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Master's degree thesis
Analysis of Chinese investments and loans in African countries

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1.0 Abstract

The purpose of this article is to analyse the process of Chinese economic expansion that is taking place in Africa and that mainly involves the energy sector, trying to understand the ways in which this expansion is taking place.

The main objective is to investigate the relations between China and its main African partners, how these came about, and to deepen and analyse the agreements established.

Secondly, the political and economic situation of each partner reported in the paper is analysed, assessing the impact China has had on the country by analysing the main economic indicators.

Particular attention has been paid to understanding what is behind China's interest, whether it actually aims to help African countries or whether it intends to establish a relationship similar to previous European colonial relations.

2.0 Overview of China History and Economy

For the first time in modern times, a developing country is overtaking those that are already developed, and for the first time it is not a Western country but a country with very different cultural and historical roots: China.

According to Goldman Sachs' forecasts, by 2050 the Chinese economy will be twice the size of the American one, and in 2015 China's GDP exceeded that of the United States on a purchasing power parity basis. Despite the spread of covid-19 and its development in an economically important region for the country, China appears to be the only g20 state that will see its economy grow.

China, between the end of the 'short century' and the nineteenth century, managed to create for itself, in a short period of thirty years, with original political and economic characteristics, its own brand of capitalism, different from traditional models. In fact, the world's most populous country with 1.3 billion people has been sustained since 1979 by an average annual growth rate of 10%.

To better understand the subject matter of this thesis, a summary of this country's history and economy will be presented in the following sections.

2.1 China History

The People's Republic of China (PRC) has, in a period of just forty years, left behind the autarkic radicalism of the Maoist era and become the driving force of the world economy. To predict the position, it will occupy in the coming years, it is essential to understand the emblematic case of infrastructural and human success achieved through the Communist Party's construction of its own peculiar form of capitalism.

Central to this is the position of the Party, which has held a political monopoly for years now, justifying this concentration of power in the eyes of the people through the economic performance achieved by the country, identifying itself as the bearer of good, and through the spread of patriotism within society, through an education campaign that emphasizes the traumas suffered by China because of foreign forces.

After 1949, the country was in a state of abyss: reduced industrial capacity, no infrastructure, on the verge of bankruptcy, no education, widespread poverty and no social security. The government therefore decided to start rebuilding the nation through state-owned enterprises, promoting employment and a range of services such as medical care.

In 1976, the Communist Party set aside the construction of a totalitarian system inspired by the Japanese system, based on the mobilization of the masses and invasive systems of control. From the end of 1978, the Chinese economy changed from a socialist economy to a mixed economy, known since 1992 as the "Socialist Market Economy". Unlike the economies adopted in previous years, the latter is characterized by the adoption of policies of gradual market liberalization in an environment dominated by the presence of a Party-State.

The foundations of the Asian giant's development can be identified in a change of mentality on the part of the government, primarily by abandoning Maoist-era concepts and introducing incentives to increase growth. The authoritarian political system focused attention and resources on GDP growth, considering environmental sustainability as a secondary issue. To this end, the government opened up the global market only in certain areas by emphasising exports and limiting imports. In addition, the government implemented economic models on small areas, so as to observe and analyze the results and, if successful, apply them later throughout the country.

Important for the development of a capitalist China and the creation of subsequent reforms are the reform-rich years from 1978 to 2008.

After Mao's death in 1976, Deng Xiaoping's policy was assessed as the best to offer guarantees for overcoming the country's difficulties. In December 1978 Deng was reinstated to the posts he had previously held and the People's Republic of China went through a process of revision, coinciding with the assertion of the power of its political leader. In fact, the rapid economic transformations that swept through China were closely related to the political evolution. In this period the myth of the development of the Asian colossus began and participation in the financial liberalisation that has gripped the world over the last quarter of a century.

In 1992, after a period of readjustment, Deng encouraged the acceleration of reform by travelling to the southern regions that had responded more positively than others in the past to the reforms of opening up and economic transformation. A 'socialist market economy' began to take shape, in which the multinationals of the south-east were the main players. The birth of today's Chinese financial system can be discerned around 1990. Four years later, several laws were passed, leading to the establishment of four major state-owned banking institutions and the creation of an independent central bank.

Premier Zhu Rongji, with the end of the Asian crisis in 1997, decided to launch an international mechanism to recapitalise the banks in order to completely restore their balance sheets: a bad bank was built for each state-owned bank and bad debts were moved to the non-performing banks. In this way, state-owned financial institutions have become strategic partners of global ones, and in 2005/2006 they invested new capital worth some USD 50 billion in the Shanghai and Hong Kong stock exchanges.

Zhu believes China needs to move away from isolationism and sees the WTO as key to political modernisation. Economic reform is moving away from the initial line, due to a leadership made up of politicians inexperienced in finance, and previous achievements seem to be under threat. Meanwhile, foreign direct investment and trade become incandescent and China appears to be embarking on full economic liberalisation. The 1980s 'birdcage' theory, which forced foreign investors into inefficient joint ventures along the east coast with undesirable Chinese partners, is replaced in the 21st century by a fully controlled corporate structure for foreign companies to choose when and where to invest. In recent years they have achieved exceptional levels of exports by combining talented Chinese workers with Western management techniques to make products.

2.2 Stock Market Entry (1992-2005)

Foreign investment has not only increased the wealth and development of certain geographical areas of China but has also provided significant assistance to the Party. In fact, state-owned enterprises were influenced by foreign ones and absorbed from them the financial know-how that made the evolution of the state system possible.

Deng, in 1992, argued that capitalist tools could also be managed by socialism. This idea was also embraced in the following years and Zhou restructured the state sector to meet international accounting, financial and legal requirements and to enable a stock market listing.
American investment bankers built and listed numerous companies to sell shares in initial public offerings in global markets. China Mobile was the first company to be set up by American bankers and managed to raise USD 4.5 billion after its dual listing in Hong Kong and

New York. This success prompted the country to try to get as many Chinese companies as possible onto the Fortune 500 list and today China is represented by 44 companies, among them we can also see the names of five banks.

From 1993, when IPOs began, to 2010, old state-owned enterprises have raised billions of dollars through a process of transformation into modern companies and the sale of their shares.

Foreign direct investment led to the formation of a non-state sector and over time foreign technology and knowledge passed into the hands of Chinese entrepreneurs who built domestic industries. The money raised from the international and domestic markets was mainly used for companies within the system, in fact market capitalisation relates to the listing of minority shares in state-owned enterprises controlled by the Communist Party. However, progress on financial reform in 2005 stalled.

2.3 End of the Reform

2005 is an important year for understanding today's financial markets in China. We can discern two initiatives underway during this period under the control of the fourth-generation leadership: the process of restructuring the banking system initiated in 1998, in a second phase of selling off problematic loans, and the rehabilitation of a precarious stock market together with the establishment of a bond market.

Zhou Xiaochuan, governor of the central bank since 2002, is the main architect of Zhu Rongji's project and sought to create a bond market to allow greater financial flexibility in the event of an unattractive stock market and direct financial links with end investors. Zhou, starting with the Party's policy statement on the critical role of the markets, implemented a policy to reform the banking system, seeing it as fragile and dangerous for the whole economy. To carry out the policies for the bond market, a financial markets department was created in the PBOC (Public Bank Of China) in 2003, and the PBOC built a wholly owned corporate entity called Huijin and its subsidiary. These were instrumental in the recapitalisation of the 4 big banks.

Zhou, being aware that in order to have effective bond markets interest rates must be determined by market forces, authorised the RMB (Chinese Renminbi) to be released from its fixed exchange rate to the dollar in 2005, causing the currency to appreciate and in 2007 interest rates rose by 2%. 2004 was the year of the recapitalisation of the CCB (Chinese Construction Bank) and BOC (Bank of China). The aim of Zhou's banking reform is to give the banks not only financial but also institutional revitalisation. For this reason the decision to sell the banks' holdings to foreign investors is creeping in to show other international investors that the banks are restructured and are an investment worthy of consideration.

These foreign strategic investors are seen as the source to manage and offer judgement to corporate governance, fostering the development of professional entities that are not completely subject to the will of the Party. Zhou also wants to allow direct foreign investment into the domestic stock market, which is why the central bank buys controlling stakes in bankrupt securities firms and opens them up for sale to foreign banks. Zhou is not in line with the traditional bureaucracy, the left-wing nationalist party begins to fear for national financial security because of the entry of foreigners and this is why, deprived of the support of the State Council, in 2005 the reform comes to a halt. The CSRC, the main regulator of industrial security in China, succeeded in curbing the entry of foreign investors and the authority of the 'mini–State Council' (NDRC) was increased. The reform initiated in 1998 by Rongji and continued by Xiaochuan opened the stock and bond markets to non-Chinese investors and created a social security fund, but the reform appears incomplete. Moreover, in 2008 the Renminbi was linked again to the dollar, creating enormous pressure on the system.

2.4 The Financial System

China's financial system is represented by banks, and most of the financial risk is concentrated on their balance sheets. Bank credit is the main source of finance for companies because of an underdeveloped bond market that does not allow them to raise capital otherwise. China's savers feed the domestic economy and this is why the Party so jealously defends its banks from competition and possible bankruptcies, even if they have at least virtually already happened, but have been overcome thanks to Party support. Considered as instruments of public utility, banks give away unlimited capital to state enterprises, redistributing wealth from citizens to big business, favouring the interests of power groups. All this has contributed to an unbalanced economy in China. The isolation and backwardness of the financial system throughout history has helped build a wall against financial shocks from outside, but has also led to distortions in the domestic market.

China's banking structure has remained essentially the same as in 2003. Central banking functions are assumed by the People's Bank of China (PBOC), which is controlled by the State Council. As well as acting as the Treasury, it occupies the position of the country's official representative in international monetary organisations. At the heart of the system are four specialised banks wholly owned by the State: the China Bank for Industry and Commerce (ICBC), the Bank of China (BOC), the China Construction Bank (CCB) and the China Agricultural Bank (ABC). Each of them deals with a specific market segment, through the application of interventions decided by the government. The Chinese banking system has thousands of entities: three special State institutes for national development, over 57 thousand credit cooperatives, some urban cooperative banks, fourteen commercial banks, two savings banks, foreign financial institutions (FFls), non-bank financial institutions (NBFIs).

The four banks control most of China's financial assets and foreign institutions only about 2 per cent. Risk diversification is not considered relevant and the financial sector still seems to be completely concentrated in the hands of Beijing. At the top are the four big banks, which lend to state-owned enterprises in continuous deficit at rates of between 5 and 7 per cent, exposing themselves to the risk of reducing public resources in the belief that the state can always solve solvency problems when they concern companies it owns, even in the case of unprofitable investments. Access to credit, despite their efficiency, remains limited for small and medium-sized private enterprises, which are forced to turn to shadow banking, an informal financial system that charges higher interest rates.

On a lower level are the commercial banks, under the supervision and control of the People's Bank of China, which respect market principles and guarantee loans at rates which, even if not entirely, reflect the client's real risk. The 'city commercial banks' are also defined as commercial banks, located in the large metropolises, they meet the needs mainly of a local clientele. On a further level, the Export-Import Bank, the Agricultural Development Bank and the China Development Bank, called Policy Banks, work. These provide sources of financing for Chinese companies that decide to expand abroad and provide capital for state works, mainly infrastructure.

The fragility of the economic system, caused by the expansive monetary policy implemented by the Central Bank and the ease with which loans are granted, has led to a gross national debt ratio (belonging to households, public administration, businesses and financial institutions) of 300 per cent today, significantly higher than the 170 per cent of 2008.

In China, the financial system is statist: the interest rate curve is determined by the Central Bank. The prices of financial products such as shares and corporate bonds are regulated by the authorities, so the market plays a marginal role and the principle of supply and demand is not followed. As the Chinese stock market does not reflect the performance of the real economy, it has not reached the maturity of other stock markets. For this reason, reforms have been set as an objective for the next few years to bring the Chinese economy closer to international financial standards, such as the development of the bond market and the liberalisation of interest rates. A more open capital market in China requires a flexible exchange rate and an opening of the capital account, changes that are not easy to implement due to the effects they could have on the national economy.

Today, China's monetary policy is independent, the exchange rate is fixed and the flow of capital is tightly controlled both out of China and into the country.

Looking at China's GDP [Fig.1] from just a few years after opening its doors in 1978 to the present day, we can see that the economy has witnessed enormous growth. Its gross domestic product has grown from less than $150 billion in 1978 to $8,227 billion in 2012. In the process, more than 600 million people have escaped poverty. This is a wonderful achievement for any country, let alone one as geographically large and populous as China.

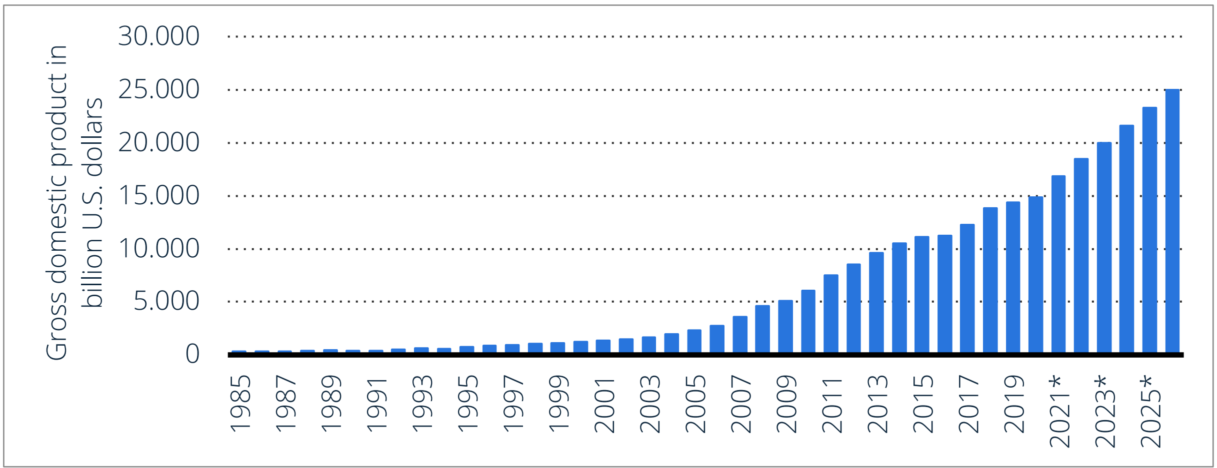

Figure 1 Gross domestic product (GDP) at current prices in China from 1985 to 2020 with forecasts until 2025, Source

China's economic landscape has also undergone a transformation. It boasts 85 companies on the Global Fortune 500 list of the world's largest companies. Foreign investors have flocked to the country's shores, as many of the world's largest manufacturers have established operations there. Many iconic brands dot the shopping districts of major cities. Despite these impressive achievements, there is still plenty of room to catch up, with China's GDP per capita equivalent to only just over a sixth of the US level [Fig.2].

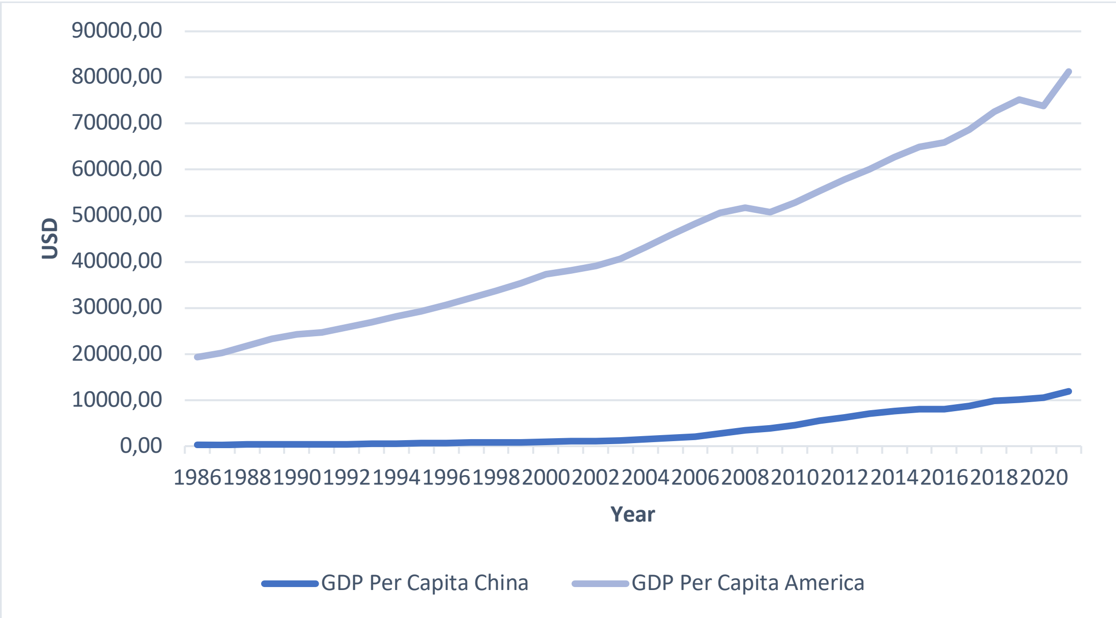

Figure 2 Gross domestic product (GDP) per capita in current prices of China and U.S from 1986 to 2020, Source

A study decomposed China's GDP growth over the past three decades, assessing drivers such as labour, capital and total factor productivity (TFP, a more precise measure of efficiency in the use of inputs other than labour and capital). According to the study, capital has been the main driver of China's growth over the past three decades. In fact, capital accumulation accounted for 6.9 percentage points of the 10.5% average annual increase in GDP over the past decade, 5.7 percentage points of the 10.1% average annual increase in GDP in 1990-2002, and 7.2 percentage points of the 9.7% average annual increase in GDP in 1979-1989.

Due to the "one-child" policy, China's population growth is slowing down. Moreover, the population is ageing and the size of the labour force is set to stabilise from 2016. A shrinking workforce will be a drag on growth, and current phenomena such as "Tang Ping" are not helping the country's economic growth. In fact, China is already experiencing labour shortages.

China will find it difficult to sustain rapid economic growth rates in the future. If China wants to lower its investment ratio to less than 40% of GDP by the end of the next decade, while keeping its economic growth rate above 8% (which is essential to maintain full employment), it must improve its productivity growth rate.

China has almost tripled the share of its GDP devoted to R&D over the past 20 years, from 0.65% in 1993 to 1.97% in 2012 (see graph "R&D spending in China" below), although it still remains below that of the US. This is attributable to China's national technology strategy of 'market access in exchange for technology'. The strategy stems from China's desire to acquire new technologies through technology transfer or foreign direct investment, and assimilate them through learning, imitation and other means. The ultimate goal is the ability to innovate independently. Chinese companies have realised that they cannot simply buy basic technologies; they have to create them themselves.

3.0 Relationship between China and abroad

In 1978, the Central Committee of the Communist Party presented the internalisation of Chinese enterprises as a project, considering that at that time the only enterprises in the West were the restaurants of Chinese people who decided to leave their country. With the "Go Global" project, launched in 2000, the government wanted to promote the expansion of state-owned enterprises and investments abroad and at the same time make its own territory more innovative, emphasising the importance of 'Bring In', i.e. the attraction of foreign capital.

China's industrial development strategy is based on two points: restricting outgoing investment and welcoming incoming investment, and in both areas highlighting sectors that can offer the country long-term economic stability. Investments from other countries are considered positive in order to absorb foreign technology and facilitate a gradual opening up of the domestic market. In terms of outward investment, Beijing has decided to give priority to state-owned enterprises in sectors that are strategic to the national interest. Overseas acquisitions by the public sector in the first half of 2017 reached USD 28.7 billion, by passing those of private enterprises.

The Chinese government has tried to limit the latter's investments in sectors considered risky and has introduced restrictive measures to curb the operations of those companies that have taken on debt to invest abroad in those businesses considered unreliable. The reason is that to date the debt of enterprises in the People's Republic stands at 18 trillion, about 169 per cent of the gross domestic product. Investments that do not comply with government-approved international agreements and those that could harm national security are prohibited. Liberalisation of administrative approvals for these activities took place in 2014.

The national currency, the renminbi, has also undergone a process of internationalization and is used to regulate trade in Asia and Africa, but financial integration is slow. The government supports multinationals and two events dating back to 2014 testify to the commitment made to create an ideal environment for Chinese investors on the one hand the "One Belt and One Road" to revive the Silk Road between China and Europe and on the other a series of bilateral relations with Australia. China's agreements with 'The Land Down Under' serve to spread Chinese investment in various profitable sectors such as infrastructure. Negotiations for the China-Australia Free Trade Agreement mainly focus on Chinese investment in infrastructure worth more than USD 150 million and are focused on increased labour mobility and faster visa procedures.

3.1 One Belt and One Road

The expression 'Silk Road' first appeared in the introduction to Diaries of China, written in 1877 by the geographer Ferdinand von Richthofen. The Royal Route of Persia (original name) was a trade route for a long time, where trade was not limited to silk, but the goods traded were diverse and along with them travelled ideas and technologies.

Today, the One Belt and One Road is an investment plan to recreate the Silk Road between China and Europe. It is an initiative with a number of implications for the development of the world economy. Called yi dai yi lu in Chinese, it is commonly known as One Belt and One Road. The term Belt refers to the land route stretching from Central Asia to Europe, while Road refers to the maritime links from China through South East Asia, Africa and on to Europe.

The new Silk Road, announced in 2013 by Chinese President Xi Jinping and dominated by Chinese state-owned enterprises, envisages strengthening infrastructure, trade and investment between the dragon and 65 other countries, which account for 30 per cent of global GDP, 75 per cent of energy reserves and 62 per cent of the world's population.

From Asia to Africa, China has made trillions of dollars of investments in different parts of the world in infrastructure, leading to the construction of bridges, roads and other connecting lines. In Kenya, for example, the dragon has built a long railway line connecting Nairobi to the port city of Mombasa. The Belt and the Road consists of many economic corridors, including one between China and Pakistan. The latter was promised some $60 billion of Chinese investment, but today we are at a figure closer to $20 billion. This corridor is designed to connect the port city of Gwadar to the far western regions of Xinjiang and is extremely important as Pakistan's position is crucial in linking China with energy resources located in Africa and the Middle East.

In fact, the Asian giant is the world's largest importer of oil and is poised to take the top spot for natural gas. The Prime Minister of Pakistan is fighting to maintain an economic balance in the country, but the concern is that the debts incurred with China may not make a stable situation possible, having obtained a large loan of dollars from the Asian giant. This concern, especially in the wake of the spread of the coronavirus, has spread to several Belt and Road countries.

Experts speak of a debt trap. Some eight nations receive funding from the project including especially the Maldives, Pakistan, Mongolia and Djibouti, according to the Washington-based Centre for Global Development, these territories are putting their economies at risk by accumulating debts to China and causing deficits to rise. The Dragon's ambitions came to a halt when some government leaders were replaced by others who cancelled the construction of infrastructure, such as in Malaysia where the new leader stopped the construction of a railway project. Also interesting are the Chinese geopolitical ambitions hidden behind One Belt One Road, Beijing has claimed that there are no military intentions in the initiative, but the construction of some military projects with Pakistan seem to reveal the opposite, especially regarding the special attention paid to some ports.

The People's Republic of China sees One Belt, One Road as 'an attempt to improve regional connectivity and embrace a brighter future' and has set a deadline of 2049. Its full realisation is expected to cost USD 900 billion. Beijing-based Asian Infrastructure Investment Bank (AIIB), which serves as a development bank and infrastructure loan fund and in a 2015 signed agreement has set aside $100 billion to invest across the board, can be placed in this context.

AIIB's main objectives are to manage the implementation of infrastructure requests across Asia, optimise land integration, foster economic development and enable easier public access to social services. Most of the money poured into the bank is used for the construction of railway lines, a sector used by China to emphasise its technology, consisting of cheap labour, sophisticated machinery and engineers from the best schools. In November 2014, Beijing launched the Silk Road Fund, a $40 billion fund aimed at encouraging the entry of foreign investment. Silk's resources are not earmarked for projects to be created, but for businesses. Some countries, first and foremost the United States, view One Belt One Road in a negative light and see the initiative as a synocentric trade network, thus based solely on placing China as the hub of the world. One thing is certain, the New Silk Road has changed Chinese foreign policy, it is a large-scale initiative that has absorbed a large number of reserves and savings, creating a fertile outlet for Chinese products and the emergence of new business opportunities for Chinese companies.

3.1 Background on the relationship between China and Europe

Since 2020, the world has been suffering from the spread of the Coronavirus, but this is also the year of the end of negotiations on a bilateral investment agreement between the EU and China after seven long years of negotiations. Valdis Dombrovskis, Vice-President of the EU Commission, describes the agreement as one of the greatest achievements for market access in China that the "dragon" has ever supported with a third country, leading to a new balance of trade.

Alici Garcia, chief economist for the Asia-Pacific region at Natixis, on the other hand, argues that the "extraordinary" agreement will not actually be so extraordinary, but will have a restricted scope. In fact, despite the long negotiation phase, the conclusion can be considered hasty, as it was accelerated to meet the deadline imposed by Xi Jinping and the installation of the new American party in government.

China won the gold medal as the European Union's largest trading partner in 2020, surpassing even the United States, reaching a trade interchange of around 425.5 billion of euros. Goods trains between Europe and China have increased by 54%. The plan includes the elimination of imposed technology transfers in favour of the Asian giant's companies and the cancellation of any state interference for technology licences. Negotiations for the agreement have undergone a shift since 2018, when they became more transparent, the same transparency sought by EU countries towards the Chinese government starting with company subsidies.

China has started a liberalisation process in financial services and is ready to guarantee this opening to European investors. In addition, barriers to foreign shares for banking and asset management activities have been removed. As with private hospitals, joint venture requirements have also been removed in the finance sector. The Asian giant has also made a concession regarding electric vehicles, but this can only be applied to new investments and only if there is no overcapacity.

In the field of research and development, China has decided not to impose any new bans, and with regard to cloud services, it will be possible for investors from the old continent to enter the sector with a 50% participation limit. Further concessions include unrestricted freedom of capital in financial and medical services when provided online, and the opportunity to invest in land-based shipping-related activities.

China and Europe have signed a historic trade agreement that has made it possible to reduce the restrictions that the Chinese government has imposed on foreign companies for years, even though Chinese companies have always appeared freer in Europe, but it is not yet possible to speak of a level playing field or reciprocity. One problem that has not yet been resolved is that of Chinese subsidies to companies in the manufacturing sector, which are damaging to European companies. In fact, limits have only been set in the services sectors under the agreement, and so fair competition in various fields is not yet possible. The most ambiguous point of this agreement is the fact that the negotiations did not stop even in the face of China's very serious violations of international law.

4.0 Cina & Africa Relationship

China has become the most important economic partner of the African states after the massive investment it has made in many countries on the continent. China's main economic partners in Africa are Angola, South Africa, Nigeria, Egypt and the Democratic Republic of Congo. Through bilateral and multilateral relations with these countries, China seeks to make vital raw materials available to sustain its own economy. At present, economic growth in China is facing development constraints to their energy supply. Among the energy resources, the supply of petroleum is a major concern. China became the world's largest importer of petroleum in September 2013, surpassing the United States, as shown in the following figure [Fig.3].

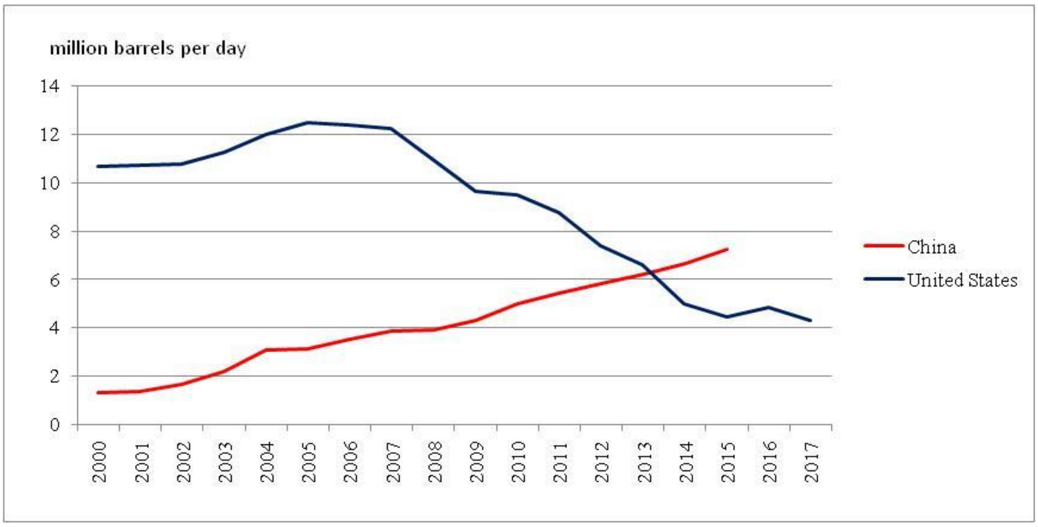

Figure 3 Annual U.S and China gross crude oil imports (2004-2017), Source

China also overtook the US in annual gross crude oil imports in 2017, importing 8.4 million barrels per day (b/d) compared to 7.9 million b/d for the US. China's economy is still growing and the country needs large amounts of energy to sustain this economic expansion. therefore oil imports have increased exponentially over the last 20 years [Fig.4].

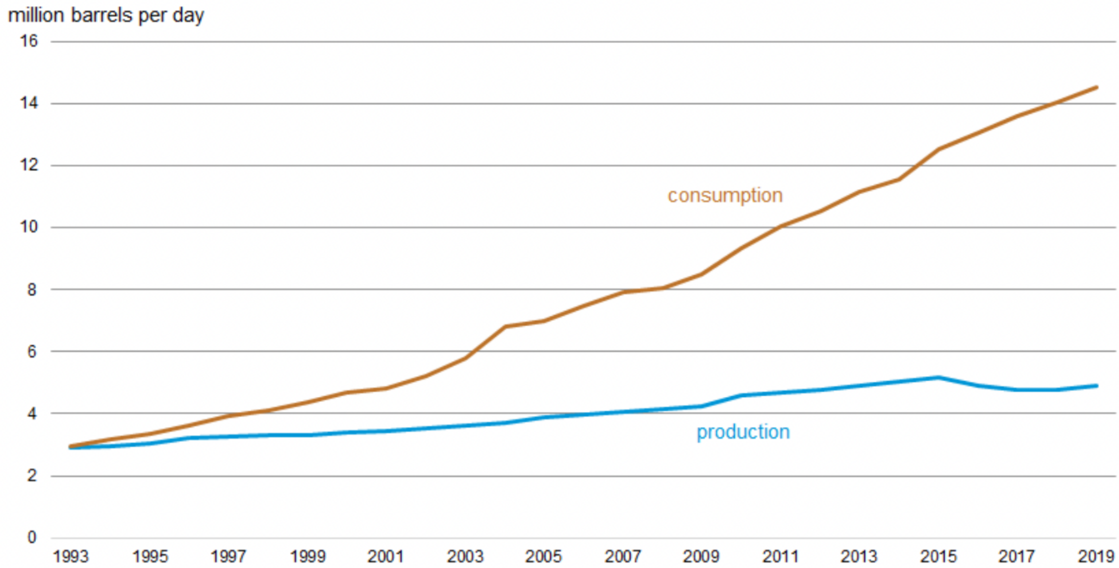

Figure 4 China's petroleum and other liquids production and consumption, 1993-2019, Source

As can be seen in the graph below [Fig.5], few countries in Africa enjoy high domestic production and consequently high GDP per capita. The difficulty in boosting the economy in these countries is often due to the common state of exploitation or political mismanagement, resulting in the need to reach agreements with foreign countries willing to invest in the area.

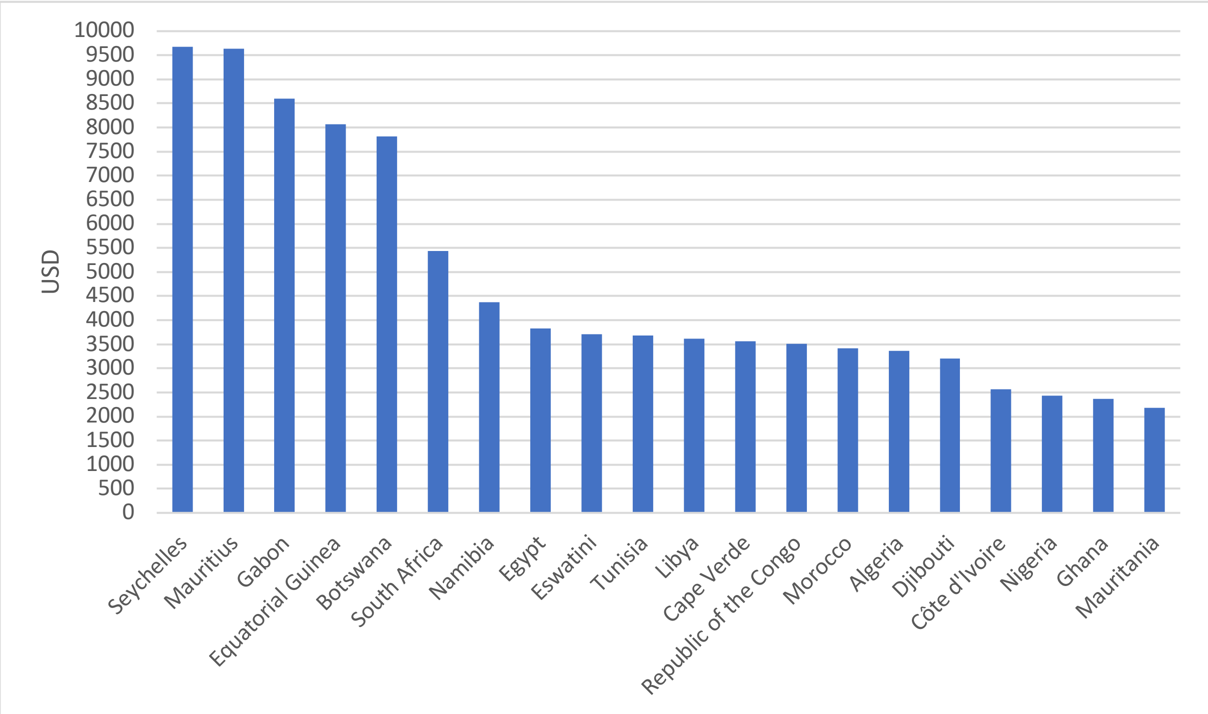

Figure 5 African countries with the highest Gross Domestic Product (GDP) per capita in 2021, Source

China usually establishes two different types of partnerships with African countries: strategic partnerships (SP) and comprehensive strategic partnerships (CSP). According to Strüver's study, SP-type relationships have the following characteristics:

- They go beyond typical diplomatic relations, involving constant meetings between government officials and agencies to develop communication and trust.
- They do not fall within the boundaries of treaty-based alliances or coalitions.
- They are more 'goal-driven' than 'threat-driven', generally focusing on areas of mutual cooperation in economics, culture, security and technology.
- They are characterised by an emphasis on behaviour and institutional processes.

CSPs, on the other hand, involve a higher level of institutional communication, including regular high-level meetings between the top leaders of both countries. Three conditions are required for a CSP-type agreement between China and an African country:

- There must be mutual political trust
- Dense economic ties
- Cultural exchanges and good relations in a number of areas.

These include dozens of MoUs (Memoranda of Understanding) and promises of major infrastructure and development projects. Since China launched the BRI, diplomatic, economic and cultural relations have intensified and strengthened. Chinese diplomats say these relations reflect the BRI's key objective of promoting connectivity and economic development in five priority areas: policy coordination, infrastructure connectivity, increased trade, financial integration and people-to-people exchanges.

In the case of Algeria and Egypt, the establishment of CSPs reflects the important role these states play, as well as the fact that these are its two key bilateral relationships in Africa in terms of trade, arms sales and infrastructure projects. China, in fact, has become the first trading partner with both countries.

Algeria is a major supplier of oil and gas to Europe and a major economic and security player in the Mediterranean, North Africa and Sahel regions. It has the largest military budget in

Africa, having spent $9.6 billion in 2018,16 and arguably acts as a major regional security provider.

Egypt controls one of the world's most strategic waterways, the Suez Canal, and is becoming a major gas hub in the Middle East. It acts as another important regional security provider too, operating one of the largest military forces in Africa.

While China's relations with Egypt and Algeria are characterized by a strong diplomatic and security partnership, its growing presence in countries such as Morocco and Tunisia remain primarily economic and cultural. In countries like Libya, for example, where there is no real stability, Chinese companies have ceased operations.

Given the overall endowment of African countries with large natural resources, particularly rich in oil, copper, gas and other mineral deposits, as well as agricultural land, empirical evidence shows that the availability of these resources strongly influences the choice to invest in Africa. Several studies, however, point out that natural resources alone are not sufficient to attract foreign investment in a highly competitive global market, and that other factors explain the relative success in attracting FDI from some of Africa's resource-rich and non-resource-rich economies. In particular, large and growing local markets with expanding middle and upper classes are commonly identified as the major strength of large countries like South Africa.

It is not yet clear whether poor governance and ineffective institutions are included among the causes hindering FDI flows to Africa or whether they find a significant positive effect on FDI flows. Typically, political stability is among the institutional aspects that foreign investors value most, outweighing factors such as market size and openness to trade. Through a benchmark analysis, Asiedu (2006) shows that a decline in corruption from the level of Nigeria (the most corrupt) to that of South Africa has a positive effect on FDI, increasing the share of total fuel and mineral exports by about 35%.

The author therefore suggests that small and resource-poor countries can attract FDI by improving their institutions and policy environment. Rodriguez-Pose and Cols (2017) find that stable, accountable and less corrupt governments and effective legal systems greatly facilitate FDI in Africa and that these factors have long-term effects. In contrast, while showing strong effects of rule of law and political stability, Fiodendji and Evlo (2015) find no impact of corruption on FDI flows in Africa.

Some articles argue that the drivers of Chinese multinationals are somewhat different and that concerns about the quality of governance affect them relatively less than other investors. Tull (2006) worries that China's lack of concern for democracy and human rights, as well as its strict adherence to the dogma of non-interference, may be particularly damaging to mineral-rich and post-conflict countries, undermining current efforts by Western countries for political liberalisation. Taylor (2006) expresses similar concerns, although he points out that China is no different from other investors in its strategic pursuit of foreign policy and economic interests. In support of this argument, Kolstad and Wiig (2011) find that Chinese investors primarily target countries with large natural resources and poorer governance, but do not identify a different model for Western investors, who similarly exploit fragile resources and institutions.

4.1 Sud Africa

The first relations between the Chinese people and the South African people date back to the early 1950s. China supported the South African people in their struggle against apartheid, supporting racial equality and forging and maintaining long-standing friendly relations with black liberation organizations such as the African National Congress.
The birth of the New South Africa in 1994 opened the way for the establishment of diplomatic relations between the two countries and the development of all-round bilateral relations. In 1997, the governments of the two countries reached agreement on relevant issues concerning the establishment of diplomatic relations by signing the Joint Communiqué on the Establishment of Diplomatic Relations, in which the South African government stated that it would abide by the One-China position.
On 1 January 1998, the two countries formally established diplomatic relations, thus opening a new chapter in relations between China and South Africa.

Bilateral cooperation in political, economic, trade and other fields continued to grow in the following years, taking bilateral relations to a new level. In April 2000, Chinese President Jiang Zemin made a status visit to South Africa, during which the two heads of state signed the Pretoria Declaration, marking the formal establishment of the partnership between the two countries.

In the document, the two sides announced the establishment of a high-level bi-national commission to further strengthen the partnership and promote cooperation in political, economic and other fields.

Agreements on cooperation in relevant areas have been made between the core members and their counterparts in the ministries and departments of foreign affairs, economic cooperation and trade, public security, judiciary, science and technology, energy and tourism.

Economic and trade cooperation between China and South Africa has developed rapidly and has great potential, although it started late.
In the 1990s, the volume of bilateral trade increased from USD 14 million in 1991 to USD 1.5 billion in 1997, and then to USD 2.58 billion in early 2002, of which Chinas imports amounted to USD 1.269 billion and exports to USD 1.311 billion. A high level of trade between the two countries was maintained in subsequent years, as can be seen in the graphs below referring to the year 2019 [Fig.6,7]

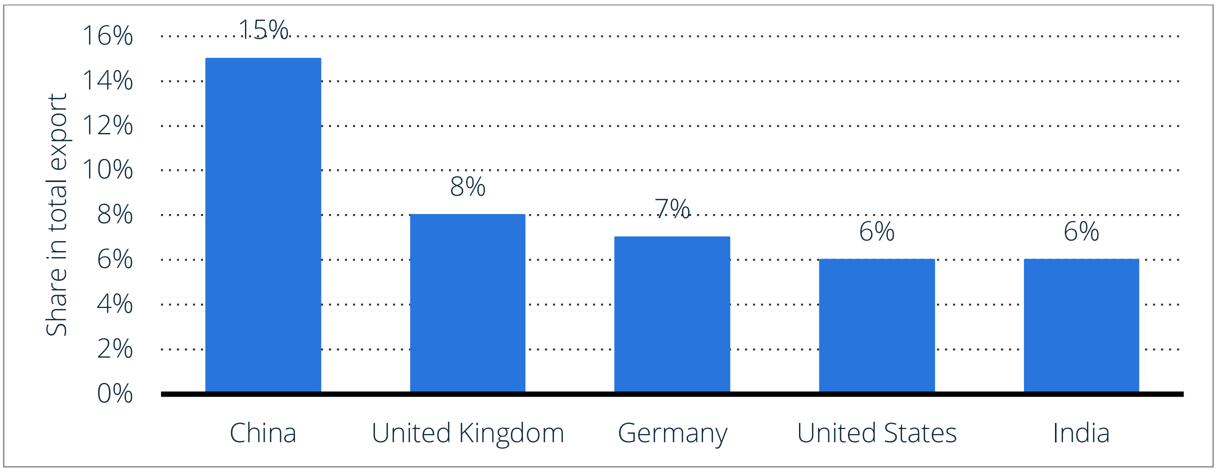

Figure 6 Most important export partners for South Africa in 2019, Source

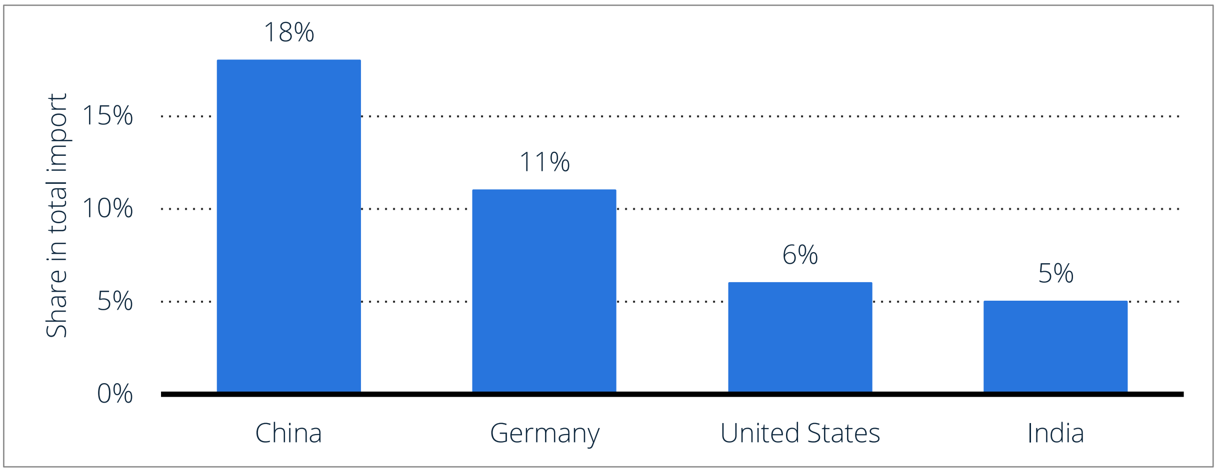

Figure 7 Most important import partners of South Africa 2019, [Source]()

By the end of 2002, Chinese companies had invested $160 million in real terms in 98 projects in agriculture, textiles, electronics, mining and banking, transport and communications in South Africa, while South African companies had invested in 206 projects in China.

In November 2002, China and South Africa signed a memorandum of understanding on the implementation plan for outbound travel of Chinese nationals to South Africa, making South Africa the first destination country in sub-Saharan Africa for travel by Chinese nationals.

In April of the same year, the first group of Chinese tourists set foot in South Africa. So far, fifteen Chinese provinces and cities have signed twinning agreements with provinces or cities in South Africa. Looking at the graph of GDP [Fig.8] over the years, from 2002, and thus from the first major investments by China in South Africa, GDP began to grow significantly, reversing the downward trend of the previous years. The trend continues to grow except for 2020, the year of the Covid-19 pandemic. The GDP per capita behaves in the same way, as shown in the figure 9.

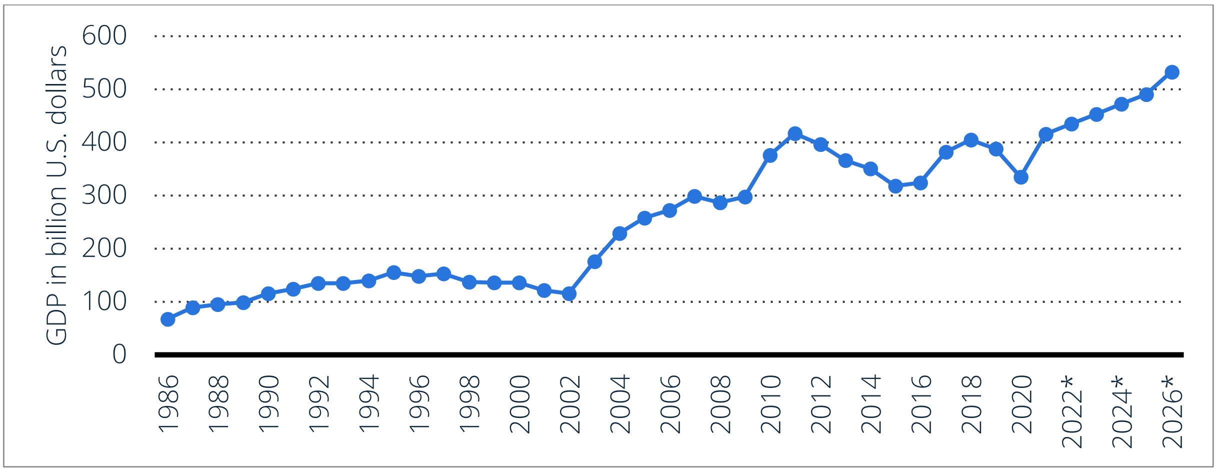

Figure 8 Gross domestic product (GDP) in current prices from 1986 to 2026 in South Africa, [Source]()

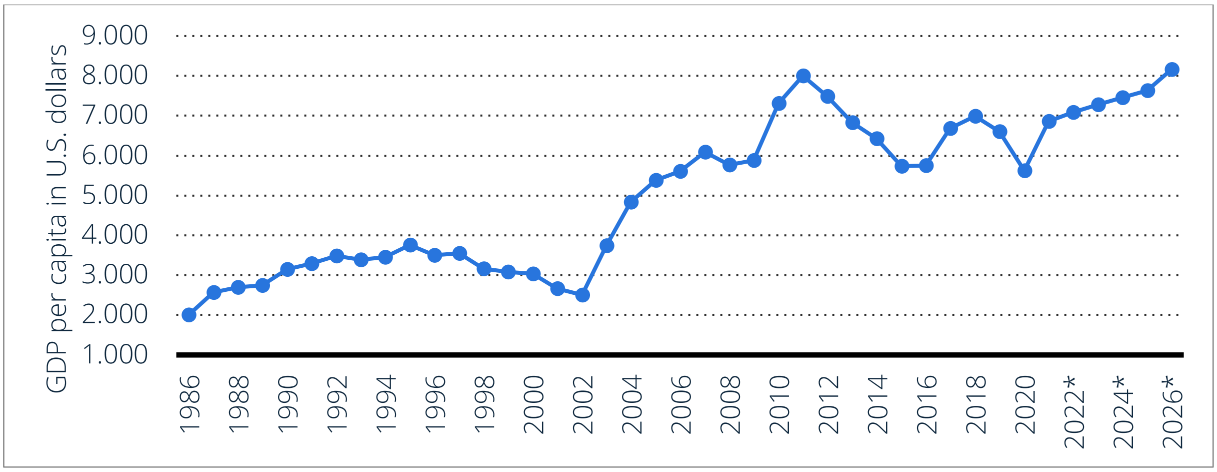

Figure 9 Gross domestic product (GDP) per capita in current prices from 1986 to 2026, Source

The same applies to the unemployment rate. From 2002 to 2008 the unemployment rate [Fig.10] decreased by about 10%, but then increased again due to the global financial crisis and today remains at a lower level than in 2002.

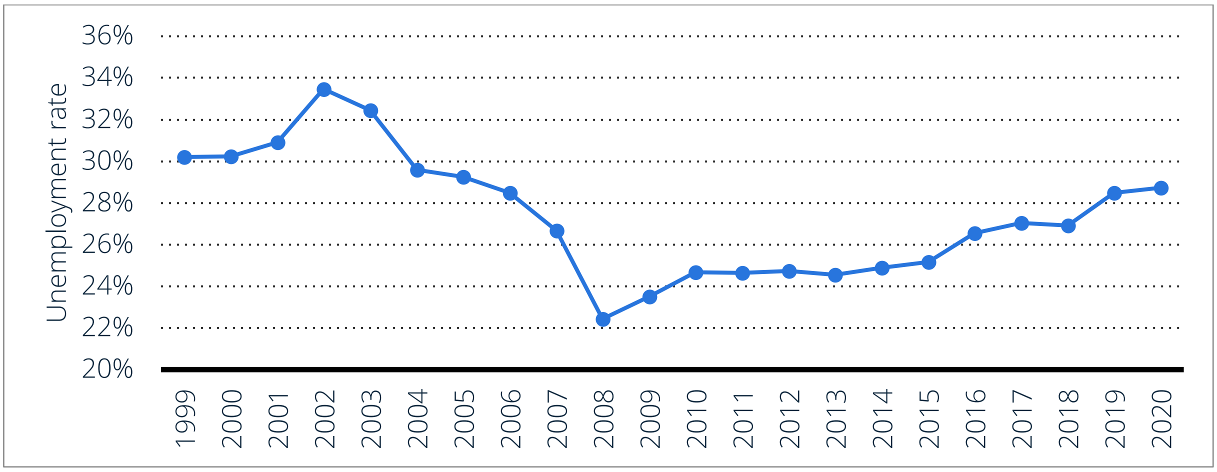

Figure 10 Unemployment rate in South Africa from 1999 to 2020, Source

As both are developing countries, China and South Africa share similar historical experiences and face common development challenges. Further expanding and deepening friendly bilateral cooperation not only serves to consolidate the fundamental and long-term interests of the Chinese and South African peoples, but also serves to safeguard the legitimate rights and interests of developing countries through unity and cooperation and promote the establishment of a new just and rational international political and economic order.

2018 marked the 20th anniversary of diplomatic relations between South Africa and China. Chinese Total FDI stock in the country slightly exceed $60 billion in 2020[Fig.11], making it the second largest recipient of Chinese FDI in sub-Saharan Africa after Nigeria.
Foreign direct investment has certainly played a considerable role in the development of the South African economy, although there have been periods when it has remained at relatively low levels compared to other emerging market countries.

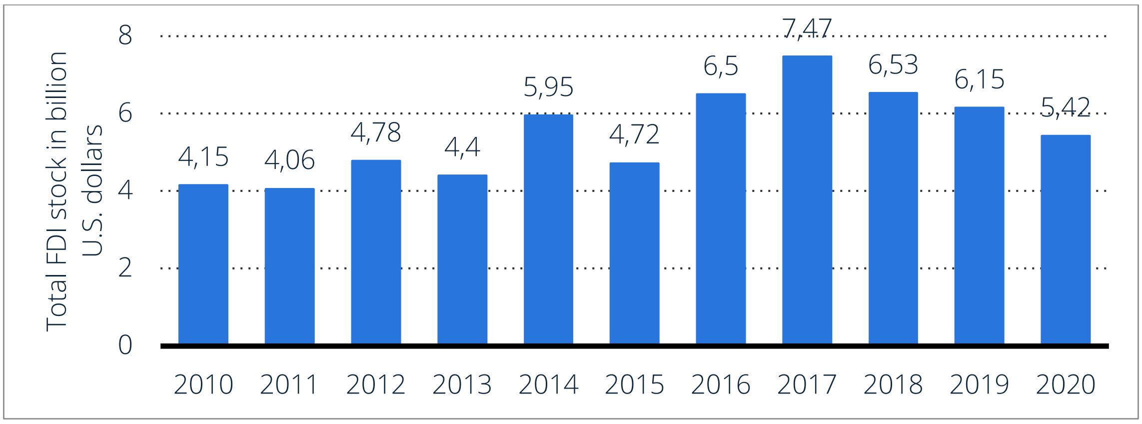

Figure 11 Total FDI stock from China to South Africa 2010-2020,[Source]

The correlation between the rate of technological progress and FDI should be emphasised, as FDI, by triggering the diffusion of new technologies and management practices in host countries, can support a faster pace of economic growth. The ICT sector is growing and with it the workforce, although only about 3 % of FDI is invested in this area.

Data collected by the John Hopkins School of Advanced International Studies [Table 1, Figure 12], which links each investment to its source and sector, shows that the main areas of investment are energy and transport.

Table 1

Sector	Million of USD	%
Budet	228	6%
Power	2050	53%
Transport	1580	41%
Tot	3858	

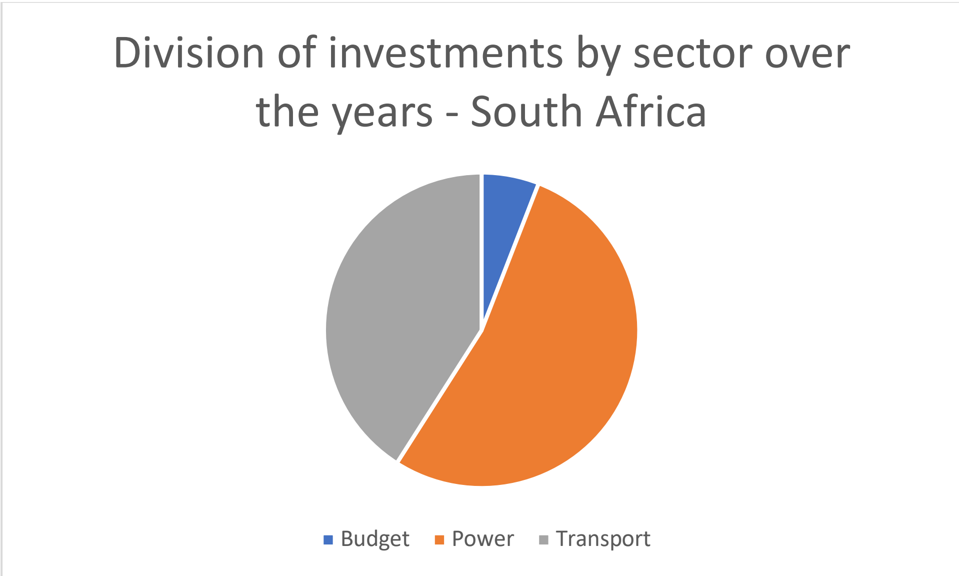

Figure 12 Division of investments by sector over the years - South Africa

5.1.1 Collected data of loans from China to South Africa (2001-2019)

Table 2

Year	Million of USD	Bank	Sector	Project
2001	36	CCB	Budget	3-Year Syndicated Term Loan to support foreign currency position - CCB
2002	27	CCB	Budget	3-Year Syndicated Term Loan to support foreign currency position - CCB
2002	27	CCB	Budget	5-Year Syndicated Term Loan to support foreign currency position - CCB
2002	10	BoC	Budget	3-Year Syndicated Term Loan to support foreign currency position - BoC
2002	10	BoC	Budget	5-Year Syndicated Term Loan to support foreign currency position - BoC

2003	26	CCB	Budget	3-Year Syndicated Term Loan to support foreign currency position - CCB
2003	26	BoC	Budget	3-Year Syndicated Term Loan to support foreign currency position - BoC
2004	31	CCB	Budget	3-Year Syndicated Term Loan to support foreign currency position - CCB
2004	11	BoC	Budget	3-Year Syndicated Term Loan to support foreign currency position - BoC
2005	12	BoC	Budget	5-Year Syndicated Term Loan to support foreign currency position and repay previous loans - BoC
2005	12	BoC	Budget	3-Year Syndicated Term Loan to support foreign currency position and repay previous loans - BoC
2016	500	CDB	Power	Infrastructure Construction, including Kusile and Medupi power stations
2018	900	CDB	Power	Medupi Coal Power Plant expansion (6X794=4800MW) Tranche A
2019	600	CDB	Power	Medupi Coal Power Plant expansion (6X794=4800MW) Tranche B
2019	50	CDB	Power	Kusile Power Station and other Eskom Infrastructure, Tranche A
2016	464	CDB	Transport	Transnet Locomotive Purchases - 2016 Disbursement
2017	153	CDB	Transport	Transnet Locomotive Purchases - 2017 Disbursement
2018	156	CDB	Transport	Transnet Locomotive Purchases - 2018 Disbursement
2019	317	CDB	Transport	Transnet Locomotive Purchases - 2019 Disbursement
2016	219	BoC	Transport	Transnet Club Loan - Bank of China 2016
2019	271	ICBC	Transport	Financing capital expenditures and operating activities
Tot	3858			

4.2 Angola

Following Angola's civil war, strong economic relations have developed between the country and the People's Republic of China. The relationship between the two countries consists of a partnership aimed at building infrastructure for oil extraction. The payback from these investments has translated into thousands of barrels of oil imported daily from Angola [fig.13,14]. In fact this is the first oil exporter to China after Saudi Arabia, with more than half of Angola's oil exports in 2016 imported by China, accounting for 12% of the people's republic's total oil imports.

In this way, Chinese investments made in Angola's industry and infrastructure are recovered.

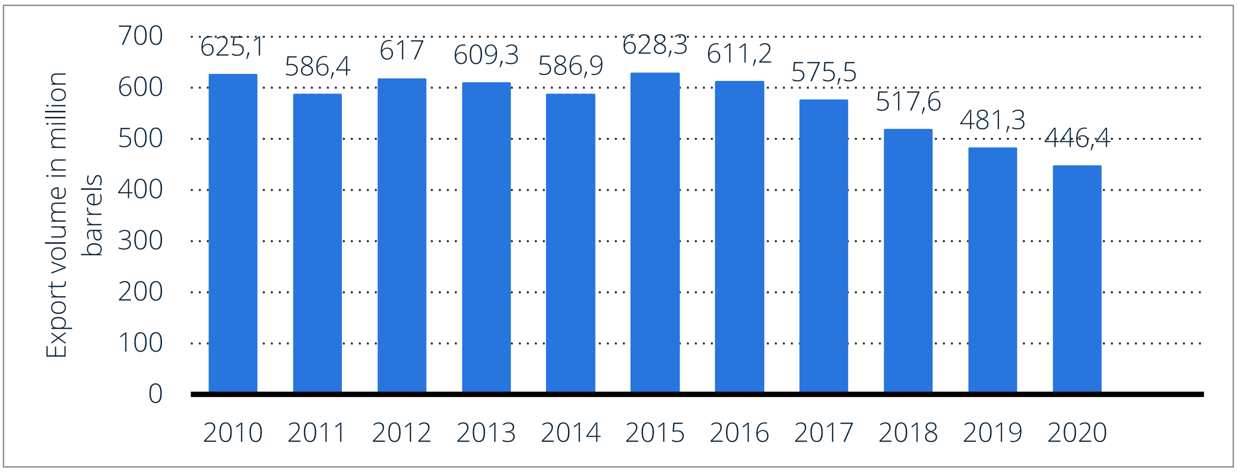

Figure 13 Value of cruid oil exports from Angola to China from 2010 to 2020 in million barrels, [Source]()

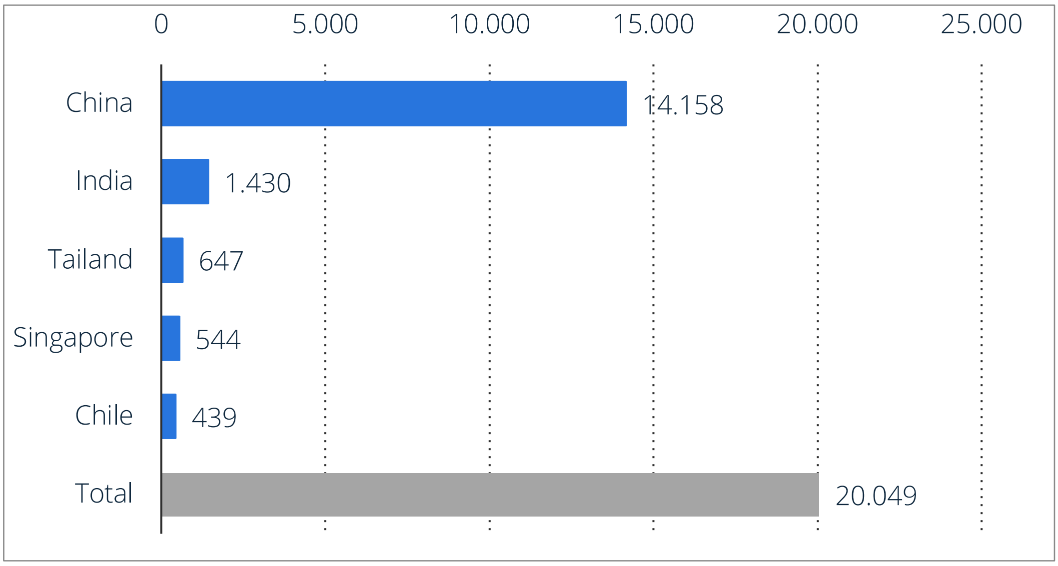

Figure 14 Value of crude oil exports from Angola as of 2021 (in Million of Dollar) by main destination, [Source]()

Generally, an investment risk analysis takes into account those factors that could have an impact on the recovery of the investment. These factors represent economic, social and political indicators of the country, in this case Angola, whose evolution is related to the export of oil to China. An econometric analysis showed that a 1% increase in investment risk leads to a decrease in the quantity of oil exported of almost 6377 barrels per day. Despite this, however, given that economic diversification in Angola is weak and the most important asset is oil, the relationship between the two countries will most likely continue in the coming years. Through this cooperation model, there is on the one hand a source of economic growth and infrastructure development for Angola and on the other hand a source of energy that feeds China, thus supporting one of the world economies of the modern era.

It can be seen that both countries are interested in maintaining and developing this partnership by expanding trade and other investment relations with multiple benefits in key sectors such as industry, infrastructure, urban construction, energy and the exploitation of mineral resources. However, despite the fact that Angola is currently one of the richest countries in Africa, this does not apply to its population. Thus, despite its natural resources, Angola's GDP per capita remains one of the lowest in Africa (about 1800 USD in 2020), and subsistence agriculture is one of the most important economic activities with about 54%% of the population involved[fig15,16].

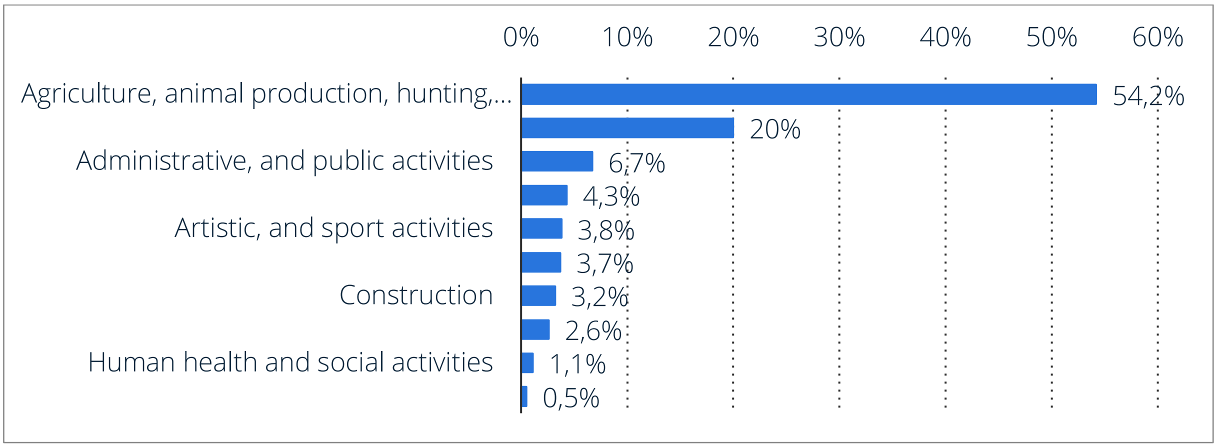

Figure 15 Share of the employed population by sector,[Source]

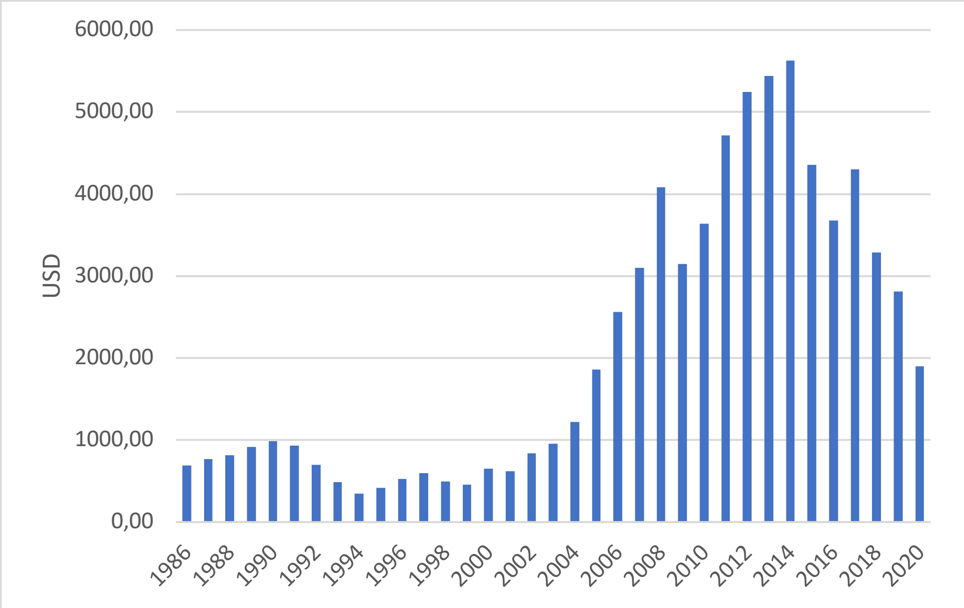

Figure 16 Angola: Gross domestic product (GDP) per capita in current prices from 1986 to 2026 ,Source

Angola's economy is closely linked to oil exports and implicitly to the price of oil. and implicitly to its price. A fall in oil costs could have a strong impact on exports and implicitly a strong impact on public spending.

In this context, the importance of the strategic relationship with China becomes even more evident, as China provides financial resources for the development of projects in multiple sectors, but the mining (41%) and energy sectors (14%) are the main areas of investment as shown in the following table and chart [Figure 17 and Table 3].

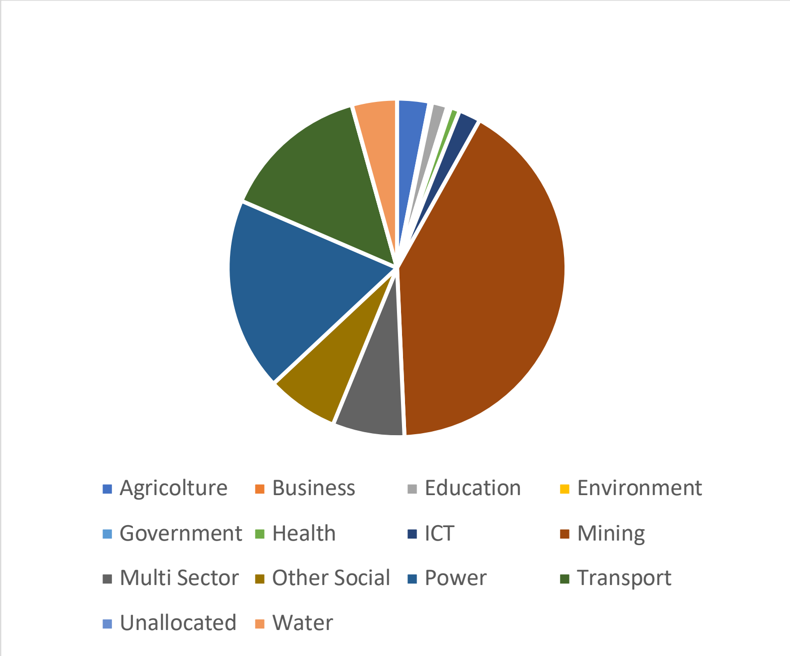

Figure 17 Division of investments by sector over the years - Angola

Table 3

Sector	Million of USD	%
Agricolture	1316	3,09%
Business	105	0,25%
Education	630	1,48%
Environment	38	0,09%
Government	113	0,26%
Health	373	0,87%
ICT	887	2,08%
Mining	17565	41,18%
Multi Sector	2932	6,87%
Other Social	2918	6,84%
Power	7877	18,47%
Transport	6052	14,19%
Unallocated	6	0,01%
Water	1838	4,31%
TOT	42650	

The Chinese-Angolan partnership has been discussed in many articles and publications, most of them doubting its morality. This strategic link has been seen by some analysts as a marriage of convenience. China's interest is centred on oil and other mineral resources, and Angola's plan is to rebuild the country that was destroyed by civil war. The question in this context is to what extent Chinese investment really helps the development of a state based on a profitable primary sector, and that exports are currently a way to pay for projects to improve infrastructure and investment in human capital to sustain this growth in the future.

Habiyaremnye, a scholar of Africa-China relations, argues that resource-for-infrastructure trade agreements have enabled African countries to increase their diversification capacity. Christina Wolf, also a scholar of the subject like Habiyaremnye, argues that China-related effects tend to favour manufacturing development. Both argue for the positive role that China has played in the formation of Angola's domestic market and overall economic development.

The process was, according to her, underpinned by economic engagement with China, on the one hand because of Chinese contracted projects that increased the demand for construction materials. Her study addresses the growing volumes of foreign and domestic investment in food and beverage production, but also in export-oriented sectors such as light manufacturing, although these remain in the shadow of the much larger mining sector.

Other experts, on the contrary, say that this partnership hinders the industrialisation process, not including other branches of the economy and not creating jobs for Angolans. In recent years, there has been an increase in the labour force from China in Africa, especially in Algeria and Angola, reaching record numbers in the last 15 years and intense growth is expected in the future. One estimate states that there are currently 250,000 Chinese migrants in Angola.

Most of the money borrowed from China has gone into health, education, transport, social communication and public works. In 2004, almost 32% of Exim Bank loans in Angola supported education and health projects and in 2007, more than half of the funds allocated went to these investments (USD 500 million).

China-Angola cooperation in social development has also extended to higher education through scholarships offered by the Chinese Government.

However, studies have shown that Chinese investments have not led to significant social development, with lack of adaptability to local needs being one of the main criticisms. An interesting example are the so called “Ghost Towns” built by the Chinese from scratch.
These are not just residential neighborhoods, but entire cities in which hospitals, schools and other such institutions have been built and access to drinking water is guaranteed. One example is the city of Kilamba, located near Luanda, built in the record time of only three years. Although the initial prices were later reduced following a decision by President Dos Santos, an extremely small percentage of the local population can afford to buy a flat in Kilamba for USD 70,000-190,000, with most of the population living below the poverty line of USD 1.25 per day.

For this reason, the private sector involved in construction projects, however, has been reluctant to provide its own financing in the real estate sector due to weak land ownership and the lack of legislative reforms to create a functional real estate market.
The lack of government measures has increased the dissatisfaction of the population who cannot benefit from the results of Chinese investments and who see the efforts made to pay for these investments through huge oil exports.

The relationship between the level of taxation and people's involvement in government decision-making is not very strong in oil-dependent states such as Angola. Governments often use oil revenues instead of tax revenues to ensure a minimum level of social welfare, thereby reducing popular unrest in order to avoid citizen influence in decision-making.

"China poses a challenge to good governance and macroeconomic management in Africa because of the potential implications of commodity booms."

Criticism of Chinese oil diplomacy also focuses on its alleged disregard for transparency and human rights. According to a study conducted by Bader and Daxecker in 2015, oil-producing states that depend on exports to the US show lower human rights performance than those that export to China. They argue that, contrary to conventional wisdom, dependence on oil exports to the US affects human rights more negatively than dependence on China. This difference depended on the date of market entry, as human rights played a less important role in the past than they do today. This is why, since China has been establishing relations with African countries for decades, it can 'afford' to establish relations that do not take the conditions of the population into account.

From a legal perspective, it can be seen that financing agreements are neither supported by a treaty between states, nor by a commercial contract between a host state and a purely private investor, but are based on a hybrid 'sovereign-commercial' legal regime.
Although this type of arrangement may provide significant benefits to the African state involved, the underdevelopment of legal approaches and self-regulatory organisations is likely to vitiate long-term sustainability.

4.2.1 Collected data of loans from China to Angola (2002-2019)

Table 4

Year	Million of USD	Bank	Sector	Project
2004	20	Eximbank	Agriculture	Agricultural Equipment, Machinery and Tools Purchase
2005	29	Eximbank	Agriculture	Agricultural Equipment for MECANAGRO Purchase
2005	86	Eximbank	Agriculture	Luena, Caxito, Gangelas, Waco-Kungo Irrigation Projects, Phase I
2006	88	Eximbank	Agriculture	30m Boats - 25 Units; 4.15m Canoes - 1000 Units
2006	88	Eximbank	Agriculture	46.9m Patrol Boats - 5 Units; 33.88m Shrimp Boats - 10 Units; Canoes - 2000 Units
2006	64	Eximbank	Agriculture	33.56m Fishing Boats - 10 Units; 49m Speed Boat - 1 Unit; 89.86m "Navo-Porão" - 1 Unit ; 29.7m Patrol Boats - 5 units ; and 34m Tugboat - 1 Unit
2007	49	Eximbank	Agriculture	Irrigation Projects (Caxito, Gandgelas, Luena, and Waco-Kungo), Phase II
2007	20	Eximbank	Agriculture	Agricultural Equipment Purchase
2007	36	Eximbank	Agriculture	Refrigerated Trucks and Isothermal Vans Purchase
2011	33	Eximbank	Agriculture	Purchase of Tractors, Repair of Machines, Construction of Workshops, Training of Mecanagro Technicians
2011	12	Eximbank	Agriculture	Purchase of 435 Isothermal Refrigerator Trucks for General, Frozen, Dry, or Salted Fish Cargo

2011	16	Eximbank	Agriculture	Purchase of 10 Line Fishing Boats, 1 Freezer Ship, 5 Patrol Boats, 1 Boat
2014	68	Eximbank	Agriculture	Guimba Farm (Cuimba Farm)
2011	49	CDB	Agriculture	Irrigation Canal in Calueque, Cunene, Phase I
2011	14	CDB	Agriculture	Irrigation Canal in Calueque, Cunene, Phase II
2011	33	CDB	Agriculture	Purchase of Tractors, Repair of Machines, Construction of Workshops, Training of Mecanagro Technicians
2012	34	CDB	Agriculture	Calueque, Cunene, Irrigation Canal, Phase II
2011	117	CDB	Agriculture	Malange, Pedras Negras Farm
2012	129	CDB	Agriculture	Uige, Sanza Pombo Farm
2012	77	CDB	Agriculture	Cuando Cubango, Longa Farm
2012	89	CDB	Agriculture	Bie, Camacupa Farm
2013	79	CDB	Agriculture	Moxico, Camaiangala Farm
2014	86	CDB	Agriculture	Cunene, Manquete Farm
2013	20	Eximbank	Business	Hotel Luanda Reconstruction
2013	21	Eximbank	Business	Hotel Namibe Reconstruction
2013	21	Eximbank	Business	Hotel Huila Reconstruction in Lubango
2013	20	Eximbank	Business	Hotel Benguela Reconstruction
2013	23	Eximbank	Business	Hotel Cabinda Reconstruction
2005	41	Eximbank	Education	Andulo, Bié and Caála, Huambo, Construction of 2 Agrarian Technical Schools
2005	15	Eximbank	Education	Quéssua, Malange, Agrarian Institute Rebuild
2005	53	Eximbank	Education	Benguela, 2 Institute of Technology Constructions; Luanda, 4 Institute of Technology Constructions
2005	16	Eximbank	Education	Benguela, 1 Secondary School Construction; Luanda, 3 Secondary School Constructions
2006	9	Eximbank	Education	Sumbe, Institute of Technology Construction
2005	7	Eximbank	Education	Malange, 2 Secondary School Constructions
2005	13	Eximbank	Education	Huíla, 1 Institute of Technology and 1 Secondary School Construction
2005	41	Eximbank	Education	Kwanza-Sul and Kwanza-Norte, 2 Agrarian Technical Schools
2006	62	Eximbank	Education	HBO (2) and HLA (2), 4 Secondary Schools; HBO, HLA and Bié, 3 Institutes of Technology; HBO, Bié, K. Kubango and Cunene, 4 Institutes of Business Administration
2006	84	Eximbank	Education	Luanda, Bengo, Cabinda and Namibe, 4 Institutes of Technology; Luanda (2), Benguela (1), Zaire (1), and Namibe (1), 5 Institutes of Business Administration; Luanda (2), Benguela (2) and Namibe (2) 6 Secondary Schools
2006	61	Eximbank	Education	Lunda Sul, Lunda Norte and Uíge, 3 Institutes of Technology; Uíge, 1 Agrarian Institute;

				Uíge and Moxico, 2 Institutes of Business Administration; Uíge, 1 Secondary School
2005	44	Eximbank	Education	Neto University Campus Completion of the Buildings
2007	27	Eximbank	Education	Huambo and Bié, Complementary Actions in the Agrarian Technical Schools
2007	11	Eximbank	Education	Késsua Malange, Complementary Actions in the Agrarian Technical Schools
2007	34	Eximbank	Education	Kwanza Sul and Kwanza Norte and Sumbe, Complementary Actions in the Agrarian Technical Schools
2007	27	Eximbank	Education	Cacuaco, Sambizanga, Viana, Cazenga, Benguela, and Lobito, Complementary Actions in the Technical Schools
2007	9	Eximbank	Education	Cacuaco, Nova Vida, Sapú, and Benguela, Complementary Actions in the Secondary Schools
2007	13	Eximbank	Education	Huíla, Complementary Actions in the Secondary School and Technical School; Malange, 2 Secondary Schools
2007	13	Eximbank	Education	Cabinda, Complementary Actions in the Technical School
2016	50	CDB	Education	Cabinda Campus, 11 de Novembro University, Phase II
2016	38	CDB	Environment	Breakwater at Cabinda Port
2005	37	Eximbank	Government	Luanda Palace of Justice Courthouse
2017	36	CDB	Government	Ministry of Energy and Water Training Center & Database
2016	40	CDB	Government	Headquarters of Government, Police Stations, and Warehouses in Cabinda, Phase 1
2002	6	CIDCA	Health	Luanda Hospital
2005	4	Eximbank	Health	Ambulances Purchase - 86 Units
2005	4	Eximbank	Health	Huambo, Health Care Center
2005	11	Eximbank	Health	Malange, 3 Health Care Centers
2005	17	Eximbank	Health	Cazengo, Kwanza-Norte and Sumbe, Kwanza-Sul, Municipal Hospitals
2005	7	Eximbank	Health	Dondo and Ndalatando, Kwanza-Norte, 2 Health Care Centers
2005	8	Eximbank	Health	Namibe, Municipal Hospital of Namibe
2005	26	Eximbank	Health	Hospital of Malange
2005	36	Eximbank	Health	Hospital of Benguela
2005	43	Eximbank	Health	Regional Hospital of Lubango
2005	29	Eximbank	Health	Central Hospital of Huambo

2005	39	Eximbank	Health	Huambo, Huíla and Benguela, 3 Municipal Hospitals; Benguela, 2 Health Care Centers; Huíla, 2 Health Care Centers
2007	68	Eximbank	Health	HBO, Malange, BLA, and Huíla Regional Hospitals
2007	65	Eximbank	Health	Complements to 7 Municipal Hospitals and 9 Health Care Centers
2007	10	Eximbank	Health	Additional Values to the Municipal Hospital of Caculama
2005	60	Eximbank	ICT	TPA Production Center in Camama Construction and Equipping
2006	67	Eximbank	ICT	Bengo, Bié, K.Norte, K.Sul, LDA, Malange, and Moxico, New Generation Network, Project 1
2006	61	Eximbank	ICT	Benguela, K.Norte, Cunene, Huambo, Uíge, and Zaire, New Generation Network, Project 2
2006	68	Eximbank	ICT	Bié, HBO, HLA, LDA, New Generation Network, Project 3
2006	53	Eximbank	ICT	Bié, HBO, HLA, and LDA, New Generation Network, Project 4
2007	59	Eximbank	ICT	418,750 New Telecommunication Lines
2011	14	Eximbank	ICT	Angola E-Government Project for Cnti - Project 1
2011	36	Eximbank	ICT	Angola E-Government Project for 13 "Cap. Prov." - Project 4
2011	22	Eximbank	ICT	Angola E-Government project for Luanda - Project 2
2009	337	Eximbank	ICT	Angola E-Government Project for 4 Major Province's Capitals - Project 3
2012	110	BoC	ICT	4 Telecommunication Projects
2017	65	Eximbank	Mining	National Geology Plan Project
2011	2000	CDB	Mining	Sonangol Development
2012	1000	CDB	Mining	Sonangol Development
2013	2500	CDB	Mining	Sonangol Development
2014	2000	CDB	Mining	Sonangol Development
2016	10000	CDB	Mining	Sonangol Recapitalization
2007	73	Eximbank	Multisector	Cabinda's Integrated Infrastructure, Phase I
2007	102	Eximbank	Multisector	Zaire's Integrated Infrastructure Phase I
2007	84	Eximbank	Multisector	Malange's Integrated Infrastructure, Phase I
2014	59	CDB	Multisector	Construction of Integrated Infrastructure, Lar do Patriota, Phase I
2011	130	CDB	Multisector	Cazenga/Sambizanga, Construction of Requalified Infrastructure
2012	54	CDB	Multisector	Cazenga/Sambizanga, Infrastructures Requalification, Disbursement 4

2014	22	CDB	Multisector	Construction of Integrated Infrastructure, Cabinda, Phase 1 Stage 2
2014	12	CDB	Multisector	Construction of Integrated Infrastructure, Malanje, Phase 1 Stage 2
2014	17	CDB	Multisector	Construction of Integrated Infrastructure, Vila do Soyo, Phase 1 Stage 2
2014	37	CDB	Multisector	Construction of Integrated Infrastructure, Viana, Phase 1
2014	55	CDB	Multisector	Construction of Integrated Infrastructure, Caxito, Phase 1
2017	2200	CDB	Multisector	Multisector
2016	87	CDB	Multisector	Lar do Patriota Basic Infrastructure Phase II
2003	11	CIDCA	Other social	Economic Housing Project
2011	17	CDB	Other social	Cazenga / Sambizanga, Social Equipments Requalification, Disbursement 3
2012	54	CDB	Other social	Camama - Road Infrastructure, Disbursement 3
2012	9	CDB	Other social	Cazenga / Sambizanga, Social Equipments Requalification, Disbursement 4
2010	2500	ICBC	Other social	Kilamba Kiaxi New Town
2015	52	CDB	Other social	Housing Contracts in Cunene-450 Units and in Uíge-500 Units
2016	37	CDB	Other social	Sambizanga, Social Houses in Luanda - 3000 Units
2017	38	CDB	Other social	Malanje Youth House
2014	120	ICBC	Other social	Futungo de Belas Real Estate Development Project, Phase I - 8000 Units
2015	80	ICBC	Other social	Housing Projects in Malanje - 500 Units, Moxico - 450 Units, and Bié - 500 Units
2005	13	Eximbank	Power	Quifangondo-Mabubas Transmission Line, 60Kv
2005	25	Eximbank	Power	Capanda-Lucala-Ndalatando Transmission Line, 220kV
2004	40	Eximbank	Power	Luanda Electrical Network Rehabilitation and Expansion, Phase II
2005	35	Eximbank	Power	Cambambe-Luanda Transmission Line, 220kV
2005	27	Eximbank	Power	Luanda-Sul Substation, 220kV
2008	26	Eximbank	Power	Luanda MT and BT Networks, Phase 3
2008	27	Eximbank	Power	Malange MT and BT Networks, Phase 2
2008	46	Eximbank	Power	Lundas Sul and Norte, Dundo, and Saurimo, MT and BT Networks
2007	50	Eximbank	Power	Benguela, Huambo and Bié MT and BT Networks, Part 1 - Huambo
2008	130	Eximbank	Power	Luanda MT and BT Networks, Phase 4
2007	23	Eximbank	Power	Lubando MT and BT Networks, Phase 2

2007	10	Eximbank	Power	Implementing 26,000 New Household Connections and Expansion of the SE-PS05 Catete Road (Rehabilitation and Expansion of LDA's Electrical Network-PhaseII)
2007	21	Eximbank	Power	Expansion of the Network of MT, BT and IP in the city of Caxito and Rehabilitation of the Quifangondo-Cazenga Line (Reconstruction of 60Kv Transmission Line and Quif.-Mabubas Substation)
2011	21	Eximbank	Power	MT/BT Networks - Lunda-Norte and Lunda-Sul Rehabilitation and Expansion, Phase 1
2011	4	Eximbank	Power	MT and BT Networks of Mbanza Congo Rehabilitation
2014	112	Eximbank	Power	Hydropower in Chiumbe-dala 12.42MW and 99.6km Transmission Line in Luena 110kV
2012	22	China Energy Engineering Corporation (CEEC)	Power	Mabubas Hydropower Project Expansion 10MW
2010	60	ICBC	Power	Lomaum Hydropower Project 65MW
2013	1003	Eximbank	Power	Soyo-Kapary Transmission, 400kV and Transformation Project
2015	838	ICBC	Power	Soyo I Combined Cycle Power Plant Phase I 750MW
2016	3700	**MixedCN:** ICBC, Eximbank, BoC, CCB, CMB, Ping An Bank Co., Ltd., BoC	Power	Caculo Cabaca Hydropower Project 2170MW and transmission lines
2002	15	Eximbank	Power	Luanda Electrical Network Expansion, Phase I
2002	15	Eximbank	Power	Lubango Electricity Network
2002	25	Eximbank	Power	Namibe and Tombowa Electricity
2016	47	CDB	Power	Huambo City, Electrification of 17,500 Home Connections
2016	452	CDB	Power	Luanda, Electrification of 300,000 Home Connections
2016	47	CDB	Power	Lubango/Matala, Huila, Electrification of 12,500 Home Connections
2016	47	CDB	Power	Cabinda City, Electrification of 20,000 Household Connections
2016	340	CDB	Power	Lauca-Huambo, Electricity Transmitting and Transforming System Construction

2016	71	CDB	Power	Benguela City, Electrification Contract and 22,800 Household Connections
2013	180	ICBC	Power	Luachimo Hydropower Project, 36MW
2018	405	ICBC	Power	Electrification and Home Connections in Zaire Province
2004	12	Eximbank	Transport	Road Transport Support
2005	191	Eximbank	Transport	Kifangondo-Caxito-Uíge-Negage Road, 371 km
2007	429	Eximbank	Transport	Caxito-Nzeto Road Rehabilitation, 208km (Disbursements from 2007 Credit Line)
2007	144	Eximbank	Transport	Nzeto-Tomboco-Mbanza Congo Road Rehabilitation, 214km
2007	57	Eximbank	Transport	Cars Purchase - 1500 Units, Phase II
2007	62	Eximbank	Transport	Railroad Equipment Purchase
2007	396	Eximbank	Transport	Luanda, Benguela, Huambo, Uíge, Malange Urban Public Transportation Vehicles Purchase - 5,500 Units
2007	51	Eximbank	Transport	Rehabilitation of the Streets in the Cities of Caxito (20km), Uíge (22km), Negage (10km)
2010	28	Eximbank	Transport	Saurimo's Airport Aerogare Construction
2011	25	Eximbank	Transport	Replacement of 1500 Cars Destroyed in the War
2011	83	Eximbank	Transport	Rehabilitation, Modernization of Workshops, Angola's Railways
2011	70	Eximbank	Transport	Catamaran Boats Purchase - 4 Units
2011	86	Eximbank	Transport	Purchase of Railway Rolling Stock
2011	85	Eximbank	Transport	Luanda-Soyo Highway Rehabilitation, Nzeto-Soyo Section, 141km
2011	53	Eximbank	Transport	Luanda-Soyo Highway, Bridge over M'Bridge River, Package 4
2011	46	Eximbank	Transport	Luanda-Soyo Highway, Package 5 (Km 8 to Km 104)
2011	46	Eximbank	Transport	Luanda-Soyo Highway, Package 6 (Km 104 to Km 149)
2011	46	Eximbank	Transport	Luanda-Soyo Highway, Infrastructure Work for the Nzeto-Soyo Section, Package 7
2007	3	Eximbank	Transport	Cabinda Province to Zaire Province Road (Soyo Road?)
2002	90	Eximbank	Transport	Luanda Railway Phase I Rehabilitation, 444km (Luanda-Malanje line)
2016	932	Eximbank	Transport	Caio Port in Cabinda & Sinosure Premium
2011	86	CDB	Transport	Camama - Road Infrastrcture, Disbursement 1
2011	31	CDB	Transport	Camama - Road Infrastructure, Disbursement 2
2004	362	Eximbank	Transport	Benguela Railway, Huambo Railway, 1344km

2016	46	CDB	Transport	Caconda-Ngalo River Road in Huíla, EN110 and 280 Road Rehabilitation, Phase I
2016	51	CDB	Transport	Ngalo River-Quipungo Road in Huíla, Rehabilitation of EN110 and 280, Phase II
2016	48	CDB	Transport	Lunda-Sul Road Rehabilitation, Xinge-Lubalo Connection
2016	56	CDB	Transport	Cuanza-Sul EN120 Road Rehabilitation Lot 4, Alto Dondo / Waco Kungo / Bridge of the River Keve, Lot 04 - São Mamede / Waco Kungo, 57.5 km
2016	34	CDB	Transport	Luanda Rehabilitation of EN100 Part One
2016	50	CDB	Transport	Cuanza-Sul, EN100 Road Rehabilitation, Cabo Ledo-Lobito Road Lot 2, Ponte do Rio Longa-Ponte do Rio Keve
2016	31	CDB	Transport	Cuanza-Sul, EN100 Rehabilitation, Cabo Ledo-Lobito Road Lot 4, Sumbe-Ponte do Rio Eval
2016	41	CDB	Transport	Benguela, EN100 Road Rehabilitation, Cabo Ledo-Lobito Lot 5, Ponte do Rio Eval/ Ponte do Rio Culango
2016	20	CDB	Transport	Cuanza Sul Rehabilitation of EN120 Part 2
2016	49	CDB	Transport	Cuanza-Sul Rehabilitation of EN120 Part 5, High Dondo / Waco Kungo / Keve River Bridge, Lot 05 - Waco Kungo / Keve River Bridge, 31.1km
2016	53	CDB	Transport	EN230 Road Lot 1 Lucala-Malage-Saurimo, Intersection to EN322
2016	60	CDB	Transport	EN230 Road Lot 2 Cacuso-Malange, 68.8km
2016	27	CDB	Transport	EN321 Road Rehabilitation, Maria Teresa to Dondo, 61km
2016	12	CDB	Transport	Cuanza Sul, EC247 Road Rehabilitation, EN120-Cassongue Connection, 37km
2016	46	CDB	Transport	Sambizanga, Luanda, Rua 12 de Julho Road
2016	55	CDB	Transport	Malanje, Talamungongo - Mussolo - Cambundi - Catembo Road Rehabilitation, 290km
2016	26	CDB	Transport	Airport Terminals in Cuito, Bie
2016	60	CDB	Transport	Cabinda Airport Expansion
2016	60	CDB	Transport	Construction of the River and Land Terminal in Soyo City
2016	56	CDB	Transport	Marine Passenger Terminal in Cabinda
2016	23	CDB	Transport	EN100 Road Rehabilitation, Part 3
2016	38	CDB	Transport	Benguela, EN100 Road Rehabilitation Lot 6, 39km
2016	38	CDB	Transport	Cuanza Sul, EN120 Road Rehabilitation, Part 3, Alto Dondo / Waco Kungo / Bridge of the

				River Keve, 52km, Lot 03 - Jetty on the Quimone / São Mamede Riv
2016	51	CDB	Transport	EN120 Road Rehabilitation Lot 1, Alto Dondo-Desvio da Munenga, 46km
2016	26	CDB	Transport	Luanda, N´Gola Kiluange Road Rehabilitation, 35.9km
2016	31	CDB	Transport	Five Roads in Luanda Province Rehabilitation: Patriota-Talatona, Rua da Brigada, Rua D no Benfica, Rua Soba Mandume e Ramal de Bom Jesus
2016	18	CDB	Transport	Gabela/Quilenda, Cuanza-Sul, EN110 Road Rehabilitation, 35km
2016	29	CDB	Transport	Cuito, Bie, Road Rehabilitation, 15km
2016	25	CDB	Transport	Malanje, Mussolo-Dumba Cabango Road Rehabilitation, 43km
2016	50	CDB	Transport	Uige, Uige-Calumbo-Dambi-Negage Road Rehabilitation, 37.5km
2016	8	CDB	Transport	Huambo, Catchiungo-Chinhama Road Rehabilitation, 65km
2016	10	CDB	Transport	Uige, Quitexe-Ambuíla Road Rehabilitation
2016	29	CDB	Transport	Cuanza Norte, Alto Dondo-Capanda Road Rehabilitation, São Pedro da Quilemba - Alto Dondo, 48 km
2016	27	CDB	Transport	Malanje, Caculama (Mucari)- Tala Mungongo Road
2016	189	CDB	Transport	Rehabilitation of the Cabolongo-Cacuaco Expressway, Connection to the Camama Road with Access to Zango and Central Kilamba
2016	156	CDB	Transport	Rehabilitation of EN230, with Connection to the Unidade Operativa Overpass, and Improvements of the Luanda-Viana VIA Expressway
2016	245	CDB	Transport	Rehabilitationof EN230 between Viana and the New Luanda/Catete International Airport
2016	27	CDB	Transport	Cruzamento-Cassongue Road Rehabilitation, 37m
2017	19	CDB	Transport	Namibe Province Urban Roads - Mocamedes Rehabilitation
2016	39	Eximbank	Transport	3 Training Centers and Equipment for Angolan Railway Companies in Luanda (CFL), Benguela (CFB) and Moçâmedes
2015	20	CDB	Transport	Road Rehabilitation in Nharea, Bie, Stecol Corporation (中水电十三局), 12km
2017	150	BoC	Transport	Railway Connection for the New Luanda International Airport to Luanda City, 17.4km
2015	509	Eximbank	Transport	Nzeto-Soyo Road

2005	6	CIDCA	Unallocated	Unknown ("Technical Projects")
2005	40	Eximbank	Water	Luanda's Water Supply System
2005	20	Eximbank	Water	Huambo's Water Supply System
2005	19	Eximbank	Water	Caxito, Catete and Uíge's Water Supply System
2008	32	Eximbank	Water	Lundas Sul and Norte, Dundo and Saurimo Water Systems
2007	83	Eximbank	Water	Luanda's Water Supply System, Package 4
2007	9	Eximbank	Water	Expansion of the Water Supply Network in the City of Huambo, Building of 20 Fountains and 2,000 New Household Connections, Building of Sewage Sludge Treatment Station and One Year of System Management Support
2007	26	Eximbank	Water	Building of Residual Water Treatment Station (Quifangondo), Distribution Center in the Municipality of Cacuaco, and Implementing New Household Connections (Contract of Rehabilitation of Luanda's Water System)
2007	6	Eximbank	Water	Expansion of the water supply network in the cities of Caxito and Catete, Building of Fountains and 100 New Household Connections and Assistance with System Management for One Year, and Rehabilitation of the Water Treatment System in Uíge, Expansion of the Water Supply Network and System Management Support for One Year
2011	30	Eximbank	Water	Water Supply Systems in Catete and Uíge Rehabilitation and Reinforcement, Phase 2
2011	31	Eximbank	Water	Water Supply Systems in Tômbwa, Rehabilitation and Reinforcement, Phase 2
2011	25	Eximbank	Water	Lunda-Norte and Lunda-Sul Water Supply Rehabilitation and Reinforcement, Part 1
2012	20	Eximbank	Water	Water Supply Systems in Tômbwa Rehabilitation and Reinforcement, Phase 2
2016	76	CDB	Water	Cabinda Water Supply System, including the Sassa-Zau Water Treatment Plant, Part 1
2016	76	CDB	Water	Cabinda Water Supply System, Part 2
2016	6	CDB	Water	Lucapa, Lunda-Norte Water Supply System
2016	7	CDB	Water	Kiwaba Nzoje, Malanje Water Supply System
2016	17	CDB	Water	Cacula, Huila Water Supply System
2016	6	CDB	Water	Jamba, Huila Water Supply System
2016	7	CDB	Water	Cangandala, Malanje Water Supply System
2016	11	CDB	Water	Muxima, Luanda Water Supply System
2016	13	CDB	Water	Quela, Malanje Water Supply System

2016	30	CDB	Water	M´Banza Congo Water Supply System
2016	9	CDB	Water	Bibala, Namibe, Water Supply System
2016	19	CDB	Water	Tchindjendje, Huambo, Water Supply System
2016	33	CDB	Water	Ecunha, Huambo, Water Supply System
2016	39	CDB	Water	Cuito, Bié, Water Supply System
2016	9	CDB	Water	Massango, Malanje, Water Supply System Construction
2016	12	CDB	Water	Marimba, Malanje, Water Supply System
2016	31	CDB	Water	Malanje City, Water Supply System Construction
2016	11	CDB	Water	Cunhinga, Bie, Water Supply System Construction
2016	8	CDB	Water	Chitembo, Bie, Water Supply System Construction
2016	18	CDB	Water	Bula Atumba, Bengo, Water Supply System Construction
2016	10	CDB	Water	Bula Atumba, Bengo, Water Supply System Construction
2016	18	CDB	Water	Tchicala-Tcholoanga, Huambo, Water Supply System Construction
2016	8	CDB	Water	Nharêa, Bié, Water Supply System Construction
2016	10	CDB	Water	Camucuio, Namibe, Water Supply System Construction
2016	41	CDB	Water	Muxaluando, Bengo, Water Supply System Construction
2016	41	CDB	Water	Luanda Water Distribution Systems - Panguila, Caop-Velha, Km 32
2015	51	CDB	Water	Kwanza Sul, Porto Amboim Water Supply System Improvement
2015	139	CDB	Water	Huambo City, Water Supply Network Construction, Lot 1 & 2, Phase II
2016	24	CDB	Water	Luanda, Candelabro Water Distribution Center
2017	28	CDB	Water	Dredging of the Malanje River
2019	106	ICBC	Water	Sumbe City, Cuanza Sul, Integrated Infrastructure Lot 2 - Drainage
2016	386	CDB	Water	Package S5- Quilonga Grande Construction
2016	13	CDB	Water	Construction of the CD Morar and Installation of the System of Monitoring and Safety of Adductive Pipes in Luanda
2013	130	ICBC	Water	Luanda, Water Distribution Networks
2013	54	CDB	Water	Luanda, Marçali Water Distribution Centre Rehabilitation
Tot	42630			

Mixec CN(pag.29): Industrial and Commercial Bank of China Ltd. (ICBC), Export-Import Bank of China (Eximbank), Bank of China (BoC), China Construction Bank (CCB), China Minsheng Bank, Ping An Bank Co., Ltd., Bank of China (BoC)

4.3 Nigeria

Over the years, China has connected with Nigeria through trade, assistance and investment, while Nigeria has equally scouted for business opportunity in China. The Sino-Nigerian relationship also has its basis on the assumption of exploring their comparative economic advantages for mutual benefits. The trade between the two countries has increased, especially in recent years, due to the growing Chinese economy which requires more raw materials from Nigeria, including crude oil to propel its industries. China is also taking advantage of Nigeria's large population to generate extraterritorial markets for Chinese manufactured goods. Due to its huge population (the most populous in Africa) and immense amount of natural resources, Chinese investment in Nigeria has become a trending topic in the 21st century, as more than 200 Chinese companies are currently operating in Nigeria, making the country the largest recipient of Chinese foreign direct investment (FDI, about 15 billions of USD).

The first contact with China took place in 1960 when a Chinese delegation, invited by the Nigerian government, attended Nigeria's independence celebrations. This delegation was assigned the task of delivering a message on behalf of Chinese leaders congratulating Nigeria on the victory achieved by the Nigerian people in their struggle against colonialism.
In February 1971, Nigeria officially established diplomatic ties with China, more than a decade after independence. Both countries opened embassies in each other's capital by the end of the same year. Since then, bilateral China-Nigeria relations have been developing slowly over the next few years.

In 1972, after the Nigerian civil war in which China supported Biafra, military chief of state Gowon made his first official visit to China to seek financial assistance for post-war reconstruction programs.

The actual relationship began during the first term of President Mohammadu Buhari (1983-1985), which ushered in an era of close diplomatic ties, with the sole purpose of borrowing funds for road and rail infrastructure deficits.

in the 1990s, General Abacha supported China in the wake of the crackdown on the Chinese political opposition in Beijing's Tiananmen Square, which subsequently led to China's international isolation.
In 2001, Olusegun Obasanjo, the Nigerian president, embarked on a visit to China, mainly to convince Chinese industrialists to invest in the Nigerian economy. The bilateral agreement reached between the two countries during the visit was based on economic agreements in the oil sector, which culminated in the active participation of Chinese companies in the upstream and downstream energy sector (gas and oil)
Obasanjo offered the right of first refusal (RFR) on oil blocks to China at discounted rates in return for their mandatory investment in the oil and transport sectors.

In 2006, a tender was held for oil blocks and the China`s National Petroleum Commission (CNPC) obtained 4 oil blocks and 2 oil production licenses in exchange for China`s commitment to invest $2 billion to rehabilitate the Kaduna oil refinery in Nigeria. The same year also saw the establishment of the 'Oil for Infrastructure' exchange program between the two countries, where China was contracted to build roads and railways to the value of $5 billion and collected crude oil equivalent to the cost. But in addition to this, they also established a strategic partnership that allows goods and services from both countries free access to each other's markets.

Umar Musa Yar'Adua, who succeeded Obasanjo as president on 29 May 2007, revised the “oil for infrastructure” agreements between Nigeria and China. The decision was based on a study by Chatham House that revealed a loss of 6 billion dollars in failed oil deals with China by Nigeria. The failure to put in place follow-up mechanisms to enforce the agreements in place, led to the partial implementation or outright abandonment of many projects by many Chinese investors despite the agreed agreement. The high degree of corruption in oil tenders and the poor or non-execution of projects by many Chinese investors then resulted in the cancellation of the oil-for-infrastructure programme and its replacement by oil-for-cash, which allows China to pay the cash equivalent of oil imported from Nigeria.

The oil infrastructure projects, unlike the previous ones, have been carried out under public-private agreements between Nigeria and some private companies in China. One example is the agreement between the Nigeria National Oil Corporation (NNPC), Nigeria's state-owned oil company, and the China State Construction Engineering Corporation (CSCEC). The two companies jointly signed a $23 billion contract to refurbish three Nigerian refineries and build a crude oil refining complex, financed with $8 billion from Sinosure and China Exim Bank. CSCEC provided 80 per cent of the costs, with NNPC providing the remaining 20 per cent of counterpart financing.

Not only infrastructure is involved in the China-Nigeria relationship. In fact, the Chinese company (CSCEC), in collaboration with the China Aerospace Science and Technology Corporation (CASC), helped Nigeria build the NIGCOMSAT-1 satellite.
which was launched in 2007 (Africa's third largest communications satellite).

One of the latest Chinese requests to the Yar'adua administration was to sell a large number of oil and gas assets in exchange for $50 billion in funding for infrastructure development in Nigeria, but the government declined. China, following the failure to reach an agreement, moved across the board by purchasing through the China Petroleum and Chemical Corporation (SINOPEC) Canada Addax, one of the largest oil producers in West Africa, with extensive offshore operations in Nigeria.

During the subsequent Nigerian administration, whose president was Goodluck Jonathan (2010-2015), Nigeria signed three loan agreements with China's Exim Bank. The agreement consists of a $500 million loan for the Abuja Light Rail Project, a $500 million contract for the construction of four airport terminals in the country and $100 million for the expansion of Galaxy Backbone, a government information and communication technology (ICT) agency.

In addition, during a state visit to the People's Republic of China in 2013, Goodluck Jonathan expressed interest in over $25 billion investment by Chinese companies in Nigeria, including the $20 billion Memorandum of Understanding signed between the Ministry Energy in China and the Ministry of Energy in Nigeria, to generate 20,000 megawatts of electricity.

During Muhammadu Buhari's administration (2015-current) China offered a $6 billion loan to Nigeria for infrastructure development projects and a $1.5 billion loan for infrastructure development in Nigeria, including funding for the expansion of four airports in Lagos, Kano, Abuja and Port Harcourt. The Buhari government has also signed a currency swap agreement between Nigeria and China, in which the Nigeria Naira is exchanged directly for Chinese Yuan at their real value, instead of converting them into dollars first, so as to optimize import and export trade transactions. This has reduced the cost of imports from China to Nigeria and vice versa, thereby lowering the selling price of goods in both countries.

Enuka, a researcher on the relationship between Nigeria and Africa, argues that FDI from China has increased Nigeria's dependence on the Chinese economy, thereby undermining its economic security. The existential relationship between Nigeria and China has been driven by a strategy of infrastructure investment based on classical Keynesian theory of economic growth, which has taken firm root in Nigeria's development agenda.

China's increased influence in subsequent years and its commitment to low-interest concessional loans to Nigeria in recent years is in line with the Buhari administration, however it has generated apprehensions about the sustainability and possibility of repayments of these debts.

The background to Nigeria's international economic relations is the delicate balance between: the infrastructure development strategy, national interest and corporate responsibility expected of government officials on the one hand, and China's questionable trade policies and practices on the other. The relationship between China and governors in the African country is not entirely clear. According to a report by the investigative committee, many of the oil blocks were awarded to Chinese bidders who were well connected to the political power corridor in Nigeria, but with little experience in the field. So there is thought to be a preferential channel for Chinese investors in Nigeria.

Nigeria seems to be caught in the trap of concessional lending policy. China's growing influence and dominance in Nigeria's internal affairs, fuels the perception that the renewed relationship and friendship between the two countries is driven purely by China's need for raw materials, oil and energy.

According to the john Hopkins school of advanced international studies, Chinese investments are predominantly in the transport sector, as shown in the following table and graph.

The growth of Nigeria's gross domestic product today is no longer driven exclusively by the oil sector, but also by other sectors of the economy. Agriculture plays a significant role in the Nigerian economy, accounting for 35.2% of GDP in 2011. The sustainable expansion of agriculture has been instrumental in releasing inclusive economic growth, reducing poverty and improving food security. Thus, the oil sector appears to be contributing less and less to GDP growth, replaced by the growth driven by telecommunications and infrastructure. Below graphs showing GDP and GDP per Capita growth [Fig 18,19.]

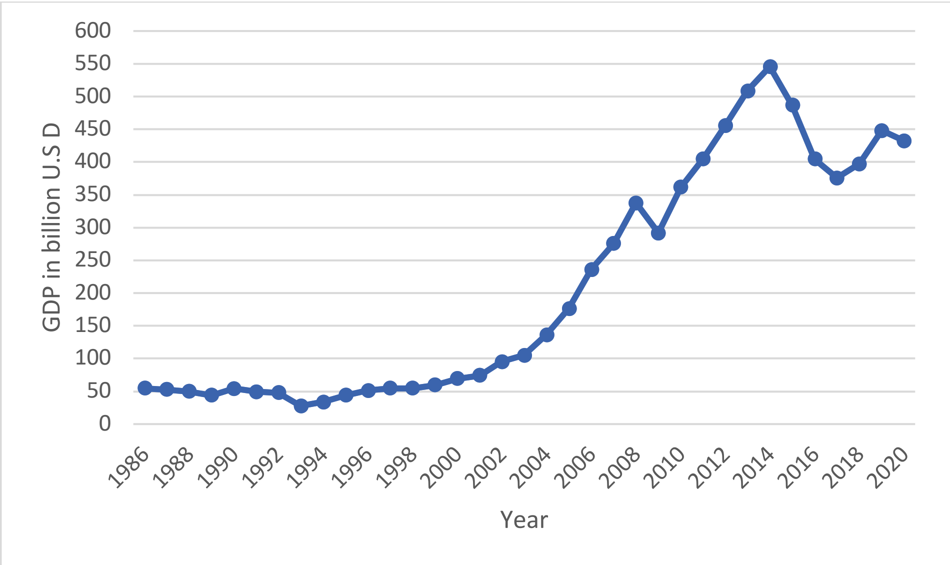

Figure 18 Gross domestic product (GDP) in current prices from 1986 to 2020 in Nigeria, [Source]()

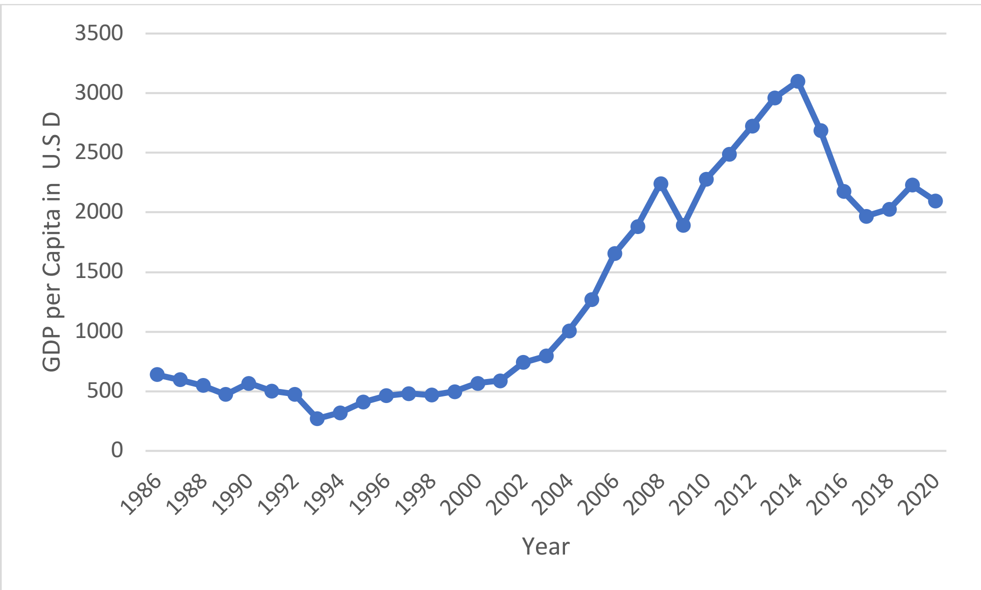

Figure 19Gross domestic product (GDP) per Capita in current prices from 1986 to 2020 in Nigeria, [Source]()

According to the john Hopkins school of advanced international studies, Chinese investments are predominantly in the transport sector, as shown in the following table and graph [Table.5, Fig20.].

Table 5

Sector	Million of USD	%
ICT	1194	16,57%
Power	1214	16,85%
Transport	4407	61,17%
Water	389	5,40%
Tot	7204	

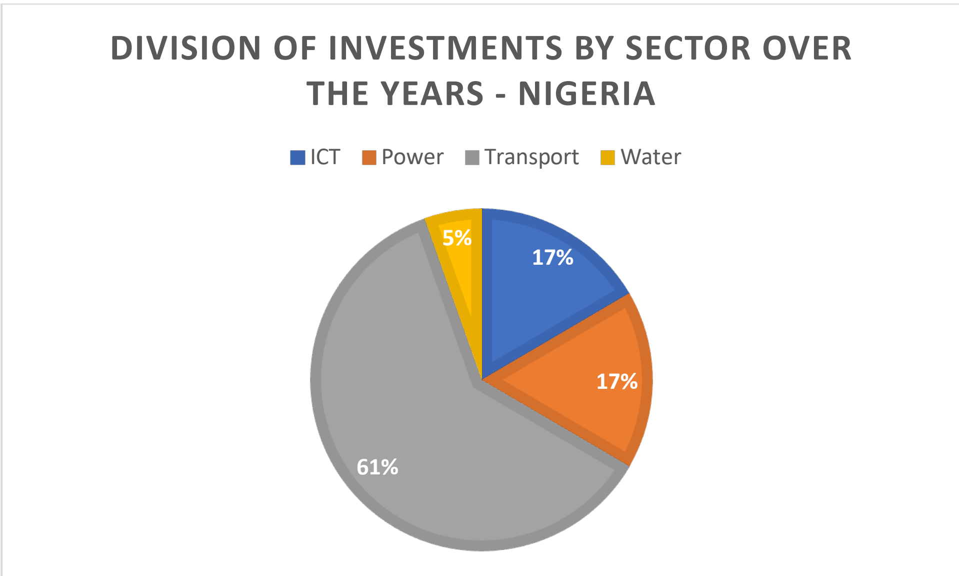

Figure 20 Division of investments by sector over the years - Nigeria

According to an evaluation of the concession loan portfolio, the debt profile in relation to gross domestic product (GDP), according to the Debt Management Office (DMO), calls into question the flow of loans for projects without commensurate performance on the spot.

This statistic shows the national debt of Nigeria from 2016 to 2020, with projections up until 2026, in relation to the gross domestic product (GDP). It is possible observe how the national debt of Nigeria in 2020 amounted to approximately 35 percent of the GDP[Fig.21].

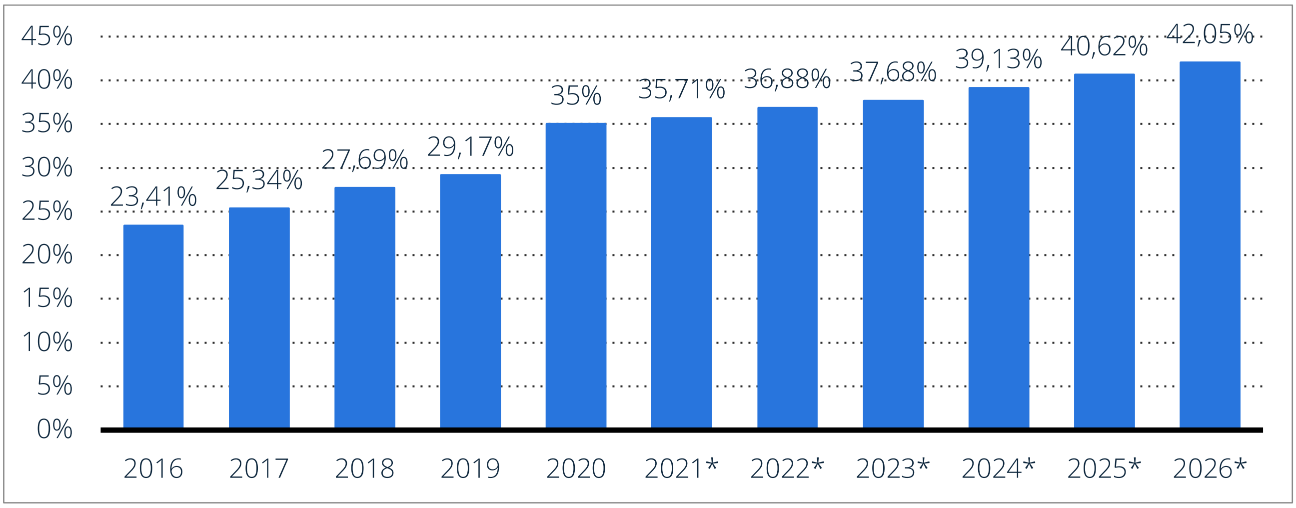

Figure 21 National debt in relation to GDP in Nigeria from 2016 to 2026, Source

Generally, loans made by China are guided by three general terms and conditions:

- Solid returns on infrastructure projects,
- Engagement with Nigeria's International Monetary Fund (IMF) office in the context of the debt sustainability profile
- Rationalization of loans in line with the development aspirations of the Nigerian state.

However, the exact frameworks, terms and conditions are hidden and there is little transparency in the way loans are managed. The strategic incentives and strength with which China has been able to get involved in Nigeria's development agenda are cloaked in conspiratorial rhetoric by politicians and their opaque collaborators.
The Chinese government and their centralized state lending institutions (such as EXIM banks) are primarily driven by economic and transactional motives, while presenting themselves as an equal partner.

The Debt Management Office (DMO) must be interrogated to unravel the weak institutional and arrangement structures imposed by the Exim banks [Fig.22] and their archangels in the Chinese Ministry of Foreign Affairs. The process of bundling and operationalization of loans are inherently corrupt and generate inefficiencies that have encouraged capital flight and loss of labour from Nigeria.

Figure 22 Status of Loans from China Exim Bank at Marchi 31, 2020

DEBT MANAGEMENT OFFICE
NIGERIA

STATUS OF LOANS OBTAINED FROM CHINA EXIM AS AT MARCH 31, 2020
AMOUNTS IN MILLIONS OF USD

S/N	Project Description	Loan Amount	Agreement Date	Terms and Conditions				Amount Disbursed		Payment	
				Interest Rate (p.a.)	Grace Period	Maturity Date	Tenor	Amount	Percentage	Principal	Int
1	Nigerian National Public Security Communication system Project	399.50	20-Dec-10	2.50%	7 Years	21-Sep-30	20 Years	399.50	100.00%	76.83	
2	Nigerian Railway Mordernization Project (Idu- Kaduna section)	500.00	20-Dec-10	2.50%	7 Years	21-Sep-30	20 Years	500.00	100.00%	96.15	
3	Abuja Light Rail Project	500.00	7-Nov-12	2.50%	7 years	21-Sep-32	20 years	500.00	100.00%	19.23	
4	Nigerian ICT Infrastructure Backbone Project	100.00	5-Jan-13	2.50%	7 years	21-Sep-32	20 years	100.00	100.00%	0.00	
5	Nigerian Four Airport Terminal Expansion Project (Abuja, Kano, Lagos & Port Hacourt)	500.00	10-Jul-13	2.50%	7 years	21-Sep-34	20 years	455.28	91.06%	0.00	
6	Nigerian Zungeru Hydroelectric Power Project	984.32	28-Sep-13	2.50%	7 years	21-Sep-33	20 years	518.24	52.65%	0.00	
7	Nigerian 40 Parboiled Rice Processing Plants Project (Fed. Min. of Agric & Rural Dev.)	325.67	26-Apr-16	2.50%	7 years	21-Mar-36	20 years	0.00	0.00%	0.00	
8	Nigerian Railway Mordernization Project (Lagos - Ibadan section)	1,267.32	18-Aug-17	2.50%	7 years	21-Sep-37	20 years	759.84	59.96%	0.00	
9	Nigeria Rehabilitation and Upgrading of Abuja - Keffi - Markurdi Road Project	460.82	18-Aug-17	2.50%	7 years	21-Sep-37	20 years	80.64	17.50%	0.00	
10	Nigeria Supply of Rolling Stocks and Depot Equipment for Abuja Light Rail Project	157.00	29-May-18	2.50%	7 years	21-Mar-38	20 years	0.00	0.00%	0.00	
11	Nigeria Greater Abuja Water Supply Project	381.09	29-May-18	2.50%	7 years	21-Mar-38	20 years	0.00	0.00%	0.00	
Total								3,313.50		192.21	

Source: Debt Management Office

4.3.1 Collected data of loans from China to Nigeria (2002-2019)

Table 6

Year	Million of USD	Bank	Sector	Project
2002	78	Alcatel-Lucent Shanghai Bell Co., Ltd.	ICT	ALCATEL Nigerian Local Government Rural Telephony Project
2002	82	Zhongxing Telecommunication Equipment Corporation (ZTE)	ICT	ZTE Nigerian Local Government Rural Telephony Project
2006	200	Eximbank	ICT	Nigerian Communications Satellite (NIGCOMSAT)
2010	400	Eximbank	ICT	Public Security Communication System Project
2013	100	Eximbank	ICT	ICT Infrastructure Backbone I Project
2018	334	Eximbank	ICT	National ICT Infrastructure Backbone Phase II Project
2002	115	Shandong Electric Power Construction Corporation III (SEPCO III)	Power	Ogun State, Papalanto Gas Power Project 335 MW
2002	115	China Machinery Engineering Corporation (CMEC)	Power	Ondo State, Omotosho Gas Power Plant Project 335 MW
2013	984	Eximbank	Power	Zungeru Hydroelectric Project 700MW
2012	500	Eximbank	Transport	Abuja Light Rail Project, 78km
2010	500	Eximbank	Transport	Railway Modernisation Project 1 (Idu-Kaduna), 187km
2013	500	Eximbank	Transport	4 Airports Terminal Expansion Projects
2017	1267	Eximbank	Transport	Lagos-Ibadan Railway Modernisation Project II
2018	157	Eximbank	Transport	Supply of Rolling Stocks and Depot Equipment for Abuja Light Rail Project
2017	461	Eximbank	Transport	Abuja-Keffi-Makurdi Road Rehabilitation and Upgrade, 227km
2019	629	CDB	Transport	Lekki Deep Water Port
2019	209	Eximbank	Transport	Four Airport Terminals Expansion Incremental Project
2019	184	Eximbank	Transport	Four Airport Terminals Expansion Ancillary Project
2018	389	Eximbank	Water	Greater Abuja Water Supply Project
Tot	7204			

4.4 Egypt

2016 marks the 60th anniversary of Sino-Arab relations, specifically the establishment of the first arab and african diplomatic relations between Egypt and China in 1956, representing the longest-running Sino-African diplomatic relationship. Since this cooperation emerged, the nature of ties between the two nations has mostly been based on win-win cooperation and multiple mutual commercial, political and economic benefits.

Sino-Egyptian relations officially began in 1956 in the form of mutual diplomatic relations, but prior to that there were exchanges of interests between Egypt and the People's Republic of China during the 1930s under the Kuomintang period. In order to develop relations with the Middle East, 20 Muslim students from China were sent to study at Al-Azhar University in Egypt, which is mainly known for religious studies. These students later became teachers and translators of Arabic. According to Chebbi (a famous feminist, activist, speaker and diplomat in tunisia and egypt), the most famous Al-Azhar graduate was Ma Jian who became the first teacher of Arabic at Peking University in 1946, and was sometimes Chairman Mao's translator. His translation of the Confucian Analects into Arabic provided Middle Eastern societies with an informative introduction to the sources of the Chinese tradition.

Between the early 1930s and mid-1940s, Egyptian relations with the ROC expanded further with the aim of establishing a more concrete relationship. In 1932, Ma Songting visited the King of Egypt and the President of Al-Azhar and brought back over four hundred books donated by the King and Al-Azhar University, as well as two professors from Al-Azhar. To promote the translation of religious texts into Chinese, starting in 1929, Ma Songting organised students and professors from Chengda to translate the Koran. The collaboration between these figures enabled Songting to found a library in Beijing in 1946 that he called the 'Fuad Library'.

The Sino-Japanese conflict was one of China's most difficult periods. During these years, the country sought assistance from the Middle East, resulting in the creation of Sino-Muslim groups. Anti-Japanese groups, creating resistance movements carried out through various interpretations of the Qur'an and Hadith. Various Egyptian writings were translated to be used as instruments of resistance and also to promote a holy war (Jihad) against the Japanese (Masumi, 2008).

On 30 May 1956, under the rule of the new Egyptian President Gamal Abdel-Nasser, Chinese Premier Zhou Enlai visited Egypt and an agreement was officially established to jointly communicate diplomatic relations at ambassador level
(Chinese Ministry of Foreign Affairs, 2006).

In 1993, the Arab League, led at the time by Secretary-General Esmat Abdel-Meguid , opened its first office in Beijing, and in 1996 Chinese President Jiang Zemin became the first Chinese leader to officially visit the Arab League (China-Arab States Cooperation Forum, 2016).

By 2010, Egypt was in chaos. Former Egyptian President Mubarak was forced to relinquish his power and the Muslim Brotherhood came to power, elected by the people, only to be forced out by the military due to popular outrage over their expansion of power a year later.

In 2013, Chinese President Xi Jinping unveiled the Belt and Road Initiative (BRI) welcoming countries along the routes that wanted to participate in cooperation under the BRI and Egypt was among them. Indeed, the following year, Egypt's newly elected President SiSi visited China with the aim of strengthening the bilateral CSP-type relationship between the two countries.

In 2016, Egyptian President Sisi launched a new national development strategy called 'Egypt Vision 2030'. Through the BRI and Egypt Vision 2030 strategies, China and Egypt are looking for suitable areas to cooperate under these two plans. Therefore, it is crucial to analyse the implementation of the strategic synergy between the "BRI" and "Egypt Vision 2030". China and Egypt's mutual development strategies, achievements and risks faced by the cooperation between the two countries are still topics of debate, analysis and research.

Presidential visits over the past decade have defined a win-win relationship between two countries, improving their economic capabilities. Given the existence of the enormous opportunities for Sino-Egyptian economic cooperation, it is essential to take a closer look at the volume and performance of both nations' economies. According to the International Monetary Fund for the 2014 yearbook, Egyptian exports of raw materials reached about $29 billion of USD and imports amounted to $65 billion, while Chinese exports of raw materials remained in its top position in the world with $38 billion, surpassing the United States. In addition, the United Nations Conference on Trade and Development (UNCTAD) mentioned in its 2015

World Investment Report that China's investments in various countries around the world reached $116 billion.

Figures from The Global Competitiveness Report in 2015 (Fig.23,24) show that China outperforms Egypt in three respects:

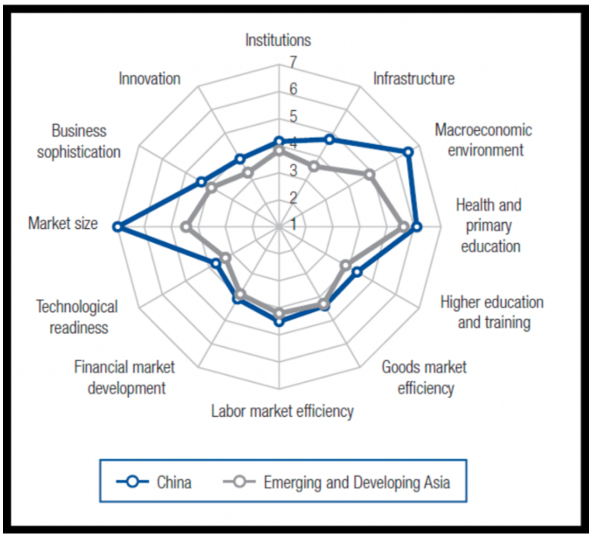

Figure 23 Competitiveness Graph of China, [Source]

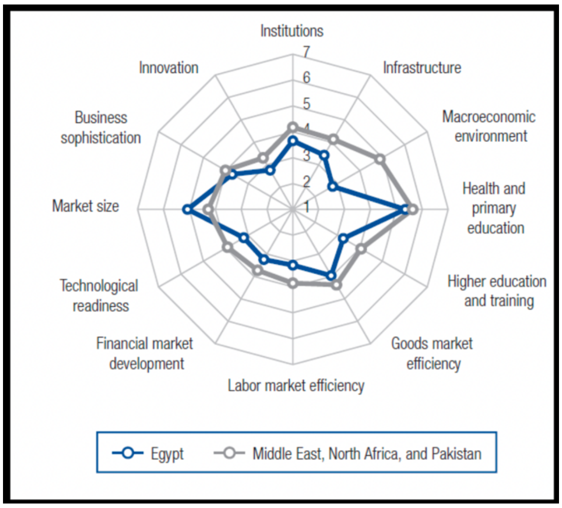

Figure 24 Competitiveness Graph of China, [Source]

- Basic requirements, such as institutions, infrastructure, macroeconomic environment and health and primary education
- Efficiency enhancers, like higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness and market size

- ❖ Factors of innovation and sophistication, such as business sophistication and innovation (World Economic Forum, 2015).

Egypt has reported a more positive assessment only in the last decade, where it has gained several positions in physical security and better protection of property rights. In addition, there has been a steady improvement in the reduction of energy subsidies, tax reforms and the business environment. According to one forecast, Egypt's GDP is set to grow almost exponentially after the announcement of Egypt Vision 2030. In fact, by 2020 it had already surpassed its historical peak of 2016. [Fig.25,26]

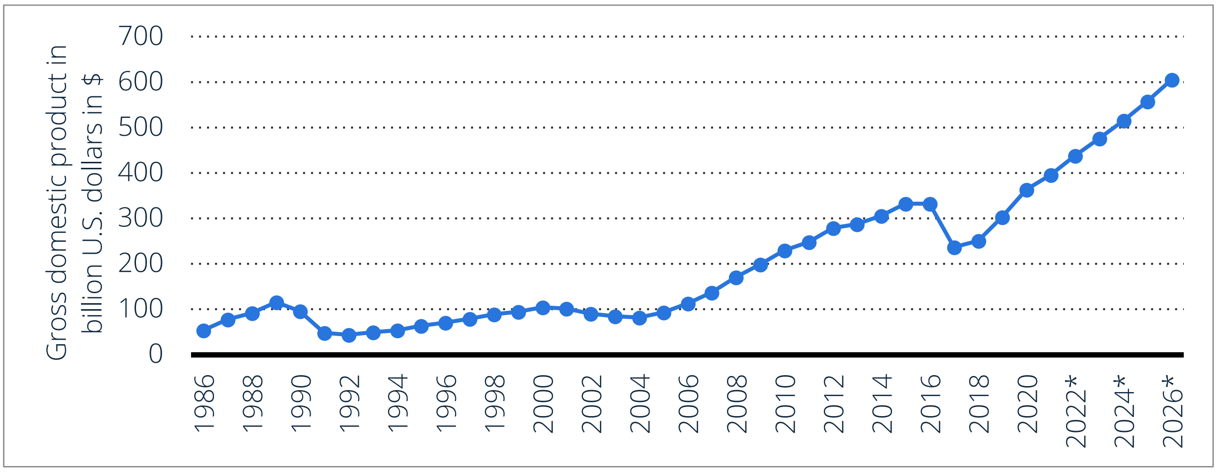

Figure 25 Gross domestic product (GDP) in current prices from 1986 to 2026 of Egypt, Source

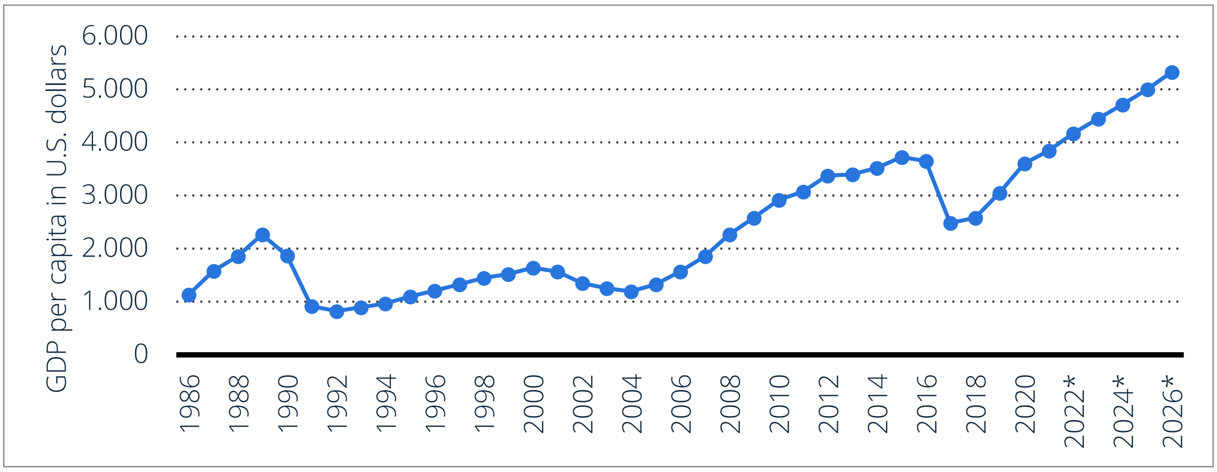

Figure 26 Gross domestic product (GDP) per capita in current prices from 1986 to 2026 of Egypt, Source

At present, reciprocal aid between the two countries has achieved significant results under the frequent promotion of senior government figures. But it is also necessary to take into account the presence of political, economic and security risks in the strategic cooperation process, which hinder full synergy today and could continue to do so in the future.

Egypt plays a crucial role in the member countries of three regional free trade zones: the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC) and the Economic Community of East African States (ECEAS) in Africa. These free trade areas cover 26 African countries, whose GDP accounts for about 60% of the GDP of the African continent and whose total population accounts for 56% of the African population.

Egypt also has a considerable advantage due to its geographical location, as it connects Asia and Africa on land and borders the Red Sea and the Mediterranean Sea on the sea. The Suez Canal is a major trade centre linking Egypt to every available international market. The country was proclaimed the leader of the Arab countries (Arab League) after the Second World War, playing an important role in both the Arab National Democratic Revolution and several clashes in the Middle East against Israel. One can therefore say that Egypt certainly occupies a key position within the North African region.

Since Sisi came to power, he has dedicated himself to restoring national stability and revitalising the economy by introducing a series of economic reforms and development plans, such as the Suez Canal Corridor development project, the construction of a new capital city and the Golden Triangle development zone project in Upper Egypt. The preparation of the sustainable project took two years and was officially launched in February 2016 under the name "Egypt Vision 2030". It incorporates 70 projects into the vision plan that aims to position Egypt among the top 30 countries in the world in terms of economic size (based on GDP), market competitiveness, human development, quality of life and anti-corruption by 2030.

From a social perspective, Egypt aims to build a fair society with equal economic, social and political rights. It also aims to maximise social inclusion, motivate the driving force of social development, provide protection mechanisms to address life's risks and provide support and protection to marginalised communities and vulnerable groups. It also aims at eco-sustainability and securing the rights and interests of Egypt's future gender by promising careful and proper use of natural resources and targeted funding for sustainable energy.

Egypt openly supports Chinese investment, so much so that the government has established a Chinese affairs section headed by Prime Minister Ibrahim Mahlab. In 2017, it enacted a new investment law designed to further attract foreign capital. The intention is definitely to attract more Chinese foreign capital by entering into new agreements that further strengthen the relationship signed in 2014 in support of the Belt and Road and Vision 2030 projects.

"The Belt and Road Initiative can unite China and developing countries in Africa to achieve common development." (Prime Minister of Egypt, Essam Abdul-Aziz Ahmed)

Egypt and China have great potential for economic cooperation in investment. Egypt's Suez Canal Economic Zone has signed several memoranda of understanding with Chinese government departments, such as the Ministry of Commerce, to promote economic and trade interaction between Egypt and China in the Suez Canal Zone.

Official Egyptian reports mention that Chinese direct investment flows into Egypt reached about $60 million by the year 2015, ranking 15th among countries pumping in foreign direct investment, after the US, Britain, Germany and France. There has also been a steady increase in the volume of bilateral trade between the two nations over the past 10 years, rising from $2.145 billion in 2005 to $12.9 billion in 2015 (Al-Naggar, 2016).

Despite the beautiful and frictionless image of the Sino-Egyptian relationship, there are still some setbacks that have affected Egyptian society, as it can sometimes be seen by the West as a deeply unequal relationship. Chinese investments, not only in Egypt, but on the African continent, have mostly resulted in higher prices for raw materials and lower-cost, hence lower-quality consumer goods. Chinese products have overtaken Egyptian products by a huge distance. (e.g. Egyptian handicrafts are no longer dominant in the market, just as skill itself is no longer a skill to be observed and appreciated).

Some historians may argue that Chinese investment has meant the loss of the nation's identity and sense of character. Moreover, China has always been a great supporter of authoritarian regimes on the African continent, where there is a lack of concern for labour rights, ignoring environmental protection, corruption and ecological degradation. It is therefore unclear whether the huge amount of Chinese investment in Egypt and other African continents can still be considered a solution for the economic improvement of the African continent.

Below is a graph of how Chinese investment in Egypt is divided up.

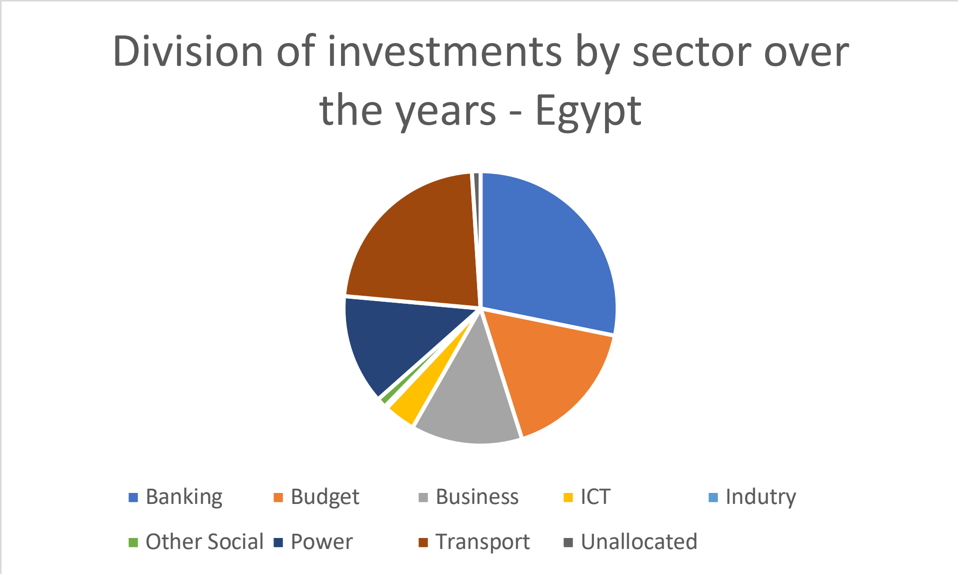

Figure 27 Division of investments by sector over the years - Egypt

Table 7

Sector	Million of USD	%
Banking	1500	28,19%
Budget	900	16,91%
Business	700	13,16%
ICT	200	3,76%
Indutry	16	0,30%
Other Social	61	1,15%
Power	690	12,97%
Transport	1200	22,55%
Unallocated	54	1,01%
TOT	5321	

4.4.1 Collected data of loans from China to Egypt (2002-2019)

Year	Million of USD	Bank	Sector	Project
2012	200	CDB	Banking	SMEs
2015	100	CDB	Banking	SMEs
2016	100	CDB	Banking	SMEs
2017	500	CDB	Banking	Interbank Loan
2018	600	CDB	Banking	Interbank Loan
2016	900	CDB	Budget	Bolster foreign exchange reserves
2016	700	CDB	Business	Interbank Loan
2018	200	Huawei Technologies Co., Ltd.	ICT	Rollout of 4G network and transmission system
2005	16	Eximbank	Industry	Refurbishing of a Polyester Factory owned by Egypt Cotton Holdings Company
2006	61	Eximbank	Other social	Cairo International Convention Center
2017	690	MixedCN: China Eximbank, CDB and ICBC	Power	500kV Transmission Line Project 1210km
2019	739	Eximbank	Transport	Cairo-10th of Ramadan-New Administrative Capital Light Rail, 68km (First Loan, total $1.2 billion)
2019	461	Eximbank	Transport	Cairo-10th of Ramadan-New Administrative Capital Light Rail, 68km (Second Loan, total $1.2 billion)
2002	12	CIDCA	Unallocated	Unknown
2004	30	CIDCA	Unallocated	Unknown
2002	12	CIDCA	Unallocated	Unknown
Tot	5321			

4.5 Democratic Republic of the Congo

The relationship between China and the Democratic Republic of Congo (DRC) could represent a unique case of China's win-win policy with African countries. Ideally, it is difficult to establish such a policy between two very unequal countries, plus the DRC is considered a weak state characterised by instability and mismanagement. History identifies the African country as a territory to be exploited through a colonial mining model where Western countries found a source of cheap strategic mineral resources.

China has acquired a financial and economic strength that it is using to position itself as an alternative to the West for control of the huge strategic mineral reserves in Africa, and in this case the Democratic Republic of Congo. The African country's aim is to attract China as a strategic partner for the development of projects whose goal is to rebuild the country's infrastructure after years of colonialism, dictatorship, corruption and war. China applies an approach of non-interference with the internal management of the country as it considers it essential to build a solid foundation for relations between the two countries. China also criticises the Western approach that links economic support to the promotion of democratic principles and values. It believes that the imposition of Western democratic values on Africa in general, and on the DRC in particular, is one of the causes of political instability and economic stagnation. The eastern country has based its relations with Africa on securing mutual benefits.

The DRC has always been a dysfunctional state, lacking organisational capacity and unable to conceptualise the country's future, both politically and economically. For this reason, the main challenge for the African country is to build a functional state, without which all development, both internal and external, would fail.

China has always maintained close diplomatic relations with DRC, even from before the country's independence.In fact, during Africa's struggle for independence, China presented itself as an open supporter of the various countries, supporting the struggle against Western imperialism. China's aid manifested itself through propaganda, radio programmes and the supply of arms, supporting several African states including the Democratic Republic of the Congo, opposing colonial rule.
As early as the 1970s, China supported Congo with small investments in education, science, culture and social services. In terms of infrastructure, China has contributed to the construction of symbolic buildings such as the parliament and the national football stadium.

Around the end of the 1990s, relations between the two countries loosened due to political instability in the DRC. Only in 1997 was a slow Chinese penetration possible through a reduced trade directed towards artisanal miners in Katanga province.

According to an estimate made in 2011, about sixty of the seventy-five copper processing plants in the province were owned by Chinese nationals.

Relations between China and the DRC have been strengthened by the Sicomines Agreement, an agreement on infrastructure resources, established in 2008, which is now worth USD 6 billion (previously USD 9 billion). According to this agreement, the money will be divided equally between the mining industry and the development of infrastructure such as roads, railways, hospitals and schools. In return, China will get 10 million tonnes of copper and 600,000 tonnes of cobalt.

From 2008, when the Sicomnies were signed, to 2014, total spending on infrastructure development was about $459,764 million. In 2015, $250 million was allocated for infrastructure projects. Currently, the total expenditure on infrastructure is about $750 million out of a total of $3 billion allocated.

The Sicomines deal appears to lack transparency and fairness as the agreement was signed in a highly opaque environment of great opacity, creating numerous protests from the Congolese and international communities. The secrecy surrounding the deal prompted the International Monetary Fund (IMF) and local and international civil society to demand that it be made public. Once published the analysis of the initial agreement shows that it would have increased the DRC's potential external debt to an unacceptable level and the IMF called for it to be reduced to 6 billion dollars. This reduction only made the situation worse as the other dimensions of the agreement were not revised in line with the reduction in China's capital investment. Thus, the reduction from $9 billion to $6 billion reduced China's obligations by 33% and the infrastructure benefit to the DRC by 50 per cent, while China still has access to more than minerals worth over $50 billion, as the reserves ceded to China under the first agreement remained unchanged.

In 2013, the two countries signed an economic and technical cooperation agreement for an amount of USD 9 million that was given as a donation to the Congolese government.

The main advantage for the government of the Democratic Republic of Congo is that through the agreement it has increased its bargaining power for its minerals by identifying other sources of investment besides the usual western ones. While China administers the entire Sicomines project, the DRC-owned state company Gecamines is a passive partner in the project with Chinese companies, so it plays no role in the administration. Thus, Chinese companies make all management decisions, including production and exports.

China has presented itself as an alternative to the accidental model but, at the end of the day, it has not altered the previous colonial model that much. It is clear that the objective of the eastern country is the sole pursuit of its own interests and the establishment of a relationship in which the powerful partner asserts itself and dictates the terms of cooperation. The only thing the Chinese model differs from is the construction of infrastructure not related to mining. The construction of roads, hospitals and schools is not linked to the extraction of resources, unlike the construction carried out by Belgium, for example, which only built roads for the extraction of Congo's resources.

The country's rapid development is heavily dependent on Chinese labour, resulting in a dependency syndrome that does not allow the Congolese to own their own development. China believes that Africans cannot build their own infrastructure and prefers to send its engineers and a strong army of unskilled Chinese labour to build roads and bridges, develop mines and extract minerals.

It can thus be seen that China's massive investment in the DRC has not been accompanied by capacity building of the Congolese. The use of imported Chinese labour, unstructured skills transfer and lack of investment in DRC institutions are some of the factors that create scepticism about China's approach to development.

Both countries benefit from established trade relations, although the main objective of the DRC is not infrastructure development but constitutional state building, as without a functional state the current infrastructure is bound to collapse. From this point of view, China has shown no interest in helping the African country, since it is closely linked to the ruling elite, so it has no interest in linking investments with the welfare of the Congolese people.

China's relationship with the DRC should simultaneously achieve two goals: supporting the building of a capable state and building an economy that is inclusive and sustainable. Until China helps DRC achieve stability, the infrastructure development approach is not sustainable.

The DRC experienced its first recession in 18 years in 2020 due to the negative impacts of the COVID-19 pandemic causing GDP to contract by 1.7% in 2020, despite growth in 2019 of 4.4% and in 2018 of 5.8%. This phenomenon depended on the slowdown of extractive industries as their contribution to growth decreased from 0.28% in 2019 to 0.17% in 2020. Measures taken to contain the effects of the pandemic, such as closures and transport restrictions, hurt non-extractive activities whose contribution to growth plummeted from 4.1% in 2019 to -1.9% in 2020, such as manufacturing, construction and public works, trade and market services. This led to the closure of several companies and weakened local demand. you can see the GDP and GDP per Capita growth of the Democratic Republic of Congo in the graphs below [Fig 28,29].

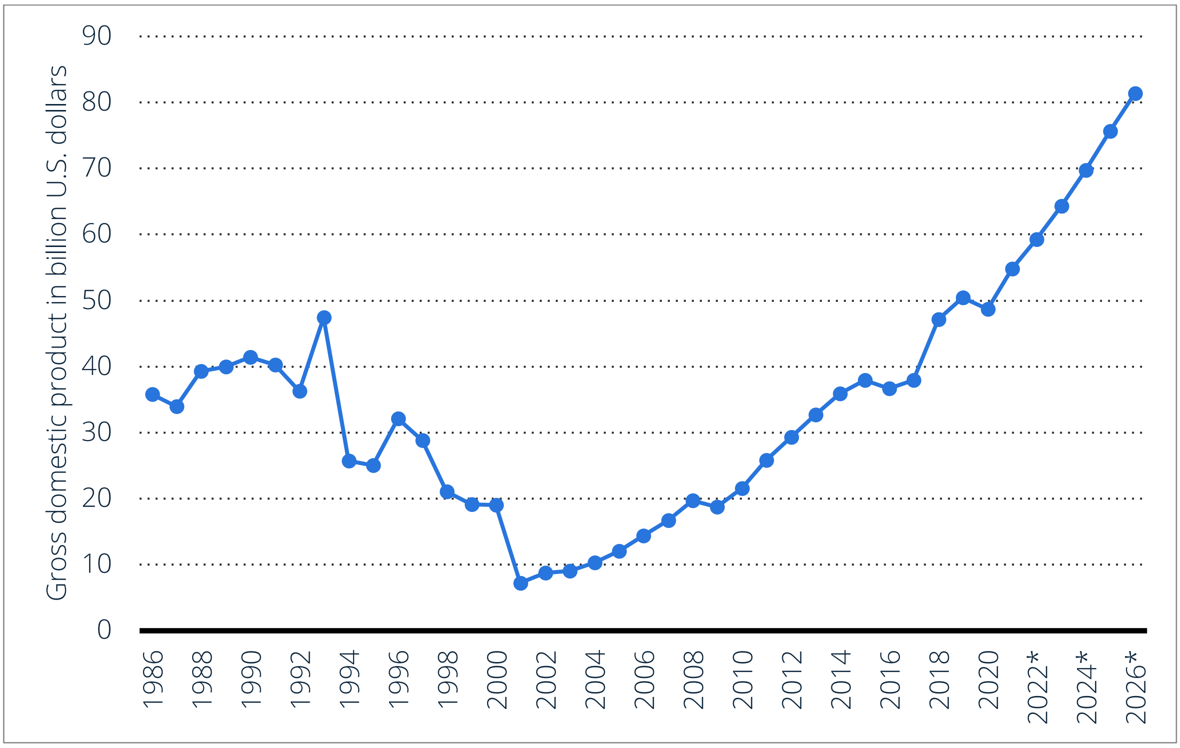

Figure 18 Gross domestic product (GDP) in current prices from 1986 to 2026 of DRC, Source

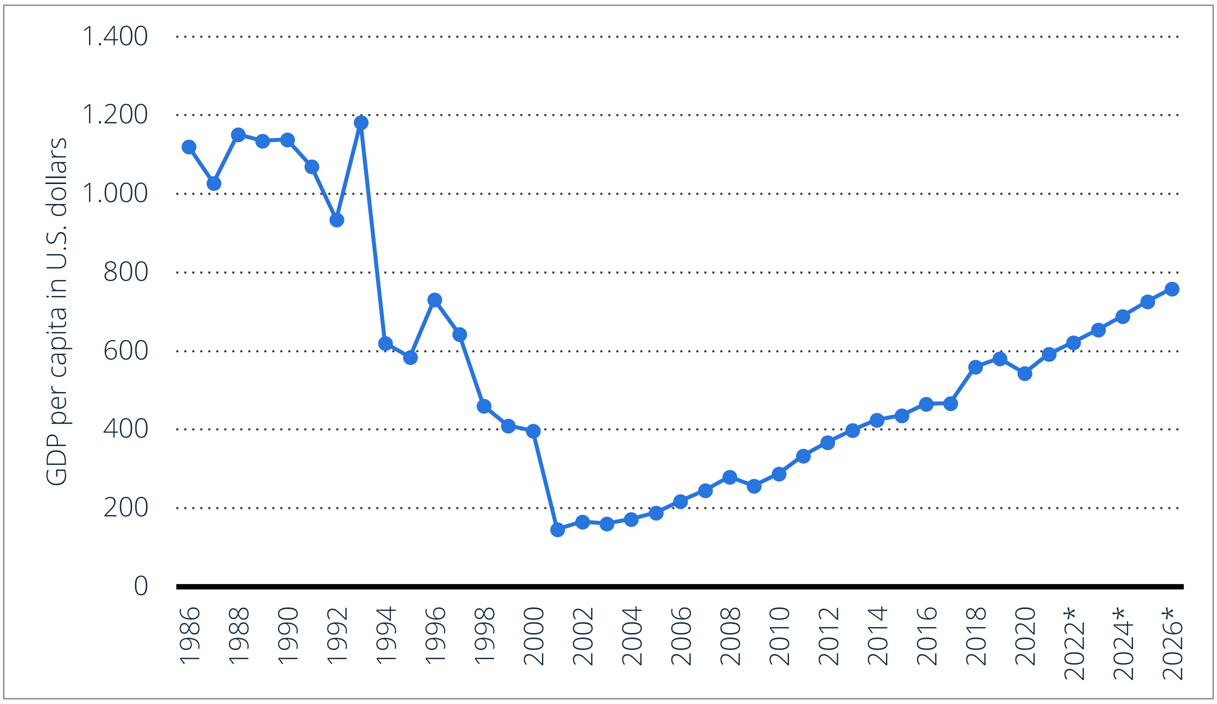

Figure 29 Gross domestic product (GDP) per Capita in current prices from 1986 to 2026 of DRC, Source

Data collected by the John Hopkins School of Advanced International Studies show that Chinese foreign funds are being used in the transport and energy sectors [Table 8, Fig.26].

Table 8

Sector	Million of USD	%
Government	20	1%
Health	115	5%
ICT	177	8%
Industry	8	0%
Other Social	52	2%
Power	676	32%
Transport	1015	48%
Unallocated	27	1%
Water	10	0%
Tot	2100	

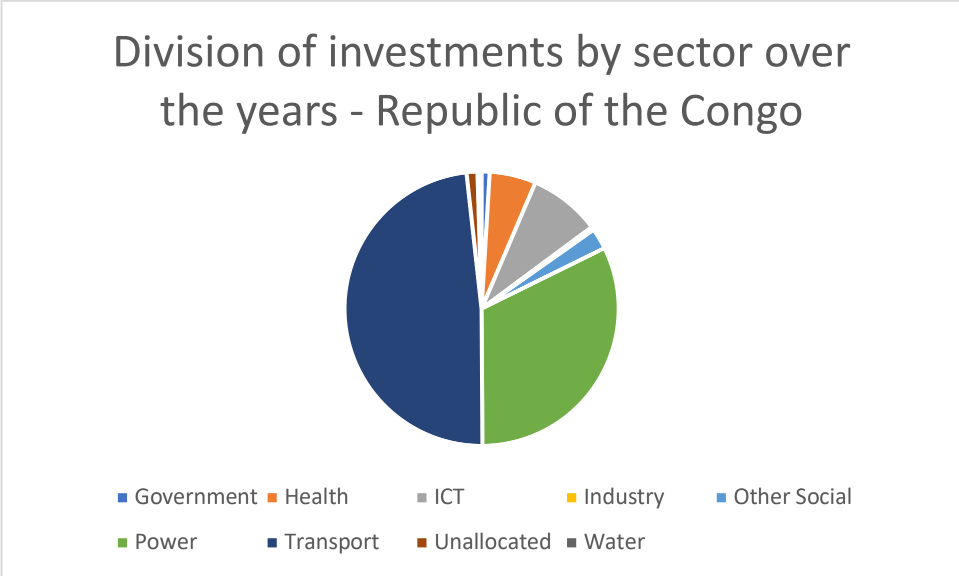

Figure 30 Division of investments by sector over the years - Republic of the Congo

4.5.1 Collected data of loans from China to Republic of the Congo (2002-2019)

Year	Million of USD	Bank	Sector	Project
2009	20	Eximbank	Government	Esplanade in front of the People's Palace in Kinshasa Refurbishment, 24380 sqr m
2008	115	Eximbank	Health	Kinshasa, Bed Construction in Hopital du Cinquantenaire - 450 beds (40,000 sqr m)
2000	10	Eximbank	ICT	Establishing Joint-Venture Congo China Telecom
2008	36	Eximbank	ICT	Fiber-Optic Cables Phase I
2012	91	Eximbank	ICT	Fiber-Optic Cables Phase II
2011	40	Eximbank	ICT	Government Internal Telecom Network
2011	8	Eximbank	Industry	Kisangani, Factory to Build Prefabricated Houses (14,400 sqr m)
2015	10	Eximbank	Other social	Bunia Stadium
2015	16	Eximbank	Other social	Kalemie Stadium
2015	12	Eximbank	Other social	Goma Stadium Construction
2016	14	Eximbank	Other social	Bukavu Stadium Project
2016	10	Eximbank	Power	Study, Supply and Installation Contract for 5,000 Solar Poles and Accessories
2011	367	Eximbank	Power	Zongo II Hydropower Station 150MW
2018	299	Eximbank	Power	220 KV substation in Kinsuka and Associated Distribution Networks
2009	19	Eximbank	Transport	Boulevard du 30 Juin Refurbishment in Kinshasa, Part 2 (2.5km)
2008	24	Eximbank	Transport	Kinshasa, Avenue du Tourisme Refurbishment, 6.8km
2009	29	Eximbank	Transport	Kinshasa, Triomphal and Sendwe Boulevards Refurbishment - Original (3.67km)
2008	21	Eximbank	Transport	Kinshasa, Lutendele Avenue Refurbishment, 2.8km
2008	57	Eximbank	Transport	North Kivu: Beni - Niania Road Refurbishment, 60km
2008	51	Eximbank	Transport	Katanga: Lubumbashi - Kasomeno RN5 Grading (137km)
2008	88	Eximbank	Transport	Katanga: Lubumbashi - Kasomeno RN5 Asphalting (137km)

2010	15	Eximbank	Transport	RN5 Bukavu - Ngangezi - Kamanyola Upgrade, 55km, Phase I (5/55km)
2010	23	Eximbank	Transport	RN2 Crossing to Butembo, Phase I (7.5km)
2015	10	Eximbank	Transport	Goma: Bunagana - Rutshuru - Goma Road, 15km
2009	26	Eximbank	Transport	Boulevard du 30 Juin Refurbishment in Kinshasa, Part 1 (5.3km)
2014	30	Eximbank	Transport	Lwambo - Mitwaba - Manono - Kalemie Road Rehabilitation, Phase I (171.6/466km) - Dirt Road
2015	6	Eximbank	Transport	Kolwezi Road Rehabilitation and Modernization
2015	15	Eximbank	Transport	Mbuji Mayi to Mwene Ditu Road Resurfacing
2015	15	Eximbank	Transport	Kalemie Road Rehabilitation and Modernization, Phase I
2016	2	Eximbank	Transport	Feasibility Study for the Rehabilitation and Modernization Project of the Mwene Ditu - Nguba Road
2016	39	Eximbank	Transport	Nzolana Avenue Rehabilitation and Anti-Erosion Control
2015	6	Eximbank	Transport	Kabalo Bridge Construction and Modernization Project
2016	6	Eximbank	Transport	Kabongo-Dianda - Mukwende Road Rehabilitation Project (350 km)
2016	6	Eximbank	Transport	Kamina - Kabongo Road Rehabilitation Project (230 km)
2016	10	Eximbank	Transport	Kikwit - Idiofa Road Rehabilitation and Modernization Project (70 km)
2015	5	Eximbank	Transport	Kitanda - Ankoro Road Rehabilitation and Modernization Project (70km)
2016	15	Eximbank	Transport	Kisangani Road Rehabilitation and Modernization Project (10.914 km)
2016	10	Eximbank	Transport	Manono Road Rehabilitation and Modernization Project (5 km)
2015	5	Eximbank	Transport	Uvira Road Rehabilitation and Modernization Project, Phase I (5 km)
2016	5	Eximbank	Transport	Ankoro - Manono Road Rehabilitation and Modernization Project (115km)
2017	6	Eximbank	Transport	Kalemie Airport Terminal Construction

2017	5	Eximbank	Transport	Kinshasa, Triomphal and Sendwe Boulevards Reinforcement (3.67km)
2018	57	Eximbank	Transport	RN5 Bukavu - Ngangezi - Kamanyola Upgrade, Phase II (50/55km)
2015	11	Eximbank	Transport	RN2 Crossing to Butembo, Phase II (7.5km)
2018	27	Eximbank	Transport	Kalemie Road Rehabilitation and Modernization, Phase II
2018	10	Eximbank	Transport	Lualaba: Kanina - Musonoï - Kapata Road Construction (12.93 km)
2012	60	Eximbank	Transport	N'Djili Airport Runway Refurbishment
2019	301	Eximbank	Transport	N'Djili Airport Terminal (Kinshasa)
2005	1	CIDCA	Unallocated	Unknown
2006	1	CIDCA	Unallocated	Unknown
2007	1	CIDCA	Unallocated	Unknown
2008	12	CIDCA	Unallocated	Unknown
2009	4	CIDCA	Unallocated	Unknown
2013	8	CIDCA	Unallocated	Economic and Technical Assistance
2016	10	Eximbank	Water	Construction Project of the Water Collection and Treatment Unit in Kamina in Katanga
Tot	2100			

4.6 Algeria (Possible future investment country)

Algeria is known as the 'sleeping giant' of North Africa. It is the country with the largest economy in the region and is one of the largest exporters of gas and oil in the whole of Africa. In recent years, the country's instability, popular discontent and constant demonstrations have slowed down its economic growth. The already difficult economic situation was further aggravated by the coronavirus crisis, which caused a decline in oil and gas revenues, thus reducing the country's capacity to provide jobs and services.

The country is under constant political pressure and internal crises that 'force' Algeria to re-evaluate its relations with foreign partners and the roles they could play. The European Union has repeatedly expressed its willingness to help the country by seeking to strengthen economic agreements with it.

Algeria's objective is clearly to receive foreign funds through FDI to help it recover from the economic crisis. Surely a solution could be to try to deepen its relations with China, a global power in the midst of economic growth and continuous expansion in the Middle East and Africa region.

According to a survey on political rights and civil liberties, Algeria is declared as "not free". The country is still under the control of a dictatorial government that is constantly seeking returns. The internal structure of the country consists of senior members of the People's National Army (ANP) and political parties with close links to the military, such as the National Liberation Front (FLN) and the National Rally for Democracy (RND) party. Closely related to the governmental elite is a network of foreign and non-foreign business leaders.

Over the years, various control and repressive strategies have been implemented to selective economic liberalisation. The regime has been sustained mainly by two factors:

- The impact of the Dark Decade (1991-2002), a period of horrible civil conflict that traumatised society and left in its wake a fragmented and distrustful political community
- A client system that ensures the dependence of the population and local elites on the redistribution of oil and gas revenues by the state.

From the 1980s to the 1990s, Algeria tried to innovate the country's political structure by switching from one authoritarian regime to another. As a result, Algeria has been beset by a weak bicameral legislature and repeated shuffles of key posts within the presidency. The country's many local civic associations have been hampered by laws that allow the government to block registration, dissolve existing organisations and restrict funding.

At the start of the protests in February 2019, four-term President Bouteflika was forced to resign and National People's Army (NPA) Chief of Staff Ahmed Gaïd Salah died of a heart attack. Both were immediately replaced by regime insiders and then in December 2019 former Prime Minister Abdelmajid Tebboune was elected through an election staged mainly to ensure intra-regime stability.

During the COVID-19 crisis, the regime largely treated the pandemic as a security crisis, i.e. as an opportunity to intensify repression against its critics and mount a new censorship campaign against online media.

Power struggles within the African state occur mainly between three economic actors: state bureaucrats, business leaders and political-military leaders. These constitute the 'three circles of corruption.

The large hydrocarbon revenues generated by the country's rentier economy have financed for decades a system of corruption of the regime and key constituencies.One example is the national company 'Sonatrach', also nicknamed 'a state within a state', which is mainly used as an instrument of state power. The company appears to be above regulation and accountability. In addition, it has preferential channels for large economic contracts, thus exposing the government's high level of corruption and cronyism and fuelling popular protests.

Algeria does not participate in regional or international anti-corruption initiatives and the Open Budget Survey score is 2/100.

With the country in the hands of an exploitative ruling elite, Algeria's economy is in desperate need of diversification. In addition, the growing power of Morocco as a neighbour has brought the country into a critical situation as Morocco has been steadily militarising itself in recent years and has increased the number of troops and outposts on its border with Algeria.

The relationship between Chinese and Algerian officials is an enduring one that has been kept stable by the fruitful bilateral agreements concluded between the two countries. China was the first non-Arab country to recognise the Algerian provisional government established in December 1958. Moreover, under Mao's vision, China regarded Algeria as a crucial pivot in the anti-colonial struggle in Africa. The relationship between the countries was strengthened in the following years thanks also to the rivalry against the Soviet Union, which resulted in a marriage of convenience based mainly on the symbolism of cooperation rather than on real agreements between the countries.

In the 1990s, with China's economic boom, relations between the two countries began to expand through an intensification of trade relations, fleshing out the relationship established in previous years. The Algerian civil war (1992-2002) hindered progress and only at the end of the conflict did the Chinese economic presence in the country increase, as well as in the rest of the African continent. The progressive development of the bilateral relationship is anchored in three documents: the Declaration on Strategic Partnership and Cooperation (2006), the Five-Year Plan for Comprehensive China-Algeria Strategic Cooperation (2014) and the Memorandum of Understanding (MoU) on Cooperation under the BRI (2018).

The Chinese approach aims to support the Belt and Road policy and what is outlined in the 2016 Arab Policy Paper sets out the guiding principles to support the initiative, including describing a model of bilateral relations that includes closer cooperation in the energy sector, intensified infrastructure construction, trade and investment, and expansion in the three high-tech fields of nuclear energy, space satellites and renewable energy.

Beijing tends to view the Maghreb not as a mere extension of the Middle East, but as a distinct sub-region with its own characteristics, offering attractive markets for companies and investors given the country's strategic location as a bridge between the Middle East, the African continent and the Mediterranean.

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Pechino tends to consider the Maghreb not as a simple extension of the Middle East, but as a distinct sub-region with its own characteristics, which offers attractive markets for companies and investors, given the country's strategic position as a bridge between the Middle East, the African continent and the Mediterranean.

Although Algeria is Beijing's oldest and closest partner in the Maghreb, in recent years China has stepped up contacts with Morocco, Algeria's neighbour and rival. The links between the two countries mainly concern the trade and tourism sectors. In recent years, several Chinese companies have undertaken major development projects in Morocco, such as the Noor2 and Noor3 solar parks.

Chinese exports to the Maghreb countries that have signed the BRI partnership agreements, i.e. Algeria, Morocco and Libya, have increased significantly since the early 2000s.

In recent years, bilateral relations between Algeria and China have grown exponentially, so much so that in the space of a decade China has become the African country's leading trading partner, overtaking France (2013). Importantly, although China derives more than a quarter of its imported oil and gas from Africa, Algeria is only a marginal supplier.

Considering Africa's largest oil and gas exporters, 15 countries collectively generated 90.1% of China's crude oil imports in 2019 and Algeria was not one of them.

Chinese companies are well established in the construction and energy sectors on Algerian territory. In fact, over the last twenty years, Chinese companies have concluded various public development agreements worth over 70 billion. The projects include constructions such as the new Ministry of Foreign Affairs building, the Algiers Opera House, the Sheraton hotels in Algiers and Oran, the Grand Mosque of Algiers, the East-West motorway, a new terminal at Houari Boumediene airport, and a series of low-cost residential complexes. Chinese companies, however, have undertaken these projects on a contractual basis of providing services without actually owning the property, and they are not involved in long-term management and therefore technically cannot be considered investors.

According to the China Global Investment Tracker (CGIT), China's documented combined construction and investment activities in Algeria during the 2005-2020 period were heavily concentrated in the transport and real estate sectors and amounted to $23.85 billion. Almost three quarters of this amount was accumulated before the launch of the BRI in 2013.

Giant state-owned energy companies such as China National Petroleum Corporation (CNPC), China Petroleum & Chemical Corporation (SINOPEC) and China National Offshore Oil Corporation (CNOOC) have been active in the territory for almost two decades, despite this they do not dominate the Algerian market. Many international E&P companies are currently present in the country in partnership with Sonatrach to execute more than 30 major projects and CNOOC is only one of them. Moreover, of the nearly 60 international companies that provide oil and gas services to Sonatrach and its affiliates, none of them are Chinese.

The Chinese presence in Algeria does not seem to be at the same level as the countries analysed above. In recent years, however, there seems to be an opening on the part of the governmental elite on foreign investment. Indeed, the African state has recently relaxed restrictions on foreign direct investment (FDI). The complementary financial law, promulgated on 4 June 2020, includes several incentive measures aimed at promoting FDI:

- The removal of the 51/49 rule restricting foreign ownership of a company under Algerian law for non-strategic sector
- The revocation of the State's right of first refusal "on all sales of shares or stakes in the company's capital made by or for foreign entities"
- The reintroduction of the right to use foreign financing

This allows international development institutions to finance projects in strategic sectors considered key to the national economy, upon review by the relevant authorities. However, there are few signs of Chinese companies, or their foreign competitors, rushing to take the first-mover advantage.

Finance Minister Mohamed Loukal signalled that Algeria could return to foreign borrowing, despite President Tebboune's opposition. He has ruled out the possibility of turning to the IMF, international institutions and foreign banks for loans, insisting that a high level of public debt would damage national sovereignty.

Should China manage to qualify as a friendly source of loans, they would almost certainly come without conditions such as new taxes, energy price reforms, currency devaluation, or talk of rights.

In the energy sector, Sonatrach appears to be in the grip of a crisis. Continuous leadership turnover and corruption scandals may be responsible for the poor investment response. Six CEOs have been sacked in the last ten years, the last of whom believed that opening up to foreign loans was essential for the economic development of the state and society.

Production expansion and infrastructure development are clouded by intra-elite factionalism and tensions between state and society. Moreover, the political instability in Algeria has hampered efforts to implement mega-projects to which the Algerian government had assigned a high priority.

A project approved in 2017 to build a new deep-water port at El Hamdania in Cherchell, with some $900 million in funding, has been slowed down in 2019 due to the start of Hirak protests.

A second ambitious project that has suffered interminable delays is the Sonatrach-led joint venture to build a phosphate plant in the Tebessa region. The project was developed in collaboration with Chinese multinational CITIC Construction in November 2018. Two years later the Kouninef brothers, allies of Bouteflika, were jailed and with them the project was shelved as they were reportedly responsible for bringing CITIC into the project.

Over the past two years, there have been numerous arrests and convictions of business tycoons closely linked to deposed President Bouteflika and two former prime ministers, such as Sonatrach's former CEO, Abdelmoumene Ould Kaddour, who was sacked in April 2019

Senior officials of the gendarmerie and the army were also removed without explanation. Dismissals that bear the marks of a purge, even if justified as actions taken to fight corruption.

It must be acknowledged that Chinese companies present in Algeria have not always operated in the most transparent manner. There have been many allegations of corruption made against executives of Chinese companies seeking access to the market. there were many cases where executives or managers of Chinese companies were involved in bribes and illegal commissions. It is difficult to reconcile statements by major Chinese companies about fighting corruption and complying with anti-corruption legislation with the dishonest practices they have sometimes used to gain advantages in Africa and elsewhere.

The situation in Algeria is certainly not one of the rosiest. The African state faces a knot of intractable problems that have been further accentuated by the Coronavirus pandemic and its negative socio-economic impacts. Faced with an acute fiscal crisis, a severe economic slowdown and widespread social discontent, the country continues to be ruled by an establishment insider caste whose sole objective is the realisation of self-interest.

During the pandemic, China helped Algeria by sending medical personnel and donating supplies. However, repeated promises by both sides to strengthen relations have not yet led to any major material progress. Especially given the political turmoil and fiscal tightening in Algeria over the past two years and in light of China's more selective lending and investment practices abroad, perhaps this is not surprising.

While waiting for the situation to improve, Chinese companies and state-owned banks seem to be betting and expanding their economic presence elsewhere in North Africa, mainly in Egypt, but also in Morocco, Tunisia, and probably in the future in Libya.

Pechino has continued its policy of non-interference in Algeria's internal affairs. In this way it has maintained good relations with Algeria's shadow decision-makers and indirectly prevented the country's democratic transformation.

5.0 Conclusion

China was an emerging power that was moved to the center of the international system by the forces of globalization. by the forces of globalization. It is now a superpower driving the global economy through targeted investments, both foreign and domestic.

Its close relationship with African states allows China to continue its economic growth in an exponential manner as it has for the previous years, thanks also to the fast recovery from the pandemic. In fact, the country is the only one in the world with an immediate economic growth prospect at the end of the past two years.

The various friendship histories between China and the African countries mentioned in the paper seem set to continue in the coming years given the longevity and high level of cooperation established over time. Moreover, the dependence of African countries on financial resources provided by the People's Republic of China means that they cannot grow independently, given the high level of debt and labour infiltration on the continent.

Chinese companies have invested in key sectors of the African economy such as infrastructure and banking, but clearly the largest sums of capital go into the extractive sector. The impact of Chinese investments has mostly been explored in relation to the economic benefits extracted from the various African states to the detriment of the effect on peace and security. The different domestic situations, sometimes opposed from one state to another, have led to different results but with one common thread: the presence of China as a 'colonizing' country, even though the latter does its utmost to appear in the eyes of African governors as a friendly and non-exploitative country.

It can be argued that Chinese investments are contributing positively to human security, especially the dimension of economic security, thus presenting an opportunity to eliminate structural violence in African societies. However, China uses its policy of non-interference to protect its investments by extending diplomatic support to the African state government which, in turn, relies on this support to maintain the violence that has originated. Thus, China has failed to use its economic leverage to pressure governments to ensure a minimum of civil and political freedoms. Several authors argue that this behavior is done on purpose given China's close relationship with certain African governors and/or people who play an important role in the exploitative game. But there is no study to support this, which shows that political instability is productive for investment.

Despite the EU's interest in clarifying the types of relationships established between China and African countries, there are many aspects that remain unclear, the consequences of which can only be studied and analyzed in the years to come.

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