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Yun Sun | March 2, 2015 10:06am

## Inserting Africa into China's One Belt, One Road strategy: A new opportunity for jobs and infrastructure?



Since the introduction of One Belt, One Road as a national development strategy in 2013, China has been mobilizing its political, economic, and diplomatic resources to foster the positive reception of the strategy by the region. “One Belt, One Road” encompasses two development plans: the New Silk Road Economic Belt, which will link China with Europe through Central and Western Asia, and the 21st Century Maritime Silk Road, which will connect China with Southeast Asia, the Middle East, and Europe. Through the strategy, China aims to further integrate itself into the world economy through trade, investment, infrastructure, connectivity, and other development projects. Recently, a campaign has emerged in China calling for the inclusion of Africa in the strategy. While the inclusion could surely bring more momentum to China's economic cooperation with Africa, it does not resolve—and actually could amplify—the existing problems in current Sino-African relations.

The most cited proposal outside the government that calls for including Africa in China's “One Belt, One Road” framework (making it “One Belt, One Road, One Continent”) came last month from Justin Yifu Lin, former chief economist of the World Bank. He argues that through infrastructure

development, China could both foster the growth of African countries and transfer its labor-intensive industries to Africa. This general focus on infrastructure seems to be confirmed by the signing of an MOU between China and the African Union on January 27. The ambitious agreement plans to connect all 54 African countries through transportation infrastructure projects, including modern highways, airports, and high speed railways. While these developments are not officially a component of “One Belt, One Road,” many in China have begun to draw linkages between the two.

China's general emphasis on infrastructure development seems to have received initial positive responses from African leaders. Chairperson of the African Union Commission Nkosazana Dlamini-Zuma says the MOU will help accelerate the much needed regional integration and benefit ordinary Africans with skills transfer and job creation. The Chairman of the Egyptian African Association Ahmed Haggag went further, welcoming the possible inclusion of Africa in “China's One Belt, One Road” strategy at an international symposium hosted in southern China. He criticized the suspicions in some African countries about China's policy toward Africa, attributing them to pure misunderstandings about China's intentions.

### **Does Africa need “One Belt, One Road”?**

The “One Belt, One Road” strategy is centered on infrastructure development, especially regional transportation and connectivity projects. Chinese experts argue that the strategy would have two main applications in Africa. The first is the infrastructure development of the continent, which is closely associated with China's need to boost exports, utilize its excess capacity in construction industries, and stimulate China's slowing economic growth. The second is the transfer of labor-intensive industries, especially manufacturing businesses to Africa, so as to complement China's own economic restructuring given its rising manufacturing costs (such as labor costs). Experts such as Justin Yifu Lin see the two components as the two pillars of Sino-African economic cooperation in the years to come.

To be fair, with or without the strategic framework of “One Belt, One Road,” China's plan to pursue infrastructure development and industry transfer in Africa will continue to be carried out. China's interests have been well-articulated by President Xi Jinping in his emphasis on job creation in Africa during his 2013 trip and by Premier Li Keqiang through his ambitious proposal to build African regional transportation networks in 2014. The introduction of the strategy itself does not change the overall direction of China's Africa policy. Nevertheless, to include Africa in the grand national strategy of “One Belt, One Road” will generate more attention, emphasis, and, most importantly, more government money to boost the policy's implementation. In this sense, the move could provide

additional momentum to enhance the scope and depth of China's economic initiatives in Africa.

### **Tensions around China's Africa strategy still exist**

However, including Africa in the grand scheme of "One Belt, One Road" does not solve many of the long-standing questions in China's economic relations with Africa. Chinese analysts have painted a rather rosy picture on how Africa will greatly benefit from Chinese infrastructure projects and the transfer of labor-intensive industries. In their view, China's development plans in Africa will not only improve the infrastructure conditions in Africa, but will also create jobs, improve the economic well-being of locals, and boost the industrial development of the continent. While some of these arguments might be valid, they do not at all address issues such as the controversial relationship between China's infrastructure investment and its interests in African natural resources. Nor do they touch upon Chinese companies' irresponsible investment behavior, especially in social and environmental regards. In fact, prominent Chinese experts have excluded the discussion of these issues in their analysis of China's infrastructure development and industrial transfer to Africa.

Even within China, there is a widely shared sense of doubt about the financial risk associated with the ambitious infrastructure development in Africa. Since China's development financing is not free grant, people wonder whether Africa is capable of repaying Chinese loans, and, if so, how. While some Chinese analysts would like to emphasize the trade promotion effect of this financing and its broader economic and strategic utilities in China's policy toward Africa, to convince the central government, especially the state-owned banks, of uncertain projects will be a daunting task for Chinese companies and traders. In addition, the political risks and volatile investment environment in some African countries will inevitably affect the planning and implementation of Chinese projects. How China will address them is completely missing in its grand development strategy in Africa.

Beijing has stated that the transfer of labor-intensive industries and job creation in Africa is one of China's priority tasks. However, how China will systematically pursue this goal remains to be seen. In Africa, there have been "model" projects of Chinese businesses' training and hiring African workers. Some widely publicized examples include Hisense electronics manufacturing business in South Africa, CITIC's real estate development in Angola and Huajian's shoe factory in Ethiopia. Nevertheless, these cases are so sporadic and PR-imbued that they raise more questions about the scope, systematic design, and consistency of China's plan to transfer its labor-intensive industries to Africa. Beyond the grand slogans and random cases, China needs to present more systematic, well-coordinated and industry-specific plans to convince Africa and the world that China is indeed committed to and vested in job creation in Africa.

While the proposal to include Africa in the “One Belt, One Road” strategy is still in its early stage, the Chinese government should not wait for its implementation to address the known problems in China’s economic ties with Africa. Otherwise, greater efforts in the wrong direction will only generate more problems for Africa, China, and their relations. For the United States, China’s policy orientation deserves its close attention. As Washington and Beijing explore the possibilities for cooperation on security and development issues in Africa, China’s policy designs, including the potential inclusion of Africa in the “One Belt, One Road” strategy, will potentially bring important opportunities for the two countries to work together in Africa for the better development of the continent.

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