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Outlines of Global Transformations

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The Outlines of Global Transformations Journal publishes papers on the urgent aspects of contemporary politics, world affairs, economics and law. The journal is aimed to unify the representatives of Russian and foreign academic and expert communities, the adherents of different scientific schools. It provides a reader with the profound analysis of a problem and shows different approaches for its solution. Each issue is dedicated to a concrete problem considered in a complex way.

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Africa in the Modern Model of the World Order: A Powerful Player or an Outsider?[1]

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ABSTRACT. *The article analyses the transformation of Africa's position in the emerging new model of world economic development. The author emphasizes that until recently, Africa was assigned the role of an "outsider" of the world economy. The transition of developed countries to a postindustrial and innovative development model has further exacerbated the lagging behind of the region's countries in the foremost areas of the economy. Other negative factors that affected the development of African economies in the second decade of the 21st century include the high dependence of the African economy on commodity exports, the slowdown of China's growth, the socio-economic consequences of the so-called "Arab Spring" and, primarily, the destruction of Libya, the continuation of old and the emergence of new conflicts in a number of African states. Despite numerous and often successful attempts by external forces to make sure that Africa remains an object of the world economy and politics, the continent is increasingly becoming an active "subject" in international relations, and its development in the coming decades may, in our view, change its position in the new model of world development. According to forecasts, including those made by the Institute for African Studies of the Russian Academy of Sciences, from the 2030s, Africa is expected to turn into the most important and almost unique global strategic reserve of raw materials in the "Coming (New) Industrial Revolution" – NPR, Next (in other documents New) Industrial Revolution. The African continent today occupies leading positions in the world precisely due to those commodities that have no equivalents and are vital for the development of defense and innovative technologies of the 21st century. Other important factors in the accelerated development of Africa are the quantitative and qualitative growth of the continent's labor potential, the expansion of consumption in the African domestic markets, the economic diversification in a number of the continent's countries by means of increasing the share of services and industry in the GDP, and a significant improvement in the business climate as a result of better investment legislation and gradual stabilization of domestic politics. Apart from the increase in financial proceeds arriving in various forms, regional integration (including a continental free trade zone) will*

1 The article was written with the support of the Russian Foundation for Basic Research. Project No. 16-07-00010 "The 'African Vector' of the Fundamental Transformation of Russia's Economic Structure in New Geopolitical Conditions."

be a key to accelerating economic growth in the African continent, which will allow for joint and more efficient use of the potential of individual African states. Modern Africa is a dynamically growing market of labor force, consumer goods, investments, modern technologies, and science-intensive machinery. The author anticipates realization of the scenario of gradual evolution of a unified pan-African pole of global significance in the foreseeable future.

KEY WORDS: *Africa, world economic development model, demographic dividend, strategic resources, conflicts, regional integration*

The onset of the 21st century has coincided with a new stage in the development of the world civilization, namely, its gradual transition towards a polycentric model. Bit by bit, new actors in the global arena are changing the rules and terms of the game. The balance of global powers is shifting from West to East and from North to South. International relations, too, are evolving under the impact of the so-called "grand challenges". China and India are growing in their economic potency: even today, by their GDPs (the equivalent of USD 12.263 and 2.488 trillion in 2017, respectively) they occupy the second and seventh places in the world, having left behind not only Russia, but such states as Italy, Canada, Spain, and Australia.[2] Moreover, in 2017, China (USD 23.301 trillion) and India (USD 9.449 trillion) have advanced to the first and third places by purchasing power parity, respectively (the second place is held by the US),[3] entirely overturning all projections of the respectable corporations Goldman Sachs and PricewaterhouseCoopers, whose experts had believed that those countries will join the planet's top ten leading economies no earlier than mid-21st century. In other words, all of the processes unravelling in the world today, on the one hand, are accelerating, and, on the other, are becoming less predictable. Given these factors and despite their volatility, researchers and experts forecast an enhanced growth of the economic potentials of such countries as South Korea, Brazil, Mexico, Indonesia, Malaysia, Turkey, and Iran.

Africa, however, has until recently had to content itself with the role of an outsider in the global economy. The region's countries' underperformance as compared to leading economies was further aggravated by the developed countries' transition to postindustrial and innovative development models. The sophisticated "structural adaptation programs" imposed on the African countries by the Bretton-Wood Institutions, only worsened the poor state of the African population. The West's much publicized obligations to promote its development were not fulfilled, allegedly due to lack of funds. Rich African resources were mercilessly exploited by former colonial powers and other Western states. On top of that, a high level of corruption persists in African countries themselves. The distinguished African Union Commission, chaired by the former South Africa President T. Mbeki found that the illegal outflow of capital from Africa for the last 50 years amounted to over USD 1 trillion and exceeds USD 50 billion annually. All that resulted in the continent's share in the global GDP failing, so far, to cross the threshold of 3% (or 5% by purchasing

2 Countries by GDP in 2017 (2017) // Investorschool.ru // http://investorschool.ru/rejting-stran-po-vvp-2017, last accessed on October 12, 2018.
3 GDP, PPP (n/y) // Worldbank.org // https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.CD, last accessed on October 12, 2018.

power parity), and, 2.5% in terms of global exports of goods and services.[4]

But the situation is rapidly changing. At present, Africa is developing quite successfully. In the last decade, despite crisis-related phenomena, average growth rate in the continent reached 4–5%, which is significantly higher than the average for the world as a whole [*Fituni* 2010, pp. 8–14]. In the 2010s, this growth has slightly slowed. According to the African Development Bank, most of the decrease in the economic growth rates was in 2016, when they equaled 2.2%.[5] Such a deterioration was due to various factors, the key one being the decrease of prices for raw commodities and fuel that continue to dominate the exports of a considerable number of African states.

According to OECD statistics for 2016, prices for metals and other "non-fuel" raw commodities dropped on the average by 6%, which materially affected the economies of the majority of African countries that predominantly export metals and other types of raw commodities. But the greatest drop occurred in the oil sector: oil prices plummeted from USD 115 per barrel in June 2014 to USD 29 in January 2016. This almost fourfold decrease of oil prices struck the oil exporting countries first, including Nigeria, the largest economy of the continent. The latter accounts for around 30% of the African GDP. Since in 2016 Nigeria's GDP dropped by 1.5%, it adversely affected both the growth rates for the sub-region of West Africa that dropped to 0.4% in 2016, and the overall African ratios. In other parts of Africa, the situation was somewhat on a brighter side: the 2016 GDP growth in Central Africa amounted to 0.8%; 1.1% in South Africa; 3% in North Africa; and 5.3% in East Africa.[6]

Other negative factors that influenced the development of African economies in the second decade of the 21st century include the slower growth of China, the social and economic implications of the so-called "Arab Spring" and, first and foremost, the destruction of Libya, as well as the continuation of pre-existing and the emergence of new conflicts in some of the African states.

Even a minor reduction in the growth rate of the Chinese economy from 6.9% in 2015 to 6.5% in 2017 adversely affected the rate of Africa's development. African economies are heavily dependent on China, since China is the key trade partner and principal investor in the majority of the continent's countries today. It suffices to recall that 30% of African exports are to China and that 83% of such exports are raw commodities. The deceleration of Chinese economy's growth means not only dwindling trade, but also a reduction in investment projects in African states, which ultimately has a negative impact on their development.

The so-called revolution in Libya has had a great adverse impact on Africa's development as a whole. That was due not only to the drastic destruction of the Libyan economy itself, which had an impressive scale by African standards, but a total stoppage of investment projects, which Muammar Gaddafi who has been recently posing as the "pan-African leader", had been implementing or was planning to implement in African states. One should also recall that the Libyan Jamahiriya employed over 1.5 million African migrants who reg-

4 African Economic Outlook 2018 (2018) // African Development Bank Group // https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/African_Economic_Outlook_2018_-_EN.pdf, last accessed on October 12, 2018.

5 African Economic Outlook 2017 (2017) // OECD-ilibrary.org // https://read.oecd-ilibrary.org/development/african-economic-outlook-2017_aeo-2017-en#page38, last accessed on October 12, 2018.

6 African Economic Outlook 2017 (2017) // OECD-ilibrary.org // https://read.oecd-ilibrary.org/development/african-economic-outlook-2017_aeo-2017-en#page24, last accessed on October 12, 2018.

ularly sent money back to their countries. After M. Gaddafi's assassination, some of these people returned home, while others relocated to Europe; in any event, many of them lost their jobs, their incomes dropped, which negatively affected the economic growth in the African continent. This is why not only the Western and, primarily, European, states that suffered from a growing inflow of African migrants and illegal drug and arms trafficking, a greater threat of terrorist attacks and other consequences of Libya's downfall, seek to end the Libyan crisis as soon as possible, but also African countries themselves.

Unstable environment in other African states, too, impedes their progressive development. Although the total number of conflicts in the continent has dropped in the recent years, it remains high. In 2016 to 2017, armed conflicts continued in countries such as the DRC, the CAR, Burundi, Libya, Mali, Nigeria, Somalia, South Sudan, Cameroon, and Ethiopia.

Both internal and external factors lie at the heart of African conflicts. The unusually varied ethnic and religious structure of the African population, the artificial boundaries of states of the "Dark Continent" drawn by colonial powers, the power race, social and economic underdevelopment, poverty, hunger, unemployment, especially among the young, by far do not exhaust the list of "domestic African" causes of war and conflict. This should include corruption, low quality training and functioning of customs and tax authorities and the flourishing shadow economy that facilitate the flight of capital from African countries and prevent foreign investments [*Fituni* 2000].

External actors interested in using rich African resources and markets are clearly using the existing contradictions for their own benefit and are actively meddling in the internal affairs of African states, adding fuel to the flames of hostilities and color revolutions.

On the cusp of 20th and 21st centuries, the growth of the Western states slowed down, resulting in a certain reduction of their scale of consumption. Numerous surveys conducted in Germany, France, and the UK revealed that these countries' nationals have for the first time in post-WWII history noted that today they are worse off than five years ago. And that is due not only to the migrant crisis, but also the exhaustion of internal factors that spurred the development of Western states within the existing growth model. To find a solution to this situation, these countries (primarily the US that is losing its role as the world hegemon) are expanding their defense industry and starting local and regional conflicts under the guise of promotion of the so-called ideals of democracy and combatting terrorism. Creation of a number of military headquarters in the African territory allegedly for resolving conflicts, accommodating a large military contingent there, development of military infrastructure, including retention of old and creation of new military bases, supply of arms to pro-Western African regimes and other such actions not only serve the aim of expansion and successful (including economically) functioning of the defense industries of the US and EU states, but also secure control over African resources of strategic importance.

Despite numerous and often successful attempts at making sure that Africa remains an object of the world economy and politics, the continent is increasingly acting as a subject in international relations, and its development in the decades to come can, we believe, change its position in the new model of global development.

Thus, already in 2017, the growth of economy on the continent is preliminarily estimated at 3.6% and is expected to increase to 4.3% in 2018. Analysts project that GDP growth rates on the average for Africa South of Sahara can once again exceed 5% in the next few decades (starting from the 2020s). Even now they exceed 7% annually in five countries. These are Burkina Faso (8.4% in 2017), Ethiopia (8.1%), Côte d'Ivoire (7.3%), Tanzania (7.2%), and Ghana (7.1%). Against the breakdown of the old and the ripening of a new economic model for the world, some analysts suggest that by the year 2050 the African economy may grow from 2.2 trillion (according to 2017 data) to USD 29 trillion and thus exceed the GDPs of the US and the EU [*Abramova* 2017, p. 7].

The opportunities for the economic growth of the African continent are expanding owing to the increase of prices for raw commodities that started in late 2016, but that factor is not decisive for Africa's development.

Beginning from the 2030s, Africa, according to current projections, including those offered by the Institute for African Studies of the Russian Academy of Sciences, will turn into a single important and almost unique global strategic reserve of raw materials in the imminent NPR, or Next (or New, in some documents) Industrial Revolution. The African continent occupies leading positions in the world today precisely in terms of raw commodities that have no equivalents and are vital for the development of defense-related and innovative 21st century technologies. Put another way, a whole number of metals imported by the NATO countries (cobalt, lithium, coltan, etc.) has acquired military and strategic importance. Thus, for instance, the extent to which the US military and defense industry depends on imports from some Sub-Saharan Africa states (the DRC, South Africa, Zimbabwe, etc.) of non-ferrous and rare metals required to manufacture modern arms, in particular, military aviation engines, goes as far as 60%, and exceeds 70% for cobalt.

Other crucial factors for Africa's accelerated development are the expansion of the scale of consumption in internal markets of the African countries, diversification of economies of a number of the continent's states by way of increasing the share of services and industrial production, substantial betterment of the business climate as a result of improvement of the investment legislation and gradual stabilization of the domestic political state of affairs. We will begin with the latter factor. For the last 7 years, that is, from 2011 through 2017, African countries have significantly raised their index of competitiveness. Some countries, such as Rwanda and Mauritius, where the relevant index reached 4.49, as well as Botswana (4.29), Kenia (3.9), Ethiopia (3.77), Senegal (3.74), Côte d'Ivoire (3.7) and Ghana (3.69), surpassed the buoyant economies of the South East Asia, including Indonesia, Cambodia, and Myanmar, where it does not go beyond 3.6.[7]

In the Doing Business index, three African countries, namely, Mauritius (25th place), Rwanda (41st) and Morocco (69th) have outperformed such countries as Indonesia (72nd), China (78th), and India (100th). The top hundred also includes Kenia (80th), Botswana (81st), South Africa (82nd), Zambia (85th), Tunisia (88th) and the Seychelles (95th).[8]

In other words, by its investment appeal, Africa is not in any way inferior to Asian leaders of development, and even surpasses them in some cases.

Improvement of investment climate in the African continent facilitates increase of the volume of investments from abroad. In

7 Global Competitiveness Index (n/y) // World Economic Forum // http://reports.weforum.org/global-competitiveness-index-2017-2018/competitiveness-rankings/, last accessed on October 12, 2018.

8 Doing Business 2018. Reforming to Create Jobs (2018) // Doingbusiness.org // http://www.doingbusiness.org/~/media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB2018-Full-Report.pdf, last accessed on October 12, 2018.

2017, the inflow of foreign investments to Africa was USD 57.5 billion, that is USD 1.5 billion more than the ODA received by African states (USD 56 billion in 2017). Here, most of the foreign capital was not invested into mining, but into such industries as production of consumer goods, infrastructure, services, including finance, as well as the information and telecommunications sectors [*Novikova* 2017, pp. 56–63]. It is noteworthy that a considerable portion of investments came from developing countries, including from the Far and Middle Eastern regions.

Implementation of infrastructure projects may become most promising in the forthcoming years. Such projects can amount to as much as USD 50 billion annually. Despite substantial recent growth, Africa's infrastructure remains underdeveloped, especially as compared to other regions of the world. More than a half of African population (645 million) has limited access to electricity, and a mere one third of village inhabitants live in 2 km to the closest road (this figure exceeds two thirds in other developing countries). Annual growth of public investments into infrastructure alone equals 3% and may speed up further in the years to come.[9]

The growth of public consumption, including through the implementation of major investment projects, is a powerful force that drives the economic growth of African states. But the main trigger of development of the African economy in the 2000s was the rise in private consumption. According to our calculations, in the period in question, its contribution to economic growth was 40% to 60%. On the average, private consumption in Africa demonstrated a 3.6% annual growth from 2010 through 2016. In the immediate future this figure is highly likely to rise to 4%.[10] Such consumption growth is largely due to the quickly increasing African population and the accelerated emergence of the middle class, which even today numbers 350 million people or one third of Africa's populace. According to our calculations, the continent's domestic consumption in 2017 exceeded USD 920 billion (in 2008, it equaled 680 billion) and may grow to USD 2.2 trillion by 2030. This growth is expected to occur mostly due to the increase of purchasing power of the middle class whose number will have (at least) doubled by then.[11]

Money transfers by migrants are an important source of development for many African countries. They serve as one of the most important sources of foreign currency received by a great number of African states. African migrants' money transfers from abroad in 2017 amounted to USD 66.2 billion, which was 2.4% more than in 2016.[12] According to our calculations, the 10% per capita growth of transfers in African states decreases the share of the poor in a country by the average of 3.5%. World Bank experts have assessed that transfers by relatives have reduced the share of the poorest population in African countries that are the principal receivers of such transfers (Egypt, Morocco, Tunisia, Lesotho, Eritrea, Ghana, Uganda) by the average of 5–6%, triggering growth in consumer demand. Owing to their multiplying effect, transfers from abroad supply new stimuli for the development of African economy.

9 African Economic Outlook 2017 (2017) // OECD-ilibrary.org // https://read.oecd-ilibrary.org/development/african-economic-outlook-2017_aeo-2017-en#page30, last accessed on October 12, 2018..

10 Calculated using World Bank (2017). World Development Indicators 2017. Washington, DC. © World Bank.

11 Calculated using above sources and African Economic Outlook 2017 (2017) // OECD-ilibrary.org // https://read.oecd-ilibrary.org/development/african-economic-outlook-2017_aeo-2017-en#page29, last accessed on October 12, 2018.

12 African Economic Outlook 2017 (2017) // OECD-ilibrary.org // https://read.oecd-ilibrary.org/development/african-economic-outlook-2017_aeo-2017-en#page18, last accessed on October 12, 2018.

To use them efficiently for development, it is necessary, first and foremost, to integrate transfer-receiving households into the formal financial sector. Even now some African countries are successfully doing just that. At the same time, although a considerable portion of funds received from abroad is used by Africans for consumer needs, the so-called savings, or investment portion of transfers is growing and, in some cases, amounts to 40% [*Abramova* 2013, pp. 278–279].

Apart from financial receipts, irrespective of form, regional integration that will allow for the collective and more efficient use of the potential of individual African states will have paramount importance for the facilitation of economic growth in the African continent.

A pivotal point for the development of integration processes in the African continent was reached during the summit of the African Union in Addis Abebe in 2013 that resulted in the adoption of the 50th Anniversary Solemn Declaration of the Organization of African Unity (OAU), transformed into the African Union (AU) on July 9, 2002. The principal objectives stated in the Declaration are the unification and development of regional economic communities as the "building blocks" of the AU and "speed[ing] up the process of attaining the objectives of the African Economic Community", including the creation of the "Continental Free Trade Area." It promised to make Africa "conflict-free" by 2020 and "rid the continent of wars" [*Korendyasov, Urnov, Shubin* 2013, pp. 8–9]. The regional associations created in the territory of Africa, despite all complications, are gradually putting to practice reforms that have to some extent already secured a visible level of legal unity, freedom of movement of persons, goods, capital, services, uniform regulation of economic activities and labor relations in each integration group. The main integration associations in the continent that the African Union views as a sort of building blocks for the future common African market are the ECOWAS (Economic Community of West African States), COMESA (Common Market for Eastern and Southern Africa), SADC (Southern African Development Community), the EAC (East African Community), ECCAS (Economic Community of Central African States), CEN-SAD (Community of Sahel-Saharan States), IGAD (Inter-Governmental Authority on Development of East Africa), and AMU (Arab Maghreb Union).

The summit also adopted "Agenda 2063" – a strategic plan for the development of the African continent in the next 50 years. The Agenda provides the following timeline for forming the continental integration institutes:

- creation of the African Customs Union – 2019;
- establishment of the common African market – 2025;
- institutionalization of a currency union – 2030;
- inception of uniform institutes for the legislative, executive and judiciary, and uniform nationality (citizenship) – 2063.

A vital step towards implementing "Agenda 2063" was made on March 19–21, 2018 at the Extraordinary Summit of the African Union, where a decision was made to create the African Continental Free Trade Area (AfCFTA). It is the largest interstate trade agreement in the world since the creation of WTO in 1995. The agreement envisages lowering customs duties by 90% for signatory states in the next five years. The Summit's decision was signed by 44 African states, subsequently joined by 5 more countries: South Africa, Sierra-Leone, Lesotho, Burundi and Namibia. Nigeria, the largest African economy, has until recently abstained from signing the agreement, which we believe was hampering the practical implementation of this rather ambitious project. Nigeria's concern was that the greatest benefits of the agreement would be reaped by other countries, primarily South Africa, rather than Nigeria itself. But on July 11, 2018, after a meeting with the South African president Cyril Ramaphosa, who replaced Jacob Zuma, Nigeria's head of state, Mohammed Bukhari, eventually resolved to adhere to the agreement that will help translate into reality the African dream of seeing domestic African trade soar.[13] Although from among 49 signatories only 6 ratified the document, its adoption by the vast majority of African states, in and of itself, is an important step towards real economic integration.

Thus, in developing integration processes, using its competitive strengths in the resource sphere, actively balancing between old and new partners, attracting capital and technologies, activating the human capital, today's Africa is steadily turning into an authoritative actor in global politics and economy, and the much-needed link in countering grand challenges. Contemporary African economy is making effective steps to diversification and balance across a whole range of areas – geographic, industrial, consumer and production-related, property types to production factors ratio and their contribution to the GDP.

Two new trends are emerging in the economic development of African states: namely, the role of the real sector of the economy is rising and the development of industries oriented at domestic, rather than foreign, consumers, is accelerating.

Experts with the Institute for African Studies of the Russian Academy of Sciences believe that a likely scenario is that of the evolvement of a **unified pan-African pole of global significance**. Here, we must elaborate on another important factor that will shortly have a massive impact not only on the development of the African continent and its transformation from an object into a subject of international relations, but also on the development and restructuring of the entire world economy.

The African continent is one of the key factors of global demographic processes.

At one time, it was the population of Africa that made a valuable contribution to the development of global economy. From the 16th through the 19th century, Africa played the role of the main supplier of slaves, primarily to the American continent. African slave labor was the foundation, on which capital initially accumulated in the US economy. Various accounts from that period suggest that 12 to 17 million Africans were sold to the New World countries. This delivered a colossal demographic blow on the African continent, abandoned by its most active and healthy people of childbearing age. The African genetic pool was largely destroyed, throwing the continent centuries back. For the US, however, the arrival of African slaves provided an initial impulse that would have never been secured solely through white colonist labor.

Today, in the age of globalization, when workforce is relatively freely moving from country to country, Africa is once again attaining an important role in the global development, gradually turning into the main supplier of labor resources, due to its great number of young and employable population that is growing at ever-accelerating speeds.

Today, the principal demographic giants are China with its 1.4 billion population, and India, whose population has exceeded 1.3 billion. In total, these two

13 Morocco-Nigeria to Finally Sign the African Free Trade Agreement (2018) // Menafn.com, July 14, 2018 // https://menafn.com/qn_news_story_s.aspx?storyid=1097163675&title=Morocco--Nigeria-to-Finally-Sign-the-African-Free-Trade-Agreement&src=RSS, last accessed on October 12, 2018.

countries today are home to about 40% of the population of the globe. By virtue of its sustained efforts and successful one-child policy of limiting the birthrate, China curbed the population growth to 0.3%. In India, this indicator is still rather high and exceeds 1.5%. According to UN forecasts, by 2024, that country will rank first by population, beating China. In the next decade, the world's population will grow in absolute terms mostly owing to these two countries. **But starting from around 2030, the center of global demographic growth will shift to Africa,** where population grows at the highest in the world annual rate of 2.5%.[14] The UN estimates that from 2017 through 2050, our planet's population will increase by 2.2 billion people. Africa's contribution to this growth will be 1.3 billion, or 60%. Nigeria will remain the indisputable demographic leader in the African continent, that even now occupies the seventh place in the ranking of states by population, and will rise to become the third by 2050.[15]

The traditionally accelerated growth of population of the developing countries, referred to in academic literature as the "democratic explosion", has been seen as a threat to the development of the countries of Asia, Africa and Latin America, since it was associated with an increase in un- or underemployment, poverty and famine. Today, in the conditions of globalization and formation of an international labor market, where the workforce's flow from region to region is considerably expedited due not only to social and economic, technological, information and communications, and political factors; one of the drives of accelerated growth of the developing countries is the demographic factor (or, in modern terminology, the demographic dividend), namely, the rapid increase of primarily employable population of the countries of the East and South, and the aging of the population of the West. Notably, economic peaks in the first two decades of the 21st century were hit by countries with young and quickly growing population – not only the abovementioned China and India, but also Indonesia, Brazil, Mexico, the Philippines, Vietnam and others. In Africa in the 2000s, a true leap was made by Nigeria (198 million) and Egypt (98 million) – two of the most densely populated Sub-Saharan and North African countries. Nigeria turned into Africa's largest economy South of Sahara by GDP, both by the exchange rate (USD 375.8 billion in 2017), and by PPP (USD 1,119 billion in 2017), having outdone its tradition rival, South Africa, and taken the 21st and 22nd places, respectively, in the global ranking of states by GDP. As to Egypt, it took the first place in Africa by PPP (USD 1,129 billion) and third by the exchange rate (USD 235 billion), letting South Africa (USD 349 billion) forward.[16] Interestingly, the second most populated African state, Ethiopia (105 million inhabitants in 2017) has been showing economy growth rates of 8% in the recent years.

This transformation of a "demographic curse" into a "demographic dividend" is due to a complex of causes.

The foremost one has already been mentioned above. It concerns the re-formatting of the structure of the global labor resource market, a fair share of such resources being today secured by developing countries, including Africa. Even

14 African Economic Outlook 2016 (2016) // African Development Bank Group // https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/AEO_2016_Report_Full_English.pdf, last accessed on October 12, 2018.
15 World Population Prospects: The 2017 Revision (2017) // United Nations. Department of Economic and Social Affairs // https://www.un.org/development/desa/publications/world-population-prospects-the-2017-revision.html, last accessed on October 12, 2018.
16 GDP, PPP (n/y) // Worldbank.org // https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.CD, last accessed on October 12, 2018

now, 80% of the planet's labor force is concentrated in the countries of Asia, Africa, and Latin America; it is they that ensure more than 90% of the global labor market's growth. Certainly, modern production technologies, and, in particular, the use of robots, are reducing the need for manpower. Nevertheless, as evidenced by the practice of the developed countries, a deficit of employable people remains, in the first place, in the sphere of services. New types of needs arise that demand new types of labor. Besides, labor-intensive segments in the production spheres are not going anywhere in the foreseeable future. An especially acute deficit of manpower will be suffered by Europe, whose population is increasingly ageing. In view of this circumstance, European authorities are forced to implement pension reforms and simplify access for migrant workers from Asian and African countries, understanding very well that the normal functioning of their economies and the preservation of the customary level of well-being and consumption are possible only subject to a mass inflow of young workers. There are two key ways of solving this problem: either to import workforce from abroad (a path fraught with aggravation of social tensions and erosion of the traditional European identity), or to relocate own enterprises to regions with high labor potential, including to Africa. In either case, the African component in the formation of the planet's workforce will grow, thereby increasing the continent's role in the global economic environment.

Nor should one forget that in Africa itself, a demand for manpower grows in view of the high rates of the economy's growth and a lower (as compared to developed states) level of technological development.

Moreover, many Asian countries, traditionally thought of as young, are in fact no longer new (Taiwan, Singapore, South Korea) or will "age" in the foreseeable future (China). From among large global regions, only Africa South of Sahara finds itself at the second stage of demographic transition [*Fituni* 2017, pp. 3–15]. The continuing high birthrate and low death rate, given the relatively low average life expectancy (55 years) and diminishing infant mortality, lead to the preponderance of young people in the population structure. According to 2018 data, the average age for Sub-Saharan African residents is 20 years. This means that in the near future, the international labor market will be largely shaped by African, rather than Asian states.[17]

The second important consequence of the impact caused by the "demographic dividend" is the growth and changing structure of global consumption. The increase in the number of population of a country physically raises the volumes of consumption, thereby expanding the domestic market in countries with rapidly growing population. In such cases, a large share of young people also changes the very structure of consumption, ensuring demand for new goods. It is no secret that two thirds of Africans possess cellphones, including the newest models, although many of them starve. In many African countries (Kenya, Nigeria, South Africa, etc.) the sectors of mobile and Internet banking services are growing with an unprecedented speed. It is the young who act as both the principal consumers and creators of modern commodities, while older generations (that will keep rising in numbers in the developed countries) do not show any heightened demand for novelties and pre-

17 United Nations, Department of Economic and Social Affairs, Population Division (2017) // World Population Prospects: The 2017 Revision, Volume II: Demographic Profiles (ST/ESA/SER.A/400) // https://esa.un.org/Unpd/wpp/Publications/Files/WPP2017_Volume-II-Demographic-Profiles.pdf, last accessed on October 12, 2018.

fer the conservative models they are used to. Of course, it is difficult to assume that in the next ten or twenty years Africans will overtake leading positions in research and development. But even now the highest competition in African universities is at the IT faculties. The market for traditional consumer goods, too, is expanding. Money transfers by Africans from abroad allow the migrants' families to buy computers, television sets and even automobiles. In 20–30 years, most of the cars, household appliances, electronics and other durable goods will be sold in Africa, instead of Asia. The quantitative and qualitative growth of the consumer market will serve as a powerful drive for the development of African, and, in the future, global economy. That is what happened in China in the late 1990s. According to UN data, by mid-21st century, African population pursuant to the Medium Variant will be 2.5 billion people, accounting for 26% of the population of the globe. And by 2100, there will be as many as 4,468 million Africans, making 40% of all people living on the Earth. Interestingly, from 2050 to 2100, not only the European (from 716 million in 2050 to 653 million in 2100), but also Asian (according to the estimates, from 5,257 million in 2050 to 4,780 million in 2100) population is expected to drop.[18] Thus, by the end of the 21st century the world will essentially be largely "African".

There is yet another important advantage of the countries with young and quickly growing population. Prevalence of seniors in the population structure dramatically increases the demographic burden and, consequently, healthcare and pension coverage costs. This is what the Western countries are facing now. In African states, however, residents older than 60 years constitute just 5% of the population, allowing to save budget costs and use them for development.

Modern day Africa is a dynamically growing market for production and services, modern technologies, science-intensive products, workforce and consumer goods. Despite the outdated perceptions of those still enthralled by the stereotypes of the 1970s and 1980s, Africa has already entered the stage of industrial rise and accelerated modernization of its production potential. The continent's economic growth is speeding up, including due to the quickly proliferating middle class with its increased demand for consumer and new innovative goods, as well as modern services.

Changes in the position the African continent holds in the global frame are drawing the attention of major international players, both traditional (the US, UK, France, Germany), and new (China, Japan, India, Brazil, Turkey, Iran, Indonesia, Australia and even New Zealand). The fight for political and economic domination in the African continent is gaining momentum. This refers not only to ensuring security and the "struggle for strategic resources and markets". All these countries are well aware that in 2020–2030s, when the African continent becomes the main source of the world's new labor resources, consumer demand and natural potential for the development of world civilization, it is only with Africa's help that they will be able to secure stable positions and areas of influence for themselves in the future competitive struggle.

Russia, alas, has only in the recent 2 or 3 years realized the importance of the "African vector" in decision-making on the strategic objectives of its own economic

18 United Nations, Department of Economic and Social Affairs, Population Division (2017) // World Population Prospects: The 2017 Revision, Volume II: Demographic Profiles (ST/ESA/SER.A/400) // https://esa.un.org/Unpd/wpp/Publications/Files/WPP2017_Volume-II-Demographic-Profiles.pdf, last accessed on October 12, 2018.

development. This was largely due to the sanctions introduced by Western states. Russian economic operators are reluctant to leave their comfort zone and re-orient their focus from the West to the South. They will, however, have to do that. The U-turn towards Africa is evidenced by a Ministry of Foreign Affairs panel resolving, in May 2018, to develop a new Concept of Relations between the Russian Federation and African States. The preceding Concept was adopted in 1994 and no longer serves either Russian, or African interests. The first "Russia – Africa" business forum that took place on May 16 at the Ministry of Economic Development, with the participation of large Russian companies, also testifies to the serious interests of our government agencies and business community with respect to the African continent. A large contribution to the development of Russian-African relations was made when S.V. Lavrov visited Angola, Namibia, Mozambique, Zimbabwe, and Ethiopia in March 2018. A large-scale Russian-African forum is planned in Russia in 2019. Russia is making efforts to regain its positions on the continent, lost in the 1990s, but this is becoming increasingly difficult due to growing competition, changing African elites, Russia's diminished financial means. This is why our country must define the African states that hold the most potential for political and economic interaction, priority industries for cooperation, and concentrate first and foremost on those. Russia must return to Africa in the earnest and to stay, in order to not fall behind, clearly understanding the need for interaction with Africans in all spheres. Active Russian-African cooperation will allow both countries to derive geopolitical and geo-economic dividends, facilitating the growth of their economies and reinforcing the positions the Russian Federation and African states occupy in the international arena.

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Towards a Neo-bipolar Model of the World Order: Scouting Game in Africa

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ABSTRACT. *The article lays out a hypothesis that the global order slides into a new bipolarity in the context of the escalating geo-economic and geopolitical confrontation between the two poles that currently dominate the world - the United States and China. The neo-bipolar construction cannot yet be regarded as an established new world order, but the general movement of the world economy and international relations in this direction is obvious. The neo-bipolar confrontation manifests itself with varying intensity in different regions of the world. The author argues that at present, the peripheral regions which are strategically important for the prospects of competition are becoming an important testing ground for relatively "safe" elaboration of methods and tactics of geo-economic rivalry and a mutual exchange of systemic attacks. Today, Africa has become practically the leading theater of the new bipolar confrontation. The article analyzes the economic, military and strategic aspects of the rivalry between the United States and China on the African continent. It provides a comparative analysis of the new African strategies of the two superpowers adopted at the end of 2018. The author suggests that in the context of the emerging global bipolarity, the strategies of the USA and China represent antagonistic programs based on fundamentally different initial messages. In the case of the US strategy, this is to deter by denial the spread of the competitor's influence using tough policies, including forceful (while not necessarily military) confrontational actions. While China seeks to neutralize the opposition of the United States and its allies to Beijing's expansion on the continent and to win the freedom of interaction with any partners in Africa causing minimal direct confrontation possible. Therefore, despite the seemingly "peripheral" importance of the confrontation on the continent, for the establishment of a neo-bipolar world order, the proclamation of the new US regional geopolitical strategy, which focuses on the containment of*

China in the name of protecting democracy and independence, can serve not only for Africa, but for the whole planet the same milestone signal as Churchill's Fulton speech for the final advent of bipolarity in the post-war world.

KEY WORDS: *new bipolarity, neo-bipolar World Order, world economy, theory of international relations, international political science, geostrategic rivalry, Africa, USA, China*

By the end of the second decade of the 21st century, the thorny path of evolution of the world order that was expected lead the monopolar system to a polycentric destination, unexpectedly reached a point of bifurcation. From then on, transformation processes in the global economy can equally continue towards a multipolar world or head towards a new bipolarity.[1]

The first option is prompted by the continuous progressive expansion (notwithstanding the teething problems of growth) of the influence of large and populous countries, like China, India, Russia, Brazil, Mexico, Indonesia, etc. in the global economy and politics – against the backdrop of a visible weakening of the positions of the conventional developed countries of the "West", the principal beneficiaries of the existing world order, led by the US. The likelihood of the second alternative is a logical function of the velocity and the intensity of first option in its mature phase, when it assumes the form of acute confrontation of the two most powerful leaders among the multiple centres of global importance.

Structure of the New Bipolarity

The total share of developed countries of North America, Western Europe, Japan, Australia and New Zealand in the world's GDP at present is fluctuating between 43% and 45%, depending on the structure of global prices for raw commodities and activities in the global financial markets. The shares of the US and China make up 24% and 15%, respectively, by the current exchange rate, and 15% and 18% by the purchasing power parity (PPP) [IMF WEO 2019]. OECD estimates that by 2030, the PRC's share will grow to 27% (calculated using the 2010 USD exchange rate). Should the current trends continue, the US share may fall to 15–17% and even lower [*Guillemette, Turner* 2018, p. 8].

China, however, despite the objective and artificial hindrances, is gradually taking over the position of a leading global economy. Not only did that country's GDP outdo that of the US by PPP. The shares of the US and China in global exports are approximately identical (around 11%), but UNCTAD and the World Bank have placed the PRC some 0.5% ahead since 2017. Today, China outperforms the US in real production and global real commodities export. The critical threshold has been crossed in a sphere that is quintessential to assess the quality of a region's economic growth, namely, innovations. In 2017, 43.6% patent applications in the world were filed in China alone, mainly by Chinese residents, followed, with a considerable gap, by the US (19.2%), Japan (10.1%), South Korea (6.5%) and the EU's European Patent Office (5.3%) [WIPO IP 2018, p. 11]. In some science and technological development sectors (for instance, large-

1 For the sake of objectivity, we must admit that the possibility of preservation or "return" to "revised" mono-polarity in the form of America-centric world order supported by the harsh dictate of the US in its relations with allies and by the force of military threat with respect to other competing centers, equally exists. But, in our opinion, the chances of long-term and sustained continuation of that specific world order are far from high.

scale industrial production and international commercialization of goods for 5G networks, mining and road heading technologies, high-speed mainline locomotive engineering), China is already outperforming the US.

This reallocation of the economic balance of forces in the world has unsurprisingly resulted in increased protectionism, tariff wars and the use by the "retaliating" party of sanctions and embargoes in the competitive struggle. Here, despite former practice and the established stereotypes, it is Beijing, rather than Washington, that champions liberal approaches in international economic relations (and, in doing that, often finds sympathy with some of Washington's European allies), while the White House's real policy, despite its rhetoric on the protection of freedom and justice, is increasingly moving towards protectionism and fits of economic aggression. A bipolar disorder in the sphere of ideology and foreign economic policy is obvious.

Economic competition between the two countries has transformed into geoeconomic rivalry, as it inevitably demands and receives a special dimension. It translates into geographic expansion and projection of the economic potency of each of the nations to the periphery. Acting in line with its vision of its national interests and future, each of the two poles of the emerging world order aspires to get a hold of the greatest possible resource potential of the planet and global markets. They aim to secure reinforcement, or, better still, growth of their global positions in the future.

Although they offer different substantiations for their strategies (the US generally relying on the fight for "democratic and liberal rule-based world order", while the PRC proceeds from the aspiration towards establishing universal *win-win* relations),[2] both poles are consistently fighting for leading and/or dominant economic and political positions in various regions and the world as a whole, greater than those occupied by other nations.

In these conditions, the US-China opposition, into which the White House is trying to pull the cautiously hesitant "united" Europe, is accruing a new quality. *The "anti-Chinese line" is increasingly turning into the organizing principle of the American economic, political, military and strategic policy not only in the bilateral Washington – Beijing relations, but in the entire world*. More signs are appearing signaling that the as yet looming outlines of future neo-bipolarity may be burdened, apart from economic and ideological strife, by civilizational conflict.

Geo-Economic "Game of Thrones"

So, the geo-economic "game of thrones" has begun. Not only the two global economic leaders, the US and the PRC, are involved in it, but, often against their will, other states are, too, even though they might well have wanted to remain neutral in this fight. The theater of this economic war is the entire world. Here, individual strategically valuable flank regions such as Africa, from the standpoint of prospects of struggle, become an important (or, today, all but leading) testing ground for the relatively safe practice of methods and tactics of geo-economic rivalry and mutual exchange of systemic strikes.

1 The *win-win* concept implies a guaranteed win for all parties involved.

We call them systemic since, unlike with many other regions, the two poles have elaborated complex strategies to implement such methods and tactics on the Dark Continent, affecting not just separate sectors or areas (economic, political, ideological, military, cultural), but all of them taken together, with all their interconnections and synergetic value.

To put it briefly, Africa is important for both poles and has become the arena for intensified rivalry for three reasons:

a) *due to its unique resources;*

b) *owing to its new geo-strategic importance* (it is simultaneously the natural barrier/bridge between the Euro-Atlantic and Indo-Pacific zones of the US's strategic interests and the Southern entrance to Europe within the "One Belt, One Road" project); and, finally,

c) since it is *a powerful instrument of global political maneuvering and broadcasting one's own decisions to the global community* (votes of the 55 countries of the continent are an important factor for international support on the diplomatic arena and the global public opinion).

Moreover, for both China and the US the "African underbelly" is one of the last arguments remaining in favor of the "global leverage" of the Old World; the paradigms of economic relations with former colonies, moreover, remain a not insignificant source of the middle class's well-being.

Why, though, has Africa become one of the first geo-economic theaters of war between the two hegemons of the forthcoming world order? We will start from a scarcely comforting reminder that from the historical viewpoint, aggravation of the confrontation in Africa between the two contenders for world leadership is all but a routine of the last half a century. Both World Wars and the end of the Cold War were preceded by violent clashes of the superpowers' interests and their proxy wars in Africa.

Of course, the situation today, just as all those related to the past, has its specifics. The current ones are connected with the growth, from the late 20th and especially the 21st centuries, of the global geo-economic importance of the African region. The causes for its rising relevance for the global economy and balance of powers were discussed in sufficient detail in a number of earlier works [*Fituni* 1989; *Fituni* 2012; *Fituni* 2017; *Abramova, Fituni* 2017; *Abramova, Fituni* 2018; *Abramova, Fituni* 2016]. Summarized, they boil down to the following.

1. Since the beginning of the century, one can observe a historically unprecedented lengthy period of real economic growth on the continent. From 2001 to date, despite at times material fluctuations, the average annual GDP growth (about 4.5%) exceeds the same average for the world, which at the very least purely mathematically should mean that the economic retard of the continent is, however slowly, decreasing, and a major portion of the population is becoming more prosperous.

2. Africa is one of the few regions with a still relatively understudied and underexploited natural resource potential, which, importantly, remains accessible to external players. Globalization and the scientific and technological progress have created conditions necessary for a fuller fulfilment of that potential and its integration into the existing value chains. This requires not only technical and economic conditions (first and foremost, infrastructure), but also the relevant social and political constructs ensuring an interest of the African countries and Africans themselves (or at least the elites) in participating in the already ongoing processes of formation of the new world order on the terms proposed.

3. A vital factor for the growth is the demographic processes creating the opportunity for facilitating the continent's development *via* the so-called demo-

graphic dividend. This will be achieved by virtue of:

a) growth of Africa's population and the associated increase of the share of Africans in the overall population of the globe, which will, according to the UN forecasts, account for over 40% of the global population by 2099 [World Population Prospects 2019];

b) predominance of young people in the population;

c) "improvement of the quality" of labor resources (expansion of the share of educated population and qualified workers of various levels).

4. The ongoing processes are expected to result in changes in the social structure. First of all, this implies urbanization and the accelerated (as compared to other strata) growth of the middle class. In turn, that will affect the scale and structure of the forming effecting demand, and, as these processes intensify, the global production and trade. According to the calculations of the Hoover University (USA), by 2050 the richest 10% of the Africans (about 250 million people) will ensure a fivefold rise in demand for consumer goods and services as compared to the present day.[3] The possibilities that opens will force the global businesses to adapt their market strategies, nature of production and marketing accordingly.

An increase of middle class will inevitably have a certain and, most likely, tangible effect on the ideological and intellectual development of the society, and, with adjustments from without, if necessary – on the formation of the structure of moral stances and values corresponding to the design of the architects (hegemons) of the new world order. *Neo-bipolarity invariably goes together with social constructivism and engineering in the areas of domination and projection of the might of the superpowers.*

5. The foregoing warrants the conclusion on the growth of the comparative geo-strategic and geopolitical importance of Africa on the global scale. Consequently, the continent requires greater attention, which means that the political actors involved and the powers claiming the role of leaders in the new world order should elaborate certain *strategies* that would include systems of stimuli and sanctions (the "stick and the carrot") for African partners – both state and non-state actors, including individuals.

Both potential leaders of the future bipolar world order have had such strategies with respect to Africa for a while. These are regularly updated to follow changes in the perception of national interests. This evidences that attention to the continent and the understanding of its potential and importance have not appeared today, but have been in place for a long time, quite literally being "strategic" in nature.

Mutual Dependence on Raw Commodities

As will be shown below, dominance in Africa turned out to be a vital precondition for creating the foundation for future domination and leadership in the three components of the emerging new world order: economic, military and strategic, and ideological (intellectual).

In economic terms, both countries today, albeit to different extents, depend on the guaranteed supplies of African raw resources. Africa's share in China's gross import of raw commodities according to statistical data in open sources is at least 15% [China Statistical Yearbook 2018].

3 Goldstone J.A. (2019) Africa 2050: Demographic Truth and Consequences // Hoover Institution, January 14, 2019 // https://www.hoover.org/research/africa-2050-demographic-truth-and-consequences, last accessed on August 31, 2019.

Alternative calculations of the Center for Global and Strategic Studies of the Institute for African Studies of the Russian Academy of Sciences, run while taking account of the cross-checks based on the "reverse" statistics of exports of African countries and the results of mathematical modelling, suggest that the actual figure is likely closer to 23%.[4] This falls somewhat higher than the available Western estimates (< 20%) (*see*, in particular, [*Gamache, Hammer, Jones* 2013; U.S. Geological Surveys 2015–2019; *Brown et al.* 2019]). Moreover, by some indicators (mostly for some metallic ores and their concentrates) this figure stands twice or thrice higher.

The US's share of imports of raw commodities from African countries in the total imports is almost twice as low. But taking account of the higher-processed products of African origin imported from European and Asian countries would yield a much larger figure. Thus, for instance, what arrives to the US as part of large-scale imports of some types of strategic metals from Belgium, Austria, France, and China is none other than processed raw stock procured/mined by those countries in Africa. Principal income, of course, stays in the direct exporter state, but from the standpoint of America's dependence on Africa's mineral base discussed here this is of no consequence.

By some types of raw mineral materials, both superpowers are heavily dependent on supplies directly from Africa. Thus, for instance, according to open press, 70% of imports of raw cobalt to the US are from the Dark Continent. Seven African states act as Washington's suppliers of "critical minerals" (an American term), that is, mineral non-fuel stock. These are South Africa, the DRC, Rwanda, Guinea, Mozambique, Morocco, and Gabon. It is from these countries that the US imports more than a half of its annual imports of some types of strategic materials, both relatively common ones, such as aluminum, manganese and phosphate stock, and the less common platinum, diamonds, to the deficit ores of rubidium, indium, coltan, wolfram, rhodium, ruthenium, etc. An important source of rare ores is Burundi, but that country, unlike those listed above, accounts for less than a half of supplies to the US.

It is known that Niger occupies the 4th place by exports of uranium ores and concentrates, and exports gold. That country is a major trade partner for the US by American standards, but the published US statistics lists imports from Niger (around USD 25 million annually) in a special undisclosed commodity group (*special other*).

Moreover, the US imports from Africa, less material for the US, but still important for the continent are tropical timber, cocoa beans, peanuts and other agricultural products.[5]

Trade Rivalry

US exports to Africa in 2018 amounted to USD 26.1 billion, imports, to USD 38.8 billion. Thus, the deficit of the trade balance exceeded 9 billion, and the trade turnover was slightly less than USD 65 billion [Foreign Trade 2019]. This figure is lower than the Chinese almost times 2.8.

4 These discrepancies may be explained both by the existing rules for publishing statistical data by strategic types of raw materials, and by the specifics of reflecting exports to Chinese jurisdictions (including Special Administrative Regions of Hong Kong, Macao, used for re-exports, etc.) in African statistics.

5 2018: U.S. Trade in Goods with Africa // // https://www.census.gov/foreign-trade/balance/c0013.html, last accessed on March 31, 2019.

The key partners are South Africa (2017 turnover – USD 13 billion), Nigeria (9.3), Egypt (7.5), Morocco, Algeria (4.9 each) and Angola (USD 3.4 billion).[6]

From 2000, 40 African countries enjoy duty-free imports to the US under the AGOA program. In 2015, it was renewed until 2025. The list of countries enjoying benefits under the program is regularly revised. The principally important conditions for receiving those benefits are extending reciprocal favorable terms to the US to ensure its interests (primarily, but not only, economic), adherence to liberal approaches to the economy, democracy and due governance.

For China, African markets take up a large share of the state's sales of Chinese goods and services. Africa supplies the PRC with the mineral and agricultural stock it needs. One fifth of oil exports to China are from Africa. Africa also supplies ores and concentrates of ferrous, non-ferrous and rare metals, tropical timber and other commodities.

In 2018, China-African trade amounted to USD 204.19 billion [China-Africa Cooperation in High-gear, Powering Global Growth 2019]. South Africa also supplies technology-intensive modern machinery products. In 2017, trade turnover with African countries, according to the PRC's official foreign trade statistics, was USD 170.6 billion, including USD 94.7 billion worth of exports, and USD 75.9 billion worth of imports. China's key trade partners on the continent were South Africa (with the turnover of USD 39.2 billion), Angola (23), Nigeria (13.8), Egypt (10.8), Algeria (9), and Morocco (4.7 billion). The first four countries account for more than a half of China's trade with the continent. Moreover, in 2017 China had a trade surplus with Egypt and Nigeria, and a trade deficit with South Africa and Angola [China Statistical Yearbook 2018].

As we can see, the list of priority trade partners in Africa is the same for the US and China. The nomenclature of imports is rather similar as well. But the importance of trade with African states itself is different for the two countries. For the PRC, trade with Africa is a vital precondition and component for sustained economic growth. For the US, trade with Africa does not have the macroeconomic importance as great as it does for China. However, as shown above, Washington has a "critical dependence" on supplies of some types of African raw commodities, without which it would have been unable to materially and technically support the military strength and technological leadership in the world. Apart from the abovementioned cobalt (supplied principally by South Africa and the DRC), these are ores and concentrates of the platinum-group metals (South Africa), niobium, wolfram, tantalum, vanadium (Rwanda), thorium (Namibia), titanium (South Africa, Madagascar, Mozambique), zirconium (South Africa, Senegal) and others.

The bulk of academic and political publications creates an impression that out of the two superpowers, China is in the lead when it comes to interacting with Africa. But it is important here to take note of a number of nuances. Indeed, China outruns the US or any other individual Western state by trade with the continent's countries. But in the aggregate, the Western countries' trade turnover and investments in the continent surpass China's.

6 Africa // The Office of the United States Trade Representative // https://ustr.gov/countries-regions/africa, last accessed on August 31, 2019.

Components of Strategies: Investments and Debt

The US remains the leading country by accumulated direct foreign investments into Africa with USD 54 billion of investments as at January 1, 2018. Over 600 American companies have invested into South Africa alone [*Schneidman, Wiegert* 2018]. Rather considerable investments are also made under various aid programs.

China's investment efforts on the African continent primarily manifest in funding the creation of 3,000 mostly large infrastructure projects and socially significant facilities. From 2000 through 2014, commercial loans to the governments of African countries and public companies amounted to USD 86 billion, that is, the average of about USD 6 billion per year. In 2018, it was once again (as in 2015) announced that China was forming a USD 60-billion fund for cooperation, to be structured as follows: USD 15 billion to be issued as grants, interest-free and preferential loans, USD 20 billion to be extended as credit facilities, USD 10 billion to be used for the needs of the China-Africa Development Fund, and, finally, USD 5 billion to fund the imports of African goods [New Measures of the "Big Eight Actions" 2018].

According to the research of A.G. Herrero and Xu Jianwei [*Herrero, Jianwei Xu* 2019], real Chinese investments into Africa are considerably lower than the flows generating the foreign debt of the continent's countries. This is especially so in case of project financing. As regards the Chinese foreign direct investments, these are materially behind both the US and the key European countries, primarily former colonial powers. The UK's and France's accumulated foreign direct investments into Africa remain higher than those of the PRC.

We believe that the West's narrative, according to which cooperation with China is a "debt trap" for Africa is more than anything a propaganda ploy, rather than an analytically established feature characteristic specifically of the Chinese approach to investment. Accrual of debt obligations is the inevitable concomitant of large-scale economic interaction based on business, rather than ideological principles, and the PRC's current scale of such interaction is substantially higher than that of the absolute majority of Western countries and simply materially higher than that of the US.

That such allegations are motivated by propaganda purposes is evidenced by the very structure of African debt. It demonstrates that it is primarily the Western states and not at all the PRC that are responsible for the continent's debt issues. Out of 54 countries of the continent, the PRC is the chief creditor for merely three: the Republic of the Congo, Djibouti, and Zambia – that is, countries with by far not the greatest aggregate foreign debt in Africa. In Africa's total debt, approximately 32% of foreign debt of African countries' governments is with private creditors, mostly from North America and the EU, and 35% – with multilateral international institutions and organizations such as the World Bank and IMF, and only 20% is with China. One cannot deny, however, that it is the leading sovereign creditor of African states [Africa's Growing Debt Crisis 2018].

Nevertheless, Beijing is since recently actively striving to show its willingness to lighten the burden of outstanding debt for separate states. Before the third summit of FOCAC in 2018, in April it wrote off part of the debts of Zimbabwe, then, in August, of Botswana, and in September it reached an agreement on the restructuring of Ethiopia's debt.

Assessing the competition of two superpowers in the economic sphere, one can conclude that until recently the economic cooperation of the poles of the potential bipolarity with Africa's states was proceeding along parallel and scarcely crossing paths, more or less within normal business or resource-related competition, with local victories and failures of the two actors in separate countries.

Back to Geopolitics

After the Trump administration took over in Washington, the geopolitical and geo-economic rivalry in Africa more than intensified. The US pointedly made a bet for challenging Beijing's influence in Africa, formally stipulating that in its strategy for the continent. Between 2018 and 2019, irrefutable evidence appeared to the effect that the two nations' economic rivalry on the continent is increasingly dominated by political, military and strategic considerations.

In the recently published *The Jungle Grows Back: America and Our Imperiled World*, Robert Kagan, one of the founding fathers of the "New American Century" project, characterized the modern age of power politics and competition among nations that resembles the inter-imperial controversies of the past, as follows: "Where once many believed geo-economics had replaced geopolitics, today we see the world returning to a geopolitics much like that of the late nineteenth and twentieth centuries" [*Kagan* 2018]. This opinion is perfectly applicable to the situation unravelling in Africa.

The seemingly sporadic steps that each nation had been making on the continent and that were akin to prospective military and strategic forecasting and planning, have become systemic and regular. For the US, such steps may be said to include the creation and reinforcement of the US African Command (AFRICOM) and enveloping the continent in a net of military and auxiliary bases. For China, it is the activation of a naval base in Djibouti and active participation in peacekeeping missions. For both powers, it is also increased attention to "priority" partners, perhaps not as important economically, but located in key geo-strategic areas and in the continent's zones that each of the parties finds crucial for its national interests. It well may be that it is precisely this relatively new focus of the rivalry that pushed both states to update their African strategies.

New accents in China's strategy of developing its relations with Africa were outlined during the September 2018 Summit of the Forum on China-Africa Cooperation (FOCAC) in Beijing. It adopted two key documents: the 2018 Beijing Declaration Toward an Even Stronger China-Africa Community and the Forum on China-Africa Cooperation Beijing Action Plan (2019-2021). Taken together, these documents can be viewed as basic provisions of the Chinese medium-term strategy in Africa. An emphasis is made on "eight major initiatives". It seems to us, however, that they cannot be called absolutely new. Rather, they represent the PRC's general strategy in Africa adapted to the conditions of slowing globalization and aggravation of relations with the US.

In the end of December 2018, J. Bolton, Assistant to the US President for Security Affairs, announced the launch of the "New US Africa Strategy". Similarly to China's case discussed above, we cannot say it was a U-turn in the US policy on the African flank of the global rivalry of superpowers. Instead, the document organized the ripening trends towards Washington's increased aggression on the continent and declared certain technological novelties in the regional policy of the White House. One should think that, as in Beijing's case, it is a medium-term policy paper.

In the context of general purport of the administration's efforts to "make America great again", the foundation of relations with Africa is built on the protection of American interests and security in and around the region, creation of new opportunities for American businesses, which the strategy's authors view as a precondition for the independent and democratic thriving of the continent's states – naturally, fully in line with the American vision of this process and the "ethical standards of American development programs."

A conceptually new element is the open and widely broadcast identification of these objectives with resisting the influence of China and Russia in the region. When presenting the new strategy, J. Bolton, Assistant to the US President for Security Affairs, explained the essence and goals of the strategy as follows: "Great power competitors, namely China and Russia, are rapidly expanding their financial and political influence across Africa. They are deliberately and aggressively targeting their investments in the region to gain a competitive advantage over the United States" [*Bolton* 2018].

The "new approach" to Africa effectively boils down to a new *campaign* against the geopolitical rivals of Washington that states, that it is "seeing the disturbing effects of China's quest to obtain more political, economic, and military power… Such predatory actions are sub-components of broader Chinese strategic initiatives, including "One Belt, One Road"—a plan to develop a series of trade routes leading to and from China with the ultimate goal of advancing Chinese global dominance" [*Bolton* 2018].

Four Bolton Cells

Having laid the geo-strategic and geo-economic criteria in the foundation of its policy on the continent, the US has distinguished four priority groups of countries relevant for preserving not only *regional*, but *global* US dominance. The first group includes a chain of states found in North and East Africa. This is the most (geo-strategically) important part of the continent for the current US policy in terms of resources and infrastructure. The North African part of that chain is valuable since it serves as NATO's border in the Mediterranean Sea; moreover, it is the chief reservoir of the continent's hydrocarbons at this time. The East African part, and especially the Great Horn of Africa, has gained key importance as a vast strategic foothold for geopolitical influence on the success (and potential control over the implementation) of the Chinese project of the New Silk Road, whose Southern maritime main line can be blocked in the South and North of the Red Sea.

The second priority group does not include zones, but rather separate key countries. These are African states distinguished (depending on their influence) as potential contenders for the role of regional and sub-regional "superpowers". The latter are also sometimes referred to as the "growth engines", and sometimes as "sub-regional hegemons." The leaders of regional (pan-African) level are Nigeria and South Africa. The "sub-regional" leaders are Algeria, the DRC, Senegal, and Ethiopia. Egypt, too, is a key country, but the US traditionally views it in the context of Middle Eastern, rather than African, strategy. The new American strategy ties the above-mentioned leader countries to sub-regional objectives, largely related to the matters of security, combatting terrorism and mobilization of support of the foreign policy initiatives of the US.

The third group of countries is almost exclusively relevant owing to their natural resources that Washington deems important (not only from the standpoint of covering American domestic needs, but also in terms of providing for the needs of allies and manipulation of global markets of strategic raw materials). This, in particular, includes the oil producing countries of the Gulf of Guinea, the countries mentioned above that supply "critical minerals", and some other states (*e.g.*, Botswana and Namibia).

The fourth group includes all other African countries, "non-prioritized" by default.

It should be noted that the principle inherent in the approaches to the geopolitical and geo-economic prioritization of African countries implies that the "four-cell structure" of division of African states in itself remains unchanged, but countries can be moved around groups within it depending on the needs of the US policy at the relevant time.

An interesting technological advantage of this approach is a certain automatization of the process of distinguishing more important countries from the rest. If, by default, a country falls into the first two or even three groups at the same time, its priority automatically soars, in some circumstances even surpassing the importance of regional "superpowers", South Africa and Nigeria. The newest such example can be seen in the significant increase of attention of the US to Algeria and Ethiopia in 2019.

Here, one should not take the four categories literally as some sort of absolute rating of the countries involved. The actual US policy for each of them is based on the specific case or plans. In this sense, the relations with a leader country may sometimes be no less important than the risk of failing to procure strategic raw materials from a "third group" country, etc.

"Deterrence by Denial"

At the heart of the new American strategy of opposing China in Africa lies, using a military expression, a course towards "deterrence by denial." It means blocking ("denial", in military language) not only China's opportunities for further relatively "problem-free" reinforcement of its foothold on the continent, but also China's use of that foothold for increasing Beijing's global weight and influence, which happened during previous US administrations that failed to accord to the rivalry in the region its due or to simply understand its global implications.

One of the instruments for achieving these goals is a more confident militarization of America's involvement in the continent's affairs. The "land-based" equipment of American troops in the region is well underway. The US African Command (AFRICOM) today officially counts 7 thousand military personnel. Furthermore, the US has almost 500 facilities and military logistics points or the so-called civil facilities (that, nonetheless, quarter or employ the US military) in the continent's territory. The most prominent is Lemonnier, the US Naval Expeditionary Base in Djibouti, dominating the Southern entrance into the Red Sea. According to official data, it permanently accommodates around 4 thousand American servicemen. Formally, it is called the only permanent US military base in the African continent (barring the Chagos Archipelago annexed from Mauritius that hosts the largest aviation base in the Indian Ocean on the Diego Garcia Island, which is estimated to quarter 3 to 4 thousand troops and that plays a key role in projecting American control over all of China's principal westward maritime transportation routes in the Indian Ocean).

We should separately mention the base in Niger. It is said to be the main base of American drones in West Africa. Its existence had long been hushed up, but in 2017, after the US suffered casualties after facing the local militants, it was made public. It was revealed that military US units had been there since President J. Kennedy [*Snow* 2017]. According to the official line, the "green berets" are busy training military personnel for Niger. In 2018, according to open media, 800 American troops were located in the country, some of which are maintaining the American drone base, worth, it is asserted, over USD 110 million [*Rempfer* 2017]. Formally, the US is not calling that facility its base, since it flies the flag of Niger along with that of the US.[7]

Overall, the US is widely cooperating with African states on training the military elites, and participating in peacekeeping operations. The US is the chief sponsor of the UN peacekeeping missions: in the now closed fiscal year (July 1, 2018 – June 30, 2019) it has supplied almost one third of their USD 6.7 billion budget. J. Bolton announced in December 2018, that the US would no longer support the "unproductive, unsuccessful, and unaccountable U.N. peacekeeping missions."[8] China, conversely, speaking in 2019, declared its intention to be more active in the peacekeeping missions in Africa.

The acuteness and difference of the two poles' visions of the prospects of military rivalry in Africa are illustrated by the words of J. Inhofe, Chairman of the US Senate's Armed Services Committee. At the hearings on April 2, 2019, held on the occasion of the appointment of General S. Townsend as commander of AFRICOM (US Africa Command), he expressly tied China's creation of a navy base in Djibouti several kilometers from an analogous, but larger American facility in that country, to the preparation for World War III [*Townsend* 2019].

The American military and political leaders even now consider rivalry in Africa as an integral part and regional aspect of the global opposition of bipolar nature. Moreover, in the African theater, China and Russia have become a single, united opposite pole in the eyes of the current American establishment. In domestic debates not intended for an external listener, American politicians and military acknowledge the uniformity of basic goals of the "two poles" in Africa. At the abovementioned Senate hearings, AFRICOM commander, General S. Townsend, according to the transcript, quite literally stated, "…Russia and China on the African continent… are after some of the same things that the United States is concerned with, access and influence. And I think that they are after access and influence to our detriment. … the return of Russia to the international scene, the rise of China… I think we have to keep… a clear eye that their goals are to our detriment" [*Townsend* 2019, p. 11, lines 1–10].

Chinese Response

Half a year after the "New US Africa Strategy" was announced, Beijing delivered its public responses at the G-20 Summit. The key points of the updated Chinese policy for Africa were communicated to the world public in a speech and represented an elaboration of the propositions formulated previously in the joint declaration of the September 2018 Summit of the Forum on China-Africa Cooperation (FOCAC).

Without referring directly to the provisions of the new US policy, at the meeting with African leaders at the G-20 Summit in Osaka (June 2019), the PRC's President Xi Jinping noted, however, that "despite the interference of certain powers,

7 US Builds Drone Base in Niger, Crossroads of Extremism Fight (2018) // The Military Times, April 23, 2018 // https://www.militarytimes.com/unmanned/2018/04/23/us-builds-drone-base-in-niger-crossroads-of-extremism-fight, last accessed on August 31, 2019.

8 Babb C. (2018) US Rethinking Peacekeeping Role in Africa. December 14, 2018 // https://www.golos-ameriki.ru/a/us-rethinking-peacekeeping-role-in-africa/4700466.html, last accessed on August 31, 2019.

the original aspirations of China and Africa for win-win cooperation and common development will stay unchanged and the resolve to jointly build a closer community with a shared future will not waver."[9]

Beijing's main focus, though, is on the cooperation in the area of development, which is a qualitatively newer level of interaction than regular economic or diplomatic exchanges, investments and even military cooperation. This is the competitive advantage Beijing's strategy in Africa has over the American one.

In Osaka, President Xi Jinping voiced three proposals to the African leaders furthering the September FOCAC Summit's resolutions.

Firstly, to become "pioneers for win-win development" – which, in practical terms, implies connecting the "One Belt, One Road" project with the provisions of the new pan-African long-term development strategy adopted by the African Union (AU), "Agenda 2063", the UN's 2030 Agenda for Sustainable Development, and the national development strategies of African countries.

Secondly, to follow the road of greater openness and cooperation, creating synergetic effect for the support of Africa's development. Clearly in opposition to the American strategy, hinged on securing American interests, President Xi Jinping suggested building cooperation with the continent based on the priority of the interests of African states, adding that "any egotistical and self-centered moves benefiting oneself at the expense of others will lose ground and be unpopular" [Xi Puts forward Three-point Proposal on Developing China-Africa Relations 2019]. China, however, is willing to encourage the international community to increase its contribution to Africa's development, to help African countries tackle global challenges in cooperation with the UN. As part of that proposal, he voiced a new idea on the possible tripartite or multilateral cooperation in Africa, should it be supported by African partners.

Thirdly, Beijing called upon Africa's states to be the keepers of multilateralism and make a greater contribution into the protection of the international order, to build development based on cultural diversity and inclusivity, to adhere to the principle of extensive consultation in international affairs, as well as joint participation in efforts, shared benefits and democratization of international relations.

A conceptually new element of the Chinese strategy in Africa was the widely broadcast, unequivocal formulation of the PRC's policy as an enemy of protectionism, unilateral action, harassment and the "clash-of-civilizations mindset", coupled with an invitation to Africa's leaders to act together to protect the multilateralism and free trade system, fully account for the legal requirements, the rights and interests of developing countries (especially African), and to actively defend international equality and justice.

President Xi promised that China would speak in support of African countries in the UN and other multilateral structures, in order to facilitate directing greater resources into Africa, including to fund Africa's own peacekeeping forces.

The latter remark also serves as Beijing's response to the American strategy of "quiet" military intervention into Africa under the guise of ensuring regional stability and combatting terrorism.

9 Xi Puts forward Three-point Proposal on Developing China-Africa Relations (2019) // Forum on China-Africa Cooperation, July 1, 2019 // https://www.focac.org/eng/ttxxsy/t1677043.htm, last accessed on August 31, 2019.

As to the American “deterrence by denial” policy, China countered it with intensification of involvement in solving the issues of peacekeeping and conflict resolution. On July 15, 2019, Beijing hosted the first China-Africa Peace and Security Forum, attended by the representatives of 50 African countries, including 15 ministers and chiefs of defense, representatives of the African Union (AU) defense departments [Opening of the First China-Africa Peace and Security Forum 2019]. The goal of the Forum was to discuss the topics of new China-Africa relations and cooperation in the areas of peacekeeping and President Xi Jinping’s initiative formulated at the Beijing FOCAC Summit the year before.

Although the military involvement of the US and the PRC in Africa is hardly comparable, Beijing has accumulated considerable experience of participation in peacekeeping operations. By mid-2019, the Chinese military had taken part in 16 peacekeeping missions in Africa. The total of 32,000 Chinese troops have at varying times served in the continent’s territory as part of those missions. At present, such missions in Africa comprise around 2,000 Chinese troops stationed in the DRC, Mali, Sudan and South Sudan. Active cooperation in the military sphere is being developed with Ethiopia and Côte d’Ivoire.[10]

Apart from the economic and military and strategic components, both states are fighting for the minds and souls of Africans. Ideological rivalry today has taken the form of competition in the area of “soft power”. This issue has been rather widely discussed in Russian and foreign studies (*see*, *e.g.* [*Deych* 2017; *Urnov* 2019; *Bailard* 2016; *Zhang, Wasserman, Mano* 2016; *Tella* 2016] and others).

Conclusions

In the context of the emerging global bipolarity, the strategies of the US and China are antagonistic programs based on diametrically opposed points of reference. The US focuses on resisting proliferation of the rival’s influence by drastic, including violent (not necessarily armed) action. For the PRC, the objective is to neutralize the countermeasures taken by the US and its allies to resist Beijing’s expansion on the continent and freedom to interact with any partners in Africa, while minimizing direct confrontation.

It remains open to debate whether the ideological clash is a *sine qua non* of full-fledged bipolarity in the world. Ever since Kissinger’s “ping-pong diplomacy”, ideological antagonism not only failed to impede peaceful co-existence of Washington and Beijing, but scarcely exacted any toll on their rather close foreign economic symbiosis.

Now that the global economic and political potential of the US and the PRC has evened out, the issue once again becomes relevant. Quite a few Western politicians are asking themselves questions, albeit not decisive, but still important to define the new world order as neo-bipolar. Is China an ideological foe? Is it a sign of neo-bipolarity that the reborn Celestial Empire is challenging the Western ideology by spreading its values and perceptions of this or that political system or approaches to social and economic development issues, throughout the world? Many politicians see this triumphant advance of a political model alternative to the Western one as a threat to the maxim on the absolute superiority of Western values, economic model, ideas of legality and security.

10 China Remains committed to Promoting Global Peace, Security: Senior Colonel (2019) // Forum on China-Africa Cooperation, July 29, 2019 // https://www.focac.org/eng/zfgx_4/hpaq/t1684033.htm, last accessed on August 31, 2019.

Taken together, all that is viewed as undermining the existing world order. After all, as they are, both mono-polarity and multi-polarity ensure that Western societies can rest assured that they will receive a number of advantages globally that would allow them higher living standards for their population and inner social peace. The new bipolarity will likely further narrow the West's opportunities in these areas even compared to the present day *status quo*.

The last three decades' shift of a non-negligible portion of global resources to the "rising countries" with China in the lead has, for the first time in the post-war period, caused a disruption of the world order where each new generation in the West was better off than the previous one: children had more opportunities than their parents. Academician A.A. Dynkin called this the "destruction of social contract." For a long time, there has been a belief in the West that market reforms will liberalize China's political system. Apparently, that did not happen, and even if it did, it did not happen in the way pictured in the West initially. A well-known Russian international scholar suggests that the liberal universalism that prevailed before the 2008 crisis has exhausted itself, which translated into a painful quest for a new construction of the world order and a new social contract inside the West itself [*Dynkin* 2019].

The Chinese model not only never transformed as was expected. It turned out to be viable and competitive. It continues to evolve independently, not by way of replicating itself in other states, as is habitual for the West, but through the realization of the liberal principle "*live and let live*". It absorbs and accommodates within itself the potential of other countries that it requires, without focusing on their ideological or political preferences. This omnivory has allowed Beijing not only to win stable economic ground in Africa, but also suggest to the world an *international relations model alternative to the Western one*, that may work as the divide within the future global bipolarity.

China's current African strategy is an integral part of its global geo-economic project "One Belt, One Road". The African dimension of that mega-project is one of the key ones both in terms of its philosophy and practical implementation. One can say that the victorious march across the globe of the idea of China as one of the two opposing poles of global importance actually began in Africa. The economic achievements of the late 20th century were crucial and became the basis for further growth of the country in the world. But geopolitically, China finally rose in the West's eyes above the level of an Eastern Asian superpower precisely when it managed to project its economic might and political influence on the very remote and rather expansive African region, having considerably confined and narrowed the geopolitical and economic opportunities for rival nations there.

Here, one should recall that in Beijing's eyes, Africa holds value not only for its natural wealth and opportunities for mutual cooperation. It is the Southern main line for the PRC's network of infrastructural and communications clusters creating a unified belt of international economic, social and political cooperation on the *win-win* basis that goes from Asia to Europe *via* the Southern corridor. It is only logical that Beijing would reserve leadership in its newly created geo-economic area for itself as its creator.

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International Economic Strategy of Small African Countries in a Globalizing World[1]

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ABSTRACT. *The author has developed new criteria for the inclusion of African countries in the group of small countries. It is noted that the criteria for assignment to small countries in the developed world cannot fully meet the criteria applicable to the African continent. On the basis of a comparison of the population of Africa with some countries of Europe, small states of the African continent are singled out. Emphasize the fact that a single criterion for attributing to small countries has not yet been developed. In the author's opinion, it is incorrect to evaluate African countries using only economic indicators, since economic growth rates do not always coincide with demographic indicators, sociocultural transformations, and ethnic and tribal characteristics in Africa. The main types of foreign economic strategies of small African countries are identified and considered. It is shown that the states of the African continent often use several strategies for the development of their countries. The small countries of the African continent are actively involved in integration processes that fit into the overall concept of African modernization and development. An important role in the processes of modernization in Africa is played by international financial, educational, innovative and technical programs. Often, it is precisely small countries that become a kind of transport hub at the regional level, which contributes to the strengthening of foreign economic relations between the countries of the regions of the African continent, attracts considerable financial, resource, and innovative capital to African countries. The historical and ethnotribal characteristics of some African states, especially the long and bloody wars, hinder the progressive development of these countries. A vivid example of such tragic events is Rwanda (attributed to the small states by the author of the article), where incessant civil wars have undermined the economic and political stability in the region. In such cases, substantial international assistance will be required with the involvement of Rwanda's neighbouring countries for the implementation of possible major regional programs and investment projects. Since innovative infrastructure projects in African countries are possible only with the involvement of all countries of the region, in this regard, Russia will need new management approaches and interesting projects for the integrated development of the African continent to actively participate in ambitious African projects.*

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Definition of the term "small country"

The concept of a "small country" has different interpretations and features of use. The clearest and most widespread is the use of the term "small country" in a large regional, geopolitical and economic space. In domestic scholarship, the concept of a "small country" is covered by conceptual works – in relation to Europe, important aspects of foreign economic and internal political relations between small countries of Western Europe are considered, and the basic principles of defining the concept of a small country [*Yudanov* 1984] are analyzed.

In Russia, V.V. Volsky is rightly considered to be the author of the classification of foreign countries. For many decades, his proposed concept has been refined, modified, transformed, as its preliminary version of it was created half a century ago [*Volsky* 1968]. In the current paper, the concept of "small power" is absent, and the term "small states" is used (based on V.I. Lenin's concept of small privileged nations in Europe).

The latest periodization and classification of countries, performed by scientists in the late 1990s, shares the concepts of "small country", "small power", "small" and "smallest country", which are used, among other things, for African states [*Volsky* 2009]. The criterion for attribution to one or another category of countries is the economic indicators of states and the degree of their involvement in the world capitalist economy.

Researchers – and, most sadly, the leaders of many international organizations – cannot come to an agreement on what would define a small state in *all regions* of the world. Thus, as early as the end of the 20th century, there were several ideas about the primacy of factors affecting whether a certain state could qualify as a small state. Some scientists have advocated the defining nature of such factors as population and territory of the country, but here there is a problem with determining the exact parameters of the correlation of these figures. Regionalists, dealing with countries of predominantly small size often try to identify common features for all small countries but face the unsolvable problem of definition of the concept "small state" to date. The criteria for ranking countries as small are so numerous that they can be tentatively divided into several groups [*Sutton* 2011]:

- the political weight of the state: what exactly should the word "small" refer to: a small state, a small island state with a developing economy, a small independent state, an island state with a subnational jurisdiction, a small state with a vulnerable economy?
- the actual size of the state: what are the criteria of the small state, ministate, and micro-state?
- demographic factor: With the growth of the world's population throughout many years, the threshold of for many years, as the world population is growing, the minimum threshold to be considered a small state has moved inexorably.

Some researchers considered economic indicators to be a fundamental factor when characterizing a country. In this case, specific economic data relevant to the classification of countries [*Yudanov* 1984, p. 22–24] has not been identified. There have also been attempts to conduct calculations using cluster analysis to identify small countries simultaneously in terms of their population, territory (or arable land) and GDP [*Crowards* 2002].

In our view, it is important to take into account numerous factors to identify a small state, such as economic, territorial and demographic, political and military and strategic. However, this analysis can only be applied to a few States, since, for example, even many relatively large developing countries cannot yet demonstrate high economic performance and a certain military-strategic and trade-economic independence from the developed capitalist states. In this regard, we deem it appropriate to use the demographic index to identify small countries on the African continent, since at present the rate of population growth, coupled with high rates of economic growth, is an important indicator of their incremental modernization and progress of the developing countries.

On the African continent, "small countries" should include smaller nations (both by population and by political and economic weight in Africa). According to the World Bank criteria, 14 African countries are small states: Botswana, Djibouti, Equatorial Guinea, Gabon, Gambia, Lesotho, Mauritius, Namibia, Seychelles, Eswatini, Sao Tome and Principe, the Comoros, Guinea-Bissau and Cape Verde. These countries participate in the Forum of Small States and the population of each of them is less than 2.5 million people. However, there is a problem with the very attribution of a country to the category of small states. In Western Europe, small states traditionally include the Netherlands, whose population is about 17 million people (Data from 2015), Belgium (population of more than 11 million people), Sweden, Austria, etc., while, out of European countries, the Forum is usually attended by Cyprus, Estonia, Iceland, Malta, Montenegro, and San Marino, usually referred to as a dwarf-state. Thus, there is incoherence: African countries do not meet the criteria applied to Western Europe. Similar problems in the conceptual definition of the concept of a "small state" are also characteristic of South Asia, where there exists a regional integration organization – the South Asian Association for Regional Cooperation (SAARC). Many analytical materials contain data, identifying Sri Lanka (with a population of 22 million people) as a small state [De Silva 1999; Gunasekara 2015; Kadira 2015]. Despite having the right to vote in the regional organization, the small states of South Asia are unable to actively defend their foreign and foreign economic policy, as opposed to such heavyweights as India. Many researchers provide summary tables with the basic indicators of development of countries of the region, where the physical size of a state does not determine its real economic status [Kumar 2015]. Nevertheless, such a subjective approach is more vulnerable to criticism, because if one was to identify the country's "smallness" relative to its importance against the background of its more powerful neighbours [Knudsen 2002], even Bangladesh in South Asia can be attributed to small states when contrasted with India.

In our view, clear indicators should be used to build long-term foreign economic and geopolitical relations with African countries. If we take 12 million people as a threshold (considering that qualifying the Netherlands as a small state in Europe is a very controversial matter), then 26 African countries can qualify as small states, including Tunisia, Rwanda, Benin, Togo, Sierra-Leone, Eritrea, the Congo, Liberia, and others. The increase in the number of such countries is of practical interest to Russia since viewing the category of small states as consisting of predominantly tiny island States or small landlocked countries does not provide realistic opportunities to form meaningful connections with our country.

The historical and economic feature of the African continent is the territorial delimitation of States that did not take into account the ethnolinguistic characteristics of the development of African societies. It was the formation of independent African states, based on political realities (that is, western colonialism) that led to the destabilization in the region, to incessant internecine wars (when the representatives of one ethnos or tribe got separated by the borders of different states), resource wars, etc.

In this connection, the important role of the so-called small states must be noted, as often these countries would find themselves caught in the crossfire, surrounded by large African countries, constantly waging economic and bloody wars for influence on the continent. The position of these small countries often determines more than just the stability in different regions of Africa: sound policies of their leaders enable a progressive process of modernization and regional integration, which contributes to the development of the entire African continent.

Foreign economic strategies of small African states

Many of the countries from the group of small states have clearly defined their foreign economic strategy, namely:

comprehensive transport, logistical and technical modernization; they emphasize the special mediating role of these countries in ensuring the availability of various goods to all corners of the African continent. Since small countries require sea access to participate in the world trade, they are interested in sustaining a favorable political and economic climate in the region; they actively cooperate with the major countries of their region, involving the citizens of large countries in logistic work in their country, thereby contributing to labor integration in the region, the creation of joint ventures and projects. Employment is a particularly pressing issue for the African continent, as the eradication of terrorist threats, the control of illegal migration flows, and the limitation of arms and drug trafficking are at stake.

As can be seen from Table 1, there are obvious significant imbalances in the basic economic indicators of small African states – the countries with the larger population are not always more financially successful. Much depends on geographical and natural conditions, on the strategy of the state, political stability, investment potential, etc.

The expansion of the range of small states allows for a more detailed examination of economic indicators and in the broad perspective to determine the reasons for the lag or success of these societies.

The issue of designating Libya as a small state is the most acute, since it has always been regarded as a major State in its subregion, pursuing a clear foreign policy and foreign economic strategy that has proposed new ambitious plans for the entire African continent. Perhaps, it is in assigning his country to the number of large (with appropriate political steps), a reassessment of his political weight that there are important reasons for the abrupt radical changes in Libya, which led to fragmentation and political collapse? However, the country's small size does not always interfere with its foreign policy activity (examples are Austria, Belgium, Switzerland).

In our view, several basic types of development of the foreign economic strategy of the small countries of the African continent should be singled out.

1. States that actively participate in the integration processes in their region.

One of the important strategies for carrying out foreign economic policy is the participation in major financial regional associations and organizations. The objectives of such alliances are: the progressive integration of the region to reflect possible military and humanitarian threats, the fight against poverty, the implementation of infrastructure projects, the facilitation of trade and financial transactions among these countries, as well as the establishment of a common foreign policy and foreign economic space for the implementation of various operations with other states.

The example of the Economic Community of West African States (ECOWAS) is interesting in this regard. The following conclusions can be drawn from the organization's statistical data and annual analysis reports. First, the West African countries are the most populous part of the African continent, and their economies and political life are destabilized by military conflicts. The organization's leaders highlight this issue as their main challenge, but they are trying to take important steps to address the unemployment, one of the fundamental causes for the region's conflicts. Second, ECOWAS does indeed work closely with global economic partners – the United States (technol-

Table 1. Main indicators of the small African states

Country	Population, 2016 (mil.)	GDP, current prices and according to PPP, 2016 (USD, bil.)	GDP per capita, current prices and according to PPP, 2016, USD.
Seychelles	0.09	2.6	27 420
Sao Tome and Principe	0.20	0.6	3 191
Cape Verde	0.54	3.5	6 561
Comoros	0.80	1.3	1 582
Djibouti	0.94	3.3	3 550
Equatorial Guinea	1.22	31.7	25 968
Mauritius	1.26	25.9	20 494
Eswatini	1.34	11.1	8 242
Guinea-Bissau	1.82	2.9	1 585
Gabon	1.98	35.9	18 108
Gambia	2.04	3.4	1 681
Lesotho	2.20	7.0	3 165
Botswana	2.25	36.7	16 313
Namibia	2.48	26.0	10 470
Mauritania	4.30	16.4	3 817
CAR	4.59	3.2	693
Liberia	4.61	3.8	815
DRC	5.13	29.8	5 809
Eritrea	6.00	9.2	1 528
Libya	6.29	55.4	8 805
Sierra-Leone	7.40	10.8	1 455
Togo	7.61	11.6	1 531
Burundi	10.52	7.9	746
Benin	10.87	23.6	2 169
Tunisia	11.40	130.6	11 451
Rwanda	11.92	22.8	1 913

Compiled on the basis of the materials of the IMEMO RAS, based on: Machavariani, 2017.

ogy cooperation), China (private-sector agreements, infrastructure projects), India (agro-industrial contracts), the Islamic Bank (preliminary agreements on integration projects), *Cooperation Council for the Arab States of the Gulf* (investment projects), the EU (programs on regional infrastructure and education)[1], the African Development Bank (assistance in mechanic engineering).

The small West African countries – Togo, the Gambia, Benin – are actively engaged in the integration processes in West Africa. These predominantly agrarian-oriented countries re-export goods to neighbouring countries, which indicates the lack of transport infrastructure in this region. In the near future the capital of the Gambia – Banjul, should become the region's transport hub (for air and sea). The Gambian government is taking important steps to attract investment in infrastructure projects by reducing tariff costs for investors, facilitating administrative and legal procedures, etc.[3] West Africa's cargo flows run through a dozen and a half ports, of which five stand out: Lagos, Dakar, Abidjan and the largest ports of two small countries – Cotonou (Benin) and Lomé (Togo) [UNCTAD 2016]. At the same time, there is serious competition among the ports for the right to become the main transport hub in the region [Dyck, Ismael 2015]. For example, one-quarter of Niger's exports (2017 WTO data) is uranium raw material, which is still exported through Benin's ports, but shorter routes are being planned, which requires building new transport infrastructure[4].

The ECOWAS leadership also set out clear objectives for creating an area of free trade, progressive industrialization, construction of pharmaceutical enterprises, creation of full-fledged cross-border chains, and creation of value in the machine-building complex in West Africa. A single customs tariff, standardized passports, and a visa-free regime have recently been introduced,[5] and the single currency in the region has long existed (the West African franc). The main obstacle to the implementation of these ambitious plans is the lack of railways between some countries of the region (in particular, with large Nigeria, etc.). West Africa will need a variety of technological solutions and innovative projects to implement its programs, and this is where Russia has an opportunity to demonstrate its technical capabilities and thus become an active partner in the region.

An interesting example of regional cooperation on the African continent is the Economic Community of Central African States (ECOCAS). The countries of the region already use the single currency system, the Central African franc, which has been pegged to the French franc since its inception (1945); at the moment, the currency has a fixed euro ratio (like the West African franc). There are different opinions about the positive and negative impact of this currency on the African countries using the franc [*Lecomte* 2016]. On the one hand, the franc guarantees certain stability to these countries, facilitates foreign trade operations with each other, and strengthens economic ties with the Eu-

2 2016 Annual Report. ECOWAS Common External Tariff (CET): Achievements, Challenges and Prospects (2016) // ECOWAS // http://www.ecowas.int/wp-content/uploads/2017/11/Annual-Report-2016_English-Fina_Final.pdf, accessed 12.10.2018.

3 Trade Policy Review 2011 // Ministry of Trade, Industry, Regional Integration and Employment. Republic of Gambia // http://www.motie.gov.gm/content/trade-policy-review-2011, accessed 12.10.2018.

4 Noskov A.U. (2016) Uranoviye voyny Francii v Chernoy Afrike [Uranian wars of France in the black Africa] Nezavisimaya Gazeta. 11 October 2016 // http://www.ng.ru/ng_energiya/2016-10-11/12_uran.html, accessed 12.10.2018.

5 Free Movement of People (n/y) // ECOWAS // http://www.ecowas.int/life-in-the-community/education-and-youth, accessed 12.10.2018.

ropean Union, etc. On the other hand, a clear reference to the euro makes the franc a "heavy" currency, which negatively impacts the solvency of the local population, leads to an increase in the prices of basic products and services.

It is no accident that among the countries of the franc zone are the countries that fall within the category of the less developed – Benin, CAR, Comoros, etc.

The Southern African Development Community (SADC) is pursuing a sustained integration policy toward its fifteen member states. At the moment, significant progress has been made in promoting the economic integration of the countries of South Africa. In 2008, a free trade area was formed, and in 2010 – a customs union; an important milestone in the history of the region will be the introduction of a unified monetary system, expected in the near future[6]. Namibia plays a significant role in the integration and modernization processes taking place in South Africa. The Government, with the support of the Southern African Development Community, is implementing ambitious projects to transform Namibia's main port, Walvis Bay, into the region's largest transportation artery. The idea is that the transport corridor will provide the shortest sea route from South Africa to Europe, thereby facilitating even greater cooperation and integration with neighbouring countries in the region, as well as allowing for the expansion of the railway – to subsequently transport the cargo from the port to the interior regions of Africa.[7] In many ways, such infrastructure projects fit into Namibia's overall program of progressive industrialization (titled "Growth at Home"), taking into account the experience and assistance of other countries, friendly with Namibia: South Africa, India, Brazil, Cuba, China, and South Korea.

An important milestone in the history of the African continent, in the deepening of integration processes in Africa, was the signing in March 2018 of the Agreement on the establishment of the African Continental Free Trade Area. The Treaty provides for the establishment of a single market for goods and services and the free flow of capital and labor on the African continent. The agreement is certainly one of the world's largest (by population and number of participating countries) economic, political, and modernization projects. The treaty will allow to stimulate the intracontinental trade, attract new investment, promote transport, innovative, social and infrastructure programs. Not all African countries have joined the agreement straight away – South Africa, for example, joined in July 2018 – and new member states are expected soon.

2. Countries receiving substantial official development assistance.

It should be noted that many African States, financed through official development assistance, are the most vulnerable to internal political situations and ethnic and religious conflicts. This is the case in Burundi, Mauritania and Sierra Leone. The situation is often aggravated by the struggle for natural resources, which leads to persisting civil wars – in Sierra Leone, the war was multi-vector and multi-faceted in nature, as the conflict involved both neighbouring countries and representatives of international companies. Wars for the con-

6 Integration Milestones (n/y) // Southern African Development Community // https://www.sadc.int/about-sadc/integration-milestones/, accessed 12.10.2018.

7 African Development Bank (n/y) // http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/2014-2018-Namibia_Country_Strategy_Paper.pdf, accessed 12.10.2018.5 Free Movement of People (n/y) // ECOWAS // http://www.ecowas.int/life-in-the-community/education-and-youth, дата обращения 12.10.2018.

trol over diamond mines were called "diamond wars", and the diamonds produced in such brutal conflicts themselves are referred to as "bloody".

Representatives of development aid recipient countries have been receiving financial and innovation management support, as well as administrative assistance from the international community for years, because, torn by conflict and civil wars, they see no other way out of the situation. Only constant support from international organizations, manifesting in the introduction of new technologies – in agriculture, in combating unemployment, etc. – allows achieving a certain degree of stability not only in specific countries but also in the whole region. In some countries, strategic programs to combat unemployment (especially among young people) have already been launched, which envisage the creation and implementation of large-scale infrastructure projects, as in Benin[8]. Environmental programs emanating from the world community are likewise important for Africa: e.g., the introduction of solar energy, as in Eritrea[9], or programs on the greening and expansion of the forest and agricultural areas, as in Guinea-Bissau[10].

The top recipient of official development assistance per capita in 2016 in Africa was Sao Tome and Principe, which received USD 235 per capita from bilateral and multilateral sources, an average of 11 times the world average, followed by Cape Verde (USD 210) and Djibouti (USD 196)[11]. Despite the relative stability of the political situation, these countries, due to their very small size (in each of these states the population is below 1 million people) and a number of other factors, also have to rely heavily on foreign assistance.

In 2016, nine small countries on the continent received twice as much official development assistance per capita as the African average. The largest of them is Rwanda, which ranked eighth in per capita terms (USD 96)[12]. Rwanda is the largest country (with a population of more than 11 million people) among the small states of Africa. The country's historical development features – such as protracted and bloody civil wars – have caused a significant setback in the process of modernization. International projects and financial aid are aimed at the comprehensive development of the country. At the moment, Rwanda's main development programs are focused on educational and infrastructure policies.

3. Countries with *offshore* foreign economic policy.

According to the IMF, Seychelles[13] is the only African country among the offshore economic zones, whereas according to the Ministry of Finance of the Russian Federation, Africa's offshore zones com-

8 Stratégie Nationale de Mise en Œuvre de la Politique Nationale de l'Emploi (2018) // PNUD. Burundi, May 5, 2018 // http://www.bi.undp.org/content/burundi/fr/home/presscenter/articles/2018/Strategie-nationale-de-la-politique-nationale-d-emploi.html, accessed 12.10.2018.

9 Bye Bye Kerosene! Residents of Ajerbeb Village Welcome Solar Energy Lighting (2017) // PNUD. Eritrea, November 15, 2017 // http://www.er.undp.org/content/eritrea/en/home/presscenter/articles/2017/11/15/bye-bye-kerosene-residents-of-ajerberb-village-welcome-solar-energy-lighting.html, accessed 12.10.2018.

10 Le Fond Mondial pour l'Environnement à Travers le PNUD Appuie la Valorisation Culturelle et le Reboisement dans la Région de Biombo (2018) // PNUD. Guinea-Bissau, May 6, 2018 // http://www.gw.undp.org/content/guinea_bissau/fr/home/news-centre/le-pnud-appuie-la-valorisation-culturelle-et-le-reboisement-dans.html, accessed 12.10.2018.

11 Net ODA Received per Capita (current USD) (n/y) // World Bank // https://data.worldbank.org/indicator/DT.ODA.ODAT.PC.ZS, accessed 12.10.2018.

12 Rwanda. Human Development Indicators (n/y) // United Nations Development Programe // http://www.hdr.undp.org/en/countries/profiles/RWA, accessed 12.10.2018.

13 Offshore Financial Centers (OFCs): IMF Staff Assessments (2014) // International Monetary Fund, November, 2014 // http://www.imf.org/external/NP/ofca/OFCA.aspx, accessed 12.10.2018.

prise Mauritius, Liberia, Comoros and Seychelles.[14] For one of the world's poorest countries – Liberia – an important revenue item is the use of the country's flag by merchant ships of other states (a so-called convenient or cheap flag). This practice allows foreign courts to receive low tax rates, reduce formal procedures and avoid the bureaucracy, etc. Mauritius, which is not an offshore zone according to the IMF, has some bureaucratic features that hurdle a wholesome functioning of its offshore foreign economic policy – it never joined signed Hague Convention Abolishing the Requirement of Legalisation for Foreign Public Documents, which means that to legalize an offshore in this country one would need to send documents to a third country, who has an apostille agreement with Mauritius. This state has no similar agreements with major Western partners (unlike Russia)[15]. Thus, it is possible to speak about the privileged position of Russian business partners in Mauritius (although as of now this island is more popular with Indian companies). Many wealthy Russians in Comoros, an offshore zone, were attracted by the opportunity to obtain second citizenship for investment in the country. However, since 2017, this practice has been suspended. In terms of the full range of tax breaks and openness to the international business community, the banks of Comoros are rather weak, poorly oriented toward international contacts and mainly rely on the domestic market.

The issue of "cheap flags" for Russia is of a strategic nature – the main reason for registering ships in offshore zones is the fact that most Russian vessels are built on foreign shipyards on the loans from Western banks, which put forward requirements for offshore registration. In Russia, the necessary conditions for the construction of cargo and passenger vessels are no longer there, and the credit policy of Russian banks is only a source of outrage. The policy of attaching Russian vessels to foreign countries with reduced taxation reflects the whole set of problems in our country.

Seychelles is Africa's most popular offshore zone, attractive to businessmen due to its high levels of secrecy, a minuscule tax rate, and a relatively simple bureaucratic system.

4. Countries based on resource potential in their foreign economic strategy.

The availability of natural resources certainly has a positive impact on the economic indicators of various countries. In African countries, the mineral-rich land, with no developed political representation in states and a complex ethnic and confessional structure of society, is often colored in red by protracted bloody wars. The struggle for resources becomes the main development strategy of these states.

The African continent is rich in natural resources. The most important are oil and gas deposits, diamonds, coal, gold, phosphorites. However, Africa's major minerals are very unevenly spread across the continent. The problem for African countries is that there is a need for qualified personnel for mining (in rather complex geological and geographical conditions), processing and transportation, which requires specialized education, which is still in its infancy in Africa. This leads to a severe

14 Perechen gosudarstv i territoriy, predostavlyayuschih lgotnyiy rejim nalogooblojeniya i (ili) ne predusmatrivayuschih raskryitiya i predostavleniya informatsii pri provedenii finansovyih operatsiy (ofshornyie zony) [List of states and territories allowing preferential tax treatment and (or) not allowing for the disclosure of information when conducting financial transactions (off-shore zones)] (2013) // Russian Ministry of Finance, accessed 12.10.2018.

15 Off-shore po-Mavrikijski: esli vy sbezhali ot nalogov, vas vse ravno razdenut [A Mauritian off-shore: if you evade tax, you will still be left with nothing] (1995) // Kommersant. 6 September 1995 // https://www.kommersant.ru/doc/19214, accessed 12.10.2018.

shortage of labor, which is why many African countries attract foreign specialists and investment to develop their deposits.

Among Africa's small countries with the most natural-resource-dependent economies are Equatorial Guinea (where the share of industry except manufacturing is more than 94% of GDP), the Republic of Congo (69% of GDP), Gabon (more than 48% of GDP), Mauritania (about 40% of GDP), Botswana (more than 30% of GDP), Guinea (about 25% of GDP), and Sierra Leone (about 21% of GDP)[16].

Equatorial Guinea, having found vast reserves of oil in the 1990s, has made a significant and sharp leap in the economic dynamics of the African continent, becoming the top-third producer of oil in the Sub-Saharan region (after Nigeria and Angola, followed by Gabon and the Republic of Congo)[17]. But Equatorial Guinea's heavy dependence on energy exports (mainly in the US) weakens and undermines the country's stability, as the state remains tied to global oil prices and is thus vulnerable economically. In recent years, with oil prices plummeting, the state has taken important steps to overcome the economic and political imbalances. With the support of the African Development Bank, the necessary measures have been taken in the areas of construction, infrastructure upgrading, developing the system of education and administration through a program to encourage the education of local people abroad[18]. Having joined OPEC in 2017, Equatorial Guinea relies on large investment projects, mainly from the Gulf countries, which are actively investing in the growing economies of the world[19].

5. Countries that see a large neighbouring country or a former metropole as their main partner in their foreign economic policy (and often foreign policy in general).

These include Tunisia. A country in the grip of the big states of North Africa, which have a very complex relationship among themselves, fighting for influence in this region and Africa as a whole, has chosen to wholly rely on France in its foreign policy and foreign economic strategy.

In South Africa, Eswatini is the most prominent example of seeking support with a strong neighbour. Swaziland's strong dependence on the South African economy is reflected in their economic indicators: 85% of Swaziland's imports come from South Africa, and 60% of that country's exports go to South Africa. Eswatini is actively involved in a major South African electrification project across all South Africa – companies from Mozambique, South Africa, and Eswatini are setting the stage for a successful model of cross-state cooperation, and private-public partnerships.

The geographical features of Lesotho's location have defined the country's close relationship with South Africa, its main economic and strategic partner. This predominantly agrarian country with a small territory needs a reliable partner in the region. South Africa provides employment opportunities for Lesotho nationals in various sectors of the economy, but mainly in mining (according to some unofficial sources, financial transactions from South Africa by Lesothon workers

16 UNCTAD (2015) // UNCTAD Handbook of Statistics 2015 // http://unctad.org/en/PublicationsLibrary/tdstat40_en.pdf, accessed 12.10.2018.

17 BP Statistical Review of World Energy. June 2017, p. 14.

18 Equatorial Guinea Economic Outlook (n/y) // African Development Bank // https://www.afdb.org/en/countries/central-africa/equatorial-guinea/equatorial-guinea-economic-outlook/, accessed 12.10.2018.

19 Equatorial Guinea. Overview (n/y) // World Bank // http://www.worldbank.org/en/country/equatorialguinea/overview#1, accessed 12.10.2018.

account for about 30% of the economy's income[20]).

Close economic, geostrategic, transport and logistics links define Djibouti's relationship with its large neighbour Ethiopia. With the ongoing investment megaprojects to upgrade the transportation corridor in the region, Djibouti's economic growth has accelerated recently to 6.5% (2014-2016). The country's program "Vision 2035" provides for substantial international financial assistance (primarily from the World Bank) in the amount of over USD 100 million.[21] The investment package includes various economic, agrarian and technical, educational programs that will allow Djibouti to develop and strengthen regional security. Ensuring a stable economic environment in the region will contribute to the effective functioning of one of the busiest transport arteries in the world – the Bab al-Mandeb Strait – because it is the poor who often become easy prey for terrorist groups, organized crime, and others.

* * *

The aforementioned economic strategic of small African states are rather tentative since some countries identify several models of their policy in their vision at the same time. Clearly, all of Africa's small countries lack skilled labor to develop natural resources, carry out the necessary infrastructure projects, and to formulate investment policies. The education system also needs to be reformed everywhere, because, although the colonial authorities had trained local populations in their time, all the skills that had been developed are obsolete and require revision. Given its geographical location, African countries need large-scale and innovative agro-industrial and environmental programs – to use solar energy, expand and diversify agricultural specialization. Throughout Africa, the population is facing a severe shortage of medical equipment, medical personnel, and facilities.

African countries are closely entertwined – both the cultural and historical past (especially colonial), and the specifics of tribal relations between countries (when some peoples and tribes have become separated by the borders of new states), and the role of minerals in the development and modernization of all African countries – all of these factors only strengthen the interdependence and complementarity of each country on the African continent. It is worth noting that this region is important for Russia, but the Russian side should offer Africans not only large national projects (such as the construction of nuclear power plants), but above all large-scale intercountry and regional projects. Major regional projects launched in small African countries will promote integration processes, develop and expand the transport and logistics accessibility across the continent.

To build long-term foreign economic and geopolitical relations in Africa, it is worth viewing the African continent as a single and indivisible whole – given the complex ethnopolitical and ethnic-tribal peculiarity of these African societies. The progressive development of the continent depends on the intensification of both intra-African and international foreign economic ties.

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The EU's Humanitarian Policy in Africa and Migration Crisis

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ABSTRACT. *The article considers the essence and peculiarities of realizing of human security in the EU external policy in general and specifically in Africa. The article reveals the principles of the EU interest in Africa as a focus of their humanitarian policy: phantoms of the collective memory of the political class of Western European countries, huge potential of resources and markets, migration and terrorist threat. It is argued that this policy is considered by the EU as its strategic foreign policy narrative, in the course of which the Union, while ensuring the security of the African continent, primarily realizes its own interests. Specific features of the interpretation of this narrative in official documents of Germany as a key member of the EU are specified. It is revealed that Germany aims to play a major role in shaping European policy towards the African continent, and the specificity of its approach is economic-centric, which distinguishes it from the EU's general approach to Africa. The key question of the article is how is disinterested Germany's role, despite its permeation with the spirit of liberal values as a supplier of human security to African countries. It is shown that the discrimination of refugees and migrants in migration flows in the EU emphasized the importance of the Union's activities in ensuring human security in Africa. In accordance with its goal to become the leading actor of the EU policy on the continent, its role as a leader of the liberal world and the peculiarities of the consequences of the migration crisis for the political and party system of the country and the stability of the social state, Germany proposed the German "Marshall Plan" for Africa as a concretization of its humanitarian policy on the continent. The parameters of this Plan, its advantages and implementation difficulties are considered. It is concluded that Germany's approach to Africa, on the whole, indisputably contributes to the latter's development. At the same time, it is to a large extent focused on solving the tasks of ensuring national security of Germany itself, promoting the interests of German business, creating new German "reserves" in Africa through the African partnership. In this bi-directional process there is no obvious contradiction, but the results of this process can become ambivalent.*

KEY WORDS: *Africa, EU, Germany, migration, human security, Germany's Marshall Plan with Africa, foreign policy, diplomacy*

Humanitarian Policy of the EU

In the late XX- early XXI centuries, following the end of the Cold war and the related transformation of the world political system, new aspects in the understanding and interpretation of the phenomenon of security emerged. These aspects were formulated from the issues that were (to a certain extent and for understandable reasons) outside the focus of attention of both politicians and experts; namely, these problems are disease, poverty, ecology. In essence, at the beginning of the new millennium, security studies "saw a paradigm shift from a political-realistic approach to liberal-humanistic" [*Ullman* 1983; *Tuchman* 1989]. This resulted in the introduction into the political vocabulary of a new concept of "humanitarian security." Its core lies in a change of priorities: first and foremost, human security must be ensured, and the security of states comes second [*Duffield, Waddell* 2006]. At the same time, the latter retain the function of a security agent, acting as instruments of power and administration in the fields of education, local self-government, maintenance of public order, social security, etc. [*Mckee* 2009].

The European Union first announced the need to incorporate the concept of humanitarian security into its foreign policy in the European Security Strategy of 2003[1], and has consistently developed this idea ever since. They established an independent Study Group on Security potential in Europe, operating under the overall patronage of the High Representative for Common Foreign Security and Security Policy, Javier Solana. Later, it changed its name to the Human Security Group under the leadership of M. Kaldor [*Kaldor, Martin, Selchow* 2007]. Since 2004, this group has prepared a series of studies in which the concept of human security was gradually developed until it was fully articulated. These studies were called the Barcelona Report (2004)[2], the Madrid Report (2007)[3], and the Berlin Report (2016)[4]. The findings identified human security as a new reference model for ensuring security [*Henk* 2005], based on the recognition of the unconditional relationship between security and development [*Youngs* 2008]. Its involves giving the leading role to the centrality on the person, understood as the identification and elimination of a wide range of socio-humanitarian threats and vulnerabilities of people, and the creation of a stable and reliable state of their security. In 2016, the policy of ensuring human security was enshrined in the European Union's Global Strategy for Foreign and Security Policy as the strategic foreign policy narrative of the Union[5]. This implied the completion of the political nucleus of the EU's international identity – a principled rejection of all violence, the triumph of liberal values, which were seen as the norm for international life.

Expert assessments of the importance and productivity of the concept of human security vary. Some researchers argue that the European Union has become the main driving force behind the implementation of the human security policy [*Martin, Owen* 2010]. Others – that humanitarian security has not yet become a strategic narrative of the EU, and has only to a small ex-

1 Evropeyskaya Strategiya Bezopasnosti. Bezopasnaya Evropa v luchshem mire [European Security Strategy. A safer Europe in a better world] (2009) // European Council Council of the European Union // http://www.consilium.europa.eu/media/30825/qc7809568ruc.pdf, accessed 12.10.2018.

2 A Human Security Doctrine for Europe. The Barcelona Report of the Study Group on Europe's Security Capabilities (2004) // London School of Economics and Political Science // http://www.lse.ac.uk/internationalDevelopment/research/CSHS/humanSecurity/barcelonaReport.pdf, accessed 12.10.2018.

3 A European Way of Security. The Madrid Report (2007) // London School of Economics and Political Science // http://eprints.lse.ac.uk/40207/1/A_European_Way_of_Security%28author%29.pdf, accessed 12.10.2018.

4 From Hybrid Peace to Human Security: Rethinking EU Strategy towards Conflict (2016) // Securityintransition.org, February 24, 2016 http://www.securityintransition.org/wp-content/uploads/2016/02/HSSGReport.pdf, accessed 12.10.2018.5

5 Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign and Security Policy (2016) // http://europa.eu/globalstrategy/sites/globalstrategy/files/regions/files/eugs_review_ web_0.pdf, дата обращения 12.10.2018.

tent, though in some cases quite successfully, been incorporated into its foreign policy. Critics of the concept believe that the EU, like a number of other states in the world, such as Japan, Norway or Canada, implements human security practices primarily in order to strengthen its place and role in world politics; that is, to successfully and effectively defend and promote their national interests on the international scene. It is only in the second place that the human security policy pursued by these countries is linked to the real objectives of improving and protecting the lives of people [*Black* 2006]. In that case, human security practices are no more than a soft tool of violence in the "power hand" [*Booth* 2007].

Key research issues of the Article. Is there a contradiction between Germany's policy on human security in Africa and the national security objectives of the Federal Republic itself? To what extent are these policies practiced by a selfless supplier of human security to Third World countries, and in what way are they used to strengthen its influence on the continent?

Africa as the focus of the EU humanitarian policy

Despite the contrast between these assessments, the EU persistently and consistently continues to pursue a policy of human security, giving special importance to Africa. It is the largest recipient of European official development assistance (ODA). For the period 2007-2013, the EU allocated 141 billion euros to Africa, with total ODA for 2014-2020 amounting to over 31 billion euros. For the Union, Africa is the focus of their humanitarian policy for three key reasons that are difficult to present in any hierarchy.

First, it is the collective guilt felt by the EU's political class, and above all by the political class in Western Europe, in light of the negative consequences of the colonial policies in Africa that were carried out by the leading European powers from the second half of the XIX century to the end of World War II. These consequences include the creation of artificially delineated territorial boundaries, which resulted into forcibly separating many ethnic groups (for example, the Somalis, divided between France, Italy and Great Britain); a barbaric destruction of the tribal system as an institutional fabric of many African states; the eradication of traditional beliefs; linguistic expansionism; forced mobilization of indigenous population during the two world wars, which led to numerous losses among the Africans on the battlefields of European battles, and much more. In the mid-XXth century, the unfortunate failures of decolonization for Western countries, such as attempts to democratize African societies, contributed to an escalation of social, political and ethnic tensions on the continent. It resulted in civil wars in the Gulf of Guinea states (Liberia, Sierra Leone), the escalation of the civil war in Angola and the beginning of ethnic cleansing in the Great Lakes area (DRC, Rwanda, Uganda). As a result, today the African continent is suffering from bloody inter-State strife and conflict. According to a report by the Armed Conflict Location and Event Data Project (ACLED), between 1990 and 2018, the region's share in the world's human losses due to armed conflict of all kinds amounted to 84%[6]. Even though fifty-four African states have their own history, the distinctness of their political culture, the lack of sufficient political

6 ACLED Version 8 (1997–2017) (2017) // Armed Conflict Location and Event Data Project // http://www.acleddata.com/wp-content/uploads/2018/01/ACLED-Version-8-All-Africa- 1997-2017_dyadic-file.xlsx, accessed 12.10.2018.

experience and the immaturity of their political elites force relatively young African states to repeat the public administration mistakes made by the European powers in Africa in the late XIX and early XX centuries. Today, these powers seek to correct their mistakes by providing African states with multilateral support.

Second, Africa is a continent of great opportunities: demographic development, an abundance of resources, and a growing middle class could soon shape vast markets – both for resources and as market outlets [*Abramova, Fituni* 2015]. Africa is a "Klondike of interaction" with many countries of the world [*Gerasimova* 2016]. However, we must also point at the enormous social and economic risks caused by the same demographic processes. Africa is the only continent where the poverty rates will keep rising, and it risks falling extremely behind the world's average growth rates. However, Africa's subregions are intensively developing their integration mechanisms, which are geared toward different growth rates and with a different focus of interests. However, being endowed with natural resources often becomes deadly to African countries, leaving behind the usual consequences of the resource curse, haunting resource-rich countries. In Africa, one of the fatal manifestations of this curse is the problem of "conflict (bloody) diamonds." The problem arises in connection with the so-called alluvial diamonds, whose deposits surface in areas adjacent to bodies of water. The mining of such diamonds is based on simple, artisanal techniques that require minimal investment and short-term training for workers, which is an attractive way to mine minerals illegally that brings huge amounts of money to criminal groups.

In the Democratic Republic of the Congo, for example, the proven and the anticipated reserves are considered the largest in the world, which has led to decades of war, looting and massive impoverishment of the country's 50 million people. The same is true in Angola, where in the 1990s UNITA funded the hostilities with the funds from the sale of "conflict diamonds," with several African countries involved in the process – Togo, Zambia, Côte d'Ivoire, and Morocco[7]. In CAR, the industry represented by gold and diamond mining amounts to about 500 thousand carats per year[8]. The extensive level of diamond mining and smuggling in this country caused three civil wars (2004–2007, 2012–2013, 2013–2014). A ceasefire between the two groups engaged in illegal diamond mining – rebels from the Muslim group Séléka and the Christian militia Anti-balaka was only achieved through a France-initiated military intervention in 2013-2016.

In response to the situation in May 2000, at the initiative of South Africa, Botswana and Namibia, representatives of states-producers of rough diamonds and states-consumers met in Kimberly, South Africa to find solutions to the problem of "conflict" diamonds. The initiative was called "the Kimberley process" (KP)[9]. The KP introduces a mandatory certification scheme (KPCS), adopted in November 2002.[10] Its goal is to eliminate the entry into trade of illegally mined diamonds, including in areas of armed conflict. Today,

7 Final Report of the UN Panel of Experts on Violations of Security Council Sanctions Against Unita. The "Fowler Report" (2000) // Global Policy Forum // http://www.globalpolicy.org/global-taxes/41606-final- report-of-the-un-panel-of-experts.html, accessed 12.10.2018.

8 Hugon Ph. (2016) Les Défis de la Stabilité en Centrafrique, Paris: Institut de Relations Internationales et Stratégiques // http://www.iris-france.org/docs/kfm_docs/docs/philippe-hugon---centrafrique---fvrier-2014mise-en-page-1.pdf, accessed 12.10.2018.

9 What is the Kimberley Process (n/y) // Kimberley Process // http://www.kimberleyprocess.com/en/what-kp, accessed 12.10.2018.

10 Kimberley Process Certificate Scheme (n/y) // Kimberley Process // http://www.kimberleyprocess.com/en/system/files/documents/20131122_kpcs_core_ document_eng_amended_clean.pdf, accessed 12.10.2018.

within the framework of the Process, such certification control of export-import operations provides up to 98% of the world's diamond turnover, and the Process itself unites 81 countries[11].

The European Union, by fully promoting certification to curb the illicit trade in raw materials, is committed to ensuring that government revenues from mining and other key African industries are used to address the challenges, particularly those related to their development[12].

Third, Africa is a source of migration and terrorist threat to the EU. At the same time, North Africa, linked to the countries of the Middle East and the Mediterranean, occupies a place in the policy of the Union, different from the SSA, which comprises states located south of the Sahara.

North Africa, populated mainly by Caucasians, borders directly on Europe and has long-standing historical, economic and cultural ties with it. A number of Western countries have their enclaves in North Africa. For example, Spain has six enclaves in Morocco, two of which – Ceuta and Melilla – are open to Schengen visa holders, and visa-free travel is reserved only for residents of nearby Moroccan provinces of Tetuan and Nador. From Ceuta and Melilla, you can reach Spain by ferry. That is why these enclaves, surrounded by barbed-wire fences, get regularly stormed by thousands of African migrants in attempts to reach the European Union. Attempts to cross the border of Ceuta grew by 71% in 2017, and Colonel Jose Luis Gomez Salinero of the Civil Guard Command of the city warned that his people are being forced to fight "very young and very physically strong" migrants, armed with cold weapons and ready to resort to "any violence" to achieve their goal [Montgomery 2018]. In mid-June 2018, Madrid officially announced that the cabinet intends to do everything possible to dismantle these fences to avoid further casualties on both sides. This decision is completely inconsistent with the key objective of the EU policy in North Africa – ensuring Euro-Atlantic and regional security, creating a kind of a stability corridor between the EU and other territories of the South – but it is fully in line with the EU human security principles and policies.

In turn, the SSA has traditionally been an area of trade and economic interest of the EU. Recently, however, it, like North Africa, has been turning into a zone of influence for terrorism and radical Islam, which not so long ago seemed very unlikely not only to the EU but also to the entire international community. This fact was noted among others at the ministerial meeting of the Southern African Development Community-EU Ministerial Political Dialogue in 2018[13].

The EU's greatest fear is destabilization of Nigeria, where the population is roughly equally divided between Muslims and Christians, creating permanent interfaith tensions. In the Nigerian state of Borno in the northeast of the country is the core of the famous terrorist group "Boko Haram". Cells of this organization can be found in many other states of the north of the state – from Yobe, Plateau and Kano to Bauchi, Adamawa, and Sokoto. Since 2013, Boko Haram has intensified its activities by planning terrorist acts along the

11 2018 KP Participants List (n/y) // Kimberley Process // http://www.kimberleyprocess.com/en/2018-kp-participants- list, accessed 12.10.2018.

12 European Union and the Kimberley Process (n/y) // Kimberley Process // http://www.kimberleyprocess.com/, accessed 12.10.2018.

13 Southern African Development Community-EU Ministerial Political Dialogue 2018 (2018) // European Union External Action Service // http://eeas.europa.eu/headquarters/headquarters-homepage/42564/southern-african-development-community-eu-ministerial-political-dialogue-2018_en, accessed 12.10.2018.

border areas of the states neighbouring Nigeria, such as Chad and Niger. A multinational group of the Lake Chad basin states has been established to conduct a joint operation to destroy terrorists and radical extremists. It included Nigeria, Chad, Cameroon, Niger, Benin – overall, over 1.5 thousand people. As a result of a large-scale advance, the countries managed to knock out the followers of Boko Haram from a number of states, but they could not destroy the whole threat. Boko Haram aptly exploits the grievances among the Muslim population, extreme poverty, and high youth unemployment in Borno, Yobe, and Adamawa, with unprecedented corruption in the ruling elite leading to the economic and political marginalization of the country's northeast.

It can be argued that insurgencies and civil wars have led to an ongoing political crisis and regional instability on the African continent in certain areas of North Africa, from Libya to Egypt, Sudan, Ethiopia and Eritrea, Somalia; in Western Sahara, from Morocco to Mauritania; in West Africa – Liberia, Sierra Leone, Mali, Guinea, Burkina Faso, and Côte D'Ivoire. The situation has also recently worsened in Nigeria, mainly in the Niger Delta and in northeastern Nigeria; in Eastern and Central Africa – Uganda, Tanzania, Kenya, Rwanda and Burundi, Gabon and Congo; Zaire and Zambia; in South Africa – in Angola, Namibia, Mozambique, and Zimbabwe.

Therefore, the EU, in numerous joint agreements with African countries and subregions, including the Horn of Africa, the Sahel, the Great Lakes and the Gulf of Guinea, the Cotonou Agreement, the Lomé and Yaoundé Conventions, the Joint Africa-EU Strategy, has consolidated the ideas and principles of its policies on the continent, including humanitarian policies[14]. Their goal is to focus not only on protecting territorial borders, but also on protecting people from "poverty, migration, HIV/AIDS infections, environmental instability and social exclusion, which is directly related to human and, hence, global security" [*Duffield, Waddell* 2006]. The key principle is a comprehensive, "inclusive" approach to problem-solving that covers various areas of the continent and their sub-regions.

The EU's integrated approach to the Sahel region is particularly illustrative, viewed as having a direct impact on the Union's interests and security [*Thompson* 2016; *Kartsonaki, Wolff* 2015]. The Sahel is treated by the EU as an "ineffective" region, facing difficulties in "providing protection, assistance, development and public services to the local populations" and "insufficient operational and strategic capacities (...) to ensure human security[15]." The Sahel states themselves are incapable of supporting decent living conditions in their own territory, and the "effective" EU aims to help them by participating actively in critical political processes, thereby strengthening its role as a key international actor in addressing the regional crisis.

In 2011, the EU adopted a Strategy for Security and Development in the Sahel, which sets out the principles of the European approach to solving the problems of the region[16]. They are specified in the 2015 Sahel Regional Action Plan. The key moti-

14 Southern African Development Community-EU Ministerial Political Dialogue 2018 (2018) // European Union External Action Service // http://eeas.europa.eu/headquarters/headquarters-homepage/42564/southern-african-development-community-eu-ministerial-political-dialogue-2018_en, accessed 12.10.2018.

15 Strategy for Security and Development in the Sahel (n/y) // European Union External Action Service // http://eeas.europa.eu/archives/docs/africa/docs/sahel_strategy_en.pdf, accessed 12.10.2018.

16 Strategy for Security and Development in the Sahel (n/y) // European Union External Action Service // http://eeas.europa.eu/archives/docs/africa/docs/sahel_strategy_en.pdf, accessed 12.10.2018.

vation for both the Strategy and the Plan is that any threats to the stability and security of the region also threaten the stability and security of the European Union. Many disasters – from poverty and population growth to environmental concerns – "not only affect the local populations but increasingly impact directly on the interests of European citizens."[17] In this context, the European Union aims to achieve the necessary political and humanitarian sustainability in the region. The focus is not on analyzing the nature of threats or "shocks," but on identifying and systemizing "major vulnerabilities" that threaten the development of the region's resilience[18]. The EU currently supports Sahel countries in three main areas: political partnership through regular EU-G5 dialogs; development assistance, which includes €8 billion in support to the region during 2014-2020, including through the European Union Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa, established in 2015; security support: the EU supports specific regional security initiatives by deploying three missions – two civilian in Niger and Mali (EUCAP Sahel Niger, EUCAP Sahel Mali) and an EU training mission in Mali (EUTM Mali) within the framework of CSDP[19]. This is the EU's comprehensive, integrated approach: the specifics of the situation in hand dictates the need to reassess the entire set of existing practices and choose the most effective of them.

In 2017, on the initiative of the EU in Germany and France, the Alliance for the Sahel was established.[20] In February 2018, the European Commission held an international summit conference on the Sahel in Brussels, together with the African Union, the United Nations, and the Sahel five, with the goal of strengthening international support for the region.[21] The EU's general idea is that "[e]nsuring the security, stability and development of the countries of the Sahel is in the interest first of all of the local populations but also of European citizens," Mogherini said at the Elysée Palace launch. "We are neighbours and we need to respond together to the challenges of fighting terrorism, trafficking and climate change", said Mogherini.[22]

Nevertheless, some researchers believe that the EU's generosity, "its constant appeal to rights, freedom, and people, conceals their persistent will to manage and contain the unrest, not to resolve it." [*Dufield* 2007] This is true in the sense that the EU's flexibility in implementing human security policies depends on the degree of threat to its own interests. In this regard, migration is a matter of particular concern for the EU: "Poverty creates its inherent instability, which can affect uncontrolled migration flows,"[23] "Migration pressure in-

17 Strategy for Security and Development in the Sahel (n/y) // European Union External Action Service // http://eeas.europa.eu/archives/docs/africa/docs/sahel_strategy_en.pdf, accessed 12.10.2018.

18 AGIR – Building Resilience in the Sahel & West Africa (2017) // European Commission // http://ec.europa.eu/echo/files/aid/countries/factsheets/sahel_agir_en.pdf, accessed 12.10.2018.

19 Factsheet: EU Relations with Sahel Countries (2016) // European Union External Action Service // http://eeas.europa.eu/archives/docs/factsheets/docs/sahel-european-union-factsheet_en.pdf, accessed 12.10.2018.

20 Alliance for the Sahel Will Reinforce EU Work for Stability and Development of Key Region (2017) // European Union External Action Service // http://eeas.europa.eu/headquarters/headquarters-homepage/29876/alliance-sahel-will-reinforce-eu-work-stability-and-development-key-region_en, accessed 12.10.2018.

21 The European Union's Partnership with the G5 Sahel Countries (2018) // ReliefWeb // http://reliefweb.int/report/world/european-unions-partnership-g5-sahel-countries, accessed 12.10.2018.

22 Alliance for the Sahel will Reinforce EU Work for Stability and Development of Key Region (2017) // European Union External Action Service // http://eeas.europa.eu/headquarters/headquarters-homepage/29876/alliance-sahel-will-reinforce-eu-work-stability-and-development-key-region_en, accessed 12.10.2018.

23 Strategy for Security and Development in the Sahel (n/y) // European Union External Action Service // http://eeas.europa.eu/archives/docs/africa/docs/sahel_strategy_en.pdf, accessed 12.10.2018.

creases, which means serious consequences for the EU[24]."

Germany's policy of human security in Africa

Germany, as part of its foreign human security policy, proposed its own approach to African development[25] in 2014. This approach has been expressed in a paper entitled "Key Principles of Federal Government Policy in Africa" (Afrikopolitische Leitlinien der Bundesregierung), prepared by the Federal Ministry of Foreign Affairs[26]. Germany's rules for working with the African continent contain three main sections: An analysis of the situation at hand, an analysis of the parameters of Germany's presence in Africa, and an analysis of the parameters of a holistic, networked approach to German policy in Africa. Let us take a closer look at them.

The first section emphasized that Germany, like the EU as a whole, has a comprehensive approach to its humanitarian policy in Africa. Africa's potential stems from its rapid demographic development, rich natural resources, and the great potential of agricultural production. African markets are developing dynamically and are becoming increasingly interesting for Germany's economy, due to the growing purchasing power of the African population, rising demand for German products and high technology, increased investment, and innovative proposals. The document states that, contrary to popular belief, political stability is also gaining strength in Africa through the growth of democratic institutions. However, continued risks need to be reduced if further progress is to be made. The potential for destabilization of regional crises is quite high due to the growing mass of refugees, displaced persons, climate change, water shortages, etc. Africa's "fragility" remains a problem with significant impact on Europe. Risk factors include lack of effective governance, ethnocentrism and nationalism, uncontrolled small arms stockpiles, organized crime, national and international terrorism, especially in North Africa and the Sahel. Moreover, Germany should explore better the activities of third parties (China, India, Turkey, Brazil, Japan, and the US) in Africa, with a strategic interest in developing Europe's authority and influence in Africa.

The general conclusion of this section is that cooperation with Africa is in Germany's national interest. The financial crisis in Europe and its management have made Germany a central player in Europe, which Africa, too, recognizes. As a result of these factors, Germany's presence in Africa should be expanded, and the second, most extensive and detailed section of the document is devoted to the parameters of this presence.

In total, it identifies fifteen German priorities in cooperation with Africa[27].

1. Further strengthening of the regional integration. The goal is to promote political and economic cooperation, reduce tensions, create larger markets with free movement of labor and capital, reduce trade barriers, and increase the attractive-

24 AGIR – Building Resilience in the Sahel & West Africa (2017) // European Commission // http://ec.europa.eu/echo/files/aid/countries/factsheets/sahel_agir_en.pdf, accessed 12.10.2018.
25 Deutschland und Afrika: Konzept der Bundesregierung (n/y) // Bundesministerium der Verteidigung // http://www.bmvg.de/de/themen/dossiers/engagement-in-afrika/das-engagement/grundlagen/deutschland-und-afrika-konzept-der-bundesregierung, accessed 12.10.2018.
26 Afrikapolitische Leitlinien der Bundesregierung (2014) // Bundesministerium der Verteidigung // http://www.bundesregierung.de/Content/DE/_Anlagen/2014/05/2014-05-21-afrikapolitische-leitlinien.html, accessed 12.10.2018.
27 Afrikapolitische Leitlinien der Bundesregierung (2014) // Bundesministerium der Verteidigung // http://www.bundesregierung.de/Content/DE/_Anlagen/2014/05/2014-05-21-afrikapolitische-leitlinien.html, accessed 12.10.2018.

ness of countries to domestic and foreign investors. Germany seeks to focus its African policies on promoting regional organizations, including through the transfer of the European Union's integration experience.

2. Strengthening the African Peace and Security Architecture (APSA). The objective is to support African countries in conflict management through targeted assistance in the areas of training, counselling and equipment for military and security forces. To counteract the disintegration of States and prevent the negative impact of such disintegration on neighbouring subregions and on Europe by preventing crises in a timely manner. To promote economic recovery and combat the structural causes of conflict, demobilization and reintegration of militias, security sector reforms and effective trade control. Maintain certification of "conflict minerals".

3. The promotion of agriculture, which is a key area of African development, rural development and sustainable urbanization. Of particular importance is the development of value chains (processing and marketing), as well as support for inter-firm cooperation. The German economy should participate in this process with its contributions. Within the framework of the EU-Africa partnership, Germany plans a joint action plan for agricultural and food security research.

4. Strengthening the rule of law, and combating corruption. The emphasis on ensuring the rule of law is effective because it optimizes the economy and society. Germany's legal system and the police will share their experience with African partners, including in the defense of human rights. One of the goals is providing demand-based, fairly funded and accessible to all sectors of the population, comprehensive social protection, and medical care.

5. Protection of refugees, the transformation of migration policies into preventive and development-oriented policies. The goal is to address the causes of migration, better manage regional, transcontinental migration, and regular migration.

6. Building partnerships for the Arab economies in transition in North Africa in the Middle East, focusing on youth, in particular, to give it a positive future.

7. Use of raw materials as an instrument of stability and economic development, conservation of natural resources. Trust cooperation in the commodity sector improves supply security for the German economy.

8. Support for economic growth, trade, and investment. The goal is to create values through more sustainable economic growth. Of particular importance is the support of entrepreneurs, small and medium-sized enterprises with innovative potential, financing of microenterprises. Maximum flexibility in access to the EU market. Germany is helping to solve energy problems and build a sustainable energy supply in partner countries by promoting enterprise-level cooperation.

9. Identifying the potential of African markets for the German economy. German companies, with a largely long-term business model, are good partners for sustainable economic development. They contribute to the training of skilled workers and set high standards of corporate social responsibility. It is necessary to work in African partner countries to improve the regulatory framework and investment climate in general for the local population, as well as for Africa's investment opportunities in Germany.

10. Ensuring education at all levels and intensifying cooperation in science and research. The goal is to ensure universal access to high-quality education in all areas, especially for marginalized groups. Germany will support the AU in establishing a Pan-African University in the areas of water, energy, and climate change.

11. Strengthening global governance, protection of natural resources and the

environment, and preservation of biodiversity. The objective is to find common ground on global and, in particular, continental African interests (food, climate, water, chemicals and waste management, biodiversity, poaching, resource use, and resource efficiency).

12. Developing cultural cooperation to enhance knowledge of their cultural roots to increase the resilience towards extremism. The preservation of cultural and natural heritage, as well as inter-ethnic and inter-religious dialog, is a central part of the cultural participation of the Federal Government in Africa.

13. Enhancing the knowledge of the specifics of African political actors in order to better understand key African and global issues, including addressing and responding to crises.

14. Strengthening coordination with strategic partners in Africa – China, India, Brazil, Turkey, the United States, and others. The aim is to engage these partners in constructive interaction.

15. African Partnership Forum to strengthen Africa's commitment to the dialog process.

Almost half of these priorities are targeted at economic objectives, and the other half are transparently connected with them. This underscores the German government's general ideology for addressing global problems in general, and Africa in particular: emphasizing opportunities, especially economic opportunities, and ensuring African countries' transition from dependence on natural resources to industrial development. Germany's key challenge is to convince investors, both private and international, of the economic climate in Africa that, multiplied by the continent's stunning human capital, its potential will solve both its problems and Germany's national security problems. Such ideology is a part of the international political identity of Germany that has developed since the Second World War: adherence to liberal principles of political life, to the globalization trade policy-oriented on the conquest and simultaneous development of foreign markets, transnationalization, promotion of small and medium-sized businesses in the Third World.

The final section of the plan, therefore, deals with the principles and objectives of Germany's broad, integrated approach to Africa, covering the activities of all its federal ministries. Germany calls on its political class to bear greater responsibility for peace and security in Africa. Africa's political, economic, and social transformation, as well as its many unresolved problems, requires a new approach by German policymakers on the continent. These include optimizing cooperation in the fields of energy and raw materials production and use, promoting sustainable development, and in-depth cooperation in the field of environmental and climate protection. The goal of such new approaches is to achieve equitable partnerships with Africa, which will enable Germany and the EU as a whole to find common answers to global, regional and national problems, and ensure a secure state of human security.

The document under consideration reveals that the feature of Germany's policy on human security in Africa is, first, that Germany intends to play *a key role* in shaping the European policy on the continent, acting on the principle of coherence and the application of a variety of country strategies. To this end, a network of German field presences in Africa has been established, with more than 2,000 experts from the German Development Service, the Foreign Trade Chamber, police and liaison officers, military advisers and military advisory groups. In order to achieve synergy, Germany seeks to expand the relationship between development and security objectives. Secondly, the specifics of the German policy on human security in Africa are based on the full support of its economy, first of all, and second of all, of the complex of human rights issues. This sets it apart from the EU's common approach. Germany's assessment of the continent's prospects of integration into the world economy is positive, and it is a starting point for further joint action. On average, Africa's economy has grown up to 60% per year since the start of the new millennium, with double-digit growth[28] in some countries. So we must double our efforts to develop Africa's economy, engage German and global businesses on the continent, and develop strategies to encourage private investment to boost growth, create jobs, and optimize employment. Together, these strategies must address the causes of African migration to Europe.

The migration crisis in the EU

In the context of the European refugee crisis, a lot of attention is paid to people fleeing the Syrian conflict, which has made the number of people seeking asylum for the first time in the EU the highest in the Union's history. But, in the EU, and Germany in particular, in addition to Syrians, tens of thousands of Africans have arrived from a multitude of countries scattered across the continent, from north to west. Some people flee from authoritarian regimes (for example, in Eritrea), others from conflicting countries (for example, Somalia). Many are leaving more stable democracies, especially in the west and north of the continent, where unemployment is often the main problem, especially among young people (for example, in Tunisia). That is where the fault line lies – in the distinction between refugees and migrants. A refugee is a person forced to flee because of persecution, war or violence, whereas a migrant is a person forced to flee because of climatic and demographic anomalies, economic depression, in search of better jobs, etc.

In this regard, it is interesting to see briefly how the focus of EU cooperation with the African Union has shifted before and after the migration crisis.

In 2014, during the Fourth European Union- Africa Summit in Brussels, entitled "Investing in People, Prosperity and Peace," partners emphasized the timeliness of the Joint Africa-EU Strategy (JAES) goals for the period 2014-2017, which forms a part of a joint strategy agreed in 2007, and which has been implemented on the basis of interim action plans.

In 2014, the road map focused primarily on economic growth, investment, and security. The key aspects of closer EU-Africa cooperation were the fight against terrorism, organized crime, drug trafficking, and human trafficking. Therefore, a central role was given to further development of the existing African Peace and Security Architecture (APSA), support for the African Standby Force (ASF). At the height of the migration crisis in 2015, European and African countries held the EU-Africa summit on migration in Malta. The partners agreed, without giving up the implementation of the road map, to cooperate more closely, first of all, in the field of migration. The basis for this was their proposed action plan, which set five key objectives[29]. A total of sixteen concrete measures have been formulated to help achieve these goals by the end of 2016. European leaders established the European Union's Emergency Trust Fund to Support stability and Address the root causes of illegal migration and population displacement

28 Afrikapolitische Leitlinien der Bundesregierung (2014) // Bundesministerium der Verteidigung // http://www.bundesregierung.de/Content/DE/_Anlagen/2014/05/2014-05-21-afrikapolitische-leitlinien.html, accessed 12.10.2018.

29 Combating the causes of illegal migration, improving cooperation in the field of legal migration and mobility, providing greater protection for migrants and asylum-seekers, combating illegal migration, smuggling of migrants and trafficking in human beings, and optimizing cooperation on the return and readmission of migrants.

in Africa. Money from this fund was supposed to help put the plan into effect.

The fifth (interestingly, no longer the EU – AU, but an AU – EU) summit in 2017, held in Côte d'Ivoire (Abidjan) under the common title "Investing in youth for a sustainable future," summarized the road map's implementation results and outlined new prospects, particularly in combating migration[30]. In the light of the changed circumstances, the key areas of cooperation were the challenges of creating economic opportunities for young people as a platform for their realization in their native rather than alien continent, and the key trend was investing in Africa.

To this end, an EU external investment plan was proposed, under which the European Sustainable Development Fund was established to attract private investors to Africa[31]. The basic idea was that to stop migration, Africa must be well-equipped economically, thereby giving the continent stability and prosperity in the long run.

The subject of special interest is the G20 summit in Hamburg in 2017, which showed the world's extreme concern for Africa and the importance that the EU attaches to the continent. This significance was emphasized by the host of the summit – the Federal Republic of Germany: "A. Merkel expressed concern that Africa's deepening disenchantment with the West would force some people to look for hope elsewhere." [*Korendiasov, Sharova* 2017]. The summit adopted the G20 Africa Partnership Programe, which provides for the establishment of a Compact with Africa to expand private investment and private enterprise[32]. A large share of this investment will be undertaken by german companies, which is why "it is called the "Merkel Plan for Africa," and it has a role to play as important as the "Marshall Plan" for Europe in the 1940s[33]."

Migration crisis in Germany

In 2015, Germany opened borders for refugees fleeing to Europe from Syria, Iraq, and Africa, due to wars, climate change, the fall and emergence of authoritarian political regimes, etc. In Less than a year, Germany received more than one million refugees and migrants, and Chancellor Merkel became a favorite of the international humanitarian community and leader of the liberal world.

When Germany's borders were open, many supporters of that decision predicted the country's immediate economic growth. But, in an interview given in November 2017, the German Commissioner for Immigration, Refugees, and Integration, Aidan Özoğuz, despite all her optimism, had to admit that the people who had arrived in Germany in 2015 were struggling to find jobs. They are limited by the combination of a lack of education and the necessary skills, a lack of knowledge of German production behavior – and their unwillingness to learn and a language barrier. Moreover, up to three-quarters of migrants and refugees over the next five years are likely to remain

30 5th African Union – EU Summit (2017) // European Council Council of the European Union // http://www.consilium.europa.eu/en/meetings/international-summit/2017/11/29-30/, accessed 12.10.2018.

31 EU External Investment Plan (2017) // European Commission // http://ec.europa.eu/europeaid/sites/devco/files/factsheet-eip-20171120_en.pdf, accessed 12.10.2018.

32 EU External Investment Plan (2017) // European Commission // http://ec.europa.eu/europeaid/sites/devco/files/factsheet-eip-20171120_en.pdf, accessed 12.10.2018.

33 EU External Investment Plan (2017) // European Commission // http://ec.europa.eu/europeaid/sites/devco/files/factsheet-eip-20171120_en.pdf, accessed 12.10.2018.

34 An Interview with Aydan Özoğuz, German Commissioner for Immigration, Refugees and Integration (2017) // International Migration, vol. 55, no 6, pp. 5–11 // http://onlinelibrary.wiley.com/doi/full/10.1111/imig.12404, accessed 12.10.2018.

unemployed.[34] So, in her view, "if someone arrives in the country and is likely to remain there for any reason, integration must begin immediately."[35] This statement seems strange because the right to stay is granted for three years, after which the refugee must return home (of course, if the situation there is no longer dangerous). Why should he then be integrated into anything is unclear. So, at home, the response to the head of government's decision was mixed; in the end, it led to an internal political crisis that has not yet been resolved. It has become clear that measures to prevent a wave of future refugees and migrants are not just urgent, but existential, and the problem of migrants itself is being protected not only by populist parties and social movements, but also by the chancellor's associates from her sister party. At the same time, the German authorities are facing a difficult task: they must strike a balance between their own liberal values, respect for the rights of refugees / migrants and the need to ensure national security, protect their political system, social protection systems and, ultimately, protect not only their legal but also social state.

In this regard, the emphasis was revised. "Most people coming across the Mediterranean are migrants, not refugees," said Gunther Noke, Germany's representative for Africa [Green 2017]. That is why the solution to the migration crisis must focus on Africa, especially those African countries where migrants intending to go to Europe accumulate, and those countries serving as transit points on that journey.

The events of 2015 turned Africa into a kind of a concentration of meaning for Germany in the task of finding a solution to the migration problem. Their sustainable development assistance has become increasingly linked with efforts to reduce migration.

Germany's Marshall Plan for Africa

In 2017, the Federal Ministry of Economic Cooperation and Development proposed a German Marshall Plan for Africa.[1]

The 34-page document should create a new format for partnership between Africa and Europe – a partnership that goes far beyond the traditional one based on development cooperation projects, which would cost Germany up to €300 million. In fact, it is a concrete plan for implementing the Federal Government's "Key Policy Guidelines in Africa of the German Federal Government."

The plan contains ten main points. They aim to note that Europe needs a new pact for the future between it and Africa, since by 2050 Africa's population will double. It was emphasized separately that Africa needed African solutions rather than European ones, so it was necessary to abandon the donor-recipient mentality that had prevailed for decades and move toward an economic partnership. The plan's main emphasis is that Africa needs private investment, which is why it relies on a new kind of economic policy: Economic diversification, supply-chain creation, targeted support for agriculture, small and medium businesses, improved access to the EU single market, and the removal of trade barriers.

In the five chapters of the Plan, these ten basic ideas are signed in writing. The first chapter stressed that Africa and Europe are partner continents, and therefore rely on the synergy of values and interests in their cooperation. The second chapter highlights the nature of the Mar-

36 A Marshall Plan with Africa (2017) // Federal Ministry for Economic Cooperation and Development // http://www.bmz.de/en/countries_regions/marshall_plan_with_africa/contents/index.html, accessed 12.10.2018.

shall Plan, which is built on three pillars, elaborated in more than a hundred ideas. These are economic activity, trade and employment; peace and security; democracy and the rule of law. The Platform for the Plan, set out in chapter three, was agricultural development and food security; protection of natural resources; energy and infrastructure development; and adequate humanitarian policies in the areas of health, education and social protection. In the final part of the plan, the prospects for its implementation were revealed, which, in the opinion of the German government, are very optimistic.

Difficulties and problems in the implementation of the Marshall Plan

Before the plan was formulated, however, German officials held very few preliminary consultations with African countries, which is understandable due to the urgency of the moment and the desire for urgent action. Such haste has led to a number of problems.

At first, Germany showed a willingness to negotiate with many, if not all, countries on the continent, even those breaking records on violence against their populations and having little understanding of human rights, but could be useful in curbing the new flows of migrants. These include, for example, Sudan, where the German Society for International Cooperation coordinated an EU project aimed at strengthening Sudanese efforts to identify and detain migrants. The project provided training and equipment to the border police, assistance in the establishment of two camps for refugees and migrants. However, Germany's cooperation with an authoritarian Sudanese regime has actually strengthened it. The average African government does not usually seek to profit from the development of the domestic economy, it relies on the assistance of international donors and which it uses for its own benefit. In addition, although stable public administration in African countries from the second half to the late 1980s was associated with the rule of a number of charismatic leaders, among them there were many autocrats and dictators (Mobutu Sese Seko, Mohamed Siad Barre, Jean Bedel Bokassa), as well as ambiguous monarchs who used dubious means to unite multiethnic states (Haile Selassie I).

Few African leaders, such as Kwame Nkrumah (Ghana), Jomo Kenyatta (Kenya), Julius Nyerere (Tanzania and Tanganyika), and Kenneth Kaunda (Zambia's first prime minister), have tried to enter into a true partnership with European economic interests by developing new concepts and triangles. However, they faced a series of domestic crises sponsored by, among others, foreign countries, which served as a lesson to many others, who could potentially follow suit. Many African political elites are often incapable of ruling, turning themselves into dictators like Mugabe in Zimbabwe, Idi Amin in Uganda, or Bokassa in CAR, ending up in the role of both pro-Western puppets and bandits who plunder Africa's resources in exchange for personal gain.

The "Key Policy Guidelines of the Federal Government in Africa" set out the task of deepening the knowledge of German professionals about the specifics of African political actors. The lack of a real solution has led Sudan's political elites to use German aid to intensify violence in Darfur and to persecute other minorities in the country. By holding back migrants, Germany is multiplying the ranks of refugees. The same mistake was made in 2016, when, at the request of then-German Foreign Minister Sigmar Gabriel, the country allocated 3.9 million euros to Libya to improve conditions for refugees and migrants. However, the Libyan leadership was not in control of a large part of the country and was accused by the international community of human rights violations, including against migrants and asylum-seekers. Germany's officials insist that the money allocated was not intended to support that government, but indirectly it did help to legitimize it.

The Government of Germany understands these problems, so it became more cautious about who to work with, intensifying cooperation with countries that are reform-oriented and that proved their will to them, ensuring the rule of law and political participation of all citizens. For this reason, Rwanda and Ethiopia, which were originally among the first seven countries interested in the Marshall Plan, have never become German partners for investment or reform because of their human rights concerns[37]. The difficulty, however, is that there are many authoritarian countries in Africa, many of which have interests in both Germany and the EU. There are no mechanisms to eliminate any possibility that the money allocated will not go to support these regimes as of now. At the same time, Germany, channeling colossal tranches to African states, generates a dependency syndrome, dependence on Western countries, developing the paternalism of the Euro-Atlantic space over the continent.

Another issue is that some African leaders have made it clear that Germany is simply imposing economic strategies on them in its own interest. At an event in Berlin on the eve of the G-20 summit in Hamburg, Guinean President Alpha Conde, the current chairman of the African Union, said: "We need partners ... but if we want to create a reservoir, we want to be masters, not subcontractors for a German or European company ... We do not want to stretch our hands and ask for money" [Green 2017]. African elites compete with each other to defend their economic territory and the role they play as agents. They ensure that foreign companies do not operate directly on the African market without their permission, guarantee that they have direct access to consumers, improve Africans' access to capital, and the labor market. African leaders, among other things, often avoid forging both productive relationships with citizens of the country they govern and bilateral relations with Western countries by engaging in endless negotiations with the International Monetary Fund, the World Bank, and other international organizations that eventually explain to the African leader what his country's citizens need. For this reason, African populations are generally removed from long-term policy planning in their countries. With poverty, hunger, the degradation of political elites, the criminalization of the economy, and tribal tensions continuing to persist, it is at least difficult to expect the German Marshall Plan to have any real success in the medium term.

Conclusion

The key research questions (is there a contradiction between Germany's policy on human security in Africa and the national security objectives of the Federal Republic itself? To what extent is this policy a practice of a selfless supplier of human security to third world countries, and in what way is it a means of strengthening its influence on the continent?) can be answered as follows. Germany is indeed implementing a sufficiently effective humanitarian policy in Africa, but it is not just about achieving the continent's common welfare (which they honestly pursue), but

37 Ghana, Côte D'Ivoire, Morocco, Rwanda, Senegal, Tunisia And Ethiopia.

also about protecting Germany itself – both politically and economically. Ultimately, the challenge is to consolidate the African continent's position as a zone of prosperity for both its own and German/European businesses. The effectiveness of human security policies is determined by Germany's economocentric approach to the continent, where the main objectives are GDP and employment growth, especially among young people. The strategic direction is to build up Germany's new "labor reserves" in Africa through the African partnership, as it did in the colonial era from the 1800s to the 1960s: European miners and settlement farmers used cheap forced labor on occupied lands to produce and extract raw materials. Unlike then, German business today seeks to adopt the continent's domestic industrial and agricultural markets in mutual interests. To be sure, this could lead – albeit unintentionally, but expectedly – to the devastation of small farmers, the growth of unskilled labor, and the welfare of African national elites at the same time. In African countries, the competition for foreign capital can "create a so-called race to the bottom: emerging economies are racing to create the most favorable conditions for this capital, including lower labor requirements," which could lead to migration of the population [*Zotin* 2018]. Moreover, German lawyers will have to assist African national elites in working to change their legislation to optimize Germany's economic presence there. It can be noted that there is no obvious contradiction between the objectives of Germany's humanitarian policy in Africa and the protection of its national interests. The German and African sides are coming to terms with each other and they need this movement, having a common economic interest and common security challenges. And in realizing this interest there will be both winners and losers, but only time will show which side will lose more.

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China in Africa: A Case of Neo-Colonialism or a Win-Win Strategy?

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ABSTRACT. *The article deals with China's policy in Africa in the last decade. As the analysis shows, China has been steadily increasing its presence in Africa, not only in the countries rich in natural resources – though it is resources, especially oil, that remain of particular importance for the Chinese economy – but also in countries poor on natural resources and bearing little strategic value. The author examines unique features of China's diplomatic practices on the continent, as well as explores China-Africa trade relations and Beijing's activities as a donor and investor in Africa. Special attention is given to the Belt and Road Initiative, which plays a significant part in China's foreign strategy, as well as to the role of African countries located on the crossroads between land and maritime Silk Roads. The Chinese strategy involves massive infrastructure projects, including the construction of railways and highways, upgrades of aviation communications, new energy projects, industrial parks, as well as the construction of seaports in coastal countries. The increase in Beijing's investment flow to the African economies and the expansion of its spheres of influence on the continent are extensively examined by politicians, scientists and the media. On one hand, Beijing is often credited for the rapid economic growth of African countries, with some now experiencing world's fastest rates of growth. On the other hand, some accuse Beijing of "neo-colonialism", claiming that China is guided only by its own interests, which are radically different from African interests, that it violates human rights and disregards environmental regulations in its desire to grab as much natural resources as possible. The author argues that an objective analysis of the various aspects of Beijing's activities in Africa in the last decade, as well as an examination of the way these activities are seen by Africans themselves, may shed some light on the nature of China's intentions in Africa.*

KEY WORDS: *China, Africa, trade, aid, investment, infrastructure, Belt and Road Initiative, soft power*

Successes of Beijing's Diplomacy on the African Continent

Until recently, China had diplomatic relations with 50 of the 54 African states. The other four – Burkina Faso, Sao Tome and Principe, Eswatini and The Gambia – maintained relations with Taiwan. However, Beijing has been actively reaching out and trying to win them over, too. According to David Shinn, a prominent American expert on China's policy in Africa, by as early as 2013, Beijing established closer ties with these four countries than Taipei. He also believes that by 2023, all African countries will diplomatically recognize Beijing.[2] Already in 2013, The Gambia suspended relations with Taiwan and recognized the People's Republic of China as the sole legitimate government of China, and in 2016, China and The Gambia have formally established diplomatic relations. In December of the same year, diplomatic ties were restored between China and São Tomé and Principe. Finally, in 2018, Burkina Faso announced that it is re-establishing diplomatic relations with the PRC. At the signing of a joint communiqué in Beijing on May 28, Chinese Foreign Minister Wang Yi expressed his "sincere hope" that Eswatini, the last remaining country in Africa to diplomatically recognize Taiwan, will soon join Beijing's "family" of allies on the continent.[2]

China ranks highest in terms of sheer number of high-level visits to the African states. At the start of each year, China's Minister of Foreign Affairs sets off on a diplomatic tour of the continent. After taking office in 2013, President Xi Jinping made Africa one of his first overseas destinations, visiting Tanzania, the Republic of Congo and South Africa, where he attended the BRICS summit – a year later, Chinese Premier Li Keqiang also embarked on a diplomatic tour to Africa. In January 2018, Foreign Minister Wang Yi made another trip there, visiting four countries: Rwanda, Angola, Gabon, and São Tomé and Principe.

And in July 2018, Xi Jinping, after paying a state visit to the United Arab Emirates, traveled to four African countries: Senegal, Rwanda (where he visited the Kigali Genocide Memorial to pay tribute to the victims of the 1994 Genocide against the Tutsi), South Africa (where he participated in the annual BRICS summit), and Mauritius. Commenting on the diplomatic activity of the Chinese leader, Deborah Brautigam, Director of the China-Africa Research Initiative at the Johns Hopkins University School of Advanced International Studies in Washington, wrote: "Clearly, the UAE has oil. But Rwanda, Senegal and Mauritius are resource-poor. These stops don't fit the 'neo-colonialism' interpretation of China's African interests. [Xi Jinping's] choice of countries sheds light on another side of China's efforts to win friends and influence Africa: positioning China as a partner for Africa's industrialization".[3] This assessment appears convincing, especially after examining the agreements signed following the meetings with the leadership of the aforementioned countries. For example, China promised to help Senegal with the development of industry and pledged to bankroll the second stage of the Dakar Integrated Special Economic Zone. In Rwanda, Xi signed a USD 126 million loan agreement for two road projects, which the country's media referred to as the "cornerstone" for Africa's development.[4] Rwanda already has a functioning Special Economic Zone

1 Shinn D. (2013) China and Africa: The Next Decade. During a Conference on China in Africa at the University of Denver. Denver, Colorado. February 1, 2013 // https://ru.scribd.com/document/123557623/China-and-Africa-The-Next-Decade, accessed 12.10.2018.

2 Tara Francis Chan (2018) Taiwan Has Just One Diplomatic Ally in Africa and China Is Eagerly Eyeing It Off // Business Insider, May 28, 2018 // https://www.businessinsider.com/china-is-eyeing-off-swaziland-africa-diplomatic-relationship-with-taiwan-2018-5, accessed 12.10.2018.

3 Tara Francis Chan (2018) Taiwan Has Just One Diplomatic Ally in Africa and China Is Eagerly Eyeing It Off // Business Insider, May 28, 2018 // https://www.businessinsider.com/china-is-eyeing-off-swaziland-africa-diplomatic-relationship-with-taiwan-2018-5, accessed 12.10.2018.

4 Shahtahmasebi D. (2018) China Sees Trump's Trade War as Opportunity to Boost Ties with Africa // RT Live. Question More, July 27, 2018 // https://www.rt.com/op-ed/434245-china-africa-trade-war/, accessed 12.10.2018.

near Kigali, where Chinese companies manufacture textiles and other products. Since 1970, Mauritius has had an industrial zone at Plaine Lauzun, which has been attracting manufacturers from Hong Kong and Taiwan. With the help of Asian countries, Mauritius successfully diversified its economy and now boasts the best business climate in all of Africa. In April 2018, Beijing started negotiating free trade with Mauritius.

The media revealed the main purpose of the visit – to compel African countries into joining China's Belt and Road Initiative, discussed later on. In addition, China requires more allies for its confrontation with the United States, now that President Trump has started a trade war against Beijing. While it is true that all aspects of China's foreign policy are linked, in one way or another, to the implementation of the Belt and Road Initiative, it should be admitted that the agreements listed above are beneficial to African countries, whose leadership regard industrialization as a key interest and a crucial step towards sustainable development. In today's Africa, manufacturing accounts for roughly 10% of all total value added. In 2016, the G20 promised to help African countries solve this problem, but by that time, China had already invested over USD 33 billion in Africa's energy sector, and USD 41 billion more into transportation.[5]

China as Africa's Largest Trading Partner

China-Africa trade has been experiencing steady growth over the past ten years. In 2009, China surpassed the United States to become Africa's largest trading partner. The volume of trade, which amounted to USD 11 billion in 2000, exceeded USD 220 billion in 2014[6] and was expected to reach USD 300 billion by 2015.[7] As Premier Li Keqiang stated in 2014, the goal was to bring it to USD 400 billion by 2020.[8] However, due to falling commodity prices – natural resources being Africa's main export – trade volume between China and Africa plummeted, and in January-October 2015 it was calculated to be just USD 147.6 billion [*Pant, Haidar* 2017], and USD 149.2 billion in 2016[9] (according to other sources, as low as USD 128 billion[10]). According to estimates by China's General Administration of Customs, African exports to China decreased by 40% in 2015[11] (with some sources saying 50%) as a result of falling prices for Africa's main export, crude petroleum. For example, oil exports from Angola, Africa's largest supplier of hydrocarbons to China, fell from USD 41 bil-

5 Brautigam D. (2018) Xi Jinping Is Visiting Africa This Week. Here Is Why China Is Such a Popular Development Partner // The Washington Post, July 24, 2018 // https://www.washingtonpost.com/news/monkey-cage/wp/2018/07/24/xi-jinping-is-visiting-africa-this-week-heres-why-china-is-such-a-popular-development-partner/?utm_term=.7b42b1c360d1, accessed 12.10.2018.

6 Yao Lan (2015) China-Africa Trade Tops 220 bln USD in 2014: Envoy // Xinhua, Economy, November 11, 2015 // www.ecns.cn/business/2015/11-21/189578.shtml, accessed 12.10.2018.

7 China to Open its First Overseas Military Base (2015) // South China. November 25, 2015 // https://www.south-insight.com/node/217767, accessed 12.10.2018.

8 Premier Li: China-Africa Trade Volume to Top &400 bln by 2020 (2014) // The State Council. The People's Republic of China, May 07, 2014 // http://english.gov.cn/premier/video/2014/08/23/content_281474983011541.htm, accessed 12.10.2018.

9 2015 Business Review XII: China-Africa Trade and Economic Cooperation Starts (2016) // Ministry of Commerce. People's Republic of China, January 25, 2016 // http://english.mofcom.gov.cn/article/zt_businessview2015/news/201602/20160201261327.shtml, accessed 12.10.2018.

10 China-Africa Annual Trade Data (Country by Country) 1992–2016 (2017) // SAIS-CARI // www. sais-cari.org/data-china-africa trade, accessed 12.10.2018.

11 China-Africa Exports Fall by 40% after China Slowdown (2016) // BBC News, January 13, 2016 // www.bbc.com/news/world-afrca-35303981, accessed 12.10.2018.

lion in 2014 to USD 15 billion in 2015. In 2016, South Africa ranked second among African exporters to China, followed by the Republic of Congo. South Africa is the largest buyer of Chinese goods, followed by Egypt and Nigeria.

However, in 2017 China-Africa trade volume bounced back, reaching USD 170 billion.[12] Among the factors facilitating trade growth was the fact that several African countries started using China's yuan, or renminbi (RMB), in bilateral trade. The practice is beneficial to both sides, as it makes international transactions less dependent on a third party. In addition to Angola, Nigeria, South Africa and Kenya, the banks of Ghana also allowed using the yuan for trade. Finally, the yuan was approved for public transactions in Zimbabwe. In 2017, transactions using China's currency to buy hydrocarbons from Angola rose by 22%, and Sino-Angolan trade exceeded USD 2 billion, with USD 1.86 billion coming from China's imports, mainly oil.[13] In their dealings with China, most African states have suffered significant trade imbalances – something Beijing has been routinely criticized for. In 2016, Africa's trade deficit with China reached USD 35.4 billion.[14] The only exception to the rule were countries rich in natural resources, such as Angola.

In 2017, China has become the world's largest importer of oil, surpassing the United States. According to the International Energy Agency (EIA), in 2017, China imported 8.4 million barrels per day, while the United States imported 7.9 million. Moreover, according to the report published by the Chinese oil company Sinopec, China's import covered 67.4% of the country's oil needs.

Table 1.

China's trade with African countries, 2000–2017

Year	Trading Volume (USD Billion)
2000	8.7
2001	10.76
2002	12.35
2003	18.5
2004	29.5
2005	40.31
2006	55.5
2007	73, 3
2008	106.8
2009	90.07
2010	126.9
2011	166.3
2012	198.49
2013	210.2
2014	220
2015	147.6
2016	149.2
2017	170

Sources: Direction of Trade Statistics. Yearbook // IMF, 2000–2016; China-Africa Economic and Trade Cooperation (2013–2016) // State Council the People's Republic of China; 2015 Business Review XII: China-Africa Trade and Economic Cooperation Starts (2016) // Ministry of Commerce. People's Republic of China, January 25, 2016 // http://english.mofcom.gov.cn/article/zt_businessview2015/news/201602/20160201261327.shtml; Shahtahmasebi D. (2018) China Sees Trump's Trade War as Opportunity to Boost Ties with Africa // RT Live. Question More, July 27, 2018 // https://www.rt.com/op-ed/434245-china-africa-trade-war/, accessed 12.10.2018..

12 Shahtahmasebi D. (2018) China Sees Trump's Trade War as Opportunity to Boost Ties with Africa // RT Live. Question More, July 27, 2018 // https://www.rt.com/op-ed/434245-china-africa-trade-war/, accessed 12.10.2018.

13 Kholodkov V. (2018) China Not Ready to Shake Up the Global Oil Market // REX news. January 19, 2018 // http://www.iarex.ru/news/55251.html, accessed 12.10.2018.

14 March J. (2018) China's President Xi Pledges Another USD 60 Billion for Africa // CNN, September 04, 2018 // https://edition.cnn.com/2018/09/03/asia/focac-china-africa-development-intl/index.html, accessed 12.10.2018..

The company forecasts that in 2018, net oil imports to China will grow by another 6.7% and reach 423 million tons.[15] In the past decade, Africa has been China's second largest source of crude oil after the Middle East, accounting for 23% of its total oil imports. However, by the end of 2017, Russia turned out to be the largest oil supplier to China, followed by Saudi Arabia and Angola.[16] Neftegaz.ru gives the following figures for China's oil imports as of December 2017: Russia – 5.03 million tons (1.185 million b/d)[17]; Saudi Arabia – 4.71 million tons (1.11 million b/d; 31.7% more than in December 2016), Angola – 3.17 million tons (reduced oil sales by 6.6%) . Apart from Angola, major oil suppliers to China in Africa are the Republic of Congo, South Sudan, Equatorial Guinea, Nigeria, Algeria, and Libya. Chinese companies have shares in the oil production of Ghana, Niger, Gabon, Ethiopia, Namibia, Chad, and Kenya.

China as a Major Donor and Investor in Africa

In 2011, the first white paper on China's foreign aid was published in Beijing, revealing that Africa receives 52% of all Chinese foreign aid, while Asia accounts for 31%, and Latin America for 8% [*Ligang Song, Garnaut, Cai Fang, Johnston* 2017, p. 440]. According to a report published in 2016 by the China-Africa Research Initiative (SAIS-CARI) at the Johns Hopkins School of Advanced and International Studies, in the period from 2000 to 2014 Chinese banks, companies and the government provided over USD 80 billion worth of loans to African countries.[18] The largest recipients were Angola – USD USD 21.2 billion, Ethiopia – USD 12 billion; and Kenya, Sudan and the DRC, receiving USD 5 billion each [*Dollar* 2016, p. 59]. This data disproves the view that China's financial aid goes primarily to resource-rich countries: the first on the list is Angola, rich in oil – but it is followed by Ethiopia, which does not have an abundance of natural resources. Moreover, almost 50% of the loans were directed to transportation and the energy sector. In other words, Chinese loans went more to infrastructure than to the extraction and production of hydrocarbons and minerals.

In 2018, SAIS-CARI released new report showing that between the years 2000 and 2015, the Chinese government, banks and companies provided USD 94.4 billion in financing to African governments and China's state-owned enterprises (SOEs) operating in Africa. Again, the main recipient was Angola, receiving USD 19.2 billion over 15 years. That said, SAIS-CARI does not consider China to be Africa's largest donor – this title is still held by the United States. However, the report notes the issue of inaccurate or unreliable data, since China has not been providing any official figures regarding its financial aid to Africa. China is not a member of the OECD and does not participate in the writing of its reports. Very rarely do Chinese banks provide any information on financial agreements. Neither do the recipient countries disclose the details of such arrangements. This explains the dif-

15 Chu Daye (2018) China Becomes World Largest Oil Importer // Global Times, February 02, 2018 // http://www.globaltimes.cn/content/1088490.shtml, accessed 12.10.2018.

16 Russia Becomes China's Largest Supplier of Oil in 2017 (2018) // Vesti. The Economy. January 25, 2018 // https://www.vestifinance.ru/articles/96804, accessed 12.10.2018.

17 2nd year of leadership: In 2017, Russia Once Again Becomes China's Top Crude Oil Supplier (2018) // Neftegaz.ru. January 25, 2018 // https://neftegaz.ru/news/view/168591-2-y-god-liderstva.-Rossiya-v-2017-g-vnov-stala-krupneyshim-postavschikom-nefti-v-Kitay, accessed 12.10.2018.

18 Albert E. (2017) China in Africa // Council on Foreign Relations, July 12, 2017 // https://www.cfr.org/backgrounder/china-africa, accessed 12.10.2018.

ference in the data regarding China's financial assistance to Africa.[19]

Funding from China comes mostly in the form of loans and credits from the People's Bank of China, the China Development Bank, the Export-Import Bank of China and the China-Africa Development Fund (CADF). The main source of funding for Africa is the Export-Import Bank of China: in 2000 – 2015, it gave USD 63 billion worth of loans to almost all African nations [*Pant, Haidar* 2017]. China Development Bank primarily finances small and medium-sized Chinese enterprises (SMEs) involved in Africa's development, and focuses on agricultural projects. The China-Africa Development Fund was established in 2007 to support Chinese companies operating in Africa, and it has repeatedly received significant government funding. For example, in December 2015, Xi Jinping announced that the government will contribute USD 10 billion to the fund.

According to the head of CADF, China's foreign direct investment in Africa is growing by 10% each year. In total, the fund has invested in 87 projects in 36 countries, focusing on infrastructure, industry and manufacturing. According to other sources, in the period from 2007 to 2017, the fund invested about USD 3.2 billion in 91 projects in 36 countries [*Belyaev, Makarova* 2018]. Besides state-owned companies, there are private firms, as well as medium and small enterprises (including those representing individual provinces of China) that play an active role in financing development projects in Africa.

The Forum on China–Africa Cooperation (FOCAC), established in 2000, plays an important role in Chinese financing in Africa. FOCAC summits and conferences

Table 2. China's loans to Africa in 2002–2017

Year	Billion dollars
2002	1
2003	2
2004	1
2005	2
2006	5
2007	6
2008	4
2009	6
2010	7
2011	10
2012	13
2013	18
2014	15
2015	13
2016	30
2017	9

Source: March J. (2018) China's President Xi Pledges Another USD 60 Billion for Africa // CNN, September 04, 2018 // https://edition.cnn.com/2018/09/03/asia/focac-china-africa-development-intl/index.html, accessed 12.10.2018.

are held every three years; at each meeting, senior Beijing officials unveil their new Program for China-Africa Cooperation, which outlines financing targets, as well as African development projects in various areas of the economy to be completed in the next three years. Every time the forum takes place, the amount of financing is doubled. At the FOCAC meeting in 2015 in Johannesburg, Africa, the figure announced was USD 60 billion.[20]

The next FOCAC meeting took place on September 3–4, 2018 in Beijing. The

19 Chinese Loans to African Governments 2000–2017 (Excel Data). CARI Loan Database Research Guidebook (n/y) // SAIS-CARI // http://www.sais-cari.org/data-chinese-loans-and-aid-to-africa/, accessed 12.10.2018.

20 Africa: China Pledges USD 60 Billion to African Development (2015) // Al Jazzeera, December 05, 2015 // https://www.aljazeera.com/news/2015/12/china-pledges-60-billion-african-development-151204204624495.html, accessed 12.10.2018.

Chinese authorities raised the status of the event from Conference to Summit, as, according to China's Foreign Ministry Spokesperson Geng Shuang, there is a great demand and a practical need among African nations for the development of China-Africa relations.[21] This was the third FOCAC Summit – the first was held in Beijing in 2006, and the second in Johannesburg in 2015. According to Xi Jinping, the summit's goal was to promote win-win cooperation between China and Africa, raising it to a higher level, and forge a stronger comprehensive strategic partnership. The main focus of the meeting was the Belt and Road Initiative. According to Xi Jinping, the Belt and Road is an open initiative, and China welcomes the participation of all nations. At the Summit, the hosts emphasized that the Belt and Road Initiative is in many ways linked to the UN 2030 Sustainable Development Program, the African Union Agenda 2063, and to individual development strategies of African nations, such as, for example, Nigeria's Economic Recovery and Growth Plan (ERGP). According to Chao Xialian, Consul General of China in Lagos, Xi Jinping drew special attention to this plan, expressing confidence that the FOCAC Summit will help raise strategic partnership between China and Nigeria to a new level.[22] Perhaps in part to counter criticism of Beijing's policy in Africa and related accusations of "debt trap" diplomacy on part of China, Xi Jinping announced at the Summit that, this time, the funding would not be doubled, like usual, but would instead remain at USD 60 billion.[23]

According to the reports of the Chinese press in January 2017, the year 2016 had been record-breaking, with Chinese companies investing USD 14 billion in Africa. The previous record was set in 2008, when China invested USD 9 billion into the African continent[24] (according to SAIS-CARI, however, investments totaled USD 5.5 billion in 2008, partly due to Beijing purchasing shares of the Standard Bank of South Africa).[25] In 2018, UNCTAD reported that, as of 2016, China was the fourth largest investor in Africa. It was slightly behind the United States, Britain and France, and its investments into the African continent continue to grow.[26] According to Chinese Minister of Commerce Zhong Shan, in 2018 China continues to increase its foreign investment, and it is likely that by 2020 it will become one of the world's largest investors. However, the PRC government has been introducing new controls and regulations to stem capital outflow. This explains, for example, why China's foreign direct investment in the United States fell from USD 46 billion in 2016 to USD 29 billion in 2017.[27]

From 2000 to 2017, China's accumulated direct investment in Africa grew from USD 500 million to over USD 41 billion.[28]

21 Ding Xiaoxiao (2018) Forum on China-Africa Cooperation in 2018 Upgraded to Summit // China Plus, January 03, 2018 // http://chinaplus.cri.cn/news/china/9/20180103/73268.html, accessed 12.10.2018.

22 Chao Xiaoliang (2018) FOCAC Beijing Summit Will Benefit China Nigeria Cooperation // This Day, June 2, 2018 // https://www.thisdaylive.com/index.php/2018/06/02/focac-beijing-summit-will-benefit-china-nigeria-cooperation/, accessed 12.10.2018.

23 March J. (2018) China's President Xi Pledges Another USD 60 Billion for Africa // CNN, September 04, 2018 // https://edition.cnn.com/2018/09/03/asia/focac-china-africa-development-intl/index.html, accessed 12.10.2018.

24 Yao Nian (2017) Chinese FM to Visit Five African Countries in First Overseas Trip of 2017 // CGTN, January 04, 2017 // https://news.cgtn.com/news/3d49544d3359544d/share_p.html, accessed 12.10.2018.

25 China-Africa FDI Data 2003–2015 (Country Breakdown) (2017) // SAIS-CARI // http://www.sais-cari.org/chinese-investment-in-africa/, accessed 12.10.2018.

26 Shahtahmasebi D. (2018) China Sees Trump's Trade War as Opportunity to Boost Ties with Africa // RT Live. Question More, July 27, 2018 // https://www.rt.com/op-ed/434245-china-africa-trade-war/, accessed 12.10.2018.

27 FDI in China Steadily Growing-report (2018) // The BRICS Post, April 12, 2018 // http://thebricspost.com/fdi-in-china-steadily-growing-report/#.W8cp89cza9I, accessed 12.10.2018.

28 Chao Xiaoliang (2018) FOCAC Beijing Summit Will Benefit China Nigeria Cooperation // This Day, June 2, 2018 // https://www.thisdaylive.com/index.php/2018/06/02/focac-beijing-summit-will-benefit-china-nigeria-cooperation/, accessed 12.10.2018.

Table 3. Ten African countries leading in accumulated investment from China

Rank	Country	Amount (billion dollars)
1.	South Africa	4.72
2.	DRC	3.24
3.	Algeria	2.53
4.	Nigeria	2.38
5.	Zambia	2.34
6.	Sudan	1.81
7.	Zimbabwe	1.80
8.	Angola	1.27
9.	Ghana	1.27
10.	Tanzania	1.14

Source: March J. (2018) China's President Xi Pledges Another USD 60 Billion for Africa // CNN, September 04, 2018 // https://edition.cnn.com/2018/09/03/asia/focac-china-africa-development-intl/index.html, accessed 12.10.2018

One of the advantages of Chinese foreign direct investment is its level of diversification. In particular, investments in the industrial sector are growing, which contributes to the introduction of new technologies, transfer of knowledge and the development of skilled labor. Another way China facilitates these processes is by creating special economic zones (SEZs) in a number of countries to draw investment flows, as well as new technologies. According to McKinsey & Company, Chinese companies operate in various sectors of African economy: 1/3 – in manufacturing, 1/4 – in services, and 1/5 – in trade, construction and real estate. Over 10 thousand Chinese companies currently operate in Africa, with most of them (according to some sources, up to 90%) being private firms. Chinese companies produce 12% of African manufacturing output, and cover 50% of the African infrastructure market. For example, Tanzania has 92 private Chinese companies and 8 state-owned Chinese enterprises, while Kenya has 80 and 20, respectively. Almost half of Chinese companies bring new products or services to the local markets, and over 2/3 of them introduce new technologies [*Dollar* 2016, p. 59].

China's financial involvement in Africa in the form of loans, credit lines and investments has one important feature – it is not ideologically motivated. What makes Chinese financing particularly attractive to African countries is the fact that Beijing's loans and investment come with no political strings attached – unlike financial aid from the West, which often requires the state seeking assistance to comply with a certain set of conditions.

The Belt and Road Initiative and African Infrastructure

Currently, all of Beijing's foreign policies, including its Africa policy, are designed with the Belt and Road Initiative in mind, launched by Xi Jinping in September 2013. Beijing sees the implementation of this initiative as a means to accelerate economic development of both China and the other countries involved, as well as a guard against the challenges and threats to China's interests in the Indian Ocean.

The African continent is also involved in the Belt and Road Initiative. One of the major problems facing Africa today is its poor infrastructure, which hinders the development of trade between the countries and creates obstacles to integration. China has both the experience and the financial muscle to take part in the solution. According to a report from Baker Mckenzie and the Economist Corporate Network titled "Spanning Africa's Infrastructure Gap: How development capital is transforming Africa's project build-out", the total funding allocation for Africa-based infrastructure initiatives over the period from 2009 to 2014 was around USD 328 billion (USD 54 billion per year), and the contribution from Asia-based sources, especially from China, was especially significant: in 2013 alone, it reached USD 13.4 billion, and in 2009-2014, according to the Infrastructure Consortium for Africa (ICA), it amounted to almost USD 60 billion. According to Zhao Changhui, chief risk analyst at the Export-Import Bank of China, over the next decade, Chinese investment in Africa will reach at least USD 1 trillion, and the Export-Import Bank will become China's main source of investment in African infrastructure (75%).

Africa's participation in the Belt and One Road Initiative will help it develop infrastructure and will open ways for Beijing to explore its potential in the construction sector. It will boost China's economic growth, which has been decelerating in recent years, and while yielding much benefit to African countries. The second advantage of China's Belt and Road Initiative for Africa, according to Chinese experts, is that it offers an opportunity to move Chinese labor-intensive industrial enterprises to the African continent, ensuring output growth, new jobs, and higher wages. As part of the initiative, China is undertaking ambitious efforts to industrialize peripheral and semi-peripheral countries, where in many cases the manufacturing sector is created virtually from scratch in agro-industrial parks and special zones for industrial cooperation [*Chubarov, Kalashnikov* 2018].

North Africa is expected to become one of the lynchpins of the project, tying together African infrastructure. The initiative includes six land corridors, one of which passes through the countries of the Middle East and North Africa. It is envisaged that, along these new Silk Road corridors, the participating nations will create an entire net of liquefied natural gas terminals, pipelines, and power plants.[29] In January 2016, two Chinese companies – China Construction and China Harbor – together with Algeria's Port Services Public Group established a joint venture for the construction of a new port in Algeria worth USD 3.3 billion, with an annual capacity of 6.5 million TEU and 30 million tons of cargo.

Morocco attracted the attention of Beijing's after the visit of King Mohammed VI to China in 2016. Unlike Algeria, Morocco does not have oil reserves, but the country's political stability in the tumultuous Arab region gives it an edge over its neighbours. Besides, Morocco recently rejoined the African Union. From 2011 to 2015, Chinese direct investment in Morocco grew by 195%. China has already made a significant contribution to Morocco's infrastructure by completing the longest cable-stayed bridge in Africa, which connects the country's capital, Rabat, to the city of Salé. The bridge itself is a part of a massive infrastructure project to create the largest highway network in the country, from Tangier, located on the Mediterranean coast, to Casablanca, considered Morocco's economic and business center. There are also plans to build a high-speed railway between Marrakesh and Agadir.[30] In November 2017, Marrakesh hosted the China-Africa Investment Forum (CAIF) which brought together more than 400 representatives of Chinese and African businesses. The goal of the forum was to promote and expand business cooperation between investors and entrepreneurs in the industrial sector and in infrastructure.[31]

29 *V. Tsegoyev.* (2018) China's Footprint: How China Expands its Economic Presence in Africa // RT.com. January 8, 2018 // https://russian.rt.com/business/article/468291-kitai-afrika-investicii , accessed 12.10.2018.

30 Under the Radar: What's behind China's Love Affair with Morocco? (2017) // Global Risk Insights, March 26, 2017 // https://globalriskinsights.com/2017/03/chinas-love-affair-with-morocco/, accessed 12.10.2018.

31 China-Africa Investment Forum, November 27–28, 2017 // https://www.imemo.ru/index.php?page_id=502&id=3778, accessed 12.10.2018.

Beijing also plans to intensify interaction between the Belt and Road Initiative and Egypt Vision 2030 – the Chinese leadership considers Egypt to be a "strategic axis" and a "regional priority". China is Egypt's leading trading partner (in 2016, trade volume was at USD 12 billion) and the largest investor in the Suez Canal Economic Zone. In 2016, Xi Jinping paid a visit to Egypt, signing 21 agreements on cooperation in the development of transport, infrastructure, and electrification. China is planning to invest USD 2.5 billion in a project for the development of the Suez Canal alone.

The Belt and Road Initiative also covers East Africa, where Beijing intends to establish a part of the Maritime Silk Road. At the same time, it expects to expand local infrastructure and transfer some of its producers to East African countries. From 2007 to 2015, Chinese investment in East Africa grew 12 times. In 2007, investment was estimated at less than USD 100 million, and in 2015 it was already at USD 1.2 billion, which accounted for 40% of Chinese FDI flows to Africa (in 2007 it was at 6%). China has become the source of almost 16% of all FDI inflows to East Africa [Macroeconomic and Social Developments in Eastern Africa 2017, p. 37].

Today, the countries of the East African Community play the leading role in the Chinese program to develop transport infrastructure on the African continent. In 2013, construction began on a highway in Uganda, linking the capital city of Kampala with Entebbe International Airport, and designed to replace the currently used unsurfaced road which, like many other roads in Uganda, is highly affected by rain in the period from March to June. The construction was supposed to take 5 years, but in March 2017 it was reported that the road was 75% complete. And on May 31, 2017, Kenya opened a major new railway line between the port city of Mombasa and the capital, Nairobi (and Jomo Kenyatta International Airport). The line, which is the first phase of a larger railway project, was built by China Road and Bridge Corporation (CRBC). The railway is described as the largest Chinese infrastructure project in Kenya since its independence. The first phase of construction – which is part of the Belt and Road Initiative – is meant, according to Beijing, to open East Africa for international trade. The road cost USD 3.8 billion, with China's Export–Import Bank providing 90% of the funding. The road is part of an ambitious project meant to connect all of East Africa with a massive railway network: the railway is supposed to be extended all the way to Kampala (Uganda) and then to South Sudan. This is China's most expensive construction project in Africa, costing USD 13.8 billion.

The project holds a special significance for railway construction in Africa because, unlike the narrow-gauge railways that have existed since colonial times, the new railway is a standard-gauge road. The new roads will be built to the same standard, meaning that eventually the entire narrow-gauge railway system of Africa will be replaced with modern standard-gauge roads.[31] Tanzania has already approached China with a request to begin the construction of a standard-gauge railway; the road will go through the Central Transport Corridor, connecting the ports of Mombasa and Dar es Salaam, and will unite Tanzania, the Democratic Republic of the Congo, the Great Lakes region, Rwanda and Burundi into a single transport system.

In May 2017, Beijing hosted the Belt and Road Summit, where President Xi Jin-

32 Yun Sun (2017) China and the East Africa Railways // Brookings, July 6, 2017 // https://www.brookings.edu/blog/africa-in-focus/2017/07/06/china-and-the-east-africa-railways-beyond-full-industry-chain-export/, accessed 12.10.2018.

ping spoke about China's intention to invest even more in infrastructure projects. African countries recognize that China's focus on African infrastructure is consistent with the goals and objectives of the Agenda 2063, adopted by the African Union. The "African Dream" is to connect the nations of the continent with a network of highways, railways and airways, ports, power lines and telecommunications lines. China's Africa policy is helping make this dream a reality.

Apart from North and East Africa, other countries on the continent are showing their interest in the Belt and Road Initiative. South Africa, as well as some nations of West Africa, such as Nigeria, Mauritania, and Côte d'Ivoire, are hoping to seize this economic opportunity, too. And new President of Zimbabwe Emmerson Mnangagwa stated that the "Belt and Road Initiative is indeed a vision for the future".[33]

Critics of the initiative point out how difficult it would be for African countries to repay Chinese loans. One can argue, however, that China has repeatedly written off African debts, primarily those given to the least developed countries (LDCs), and promised to continue with this practice at the 2018 FOCAC Summit in Beijing.

Agricultural Cooperation

Another important area of China-Africa economic cooperation is the development of agriculture. The 2006 official China's Africa Policy paper places a focus on cooperation in land development, agricultural plantation, food security, agricultural machinery and technology, as well as experimental and demonstrative agricultural projects. Africa is also assisted in the creation of irrigation systems and in combating desertification (through the introduction of green trade barriers). China's experience in the area is widely promoted and popularized: Africans are invited to agricultural facilities, introduced to irrigation methods, and the use of solar energy; they attend training courses at the Foreign Economic Cooperation Centre of the Ministry of Agriculture. Chinese experts are sent as advisers to African countries. China's Ministry of Agriculture routinely organizes Agricultural Technology Seminars for African officials.[34] The first Agricultural Technology Demonstration Centre was opened in Mozambique in 2007. And in March 2018, at the 1st session of the 13th National People's Congress, China's Minister of Agriculture Han Changfu announced that China opened Agricultural Technology Demonstration Centers in 14 African Countries, that Chinese experts implemented about 300 demonstration projects, introduced 450 types of technologies and conducted training of 30 thousand rural residents. China is ready to share its experience in agricultural development with African countries and help African farmers and officials, especially from the poorest countries, by teaching them agricultural know-how and technologies. "Our sincere wish is to help African countries ensure food security without any additional conditions or pre-requisites," said Han Changfu.[35] Chinese companies finance large-scale agriculture, livestock farming, construction of grain silos, and

33 Shahtahmasebi D. (2018) China Sees Trump's Trade War as Opportunity to Boost Ties with Africa // RT Live. Question More, July 27, 2018 // https://www.rt.com/op-ed/434245-china-africa-trade-war/, accessed 12.10.2018.

34 China Holds Agro-tech Extension Training Course for African Officials (2007) // People's Daily Online, July 05, 2007 // http://en.people.cn/90001/90776/6207964.html, accessed 12.10.2018.

35 China Builds Agricultural Technology Demonstration Centers in 14 African Countries (2018) // The People's Daily, March 9, 2018 // http://russian.people.com.cn/n3/2018/0309/c31521-9435224.html, accessed 12.10.2018.

grain processing. According to the China-Africa Cooperation Johannesburg Action Plan for 2016-2018, multiple agricultural projects, supervised by 30 groups of Chinese experts, are to be implemented in one hundred African villages.[36]

New technologies that China promotes in Africa are aimed not only at improving agricultural production, but also at raising the quality of life of rural citizens. In terms of green economy, China is implementing one hundred projects in clean energy, wildlife conservation, and improving the quality of city life. Other plans include the establishment of the China-Africa Environmental Cooperation Center and the launching of the China-Africa Green Innovation Project.

Shortage of drinking water is one of the most pressing problems of the continent, and China helps address it, as well. In 2007, it launched a project to build a hydroelectric power dam on the Black Volta River in Ghana's Bui National Park. Along with the hydroelectric dam, it was planned to establish a new urban area, called Bui City, to bolster socio-economic development of the region. The main goal of the project was to increase the country's energy intensity from 2000 MW in 2007 to 6000 MW by 2015. The construction of the dam started in December 2009; the first generator was commissioned in May 2013, and the hydroelectric power plant was fully operational by December of the same year. A USD 562 million loan, payable over a period of 17 years with a 5-year moratorium, was granted by Export-Import Bank of China to complete the dam project [*Idun-Arkhurst* 2008]. The Bui project effectively disproves the view that Chinese projects employ only Chinese labor and experts, writes Deborah Brautigam. The project was overseen by Coyne et Bellier, a French company, and the construction itself involved 1,676 Ghanaians, about 100 Chinese and 60 Pakistanis. The same situation could be observed in other construction projects for dams and dikes. For example, the German company Gauff Engineering provided its consultants for a hydroelectric dam project in Gabon. In Congo, the workforce for a dam construction project included 2,000 Congolese, 20 German consulting engineers, and just 400 Chinese [*Brautigam, Hwang, Wang* 2015]. In 2009, the Merowe Dam, built in Sudan with assistance from China, was completed, becoming the largest man-made structure on the Nile River after the Aswan Dam in Egypt. Its hydroelectric dam cost a total of USD 1.5 billion, with the bulk of the expenses covered by the Export-Import Bank of China. The construction was carried out by Chinese, French and German companies.

By early 2011, China has set up 150 agricultural enterprises on leased or purchased African land. The farms themselves are modelled after different types of Chinese farms. For example, in 2012, there were four small Chinese farms in Ghana, growing vegetables and fruits. The owner, a man named Li, supplied the local market with a wide range of quality vegetables, 85% of which were purchased by the Chinese, to be consumed in households or in Chinese shops and restaurants, 5% were purchased by Ghanaians, and the rest by Europeans and other residents of Ghana. Lee used new technologies and employed local labor. In the upcoming years, he hoped to train a number of small business entrepreneurs from among the locals. His farms created jobs: one farm employed eight Ghanaians and two Togolese, while another employed eight Ghanaians.

Another example of a Chinese farming model taking hold in Africa is Green Agriculture West Africa (GAWA), a grain

36 Sibongakonke Shoba (2015) Early Festive Gifts from China's Xi // Sunday Times, December 6, 2015.

producer operating in Nigeria, established as a collaboration project by the governments of China and Nigeria and uniting Chinese agricultural enterprises with local Nigerian farmers. The main shareholders are two Chinese companies: Sinopec and China Geo-Engineering Corporation. The corporation conducts business in more than 10 African countries, and is represented in the agricultural sector, among other areas. Apart from growing rice and corn, and engaging in ecological farming, it produces agricultural equipment and does trade [*Jiao Yang* 2015]. China's provinces often specialize in certain types of work. For instance, the main focus of the Hubei Gaza Friendship Farm is grain production. Hubei Province signed an agreement with Mozambique's Gaza province to launch a number of agricultural projects. The Ogun-Guangdong Free Trade Zone in Nigeria is a partnership project between Guangdong Province and the Ogun State Government.[37]

However, Chinese participation in African farming has sparked heated debate online and in the media, giving rise to the accusations of Chinese "land grabbing" in Africa. There are studies that cast the practice of Chinese farming on the continent in a negative light, warning about its implications for African agriculture. That said, many authors are trying to get to the bottom of the problem by assessing the activities of Chinese farmers in one or another particular African country. With this goal in mind, a group of researchers of the China-Africa Research Initiative at the Johns Hopkins University approached the issue, publishing the results of their studies in several policy briefs in 2015. They write, among other things, that the press reported about 6 million hectares allegedly "land-grabbed" by the Chinese. Meanwhile, their own studies showed that only 252.901 ha were, in fact, acquired by the Chinese.[38]

One study focuses on Zambia, where Chinese entrepreneurs were found among the investors in agriculture. Contrary to popular belief, their agricultural projects were not an initiative of the Chinese government, but a private venture started by individual migrants. After the adoption of the Lands Act of 1995, which, for the first time since the country gained its independence, formally allowed foreigners to acquire land by obtaining investment certificates, the Chinese became a prominent player in the agricultural sector. Voluntary migration to rural Zambia is seen as an attractive opportunity by the Chinese, and their number is growing. Meanwhile, these "new farmers" are considered drivers of agricultural growth in the country. "China, contrary to allegations of 'land grabbing' and 'neo-colonialism', never became a major 'invader', and its companies did not turn into producers of food to be exported back to the Chinese market," says the article [*Chatelard, Chu* 2015]. Most Chinese farmers in Zambia are sole proprietors who have little to no affiliation with state-owned enterprises. In 2015, there were two Chinese state farms in Zambia, and about 30 private farms, with most of them oriented for domestic consumption. A series of surveys of workers in 16 Chinese farms (state and privately-owned) and 27 mixed-ownership farms held in 2008–2014 showed that new investors cannot compete with multinational corporations, better integrated into the country's economy and having greater access to resourc-

37 Understanding China-Africa Relations (2016) // The Diplomat, June 21, 2016 // https://thediplomat.com/2016/06/understanding-china-africa-relations/, accessed 12.10.2018.
38 Chinese Agricultural Investment in Africa, 1987–2016 (Excel Data) (2018) // SAIS-CARI // http://www.sais-cari.org/data-chinese-agricultural-investments-in-africa/, accessed 12.10.2018.

es. However, private farmers are more active and are learning how to grow a business in less than perfect conditions. At the same time, the researchers did not find evidence that private or even state-owned Chinese want to export goods back home, in order to address China's own food security issues. Chinese farms occupy relatively small land plots and cannot truly compete with state-owned and commercial farms. Despite their small contribution to overall investment, these farms represent a dynamic and steadily growing segment of Zambia's "emergent farming" [*Chatelard, Chu* 2015].

Nevertheless, charges that China is engaged in "land grabbing" in Africa to grow food for export back home has prompted Beijing to dial back its agricultural projects abroad. In this regard, David Shinn writes: "In fact, investors from India, Saudi Arabia and even the United States have been more active in this area, although most of the projects do not qualify as 'land grabbing'. Today, China intends to focus on joint ventures with African investors and arrangements whereby the crop is sold both in Africa and exported to China."[39]

The Role of Soft Power in China's Africa Policy

As Beijing's 'Go Out policy' started to gain traction, its soft power instruments have become increasingly relevant to its foreign policy. Soft power tools are widely used in Africa to counter the "Chinese threat" narrative and improve China's image abroad. Soft Power is also employed to form an African elite supportive of South-South cooperation.

Human capital is a priority concern for Beijing. As early as 2000, at the first FOCAC meeting in Beijing, a decision was made to establish an African Human Resources Development Fund, financed by Beijing. The fund was created to provide education to African students, award scholarships, help African countries establish schools and set up laboratories, send teachers and volunteers to Africa, teach Africans the Chinese language, etc.

China-Africa educational cooperation has made considerable progress in recent decades. In the period from 2009 to 2012, 28 new schools were built in Africa with China's assistance, and 42 schools received equipment, including 6 computer classes [Forum on China-Africa Cooperation 2013].

In 2012–2015, Beijing provided scholarships to 20,000 Africans, and at the 2015 FOCAC Summit in Johannesburg it was announced that in 2015–2018, 32,000 African students will receive scholarships [Forum on China-Africa Cooperation (2016–2018) 2015]. In 2016, according to Deputy Chairperson of the African Union Commission Erastus Mwencha, 30 thousand scholarships were granted to Africans, and about 150,000 African students studied at Chinese universities [*Mwencha* 2016].

In the 1960s, China has experienced racism against African students, which in some cases resulted in Africans having to return home without completing their studies. Today, the situation has shifted. According to surveys of African-born students studying in China, the general attitude towards studying abroad is positive. During the surveys, students displayed interest in and fondness for the Chinese language and culture, and a desire to study and carry out research projects together with Chinese students. The interest of Africans in the Chinese language and culture

39 Shinn D. (2013) China and Africa: The Next Decade. During a Conference on China in Africa at the University of Denver. Denver, Colorado. February 1, 2013 // https://ru.scribd.com/document/123557623/China-and-Africa-The-Next-Decade, accessed 12.10.2018.

grew during their stay in the country, but many reported that they had liked China even before coming there. "The responses and the results of the interviews reveal that, as 'agents of soft power', African students are happy to share their knowledge with others and to build bridges of friendship between the two peoples," writes the author of an article analyzing a survey conducted among African students in China [*Gonondo* 2017, p. 25].

The Chinese language program for African students is being expanded. There is a world-wide network of Confucius Institutes, where students are given courses in Chinese history and culture, in addition to the language courses. As of today, Africa has 47 such institutes operating throughout the continent. Kenya, which was the first to open a Confucius Institute in Africa, now has three, while South Africa has five. Director of the Confucius Institute that opened in South Africa in 2014 said that institutions like these could help "put an end to the campaign against China in Africa, whose apologists claim China wants to buy all of us."[40] According to L. Mukaro, a professor at the University of Zimbabwe, one of the reasons for the success of the Chinese language program in Africa is the demand in the labor market for people speaking Chinese, particularly in the Chinese companies operating on the continent.[41]

Scientific cooperation is developing rapidly. In accordance with the China-Africa Science and Technology Partnership Program adopted in Johannesburg in 2015, new laboratories and innovation parks are being created in Africa. In 2016, a joint Agricultural Technology Research Center was opened at the Jomo Kenyatta University of Agriculture and Technology in Kenya, which works in partnership with the Chinese Academy of Sciences to do research in the field of microbiology and design innovative methods in agricultural development. In 2017, China and South Africa officially launched the South Africa-China Park for Science Cooperation [*Ligang Song, Garnaut, Cai Fang, Johnston* 2017, p. 442]. In 2014, the Malawi University of Science and Technology opened its doors for the first time. Mount Kenya University (MKI) signed an agreement with the China University of Petroleum, under which MKI will train oil industry specialists. in 2016, China's Shenyang University of Chemical Technology pledged to establish The National Research Institute for Chemical Technology in Nigeria. In 2017, the Chinese-built School of Biomedical Sciences at the University of Health and Allied Sciences in Ghana's Volta region was officially handed over to the national government.[42]

The African Human Resources Development Fund trains professionals to work in various countries throughout the continent. As part of the African Talents Program for 2012–2015, 30,173 participants received professional training [*Deych* 2017, p. 52]. The Action Plan for 2016–2018 sets the goal of training 200,000 Africans in technical skills [Forum on China-Africa Cooperation. Johannesburg Action Plan (2016–2018) 2015]. Innovative approaches are used in the training of technical management and economic development professionals; a lot of effort is spent to prepare high-level administrative personnel, which includes learning the Chinese language.

40 The Goal of 'People to People' Diplomacy (2015). FOCAC 6. Africa-China Progressing Together. Cape Town. December 15, 2015, p.11.

41 Olaniran F. (n/y) On the Growing Ties between China and Zimbabwe // CPAFRICA // http://www.cp-africa.com/2013/03/03/china-and-zimbabwe/, accessed 12.10.2018.

42 Johnston L.A. (2018) Harvesting from "Poor Old" China to Harness "Poor Young" Africa's Demographic Dividend? // Bridges Africa, vol. 7, no 5, July 2018 // https://www.ictsd.org/bridges-news/bridges-africa/news/harvesting-from-%E2%80%9Cpoor-old%E2%80%9D-china-to-harness-%E2%80%9Cpoor-young%E2%80%9D-africa%E2%80%99s, accessed 12.10.2018.

An important component of China's soft power is its foreign medical aid. For over 55 years, China has been assisting Africa with healthcare. In 1963, the first Chinese medical team arrived in Algeria, and in the period from 1991 to 2008, China dispatched medical personnel to 35 African countries, writes Deborah Brautigam in her book The Dragon's Gift [*Brautigam* 2009, p. 316]. Today, Chinese health professionals operate in 73 African clinics. For example, since 1974, Chinese doctors have been working in the Ethiopian Friendship Hospital in Akaki, outside Addis Ababa. In 2018, the hospital houses a 15-strong team of medical professionals in various fields, as well as an interpreter.[43] Chinese doctors have been successful in treating malaria. Holley-Cotec was one of the first Chinese companies to enter Kenya's pharmaceutical market – in 1993, it started selling a cheaper anti-malaria drug (compared to Western and Indian alternatives) called COTECXIN — referred to by some on the continent as "Chinese magic medicine".[44] China created a cardiology center in Tanzania, a center for reproductive health in Uganda, and a biotechnology laboratory at the University of Nairobi (Kenya). At the 2015 FOCAC Summit in Johannesburg, President Xi Jinping promised to help Africa modernize its healthcare. The Action Plan for 2016–2018 envisages China's assistance to Africa in reducing child and maternal mortality, as well as the construction of an African Centre for Disease Control and Prevention and of a number of regional medical centers; cooperation between 20 Chinese and 20 African hospitals, the training of doctors and medical personnel; deployment of Chinese medical teams to Africa that include clinical experts and surgeons [Forum on China-Africa Cooperation. Johannesburg Action Plan (2016–2018) 2015].

In 2014, China took active part in the fight against the spread of Ebola, sending USD 120 million worth of medicine, food, and other aid to West Africa, as well as 1,200 medical specialists, who, in turn, trained 1,600 local healthcare workers.[45] According to the statement by Jin Xiaotao, Vice Minister of the National Health and Family Planning Commission, China also promises to help Africa modernize its healthcare system and improve its epidemic preparedness and response capacity.[46]

Cultural cooperation between China and Africa is also developing. In 2015 alone, Beijing opened five new cultural centers in Africa. Days (weeks and months) of Chinese culture are held in Africa, and corresponding days of African culture are held in China. The Chinese-African People's Friendship Association operates in Beijing; other friendship associations also operate in various African countries.

Media and communication play an important role in China's relations with Africa. China Central Television (CCTV) devotes at least 10 hours a week to African issues. China Radio International has a broadcasting center in Kenya, from where it broadcasts to Africa in Swahili, Chinese and English. A specialist at The South African Institute of International Affairs called the activities of Chinese media in Africa a "part of a bigger soft power drive... aimed

43 Feature: Chinese Medical Team Hailed for Their Services in Ethiopia (2018) // Xinhuanet.com, August 19, 2018 // http://www.xinhuanet.com/english/africa/2018-08/19/c_137400678.htm, accessed 12.10.2018.

44 Wang Yujue (2016) From Aid to Business? Chinese Medical Companies Arrive in Africa // China Africa Project, August 19, 2016 // http://chinaafricaproject.com/chinese-medical-aid-kenya-africa/, accessed 12.10.2018.

45 China Awards Model Ebola Fighters (2015) // Xinhuanet.com, November 25, 2015 // http://www.xinhuanet.com//english/2015-11/25/c_134854734.htm, accessed 12.10.2018.

46 China Promises to Support Africa in Post-Ebola Recovery (2015) // Russian.News.cn. July 23, 2015 // http://russian.news.cn/2015-07/23/c_134440071.htm, accessed 12.10.2018.

at building a positive image in areas where Beijing is economically and politically active."[47]

China's growing presence in most African countries prompts critics to accuse it of expansionism and even brand China's foreign policy a form of neo-colonialism. Because of that, China seeks to improve its image by actively utilizing soft power tools on the African continent.

China's Presence in Africa Through the Eyes of Africans

The opinions of Africans regarding China's involvement in the continent are generally positive, with most noting Beijing's contribution to the development of African nations. For example, in May 2017, when speaking at the Belt and Road Summit in Beijing, Ethiopian President Hailemariam Desalegn said: "We continue to view China as a successful economic model and reliable ally in the fight against poverty and in the quest for prosperity."[48]

However, there are aspects of Chinese presence in Africa that cause criticism and opposition from the locals, such as: a rapidly increasing number of Chinese traders and businessmen, numerous violations of environmental standards by Chinese companies, non-compliance with local laws, non-transparent business practices, etc. In 2011, Michael Sata won Zambia's presidential election by appealing to anti-Chinese sentiment. However, after becoming president, he had an immediate change of heart and started to actively cooperate with China. In 2013, Governor of the Central Bank of Nigeria Lamido Sanoussi wrote: "It must be recognized that China, like the United States, Russia, Britain, Brazil and other global powers before them, came to Africa not to support our interests, but to satisfy its own." Africans have also begun to fault Chinese companies for unfair labor practices, including disputes over wages and poor working conditions. According to Ian Taylor, a Professor of International Relations at the University of St. Andrews, an overabundance of state-owned and private Chinese companies in Africa leads to Beijing not always being able to control or regulate their activities.[49] This state of affairs has led to multiple strikes by workers: in 2012, a protest in Zambia led to deaths of Chinese managers. In 2016, anti-Chinese protests erupted in Madagascar, where Chinese entrepreneurs ran a sugar factory. Seasonal workers, unhappy about a decrease in their wages, took out knives, and the following confrontation led to the deaths of two workers.

Chinese companies have been repeatedly accused of bringing their labor and use it in projects across Africa, thus taking jobs from the local population. Today, however, many experts agree that Chinese enterprises, while still employing other Chinese as managers and engineers, mostly rely on the trained locals for labor and maintenance. According to China Roads and Bridge Corporation (CRBC), it employed more local workforce in the construction of the Mombasa-Nairobi Railway than any other foreign company. 21,858 people took part in the construction project, including 2,000 Chinese managers and technical personnel, and 19,858 locals, includ-

47 McKenzie D. (2012) Chinese Media Make Inroads into Africa // CNN, September 25, 2012 // http:// edition.cnn.com/2012/09/05/business/china-africa-cctv-media/index.htm, accessed 12.10.2018.

48 Sow M. (2017) African Leaders Attend China's Belt and Road Summit // Brookings, May 19, 2017 // https://www.brookings.edu/blog/africa-in-focus/2017/05/19/africa-in-the-news-african-leaders-attend-china-one-belt-one-road-summit-violence-escalates-in-central-african-republic-and-cote-divoire-mutiny-ends/, accessed 12.10.2018.

49 Albert E. (2017) China in Africa // Council on Foreign Relations, July 12, 2017 // https://www.cfr.org/backgrounder/china-africa, accessed 12.10.2018.

ing 4,690 technicians, 907 managers, and 14,261 workers. Local Kenyans operated heavy machinery, drove forklifts and performed general tasks. In total, 38 thousand jobs were created during the construction. Furthermore, CRBC, in cooperation with Kenya's Rene Descartes Training Institute, started a private technical training school. The disciplines offered are not railway-specific, but focused on training large equipment operators, laboratory technicians, construction engineers, etc. Successful graduates from the school will obtain a certificate recognized by the Kenya Ministry of Education, Science, and Technology. CRBC also sends Kenyan workers to China for advanced training. From July to December 2015, CRBC sent 13 local employees to the 2015 Seminar on Railway Project Management and Construction for Developing Countries sponsored by the Ministry of Commerce of China (MOFCOM) and organized by the Southwest Jiaotong University. The employees received a certificate upon completing training.[50]

Another way to assess African attitudes to China and its policies on the continent is by looking at the results of the 2016 report by Afrobarometer. According to the surveys conducted in 36 African countries, 63% of respondents rated China's political and economic influence in their country as "somewhat" or "very" positive. While attitudes vary from country to country, people in Mali (92%), Niger (84%), and Liberia (81%) responded particularly well to China's presence.[51] Only 15% of the surveyed saw China's Africa policy as somewhat or very negative. Over half of the respondents (56% of almost 54 thousand people) were positive in their assessment of China's economic assistance to African countries. When asked which five factors contributed most to China's positive image, it was investment in infrastructure that came out on top with 32%. In the second place (23%) was the low cost of Chinese products. In the third place (16%) – China's investment in African businesses. Other factors in favor of China included its support of African countries in the international arena (6%), and Beijing's noninterference in the internal affairs of African states (5%). When asked which country would be the best model for the future development of their country, 24% of Africans picked China. Out of the 36 countries surveyed, people from 10 countries were particularly interested in China's development model: Cameroon (over 40%), Sudan (35%), Mozambique (35%), Mali (35%), Tanzania (34%), Zambia (32%), Egypt (29%), Niger (28%, Benin (26%), and Tunisia (24%).[52]

Overall, the survey seems to vindicate the views of those researchers who do not believe that Africa should consider China as a threat and fear its growing influence over the continent. The African people seem especially happy about China's financial assistance and investment into the African economies. Over recent years, Chinese FDI flows to Africa have been increasing, and many African leaders seek to capitalize on this trend in order to drive economic growth in their countries. The evidence presented above convincingly refutes the theory of Chinese "neo-colonial-

50 Wissenbach Uwe, Wang Yuan (2017) African Politics Meet Chinese Engineers. The Chinese-built Standard Gauge Railway Project in Kenya and East Africa. Working Paper No. 2017/13. China Africa Research Initiative, School of Advanced International Studies, John Hopkins University, Washington, D.C. // https://static1.squarespace.com/static/5652847de4b033f56d2bdc29/t/594d739f3e00bed37482d4fe/1498248096443/SGR+v4.pdf, accessed 12.10.2018.

51 Morlin-Yron S. (2016) This Is What Africans Really Think of the Chinese // CNN. Africa View, November 06, 2016 // https://edition.cnn.com/2016/11/03/africa/what-africans-really-think-of-china/index.html, accessed 12.10.2018.

52 Dionne Kim Yi (2016) Here's What' Africans Think about China's Influence in Their Countries // The Washington Post, October 28, 2016 // https://www.washingtonpost.com/news/monkey-cage/wp/2016/10/28/heres-what-africans-think-about-chinas-influence-in-their-countries/?noredirect=on&utm_term=.eaaeb1d7e6df, accessed 12.10.2018.

ism". While it is hard to deny that Chinese presence on the continent has its drawbacks, it would be even more difficult to dispute Beijing's massive contribution to the development of Africa. Thus, it would be reasonable to regard Beijing's Africa policy not as something dictated by economic and political expediency, which is the standard accusation from the West, but as mutually beneficial – in other words, a win-win strategy.

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India – Africa: Trade and Investments in the 21st Century

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ABSTRACT. *The article discusses commercial relations and investment flows between India and the countries of Africa against the backdrop of globalization in the 21st century. The scale and substance of their economic interaction, determined by the level of development of their domestic economies and the specifics of external demand for the goods produced, significantly differ. African countries continue to require an inflow of foreign investments, especially given the substantial lag the majority of such countries still demonstrates in the development of their own research and development sector. In Africa's intercontinental contacts, a high degree of involvement is shown by India, whose government adopted the 2002 "Focus Africa" program aimed at promoting consistent development of economic contacts with the continent's countries. A considerable share of the shadow sector in their GDPs remains an essential negative feature of economic structures of the African countries and India. It not only complicates adequate assessment of the economic processes ongoing in those countries, but also has an adverse effect on the efficiency of their state institutes. One can observe the emergence of the middle class (although uneven by scale) and, as a result, of new types of consumption and demand, and their proliferation. This is making their domestic markets increase and diversify, which, in turn heightens foreign exporters' and investors' interest in accessing such markets. Especially important here is India's economic policy on the relations with the countries of Africa, including its use of "soft power" for further expansion of its position. The article focuses on the main forms of economic relations of India and African countries, the growing activity of large businesses, and high level annual economic summits. African countries' exports to India retain a high share of raw materials, and, primarily, agricultural produce and hydrocarbons. The share of African oil in India's total imports in 2016 amounted to 15%. While the leading countries of the West continue their traditional presence in the African and South Asian markets, China, as an exporter and investor, is gaining in economic influence. The role of Japanese and South Korean capitals in the competition for African markets is also on the rise. In February 2018, African countries agreed to create a common market. This prospect will significantly intensify competition for economic positions in trade and investments with the countries of the African continent.*

KEY WORDS: *globalization, India, Africa, shadow economy, middle class, purchasing power, summits India-Africa, "soft power", trade, commodity structure, oil, investments, African common market*

One of the key characteristics of the modern stage of globalization is the emergence of changes in the economic interactions of countries that participate in the global economy. This objective process is due to technological shifts, growing competition, and the evolution of means of communication. The demand of India and African countries, where both aim at industrialization, and many of them – at modernization, for raising foreign investments as a gateway to modern technologies, has considerably risen. The scale, areas and substance of foreign economic contacts form an intricate scheme of their interstate relations.

The economic interaction of India and African states constitutes an important part of their positioning in the global economy. In the 21st century, South – South foreign contacts are becoming a crucial element of such interaction. Their evolution and growth are led by India: "… the foundation was laid by independent India's first Prime Minister, J. Nehru, who followed the traditions of Mahatma Gandhi" [*Chaturvedi* 2016, pp. 4–5]. India's influence is further assisted by its economic success. According to the IMF, in 2017, by its GDP India ranked sixth in the world, with a prospect of joining the top five states by that indicator.

In the present conditions, the economic interaction of the African countries and India is of practical and theoretical interest: it occupies a special role in the system of relations with the states of the South, which generally corresponds to African countries' interests. The 2001 NEPAD (New Partnership for Africa's Development) program adopted by the majority of African states, and the 2013 ambitious Agenda 2063 that followed, have emphasized the need for African states to expand their foreign economic contacts in order to develop and modernize their national economies.[1]

Unique Characteristics of the Economies of India and African States

The dynamic 21st century that keeps opening new prospects for economic ties between the countries, is adapting the established practice to external challenges and changing domestic needs. There processes, of various scales by their economic and political weight, involve 54 countries of the African continent, and India. Theirs are long-standing, historical ties that are attaining new features in the current reality. When one deals with populous groups of states, it is often feasible to unite them by some common characteristic. For a long time, researchers have used the categories of the "Third World" and "developing countries" for states that broke free of their colonial past by mid-20th century. Today, these definitions are difficult to use due to the current drastic differences of such countries. This article uses the terms "periphery countries" and even the "periphery", but they cannot apply to India, South Africa and some other African states, although a need for such an umbrella term persists.

It appears useful to view the forms of economic interaction based on the example of India's unquestionable leadership and its diverse ties with Africa's countries, among which South Africa holds important positions, being one of the most economically developed countries of the African continent (with its 2016 *per capita* GDP of USD 5.3 thousand, one of the highest figures on the continent). Both countries are members of the BRICS,

1 For more details, see [Morozenskaya 2016, pp. 10–23].

which further increases opportunities for their interaction [*Larionova, Kirton* 2018, pp. 71–75]. Based on the UN's classification, five countries, namely, Botswana, Lesotho, Namibia, Eswatini (formerly Eswatini), and South Africa make the region of South Africa, as well as form the Southern African Customs Union that has South Africa in its lead. Principal positions in the economic ties of the African countries, primarily with India, are held by South Africa and the oil-exporting Nigeria and Angola. Reciprocal trade contacts of the majority of other states of the African continent with India are less significant.

India dominates African countries' foreign economic ties politically and economically, largely shaping, or materially affecting their scale and forms. Its population of 1,342 million people in 2017 is somewhat bigger than the same figure for the entire Africa (1,256 million) [World Population Prospects 2017, p. 1]. Traditionally, India is economically and politically connected with the South African Republic in many areas. A comparison of the GDPs of India and South Africa, each a leader in its respective region, on the one hand, and the GDPs of their neighbouring states demonstrates substantial quantitative differences between them.

When analyzing the economic interaction of India and African states, one must not forget about a considerable shadow sector in their economic structures. The IMF's 2017 comprehensive study showed that in a number of African-Asian countries, the informal (shadow, second, illegal) sector occupies significant positions, thus limiting the scale of the official economy. This is illustrated by the below data on India and South African countries (Chart 1). A large share of informal relations in production and employment, concealed from the state, is one of the reasons for frequent discrepancies in the statistics of the social and economic condition of an enormous global periphery.

Despite the imprecision of the above figures due to the complexity of defining the very category of informal employment and the weakness of statistics services in most African-Asian countries, the considerable positions of the shadow economy are evident. This complicates an adequate assessment of their domestic economic processes and opportunities for growth. A unique example on the African continent is Zimbabwe with its 60% share of informal sector in the GDP that has caused liquidation of official economic forms and the loss of control over currency circulation.

The shadow sector's material positions in many countries in Asia and Africa mean mass tax avoidance, reduction of budget proceeds, and a boom of uncontrolled/illegal transactions with money. Secret economic activities deplete centralized financial resources that should potentially be used by the state for economic development. Their shadow sector of around 20–30% of the GDP signals a weakness of the

Chart 1. Shadow Economy in India and South African States in 2015, %

	India	South African States				
		South Africa	Botswana	Namibia	Eswatini	Lesotho
Share of the shadow economy	17.9	22.0	24.0	21.8	40.9	32.3

Source: Medina L., Schneider F. (2018) Shadow Economies Around the World: What Did We Learn Over the Last 20 Years? IMF Working Paper WP/18/17, pp. 69–76 // https://www.imf.org/en/Publications/WP/Issues/2018/01/25/Shadow-Economies-Around-the-World-What-Did-We-Learn-Over-the-Last-20-Years-45583, last accessed on October 12, 2018.

state and its main institutions. It is usually accompanied by high levels of corruption and the convergence of interests of local large businesses and bureaucracy. Shadow economic relations result in a decrease/loss of control, the public system's inability to perform its functions. This can be illustrated by the money reform in India, carried out by the government of N. Modi in November 2016 in order to bring the concealed financial resources from the shadow and into the light.

In India and African states informal employment includes a large share of people employed in agriculture and crafts, processing and sales of products, including small businesses, all of which forms an informal employment market. This should also include cross-border trade, movement of goods and people between neighbouring states, since the borders are not sufficiently guarded. Thus, some estimate a 30% share of contraband in the trade contacts between India and Bangladesh [*Galishcheva* 2013, p. 350]. The totality of these specific characteristics has resulted in the formal (accounted for) employment, for instance, in India, amounting to approximately 15% of all real employment. Based on an analysis of India's employment market, the authors of a McKinsey Institute Survey made an important conclusion, "The unemployment rate is not very meaningful in the context of a large informal sector", – explaining that unofficial employment with all its negative social and economic implications is the norm in peripheral countries [*Woetzel, Madgavkar, Gupta* 2017, p. 8].

When periphery states are concerned, it stands to reason to make one more commentary, although it can be deemed debatable. For a long time, inherent in the studies of the majority of Asian and African countries was a description of their mass poverty as a consequence of low or even inexistent income with the key strata of the population, with all the adverse consequences this implies. According to some estimates, up to a half of the population of African states still lives in poverty. But that situation has, albeit slowly and inconsistently, begun to change. In Africa, a positive role in this process is performed by the reduction of the number of open armed conflicts between the continent's countries. The early 21st century is witnessing a relatively stable acceleration of economic growth in many African countries, and, consequently, an uneven, but still apparent increase in the purchasing power of the population. Deutsche Bank associates it with urbanization and formation of an urban middle class.

These positive developments are confirmed by the growth of expenses of households in India from USD 487.7 billion in 2011 to USD 637.3 billion in 2016 (in fixed prices). The figures for the beginning of 2017 are incomparable to the preceding years, since the abovementioned monetary reform has already caused a short-term decrease of the income of the population. The recovery began in the second quarter of 2018 after a spike in the sales of motor vehicles – that is, 6.9 million automobiles of various types, mostly light passenger cars, were sold as compared to the 5.8 million in the end of the preceding year.

N. Modi, speaking on June 25, 2018 in Mumbai on the occasion of the third anniversary of the creation of the Asian Infrastructure Investment Bank (AIIB), emphasized that this century is the age of Asia, and informed that the middle class in India numbers 300 million people.[2] Even with moderate income, that forms a huge consumer market. The growth of the middle

2 PM Narendra Modi's Speech at Opening Ceremony of Third AIIB Annual Meet (2018) // Financial Express, June 26, 2018 // https://www.financialexpress.com/economy/full-text-pm-narendra-modis-speech-at-opening-ceremony-of-third-aiib-annual-meet/1220855/, last accessed on October 12, 2018.

class causes qualitative changes in the country's domestic market. Demand gradually diversifies, the sector of services, including medical treatment and education, develops ahead of expectations, stimulating the national economy as a whole. There is a notable and quickly growing share of services in the GDP structure, as well as employment in India and a number of African countries, especially South Africa. According to the assessment of the African Development Bank, consumer expenses of the population of the continent's countries will amount to USD 1.4 trillion by 2020. The rising demand and gradual changes of its commodity structure affect the diversification of imports, primarily, of consumer goods.

The results of the above analysis of the specifics of India's and African countries' economies can be summarized as follows. Restriction of shadow economy can not only increase the real collection of taxes and revitalize the government apparatus and its key institutions. This policy will also allow to reformat public investments and make them more efficient. This may, among other things, result in an increase of the disposable income of the population. In that case, one can also anticipate an augmentation of the consumer purchasing power and the domestic consumer demand. Notably, the IMF listed the three main engines of economic growth, in the following order: consumption, investments, exports. Accordingly, economic growth is facilitated as the shadow sector's share in the GDP diminishes and a middle class emerges.

India: A Course Towards Expanding Economic Ties with African States

Globalization creates qualitatively new opportunities for the global economy's actors for accelerating their economic growth *via* mastering new technologies. The substance and forms of foreign economic ties between groups of countries that are different by their level of economic development, are changing. These processes involve, with varying success, all African states. As to India, it occupies a prominent position in the global turnover of goods, and seeks to further expand its influence.

In 2002, India's government adopted the "Focus Africa" program, further energized by Narendra Modi's assumption of the office of Prime-Minister. It purported to increase the commodity turnover, investments and other forms of economic cooperation with the participation of Indian public and private businesses. As an important part of this policy, the leaders of India and African countries have met on an annual basis. The October 2015 Third India – Africa Forum Summit held in Delhi became a certain landmark: India's government welcomed top officials of 54 African states, as well as the representatives of businesses. During the Forum's work, the parties noted the growth of India's bilateral trade with African countries in the last 10 years and the need to revitalize reciprocal economic contacts. An agreement was reached on implementing over 150 projects in Africa, including in the sphere of energy, to be funded with India's involvement. The least developed countries that make the majority on the African continent received additional benefits on exports to India. The Forum confirmed the principle of "soft power" in India's policy towards African countries – that is, humanitarian cooperation in education, healthcare, and culture. The participants announced the grant of 50,000 scholarships to educate students from Africa in India and a loan of USD 600 million to the "India – Africa" Foundation. This area is especially important for the majority of states in the Central and Southern Africa, since their human capital is defined as "low viability" capital, given the short life span, poor health and low levels of education [*Bulatov* 2017, p. 626]. They also discussed the problem of "blue economy", important for many African countries, since the safe use and protection of ocean basins are urgent issues, and those countries are waiting for assistance on such issues, including from the Indian navy.

The final meeting of the Third Forum affirmed India's suggested mantra of three 'S's – Skill, Scale, Speed, to characterize the relations between participating countries. The Forum adopted comprehensive final documents: the India-Africa Framework for Strategic Cooperation and the Delhi Declaration of the Third India Africa Forum Summit 2015. However, these were largely declarative in nature and turned out much less valuable than the specific economic proposals made to a number of African countries in December 2015 at the meeting of Chinese and African officials. That marked a new stage of competition of two of the largest states in the world for a foothold on the African continent.

In 2016, the policy of cooperation with African countries was supported by the formal visits of Indian officials who had primarily political aims before them. The country's President Pranab Mukherjee visited Ghana, Côte d'Ivoire and Namibia; Vice-President Hamid Ansari met the heads of Morocco and Tunisia, rarely visited by the Indian government. A communiqué issued as a result of those visits highlighted an aspiration towards intensifying contacts and developing cooperation. The same year was also marked by the first state visit of N. Modi to Mozambique in 34 years. India's capital holds important positions in that country's production of steel and coal, which occupies a vital place within India's energy balance (for more details, *see* [*Usov* 2014, pp. 177–180]). An Indian state oil company that owns one third of the shares in the local large oil deposit, aims to increase its share to expand exports to India. Its investments rank 8th in the foreign capital invested into Mozambique's economy. In order to multiply mutual financial proceeds, the countries entered into intergovernmental double taxation agreements. A deficit of grain in India due to the 2016 crop failure was overcome through agreements on Mozambique's supplies of beans, which serves as a nutritional base for India's poorest social groups, and doubling Indian procurement of bread grain by 2020.

N. Modi's African tour continued in Tanzania, where he signed an agreement on cooperation in the agricultural sector and an agreement on the possible creation of joint ventures in order to exploit that country's natural resources. Of notice is India's involvement in the functioning of the agricultural sector of a number of African states, since the continent as a whole is a pure importer of food due to adverse climate, preponderance of backward forms of economic management and, consequently, frequent harvest failures. N. Modi's visit to Kenya ended in the signing of an agreement on cooperation in the sphere of defense; the country's government received a gift of 30 field ambulance vehicles. In the context of India's "soft power" policy, a grant of USD 1 million was made to the Mahatma Gandhi Library of the University of Nairobi. There was an endorsement of N. Modi's government-funded practice of inviting young Africans to study in India, greatly appreciated by countries South of Sahara. The reason is simple enough: "Sub-Saharan Africa is the only part of the world where "massification" [mass education] is not much in evidence yet" [Excellence v Equity 2015, p. 4].

N. Modi's 2016 African tour ended with his visit to South Africa, which accounts for most of India's exports to Africa. That country is where Indian largest companies operate along with small and medium-sized businesses, working predominantly in the sphere of services. During his visit, N. Modi also mentioned that

South Africa's President J. Zuma supported India's intention to join the suppliers for the implementation of the South African nuclear power plant construction program. He has not, however, expressly endorsed that agreement.

In 2017, N. Modi, as a guest of honor at the meeting of the African Development Bank, called Africa India's top priority in terms of economic policy and foreign trade. Annual India – South Africa Summits became not only a form of activating their cooperation, but also an avenue for expanding contacts with other African states. During the negotiations at the Summit in January 2018, India's and South Africa's officials discussed opportunities for increasing commodity circulation by way of expanding contacts in the spheres of defense, energy and agro-processing. The participants noted that the volume of reciprocal trade between the two countries is growing, but with apparent fluctuations, and that they have failed to achieve a substantial revision of the commodity structure. Practical measures to rectify the situation were not sufficiently thought through. It seems, the imminent resignation of South Africa's President J. Zuma under the pressure of public opinion, enraged by the enormous scale of his corruption, has exacted its toll on the negotiations.

An increasing role of large Indian businesses in the foreign economic ties of India and South Africa was confirmed at the India South Africa Business Summit in Johannesburg on April 29–30, 2018 (the term "Business" was added for the first time) under the slogan "United by Legacy, Unified for Prosperity". The Summit was hosted by South Africa's new President Cyril Ramaphosa, who took this office on February 2, 2018 after the resignation of J. Zuma. Its distinctive feature was the wide attendance of representatives of large businesses advocating for maximization of the economic partnership of South Africa and India and mutual improvement of the investment climate. The Indian party suggested increasing its exports to South Africa, but the Summit hosts stressed that that would require introduction of concessive prices to Indian goods. As regards exports to India from other countries of the continent, according to trade statistics, in 2016 and 2017, the number of African countries actively exporting goods to India did not exceed six. South Africa's businessmen were also interested in Indian methods of developing startups in pharmaceutics, medicine, banking and insurance. Delegates from India and South Africa held a business meeting with the involvement of representatives of Lesotho, Botswana, Mozambique and Zambia, to signify an intention to expand economic interaction with these countries. Their representatives once again spoke in favor of liberalization of India's foreign trade.

As evidenced by discussions at annual summits between India and South Africa, that often invite the representatives of South Africa's neighbouring states, their participants acknowledge the need for intensification of mutual economic contacts. But the inertness of the existing economic structure, primarily of India's counterparties, is difficult to overcome. The summits reiterate. without fail. intentions to update the commodity range, increase the share of finished industrial products, but real developments to date are few and far between. India faces constantly growing competition on the part of China's business's assertive policy that seeks to secure its position on the African continent with the support of its state.[3]

3 South Africa-India Business Summit to Strengthen Trade, Investment (2018) // SABCNews, April 29, 2018 // http://www.sabcnews.com/sabcnews/systems-go-india-sa-business-summit/, last accessed on October 12, 2018.

Foreign Trade in India – Africa Interaction

Foreign trade contracts invariably remain the main form of economic ties between the countries of the Asian and African continents. For the majority of states, the beginning of the 21st century has been marked by a sequence of slumps and revivals of the rates of economic growth, dominated by upward trends and a special role of India with economic growth of up to 6.5-7.5% in some years of the 21st century. The IMF Report notes a consistent rise of its economy up to 7.4% in 2019, and this figure has been raised to 8% in the recent publications. 2018, however, has shown dangerous signals, such as the continuing growth of global oil prices and a leaping fall of the Indian rupee.

India and South Africa dominate in their respective regions by the scale of commodity turnover. The highest levels in 2017 are represented by India's trade with South Africa (USD 6.9 billion imports and USD 4.1 billion exports) and Nigeria (USD 8.3 billion imports and USD 2.1 billion exports). The indicators for India's 2017 trade with 43 African countries (Chart 2) evidence that the country's principal trade flows are still not due to Africa, African trade constituting no more than 8% of its global turnover.

In the second decade of the 21st century, India's foreign trade with South Af-

Chart 2. India's Trade with African Countries in 2017, USD million

Partners	Export	Import	Goods turnover	Country's share, %	Trade balance
World	294,400	444,100	738,500		-149,700
Africa	23,695	35,552	59,247	100.0	-11,860
South Africa	4,100	6,900	11,000	18.6	-2,800
Nigeria	2,100	8,300	10,400	17.6	-6,200
Angola, Egypt, Ghana, Tanzania			< 4,450	< 7.5	
Mozambique, Kenia, Algeria, Botswana, Sudan, Senegal, Zambia, Morocco			< 2,100	< 3.5	
Côte d'Ivoire, Guinea, Burkina Faso, Mauritius, Ethiopia, Benin			< 1,200	< 2.0	
Uganda, Equatorial Guinea, Togo, Somalia, Cameroon, Madagascar, the DRC, Tunisia, Gabon, Liberia, Mali, Guinea-Bissau, Zimbabwe, Congo, Gambia, Niger, Chad, Rwanda, Namibia, Lesotho, Libya, the CAR, South Sudan, Mauritania			< 600	< 1.0	

Source: [UN Comtrade Data 2017].

Chart 3. India's Trade with South Africa in 2011–2018, USD million

	2011–2012	2012–2013	2013–2014	2014–2015	2015–2016	2016–2017	2017–2018
India's exports	4,731.17	5,106.93	5,074.29	5,301.99	3,588.74	3,545.95	1,488.30
India's imports	9,973.11	8,887.89	6,075.26	6,496.52	5,948.42	5,833.75	2,688.30
Total trade	14,704.29	13,994.82	11,149.55	11,798.51	9,537.15	9,379.30	4,176.60
Data on trade in 2017–2018 is for the period from April through August							

Source: India – South Africa Relations // Mea.gov.in // https://www.mea.gov.in/Portal/ForeignRelation/36_South_Africa_December_2017.pdf, last accessed on October 12, 2018.

rica dropped, among other things, due to the volatility of global prices and the limitations introduced by the Indian party (Chart 3).

In 2017, the top 10 positions in the commodity structure of South Africa's imports from India were taken (in USD million) by mineral fuel, including oil – 927.3; transportation vehicles – 640.4; pharmaceutical goods – 493.3; machinery – 203.0; organic chemistry products – 158.2; grain – 125.8; electronics – 110.0; plastic goods – 7.9; rolled steel – 62.3; steel – 55.4.[4]

Top 10 commodities in South Africa's exports to India in 2017 include (in USD million): mineral fuel, including oil – 2,400; stock for steel production – 604.7; cellulose – 258.0; machinery – 160.4; steel – 132.1; inorganic chemistry products – 106.6; jewelry and precious metals – 102.8; organic chemistry products – 50.7; aluminum – 44.8; timber – 29.5.[5]

Experts believe that Indian exports of pharmaceutical goods to African countries will continue to grow. They anticipate stable demand for imported steel products due to low volumes of local production in the continent's countries. But India is unable to satisfy African countries' demand for agricultural produce since its own agricultural sector's performance is inconsistent.

At the same time, despite the poverty of their main social groups, African countries are demonstrating growing sales of passenger cars. This has encouraged an Indian company Tata to create a local facility in South Africa for the production of a three-wheeled car intended for mass buyers, inexpensive and capable of moving on rural roads. Demand is growing for Indian textiles and textile goods imported at "fair", that is, relatively low, prices, so as to hold India's leading positions in this growing segment of the African market. There is stable demand in African countries, and especially Nigeria with its 50% of urban population, for high quality rice imported from India. In the recent years, Indian farmers have been making efforts to cultivate it in Africa, including South Africa, with not much success. Various plastics imported from India to Nigeria and affordable for the mass consumer, are becoming more popular.

During summits between India and African countries, their representatives constantly stress the need to change the commodity structure of their mutual trade, especially as regards African states, whose exports to India are dominated by natural resources. In India's exports, primarily to the African countries South of Sahara, key positions are taken by automobiles, telecommunications-related and pharmaceutical goods.[6] A special role in the exports is attributed to major Indian trade and production groups: thus, Tata (IT, cars); Mahindra (cars and spare parts); Ranbaxy (pharmaceuticals; the demand here is especially high due to frequent pandemics in African states); the UB Group (hospitality industry, transportation services) and some others are successfully operating in Africa. An active role in solidifying India's business ties with African countries is played by the Confederation of Indian Industry that has created committees for the proliferation of professional education, training, student and information exchanges for traders and investors in African countries – an apparent and specific manifestation of "soft power".

4 Top South African Imports (2017) // Worldsrichestcountries.com // http://www.worldsrichestcountries.com/top-south-africa-imports.html, last accessed on October 12, 2018.

5 Top South African Exports (2017) // Worldsrichestcountries.com // http://www.worldsrichestcountries.com/top-south-africa-exports.html, last accessed on October 12, 2018.

6 Gurowsky J. (2017) India Continues Building Trade Ties with Africa // Foreignpolicyblogs.com, July 05, 2017 // https://foreignpolicyblogs.com/2017/07/05/india-continues-building-trade-ties-with-africa/, last accessed on October 12, 2018.

At this stage, India's economy demands a robust supply of motor fuel. In 2015, a boost for it arrived with the material reduction of global prices for crude oil. According to the Reserve Bank of India, savings on its imports amounted to around USD 50 billion, improving the country's financial condition. But since then, global oil prices have considerably risen, just like the domestic demand for this energy resource, in view of N. Modi's "Make in India" initiative aimed at modernizing the national industry. Oil consumption in India in 2006–2016 rose from 128.3 million tons/year to 212.7 million tons/year (to compare, the increase in South Africa was from 25.3 million tons/year to 26.9 tons/year). India's known oil reserves as of the end of 2016 were around 600 million tons; intensive geological prospecting is underway, but the production volumes are growing slowly – from 36.0 million tons in 2006 to 40.2 million tons in 2016 [BP Statistical Review of World Energy 2017; Annual Statistical Bulletin 2017]. Strategic oil reserves in the country's unique underground storage facilities have reached the figure of 39.1 million barrels, and it is planned to triple them. South Africa has no sources of this stock and imports its oil and oil products.

Most of India's imported oil in 2016 (212 million tons) was supplied by the Middle Eastern countries (64%), the American continent (16%), while the share of Western African exporter states was 15% [BP Statistical Review of World Energy 2017]. Nigeria, the leading African oil supplier, ranked second on the list of India's main trade counterparties (Chart 2). Imports of oil products to India amounted to 30 million tons in 2016. One can see here a sort of modern paradox in India's foreign trade, in that a country that depends on oil imports nevertheless acts as an exporter of oil products in the global market. India operates the world's largest oil refinery. Despite a deficit of its own crude oil, India's global export of oil products in 2016 was 61.9 million tons [BP Statistical Review of World Energy 2017]. Apart from industrial needs, oil imports are necessary to manipulate oil prices and prevent oil "shocks". India's government has set a task to curb dependency on oil imports by 10% by 2020. It is a rather moderate objective, which means that in the medium term, India will require considerable oil imports.[7]

The structure of India's foreign trade with African countries is changing slowly, which is due, to a certain extent, to the inert nature of their domestic demand. One can observe an intensification of efforts of other Asian countries active on the African continent, primarily China, Japan, and South Korea. China's economic policy in African states is characterized by heightened persistence and is implemented on several fronts at once: in trade, investments and low-interest lending. India's opportunities here are comparatively smaller. China's increasing presence is signaled by the import of Chinese workforce to infrastructural facilities being constructed in African countries with its funding. A future reinforcement, first and foremost, of China's economic position, as compared to India, seems natural in this light.

The globalization is transforming the substance of foreign economic ties in the global economy. For Africa-Asia interaction, that process is being held back by the slow changes in the structure of the economy of the majority of African countries, the retardation of infrastructure, and a persistent deficit of funds require to maintain modern production facilities.

In the remote, but promising future, India's economic ties to African coun-

7 Indiya sokrashchaet zavisimost' ot importnoi nefti [India to Rein in Dependence on Imported Oil] (2017) // Regnum. June 8, 2017 // https://regnum.ru/news/2286090.html, last accessed on October 12, 2018.

tries may increase according to the decision adopted by the majority of African states at a meeting in Rwanda's capital Kigali in March 2018. They agreed to create the African Continental Free Trade Area, AfCFTA, to be based on four freedoms – those of the movement of persons, goods, services, and capital. The agreement has already been ratified by the majority of African states, but South Africa is not one of them yet. Of course, its implementation will take time and the extent of practical involvement of various countries will also significantly differ, but the trend of their interaction on the continental scale may take root. As a result, one can expect growth of competition among African countries' key foreign partners for expanding economic ties with the association of such countries rather than with individual countries. Economists have acted with dispatch and assessed that the potential of the future common African market will exceed USD 1.2 billion.[8] Another possible result of creation of the African Free Trade Area is the reinforcement of economic positions of the continent's countries that have access to the maritime routes surrounding the continent. That prospect is substantially stimulating China's activity, oriented at spreading its presence in Africa.

Investment Policy: India – Africa

Against the backdrop of an upward trend, an opportunity is taking shape in the global economy for increasing investment flows intended for the developing economies badly in need of such support. As stated by the World Bank's President Jim Yong Kim, "This is a great opportunity to invest in human and physical capital." His January 2018 Global Economic Prospects Report projects the growth rates for six global regions. The highest figure is expected in South Asia – 6.5% at the end of 2017, to further increase to 69% in 2018. In African countries South of Sahara, these figures are much lower – 2.4% and 3.2% in the said years, respectively. Finally, they are minor for India's principal African counterparties: 0.8% and 1.1% for South Africa, and 1% and 2.5% for Nigeria, respectively.

India's economic growth in Africa is principally dependent on the size of foreign investment flows into their economies. The figures below confirm a manifold excess of volumes of investments into India and South Africa as compared to similar data for South Africa's neighbouring states (Chart 4).

Total investments into India from April 2000 through March 2017 amounted to USD 331,999 million, half of that being from Mauritius (33.6%) and Singapore (16.4%). The other half of the investments was made primarily by ten countries (Japan, the UK, the Netherlands, the US, Germany, Cyprus, France, United Arab Emirates, Switzerland). African countries' share of investments is negligible and does not exceed 0.04% of the total investments into India for the period in question for each of them, except for South Africa with USD 418.61 million of investments (0.13%).[9]

A special place in the inflow of foreign currency into India is occupied by its foreign diaspora which mostly supports N. Modi's economic policy of liberalization of conditions for business. The World Bank rated India the first by the amount of foreign currency transfers from na-

8 Intra-Africa Free Trade System Holds Great Promise for India (2018) // The Economic Times, March 24, 2018 // https://economictimes.indiatimes.com/news/economy/foreign-trade/intra-africa-free-trade-system-holds-great-promise-for-india/articleshow/63446303.cms, last accessed on October 12, 2018.

9 Fact Sheet on Foreign Direct Investment (FDI) from April, 2000 to March, 2017 (2017) // DIPP.nic.in // http://dipp.nic.in/sites/default/files/FDI_FactSheet_January_March2017.pdf, last accessed on October 12, 2018.

Chart 4. Net Foreign Investment Inflow to India and South African Countries in 2000–2016, USD million

	2000	2005	2010	2013	2014	2015	2016
India	3,584	7,269	27,397	28,153	34,577	44,009	44,459
South Africa	968	6,522	3,693	8,233	5,792	1,521	2,215
Botswana	57	420	218	398	515	679	10.5
Namibia	196	393	287	788	446	1,169	359
Eswatini	91	-45	136	82	26	31	27
Lesotho	32	27	9.5	50	94	113	80

Source: The World Bank. World Bank Group (US). Foreign Direct Investment, Net Inflows (BoP, current USD) // https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?locations=ZA, last accessed on October 12, 2018.

tionals abroad – estimating that amount at USD 69 billion in 2017 as compared to USD 3.9 billion in 1991.[10] The peculiarity of this foreign currency inflow is that a considerable portion of the same is spent in the country for consumption, thus becoming a factor stimulating domestic demand. A certain portion is also transformed into production capital, driving the growth of domestic businesses.

Foreign investments into African states in 2007–2016 equaled 789.3 billion, that is, 9.3% of the global total for that period. Principal investors here are the United Arab Emirates, the UK, and China. India ranked 6th by investments into Africa with USD 37.1 billion of investments. Another form of proceeds flowing into African states *via* official channels in the recent decade is the practice of the Export-Import Bank of India issuing credit facilities to their governmental agencies. By late 2016, 154 loans totaling USD 7.7 billion were received by 44 countries of the continent.[11] A distinctive feature of India's investment into Africa is the consistent involvement of its large businesses, that is, oil, construction, automobile, and telecommunications companies. There is also a certain localization of Indian investments that mostly fell to Mauritius, India's traditional "overseas wallet". It is followed by Mozambique, Egypt, South Africa and some other principal hosts of India's foreign investments. Foreign investment inflow into African countries is unstable and is materially changing every year under the influence of global economic climate and the specific situation of both investor and host states (Chart 5). Thus, a dramatic increase of investment into Mozambique in 2014 is due to construction of new oil, gas and coal producing facilities.

At the first India South Africa Business Summit in Johannesburg that took place on April 29–30, 2018, South Africa's Minister of Trade stated that over 2003–2017, South Africa's investments to India increased sevenfold, but that the two countries must strive to expand them further, including in order to create jobs.

10 India Remains World's Top Recipient of Remittances From Its Diaspora (2018) // Bloombergquint.com, June 22, 2018 // https://www.bloombergquint.com/global-economics/2018/06/22/india-remains-worlds-top-recipient-of-remittances-from-its-diaspora, last accessed on October 12, 2018.

11 An Economic Agenda for India-Africa Ties (2018) // Gatewayhouse.in, April 12, 2018 // http://www.gatewayhouse.in/economic-plan-india-africa/, last accessed on October 12, 2018.

Foreign direct investments, as an important part of foreign economic contacts, are increasingly associated with the irregularity of digitalization of the economy in various groups of states. International production chains, built on the use of digital technologies, are aimed predominantly at countries with an adequate scientific and technological base. At the same time, an inflow of foreign investments, being a *sine qua non* of such a transition, as shown above, is unstable. The 2017 UNCTAD report notes that the top 20 FDI host economies in the said regions only include India and Angola [UNCTAD 2017, p. 7]. In 2017, the growth of investments into African countries was negligible.

In the 21st century, the volume of foreign investment inflow as a type of economic ties is especially important for the periphery countries aspiring to overcome their economic retardation. Foreign investments enhance their opportunities for creating modern production facilities. But their inflow is also limited since the domestic technical and scientific (research) structure of the African continent's states is often unprepared to embrace them. The share of domestic R&D in African countries is 1% of the same indicator for the world. Overcoming this gap requires an ever increasing inflow of foreign investments and a focused state policy.

In conclusion, we must highlight the important role India and the peripheral African states play in the global economy, that is defined, *inter alia*, by their foreign economic ties. Foreign trade, as a traditional form of international economic cooperation, and the initiation into the use of modern technologies now have a special meaning for that vast group of countries that are different in their level of development. The intensification of India's economic contacts with African countries pronounced in 2002 has resulted in an ap-

Chart 5. African Countries as Principal Hosts of India's Investments in 2008–2016, USD million

	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total in 2008–2016 гг,	India's investments into Africa in в 2008–2016 гг, %
Mozambique	5.9	0.0	0.3	3.6	0.5	1.9	2,648.8	1.7	4.1	2,666.9	52.9
Egypt	423.8	7.5	13.5	24.0	62.7	40.8	14.4	9.3	6.8	602.9	12.0
South Africa	29.0	84.7	29.5	23.6	137.0	18.9	27.6	63.9	28.3	442.5	8.8
Tunisia						108.2			82.3	190.4	3.8
Kenya	124.4	0.8	0.6	1.3	5.9	4.6	6.2	1.7	9.0	154.6	3.1
Zambia	0.1	0.6	0.9	2.0	4.1	6.7	13.6	88.1	29.4	145.3	2.9
Libya	24.5	12.9	52.5	3.5	0.6	27.4	7.4	0.1		128.8	2.6
Ethiopia	1.0	3.5	3.0	4.1	2.8	4.0	42.7	14.1	21.1	96.4	1.9
Sudan	55.5	16.2	13.9	0.0	0.0		0.0			85.7	1.7
Africa, total*	731.5	198.7	165.7	145.6	259.3	266.8	2,828.7	224.1	220.1	5,040.5	100.0

** except Mauritius*

Source: Malancha Chakrabarty (2017) Indian Investments in Africa: Scale, Trends, and Policy Recommendations // ORFonline.org, May, 2017 // https://www.orfonline.org/wp-content/uploads/2017/05/ORF_WorkingPaper_IndiaInAfrica.pdf parent revitalization of economic interaction in that area. But its scale is growing relatively slowly due to the weak financial base of the overwhelming majority of the continent's states, and, importantly, due to the continuing backwardness of their social and economic structure. The limited commodity nomenclature causes a slow change of the range of goods involved in the reciprocal trade and its volumes. The extent of participation of India and African countries in the two continents' trade contacts considerably differs, defined by the level of their economic development, and, to some degree, political orientation. Leading positions in their mutual trade are invariably occupied by India. But the volume of India's foreign trade with the countries of Africa does not even reach one tenth of its global commodity turnover and unfailingly boils down to a substantial deficit. Investment flows are characterized by irregularity and insufficiency. Given the need for industrialization/modernization, the demand of India and African countries for foreign investments is constantly on the rise. One can suggest a future growth and diversification of the African course in foreign trade and investment ties as a result of formation of a common African market.

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Algeria: a Regional Leader or a Potentially Unstable State?

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ABSTRACT. *The article analyzes the opportunities and threats facing the People's Democratic Republic of Algeria at the moment. Algeria has the potential to become a regional leader in one of the most strategically important regions of the world in a number of parameters. These are natural and human resources, stable economic and diplomatic ties with the Arab world, Europe and America. Both the major powers and the neighbours in the region have placed their hopes in Algeria as a key partner in the efforts to ensure security and combat terrorism. The Algerian authorities seek to present their country as a strong regional leader, free from the internal divisions and extremism that have plagued other Arab States. However, in reality the situation is more complicated, Algeria is a potentially unstable state. At the moment, Algeria is in a difficult situation, given both the internal situation and the danger posed from the outside. The main reason for the political and economic uncertainty in the country is the expectations and fears associated with the upcoming change of power, the presidential elections are scheduled for 2019. Algeria's socio-economic sphere was another vulnerable place that could, in case of unfavourable developments, create instability. The Berber issue, which threatens the unity of the country, is one of the long-standing major problems of the Algeria. The confrontation between Algeria and Morocco on the Western Sahara issue has led to keep on the zone of instability in the region and has contributed to the terrorist threats. Over the past decade, Algeria has had to pay increasing attention and resources to regional security issues. In this area, Algeria has demonstrated its commitment to peaceful diplomacy, non-interference in the internal affairs of other states and rejection of any external role of its armed forces. This position has brought the Republic international recognition as a regional leader and a reliable partner in the fight against terrorism.*

KEY WORDS: *Algeria, regional leadership, threat of instability, terrorism, socio-economic difficulties, Berber question*

A range of features of the People's Democratic Republic of Algeria endows it with the potential to become a leader in one of the most strategically important areas of the world. If we take into account economic and military capabilities, its influence and authority in the region and in the world, as well as prominent resources, one will see that Algeria has a formal claim to the title of a regional power, which to this day was only held by Egypt in North Africa. The country possesses such important **resources as a beneficial geographical location at the border of Europe, the Mediterranean, the Arab world and Africa; one of the richest oil and gas reserves in the continent and a positive demographics, with the young being in the majority.**

Algeria has a powerful and capable army, baptised by the fire of the civil war of 1991–1999 , which is now one of the pillars of civic peace in the country.

The Republic's has independent foreign policy, which allows it to expand diplomatic relations to strengthen and deepen trade links. Algeria collaborates with neighbouring Arab states and benefits from close relations with the EU. Thanks to its historical links, Europe, and France in particular, remains Algeria's closest partner. The PDRA signed the 2002 Association Agreement with the EU and expressed its eagerness to enter into negotiations to develop an Action Plan under the European Neighbourhood Policy and Partnership in 2011. In 2018 the EU remains Algeria's largest trade ally, holding over half of the overall trade of the State – 50,3%.[1] In the meantime, Algeria and the US continue to develop their relations both economically, and in terms of ensuring stability in the region and fighting terrorism. This north African country has a traditionally good relationship with Russia, being one of its top-3 economic partners on the African continent.

After successfully eliminating the threat of Islamic extremism in the early 2000s and establishing a peaceful political process, many countries of the world-leading powers and regional actors alike, looked at the PDRA as a key partner in the fight against terrorism and guaranteeing peace in North Africa. Algeria has a vital interest in the elimination of the treat, coming from the jihadist terror groups in the region. Strong and experienced security services are key partners to their counterparts in the USA and France [*Dolgov,* 2018, p. 54]. Without any active cooperation from Algeria, it would be extremely hard to promote the security of the neighbouring Tunisia, weakened by the onset of the crisis following the "Jasmine revolution" in 2011 [*Sami Aoun* 2013, p. 77]. Absent the political weight of Algeria, it would be impossible to see the end of the civil war in Libya. Algeria's influence spans outside of North Africa too, as it views the Sahel Region as an area of its strategic interests, with the overall cementing of its leadership here being one of the main priorities in its foreign policy. This is also evidenced by the PDRA's involvement in the conflict in Mali.

In the climate of conflicts and crises enveloping the Middle East and North Africa in recent years, the existence of such a strong actor as Algeria should inspire optimism. The Algerian authorities aim to represent their state as a strong regional leader free from internal struggle and extremism, which torment other Arab states. However, in reality the situation is more complicated, as Algeria is facing threats to its stability. At the current moment, the country finds itself in a complicated situation, considering its domestic affairs, as well as the dangers originating outside. A range of threats such as internal political struggle, economic problems, the rise of Islamic terrorism, which both

1 Countries and Regions: Algeria (n/y) // European Commission // http://ec.europa.eu/trade/policy/countries-and-regions/countries/algeria/, accessed 12.10.2018.

individually and collectively may lead to destabilization.

The main reason for the political and economic uncertainty in the country is the expectations and fears regarding the coming change of power and the changes in the state-party and law enforcement elites. A few months remain before the next presidential election in the Algeria, scheduled for 2019, yet there is still no clarity, regarding who will be nominated by the ruling party. There is an option that this will again be the current president Abdelaziz Bouteflika, ruling the country for the past 19 years, despite his advanced age (81 years) and deteriorating health. This option may be pushed forward by the President's entourage: that is, his younger brother and personal advisor Saïd Bouteflika.

The events of recent years point to the escalation of the domestic political tension: high-profile resignations in government and party leadership, the purge of the security forces, arrests, and real prison sentences for a number of high-ranking military officials, laws aimed against journalists, and anyone who "undermines the foundations." 2017 was a record year in the history of Algeria, since by August 2017 the country had received their third prime minister that year. The main struggle is unfolding between the clan of Saïd Bouteflika and the Deputy Minister of Defense and the Chief of Staff of the National Army Ahmed Gaid Salah. The president's brother is seeking to monopolize the right to choose a successor while intending to prevent the military from gaining strength and limit their ambitions in power. This position runs counter to the historical heritage of Algeria as a country, where the role of the Army has traditionally been determinative throughout the past decades. It was precisely due to the Army's interference that it became possible to avoid the Islamists' coming to power and announcing an Islamic republic in 1992 in the course of an armed struggle between the government and the Islamic radicalists. General Salah opposes the undermining of the Army's role in defining the country's fate. Without personally competing for the presidential post, he believes that it is the army that must and will continue to play the role of of the main constitutional guarantor, remaining one of the foundational institutes of Algeria's political system.

It is doubtful that the 2019 presidential election will see a strong candidate being nominated by any of the opposing parties. Although much has been done during the years of Bouteflika's rule to create and develop multi-party rule in the country and in the People's National Assembly of Algeria, a variety of parties coexist – from the left-socialist Trotskyite to the moderately Islamist and national Berber ones, but on the political scene, only two remain dominant: the National Liberation Front and the National Democratic Union, which support Bouteflika. The current trends were confirmed in the May 2017 parliamentary election, with two pro-presidential parties gaining an absolute majority of 164 plus 97 votes.[2]

The Islamic Union for Justice, Renaissance and Development [Islamic Renaissance Movement and Front for Justice and Development], which comprises the "Movement of Society for Peace", "El Islah" and "Ennahda", gained 48 seats[3]. These three parties practice moderate Islamism, with their leaders positioning themselves

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2 Mamed-zade P. (2017) V Alzhire prohodyat ocherednye parlamentskie vybory [A new Parliamentary election is underway in Algeria]// TASS-online.ru. 4 May 2017.

3 Caputo S. (2015) Immuni dal Terrorismo: il Segreto dell'Algeria // Il Giornale, November 25, 2015 // http://www.ilgiornale.it/news/mondo/immuni-terrorismo-segreto-dellalgeria-1198334.html, accessed 12.10.2018.

as part of the systemic opposition, and mainly supporting economic and political reforms advanced by President Bouteflika. The extreme left Trotskyist workers' Party (11 seats) and the Front of Socialist Forces (14 seats) and the Rally for Culture and Democracy (9 seats) are represented in the new parliament, advocating for the democratic and secular development of Algeria and the observance of the rights of the Berber population.

This modest result achieved by the Algerian Islamic parties is in stark contrast to the recent successes of their fellows in neighbouring north-African countries. Thus, Tunisia and Morocco saw the Islamic parties if not win, then demonstrate high results, evidencing the demand for and the promising prospects of this ideology [*Dolgov,* 2017, p. 112]. The results of the Algerian election evidence a certain decrease in the support of the radical Islamists in the country after a decade of civil war, as well as distrust towards the political process, with the ruling party having won each election in the past 20 years. The number of Algerians, boycotting the elections is also rather high, and it reaches 55%[4], the majority of which closely adhere to the religious idelogy. In Algeria, in recent years, a powerful ultraconservative Salafi movement has been formed, preaching the rejection of politics and distancing from it, and prohibiting its leaders and adherents to participate in the elections [*Landa* 2014, c. 139]. For Islamic parties to have prospects on Algeria's political scene, they must transform themselves from religious to political institutions. It is believed that the dominance of a charismatic leader or Sheikh-founder needs to be supplemented or replaced by a democratic election procedure. A weak spot for both Algerian and other North African political Islam parties is the lack of a practical plan, knowledge, and experience of public administration. The Muslim Brotherhood's unexpected rise and rapid fall from the Olymp of state power in Egypt and that of Ennahda in Tunisia in the course of the "Arab spring" and "Arab winter" testify to the insufficiency of religious and ideological rhetoric in solving practical social issues. The parties of this inclination must overcome an additional hurdle of persuading the citizens of Algeria that they offer a valid solution to their economic and social problems without threatening the security and stability of the state.

Algeria's social and economic sphere is another vulnerable issue, which may undermine its stability in an unfavourable course of events. The painful switch from authoritarianism to pluralism at the end of the 1980s and the ensuing "dark decade" of the confrontation between the secularists and the Islamists and the difficult and fragile period of the political settlement in the 2000-s left the country with little chance of a speedy economic prosperity. The wealth of carbon resources enabled Algeria to remain afloat during these crises, but the country still lacks a diversified economy, able to cater to the demands of its active population.

By the beginning of the "Arab Spring" in the neighbouring states in 2011, Algeria's social and economic problems remained unresolved. Largely, these problems are common for all states of the Maghreb: high levels of unemployment, especially among the young, and housing. The unemployment reached 11% in 2011, with Algeria's GDP per capita ranked 126th in the world, and 15-20% of its pop-

4 Amayas Zmirli (2017) Algérie: Quand Gronde la Rage Sourde du Boycott et de l'Abstention // Le Point, November 23, 2017 // http://afrique.lepoint.fr/actualites/algerie-elections-locales-entre-boycott-et-abstention-22-11-2017-2174242_2365.php, accessed 12.10.2018.

ulation living below the poverty line. [5] The "Arab Spring" in Algeria began with the protests in the poor neighbourhood of Bab El Oued in the capital. The demonstrations were aimed at the growing cost of living, mass unemployment and housing deficit. The protests were growing larger and larger and spread to other regions of Algeria, eventually taking over 20 out of 48 provinces of the country [*Salah Hadji* 2014, p. 38]. However, thanks to the swift and adequate reaction of the government, who took a step towards the protesters and raised the minimum wage and revoked the state of emergency, – the protests of the "Arab Spring" were quickly on the wane.

The PDRA's economy's unsustainability has repeatedly shown itself in the past decade, with its 97% of export revenue deriving from oil. The collapse of global oil and gas prices is forcing the government to cut down on the broad array of subsidies they traditionally provide to the poorest, and social stability immediately comes in danger. The government already had to increase certain taxes, while simultaneously increasing fuel, electricity and gas prices. The protest moods were further strengthened by the increase in prices on essential food products, such as milk, flour, and sugar. The economic crisis likewise hit the middle class of Algeria, with the government reducing social aid programes and firing 40% of government employees out of necessity[6]. The budget, adopted by the PDRA's Parliament for 2017, provided for strict economy and the introduction of new taxes. The prices of fuel, utilities, housing, household appliances and food all experienced an increase. These prices rose by 10-15%. According to a range of experts, these measures were incapable of improving the situation, since they were a simple attempt to patch up holes in the budget without exploring new venues for the national economy. However, they affected the purchasing power of the Algerians. Social strife, the dissatisfaction of the population and the protests led the government in mid-2017 to set aside their programe of strict economy and increase spending, which resulted in the growth recovery prediction of 4% in 2018. Prime Minister Ahmed Ouyahia stated that the subsidies of the Algerian government for fuel, milk and bread would not be abolished. According to him, "Algeria has an unchanging social policy based on social justice and national solidarity"[7]. The combination of low global oil prices and higher government spending increased the budget deficit in 2017. In the spring of 2018, the IMF and the World Bank warned the Algerian government that reliance on expansionary monetary policy to finance the budgetary deficit could lead to a sharp rise in inflation and trade deficits.

Another dangerous consequence of the Algerian economy's overreliance on resources is the driving out of the country of qualified citizens who opt to migrate to Canada, US and the EU, only to be replaced with less-educated African migrants. This creates a deficit of qualified personnel, which may incite political or economic problems. Such a structure of the economy may turn even a positive demographical factor – the predominance of the young population – into a threat to the system's stability. It is for this reason that the Algerian authorities appreciate the French visa support, which allows them to transfer unemployed Algeri-

5 Merkulov A. (2016) Alzhir usilivaet mery bezopasnosti [Algeria is enhancing its security measures]// TASS-online.ru. 17 February 2016.
6 The Report Algeria 2017 (2017), Oxford Business Group // https://www.pwc.fr/fr/assets/files/pdf/2018/02/the-report-algeria-2017.pdf, accessed 12.10.2018.
7 Lamine Ghanmi (2018) Algeria Halts Hundreds of Imports to Save Foreign Reserves // The Arab Weekly, January 14, 2018.

an youth into the EU, which therefore eases social tensions and ensures social stability in the vulnerable Algerian society. That is to say nothing of the cash flow arriving in the country.

Among the long-standing problems facing PDRA is the Berber issue, threatening the integrity of the country. The Berbers, the indigenous population of North Africa, are represented by various ethnic groups in Algeria, comprising about 25-30% of the population. The split of the Algerian society began in the 1960s, when they adopted the course to build a unitary state, built on Arab-Islamic culture. This rigid Arabisation and the suppression of the Berber culture sparked an expected reaction: the Berbers protested and repeatedly caused uprisings. Thanks to the "political spring" of 1989, the Berber minority received an opportunity to participate in the political life of the country and advocate for their cultural and political rights. In 1991-1992 the authorities of the country softened their policy of Arabization: it was now allowed to teach the Berber culture in the countries universities, and 1995 saw the assembly of the World Amazigh Congress (the name used by the Berbers). It is precisely the Berbers who were the staunchest opponents of the radical Islamists during the civil war: among other things, they also had a divide in culture and civilization. During the rule of A. Bouteflika, the Algerian government undertook certain steps to meet the demands of the Berber opposition. For example, the Parliament legally recognised the identity of the Berber minority, and in 2015 the Berber language achieved the status of the second official state language. The government adopted a special programe to improve the social and economic conditions in Kabylie, a region, where the Berbers reside. The Berber political parties are represented in the Parliament.

Despite these achievements, representatives of the Berber population continue to insist that the programs and laws adopted by the authorities do not work, remaining fictitious. In their view, of all the countries in which the Berbers live, it is Algeria that holds the lead in terms of the suppression of the national rights of this minority. Berber representatives cite the following facts: Since the adoption of the law on language in 2015, the state has allocated funding only for 1% of the rates of teachers of the Berber language in secondary and higher educational institutions [Balmasov 2017].

Another frequent rebuke to the authorities of the Berber minority rights defenders is that the authorities refuse to register Berber newborn children under national names on the pretext of the absence of such names in the State Register. The World Amazigh Congress, which saw this situation as a manifestation of deliberate Arabization, encourages Berbers to simultaneously conduct their own registration of children.

Disappointment in the legitimate way of struggle for national rights is reflected in the fall of support for the official parliamentary parties of the Berbers "Front of Socialist Forces" and "Rally for Culture and Democracy". Members of the national minority accuse them of acquiescence. At the same time, the positions of radicals and separatists are dangerously strengthened, such as the "Movement for the autonomy of Kabylie".

At a time when the Maghreb countries are being hit by political turmoil, social instability, and a terrorist threat, unity and mutual understanding between the leaders of neighbouring states are more necessary than ever to maintain stability in the region. But one of the challenges to achieving cohesion and mutual support is the longstanding regional conflicts. One of the most complex and dangerous for the future of North Africa is the Western Sahara conflict. Its origins lie in the colonial past, and the overt conflict – the "Sand War" between Algeria and Morocco – occurred in 1963. When, in 1976, the Polisario Front declared Western Sahara's independence, proclaiming the self-proclaimed state of the Saharan Arab Democratic Republic (SADR), Morocco continued to insist on its sovereignty over the territory, and pursued a policy of intense settlement of "indigenous" Moroccans to ensure their subsequent economic integration with the rest of Morocco. Now the SADR remains a partially recognized state, affecting the relations of the neighbouring Arab countries' by the conflict's unresolved nature. Algeria and Morocco have defiantly rejected any joint search for a compromise one the issue of Western Sahara. Algeria is advocating for the self-determination of the Western Saharan people, condemning the Moroccan position. The leadership of the PDRA demands that a referendum be held on the independence of Western Sahara. Algeria still houses a large number of refugees from Western Sahara. The ongoing conflict has led to the persistence of a zone of instability in the region and has contributed to the perpetuation of the terrorist threat, as many terrorists have attracted to their side the population that is dissatisfied with the central government or the absence thereof, as in the case of Western Sahara.

The confrontation between Algeria and Morocco in Western Sahara leads to the fact that the two countries see each other as competitors both regionally and even at the African level. Morocco's stable political and economic development in recent decades has enabled the Kingdom to challenge Algeria's status as the regional leader. Morocco currently leads the African continent in terms of economic growth and investment [the Africa Investment Report 2016]. The Kingdom's economic achievements are also turning into political dividends: while Morocco's position on the Western Sahara issue is being criticized internationally, its position in the African Union has visibly strengthened.

Over the past decade, Algeria has had to devote more attention and resources to counter the problems of regional security. The turmoil in Tunisia and Egypt, Libya's civil war, the Tuareg rebellion in Mali, and the relocation of terrorist fighters from combat zones in Syria and Iraq to conflict and crisis zones in Libya, the Sahel region, the Horn of Africa, and the Lake Chad basin required the leaders of the PDRA to formulate a new emergency international strategy. And the great achievement of Bouteflika's government was their choice of peaceful diplomacy and socio-economic means to combat terrorism [Sapronova 2016, p. 575]. Algeria has demonstrated its commitment to the principle of non-interference in the internal affairs of other States and its opposition to any external role of its armed forces. It is this position that has brought the republic international recognition as a regional leader and reliable partner in the fight against terrorism.

It was Algeria that had been working to develop a comprehensive strategy for Africa to counter foreign intervention on the continent under the pretext of combating terrorism. In all its diplomatic and military efforts to combat terrorism at the African level, Algeria seeks to emphasize the principle of the "Africanization of solutions". Algeria is actively cooperating with the African Police Cooperation Organization (AFRIPOL), which should join the efforts of the countries of the continent in combating the various challenges that threaten the security and stability of Africa[8].

In the Sahel, located in Algeria's immediate vicinity, Algeria has always chosen a

8 Mamed-zade P. (2017) Bor'ba s terrorizmom i prestupnost'yu stanut prioritetnymi zadachami Afripola [The fight against terrorism and crime will become AFRIPOL's top priorities]// TASS-online. 16 May 2017.

diplomatic path and has avoided any military approach to dealing with an international problem of terrorism. Algeria has also sought to convince the international community to stop the financing of terrorism, including in the form of ransom payments. These efforts were crowned with success in December 2009, when the UN Security Council adopted Resolution No. 1904 prohibiting the payment of ransoms as a supplement to Resolutions 1373 and 1267 on the prevention of the financing of terrorism [Watanabe 2017, p. 141].

The Government of Algeria has played an active role in diplomatic efforts to end the conflict affecting its southern neighbour, Mali. In January 2014, the PDRA initiated multilateral negotiations that lasted a year and a half and concluded with the signing of peace agreements between the government of Mali and the Tuareg «National Movement for the Liberation of Azawad." The military intervention of France in 2013 and the five-year stay there of the French contingent of troops did not lead to the eradication of terrorist groups and the improvement of security in the region [Kuznetsov 2015, p. 127]. On the contrary, Algeria's border with Mali has become less secure, subject to the pressure from refugees, terrorists, and organized crime.

Algeria has been actively involved for several years in international mediation efforts aimed at a political settlement of the Libyan crisis. The basic principles underlying the DPRA's position are the territorial integrity of Libya, a political dialog between the opposing forces, and non-use of force. A positive factor is the mutual understanding in the Libyan question between Algeria and neighbouring Tunisia. The countries have a common position on the Libyan settlement, favoring a political solution to the Libyan conflicts, while strongly rejecting military options. Both Algeria and Tunisia support the Libyan Government of National Accord as well as any efforts to find a political solution in the country through a rapprochement between the Libyan parties. Experts in both countries warn that external military intervention in Libya could spark civil wars in neighbouring countries, basing their argument on the inevitable influx of hundreds of thousands of Libyan refugees[9].

Thus, the external threats and internal challenges that Algeria has faced in recent years have only partially been addressed by its authorities. Relative stability and security at home have the downside of a stagnant political system and dull economy, causing regular surges of social discontent. The government of DPRA is facing the task of diversifying the economy over a short period, however, in the current political environment, large resources are diverted to solving security problems. The impasse between Morocco and Algeria is blocking the establishment of a partnership among North Africa's key political forces, on whom political, economic, and social stability in the region depends. The prospects for the DPRA's regional leadership will become much clearer after the 2019 presidential election, when the new government's main priorities in the field of economy, social sphere, and foreign policy fields will become more obvious.

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9 Mezri Haddad (2016) Libye-Tunisie: une Guerre n'Arrive Jamais Seule // L'Expression, February 14, 2016.

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Strategic Synergy between Egypt "Vision 2030" and China's "Belt and Road" Initiative[1]

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ABSTRACT. *China and Egypt have established diplomatic relations for 62 years. In 2013, Chinese President Xi Jinping put forward the "Belt and Road" Initiative (BRI) and welcomed countries along the routes to take part in co-operations in the framework of the BRI. And in 2014, Egyptian new-elected President Sisi visited China and both sides improved the bilateral relationship to the comprehensive strategic partnership. Then in 2016, Egyptian President Sisi launched a new national development strategy named "Egypt Vision 2030". Therefore China and Egypt want to look for suitable areas to cooperate according to these two plans. In this case, this paper analyzes the implementation of the strategic synergy between the BRI and "Egypt Vision 2030", including the introduction to the "Egypt Vision 2030", the mutual cognition of the developmental strategies of China and Egypt, the outcomes achieved and the risks faced by the synergy between the strategies of these two countries, and then considers that both China and Egypt welcome and support each other's developmental strategy. At present, the synergy between the two countries' strategies has made significant achievements under the frequent promotion of top leaders, but there are also political, economic and security risks in the process of strategic synergy, which still hinder thesynergy.*

KEY WORDS: *Egypt"Vision 2030", China's "Belt and Road" Initiative, Strategic Synergy, Risks, Foreign Policy, International Relations*

1. Introduction to Egypt "Vision 2030"

Egypt is located in North Africa, with an area of about 1.02 million square kilometers and a population of about 95.69 million (statistical data from the World Bank in 2016)[2]. In 2017, Egypt's GDP was about USD 235.4 billion[3]. In recent years, Egyptian economy has maintained growing year by year. It is estimated by the latest annual report published by the International Monetary Fund (IMF) that the economic growth rate in Egypt will reach 5.2% in

1 This paper is funded by the Annual Youth Program of National Philosophy and Social Science Fund of China in 2016 (No.CGJ010), its title is: Studies on Strategic Docking and Risk Management of "One Belt and One Road" Initiative and Relevant Arab Countries' Development Plans.

2 Data Sources. Available at: www.data.worldbank.org.cn, accessed 12.10.2018.

3 *Annual GDP Data in Egypt.* Available at: http://www.kuaiyilicai.com/stats/global/yearly_per_country/g_gdp/egy.html, accessed 12.10.2018 (in Chinese).

2017–2018 fiscal year, far higher than the 4.2% last year, and will be estimated to rise further to 5.5% in 2018–2019 fiscal year[4]. In addition, it has been reported by foreign media that: Egypt has played a key role in the member countries of three regional Free Trade Zones (the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC) and the Economic Community of East African States (ECEAS) in Africa. These three free trade zones cover 26 African countries, whose GDP accounts for about 60% of the African continent's GDP and whose total population accounts for 56% of Africa's population.

Geographically speaking, Egypt connects Asia and Africa on land and borders on the Red Sea and the Mediterranean at sea, while the Suez Canal is an important waterway running north and south and connecting east and west; politically and culturally, Egypt, as a political power in the Arab world, has always been the leader of the Arab countries (Arab League) after World War II, and it has played an important role in both the Arab national democratic revolution during World War II and several Middle East Wars wars against Israel; at the same time, Egypt has a brilliant ancient Egyptian civilization, so it has also been a cultural power. At the end of 2010, affected by the turbulent "Arab Spring" in Western Asia and Northern Africa, the "Jasmine Revolution", which was "anti-dictatorship, anti-corruption and struggling for democracy", broke out "from bottom to top" in Egypt, the former President of Egypt Mubarak was forced to give up his power and the Muslim Brotherhood came to power elected by the people, but was ousted one year later because of the popular indignation aroused by its expansion of power, so the power was returned to the military.

In June 2014, Defense Minister Sisi ran for the presidency and won, becoming the new President of Egypt. After Sisi came to power, he devoted himself to restoring national stability and revitalizing the economy, and introduced a number of economic reforms and development plans, such as the Suez Canal corridor development project, the construction of a new capital and the golden triangle development zone project in Upper Egypt and so on. After more than two years of preparation, the new government officially launched the sustainable development strategy—"Egypt Vision 2030" in February 2016, and incorporated the above projects into more than 70 projects in the vision plan. The Vision aims to place Egypt among the top 30 countries in the world in terms of economic size (based on GDP), market competitiveness, human development, quality of life and anti-corruption by 2030[5]. As a whole, it starts from the three aspects of economy, society and environment: Regarding economic development, Egypt will have become a market economy with a steady macro-economy by 2030; it can achieve sustainable growth, pay attention to the competition, diversity and knowledge-based economy, and play an effective role in the world economy; it will have the ability to deal with changes in the world, increase the added value, provide job opportunities, and make the real per capita gross domestic product (GDP) reach the level of medium and high income countries[6]. With respect to social development, the goal of Egypt by 2030 is to build a fair

4 Steady Economic Recovery in Egypt, Expecting China's Investment by "Looking East" (2018). *GMW.cn*, May 9, 2018. Available at: http://world.gmw.cn/2018-05/09/content_28710916.htm, accessed 12.10.2018 (in Chinese).

5 *Egypt Vision 2030*, p. 10. Available at: http://sdsegypt2030.com/wp-content/uploads/2016/08/English-Booklet-2030.compressed.pdf, accessed 12.10.2018.

6 *Egypt Vision 2030*, p. 12. Available at: http://sdsegypt2030.com/wp-content/uploads/2016/08/English-Booklet-2030.compressed.pdf, accessed 12.10.2018.

society with equal economic, social and political rights, maximize social integration, motivate the driving force of social development, provide protection mechanisms for coping with life risks and provide support and protection for marginalized communities and vulnerable groups[7]. Concerning environmental development, by 2030, Egypt will have ensured safety and will be supporting the rational use and investment of natural resources in order to ensure the rights and interests of the next generation; Egypt will be committed to the diversification of economic production, support competition, provide new job opportunities, eliminate poverty and realize social justice, so that it can provide Egyptians with a clean, healthy and safe living environment[8]. The Vision addresses the important and pressing issues facing Egypt today, such as corruption, poverty, environmental degradation and the inadequacy of infrastructure in cities and regions[9]. In 2017, Egypt also promulgated a new *Investment Law*, which is intended to further attract foreign capital.

Both China and Egypt are among the world's four great ancient civilizations with a long history of exchanges. After the founding of the People's Republic of China, Egypt established diplomatic relations with China in 1956, being the first Arab and African country to do so, so it is of leading and model significance. In 2013, President Xi Jinping put forward the co-building of the "Belt and Road" Initiative. In 2014, Egypt, just after the turmoil and the change of regime, under the leadership of the new President Abdel Fattah al-Sisi, also launched its new journey of national development and revitalization. At the end of the same year, Egyptian President Sisi visited China and Sino-Egyptian relations were improved becoming a comprehensive strategic partnership under the promotion of the presidents of the two countries. Both sides are devoted to linking "Belt and Road" Initiative and Egypt "Vision 2030" together effectively, and looking for new development ways of cooperation and win-win.

2. Mutual Cognition of Both Countries Regarding Each Other's Development Strategies

2.1 EGYPT'S COGNITION OF CHINA'S "BELT AND ROAD" INITIATIVE

Egypt generally welcomes and supports China's "Belt and Road" Initiative. In 2014, Egyptian President Sisi expressed, in an interview before visiting China, that China's "Belt and Road" Initiative was an "opportunity" for cooperation between China and Egypt, and Egypt was willing to participate in it actively. The Egyptian government also set up a "China Affairs Section" led by Prime Minister Ibrahim Mahlab[10]. The former Prime Minister of Egypt, Essam Abdul-Aziz Ahmed Sharaf, said that: The "Belt and Road" Initiative can unite China and the developing countries in Africa to achieve com-

7 *Egypt Vision 2030*, p. 13. Available at: http://sdsegypt2030.com/wp-content/uploads/2016/08/English-Booklet-2030.compressed.pdf, accessed 12.10.2018.

8 *Egypt Vision 2030*, p. 14. Available athttp://sdsegypt2030.com/wp-content/uploads/2016/08/English-Booklet-2030.compressed.pdf, accessed 12.10.2018.

9 Almeida M. (2017) Egypt Vision 2030 versus the Youth Bulge. *Arab News*, July 9, 2017. Available at: http://www.arabnews.com/node/1126876/columns, accessed 12.10.2018.

10 Egyptian President Sisi Visited China for "Opportunity" of the "Belt and Road" Cooperation (2014). *The 21st Century Business Herald*, December 23, 2014. Available at: http://finance.ifeng.com/a/20141223/13375696_0.shtml, accessed 12.10.2018 (in Chinese).

11 Xiao T.Y. (2018) From "The Voice of China" to "Sino-African Consensus" – the "Belt and Road" Leads the New Trend of Egyptian Academic Research. *China Daily*, June 24, 2018. Available at: http://china.chinadaily.com.cn/2018-06/24/content_36442765.htm, accessed 12.10.2018 (in Chinese).

mon development[11]. The Ambassador of Egypt to China, Majdi Amir, argued that: The "Belt and Road" Strategic Initiative had brought both opportunity and challenge to Egypt[12].The Egyptian media also paid close attention to the "Belt and Road" Initiative. The President of the Al-Ahram Newspaper, Ahmed Syed, asserted that: The "Belt and Road" Initiative has raised the great symbolic value of the ancient Silk Road to strengthen economic cooperation, equality and mutual benefit on the basis of justice and peace, and the vision of the "21st-Century Maritime Silk Road" made the Initiative truly international instead of being only limited to the countries along the ancient Silk Road[13].

Egyptian scholars also talked about the great significance of the "Belt and Road" Initiative for Egypt, the Arab world and the Middle East. For example, Salah Abu-Zeed said that: The "Belt and Road" Initiative is devoted to win-win cooperation and will make great contributions to solve the crisis. The Initiative advocates peace rather than hostility, cooperation rather than confrontation, integration rather than exclusion. It thus shows the importance of this Initiative for the Arab world and the Middle East. He also mentioned that Egypt can be the most active responsive country to the "Belt and Road" Initiative among the Arab and African countries[14]. A well-known economist from Egypt, Najar, has pointed out that: Egypt and China have great potential for economic and trade cooperation. Egypt is blessed with excellent tourism resources and a large number of Chinese people choose to travel to Egypt every year; Egypt is rich in mineral and stone reserves, and Chinese enterprises can develop the resources on the basis of mutual benefit and reciprocity[15]. Professor of economics of Cairo University, chairman of the Egyptian Economic and Strategic Research Forum, Rashad, said that the security and stability of Egypt have attracted more tourists and foreign investors, thus helping the economic recovery of Egypt. In the national recovery plan of Egypt, the participation of China plays a significant role. Under the leadership of the "Belt and Road" Initiative, Egypt and China have great potential for investment cooperation. President of Cairo University, Mohamed Osman Abdelalim Elkhosht, considered that: The "Belt and Road" Initiative plays a significant role in the stability and development of Egypt, especially in political and economic cooperation. The Middle East countries now must look east and attach great importance to the cooperation and contact with China and other Eastern countries. With the better development of macro-economy of Egypt, Egypt and China have constantly intensified their cooperation in the political, economic and trade domain. At present, the Suez Canal Economic Zone of Egypt has signed a number of Memorandums of Understanding with such Chinese government departments as the Ministry of Commerce to promote economic and

12 Egyptian Ambassador: Looking Forward to the "Belt and Road" Strategic Initiative to Promote Project Cooperation. *Ministry of Commerce. People's Republic of China*, July 28, 2014. Available at: http://www.mofcom.gov.cn/article/i/jyjl/k/201407/20140700676867.shtml, accessed 12.10.2018 (in Chinese).

13 Said A. (2016) The "Belt and Road" Initiative Evokes the Value of Justice and Peace. *Global Times*, July 29, 2016. Available at: http://opinion.huanqiu.com/1152/2016-07/9238175.html, accessed 12.10.2018 (in Chinese).

14 Egyptian Scholar Abu-Zeed. The "Belt and Road" Initiative Is of Great Significance to the Arab World and the Middle East (2017). *People's Daily Online*, May 12, 2017. Available at: http://news.sohu.com/20170512/n492761602.shtml, accessed 12.10.2018 (in Chinese).

15 Exclusive Interview: The "Belt and Road" Embodies Mutually Beneficial and Fair International Relations – An Interview with Najar, chairman of Al-Ahram Newspaper (2016). *Xinhua.net*, November 27, 2016. Available at: http://money.163.com/16/1127/22/C6TM8409002580S6.html, accessed 12.10.2018 (in Chinese).

trade interaction between Egypt and China in the Suez Canal area[16].

2.2 CHINA'S COGNITION OF EGYPT "VISION 2030"

Chinese leaders have pointed out on several occasions to fully synergize the development strategy of China, the "Belt and Road" Initiative, and that of Egypt "Vision 2030". During the BRICS Xiamen Summit in September 2017, President Xi Jinping mentioned when meeting with Egyptian President Sisi that: We need to synergize the development strategies and take advantage of the building of infrastructures and cooperation on capacity to make Egypt a supporting country along the "Belt and Road"[17]. In July 2018, the 8th Ministerial Meeting of the China-Arab States Cooperation Forum was held in Beijing, the Foreign Minister of Egypt, Shukri, attended the meeting and held talks with Foreign Minister Wang Yi, who said that China was willing to strengthen the synergy between the development strategy of China and that of Egypt, and that Egypt was welcomed to participate in the co-building of the "Belt and Road" Initiative and the intensification of cooperation on the capacity of production, on economy, trade, culture and on security[18]. In September 2018, Egyptian President Sisi attended the Beijing Summit of the Forum on China-Africa Cooperation (FOCAC) and held talks with Chinese President Xi Jinping. Xi Jinping pointed out that China regarded Egypt as an important and long-term cooperative partner in the co-building of the "Belt and Road" Initiative, and was willing to closely synergize the "Belt and Road" Initiative and the development strategies of Egypt "Vision 2030" and the "Suez Canal Corridor Development", thus promoting the pragmatic cooperation of the two countries and strengthening their cooperation on the security of counter-terrorism[19]. Before the opening of the Forum, the Chinese Ambassador to Egypt, Song Aiguo, declared in the joint interview by Chinese media that the theme of Beijing Summit was "win-win cooperation and co-building of a closer China-Africa Community of Common Destiny", and the main aspect was to integrate China's development strategy with those of African countries[20].

Chinese scholars are generally optimistic about Egypt "Vision 2030", and hold the opinion that there is tremendous room for strategic cooperation between China and Egypt. Assistant research fellow of the China Institute of Contemporary International Relations (CICIR), Dong Bing, holds the opinion that: the strategy of Egypt "Vision 2030" emphasizes the combination of development and environmental protection, employment and the improvement of labor quality, and comprehensively advances the economic and social development of Egypt at the same pace in a fair, just and balanced way, thus building a new Egypt which is good at innovation, lays stress on people's livelihood and of sustainable de-

16 Steady Economic Recovery in Egypt, Expecting China's Investment by "Looking East" (2018). *GMW.cn*, May 9, 2018. Available at: http://world.gmw.cn/2018-05/09/content_28710916.htm, accessed 12.10.2018 (in Chinese).

17 Xi Jinping Met with the President of Guinea, President of Egypt and Prime Minister of India Respectively (2017). *Beijing Daily*, September 6, 2017. Available at: http://bjrb.bjd.com.cn/html/2017-09/06/content_173054.htm, accessed 12.10.2018 (in Chinese).

18 Talks between Wang Yi and Egyptian Foreign Minister Shukri: Welcome Egypt's Participation in the "Belt and Road" (2018). *China News*, July 8, 2018. Available at: http://news.sina.com.cn/o/2018-07-08/doc-ihezpzwt6798588.shtml, accessed 12.10.2018 (in Chinese).

19 Talks between Xi Jinping and Egyptian President Sisi (2018). *Xinhua News Agency*, September 2, 2018. Available at: http://world.huanqiu.com/article/2018-09/12900390.html, accessed 12.10.2018 (in Chinese).

20 Chinese Ambassador to Egypt: Beijing Summit of the Forum on China-Africa Cooperation Will Synergize the Development Strategies of China and Africa (2018). *China Central Broadcasting Station International Online*, August 24, 2018. Available at: http://news.cri.cn/20180824/65252853-5461-8514-c582-2c9286d9fb1e.html, accessed 12.10.2018 (in Chinese).

velopment[21]. Former Vice President of the Chinese People's Institute of Foreign Affairs (CPIFA), former Chinese Ambassador to the United Arab Emirates and Jordan, Liu Baolai, mentioned that: Egyptian President Sisi announced that the Egyptian strategy "Vision 2030" had its aim of raising Egypt's GDP to 12% and reducing its fiscal deficit to 2.28% by 2030. At the same time, Sisi made great efforts to develop the urban and rural construction, expand the tourist facilities, widen the Suez Canal and implement the land improvement scheme of "Million Feddan", which has made significant achievements[22]. Research fellow of the Middle East Institute of Shanghai International Studies University, Niu Song, holds the opinion that: Sisi's high-profile launching of the "Vision 2030" and his vigorous promotion of a number of large economic projects in recent years were not the work of a single day. Therefore, Egypt will work hard to ensure the existing cooperation with the relevant countries in a number of specific domains[23].

3. Priorities for Cooperation and Main Achievements of the Strategic Synergy between China and Egypt

3.1 POLICY COORDINATION

The past 60 years since the establishment of the diplomatic relations between China and Egypt have witnessed the fact that the friendly relationship of the two countries has withstood the test of domestic and international vicissitudes; both countries have always supported, respected and trusted each other and maintained a good cooperative relationship. Since the establishment of bilateral diplomatic relations in 1956, those relations have been developing smoothly. Currently, both countries face the great dream of national development and rejuvenation. Both sides should give full play to the leading role of high-level visits, give firm support to each other's most core interests and constantly enrich the strategic connotation. The two sides should synergize their development strategies and visions, and take advantage of the construction of infrastructures and the capacity for production to make Egypt a supporting country along the "Belt and Road"[24]. In December 2014, Egyptian President Sisi paid a state visit to China and signed the joint statement on establishing a Sino-Egyptian comprehensive strategic partnership. China, the world's second largest economy and Egypt's largest trading partner, has become an important target of the "Looking East" diplomatic policy of the new Egyptian government. From the perspective of the region, nowadays countries in the Middle East and Africa "look east", which keeps pace with China's speeding up opening west. Being an important member of Sino-Arab Cooperation Forum and Sino-African Cooperation Forum, Egyptian regional power status helps to coordinate and promote the communication and cooperation between China and these countries, so the development of Sino-Egyptian relations enlivens the trend of "east and west close" [*Duan* 2015]. In March 2015, Egypt applied to join the Prospective Founding Members of AIIB. In September 2015, Egyptian Presi-

21 Dong Bing (2018) Egypt, Find a Way out. *World Affairs*, May 1, 2018. Available at: http://www.sohu.com/a/230031924_825951, accessed 12.10.2018 (in Chinese).

22 Liu Baolai (2018) What Are the Three Major Challenges Facing Re-elected Egyptian President Sisi? *Xinhua News Agency*, April 4, 2018. Available at: http://www.cssn.cn/gj/gj_hqxx/201804/t20180404_3897984.shtml, accessed 12.10.2018 (in Chinese).

23 Niu Song (2018) The Continuation of Policy Depends on Protection from the Political Strongman. *Wen Hui Bao*, April 2, 2018. Available at: http://www.cec.mofcom.gov.cn/article/policy/201804/399219.html, accessed 12.10.2018 (in Chinese).

24 Let the "Belt and Road" Yield Positive Results in Egypt (2016). *China Economic Net*, January 23, 2016. Available at: http://news.sohu.com/20160123/n435594853.shtml?z_n951t.html, accessed 12.10.2018 (in Chinese).

dent Sisi was invited to attend the Commemoration of the 70th Anniversary of the Victory of the Chinese People's War of Resistance against Japanese Aggression and the World Anti-Fascist War, and watched the parade from the Tiananmen rostrum with leaders of other countries. At the same time, Egypt also sent troops to participate in the march-past performance of the parade.

In January 2016, President Xi Jinping visited Egypt, which was the first visit to Egypt by a Chinese leader after 12 years. The Presidents of the two countries once again reached the *Five-Year Implementation Program of the People's Republic of China and the Arab Republic of Egypt on Strengthening the Comprehensive Strategic Partnership between the Two Countries* on the basis of the establishment of a comprehensive strategic partnership in 2014, and made detailed plans and a program for the development and cooperation of Sino-Egyptian relations in the next five years, covering 80 items of 10 major projects involving politics, economy and trade, military and security, energy and oil and gas industrial cooperation and so on. The two countries also signed the *Memorandum of Understanding between the Government of the People's Republic of China and the Government of the Arab Republic of Egypt on Jointly Promoting the Silk Road Economic Belt and the 21st-Century Maritime Silk Road* and a number of documents on the bilateral cooperation in the domains of electricity, construction of infrastructures, economy and trade, energy, finance, aeronautics and astronautics, culture, news, technology and climate change and so on. The Presidents of both countries also jointly inaugurated the second phase of the Sino-Egyptian Suez Economic and Trade Cooperation Zone; this project will bring in more than 100 enterprises involved in the fields of textiles and garments, oil equipment, motorcycles and solar energy, which can create more than 10,000 jobs for Egypt[25]. This visit further consolidates the comprehensive strategic partnership of the two countries and fully synergizes the "Belt and Road" Initiative and the development strategy of Egypt, increasing the foreign investment of Chinese enterprises in Egypt, which is conductive to the post-turmoil reconstruction and economic recovery of Egypt.

In September 2017, the BRICS Summit was held in Xiamen, China, which initiated the "5+9" mode (BRICS + 9 emerging market countries and developing countries). Egyptian President Abdel Fattah al-Sisi was also invited to attend the Summit. The Summit provided an important communication platform for emerging market countries and developing countries to exchange their experiences of development, thereby facilitating them to find their own developmental paths and promoting South-South cooperation. In addition to strengthening cooperation in the fields of economy, trade, culture, and diplomacy, Egypt and China also maintained good communication and cooperation on security, counter-terrorism, and regional and international hotspot issues.

In July 2018, the 8th Ministerial Meeting of the Sino-Arab Cooperation Forum was held in Beijing. The foreign ministers of more than 20 Arab countries, including Egyptian Foreign Minister Shukri, led delegations to attend the meeting. During that period, the China and Arab side jointly issued the *Declaration of Action on China-Arab States' Belt and Road Cooperation*, and several other cooperation documents. Egyptian Foreign Minister Shukri made a speech in the China Institute of

25 Fast Read President Xi Jinping's Visit to Egypt (2016). *Xinhua.net*. January 23, 2016. Available at: http://www.chinanews.com/gn/2016/01-23/7729187.shtml, accessed 12.10.2018 (in Chinese).

Contemporary International Relations and expressed that the priorities of economic cooperation between Egypt and China included the construction of infrastructures in Egypt and other regions of Africa, South-South cooperation projects, energy cooperation, and interconnection[26]. At the beginning of September 2018, the Beijing Summit of the Forum on China-Africa Cooperation (FOCAC) was held; Egyptian President Abdel Fattah al-Sisi attended the Summit and signed a series of agreements aiming at strengthening cooperation in various fields. Since Egypt would be the next rotating presidency of the African Union (AU), President Sisi promised to continue to promote the cooperation between Africa and China, and Egypt would fully support China in successfully holding the Summit and positively assess China's just position on the Middle East issue[27].

3.2 FACILITIES CONNECTIVITY

After coming into power, Egyptian President Abdel Fattah al-Sisi made great efforts in economic development and expected that national economic development could be promoted through constructing large-scale development projects planned in the "Vision 2030", including the New Suez Canal Corridor Economic Belt Project, the New Capital Administrative Center Project, the Golden Triangle Project, and the related roads, bridges, tunnels, land and sea ports, and traditional and renewable energy projects, which were regarded as the "highlights" of Egypt's development in the coming decades. With significant advantages in infrastructure, electricity, transportation and energy and so on, China would carry out more cooperation with Egypt in the future.

The Suez Canal, located in Egypt, connects Asia, Europe and Africa, and it is one of the world's most frequently used watercourses. At present, China is the largest user of the Canal. After coming to power, President Sisi started the extension project in August 2014, which involved the excavation of a new canal 35 km long, and the widening and deepening of the existing canal of 37 km. In August 2015, the new canal was successfully opened. Chinese companies such as the China Harbour Engineering Company Ltd. (CHEC) and the Sino hydro Group Ltd. participated in the construction of the new Suez Canal in the fields of energy, railway and electronics and so on. In August 2018, CHEC started the construction of the Sohna Port to the south of the Suez Canal. The success operation of Sino-Egyptian Suez Canal Zone provides a model for Sino-Egyptian industrial cooperation, and next step should be to further support its construction, encourage Chinese companies to enter it and realize industrial clustered transfer and development [*Ding* 2016].

In 2016, when President Xi Jinping visited Egypt, China and Egypt signed a series of documents regarding their cooperation on large-scale projects, which involved an amount of more than USD 10 billion. In the construction of the new capital of Egypt, China played a vital role. The two sides signed a package of EPC contracts, involving the construction of the National Convention Center, the Parliament Building, the Convention and Exhibition Town, and the Office Buildings of 12 Ministries, with a total contract amount

26 Chen Jing (2018) Egyptian Foreign Minister Sameh Shukri: China-Arab States Cooperation Forum Is an Excellent Communication Platform. *CYOL*. July 10, 2018. Available at: http://news.cyol.com/yuanchuang/2018-07/10/content_17369655.htm, accessed 12.10.2018 (in Chinese).

27 Sun Yi (2018) Talks between President Xi Jinping and the Egyptian President: Combine the "Belt and Road" Initiative with "2030 Vision". *Xinhua News Agency*, September 2, 2018. Available at: https://www.yidaiyilu.gov.cn/xwzx/roll/64559.htm, accessed 12.10.2018 (in Chinese).

of about USD 2.7 billion and a construction period of 3 years. After completion of the new capital, it will become a new political center and financial center of Egypt, thereby earnestly promoting the development of the Suez Canal Economic Belt and the Red Sea Economic Belt, and promoting the realization of Egypt's National Renaissance Plan[28]. In September 2018, witnessed by the Egyptian President Abdel Fattah al Sisi who came to attend the Beijing Summit of the Forum on China-Africa Cooperation, the China State Construction Engineering Corporation signed an EPC Contract for the Central Business District (Phase II) of Egypt's New Capital valuing USD 3.5 billion with the Egyptian Ministry of Investment and International Cooperation, and signed an EPC Contract for the Suez Refining and Petrochemical Plant valuing USD 6.1 billion with the Egypt Eastern Oil and Gas Company[29]. At present, the construction (Phase I) of the above project signed in 2016 is being smoothly carried out, and once the cooperation is successfully completed, the project will become a symbolic project of Sino-Egyptian cooperation against the background of the "Belt and Road".

In terms of electricity, the first stage of the Egypt State Grid 500 kV transmission project undertaken by the China State Grid Corp was successfully completed and put into operation in October 2016; the Egyptian side was satisfied with the quality and speed of the project. It was the first contracted project of cooperation on capacity between China and Egypt in the framework of the "Belt and Road", with a total investment amount of approximately USD 760 million. In terms of transportation, AVIC INTL will construct a light railway, "the city of 10 days of Ramadan", between Cairo and the new administrative capital for Egypt. The project involves the two-line electrified light railway with a design speed of 120 km/h and 11 stations, with the total mileage of about 66 km and the contract amount of USD 1.24 billion[30]. The project will provide great convenience for residents along the railway. In September 2018, during the Beijing Summit of the Forum on China-Africa Cooperation, POWERCHINA and Egyptian Electricity Hold-

Table 1. The Cooperative infrastructural projects

	Items	Finished	In Construction
The Cooperative infrastructural projects	Construction	the extension of Suez Canal project in 2014	Sino-Egyptian Suez Canal Zone
			the New Capital Administrative Center Project (I,II)
	Energy	the first stage of the Egypt State Grid 500 kV transmission project in 2016	the Suez Refining and Petrochemical Plant
			the Ataqa Pumped-Storage Power Station
			the Egyptian 6×1100MW Clean Coal-fired Project
	Transportation	Some roads and railways in the above extension of Suez Canal project	a light railway named "the city of 10 days of Ramadan" between Cairo and the new administrative capital

28 China State Construction Won the Order of Construction of the Egypt New Capital Valuing USD 2.7 Billion (2016). *Xinhua News Agency*, January 22, 2016. Available at: http://www.xinhuanet.com/2016-01/22/c_128654197.htm, accessed 12.10.2018 (in Chinese).
29 China State Construction Signed an EPC Contract Valuing USD 9.6 Billion with Egypt (2018). *China State Construction*, September 3, 2018. Available at: http://www.cscec.com/zgjz_new/xwzx_new/gsyw_new/201809/2888491.html, accessed 12.10.2018 (in Chinese).
30 Official Signing of the Contract for the Suburban Rail of "the city of 10 days of Ramadan" in Egypt (2017). *People's Daily Online*, August 15, 2017. Available at: https://news.china.com/internationalgd/10000166/20170815/31102682.html, accessed 12.10.2018 (in Chinese).

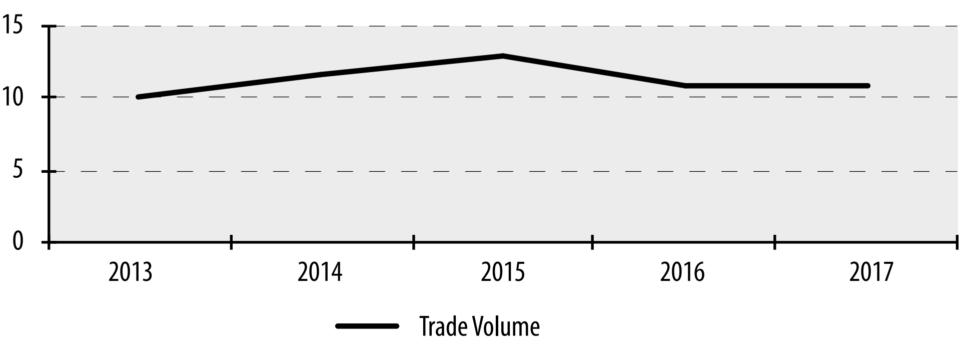
ing Company (EEHC) signed the framework cooperation document for the Ataqa Pumped-Storage Power Station; Dongfang Electric Corporation signed an EPC Contract for the Egyptian 6×1100MW Clean Coal-fired Project, which was the first time that a Chinese company had introduced the clean coal-fired technologies with independent intellectual property rights to the world[31]. In all, the following table shows the above projects briefly (Table 1).

3.3 UNIMPEDED TRADE

In the field of trade and investment, after the proposing of the "Belt and Road" Initiative, Sino-Egyptian bilateral trade enjoyed a gradual increase in the first three years but experienced a slight decrease in the following two years. From 2013 to 2017, the bilateral trade volume exceeded USD 10 billion each year (Figure 1) reaching USD 10.21 billion, USD 11.62 billion[32], USD 12.87 billion[33], USD 10.99 billion[34] and USD 10.87 billion[35], respectively.

China has become the largest trading partner of Egypt, and it mainly exports mechanical and electrical products, vehicles and their accessories, steel and steel products, plastics and their products and textiles and so on to Egypt; and imports crude oil, liquefied petroleum gas, stone and agricultural products from Egypt[36]. What is worth mentioning is that Egypt expanded its exportation of agricultural products to China in 2017; from January to September, the value of imported fresh oranges from Egypt reached USD 80 million, with a year-on-year growth rate of 208%[37].

Figure 1. Sino-Egyptian trade volume from 2013–2017 (USD billion)



31 What Orders Did Central Enterprises Get during the Forum on China-Africa Cooperation? (2018). *BJX.com*, September 5, 2018. Available at: http://news.bjx.com.cn/html/20180905/925722.shtml, accessed 12.10.2018 (in Chinese).

32 "The First" in Sino-Egyptian Friendly Communication (2016). *Xinhua.net*, January 20, 2016. Available at: http://www.xinhuanet.com/world/2016-01/20/c_128648911.htm, accessed 12.10.2018 (in Chinese).

33 Foreign Investment Cooperation Country (Region) Guide: Egypt (2017). *Ministry of Commerce. People's Republic of China*, December 28, 2017. Available at: https://www.yidaiyilu.gov.cn/zchj/zcfg/6648.htm, accessed 12.10.2018 (in Chinese).

34 China-Africa Trade Data: Trade Data between China and African Countries and Related Rankings in 2016 (2017). *Ministry of Foreign Affairs*, April 10, 2017. Available at: https://www.fmprc.gov.cn/zflt/chn/zxxx/t1452476.htm, accessed 12.10.2018 (in Chinese).

35 Sino-Egypt Economic and Trade Cooperation Starts Accelerating (2018). *MIE Group*, March 30, 2018. Available at: https://item.btime.com/m_98803a16fcc944ebb, accessed 12.10.2018 (in Chinese).

36 Sino-Egypt Trade Volume Declined in 2016 for the First Time in the Past Six Years (2017). *Ministry of Commerce. People's Republic of China*, February 6, 2017. Available at: http://eg.mofcom.gov.cn/article/i/201702/20170202510620.shtml, accessed 12.10.2018 (in Chinese).

37 China and Egypt Take Solid Steps in the Construction of the "Belt and Road", Bilateral Economic and Trade Cooperation Enters a New Golden Development Period (2017). December 20, 2017. Available at: http://www.sohu.com/a/211575082_115239, accessed 12.10.2018 (in Chinese).

With the increase in trade between the two countries, China has gradually expanded its investment in Egypt. Till 2017, China's direct and indirect investment in Egypt had reached about USD 7 billion, and created more than 10,000 employment posts in Egypt[38]. At present, the flagship project of China-Egypt cooperation – TEDA Suez Economic and Trade Cooperation Zone – has attracted 68 enterprises for settlement, with the investment of about USD 1 billion; more than 2,000 employment posts have been created for the local people[39]. It has become a representative "bridgehead" for Chinese-funded enterprises to enter Egypt and even Africa. In January 2016, President Xi Jinping unveiled the construction project of the TEDA SUEZ (Phase II) with Egyptian President Abdel Fattah al-Sisi during his visit to Egypt. Its scale was further expanded, and it would bring more economic benefits to Egypt. It has become a model of Chinese overseas industrial parks under cooperation with other countries.

3.4 FINANCIAL INTEGRATION

In terms of financial integration, the central banks of both China and Egypt signed a three-year bilateral currency swap agreement with a scale of RMB 18 billion in December 2016. In addition, in the past two years, the financial institutions, such as the China Development Bank, the Export-Import Bank of China, the Asian Infrastructure Investment Bank, the Industrial and Commercial Bank of China and the China Export & Credit Insurance Corporation, provided loans and credits for Egypt in various means, and the contract amount exceeded USD 5 billion[40]. In the same year, the China Development Bank issued a loan of USD 1.4 billion to financial institutions in Egypt, USD 900 million of which was issued to the central bank of Egypt, which was the first large-scale credit issued by the China Development Bank to an overseas central bank[41]. In 2016, China had surpassed America officially as the largest oil importer. From this beginning, China should give play to its comprehensive advantages such as investment and financing, vigorously promote RMB pricing and settlement of oil and other staple commodities in countries along the routes of "One Belt and One Road", such as Saudi Arabia, Egypt and so on, in order to improve the use of RMB in the international trade and realize the important function of RMB internationalization [*Meng, Lv, Zhang* 2017].

3.5 PEOPLE-TO-PEOPLE BOND

As ancient civilizations of the world, China and Egypt have always been engaged in cultural exchanges. Egypt is one of the Arab countries with the best basis for folk exchanges with China, and the Chinese culture is highly accepted in Egypt. In 2016, it was the 60th anniversary of the establishment of diplomatic relations between China and Egypt, and also the Chinese-Egyptian Culture Year. As of 2016, the number of Chinese-speaking tour guides in Egypt who could introduce the history and culture of Egypt to Chinese tourists, had reached 1,000; they are also the folk ambassadors of Sino-Egyptian

38 Foreign Investment Cooperation Country (Region) Guide: Egypt (2017). *Ministry of Commerce. People's Republic of China*, December 28, 2017. Available at: https://www.yidaiyilu.gov.cn/zchj/zcfg/6648.htm, accessed 12.10.2018 (in Chinese).

39 Construction of Industrial Parks Ensures Stable Development of the "Belt and Road" (2017). *China-wl.cn*, September 25, 2017. Available at: http://news.56888.net/2017925/4660199732.html, accessed 12.10.2018 (in Chinese).

40 China and Egypt Take Solid Steps in the Construction of the "Belt and Road", Bilateral Economic and Trade Cooperation Enters a New Golden Development Period. December 20, 2017. Available at: http://www.sohu.com/a/211575082_115239, accessed 12.10.2018 (in Chinese).

41 Song Aiguo (2017) Promote Sino-Egyptian Cooperation Based on the "Belt and Road". *Study Times*, May 22, 2017. Available at: https://www.fmprc.gov.cn/ce/ceegy/chn/zxxx/t1464406.htm, accessed 12.10.2018 (in Chinese).

friendship. The number of Chinese tourists to Egypt has been increasing year by year. Fifteen universities in Egypt have established a major in Chinese. Two Confucius Institutes and three Confucius Classrooms have been built by China and Egypt, with the nearly 2,000 registered students; the "Chinese fever" has gradually emerged. The scale of international students in both countries has been expanding. At present, there are more than 1,000 Egyptian students studying in China, and more than 2,300 Chinese students studying in Egypt; Egypt ranks the first in West Asian and North African countries in terms of the number of Chinese students. There are nearly 1,000 direct flights between China and Egypt, which could make exchanges between the people of China and Egypt more convenient[42]. Many Chinese films and television programs are also popular in Egypt, such as Jin Tailang's Happy Life, the Daughter-in-law's beautiful time and Parents' Love, which could help the Egyptian people to better understand the current development of China, perform cultural exchanges and deepen bilateral cooperation.

4. Possible Risks in the Strategic Coordination between China and Egypt

4.1 POLITICAL RISKS

Currently, the domestic politics of Egypt are relatively stable. There are no large-scale anti-government riots and disputes, and political risks are relatively small. Since 2014 when Egyptian President Abdel Fattah al-Sisi came to power, the situation of turmoil has gradually returned to stability. In 2016, the new government launched the "Vision 2030" to revitalize the national economy, improve people's livelihood and build a new Egypt. In 2018, President Sisi was successfully re-elected with more than 96% of the votes, which indicated that his ruling was the common aspiration of the people. In recent years, although Egypt has experienced the "Jasmine Revolution" and two changes of regime, the Governments of Egypt has maintained its policy toward China. All of the presidents adhered to the development of traditional friendly relations with China. For example, the Sino-Egyptian TEDA Suez Economic and Trade Cooperation Zone established in 2008 has been in operation for 10 years. It has experienced the trial of the turbulent situation of Egypt since 2011, and has achieved steady growth in revenue, realizing an increase in its main business income from USD 30,826,100 in 2009 to USD 318.44 million in 2017, with a growing rate of 933%. Particularly, the revenues have experienced breakthrough growth since 2014 and reached USD 144,646,000 in 2014 from USD 62,258,300 in 2013[43]. In addition, in terms of external factors affecting the stability of Egypt's regime, President Sisi adhered to a multi-balanced diplomacy, and has visited foreign countries on many occasions, to improve the relations with the United States, Russia, and China, and obtain their support and assistance for the revitalization of Egypt. As for the Middle Eastern issues, he advocated a diplomatic solution, which helped Egypt to win a good reputation internationally, thereby creating a loose international environment for Egypt's reform and development. But there are still anti-governmental forces existing in Egypt

42 Liu Yandong (2016) Make Cultural Exchange a Heart Bridge for Co-construction of the "Belt and Road" between China and Egypt. *Ministry of Foreign Affairs*, March 25, 2016. Available at: http://www.syfao.gov.cn/Article/ShowArticle.asp?ArticleID=717, accessed 12.10.2018 (in Chinese).

43 Suez Economic Trade And Cooperation Zone Statistics, 2008/2018. *Teda Ten Years Summary*, p. 179. Available at: http://www.setc-zone.com/doc/003/000/015/00300001508_7dd206b0.pdf, accessed 12.10.2018.

like "Muslim Brotherhood" and other oppositions and easily inciting the masses to hold demonstrations and disrupt the situation.

4.2 ECONOMIC RISKS

Egypt "Vision 2030" developed a number of economic, social and environmental development indicators, and planned 77 large-scale infrastructure projects such as the Suez Canal Hub Project, the New Administrative Capital Project and the 4-Million Feddan Project, involving the fields of transportation, construction, energy and so on. China has already participated in the cooperation on some of the major projects, and the scale of that cooperation has been expanding. China's infrastructure investment in Egypt is large in amount, long in term and vulnerable to the domestic and international economic situation in Egypt, so there are certain economic risks. Firstly, the changes of global trade: in 2015, Egypt expanded the Suez Canal Hub Project, but due to the shrinking of the scale of global trade and the fall in oil prices, many international shipping companies decided to travel through the Cape of Good Hope rather than the Suez Canal, for reducing the cost; as a result, the income of the new canal declined. Secondly, the increase of infrastructure debt: As for the domestic economic situation, President Sisi vigorously carried out economic reform after his coming to power, including cracking down on the black market, canceling some fuel subsidies and cutting fiscal deficits, which gradually improved the overall economic situation. However, due to the implementation of the "Vision 2030", a number of major projects have been launched in a short period of time; the external debt has been significantly increased. According to the Central Bank of Egypt, the total external debts of Egypt in the first quarter of 2018 reached USD 88.1 billion, accounting for 36.8% of its GDP; most of the debts are long-term debts of 15–60 years, which are mainly used for financing for large-scale development projects[44]. Thirdly, the devaluation of Egyptian pound and inflation in Egypt: because of insufficient foreign exchange reserves (mainly US dollars and gold), the volume of imported goods (living necessities such as wheat and sugar) decreased, and the fuel subsidies were cancelled by the government, which directly stimulated the price increase and currency depreciation. In November 2016, the Central Bank of Egypt implemented the floating exchange rate of the Egyptian pound, which further accelerated the currency devaluation, thereby forming a vicious circle. At the beginning of April 2018, the USD/EGP ratio reached 1:17[45].

4.3 SECURITY RISKS

The conflicts in Egypt mainly stems from the contradictions and confrontations between various armed groups and governmental forces. And these non-governmental armed groups present a clear fragmentation feature [*Zhou, Feng* 2017]. At present, the biggest security risk in Egypt is the occurrence of terrorist attacks, which would disrupt the public security. Although the frequency has decreased drastically, the anti-terrorism situation is still severe. In April 2017, bombing attacks took place against churches in Tanta and Alexandria in the north of Egypt, which killed at least 45 people, and the extremist organization "Islamic State" claimed to be

44 External Debt of Egypt Increased to USD 88.1 Billion at the End of the First Quarter of 2018 (2018). *Egypt Daily News*, August 7, 2018. Available at: http://wemedia.ifeng.com/74187778/wemedia.shtml, accessed 12.10.2018 (in Chinese).

45 What Are the Three Major Challenges Facing Re-elected Egyptian President Sisi? (2018). *Xinhua.net*, April 4, 2018. Available at: http://world.people.com.cn/n1/2018/0404/c1002-29907229.html, accessed 12.10.2018 (in Chinese).

responsible for the attacks[46]. On November 24, 2017, a terrorist attack took place in a mosque in the North Sinai Governorate of Egypt, which killed at least 305 people and injured 128 people. Since April 2017, the Government of Egypt has repeatedly declared the states of emergency, which have not been relieved until now. The Egyptian army launched a large scale anti-terrorism action "Sinai 2018" at the beginning of the year, and the Ministry of the Interior announced that the number of terrorist attacks in Egypt had dropped from 481 in 2014 to 22 in 2017[47]. So the security situation has improved under the intense anti-terrorism pressure of the Egyptian government, but the casualties and panic caused by terrorist attacks still pose great risks to national security and the stability of social order. As the main forces of the "Islamic State" were eliminated and scattered in Syria and Iraq, some remnants spilled into Egypt or merged with local extremists, which had a negative impact on the strategic synergy between China and Egypt.

5. Conclusion

China's "One Belt and One Road" Initiative has strong strategic synergy with Egypt's "2030 Vision". Firstly, after Egyptian national turmoil caused by the "Arab Spring", the President Sisi started plans of the economic revitalization in 2014 and adopted "2030 Vision" in 2016. As mentioned above, the "2030 Vision" encompasses several large infrastructure projects which are in need of financing support. China proposed the "One Belt and One Road" Initiative in 2013, and then led the establishment of the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund, providing diversified financing platforms for infrastructure construction projects in the countries along BRI routes including Egypt. Secondly, China has comparative advantages in areas such as infrastructure, high-speed rail, energy, science and technology, while Egypt has a vast market and developmental potentiality which provide cooperation space and opportunities for the synergy of bilateral strategies. Thirdly, China adheres to the principle of "putting justice first with interests" and upholds the concept of "jointly consulting, building and sharing", and its assistance and cooperation with Egypt are without any political conditions which win the recognition and trust of the Egyptian side. Fourthly, Egypt is now adopting a "Look East" foreign policy and hopes to develop its economy owing to the BRI. Therefore, both strategies have a convergence in many aspects.

Furthermore, in response to western accusations that the BRI has created a "debt trap" for countries such as Sri Lanka, the former President of Sri Lanka Rajapaksa pointed out: "the total construction cost of Hambantota Port is USD 1.761 billion, and the loan deadline is the year of 2036. And by the end of 2016, USD 500 million had been paid off. All loans are taken out of profits by Sri Lanka Port Authority (SLPA) without any problems. The SLPA had carefully planned to repay the loan before the port could break even, and there was no so-called China 'debt trap' "[48]. In addition, Malaysia's new Prime Minister Mahathir stopped several cooperation projects with China after his taking office. This kind of leadership change and political instability

46 The Anti-terrorism Situation Is Still Severe, the State of Emergency Was Extended for Another Three Months (2018). *China News*, January 4, 2018. Available at: http://mil.news.sina.com.cn/2018-01-04/doc-ifyqinzs8443529.shtml, accessed 12.10.2018 (in Chinese).

47 Election in Egypt: Re-election of the Current President Sisi, and Challenges to His Future Governance (2018). *Xinhua net*, April 2, 2018. Available at: http://www.chinanews.com/gj/ 2018 / 04-02 / 8481311.shtml, accessed 12.10.2018 (in Chinese).

48 Wan Zhe (2018) Debt Traps? Split Europe? Destroy the Environment? Fallacies about the "One Belt and One Road" review. *China Going Global Think-tank (CGGT)*, August 24, 2018. Available at: https://mp.weixin.qq.com/s?__biz=MzA4NTI3NzExNg%3D%3D&idx=1&mid=2651259983&sn=668a285298970cd84cfd950b28cafae2, accessed 12.10.2018 (in Chinese).

caused some obstacles to Sino-Malaysian cooperation. It is believed that both sides can find a win-win solution through sincere negotiation in good faith. Therefore, there is no factual basis for fears of the cooperation between China and Egypt which may create a "debt trap". Because the cooperation projects between two sides are market-oriented, and a large amount of investments and loans have medium to long term and relatively low risks with enough consideration of Egypt's economic development and loan repayment capability.

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The Strategic Value of Africa as the New Market and Korea's Economic Cooperation with Africa

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ABSTRACT. *Africa is rising as the new market in the 21st century. Before the 2000s Africa was regarded as a "continent of crisis" plastered with poverty and war. However, it is now being spotlighted as the 'last new market on Earth' due to its development potential. Its value is being reevaluated because it presents new opportunities as an unexplored market. It present opportunities across a wide range of industries: from consumer goods to manufacturing, agriculture, natural resource development and infrastructure. Korea has been ignorant of Africa's development potential till the mid-2000s but is now looking at Africa as a new opportunity market or cooperation partner. It is taking diverse measures such as through state visits and increase of development aid to strengthen cooperation. Korea perceives Africa's potential from a future oriented perspective and is expanding economic cooperation from a long-term standpoint. Consequently, Korea is working towards establishing a future oriented partnership with Africa based on mutual trust by identifying core partnership projects that meet the needs of Africa. Korea seeks substantiality of its economic partnership with Africa by identifying priority countries of cooperation.*

KEY WORDS: *Korea, Africa, international relations, economic cooperation, diplomacy, partnership*

1. Introduction

Before the 2000s, Africa was a 'continent of crises' through decades of war and poverty. The social and economic conditions of Africa, Korea and much of Asia was similar in the 1960s when many African countries gained independence from their western colonizers. However, their paths diverged as while the economies of Korea and Taiwan gained speed, Africa was accompanied by the resource curse, civil wars and weak governance. Consequently, Africa was termed 'the hopeless continent' by the Economist in 2000 [The Hopeless Continent 2000].

10 years on, the Economist has changed its tone on Africa by describing it as 'the hopeful continent,' partly due to the high economic average growth rates of over 5% during the past few years [Africa Rising 2011]. A combination of favorable external conditions and political sta-

bility arising from the decline of civil wars has turned Africa into a land of opportunity. This change of attitude from Afro-pessimism to Afro-optimism is supported by Goldman Sachs, the World Bank and other economic institutions who suggest that once Africa takes off (in terms of Rostow's five stages of economic development), savings and investment will increase, leading to full-scale economic development as was the case in East Asia and India.

The reassessment of Africa's potentials as the last new market in the 21st century has also been noticed by Korea whose interests of economic cooperation in the region has remained relatively low till the mid-2000s. Since, Korea has sought to engage with Africa in various fields using various means including head of state visits, expansion of ODA and business partnerships. Although risks and limitations such as poor infrastructure, corruption and Chinese market dominance are prevalent, there is still plenty of potential in Africa as a partner for economic cooperation. One aspect of Africa's potential is the growth of the urban population with increasing purchasing power. The urban consumers of Africa are a blue ocean for Korean home appliance manufacturing companies looking for new markets amidst fierce competition with Chinese and Japanese companies. The infrastructure boom and development potentials of the manufacturing sector, mainly through light-manufacturing are also opportunities for investment and cooperation. The abundance of natural resources has been a conventional factor for investment in Africa despite discussions on the effects of the rent-seeking behaviors of resource abundant countries. This article seeks to present Korea's policy directions for economic cooperation with Africa by analyzing its strategic values.

2. Africa's strategic value

2.1. A MARKET OF 1 BILLION CONSUMERS

The abundance of natural resources has been a key strategic value of Africa for many years. However, recent years of rapid economic growth has strengthened the purchasing power of African consumers, especially for the growing urban population. Africa has maintained its economic growth rate at an average of over 5% since the early 2000s while Africa's national income (GDP per capita) has grown almost threefold between 2003–2016.

Africa is also witnessing rapid urbanization and population growth with its total population already at 1 billion. Although Africa's urban population is yet small compared to other regions at 40% of the total population, global urban growth will be led by Africa in the future as a consequence of high birth rates and rural migration[1]. By 2030, the African urban population will be at 50% of the total population which will expand to 60% by 2050. It is projected that more than 80 cities in sub-Saharan Africa will have a population of over 1 million people in 2025. Cairo (Egypt) and Lagos (Nigeria) are already megacities of more than 10 million people. Kinshasa (DRC) is expected to become the largest city in sub-Saharan Africa, outpacing Cairo and Lagos while many more megacities are expected to emerge [*Toesland* 2016, p. 16].

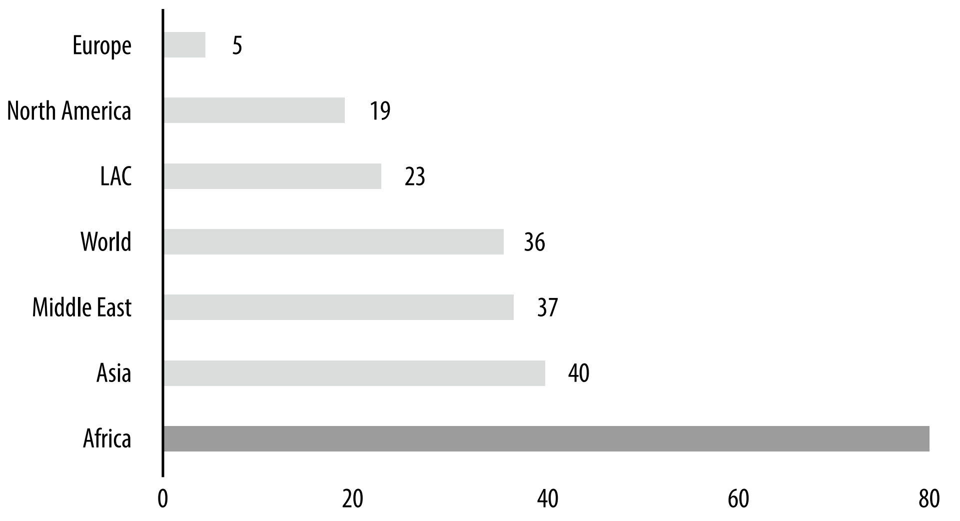
It is true that many in Africa still live below the poverty line and that the impact of the middle class, who can be defined as those with sufficient purchasing power, is still limited. The African Development Bank's argument that approximately a third of the African population can be considered as a middle class was too broadly defined as its definition of

1 The percentage of the urban population as of the total population for other regions are North America 81.5%, Latin America and the Caribbean 79.5%, Europe 73.4%, and Asia 47.5%.

a middle class was those who spend between 2–20 dollars a day. Yet, one cannot deny that Africa is rising as the last global frontier consumer market as a middle income class, who has a certain level of purchasing power, emerges around major cities. There are estimations that by 2025, around two thirds of sub-Saharan African households will have discretionary income, indicating the growth of a rising consumer group [*Roxburgh, Norbert, Leke, Taziriffi, Van Wamelen, Lund, Chironga, Alatovik, Atkins, Terfous, Zeino-Mahmalat* 2010, p. 1].

Consequently, urban cultures are changing to reflect such growing consumer power. Western styled shopping malls and department stores are being constructed one after another, especially in East Africa to meet the needs of the younger generation in particular [Shop Africa 2016]. This 'shopping mall culture' is also spreading across new towns as the demand for white goods steadily increase with the influx of people. Various consumer goods such as washing machines, refrigerators and air conditioners are popularly sold in the urban markets of Africa. According to a survey of 1,000 middle income urban residents in Nigeria, more than half responded that they prioritize the purchase of a washing machine, refrigerator, micro-oven and dishwasher within 5 years [*Park Young Ho, Jae Wook Jung, Yejin Kim* 2017, p. 38]. The demand for durable goods such as mobile phones and computers is also growing rapidly in cities as the younger consumer class, who have a higher propensity to consume, grows. 1.7 million mobile phones were sold in 2015, but this is expected to reach 3.9 million in 2021 [*Park Young Ho, Jae Wook Jung, Yejin Kim* 2017, p. 56]. Korean brands such as Samsung and LG have been able to position themselves as leading electronic brands within the African market (Table 1). They have performed particularly well in the mobile phone sector with Samsung recording a 35% market share for smartphone sales in

Figure 1. Prospected growth rate of urban populations by region (2012–2030)



Source: [Bright Continent 2016, p. 15].

Table 1. Status of Korean electronic brands in Africa (2015)

Country	Brand Awareness (highest to lowest)
Nigeria	Samsung, LG
Angola	Samsung, Sony, Apple
Cote d'Ivoire	Samsung, Nokia, LG, Sony
Ethiopia	Samsung, Apple, Sony
Ghana	Samsung, LG, Binatone(UK), Nokia, Philips, Apple
Kenya	Samsung, Nokia
Senegal	Samsung, Nokia, LG, Apple
South Africa	Samsung, Apple
Tanzania	Samsung, Apple
Uganda	Nokia, Samsung, Huawei(China)
DRC	Samsung, LG, Nokia

Source: [*Jacobs* 2015, p. 68].

Africa in 2014 and outpacing its competitors such as Apple and Nokia in Africa [*Jacobs* 2015, p. 68].

Car ownership has also doubled in the past 10 years as a result of the increase in income and urbanization. Similar trends can be seen with cement, steel and other construction materials as the demand for urban housing has increased rapidly, which is at times referred to as 'the quiet revolution' [*Bughin, Chironga, Desvaux, Ermias, Jacobson, Kassiri, Leke, Lund, Van Wamelen, Zouaoui* 2016, p. 73].

One fact to note is that almost all industrial products consumed in Africa are yet imported mostly from other countries and partly from its regional due to the weak manufacturing base of many African countries, with the exception of South Africa. This provides opportunities for industrial development within Africa in the long run but remains a limitation in the short term as it is liable to foreign exchange volatilities and influences urban inflation rates.

2.2. NATURAL RESOURCE AND INFRASTRUCTURE DEVELOPMENT

Vast amounts of natural resource buried in Africa, whose territorial size amounts to a fifth of the total global land, has been of strategic importance in attracting investment in Africa. Areas affected by conflict, poor infrastructure, and lack of skills and technology are especially underdeveloped in regards to natural resource development [*Park Young Ho, Ji Sun Jeong, Hyun Ju Park, Yejin Kim* 2015].

The distribution of Africa's resource can be divided into three regions. Much of its oil resource lies in the Northern (Algeria, Libya, Egypt) and Western areas (Nigeria, Angola, Ghana, Equatorial Guinea). Identified oil reserves are estimated to be around 10% of global reserves but many oil fields have yet to be discovered and developed, indicating that with sufficient investment the resource boom is likely to continue. Metallic minerals are mostly concentrated in South Africa and the Democratic Republic of Congo. Reserves of diamond, cobalt and chrome are unrivaled while uranium, nickel and bituminous coal are plentiful. South Africa in particular is endowed with many resources ranging from minerals to nonferrous metals and leads Africa in terms of natural resource development. It is home to the largest reserves of platinum, manganese, chrome and gold. It is also rich in titanium, vanadium and vermiculite. The DRC is also rich in diamond, gold, cobalt, copper, coltan, zinc, cadmium and other high value commodities. Coltan is in particularly high demand as a key component in the manufacturing of electronic car batteries and other electronic products like cellphones and laptops. Around 80% of the global coltan reserve is presumed to be in the DRC. Apart from South Africa and the DRC, the southeastern corridor covering Botswana – Zambia – Zimbabwe – Madagascar is known as the largest mineral belt. This region has large reserves of diamond, gold, uranium, copper, cobalt, bituminous coal, nickel and other valuable resources [*Park Young Ho, Ho Kyoung Bang, Jaewan Cheong, Yejin Kim, Boyan Lee* 2016].

Natural resource is not the only source of growth in Africa. Political stability gained by several African countries after years of conflict is attracting investment in roads, railways, ports and power plants. The demand for urban infrastructure has grown recently in particular through the expansion of cities. Ethiopia and Nigeria are constructing modernized public transportation methods such as trams and transit buses to counter traffic congestion in the cities. Much of Africa's current transport infrastructure was built during the colonial periods for the purpose of shipping resources. As a result, infrastructure development was mostly limited to areas that connect cities with ports and thus, inland transportation infrastructure remains poorly developed. This lack of inland infrastructure remains as the utmost barrier for regional integration in Africa. The trans-Saharan infrastructure development plan that seeks to connect Africa's focal cities as well as build a development corridor that connects focal trade areas with major markets is underway to overcome this barrier [AfDB·OECD·UNDP, 2016, p. 214]. Large scale infrastructure development is

Table 2. Major urban corridors of Africa

Corridor	Cities	Length (km)
Cairo (Egypt) – Dakar (Senegal)	Cairo – Tripoli – Tunis – Algiers – Rabat – Nouakchott – Dakar	8,636
Algiers (Algeria – Lagos (Nigeria)	Algiers – Tamanrasset – Agadez – Tamanrasset – Kano – Lagos	4,504
Tripoli (Libya) – Cape Town (South Africa)	Tripoli – N'Djamena – Kinshasa – Windhoek – Cape Town	10,808
Cairo (Egypt) – Cape Town (South Africa)	Cairo – Khartoum – Addis Ababa – Nairobi – Dodoma – Lusaka – Gaborone – Cape Town	10,228
Dakar (Senegal) – N'Djamena (Chad)	Dakar – Bamako – Ouagadougou – Niamey – Kano – N'Djamena	4,496
N'Djamena (Chad) – Djibouti (Djibouti)	N'Djamena – Djibouti	4,219
Dakar (Senegal) – Lagos (Nigeria)	Dakar – Banjul – Bissau – Conakry – Free Town – Monrovia – Abidjan – Accra – Lome – Cotonou – Lagos	4,010
Lagos (Nigeria) – Mombasa (Kenya)	Lagos – Yaounde – Bangui – Kisangani – Kampala – Nairobi – Mombasa	6,259
Lobito (Angola) – Beira (Mozambique)	Lobito – Lubumbashi – Lusaka – Harare	3,523

Source: [AfDB·OECD·UNDP 2016, p. 214].

further anticipated through a pan-African project that seeks to connect Africa's urban centers. This is part of Africa's efforts towards regional integration and is yet to commence. Improving transportation is not the only focus of urban infrastructure development. The blueprint for urban infrastructure development includes water and sewage facilities, sanitation, housing, and even industrial complexes that form the production base of a city.

2.3. AGRICULTURAL DEVELOPMENT

Agriculture is an important part of the African economy with 24% of Africa's GDP coming from agricultural production while that of agriculture related industries (such as processing, distribution and retailing) comprises another 20% [*Diop* 2013, p. 73]. The agriculture sector of Africa is critically underdeveloped but its potential is greater than any other region in the world. According to the World Bank, Africa's agribusiness is expected to grow from 313 billion USD in 2010 to 1 trillion USD in 2030 [*Diop* 2013, p. 78]. Agribusiness is expected to materialize as a crucial industry for Africa's economic development and transformation as 200 million hectares of uncultivated land, equal to over half of globally uncultivated land, remains in Africa[2]. Current productivity levels also falter greatly below its potential. Research and development into better production means would provide greater opportunities for surplus production: the production level of corn is at 20% levels while that of palm oil and soybean are at 30% [*Park Young Ho, Ho Kyoung Bang, Jaewan Cheong, Yejin Kim, Boyan Lee* 2016, p. 82].

The development potential of water for agricultural use is also abundant in Africa. There are 13 large rivers that currently run across borders but only 3% of agricultural water is secured through rivers, which raises the issue of the need to develop river sources for agricultural use. For this reason, many investors have taken an interest in areas such as Sudan, South Sudan, Mozambique, Tanzania, Ethiopia, Madagascar, Liberia, DRC and Zambia where the potential for water resource development is high [Agricultural Value Chains 2014, p. 15]. However, because the distribution of water resources leans heavily towards certain areas, the development of infrastructure to facilitate distribution of water resources is also necessary.

Although there are some factors that hinder agricultural development in Africa, such as the lack of agricultural inputs and market accessibility, Africa has the potentials to become a global agricultural production hub if it can increase production and improve distribution networks. If Africa can achieve a green revolution through

Table 3. Yield of major crops as to potential production levels

	Maize	Palm oil	Soy bean	Sugar cane
SSA	0.20	0.32	0.32	0.54
Asia	0.62	0.74	0.47	0.68
South America	0.65	0.87	0.67	0.93

Source: [AfDB·World Economic Forum·World Bank 2017, p. 17].

2 Concerns have been raised over the narrative of 'uncultivated land' in that it leads to land grabbing and ownership issues. However, the term 'uncultivated land' used in this article refers to land not prepared for farming and does not imply in any way that these lands are unoccupied or without ownership.

technology improvement and mechanization adapted to the farming environment of various regions, it can become a net exporter of agricultural goods as well as achieving self-sufficiency. Goods such as coffee, cocoa, cotton, cashew nuts and horticultural products are key sources of foreign exchange earnings. Some are exclusive to the climatic conditions of Africa and thus are in a better marketing position once production methods and distribution channels are developed. The combination of urbanization, population expansion and income increase has led to higher demands for processed foods, vegetables and meat in addition to that of staple crops, creating a market opportunity to link agriculture with business [AfDB·OECD·UNDP 2017; AfDB·World Economic Forum·World Bank 2017]. The World Bank expects Africa's food market to grow 4 times bigger than its current size by 2030 as the urban population doubles and incomes increase by more than 4% every year [*Diop* 2013, p. 83]. It also predicts that Africa's agricultural trade balance will turn from a 10-billion-dollar deficit into a 20-billion-dollar surplus by 2030. Moreover, although value created from the agricultural value chain is yet small it is strongly linked to the manufacturing sector for it comprises 30–50% of the manufacturing sector's activities in Africa. For example, Ethiopia (60%), Ghana (60%), Madagascar (59%) and Senegal (58%) exceed the average size of the agriculture industry in manufacturing [*Diop* 2013, p. 83].

3. Economic cooperation with Korea

3.1. ENHANCING INCLUSIVE COOPERATION THROUGH A MUTUALLY COOPERATIVE PARTNERSHIP

The backbone of Korea's approach towards Africa is that of a long-term partnership based on mutual trust and reciprocity. This is in consideration of Africa's colonial history where much of its natural and human resources were exploited without compensation or reconciliation. By doing so, Korea intends to foster economic relations that are sustainable and one that reflects the responsibilities of Korea as the tenth largest economic power. To build such a future-oriented, coexistent partnership and to foster economic cooperation policies, understanding and perceiving the challenges and opportunities of Africa is important.

One aspect that differentiates Korea from other donor countries is its unique development experience. The Korean development experience differs from the timespan and way western developed countries experienced industrialization over 100–200 years ago. Korea's industrialization began not even half a century ago and has yet managed to become a global exporter of manufactured goods in just over 50 years.

Its economic and social conditions prior to the late 1960s was like that of other underdeveloped countries: lack of capital stock, low levels of technological development, small private sector, lack of skills, low social trust and heavy dependence on foreign aid. Korea's GDP per capita in the early 1960s was below 100 dollars. There were barely any savings while half of the government finance was funded through foreign aid. The high rate of unemployment threatened social stability and over 40% of the population lived in absolute poverty. The overall situation was not so different from 'the hopeless continent' described of Africa. However, since the 1960s Korea has transformed from an agrarian economy to a sophisticated, industrialized economy. This speed of economic development is beyond compare.

Such an experience distinguishes Korea academically and politically from the development experience of western countries and also from the 'Washington Consensus' route emphasized and pressure by international organizations. Many African leaders, policy makers and economists are interested in the Korean experience because Korea was able to build a middle-income class and develop a democratic government through a different route. Many African countries are still categorized as 'least developed countries' despite enormous amounts of foreign aid which calls for the need of a new development model. Korea's soft power in forming partnerships with Africa lies in its economic development experience which it uses as the principle tool for cooperation. Korea, like most of Africa, was a subject of colonialism (it was colonized by Japan for 36 years and gained independence in 1945) prior to its modern economic development and thus can sympathize with many African countries. As such, there is great interest in learning from and benchmarking Korea in Africa.

3.2. ECONOMIC COOPERATION WITH PRIORITY PARTNER COUNTRIES

China, Europe and other rivalling countries have developed sophisticated economic partnerships with various countries in Africa through large scale funding and historical ties. The most aggressive country recently reaching out to Africa is without doubt China, especially through its belt and road initiative. China's interests in Africa derive from the strategic value of Africa's multidimensional role; supplier of oil and raw materials, customer for infrastructure development, market for the sales of cheap industrial products and partner on the global diplomatic stage. To secure its position in Africa, China is consolidating cooperation across a range of sectors through various means; aid, trade, loans, natural resource development, infrastructure development and so on. Such efforts to engage with Africa has enabled intensification of China's economic relations with Africa.

Korea's interests in Africa are also recently developed. Only into the 2000s did Korea perceive Africa as a new partner and tried to engage with Africa. The Ministry of Strategy and Finance of Korea, the Export-Import Bank of Korea and the African Development Bank set up the Korea-Africa Economic Cooperation (KOAFEC) Conference to promote economic partnership in 2006. The Korea-Africa Industry Cooperation Forum (KOAFIC) was introduced in 2008 to promote partnership in the industrial sector. The amount and proportion of aid the Korea International Cooperation Agency (KOICA) allocates to Africa has steadily increased to become the second largest beneficiary after Asia. The Ministry of Foreign Affairs established the Korea-Africa Foundation (KAF) this year to conduct research on the socio-economic developments of African countries and to provide support for those willing to do business with Africa.

However, not all efforts have seen success. The 'Package Deal' that sought to connect infrastructure development with natural resource development ended in a failure while the market share of Korean products in Africa remains at a meager 4%. Furthermore, Africa comprises only 1.4% of Korea's total foreign investment. The construction sector, including plant construction, was expected to show better performance but the results did not surface as well as anticipated. One cause for the poor performance is the limited size of aid, loans and business support providable by the Korean government. Africa is home to 54 countries with a surface area larger than the US, China, India, Europe and Japan combined. Hence, Korea's strategy in Africa is to narrow its focus and concentrate its capacity in priority areas. In other words, Korea selects focus markets to build and strengthen partnerships with and expands its cooperation to adjacent countries once partnerships with the priority countries are solid.

Recently, East African countries, like Ethiopia, have received more attention from the Korean government. Unlike the oil rich countries of the West and North, East African countries have more political stability and thus offer better conditions for investment and economic cooperation. East Africa is rising as the new growth engine of Africa as it witnesses an increase of FDI and records high economic growth rates of over 10%. Accordingly, the African Development Bank (AfDB) once stated that the center of Africa's economic gravity is tilting towards the East from the West [*Park Young Ho, Jae Wook Jung, Yejin Kim* 2017, p. 23]. Countries in East Africa such as Ethiopia, Kenya and Uganda are also listed in the PC (Post China)-16, indicating that these countries are considered as promising regions for the relocation of Chinese labor-intensive manufacturing production activities due to the declining price competitiveness of goods made in China as a result of rising labor costs. Development of the manufacturing sector in these regions should be carefully followed. East Africa is also becoming an infrastructure development foothold as projects such as the East African railway network unfold. Various railway construction projects that connect East African countries are gathering momentum owing to political stability and large scale Chinese financial support. The population of East Africa also acts as a merit. Amongst the five areas in Africa (East, West, South, North, Central), East Africa is in the lead with 400 million as of 2015 which is prospected to increase to 500 million by 2025 [AfDB·OECD·UNDP 2015, p. 179].

Korea's cooperation with Ethiopia, amongst the East African countries, is most active. Although Ethiopia is still a least developed country where coffee and oilseeds are a critical source of income, it has recorded an annual growth rate of 10% over the past 10 years. It is the second most populated country in Africa with over 100 million people. Completion of the Addis Ababa-Djibouti railway and the large-scale hydroelectric Renaissance Dam in 2017 is expected to have a significant impact on the Ethiopian GDP. Such developments are at times compared to that of Shanghai in 1987. Wage being one of the most important areas of concern when companies plan to invest, the low wages of Ethiopia also act as a merit. According to a World Bank report, wage for an unskilled laborer in the (light) manufacturing sector in Ethiopia is a fifth of China's, a third of Vietnam's and 30% lower than that of Tanzania [*Newman, Page, Rand, Shimeles, Söderbom, Tarp* 2016, p. 73]. Even for skilled laborers Ethiopia's wage levels are only at 25–33% of Chinese workers and 50–55% of Vietnamese workers. One would think that the average wage of a laborer in the manufacturing sector would be low in Africa considering that Africa is one of the poorest regions in the world. However, its wage levels are higher than expected in proportion to its GDP per capita. This is due to the high level of isolation for African industries. In other words, the low level of competition in the labor market leads to a form of rent seeking activities, increasing labor costs [*Newman, Page, Rand, Shimeles, Söderbom, Tarp* 2016, p. 72]. Some analyses state that in proportion to Africa's national income, wage levels are set 50% higher than average [*Newman, Page, Rand, Shimeles, Söderbom, Tarp* 2016, p. 72]. It is in this sense that Ethiopia's low income is of merit.

3.3. EXPANSION OF FINANCIAL SUPPORT THROUGH INTERNATIONAL FINANCIAL INSTITUTIONS

Companies from China, Europe and other regions are well positioned in Africa because they have sufficient means of financial support. As with other regions, the financial muscle is a crucial factor in winning project contracts and engaging in business because Africa lacks internal resources for development. Upon realizing the need to engage with Africa, the Korean government has begun providing financial support through official export credit agencies (ECA) such as the Korean EX-

IM bank. However, Korea is still an underweight amongst rivalling countries. The small size of Korea's financial capacity and the conservative manner in which companies receive financial support for entering Africa causes structural limitations. However, it is realistically difficult for the EX-IM bank or the trade insurance corporation to dramatically increase financial support for companies that wish to enter the African market because African countries have low credit ratings and have complex underlying dangers that make it difficult to fund independently.

With these realistic limitations in mind, Korean ECAs such as the EXIM bank are strengthening their capacities through partnership with global financial institutions by means of co-financing. Providing financial support for African countries with low credit ratings comes with many risks and therefore dispersing the dangers through partnership with international financial institutions is essential. The size of the infrastructure market and natural resource development projects in Africa are also too big for domestic financial institutions to handle by themselves. Therefore, Korean ECAs are working with the World Bank, IFC, AfDB, EIB and other MDBs and IBs as well as EACs of developed countries through co-financing to make up for its limited financial capacity. International institutions have plenty of information on projects regarding development in Africa as well as much knowhow and experience. It is important that Korea builds gateways to Africa through financial cooperation with these institutions.

4. Conclusion

Africa is rising as the new market of opportunity in the 21st century. Identifying Africa as an unexplored market with many opportunities is necessary. Opportunities lie not just in consumer goods such as household electronics and mobile phones but also across a range of industries such as manufacturing, agriculture, natural resource development and infrastructure. However, it must be noted that although Africa is a 'market of opportunity' it is also, without doubt, a 'high risk market'. It is regarded as the last new market but a wide range of business risks including exchange rate volatility, governance, limitations of wire transfer, business regulations as well as political instability act as a barrier to companies actually engaging in business in Africa. Consequently, many businesses take the form of venture investment due to Africa's unclear business environment. Inadequate infrastructure development is also a difficulty. Although infrastructure is essential for industrialization, Africa's infrastructure is very much undeveloped which raises logistics costs and reduces company profits. Although the income levels of South Asia and Africa are similar, infrastructure development is clearly lacking in Africa. The ratio of paved roads is at 20–25% while Africa's electricity production capacity is around half of South Asia's [*Eberhard, Gratwick, Morella, Antmann* 2016, p. 3]. Roads are the backbone of a country's economy and currently account for 80–90% of transportation for both people and logistics in Africa. However, the ratio of paved roads is remarkably low even compared to other undeveloped countries. Rail networks are in a similar dire situation as not much maintenance has been conducted since their construction during colonization.

As such, there are both factors of opportunity as well as factors of threat. To objectively understand and evaluate Africa, Korea needs to identify both sides of Africa. China has strengthened its influence in Africa by taking an aggressive approach towards engaging with Africa and this has raised concerns of 'new colonialism.' However, this is far from the cooperation model pursued by Korea. Korea seeks to cooperate with and strengthen its relationship with Africa not on a short-term perspective but from a long-term view. To do so Korea is concentrating on building a forward-looking partnership based on mutual trust by identifying cooperation projects that meet Africa's needs.

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