



Ressort: Politik

African infrastructure debt and PRC

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The creation of a dynamic industrialization phase and the issues relating to both the population increase and the historic urbanization are two of the current priorities in Africa.

However, these are also influenced by the timing of the policy responses to be given. According to the African Development Bank (AfDB) the infrastructure sector confronts a financial gap calculated between 68 and 108 billion dollars,

against an annual need for investments ranging from 130 to 170 billion dollars.

African markets will become more and more significant in global trade and with the inclusion of some continental areas in the new Chinese Silk Road, international exchanges will be all the more frequent.

People's Republic of China is very active in the infrastructural sector and, in addition to roads and railways, it is funding the modernization of several ports, obviously in its own national interests in terms of supply of raw materials. People's Republic of China persisted in lending to Africa on the grounds that the Continent still necessitates debt-fuelled infrastructure development.

From 2000 to 2016, China loaned around \$125 billion to the continent, data from China-Africa Research Initiative shows.

In the last ten years, for example, East African economies have borrowed \$ 29.4 billion from China to carry out projects in the transport, communications and energy sectors but have used only 8 percent of the loans.

<http://www.theeastafrican.co.ke/business/East-Africa-now-owes-China-29-billion-in-infrastructure-loans/2560-4806306-9gy5wq/index.html>

This is what emerges from a report by the China-Africa Research Initiative (Cari) of John Hopkins University and published by the information website

The East African, according to which Ethiopia has contracted credits for 13.7 billion dollars, followed by Kenya (9.8 billion), Uganda (2.9 billion), Tanzania (2.3 billion), Rwanda (289 million), South Sudan (182 million) and Burundi (99 million).

Ethiopia and Zambia have expressed desire to restructure their China debt, while bankers believe Angola and Congo Republic have already done so, though details of such deals are scarce.

The director of China-Africa Research Initiative, Deborah Brautigam, and author of Will Africa Feed China? Published in 2015 by Oxford University Press

<https://global.oup.com/academic/product/will-africa-feed-china-9780199396856?cc=us&lang=en&#>

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observing the results of the report, warned against the risk of non-profitability of the projects. In fact, it is important to check whether these projects generate enough economic activities to repay these loans. According to the study, China Exim Bank, one of three institutional banks in China chartered to implement the state policies in industry, foreign trade, diplomacy, economy, has been the main funding lender for governments in the region with over \$ 16.3 billion allocated, followed by the China Development Bank with \$ 6.9 billion.

In terms of sector financing, Ethiopia has invested most of its funds in the transport sector (\$ 4.37 billion), mainly used for the Addis Ababa-Djibouti light rail project, followed by communications (3 , 1 billion) and energy (2.5 billion). At the seventh summit of the China-Africa Cooperation Forum (FOCAC), which took place in Beijing, Chinese President Xi Jinping announced the allocation of an additional \$ 60 billion to the continent for the next three years. Recently, the new PRC proposal of selling off its African infrastructure debt to investors could prove to be a poisoned chalice as it could mire African countries in more debt.

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