The Belt and Road Initiative: Implications for Economic Development in Africa

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COMPULSORY DECLARATION

This work has not been previously submitted in whole, or in part, for the award of any degree. It is my own work. Each significant contribution to, and quotation in, this dissertation from the work, or works, of other people has been attributed, and has been cited and referenced.

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Abstract

This study examines the possible impact of the Belt and Road Initiative (BRI) on economic development in Africa. Launched in October of 2013, the initiative was established to alleviate trade and investment bottlenecks between the more than 65 countries that are signed on to it as member states. In 2017, it became the centrepiece of China's foreign economic policy and the filter through which all of its commercial ties with external actors would be pursued, framed, or determined. It is expected that when fully operationalized, the initiative will restructure China's ties with other countries. The study analyses the possible repercussions of that restructuring, focusing on its relationship with Africa.

Since consolidating their commercial relationship in the early 1990s, China has played a vital role in developing Africa's economy. With the operationalisation of the BRI, its capacity or interest to maintain that role will be modified. Depending on the changes that emerge, and given its deep economic reliance on Beijing, Africa must prepare for both positive and negative implications for its economies. The study examines these implications. It notes, among others, the upgrades Africa stands to gain to its industrial structure and business environment. It also highlights potential losses, including the hit that Africa's revenue earnings might take and the heightened competition that local industries will be exposed to because of the liberalisation that the BRI pursues. Ultimately, the study advises that what outcomes arise – be they positive or negative – will depend on how well or sufficiently the continent positions itself to moderate the negative impact of the BRI on its economies. In the concluding chapter, the study makes recommendations on how Africa might facilitate or magnify projected benefits stemming from the BRI.

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Table of Contents

List of Acronyms

AGOA	The African Growth and Opportunity Act
AIIB	Asian Infrastructure Investment Bank
ANIP	The National Private Investments Agency
BRI	The Belt and Road Initiative
BRICS	Brazil, Russia, India, China, South Africa
CFTA	Continental Free Trade Agreement
CITIC	The China International Trust Investment Corporation
CPC	The Communist Party of China
DIFTZ	Djibouti International Free Trade Zone
EIZ	Eastern Industrial Zone
EU	European Union
FDI	Foreign Direct Investment
FOCAC	The Forum on China-Africa Cooperation
FTZ	Free Trade Zones
G7	The Group of Seven
GDP	Gross domestic product
GSK	GlaxoSmithKline
IMF	International Monetary Fund
LMICs	Low and middle-income countries
MNCs	Multinational Corporations
MOU	Memorandum of Understanding
NATO	The North American Treaty Organisation

NDB The New Development Bank

NGOs Non-Governmental Organisations

OFDI Outbound Foreign Direct Investment

PRC The People's Republic of China

PTAs Preferential Trade Agreements

RVC Regional Value Chain

SCO The Shanghai Cooperation Organisation

SDRs Special Drawing Rights

SEZ Special Economic Zones

SGR Standard-gauge railway

SME Small and medium-sized enterprises

SOE State Owned Enterprises

SRF Silk Road Fund

SSA Sub-Saharan Africa

TPP The Trans-Pacific Partnership Agreement

UN United Nations

UNSC United Nations Security Council

US United States

WTO World Trade Organisation

List of Figures

Chapter 1: Introduction

1.1 Introduction and Aims

In October of 2013, President Xi Jinping announced what is now known as the Belt and Road Initiative. China is yet to provide a precise definition for it but several resources – chief among them its guiding Visions and Actions document[1] – are helping to fill the gaps. Theoretically, the initiative is an economic development strategy with which China intends to foster, as well as simplify, commercial ties with Belt and Road states. Tangibly, the initiative is a massive infrastructure roll out that will connect these member states with each other into economic corridors that will alleviate trade and investment barriers between them. These corridors will encompass land and sea routes that begin in China and end in Europe. They will bring more than 65 countries together into a mutually beneficial regional economic framework (Stevens, 2017, p. 1; Phillips, 2017; China Power, 2017).

The BRI is historically the largest economic development initiative embarked upon by any single state (Chatzky & McBride, 2019). It is also backed by a country that many predict will be the next global superpower. Undeniably, its implementation is going to have global repercussions. Despite all this, the global community was rather slow to give it the recognition it deserved but developments within China fast reined in that status quo. The most significant of these was at the 19th National Congress of the CPC in October of 2017. The party codified the BRI into its constitution as one of the overarching guidelines for China's foreign policy (Shepard, 2017). Now, the world views the initiative for what it is: the filter through which all of China's foreign economic policy will pass for the foreseeable future (Nantulya, 2019).

Over 65 states have been included in the Belt and Road, but Africa – which this study restricts to sub-Saharan Africa – accounts for only three. These three countries are Kenya, Djibouti, and Ethiopia, and all are relevant for China's geostrategic ambitions: Ethiopia and Kenya for their status as demonstration economies for China's industrial cooperation with Africa, and for the strong diplomatic ties they share with Beijing; and Djibouti for its geostrategic location near the Suez Canal and the Middle East that puts it close to one of

[1] The Visions and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road provides a strategic framework through which the Belt and Road will be operationalized.

the most widely used shipping lanes in the world and has turned it into a hub for foreign military bases in Africa (Demissie, et al., 2016, pp. 31-32; Beng, 2016).

Despite its minimal inclusion, the initiative is of critical concern for the continent because the country that created it is one of its most important development partners. As the new centrepiece of its foreign economic policy, whether and how China will deal with other countries from here onwards will be shaped or determined by the BRI (Stevens, 2017, p. 1; Tweed, 2019; Nantulya, 2019). We will likely see, as a result, a shift in China's desired investment, import and export locations and sources, especially as its firms take advantage of BRI opportunities (Blanchard & Flint, 2017, p. 229). As with other regions, Africa must reflect on, and then prepare for the changes that this new environment will impose on its partnership with Beijing. This includes the three African states that have been included in the initiative: though they are strategically located and therefore valuable to the broader Belt and Road plan, they are certainly not central to it (Blanchard & Flint, 2017, p. 229; Olander, 2018).

To be sure, the stakes are high for Africa. Its partnership with Beijing – which well precedes the BRI – has for years contributed to its development. The large resource-driven capital injections that China made into African economies during the 2000s and 2010s, and which inspired the "Africa rising" narrative of that time, well attest to that (Kuo, 2016). The same can be said of the cumulative loans and FDI stock that China has extended to Africa, and which now come to over $100 billion and $30 billion dollars respectively (Stevens, 2017, pp. 1, 7; Gandhi, 2018).

Recently, however, ties seem to be in dire straits. In 2015, China's appetite for raw materials slowed, and this undercut Africa's export volumes (Copley, 2016). Their investment relationship was also affected. Between 2014 and 2015, growth rates of China's FDI stock fell by 50% (Eom, et al., 2016, p. 2; Eom, et al., 2017, p. 3). Positively, the BRI might be the platform that Africa needs to reinvigorate the partnership, with potential gains in trade, investment, and infrastructure (De Soyres, et al., 2018). Contrastingly, the fact of Africa's marginalisation from the initiative raises alarm that the initiative might just aggravate the downward trajectory that we have seen in recent years (Stevens, 2017). Of course, that outcome could disadvantage African economies, which have come to rely quite heavily on China for development support.

With all of the above in mind, this study will speculate on the impact that the Belt and Road could have on economic development in Africa. Considering China's place in the initiative, and its significance to Africa as one of its key development partners, the BRI's impact on African economies will largely depend on how it alters their partnership. This study aims to discuss that as a secondary objective.

To address its objectives, the study will lead with discussions on the nature, extent and effect of China-Africa ties on African economies before the Belt and Road. The purpose of that discussion is to expose Africa's continued need for China as a development partner – the reason behind why the initiative even matters to it. With the BRI, the format of China-Africa ties will change, and possibly, the benefits that Africa has been deriving from those ties as well. Following the overview of China-Africa ties, the study will discuss the BRI as the object of the study, and with the view that what implications it has may largely and primarily be determined by an understanding of it. That, along with the discussion on China's contribution to African economies that preceded it, will serve as the platform against which the aim of the study is addressed. Having speculated on the possible impact of the BRI on African economies, the concluding chapter will offer recommendations on how Africa should respond to or prepare for those possibilities. Overall, discussions are had within the framework of trade and investment, in line with the BRI's position as a trade and investment facilitating platform.

1.2 Historical Background

The BRI succeeds several platforms that have over the years determined the nature and extent of China-Africa ties, as well as influenced the gains and losses borne by either one of them. In the early days of their relationship[2], ties were guided by ideology and politics (Thrall, 2015, p. 3), with only a narrow trade and investment content. For the most part, the partnership centred on the 'One China' policy, for which recognition got African countries a strong partner in its anti-colonial campaign (Akokpari, 2011, p. 55). Ties took an economic turn in 1955, when China agreed to buy 60,000 tons of cotton from Egypt, and Egypt 60,000 tons of Chinese rolled steel (Ofodile, 2008, p. 514); but the radical change would be seen in the early 1990s when China transitioned from an oil exporter to a net importer; and in 1996

[2] Contemporary China-Africa ties were launched with the founding of the People's Republic of China in 1949.

specifically, when then president Jiang Zemin followed up a state visit to Africa with explicit encouragement to Chinese firms to go out and explore African markets. This, according to the "Go Out" policy – an economic strategy that China had developed at home (Shambaugh, 2013, p. 175).

With the formation of FOCAC in 2000, the Sino-African relationship gained structure. The platform gradually turned into a comprehensive framework through which China and Africa would better communicate as well as cooperate; and marked the beginning of an unprecedented level of multi-facetted engagement between China and African countries (WWF, 2016). China-Africa ties are still operating within the FOCAC framework, but in 2013, China added to the context of their relationship with the launch of the BRI. With Africa's palpable exclusion from it, the initiative is not formally a framework for the operation of China-Africa ties. However, the clear status it has been awarded by the CPC means that going forward, any and all dealings that China commits to with the global community will have to pass through a BRI screening (Ohashi, 2018). This includes the FOCAC commitments that Africa has come to depend on. As the Belt and Road gains momentum, therefore, Africa must prepare accordingly, with consideration of the pressure that the program will put on its trade and investment relationship with China, and most importantly, its development objectives.

1.3 Significance of the Study

The BRI was launched in 2013, but it is only recently that research on it has picked up some steam. This is a well-overdue and much-needed development: its scope and scale render it the most important economic initiative of our time. Views from the international community on what exactly that means, are mixed. Some rate it as a roadmap to an altered world order in which the American-led neoliberal hegemony that currently frames it is replaced. They liken the initiative to the post World War II Marshall Plan and claim it to be evidence of plans to export the "China model". More lenient views regard the initiative as a vehicle for global economic cooperation that fills the void left by rising protectionism and nationalist sentiment in the West (Huang, 2016, p. 315; Khan, et al., 2018). Which of these hits the mark is open to question, but what scholars, policymakers, and world leaders alike will predominantly agree on is that, fully unleashed, no country will be left untouched by it. As the world increasingly accepts this reality, many countries are starting to reflect on their positionality in this new context, and how their economies will be affected. Commentators have followed suit, with research outputs mushrooming on the subject of how the initiative might affect economic development in one region or another, or how it might affect their relationship with Beijing. Conversely, little research has been carried out on the Belt and Road and Africa. This includes research on how it might affect China-Africa ties, as well as how it will affect economic development on the continent (Chen, 2018, p. 1; Demissie, Weigel, & Xiaoyang, 2016, p. 34). This study will help fill this void.

1.4 Problem Statement/Research Question

The central research question for this study is this:

How will economic development in Africa be affected by the Belt and Road Initiative, as a Chinese led strategy that will change China's commercial relationship with the rest of the world?

The question generates two subsidiary questions:

a. What is the Belt and Road Initiative and what is its significance to Africa?
b. What impact will the Belt and Road Initiative have on China-Africa ties?

1.5 Methodological Considerations

1.5.1 Research Methodology

Because of the paucity of reliable statistical data from China and the African countries with which it deals, China-Africa relations are largely analysed qualitatively. This study follows that same trend. As far as what it is, the qualitative method boasts a number of definitions. Characteristically, the method is said to consist of a set of interpretative tools that make the world, people, or phenomena more visible (Denzin & Lincoln, 2008, p. 3). Methodologically, the approach both analyses and interprets, has a flexible research design, and gives access to a wealth of data and resources (Snape & Spencer, 2003, p. 3). Defined in terms of what it is not, qualitative research does not derive from statistical or quantitative procedures. The focus is on text, images or sounds (Guest, et al., 2011, pp. 5-6); or the collection of data by way of written or spoken language; or on observations that are documented in language and scrutinise the data through the identification and categorisation of themes (Durrheim, 2006, p. 42).

1.5.2 Research Design

The purpose of a research design is to help the researcher collect information or data that helps to answer the research question (Nieuwenhuis, 2007, p. 70). For this study, two types of qualitative research designs will be used: exploratory research, and case study research.

1.5.3 Exploratory Research

Exploratory research explores an area about which not much is known (Kumar, 2005, p. 10). It is a flexible and pragmatic process of continuous discovery, which ultimately seeks to develop theory from data (Jupp, 2006, p. 110). For this particular study, the research design is appropriate because despite its near six year existence, its mammoth scope and ambition, as well as its status as the handiwork of one of the most powerful states in the world, scholars, researchers, and policymakers alike are only recently giving it the platform it deserves.

1.5.4 Case Study Research

In case study research, the researcher undertakes a detailed investigation of a contemporary social phenomenon within its real-life context, through the use of multiple sources of data (Yin, 2003; Creswell, 2007, p. 73; Jupp, 2006, p. 20). This social phenomenon – the object of inquiry – is formally defined as a unit of analysis: it can be individuals, groups, social interactions, artefacts, or geographical units (Trochim, et al., 2015, pp. 21-22; Dollar, 2016). The unit of analysis in this study will primarily be the Belt and Road Initiative and, secondarily, the geographical units of China and Africa as a single-holistic case group of states. The main reason for observing Africa as a single entity is that, where its ties with China are concerned, publications on country-specific data tend to be unreliable (Davies, et al., 2008, p. 5). The result is that individual countries that stand as single units of analysis become less observable. That context coincides with what Jupp (2006, p. 82) describes as ecological correlations, where a group or area is selected as the subject of investigation because data about individuals is either unavailable or would be costly to collect (Jupp, 2006, p. 82). With that said, empirical evidence from individual African states will be referred to in order to compliment the continental analysis, but this should not be seen as a shift to a country analysis.

1.6 Research Methods

1.6.1 Data Collection Techniques

This study will make use of document review as a qualitative data collection method. This is a systematic procedure through which documents are reviewed or evaluated and information extracted where it is relevant to the study at hand (Bowen, 2009, p. 27). The types of documents that can be collected in a document review vary. In this study, primary, secondary and predominantly qualitative sources will be used.

1.6.2 Data Analysis

Data analysis pertains to the careful evaluation of the legitimacy and accuracy of material used (Nieuwenhuis, 2007, p. 83). This research will rely on three types of data analysis: content analysis, inductive data analysis, and triangulation.

Content analysis

Content analysis is "the study of recorded human communication" (books, journals, websites, newspapers, laws, etc.) (Babbie, 2008, p. 350). It instructs the researcher to analyse content from written documents in order to identify patterns and make deductions that will inform their study (Babbie, 2008, p. 350). In qualitative research, content analysis may either entail the "thematic analysis of text, or indexing" (Trochim, et al., 2015, pp. 66-67). The former will be used in this study. It pertains to the location of themes or key ideas within the text (Trochim, et al., 2015, pp. 66-67). To that end, the study will primarily draw from the research questions as thematic frameworks for the information to be extrapolated from the documents collected.

Inductive data analysis

The inductive approach is a form of data analysis in which data is collected and then analysed for patterns and connection between existing variables. The patterns and connections can then assist the researcher to form generalities, associations, and even theories. For the sake of reliability, multiple sources should and will be analysed (Mukherjee & Hiraway, 2016).

Crystallisation

The primary goal of a researcher is to generate research that is credible and trustworthy. This study pursues that goal with the crystallisation method, a method of qualitative enquiry proposed by Laurel Richardson as a response to triangulation in quantitative research (Ellingson, 2009, p. 143). Rather than pit it against some fixed point, or single truth, as triangulation does, crystallisation examines the research question with reference to multiple perspectives and against the view that all carry equal weight despite discrepancy. The idea being that exceptions or contradictions do not threaten the researcher's inferences; they merely provide a platform against which theories can be further refined (Barbour, 2001, p. 1117).

1.7 Theoretical Framework

As mentioned, Africa is predominantly excluded from the BRI, but the initiative matters to it because the country that created it is one of its most important development partners. Certainly, any discussion on the BRI's impact on economic development in Africa will centre on how the initiative will affect its ties with Beijing, especially as the BRI will be taking a central position in China's foreign economic policy. This research takes this into account and as such precedes its main discussion on the BRI's possible impact on African economies with one on the state of China-Africa ties leading up to the initiative, and which stand to be altered by it. This is done in the following chapter – chapter two – and orchestrated through the lens of Robert Keohane and Joseph Nye's interdependence theory. It exposes Africa's deep reliance on Beijing as a development partner and justifies concerns about how the BRI will affect that important relationship. Overall, the theory is chosen for how much better it captures inter-state relations today than the traditionalist perspectives of realism or liberalism, that have captured the global scene for years, and therefore how much better it can explain the dynamics surrounding China-Africa ties.

Keohane and Nye launched interdependence theory in 1977, in a book that would emerge as one of the earliest attempts at evaluating processes that came to be accepted as globalisation and which realism could not adequately address. They grounded the theory in three correlated themes; whose assumptions captured the changed state of global affairs. The first pertained to the nature of global interdependence. It assumed that rather than use force, as realism suggests, states had transitioned to bargaining with each other as the best platform for pushing their agendas. The second theme – that of complex interdependence – assumed that states were no longer the dominant actors in global politics and that other units like MNCs or NGOs had gained equal relevance. Under this theme, the theory also assumed that states had deemed the use of military force to no longer be worth the risks. These included the threat of nuclear escalation, or stubborn resistance from weaker states that might have negative consequences for all. The third theme – that of international regimes – assumed that global interactivity was now guided by global regimes that monitored and regularised nation state conduct (Keohane & Nye, 2012). These assumptions remain relevant today and are distinctly applicable to China-Africa ties.

Like the traditionalist perspective, interdependence theory recognises the central role that power wields in international relations, but unlike realism, it acknowledges how that power has taken on different characteristics. Today, states – weak or strong – mutually depend on each other for their survival and growth so the use of military force as a policy tool is no longer practical. However, this state of interdependence is asymmetrical, which means that there are costs involved despite the reduced threat of military conflict. Even where there are benefits, there is no certainty that they will offset, let alone exceed those costs. This asymmetry in interdependence is how power has come to be represented, and that is the case because the very fact of imbalance means that one of the parties wields control over resources. Even without threatening military force, this party's capacity elevates its bargaining position and gives it the greater potential to affect outcomes in its relationships with others. For that actor, alterations to the rules of engagement – which it could initiate or threaten – would be less costly than it would for its counterparts (Keohane & Nye, 2012, pp. 7-10).

To explain the fact of costs underlying interdependence, Keohane and Nye (2012) speak of sensitivity and vulnerability to help unpack a country's ability to manage its affairs and to influence outcomes arising from an interdependent relationship. The former describes the pressure that the actions of the more powerful state puts the less dependent actor under. It describes a case in which the weaker state is significantly more susceptible to actions taken by its stronger counterpart or to changes that occur inside that dominating country. Vulnerability on the other hand, pertains to the weaker actor's capacity to respond to that sensitivity in a way that suits their needs. It is the cost of escaping from a system which the stronger actor governs, or of changing the terms of engagement. It concerns itself with whether or not there are alternatives available for the weaker party to the partnership, that would help it mitigate or bypass the costs of engagement with the stronger party (Keohane & Nye, 2012, pp. 10-11). In the case of oil importing countries, for example, an attempt at alternatives might entail domestic rationing, establishing local energy sources, or even diversifying sources of imported oil. The extent of these costs and the political willingness to bear them would be the measure of vulnerability (Keohane & Nye, 2012, p. 12).

From Keohane and Nye's explanation of it, interdependence, though it may catalyse increased international cooperation and reduce the probability of conflict, can equally trigger discord between once friendly actors. The theorists declare that global actors are well aware of this and, in response, have established global regimes that work to protect cooperation as well as intercept the flare up of conflict. They say that whether formal, informal, or partial, these regimes emerge as a framework of rules and regulations that try to standardise global interactions as well as supervise their effects. The framework could, for example, militate an actor's conviction to unleash its dominance over a weaker partner, so that in a position of sensitivity or vulnerability, the stronger actor takes the high road. Their effectiveness has varied (Keohane & Nye, 2012, p. 17), but in an environment that sometimes presents unsatisfactory options, they become the only thing standing between the less dependent actor and palpable exploitation.

Interdependence theory captures the dynamics of China-Africa ties effectively. The themes of asymmetry, costs, and the establishment of regimes to try and supervise projected outcomes of interstate cooperation, are all encountered in China-Africa ties. The imbalance underlying their relationship is undisputed, the paucity of alternatives for Africa to try and mitigate costs arising from that imbalance noted, and the establishment of the framework that is FOCAC to bring about the mutual benefit that the partnership promised, well-publicised. These themes will all be discussed to not only show the backdrop against which China-Africa ties occur, but also the gravity with which the imbalance is ingrained in it, and how the lack of opportunities to address that imbalance on Africa's end both highlights and maintains Africa's dependence on or need for Beijing. And of course, that gives impetus to concerns about how the BRI might alter China-Africa ties.

1.8 Chapter Outline

This introductory chapter is succeeded by four sections:

Chapter two exposes Africa's dependence on China, in response to the question of why the Belt and Road matters to the continent. It does so with a discussion on the nature and extent of China-Africa ties, and the impact they have had on African economies. Findings there reveal what it is that stands to be changed by the Belt and Road. They lay bare the stature that China has earned in African economies as a lucrative development partner, as well as Africa's need for China to continue to fulfil that role. That need is why the BRI matters to the continent: Africa worries that the initiative might derail China from satisfying it.

This study looks into the impact that the Belt and Road might have on African economies. To properly address that objective, what the initiative is must and should be thoroughly discussed. Chapter three does exactly that – focusing on what it is, what its objectives are, why it was created, and the potential it has to alter the global economic order. Assessments made will consolidate conclusions drawn in the previous chapter, and together they will form the platform against which this study determines the impact that the BRI might have on economic development in Africa.

Chapter four answers the main research question as to how the Belt and Road will affect economic development in Africa. It starts off by establishing Africa's place within it, setting the tone that chapters two and three paved the way for – of why it is that Africa should now be concerned for its economies. It follows with a discussion on the impact that the BRI might have on China-Africa ties, and culminates in one on how African economies will be affected. The chapter finds both gains and losses ahead, which the following chapter then responds to.

Chapter five is the conclusion to this study. It provides a summary of discussions and, afterwards, makes recommendations on how Africa could respond to or prepare for the impact that the BRI might have on its economies as chapter four discussed.

Chapter 2: An Overview of China-Africa Ties

2.1 Introduction

This chapter exposes Africa's need for, as well as vulnerability to China as a response to the question of why the Belt and Road matters to the continent. China has made significant contributions to African economies over the years. The chapter shows that they have largely bordered on the positive end. It also shows that Africa's circumstances, including its low stage of economic development, and the fact that China has emerged as its most lucrative development partner for its industrialisation ambitions, render China's support indispensable at this time (Mwiti, 2015). Understanding that the Belt and Road will now determine the nature and extent of China's engagement with external actors, there are concerns that this will affect China's presence in the continent (Stevens, 2017). Depending on the changes, we could anticipate positive or negative implications for African economies. This is a concern for Africa, whose stagnant economies might regress with negative outcomes. This is why the BRI matters to it.

With the above in mind, the chapter provides an overview of China-Africa trade and investment leading up to the Belt and Road, with the intent to reveal what stands to be changed by the initiative as well as the status that China has earned as a lucrative and indispensable development partner for Africa. It then analyses the relationship through the lens of interdependence theory to reinforce those findings, as well as to show that there are largely no development partners that can support Africa in the way that China has done and which Africa needs. This has, of course, given cause for concerns that the BRI will affect the support that China can give to the continent, and that this might be to Africa's detriment. Ultimately, the chapter brings discussions to an end with a summarising conclusion.

2.2 China's Modern Relationship with Africa

Modern China-Africa ties developed over three phases. The first phase ran from the founding of the PRC in 1949 to the adoption of the Open-Up and Reform policy at the end of 1978. It unravelled in the crucible of Asian and African independence struggles and the Cold War between Russia and the United States. These conditions synthesised relations that were ideologically and politically premised, and from China's perspective, critical for its efforts to export Maoism and interest to mitigate American and Soviet global influence

(Thrall, 2015, p. 3) The result was a *quid pro quo* atmosphere in which China's political as well as global agenda was satiated by its assistance to Africa (Sun, 2014, p. 6). For all the financial, technical and military assistance that China gave it, Africa reciprocated accordingly. It mainly extended itself as a political buffer, over the long-term and in several respects, like when it rewarded Beijing with 26 out of the 76 votes that helped it unseat Taiwan from the UNSC (Hanauer & Morris, 2014, p. 7; Stewart & Xing, 2016). These same votes would later shield the Asian power from the cold front of Western criticism against its human rights policies and record.

The second phase was one of restructuring (Zeleza, 2014, p. 147). It ran from the beginning of the Reform and Opening up Policy in 1979 to the induction of the Going Out strategy in 1996 and was notable for shifting the contours of China-Africa ties. China had discontinued the ideological incitements and propaganda of the Maoist era to pursue Deng Xiaoping's socialist modernity (Sun, 2014, p. 6; Zeleza, 2014, p. 148). Per this new agenda, its economic interests gained rank and in its global relations, the ideology or social structures of would-be partner states no longer mattered (Van de Looy, 2006; Muekalia, 2004, p. 7; Taylor, 1998, p. 443). Tellingly, any and all success in this new program hinged on the sourcing of partnerships that met the prerequisites of economic recovery. In those beginning stages, this meant the wooing of external support from states with both ample capital and developmental clout, and Africa far from fit the mould (Taylor, 1998, pp. 443-444). China's interest in the continent gradually tapered off as a result. It even neglected its aid commitments. The pledges of $100.9 million in 1976, for example, fell to $13.8 million in 1982. Its technicians, once enlisted on a voluntary basis, shifted to working only on a commercial basis (Snow, 1995, p. 306). Conversely, China yielded to the West for foreign investment, technical assistance, foreign loans and commercial links (Van de Looy & De Haan, 2006), and when it joined the World Bank and the IMF in 1980, support in all of those genres flourished (Muekalia, 2004, p. 7).

China-Africa ties would eventually be revived in 1989, when the Tiananmen Square massacre turned the West against Beijing (Taylor, 1998, p. 446). Contrary to its Western counterparts, Africa had been modest in its response, even extending support in some cases (Taylor, 2009, p. 13). Recognising this, the PRC revived then fortified its ties with Africa, although the terms of engagement had changed. Ties took on a more commercial shape that capitalised on the reform programs mushrooming across Africa. They made the macroeconomic situation on the continent more favourable to Chinese businesses, which – encouraged by China's "Going Out" strategy – were looking for new markets and investment prospects (Taylor, 2009, p. 14; Besada & O'Bright, 2017, p. 657; Brautigam, 2009, p. 54; Taylor, 2004, p. 83).

Phase three was shaped by the maturation of globalisation, whose framework of neoliberal capitalism hastened worldwide interconnectedness. The flow of goods, capital, culture and even conflict that this translated into heightened competition among nation states (Zeleza, 2014, p. 149). To survive it, or even come out on top of it, countries sought refuge in alliances; and as history and contemporary developments suggested, an alliance with Africa was critical. The pace and scale of Sino-African encounters exploded as a result, and they did so on the back of FOCAC. The forum's establishment in 2000 gave the relationship new impetus that was solidified from 2008 onwards with the advent of the global economic crisis, attendant drop in stock markets, and the demise of the West's largest financial institutions (Cissé, 2012).

2.3 China-Africa Trade and Investment

In just two decades, China has secured a position as key contributor to Africa's development landscape. Nowhere is that as clear as in their trade relationship, where conclusions drawn, and attendant decisions made by China after Tiananmen saw it through to its current status of Africa's largest trade partner. This occurred in 2009 and was the culmination of a staggering 40% per year growth in China-Africa trade since 2004. China had developed into the manufacturing hub of the world as well as largest global exporter, while the West – in response to the global financial crisis – had started to moderate its economic engagement with Africa (Ismail, 2017, p. 136; Atkins, et al., 2017, p. 2). Of course, those growth rates dwindled in 2009, because of the financial crisis, to a much lower average of 10% per year (Eom, et al., 2016, p. 1). But China remained Africa's top trade partner comparatively, and amidst those harsh economic times, helped the continent rebound from an average GDP growth of 3.1% in 2009 to 4.9% in 2010 (African Economic Outlook, 2011). Still, the partners could only maintain the 10% average until 2014, when, thanks to weakened commodity prices, it experienced another decline (China Africa Research Initiative, 2018).

In investment, China's footprint in Africa is small, but the rate at which it expanded over the years, evinces its relevance to Beijing (Sun, et al., 2017, p. 18). That growth is best revealed in a comparison between China's FDI in Africa to China-Africa trade over a longer trajectory. Between 2001 and 2015, China-Africa trade rose from $13 billion to $188 billion, at an annual growth rate of 21%. FDI stock far outpaced this, with an annual growth rate of 40% that elevated China's FDI stock in Africa from $1 billion in 2004 to $35 billion in 2015 (Sun, et al., 2017, p. 20). Akin to its trade activities, however, Chinese investment in Africa has been tapering off, and for the same reason of weakened commodity prices, but also because of the slowdown in, as well as changes to China's economy. Between 2013 and 2014, we saw a $6 billion increase that valued Chinese stock at $32 billion; but between 2014 and 2015, the growth rate had dropped to $3 billion. At the end of that period, the value of China's stock stood at $35 billion (Eom, Hwang, Xia, & Brautigam, 2016, p. 2; Eom, Hwang, Atkins, Chen, & Zhou, 2017, p. 3).

2.4 The Effect on African Economies

2.4.1 On Trade

Depending on your frame of reference, China is either a partner, a saviour, or new colonialist predator for Africa. Indeed, Africa has profited from economic ties with Beijing, but it has also experienced losses. Where trade is concerned, Africa's growth rates responded positively to the rise in commodity prices that China's demand prompted. Throughout a 14-year period that ended in 2014, the continent saw an average economic growth rate of 5-6% (Ighobor, 2016). It propped up foreign currency reserves and government revenue substantially. The winner here was resource-rich Africa, which accounted for the bulk of those positive growth rates. In Angola, for example, oil wealth translated into a trade surplus that recorded highs of $51 billion dollars in 2008. That surplus even survived the recession and then the drop in global commodity prices, although it was knocked down to $10 billion dollars in the first half of 2017 (Macau Hub, 2017). All this propped up national revenue and foreign currency reserves, mitigating Angola's need for external loans and giving it agency over national development programs and other public services (Mashayekhi, 2016, p. 4).

From there, cheap Chinese imports have hiked up consumer purchasing power in manufactured goods (Kummer-Noormamode, 2014, p. 397). This has boosted Africa's living standards and eased inflation rates across the continent (Igbinoba, 2016). In more industrially developed Africa, they have been a godsend for local SMEs, who by stocking them, are drawing in a larger portion of the consumer market and multiplying their return on investments. In Ethiopia, SMEs have gained in terms of China's low cost machineries which, in the short- and medium-term, could help improve productive output in general (Chakrabarty, 2016, p. 246).

Conversely, China-Africa trade is imbalanced. While Africa's imports from China consist of a range of value-added commodities, its exports to the Asian power are dominated by petroleum and raw materials. This has been a dangerous arrangement for Africa's development prospects. In resource-rich Africa, it has stiffened susceptibility to external shocks and locked African economies into the ebb and flow of volatile world prices. This was laid bare in 2015, when China's economic slowdown dragged global commodity prices down. After a 5-6% expansion over the past two decades, economic growth in SSA dropped to 2.2% in 2016. Resource dependence also weakened industry development. It led to currency appreciation and attendant rise in export prices, and as these changes affected tradable sectors across the board, the manufacturing sector in those countries grew even more uncompetitive (African Economic Outlook, 2017, p. 27; Chen & Nord, 2017, p. 3). For resource dependent countries like Angola, which was seeing growth rate highs of 18.6% in 2006 and 23.2% in 2007 at the height of the commodity boom, this impact on industry development hit hard. Despite the rapid boost to its national revenue as well as steady growth of its manufacturing sector (it grew by 8.1% in 2014), Angola continues to depend on imports for supplies (Mashayekhi, 2016, p. 3; Standard Bank, 2016; Trading Economics, 2018).

In resource-poor Africa, the value-added goods for resources characteristic of China-Africa ties has created a large trade deficit. When African states lack these resources, China is not importing as much as it is from resource-rich Africa, largely turning those countries into dumping grounds for its goods (Adem, 2012, p. 152). For Africa as a whole, local firms have struggled with Chinese competition. The very low cost of Chinese goods has pressurised local industries and producer prices, as well as compromised local employment (Edwards &

Jenkins, 2013, pp. 16, 18). Akokpari (2011, p. 69) cited the effects of this in Lesotho, Kenya, Mauritius, Nigeria and South Africa, where nascent industries had to either close down or lay off a large number of their workforce. In South Africa, a study of 44 manufacturing industries between 1992 and 2010, revealed that the import of cheap Chinese goods crippled growth output, lowered profit margins, and led to mass job losses across the manufacturing industry. Within one year of the period, "domestic producers lost their market share to Chinese products by 5% of the value of sales" (Nhlabatsi, 2014). This seems small at face value but if we consider that sales from South Africa's manufacturing sector rose by 14% within the same period, its significance becomes apparent. Towards the end of the period, spikes in Chinese imports had ended 75,000 jobs (Edwards & Jenkins, 2013, pp. 16, 18).

On the other hand, some African countries are revealing that the idea of a China that is displacing African industries indiscriminately is not entirely valid. In Ethiopia, Chinese competition is boosting productivity and capacity for value-added production instead. Its firms have held on by developing coping mechanisms against the competition. Many have turned to improving design and quality through product specialisation, by using higher quality raw materials to increase product durability, and by investing in machinery (Gebre-Egzlabher, 2007, pp. 648, 665-668). Progress there has been especially relevant for the textile and footwear sector, where Ethiopia potentially displaced Chinese goods (Chakrabarty, 2016, p. 243). Between 2002 and 2008, China's share in Ethiopia's textile imports plunged from 41.3% to about 10%. The same happened for its share of footwear imports during the same period. It dropped from roughly 10% to below 2% (Venkataraman & Gofie, 2015, p. 9).

2.4.2 On Investment

Promisingly, the area of investment fares better. When China pushed for its enterprises to go overseas, the knock-on effect was industrial development for Africa down the road. In Nigeria, Chinese steel smelters propelled a notable construction boom. In Lesotho, where factories from China and Taiwan grind out Kohl's, Levi's and Reebok apparel for AGOA-availed US markets, the clothing industry has come to make up the bulk of the economic sector. Finally, in Ethiopia, China's Humanwell Pharmaceuticals launched a $20 million production site, just as Britain's GSK reneged on its plans to construct a similar facility (Sun, 2017). Africa has also benefitted from job creation, skills development, technology and knowledge transfer. McKinsey & Company shed light on this in their 2017 report, for which they interviewed more than a thousand Chinese companies. They found that 89% of their employees were African, contributing to over 300,000 jobs for African workers. Considered in the framework of the 10,000 Chinese firms operating on the continent, these enterprises employ several million Africans (McKinsey & Company, 2017, p. 11).

Of course, these employment gains are not reaching all of Africa, with countries like Angola recording a critically low contribution by Chinese firms to local employment. A 2007 study of the employment practices of "eight Chinese construction enterprises and 47 Chinese private companies" (Tang, 2010, p. 354) revealed that Chinese FDI continues to hover below the required 70% mark in terms of locals that it has in its employ. However, Angola also reveals that these low employment rates sometimes have more to do with the host country's economic profile than with Chinese firms' callousness. There, the practice of importing workers is predominantly done with Angola's approval, by large Chinese firms whose high skills demand cannot be met with the underdeveloped human capital on the ground. Recognising this, Angola often waives the ANIP regulation obliging firms to have 70% of their employees be locally sourced (Tang, 2010, p. 354).

Where skills and knowledge transfer are concerned, a lot of these firms are offering training opportunities, with some partnering up with local schools and institutions to train workers or nurture prospective employees. Huawei and ZTE are leading the pack, with a total of 10 training centres in Africa. In consequence, over 20,000 African technicians receive training from Chinese IT and telecommunications firms per year (Xiaoyang, 2016, p. 116). As the Chinese-built Addis Ababa Light Railway Project was being constructed, 10 Ethiopians were sent to China for a 10 to 15-month training period before coming back home to lead projects under supervision from Chinese engineers. A further 250 were sent for training in early 2016. Some have already returned and are contributing to the country's railway network revamp (Olingo, 2016).

Most importantly, Chinese investment appears to be diversifying from the natural resources sector. In Nigeria, Chinese factories are "producing building materials, light bulbs, ceramics, and steel from salvaged ships" (Xiaoyang, 2016, p. 116). In an interview with renowned China-Africa researcher, Deborah Brautigam in 2009, one Nigerian official optimistically declared that Chinese investment was penetrating all sectors of the country's economy (Xiaoyang, 2016, p. 116). In Angola, Chinese firms that first penetrated the market through the extractive and construction industry are migrating to the manufacturing, agriculture, and telecommunications sector (Wolf, 2017, p. 450; Zhou & Wenping, 2014, p. 13). There, investments in cement by companies like CIF Luanda have given Angola self-sufficiency in the product – a huge improvement from the previous decade where, between 2002 and 2010, its cement imports were rising at 56% per year (Wolf, 2017, p. 451; CITIC Construction, 2018; Macau Hub, 2016). Even more, CITIC's new interest in farming, and the irrigation systems and hydroelectric dams that are maintaining its projects, are transitioning farming communities into modern agriculture (Xinhua, 2015). This is an important win for Angola which, before the war, was a leading agricultural producer as well as exporter, with self-sufficiency in a variety of foods. By the end of the war, self-sufficiency was materially out of reach (Export.gov, 2017).

In the same breath, there are areas in which Chinese investment is robbing Africa of its potential. For one, Chinese firms are hurting its supply chain. From its research, McKinsey & Company found that only 47% of Chinese firms sourced their products locally. In 2011, it was discovered that firms operating within the EIZ in Ethiopia sourced 61% of their material inputs and supplies from abroad (Nicolas, 2017, p. 30). This is a lost opportunity for Africa to wean itself from external actors; so is the fact that Africans comprise only 44% of the managers in Chinese-owned firms. Beyond that, most of the skills transfer that Chinese firms provide is limited to low-skilled workers; and contraventions of local labour and environmental regulations continue to be a problem. We still see cases of illegal extraction of natural resources, and of employees being subjected to inhumane working conditions (McKinsey & Company, 2017, p. 11).

From the above discussion, we can deduce that China-Africa ties are a mixed bag of positive and negative outcomes. Promisingly, the positive outcomes seem to carry more weight than the negatives. This is especially the case for their investment relationship, which is significant given the potential that FDI could have on Africa's industrialisation ambitions. That fact alone suggests that Africa ought to hold on to its ties with Beijing, and of course Africa wants to. But most importantly, Africa's level of development means that it cannot be selective when it comes to who it allies with. With respect to its development ambitions, this means that every hand, including Beijing's, is an indispensable support rail (Mwiti, 2015). The result is that despite the negative aspects of their relationship, Africa still needs China and would do well to maintain its ties with it. This of course does not take away from the fact that these negative aspects are a huge concern. They are slowing down, sometimes thwarting the more tangible progress that Africa could be making from its partnership with Beijing. The matter of Chinese firms only training low skill workers, or of crippling local supply chain systems, and of Chinese imports exacerbating de-industrialisation and local displacement, for example, are all having an unfavourable bearing on sustainable development. Allowed to fester, they could keep the path of economic development in Africa under the curatorship of more powerful external actors. Going forward, Africa will have to balance maintaining ties with China for what good it derives from them, with concerted efforts to eradicate the risks involved. The next section looks into the leeway Africa has to do so.

2.5 Prospects for Change through the Lens of Interdependence Theory

More than anything, the distinctiveness of China-Africa ties lies in Africa's vulnerability. As chapter one alluded to, vulnerability indicates one party's power to determine the rules that form the basis of an alliance. It also implies that the weaker party has little to no choice but to abide by those rules. This is primarily because it has few alternatives from which to source the benefits that it reaps from the partnership at hand, but even more, because taking advantage of existing alternatives would come at a much greater cost than keeping on with the status quo (Keohane & Nye, 2012, pp. 13, 17). In the China-Africa partnership, Africa is that weaker party. Its reliance on China in both areas of trade and investment was alluded to. Where China is concerned, we find the complete opposite. Africa represents only a humble share of its exports globally. At 48.5%, Asia accounts for the mammoth share of its exports, followed by North America at 22%, Europe at 18.9%, Latin America at 4.2%, and the Caribbean at 4.1% (Workman, 2018). In terms of FDI, Chinese demand for Africa ranks even lower. In 2015, Africa made up a mere 3.7% of Beijing's global FDI stock. This modesty is repeated for Africa's share of China's global FDI outflow. In 2017, it stood at roughly 2 percent – a far cry from the 58.5% that China sent to Hong Kong (Brautigam, et al., 2017, p. 6).

Very much cognisant of the little, albeit important, attention it gets from Beijing, Africa is forced to tread lightly in pressing for change. Especially considering the undesirability of its alternatives, which leave prospects for change to be few and far between. With regard to the cheap Chinese goods that have raised standards of living in Africa and given SMEs access to value adding machinery, for example, their alternatives are predominantly Western products. Although similar to Chinese goods, they are produced at a much higher quality and therefore cost, which renders them inaccessible to the wider African market. Turning to them as a response to the unfavourable repercussions of sourcing goods from China would not only jeopardise the reduced inflation that cheap Chinese goods helped secure, it would also place consumers and local SMEs at a specific disadvantage in so far as the access they would lose. Regrettably, local and external African industries have struggled to succeed as viable contenders. Not only are Chinese goods backed by the devaluation of the Yuan, they receive monetary and other sweeteners from the government to pursue and lock down overseas markets. Without the resources to subsidise its industries in the same way, competing with China would require Africa to reduce its already low worker compensation (Brautigam, 2011, p. 4; Brautigam, 2015).

Again, on the issue of alternatives, there is also the matter of the manufacturing sector to consider. Without unified African strategies for pooling resources and economies together, and ever dwindling official development assistance, African countries are left to act individually. Under those circumstances, FDI – specifically manufacturing FDI – emerges as the most stable route marker to development. China stands as the most viable country from which to source it thanks to its expressed willingness to invest in Africa's manufacturing sector, and because again, the alternatives available to Africa are few and far between. Thanks to a protracted crisis of economic downturns and lacklustre policies on the ground, the West extracted many of their firms from Africa's manufacturing sector. The majority of them have stayed away. If we compare China's stock in Africa to America's, for example, we see that mining makes up 28% and manufacturing 13%. On the other hand, mining occupies 66% of America's FDI stock in Africa while manufacturing occupies just 7% (Eom, et al., 2017, p. 4). To add to this, Africa's manufacturers get little support from the World Bank, and from bilateral funders, for whom factories have grown to hold little appeal (Brautigam, 2009b, p. 230). Therefore, for an Africa that needs to build its resilience to economic shocks, Beijing becomes an indispensable partner. The result is that Africa's leverage to negotiate itself out of the unfavourable footmarks of Chinese led FDI and engagement in general, is significantly diminished.

According to Keohane and Nye (2012), asymmetries like the one that plagues China-Africa ties are anticipated and planned for by the global community through the formation of global regimes. Chapter one discussed this and pointed to their assessment that these global regimes are specifically designed to protect cooperation. Primarily, protection means militating against one state's dominance and its potential to injure its weaker partners. With due regard for the asymmetry underlying China-Africa ties that renders China's power a potential threat to African localities, the question of provisions they have made to mitigate these threats is important. Rhetorically, China as the more powerful actor abides by the idea of protecting cooperation, as Keohane and Nye (2012) discuss. It has put its rhetoric to practice and of course Africa has tried to hold it to account. Early on in their relationship, China granted concessional loans, cancelled African debt, and increased market access to the continent, among others. Later, these efforts were consolidated with FOCAC's formation. But whether or not they have been successful in the way that Keohane and Nye indicated that states expect them to be is another matter altogether. Over time the efforts – made to essentially placate China's power and give Africa a chance at sustainable development within the partnership – have emerged as a double-edged sword for the continent that has reigned in its capacity to mitigate or even alleviate the risks involved in ties with China. After all, the more provisions and assistance China extends to Africa, the more concentrated its indebtedness to Beijing becomes (Naidu, 2007, pp. 292-293; Anshan, et al., 2012).

As a reminder: this section looks into the leeway that Africa has to eradicate the risks involved in its relationship with Beijing. It reveals that Africa is very much limited. Having in mind the aim of this chapter to expose Africa's need for, as well as vulnerability to China, the circumstances behind that limitation point very much to Africa's continued, and deep dependence on Beijing. They reveal, for example, how much more of an asset China is for its development ambitions, compared to other development partners like the West or its African neighbours. This, of course, adds fuel to concerns about how the BRI could get in the way of China's position as that asset to the continent. But of course, there are also hopes that it might help address Africa's challenges in its partnership with China. The possibilities are explored in the following chapters.

2.6 Conclusion

This chapter set out to expose Africa's need for, as well as vulnerability to China as a response to why the Belt and Road matters to the continent. It reflected on the fact that, thanks to the BRI, China would now be reframing its relationships with external actors. It held that this established cause for concern that the BRI might affect China's presence on the continent. It discussed that depending on what that effect is, African economies might gain or lose because of the BRI, the latter being an undesirable outcome given that Africa still needs China to support it in developing its economies. Focusing on trade and investment in honour of the BRI's orientation, this need was expressed in the contribution that China had made to economic development in Africa, and the fact of the few alternatives that Africa had to source that same support from other actors.

With regard to how African economies had been affected by China-Africa ties, several observations were made in the chapter. In the first place, it was found that the widely held view that China was interested in Africa only for its resources, is partially true. As the chapter demonstrated, the view holds only in their trade relationship. This was corroborated by resource-rich Africa's trade surplus with China, and resource-poor Africa's deficit with it. However, with regard to their investment relationship, the chapter proved this view to be limited. It was discussed, for example, how Chinese firms were foraying beyond the extractive industry into the manufacturing, agriculture and telecommunications sector. It was also shown that some of these firms were making those investments in resource-rich countries like Angola and Nigeria and contributing significantly to their industrialisation ambitions.

Beyond that, the chapter discussed the matter of China's contribution to local employment on the continent – a matter of staunch contention. Findings did in fact substantiate claims that, rather than hire locally, Chinese firms were importing workers from China. But they also revealed that that status quo had to be qualified by Africa's greater contribution to it. Localities where Chinese firms were importing workers were found to have weak human resource capacities that could not satisfy their high skills demand. Using Angola as an example, the chapter revealed the fact that its government acknowledged its weak human resource capacity and was resultantly waiving national regulations that forced foreign firms to higher locally. Where demand and capacity corresponded, however, these firms were in fact found to be localising their workforce quite heavily.

Chinese firms were also found to be transferring skills and technology to resource-rich and resource-poor Africa alike, although training, as well as employment, was limited to low skilled workers. The technology transfer, on the other hand, was found to be helping some countries move up the value chain, with Ethiopia, for example, benefitting substantially in the textile and footwear sector. Other areas like Chinese firms' tendency to displace local businesses came up, but again, the researcher found exceptions. Indeed, local firms in Lesotho, Kenya, Mauritius, Nigeria and South Africa fell victim to Chinese competition, but industrialising Ethiopia fared better against it by successfully boosting productivity and capacity for value-added production instead. Conversely, the matter of Chinese firms' high import content was shown to be a very real one. This was found to be a blow to the development of Africa's supply chain which, along with the low rates of hiring local managers that Chinese firms recorded, and the fact that their training was limited to low-skilled workers, would trap the continent into protracted dependence on external actors.

The chapter further reflected on the findings and accepted that China-Africa ties had been both good and bad. It however resolved that the benefits were palpable enough to render the relationship indispensable. This was especially the case in the area of investment.

Reflecting on the negative aspects of the relationship that were harming African economies, the chapter showed that Africa's power to change them was incredibly limited. It showed that the circumstances behind that limitation actually pointed to Africa's continued dependence on Beijing. These circumstances were said to include the fact that Africa could not afford to subsidise or replace its relationship with China in search of more lucrative terms of engagement because this would come at a greater cost. Compared to ties with the West or its African neighbours, for example, its relationship with Beijing was shown to be the most beneficial. The chapter discussed that this added fuel to concerns about how the Belt and Road might Affect China-Africa ties. If China is more of an asset to Africa compared to its other partners, there are worries that the BRI might get in the way of that, ultimately weakening Africa's development prospects. Then again, the chapter also accepted that the initiative might actually address the challenges underlying its relationship with China. To make assessments as to the possibilities, one must first understand what the Belt and Road is and what changes it might bring to the world order. This is discussed in the next chapter. The study will consolidate findings in this chapter with findings in the next chapter, to assist speculation on the implications of the Belt and Road Initiative on economic development in Africa.

Chapter 3: The BRI: A New World Order?

3.1 Introduction

In chapter two, the positive contribution that China was making to African economies leading up to the initiative was discussed. The question of whether the BRI would either reinforce that contribution or restrict it was raised. Primarily, the answer to that question can be found through an understanding of the initiative itself. With that in mind, this chapter discusses the Belt and Road Initiative. It begins with an outline of what it is, as well as what it aspires to achieve. It then examines its scope by tackling blanket comparisons with China's old Silk Road and the US's Marshall Plan. Fundamentally, that effort addresses concerns that many in the Global North have about the initiative's potential to either blunt Western hegemony or help China catch up to it. Third, Chinese motives are addressed to determine the internal and external reasons behind the initiative's establishment. Here, what China stands to gain from the initiative is exposed. Afterwards, the matter of what the Belt and Road will mean for the current and American-led world order is discussed. The point of that discussion is to demonstrate the undeniable potential the BRI has to reshape the global balance of power. It is also to demonstrate the fact of how deep an impact it will have on the global community. Together with the nature and impact of China-Africa ties that Chapter two discussed, information unearthed in this chapter will become a viable platform against which to speculate on the implications of the BRI for economic development in Africa.

3.2 What is the Belt and Road Initiative?

Fundamentally, the BRI is a development campaign to alleviate trade and investment barriers between participating states. The plan is to do this with the development of six economic corridors across Asia, Europe, the Middle East, and parts of Africa. The corridors themselves will be structured around a land and sea route, known respectively as the "Silk Road Economic Belt", and the "Maritime Silk Road Initiative" (see Figure 1) (Magri, 2017, p. 7; Phillips, 2017; Lau, et al., 2018).

Figure 1: The Belt and Road's land and sea route (Lau, et al., 2018).

These routes will bring over 65 countries together, as well as their combined population of 4.4 billion people that accounts for over 60% of the global population (China Power, 2017). Twenty-seven of these countries are in Asia, 25 are in Europe and Eurasia, 14 in the Middle East[3] and three in Africa[4].

3.2.1 Aims and Objectives

The BRI has five key objectives. The first objective – policy coordination – calls on BRI states to harmonise their development strategies and policies (PRC, 2015). Already, China has concluded agreements to do exactly that with over 40 states and institutions (Deloitte, 2018, p. 8).

The second objective, that of infrastructure connectivity, pushes for an infrastructure network that will gradually connect BRI states with each other, in a way that simplifies processes of economic engagement between them. It makes provision for the aforementioned corridors; which are the China–Mongolia–Russia Corridor; the New Eurasian Land Bridge; the China–Central Asia–West Asia Corridor; the China–Indochina

[3] This includes Egypt.
[4] As mentioned in the introductory chapter, by "Africa" this study refers to Sub-Saharan Africa.

Peninsula Corridor; the China–Pakistan Corridor; and the Bangladesh–China–India–Myanmar Corridor (ACCA & SSE, 2017, p. 11). All are strategically designed to cut across the central cities of participating states and the industrial parks within them (PRC, 2015).

The third objective is unimpeded trade, and it proposes the removal of trade and investment barriers among member states. Ultimately, China envisions improved business environments within participating countries, which, along with the free trade areas that this particular objective calls for, would expand the potential for cooperation (PRC, 2015). We are already seeing progress in both these areas. From 2014 to 2016, Chinese trade with BRI economies surpassed $3 trillion. Its investments there went over $50 billion during the same period. By 2018, Chinese firms had launched over 50 SEZs in over 20 states, creating 180,000 jobs and contributing more than $1 billion to government revenue (Deloitte, 2018, p. 8).

From there, the initiative promotes financial integration as an effort to enhance capital mobility across borders. Stepping stones towards this will include the development of regulatory coordination mechanisms, of credit rating systems, of bond markets across Asia, and of new institutions like the AIIB, the SCO, the NDB, and the SRF (PRC, 2015).

Lastly, the initiative calls for people-to-people bonds. Primarily, this is China's effort to cultivate public support for the initiative, which if accomplished will smooth the way for bilateral and multilateral cooperation among member states. To gain that support, China has proposed developing camaraderie among BRI citizens and suggested several stepping stones towards it. These include "extensive cultural and academic exchanges, personnel exchanges and cooperation, media cooperation, youth and women exchange and volunteer services" (PRC, 2015). Beijing itself has been granting 10,000 scholarships yearly since the initiative's launch, focusing on health, science and education (Deloitte, 2018, p. 8).

3.2.2 Scope of the BRI: The New Silk Road or China's Marshall Plan?

In much of the discourse surrounding the initiative, there is a determinant narrative about the BRI as either the new Silk Road, or as China's version of the US's Marshall Plan. Realistically, however, receiving the BRI as such would be to either minimise its characterisation and context where it is compared to the old Silk Road, or to underestimate its scope and exaggerate its ambition where it is interpreted as "China's Marshall Plan". For a tenable review of its implications for all involved and for Africa specifically, as this study seeks to do, it is important that these parallels are scrutinised.

As far as its comparison to the old Silk Road, we do encounter the same framework of land and sea routes that connects places as distant as Xi'an and Rotterdam or Fuzhou and Venice. In that respect, the BRI indeed revives China's Ancient Silk Road. However, the old Silk Road was a mostly inadvertent offshoot of the trading activities between China, Eurasia, and the Middle East (Magri, 2017, p. 7). The BRI, conversely, is a calculated economic strategy that is backed by a $4 trillion price tag on loans that China will extend to participating states' infrastructural needs (Ho, 2018; Hillman , 2018; Cockburn, 2018; Bruce-Lockhart, 2017). Its national banks have already contributed over $250 billion towards BRI projects, most of which were in the transportation sector (Djankov, 2016, p. 8). Further, China has the backing of two-thirds of the global population – over 60 countries have committed themselves to BRI projects or expressed their interest to do so (Chatzky & McBride, 2019). Beyond that, the BRI is unravelling in a globalised world where power, competition, and national interest frame interactions between states. It is also unfolding at a time when China is leading the pack in all of those areas, is the primary threat to US hegemony, and the driving force behind the shifting world order (Ho, 2018; Hillman , 2018; Cockburn, 2018; Bruce-Lockhart, 2017). Not only is the initiative a huge step forward from the old Silk Road, it could well tilt the global balance of power in China's favour with implications for the Global South and North alike. Primarily, fears of it being a Chinese Marshall Plan are premised on this recognition, but is the comparison valid?

The Marshall Plan (1948 to 1952) was "a flagship US aid program" (Kozul-Wright, 2019) to rehabilitate 16 Western Europe states brought low by the Second World War. Many consider the BRI to be its replica, but that view is off the mark. Indeed, the initiative will mobilise investments in partner states as the Marshall Plan did, but the BRI is also tied to China's own economic repositioning, thanks to the footholds it will create in nearby BRI markets for its higher value-added goods. Second, the Belt and Road is more firmly a development strategy than the ideologically confrontational Marshall Plan (Kozul-Wright, 2019), whose primary objective was to keep Soviet influence out of vulnerable post-WWII Europe. With China's rise today, many consider that its initiative will have the West be to it what the Soviet Union was to the US (Sommerlad, 2018; Bin, 2018), but Beijing does not yet have the power to accomplish such a plan. Although its economy and influence have grown globally, Beijing is yet to secure the receptivity to its power that it would need to replicate such a move. Again, the fact that China is still a developing country is relevant here. In recognition of this, the Asian power has structured the initiative to being a positive-sum project in which growth and development are both shared and achieved through dialogue and cooperation (Greer, 2018; Bin, 2018; PRC, 2015). Third, the Marshall Plan was geographically constrained compared to the Belt and Road, the breadth of which is astonishing. Just one of its constituents will purportedly amount to 81,000km of high-speed rail, twice exceeding the world total. Fourth, the projected $4 trillion that China will invest into the Belt and Road is roughly 31 times higher than what America invested in the Marshall Plan (Cullen, 2016, p. 26). Lastly, with more than 65 countries across Asia, the Middle East, Europe and even Africa pegged for participation, the BRI is an inclusive program that spans multiple civilisations (Greer, 2018; Bin, 2018; PRC, 2015).

With that said, and despite the positive-sum framework that it is premised on, the scale and cost of the BRI does fan the flames of caution and concern, as well as validates conclusions drawn by the global community of its potential to carry China's influence over the threshold. This is especially the case if we consider that a lot of that influence will be on the back of the financial indebtedness to Beijing that is realistically projected for participating states. Further, member states make up over 60% of the global population and a third of the world's GDP. As the hub of this initiative that they are all participating in, China will have a significant portion of the global economy redirected towards it. Not only will this increase these states' dependence on it, it will deepen China's authority over them and, ultimately, over the principles that govern their economic affairs as a region (China Power, 2017; Emmanuel, 2017, p. 8; Lu, et al., 2018, p. 1).

3.3 Chinese Motives

Economically, the BRI serves a range of national and geostrategic aims. Internally, it creates a channel through which China could finally develop its weaker western provinces and address the economic imbalance between them and its more advanced eastern states. For the CPC, alleviating this inequality is a matter of grave urgency. Years of favourable treatment, massive stimulus packages, and country-led investments have had only marginal successes, with total GDP managing a paltry 1.6% rise between 2000 and 2010. China now looks to the BRI to carry the mantle. Instead of lavishing them with government money, China will use the initiative to integrate those weaker provinces into regional economies nearby (Enderwick, 2018, p. 448; Chen, 2018, p. 1; Cai, 2017, pp. 6-7).

Where its geostrategic aims are concerned, Beijing wants to deepen its overseas investment footprint in order to advance the internationalisation of its firms, as well as encourage the acceptance of Chinese standards. It is already making progress towards this: in 2015, outward FDI flows from China grew by 18.3%, surpassing the world total of 11.8%. In 2017, it became one of the biggest sources of FDI outflows worldwide after Japan and the US (Ehizuelen & Abdi, 2018, p. 293; KPMG, 2016, p. 1; ACCA & SSE, 2017, p. 15; Mathur, 2018). The Belt and Road is a new opportunity to improve those statistics. Consider, most South-, South-East-, and Central-Asian countries lack the funds, skills or technology to develop their industries as well as infrastructure. These are problems that China could easily address. Further, the policy and financial coordination, transnational trade, and investment that the BRI will facilitate, will help China increase its footprint in those countries. China hopes in the long run, that this increased engagement will encourage the reception of its firms as world-class companies (ACCA & SSE, 2017, p. 15; Chen, 2018, p. 1; Sze & Wu, 2016, pp. 5-6).

Another motivating factor behind the BRI is China's struggle with industrial overcapacity. The new realities of the government pulling back on national infrastructure construction, of steel producers – more than capable of high production outputs – restricted by waning demand, have been documented (Miner, 2016, p. 12). China could of course look into generating local demand but where this proves to be difficult – and it currently is – export markets are a good alternative (Enderwick, 2018, p. 448; ACCA & SSE, 2017, p. 15; Ehizuelen & Abdi, 2018, p. 288). The BRI presents that solution as an option. Addressing ASEAN states in 2014, Chinese premier Li Keqiang confirmed this as an objective. On the back of BRI facilitated foreign direct investment, China hopes to offshore this excess capacity to its ASEAN neighbours, who are coincidentally looking to address their infrastructure deficit as well as expand their industrial bases (Stevens, 2017, p. 4).

Furthermore, China is looking to accelerate the internationalisation of its currency. It has already made some headway there, although it has struggled with consistency. From 2009 to 2014, RMB internationalisation experienced a 120-fold increase, from 0.02% to 2.47% (International Monetary Institute, 2015, p. 1). Disappointingly, its influence has since encountered setbacks, with its share of international payments dropping to 1.68% in January 2017 (The Bank of Tokyo-Mitsubishi, 2017). Promisingly, the Belt and Road presents several opportunities to resuscitate the influence of previous years. In the first place, and given the large 4.4 billion population that the program will reach, the initiative is projected to radically enhance multilateral trade among participating states (Rabena, 2018, p. 686; International Monetary Institute, 2015, p. 1). If most of that trade is denominated and settled in the Renminbi, China could succeed in strengthening its influence. We are already seeing signs of that as possible with trade activities between China and the Philippines. Traders there that were using the dollar as a bridge currency in the past, have switched to remitting funds in RMB in order to cut the costs of currency conversion. As the BRI increases economic exchanges between them, we are likely to see this trend replicated between China and other BRI participants (ACCA & SSE, 2017, p. 16; He, 2017; Gamboa, 2018; Rabena, 2018, p. 692).

From there, RMB internationalisation will be achieved through the initiative's infrastructure construction program. The flow of funds from China towards the more than 900 infrastructure projects planned for BRI states, will routinize use of its currency (Renwick, et al., 2018, p. 10). Of course, this will be underpinned by the adoption of the RMB as an official reserve asset that it is anticipated, the BRI will prompt. The RMB currency has already been adopted as an official reserve asset in some countries, including Belarus, Cambodia, Malaysia, Nigeria, the Philippines, South Korea and Russia, although it typically forms roughly 5% of their reserves (ACCA & SSE, 2017, p. 17; Rabena, 2018, p. 692). Going forward, the BRI might give that figure a boost. By 2017, China had entered into currency swap agreements with over a third of the BRI states, with all of them coming out as being open to signing such an agreement overall (Johnston, 2018, p. 51).

The Belt and Road also addresses China's need for new markets. Beyond the large population that it gives Beijing access to, there are the transportation costs that BRI-backed infrastructure will reduce. Already, projects underway all cite the cost and travel time that will be minimised with their completion. From there, there are the PTAs that the BRI facilitates: over 50 have already been established. Lastly, as BRI states bridge their infrastructure gaps, and their economies respond with concomitant growth, we are likely to see a spike in demand for Chinese goods: China expects its value of trade with them to surpass $2.5 trillion by 2025 (Ehizuelen & Abdi, 2018, pp. 288, 290).

Linked to its need for new markets is the fact that China now needs to upgrade its industry. The past three decades saw it cultivate a status as factory of the world but the comparative advantages that accorded it that reputation, including that of its low labour costs, have started to taper off. Now China must move up the industrial value chain and specialise in higher value-added products. To succeed, it will need to lock down new markets for them and it is looking to emerging economies to serve that purpose. Reasonably, emerging states would be more amenable to this than the Global North, and China is aware of that. It therefore hopes to use the access that the Belt and Road will give it to those countries to its full capacity. Over and above that, China will be funding the bulk of Belt and Road projects. It could well channel the leverage that this will give it over loan-recipients to secure export markets for its higher end industrial goods (Cai, 2017, pp. 8, 9, 17; Hancock, 2018; Hongbin, 2017).

3.4 Is the BRI a New World Order[5]?

When China was rising into the influential power that it is today, the world resolved with a great deal of certainty that it was vying for control over the American-led world order. Several moves that China made over the years fanned the flames of that speculation. Key among them was its reprimand against the global monetary system for continuing to confer supremacy to the dollar at the expense of the greater recognition that it should have been extending to other, equally deserving currencies. This was a decade into the new millennium when China suggested resort to a supranational currency instead. It succeeded to have Special Drawing Rights (SDRs) fill that position, with the Renminbi included as one of the component currencies. Successes there were followed up by the establishment of the NDB and its BRICS Contingency Fund, which became alternatives to the World Bank and the IMF respectively. Having said that, the watershed moment in China's quest to change the world order was when it initiated the founding of the AIIB. Many of America's allies – 17 of

[5] The world order refers to a system that is used to control events around the world. The current order was established by the US in the wake of the second world war. It is primarily managed by the Bretton Woods Institutions (the IMF, the WTO, and the World Bank) through a set of free-market liberal values or polices that are referred to as the "Washington Consensus".

which were in Europe, and 10 in Western Europe – signed up to the Bank as some of its 57 founding members, despite disapproval from Washington (Nicolas, 2016, p. 10; Anderlini, 2009; Wang, 2017).

Today, the Belt and Road is the new platform through which speculations about China's ambitions for the world order are had. Now, however, two opposing views are leading the narrative: one that portrays China as looking to maintain the status quo, and another which sees it as having revisionist ambitions. When these views are presented within the context of the Belt and Road, however, one finds that China is both. As a status quo power, China is looking to maintain parts of the system that it deems to be advantageous as well as necessary for the mutual development of states worldwide. As a revisionist power, China is confronting what it deems to be inconsistencies within the world order and doing so in a way that will widen receptivity to it as a crucial and legitimate world power (Benabdallah, 2018, p. 2).

3.4.1 China as a Status Quo Power

In BRI's Visions and Actions document, China lays out a project that will open up countries to each other and consolidate their cooperation towards mutual benefit, development and security. It also expresses Chinese support for WTO agreements as cooperation priorities (PRC, 2015). This association of the BRI with the principles of cooperation, common security or of mutual development and benefit, and with established global institutions is signifier that China is not looking to uproot the current order. Assuredly, the practical side of the initiative seems to correspond to the narrative, at least in so far as its potential. It ardently lobbies for globalisation in a time of increasing Western endangerment to the connectivity and multilateralism that have propped up the world order for more than 70 years. In one of his first "America first" policies after assuming office, President Trump withdrew from the TPP. He followed that up with threats to pull out of NATO and the UN, as well as commitments to adopt more protectionist policies on trade and immigration (Li, 2017, p. 32). Before that, there was Britain's decision to leave the EU, which some took as a snub to globalisation (Elliott, 2016). As a platform that actively fosters development through synergy and integration, the BRI seeks to counteract these developments. Beijing has in fact reiterated that as a core objective in a number of summits worldwide (Li, 2017, p. 32; Jinping, 2017).

3.4.2 China as a Revisionist Power

As far as its status as a revisionist power, the Belt and Road is just as expressive of China's intentions. Nowhere is that clearer than with its objective of financial integration, which will be built on the back of the AIIB, the SCO, the NDB, and the SRF. Every single one of these institutions is effectively and deliberately a non-Western centred platform (Benabdallah, 2018, p. 7; Nicolas, 2016). If not their nation-state representation, or their anticipated use of the Renminbi and other currencies beyond the dollar in their operation, then the principles behind their operational framework attest to that. China's well-known principle of non-interference, for example, is part and parcel of their operational framework. On the contrary, the Bretton Woods conditionality that forces assistance-seeking states to adopt specified free-market policies as a prerequisite to loan approval will not be (Chow, 2016, pp. 1285, 1295; Mitchell, 2019; PRC, 2015). This alone should successfully enhance the initiative's palatability – as well as the institutions behind it – especially now that states are increasingly asserting their independence and desire for agency from global regimes. Needless to say, many countries in the Global South have expressed their commitment to the project, but we are also starting to see signs of approval in the West. On the 23rd of March 2019, Italy became the first G7 member, first Western European country, and thirteenth EU state to join the BRI. This, despite disapproval from Europe and the US (Mitchell, 2019).

Another aspect of the BRI that challenges the current order is its geography. Its routes pass predominantly through LMICs (ACCA & SSE, 2017, p. 18) and, in time, this will transform the shape of economic activity worldwide. Changes there will likely include the tearing down of the long-standing non-equitable global trade practices of decades past. When WTO member states finally agreed to abolish export subsidies for agriculture at the 10th Ministerial Conference in 2015, the developed world had for years been pressurising developing states into freer trade while they themselves installed policies that reined back imports from those same states (UNDP, 2005; Strubenhoff, 2016). Now, with the Belt and Road and its scope and scale that will effectively form "the world's third-largest trade axis after the Atlantic trade axis and Pacific axis"[6] (ACCA & SSE, 2017, p. 19), these countries will gain the leverage to right these wrongs (Monan, 2016).

The geographical scope of the initiative also stands to revise the global division of labour in favour of both low and middle-income countries who are working to catch up to their more economically developed counterparts (China Today, 2017). At present, these higher income states dominate the higher end of the global value chain with a firm grip on both skills and technological advancements, and far ahead of the developing world. Their respective positions have led to, and maintained the asymmetry between them, as well as forced developing states to rely on their wealthier counterparts (ACCA & SSE, 2017, p. 18). Coming out of that dependency would require industrial upgrading, a need that all BRI states have, and which because of their different stages of development is actually attainable. Consider, one of the few advantages of cooperation between countries in different stages of development, is the complementarity of their capacities. For there to be industrial advancements in third grade states, there needs to be upgrades in second-grade countries who will themselves benefit from upgrades in first-grade states. Belt and Road participants embody this complementarity, with countries along its land and sea routes all at different stages of industrialisation (Mei, 2016). Ahead of all of them, and at the late stage of industrialisation, China's own up-scaling could have spill-over effects that would help boost its neighbour's capacity (China Today, 2017). Having moved up the value chain and lost its cost advantage as a result, these spill-overs might include the migration of China's low-end manufacturing into locations where labour is cheaper (GHY International, 2015).

3.5 Conclusion

This chapter analysed the Belt and Road Initiative. It discussed that it is – for China and for all countries involved – a commitment to constructing or developing cross-country land and sea routes to alleviate barriers to trade and investment bottlenecks. It also shared that towards accomplishing those key objectives, the BRI aspires to enhance capital mobility across borders, to foster or strengthen camaraderie among BRI citizens, and to have

[6] With the increase in economic engagement that we have already seen between China and these countries, this idea of a prospective third-largest trade axis is validated. At the end of the year that China launched the Belt and Road, transnational trade between BRI states had grown by 16.5%, far exceeding the 9.7% rise that we witnessed in world trade (ACCA & SSE, 2017, p. 19).

member states harmonise their development strategies and policies. Pertinent to this study's objective to speculate on how the BRI might impact economic development in Africa, two key factors stood out from discussions: if it is successful, the Belt and Road will consolidate China's credentials as a global power. Secondly, there is a real possibility that, member state or not, all countries will be affected by it.

With regard to the matter of how the initiative will magnify China's power, the chapter discussed several things that corroborate this as a real possibility. First, the Belt and Road eases trade and investment bottlenecks with countries that account for over 60% of the global population, and all roads lead to China. The infrastructure network that will pave its land and maritime routes, and which Beijing strategically determined and outlined, either begins or ends in China. Second, construction of that network will be off of $4 trillion dollars in loans that China will extend to BRI states. This is bound to compound China's leverage over them. There is also the fact of how the Visions and Actions document has assigned the management of the BRI to institutions that were all initiated by China, and now fronted by it, and the fact that their strength and internationalisation will be consolidated with the many infrastructure projects that Beijing will help fund. One might predict the advancement of the "Beijing consensus"[7] at the expense of the "Washington Consensus" because of this.

As for the possibility that all of the global community will be affected by the BRI, the chapter too provided several corroborating factors. The most vital of them was the fact that the initiative would ultimately create the third largest trade axis in the world and give developing states influence over the global terms of trade. The second was that it would also revise the global division of labour by edging those states closer to the production value and capacity of the developed world. This was revealed to be possible because of the different stages of development between BRI states. Being at the highest level of development, China would shift more of its labour-intensive industries to developing states across the Belt and Road. The third was the fact that the initiative would serve as protector to the inter-state cooperation, mutual benefit, development, and security that the liberal order established, and that is now being threatened by Western protectionism.

[7] The "Beijing Consensus" refers to China's economic development model that is defined in contrast to the US's model – the "Washington Consensus" (Bennhold, 2011).

From the above, the chapter resolves that it is now up to individual countries to assess their place within that new environment, and that for Africa, doing so is that much more pertinent. Primarily, because China is one of its most important development partners, but also, because with only three countries participating in it, Africa is largely excluded from the initiative. If the BRI gives Beijing access to over 60% of the global population, how much pull will the continent have over China when the initiative is fully unleashed? Further, how effectively will it gain from the trade and investment that the BRI facilitates? Most importantly, how will its trade and investment relationship with China be affected, and what will that mean for its economies? Member state or not, all of Africa has to reflect on these concerns and try to anticipate the outcomes. The next chapter does exactly that.

Chapter 4: Africa and the Belt and Road Initiative

4.1. Introduction

Following years of a peaceful yet sturdy rise, China is finally at a point where it can confidently and overtly fight for a position at the centre of global power and to lobby states to acknowledge its right to be there. Arguably, the Belt and Road is the greatest representation of that dynamic, and with over 65 countries signed on to it, China's authority over the global economic order is well on its way to solidifying (Ohashi, 2018; China Power, 2017). If China does in fact succeed in meeting the demands it has set out in the initiative's objectives, having a relationship with it will become that much more important, and exclusion from the BRI that much more detrimental. Of course, countries worldwide are aware of this (Freund & Ruta, 2018). This includes defiant Western Europe, but most of all Africa, which was very early on enlightened on how transformative ties with Beijing could be. Chapter two discussed what China has meant for Africa's economic trajectory and the fact that the continent has few options to subsidise the relationship. What the BRI has in store for the relationship therefore matters to the continent, but more so, the impact that changes to it might have on African economies. This chapter addresses those very concerns. It first discusses Africa's place in the initiative and the extent to which it will be involved in the program. Afterwards, it looks into the impact that the Belt and Road will have on China-Africa ties, and then, the impact it might have on African economies.

4.2. Where does Africa Fit?

Shortly before the March 2015 publication of the BRI's vision document, former senior vice president of the World Bank, Justin Lin Yifu advised that the initiative should incorporate Africa with the core function of infrastructure development and industrial relocation (Demissie, et al., 2016, p. 11). Four years after Yifu's suggestion, the continent finds itself at the margins, with only three countries – Kenya, Djibouti, and Ethiopia – nominated for BRI membership (Stevens, 2017, p. 3). That said, Belt and Road activity is already unravelling in those countries. Djibouti has benefitted from $1.8 billion worth of infrastructure finance towards the multipurpose Port of Doraleh and the Djibouti International Free Trade Zone (DIFTZ) next to the port. To date, the DIFTZ is the largest trade zone in Africa (Chen, 2018, p. 4). Added to that is the completed $4 billion electric railway that connects Djibouti with

Addis Ababa. In Kenya, the Belt and Road is making a big impact. China completed a $3.8 billion railway there, that was inaugurated on May of 2017 and which connects Nairobi to the port of Mombasa (Stevens, 2017, p. 7; Miriri, 2017). Again, in Kenya, Chinese firms were contracted to construct three berths for the Lamu Port in Kililana (Chen, 2018, p. 4). Projects are already underway, and it is projected that the first of the berths will be completed on 30 June 2019 (Kazungu, 2018).

All things considered, however, the insertion of three countries is not enough to assure Africa of a meaningful role in the initiative. On a hopeful note, some view the vision document's limited mention of Africa's involvement as a sign that the details of its inclusion are yet to be determined (Demissie, et al., 2016, p. 12). Following this train of thought, Yunnan Chen (2018, p. 2) advises that the generality underlying the initiative in fact demonstrates its inclusivity, while Igbinobo Emmanuel advises that the likely locations for the maritime routes and hubs, point to the possible inclusion of Tunisia, Senegal, Tanzania, Gabon and Mozambique (Emmanuel, 2017, p. 8). Certainly, there is validity to these sentiments – China has signed cooperation deals with Western and Southern Africa, under the BRI framework. South Africa, for example, signed an MOU with China in December 2015 to have it be included in the initiative. The MOU was accompanied by 26 agreements that prioritised, among others, infrastructure development, the building of SEZs, and deepened marine, financial, and human resource cooperation. In July 2018, Rwanda earned its own bilateral cooperation agreements, securing its prospective participation in the initiative (Chen, 2018, pp. 3-4). Further, China is already building BRI-linked infrastructure networks in parts of non-BRI Africa as demonstrated by the map to follow. There are planned and completed railroads, oil and gas pipelines, and ports in non-BRI countries like Mozambique, Tanzania, Burundi, South Sudan, Angola, Zambia, and Nigeria. This sets a positive tone for Africa's deeper inclusion into the program in future (Nantulya, 2019).

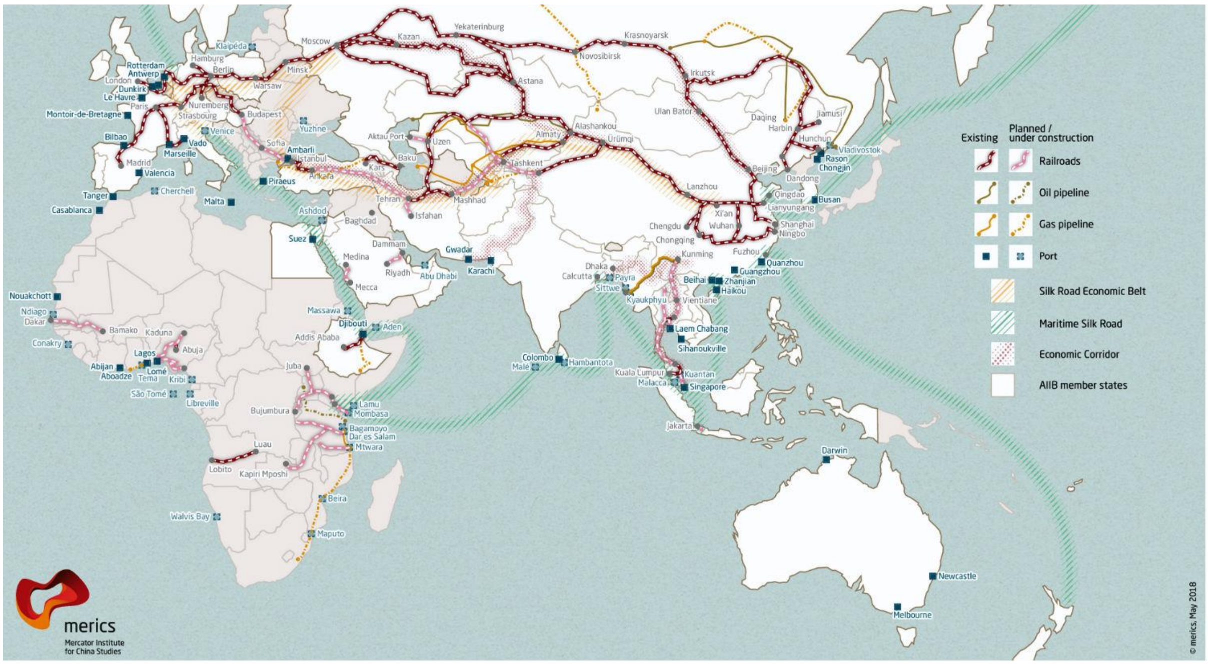

Figure 2: Planned and existing infrastructure along the Belt and Road (Nantulya, 2019).

Alternatively, Yunnan Chen (2018, p. 4) suggests that despite specific BRI stipulation, the breadth of China's infrastructure ambitions in Africa will extend the BRI's reach on the continent. Many of the BRI linked SOEs are already operating in Africa and may tacitly incorporate it into the initiative. As an example, the same construction company that built parts of the Ethiopia-Djibouti railway will develop new SGR lines in Nigeria; while the China Merchants Holdings Company – the chief investor and financier of the port of Djibouti – has made investments in Togo and Nigerian ports (Chen, 2018, p. 4).

At the end of the day, Africa's partnership with China has become an important determinant of its economic trajectory. Right now, the Asian power is developing the largest global economic initiative ever embarked upon by any single state (Chatzky & McBride, 2019). It will give China access to and leverage over a large share of the world, and lessen its reliance on or need for any one region (Stevens, 2017, p. 2). All that will have a big impact on how China relates with the world. Both BRI- and non-BRI states will be affected by this, and with China being the prominent figure that it has come to be worldwide, all countries are pressed to assess the impact that this great new project will have on their relationship with the Asian power and, even more, on their economies (Ohashi, 2018; China Power, 2017). More than any other region, this concern is a critical one for Africa. It is discussed below.

4.3. Implications for China-Africa Ties

Above all, the Belt and Road Initiative will boost trade and investment by rooting out tangible and intangible barriers between BRI states. With Africa making up only three states, whatever benefits it will accrue are bound to be limited, but BRI state or not, countries across the continent will be affected. For now, victories in infrastructure construction and development along BRI corridors are projected to result in a 4% reduction in shipment times among BRI economies, with a 3.2% reduction anticipated between BRI economies and non-BRI economies. This reduction in travel times will put downward pressure on trade costs – by 3.5% between BRI states and by 2.8% between BRI states and non-BRI states (De Soyres, et al., 2018). For Africa and China, this means that the regression in trade levels of recent years is likely to be curtailed. However, we will not see the trade levels of the great commodity supercycle that preceded the 2008 financial crisis, especially where non-BRI Africa is concerned. In the first place, China's weakened demand for Africa's natural resources persists. Second, the Belt and Road will tighten the already stringent competition for Chinese interest: the weightier drop in travel time and trade costs among BRI economies that the initiative will arouse, will incentivise China to trade more with countries along Belt and Road corridors and less with the rest of the world. With BRI economies, China will see better profit margins and lower price points on goods traded. For non-BRI Africa, this gives legitimacy to views that the BRI will divert China's interests in it. Already, BRI states stand as the favoured destination for Chinese trade. In 2016, trade between them and China exceeded $1 trillion – a fourth of China's overall trade value. Between 2013 and April 2017, China's sales to these states grew by 5.8% per month, year-on-year, as exports elsewhere were increasing by a mere 0.6% (Stevens, 2017, p. 3). With that said, the greatest threat that Africa should anticipate from its trade prospects with China are Asian countries, specifically those along the China-Central Asia-West Asia economic corridor. Shipment times along that corridor will see a 12% decline overall, with trade costs again plummeting more there than along other corridors (De Soyres, et al., 2018).

With regard to China-Africa investment, the BRI presents several challenges. Based on Chinese motives behind the initiative, we know that China is looking for new markets, wants to internationalise its firms, as well as relieve them of their industrial overcapacity. These things are the impetus that will drive many firms out of China and into new terrain.

However, the Belt and Road will have a significant impact on where they end up. Being an initiative that looks to boost investment between countries involved, necessarily, and just like with trade, the BRI will have Belt and Road countries be the key destination for FDI originating from China.

To be sure, the initiative props Belt and Road countries up to be the greatest benefactors of Chinese FDI. In the first place, the countries installed as BRI members were not selected at random. Rather, a host of characteristics – including resource endowment or industrial distance, but especially market size and cultural proximity – sealed their suitability for BRI membership (Kang, et al., 2018, p. 23). Secondly, the Belt and Road is specifically designed to nurture the conditions necessary within BRI economies to better capture outgoing FDI from Beijing: the aforementioned reduction in travel times and transportation costs, that will give new impetus to trade between China and BRI countries, will also have a positive impact on investment. The estimated reduction of 3.2% in travel time between BRI economies and the world could boost total FDI inflows to Belt and Road economies by 4.97% (Chen & Lin, 2018, p. 32). This was determined by a World Bank study on the "patterns determinants, and effects" (Chen & Lin, 2018) of FDI across the Belt and Road. That same study revealed a propensity for Chinese-led construction activities to stimulate outward investment from China. It said that for every 10% rise in construction activities, there would be a 7% rise in OFDI from China in that same year. This would jump to 11% the following year and to 16% after two years. Of course, in the context of the Belt and Road, this means that more Chinese investment will be going into Belt and Road countries than to non-Belt and Road states (Chen & Lin, 2018, pp. 29-30). This is already happening. Between 2014 and 2018, China invested over $1 trillion into 1,700 projects across 130 countries. Over half of them were Belt and Road states (Waghmare, 2019). By 2017, its total investment in BRI states had reached $50 billion, and in 2016 alone, investments grew by $14.5 billion (Stevens, 2017, p. 3). Further, China is increasingly interested to gear its investments towards the Asia-Pacific. It has restrained its investments to the West as a result, and in 2018, its FDI into Europe and North America fell by 73% (Wong, 2019). The Belt and Road will smooth the conditions for that transition so that, ultimately, non-BRI Africa will be seeing less of Chinese investments than it otherwise would, and certainly less than it would hope.

However, the story is not all that bad for Africa. Despite the unfavourable odds, there are several circumstances that will serve as pull factors for China's internationalising firms, and somewhat tranquillise the potential that the BRI has to divert Chinese OFDI from Africa. Firstly, Africa has benefitted and will continue to benefit from Chinese infrastructure projects despite overall exclusion from the BRI (Aljazeera, 2018). Already, the infrastructural development that China has helped Africa with is reducing transaction costs and nurturing an environment that is more amenable to foreign direct investment (Kang, et al., 2018, p. 5). Based on the noted propensity for Chinese infrastructure activities to catalyse Chinese OFDI, China's involvement in construction projects on the continent should continue to help attract some Chinese manufacturers to the continent.

Second, the incentivising nature of BRI-backed transportation networks will not be limited to BRI economies. Non-BRI states are also expected to benefit, with access and proximity to BRI initiated networks improving their potential as lucrative investment destinations. When China built the Belt and Road railway linking Kenya's capital Nairobi to the port of Mombasa, for example, it planned for a line that would ultimately connect Uganda, Rwanda, Burundi, the DRC, South Sudan and Ethiopia to Mombasa (Miriri, 2017). These advances are expected to permeate Sub-Saharan Africa as a whole. The World Bank, in fact, anticipates that the transportation system that the BRI will develop will catalyse investment flow into non-BRI Africa by 3.98%. It also expects that developments there will boost growth in the region by 0.13%. A lot of that investment will be coming in from China (Chen & Lin, 2018, p. 37).

Finally, Africa's PTAs with the EU and the US – specifically America's AGOA and the EU's "Everything but Arms initiative" – will help retain its plausibility as an investment destination. Under these agreements, factories that are located in Africa and either grow, produce, or manufacture AGOA and EU approved export items, are eligible for tariff and quota free access to European and American markets (AGOA.info, 2019a; AGOA.info, 2019b). Chinese shoe manufacturer Huajian is capitalising on the platform, producing shoes in Ethiopia and exporting them to the US, tariff-free. Were its factory located in China, those same exports would face a hefty 37% tariff charge (Demissie, et al., 2016, p. 29). Belt and Road countries will not give China that kind of access, and so Africa's specific advantage here will offset the advantages that they will reap from BRI membership. Further, the relocation of Chinese firms that the BRI is expected to generate as well as facilitate, per Chinese motives for launching the initiative, will have important reason for finding homes in Sub-Saharan Africa despite its exclusion from the Belt and Road.

4.4 Implications for African Economies

Be it as members or non-members, African states stand to be affected by the BRI. Meaningfully, much of how that will happen responds quite well to Africa's own needs in terms of Agenda 2063. Being the strategic framework for how the continent will ultimately achieve the status of "global powerhouse of the future" (African Union, 2015a), or more specifically, realize its "goal for inclusive and sustainable development" (African Union, 2015a), this convergence is significant. Consider for example, the flagship projects that define Agenda 2063 in more practical terms. Among others, they aspire to accomplish the important goals of building a continental high-speed train network, of developing "a continental commodities strategy" (African Union, 2015b), and of establishing a continental free trade area (African Union, 2015b). The key structures needed to operationalize these projects – that of infrastructure, trade, and investment – correspond quite significantly with what the BRI could offer the continent. Of course, what Africa could gain from the BRI is not set in stone, so it important that what opportunities and threats exists are well assessed. The study does so in this section.

In terms of investment, the most immediate activity that Africa could anticipate, or hope to be at the receiving end of, is the prospective increase of Chinese construction firms in its localities. In the first place, Chinese firms are looking for opportunities to subsidise their losses from waning infrastructure projects at home. At the behest of Belt and Road objectives, a lot of the funds that China was directing to domestic developments in the past will now be redirected to needier Belt and Road countries and surrounding non-BRI states. With China being the main sponsor, tenders that open up through the BRI will more likely than not go to Chinese firms (Islam, 2019). For Africa, this will make for greater access to infrastructure development at an affordable price point – a significant outcome considering that poor infrastructure remains a key obstacle to its development (Adegoke, 2018). Potential benefits would be a better chance at finally operationalising the CFTA; at accelerating the regional integration process; and at reviving the stagnating levels of competitiveness in Africa. In East Africa, where the Belt and Road is largely concentrated, BRI projects could boost export-levels by $192 billion per year if gainfully exploited (Nantulya, 2019).

This infrastructure development that the Belt and Road is pursuing could also help Africa take advantage of new complementarities between Africa and China. Years of economic growth have finally pushed Beijing to upgrade its industrial structure and stripped it of its competitive edge in low-cost manufacturing, which for years served as the country's key growth driver (Johnston, 2019, p. 42). Now, lower-tier manufacturing firms, which relied on this comparative advantage in the past are needing to relocate their economic activity, and Africa – with its still large, youthful, and low-cost labour supply – could easily be their destination (Tang, 2018, p. 926). To a large degree, and along with the aforementioned pull factors of its PTAs with the EU and the US, the logistical upgrades and structural changes that BRI-backed infrastructure would give rise to, would lead these firms to better receive Africa as that fitting destination.

For the purposes of the industrial revolution that Africa is pursuing, the relocation of Chinese manufacturing firms would be an increased opportunity for skills and technology transfer, especially where joint venture cooperation is facilitated and achieved (Emmanuel, 2017, p. 26). Over time, spill-overs there could potentially edge Africa towards the strong value-added manufacturing base that it wants (Chen, 2018, p. 4). Given the dynamics underlying South-South investments, the odds of that outcome are good: studies have revealed the greater propensity for spill-over effects and integration of South-South investments, compared to North-South investments. This is largely because the technological gap between countries in the Global South is considerably small (Emmanuel, 2017, p. 26). Of course, there are concerns that local firms will continue to crack under Chinese competition, but there is also the possibility that these same firms will respond with moves to improve their efficiency as Ethiopia succeeded to do. With the better business environment that the BRI will help facilitate, prospects for success in this regard would be higher.

Over the mid- and long-term, either as flying geese or as participants in joint venture cooperation with local African firms, Chinese enterprises could ameliorate the imbalance that plagues China-Africa trade. If local firms indeed improve their efficiency in response to Chinese firm competition, and if China-Africa partnerships emerge as is hoped, we will see

African exports upgraded, diversified, and then integrated into the Chinese economy. For resource-poor Africa, this would help balance out its trade relationship with China, and for resource-rich Africa, to diversify its economy away from oil dependency. Under these circumstances, the increase in trade levels that BRI infrastructure will activate, will be an important win for the African continent in terms of it gaining a more sustainable revenue source than primary resource reliance has given it. It will be more of a win if China honours the pledge it made at the 2018 FOCAC summit to set up a trade facilitation program that will culminate in it increasing non-resource imports from the continent (Jinping, 2018).

In the short-term, however, the boost to China-Africa trade flows that the BRI will deliver might well aggravate the problematic structure of their relationship. China and Africa boast competitiveness in different sectors of the economy – Africa in the primary sector and China in the secondary and tertiary sector. Some view this status quo as positive. They highlight the complementarity and resolve that the initiative will enhance comparative advantages and boost trade flows as a result. However, enhancing comparative advantages in this case could thwart much needed structural change and deepen Africa's primary sector specialisation (Emmanuel, 2017, p. 26). In this era of global value chains, this would cement its peripheral place in the global economy. Second, if Africa does not capitalise on the manufacturing firms that the BRI will draw to it to move itself out of the primary sector, it would also thwart the above-mentioned potential that increased trade flows could have in the medium- and long-term.

Further on trade, China is pushing for increased connectivity with participating nations. Chapter three mentioned its interest to secure preferential- and free trade agreements with BRI countries. It also mentioned the economic and trade cooperation zones that China has already developed with them. For Africa, where a huge portion of the national revenue base is sourced from customs duties, trade within the BRI framework will translate to significant losses in income. This will be a blow to development efforts in the short term, and one should consider that today, revenue loss would take place against an already shrinking borrowing space. Of course, if the initiative can spur on private investment, and towards the productive sectors of the economy, there is promise that Africa might find a substitute for that loss. Africa hopes this will happen through the relocation of Chinese firms, and that the BRI will serve as a platform. However, given the scale of the initiative and the number of countries that will be vying for China's attention, there are doubts that the investment that Africa manages to capture will suffice (Emmanuel, 2017, pp. 8, 26; Stevens, 2017, p. 7).

The key platform for the easing of trade and investment that the BRI pursues is infrastructure development. However, the platform itself, despite its advantages as discussed above, opens the continent up to increased debt levels. Africa is already inundated: in 2013, national debt in the median Sub-Saharan African state took up 34% of their GDP. This had shot up to 53% by 2017, burdening national revenue significantly (Chen & Nord, 2018, p. 105). For resource-rich countries like Angola, Nigeria and Gabon that are still metabolising weakened commodity prices, debt service makes up over 60% of that revenue (Chen, 2018, p. 5; Chen & Nord, 2018, p. 105). For resource poor Africa, where national revenue is already encumbered, and rising debt levels are already compromising state capacity to fund national development objectives, the BRI might emerge as a setback. In early 2018 for example, Kenya suspended the construction of an inter-city expressway that would connect Nairobi to Mombasa. Its celebrated Chinese-built, -financed, and -operated standard gauge railway (SGR) played a huge role in that development. It accounts for \$3.2 billion of the \$5.3 billion that Kenya owes to Beijing (Peralta, 2018). Similarly, Ethiopia is struggling to settle its debt for the completed and already operating SGR and light rail system (Chen, 2018, p. 5).

Going forward, these rising debt levels will set in motion other, and potentially greater hazards for Africa. Considering the strain that the continent is already under, we will likely see African countries failing to service their debt as they are starting to do. With that, BRI projects will be placed under China's curatorship and that will threaten signatories' control and ownership over developments that are critical to national interest (Emmanuel, 2017, p. 26). Tanzania's experience is a good case in point. In 2016, a shortage of funds forced it to put the BRI-affiliated Bagamoyo Deepwater Port on hold. When construction went ahead, the shortfall forced the government into giving up its equity stake (Chen, 2018, p. 5).

From there, infrastructure development under the Belt and Road presents challenges to Africa's exports. With China funding the bulk of it, we can expect that product inputs towards that development, like cement, glass, coal, or steel, will be sourced from its own industries. Again, China is looking to offshore its industrial overcapacity and where Belt and Road projects are concerned, Africa has been a key end user. In 2016, during the construction of the Nairobi-Mombasa railway, China's cement exports to Kenya grew tenfold. In 2018, its steel exports grew by 15% in Nigeria, and by triple their original value in Algeria. In 2019, its aluminium exports to Egypt, Ghana, Kenya, Nigeria, and South Africa came to a total of $46 billion. For a lot of these countries, this process has whittled down economic competitiveness, with Kenya being the worst hit. In 2017, its cement exports to the East African region suffered a 40% decline, as a result of China flooding the market and eventually penetrating its chief export destinations of Tanzania and Uganda. Over the past 10 years, these two countries' imports from Beijing grew by almost 60%. During that same period, their imports from Kenya grew by just 4% for Tanzania, and 6% for Uganda (Nantulya, 2019).

At the Sino-African Investment Forum of 2017, Morocco's Minister of Industry Moulay Hafid Elalamy asserted that "All partner countries of the [Belt and Road Initiative] benefit from Chinese investments. If you are not a signatory, you are excluded" (Pairault, 2018, p. 10). As the Belt and Road becomes a firm fixture in the global community, and despite the opportunities that it presents to Africa as discussed above, the continent must commit to a hard reflection on this statement. Absent officialisation into the initiative, Africa is going to have a harder time nurturing deeper commercial ties with Beijing, and more importantly, it will have no right to hold BRI promises or China as the initiative's driving force, to account. And so, if there are indeed benefits that avail themselves to non-BRI economies as the initiative unravels, Africa cannot justifiably lay claim to them. Further, and because nearly all of Africa is excluded from the initiative, these benefits will come as spill-overs, and as such, lack certainty and sustainability. For one, Africa will have to share them with major non-BRI players in Western Europe, which realistically far outpace it as a lucrative and desired business partner for Beijing. We know, for example, that Western Europe boasts many if not all of the standard pull factors, including a large domestic market, high quality infrastructure, a liberalised FDI regime, sound economic policies, as well as political stability. We also know of China's manifold interests in Western Europe, including its skills and knowledge capacity; its well-established and advanced high-technology assets; its lucrative markets; and the third markets in the US, Africa, or Latin America that its corporate networks give access to (Zeneli, 2019). These all correspond with the upgrades that China is making to its industrial production in an effort to transition into an advanced global manufacturing economy (Perucchini, 2018). The expectation therefore is that where the opportunity presents itself, China will gravitate more towards non-BRI Europe than non-BRI Africa. It is for Africa, and Africa alone, to try and draw some of that attention to itself. It is also for Africa to determine how best to respond to the threats and opportunities that the BRI presents to its economies. How Africa might do that will be discussed in the concluding chapter.

4.5 Conclusion

This chapter explored the implications that the BRI might have on China-Africa ties and African economies. It set the tone with a discussion on the extent of Africa's inclusion into the initiative, and shared that only three countries in Africa had been nominated for BRI membership. It discussed how relevant these states were to China's geostrategic ambitions and also pointed to the Belt and Road activity that is already taking place within them. It however acknowledged that their inclusion was not necessarily a win for Africa, and that with only three states pegged for membership, there could be no certainty that it would play a meaningful role in the initiative. The possibility of China inviting more countries into the initiative was however acknowledged. The fact that it had signed MOUs or cooperation agreements with other African countries for their prospective participation in the Belt and Road, and that it was either constructing or planning to construct BRI-affiliated infrastructure in non-BRI Africa was identified as indicative of that. Alternatively, the chapter raised the possibility that despite BRI stipulation, the breadth of China's infrastructure ambitions in Africa would eventually extend the BRI's reach on the continent. Ultimately, this discussion of how extensively Africa was included in the initiative or what possibilities there were that it would in future, was had because of the prominence that China has come to assume globally and how relations with it have therefore become critical for many states worldwide. In this new context of the Belt and Road, the question of how these relations would be affected was therefore discussed as being an important one, and even more of how the BRI would affect these states' economies. The chapter resolved that these specific concerns were more critical to Africa than for any other region and went on to unpack the possibilities ahead.

As far as how the Belt and Road would affect Africa's ties with China, the chapter bore in mind developments in their trade and investment relationship thus far and as discussed in chapter two, and deliberated on what alterations the initiative might make to them. The chapter discussed the possibility of a reactivation of or increase in China-Africa ties. In terms of trade, it talked about the reduction in travel times and costs that BRI infrastructure would give rise to as possible drivers of that increase. It showed that this would be the case for trade between BRI countries, as well as trade between BRI countries and the rest of the world, and so trade between China and Africa would benefit. However, it did acknowledge that because of the better position that BRI economies were in to capture the benefits stemming from the BRI, trade levels between China and Africa would not go back to the levels they reached during the great commodity supercycle that preceded the 2008 financial crisis.

The chapter came to similar conclusions with regard to the area of investment. Better positioned as members of the initiative, Belt and Road countries would emerge as the prime destinations for investment originating from China through the initiative. The chapter revealed this positioning to have been secured by several things, including the matter of certain country characteristics that encouraged China to elect BRI countries for Belt and Road membership in the first place; the fact that these countries would be receiving the bulk of BRI affiliated Chinese construction activities and that that would in effect attract more FDI from China; and finally, the fact that China has turned its investment sights closer to home. Under those circumstances, the chapter resolved that BRI countries would certainly divert Chinese investment away from non-BRI countries.

On a positive note, the chapter shared that the diversionary effect that BRI states would have on China's foray into Africa would not be uncapped. It pointed to the existence of certain pull factors which would maintain China's interests in Africa despite the opportunities that the BRI opened it up to. It outlined, for example, the fact that Africa had already benefitted from Chinese infrastructure projects and that based on the noted propensity for Chinese infrastructure activities to catalyse Chinese OFDI, we could still expect to see Chinese manufacturing firms settling on the continent. It also outlined the trickle-down effects of infrastructure networks in BRI economies that would help boost the flow of FDI into Sub-Saharan Africa by 3.98%. Beyond that, Africa's PTAs with the EU and the US was considered for the platform they continue to give manufacturing companies of tariff-free access to Western markets.

The chapter went on to discuss the impact that the Belt and Road might have on African economies and found it to present both opportunities and challenges to Africa – be it as BRI members or non-BRI members. The investment friendly environment that the initiative would help nurture within African countries was discussed first. The fact of the waning infrastructure projects at home, for example, was said to be an occurrence that would nudge Chinese construction firms outside of China and into localities where the Asian power would be directing funds at the behest of BRI objectives. The chapter argued that if that indeed happened, and Africa alleviated the infrastructure bottlenecks that have prevented it from meeting its development goals, the continent would earn an opportunity to alleviate what continues to be its biggest bottleneck to development – its infrastructure deficit. With that tackled, or being tackled, rewards by the likes of regional economic integration, and an increased footprint of Chinese manufacturing firms would be gained. The latter benefit was discussed to be particularly feasible on account of the upgrades that China is making to its industrial capacity that are pushing low-tier labour-intensive manufacturing firms outside of the country. The chapter considered that because of its youthful- and low-cost labour supply, Africa would be a prime destination for these firms, and that the infrastructure development that the BRI would help beget on the continent would make it easier for Chinese firms to take advantage of that complementarity.

With relocating firms in mind, the potential for joint venture cooperation was also identified as a prospective positive impact. The chapter discussed how successes there could strengthen Africa's manufacturing base and change the content of their exports to China from primary to value-added goods, and consequently help ameliorate the imbalance in China-Africa trade for resource-rich and -poor countries alike, over the mid- and long-term.

On the other hand, the chapter discussed that the increase in trade levels that BRI-backed infrastructure would help garner, might emerge as a negative for African countries in the short term because during that period, African states would still be dealing in the export of primary products, and China the export of value-added goods. The chapter shared that if Africa did not therefore capitalise on the incoming Chinese firms in a way that would add value to their products in the medium- and long-term, the imbalance in trade between it and China would only be heightened by the Belt and Road. Second, the chapter discussed that with trade liberalisation being one of the avenues through which the BRI would boost trade, Africa was going to lose out on the critical source of income that customs duties have been for years.

As it deliberated further on possible after-effects, the chapter recognised the trade and investment facilitating infrastructure development that the BRI would effect as a problem on its own. As evidence, it pointed to the exacerbation of Africa's debt levels it would lead to, and the reality that when Africa eventually failed to service its debt, China would step in as curator over major national projects. Finally, the chapter showed that increased infrastructure would be detrimental to some of Africa's exports in the short term. With China funding the Belt and Road, product inputs for construction work would predominantly be sourced from its own industries, to the point where China could flood the export destinations of some African countries with its products. The chapter proved this to already be happening with Kenya, whose exports to the East African region suffered a 40% decrease in 2017 thanks to China flooding the Tanzanian and Ugandan markets.

Eventually, the chapter resolved that without officialisation into the initiative, Africa had to accept that it would have a harder time nurturing and maintaining commercial ties with Beijing. It said that outside of the three African states that had been selected for BRI membership, whatever benefits would accrue to Africa from the BRI would come as spill-overs and not as outcomes that were intentionally incorporated into or planned for by the BRI. It also reflected on the fact that even worse, Africa had to compete with Western Europe for these spill-overs, and that in the grand scheme of things, where opportunities from the BRI become available to non-BRI economies, the likelihood is that they will be opened up more to Europe than to Africa. The fact that Western Europe had pull factors that were complementary to China's current need for industrial upgrading was referred to as indicative of that.

Going forward, Africa ought to reflect on the implications of the BRI on its economies as discussed in this chapter, and work to position itself in a way that will help moderate the negative impact that the BRI might have on its economies, while magnifying and facilitating projected benefits. This study makes its own recommendations on how Africa might do that. These are discussed in the next chapter.

Chapter 5: Conclusion

5.1 Summary of Findings

This study speculated on the impact that the BRI might have on economic development in Africa. It drew its significance from the fact that despite its near six-year existence, its mammoth scope and ambition, as well as its status as the handiwork of one of the most powerful states in the world, commentators were only recently giving it the platform it deserved. This was shown to be especially true where its implications for Africa were concerned. This study committed itself to filling that void.

Towards that aim, the study kicked off discussions with an overview of China-Africa ties in chapter two, as a background that attested to Africa's need for China. The chapter expressed how important it was to do that, because it would demonstrate why the initiative mattered to Africa even though it was fundamentally excluded from it. The chapter showed that the BRI mattered to Africa because it might affect its relationship with China, and because worryingly for the continent, that might turn out to be detrimental to its development ambitions whose accomplishment still relied on its partnership with Beijing. The chapter demonstrated that continued reliance with the fact that Africa was still in the early stages of development, and that this rendered it unable to be selective of who it allies with, meaning that every hand – including China's – was an indispensable support rail for its development ambitions. Further, the chapter pointed to how the structure and impact of China's commercial engagement with the continent had been more of an asset than a hindrance. Necessarily, the continent would want for ties to continue along those lines, but even more so for ties to develop in a way that magnified the positive aspects and outcomes. The chapter reverted back to the point made in the previous chapter that the initiative was the new filter through which China's foreign economic policy would pass for the foreseeable future, and that in that capacity, the Belt and Road would reframe the manner and extent to which China engaged with external actors. It was found that this justified the apprehension about the impact that the BRI might have on China-Africa ties.

As far as the nature of China-Africa ties and their impact on African economies, the chapter focused on the positives and negatives. The trade relationship was shown to be the most problematic for the fact that its chief premise was China's strong demand for Africa's resources. The chapter showed this to have led to a trade deficit that turned resource-poor Africa into a dumping ground for Chinese goods; to have created a resource dependency that put downward pressure on industry development in resource-poor Africa; and to have led to the displacement of local African industries that could not compete with the influx of China's cheap goods. On a positive note, those cheap goods were said to be raising standards of living for African consumers and widening the market for local SMEs. Moving forward, the chapter acknowledged that these were not enough to offset the damaging impact that China-Africa trade was having on African economies but that, mercifully, their investment relationship was. The chapter showed their investment relationship to be satiating Africa's industrialisation ambitions, by either propelling new sectors, reinforcing old ones, or subsidising ones that the West had abandoned. Further, and contrary to the resource focus of their trade relationship, Chinese firms were shown to be diversifying their investment, with important footprints in the manufacturing, agriculture and telecommunications sector. They were also shown to be providing training opportunities to their workers, but also to prospective employees; and employing millions of Africans across the continent while at it.

Hurdles were shown to be the fact that Chinese firms were largely sourcing their products from abroad, hurting Africa's local supply chains as a result. Beyond that, the chapter discussed the fact that while Chinese firms were indeed training local workers, this was limited to low-skilled workers. It also pointed to the fact that some of these firms were still contravening local labour and environmental regulations.

Ultimately, however, the chapter resolved that overall, the positives carried more weight than the negatives, but that the negative aspects of the relationship were still slowing down, sometimes thwarting, the progress that Africa could be making from its partnership with Beijing and therefore had to be stamped out. Through the lens of interdependence theory, the study discussed just how much leeway Africa had to effect such an outcome. It found the continent to be gravely limited, and that fundamentally, the limitation stemmed from three things: First, China had more power in the relationship and therefore more influence over the direction it took. Second, China as a partner was doing more for Africa than its partnerships with the West were and so Africa could not afford to jeopardise the relationship. Third, African countries themselves were not relating with each other in ways that could make their alliances with each other more commercially viable and lucrative than their ties with external actors. In concluding that discussion, the chapter stated that those limitations in fact consolidated Africa's dependence on Beijing and the fact that realistically, Africa could not do without China's support in its development journey. The chapter highlighted how that added fuel to concerns about how the Belt and Road could get in the way of China's position as an asset to the continent. But it also admitted that, alternatively, the initiative could improve the terms of engagement in their relationship and that, resultantly, this would have a positive impact on economic development in Africa. Recognising that any speculation on the impact that the BRI might have on China-Africa ties and on African economies would require an understanding of what the BRI was, the study proceeded with a discussion on the initiative itself in chapter three.

Chapter three briefly explained the BRI as a development strategy to alleviate trade and investment barriers between participating states through the construction of economic corridors that linked their territories together. For a more detailed explanation, it looked into the objectives behind the BRI, its scope and scale, the reasons China established it, as well as the impact it would have on the current world order. From those discussions, and with the object of the study in mind, the chapter identified two key factors that spoke to the fact that the BRI would certainly alter China-Africa ties, and therefore, have an impact on economic development in Africa. The first was the fact that the BRI was going to consolidate China's credentials as a global power. The second was the fact that all countries – member state or not – would be affected by the initiative.

With regard to the power that the initiative would give to China, the chapter discussed the fact that the infrastructure network that the BRI would construct, and which would ease trade and investment bottlenecks between over 65 countries that made up over 60% of the global population, either started or ended in China. The chapter also discussed the leverage that China would gain over these countries from BRI-backed infrastructure, precisely because its construction would be on the back of at least $4 trillion in loans that China would extend to the BRI states. From there, it continued on to the fact that the institutions that China assigned to manage Belt and Road operations, were all distinctly Chinese-led.

As far as the conclusion that all countries would be affected by the Belt and Road, whether they were member states or not, the chapter discussed several corroborating factors. It pointed to the reality that the initiative would create the third largest trade axis in the world, and that because it was made up of developing countries, the Global South would finally have a say over the global terms of trade. The chapter also pointed to how the initiative would also revise the global division of labour by helping the developing world move up the global value chain. Finally, the chapter pointed to how the BRI would protect the global connectivity that current Western protectionism was threatening. Naturally, all of these would change the global political economy, and how all countries – developed and developing – existed within it.

Having in mind the enormity of the initiative, the chapter closed by pointing to the stark reality that countries were going to have to assess their individual position in a BRI remodelled world. The chapter resolved that this was especially important for Africa, which was largely excluded from an initiative that was both created and led by one of its most important development partners, and which, because of the access it gave to Beijing, would drastically reduce China's need for commercial ties with any one country. Reflecting on the initiative's objective of easing trade and investment bottlenecks between participating states, the matter of how its *own* trade and investment relationships would be affected came up, and pertinent to this study, how its ties with China would be affected. Finally, and most importantly, the matter of how this would all affect African economies, was raised. Chapter four went on to discuss that in detail.

Against the backdrop that chapters two and three had established, chapter four finally speculated on the implications that the Belt and Road would have for economic development in Africa. To address that objective, it first took on the fact that only three African countries were included in the initiative, proceeding to discuss who those countries were, and their geostrategic relevance to Beijing. Ultimately, the chapter resolved that a mere three countries would not expand the benefits stemming from the initiative to the rest of the continent, although it did show that these countries could still rely on Belt and Road spill-overs. It showed that whatever strides the BRI would make in boosting trade and investment levels would ultimately trickle into non-BRI economies, albeit on a smaller scale. As an example, from the 3.2% reduction in travel times that infrastructure development along the Belt and Road would result in, trade costs between BRI states would be reduced by 3.5%, and by 2.8% between BRI states and non-BRI states. Investment would be increased by 4.97% among BRI states and by 3.98% between BRI states and non-BRI states. The chapter discussed that for China and Africa, this created a platform for trade and investment ties to be revived. However, it submitted to the fact that levels would not reach pre-financial crisis levels, because of the better position that BRI countries were in, to benefit from the initiative.

With regard to investment, the chapter reflected on key factors that might divert China's attention from Africa. It first discussed the fact that China was setting its investment sights closer to home, and that with the BRI, the Asia Pacific region would be more of a focus for China than ever. It then pointed to the reality that Africa shares its non-BRI status with Western Europe – a region that has more competitive pull factors for incoming FDI. It noted that under those circumstances, whatever spill-overs non-BRI states would accrue would first be captured by Western Europe. This was shown to especially be the case for Chinese FDI. Having said that, the chapter identified several factors that would mollify the rate at which that would happen. This included Africa's PTAs with the EU and the US for the tariff-free access they would give locally produced export items to European and American markets. It also included the infrastructure developments that China had already contributed to in Africa, because of the noted propensity Chinese infrastructure activities had to catalyse Chinese OFDI.

Afterwards, the chapter looked into what implications the Belt and Road had in store for economic development in Africa. It discussed several possibilities, including how the anticipated and hoped for BRI-backed infrastructure development would create a more palatable investment climate in African economies. It said that with that accomplished, rewards by the likes of regional economic integration, and an increased footprint of Chinese manufacturing firms, would be gained. The latter gain was shown to be particularly likely, given that China was working towards moving up the value chain at home, and that *that* development was tightening the local market for labour intensive manufacturers who were consequently having to leave China to find more complementary destinations. The chapter stated that its youthful as well as cheap labour would make Africa one such destination. Reflecting on the opportunities that this would present to the continent, the chapter discussed that the relocation of these firms would open the door for much desired joint venture cooperation. Successes there could strengthen Africa's manufacturing base and change the content of its exports to China from primary to value-added goods, and resultantly help ameliorate the imbalance in China-Africa trade for resource rich and poor countries alike over the mid- and long-term.

With regard to trade, the chapter speculated on several areas of concern. As mentioned above, the influx of Chinese manufacturing firms that the BRI would lead to, could have a value-adding effect to African goods in the medium- and long term. Over the short term, however, the chapter highlighted that the increased trade levels that the initiative would help bring about, could well be a negative, because at that time, African states would still be dealing in the export of primary products, and China, the export of value-added goods. It added that this status quo could trickle into the mid- and long term if Africa did not sufficiently capitalise on the incoming Chinese firms in a way that added value to African goods. In the same breath, increased trade levels in the context of the BRI might go more to China's gain than Africa's, given that it would also come on the back of the trade liberalisation that the initiative pushes for, and which would eventually undermine customs revenue – a critical source of Africa's income.

The chapter went back to the subject of BRI infrastructure development and discussed how, outside of the aforementioned positives, it would also come with some challenges. It anticipated, for example, the aggravation of Africa's already burdensome debt problem. It said that for some countries, this would eventually end with China assuming curatorship over key national projects. The chapter also brought attention to the impact that Belt and Road infrastructure development was already having, and would likely continue to have, on African exports. It brought up Kenya's experience where, in 2017, its cement exports to East Africa dropped by 40% because China had taken over the market in its key export destinations of Tanzania and Uganda.

Ultimately, the chapter expressed that without officialisation into the initiative, Africa was going to have a harder time nurturing and maintaining ties with Beijing. It stated that with fifty African states excluded from it, whatever benefits Africa reaped from the BRI would come as spill-overs, and that even worse, it would have to fight over those spill-overs with more developed non-BRI Europe. It said that this would naturally be a losing battle for the continent because, being more investment-friendly than African economies, commercial activities coming out of the initiative would more likely land in Europe than Africa. On a positive note, the chapter expressed that Africa itself had pull factors to rely on, and that these would help it hold China's interest. It added, however, that to truly keep the Belt and Road from putting it at a disadvantage, Africa would have to be active in accomplishing that outcome, rather than passively relying on its few attractions. In so doing and having acknowledged that there would be both positive and negative outcomes for African economies with the operationalisation of the BRI, the chapter expressed that the continent would have to work to keep the negatives at bay while bringing the positives to fruition. In this final chapter, the study makes recommendations on how Africa might do that.

5.2 Recommendations

As this study highlighted, the BRI is an economic development strategy to help facilitate trade and investment among Belt and Road states. The primary instrument through which it will do that is the construction of an infrastructure network that cuts across the territories of the more than 65 states that have been included in it. In making its recommendations, therefore, this chapter follows the themes of trade, investment, and the facilitating platform of infrastructure development.

5.2.1 Trade

With the initiative's objectives in mind, Africa must prepare for the trade liberalisation that the BRI will give rise to. Africa must, for example, take into consideration the increased access that the initiative will give Chinese firms to African markets. This is bound to exacerbate the already tough competition that this study alluded to. In anticipation of that, Africa will have to invest quite heavily in local capacity building, skills and technology transfer, as well as manufacturing productivity and competitiveness to avoid local displacement. Africa could take advantage of the BRI itself to accomplish this outcome by regulating relocating Chinese firms into forming joint ventures with local firms, settling into sectors that boost productivity, and aligning with Africa's industrialisation ambitions (Chen, 2018, p. 5). Beyond helping Africa to survive Chinese competition, this could also remedy the imbalance that exists between it and Beijing. With value added to Africa's goods, China would be more amenable to honouring its FOCAC pledge to change its trade content with African states by importing more value-added goods from Africa.

In the spirit of enforcing the removal of bottlenecks to trade and investment, as the BRI aspires to do, African states as a collective could negotiate China out of its strict trade protectionist policies. Being the cornerstone of most African economies, the continent should start by targeting China's restrictions on agricultural goods. As an incentive for China, Africa should frame itself as a promising source of agricultural goods through which China could satisfy its pressing need for diversification. With its recent and ongoing trade war with the US, for example, China is looking for other sources of soybeans to help moderate its dependence on US supplies, as well as to meet domestic demand. There are of course other commodities that could be tapped into, such as the hides and skins, coarse grains, hay and tobacco that China also sources from the US (Bakst & Beaumont-Smith, 2018). Africa could bargain itself into being the alternative source that China needs for US imports. We are already seeing moves towards that dynamic, with China recently deciding to allow soybean imports from Ethiopia (Gu & Mason, 2018).

Beyond that, Africa must prepare for the fact that the BRI will widen the markets that China has access to. With its proximity and convergence to China, neighbouring Asia will be the most feasible and preferred trade partner for China. We will necessarily see a weakening of China-Africa trade ties as a result. Africa could survive this outcome by working towards eventually subsidising its relationship with Beijing. Chapter two discussed that at this time Africa's capacity to do so is rather limited. The Belt and Road could help Africa change that status quo. Consider, outside of its international scope, the BRI also has a regional framework. We see this in East Africa, where infrastructure developments have already taken off and are positively affecting integration there: the $4 billion Ethiopia-Djibouti railway project that China completed in January 2017 trimmed the travel time between Ethiopia's capital and the port of Doraleh from 3 days to just 12 hours (Ehizuelen & Abdi, 2018, pp. 288-289). Africa could take advantage of this opportunity to improve regional integration on the continent, establishing alternative and more sustainable trade relationships that would reduce its dependence on Beijing.

5.2.2 Investment

Chapter four discussed China's interest to deepen its overseas investment footprint, to offshore its overcapacity, as well as internationalise its companies. It then discussed how, through the BRI, this interest would translate into more Chinese firms venturing abroad.

Africa must prepare for this with its industrialisation ambitions in mind, and develop a framework designed to attract and absorb these relocating firms. It should also work to ensure that whatever investment is absorbed results in returns for both parties, instead of just China.

As far as absorbing relocating Chinese firms, potential measures might include the development of SEZs, FTZs, or industrial parks to help ease the relocation or outsourcing processes for interested Chinese enterprises. Host governments should also consider incentivising FDI through first-mover benefits like select tax incentives, or financial assistance for accelerated business development and domestic integration (Emmanuel, 2017, p. 30).

With regard to ensuring that it benefits from Chinese FDI just as much as China has, and will benefit from investing in its economies, Africa must consider the following measures. First, the SEZs and FTZs that it develops to attract Chinese FDI, should be established with caution. Africa should limit the extent of foreign ownership and instead maximise host government proprietorship. Alternatively, foreign ownership should be accommodated only to the extent that the zones abide by domestic industrialisation strategies. This would serve to encourage the formation of industrial clusters as well as to increase the odds that the zones will form strong backward and forward linkages. Africa must simultaneously limit zone specialisation to sectors that boost productivity, with the overall goal of graduating from the primary sector.

Secondly, Africa must be strategic in how it accommodates China's state- and privately-owned companies. SOEs tend to invest long-term and are under more media- as well as public scrutiny. Inevitably, they give a lot of weight to consolidating ties with host communities and recognising environmental concerns. Large Chinese private firms tend to follow this same track but there are not many of them operating in Africa. The smaller private firms that *are* investing, generally move in with a short-term framework. Their care for social and environmental issues is therefore very limited (Demissie, et al., 2016, p. 34). With that in mind, Africa should work to attract more SOEs than small private enterprises or resolve to institute more elaborate monitoring mechanisms where private enterprises are concerned. It could for example establish local bodies that help these firms integrate into the host economy (Emmanuel, 2017, p. 30). With that said, Africa should be careful with the extent to which it limits China's privately owned firms – these firms tend to be more diversified in terms of sector participation, and more malleable to host government instruction than CPC backed SOEs, so their participation in Africa is relevant (Sun, et al., 2017; International Trade Centre, 2018).

Third, invitations or allowances that Africa makes to Chinese firms to invest in its economies should be extended through the framework of forging joint ventures with local firms. In this new period of Chinese-led globalism, Africa will benefit from deepening points of contact with Chinese firms (Emmanuel, 2017, p. 30). In the previous section, local capacity building, skills and technology transfer and manufacturing productivity and competitiveness, were identified as potential benefits.

5.2.3 Infrastructure Development

Chapter four outlined the key benefits that Africa could gain from BRI-backed infrastructure development. It pointed to the opportunities it presented for increased market access; improved regional integration across the continent; the attainment of a more balanced China-Africa trade relationship, and a business environment that is more attractive to- and accommodating of potential investors. To increase its odds of reaping these rewards, this chapter makes the following recommendations:

First, infrastructure proposals should be pursued collectively instead of by individual African states. This would raise the bargaining power of clearly weaker Africa and circumvent what could be construed or even manifest as the divide and conquer spin-off of bilateral deals. Proposals should also be pursued according to urban planning structures that align with the AU's ambitions of an integrated, seamless bordered continent (Stevens, 2017, p. 8). That is, Africa should not allow China to independently carve out the routes of BRI-linked infrastructure networks on the continent without considering or accommodating Africa's own infrastructure development plans.

Second, infrastructure projects should be thoroughly mapped-out before construction. Results should be tested and evaluated before states suffer losses from poor policy choices. Their social, political and ecological implications should be anticipated and prevented where the risks outweigh the rewards or threaten sustainable development in the long term. Provision should be made to compensate communities where necessary, but more focus should be directed at inclusivity. Such a framework should be pursued jointly, by both the host government and incoming Chinese investors (Chen, 2018, p. 5).

Third, Africa should watch out for its worsening debt levels with BRI-linked infrastructure development. It should moderate its reliance on China as a sponsor for BRI-related projects and commit to finding alternative revenue sources. Old sources like the World Bank or African Development Bank are now deeply risk averse, and realistically unsustainable, given their propensity for funding social- over economic infrastructure. For states with sovereign credit ratings, alternatives could include raising funds in global capital markets. The immediate benefits could be conditionality free funding that could better facilitate economically viable projects. There is also the fact that capital market financing is cheaper than traditional loans (Ocran, 2015). Beyond the capital markets, for the rest of Africa that does not qualify for them, there is the option of public-private partnerships or migrant remittances. The latter funded the Latin-America-United States corridor, for example, and could do the same for African infrastructure. Consider, remittances in places like Nepal, Moldova and Lesotho account for 25% of GDP (Sekyere, 2018).

Ultimately, the onus is on Africa to ensure that the BRI does not set its economies back. With the Belt and Road already taking shape, Africa should start implementing measures that will help it moderate or prevent negative outcomes. This should preferably be done ahead of full operationalisation of the BRI – collectively as a continent – and with a comprehensive understanding of Africa’s development concerns. Without these steps, and with the reduced Chinese support that the BRI will effect, Africa will find it hard to leave its periphery position in the global economy.

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