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CHINA'S BELT AND ROAD INITIATIVE & ITS IMPLICATIONS FOR AFRICA



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1. EXECUTIVE SUMMARY

According to the Chinese Foreign Minister Wang Yi, the Belt and Road Initiative is the most important feature of China's foreign policy¹. The Initiative aims to interconnect countries in Asia, Europe and Africa through an ambitious vision for infrastructure, economic and political cooperation. Since China's President Xi Jinping first proposed the Initiative in 2013, it has mainly focused on Asia and Europe where it has unfolded at a breathtaking speed through the signing of dozens of bilateral agreements and the implementation of first large scale infrastructure projects. It is only now that it starts to become clear how Africa will participate in the Initiative with first bilateral agreements signed with South Africa in 2015 and Egypt in 2016.

The objective of this study is to summarize and analyze best available information on the Belt and Road Initiative in the context of China-Africa relations and develop scenarios on how the Initiative is likely to unfold in Africa. The study pursues this objective by offering a first-of-its-kind overview of key actors and institutional arrangements of the Belt and Road Initiative in China and Africa before developing a ranking of African countries that are likely to become part of the Initiative. The study finds that in addition to South Africa and Egypt, Angola, Kenya and Tanzania are likely to be immediate Belt and Road Initiative countries and the Republic of Congo, Ethiopia, Nigeria, Morocco, and Mozambique to join in the near future.

China and African countries have agreed on various occasions that China's initial development approach of 'pollute first, clean up later' should not be replicated on the African continent. It is therefore paramount to ensure that Belt and Road Initiative activities support the sustainable development of African countries. The study reviews potential positive and negative impacts of the Initiative and concludes that negative impacts can be managed by focusing on implementing respective provisions that African countries have agreed to in the African Union Agenda 2063's First Ten-Year Implementation Plan (2014-2023) as well as by building on provisions of the Belt and Road Initiative vision document and the Forum on China-Africa Cooperation Johannesburg Action Plan (2016-2016).

¹ Furthermore, President Xi Jinping's chief foreign adviser, Yang Jiechi, has tied the Belt and Road Initiative to China's much-touted aims of becoming a "moderately well-off society" by 2020 and a "strong, prosperous" one by mid-century (The Economist 2016).

2. INTRODUCTION

2.1. China's internationalization process: From "reform and opening up" to "going out" to the "Belt and Road Initiative"

Despite the rapid growth in foreign trade throughout the 1960s and 1970s, it was not until Mao Zedong's death in 1976, followed by Deng Xiaoping's consolidation of power in 1978, that China developed a modern economy and opened up to the outside world (Economy and Levi 2014). Reforms under Deng focused on attracting foreign investment, technology and know-how by gradually opening the economy through a system of special economic zones (SEZ) and targeted foreign investment and joint venture regulations.

Jiang Zemin, Deng's successor and President of China from 1993 to 2003, continued on the path of economic "reform and opening up". Together with the then Prime Minister Zhu Rongji, he developed and pursued China's "going out" (*zou chuqu* 走出去) strategy, which was first introduced by Zhu in a speech on China's economic future in 1999. The "going out" strategy was initially focused on supporting Chinese state-owned enterprises (SOEs) to secure resources, technology and know-how abroad, but then swiftly expanded to also providing incentives for both SOEs and private enterprises to venture into foreign markets for increasing competitiveness of, and developing new markets for, their products and services. Since China's accession to the World Trade Organization² in 2001 the number of Chinese enterprises on the Fortune Global 500 list, which includes the world's largest multinational enterprises, has increased from 0 in 2001³ to 106 in 2015⁴, with 3 of the 10 largest enterprises by revenue being Chinese. These national champions continue to play a key role in China's "going out" today.

The Silk Road Economic Belt, connecting China, Central Asia and Europe by land, and the 21st Century Maritime Silk Road, connecting China, Southeast Asia, Africa and Europe by sea, are both integral parts of the Belt and Road Initiative, which was first proposed by China's President Xi Jinping in 2013. The Initiative is a continuation and deepening of China's "opening up" and "going out" with a regional focus on Asia, Europe and Africa. As such, the Initiative continues to aim at bringing in technology, know-how and resources, but also strongly supports the going out of Chinese enterprises to facilitate industrial upgrading at home, pave the way for investments and trade abroad and advance the internationalization of the Chinese currency (NDRC 2015).

2.2. China's Belt and Road Initiative: Who, What, Where, Why, and How?

The vision of the Silk Road Economic Belt, which aims to connect China with Central Asia, the Middle East and Europe, was first presented by China's President Xi Jinping in Kazakhstan in September 2013 (MOFA 2013). The following month President Xi visited Indonesia, where he complemented his vision of reviving the ancient Silk Road trading routes by proposing the 21st Century Maritime Silk Road through the South China Sea and Indian Ocean (China Daily 2013).

When first announced, the Chinese *yi dai yi lu* (一带一路) was translated into English in its literal form "One Belt, One Road" and therefore accordingly abbreviated to "OBOR". Another common translation is "New Silk Road". However, the terms caused confusion as the "Belt" refers to multiple land routes and the "Road" to multiple sea routes. In September 2015, the Chinese Government issued a statement on standardizing the English translation to "Belt and Road Initiative" (The Diplomat 2015b). However, the aforementioned terms OBOR and New Silk Road continue to be used in English language sources.

2 <<https://www.wto.org>>.

3 <http://archive.fortune.com/magazines/fortune/fortune500_archive/full/2001/1.html>.

4 <<http://fortune.com/global500>>.

Who?

In the wake of President Xi's speech at the Boao Forum for Asia⁵ on 28 March 2015, the National Development and Reform Commission (NDRC), China's supreme macroeconomic planning and management body, together with the Ministries of Foreign Affairs (MFA) and Commerce (MOFCOM) issued a comprehensive document on the Initiative titled "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road" (vision document) (NDRC 2015). Details of how the initiative is coordinated are set out in chapter 3.2.2.

What?

The vision document states that the Initiative will strengthen China's "mutually beneficial cooperation with countries in Asia, Europe and Africa and the rest of the world ..., embracing the trend towards a multipolar world, economic globalization, cultural diversity and greater IT application". The Initiative aims "at promoting orderly and free flow of economic factors, highly efficient allocation of resources and deep integration of markets ... with a focus on projects in the fields of infrastructure connectivity, industrial investment, resource development, economic and trade cooperation, financial cooperation, cultural exchanges, ecological protection and maritime cooperation" (NDRC 2015).

The Initiative is an "ambitious economic vision of the ... cooperation among the countries along the Belt and Road" with five major goals: policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bonds. In this context the Initiative's aims are (NDRC 2015):

- **Policy coordination:** building a multi-level intergovernmental macro policy exchange and communication mechanism;
- **Facilities connectivity:** improving the connectivity of infrastructure networks and technical standard systems by linking unconnected road sections; pushing forward port infrastructure construction, building smooth land-water transportation channels, advancing port cooperation; building platforms and mechanisms for comprehensive civil aviation cooperation, quicken pace in improving aviation infrastructure; building cross-border power supply networks and power-transmission routes, cooperating in regional power grid upgrading and transformation; constructing cross-border and transcontinental submarine optical cables, and creating an "Information Silk Road";
- **Unimpeded trade:** discussing opening of free trade areas; enhancing customs cooperation such as information exchange, mutual recognition in the field of inspection and quarantine, certification and accreditation, standard measurement, and statistical information; improving the customs clearance facilities of border ports, reducing customs clearance costs, and improving customs clearance capability; and promoting cross-border e-commerce;
- **Financial integration:** deepening financial cooperation; expanding the scope and scale of bilateral currency swaps and settlements; issuing bonds in the Chinese Yuan and foreign currencies; strengthening financial regulation cooperation; encouraging commercial equity investment funds and private funds to participate in the construction of key projects of the Initiative;
- **People-to-people bonds:** promoting extensive academic exchanges, holding cultural years; organizing art and film festivals and book fairs; cooperating on the production and translation of films, radio and TV programmes; facilitating personnel exchange.

5 <<http://english.boaoforum.org>>.

Where?

According to the Belt and Road Initiative vision document, the Belt includes the following economic corridors: China-Mongolia-Russia-Europe, China-Central Asia-West Asia-Europe and China-Indochina Peninsula. Furthermore, the document highlights that China-Pakistan⁶ and China-Myanmar-Bangladesh-India are two other economic corridors that are “closely related to the Belt and Road Initiative”. As regards the 21st Century Maritime Silk Road, the vision document remains vague by stating that “At sea, the Initiative will focus on jointly building smooth, secure and efficient transport routes connecting major sea ports along the Belt and Road.” However, various maps subsequently published by Chinese state media⁷ mostly indicate two maritime routes, one leading from the South China Sea via the Indian Ocean to Europe and the other from the South China Sea to the South Pacific.

The Belt and Road Initiative is not only significant because it aims to cover “about 4.4 billion people in more than 60 countries, which equals 63 percent of the global population” (Xinhuanet 2016a), but also because it is a Presidential initiative by Xi Jinping, which will continue to receive highest level political support from the Chinese government at least until the end of President Xi’s regular term in 2022⁸. China Daily wrote last year that “One key task in China’s diplomatic efforts in 2015 is to comprehensively promote the Belt and Road Initiative” (China Daily 2016a).

How?

Since its announcement, China has established dedicated financing mechanisms, such as the Silk Road Fund, organized international fora⁹ and initiated the broad international promotion of the Initiative by Chinese state media¹⁰. Indeed, the Initiative comes with massive investments, which are likely to be mainly channeled through new financial institutions initiated or led by China, such as the Asian Infrastructure Investment Bank¹¹ with an initial capitalization of USD 100 billion¹² and the dedicated meetings of African diplomats in China with the Chinese Follow-up Committee. An action plan is published after every FOCAC Ministerial Meeting/Summit, outlining cooperation strategies and projects for the next three years. Economic sectors, such as agriculture and manufacturing, as well as social aspects, such as education as well as environmental aspects, are covered in these plans.

6 The China-Pakistan Economic Corridor is a 3,000 km network of roads, railways and pipelines to transport oil and gas from southern Pakistan’s Gwadar Port to Kashgar in China’s Northwestern Xinjiang province (see http://www.chinadaily.com.cn/world/2016-01/06/content_22946689.htm).

7 The maps have not been officially approved by any Chinese government entity.

8 Some China watchers expect President Xi to remain in power until at least 2027. See: <<http://foreignpolicy.com/2015/04/01/xi-jinping-forever-china-president-term-limits>>.

9 China’s State Council organized the “Silk Road Forum” for the first time in Beijing in October 2015 (<http://www.chinadaily.com.cn/m/drc/silkroadforum.ht>). In May 2016, the Hong Kong Special Administrative Region together with NDRC and other Ministries held the “Belt and Road Summit” in Hong Kong (<http://www.beltandroadsummit.hk/en/index.html>). In June 2016, President Xi Jinping announced that China will convene a “Belt and Road International Forum” in 2017 (see People’s Daily’s announcement on Twitter at: <https://twitter.com/PDChina/status/745602550246838272>).

10 In 2016, China Economic Information Service launched the Silk Road News platform (<http://silkroad.news.cn/>), the Xinhua Silk Road Database (<http://db.silkroad.news.cn/en/>) and the Silk Road Weekly online magazine (<http://silkroad.news.cn/magazine/SILKROAD/2016/>). Furthermore, China’s State Council (<http://english.gov.cn/beltAndRoad/>) and the main State media online news channels, such as Xinhuanet (<http://www.xinhuanet.com/silkroad/english/index.htm>), People’s Daily Online (<http://en.people.cn/102775/311491/index.html>), China Central Television Online (http://english.cntv.cn/special/obor_panview/), and CCTV America (<http://www.cctv-america.com/category/one-belt-one-road>) established dedicated Belt and Road Initiative websites.

11 At its first annual meeting of its Board of Directors, the AIIB approved USD 509 million financing for its first four project in Bangladesh, Indonesia, Pakistan and Tajikistan, which are all considered as Belt and Road Initiative countries. Three of the four projects are co-financed with the World Bank, the Asian Development Bank, the United Kingdom’s Department for International Development and the European Bank for Reconstruction and Development (AIIB 2016).

12 <<http://www.aiib.org>>.

Silk Road Fund¹³ with an initial capitalization of USD 40 billion¹⁴. While these new institutions have accumulated a significant amount of financial resources and political capitals within only one to two years of existence, it appears that they experience a shortage of qualified projects. In line with the commercial characteristics of these new institutions they are rather sensitive to potential risks and require high investment standards. This is in contrast to China's policy banks such as the China Development Bank (国家开发银行)¹⁵, which is however in the process of becoming a commercial bank, and China's Export-Import Bank (China EXIM Bank) (进出口银行), which have both indicated dedicated financial support for the Initiative (China Daily 2015) and can be more strategic and less sensitive to risks than their commercial counterparts. Having been active for almost two decades, the experiences and presence of policy banks across developing countries are nevertheless an asset for the implementation of the Initiative, in particular given the China Development Bank's close connections with large SOEs and the China EXIM Bank's role in governing China's concessional loans and export credits. The Industrial and Commercial Bank of China (ICBC) has also indicated additional financial support for the Initiative (China Daily Europe 2016).

There is also an increasing number of other support mechanisms being set-up, such as a Belt and Road Research Center under the National Committee of the Chinese People's Political Consultative Conference (Xinhuanet 2016b) and the Belt and Road Industrial and Commercial Alliance¹⁶.

Why?

The Belt and Road Initiative should be understood in terms of China's commercial, economic and political engagement with countries in Asia, Europe and Africa. In terms of commercial engagement, as China's economy continues to grow, many issues have emerged in the export sector: higher domestic production costs, domestic overproduction for certain industries, insufficient foreign market demand, an increasingly fierce competition in shaping the global trade regime. These can be tackled through the Belt and Road Initiative by investing in other countries and allowing China's manufacturing industry to move to other countries in order to climb up the global value chain to sustain economic growth.

In terms of economic engagement with Asia and Europe, the Initiative comes with a relatively well defined strategic infrastructure plan to connect people and trade between Asia, the Middle East and Europe through a series of railways¹⁷, roads, ports, waterways, gas and oil pipelines and industrial parks. Establishing these routes is not just bringing down costs of globalization for China and other countries, but is also of geo-strategic importance for China as it allows to diversify physical linkages with other countries and regions and avoiding dependence on single routes.

13 The Silk Road Fund mainly provides investment and financing support for trade and economic cooperation and connectivity under the framework of Belt and Road Initiative (See: <http://www.silkroadfund.com.cn/enwap/27363/>).

14 <<http://www.silkroadfund.com.cn/enwap/27363/index.html>>.

15 By the end of 2015, China Development Bank was committed to nearly USD 190 billion in loans to countries along the Belt and Road (CDB 2016).

16 The Alliance will focus on conducting economic and trade delegation visits, fairs and exhibitions; establishing a database of information on projects of industrial investment and trade cooperation; providing services of investment consulting, investment attraction and business match-making; and conducting researches and studies. Further information on the Alliance is available at: <<http://www.cfie.org.cn/2710757099819/2726451123930/15923/2883704102710.html>>.

17 Including a high-speed train line from China to Europe that will cut travel time from 21 to 2 days.

How, and to what extent, China sees African countries as part of the Initiative remains to be seen. Chapter 3 of this study provides a comprehensive overview of African countries' engagements with the Initiative and offers scenarios on how Africa will become part of the 21st Century Maritime Silk Road.

2.3. China-Africa relations and the Forum on China-Africa Cooperation

Since the foundation of the People's Republic of China in 1949, the development of China-Africa relations could be roughly divided into three phases:

The first phase lasts from the 1950s to the end of the 1970s. This period is marked by the need of struggle against occidental imperialism for both China and Africa. In consequence, an ideological affinity and mutual diplomatic support constituted the defining characteristics of the relations between China and African countries. However, this politics-oriented feature did not exclude activities in economic domain. The Chinese government provided considerable economic aids to many African countries before the 1980s, which contributed significantly to the development of these countries (Tang 2014).

The second phase started almost at the same time as the "Reform and Opening Up" policy was implemented in China in the late 1970s, which continued throughout the 1990s. Compared with the first phase, this phase is marked by its pragmatic approaches which seek new models of economic cooperation. The new cooperation models range from management cooperation and contract engineering to joint ventures and technical exchange. They enabled China to work with African countries beyond mere political alliance and aid. The Four Principles of Economic and Technological Cooperation announced by China's Premier Zhao Ziyang in 1983 set the tone for this period¹⁸.

The third phase began with the establishment of the Forum on China-Africa Cooperation (FOCAC) in 2000 and has continued until now, marking an unprecedented level of multi-faceted engagement between China and African countries. Aiming to build a new type of bilateral relationships, China and African countries decided to set up a comprehensive mechanism to better communicate and cooperate. The first Ministerial Conference of FOCAC took place in Beijing in October 2000. By 2016, FOCAC has organized six ministerial conferences and two summits, namely the Beijing Summit 2006 and Johannesburg Summit 2015. FOCAC greatly facilitated equal consultation, enhanced understanding between high-level officials, expanded consensus and promoted cooperation between China and Africa. FOCAC consists of the Ministerial Conference/Summit, the Senior Official Follow-up Meeting and the Senior Official Preparatory Meeting for the Ministerial Conference as well as meetings of African diplomats in China with the Chinese Follow-up Committee¹⁹. An action plan is published after every FOCAC Ministerial Meeting/Summit, outlining cooperation strategies and projects for the next three years. Economic sectors, such as agriculture and manufacturing, as well as social aspects, such as education as well as environmental aspects, are covered in these plans.

18 The Four Principles of Economic and Technological Cooperation include: 1. In carrying out economic and technological cooperation with African countries, China abides by the principles of unity and friendship, equality and mutual benefit, respects their sovereignty, does not interfere in their internal affairs, attaches no political conditions and asks for no privileges whatsoever; 2. In China's economic and technological cooperation with African countries, full play will be given to the strong points and potentials of both sides on the basis of their actual needs and possibilities, and efforts will be made to achieve good economic results with less investment, shorter construction cycle and quicker returns; 3. China's economic and technological cooperation with African countries takes a variety of forms suited to the specific conditions, such as offering technical services, training technical and management personnel, engaging in scientific and technological exchanges, undertaking construction projects, entering into cooperative production and joint ventures. With regard to the cooperative projects it undertakes, the Chinese side will see to it that the signed contracts are observed, the quality of work guaranteed and stress laid on friendship. The experts and technical personnel dispatched by the Chinese side do not ask for special treatment; 4. The purpose of China's economic and technological cooperation with African countries is to contribute to the enhancement of the self-reliant capabilities of both sides and promote the growth of the respective national economies by complementing and helping each other.

19 <<http://www.focac.org/chn/lda/tj/t585569.htm>>.

2.4. Research objectives and methodology

The objective of this study is to summarize and analyze best available information on the Belt and Road Initiative and develop scenarios on how the Initiative is likely to unfold in Africa.

While the introduction to this study has set out some significant details about the Initiative, nevertheless, the Belt and Road Initiative vision document and other official documents and statements by the Chinese government leave much room for speculation as to what extent and how African countries will be part of the Initiative. This study pieces together relevant developments and information on key actors in China and African countries to show with which African countries China is already engaging on the Initiative and which African countries expressed interest in being part of it. It begins with an analysis of statements by government representatives from China and African countries. According to the Initiative's vision document Africa is to be part of the Maritime Silk Road. As the Maritime Silk Road is made up of connected ports, African countries with deep water ports that are constructed or managed by Chinese companies would appear well positioned for becoming part of the Initiative. For these countries major projects with China on infrastructure, industrialization, energy, trade and the financial sector are reviewed. Based on these findings potential immediate and future Belt and Road Initiative countries are identified before implications for advancing sustainable development in African are being explored.

The study builds on information contained in official documents issued by government entities and statements made by public and private sector representatives in China and African countries as well as on insights from previous academic work, media reports, and expert interviews.

3. CHINA'S BELT AND ROAD INITIATIVE AND AFRICA

3.1. The Belt and Road Initiative and the Forum on China-Africa Cooperation

Since 2000, FOCAC has been the main platform for China-Africa relations. For the implementation of the latest FOCAC Action Plan (2016-2018) adopted in Johannesburg in December 2015, China pledged USD 60 billion in financial support with a focus on infrastructure development and industrialization (FOCAC 2015c). In April 2016, China singled out a number of countries which will be the focus of its industrial cooperation with Africa under FOCAC over the next three years. The analyses in chapters 3.5. and 3.6. show that these countries are also among those that seem likely to become the gateways for the Belt and Road Initiative on the African continent. So what is the relation between the Belt and Road Initiative and FOCAC? Will the Initiative add to FOCAC arrangements or will activities under the Initiative simply be double counted as support for, or achievements of, FOCAC and the Belt and Road Initiative?

While most African countries are FOCAC members²⁰ only a few African countries may become part of the Initiative initially. What this mean for those countries?

Given that the Belt and Road Initiative has its own vision and action plan, dedicated political fora, financial institutions and resources it will not simply account for FOCAC achievements, but will reinforce and expand the scope and depth of cooperation. For African Belt and Road Initiative countries this means that resources in addition to those under FOCAC become available under the Initiative. In 2014 China's MOFCOM announced to "strengthen aid to recipient countries along the Belt and Road" and that "newly-added aid capital will mainly go to these countries" (MOFCOM 2014). But perhaps more importantly, it also means that cooperation areas that are being promoted under the Initiative and FOCAC, such as industrialization and infrastructure will receive even stronger political support from China, which may help fast-track the implementation of projects in those areas. Furthermore, in contrast to FOCAC, the Initiative is not limited to bilateral relations between China and African countries, but aims to connect Asia, Europe and Africa. African Belt and Road Initiative countries can benefit from new connections to and among these regions by for example expanding cooperation with countries along the Maritime Silk Road in South Asia and South East Asia. If implemented successfully, the Initiative may lead to the creation of single Asian-European or perhaps even a single Asian-European-African trading block, which would challenge the current US-centered trans-Atlantic and trans-Pacific trading blocks system (The Economist 2016). Being part of these potentially emerging new structures will be of benefit for all Belt and Road Initiative countries, including those in Africa.

3.2. Africa's current role in the Belt and Road Initiative: A late comer?

Since September 2013 China has been promoting the Initiative mainly with a focus on Asian and European countries. Only since early 2015 Africa is beginning to become a focus of the Initiative.

On 20 January 2015, shortly before the Initiative's vision document was published in March, Justin Lin Yifu, a leading Chinese economist and former Vice-President of the World Bank, argued that "China should also include Africa in the initiative", expanding it to "One Belt, One Road, One Continent" and that the Initiative's "core task in Africa should be industrial relocation and infrastructure construction" (China Daily 2015a). A focus on infrastructure, proposed by Lin, is fully in line with an agreement signed between China and the African Union one week later, which aims to connect all 54 African countries through transportation infrastructure projects, including modern highways,

²⁰ Burkina Faso, Sao Tomé and Príncipe and Swaziland are the only African Union member States that are not part of FOCAC given their diplomatic recognition of Taiwan. See also: <http://en.people.cn/features/taiwanpaper/taiwan.html>

airports, and high speed railways. The call for Africa's inclusion in the Belt and Road Initiative was then echoed by He Wenping, one of China's leading China-Africa researchers, on 29 January. She stated that the Initiative and Africa's development strategy "share the same spirit" and that combining the two "will not only create new momentum for Sino-African ties, but also present a new approach for South-South cooperation". Referring to the agreement between China and the African Union, she concluded that "the process of combining the strategies from the two sides is already on the way" (Global Times 2015). In October 2015 Lin Songtian, Director General of the Department of African Affairs at China's MFA, stated that "China-Africa cooperation development is blessed with shared needs, advantages and opportunities, which will make the African continent an important foothold for the One Belt and One Road Initiative" (FOCAC 2015a).

The Belt and Road vision document published in March 2015 states that the Initiative aims to "connect Asian, European and African countries more closely and promote mutually beneficial cooperation to a new high and in new forms" (NDRC 2015). However, the document only offers details regarding Asia and Europe. Asia and its sub-regions are mentioned more than 30 times, Europe is referred to 12 times, while Africa only has six general references in the document. In addition to specifics on infrastructure and economic corridors within Asia and towards Europe, the vision document spells out how it aims to "enhance the role of multilateral cooperation" in these regions by making "full use of existing mechanisms" such as the Shanghai Cooperation Organization, Association of Southeast Asian Nations Plus China, Asia-Pacific Economic Cooperation, Asia-Europe Meeting and the China-Arab States Cooperation Forum (CASCF) among others. It is striking that the Forum on China-Africa Cooperation (FOCAC), which serves as the supreme platform for China-Africa relations since 2000, was not included despite the Initiative's objective of promoting connectivity with the African continent. However, it is important to note that CASCF is comprised of China and the 21 Member States of the Arab League²¹, 10 of which are African countries. The lack of clear references in the vision document on the extent and specifics of Africa's involvement in the Initiative is an indication that the inclusion of Africa was initially not foreseen and that details remain to be defined.

In this context it is not surprising that China's latest Africa Policy Paper (Xinhuanet 2015) published in December 2015 does not include any reference to the Belt and Road Initiative. Also the outcome documents of the FOCAC Summit that took place in Johannesburg, South Africa, in the same month only include very little reference to the Initiative. The FOCAC Johannesburg Declaration (FOCAC 2015b) states that China and African countries will "actively explore the linkages between China's initiatives of building the Silk Road Economic Belt and 21st Century Maritime Silk Road and Africa's economic integration and sustainable development agenda, and seek more opportunities to promote common development and realize our common dreams". Furthermore, the only reference included in the FOCAC Johannesburg Action Plan (2016-2018) (FOCAC 2015c) is that the "African side welcomes the Chinese side's championing "the 21st Century Maritime Silk Road", which includes the African continent, and the two sides will promote mutually beneficial cooperation in the blue economy." This is by now the only pan-African statement that Africa considers itself part of the Maritime Silk Road.

Since 2013 Chinese state media has published several different Belt and Road maps with varying indications of Africa's participation in the Maritime Silk Road. Most of the maps include a route through the Indian Ocean towards Kenya, passing Somalia, Djibouti, Eritrea, Sudan and Egypt before continuing in the Mediterranean Sea. Some of the maps show the Maritime Silk Road leading from the Indian Ocean directly to the Red Sea via the Suez Canal into the Mediterranean Sea. In most cases the maps do not offer any indication on ports along the African part of the Maritime Silk Road. However, the latest version published by the Chinese news agency Xinhua (see map 1 below) shows Nairobi as part of the Maritime Silk Road²². This is in line with the historic maritime route, which saw first

21 <<http://www.arableagueonline.org>>.

22 Kenya is also the only African country included in a recent Xinhua News promotional video explaining the Belt and Road Initiative (see: <https://twitter.com/XHNews/status/709752281692921856>).

trade between China and Kenya during the early 15th century (Wekesa 2015). It is noteworthy that all other cities on the map are port cities, while Nairobi is almost 500 km away from the closest port located in Mombasa. This is not only an indication that China sees Kenya as part of the Belt and Road Initiative, but also that the new railway and economic corridor that China is currently building in partnership with Kenya from Mombasa to Nairobi is a part of the Maritime Silk Road.



Xinhua: Map of the Silk Road Economic Belt (Silk Road) and 21st Century Maritime Silk Road (Maritime Silk Road)²³

There are also very clear indications that Egypt (Xinhuanet 2016a) and South Africa (People's Daily Online 2016a) will be part of the Maritime Silk Road. Both countries are the only ones to have signed a Memorandum of Understanding (MoU) with China on the Belt and Road Initiative. While according to Xinhua's latest map the Maritime Silk Road passes through Egypt, with the signing of the MoU with South Africa in December 2015 it has become apparent that the Maritime Silk Road will deviate from its historic route down South.

Also Mozambique appears to have a privileged role in China's considerations on how Africa will be part of the Belt and Road Initiative. During his visit to Mozambique in February, China's Foreign Minister Wang Yi said that "China will view Mozambique as a natural extension of the 21st Century Maritime Silk Road and boost cooperation with

²³ Numerous different maps have been published on the Belt and Road Initiative by Chinese state media over the last two years. The latest map available from Xinhua in June 2016 shows the Belt leading from China through Kyrgyzstan, Uzbekistan, Turkmenistan, Iran, Turkey and Russia to Germany, the Netherlands and Italy, where it connects with the Road in Venice. The Road leads from China through Vietnam, Malaysia, Indonesia, Sri Lanka and India to Kenya from where it continues to Greece and Italy.

Mozambique in marine economy and port-neighboring industrial parks and transfer its advantageous production capacity and mature technologies to Mozambique” (MOFA 2016c). Furthermore, during a State visit of Djibouti’s President, H.E. Ismail Omar Guelleh, President Xi said that China welcomes Djibouti’s participation in developing of the Maritime Silk Road (China Daily 2016a).

Already at the Ministerial Conference of the CASCF in June 2014, President Xi called for “joint Chinese Arab efforts to build the Belt and Road Initiative” with energy cooperation, infrastructure development and trade and investment facilitation as priority areas. In January 2016, during a speech at the Arab League’s headquarters, he reiterated his call and said that cooperation projects worth CNY 183 billion (USD 28 billion) signed at the 2nd China-Arab States Expo (China Daily 2015c) in September 2015 serve “as an important platform for our joint efforts to build the Belt and Road” (China Daily 2016b). Furthermore, President Xi said that “In order to ensure the smooth flow of talents and ideas along the Belt and Road, we will implement the “hundred, thousand and ten thousand” project for enhancing China-Arab friendship. Under the project, we will launch a “Silk Road Book Translation” program for the translation of 100 Chinese and Arab classics into each other’s language. We will strengthen connectivity between our think tanks and invite 100 experts and scholars to visit each other’s countries. We will provide 1,000 training opportunities for young Arab leaders and invite 1,500 leaders of Arab political parties to visit China to bring up young envoys and political leaders for China-Arab friendship. We will also provide 10,000 scholarships and 10,000 training opportunities for Arab states and organize mutual visits for 10,000 Chinese and Arab artists” (China Daily 2016b).

China’s commitment towards Arab States on jointly building the Belt and Road Initiative is reflected in the Initiative’s vision document with the reference to making “full use” of CASCF (NDRC 2015) and also in “China’s Arab Policy Paper” published in January 2016 (MOFA 2016a). This is significant for Africa’s role in the Initiative as ten of the Forum’s Member States are African, namely Algeria, Comoros, Djibouti, Egypt, Libya, Mauritania, Morocco, Somalia, Sudan and Tunisia. Algeria, Djibouti, Egypt, Libya, Morocco, Somalia, Sudan and Tunisia are along or close to the Maritime Silk Road envisaged on Xinhua’s maps. Comoros can be seen as somewhat en route from Kenya to South Africa. But Mauritania’s location on Africa’s West coast opens a new geographic region for the Maritime Silk Road by either continuing from the Mediterranean Sea through the Strait of Gibraltar down South along Africa’s West coast or by circling the whole continent from Eastern to Southern to Western Africa.

In addition to the above indications on which African countries may become part of the Initiative, there has been a plethora of other developments, which are reviewed and analyzed in chapter 3.5. Based on these findings potential immediate and future Belt and Road Initiative countries in Africa are identified in chapter 3.6.

3.3. Key Chinese actors and institutional arrangements for the Belt and Road Initiative in Africa

Anchored in planned infrastructure projects stretching across the Eurasian continent and into Africa, the Belt and Road Initiative quickly emerged as China’s signature foreign policy concept. In December 2014, the Central Economic Work Conference (中央经济工作会议) sketched out the implementation of the Initiative as one of the top priorities for the coming year. On 1 February 2015, Vice Premier of China Zhang Gaoli presided over a special session in Beijing titled “the work conference on advancing the Belt and Road Initiative”, where details for the Initiative, including transportation infrastructure, easier investment and trade, financial cooperation and cultural exchange, were revealed. More importantly, “Advancing the Development of the Belt and Road Leading Group” (推进“一带一路”建设工作领导小组) was also established during the session. This group is of vital importance in overseeing and coordinating the implementation of the Initiative in the coming years. As is often the case in Chinese policy-making, the Belt and Road Initiative remains more of a “vision statement with a to-do list” than a hard-and-fast blueprint (Naughton 2014). Bearing this in mind, in order to gain an in-depth understanding of the Initiative’s policy-making and implementation, it is crucial to look into the composition of the Belt and Road Leading Group and the division of labor among different ministries, committees as well as their subordinate departments.

3.3.1. Leadership level

Although the establishment of the Belt and Road Leading Group was announced on 1 February 2015,²⁴ details about its leadership composition, executive structure and administrative arrangements were only revealed in early April 2015. First-ranked Vice Premier Zhang Gaoli (张高丽), a member of the elite Politburo Standing Committee who holds primary responsibility for finance, reform and development, and the environment, chairs the group. The group also has four vice-chairmen: third-ranked Vice Premier Wang Yang (汪洋), responsible for agriculture, trade, tourism policy and the economic track of the U.S.-China Strategic and Economic Dialogue (中美战略经济对话); Wang Huning (王沪宁), head of the Central Committee Policy Research Center, a key policy advisor to President Xi, and the head of the office of the Comprehensively Deepening Reform Leading Small Group (CDRLSG) (全面深化改革领导小组); Yang Jiechi (杨洁篪), a state counselor and career diplomat, who chairs the strategic side of the U.S.-China Strategic and Economic Dialogue; and Yang Jing (杨晶), who serves in a vital coordinating function as both the secretary of the Communist Party's Central Committee Secretariat and the secretary-general of the State Council.²⁵

As shown above, the leadership composition of the Leading Group actually reflects the dualism that underlies the Belt and Road Initiative by putting leading officials with responsibilities for economic matters in tandem with those in charge of the foreign policy portfolio. This is consistent with the strategic purpose of the Initiative to better foster the integration of China's domestic economic agenda with the regional and global economic affairs, comprehensively improving its strategic position on the world stage. Also, three members of the Leading Group, Zhang Gaoli, Wang Huning and Wang Yang, are not only Politburo-ranked, but also the members of what is effectively the locus for China's economic policy formulation: the Central Financial and Economic Leading Small Group (CFELSG, 中央财经领导小组) and the CDRLSG, both chaired by Xi Jinping. In addition, the Leading Group's inclusion of Yang Jing, who serves as the linchpin in both the party's and the government's central decision-making apparatus, also reflects an unprecedented complexity that the implementation of the Belt and Road Initiative may entail.

3.3.2. Ministerial level

A coordinating office for the Belt and Road Leading Group has been established within NDRC as the major supporting agency in charge of coordinating different Ministries and their subordinate departments. Although the coordinating office belongs to NDRC in terms of administrative arrangement, MFA and MOFCOM co-lead the office with NDRC, demonstrating a "double dualism" of the Belt and Road Initiative by representing international and domestic affairs as well as economic matters and foreign affairs. In addition to generalist decision-making Ministries like NDRC, MFA and MOFCOM, the implementation of the Initiative also involves a wide range of other Ministry-level agencies with different sets of professional portfolios and administrative duties, including but not limited to the Ministry of Finance (MOF) (财政部), State-owned Assets Supervision and Administration Commission (SASAC) (国资委), Ministry of Transport (MOT) (交通部), the People's Bank of China (PBO) (中国人民银行), Ministry of Industry and Information Technology (MIIT) (工信部), Ministry of Environmental Protection (环保部) and the National Energy Administration (NEA) (能源局).

²⁴ <<http://finance.china.com.cn/news/gnjj/20150405/3041455.shtml>>.

²⁵ <<http://news.takungpao.com/mainland/focus/2015-02/2908847.html>>.

3.3.2.1. National Development and Reform Commission

NDRC is the macroeconomic management agency under China's State Council, which has broad administrative and planning control over the Chinese economy. Given that NDRC bears more comprehensive and macro-managing duties, including formulating policies for economic and social development, maintaining the balance of economic development, and guiding China's economic restructuring, its role in implementing the Belt and Road Initiative is of crucial importance. NDRC not only houses the coordinating office of the Belt and Road Leading Group, but also acts somehow like the "mission control" which sets the agenda for planning and implementing specific Belt and Road Initiative projects²⁶.

As the Belt and Road Initiative has now been expanded beyond international infrastructure connectivity to cover a range of heterogeneous goals like people-to-people exchange, financial integration, information sharing and diplomatic mutual understanding, it also requires NDRC to prepare and coordinate these large-scale and complex efforts. Given this, NDRC has ensured that the Belt and Road Initiative related projects prominently feature in the 13th Five-Year Plan, which sets the agenda for China's government from 2016 to 2020.

NDRC has yet to publicize its specific policy arrangement towards particular African countries. However, according to the spirit of "six corridors, six channels; multiple countries, multiple ports" (六廊六路、多国多港), which is the latest framework that NDRC put forward, Eastern Africa as well as the African coast facing the Indian Ocean has been given great importance²⁷.

3.3.2.2. Ministry of Foreign Affairs

Different from NDRC, MFA's role in the Belt and Road Initiative revolves around mobilizing international political capitals and diplomatic resources. For example, MFA has been mainly tasked with communicating China's policies and initiatives to other countries in an effort to achieve mutual understandings and optimize the common interests among various international players. According to Wang Yi (王毅), China's Foreign Minister, the Belt and Road Initiative has been set as the key word for China's foreign affair efforts in 2015, implying that advancing the Initiative has formally become the "essential work" for the entire external affair apparatus.

In order to achieve this grand goal, MFA has mobilized its subordinate divisions and bureaux to join the effort. Besides its regional divisions such as the Division of Eastern European and Central Asian Affairs (欧亚司), which is believed to have been the first government apparatus to initiate the conceptualization of the Belt and Road Initiative, the Division of Asian Affairs (亚洲司), the Division of West Asian and North African Affairs (西亚北非司), the Division of European Affairs (欧洲司), other task-related divisions including the Division of Policy Planning (政策规划司), the Division of International Organizations (国际司), the Division of African Affairs²⁸ and the Division of International Economics (国际经济司), are also directed to focus on advancing the Initiative. While vertical divisions like the Division of Eastern European and Central Asian Affairs are essential in country-specific communication and research thanks to their regional focus and expertise, the horizontal divisions are now tasked to bear more responsibilities. For example, as multilateral groupings and organizations are increasingly important in promoting and actually advancing the Belt and Road Initiative, the Division of International Economics has come up with nuanced strategies for different contexts such as the BRICS, Asia-Pacific Economic Cooperation, and the World Economic Forum.

China's decision-making structure for foreign policy and overall external strategy is more concentrated than the domestic-focused ones. Given this, MFA's functions in implementation of foreign policies often overweigh its

26 <<http://www.thepaper.cn/baidu.jsp?contid=1315903>>.

27 <http://www.sdpc.gov.cn/xwzx/xwfb/201602/t20160215_774656.html>.

28 The Division of African Affairs started to get involved in the Belt and Road Initiative in 2015 and increased its engagement in 2016.

functions in decision-making. Therefore, the Central Foreign Affairs Leading Group (CFALG) (中央外事工作领导小组), a supra-Ministerial body, has been created to exercise policy coordination and consultation on matters related to foreign affairs in general. Wang Yi and Gao Hucheng, the Commerce Minister are both merely members of the group, while State Councilor Yang Jiechi, who formerly governed the MFA, is now in charge of the group as the Chief of General Office and Secretary-General (秘书长兼办公室主任). So, when it comes to a grand strategy like the Belt and Road Initiative, CFALG may have more say on foreign policy-making than the MFA, while the latter may boast the agenda setting power as it controls the pace and method in implementing the Initiative.

3.3.2.3. Ministry of Commerce

MOFCOM is a ministerial level executive agency responsible for formulating policy on foreign trade, export and import regulations, foreign direct investments, consumer protection and market competition, and negotiating bilateral and multilateral trade agreements. Although its duties also concern industrial policy-making like NDRC, MOFCOM is mainly involved in foreign market related matters, while its policies are mostly industry-specific and at the micro level. In comparison to MFA, which is responsible for external affairs in general, MOFCOM only covers foreign trade and external economic matters²⁹, even though the government agency responsible for foreign aid is also added to MOFCOM, known as the Division for Aid to Foreign Countries (援外司).

While the Belt and Road Initiative covers the entire spectrum of international cooperation, “investment and trade cooperation is a major task in building the Belt and Road” (NDRC 2015). Different from the traditional policy basket which emphasized attracting developed countries’ direct investment and exporting manufactured products to mature markets, MOFCOM’s new Belt and Road Initiative policy basket is designed towards facilitating China’s outward investment in developing countries along the Belt and Road and stimulating the export of high-end machinery and equipment into the new market. Given this, MOFCOM has created a new regional division, the Division of Eurasian Affairs (欧亚司), to better facilitate the advancing of the Initiative in the concerned region. MOFCOM also has several subordinate think tanks, among which the Chinese Academy of International Trade and Economic Cooperation (CAITEC) (国际贸易经济合作研究院) is the major think tank responsible for Belt and Road Initiative research.

3.3.3. Provincial level

In the Belt and Road Initiative vision document specific reference was made to 18 provinces, some of which have already established their own Belt and Road Leading Group. These provinces are part of the six international economic corridors, including the China-Mongolia-Russia Economic Corridor (CMRE) (中蒙俄经济走廊); New Eurasian Land Bridge (NELB) (新欧亚大陆桥); China-Central and West Asia Economic Corridor (CCWAEC) (中国-中亚-西亚经济走廊); China-Indo-China Peninsula Economic Corridor (CICPEC) (中国-中南半岛经济走廊); China-Pakistan Economic Corridor (CPEC) (中巴经济走廊); and Bangladesh-China-India-Myanmar Economic Corridor (BCIMEC) (孟中印缅经济走廊).

So far the Belt and Road Initiative appears to be open to accept and integrate qualified proposals from different levels of government and even SOEs. So, the cooperation with Africa may well happen at the national or provincial or even the local level. However, given the fact that the Initiative is a national level policy, the national government enjoys some privileges in setting the agenda, for example, it has the power to agree or halt certain cooperation by provincial or local actors. However, some provincial governments and ministries have already hammered out policies to encourage Chinese companies to participate in the Belt and Road Initiative, including tax reduction for certain industries, credit for engineering procurement construction, subsidized membership in exhibitions and so on.³⁰

29 MOFCOM's former name, “Ministry of Foreign Trade and Economic Cooperation” clearly indicated this.

30 <<http://www.chinatax.gov.cn/n810219/n810744/n1671176/n1671191/c1707900/content.html>>.

3.3.4. Academia

The Belt and Road Initiative has gained a sensational popularity among Chinese intellectuals, so it is hard to find a think tank that is not involving itself into research in this area. For policy analysis and implementation purposes government-related think tanks, especially those affiliated with ministries, play a particularly important role - for example, NRDC's International Cooperation Center, MOFCOM's Chinese Academy of International Trade and Economic Cooperation (CAITEC) and the Development Research Center of the State Council (DRC). Other important research institutes include the Chinese Academy of Social Sciences (CASS), China Institutes of Contemporary International Relations (CICIR), Shanghai Institutes for International Studies (SIIS), Unirule Institute for Economics, Chongyang Institute for Financial Studies (RDCY), China Institute of International Studies (CIIS) and the Center for China and Globalization (CCG).

These institutions' special linkages with key ministries render them advantageous position in terms of being able to obtain information regarding plans and progress of the Initiative to date. On the other hand, they are often confined to take a very partisan or positive position, not necessarily asking hard questions or examining challenging issues or data relating to the Initiative. University think tanks have also been contributing research, and tend not to be as constrained as the Government-affiliated institutions.

Given that the Belt and Road Initiative initially did not have a focus on Africa, research on Africa's role in the Initiative or the impact of the initiative on Africa is not given priority and severely lacking. As we increasingly see indications of the involvement of certain parts of Africa in the Initiative, for example East Africa³¹, this situation may change in the future.

3.4. Key African actors and institutional arrangements for the Belt and Road Initiative in Africa

3.4.1. African Union

In 2013, the African Union's member States crafted "Agenda 2063: The Africa We Want - A Strategic Framework for Inclusive Growth and Sustainable Development" as an African "endogenous plan for transformation" and a "collective vision and roadmap for the next fifty years" (AUC 2015a). When adopting Agenda 2063, the African Union called on the international community to "respect Africa's vision and aspirations and to align their partnerships appropriately" (AUC 2015a). Agenda 2063 and its "First Ten-Year Implementation Plan 2014-2023" (AUC 2015b) together with the African Union's Programme for Infrastructure Development in Africa (AU 2012a) and Africa's Integrated Maritime Strategy 2050 (AU 2012b) on the one hand constitute the basis for Africa's engagement in the Belt and Road Initiative and on the other hand should guide China's Belt and Road activities on the continent.

The African Union closely cooperates with China, in particular on infrastructure development and industrialization since the signing of a MoU on "The Promotion of Cooperation in Railway, Road, Regional Aviation Networks and Industrialization fields between China and Africa" between the African Union Commission and China's NDRC in January 2015. The MoU followed Premier Li Keqiang's speech at the African Union's headquarters in May 2014 during which he pledged to "actively participate in Africa's industrialization and strengthen industrial cooperation with Africa" as well as "to help Africa achieve the goal of building a high-speed railway network" and "jointly develop regional aviation in Africa" (China Daily 2014). However, it is important to note that there has been no mentioning of the Belt and Road Initiative either in Li Keqiang's speech or in the MoU, despite both initiatives having infrastructure

31 <<http://finance.sina.com.cn/roll/20151022/103323544177.shtml>>.

connectivity and industrialization at their core. The focus for the implementation of the MoU lies on the construction of the high-speed railway network for which the African Union Commission established a taskforce comprised of leading African railway experts. Linkages of the planned network to the Maritime Silk Road have so far not been discussed (Interview AUC). Overall, there seems to be no formal type of engagement between the African Union and China on the Belt and Road Initiative, which is surprising and perhaps a missed opportunity in light of the complementarity between Agenda 2063 and the Initiative in terms of infrastructure development and industrialization. However, the African Union appears to be developing a strategic approach towards the Belt and Road Initiative through its New Partnership for Africa's Development (NEPAD).³²

3.4.2. New Partnership for Africa's Development

The NEPAD Agency was established in 2010 as an outcome of the integration of NEPAD into the African Union's structures and processes. The South African government and academic institutions in partnership with the China Institute of International Studies and NEPAD in November 2015 organized a conference titled "One Belt, One Road and a prosperous Africa". Following the conference, the "**NEPAD Think Tank Committee on the Belt and Road Initiative and Africa**" (NEPAD TTC) was established to develop a continent-wide approach to the Belt and Road Initiative with a focus on transportation connectivity between China, Africa and Europe. The NEPAD TTC is comprised of representatives of governments and academia, including from Ghana, Nigeria and South Africa and convenes monthly at the NEPAD Agency office in South Africa. The NEPAD TTC is of the view that the Belt and Road Initiative is generally a positive development for Africa, but that more research and better information is urgently needed to ensure that Africa benefits from the Initiative. The NEPAD TTC sees Asian and European countries currently being the focus of the Belt and Road Initiative, but has been informed by Chinese counterparts that Africa's role in the Initiative will grow in future (Interview with NEPAD TTC member).

3.4.3. African countries

Ultimately the implementation of the Belt and Road Initiative in Africa will happen at the bilateral level. An increasing number of African countries try to position themselves to become part of the Initiative with some countries already having publicly expressed their interest. For example, during the FOCAC Summit in December 2015, the King of Morocco said that "Given its geographical location, the Kingdom of Morocco could play a constructive role in extending the Maritime Silk Road, not only to 'Atlantic Europe', but also and especially to West Africa nations, with whom my country has multi-dimensional ties" (Mail & Guardian Africa 2016). In May 2016, during his State visit to China, Togo's President Faure Gnassingbe said that "Togo intends to be the anchor point in West Africa for the New Silk Road initiative" (Xinhuanet 2016e).

3.4.4. Academia

There is a lack of academic research and analysis on the Belt and Road Initiative from an African perspective. The only exceptions seem to be the South Africa based Centre for Chinese Studies³³ and the South African Institute of International Affairs³⁴, which have published a few articles on, or related to, the topic, but are not (yet?) focusing their research programmes on this area.

32 <<http://www.nepad.org/content/about-nepad#aboutourwork>>.

33 <<http://www.ccs.org.za>>.

34 <<http://www.saiia.org.za>>.

3.5. Key criteria for identifying potential African Belt and Road Initiative countries

We have argued so far that the impact on Africa and Africa's involvement in the Initiative remains unclear. This and the following sub-chapter aim to identify potential African Belt and Road Initiative countries based on a set of criteria, which are in line with China's five objectives for the initiative (as set out in Chapter 2):

- **Policy coordination:** Is there: an MoU with China on the Belt and Road Initiative; has a State visit by China's President or Prime Minister taken place since 2013; has a State visit by President or Prime Minister to China taken place since 2013; are Diplomatic relations at "strategic partnership" level; and/or is there Industrial cooperation demonstration and pioneering or priority country;
- **Facilities connectivity:** Is there: a planned or existing deep water port with Chinese investment³⁵; a planned or existing China-financed railway leading to the deep water port; a Chinese SEZ; a China-financed major power project;
- **Unimpeded trade:** Is the country a Top 10 African trading partner with China by total volume of trade in 2014;
- **Financial integration:** Is the RMB part of foreign exchange reserves; is there a Bank of China RMB clearing house;
- **People-to-people bonds:** Is there a Confucius Institute³⁶.

The above criteria are used to rank African countries as to their potential to be included in the Road and Belt Initiative by China, as contained in table 1 and analyzed in chapter 3.5. below. Given the Initiative's strong focus on infrastructure, industrialization, energy, trade and the financial sector, these categories are reviewed here separately.

³⁵ Given that Africa sees itself as part of the Maritime Silk Road, the starting point for the analysis is African countries with a deep water port, which China has financed or is managing.

³⁶ Other potential indicators for this category could include the existence of a Chinese state media office, a Chinese overseas university and the number and type of Chinese scholarships offered to the respective country.

Table 1: Country ranking of potential immediate and future Belt and Road Initiative countries in Africa

Country	Policy coordination					Facilities connectivity				Unimpeded trade	Financial integration		People-to-people bonds	Total score
	MoU with China on the Belt and Road Initiative	State visit by China's President (P) or Prime Minister (PM) since 2013	State visit by President or Prime Minister to China since 2013	Diplomatic relations at "strategic partnership" level	Industrial cooperation demonstration & pioneering (D) / priority country (P)	Deep water port with Chinese investment (existing or planned)	Major railway project leading to the deep water port (existing or planned)	Chinese special economic zone (existing or planned)	Major power project with Chinese investment		Among China's top 10 African trading partners by total trade volume in 2014***	RMB part of foreign exchange reserves		
Egypt	XXX*	X (P)	X (P)	X	X (P)	X (Suez)	X	X	X	X			X	12
Kenya	X (P)	X (P)	X (P)	X	X (D)	X (Mombassa, Richards Bay)	X	X	X	X	X	X	X	11
South Africa	XXX*	X (P)	X (P)	X	X (P)	X (Lobito)	X	X	X	X	X	X	X	11
Angola	X (PM)	X (P)	X (P)	X	X (D)	X (Bagamoyo)	X	X	X	X	X	X	X	10
Tanzania	X (P)	X (P)	X (P)	X	X (D)	X (Pointe-Noire)	X	X	X	X	X	X	X	10
Congo (Republic of)	X (P)	X (PM)	X (P)	X	X (D)	X (Djibouti)	X	X	X	X	X	X	X	9
Ethiopia*	X (PM)	X (P)	X (P)	X	X (D)	X (Lekki)	X	X	X	X	X	X	X	9
Nigeria	X (PM)	X (P)	X (P)	X	X (D)	X (Tanger Med)	X	X	X	X	X	X	X	8
Morocco	X (P)	X (P)	X (P)	X	X (P)	X (Maputo, Beira)	X	X	X	X	X	X	X	6
Mozambique	X (P)	X (P)	X (P)	X	X (P)	X (Dakar)	X	X	X	X	X	X	X	6
Senegal	X (P)	X (P)	X (P)	X	X (P)	X (Cherchell)	X	X	X	X	X	X	X	5
Algeria	X (PM)	X (PM)	X (PM)	X	X (P)	X (Takoradi)	X	X	X	X	X	X	X	4
Ghana						X (Bain des Dames)	X	X	X	X	X	X	X	4
Mauritius						X (Kribi)	X	X	X	X	X	X	X	4
Cameroon						X (Djibouti)	X	X	X	X	X	X	X	3
Djibouti						X (Bata)	X	X	X	X	X	X	X	3
Equatorial Guinea						X (Fernaí Dias)	X	X	X	X	X	X	X	3
Sao Tome and Principe						X (Lomé)	X	X	X	X	X	X	X	3
Togo						X (Port Sudan)	X	X	X	X	X	X	X	2
Sudan						X (Mindelo)	X	X	X	X	X	X	X	2
Cape Verde						X (Massawa)	X	X	X	X	X	X	X	2
Eritrea						X (Abidjan)	X	X	X	X	X	X	X	2
Ivory Coast						X (Toamasina)	X	X	X	X	X	X	X	2
Madagascar						X (Nouakshot)	X	X	X	X	X	X	X	2
Mauritania						X (Walvis Bay)	X	X	X	X	X	X	X	2
Namibia						X (Port Victoria)	X	X	X	X	X	X	X	2
Seychelles						X (Moheli)	X	X	X	X	X	X	X	2
Comoros						X (Libreville)	X	X	X	X	X	X	X	1
Gabon						X (Conakry)	X	X	X	X	X	X	X	1
Guinea						X (Buba)	X	X	X	X	X	X	X	1
Guinea-Bissau						X (Bizerie)	X	X	X	X	X	X	X	1
Tunisia														1

* Ethiopia is considered due to its close links with Djibouti Port, despite not having an own deep water port.

** Given the significance of a bilateral agreement this category has been triple counted.

*** Among China's largest trading partners in Africa the top ten with a deep water port were considered.

3.5.1. Infrastructure

In January 2015, the African Union and China signed an agreement to help build railways, roads, and airports to link all 54 African countries. There are a number of examples how this agreement is already being implemented through large-scale infrastructure projects in cooperation with China on the continent.

Egypt is of great strategic importance for the Maritime Silk Road as it controls the Suez Canal, which links Asia and Europe. China is supporting numerous infrastructure projects in Egypt, including up to USD 15 billion financing for the development of the country's USD 45 billion new administrative capital. China also invests in the development of SEZs and has a stake in Egypt's ports and shipping industry.

Algeria and China agreed to construct a USD 3.3 billion trans-shipment port at Cherchell, 60 km west of the capital city of Algiers. The port will be constructed by China Harbor Engineering Company (CHEC) and China State Construction Engineering Corporation (CSCEC) (The BRICS Post 2016).

In Djibouti and Ethiopia, the USD 4 billion Djibouti Port-Addis Ababa railway line, which has been mainly financed and built by Chinese partners, is already completed to 97% and began trial operation in December 2015 (Fana Broadcasting Corporate 2016). Furthermore, the Chinese state-owned enterprise China Merchants Group³⁷ is the second-largest shareholder of the Port of Djibouti and investing in expanding the port's infrastructure to make it its "first Silk Road hub" (China Daily Asia 2016). In Djibouti, a free trade zone was announced as part of China's trade and banking agreements signed in January 2016. The core region of the free trade zone will cover an area of about 48 square kilometers, in which a starting area of 2 square kilometers will be built first, including a park for business and trade along with logistics services and another one for export processing.³⁸ With USD 7 billion China Merchants Holdings International is the sole investor of the project, which is expected to provide 20,000 local jobs upon completion (Xinhuanet Africa 2016).

In Ethiopia China has also financed and constructed the Addis Ababa-Adama highway, Addis Ababa ring road, the new international airport as well as SEZs. China's flag carrier, Air China, launched the "Silk Road in the Air" in 2015, including first direct flights between Beijing and Addis Ababa as well as Beijing and Johannesburg (China Daily 2015b).

One of China's largest infrastructure investments on the continent is the USD 3.8 billion Mombasa-Nairobi railway line, also known as the Standard Gauge Railway, which is to 90% financed by China's EXIM Bank and constructed by China Road and Bridge Corporation with its completion expected in late 2017. There are plans to further extend the railway to Uganda, Rwanda, Burundi and South Sudan, connecting these countries' capitals and creating a new economic corridor in the region. China is also significantly expanding Kenya's main ports in Lamu and Mombasa. The China Communications Construction Company and its subsidiary the China Road and Bridge Corporation have signed contracts to build a new container port in Mombasa as well as the first phase of the Lamu port mega project, which is estimated to cost USD 5.3 billion and will serve as the maritime entry point to the LAPSET corridor³⁹ (Reuters 2013).

37 China Merchants Group is a state-owned enterprise with total assets of USD 148 billion mostly in ports, shipping, finance and real estate.

38 <<http://www.port.org.cn/info/2016/193099.htm>>.

39 <<http://www.lapsset.go.ke/home>>.

In Tanzania, China has a large-scale infrastructure investment in the expansion of the Bagamoyo port. Chinese state-owned companies also hold shares in the ports of Dar Es Salaam and Mtwara. Another key infrastructure project that China is investing in is to revive the Tanzania-Zambia Railway. Built by China between 1970 and 1975, it links the port of Dar Es Salaam in Tanzania with Kapiri Mposhi in Zambia's copper belt. At the time of its completion, the 1,860 km railway was the single longest railway in Sub-Saharan Africa and with a construction cost of USD 500 million, the largest single foreign aid project undertaken by China at the time (Bräutigam 2009). However, over the decades the railway almost became almost completely dysfunctional due to mismanagement and a lack of maintenance. China has proposed to restore the railway and link it with 1,344 km Benguela railway, connecting Angola's Atlantic port of Lobito to the eastern border town of Luau, which was completed by a Chinese state-owned enterprise in August 2014, at a cost of USD 1.8 billion. This would be the first connection between the Indian and Atlantic Ocean by rail.

In Mozambique a consortium of Chinese companies has announced to invest USD 1 billion to construct a new port in Maputo (Macao Hub 2016a).

In the Republic of Congo, the China Road and Bridge Corporation is building a new port at Pointe-Noire, Congo's economic capital. The port construction plans include an industrial park as well as an oil refinery and a power plant. China's plan of building a new railway line would most likely encompass the modernization of the existing Pointe-Noire-Brazzaville line and perhaps also the line branching off to Mbinda, which connects Congo to Gabon (CRBC 2016).

In Cameroon, China Harbour Engineering Company has constructed the USD 1 billion Kribi Industrial Port Complex with 85% of the costs financed by China EXIM Bank. Cameroon's first deep water port is being connected to urban areas, including Yaoundé via roads and railway links constructed by Chinese companies (The Diplomat 2015a).

In Nigeria, the China Railway Construction Corporation signed a USD 12 billion contract to build a 1,400 km railway along Nigeria's coastline, connecting Lagos with Benin and Cameroon. Furthermore, the China Railway Construction Corporation has recently completed the Abuja-Kaduna railway, which is the first phase of a larger railway modernization project connecting Lagos with Kano in Nigeria's north. Other large Chinese-invested infrastructure projects include the port of Lekki and the adjacent Lekki Free Trade Zone.

The governments of Senegal and Mali have entered into USD 2.73 billion agreements with the China Railway Construction Corporation on the repair and reconstruction of the 1286 km railway between the port of Dakar and Bamako. The agreement includes staff training and the modernization of 22 railway stations (Railway Gazette 2016).

On Africa's West coast, Chinese companies are also a shareholder or involved in the construction and expansion of ports in Walvis Bay, Namibia; Luanda, Angola; Libreville, Gabon; Sao Tomé and Príncipe; Kribi, Cameroon; Lomé, Togo; Takoradi, Ghana; Abidjan, Ivory Coast; Conakry, Guinea; Dakar, Senegal; and Nouakchott, Mauritania. In a recent report by China Daily Asia, the China Merchant Group's port assets in Nigeria and Togo were considered as "key locations along the Belt and Road Initiative" (China Daily Asia 2016).

3.5.2. Industrialization

At the FOCAC Johannesburg Summit, 49 Heads of State and Government of African countries and China (Mail & Guardian Africa 2015) committed to "actively carry out industry partnering and industrial capacity cooperation, while never pursuing development at the cost of the long-term interests and environments of their host countries". They further agreed to "select several African countries to set up pilot and demonstration programmes ... for driving forward China-Africa industrial partnering and industrial capacity cooperation in a comprehensive and orderly fashion" (FOCAC 2015c).

In April 2016, Lin Songtian, Director General of the Department of African Affairs at China's Ministry of Foreign Affairs, announced that industrial cooperation is the priority of current China-Africa cooperation and that "on the basis of comprehensive research, China has listed Ethiopia, Kenya, Tanzania and the Republic of Congo as the demonstration and pioneering countries for such cooperation". He further said that "Egypt, Angola and Mozambique will be the priority partners for production capacity cooperation." For these "demonstration countries and priority partners, China will pool resources to build demonstration zones, and combine the construction of large infrastructure projects such as railway, roads and ports with the building of industrial parks and SEZs, so as to build industrial belts along the routes and achieve sound interaction between large-scale infrastructure projects and industrial development" (FOCAC 2016).

This announcement is significant as it is the first time in the 15-year FOCAC history that China has publicly prioritized specific countries for the implementation of certain aspects of FOCAC outcomes. From Lin Songtian's speech there seem to be two levels of priority. Firstly, "demonstration and pioneering countries", for most of which specific projects were announced. Secondly, "priority countries", for which no further details were provided:

- China-Africa industrial cooperation demonstration and pioneering countries: Ethiopia, Kenya, Republic of Congo, Tanzania
- China-Africa industrial cooperation priority countries: Angola, Egypt and Mozambique

3.5.2.1. China-Africa industrial cooperation demonstration and pioneering countries

Ethiopia, Kenya, Republic of Congo and Tanzania have national development plans, which prominently feature industrialization for job creation, economic diversification and economic growth.⁴⁰

Ethiopia

The focus of China's industrial cooperation with Ethiopia is on the development of an economic corridor, including several industrial parks along the Addis Ababa-Djibouti Port railway line (FOCAC 2016). The first such industrial park, the Chinese-owned Eastern Industrial Zone⁴¹, was built in Dukem (35 km south east of Addis Ababa) in 2007. Other foreseen industrial parks along the railway line include Dire Dawa Industrial Park⁴², Kilinto Industrial Park⁴³ and indirectly Mekelle Industrial Park⁴⁴. Furthermore, the Ethio-Hunan Industrial Park (Adama Industrial Park) being constructed in Adama will also be part of this economic corridor (Addis Fortune 2016).

Kenya

China is supporting Kenya to build an economic corridor along the new Mombasa Port-Nairobi railway line. The economic corridor will include SEZs that will be seamlessly integrated with the railway and port infrastructure network (FOCAC 2016). Since 2015 Kenya has been in discussions with China on the development of SEZs. However, to date no specific agreements have been announced regarding any of the first three SEZs that Kenya aims to build in Mombasa, Kisumu and Lamu (Nairobi Business Monthly 2016) under its new Special Economic Zones Act.⁴⁵

40 See Ethiopia's Growth and Transformation Plan (2016-2020) as well as its Climate Resilient Green Economy Strategy; Kenya's Vision 2030; Republic of Congo's National Development Plan; and Tanzania's Five Year Development Plan and the Tanzania Development Vision 2025.

41 < <http://www.e-eiz.com>>.

42 < <http://www.ipdc.gov.et/index.php/en/industrial-parks/our-other-parks>>.

43 < <http://www.ipdc.gov.et/index.php/en/industrial-parks/kilinto>>.

44 See footnote 40.

45 <<http://kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/SpecialEconomicZonesNo16of2015.pdf>>.

Cooperation on the Lamu SEZ will also contribute to LAPSSSET corridor project that Kenya is pursuing since 2012 in cooperation with South Sudan and Ethiopia.

Republic of Congo

Congo is the only industrial cooperation demonstration and pioneering country that is not located in East Africa. Its selection follows President Xi Jinping's state visit in 2013, which was the first visit to Congo by a Chinese President. During his visit Xi "pledged to facilitate major bilateral cooperation projects and encourage Chinese enterprises to participate in the development of SEZs in the country" (Xinhuanet 2013). China will support Congo to build a new port and railway at Pointe-Noire, Congo's economic capital, and to promote the building of a SEZ. The contract on the port construction was already awarded to the China Road and Bridge Corporation in 2014 (CRBC 2016). The port construction plans include a SEZ, an oil refinery and a power plant. Furthermore, the China Road and Bridge Corporation is a shareholder in the country's largest cement production plant (CRBC 2015) and constructing a new national highway connecting the country with Cameroon (CRBC 2015b).

Tanzania

Tanzania's largest industrialization project, co-financed by China, is the USD 10 billion construction of the Bagamoyo deep water port and the adjacent export development zone (EDZ), a trade and logistics center, and a residential area. The port is expected to become the biggest on the African continent and function as a regional trading hub for Burundi, Rwanda, Uganda, South Sudan, Democratic Republic of Congo, Malawi, Zambia, Mozambique, Madagascar, Comoros and Seychelles. China is "ready and willing to finance Tanzania's industrialization drive" and investing in the country's steel and textile industries, setting up plants for iron and steel products (The EastAfrican 2016) and SEZs for textiles (Embassy of China in Tanzania 2016, Embassy of China in South Africa 2015).

3.5.2.2. China-Africa industrial cooperation priority countries

Angola

Chinese contributions to Angola's industrialization efforts have been limited, with some notable exceptions in the building materials (China Daily Africa 2014) and automobile industries (Macau Hub 2010). Only in 2015, during a state visit by Angola's President Jose Eduardo Dos Santos, China and Angola agreed to "transform the bilateral cooperation from the traditional areas of raw materials development and project contracting to production capacity and investment cooperation" by strengthening cooperation on industrialization in the areas of iron and steel, building materials, textiles and agro-processing (MOFA 2015). Following this agreement, first loans for the development of industrial zones were made available by China in April 2016 (Macau Hub 2016b).

Egypt

During Xi Jinping's visit to Egypt in January 2016, the two countries signed a five-year strategic cooperation agreement focusing on industrial and infrastructure development. They also signed a MoU on jointly implementing the Belt and Road Initiative and agreed to develop Egypt "into a pivot of the Belt and Road Initiative". Egypt expressed its willingness to connect its own development plans with the Belt and Road Initiative and expand infrastructure cooperation with China under the framework of the Asian Infrastructure Investment Bank. The two sides also agreed to "double their efforts to develop the China-Egypt Suez Economic and Trade Cooperation Zone" and

cooperate on Egypt's plans for the development of the Suez Canal Economic Corridor and the construction of a new administrative capital (Xinhuanet 2016d, MOFA 2016b). Established in 2008, the China-Egypt Suez Economic and Trade Cooperation Zone, located 120 km south of Cairo on the Red Sea, has attracted 68, mostly Chinese, enterprises with a total investment of about USD 1 billion and created more than 2,000 jobs for local workers. After Xi Jinping's visit, the second development phase of the zone was launched in June 2016, which aims to accommodate a total of 200 enterprises and attract a total investment of USD 3 billion, creating 40,000 local jobs. The second development phase is expected to be completed in 15 years and turn the zone "into an iconic project for the two countries' long-term economic cooperation". China and Egypt expect the zone to play an important role for Egypt's engagement in the Belt and Road Initiative as it is at the intersection between Egypt's new Suez Canal Economic Corridor and the Belt and Road Initiative (China Daily 2016). Represented by the Egyptian Businessmen Association and in cooperation with the Shanghai Chamber of Commerce, Egypt has recently become a member of the Silk Road Economic Belt Trade Union, which encompasses 92 Chinese and foreign associations (Daily News Egypt 2015).

Mozambique

There has been limited cooperation with China on Mozambique's industrialization, with the exception of a steel factory⁴⁶, a cement factory⁴⁷ and the development of a SEZ in Beira, Mozambique's second largest city. The Manga-Mungassa SEZ is located 12 km from the port of Beira, along the Beira Economic Corridor, which connects Mozambique with Malawi, Zambia and Zimbabwe. Dingshen International Investment has invested USD 260 million in the development and management of the light industry zone to date.

When meeting Mozambican President Filipe Jacinto Nyusi in May 2016, President Xi Jinping pledged to strengthen cooperation with Mozambique on industrial capacity to tap the potential of its rich natural and human resources for economic development. Xi said the Chinese government will support Chinese companies to invest in Mozambique's natural gas exploitation, manufacturing, agriculture and infrastructure, and expand cooperation on human resources to help Mozambique improve its national industrial system. Xi also said that he looks forward to closer cooperation with Mozambique within the framework of the 21st Century Maritime Silk Road to boost the maritime economy, fisheries and port development (People's Daily Online 2016b). During his visit to Mozambique in February 2016, China's Foreign Minister Wang Yi stated that "China will view Mozambique as a natural extension of the 21st Century Maritime Silk Road and boost cooperation with Mozambique in marine economy and port-neighboring industrial parks and transfer its advantageous production capacity and mature technologies to Mozambique" (MOFA 2016c).

3.5.3. Power sector

Major energy projects with China's involvement are currently being implemented in North and East Africa, making up the "North Africa Power Corridor" (NAPC) and the "East Coast Power Corridor" (ECPC). A list of current major projects with China's involvement in Africa is included in Annex I.

3.5.3.1. North Africa Power Corridor

Mainly comprised of Egypt, Algeria, Tunisia, Morocco and Sudan, the NAPC is potentially of great importance for the Belt and Road Initiative in Africa. For China, Egypt is the largest energy infrastructure market in the NAPC. In the past two years, Egypt signed with China a series of large-scale power contracts, most notably the Hamrawein 3,960

⁴⁶ <<http://mz.mofcom.gov.cn/aarticle/jmxw/200706/20070604825897.html>>.

⁴⁷ <<http://info.bm.hc360.com/2011/12/291901446356.shtml>>.

MW and 4,640 MW coal-fired power plant projects. Two Chinese SOEs, Dongfang Electric Corporation and Shanghai Electric Corporation, will provide coal-fired power generator sets and other equipment, while project funding is coming from the Industrial and Commercial Bank of China (ICBC).

In the sector of hydropower, where Chinese enterprises maintain a traditional predominance in Africa, China and Egypt will construct the USD 2 billion Ataka Mount Pumped-Storage Plant with a capacity of 2,100 MW. A framework agreement on the project was signed in March 2015 by the Chinese SOE Sinohydro and the Egyptian Electricity Ministry.

In 2014 and 2015, Sepco III, a subsidiary company of Power Construction Corporation of China (Power China), completed the construction of gas-fired power stations in Banha with a capacity of 750 MW and in Giza North with a capacity of 1,500 MW, in cooperation with the US industrial behemoth General Electric.

State Grid Group of China is a new active participant in the African power sector since the launch of the Belt and Road Initiative. One of its subsidiaries, China Electric Power Equipment and Technology Corporation, is building a 210 km 500 kV transmission line from the Nile delta to the South. In the framework of the Initiative, the construction of national and transnational power network projects also play an important role for the development of Chinese oversea SEZs and industrial parks.

In Algeria and Morocco, Chinese contractors have won two solar power projects since 2013. The 233 MW photovoltaic project in Algeria includes 16 solar power stations and has been implemented since January 2014 by a consortium consisting of Sinohydro, Hydrochina and Yingli Green Energy. In Morocco, Sepco III in cooperation with the Spanish SENER Group, is implementing the Noor solar power plants project with a total generating capacity of 510 MW⁴⁸. Sepco III is also contracted for the expansion of the Jerada coal-fired power plant to increase its capacity by 350 MW.

3.5.3.2. East Coast Power Corridor

The ECPC mainly covers Kenya, Tanzania, Mozambique, South Africa and some landlocked countries such as Ethiopia, Uganda, Zambia and Zimbabwe.

In Ethiopia, Sinohydro and Gezhouba Group will work with the Ethiopian SUR Construction on the 385 MW Gibe 1 and 2 hydroelectric complex projects, which are mainly funded by China's EXIM Bank. Another notable project is the 1,260 km GDHA 500 kV Power Transmission and Transformation Project. This project, successfully completed by December 2015, constitutes the core part of the East African power grid.

In June 2015, the Kenyan authorities signed a contract with Power China on the construction of the 1,050 MW Lamu coal-fired power plant. This power plant will supply electricity for Mombasa-Nairobi railway line.

In Uganda, the 600 MW Karuma Hydroelectric Power Station has been constructed by Sinohydro since 2014 with a majority of project funding coming from China EXIM Bank.

Energy projects constructed by Chinese contractors in Tanzania and Zambia include the 300MV KIII gas-fired power plant and the 750 MW Kafue Gorge Lower hydroelectric power plant.

48 In 2012 and 2013, Chinese photovoltaic equipment manufacturers suffered a serious blow due to the anti-dumping sanctions in Europe. Under the Belt and Road Initiative Chinese photovoltaic companies may benefit from new business opportunities arising on the African continent.

China has also supported a number of energy projects in Zimbabwe, including the expansion of the Hwange coal-fired power plant (600 MW), Lusulus coal-fired power plant (600 MW, phase I), Gwayi integrated coal mining and electricity generation project (600 MW) and Kariba South Power Station expansion project (300 MW). Furthermore, China Longyuan Power Group is building the De Aar wind power projects⁴⁹(244 MW) in South Africa.

According to South Africa's Integrated Resource Plan for Electricity 2010-2030, the country's total generating capacity will increase to 75,560 MW with a share of 9,600 MW from nuclear power. During the FOCAC Johannesburg Summit, President Zuma presented to President Xi the blueprint for power development in South Africa. A large number of Chinese companies are preparing to participate in the tender of power projects in South Africa. Since 2014 agreements were signed with China National Nuclear Corp (CNNC) to establish a cooperative partnership supporting South Africa's nuclear industry, and with China's State Nuclear Power Technology Corp (SNPTC), the Industrial & Commercial Bank of China and South Africa's Standard Bank Group with a view to financing new nuclear plants in South Africa (World Nuclear 2016).

Trends and characteristics of China's engagement in Africa's power sector can be summarized as follows. While hydropower still accounts for a significant share and many African countries maintain a strong interest in the development of diversified clean energy such as wind, solar and geothermal power, there is also a sharp increase in fossil fuel projects. Furthermore, several African countries, in particular Algeria, Egypt, Kenya, South Africa and Sudan have expressed interest or signed agreements on cooperation with China on nuclear power projects in response to their growing energy needs.

3.5.4. Trade

One of the focus areas of the Belt and Road Initiative is the creation of free trade zones, which can not only boost bilateral trade, but also promote international industrial cooperation. In this context the existing preferential trade agreements (PTA) between African countries and the EU as well as the US are an important prerequisite for Chinese enterprises for choosing to invest in factories in African countries to then export their products to European and American markets with lower tariffs compared to directly exporting them from China.

After experiencing a steady growth throughout the past decade, trade between China and Africa has been declining since 2014. According to statistics from China's General Administration of Customs, the total volume of China's exports and imports in 2015 was USD 179 billion, dropping by 19.31% from about USD 222 billion in 2014. In fact, the decline mainly resulted from the import side with a tremendous 39.1% drop, while the export side still had a slight increase of 2.5%.⁵⁰ China is planning to develop new free trade zones in African countries to reduce the trade imbalance.⁵¹

Until now, China has signed 14 officially recognized free trade agreements (FTAs) with 22 countries and regions.⁵² However, none of them is in Africa. As it was reported by a Kenyan mainstream media agency in April 2016, the East African Community (EAC) Secretary-General received a proposal from China for negotiating an overall FTA with EAC's partner states. Although China is actively promoting the achievement of the FTA, there are different views from several senior officials of EAC. They suggested that the FTA not be signed until enough feasibility studies are conducted, because it may bring negative influences to the industrialization of the EAC region through local enterprises being squeezed out of the market by those from China.⁵³

49 <<http://www.esi-africa.com/news/northern-cape-to-develop-244mw-wind-energy-as-part-of-rejpppp>>.

50 <<http://english.customs.gov.cn>>.

51 <<http://www.dailynews.co.tz/index.php/home-news/46096-china-mulls-free-trade-area-pact-with-africa>>.

52 <<http://fta.mofcom.gov.cn/index.shtml>>.

53 <<http://www.theeastafrican.co.ke/business/China-seeks-free-trade-pact-with-East-Africa-region/-/2560/3151770/-/10d6918z/-/index.html>>.

Through African countries' PTAs with the EU and the US, Chinese goods produced in Africa can enjoy access to European and American markets without tariffs and quota limits. However, under the US' African Growth and Opportunity Act (AGOA), which applies to over 7,000 tariff lines⁵⁴, products exported to the US need to have sufficient local value-adding.⁵⁵ Similarly, the EU's PTA with least developed countries in Africa, the "Everything but Arms initiative", requires that products originate from these countries.⁵⁶ For instance, one of the China's largest shoe exporters, the Huajian Group, has been profiting from the PTAs after building a shoe factory in Ethiopia. Huajian exports all its women's shoes produced in Ethiopia tariff-free to the US under AGOA, while the same shoes would be charged a 37% tariff if exported from China.⁵⁷

3.5.5. Financial sector

In order to hedge exchange rate risk and enhance financial, economic and trade cooperation with China, since 2011, six countries in Africa, namely Nigeria, South Africa, Kenya, Ghana, Angola and Tanzania, have claimed to be including Renminbi (RMB) assets into their foreign exchange reserves through different ways, such as shifting reserves from other currencies, investing in China's bond markets, and signing swap agreements between central banks.⁵⁸ With Chinese-owned banks playing increasingly vital roles in the process, the Belt and Road Initiative is expected to significantly boost the internationalization of the RMB in Africa. As financial integration is an important underpinning for implementing the Belt and Road Initiative, the Initiative emphasizes on "building a currency stability system, investment and financing system and credit information system in Asia" and to "expand the scope and scale of bilateral currency swaps and settlement with other countries" (NDRC 2015). Given the nature of these principles and measures, they will not be limited to Asia, but are already becoming part of the collaboration with African countries.

Among all the Chinese banks, the Bank of China (BOC) possesses a leading position in both RMB settlement and clearing business in Africa. So far, BOC has launched five offices on the continent, with two branches in South Africa and Zambia, which have been authorized by PBOC as RMB clearing houses, and representative offices in Kenya, Angola and Morocco. Further details on these and other major developments in China-Africa financial sector cooperation are listed in Table 2 below.

54 <<http://agoa.info/about-agoa/product-eligibility.html>>.

55 <<http://agoa.info/about-agoa/rules-of-origin.html>>.

56 <http://trade.ec.europa.eu/doclib/docs/2005/june/tradoc_123910.pdf>.

57 <http://www.ccpit.org/Contents/Channel_4126/2016/0602/653700/content_653700.htm>.

58 <http://epaper.21jingji.com/html/2015-12/08/content_27277.htm>.

Table 2: Yus maio officiis quidem quas sinimi,

Year	Entity	Activity
1997	Bank Of China	Bank of China Zambia Branch was set up as the first Chinese financial institution in Africa ⁵⁹
2008	ICBC	Bought a 20% stake in Standard Bank South Africa for USD 5.4 billion
2010	Bank of China	Establishment of the Bank of China Johannesburg Branch
2011	Central Bank of Nigeria	Announcement to convert 5-10% of its foreign exchange reserves from USD into RMB ⁶⁰
2012	Central Banks of Nigeria and Tanzania	Bought 3-year dim sum bonds worth RMB 500 million, along with other 3-year bonds worth RMB 1.5 billion and 20-year bonds worth RMB 1 billion ⁶¹
2013	Central Banks of South Africa and China	Agreement that enabled Standard Bank South Africa to invest about USD 1.5 billion in China's interbank bond market ⁶²
2014	China and Republic of Congo	The governments of China and the Republic of Congo establish the Sino-Congolese Bank for Africa as a joint venture ⁶³
2015	ICBC	Bought another 60% stake in Standard Bank South Africa ⁶⁴
2015	Central banks of South Africa and China	Signature of a 3-year bilateral swap agreement for the exchange of local currencies of up to RMB 30 billion ⁶⁵
2015	People's Bank of China	Bank of China Johannesburg Branch appointed as the first RMB clearing house in Africa ⁶⁶
2015	China Commercial Bank	Launch of trail operations in Tanzania as first Chinese owned private bank in Africa ⁶⁷
2015	People's Bank of China	Bank of China Zambia Branch appointed as second RMB clearing house in Africa
2015	ICBC and South African Reserve Bank	Signature of a bond corporation agreement which entrusted ICBC to issue bonds worth 10 billion ZAR, in order to finance the process of industrialization and infrastructure construction in South Africa ⁶⁸
2015	Central Bank of Zimbabwe	Announcement to approve RMB as legal currency for public domestic transactions ⁶⁹
2016	Bank of China	Acquisition of banking license from the Central Bank of Mauritius for setting up the Bank of China Mauritius Branch ⁷⁰
By late March 2016	ICBC	ICBC had loaned about USD 15.6 billion to 58 China-Africa cooperation programmes in over 20 African countries ⁷¹
2016	Central Banks of China and Morocco	Signing of a 3-year bilateral swap agreement for the exchange of local currencies of up to RMB 10 billion ⁷²
Ongoing	ICBC	ICBC is preparing new investments with a total value of USD 115.4 billion for 135 projects in about 30 African countries
Ongoing	Union Pay	Credit cards are available in 48 African countries, providing various RMB services for both cardholders and enterprises ⁷³

59 <http://www.boc.cn/aboutboc/bi1/201509/t20150930_5706315.html>.

60 <<http://www.tititc.co.za/wp-content/uploads/2016/05/China-Africa-Investment-Opportunity-and-Bank-of-Chinas-Commitment-20160511.pdf>>.

61 <<http://transmissionsmedia.com/the-internationalization-of-the-renminbi-african-central-banks-included-in-rmb-bond-placement>>.

62 <<http://www.bdlive.co.za/economy/2013/11/06/reserve-bank-to-buy-renminbi-as-hedge-against-fed-tightening>>.

63 <<http://cg.china-embassy.org/chn/zgzgg/sgkx/t1343760.htm>>.

64 <<http://finance.chinanews.com/fortune/2015/02-02/7027560.shtml>>.

65 <<http://af.reuters.com/article/investingNews/idAFKBN0N10RO20150410>>.

66 <<http://202.204.132.206:958/detail?record=2710&ChannelID=201507&randno=20306&resultid=877>>.

67 <<http://gb.cri.cn/42071/2015/07/12/8011s5027411.htm>>.

68 <<http://money.people.com.cn/n/2015/1203/c42877-27886802.html>>.

69 <<https://www.theguardian.com/world/2015/dec/22/zimbabwe-to-make-chinese-yuan-legal-currency-after-beijing-cancels-debts>>.

70 <<http://202.204.132.206:958/web/index.htm>>.

71 <<http://www.icbc.com.cn/icbc/newsupdates/icbc%20news/ICBCSignsMultipleAgreementswithNigeria.htm>>.

72 <<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3061328/index.html>>.

73 <<http://en.people.cn/n3/2016/0112/c90000-9002533.html>>.

3.6. Scenarios for the Belt and Road Initiative in Africa

Based on the criteria identified in sub-chapter 3.4. and the findings contained in table 1 the highest ranking ten countries are divided into the following two groups: The top ranking five countries are described as African countries that are likely to become Belt and Road countries immediately or to a certain extent can already be regarded as such. Countries from rank six to ten are identified as future African Belt and Road countries. A summary of the main findings for each of the ten countries is provided below.

3.6.1. Immediate Belt and Road Initiative countries in Africa

Based on the review of criteria described in table 1, Egypt, Kenya, South Africa, Angola and Tanzania can be considered as immediate Belt and Road countries in Africa.

1. **Egypt** has signed a MoU with China on the Belt and Road Initiative and as such can already be considered as a Belt and Road country. Egypt is indirectly mentioned in the Initiative's vision document through the reference to the China-Arab States Cooperation Forum, at which President Xi Jinping recently delivered a speech underlining the inclusion of all member States of the Arab League in the Initiative. Making Egypt one of the first Belt and Road countries in Africa can be further explained through the strategic importance of Egypt's Suez Canal for connecting the Indian Ocean with the Mediterranean Sea, which is the basis of the Maritime Silk Road and in line with its historic context. Egypt is also China's fourth largest trading partner on the continent (NBSC 2015) and receives a considerable amount of Chinese investment in infrastructure, industrial cooperation and power projects as described in sub-chapter 3.4. Egypt was selected by China as a China-Africa industrial cooperation priority country (ChinaAfricaBlog 2015) and is a founding member of the AIIB.
2. **South Africa** is the only other African country that has signed a MoU with China on the Belt and Road Initiative and which therefore can also already be considered as a Belt and Road country. The inclusion of South Africa is significant as it expands the Maritime Silk Road beyond its ancient route to the South. South Africa is by far China's largest trading partner on the African continent (NBSC 2015) and has a broad portfolio of projects with China in the area of infrastructure and power projects as well as the financial sector and industrial cooperation. South Africa was also the first African country China hosted a cultural year in 2014, which was followed by the cultural year of China in South Africa in 2015. South Africa also hosted the first FOCAC Summit in an African country in December 2015 on the occasion of which a comprehensive set of far reaching cooperation agreements were signed during a state visit by Xi Jinping shortly before the Summit (Presidency South Africa 2015). Besides Egypt, South Africa is the only other African founding member of the AIIB.
3. **Angola** received the largest share of China's loans between 2000 and 2014⁷⁴, is China's second largest trading partner (NBSC 2015) and number one oil exporter on the continent⁷⁵. Angola has further been selected by China as a China-Africa industrial cooperation priority country, which makes it likely that industrial cooperation will significantly increase under the FOCAC Johannesburg Action Plan (2016-2018). With Angola the Belt and Road Initiative will further expand from its ancient route, venturing into the Atlantic Ocean.

74 13% of China's global oil imports came from Angola in 2014 (See: <http://www.statista.com/statistics/221765/chenese-oil-imports-by-country>).

75 13% of China's global oil imports came from Angola in 2014 (See: <http://www.statista.com/statistics/221765/chenese-oil-imports-by-country>).

4. **Kenya** can be seen as the third African Belt and Road country after South Africa and Egypt. Kenya is of historic importance as destination of Admiral Zheng He's fleets along the ancient Maritime Silk Road in the 15th Century and also, perhaps therefore, the only African country consistently highlighted on Belt and Road Initiative maps published by Chinese State media. Through the large scale infrastructure projects of the Mombasa and Lamu deep water ports, and the construction of the standard gauge railway from Mombasa port to Nairobi and a new economic corridor along the railway line, Kenya is in a very good position to take the role of an international trading hub along the Maritime Silk Road. This is in line with China's selection of Kenya as a China-Africa industrial cooperation demonstration and pioneering country. Kenya also enjoys strong diplomatic ties with China and has recently established a Bilateral Steering Committee to further advance cooperation (MOFA Kenya 2016). Kenyan officials are convinced that the new Maritime Silk Road will be a game changer for Kenya as it allows to link the country with economic giants in the Asia-Pacific region (Xinhua 2016). Kenya is further playing an important role for the Belt and Road Initiative's objective of reaching "financial integration" through hosting one of the first RMB clearing houses on the continent.
5. Based on the country ranking **Tanzania** is another country that is likely to be among the first African Belt and Road Initiative countries. Similar to Kenya it is cooperating with China on creating a strong industrial base as a China-Africa industrial cooperation demonstration and pioneering country as well as an international maritime hub through the construction of the massive Bagamoyo port. Furthermore, the Tanzania-Zambia railway build by China in the 1970s is of great historical importance for China-Africa relations and could provide an opportunity for linking landlocked countries such as Zambia to the Maritime Silk Road.

3.6.2. Future Belt and Road Initiative countries in Africa

Based on the country ranking in table 1, **Republic of Congo, Ethiopia⁷⁶, Nigeria, Morocco and Mozambique** are likely to become Belt and Road Initiative countries in the near future.

6. **Republic of Congo** is the only China-Africa industrial cooperation demonstration and pioneering country that is located at the Atlantic coast. With its inclusion in the Belt and Road Initiative the Maritime Silk Road would hence expand further up North from Angola into the geo-strategically important Gulf of Guinea. The large-scale Point-Noire deep water port development project coupled with a SEZ and railway and road projects connecting Congo to its neighboring countries provide a solid basis for the country to develop into a Maritime Silk Road hub in the Gulf of Guinea. President Xi Jinping's State visit in 2013 followed by President Denis Sassou Nguesso State visits to China in 2014 and 2016 underline the "comprehensive strategic cooperative partnership"⁷⁷ between the two countries.
7. **Ethiopia** is also a China-Africa industrial cooperation demonstration and pioneering country, in which China is investing heavily in industrialization through the construction of SEZs and major infrastructure projects such as the Djibouti Port - Addis Ababa railway. Ethiopia is the second most populous country on the continent and its economy has grown in average more than 10% per year over the last decade. Ethiopia is a leading example for the successful relocation of production processes from China to Africa in the light industry and Chinese companies are already delivering their Ethiopian products to European and US markets. Addis Ababa with the African Union's headquarters is the political capital of Africa, which is of strategic importance to China. Many bilateral agreements are being channeled through China's Permanent Representative to the African Union in cooperation with African embassies based in Addis Ababa

⁷⁶ For Ethiopia, we considered Port Djibouti as the deep-sea port. Although the port is not Ethiopian, we consider the close economic and infrastructural connection between Djibouti and Ethiopia and the fact that majority of Ethiopia's trade goes through Djibouti port as important indicator to assign the port to Ethiopia.

⁷⁷ <http://www.china.org.cn/video/2016-07/06/content_38819232.htm>.

8. **Nigeria** is Africa's most populous country and China's third largest trading partner on the continent (NBSC 2015). Although Nigeria was not given priority from China on industrial cooperation, China is financing and implementing a number of large scale infrastructure and SEZ projects, including the Lekki Free Zone with the adjacent deep water port. It is expected that with the completion of the Lekki Port in 2018 the Lekki Free Zone will become a major industrial zone in the country and the vast port facilities may function as trading hub, expanding the Maritime Silk Road further to the West on the African continent. (UNDP 2015b) Growing security concerns and increasing administrative and business costs may be among the reasons why China has not given top priority to Africa's largest single future market.
9. With **Morocco**, the Maritime Silk Road may complete its full inclusion of the African continent continuing up North the Atlantic coast from Nigeria. In addition to Egypt, Morocco provides another direct link to Europe on the Maritime Silk Road. Morocco is also a member State of the Arab League with which President Xi committed to jointly implement the Belt and Road Initiative. Morocco's deep water Tanger Port is already a main gateway between Europa and Africa with 36 established shipping lines to 22 African countries (ChinaAfricaBlog 2015).
10. Like Egypt and Angola, **Mozambique** was selected by China as a China-Africa industrial cooperation priority country. The building of two deep water ports and adjacent SEZs in Maputo and Beira is making Mozambique another stop along the Maritime Silk Road on Africa's East coast. During his visit to Mozambique in February 2016, China's Foreign Minister Wang Yi said that "China will view Mozambique as a natural extension of the 21st Century Maritime Silk Road and boost cooperation with Mozambique in marine economy and port-neighboring industrial parks and transfer its advantageous production capacity and mature technologies to Mozambique" (MOFA 2016c). China's engagement of the two lusophone countries Mozambique and Angola and its recent agreements with Portugal to strengthen triangular cooperation with African countries, may also open the door for other African lusophone countries, such as Cabo Verde, Comoros and Guinea Bissau to become Belt and Road Initiative countries in future. Under Macao's leadership, China has built a strong network with lusophone countries through the "Forum for Economic and Trade Co-operation between China and Portuguese-speaking Countries", also known as Macao Forum, since 2003⁷⁸. Comoros and Cabo Verde are found to play an important role in Africa's plan on marine-based industrialization (UNECA 2014) and potentially expand the Maritime Silk Road around the African continent with Portugal as destination on Europe's Atlantic coast. In future the Macao Forum could also facilitate the expansion of the Belt and Road Initiative to Latin America as Brazil is one of the Forum's founding members.

In addition to the above ten countries in the country ranking, Djibouti should be highlighted here as it is inextricably linked to Ethiopia. Therefore, Djibouti could by default become a Belt and Road Initiative country together with Ethiopia. In addition to the aforementioned large-scale infrastructure projects financed and implemented by Chinese banks and companies, Djibouti is also of strategic importance to China for security aspects. The establishment of China's first African military base here also aims to secure trading routes to Africa and Europe and as such the Maritime Silk Road (Winsor 2016). Chinese shipping enterprises are already considering the Port of Djibouti as the "first Silk Road hub" in Africa (China Daily 2016).

78 <<http://www.forumchinapl.org.mo/about-us/mission-and-objectives>>.

3.6.3. Regional trends of the Belt and Road Initiative in Africa

The country analyses in sub-chapters 3.5.1. and 3.5.2. show a regional trend towards Eastern and Southern Africa, with four of the five immediate Belt and Road countries located in these regions. Given the Belt and Road Initiative's focus on infrastructure connectivity and industrialization, transportation and economic cross-boarder corridors within these regions are likely to receive additional support from China under the Initiative. Within the five immediate Belt and Road countries identified sub-chapter in 3.5.1, the LAPSSET corridor project⁷⁹ seems likely to benefit and a Tanzania-Zambia-Democratic Republic of Congo-Angola corridor could emerge. Kenya initiated LAPSSET in 2012 to foster connectivity and socio-economic development along the transport corridor linking Kenya, South Sudan and Ethiopia. The project comprises the development of railways, highways, airports and SEZs, including the Lamu SEZ and Free Trade Zone (FTZ), the Garissa Export Processing Zone (EPZ) and the Isiolo EPZ in Kenya, the Lokichogio FTZ at the border to South Sudan and the Moyale FTZ at the border to Ethiopia⁸⁰. Furthermore, connectivity and industrialization efforts under the Belt and Road Initiative could support the creation of the first railway connection between the Indian Ocean and Atlantic Ocean. The China Railway Construction Corporation has recently completed the restoration of the 1,344 km Benguela railway, connecting Angola's Lobito Port to its Eastern border town of Luau, where it connects to the Katanga Railways leading through the copper belt of the Democratic Republic of Congo and Zambia. From Zambia's copper belt a single track narrow gauge railway connects to Kapiri Mposhi, where the Tanzania-Zambia Railway ends. An upgrade of these existing tracks as well as support for railway operations across these countries would fit well under the Belt and Road Initiative as it would also connect existing and planned Chinese SEZs in Tanzania, Zambia and Angola.

3.7. Potential impacts of the Belt and Road Initiative on advancing sustainable development in Africa

Depending on the design, approach and implementation modalities of the Belt and Road Initiative activities in Africa, it may have positive and negative impacts on advancing sustainable development on the continent.

Table 3 at the end of this chapter is an attempt to showcase development choices through a non-exhaustive list of potential negative and positive impacts highlighted in the first and second column. In the following columns, the table shows how the work towards ensuring positive impacts of the Initiative in African countries is supported by Africa's development agenda, which was agreed by all AU members States in form of the AU Agenda 2063's First Ten-Year Implementation Plan (FTYIP) (2014-2023). This is further supported by specific provisions in the Belt and Road Initiative vision document and the FOCAC Johannesburg Action Plan (2016-2016)⁸¹. The objective of this table is therefore two fold:

- To outline potential positive and negative implications of the Initiative's implementation in African countries, and
- To underline that by following Africa's development agenda and pledged support by China, African policy-makers have a solid basis for ensuring that positive impacts of Belt and Road Initiative activities outweigh negative ones.

79 <<http://www.lapsset.go.ke/home>>.

80 <<http://kenyagreece.com/sites/default/files/lapsset-project-presentation.pdf>>.

81 WWF South Africa recently conducted a detailed analysis on how the FOCAC Johannesburg Action Plan (2016-2016) responds to AU Agenda 2063's FTYIP (WWF 2016).

When it comes to implementing Belt and Road Initiative activities with Chinese partners, it is important for African countries to be aware of the differences between SOEs and private enterprises. A recent study finds that the former usually have a larger investment scale and a long-term investment horizon, thus attaching more importance to social and environmental issues related to their activities and attempting to create a harmonious relationship with the host community. Large private enterprises⁸² tend to follow the approach of SOEs, but currently there are not many large private Chinese enterprises operating in Africa (Tang 2016). In contrast, many small private enterprises do not have a long-term vision and tend to concentrate on short-term monetary profits. These enterprises are reluctant to invest much resources in protecting the environment. In addition, operations of large SOEs are more likely to be scrutinized by authorities, the public and the media. As a result, a considerable part of SOEs have a dedicated department and strategies on corporate social responsibility. Furthermore, large Chinese SOEs in Africa frequently get information and advice from Chinese embassies and commercial bureaux in host countries. Small private enterprises are usually less knowledgeable of the local laws and regulations.

The Chinese government actively encourages Chinese enterprises to abide by laws and regulations of host countries. During recent years it has published a series of guidelines in order to steer activities of Chinese enterprises investing abroad. In 2007, the State Council's SASAC published "Guidelines for State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities"⁸³. In 2009, MOFCOM and the State Forestry Administration promulgated Guidelines on Sustainable Overseas Forests Management and Utilization by Chinese Enterprises.⁸⁴In 2013, MOFCOM and the Ministry of Environmental Protection jointly published the Environmental Protection Guide for Outbound Investment and Cooperation.⁸⁵Besides these official guidelines, some Chinese business associations and chambers of commerce have issued guidelines on corporate social responsibility for their own sector. Although most of these guidelines are voluntary, they show the increasing attention the Chinese government attaches to improving the operations and reputation of Chinese enterprises overseas as regards socio-environmental responsibility. In 2015, UNDP published the first comprehensive study on this topic, in which 33 Chinese policies and guidelines related to corporate social responsibility of Chinese enterprises abroad were identified (UNDP 2015a).

A variety of scenarios could be developed for the design of the Belt and Road Initiative implementation in Africa, each resulting in a combination of positive and negative impacts on sustainable development in the continent. The challenge for African countries is to work with China in a transparent and open manner to develop agreements on their participation in the Initiative that will amplify opportunities and positive impacts while minimizing unavoidable adverse implications. Using the AU Agenda 2063's FTYIP, provisions included in the Belt and Road Initiative vision document and the FOCAC Johannesburg Action Plan (2016-2016) as well as the above-mentioned guidelines issued by the Chinese governments are a good starting point for African countries that wish to work with China on ensuring that the Belt and Road Initiative fosters sustainable development within their countries.

82 Here defined as companies with a capital of over USD 10 million.

83 Guanyu Zhongyang Qiye Lvxing Shehui Zeren de Zhidao Yijian (关于中央企业履行社会责任的意见) [Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities] (promulgated by State-owned Assets Supervision & Administration Commission State Council, 4 January 2008).

84 Zhongguo Qiye Jingwai Senlin Kechixu Jingying Liyong Zhinan (中国企业境外森林可持续经营利用指南) [A Guidelines on Sustainable Overseas Forests Management and Utilization by Chinese Enterprises] (promulgated by Chinese State Forestry Administration & Chinese Ministry of Commerce, 6 May 2010).

85 Duiwai Touzi Hezuo Huanjing Baohu Zhinan (对外投资合作环境保护指南) [Guideline for Environmental Protection in Foreign Investment and Cooperation] (promulgated by the Ministry of Commerce & the Ministry of Environmental Protection, 18 February 2013).

Power				
Enhanced access to sustainable energy sources	Delayed introduction of renewable and clean energy technologies, including off-grid solutions, due to the construction of large coal- and gas-fired power plants	Promote the development and dissemination of energy efficient technologies and use of clean energy sources (AUC 2015, p.63)	n/a	Support African countries in implementing clean energy projects (FOCAC 2015c, 4.6.3)
Transfer, adaptation and diffusion of renewable and clean energy technologies and related know-how	Rise in the number of respiratory diseases caused by poor air quality due to the operation of large scale coal-fired power plants	At least 10% increase of the share of renewable energy in total energy production;		Establish a training programme for the capacitation of African energy practitioners through research and development exchanges (FOCAC 2015c, 3.4.4)
Facilitated implementation of nationally determined contributions under the UNFCCC Paris Agreement on CO2 emissions reductions from the energy sector	Further increase in the use of fossil fuels to power newly constructed railways and cargo ports leading to considerable increase in CO2 emissions	At least 10% of renewable energy sources should be from wave energy		Cooperate with the African side to launch environmentally friendly technology cooperation, redouble its efforts to provide training for Africa in the fields of eco-environment protection, environment management and pollution prevention and treatment (FOCAC 2015c, 4.6.2)
	Disposal of hazardous waste from nuclear power stations in regions where skilled and certified personnel for handling of waste and maintenance of disposal sites is not available	Increasing the generation of electricity from geothermal power plants by 200% (AUC 2015, p. 57-58, 63 and 67)		
	Degradation of ecosystems and loss of biodiversity due to the construction of energy infrastructure	Achieve industrialization while ensuring that all African cities meet the World Health Organization's (Ambient Air Quality Standards by 2025 (AUC 2015, p.61)		
	Damage to sites and areas of high natural, cultural and historic value from the construction of transport and energy infrastructure			

86 China established a South-South Cooperation Climate Fund with an initial pledge of USD 3.1 billion in 2015, which could be utilized to support low-emission climate-resilient development under the Belt and Road Initiative and the FOCAC Johannesburg Action Plan. See (Weigel 2016).

Industrialization				
<p>Creation of green jobs, including in the sectors of renewable energy, sustainable transport and ecotourism, for women, youth, people with disabilities and minorities</p> <p>Sharing of experiences on sustainable management of fisheries and aquaculture</p> <p>Promotion of sustainable tourism practices and ecotourism through an improved access to transportation, use of renewable energy and transfer of knowledge on environmentally friendly hotel industry</p> <p>Introduction and sharing of experiences on integrated coastal zones management in areas surrounding ports, including measures to prevent erosion of beaches as well as restoration and conservation of marine and coastal ecosystems</p>	<p>Decreased income from fisheries due to depletion of fish stocks caused by pollution from maritime infrastructure and transmission of invasive marine species by ships⁸⁷</p> <p>Reduced income from the tourism industry due to the erosion of beaches and disturbance caused by newly constructed ports to hotels and other tourism infrastructure</p>	<p>Develop and implement policies and programmes for the protection and sustainable utilization of marine resources, including advocacy and compensation measures against illegal fishing revenue losses (AUC 2015, p.58)</p>	<p>Deepen cooperation in environmental protection industries</p>	<p>Actively carry out industry partnering and industrial capacity cooperation, while never pursuing development at the cost of the long-term interests and environments of host countries. (FOCAC 2015c, 3.2.2)⁸⁸</p>

87 A case in point are the Bagamoyo and Lamu construction sites, which are located in natural habitats. In the case of Bagamoyo, the future port is surrounded with endangered mangrove swamps, a local fishing community and smallholder agriculture.

88 This aspect was highlighted at the FOCAC Johannesburg Summit Follow-up Meeting held in Beijing on 29 July 2016 as one of “five cooperative concepts”. China and 51 African countries stipulated in a joint statement that both sides will “simultaneously promote economic cooperation and protection of local environment and wild lives according to laws” to ensure that “cooperation will never be pursued at the expense of local eco-system and long-term interests” (MOFA 2016d).

Trade				
<p>Prevention of illegal trade in environmentally sensitive commodities (endangered species, their parts and derivatives thereof; hazardous chemicals; toxic wastes; genetically modified organisms; invasive species) through capacity building of customs officers and awareness raising of port authorities</p> <p>Facilitated implementation of the International Convention for the Prevention of Pollution from Ships through the introduction of energy efficiency design and maintenance in cargo ships and port operations</p> <p>Accelerated phase-out of HCFCs and phase-down of HFCs in commercial refrigeration through transfer of natural refrigerant-based technologies beyond the support from the Multilateral Fund for the Implementation of the Montreal Protocol</p>	<p>Increased illegal trade in environmentally sensitive commodities and smuggling of rare species due to an improved access to transport infrastructure and the creation of free trade zones</p> <p>Degradation of marine and coastal ecosystems caused by bunker fuel spills, dumping of waste from ships and ports to the ocean, and unsustainable management of coastal areas</p> <p>Damage to the ozone layer and adverse impact on the climate system due to the prolonged use of HCFCs and rapid introduction of HFCs caused by increased need for refrigeration and air conditioning in cargo ships and port warehouses</p>	<p>Develop policies and regulatory frameworks that promote the generation and conservation of biodiversity and reduce dependence of the population on threatened species and ecosystems</p> <p>Build effective capacities for the conservation of biodiversity, including the management of national parks, protected areas and forests</p> <p>Enact strict and punitive legislation for wildlife crimes, including poaching and trafficking and eliminating all forms of trade in endangered species (AUC 2015, p.59-60)</p> <p>Develop and implement policies and programmes for the reduction of pollution of the ocean environment from land and sea-based sources and for sustainable marine spatial planning (AUC 2015, p.58)</p>	<p>Increase cooperation in conserving eco-environment, protecting biodiversity, and tackling climate change, and join hands to make the Silk Road an environment-friendly one;</p>	<p>Cooperate in biodiversity protection</p> <p>Support African countries in implementing wildlife protection projects (FOCAC 2015c, 4.6.3)</p> <p>Strengthen cooperation on building the capacity of environmental rangers and providing training opportunities on environmental and ecological conservation in African countries as well as to explore the possibility of cooperating on wildlife protection demonstration projects and jointly fighting against the illegal trade of fauna and flora products, especially addressing endangered species poaching on the African continent, in particular elephants and rhinos</p> <p>(FOCAC 2015c, 4.6.4)</p> <p>Enhance experience sharing in marine environmental management and scientific research, marine exchanges and cooperation (FOCAC 2015c, 3.5.2 and 3.5.3)</p>

4. SUMMARY OF KEY FINDINGS

Having conducted a ranking of potential Belt and Road Initiative countries in Africa based on criteria corresponding to the Initiative's focus areas, this study found that, in addition to Egypt and South Africa, which have already signed agreements with China on the Initiative, there are strong indications that Angola, Kenya and Tanzania may become anchor countries along the Maritime Silk Road. Other potential countries include the Republic of Congo, Ethiopia, Nigeria, Morocco, and Mozambique. All of these countries have a deep water port⁸⁹ with Chinese involvement and are building in partnership with China large scale infrastructure projects as well as industrial and trade zones linked to these ports.

The study reviewed key actors and institutional arrangements of the Belt and Road Initiative in China, describing respective roles and responsibilities at the leadership, ministerial and provincial levels and highlighting important academic institutions in this context. The review of key actors and institutional arrangements, including the AU, NEPAD, national governments and academia, who could shape the continent's response to the Belt and Road Initiative showed that the Initiative has only recently started being included on their respective agendas. The NEPAD Think Tank Committee on the Belt and Road Initiative, initiated by South Africa, is a notable exception. However, generally there appears to be a lack of engagement from the African side.

The study outlines China's potential priorities and plans for Africa's role in the Belt and Road Initiative, but did not identify much information on Africa's priorities and plans for its engagement with the Initiative. This remains a gap, although this study presents a potential starting point for articulating such engagement.

A key priority for African countries is sustainable development. This study examined potential impacts of the Belt and Road Initiative on advancing sustainable development in Africa and found that whether impacts will be positive or negative will depend on the design, approach and implementation modalities of activities under the Initiative in African countries. These are mostly in the hands of African governments and Chinese companies, and so it is these negotiations that will make the most difference.

Where should such negotiations focus? Large-scale deep water port projects, such as those in Bagamoyo, Tanzania, and Lamu, Kenya, are likely to endanger the adjacent marine and coastal ecosystems. The notable increase in the use of coal- and gas-fired power plants financed and constructed by Chinese partners in Egypt, Kenya, Morocco and South Africa could also delay the introduction of renewable and clean energy sources, while contributing to environmental degradation. Such negative impacts can be managed by focusing on carefully and strictly implementing respective provisions that all African countries have agreed to in the AU Agenda 2063's First Ten-Year Implementation Plan (2014-2023) as well as by building on provisions of the Belt and Road Initiative vision document and the FOCAC Johannesburg Action Plan (2016-2018) as outlined in Table 3. In addition, African governments can also impose and strictly implement strong management policies – for instance high environmental standards in SEZs. These provisions are a solid basis for African countries to work with China on ensuring that the Initiative fosters sustainable development in their countries.

Given that projects that can be regarded as part of the Belt and Road Initiative are already being implemented in Africa and that some of the projects have potential detrimental impacts on African countries' sustainable development, it is crucial for these countries to immediately start engaging strategically with China on the implementation of the Initiative to realize Lin Songtian's promise⁹⁰ that "China will pursue green development, and must not take the old colonial path of looting and robbery, and must not pursue development at the cost of long-term interests of African countries or damage the environment" (FOCAC 2016).

89 As mentioned earlier, Ethiopia is included here due to its inextricable economic linkage with Djibouti, which hosts a large deep water port.

90 Lin Songtian is the Director General of the Department of African Affairs at China's Ministry of Foreign Affairs.

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ANNEX I: MAJOR ENERGY PROJECTS WITH CHINA'S INVOLVEMENT IN AFRICA

Project	Country	Type	Investor	Contractor	Capacity	Current State	Groundbreaking	Completion
Algeria 233 MW photovoltaic projects	Algeria	Solar power	National Society for Electricity and Gas of Algeria	Yingli Green Energy Sinohydro Hydrochina	233 MW	Under construction	Jan-14	TBD
Birine Nuclear Research Centre (Phase I, II) Upgrade Project	Algeria	Nuclear power	Algeria	China National Nuclear Corporation	No data	Under construction	Dec-12	TBD
EETC 500 kv transmission line project	Egypt	Transmission Line	Egypt	State Grid Group (China Electric Power Equipment and Technology Corporation)	500 KV (201 KM)	Under construction	May-16	TBD
Hamrawein 3960 MW coal-fired power plants project	Egypt	Coal Power	Egypt (Financed by ICBC)	Dongfang Electric Corporation	1980 MW (phase I)	Contract signed: Jan 2016	TBD	TBD
Hamrawein 4640 MW coal-fired power plants project	Egypt	Coal Power	Egypt (Financed by a Chinese Bank)	Shanghi Electric Corporation	2640 MW (phase I)	Contract signed: Jan 2016	TBD	TBD
Ataka Mount 2100 MW Pumped-Storage Plant project	Egypt	Hydro Power	Egypt	Sinohydro	2100 MW	Framework agreement signed: March 2015	TBD	TBD
Banha 750 MW gas-fired power plant project	Egypt	Gas Power	Egypt	Power China (Sepco III) General Electric	750 MW	Completed	2011	Jan-14
Giza North 1500 MW gas-fired power plant project	Egypt	Gas Power	Egypt (Financed by World Bank)	Power China (Sepco III) General Electric	1500 MW	Completed	Jul-11	2015
GDHA 500 KV Power Transmission and Transformation Project	Ethiopia	Transmission Line	Ethiopia	State Grid Group (China Eclectic Power Equipment and Technology Corporation)	500 KV (2 x 620KM)	Completed	Mar-14	Dec-15

Project	Country	Type	Investor	Contractor	Capacity	Current State	Groundbreaking	Completion
Geba Hydropower Project (Geba 1 and 2 hydroelectric complex)	Ethiopia	Hydro Power	Ethiopian Electric Power (Financed by Exim Bank of China)	Sinohydro Gezhouba Group SUR Construction of Ethiopia	385 MW	Contract signed: Sep 2014	TBD	TBD
Adama I Wind Farm Project	Ethiopia	Wind power	Ethiopia	Hydro China CGCOC	51 MW	Completed	2011	Dec-12
Adama II Wind Farm Project	Ethiopia	Wind power	Ethiopia government (Financed by Exim Bank of China)	Hydro China CGCOC	156 MW	Completed	Jul-13	May-15
Genale Dawa III hydro project	Ethiopia	Hydro Power	Ethiopian Electric Power (Financed by Exim Bank of China)	Hydro China Gezhouba Group	254 MW	Under construction	2012	TBD
Ethiopia-Kenya 500 kV High-Voltage Direct Current Line project	Ethiopia Kenya	Transmission Line	Ethiopia, Kenya (Financed by AfDB, World Bank, French Development Agency)	State Grid Group (China Electric Power Equipment and Technology Corporation)	500 KV	Contract signed: Jun 2015	TBD	TBD
Lamu Coal Power Station project	Kenya	Coal power	Kenya	Power Construction Corporation of China	1050 MW	Contract signed: Jun 2015	TBD	TBD
Olkaria IV geothermal power station project	Kenya	Geothermal power	Kenya Electricity Generating Company (Financed by Exim Bank of China)	Great Wall Drilling Company	280 MW	Completed	Sep-12	Dec-15
Kipeto wind power plant project	Kenya	Wind power	Kenya (Financed by US "Power Africa" program)	China Machinery Engineering Corporation General Electric	100 MW	Biding completed: Jun 2016	TBD	TBD
Kenya nuclear power project	Kenya	Nuclear power	No data	China General Nuclear Kenya Nuclear Electricity Board	No data	MoU signed: Sep 2015	TBD	TBD
Garissa solar power project	Kenya	Solar power	Kenya (Financed by Exim Bank of China)	No data	50 MW	Financing agreement signed: Jun 2015	TBD	TBD

Project	Country	Type	Investor	Contractor	Capacity	Current State	Groundbreaking	Completion
Noor solar power plant (phase I, II ,II)	Morocco	Solar power	Morocco SENER GROUP	Power China SENER GROUP	510 MW (160+200+150)	Under construction	May-13	Feb-2016 (phase I)
Jerada power station expansion project	Morocco	Coal Power	Morocco	Shandong Electric Power Construction Corporation (Sepco III)	350 MW	Under construction	Nov-14	TBD
De Aar wind power projects (phase I, II)	South Africa	Wind power	Nedbank IDC	China Guodian (China Longyuan Power)	244 MW	Financing agreement signed: Mar 2015	TBD	TBD
Sudan nuclear power project	Sudan	Nuclear power	Sudan	China National Nuclear Corp	No data	Framework agreement signed: Jun 2016	TBD	TBD
KIII 300 MV gas-fired power generation project	Tanzania	Gas Power	Tanzania	State Power Investment Corporation of China	300 MW	Feasibility study completed	TBD	TBD
Mtwara-Dar es Salaam gas pipeline project	Tanzania	Gas Pipeline	Tanzania (Financed by Exim Bank of China)	China Petroleum Technology and Development Corporation	No data	Completed	Jun-13	Oct-14
Karuma Hydroelectric Power Station Project	Uganda	Hydro Power	Uganda (Financed by Exim Bank of China)	Sinohydro	600 MW	Under construction	2014	TBD
Isimba Hydroelectric Power Station Project	Uganda	Hydro Power	Uganda (Financed by Exim Bank of China)	China International Water & Electric Corporation	183 MW	Under construction	Oct-13	TBD
Itezhi-Tezhi 120 MW hydropower station project	Zambia	Hydro Power	Zambia (Financed by Development Bank of Southern Africa)	Power China	120 MV	Completed	2011	Jan-16
Kariba North Bank Extension Power Project	Zambia	Hydro Power	Zambia (Financed by Exim Bank of China & Development Bank of Southern Africa)	Power China	360 MV	Completed	2008	Aug-14

Project	Country	Type	Investor	Contractor	Capacity	Current State	Groundbreaking	Completion
Kafue Gorge Lower hydroelectric power station	Zambia	Hydro Power	Zambia (Financed by Exim Bank China and ICBC)	Sinohydro	750 MW	Under construction	Nov-15	TBD
Hwange coal power station expansion project	Zimbabwe	Coal Power	Zimbabwe (Financed by Exim Bank of China)	Sinohydro	600 MW	Under construction	2015	TBD
Gwayi integrated coal mining and electricity generation project	Zimbabwe	Coal Mining & Coal Power	CASECO (Financed by Exim Bank of China)	CASECO (中非阳光)	600 MW	Under construction	Feb-2014 (Coal Mining Part)	TBD
Lusulus coal-fired power station (phase I)	Zimbabwe	Coal Power	PER Lusulu Power (Financed by a Chinese Bank)	China State Construction	600 MW	Contract signed: Jul 2015	TBD	TBD
Kariba South Power Station expansion	Zimbabwe	Hydro Power	Zimbabwe Power Company (Financed by Exim Bank of China)	Sinohydro	300 MW	Under construction	Jan-15	TBD
Gwanda, Insukamini and Munyati solar power projects	Zimbabwe	Solar power	No data	ZTE Intratrek Zimbabwe China MCC17 Group	300 MW	Biding completed: Dec 2015	TBD	TBD

**Why we are here**

To stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.

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为了遏制自然环境的恶化，创造人类与自然和谐相处的美好未来。