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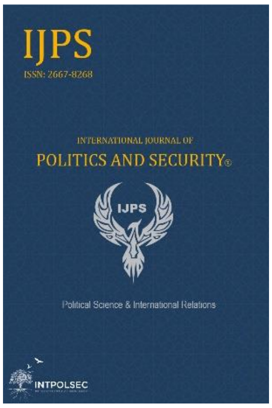

Words from on High: The Impact of the Belt and Road Initiative on Chinese Investment in Sub-Saharan Africa

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Words from on High: The Impact of the Belt and Road Initiative on Chinese Investment in Sub-Saharan Africa

Matteo Garofalo[1]

Abstract

As China increasingly asserts itself as a global superpower, western academics, and policymakers have grown evermore wary of the nation's actions abroad. One particular field of concern has involved the perception of a growing Chinese footprint in Sub-Saharan Africa, financed and directed by the Chinese Belt and Road Initiative (BRI). Using open-source research, this paper attempts to determine if, indeed, Chinese investment in Africa is growing. Additionally, this paper attempts to determine if and to what extent Chinese investment in Africa is the result of the BRI. Ultimately, this paper concludes that Chinese investment in Africa has – counterintuitively – decreased since the introduction of the BRI. This paper attempts to establish how the faulty perception of increased Chinese presence in Africa could come to be so commonly accepted, and why this might be the result of western readers unwisely taking the words of Chinese officials at face value.

Keywords: *Belt and Road Initiative, Foreign direct investment, Public-private partnerships, Chinese Communist Party, Debt-trap diplomacy, Development Finance*

1. Introduction

On September 8, 2013, recently appointed Chinese Premier Xi Jinping unveiled a significant policy objective during a speech at Kazakhstan's Nazarbayev University. In his words, Xi's ambition was to build an "economic belt along the Silk Road," a trade and investment corridor that would re-create the pathways of commerce that built ancient China[2]. In the following months, this ambition would slowly begin to form into official Chinese government policy and commensurately would grow in scale. Now titled 一带一路 (lit. "One Belt One Road") and known to the west as the "Belt and Road Initiative" (BRI), the project sought to change China's role in the world economic order, placing it in a position more becoming of a genuine global superpower[3].

An increasingly important element of BRI would be the continent of Africa, which offered significant economic opportunities long made unfeasible by conflict and instability. Africa would be referenced more in official Communist Party of China (CCP) documents, and

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[2] Wu, J. (2013, September 8). *Xi Proposes a "New Silk Road" with Central Asia.* China Daily. https://www.chinadaily.com.cn/china/2013xivisitcenterasia/2013-09/08/content_16952228.htm

[3] Smith, J. (2018, August 9). *China's Belt and Road Initiative: Strategic Implications and International Opposition*. The Heritage Foundation. https://www.heritage.org/asia/report/chinas-belt-and-road-initiative-strategic-implications-and-international-opposition

speeches by high-ranking officials. In May 2017, Xi declared "(BRI) focuses on the Asian, European, and African continents. All countries, from either Asia, Europe, Africa or the Americas, can be international cooperation partners"[4]. In July of 2018, Xi used his first international trip following his appointment to a second term to launch a tour of four African states: major BRI partners Djibouti, Senegal, Rwanda, and South Africa[5]. In April 2019, Xi touted the BRIs collaborative outreach to "international and regional organizations such as the African Union"[6], and in June 2020, he was a guest of honor at an African Union summit addressing Covid-19[7].

As the official Chinese narrative focuses more and more on Sub-Saharan Africa, the question is then raised of just how significant are the Middle Kingdom's intentions for the Dark Continent. According to both eastern and western media, the BRI is transforming Africa into a foundational element of China's international trade and diplomacy strategies. However, appearances are often deceiving. The words of government officials may demonstrate intention, but they do not necessarily reflect realities on the ground. This paper attempts to judge to what degree the Chinese economic footprint is growing in Africa, and to what degree this can be attributed to the Belt and Road Initiative. The answers to these questions have ramifications not only for the Chinese state, and not only for BRI-affiliated African states, but also for the western states which often view China as a rival.

2. Historical and Political Context

2.1 Structure of the Belt and Road Initiative

Rather than a single organization or program, the BRI is best looked at as a catchy name encompassing the entirety of Chinese foreign direct investment (FDI) to most regions of the world. According to data provided by the American Enterprise Institute, of the 2,792 Chinese foreign investments cataloged since the inception of BRI, 1,813 (64.9%) have been officially designated as BRI programs. Investments made in certain regions – like the U.S. and Australia – are not designated as BRI projects. However, the vast majority of investments made in the target regions of Africa, the Middle East, East Asia, West Asia, and South America are

[4] Xi, J. (2017, May 14). *Work Together to Build the Silk Road Economic Belt and The 21st Century* Maritime Silk Road. Belt and Road Forum for International Cooperation. http://2017.beltandroadforum.org/english/n100/2018/0306/c25-1038.html

[5] Deutsche Welle. (2018, July 21). *Chinese President Xi Jinping Pays State Visit to Senegal to Start Four-Nation Tour*. https://www.dw.com/en/chinese-president-xi-jinping-pays-state-visit-to-senegal-to-start-four-nation-tour/a-44773904-0

[6] Xi, J. (2019, April 26). *Working Together to Deliver a Brighter Future For Belt and Road Cooperation*. Ministry of Foreign Affairs of the People's Republic of China

[7] Global Times. (2020, June 17). *Full Text: Xi Jinping's Speech at Extraordinary China-Africa Summit on Solidarity Against COVID-19*. https://www.globaltimes.cn/content/1191977.shtml

classified as BRI investments[8]. Viewed in this context, BRI can be defined as the CCP-structured approach to all Chinese investment into developing nations broadly. This definition of BRI is bolstered by the fact that the program was written into the Chinese Constitution in 2017[9], establishing BRI as a central tenant of foreign policy, rather than a temporary program.

With an understanding of what BRI *is*, it is also important to understand what it is not. Despite the presence of the term "Communist" in the name of the Chinese Communist Party, modern China is not a centrally planned state. While the CCP wields tremendous power over all personal and business activities in the country, it cannot wield this power in all places and at all times. Instead, it is far more pragmatic to allow private enterprise to take its course and then either co-opt or steer this private enterprise along the way. Academics refer to this system with terms like "state capitalism" or "fascism"[10]. Thusly, there is no unified BRI department that individually selects and approves the FDI projects of Chinese companies (private or state-run). Rather, FDI projects are classified under BRI so long as they broadly meet the goals of the program. There is no BRI department in Beijing that makes investment projects happen.

In organizational terms, there are two government bodies that were legislatively created to implement BRI goals, these being the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund (SRF). Of these, the former provides loan financing for BRI projects, while the latter provides direct investments into BRI projects on the part of the Chinese state. The AIIB can be seen as China's answer to institutions like the World Bank or International Monetary Fund (IMF); it is a multinational partnership of banks that provide stakes that are then re-invested into BRI-linked projects. Although 92 countries have banks that are party to the AIIB, Chinese banks hold a 27% ownership stake, more than triple that of second-place shareholder India. By contrast, the SRF is wholly owned by the Chinese state through a series of sub-departments and proxy entities, which in turn purchase stakes in BRI projects outright. AIIB received an initial capitalization of $100 billion[11], while SRF has publicly disclosed comparatively more modest investments totaling $6 billion[12].

[8] American Enterprise Institute. (2022). *China Global Investment Tracker*. https://www.aei.org/china-global-investment-tracker/

[9] Russel, D., & Berger, B. (2020, September). *Weaponizing the Belt and Road Initiative.* Asia Society Policy Institute. https://asiasociety.org/sites/default/files/2020-09/Weaponizing%20the%20Belt%20and%20Road%20Initiative_0.pdf

[10] DiLorenzo, T. (1994, June 1). *Economic Fascism*. Foundation for Economic Education. https://fee.org/articles/economic-fascism/

[11] Asian Infrastructure Investment Bank. (2016, January 16). *Articles of Agreement.* https://web.archive.org/web/20151227144825/http://www.aiib.org/uploadfile/2015/0814/20150814022158430.pdf

[12] Silk Road Fund. (2017). *Scope of Investment*. http://www.silkroadfund.com.cn/enweb/23798/23805/index.html

As the name "Belt and Road Initiative" implies, BRI takes both historical inspiration and policy goals from the Silk Road of antiquity, which lasted between approximately 110 BC and 1450 AD. This Silk Road was composed of a series of overland trading routes stretching between China and Europe while involving large swaths of the Middle East and Central Asia. Several of the actual routes used by the Silk Road have been targeted for rail and road modernization under BRI. However, the primary purpose of BRI is less so to create trade paths and rather to extend a Chinese sphere of influence along these historical routes, providing investment and financing to the various states involved.[13]

Careful readers may note that Sub-Saharan Africa was not a component of the ancient Silk Road, and so would be an unlikely candidate for attempts at a modern revival. Indeed, the heavy BRI investment into Africa and South America demonstrates the extent to which BRI encompasses all Chinese investment into developing nations, rather than a strict attempt to re-create Eurasian trade routes. These regions are classified under the "21st Century Maritime Silk Road," and they continue to constitute a primary area of focus for the BRI. Despite not being a part of China's historical sphere of influence, Sub-Saharan Africa is now the third largest recipient of BRI investment following East and West Asia.[14]

2.2 Discourse Among Western Nations

Recent years have seen a shift in perception among western leaders towards viewing China in a more adversarial light. The reasons for this shift are numerous and varied, but they are most pronounced within political and military-connected circles. Famously, Federal Bureau of Investigation Director Christopher Wray remarked in 2020 that China posed "the greatest long-term threat to our nation's information and intellectual property, and our economic vitality"[15]. As the perception towards China has soured among America's ruling class, so too has it increasingly soured among the general population. According to the Gallup polling agency, in 2021, 45% of Americans viewed China as the U.S.'s "greatest enemy." This number is up from 22% in 2020[16].

[13] Russel & Berger, 2020
[14] American Enterprise Institute, 2022
[15] Wray, C. (2020, July 7). *The Threat Posed by the Chinese Government and the Chinese Communist Party to the Economic and National Security of the United States*. Federal Bureau of Investigation. https://www.fbi.gov/news/speeches/the-threat-posed-by-the-chinese-government-and-the-chinese-communist-party-to-the-economic-and-national-security-of-the-united-states
[16] Savit, A. (2021, March 16). *Chinese Communist Regime Now Seen as America's Greatest Enemy, Doubling 2020 Percentage*. Center for Security Policy. https://centerforsecuritypolicy.org/chinese-communist-regime-now-seen-as-americas-greatest-enemy-doubling-2020-percentage/

In the context of this growing distrust, any action taken by China is viewed with hostility by those within national security circles. BRI's large and very public focus on Africa has drawn critical investigation into potentially nefarious motivations on the part of the CCP. The Asia Society Policy Institute – a think tank primarily funded by western governments and corporate titans – issued a report titled "Weaponizing the Belt and Road Initiative." The report describes Africa as an "abiding interest," with BRI investments in the continent serving as "a stalking horse to advance Chinese security concerns." It continues, "deep suspicion attaches to the BRI and China's ulterior strategic motives. Some of the mistrust pertains to China's broader "great game." Policy analysts and China watchers regularly warn that the BRI is an effort to advance the CCP's ambitions to secure China's status as a hegemonic power"[17].

Much of the western criticism towards BRI in China centers around the concept of "debt-trap-diplomacy." Within this financial/political strategy, struggling nations are provided large loans by international parties who know that these loans will never be repaid. When these loans are eventually defaulted on, the lender demands that collateral payment be made using valuable national assets like land or natural resources. Former U.S. Vice President Mike Pence directly accused China of engaging in debt-trap-diplomacy in Africa through the BRI[18]. This argument is strengthened by the existence of the AIIB, which is intentionally structured to resemble bodies like the World Bank and IMF. Both of these institutions have been accused of engaging in debt trap diplomacy themselves[19]. Defenders of the BRI have used this similarity to western institutions as a means of justifying Chinese investment in Africa. If western institutions can make such loans – it is argued – then so too may eastern institutions[20]. Other, more neutral parties argue that Chinese money in Africa has the potential to be a great value to locals so long as investments are made wisely[21].

All sides in this debate provide compelling arguments. However, all sides intrinsically assume that Chinese investment in Africa is a growing trend and that the BRI is responsible for this growth. If this assumption is proven false, then the debate over debt-trap diplomacy

[17] Russel & Berger, 2020
[18] Pence, M. (2018, October 4). *Remarks by Vice President Pence on the Administration's Policy Toward China*. White House Archives. https://trumpwhitehouse.archives.gov/briefings-statements/remarks-vice-president-pence-administrations-policy-toward-china/
[19] Johnson, J. (2013, June). *The Multilateral Debt Trap in Jamaica*. Center for Economic and Policy Research. https://www.files.ethz.ch/isn/165818/jamaica-debt-2013-06.pdf
[20] Acker, K., Bräutigam, D., & Huang, Y. (2020). *Debt Relief with Chinese Characteristics*. SSRN Electronic Journal. https://doi.org/10.2139/ssrn.3745021
[21] Rwangoga, D. (2022, May 25). *China's Belt and Road Initiative: A Curse or Blessing for African Countries*. Intergovernmental Research and Policy Journal. https://irpj.euclid.int/articles/chinas-belt-and-road-initiative-a-curse-or-blessing-for-african-countries/

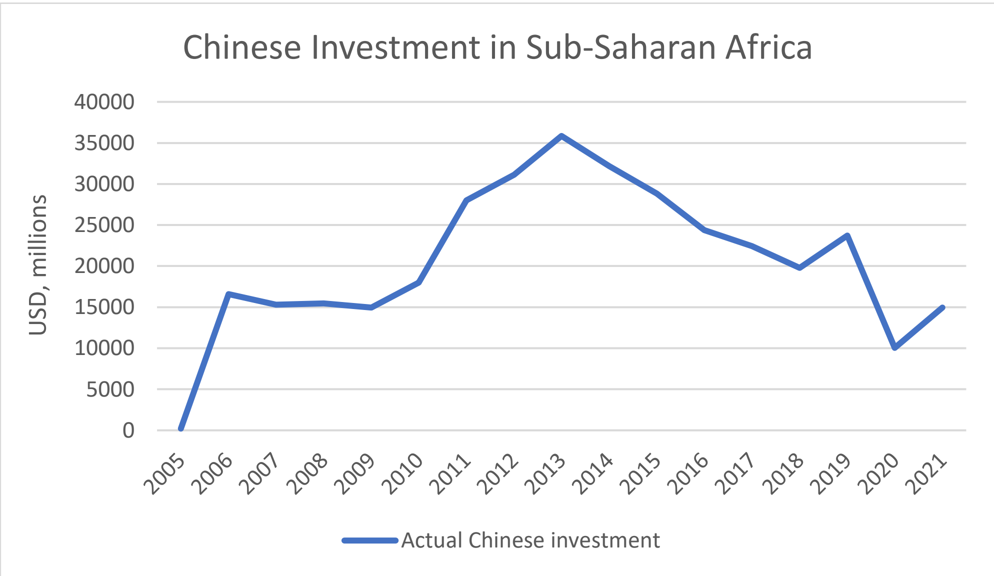
and Chinese-African investment loses some of its urgency and gravity. While China is continuing to invest in Africa, are they doing so at a growing pace, and is this pace the result of central government action?

3. Analysis

The following analysis is conducted using a dataset entitled the "China Global Investment Tracker," curated by the American Enterprise Institute[22]. This dataset is the most comprehensive available to the public through open sourcing-and captures data ranging from 2005 to the present. The Tracker lists all available FDI projects executed by Chinese firms internationally. By analyzing this dataset, it is possible to piece out interesting trends, some of which are directly in conflict with prevailing academic narratives.

3.1 Chinese Investment in Sub-Saharan Africa

The primary question this paper seeks to answer is to what extent the growth in Chinese FDI projects in Sub-Saharan Africa can be attributed to the BRI. However, when attempting to answer this question, an entirely different paradigm was discovered; namely, there does not exist growth in Chinese FDI projects in Sub-Saharan Africa. The amount of Chinese FDI entering the content varies considerably year by year, and the data does not demonstrate a consistent upward trend.



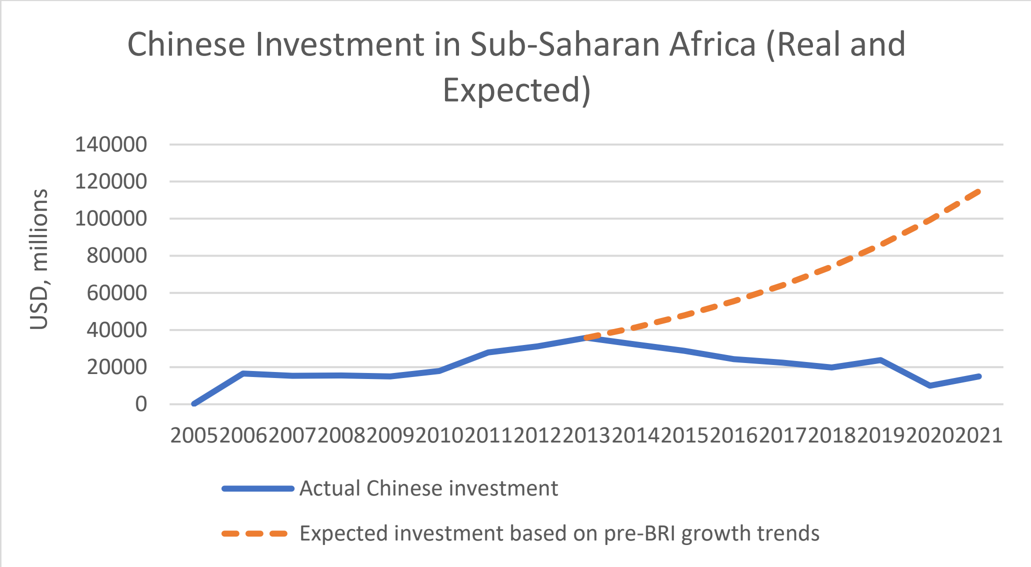
22 American Enterprise Institute, 2022

This trend – or lack thereof – is seen when expanding the scope from just Sub-Saharan Africa and instead viewing all of continental Africa, including the more developed North African states.

What both charts do clearly demonstrate is a peak in Chinese FDI in the year 2013. Keep in mind that the BRI was first announced in late 2013. The SRF and AIIB – the two most tangible elements of the BRI – were not formed until 2014 and 2016, respectively. Surprisingly, Chinese FDI in Africa actually peaked *before* the introduction of the BRI. Therefore, there exists no evidence that the BRI has increased Chinese investment in Africa.

It may actually be that the opposite is true. The trendline for Chinese FDI in Africa turned negative beginning in 2014. It is, therefore, plausible to hypothesize that the introduction of the BRI may have in fact *decreased* Chinese investment in Africa. It must, of course, be noted that a significant drop occurred in the year 2020 at the height of the global Covid-19 pandemic. This drop cannot be used as an indicator of the BRI's power as an investment incentive tool. However, the negative investment trend began in 2014 and continued clearly through 2018, well before the pandemic.

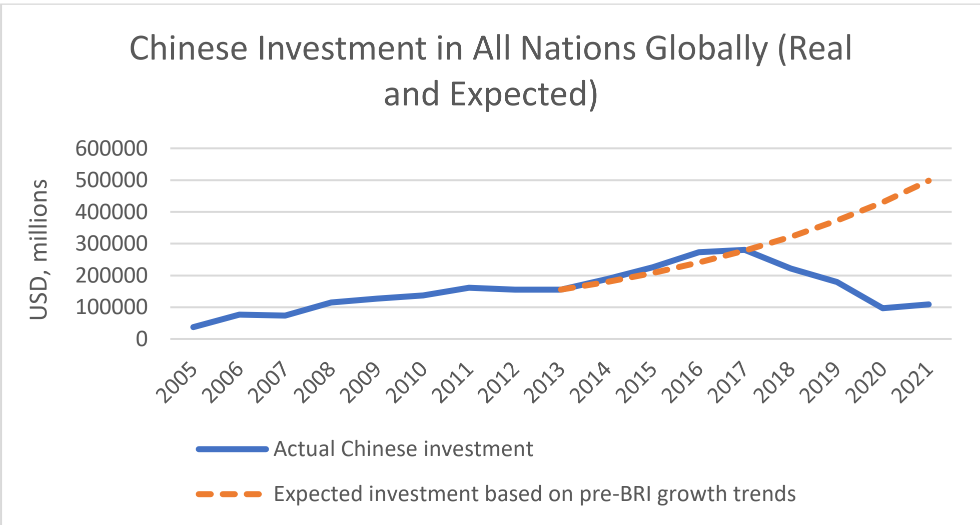
One way of measuring the impact of BRI on Chinese-African FDI is by the use of predictive trendlines. Using the average investment growth rate between 2006 and 2013, one can measure what Chinese FDI in Africa would look like today if the rate of investment remained constant.



Using this method, it can be seen that Chinese-African FDI following the introduction of BRI significantly underperformed the rate of investment before BRI. While this is not sufficient evidence to prove that BRI diminished FDI, it does dispel the notion that BRI increased FDI.

3.2 Chinese Investment Globally

Interestingly, the trends demonstrated in Chinese-African FDI do not necessarily match the trends witnessed in Chinese-*Global* FDI. The China Global Investment Tracker dataset includes data on Chinese investments outside of Africa as well, which allows for valuable analysis.

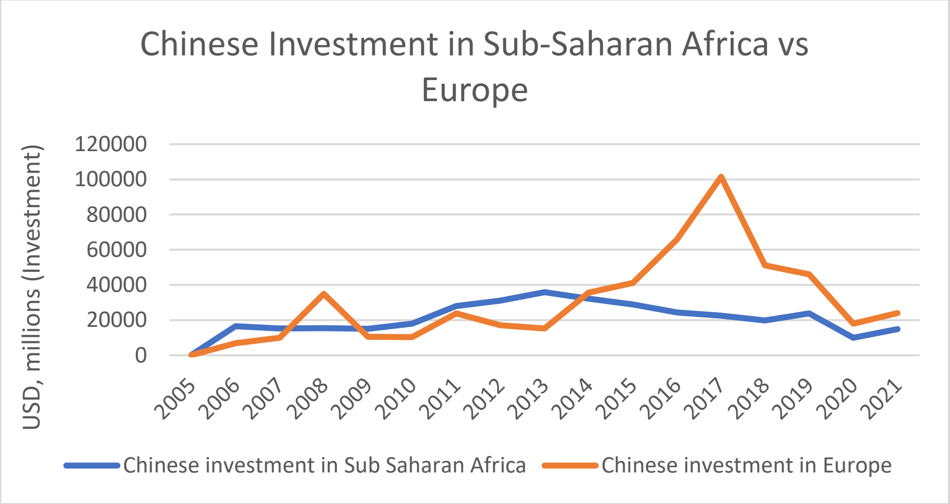


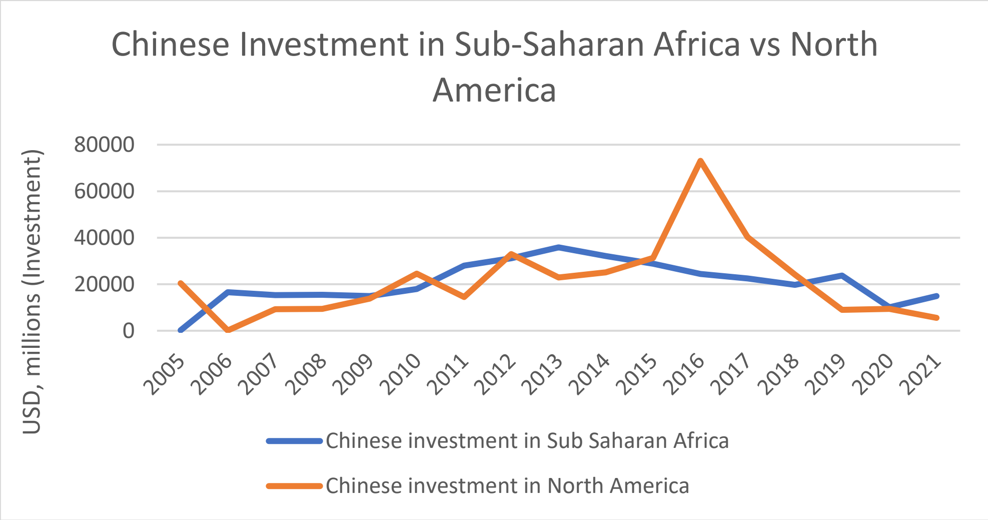
Chinese FDI in the world at large did not peak until 2017. However, after this point, FDI figures decreased, including in the two years preceding the Covid-19 pandemic. It is interesting to note how – for the years 2014, 2015, 2016, and 2017 – actual Chinese FDI was higher than the expected level of investment based on the pre-BRI years. If taken in a vacuum, this could constitute evidence that the introduction of BRI provided a temporary boost to Chinese foreign investment.

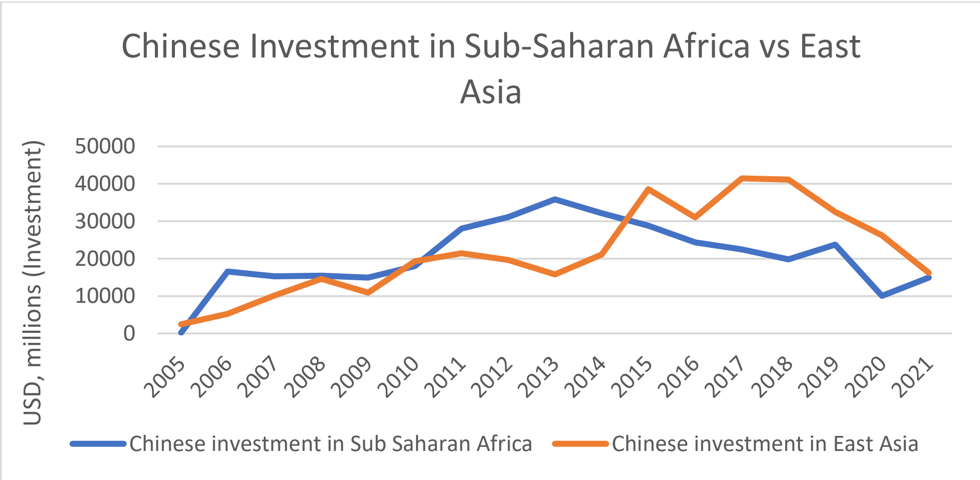
Again, the evidence provided is not sufficient by itself to claim that BRI had either a positive or a negative impact on either African or Global FDI. However, if we were to adopt this hypothesis, then a conclusion might be that the creation of BRI encouraged Chinese firms to increase global investment at the expense of African investment. This hypothesis would directly contradict the prevailing narrative that BRI has been a tool for expanding Chinese economic and political power in Africa.

3.3 Chinese Investment by Region

If the implementation of BRI led to more Chinese investment globally at the expense of African investment, then perhaps a more detailed breakdown of FDI by region might show where investments fled or may reveal other patterns.

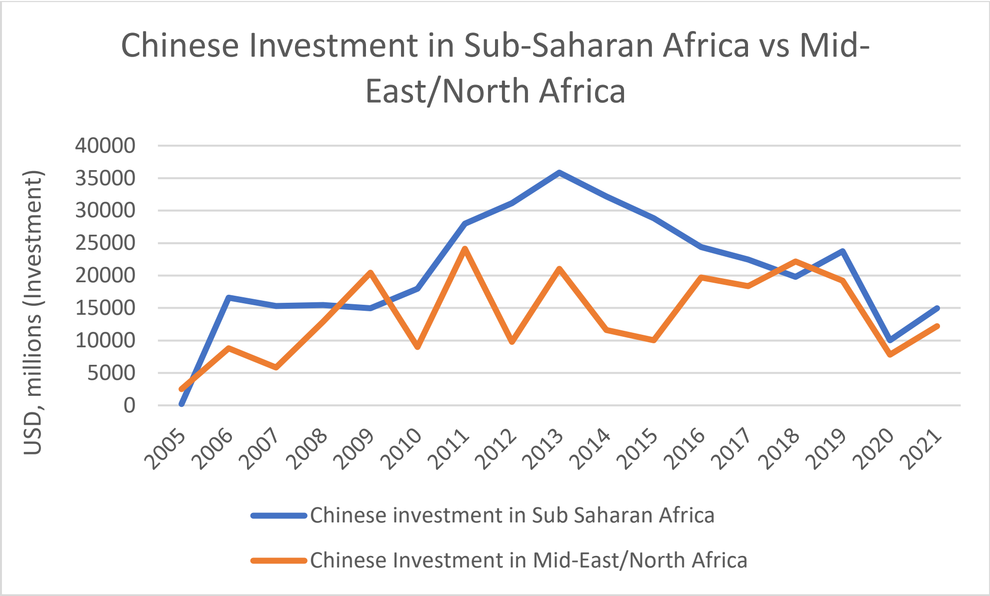


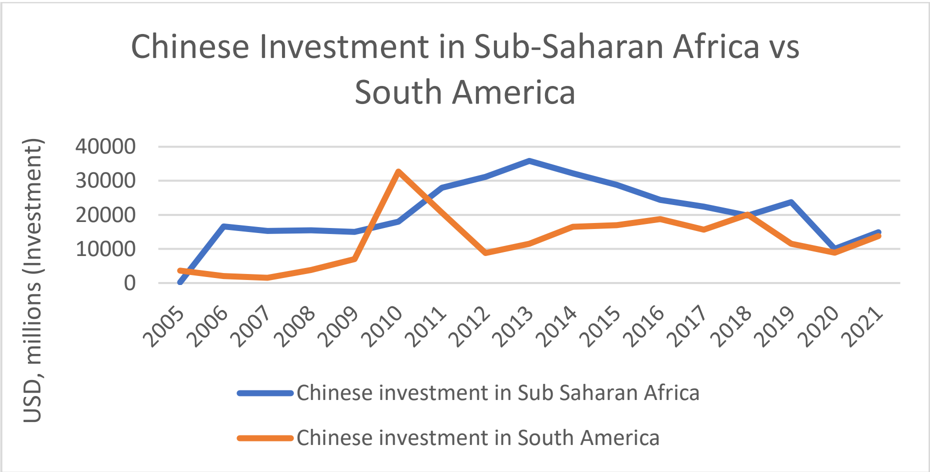




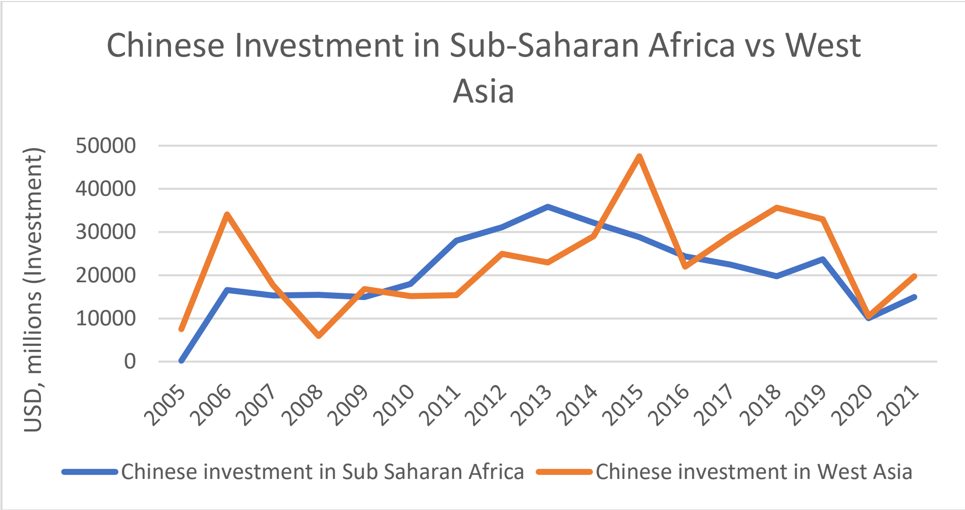
Chinese investments in Europe, North America, and East Asia – though all different in their own right – all follow the general trend laid out by Chinese FDI globally: an increase in the rate of investment in the years immediately after the introduction of BRI, followed by a decline back below trend levels. To whatever extent this trend is indicative of BRI's power to influence investment, it implies that BRI only caused a temporary increase in investment and that enthusiasm waned shortly thereafter.

It should also be noted that these three regions are the most economically developed on Earth, and as such, feature a lower share of FDI projects classified as belonging under the BRI umbrella. It may therefore be that BRI has no explanatory power for either the temporary increase or sustained decrease in Chinese global investment. If that is the case, then public policy fears about BRI's global impact are baseless.





Analyzing data on the Middle East and South America gives a better insight into the BRI's impact on Chinese investments, as both regions are considered largely developing, and both feature a higher percentage of BRI-specific investments. Neither region demonstrates a downward trend in investments following 2013, so there is no evidence to say that BRI harmed investment in these regions. However, there is also no evidence that BRI had any sort of impact whatsoever on Chinese FDI in these areas. Based upon these regions, and in collaboration with the data on Sub-Saharan Africa, the preponderance of the evidence points to BRI having either no impact or a minimal impact on Chinese investment into developing nations.

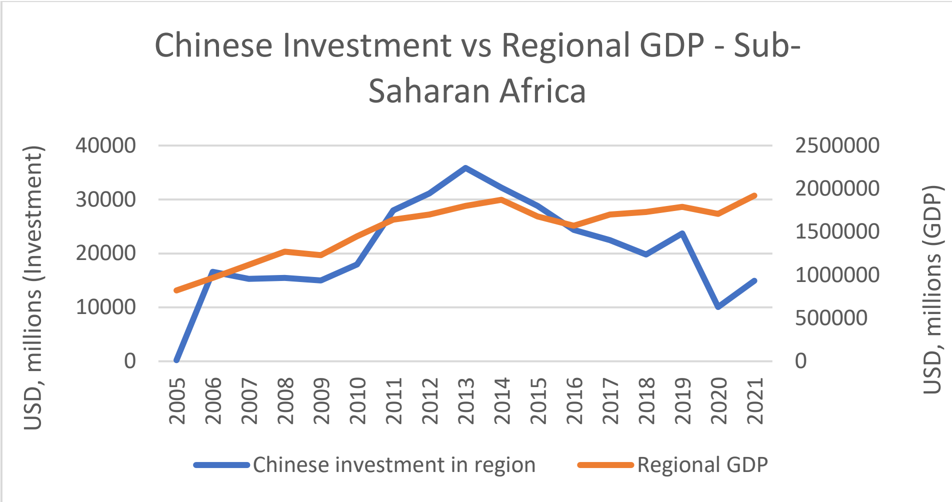


The only developing region which demonstrates any sort of positive correlation with BRI appears to be West Asia. Although the data is far from conclusive, the rate of Chinese investment into the region appears to be somewhat sustainably higher following the introduction of BRI (with an obvious caveat given for Covid-19 slowdowns). To whatever extent this positive trend is real, it is in line with both the stated objectives and historical context of the BRI. Recall that BRI was first announced in Kazakhstan and that the unveiling speech heavily emphasized the West Asian region[23]. Recall as well that the historical Silk Road ran squarely through the modern-day nations of Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, and Turkmenistan. If there were a single region to experience a continued boost in investment from BRI, it would be West Asia.

3.4 Potential Alternative Explanations

The data available has indicated that the BRI is – at best – an inadequate explanatory factor for the rate of Chinese investment into Sub-Saharan Africa. While this single point concludes the scope of this paper, it may still be worthwhile to see if other trends can be teased out of the data. If BRI is not an explanatory factor for Chinese-African FDI, what other things may serve as alternative causal factors?

[23] Wu, 2013



The above chart uses GDP data derived from the World Bank[24] and charts the variation by year between Chinese-African FDI and the total GDP for Sub-Saharan Africa (two y-axes have been included to allow for easier comparison). The level of correlation between these two lines is 0.656, which is mildly positive, though not overwhelmingly significant. This comparison implies that Chinese-African FDI has either had a moderate impact on African GDP or that Chinese firms are inclined to invest in Africa at times when the continent is doing well and reduce their investment in times when the continent is doing poorly.

4. Conclusions

4.1 Calculating the BRI's Impact

This paper concludes that the Belt and Road Initiative has had either a minor or entirely non-existent impact on Chinese Investment in Sub-Saharan Africa. This conclusion stands in opposition to the prevailing narrative within western national security circles that: 1) Chinese investment into Africa is growing, and 2) growing Chinese investment in the region is the result of the BRI. Rather, using this data, it is possible to hypothesize the exact opposite: that the BRI may be marginally harming Chinese Investment in Africa.

It is in the face of this conclusion that readers must recall the structure of the BRI. While Chinese state propaganda may seek to encourage investment growth in the region, the CCP only has two concrete tools with which to materially incentivize investment: the AIIB and the SRF. Both of these organizations are fairly closed off to the public, but by using the little information that has been released, it is possible to create a crude return-on-investment (ROI)

[24] World Bank. (2022). *Data*.
https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2020&locations=ZG&start=2005

calculation for the BRI as a whole. At its inception, the AIIB was capitalized with $100 billion[25]. No other financial data has been made public since then. The SRF has revealed that – between the years of 2015 and 2017 – it invested a total of $6 billion[26]. No other financial data has been made public since then. Coincidentally, the period of 2015 – 2017 lines up with the only period of time in which real Chinese global FDI exceeded the predicted Chinese global FDI based on pre-BRI growth rates. For these three years, Chinese global FDI exceeded expectations by a value of $51.1 billion. If we (very charitably) assume that the entire available capital of the AIIB and SRF were exercised during these years, and if we assume (very charitably) that the entire degree of investment overperformance was due to the actions of these two organizations, then we can ballpark that BRI featured a return-on-investment of 0.482 over the course of three years.

A 48% ROI over three years is a rather healthy development. However, the assumptions required to reach this ROI strain credulity, and offer only a very-best case scenario. Moreover, immediately following this three-year period, Chinese global FDI shrank precipitously. If the rise in Chinese investment during this period can be attributed to the BRI, then it must also be concluded that the effects of the BRI have been temporary and quickly vanishing. An investment that features modest short-term returns followed by significant long-term losses cannot be called a sound investment. For the purposes of this paper, it must also be noted that Chinese investment in Sub-Saharan Africa fell during the same three-year period that it marginally increased worldwide. As such, the narrative of BRI serving as a tool of Chinese influence expansion in Africa simply cannot stand.

4.2 Disproportionate Attention Paid by Western Nations

In light of this paper's conclusions, the alarmist narrative put forward by western think tanks like the Asia Society Policy Institute[27] or the Heritage Foundation[28] is not grounded in objective reality. This paper is not a refutation of the arguments made by these institutions regarding debt-trap diplomacy or neo-colonial control. Those arguments must be debated on their own merits. However, this paper concludes that these national security institutions place a disproportionate emphasis on China's role in Africa. Chinese investment in the region is decreasing, both in total and comparison to other regions.

[25] Asian Infrastructure Investment Bank, 2016
[26] Silk Road Fund, 2017
[27] Russel and Berger, 2020
[28] Smith, 2018

Perhaps this should not be surprising, given that the BRI was not designed to focus primarily on Africa in the first place. While Africa is indisputably a major component of BRI, it is not the exclusive focus, nor does it appear to have been the original focus. Discerning the thoughts of Chinese political leaders is a notoriously difficult thing to do, but the history and rollout of BRI imply that the program was originally intended to focus on China's immediate western neighbors. In his first-ever speech on BRI, Xi Jinping emphasized how "a nearby neighbor is better than a distant relative"[29]. Mentions of Africa in BRI speeches would increase steadily over time from this point onward[30], but they were not a key fixture at the program's inception. Then again, any proclamation given by the CCP must be treated with a degree of skepticism. The things that are said one day do not necessarily reflect outcomes on the next day.

4.3 Words from on High vs. Reality on the Ground

Perhaps the misplaced western focus on China's plans for Africa is the excusable result of taking CCP propaganda too literally. The Chinese state has – for many years now – touted what it claims is an ever-growing partnership with Sub-Saharan Africa[31]. Likewise, Chinese officials are also regularly espousing the wonders of the BRI, exalting it as an economic miracle with infinite growth potential and no downsides[32]. However, truth and propaganda are very rarely bedfellows. The public proclamations of any government should be looked at more as an expression of intention rather than an expression of reality. This is all the more true for the words of the CCP, which prove all too often to be false.

Consider the case of the "Big Fund." China is in a position of strategic vulnerability in the realm of electronic semiconductors. These tiny devices are a foundational material in functionally every computer product: from smartphones to automobiles, to trains, and even (especially) military hardware. While China is a major final-stage producer of semiconductors, the majority of semiconductor design work is completed in the United States, while the vast majority of semiconductor machinery is produced in Europe. Additionally, the semiconductors produced by China are typically several generations behind the most cutting-edge products, which are predominately produced in Taiwan. To overcome this strategic vulnerability, the CCP 2014 launched the National Integrated Circuit Industry Investment Fund, known colloquially as the "Big Fund." Between its initial and second capitalization, the big fund was

[29] Wu, 2013
[30] Xi, 2017
[31] Global Times, 2020
[32] Xie, F. (2021, August 31). *Side by Side in Solidarity*. Fudan Institute of Belt and Road Global Governance. https://brgg.fudan.edu.cn/en/articleinfo_792.html

provided a total of $49.9 billion by the CCP to be invested in the Chinese semiconductor market[33]. The explicit goal of this program was to use a massive capital infusion to reach parity with the Taiwanese semiconductor industry and to shore up semiconductor supply lines against potentially hostile western nations.

It would eventually become apparent what fruits the Big Fund had borne. In August of 2022, three of the Big Fund's top officials were arrested on accusations of gross public corruption[34]. This follows months of reports indicating that the Big Fund's capital had been squandered into nothingness. Fly-by-night firms would pop up to receive money from the fund only to immediately liquidate and disappear. More reputable Chinese semiconductor firms would use their Big Fund money to spend lavishly on conferences and holidays[35]. Through all this, the Chinese semiconductor market has not managed to reach parity with Taiwan, and China's semiconductor supply chain is still heavily reliant on western nations. This is true despite loud claims of success from CCP officials.

The CCP is boisterous in its claims of strength and quiet in its admissions of failure. It will boldly proclaim its intentions to achieve an objective as though the act is already a fait accompli. However, these words from on high very rarely match the reality on the ground. The CCP has spent nearly a decade touting the success of its Belt and Road Initiative, and how this program has increased its investment partnerships in Sub-Saharan Africa. These claims have all too often been taken at face value by western pundits, who attempt to make policy decisions based on faulty assumptions. If China and the United States are indeed great power rivals locked by fate into a struggle for global dominance – as some pundits would like us to believe – then it is wise for western policymakers to pay attention to the words of Chinese officials. However, it is equally wise for these policymakers to take what they hear with a grain of salt.

Despite loud claims to the contrary by institutions in both the east and the west, the Belt and Road Initiative has not resulted in increased Chinese investment into Sub-Saharan Africa. Chinese investment in the region has declined in recent years. To whatever extent the BRI has aided Chinese investment, the effects have been minor and temporary. The presence of Chinese

[33] Reuters. (2022, August 9). *China Watchdog Investigates Three More Execs Linked to Chip-Focused Big Fund*. https://www.reuters.com/technology/china-watchdog-investigates-three-more-execs-linked-chip-focused-big-fund-2022-08-09/
[34] Reuters, 2022
[35] Mao, J. (2022, August 18). *China's Trillion-Dollar Research Funds Mostly Spent on Travel and Leisure: Chinese State Media*. The Epoch Times. https://www.theepochtimes.com/chinas-trillion-dollar-research-funds-mostly-spent-on-travel-and-leisure-chinese-state-media_4672564.html?utm_source=partner&utm_campaign=ZeroHedge

money in Africa is very important for global policymakers, however, these policymakers must act with a clearheaded skepticism towards the information they are given.

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