

CHINA IN THE MEDITERRANEAN: IMPLICATIONS OF EXPANDING SINO-NORTH AFRICA RELATIONS

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EXECUTIVE SUMMARY¹

The southern shores of the Mediterranean have become one of the most significant sites of great power competition as the United States continues to take a back seat in global affairs. A power vacuum left by a disengaged United States and a weakened Europe has created an opening for powers like China and Russia to expand their influence across North Africa. This is most apparent in the intensifying hard power battles in Libya's proxy war, but it is also present in soft power competition in trade, investment, tourism, and cultural dissemination.

China prefers a more comprehensive, soft power approach rooted in primarily economic ties, while Russia strategically chooses settings to display hard military power and defense diplomacy. In North Africa, China has expanded relations primarily through growing economic and commercial ties under the framework of President Xi Jinping's Belt and Road Initiative (BRI). Russia plays a more overtly military and defense role in shaping security dynamics in the southern Mediterranean, notably by stoking Libya's proxy war and supporting military strongman General Khalifa Haftar and through greater military cooperation and arms deals with other states such as Egypt.

The focus of this paper is primarily on China's growing footprint in the southern Mediterranean within the context of great power competition, notably Russia's expanding influence and America's declining engagement. China-North Africa relations include both hard and soft power elements. However, China's role in the region is still in a nascent phase, rooted in primarily soft power linkages and diplomacy. Beijing's

increasing ties in these countries centers largely on trade, infrastructure development, ports, shipping, financial cooperation, tourism, and manufacturing. In particular, this analysis examines Chinese bilateral ties with Morocco, Algeria, and Egypt, while also including a discussion on China's Libya policy.

Notably, China's relations with these countries are framed by its official policy of non-interference in political affairs, in contrast to the policies of historical Western partners. Likewise, these five countries, to varying extents, increasingly view China as a viable alternative partner to Europe and the United States, leading them to expand their cooperation with Beijing, not only on economic and cultural matters, but also on diplomacy and defense issues. At present, this reflects how North African countries are seeking to diversify their strategic alliances to gain some bargaining power vis-à-vis traditional partners like the United States and Europe.

It is unlikely that countries like China and Russia will replace Western economic and political influence in North Africa in the near future, but as the United States continues to disengage, Europe is losing its key security partner. This means that both the United States and the European Union are losing their ability to influence security dynamics in the southern Mediterranean. Overall, the strategic location of these five countries means that China's presence will only continue to expand, especially in the economic realm.

INTRODUCTION

The United States continues to disengage from its traditional global leadership role, especially in strategic regions such as the Middle East and North Africa (MENA). It is facing unprecedented levels of partisanship at home and an administration hostile to international engagement and cooperation.

Crises such as the novel coronavirus pandemic put this reality on full display. As the United States struggled to manage the pandemic at home, it decided to cut funding to the World Health Organization, and has offered little in the way of international support to fight the global impact of COVID-19. Europe, dealing with its own internal challenges, has stepped up as best as it can, but its influence is limited. This has meant that other powers such as China and Russia have sought to fill the leadership vacuum on the world stage. U.S. disengagement has allowed great power competition to flourish in regions and sub-regions that are vital to U.S. interests and that include longstanding allies. There is growing competition over spheres of influence and the rules of the world order, and the United States and Europe are playing a secondary role in shaping these dynamics.

This is increasingly the situation along the southern shores of the Mediterranean. It manifests in more benign forms, such as through growing competition in trade and foreign investment, but it can also manifest through stoking the flames of civil war through proxy militias, as we are witnessing every day in Libya. Countries like China and Russia are playing increasingly important, albeit very different, roles in the MENA region. China prefers a more comprehensive, soft power approach rooted in primarily economic ties, while Russia strategically chooses settings to display hard military power and defense diplomacy. In North Africa, China has expanded relations primarily through growing economic and commercial ties under the framework of President Xi Jinping's Belt and Road Initiative (BRI). Russia plays a more overtly military and defense role in shaping security dynamics in the southern Mediterranean, notably by stoking Libya's proxy war and supporting military strongman General Khalifa Haftar.

In particular, China has been strategically ramping up engagement with countries such as Egypt, Algeria, and Morocco. Beijing's growing footprint in these countries encompasses, but is not limited to, trade, infrastructure development, ports, shipping, financial cooperation, tourism, and manufacturing. Russia has been focused more squarely on the military conflict in Libya, as well as a strategic alliance with Egyptian President Abdel-Fattah el-Sissi, both in the Libyan civil war and through other avenues, such as the arms trade.² China is setting up North Africa to play an integral role in connecting Asia, Africa, and Europe — a key objective underlying the BRI. Previous analyses of the BRI's role in the MENA region have emphasized that the initiative is difficult to define, with its exact scope subject to much debate.³ While the current BRI map only officially includes Egypt, BRI memorandums of understanding have been signed between China and every state in North Africa, demonstrating that it is seeking to expand its relations with countries along the southern shore of the Mediterranean region.



China's growing role in North Africa is likely to have far-reaching economic and geopolitical consequences for countries in the region and around the world.

It is important to note that China is expanding its cooperation with North African countries beyond the economic, soft power sphere. It is also cultivating greater defense ties and deeper diplomatic relations. Furthermore, it is showcasing a development model that seeks to combine authoritarianism with economic growth — a model that has an eager audience among regimes across the MENA region. As such, China's growing role in North Africa is likely to have far-reaching economic and geopolitical consequences for countries in the region and around the world.

This paper will focus on China's growing role in North Africa to provide insights on the current state of great power competition there. It will begin by providing background and context on China's relations with Algeria, Egypt, Morocco, Tunisia, and Libya. Then, it

will provide an overview of the soft and hard power elements of Chinese influence in North Africa, with a particular emphasis on soft power.⁴ The paper argues that China's engagement should be cautiously welcomed, but also closely monitored, by governments in North Africa, Europe, and the United States. The analysis will demonstrate how powers such as China and Russia are taking advantage of the power vacuum left by the United States and Europe. This has many geostrategic implications that will also be addressed in a concluding section that focuses on policy options for the United States.

CHINESE FOREIGN POLICY IN NORTH AFRICA

China's relationship with the countries of North Africa, especially Algeria and Egypt, began during the anti-colonial struggle, stemming from an ideological support for national liberation movements. Notably, China was the first non-Arab country to recognize the National Liberation Front (FLN) as Algeria's provisional government in 1958, effectively recognizing the independence movement's right to overthrow French colonial rule. China provided political and military support for Algeria's revolutionary struggle. However, the basis of China's interest in North Africa shifted away from "revolutionary romanticism," and toward economic and strategic concerns, at the end of the 20th century.⁵

In the wake of the 2008 recession and the eurozone crisis, North African states — which have historically relied on trade and investment from Europe and the United States — worked to diversify their markets and economic partners.⁶ During the same period, China's economy maintained impressive momentum, boasting a 9.5% GDP growth rate in 2011.⁷ Despite slower economic growth in recent years,⁸ China has promoted its economic and soft power through the BRI, which is the principal foreign policy initiative of the Xi Jinping era.

Launched in 2013, this initiative is set to cost around \$1 trillion, according to some estimates, and to include over 80 countries, which are responsible for around 36% of global GDP and 41% of global trade.⁹ South Asia has so far received the majority of BRI projects, but the initiative's expansion west, toward Europe

and the MENA region, is well underway. While China's economic presence in Africa and Asia has been the subject of much study and scrutiny, the relationship between China and North Africa has received less attention. This developing relationship reveals key trends and sheds light on China's strategic priorities, as well as on how countries like Morocco, Algeria, Tunisia, Libya, and Egypt are dealing with new foreign partners.

China engages in two main types of "partnership diplomacy" in the MENA region: strategic partnerships (SPs) and comprehensive strategic partnerships (CSPs).¹⁰ According to Georg Strüver's study of Chinese partnership diplomacy, relations between partner countries under an SP have the following four characteristics:

1. They go beyond typical diplomatic relations, involving consistent meetings between government officials and agencies to develop communication and trust.
2. They do not fall within the confines of treaty-based alliances or coalitions.
3. They are more "goal-driven" than "threat-driven," typically focusing on areas of mutual cooperation in economics, culture, security, and technology.
4. They are characterized by an emphasis on behavior and institutional processes.¹¹

In comparison with SPs, CSPs involve a higher level of institutional communication, including regular high-level meetings between top leadership members of both partner countries. Strüver notes: "Three conditions have to be met before an agreement on a ... [CSP] can be achieved, i.e. political trust, dense economic ties, cultural exchanges, and good relations in other sectors."¹²

As the table below illustrates, China has established CSPs with Algeria and Egypt and an SP with Morocco. These include dozens of memorandums and promises for major infrastructure and development projects. It is worth noting that, while China has signed BRI memorandums with Libya and Tunisia, it has yet to establish a formal partnership with either North African state.¹³

CHINA'S PARTNER COUNTRIES IN THE MENA REGION, 1993-JULY 2016¹⁴

Country	Year	Partnership
Algeria	2014	CSP
Egypt	2014	CSP
Iran	2016	CSP
Iraq	2015	SP
Jordan	2015	SP
Morocco	2016	SP
Qatar	2014	SP
Saudi Arabia	2016	CSP
United Arab Emirates	2012	SP

These partnerships demonstrate how China and North African states have strengthened their diplomatic, economic, and cultural relations in recent years, especially since the BRI was launched. Across the region, Chinese cultural centers and Confucius Institutes have been opened, while visa restrictions and travel advisories for Chinese tourists have been lifted, causing tourism to expand rapidly. Chinese diplomats at both the Rabat and Cairo embassies said that these strengthened relations reflect the key BRI aim of promoting connectivity and economic development in five priority areas: policy coordination, infrastructure connectivity, increased trade, financial integration, and people-to-people exchanges.¹⁵

China's establishment of CSPs with both Egypt and Algeria reflects the major role these states play in the MENA region, as well as the fact that these are its two key bilateral relationships in the region in terms of trade, arms sales, and infrastructure projects. In turn, China has become the top trading partner for both Egypt and Algeria.¹⁶

Algeria is a major supplier of oil and gas to Europe, as well as a key economic and security actor in the Mediterranean, North African, and Sahel regions. It has the largest military budget in Africa, having spent \$9.6 billion in 2018,¹⁷ and arguably acts as a leading

"regional security provider."¹⁸ Algeria has worked to mediate various regional conflicts, such as those in Mali and Libya, and has historically acted as a gateway to Africa, as well as to key regional blocs, such as the African Union.

Meanwhile, Egypt controls one of the most strategic waterways in the world, the Suez Canal, and is becoming a major gas hub in the eastern Mediterranean.¹⁹ It also acts as another major regional security provider, managing one of the largest military forces in Africa.²⁰ In addition, Egypt is allied with the Saudi-Emirati axis. It is also one of many external actors involved in Libya's civil war. Alongside Russia and the United Arab Emirates, Egypt supports General Haftar's forces.²¹ Both Russia and Egypt have provided arms and mercenaries to support Haftar, who began a military operation to take over Tripoli from the U.N.-backed Government of National Accord (GNA) in April 2019. Egypt is also an increasingly attractive market for arms sales, which both China and Russia are seeking to exploit.²²

China's relations with Egypt and Algeria are characterized by a robust diplomatic and security partnership, which includes arms sales, military assistance, and, in the case of Egypt, joint naval exercises,²³ but its growing presence in countries like

Morocco and Tunisia remains primarily economic and cultural. In Libya, Chinese firms have ceased operations due to ongoing instability and civil war,²⁴ though the prime minister of the internationally recognized GNA, Fayez Serraj, has said that they are welcome to return.²⁵ Before 2011, Chinese business interests in Libya were extensive. They operated 75 companies, had more than \$18 billion of business interests, and employed 36,000 Chinese workers constructing over 50 projects in infrastructure, energy, and telecommunications.²⁶

At the beginning of the Libyan conflict, China broke with its longstanding tradition of non-interference and voted in favor of U.N. Security Council Resolution 1970 that referred Moammar Gadhafi and other leaders to the International Criminal Court for treatment of protesters (as Douglas H. Paal argued, not unlike China's treatment of protests in Tiananmen Square in 1989). China also decided to not veto Resolution 1973, which authorized the use of force against Gadhafi and led to the beginning of a multi-state intervention in Libya, led by the North Atlantic Treaty Organization (NATO).²⁷ China has since shifted back toward non-interference, neutrality, and quiet diplomacy. It is seeking to not take sides so as not to block any future diplomatic and commercial ties, especially in the post-conflict reconstruction era. However, China officially supports the U.N.-backed, Tripoli-based GNA, which still controls the Central Bank of Libya, thus making it a viable partner for Beijing and Chinese companies looking to sign contracts.²⁸

However, they have also kept their options open with Haftar forces in eastern Libya. As Frederic Wehry and Sandy Alkoutami argue:

Chinese state-owned companies' agreement to fund eastern-based Prime Minister Abdullah al-Thinni's development projects in 2016 reflects Beijing's inclination to adapt to changing realities on the ground. Unlike Russia, which has provided substantial, frontline military aid to the Haftar camp, China's direct relationship with the east is strictly economic.²⁹

Overall, the strategic location of these five countries on the southern shores of the Mediterranean means that China's presence will only continue to expand, especially in the economic realm. Notably, China's

relations with these countries are framed by its official policy of non-interference in political affairs, in contrast to the policies of historical Western partners. Likewise, these five countries, to varying extents, increasingly view China as a viable alternative partner to Europe and the United States, leading them to expand their cooperation with Beijing, not only on economic and cultural matters, but also on diplomacy and defense issues. At the present time, this reflects how North African countries are seeking to diversify their strategic alliances to gain some bargaining power vis-à-vis traditional partners like the United States and Europe. It is unlikely that countries like China and Russia will replace Western economic and political influence in North Africa in the near future, but as the United States continues to disengage, Europe is losing its key security partner. This means that both the United States and the European Union are losing their ability to influence security dynamics in the southern Mediterranean.



The commercial side of Chinese influence in North Africa is directly related to the growing legitimacy of the Chinese development model, which emphasizes economic development and non-interference in political affairs, in contrast to the traditional Western emphasis on advocating for liberal and democratic norms.

SOFT POWER: ECONOMIC AND CULTURAL PILLARS

Chinese policy in North Africa combines both soft and hard power elements, but soft power has been particularly prominent in Chinese discourse.³⁰ While many types of economic power are understood to be forms of hard power, China engages in a softer form of economic influence, using economic diplomacy “more as carrots than as sticks,” in the words of analyst John Wong.³¹ The commercial side of Chinese influence in North Africa is directly related to the growing legitimacy of the Chinese development model, which emphasizes

economic development and non-interference in political affairs, in contrast to the traditional Western emphasis on advocating for liberal and democratic norms. In line with these observations, this paper defines soft power to include economic and commercial relations, based on an understanding of how China uses trade, investment, and finance as noncoercive tools in its relations with North African countries.

Currently, most BRI engagement in North Africa is tied to economic and commercial relations, giving the involved countries the opportunity to increase trade volumes, foreign investments, tourism revenues, and the number of manufacturing bases. This has also had the effect of encouraging competition among traditional Western partners, such as the European Union,³² as well as China and Russia. Chinese diplomats stress that North African countries are especially attractive prospects for economic cooperation due to their proximity to European, African, and Asian markets, high number of industrial zones, and high levels of investment in infrastructure development.³³

Trade

From Morocco to Egypt, China is increasingly trading with and investing in North African countries. Its economic strategies differ from country to country, with Egypt, Morocco, and Algeria representing its highest priorities. According to the Egyptian Ministry of Trade and Industry, Egypt is China's third-largest trading partner in Africa.³⁴ In 2017, the trade volume between the two countries reached \$10.87 billion,³⁵ while the value of Egypt's imports from China was over \$8 billion, the highest in North Africa.³⁶ In the first eight months of 2018, bilateral trade between Egypt and China jumped by around 26%.³⁷ China's trade with Morocco is more modest, but is expanding every year; Morocco's imports from China were worth \$3.14 billion in 2017, behind only those from France and Spain.³⁸

Algeria, meanwhile, is one of China's oldest and largest economic partners in North Africa. China became Algeria's top trade partner in 2013, overtaking France. However, there is a significant trade deficit. While China has become Algeria's primary source for imports, which were valued at \$7.85 billion in 2018,³⁹ Algeria's exports to China remain relatively insignificant compared to its exports to European countries, and are

almost entirely from the hydrocarbon sector. However, its exports to China are rising, having jumped 60-fold between 2000 and 2017.⁴⁰

Trade has also risen between China and Tunisia, with the latter's imports from the former valued at \$1.85 billion in 2017, ranking third behind France and Italy.⁴¹ However, one Chinese diplomat argued that China still views the country as an investment risk and is skeptical of its democratic transition and economic challenges.⁴²

After civil war broke out in Libya in 2011, China and many other countries were forced to evacuate their citizens and pull out of major projects and investments. However, Libya's oil exports to China have more than doubled since 2017,⁴³ and China is eyeing post-reconstruction opportunities. In July 2018, GNA foreign minister Mohamed Sayala signed a memorandum with his Chinese counterpart, paving the way for Libya to join the BRI.⁴⁴ Unlike other regional powers, the Chinese have not taken sides in the Libyan conflict because of their commitment to political non-interference. This puts them in a strong position to make deals with whichever government takes the lead of Libya in the future.

Investment and infrastructure

In Algeria, Chinese companies are primarily interested in the construction, housing, and energy sectors. Major Chinese-funded and/or -built construction projects — such as the Algiers Opera House, the Sheraton Hotel, the Great Mosque of Algiers, and the East-West Highway — mark the landscape, as do the thousands of Chinese workers who have established a “Chinatown” in a suburb of Algiers.

The Chinese presence in Morocco and Egypt, meanwhile, is concentrated in industrial zones, free trade zones, and financial centers. In Morocco, these include the Atlantic Free Zone in Kenitra, Casablanca Finance City, and the Tanger Med Port Complex. At the latter port complex, Chinese companies, including telecommunications giant Huawei, are planning to establish regional logistics centers.⁴⁵

In March 2017, King Mohammed VI announced plans for the new “Mohammed VI Tangier Tech City,” which is expected to become the largest Chinese investment

project in North Africa⁴⁶ and to feature several industrial zones. After China's Haite Group pulled out of the project, the China Communications Construction Company and its subsidiary, the China Road and Bridge Corporation, signed a memorandum with Morocco's BMCE Bank.⁴⁷ Construction on the "Tech City" had already begun as of July 2019.⁴⁸ Following the announcement of the "Tech City" project, Chinese auto manufacturing companies — including BYD, Citic Dicastal, and Aotecar New Energy Technology — signed agreements with the Moroccan government to build various plants.⁴⁹

In Egypt, the Chinese are demonstrating increasing interest in building and financing projects in the New Administrative Capital, the Suez Canal Economic Zone, and various other industrial zones across the country, even though many of these projects are still in the planning phase. Even as Egypt faces challenges in attracting foreign investment,⁵⁰ Chinese construction projects are on the rise. In some cases, negotiations between the Egyptian government and Chinese firms have fallen through. One major example of this was when talks between Egypt and the China Fortune Land Development Company over a \$20 billion project in the New Administrative Capital came to a halt in December 2018 over discrepancies in revenue sharing.⁵¹ However, Chinese diplomats also mentioned the success story of the fiber production workshop run by the Egyptian branch of Chinese fiberglass company Jushi in the Suez Canal Economic Zone, which has allowed Egypt to become one of the leading producers of fiberglass in the world.⁵²

People-to-people exchanges

According to Chinese diplomats, "people-to-people exchanges" are a key element of the BRI, with infrastructure projects, ports, and shipping routes meant to facilitate not only trade and investment, but also the movement of people. They emphasize how the BRI should be understood as a means to give the ancient concept of the "Silk Road" a place in modern society, with one diplomat saying: "The picture we have in mind is communication among different civilizations ... when we say the Silk Road, it's the road of peace."⁵³

The BRI has been evidently successful in facilitating the desired movement of people. Algeria hosts more than 50,000 Chinese workers, who compose one of the largest Chinese communities in Africa.⁵⁴ Likewise, Chinese restaurants and markets continue to pop up in Casablanca, Morocco's business hub, and Rabat, its administrative capital, as Chinese communities there expand; 4,000 Chinese residents live in the Casablanca business district of Derb Omar alone.⁵⁵ In addition to these new residents, Chinese tourism to countries like Morocco and Egypt has skyrocketed, as visa restrictions and travel warnings have been lifted. According to a Chinese diplomat, 400,000 Chinese tourists visited Egypt in 2017, up from 125,000 in 2015.⁵⁶ Meanwhile, Morocco hosted 120,000 Chinese tourists in 2017 and 100,000 tourists in the first five months of 2018.⁵⁷

Another element of "people-to-people" exchanges has been the expansion of Chinese cultural institutions in North Africa. Tunisia's first Confucius Institute opened in November 2018,⁵⁸ while the China Culture Center in Rabat was inaugurated in December 2018.⁵⁹ Meanwhile, Egypt is home to two Confucius Institutes, located at Cairo University and the Suez Canal University, as well as to a Chinese cultural center. These cultural institutions organize classes on Chinese language and culture, as well as festivals. Overall, the rising numbers of Chinese residents, tourists, and cultural institutions in North Africa indicate that China's soft power initiative in the region has been effective and will continue to expand.

COVID-19 and Chinese pandemic diplomacy

Another element of Chinese soft power manifested itself strongly this year, through its pandemic diplomacy in response to the spread of the novel coronavirus. The explosive growth of the pandemic took the world by surprise in early 2020. While the virus quickly became widespread throughout China, authorities there acted with ruthless efficiency, locking down major urban centers, erecting hospitals, and mass-producing essential medical equipment, such as personal protection equipment (PPE), masks, and ventilators. Airports were closed, however it was too late as Chinese and non-Chinese travellers who were exposed to the virus had travelled across the globe, carrying the virus with them.

By April 2020, China had largely contained the pandemic in its territory, but as it spread at an unprecedented rate across the globe, it transformed into a global public health emergency. It also became an unmitigated public relations disaster for China, as it came under fire for its lack of transparency and handling of the virus in its early days. The Trump administration labelled it the “China virus” or the “Wuhan virus,” and global powers began calling for a U.N. inquiry on how the virus originated. Nevertheless, Chinese diplomacy shifted gears and began engaging with its partners across the world, including the MENA region, sending tons of medical supplies and Chinese doctors to help combat the virus.

The virus hit the MENA region particularly hard, especially countries such as Iran and Turkey, as well as the Gulf region. North Africa was less affected, although these countries still record among the highest infection rates in Africa. They also suffer from systemic problems in health care quality and access, as well as a lack of medical equipment and health care workers, raising concerns about the ability for their health care systems to cope with this public health crisis.⁶⁰ Beginning in March 2020, China began sending supplies to every country in North Africa, including Libya.⁶¹

China sent a number of shipments of medical supplies to Egypt, and the Chinese ambassador there stated that China would provide technical information to help tackle the coronavirus, which included a number of teleconferences between Chinese and Egyptian experts to exchange information about China’s experience in dealing with the virus.⁶² China also sent extensive supplies to Algeria to help combat the virus there.⁶³ Chinese medical aid to Algeria came also via state-owned China State Construction Engineering Corporation, which has extensive operations in Algeria, reflecting the intersection of commercial and diplomatic interests. China sent medical supplies to both Morocco⁶⁴ and Tunisia,⁶⁵ while also organizing scientific and research cooperation about COVID-19.

Overall, through this pandemic diplomacy, China sought to shift the discourse from China being the origin of the problem to being part of the solution. It has sent supplies to more than 80 countries⁶⁶ across the globe, at a time when the United States is notably absent from the world stage.

Problems with China’s soft power model

While China’s growing commercial presence in North Africa has seen many successes, it also has problematic aspects. Notable among these is the exploitation of cheap Chinese labor to build Chinese-funded construction projects. Chinese projects have been criticized over “questionable labor practices,”⁶⁷ and questions have been raised as to how much these construction projects actually support local labor markets or promote shared economic prosperity. These labor practices have already provoked resentment in various countries and are likely to amplify criticisms of the China-centric nature of many of these projects, as well as their lack of transparency and regulation.⁶⁸ For example, corruption scandals have hurt the reputation of Chinese companies in Algeria, where there is a general lack of transparency surrounding construction deals. The China Railway Construction Corporation faced criticism after allegations of withholding wages valued at around \$4.2 million. Megaprojects such as the East-West Highway have also been marred by various corruption scandals and delayed by needed repairs.⁶⁹



Accusations regarding China’s “debt book diplomacy” and neocolonialism in South Asia, Africa, and Latin America have also become commonplace.

Accusations regarding China’s “debt book diplomacy” and neocolonialism in South Asia, Africa, and Latin America have also become commonplace.⁷⁰ The cases of Pakistan,⁷¹ Sri Lanka,⁷² and Ecuador⁷³ have been cited as particularly disastrous in terms of Chinese debt and failed projects. While each of these countries has its own unique economic challenges, Chinese debt has given Beijing oversized influence in all of them, sometimes with disastrous consequences. In Ecuador, for example, the case of the \$19 billion Coca Codo Sinclair dam, financed by China, has become a national scandal. The dam faced structural and operational issues before it even opened, environmental impact studies were woefully inadequate, and top Ecuadorian officials who signed the deal have been imprisoned on bribery charges.⁷⁴

In a 2018 report on BRI debt, researchers from the Center for Global Development warned that eight countries were at risk for “above-average debt,” including Djibouti, Tajikistan, Kyrgyzstan, Laos, the Maldives, Mongolia, Pakistan, and Montenegro.⁷⁵ High levels of debt with opaque terms undermine, rather than advance, developing economies. Countries like Morocco,⁷⁶ Egypt,⁷⁷ and Tunisia⁷⁸ are already struggling to reduce their external debt. According to the Johns Hopkins Search Results Web results School of Advanced International Studies (SAIS) China-Africa research initiative, Chinese loans to North African governments from 2000 to 2017 totaled \$4,607 million. Of the North African countries on the list,

Egypt ranked the highest for total amount borrowed from China between 2000-2017 (\$3,421.60 million), followed by Morocco (\$1,030.55 million), Tunisia (\$145.39 million), Algeria (\$9 million), and Libya (\$0).⁷⁹

Although North African countries have not yet borrowed as much as other countries in Africa, South Asia, or Latin America, debt is rising in countries such as Morocco and Egypt, and will likely continue to do so. The region should thus be cautious not to replicate the negative experiences of other countries with Chinese debt and interference.

CHINESE LOANS TO NORTH AFRICA 2000-2017 (MILLIONS)⁸⁰



HARD POWER: DIPLOMACY AND DEFENSE

Diplomacy and Geopolitics

Recent tensions between North African states and their traditional Western partners have pushed the former to explore the possibility of economic, diplomatic, and security partnerships with other great powers, such as China and Russia. For example, when tensions rose between Morocco and the European Union in 2016 over the application of the agricultural and fishing agreement, which involved the disputed Western Sahara territory, Morocco broke off contact with the EU delegation, greatly straining their relationship.⁸¹

Meanwhile, high-level state visits between North African and Chinese government officials have increased in the past five to 10 years. During the September 2018 Beijing Summit of the Forum on China-Africa Cooperation, President Xi met with Moroccan Prime Minister Saadeddine El Othmani,⁸² former Algerian Prime Minister Ahmed Ouyahia,⁸³ former Tunisian Prime Minister Youssef Chahed,⁸⁴ and Egyptian President el-Sissi. Meetings between al-Sissi and Xi have been especially common, with one of the most recent taking place in April 2019 during the Second Belt and Road Forum for International Cooperation.⁸⁵ Chinese diplomats have met with Libya's GNA officials nine times between 2016 and 2020.⁸⁶

China's official policy of non-interference represents an attractive alternative to the normative engagement that often marks cooperation with Western countries. As Maghreb analyst Yahia Zoubir argues:

Many MENA ... countries have observed that they have been the losers under the West's hegemonic order, regardless of their respective alignments with Western powers ... China never colonized MENA countries or interfered in their domestic affairs. The country's regional and international expansion is natural and inevitable due to its economic weight. Its policy of noninterference certainly appeals to MENA states. Those factors partly explain the region's acceptance of the BRI and China's larger role in the global arena.⁸⁷

However, it is important to keep in mind that non-interference and neutrality may not always be options for China; the larger China's role in the region becomes, the greater the pressure will be for it to become more actively involved in resolving regional disputes. There are already indications that China's policy of non-interference could pose challenges in cases such as Morocco's Western Sahara dispute and the Libyan war.

In Morocco, the Western Sahara is considered to be Moroccan, and supporting its self-determination is considered to be crossing a red line. Morocco's sovereignty over the disputed territory is a national cause and constitutes one of the country's fundamental policy priorities. However, when Chinese diplomats discuss this issue, they say that they respect the U.N. mandate on the question.⁸⁸ This position has been tenable so far, but the regional conflict directly and indirectly involves major Chinese partners, such as Algeria, South Africa, Angola, Nigeria, and the Gulf Cooperation Council.⁸⁹ This could lead to tension between China and some key allies in the future. In addition to its policy of non-interference, China is hoping to avoid questions of self-determination because of its own challenges in dealing with separatism, such as in the cases of Taiwan, Xinjiang, Tibet, and Inner Mongolia.⁹⁰

As such, China continues to take a back seat with respect to major regional conflicts. China has avoided playing a more direct role in the Libyan conflict, in contrast to countries like Russia, the United Arab Emirates, Turkey, and Egypt. China has generally followed its policy of strategic non-interference since the fall of Gadhafi in 2011. As Wehry and Alkoutami highlight:

While China's nonalignment in Libya was motivated by an attempt to protect interests in 2011, China's hesitation to take sides in 2020 points instead to a desire to maximize its diplomatic and economic gains no matter the conflict's outcome. Part of China's strategy in Libya has remained consistent: When balancing competing interests, the path of least resistance is most appealing and fruitful — and, often, this is the path of neutrality.⁹¹

Even though China currently engages with North African countries through a primarily bilateral framework,⁹² it is attempting to engage in more regional diplomacy through multilateral mechanisms, such as the Forum on China-Africa Cooperation and the China-Arab States Cooperation Forum.



Balance of power constitutes a core component of China's vision for a pragmatic and productive global order.

China analyst Alice Ekman argues that this diplomatic effort relates to the principle of *xinxing daguo guanxi*, or “a new type of major power relations,” whereby China seeks to engage with smaller countries once they have been grouped into major regional forums.⁹³ Only then are they considered to be powerful enough for high-level cooperation. In other words, balance of power constitutes a core component of China's vision for a pragmatic and productive global order.

On a separate note, China still faces difficulties related to its regional expertise on North Africa. While some officials view the region through a primarily cultural prism and in relation to the Middle East, others perceive it as being more like “southern Europe” or the Mediterranean, and thus as separate from sub-Saharan Africa. North African countries' presence in both African and Arab forums is telling, in that it reflects the region's unique and strategic position in terms of BRI economic connectivity and regional diplomacy.

Security and defense cooperation

China's security and defense cooperation in North Africa is expanding along with its economic presence. Maritime projects, and especially the production of submarine cables, are a particularly crucial element of China's focus on telecommunications connectivity. China's Huawei Marine Networks delivered the “Hannibal” cable, linking Tunisia to Italy, in 2009, as well as another major cable linking Libya to Greece, in 2010. This has led to concerns about Chinese commercial investments being used for non-

commercial activities, such as intelligence gathering and naval/military cooperation in the Mediterranean, concerns echoed in other parts of the world.⁹⁴ These concerns stem from the precedent set by BRI projects in South Asia, such as the Hambantota port in Sri Lanka, where Sri Lankan officials claimed that the Chinese insisted on an intelligence-gathering component that would monitor all traffic through the port.⁹⁵

China's first significant military action in the region took place in Libya in 2011, when the People's Liberation Army Navy helped to evacuate nearly 40,000 Chinese workers from the country before NATO airstrikes began. Subsequently, in 2015, a joint Chinese-Russian military exercise took place in the Mediterranean and, in 2017, China opened its first overseas military base in Djibouti. In January 2018, two warships from the 27th Chinese naval escort stopped by Algiers for a four-day friendly visit as part of a four-month tour.⁹⁶

Furthermore, the two major North African military powerhouses — Egypt and Algeria — are among the top buyers of Chinese weapons. According to the Center for Strategic and International Studies' (CSIS) China Power project: “Northern African countries are the primary destination of Chinese weapons [in Africa], constituting 42% of Chinese exports to the continent.”⁹⁷

IMPLICATIONS AND PRIORITIES FOR U.S. STRATEGIC INTERESTS

The U.S.-China rivalry will define the 21st century.⁹⁸ As Brookings expert Cheng Li has argued: “China's ongoing global engagement undoubtedly has had a major impact on the international order.”⁹⁹ While the principle arena where the rivalry is playing out is the Asia-Pacific region, the Middle East will increasingly figure in China's global ambitions and calculations. China's role in North Africa has to be viewed within the context of its approach to the whole MENA region.

Due to its inability, and unwillingness, to project significant hard power, China in the Middle East is considered a security “free rider” in the region.¹⁰⁰ To be sure, some Chinese commentators have periodically advocated a foreign policy more focused on security concerns in the Middle East and West Asia; Wang Jisi's “Marching Westward” position paper garnered

considerable attention in 2012-2013, in particular. But this reflects a minority view within a Chinese state that may be interested in more security coordination in the Middle East yet has little desire to play the kind of intense militarized role that the U.S. does. China has undertaken some joint exercises with Middle Eastern partners and took part in anti-piracy operations in the Indian ocean, yet lags far behind traditional powers in the region such as the United States, United Kingdom, and France.¹⁰¹ Gulf monarchies such as Saudi Arabia and Qatar have worked to slowly build up political and security relations with China, perhaps as a means of hedging against the United States, even if parity with the global hegemon is a long way off.¹⁰²

Having said that, in addition to its increasing cooperation with Middle Eastern countries in defense, China can cooperate with Russia in the Middle East to the detriment of U.S and Western interests. Russia is seeking to increase its presence and influence in the Middle East. Last year it even proposed its own vision for a security arrangement in the region. Presenting this as a region-wide counterterrorism coalition, the proposal, which China supports, seeks to remove “permanent deployment of troops of extra-regional states in the territories of states of the Gulf,” a clear reference to U.S. presence.¹⁰³

While Russia and China currently do not possess the ability to underpin regional security arrangements, in the long run they can act as spoilers and challenge U.S and European interests in various parts of the MENA region, including North Africa. Countries like Morocco and Egypt have represented historically significant U.S. allies throughout both the Cold War and the war on terror, and they are opening more and more to geostrategic realignments toward rising economic giants like China, India, and Turkey, as well as the more security-oriented actors like Russia. This trend could still be reversible, but the longer the United States remains absent from global engagement, and the longer it undermines its own strategic alliances with Europe, the quicker China and Russia are seeking to fill this void. They have their sights set on strategic waterways, emerging markets, and new security alliances. The Mediterranean has it all.

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