le *Quotidien Du Peuple en ligne*, (*People's Daily online*) Missing date of publication, available at: <http://french.peopledaily.com.cn/Economie/3129778.html> (accessed 27 November 2018); '2013 Investment Climate Statement—Niger', (U.S. Department of State, Bureau of Economic and Business Affairs, April 2013), available at: <https://www.state.gov/e/eb/rls/othr/ics/2013/204706.htm> (accessed 17 January 2018); and 'Niger: le volume du commerce avec la Chine en hausse de 59% l'an dernier' (Niger: Trade volume with China up 59% last year), *Xinhua*, 27 August 2015, available at: <http://www.fmprc.gov.cn/zft/fra/zfgx/jmhzt/1291967.htm> (accessed 17 January 2018).

<sup>74</sup>Interviews with Soluxe Hotel employees, a foreign business person and Western diplomats based in Niamey, January 28 and 2 February 2017.

**Table 1.** China and World total FDI stock in Niger (2007 – 2017) US\$ Million

Year	China	The world total FDI stock*	Percentage of the overall stock of FDI in Niger
2007	78.46	188	41.73
2008	136.5	624	21.88
2009	184.2	1404	13.12
2010	39.36	2251	1.75
2011	429.57	3123	13.76
2012	125.33	4098	3.06
2013	241.87	5031	4.81
2014	198.08	5181	3.82
2015	565.44	5165	10.95
2016	525.3	5280	9.95
2017	-	6372	-

Source: *Zhonghua Renmin Gongheguo Shangwubu* (PRC Ministry of Commerce), *Zhongguo Duiwai Zhijie Touzi Tongji Gongbao* (Statistical Bulletin of China's Outward Foreign Direct Investment). 2016, 2015 and 2014.

\*Source: United Nations Conference on Trade and Development, *World Investment Report: Investment and New Industrial Policies*, 2008-2018. New York: United Nations, [https://www.un-ilibrary.org/international-trade-and-finance/united-nations-conference-on-trade-and-development-unctad-world-investment-report-wir\\_8a599f63-en](https://www.un-ilibrary.org/international-trade-and-finance/united-nations-conference-on-trade-and-development-unctad-world-investment-report-wir_8a599f63-en)

**Table 2.** China and World Total Investment Flow to Niger (2006 – 2017) US\$ Million

Year	China	World*
2006	32.99	51
2007	100.83	129
2008	-1.00	566
2009	39.87	739
2010	196.25	940
2011	51.63	1066
2012	-195.94	841
2013	116.54	719
2014	-44.61	822
2015	23.69	529
2016	-23.56	293
2017	-	334

Source: *Zhonghua Renmin Gongheguo Shangwubu* (PRC Ministry of Commerce), *Zhongguo Duiwai Zhijie Touzi Tongji Gongbao* (Statistical Bulletin of China's Outward Foreign Direct Investment). 2016, 2015 and 2014.

\*Source: United Nations Conference on Trade and Development, *World Investment Report: Investment and New Industrial Policies*, 2008-2018. New York: United Nations, [https://www.un-ilibrary.org/international-trade-and-finance/united-nations-conference-on-trade-and-development-unctad-world-investment-report-wir\\_8a599f63-en](https://www.un-ilibrary.org/international-trade-and-finance/united-nations-conference-on-trade-and-development-unctad-world-investment-report-wir_8a599f63-en)

(\$620 million) and real estate (\$140 million).<sup>75</sup> Other sources claim that until the end of 2015, Chinese companies signed contracts reaching \$6.831 billion; and in the first 10 months of 2016, another \$335.9 million were committed.<sup>76</sup>

It is clear that this huge amount of money has not yet been and will probably not be fully spent in Niger. But it gives a better indication of China's actual economic presence in Niger, a presence that is today probably more important than France's. And while the biggest investments tracked by the *AEI* were initiated before 2013, the launching of the BRI has clearly increased China's footprint in Niger.

<sup>75</sup>American Enterprise Institute, 'China global investment tracker', 2018 update, available at: <http://www.aei.org/china-global-investment-tracker/> (accessed 27 November 2018); and in August 2015, the Chinese ambassador to Niger announced that China had already invested \$4.7 billion in Niger, 'Niger: le volume du commerce avec la Chine en hausse de 59% l'an dernier', *op. cit.*

<sup>76</sup>'How China is lifting Niger out of poverty', *Sahel Standard*, 3 March 2017, available at: <http://sahelstandard.com/index.php/2017/03/03/how-china-is-lifting-niger-out-of-poverty/> (accessed 19 January 2018).

It is said that President Issoufou is keen to avoid relying too much on China for Niger's development.<sup>77</sup> French companies as SOGEA SATOM still get major construction works, for example Niamey's third interchange road with funding coming from the African Development Bank and the *Agence Française de Développement* (AFD). And through Areva, France remains a key investor in this country (\$1.5 billion of investment announced in 2008 in the uranium mine of Imouraren, which has however been put on hold since 2014 because of the low price of uranium). India and Norway have also invested in the Malbaza cement factory (\$78 million). Multilateral institutions (World Bank, BAD, OPEC) with a limited participation of France's AFD have funded other key projects as the Kandadji Dam (\$257 million) on the Niger River 150 km upstream of Niamey. This dam's construction was launched by Zarubezhvodstroy, a Russian company, in 2011 but stopped 2 years later for 'technical incapacity'. And although a new tender was launched in the Spring of 2017, China is lobbying the Nigerien government to be selected to carry out this project, arguing that a 'majority of Nigeriens' support this idea.<sup>78</sup>

This is to say that, stimulated by their government's 'going out' strategy and even more by the BRI, Chinese companies have become pro-active in Niger. Under construction since December 2017 and due to be completed in early 2021, the third bridge on the Niger River is also funded by China (\$88 million) and built by CGCOC (*Zhongdi haiwai*), a company which has been involved in many road projects in Niger.<sup>79</sup> Finally, taking advantage of Niger's strong sun, Chinese government, and companies are positioning themselves as leaders to fund and develop solar energy, and turn it into this country's major source of renewable energy in the future, a clear BRI objective.<sup>80</sup>

Although Nigerien officials, like many other Africans, complain about the lack of technology transfers, they are generally satisfied with the projects that Chinese companies have realized and do not object much about the key role played by Chinese technicians in these projects.<sup>81</sup> All in all, China has become a major public work actor in Niger. And it has achieved this position in perpetuating, before as after the launching of the BRI, tied aid methods, according to which all the projects funded by China are realized by Chinese, mainly state-owned, companies and as many projects as possible funded by other sources are realized by Chinese companies as well.<sup>82</sup>

According to Chinese and UN statistics, since 2012, China has been Niger's second trade partner, supplier as well as client, just behind France (Tables 3 and 4) and way ahead of the USA. However, due to the large amount of unregistered trade with Nigeria, Niger's third trade partner and supplier on the paper, China is believed by observers to be its first supplier and its second client.<sup>83</sup> In any event, bilateral trade has clearly increased since the launching of the BRI.

Due to the drop in oil prices and Niger's revenues as well as unregistered imports from Nigeria, this country's imports from China have fallen since 2015. As a result, in 2017, China represented 14% of Niger's imports (\$271m) against 23% in 2015 (\$565m) while France's ratio was 28% (\$540m) and 32% (\$779m), respectively. France is still Niger's main client buying 30% of its exports (\$316m in 2017) while China's share has remained under 4% (\$39m in 2017). However, these statistics are far from including all the Nigerien purchases of Chinese products.

China sells machineries, equipment materials, cars as well as electronic and white products to Niger and buys from this country thorium and agricultural products (as sesame seeds, gum and leather).

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<sup>77</sup>Interview with a Western business executive based in Niamey, 2 February 2017.

<sup>78</sup>Laura, 'Niger: la solution au récurrent problème électrique passe par le solaire (experts)', op. cit.

<sup>79</sup>Mathieu Olivier, 'Niger: Le troisième pont de Niamey prévu pour début 2021' [Niger: Third Bridge in Niamey planned to be completed in early 2021], *Jeune Afrique*, 28 February 2018, available at: <http://www.jeuneafrique.com/mag/531913/economie/niger-le-troisieme-pont-de-pont-de-niamey-prevu-pour-debut-2021/> (accessed 27 November 2018).

<sup>80</sup>Laura, 'Niger: la solution au récurrent problème électrique passe par le solaire (experts)', op. cit.

<sup>81</sup>Interview with a high official in charge of big projects, Nigerien Ministry of Construction, 3 February 2017.

<sup>82</sup>Hillman estimated in January 2018 that 89% of the contractors in China-funded transport infrastructure projects realised in 34 BRI countries were Chinese companies; cf. Hillman, 'China's Belt and Road initiative', op. cit.

<sup>83</sup>Interview with an AFD official, Niamey, 26 January 2017.



**Table 3.** The bilateral trade between China and Niger, (2006-2018Q1) US\$ Million

Year	Import from Niger	Export to Niger	Total
2006	3.79	107.30	111.10
2007	3.88	66.35	70.22
2008	2.79	153.86	156.65
2009	3.06	499.10	502.16
2010	37.22	994.79	1,032.01
2011	43.83	514.85	558.69
2012	62.64	357.99	420.63
2013	83.18	406.25	489.43
2014	56.28	486.80	543.08
2015	7.62	565.40	573.02
2016	49.53	300.88	350.41
2017	39.16	270.65	309.81
2018 Q1*	38.5	91.6	130.1

Source: International Monetary Fund. (2007-2018). *Direction of trade statistics*. Washington, DC: IMF. Retrieved October 23, 2018, from <http://data.imf.org/regular.aspx?key=61013712>

\*Source: International Monetary Fund. (2018). *Direction of Trade Statistics, September 2018*. Washington, D.C: International Monetary Fund. Retrieved October 23, 2018, from <https://www.elibrary.imf.org/view/IMF042/25156-9781484354360/25156-9781484354360/25156-9781484354360.xml?redirect=true>

### **Chinese presence and Niger's debt**

Rather than China's growing economic footprint in Niger, it is the fluctuations of commodity prices that have directly contributed to rapidly increasing Niger's external debt from 27% to 33% of GDP between 2014 and 2016, a ratio that should go down to 30% in 2018.<sup>84</sup> For the same reasons, Niger's public debt has nearly doubled since 2013 to 46.1% of GDP in 2016 and should remain stable (46.2%) in 2018 thanks to oil price increase.<sup>85</sup> While Niger faces a 'moderate risk of debt distress', it has been recommended by the World Bank to 'closely monitor its debt sustainability'.<sup>86</sup> Since Niger wishes to remain in that category of countries, it has refrained in 2017 from contracting new short-term or non-concessional debts, preferring instead to suspend or postpone projects.<sup>87</sup>

As indicated above, the \$1 billion credit line provided by China's Exim Bank in 2013 will not impact on Niger external debt before 2020. And Niger's oil exports should facilitate the reimbursement of this loan. Nevertheless, today the IMF keeps advising the Nigerien government to opt for concessional loans and refrain from increasing the country's external debt.<sup>88</sup>

### **China's enhanced development aid**

While China's BRI mainly focuses on win-win cooperation, its people-to-people bonds pillar officially includes 'medical assistance and emergency medical aid to relevant countries'.<sup>89</sup> And since 2013, this type of aid to Niger has clearly been enhanced.

<sup>84</sup>IMF, 'Press Release No. 18/211', 1 June 2018, available at: <https://www.imf.org/fr/News/Articles/2018/06/01/pr18211-niger-imf-executive-board-completes-second-review-of-ecf> (accessed 2 July 2018).

<sup>85</sup>Ibid.

<sup>86</sup>The World Bank in Niger', *World Bank*, (Overview 5 December 2017), available at: <http://www.worldbank.org/en/country/niger/overview> (accessed 15 January 2018).

<sup>87</sup>Niger', (IMF Country Report No. 17/394, December 2017), p. 9, available at: <https://www.imf.org/~media/Files/Publications/CR/2017/cr17394.ashx> (accessed 27 November 2018).

<sup>88</sup>Le FMI attire l'attention du Niger sur la gestion de la dette' [IMF calls attention to Niger's debt management], *Niamey et les 2 jours*, 5 April 2018, accessed 2 July 2018, available at: <https://www.niameyetles2jours.com/la-gestion-publique/finances-publiques/0504-2119-le-fmi-attire-l-attention-du-niger-sur-la-gestion-de-la-dette>.

<sup>89</sup>National Development and Reform Commission, op. cit.

**Table 4. Niger's Major Trade Partners (2006-2018Q1) US\$ Million**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 Q1*
<b>Niger total trade</b>	1186.40	1441.62	1956.75	2247.19	2743.02	2993.24	3063.56	3051.04	3136.13	3249.16	2792.40	2956.16	754.90
<b>China-Niger total trade</b>	111.10 (9.36%)	70.22 (4.87%)	156.65 (8.01%)	502.16 (22.35%)	1032.01 (37.62%)	558.69 (18.67%)	420.63 (13.73%)	489.43 (16.04%)	543.08 (17.32%)	573.02 (17.64%)	350.41 (12.55%)	309.81 (10.48%)	130.10 (17.23%)
<b>France-Niger total trade</b>	247.20 (20.84%)	388.33 (26.94%)	412.15 (21.06%)	515.40 (22.94%)	293.62 (10.70%)	674.03 (22.52%)	672.37 (21.95%)	701.72 (23.00%)	696.49 (22.21%)	1081.85 (33.30%)	817.33 (29.27%)	855.54 (28.94%)	129.7 (17.18%)
<b>USA-Niger total trade</b>	97.58 (8.23%)	113.89 (7.90%)	196.91 (10.06%)	128.41 (5.71%)	217.61 (7.93%)	232.71 (7.77%)	186.18 (6.08%)	223.24 (7.32%)	191.19 (6.10%)	274.64 (8.45%)	181.02 (6.48%)	131.02 (4.43%)	35.2 (4.66%)
<b>Niger's imports from world</b>	860.52	955.86	1,208.42	1,627.37	2,272.71	1,917.55	1,688.29	1,715.50	2,152.46	2,461.36	1,864.92	1,900.68	541.9
<b>China's exports to Niger</b>	107.30 (12.47%)	66.35 (6.94%)	153.86 (12.73%)	499.10 (30.67%)	994.79 (43.77%)	514.85 (26.85%)	357.99 (21.20%)	406.25 (23.68%)	486.80 (22.62%)	565.40 (22.97%)	300.88 (16.13%)	270.65 (14.24%)	91.6 (16.90%)
<b>France's exports to Niger</b>	132.35 (15.38)	179.53 (18.78%)	152.91 (12.65%)	219.68 (13.50%)	250.52 (11.02%)	233.50 (12.18%)	198.68 (11.77%)	172.47 (10.05%)	313.28 (14.55%)	778.52 (31.63%)	527.40 (28.28%)	539.89 (28.41%)	129.1 (23.82%)
<b>USA's exports to Niger</b>	86.49 (10.05%)	86.55 (9.05%)	93.38 (7.73%)	79.19 (4.87%)	137.86 (6.07%)	112.12 (5.85%)	112.32 (6.65%)	100.31 (5.85%)	113.14 (5.26%)	132.37 (5.38%)	144.66 (7.76%)	94.96 (5.00%)	25.1 (4.63%)
<b>Niger's export to world</b>	860.52	955.86	1,208.42	1,627.37	2,272.71	1,917.55	1,688.29	1,715.50	2,152.46	2,461.36	1,864.92	1,900.68	213
<b>China's imports from Niger</b>	3.79 (1.16%)	3.88 (0.80%)	2.79 (0.37%)	3.06 (0.49%)	37.22 (7.91%)	43.84 (4.08%)	62.64 (4.56%)	83.18 (6.23%)	56.28 (5.72%)	7.62 (0.97%)	49.53 (5.34%)	39.16 (3.71%)	38.5 (18.08%)
<b>France's imports from Niger</b>	114.86 (35.25%)	208.81 (42.99%)	259.24 (34.64%)	295.72 (47.71%)	43.09 (9.16%)	440.53 (40.95%)	473.69 (34.44%)	529.24 (39.63%)	383.21 (38.96%)	303.33 (38.50%)	289.93 (31.26%)	315.64 (29.91%)	0.6 (0.28%)
<b>USA's imports from Niger</b>	11.09 (3.40%)	27.34 (5.63%)	103.54 (13.84%)	49.22 (7.94%)	79.75 (16.96%)	120.59 (11.21%)	73.87 (5.37%)	122.93 (9.20%)	78.05 (7.93%)	142.27 (18.06%)	36.36 (3.92%)	36.06 (3.42%)	10.1 (4.74%)

Source: International Monetary Fund. (2007-2018). *Direction of trade statistics*. Washington, DC: IMF. Retrieved October 23, 2018, from <http://data.imf.org/regular.aspx?key=61013712>

\*Source: International Monetary Fund. (2018). *Direction of Trade Statistics, September 2018*. Washington, D.C: International Monetary Fund. Retrieved October 23, 2018, from <https://www.elibrary.imf.org/view/IMF042/25156-9781484354360/25156-9781484354360.xml?redirect=true>

As elsewhere in Africa, China's development aid to Niger is entirely bilateral. In Niamey, the Chinese Embassy does not interact very much with the other donors, and refrains from coordinating its aid with them. China's aid has increased but its amount remains rather modest compared to other donors' commitments. Official Chinese data indicate that since 1996, Beijing has granted Niger \$300 million of aid, \$350 million of concessional loans and 180 million yuan of debt forgiveness. In comparison, the French aid agency AFD budgets on average 80 to 90 million Euros per year (66 million Euros in 2016 including 38 million Euros of grant) and the European Union 125 million Euros (600 million Euros from 2015 to 2020); the World Bank has decided in December 2017 to double its financial support to Niger pledging \$2.5 billion for the 2017–2021 5-year period or \$500 million per year.<sup>90</sup>

China's aid remains largely in kind. It includes the regular dispatch and station of medical teams (30 personnel who rotate every two years) in the main hospitals of the country, the construction of schools or stadiums and the donation of equipment for the agricultural sector (as moto-pumps) or food products as rice.<sup>91</sup> Although available data cannot confirm whether China's aid to Niger has increased since 2013, its aid projects have obviously become larger and more visible.

The most striking example of China's enhanced aid towards Niger has been the construction by Beijing Urban Construction Group (BUCG) of Niamey Reference General Hospital (500 beds). Opened in August 2016, this hospital has been presented as the largest foreign hospital funded by the Chinese government (CFA45 billion or \$90 million).<sup>92</sup>

China's aid to Niger also includes scholarships for students (437 from 1978 to the end of 2015). The number of scholarships has rapidly increased since 2013, reaching 152 in 2016 (among the 612 Nigerien students who then studied in China).<sup>93</sup>

It is not always easy to draw a line between aid and advantageous funding of construction projects realized by Chinese companies. For instance, in August 2015, China gave Niger 150 million yuan of aid and a 100 million yuan interest-free loan to finance various infrastructure projects, including a third bridge on the Niger River in Niamey.<sup>94</sup>

### **The Chinese community in Niger**

The Chinese community in Niger has remained small, estimated at 1,000 to 2,000 persons, mainly involved in the oil industry, trade, or services. This is not negligible though, since there are only around 1,000 French nationals in Niger.<sup>95</sup> At the end of 2016, according to Chinese official statistics, 1,134 contractual workers resided in Niger.<sup>96</sup> There are 33 Chinese companies operating in the country.

While 'hard working', Chinese are also often perceived by Nigeriens as 'too capitalistic' and even 'arrogant', hesitating less and less to lecture the locals and criticize what other partners, particularly former colonizer France, have done, or not done, for Niger.<sup>97</sup> The sudden increase of donkey

<sup>90</sup>Interview with an AFD official, Niamey, 26 January 2017; Laouali Souleymane, 'La Chine accorde une aide non remboursable de 13,5 milliards de FCFA et un prêt sans intérêt de 9 milliards FCFA' [China gives a 13.5 billion CFA non refundable aid and a 9 billion CFA interest-free loan], *ActuNiger*, 27 August 2017, available at: <http://www.actuniger.com/politique/10511-la-chine-accorde-une-aide-non-remboursable-de-13,5-milliards-de-fcfa-et-un-pret-sans-interet-de-9-milliards-fcfa> (accessed 27 November 2018); and 'World Bank Group to Double Support to Niger', *World Bank*, 27 December 2017, available at: <http://www.worldbank.org/en/news/press-release/2017/12/14/the-world-bank-group-doubles-its-support-to-niger> (accessed 17 January 2018).

<sup>91</sup>Interview with a high official, Nigerien Ministry of Foreign Affairs, 3 February 2017.

<sup>92</sup>Niger: « le plus grand hôpital » financé par la Chine à l'étranger', [Niger: The largest hospital funded by China's external aid], *Témoignages*, 3 August 2016, available at: <https://www.temoignages.re/international/monde/niger-le-plus-grand-hopital-finance-par-la-chine-a-l-etranger87132> (accessed 27 November 2018).

<sup>93</sup>*Sahel Standard*, 3 March 2017, op. cit.

<sup>94</sup>Niger: 22,5 milliards de FCFA d'aide chinoise pour améliorer les conditions de vie des populations', [Niger: 22.5 billion CFA to improve populations' living conditions], *Xinhua*, 27 August 2015, available at: <http://www.fmprc.gov.cn/zflt/fra/zfgx/whjl/t1291959.htm> (accessed 17 January 2018).

<sup>95</sup>Interview with a Western business executive based in Niamey, 2 February 2017.

<sup>96</sup>National Bureau of Statistics of the People's Republic of China, *China Statistical Yearbook 2017*, available at: <http://www.stats.gov.cn/tjsj/ndsj/2017/indexch.htm> (accessed 28 January 2018).

<sup>97</sup>Interview with Chinese traders as well as Nigerien officials and academics, Niamey, January 26 to 4 February 2017.

slaughtering and skin exports to China in 2015–16 momentarily provoked some anti-Chinese feelings, especially in the Niamey region where the number of donkeys rapidly dropped to a point that Niamey's mayor banned their slaughtering and then the country banned their export. And this problem is far from being limited to Niger.<sup>98</sup>

However, by and large China's image has remained overall good, particularly among the elite and thanks to China's role in developing Niger's oil industry and infrastructures.

### **A closer military cooperation**

Although military cooperation is absent from the BRI, in Niger as elsewhere, enhanced economic cooperation has contributed to developing closer relations between China and Niger's armed forces or FAN (see above).

Today, France and the USA have clearly remained Niger's major security partners. Both have bases and military personnel in Niamey. Today, although it has no defense attaché in Niamey, China is Niger's third military partner behind France and the USA.

Among the key projects that it has carried out since 2013, China is equipping the FAN headquarters with a new fiber optic communication system. While the contract was given to Chinese company ZTE, Chinese military personnel are actually installing the servers and the cables, allowing them to get access, as in other African countries as Tanzania and Zimbabwe before, to sensitive information.<sup>99</sup> In the past decade, China has also delivered a few military equipment to Niger and trains every year a small group of Nigerien officers.

Finally, China has sent a few punctual military missions to Niger, particularly to evaluate the risks in the Agadem region. However, the security of Chinese infrastructures in Niger (as in the whole Sahel region) remains guaranteed both by the FAN and private Chinese companies as Shandong Warwick Security Group, which works in partnership with Australia's MSS Security Group.<sup>100</sup>

China's military cooperation with Niger is modest but growing; nonetheless, it is likely to remain 'structural and not operational' in the foreseeable future.<sup>101</sup>

### **Impact of closer Niger–China relations under the BRI on Niger's foreign and security policy**

There is no question that China's growing footprint in Niger has boosted China's influence in this country to a point that Niamey would not take any initiative that would directly affect Beijing's foreign policy interests. China's growing successes have also fed a more visible competition between China and Niger's more traditional partners.<sup>102</sup> Nevertheless, Niger's intention has been both to take advantage of China's largesse and to diversify its partnerships.<sup>103</sup> And, by and large, for security, diplomatic and cultural reasons, this country has remained closer to France and to a lesser extent the USA than to China.

To be sure, President Issoufou, who comes from the mining industry (he was from 1980 to 1985 CEO of the Somair, Niger's national mining company), has developed a close rapport with the Chinese government. He went to China in 2012 on the occasion of the Forum on China-Africa

<sup>98</sup>Niger is the latest African country to ban donkey exports to China', *Quartz Africa*, 7 September 2016, available at: <https://qz.com/775343/niger-is-the-latest-african-country-to-ban-donkey-exports-to-china/> (accessed 26 January 2016).

<sup>99</sup>Interview with a Western military attaché, Niamey, 28 January 2017.

<sup>100</sup>Olivier, 'Niger: Le troisième pont de Niamey prévu pour début 2021', op. cit.

<sup>101</sup>Interview with a Western military attaché, Niamey, 2 February 2017.

<sup>102</sup>On Sino-Western strategic competition in Africa, Jianwei Wang and Jing Zou, 'China goes to Africa: A strategic move?' in Suisheng Zhao ed., *China in Africa. Strategic Motives and Economic Interests* (New York & Abingdon, Oxon: Routledge, 2017), Ch. 5; and Joshua Eiseman and David H. Shinn, 'China's Strategy in Africa', in Joshua Eiseman and Eric Heginbotham eds., *China Steps Out. Beijing's Major Power Engagement with the Developing World* (New York & Abingdon, Oxon: Routledge, 2018), Ch. 6.

<sup>103</sup>Interview with a high official, Nigerien Ministry of Foreign Affairs, Niamey, 3 February 2017.

Cooperation (FOCAC), although this was not a presidential visit. He also attended the FOCAC summit in Johannesburg in December 2015 and in Beijing in September 2018 and held bilateral talks with Xi Jinping and other Chinese officials on the occasion of the latter visit. And State Councilor Wang Yong, former chairman of the State-owned Assets Supervision and Administration Commission (SASAC), traveled to Niamey in June 2017 and met there Issoufou.

In addition to these regular governmental visits, the Chinese Communist Party (CCP) has developed direct relations with Nigerien political parties. While the CCP has always been inclined to set up party-to-party relations with ruling groupings, because of Niger's past political instability, it has established and maintained relations with the country's two major parties.

On the one hand, since the 1980s, the CCP has relations with Tandja's *Mouvement National pour La Société Du Développement* (MNSD-Nassara, National Movement for the Society of Development), ruling party from 1989 to 1993 and 1990 to 2010. Today, this party controls only 20 of the 171 seats of the Nigerien Parliament. On the other hand, the CCP has developed relations with Issoufou's *Parti Nigérien pour La Démocratie et le Socialisme* (PNDS-Tarayya, Nigerien Party for Democracy and Socialism) since it came to power in 2011. This party today holds nearly half of the seats in the Parliament (75/171). Illustrating China's interest in weaving stronger people-to-people bonds, the launching of the BRI has definitely stimulated this latter relationship.

For example, in January 2014, the then CCP International Liaison Office Director, Wang Jiarui visited Niger and apparently met only PNDS-Tarayya leaders.<sup>104</sup> Although Wang received in 2006 in Beijing, a MNSD-Nassara delegation headed by its leader Habi Mahamadou Salissou, who was also at the time Minister of Commerce and Industry, relations with this party have weakened.<sup>105</sup>

Today, China does not play any significant role in Niger's security. In June 2017, as other permanent members of the UN Security Council, China supported, including financially, the deployment of G5 Sahel anti-terrorist joint force (today around 5,000 but should gradually reach 10,000 personnel from Burkina Faso, Chad, Mali, Mauritania and Niger). Since 2016, France has also asked China to directly contribute financially to the G5 Sahel joint force (as the US, the EU or Saudi Arabia), a request that was reiterated by French President Macron when he visited China in January 2018. Any Chinese decision on this subject was put on hold as long as Burkina Faso kept diplomatic relations with Taiwan.<sup>106</sup> But since Ouagadougou's normalization with Beijing in May 2018, China is likely to increase its security role in the region.<sup>107</sup> In September 2018, Xi Jinping pledged to 'continue to provide support for the development of the G5 Sahel joint force through bilateral and multilateral channels'.<sup>108</sup>

## Conclusion

What drew China to Niger, after both countries renormalized their relations in 1996, were raw materials, first uranium, then oil. But these have not been the only drivers. A few years before Xi Jinping launched his BRI, in Niger as elsewhere in Africa, the Chinese government was already promoting connectivity, trade and people-to-people bonds, three of the BRI policy priorities. And

<sup>104</sup>Chinese, Nigerien ruling parties to boost ties', *China Daily*, 14 January 2014, available at: [http://europe.chinadaily.com.cn/china/2014-01/14/content\\_17235319.htm](http://europe.chinadaily.com.cn/china/2014-01/14/content_17235319.htm) (accessed 19 January 2017).

<sup>105</sup>Chine: un haut responsable du PCC rencontre des hôtes nigériens' [China: A CCP high official meets Nigerien hosts], le *Quotidien Du Peuple en ligne*, 25 July 2006, available at: <http://french.peopledaily.com.cn/Chine/4624183.html> (accessed 19 January 2018).

<sup>106</sup>Sébastien Le Belzic, 'La France demande à la Chine de l'aider à lutter contre le terrorisme en Afrique', [France asks China to help her fight against terrorism in Africa], le *Monde*, 8 January 2018, available at: [https://www.lemonde.fr/afrique/article/2018/01/08/la-france-demande-a-la-chine-de-l-aider-a-lutter-contre-le-terrorisme-en-afrique\\_5239031\\_3212.html](https://www.lemonde.fr/afrique/article/2018/01/08/la-france-demande-a-la-chine-de-l-aider-a-lutter-contre-le-terrorisme-en-afrique_5239031_3212.html) (accessed 27 November 2018).

<sup>107</sup>Sébastien Le Belzic, 'Pourquoi le Burkina Faso tourne le dos à Taïwan' (Why Burkina Faso turns its back to Taiwan), le *Monde*, 18 May 2018, available at: [https://www.lemonde.fr/afrique/article/2018/05/28/pourquoi-le-burkina-faso-tourne-le-dos-a-taiwan\\_5305923\\_3212.html](https://www.lemonde.fr/afrique/article/2018/05/28/pourquoi-le-burkina-faso-tourne-le-dos-a-taiwan_5305923_3212.html) (accessed 27 November 2018).

<sup>108</sup>'Xi Meets Nigerien President Mahamadou Issoufou', *Xinhua*, 1 September 2018, available at: <http://en.people.cn/n3/2018/0901/c90000-9496236.html> (accessed 22 October 2018).

China was also to some degree pursuing the same economic, diplomatic, and geopolitical objectives as in the BRI countries. Yet, while Niger was not part of the initial group of countries included in the BRI, the launching of this important initiative has clearly affected Niger, contributing to boosting its economic and political relations with China and increasing China's influence there.

While as early as in the late 2000s, China wanted also to stimulate in Niger and the Sahel region connectivity and multilateralism, the launching of the BRI in 2013 has clearly strengthened these objectives, as well as trade, infrastructure projects, regional integration, and people-to-people bonds.

Finally, even if in Africa, China's objectives have for a long time been more diplomatic than geo-strategic, the de facto inclusion of Niger in the BRI has directly contributed to enhancing China's overall political and even geo-strategic influence in the Sahel. CNPC's structural investments in Chad but also the PLA's participation in the UN peacekeeping forces in Mali and South Sudan and Naval Base in Djibouti should be understood as ways for China to becoming a more meaningful player in the sub-region and Africa as a whole.

It is clear that France, the EU, and the USA will continue to play a crucial role in Niger, and not only in this country's security or fight against poverty. Niger's Francophone elites will continue to consider France as a special partner whose relations with their country is deeply rooted in history. In addition, President Issoufou has been often presented a 'staunch ally of the West' even if he is no exemplary democrat.<sup>109</sup>

But in carrying out since the late 2000s a BRI-like strategy in Niger and then extending the BRI to this country, China has become the other key partner of this country, a partner that Niger cannot risk antagonizing but, on the contrary, will continue to cultivate to accelerate its economic development. Put differently, while it can also be argued that the BRI is to a large extent an attempt to repackage projects and methods that had been at work since the late 1990s to boost China's influence, this initiative has clearly increased China's international capacity or firepower. It has intensified, including in Niger, the strategic, economic, and ideological competition between China and the West, particularly France and the USA.

The security challenges that Niger is still facing have to some extent helped France, as well as the USA, remaining its major political partner. And the irony is that if the threat of AQIM and Boko Haram recedes, it is likely that Niamey would move closer to Beijing and other emerging countries, to the detriment of Paris and other Western capitals that have not fully realized that China is following a plan that is far from being only driven by economic interests but also great power ambitions.

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<sup>109</sup>Taking on West Africa's Terrorists', *The Economist*, op. cit.

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