THE BELT AND ROAD INITIATIVE AND GLOBAL GOVERNANCE

International Conference

Leuven Centre for Global Governance

31 August 2018, Brussels

AFRICA AND THE NEW SILK ROADS

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ABSTRACT:

This contribution raises the question of the place the New Silk Roads strategy could reserve for Africa and the 54 economies that form it. To answer this question, I will begin by focusing on Africa's economic importance for China (first investment, second trade) and then examine the strategical part that Africa as a whole and African states are likely to play. This research will be conducted on the basis of existing documents, whether official reports (administrative or managerial), scientific studies or more journalistic information. As far as possible, it will favour first-hand Chinese documents. We resolutely aim for axiological neutrality in our approach.

KEY-WORDS:

China, Africa, New Silk Roads, BRI

JEL CLASSIFICATION: F2; F5; O53; O55

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The Joint Communiqué issued on 16 May 2017 at the end of the Leaders Roundtable of the Belt and Road Forum for International Cooperation unequivocally highlights the economic purpose of the New Silk Roads Strategy: "We reaffirm our shared commitment to build open economy, ensure free and inclusive trade, oppose all forms of protectionism including in the framework of the Belt and Road Initiative. We endeavor to promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system with WTO at its core"[1].

One glance at the various maps showing the New Silk Roads[2] is enough to understand that their main objective is definitively to penetrate the markets of European countries and even more blatantly those of the most developed among them (see figure 1). In 2016, maritime transport between China and Europe is obviously prevailing, carrying 94 percent of trade by weight and 64 percent by value; in contrast, rail carried less than 1 percent by volume and just over 2 percent by value[3]. The new inland Silk Roads clearly do not concern Africa since they run through the Eurasian continent, but what is actually emerging from the new maritime road?

Figure 1. – New Silk Roads



Source: https://www.yidaiyilu.gov.cn/.

The Lloyd's list[4] enumerating the hundred largest container terminals ranks the Tangier Med terminal both 50th among terminals in the world and 1st among terminals in Africa. Next, this list indicates that the Alexandria terminal ranks 88th in the world and 2nd in Africa. In both cases, they are North African terminals focusing primarily on Mediterranean and especially European traffic – and somewhat African for Tangier Med. The current insignificance with regard to the world trade of African ports is still underlined if we observe that their

1 See Chinese version at https://www.yidaiyilu.gov.cn/zchj/sbwj/13687.htm and English version at http://english.cctv.com/2017/05/16/ARTITY61CWWGAsRmITC7hwj7170516.shtml.

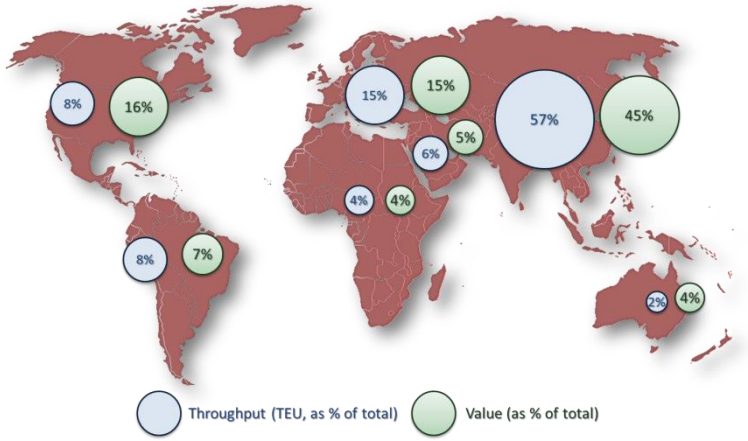
2 Not to depend too heavily on imported Chinese official parlance to transcribe our own thinking, we will refrain from using expressions like "Belt and Road Initiative", BRI, OBOR and others (except when quoting Chinese texts); we will talk about New Silk Roads, New Silk Roads strategy...

3 Road and air transport represented respectively 3 and 2 percent by volume, and 6 and 28 percent by value; see Jonathan E. Hillman, "The Rise of China-Europe Railways", CSIC Report, March 6, 2018 (https://www.csis.org/analysis/rise-china-europe-railways).

4 Linton Nightingale (ed.), *Lloyd's List and Containerisation International Top 100 Container Ports 2016*, p. 16-17, www.lloydslist.com/topports16.

throughput in standard[5] containers represents in 2016 only 4% of the world port throughput of containers. Figure 2 shows that container terminals traffic, both in terms of throughput and value, is notably low in Africa compared to Europe, not to mention Asia. [6]

Figure 2.– Regional container terminals traffic throughput and value (2016)



Source: UNCTAD's online database (http://unctadstat.unctad.org)

Therefore, in such a context, what place could the New Silk Roads strategy reserve for Africa and the 54 economies that form it? To answer this question, I will begin by focusing on Africa's economic importance for China (first investment, second trade) and then examine the strategical part that Africa as a whole and African states are likely to play.

1. AFRICA: OF LITTLE IMPORTANCE FOR INVESTORS

If we turn to the Chinese investment statistics collected specifically by MofCOM to reveal the countries involved in the New Silk Roads strategy, it is then obvious that African countries are not included – with the exception of Egypt alone because of the Suez Canal and the ports of Alexandria and Port Said. It should also be noted that none of the major economies of the European Union are included among the countries belonging to the New Silk Roads strategy. It is normal since they are not the roads but the targets. In 2016, these favoured European destinations attracted investment flows more than six times higher than those destined for Africa and stocks three times higher.[7]

In 2017, according to MofCOM data, non-financial investments directly related to projects under the New Silk Roads strategy (i.e. excluding projects carried out for other reasons either political or economic) amounted to 14.4 billion dollars. By comparison, the amount of

[5] Twenty-foot equivalent unit (TEU).

[6] See UNCTAD's online database (http://unctadstat.unctad.org). The table "Container port throughput, annual, 2010-2016" provides the total number of containers handled per port, expressed in twenty-foot equivalent (TEU), for individual countries. This figure covers the loading, unloading, repositioning and transhipment of containers.

[7] See *2016 nian zhongguo duiwai zhijie touzi tongji gongbao* [2016 statistical Bulletin of China's Outward Foreign Direct Investment], 2017, p. 45 *sqq*, http://fec.mofcom.gov.cn/article/tjsj/tjgb/201711/20171102669889.shtml.

new turnkey contracts signed in countries labelled "New Silk Roads" was 144.3 billion dollars, which is over tenfold more than China invested in these countries. This amount of new turnkey contracts represents 54.4% of all contracts of this type signed during the same period by Chinese contractors and corresponds to a series of 7,217 contracts.[8] China's strategy is primarily a commercial strategy: China sells services (build and finance infrastructure construction) to partner countries in order to carry on the New Silk Roads advancement and to dispatch Chinese products whose final destinations are the European countries. Africa, in this trade perspective, has only a limited importance.

Should China's investment performance in Africa, as reported above, be regarded as unique? I have compiled the following two tables (see tables 1 and 2) by consulting the Eurostat website (the statistical office of the European Union).[9] The extracted data is quite challenging to interpret. Let's look to start the first three years of Table 1, from 2013 to 2015 (previous years being unavailable). A primary reading would lead to the conclusion that the European Union would have invested ten times more in Africa in 2015 than China, which itself would have invested ten times more than the United States (the European Union, China and the United States were initially selected because they constitute three economies of roughly equal importance in terms of GDP). The considerable repatriation of capital recorded the following year forces the analysis to be refined and the role of the Netherlands, Luxembourg and the United Kingdom to be considered.

Table 1. – Net FDI outflows in billions of dollars

Economies	2013	2014	2015	2016
European Union (28)	17,8	21,1	31,0	-14,2
United Sates	1,1	1,4	0,3	-0,5
China	3,4	3,2	3,0	2,4
Netherlands	8,9	14,5	22,6	-6,8
Luxembourg	2,1	1,7	-0,8	-2,6
United Kingdom	3,9	3,4	n.d.	-7,7
Germany	1,5	0,5	0,6	1,1
France	-1,9	-0,2	2,3	-0,4
Italy	2,8	3,7	3,9	2,4

Source: Eurostat [bop_fdi6_flow]

These last three countries have financial practices that lack transparency mainly for the first two, but also frequently for the second, which at the same time suffers the anticipated effects of Brexit. In other words, one can wonder what is the exact origin (European or not) of these investments in Africa and repatriation of capital from Africa especially since we could note that the Chinese companies had operated a transfer of their funds from Luxembourg – become less attractive – towards the Netherlands – always accommodating.[10] If we look at three other leading European countries, we will see that, over the 2013-2016

[8] See *2017 nian wo dui "yidai yilu" yanxian guojia touzi hezuo qingkuang* [China's investment co-operation in countries along the "One Belt and One Road" in 2017], http://fec.mofcom.gov.cn/article/fwydyl/tjsj/201801/20180102699450.shtml.

[9] Eurostat online database is available at http://ec.europa.eu/eurostat.

[10] See http://pairault.fr/sinaf/index.php/statistiques/956.

period, Germany would invest half as much each year as China, while Italy would do slightly better than China. As for France, the statistics presented here would a priori justify the acrimonious criticism to which it is often subjected; however, looking at the data country by country, one will observe that capital repatriation concern almost exclusively three oil countries (Angola, Congo and Gabon) whose foreign capital movements may be random and cyclical.

Table 2 provides data on FDI stocks held in Africa. It shows several things. First, the amount of stocks by country of origin of investments is relatively stable over the four years 2013-2016, or is slightly increasing. Then, in 2016, the amounts of Chinese and US FDI stocks are respectively 14% and 20% of the amount of EU-28 FDI stock, or in other words, the amount of EU-28 FDI stock is five times that of the US and seven times that of China. Even if we subtract the amount of Dutch FDI stock due to the indeterminable origin of the funds invested, the amount of EU-28 FDI stock in Africa is more than four times that of China. Finally, the most salient observation is that, although China was able to build up very quickly in Africa a stock of FDI comparable to the French stock (the first of 40 billion dollars, the second of 46 billion dollars in 2016 according to Eurostat), this means unequivocally that the amount of foreign investments in Africa whatever their origin is extremely low. Thus, China's ability to finance African infrastructure investments first, and then its industrial investments, can be a key factor for the continent's development even if it creates financial dependence on China.

Table 2. – FDI stocks to Africa in billions of dollars

Economies	2013	2014	2015	2016
European Union (28)	248	282	310	289
Netherlands	96	109	130	117
United Sates	44	55	54	55
United Kingdom	44	55	53	53
France	46	49	52	46
China	26	32	35	40
Italy	14	16	20	22
Luxembourg	20	22	24	19
Germany	8	9	8	10
Japan	n.d.	8	8	9
Portugal	5	7	6	6
Spain	5	5	5	5

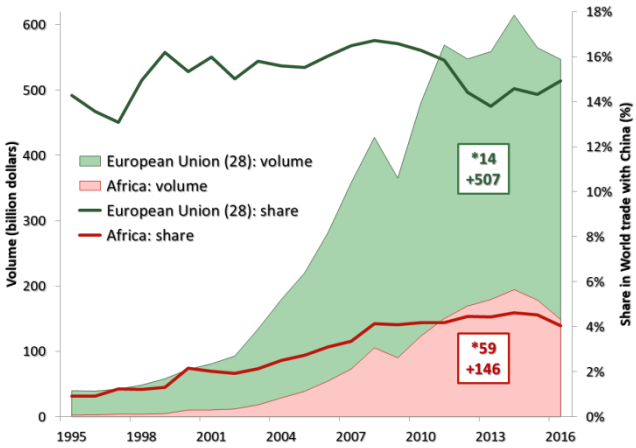
Source: Eurostat [bop_fdi6_pos]

2. AFRICA: OF CONTAINED COMMERCIAL IMPORTANCE

Figure 3 compares the growth in the volume of trade (exports plus imports) between China and Africa, on the one hand, and the European Union on the other. The volume of trade with Africa, which started from a very low level, increased 59 fold between 1995 and the peak year (2014), while that with the European Union increased only 19 fold. Nevertheless, the European Union is far from being the fool in a Sino-African farce, as some would have us believe, either out of pessimism or out of revengeful spirit. During these twenty years, the volume of China's trade with the European Union has increased by 507 billion dollars,

compared with only 146 billion dollars for that with Africa. Let us draw a trend curve for both sets of data. We apply a second rank polynomial trend line for each resulting in a determination coefficient of 94% (European Union) and 92% (Africa). Second derivatives of the regression equations reveal that China's trade with the European Union is growing at a rate almost one-third faster than that with Africa. In other words, it is difficult to expect that in the short or medium term such a trend reversal that Africa could become so economically important for China that the current situation would be turned upside down. Let us examine the situation further.

Figure 3. – Trade with China (1995— 2016)



Source: Author's calculations (UNCTAD database on line)

Table 3. – China's potential dependence on Africa (2016)

Commodities by country of origin	as a percentage of China's imports of these commodities from Africa	as a percentage of Chinese imports of these goods from the World	rank among the countries from which imports originate
Ores and Metals			
South Africa	50%	5%	5
Zambia	14%	1%	15
Congo (DRC)	14%	1%	16
Fuels			
Angola	63%	8%	3
Congo (Brazzaville)	10%	1%	20
South Sudan	7%	1%	23

Source: author's calculations from UNCTAD's online database.

In 2016, 95% of Chinese imports of African products are composed of primary commodities (in UNCTAD parlance)[11], of which 68% are ores and metals[12] (40%) and fuels[13] (60%). However, what would *a priori* best mark China's dependence on Africa would be the growth in the amount of imports of ores, metals and fuels from 0.3 billion dollars in 1995 to 1.2 billion in 2003 and then to 14.3 billion in 2016. But such dependence, if proven, would remain localized to a small number of countries. Table 3 shows that for both Ores and metals and Fuels, 80% of Chinese imports originate mainly from three African countries for

[11] UNCTAD SITC Classes 0 + 1 + 2 + 3 + 4 + 68 + 667+ 971.
[12] UNCTAD SITC Classes 27 + 28 + 68.
[13] UNCTAD SITC Classe 3.

each of the commodities. Even so, only two countries might play a significant role: South Africa for Ores and metals and Angola for Fuels. South Africa only ranks fifth among Ores and metals suppliers far behind Australia (29%), Chile (10%) and Brazil (10%) and next to Peru (6%). Also Angola among the fuels suppliers comes behind Russia (11%) and Saudi Arabia (9%), but neighbouring Oman, Iraq, Australia, Iran and Indonesia. Obviously the Chinese government is seeking to diversify its sources of supply in order to limit as much as possible its potential dependence on any African or non-African country.

3. AFRICA: OF POTENTIAL DEPENDENCE ON CHINA

Table 4. – Africa's potential dependence on China (2016)

countries with at least 10% of its total exports to China	Share of exports to China in the total of this export category					
	All products	All food items	Agricultural raw materials	Ores and metals	Fuels	Manufactu-red goods
Sierra Leone	71%	16%	91%	87%	0%	4%
Congo (DRC)	50%	0%	22%	60%	37%	1%
Sudan	50%	8%	7%	26%	78%	4%
Angola	46%	2%	61%	0%	48%	0%
Congo	44%	2%	64%	2%	59%	0%
Eritrea	39%	56%	4%	59%	0%	7%
Mauritania	35%	3%	1%	85%	0%	2%
Central African Rep.	30%	0%	37%	0%	0%	1%
Gambia	23%	0%	96%	44%	0%	0%
Zambia	19%	8%	16%	24%	0%	2%
Zimbabwe	18%	33%	6%	10%	0%	14%
Equatorial Guinea	14%	0%	98%	0%	9%	0%
Cameroon	13%	0%	30%	1%	15%	1%
Niger	10%	26%	7%	0%	0%	7%
Ethiopia	10%	13%	1%	51%	0%	16%
Africa	10%	3%	22%	28%	14%	2%

Source: author's calculations from UNCTAD's online database.

Conversely, while China has a weak and fully assumed dependence on African products, Africa appears much more dependent on China, as shown in Table 4. This table includes the fifteen countries whose exports to China account for at least 10% of their total exports in 2016. Some countries are dependent on China because they export food products[14] (Eritrea, Zimbabwe…), agricultural raw materials[15] (Equatorial Guinea, Gambia…), ores and metals[16] (Sierra Leone, Mauritania and seven others), fuels[17] (Sudan, Congo and three others) or manufactured goods[18] (Ethiopia and Zimbabwe). Considering the SITC classification, Africa is mostly dependent on its exports of ores and metals to China (28% of its exports in this category), agricultural raw materials (22%), and to a lesser extent on its fuels exports (14%). Overall, however, Africa's dependence on fuels is most significant: its fuel exports amount to

[14] UNCTAD SITC Classes 0 + 1 + 22 + 4.
[15] UNCTAD SITC Classes 2 less 22, 27 and 28.
[16] UNCTAD SITC Classes 27 + 28 + 68.
[17] UNCTAD SITC Classes 3.
[18] UNCTAD SITC Classes 5 to 8 less 667 and 68.

37% of its total exports (all categories added together) to the world with China accounting for 5% and fifteen other destinations for 32% (the Unites States and India being almost equal with China: 4% each).Africa's dependence on China is also evident through its imports of Chinese-manufactured goods (see Table 5). This table classifies manufactured goods according to their degree of manufactures and it draws a comparison between the United States, the European Union and China – all three having roughly the same economic weight in terms of GDP. As suppliers of manufactured goods, these three economic entities are of very different calibres; the United States weighs very little (6%); China weighs (24%) four times more than the United States and two thirds of the European Union (35%). But what is certainly most important when comparing China and the European Union is the distribution of manufactured goods according to their technical sophistication. In this respect, China is the main supplier for low-tech goods (the two lowest categories) while the European Union is the foremost supplier for high-tech goods (the two highest categories).

Table 5. – Africa's imports of manufactured goods (2016)

as a percentage of total imports in the category	Manufactured goods	by degree of manufacturing				GDP billion dollars
		Labour-intensive and resource-intensive manufactures	Low-skill and technology-intensive manufactures	Medium-skill and technology-intensive manufactures	High-skill and technology-intensive manufactures	
United States	6%	1%	4%	7%	7%	18 730
European Union (28)	35%	25%	26%	42%	34%	16 494
China	24%	39%	27%	20%	19%	11 218
Other economies	35%	35%	43%	31%	40%	

Source: author calculations from UNCTAD's online database.

This opposition between low-tech and high-tech is all the more significant as many high-tech goods “made in China” are manufactured under the control of Western companies – including European ones. Some Western goods made in China are no more than low-cost variants under dedicated brands. For example, as far as truck manufacturers are concerned, Shacman trucks are Man low-cost trucks made in China, just as Foton trucks are Daimler-Benz low-cost trucks or Dongfeng trucks are Volvo, Nissan and Renault low-cost trucks. If we go up value chains, China's participation in the supply of high-tech manufactured goods to Africa is probably much smaller than suggested in Table 3. Therefore, Africa's dependence on China is multiple. It is both a direct dependence (purchase of inexpensive goods “designed *by* China”) and the mediatisation of a dependence on Western countries (acquisition of goods “made *in* China”) since China is often the channel through which African countries can gain an affordable access to advanced Western techniques.

All these evidences support the conclusion that Africa as a whole is a minor economic partner for China – it being understood that the reverse is not true. The Chinese strategy is primarily a commercial strategy: selling services and goods. Yet Africa, from this trade perspective, weighs only a very limited weight even with 1.2 billion inhabitants, or 16% of the world population, it is at best only a potential market which, as such, does not justify any priority today. However, if we move from economics to politics, the outlook could change.

4. AFRICA: OF STRATEGICAL IMPORTANCE

At a March 8, 2005 press conference in Beijing, Chinese Foreign Minister Wang Yi stated that the New Silk Roads strategy was not a "geopolitical tool" *bushi diyuan zhengzhi de gongju.*[19] If this were really the case, our contribution could end there and we could emphatically conclude that Africa is not concerned with the New Silk Roads strategy. However, we must take into account that China is at the centre of a great global geopolitical game, and as such Africa is concerned whether it like it or not.

From the Bandung Conference in 1955 to the present day, Africa's role and place in China's foreign policy has significantly changed. Six African countries participated in the conference (Libya, the Gold Coast – now Ghana –, Ethiopia, Liberia, Sudan and Somalia) as well as delegations from two soon to be independent countries (Tunisia and Morocco) not to mention Algeria at war. China's actions in Africa have been from the outset more than revolutionary – they have been designed for a pragmatic and long-term strategic perspective. Algeria was strategically important to China and supporting Algerian independence served Chinese strategy. Once Algeria gained its independence, it worked as a bridgehead for Chinese aid to liberation movements in Africa and for China's accession to the UN. So it's no wonder that Wen Jiabao, in a press conference in Davos on 14 September 2011, could state: "I can tell you that at a time when China was experiencing the greatest poverty and was trading and generously helping Africa, it never took a drop of oil or a gram of ore from Africa".[20]

Until the early 1980s, China sought to gain recognition for African countries that only really took the step once China had been admitted to the United Nations on 25 October 1971: twenty African countries had recognised China before its admission, but four years later there were forty. In other words, the support of African countries for China was less unanimous than the history rewritten by Beijing suggests ("it is our black brothers from Africa who brought us there", Mao Zedong is supposed to have said[21]). At the time of the vote, of the 20 African countries that officially recognised China, only 17 were unconditionally supporting Beijing and voted to reject draught resolution A/L632 requiring a

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[19] *Wang Yi: "Yidai yilu" shi zhongguo xiang shijie tigong de gonggong chanpin* [Wang Yi: "One Belt, One Road" is a public good provided by China to the world], Ministry of Foreign Affairs website, http://www.fmprc.gov.cn/mfa_chn//ziliao_611306/zt_611380/dnzt_611382/ydyl_667839/zyxw_667918/t1247712.shtml.

[20] Zhang Shaolei, « Wen Jiabao : Zhongguo meiyou cong Feizhou caiguo yidi you, laguo yi dun kuang » [Wen Jiabao: China has never taken a drop of oil or a gram of ore from Africa], 15 September 2011, http://www.china.com.cn/economic/txt/2011-09/15/content_23419056.htm.

[21] A book published in 1999 retracing the diplomatic history of China reported this sentence (*zhe shi Feizhou heiren xiongdi ba women taijin*) that Mao Zedong would have pronounced the evening of China's admission to the UN, sentence whose authenticity is discussed in China itself. *Xin zhongguo waijiao 50 nian* [50 Years of New China Diplomacy] was written by Wang Taiping, a career diplomat, and published by the very official Beijing Press as part of a program of the Ninth Five-Year Plan subsidizing the publication of "key works" (*zhongdian tushu*). The polemic seems to have arisen from an article by Xiong Xianghui published in a journal of the Chinese Communist Party ("Mao Zedong shuoguo zhei ju hua ma?" [Did Mao Zedong say this?], *Bainian chao* [Secular Tide], n° 2, p. 60-61.

two-thirds majority vote. With a four-vote majority against this resolution, China was guaranteed entry: 26 African countries approved resolution A/l630 thereby voting in favour of China[22]. It is thus an opportunistic reaction which is prolonged through a series of recognition by a wide range of African countries, the number of which doubles within three years. Once this key period had passed, the number of recognition continued to grow, but at a slower pace since over the next forty years (1976-2015), the number of recognition by African countries increased by only eleven, to which were added two others in 2016 and a new one in 2018 – leaving Taiwan with only one African ally (Swaziland, recently renamed eSwatini).

Today, there are 193 UN member states, including 54 African countries, representing nearly one third (28%) of the membership. The day China is recognised by all 54, it will be able to boast the support of an entire continent and, whether or not it is "chequebook diplomacy", "debt diplomacy"…, its political weight will be more than confirmed. At the same time, China supports the Polisario Front and the independence of Western Sahara (Sahrawi Arab Democratic Republic) which is partially recognised by the UN. Also, Somaliland, which maintains good relations with Ethiopia, is reported to be watched longanimously by Beijing, which plans to help modernise Hargeisa airport [23]. The “conquest” of Africa is not quite over yet, but Chinese leaders are preparing for it.

Africa's strategic importance to China can be inferred from two articles, each with its own specific concern. A September 8, 2017 article in the *21st Century Business Herald* reported Ou Xiaoli's (Inspector with the Western Provinces Development Department at the National Development and Reform Commission) comments that incentives to take the New Silk Roads were aimed at Chinese small or medium-sized enterprises[24] as opposed to large state-run enterprises managed directly by the central government. He advised them to give priority to Southeast Asia, because it is better known because China has direct land and maritime relations with this region, ancient and extensive economic relations, but also because many Chinese have resided there for generations. Eastern Europe is not to be neglected; however, it will interest companies more for its market than for its investment opportunities. On the other hand, African countries and their often unstable political situation were clearly not destination to favour.[25]

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[22] Paul Tavernier, « L'année des Nations Unies (décembre 1970 - décembre 1971). Questions juridiques », *Annuaire français de Droit international*, 1971, n°17, p. 553-556.

[23] Voir *Zhongguo jiang bangzhu suomali lan kuojian jichang* [China will help Somaliland expand its airport], *Jingwai touzi* [China Invest], 3 Septembre 2014, https://chinainvestin.com/index.php/zh/invest-in-2/news/1257.

[24] In Chinese *minying qiye* or *minqi*; the concept does not identify with what is generally understood by “private enterprises”. These are limited companies under private law whose capital is totally, partially or not at all public.

[25] See Zhou Xiaoxiao, « Minqi ‘yidai yilu’ yanxian zenme touzi: Zhuanjia jianyi shouxuan dongnanya shi » [How to invest in countries along the New Silk Roads: one expert advises to focus on Southeast Asia], *21 shiji jingji baodao* [21st Century Business Herald], 8 September 2017, http://epaper.21jingji.com/html/2017-09/08/content_70140.htm.

On the other hand, Wei Jianguo – former vice-minister of Commerce and current vice-president of a Chinese think tank (China Center for International Economic Exchanges) – is developing a much more geopolitical vision that is shaking up Ou Xiaoli's mercantilist approach. In an interview given in August 2017 to the *21st Century Business Herald*[26], he considers that the strategy of the New Silk Roads (which he sometimes describes as a "landmark initiative", an "international initiative") is the form taken by the third wave of Chinese reforms, which are still moving towards greater internationalisation of China after those launched in 1978 (initial opening) and 2001 (entry into the WTO). However, he notes that the world is currently dominated by Trump's United States unilateralism and the protectionism of the European Union – which he attacks quite violently in another text[27]. In this context, China would have no choice but to ally itself with Africa, starting by matching the initiative of the New Silk Roads and the Agenda 2063 of the African Union. In doing so, China and Africa would unite and become more powerful. And to proclaim that China and Africa are enjoying an "all-weather partnership" (*quan tian hou huoban guanxi*). More precisely and by replacing it in the hierarchy of the Chinese partnerships, it would only be a "Comprehensive strategic parnership" (*quanmian zhanlüe hezuo huoban guanxi)* as announced by Xi Jinping on 5 December 2015 at FOCAC in Johannesburg[28].

About twenty African countries individually enjoy a partnership with China whose designation may vary with the time of signatures, the depth of the relations established... Whatever the case, these partnerships, even the so-called strategic ones, impose no deep involvement for any of the parties, their only virtue is to discard topics that anger Beijing like Taiwan or human rights[29]. Since the FOCAC conference in Johannesburg in 2015, these partnerships have gained new importance as they have become a tool serving the "five major pillars" (*wu da zhizhu*) of the New Silk Roads strategy. As a result, some African countries have sought Beijing's endorsement as a participating country in this strategy. At the Sino-African Investment Forum held in Marrakech on 28 and 29 November 2017, the Moroccan Minister of Industry, Moulay Hafid Elalamy, proclaimed that "All partner countries of the Silk Roads [strategy] benefit from Chinese investments. If you are not a signatory, you are excluded".[30] Morocco is actually the most striking example of this approach.

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[26] Wang Erde, « Wei jianguo, 'yidai yilu' kaichuang zhong, fei hezuo de xin shida » [Wei Jianguo: The New Silk Roads usher in a new era in building Sino-African cooperation], *21 shiji jingji baodao* [21st Century Business Herald], 28 August 2017, http://epaper.21jingji.com/html/2017-08/28/content_69404.htm.

[27] See http://tradeinservices.mofcom.gov.cn/article/yanjiu/hangyezk/201705/42745.html.

[28] See study materials on the Chinese Communist Party website: http://cpc.people.com.cn/xuexi/n/2015/1205/c385474-27893044.html et http://cpc.people.com.cn/xuexi/n/2015/0421/c385474-26879902.html.

[29] See *inter alia* Men Honghua and Liu Xiaoyang, "Zhongguo huoban guanxi zhanlüe pinggu yu zhanwang" [Partnership Strategy of China: Progress, Evaluation and Prospects], *Shijie jingji yu zhengzhi*, [World Economics and Politics], 2015(2), p. 65-95.

[30] Quoted by Sébastien Le Belzic *in* "Le Maroc et les nouvelles routes de la soie : la troisième voie", *Le Monde Afrique*, 4 December 2017, https://www.lemonde.fr/afrique/article/2017/12/04/le-maroc-et-les-nouvelles-routes-de-la-soie-la-troisieme-voie_5224379_3212.html.

5. MOROCCO: A COUNTER ON THE MARITIME SILK ROAD

Morocco has recognised China since 1958. Unlike Sino-Algerian relations marked by the exaltation of a combat fraternity which, at least in political statements, would justify the current Chinese presence in Algeria, Sino-Moroccan relations have soon been marked by a somewhat coolness since the ban and then the dissolution of the Moroccan Communist Party (MCP) at the end of the 1950s.[31] Today, the photo of Ali Yata – a Moroccan of Algerian descent who became Secretary General of the MCP[32] – shaking hands with Mao Zedong in 1959 in Beijing serves to build a new alliance between the two countries based no longer solely on politics, but on economics[33]. Afterwards the relationship was improved by a series of visits by Chinese leaders to Morocco[34] accompanied by counter-visits, including that of the King Mohammed VI in 2002 and 2016. Discussions for the implementation of a strategic partnership would have formally started in 2012 initially with the idea of signing in 2014 which, in practice, has been delayed until 2016.[35] On November 17 of the following year, "Morocco and China signed a Memorandum of Understanding to promote together the construction of the Silk Road Economic Belt and the 21st-century Maritime Silk Road".[36] This step must not give rise to an interpretation endorsing Wei Jiangguo's theses. Reading the official communiqué, which provides only a minimum service, several observations should be made at the outset. It is only a memorandum of understanding, *i.e*. a text which affirms a convergence of views and intentions, but which does not set any objectives involving a legal commitment by the parties. Consequently, it is a text with more political than economic significance, which is reinforced by the fact that it was signed with the [Chinese] Ministry of Foreign Affairs and not with the [Chinese] Ministry of Commerce. If Morocco's inclusion in the new Silk Roads' strategy is primarily political here, it is nonetheless significant of a certain evolution: the opening of this strategy to Africa. Finally, the communiqué states that

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31 Jamaâ Baida, "Le communisme au Maroc pendant la période coloniale (1912-1956)", *Proceedings of the Conference 'European Totalitarianism in the Mirrors of Contemporary Arab Thought'*, Beirut, October 6-8, 2010, Hg. Manfred Sing (Orient Institute Studies, 1), §22, https://www.perspectivia.net/publikationen/orient-institut-studies/1-2012/baida_communisme.

32 "Ali Yata, l'authentique défenseur de la cause nationale", published in *Al Bayane* on 14 November 2013 and reprinted by the Maghress aggregator, https://www.maghress.com/fr/albayane/119095.

33 "1959 : Ali Yata rencontre Mao", *in* special issue of *Diplomatica* retracing "55 ans d'amitié et de coopération entre la Chine et le Maroc" », revue de la Fondation diplomatique, 30 September 2013, p. 7, https://issuu.com/diplomatica/docs/d59w.

34 Yang Shangkun in 1992, Jiang Zemin in 1999, Wu Bangguo in 2005, Hu Jintao in 2006, Li Changchun in 2008, Wen Jiabao in 2012, Yu Zhengsheng in 2014; see "Zhongguo tong Moluoge de guanxi", [China's relationship with Morocco], on the website of the Chinese Ministry of Foreign Affairs http://www.fmprc.gov.cn/chn//gxh/cgb/zcgmzysx/fz/1206_35/1206x1/t359843.htm.

35 See, special issue of *Diplomatica*, *op. cit.*, p. 21; Rachid Rhattat, "La relation économique et commerciale sino-marocaine : De la coopération au partenariat stratégique", *L'Année du Maghreb*, IX, 2013, p. 242 ; "Zhonghua renmin gongheguo he Moluoge wangguo guanyu jianli liang guo zhanlüe huoban guanxi de lianhe shengming" [Joint Statement of the People's Republic of China and the Kingdom of Morocco on establishing a Strategic Partnership between the two countries], 11 May 2016, http://www.xinhuanet.com/politics/2016-05/11/c_1118849465.htm.

36 Wang Qingyun, "Wang Yi tong Moluoge waijiao yu guoji hezuo dachen Bulida juxing huitan" [Wang Yi Holds Talks with Moroccan Minister of Foreign Affairs and International Cooperation Bourita], *Zhongguo ribao* [China Daily], 17 November 2017, http://cn.chinadaily.com.cn/2017-11/17/content_34654540.htm.

Morocco is "the first Arab country in north-west Africa to sign" – "Arab", but not "African". Are we to understand that, strategically speaking, Morocco is not looked upon as an African country by China and that its integration into the New Silk Roads must be analysed outside Africa? Geographically speaking at least, Morocco is the fifth (or seventh) African country officially accredited as participating in the construction of New Silk Roads behind Egypt, Ethiopia, Kenya and Djibouti (and perhaps also Madagascar and South Africa).[37] On July 11, 2018, China announced that two other Arab countries (Libya and Tunisia) had joined the club of countries participating in the construction of the New Silk Roads.[38] Beyond the somewhat disproportionate enthusiasm of the Moroccan press for this event, what is striking is that Morocco has implemented a rather proactive and successful free zone policy that distinguishes it from many African countries.

The Chinese government is encouraging the creation of special economic zones in Africa to serve as incubators for Chinese companies (in this case mainly privately owned SMEs) attempting to internationalise. The Chinese conception of these zones is to provide SMEs with *in situ* training while protecting them from bad surprises thanks to the sponsorship of the Chinese company organising their zone[39]. In the Moroccan case, Chinese companies in the automotive sector (as in the aeronautics and other sectors) will not need the support of their national partners in a delocalised bubble. They have much better, the Western car manufacturers implanted in China of which they already are the subcontractors: so subcontractors therefore know what the manufacturer ask for who, in turn, know what its subcontractors can supply.[40]

Of course, Renault has been producing in the Tangier-Med zone since 2012; PSA Peugeot Citroën is also planning to start production at its Kenitra site in 2019. It is still the probable arrival of Volkswagen and the setting-up of an assembly line in the Kenitra area. But it could also be Toyota, Hyundai or even Fiat. As for Ford, although it does not intend to invest immediately, it is already using the services of subcontractors attracted by the dynamics of the Renault ecosystem in the Moroccan free zones to supply its Valencia plant in Spain. All of

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[37] Zhang Zhuomin, "Moluoge: Yiqie zhengzai gaibian" [Morocco: Everything is changing], *Guoji shang bao* [International Business Daily], 2 April 2018, http://www.ntfec.org/fccj/contents/2507/60955.html. The cases of Madagascar and South Africa are not clear, some sites label them as participants but no formal Chinese announcement is available. Moreover, there is no official list of participating African countries. The *Big Data Report on Trade Cooperation under the Belt and Road Initiative 2018* (published by China's State Information Center) mentions Madagascar and South Africa but forgets Kenya and Djibouti (p. IX), http://www.sic.gov.cn/archiver/SIC/UpFile/Files/Default/20180509162109827517.pdf.

[38] See https://www.yidaiyilu.gov.cn/xwzx/bwdt/59888.htm et https://www.yidaiyilu.gov.cn/xwzx/bwdt/59893.htm.

[39] See Thierry Pairault, "China in Africa: Goods Supplier, Service Provider rather than Investor", Bridges *Africa*, 7(5), 5 July 2018, https://www.ictsd.org/bridges-news/bridges-africa/news/china-in-africa-goods-supplier-service-provider-rather-than.

[40] Thomas Savage et Aicha Akalay, "Quelles ont été les coulisses des négociations du Maroc avec les grands groupes automobiles?", *TelQuel*, 4 août 2015, http://telquel.ma/2015/08/04/quelles-ont-ete-les-coulisses-des-negociations-du-maroc-avec-les-grands-groupes-automobiles_1458370; Philippe Jacqué, "Automobile : le Maroc conforte sa position de base mondiale", *Le Monde*, 28 mai 2015, http://www.lemonde.fr/economie/article/2015/05/26/automobile-le-maroc-conforte-sa-position-de-base-mondiale_4640958_3234.html#z76bcXzHuQGWcrHK.99

them maintain close relations in China with all the companies in the Chinese automotive sector since they are associated with manufacturers: Ford with Jiangling; Volkswagen with Shanghai Automotive Industry Corporation (SAIC) and First Automobile Works (FAW), the first and eleventh Chinese manufacturers; Peugeot and Renault with Dongfeng, the third Chinese manufacturer.[41] The relations between Peugeot and Dongfeng are generally well known not only because the first work with the second in China, but also because the second entered PSA's capital (14%) as part of a capital increase in 2014. Renault's relations with Dongfeng, however, are less well known. France's largest car manufacturer sold its shares in Dongfeng Trucks (also known as Dongfeng Commercial Vehicles in Chinese) to Volvo Trucks (which had already bought Renault Trucks in 2001 and Nissan Diesel in 2006). Renault also manages the production of the joint ventures founded by Nissan and Dongfeng and, since 2016, a joint venture under its name.[42] There is therefore a Renault ecosystem, stretching from China to Morocco, which can provide Chinese companies setting up in Morocco under its wing with all the services that MOFCOM requires from special economic zones under its supervision.[43] Peugeot is not lagging behind and is ordering the strengthening of its own ecosystem. On 22 February 2017, several Peugeot sourcing managers met with equipment and engine manufacturers from the Dongfeng group to organise their co-operation in Morocco.[44] One of the largest automotive suppliers, Faurecia, also has an ecosystem stretching from China to Morocco, where it can welcome its Chinese subcontractors.

In the case of Morocco, its inclusion in the group of countries under the New Silk Roads strategy is actually a means for the Chinese government to assert the role it grants Morocco: in the service of Chinese interests for better access to the European Union market (and, secondarily, in a more distant future, to the African market).

6. DJIBOUTI: A COUNTER ON THE DIGITAL SILK ROAD

Djibouti's case differs considerably from the previous one, even if economic relations are also organised initially around a free zone. The difference we want to emphasise here is not the presence of a Chinese naval base next to the French (hosting German and Spanish troops), American, Italian and Japanese bases. The very existence of this base definitely gives an important geostrategic role to this small African country and recalls the need to protect

41 Comité des constructeurs français d'automobiles, *L'industrie automobile française : analyse et statistique 2016*, 2016, p. 8.

42 Dongfeng, *Touzizhe guanxi* [Relations with shareholders], http://www.dfmg.com.cn/scn/RoadShow.aspx; Volvo, *Volvo Group acquires 45% of Dongfeng Commercial Vehicles*, 2013, http://www.volvogroup.com/SiteCollectionDocuments/VGHQ/Volvo%20Group/Investors/Documents,%20misc/Volvo-DFCV-final.pdf.

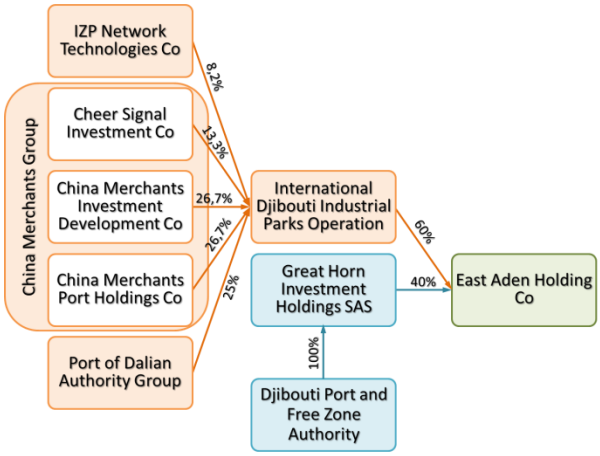
43 MOFCOM [Ministry of Commerce], "Jingwai jingmao hezuo qu fuwu zhinan fanben" [Draft guide to services offered by Foreign Economic Co-operation Zones], 3 November 2015, http://hzs.mofcom.gov.cn/article/zcfb/jwjmhz/201511/20151101153854.shtml.

44 Dongfeng, "Dongfeng ling bujian jituan ying lai PSA jituan keren" [Dongfeng Components Group welcomes PSA Group guests], 24 February 2017, http://www.dfpcgroup.com/indexDetail.action?methods=detail&fid=21&detailid=1054

from pirate attacks the merchant ships frequenting the Maritime Silk Road; this by itself does not justify the inclusion of Djibouti among the countries participating in the New Silk Roads. By contrast, the role assigned to Djibouti in the Digital Silk Road, most certainly does.

I retrace elsewhere the history of China Merchants in Djibouti[45]. Here I shall confine myself to recalling the organisation chart of the joint-venture (East Aden Holding Co) in charge of the operation and maintenance of the Djibouti free zone (see Figure 4). On the one hand, Great Horn Investment, which represents the interests of the State of Djibouti, holds 40% of the shares in the operating company (East Aden). On the other hand, a consortium (International Djibouti Industrial Parks Operation) represents the interests of the five Chinese companies that hold 60% of the shares in the operating company. The major Chinese shareholder is actually the China Merchants Group which holds two thirds of the shares of the consortium (66.7%) through three entities of which China Merchants Ports is the main Chinese stakeholder in the project. The Port of Dalian Authority Group, 23% owned by China Merchants Ports, holds 25% of the consortium shares; as a result, China Merchants Group has 73% of the votes in the consortium. The last shareholder is IZP Network Technologies which, despite its modest shareholding (8.2%), should play a significant role.

Figure 4. – Operating and maintaining Djibouti free trade zone



Source: Author's compilation.

The presence of IZP is symbolic of the emergence of a Digital Silk Road. Founded in 2008, IZP is a company under the supervision of the National Information Centre, itself part of the National Commission for Development and Reform. IZP would initially have been dedicated to data mining before being entrusted since the end of 2015 with the establishment and management of a big data management centre related to the New Silk Roads.[46] This company stands out in 2014 by obtaining a licence to provide cross-border payment services through the acquisition of Globebill for $150 million. Globebill, an electronic payment platform based in Shenzhen, had already benefited in 2011 from the new provisions

[45] Thierry Pairault, "La China Merchants à Djibouti: de la route maritime à la route numérique de la soie", to be published in *Espace géographique et société marocaine*, n° 22, 2018.

[46] Guojia xinxi zhongxin [National Information Centre], 2017, *'Yi dai yi lu' maoyi hezuo dashuju baogao 2017* [2017 Report on big data related to co-operation and trade on the New Silk Roads], http://www.sic.gov.cn/archiver/SIC/UpFile/Files/Default /20170331094541370706.pdf.

authorising certain non-financial institutions to act as intermediaries between debtors and creditors and to organise their payments by Internet and bank cards; it was selected in 2013 to join the seventeen experimental institutions in the field of electronic payments.[47] After the acquisition, IZP restructures Globebill whose development is so considerable that China Merchants decides, in November 2015, to invest 60 million dollars (15% of the shares).[48]

IZP and the China Merchants Group have also set up the Silk Road E-Merchants which is to serve as a platform for a Global Port Alliance which would already encompass 29 ports and 55 terminals with a capacity of 80 million standard containers. This alliance is supposed to forge an ecosystem integrating the administration of port resources, organisation of a geographical information system, and management of big data, digital customs clearance and all operations facilitating the marketing of Chinese products. Under this scheme, payments would be managed by the International Business Settlement (IBS), another of IZP's subsidiaries, which would dedicate itself to the internationalisation of the yuan "while building efficient and direct financial clearing infrastructure aiming at building a financial highway for the globalisation of Chinese businesses".[49] This was only anticipating a decision by the Chinese government on 13 July 2018 that identifies 22 cities (mainly ports) as venues for cross-border e-commerce pilot zones in an effort to boost cross-border e-commerce and upgrade foreign trade.[50]

As a logical extension of the previous structures, IZP created, in partnership with the Djiboutian State (20%)[51], the first full-service bank established by Chinese companies abroad, Silk Road International Bank (SIB), which opened its doors on 17 January 2018. Here's what Luo Feng, president of IZP, says[52]:

> *SIB in Djibouti is part of our global financial services mix [...] The New Silk Roads initiative aims [...] at systemic engineering with finance as the nerve. This is particularly true of the emerging*

[47] Zhongguo renmin yinhang [People's Bank of China], *Zhongguo renmin yinhang ling (2010) di 2 hao* [Directive No. 2010 (2) of the People's Bank of China], 2010, http://www.gov.cn/flfg/2010-06/21/content_1632796.htm; *Chongqing shi qian bao keji fuwu youxian gongsi* [Chongqing Qianbao Technology Service Co], 2018, http://www.pbc.gov.cn/zhengwugongkai/127924/128041/2951606/1923625/1923629/2856884/index.html.

[48] *Caixin* [Economic and Financial News], 2017, Globebill special report, http://weekly.caixin.com/2017-09-15/101145607.html.

[49] See the alliance's website at http://www.eportalliance.com/en/about.html.

[50] "Guowuyuan changwu hui jueding xin she yi pi kua jing dianzi shangwu zonghe shiyan qu, chixu tuijin duiwai kaifang cujin waimao zhuanxing shengji" [The State Council executive committee decided to establish new cross-border e-commerce comprehensive pilot zones, and continue to promote opening up and to support foreign trade transformation and upgrading], 16 July 2018, http://www.mofcom.gov.cn/article/i/jyjl/j/201807/20180702766267.shtml.

[51] The bank was created in November 2015, its capital is six million euros; the main controlling shareholders are IZP (25%), the Djiboutian State (25%) and Silk Roads e-Merchants (20%) - the latter being a joint venture set up by IZP and China Merchants. The remaining 30% would be distributed among various Chinese companies present in Djibouti.

[52] Wang Erde, "Zhuanfang jibuti si lu guoji yinhang dongshihui fu zhuxi, yi zan pu jituan dongshi zhang luo feng: 'Jiang zai xifei tuichu shengji ban si lu guoji yinhang'" [Interview with Luo Feng, Vice Chairman of the Board of Directors of Djibouti Silk Road International Bank and Chairman of the IZP Group: 'A new version of the International Silk Road Bank will be launched in West Africa'], *21 shiji jingji baodao* [21st Century Business Herald], 9 March 2017, http://epaper.21jingji.com/html/2017-03/09/content_57599.htm.

> *countries along the New Silk Roads, whose power and financing capacities are limited, where enterprises find it difficult to finance themselves and where social development is hampered. Establishing the relevant institutions in these regions to provide financial services will not only promote local trade, but also provide timely assistance so that financial services can make a breakthrough from scratch. For us, this means a phenomenal business opportunity.*
>
> *We are implementing a Next Generation Settlement Network (NGSN) worldwide to build the first international settlement network using the NGSN standard that will globally integrate the regional clearing capabilities of each bank and their subsidiaries around the world, promoting a global development strategy.*
>
> *We are building an international renminbi settlement system to provide banks with low-cost money transfer channels to increase their profit margins, organise payments in real time seven days a week, 24 hours a day, and improve the customer experience [...]*
>
> *In the future, we will also implement a digital money system and the appropriate payment, settlement, supply chain financing, factoring and other tools. One can imagine the huge market this represents. As a financial hub, the new technologies and models adopted by the SIB should create a new financial architecture for the construction of the New Silk Roads in all its aspects.*

This commitment should probably not be interpreted as an advocacy by geek entrepreneurs eager for advanced techniques but rather as a strain from entrepreneurs seeking to compensate for the inadequacies of financial tools at their disposal. Unlike Western countries whose financial presence around the world is old and well established, post-Mao China has not yet had time to build a brick-and-mortar financial network not the least along the Silk Roads. In other words, if these Chinese companies are attempting to technologically leapfrog their Western competitors[53], it is more by an unavailability of the offline world than by an addiction to the online world. However, this concern to work out a solution may also be seen as a desire for domination – even if the choice of Africa could be more a matter of choosing a pilot site where standards and legal requirements would be laxer than in developed countries.

7. AFRICA: OF SOME IMPORTANCE FOR LEARNING OTHERNESS

China's current economic performance causes some authors – such as Arvind Subramanian[54] – fear that in 2030 the world will become a "near-unipolar world with Chinese economic hegemony"; both the considerable increase in its military spending[55] and its ambition to be seen as a friendly power (*soft power*) underline that China would still only

[53] This is about technological development but not pure research. A recent study by the [Chinese] Ministry of Industry and Information Technology indicates that 95% of high-end dedicated chips, over 70% of smart terminal processors and most memory chips depend on imports (*China News*, 13 July 2018, http://www.chinanews.com/cj/2018/07-13/8565912.shtml).

[54] Arvind Subramanian, *Eclipse: Living in the Shadow of China's Economic Dominance*, Washington, Peterson Institute for International Economics, 2011, p. 101.

[55] Almost doubling in five years from 2010 to 2015 (*China Statistical Yearbook*, 2011, tab 8-6 ; 2016, tab 7-3) ; see also Jean-Pierre Cabestan, *La politique internationale de la Chine : entre intégration et volonté de puissance*, Paris, Presses de Sciences Po, 2015, p. 136-159.

be a "partial power" [56]. Its actual underdevelopment and poverty of part of its population could, however, weaken its political power as the title of Susan Shirk's book reminds us: *China: Fragile Superpower*[57]. For this author as for David Lampton[58], it is China's internal vulnerabilities that would restrict the demonstration of this power. The more international China becomes, the more tensions and contradictions between decision-making centres would be likely to be exacerbated, thus, if not to endanger this power, at least to limit its impact and scope. Without ruling out this explanation, which is supported, for example, by a certain antagonism between the [Chinese] Ministry of Foreign Affairs and the [Chinese] Ministry of Commerce, what will be learnt from the Chinese presence in Africa today is that it is for China more than certainly a process of socialisation – in the sense of the work of Alastair Johnston[59].

It is not just a matter of China complying with international standards[60], but of learning them and even participating in their development[61]. It is also a process of socialisation through learning for its enterprises, a kind of reverse-front technology transfer – from Africa to China – since it is in Africa and through Africa that China is learning the world. The African continent – less structured than European countries or the United States – gives China greater freedom that makes learning less painful and less face-losing. China learns all the more about economic and political otherness because Africa itself is not a homogenous whole.

[56] David Shambaugh, *China Goes Global: The Partial Power*, New York, Oxford University Press, 2013 & « The Illusion of Chinese Power », *The National Interest*, 25 June 2014, http://nationalinterest.org/feature/the-illusion-chinese-power-10739.

[57] Susan Shirk, *China: Fragile Superpower. How China's Internal Politics Could Derail Its Peaceful Rise*, Oxford University Press, 2017.

[58] David Lampton, *Following the Leader: Ruling China, from Deng Xiaoping to Xi Jinping*, Berkeley, University of California Press, 2014.

[59] Alastair Johnston, *Social States: China in International Institutions, 1980-2000*, Princeton, Princeton University Press, 2008.

[60] Zhu Liqun, « The Domestic Sources of China's Foreign Policy and Diplomacy », *in* Pauline Kerr, Stuart Harris and Qin Yaqing (ed.), *China's 'New' Diplomacy: Tactical or Fundamental Change?*, New York, Palgrave Macmillan, p. 109-130.

[61] Anne Kent, « China's Changing Attitude to the Norms of International Law and its Global Impact », *in* Pauline Kerr, Stuart Harris and Qin Yaqing (ed.), *China's 'New' Diplomacy: Tactical or Fundamental Change?*, New York, Palgrave Macmillan, p. 55-76.