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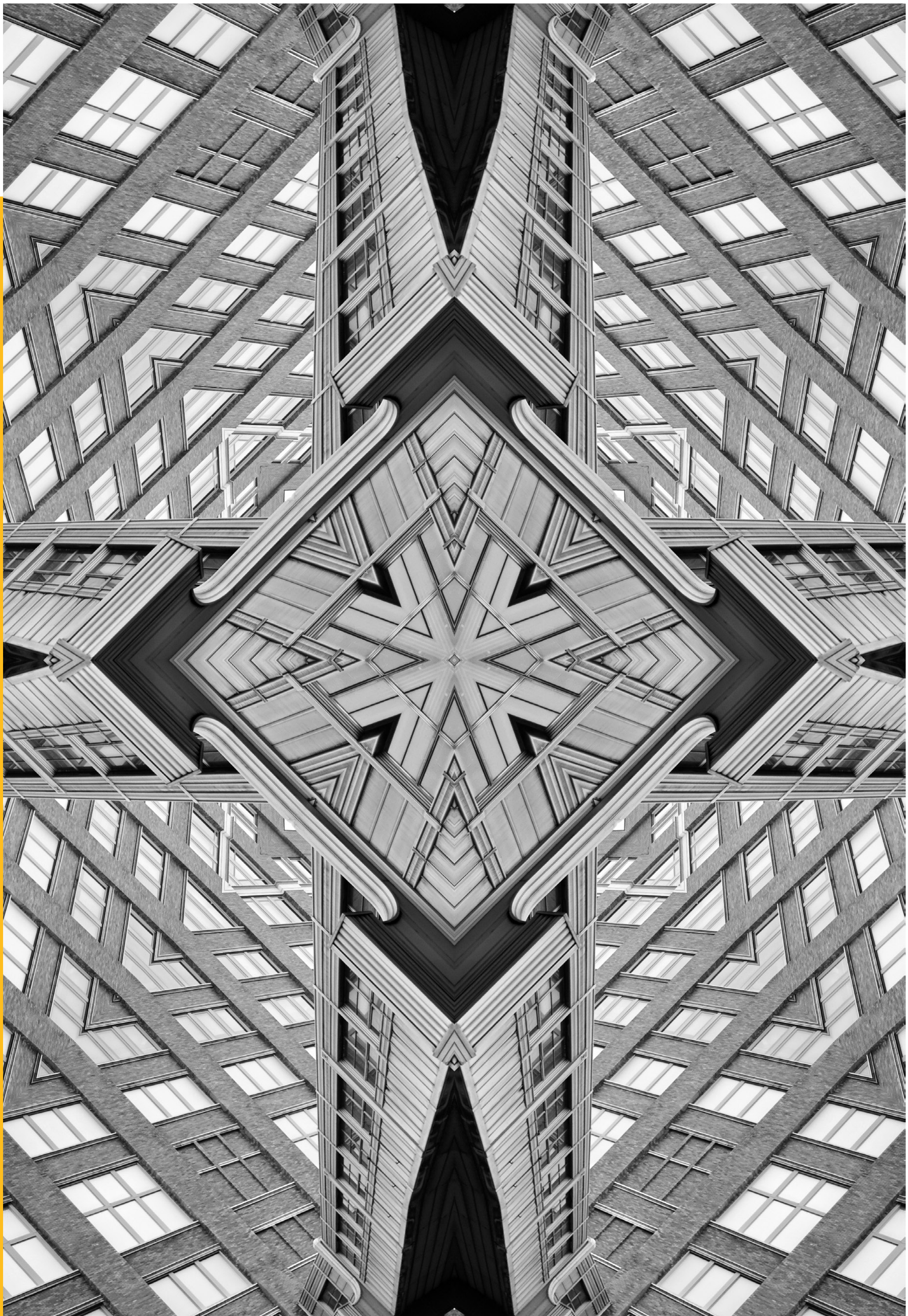

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The Dragon in the Maghreb: Assessing the BRI in North Africa

Prithvi Gupta

Abstract

The Maghreb, often considered part of the Arab world, straddles the Euro-Mediterranean region, Sub-Saharan Africa, and the Arabian Peninsula—a location that has given it a distinct history, political landscape, economy, and development trajectory. It is also emerging as an arena for great-power contestations, and is rich in natural resources critical for green transition. Historically dominated by former colonial powers, the countries in the region now increasingly view China as their preferred development partner, primarily due to Beijing's policy of non-interference in domestic affairs and convenient disbursement policies on loans and investments, in contrast to those of Western countries typically tied to conditions. In this backdrop, this paper analyses Belt and Road Initiative (BRI) investments in the Maghreb and examines how it fits into China's global BRI grand strategy.

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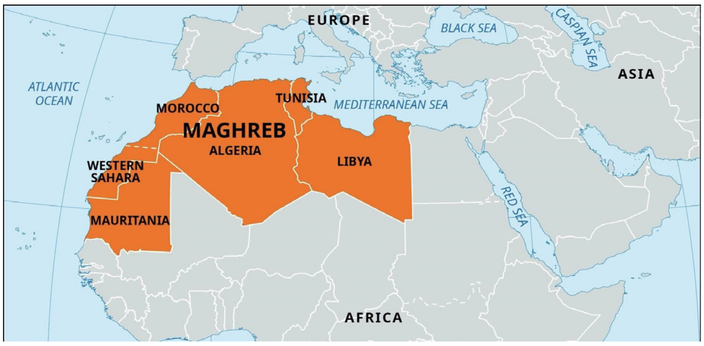
Introduction

The Maghreb,[a] commonly referred to as North Africa, is considered part of the Arab world. Yet, the Maghreb has a distinct culture, political landscape, and development trajectory. Historically, these countries have been closely linked to former colonial powers—Spain, Italy, and France—which have influenced their foreign and economic policies.[1] The region occupies a unique geo-strategic position, with Europe's powerful economies to the north and the resource-rich Sub-Saharan Africa to the south.



Source: The World Economic Forum[2]

Since the beginning of the 21st century, global powers have shifted their focus to the Maghreb. During the United States' (US) unipolar moment,[b] its military targeted terrorist groups associated with Al-Qaeda in Islamic Maghreb (AQIM) and Islamic State of Iraq and Libya (ISIL), which were active in the region at the time.[3] The Russian Federation under President Vladimir Putin has echoed Soviet-era tendencies to call for a larger role for Russia in the Maghreb while criticising Washington's interventions in the region. After the 9/11 terrorist attacks in the US, the country's policy in the Maghreb focused on providing developmental aid in exchange for increased security access for US armed forces in Maghreb countries and for promoting democratic reforms to counter the growth of radical Islamist terrorist groups.[4]

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a Also known as 'the land of the setting sun', the region comprises Morocco, Algeria, Tunisia, Mauritania, and Libya.

b After the end of the Cold War, the United States was the only consequential power in the world until 2018, when China's ascension in great-power politics consolidated. The corrosion of the US's unipolar moment is accentuated by the rise of many middle powers such as India, Turkey, Iran, Australia, and Japan, among others.

Meanwhile, Beijing's engagement with the Maghreb is hinged on securing critical resource minerals (CRMs) supply chains[c] for green transition and technologies, and accessing African and European markets[d] to address domestic overcapacity in manufacturing and green technology/energy supply chains.[5] China's interactions with the Maghreb nations have been primarily economic, with its foreign policy goals depending on geo-economic and geo-strategic considerations.

The Maghreb's key assets include its proximity to Sub-Saharan Africa and Europe, Free Trade Agreements (FTAs) with Africa (e.g., Africa Comprehensive Free Trade Agreement),[6] the European Union (EU),[7] and the United States, and an educated workforce. The region is also endowed with oil, gas, and CRM reserves. Additionally, the governments in Tunisia, Morocco, and Mauritania have implemented structural reforms to improve the business climate and attract foreign direct investment (FDI), such as Morocco's Industrial Acceleration Plan 2012-2025,[8] Tunisia's bankruptcy law reforms,[9] the initiation of private-public partnerships in Tunisia and Algeria,[10] and the establishment of a risk-based national tax audit system across the region.[11]

Table 1: FDI Stock in the Maghreb (2023, in US$ billion)

Country	Top three investors	China	Total current inward FDI stock
Algeria	United States (US$6.5 billion), Italy (US$3.2 billion), France (US$3.4 billion)	1.62	22.7
Mauritiana	France (US$ 3.9 billion), UAE (US$2.8 billion), China (US$2 billion)	0.789	12.16

c As a leading player in the global green transition, China processes over 60 percent of the world's CRMs

d North African countries are maritime, resource-rich economies with natural resources like oil, gas, and CRMs, including manganese, lithium, cobalt, copper, and gallium, which have attracted Beijing's interest.

Introduction

Country	Top three investors	China	Total current inward FDI stock
Morocco	UAE (US$ 30 billion), EU (US$18.4 billion), France (US$20.4 billion)	0.282	68.8
Tunisia	EU (US$4.5 billion), France (US$3.8 billion), Qatar (US$11.3 billion)	0.262	38.4

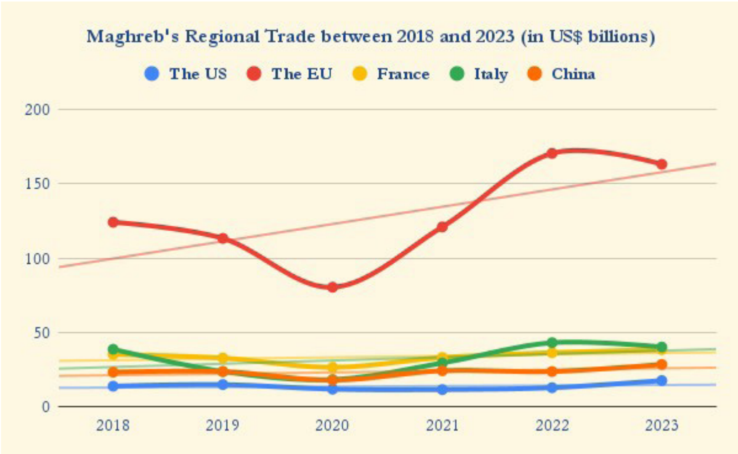
Source: The UNCTAD World Investment Reports 2022 and 2023[12,13]

The Belt and Road Initiative (BRI) has been a key foreign policy tool in Beijing's outreach in the Maghreb.[14] As of June 2023, China had signed over 250 BRI cooperation agreements with 151 countries and 30 international organisations in the region, with investments amounting to nearly US$1 trillion.[15,16] In Africa, 54 of the 55 countries, including the five Maghreb nations, are part of BRI.[17] Since 2013, China has signed over 150 BRI Memorandums of Understanding (MoUs)[18] with the five Maghreb countries, covering sectors such as energy exploration, mining, green energy development, transport infrastructure, communications, and finance. Between 2013 and 2023, Chinese BRI loans, investments, and contracts in the Maghreb stood at US$15.8 billion, of which more than 66 percent (US$10.56 billion) went to Algeria.[19]

However, China's engagement pales to that of France. In Algeria, the US (29 percent) and France (10 percent) were the leading FDI providers in 2023.[20] In Morocco, French FDI stocks reached US$8.9 billion in 2023, constituting 48 percent of the total.[21] France is also a leading investor in Tunisia and Mauritania. Overall, as of 2023, France's FDI stock stood at US$31.5 billion compared to China's US$3.8 billion.[22] For France, the Maghreb has strategic political and economic importance. It is thus no surprise that the region's growing economic relations with China have rung alarm bells in Paris. China is the region's fourth largest trading partner, after the EU, France, and Italy.[23]

European nations are also concerned about the influx of Chinese consumer products in the region, which is also a major export destination for the French and Mediterranean manufacturing industries. The share of Chinese manufacturing exports to the region increased from 16 percent in 2013 to 22 percent in 2023, while French manufacturing exports during the same period fell from 53 percent to 47 percent.[24] This shift coincides with growing public approval of China in the Maghreb as a preferred partner compared to erstwhile colonial partners.[25] In July 2023, Beijing announced investments of US$36 billion in Algeria;[26] it is also developing the Tangier VI Tech City in Morocco, which involves MoUs worth US$49 billion between Chinese state and private companies and the Kingdom of Morocco.[27]

Figure 1: Maghreb's Regional Trade (2018-2023, in US$ billion)



Source: UN COMTRADE Database[28]

For the Maghreb nations, the current global multipolarity provides an opportunity to opt for bilateral assistance best suited to their economic and political needs. There are multiple geopolitical and territorial conflicts among the five countries in the region.[e] China's non-interference policy[f] appeals to Maghreb states, which have historically suffered from Western interference. Moreover, Chinese loans and investments are quick, substantial, and vital for infrastructure development in the Maghreb. In contrast, investments from Spain, US, and France are often attached to conditions, such as democratic and economic reforms.

Beginning in 2000, Beijing has gradually increased its influence in the region and established friendly relations with the five countries. China's North African foreign policy hinges on furthering *quid pro quo* economic relations, enhancing diplomatic ties, and promoting cultural exchanges with its Maghreb partners. The BRI is a key tool of China's foreign policy in the region.

e The longstanding dispute between Algeria and Morocco over Western Sahara—a former Spanish colony now governed by Morocco—is a key issue that has resulted in the formation of regional camps; Tunisia backs Algeria, Mauritania backs Morocco, while Libya remains inward-focused. During the Trump era, the US and France recognised Morocco's suzerainty over Western Sahara.

f China's non-interference extends to not commenting on human rights issues in the recipient nation, as well as being indifferent to, if not supportive of, authoritarian regimes by continuing to provide their countries with development assistance.

China's grand strategy under the Chinese Communist Party has seen shifts since 1949,[29] with the overarching strategic approach heavily influenced by the incumbent president. Under Deng Xiaoping and Hu Jintao, China strengthened its political, economic, and military power towards a "peaceful rise".[g] Under Xi Jinping, China's grand strategy has comprised various visions and initiatives,[30] primary of which are Vision 2021,[31] Vision 2035,[32] Vision 2050,[33] the BRI, and the Community of Common Destiny.[34] These projects can further be consolidated under what is called the Chinese Dream of the Rejuvenation of the Nation ("China Dream").[35]

Table 2: Elements of China's Grand Strategy, 1949–Present

Vision	Key Threats	Ways	Means
Rejuvenation 1949–1977	Superpower-centric (military and political)	External: autarky confrontation; Internal: Mobilisation struggle	Political, Military, Economic
Recovery 1978–1989	Economic weakness (underdeveloped)	Reform and opening; Cooperation; Low profile	Economic, Political, Military
Recovery 1978–1989	Economic weakness (underdeveloped)	Reform and opening; Cooperation; Low profile	Economic, Political, Military
Rejuvenation 2004–Present	Superpower-centric (military and political)	External: Assertive high profile; Internal: Control stability	Hard and soft power resources

Source: China's Grand Strategy: Trends, Trajectories and Long-Term Competition.[36]

g The "peaceful rise" policy argues that, in a peaceful environment, China can thrive economically and also act as a catalyst for global peace. The policy was first developed in 2003 to counter Western fears about China's economic rise and growing political clout.

The China Dream, BRI, and the Maghreb

The China Dream was first politicised by Xi Jinping in November 2012,[37] when he called for the Chinese people to draw on the country's ancient civilisational power[h] and restore its erstwhile days of glory, before the 'lost century'. The China Dream is aimed at building a "prosperous, strong, democratic, culturally advanced and harmonious modern socialist country during the primary stage of socialism"[38] and envisions the projection of the country's 'soft power' by becoming a global economic power and innovator. The China Dream aims to foster greater international economic cooperation, increase people-to-people ties with partner countries, guarantee energy security, increase China's share in international goods and services trade, and maintain favourable international conditions for the country's economic growth.

The BRI has been instrumental in addressing China's strategic, economic, and geopolitical challenges. Since the initiation of the project in 2013, Beijing has strengthened its ties with the developing world by addressing critical infrastructural deficiencies and increasing bilateral trade to become a top trading partner of over 100 countries and contributing to over 15 percent of global trade.[39] The BRI has also enhanced China's economic and social influence among the 151 countries that are part of the project. Increasing outward FDI flows and trade in Africa and Asia are also aimed at securing and diversifying energy and critical raw material supply chains to support China's economic growth, domestic industries, and green transition.

In resource-rich countries, the BRI adopts a *quid pro quo* partnership model, where China provides infrastructure development and increased bilateral trade and investments in exchange for natural resource exports to China. As an infrastructure-deficient region, the Maghreb holds potential for China's BRI strategy. Chinese foreign policy views the Maghreb as part of the larger West Asia and North Africa (WANA) region, with Sub-Saharan Africa considered geographically distinct.

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h The concept of "civilisational power" refers to the amalgamation of China's societal modernisation in the 21st century and its civilisational past. Chinese scholars argue that China is a civilisational state because it has learned and found continuity from its erstwhile empires and civilisations to inform modern development in China. They also argue that China's development has enriched, if not redefined, modern national economic development because of its civilisational past and the learnings therein.

The China Dream, BRI, and the Maghreb

The North African region is crucial for the BRI. The region is part of the African Continental Free Trade Area (AfCTA) and has FTAs with the EU and North American countries, which results in companies based in these countries benefiting from reduced tariffs and economic gains through access to the European and North Atlantic markets. Additionally, the region borders the Mediterranean Sea and the Atlantic Ocean, which makes it a key node in the Maritime Silk Road.[40] The region's underinvested and largely unexplored natural resources enhance its significance for the BRI. China-Maghreb BRI partnerships are also in alignment with the national development visions of Algeria,[41] Morocco,[42] and Tunisia,[43] which focus on bolstering economic and holistic social development in these countries.

Connectivity, Energy, and Trade

Despite political, cultural, historical, and religious differences, the Maghreb and China have long had steady partnerships, driven by the absence of historical conflicts, their shared colonial experience, and common aspirations for their future roles on the global stage. Beijing's partnerships in the region are based on mutual interests as well as the region's strategic geography and energy potential.

China's "1+2+3" cooperation pattern[i] under the BRI strategy in the Maghreb involves closer ties in the energy sector, increased infrastructure building, trade and investment, collaboration in development plans, and establishing institutions to boost bilateral trade and investment in various sectors, including energy, petrochemical, agriculture, manufacturing, and services.[44]

Improved Connectivity and Infrastructure

Through the BRI, China aims to establish a stronghold in the Maghreb region and integrate it into the 21st-century Maritime Silk Road. China's

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i 1+2+3 Cooperation Pattern is the Chinese-Arab cooperation mechanism which focuses on economic and development cooperation between China and the Arab states on infrastructure development, energy development and cultural cooperation. This was first mentioned in the 2016 China-Arab Policy paper, published by the State Council of China and the Chinese Foreign Ministry.

increasing interactions with the Maghreb are aimed at diversifying and strengthening Chinese maritime supply chains and securing its presence along the Mediterranean. To this end, Beijing has built several ports, railway lines, roads, power plants, and pipelines in North Africa, including regional ports such as Tangier Med (Morocco), Bizerte (Tunisia), N'Diago (Mauritania), Nouakchott (Mauritania), and El-Hamdania (Algeria).[45] Chinese state companies manage these ports, even as COSCO, China Harbour, and China Sea manage or hold stakes in other ports, such as Piraeus, Bilbao, Kumport, Vado, Valencia, Istanbul, Marseille, and Port Said.[46,47]

Since the BRI's inception, China has displayed increasing strategic interests in managing or acquiring key ports in the Mediterranean Sea. These port investments contribute to China's global 'String of Pearls' strategy[j] that consolidate China's commercial and military presence in different regions.[48] The Mediterranean's geo-strategic importance as a major trading and logistics hub is central to China's interests. Localising manufacturing and developing free trade zones along the Maghreb coastline are pivotal to future-proofing Beijing's global value chains (GVCs) by connecting it to Europe and enhancing trade routes to North America via the Strait of Gibraltar. Establishing commercial partnerships in the Mediterranean would also benefit China's logistics and transit costs, especially as the EU's largest trading partner.[49]

Chinese investments in the Maghreb are directed by over 1,400 Chinese companies and 80,000 Chinese workers,[k] with the majority based in Algeria.[50] In Algeria, Chinese state companies have financed megaprojects amounting to US$20 billion,[51] including the Sheraton hotel, the Grand Mosque, the Oran Olympic Stadium, the Algiers Foreign Office, the Houari Boumediene Airport, the Gantas railway tunnel, and the East-West Highway, as well as affordable housing and large prison facilities. In Morocco, Chinese state company China Communications financed the Tangier Tech City, worth US$11 billion, which will house over 200 Chinese tech and manufacturing companies.[52] In Tunisia, Chinese state companies have built the Bizerte

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j Refers to Chinese military/commercial control and/or stakes in ports across the seven seas to maintain oceanic geopolitics conducive to China's strategic and economic needs.

k Author's own calculations.

bridge, two diplomatic academies, and the Mellegue dam, amounting to US$0.87 billion.[53] In Mauritania, Chinese investments have been directed at building the Nouakchott Olympic Stadium, the Gouina Hydroelectric Plant, and the Nouakchott expansion project.[54] Constructing land-based transport infrastructure and linking these to the port infrastructure further bolsters Beijing's supply chains.

Energy Cooperation

China's energy cooperation in the Maghreb is driven by Beijing's energy security strategy, which aims to diversify its energy partnerships and energy sources to create a more resilient energy supply system. Beijing has tapped into energy potential across traditional sources like oil and gas, and renewable sources such as wind and solar energy in the five North African countries.

Algeria and Libya host Africa's largest untapped gas and oil reserves, respectively.[I] Before 2013, Libya was China's primary energy partner in the Maghreb, with Beijing's state energy companies importing 140,000 barrels per day from Libya[55] and 75 Chinese companies and 32,000 Chinese nationals working on 50 projects cumulatively valued at US$20 billion.[56] After the fall of Gaddafi's regime in 2011, Chinese state energy companies shifted their focus to Algeria.

Table 3: Energy Projects by Chinese State Entities in North Africa

Country	Subsector	Project	Lender/ Financier	Project Finance (in US$ million)	Contractor
Algeria	Oil, Gas	El Djedid terminal, Skikda oil port	Algeria's National Investment Fund	1,383	China Harbour Construction Company, Sinopec
Algeria	Oil	Sidi R'zine Refinery	Algeria's National Investment Fund	394	CNOOC
Algeria	Oil	Algiers refinery	Algeria's National Investment Fund	410	CPECC

I In 2022, Algeria held the world's third-largest shale gas reserves, tenth-largest natural gas reserves, and 12.2 billion oil barrels. Similarly, as of 2020, Libya held Africa's largest proven oil reserves, with its light-sweet Es Sider and Sharara export crudes yielding a large proportion of gasoline and middle distillates, making them popular with refineries in Europe and China. See: The New Silk Road Grand Strategy and the Maghreb: China and North Africa

Country	Subsector	Project	Lender/ Financier	Project Finance (in US$ million)	Contractor
Algeria	Gas	El Hamdania port	China EXIM Bank	839	CSCES, CHEC
Algeria	Gas	Souk Harris refinery	China EXIM Bank	361	CPECC
Algeria	Renewables	Nine solar power plants (Batmet, Gueltet Sidi Saad, Douar El Maa, Abadla, Ouled Djelal Wilaya, Ouled Fadel, Tendla, Laghrous, and Khanguet Sidi Nadji)	National Company for Electricity and Gas, Algeria	720	The Power Construction Corporation of China (PowerChina), China Electricity and Water Company (CWE), Chinese Nuclear Industries Corporation (HXCC), and Yellow River Company for Consulting Engineering (YREC)
Morocco	Coal	Jerada Power Plant (350MW)	China Eximbank	300	Shandong Electric Power Construction Corporation III (SEPCO III)
Morocco	Renewables	172 MW solar power plant	ICBC	177	PowerChina International
Morocco	Renewables	Noor 2 Quartzite solar complex	ICBC	235	SEPCO III
Morocco	Renewables	Noor 3 Quartzite solar complex	China Eximbank	298	SEPCO III

Country	Subsector	Project	Lender/ Financier	Project Finance (in US$ million)	Contractor
Morocco	Renewables	Noor 4 Quartzite 580MW photovoltaic plant	China Eximbank	384	SEPCO III
Morocco	Renewables	Tangiers green ammonia plant	Office Chérifien des Phosphates Group, Morocco	4000	Energy China International Construction Group,
Tunisia	Renewables	Five solar power plants (Kairouan, Tataouine, Tozeur, Sidi Bouizid, and Gafsa)	Government of Tunisia	N/A	China Energy Engineering Group Tianjin Electric Power Construction Co., Ltd (Energy China TEPC) and Northwest Electric Power Design Institute Co., Ltd (NWEPDI) of China Power Engineering Consulting Group
Mauritania	Renewables	600MW power transmission line	China EXIM Bank, African Development Bank	234	PowerChina International, Energy China TEPC
		Total projects: 14	Total financiers: 7	Total contract amount awarded to Chinese companies: US$9.73 billion	Total number of Chinese companies: 16

Source: AEI China Global Investment Tracker[57] and AidData[58]

Energy Cooperation

Between 2013 and 2023, Chinese state energy companies invested approximately US$3 billion in Algeria's energy sector. The biggest projects include the El Djedid terminal, Skikda port, El Hamdania port, Adrar refinery, and the refinery at Algiers. These projects are aimed at increasing Algeria's conventional energy exports from 737,000 tonnes to 1.18 million tonnes by 2030. Notably, China has production-sharing agreements for all gas infrastructure and development contracts, MoUs, and agreements.[59]

Beijing's state and private companies are also involved in developing large-scale green energy projects in the region, primarily wind and solar, and are expected to add 5.5GW of power to the region in this decade, by 2030 (see Table 3). The projects, planned in the five countries, are estimated to be worth US$5 billion collectively.

In November 2023, Power China, CWE, HXCC, and YREC secured solar power development contracts worth US$720 million to complete nine solar power projects across Algeria, which will add 1550MW to the Algerian energy matrix annually.[60] In Tunisia and Mauritania, Chinese green energy companies such as Energy China TEPC, NWEPDI, CPECG, and Northwest Electric, among others, are adding capacities of 500MW and 1000MW, respectively.[61] In Morocco, Chinese companies have built the Noor-II, Noor-III, and Noor-IV projects as part of a larger 2.2GW nationwide solar power project (see Table 3). China's Energy China International Construction Group is also building a green ammonia plant with an output of 1.4 metric tonnes/year, produced from about 320 kilotonnes of green hydrogen, supplied by a 2GW solar Photovoltaic plant as well as a 4GW wind power project.[62]

China's green energy collaboration in North Africa is emblematic of its larger green energy strategy in Africa. In 2023, green energy and technology contributed over US$1.4 trillion to China's economy.[63] As of 2022, Beijing's installed capacity of renewable energy stood at 1.45 billion KW, with renewable energy contributing to more than 50 percent of its energy production.[64] However, these developments are accompanied by a manufacturing overcapacity, which China aims to export to Africa to meet the latter's green infrastructure and energy development needs while providing growth and expansion opportunities to China's green sectors.

Energy Cooperation

China creates new markets for its construction, equipment, and engineering companies by funding power generation, transmission, and distribution projects. The decentralised nature of renewables also allows China to build mini-grid and off-grid solutions that can reach rural areas that may not benefit from centralised national grids. This presents Beijing with significant commercial opportunities in North Africa, which has an unreliable electrification rate. China's renewable energy will also help position Beijing as a leader in the Global South, where countries are struggling to meet their net-zero carbon emissions targets.

Trade and Investment Ties

China has expanded its trade relationships in the Maghreb through the China-Africa Cooperation Forum[65] and the China-Arab States Cooperation Forum.[66]

China also has a Comprehensive Strategic Partnership with Algeria[67] and Strategic Partnerships with Morocco[68] and Tunisia.[69] Moreover, all five countries signed BRI cooperation agreements with China between 2018 and 2022.[70] Beijing and Rabat also signed an FTA in 2016. Building on these regional and bilateral cooperation mechanisms, Chinese trade with the region grew from US$1.92 billion in 2000 to US$28.34 billion in 2023 (see Figure 1).

Libya's renewed energy exports to Europe and North America, along with Algeria's energy exports, have contributed to a steady economic growth. The North African regional economy is expected to grow by 4.6 percent in FY2023 and FY2024 on average.[71]

Beyond energy trade, the region is also emerging as a continental hub for manufacturing and finished goods. In the past two decades, trade has increased between Chinese companies and Maghreb nations, primarily due to the latter's proximity to Western markets and lack of infrastructure development. The presence of Chinese companies in the region has grown from a mere 80 companies in 2000 to over 1,400 companies in 2023, across sectors such as energy, infrastructure, and transport. Beijing is today one of the region's top trade partners after the EU. Major trade commodities between the Maghreb region and China include oil, gas, electrical machinery, cloth and synthetic fibres, critical minerals, iron and steel ore, and construction and communications equipment. China's imports from the region include natural resources, whereas exports are primarily finished and intermediate manufactured goods.

Table 4: China-Maghreb Bilateral Trade (2018-2023, in US$ billion)

Country	Top Chinese Imports	Top Chinese Exports	2018 (Chinese Exports; Chinese Imports)	2019 (E;I)	2020 (E;I)	2021 (E;I)	2022 (E;I)	2023 (E;I)	Country Total
Algeria	Refined Petroleum, Petroleum Gas, and Copper	Broadcasting Equipment, Iron Pipes, and Polyacetals	7.92; 1.17	6.94; 1.13	5.6; 1	6.35; 1.1	6.28; 1.14	9.46; 0.85	42.55; 6.39 (48.94)
Libya	Crude Petroleum, Quartz, and Precious Stones	Electrical Machinery and Goods, Knitted Cloth Accessories and Machinery, and Capital Goods	1.43; 4.74	2.45; 4.76	1.9; 0.8	2.12; 3.27	2.37; 2.93	3.9; 2.2	14.17; 18.7 (32.87)
Mauritania	Copper Ore, Iron Ore, and Animal Meat and Pellets	Cloth and Fibres, Electrical Machinery and Capital Goods, and Iron and Steel Articles	1.03; 0.86	1.02; 0.92	1.27; 0.74	1.75; 0.9	1.18; 0.94	1.19; 1.06	7.44; 5.42 (12.86)
Morocco	Ores, Slag and Ash, Copper Ore and Materials, Electrical Machinery, and Goods	Cloth and Fibres, Electrical Machinery, and Capital Goods	3.68; 0.7	4.03; 0.63	4.17; 0.6	5.6; 0.82	5.7; 0.89	0.97; 6.45	24.25; 10.09 (34.34)
Tunisia	Low-Voltage Protection Equipment, Centrifuges, and Electrical Power Accessories	Cloth and Fibres, Electrical Machinery and Goods, and Capital Goods and Machineries	1.41; 0.2	1.36; 0.3	1.42; 0.22	1.93; 0.28	1.88; 0.25	2.02; 0.24	10.02; 1.5 (10.17)
Yearly Regional E/I Volume with China			15.47; 7.67 (23.14)	15.8; 7.74 (23.54)	14.36; 3.36 (17.72)	17.75; 6.37 (24.12)	17.41; 6.15 (23.56)	17.54; 10.8 (28.34)	Total Regional Trade Volume with China: US$139.18 billion

Source: UNCOMTRADE Database[72]

Trade and Investment Ties

Increased trade with Beijing is a bid to diversify their own trade partners. The EU is the region's largest trade partner. In 2022, French, Italian, and European outward FDI stocks in the Maghreb amounted to US$30.6 billion, US$5.7 billion, and US$ 44.8 billion, respectively (see Table 1). Over 1,340 French companies, 1,385 Italian companies, and 5,000 European companies operate in the Maghreb in the areas of transport, railways, manufacturing, electronics, oil, gas, green technologies, renewable energy, and cloth and fabrics. The deep economic ties of the EU are built on historic ties and wide-ranging, extensive FTAs with the Maghreb states that promote foreign investments in the region by offering developed European markets to investors. Foreign companies with local manufacturing units in the Maghreb also benefit from tariff reductions and rebates.

Beijing views these economic ties as a potential hedge against Western sanctions. Government policies such as the US's Inflation Reduction Act,[73] Canada's Canada Investment Act,[74] and the EU's Investment Protection Act are aimed at decarbonising their respective economies, reshoring CRM supply chains, and reducing dependence on China for critical minerals, green tech, and energy value chains essential for the green transition and the Electric Vehicle industry.[75] These laws also restrict Chinese entities from acquiring controlling stakes in critical-minerals industries and impose additional taxes on Chinese exports from certain commodity groups (e.g., solar panels). However, Chinese investments in the Moroccan Tangier tech city, and subsequent Chinese green energy and tech companies' commitments for investment in the project, can neutralise the effect of the aforementioned sanctions due to relocation to Morocco.

Aligning the BRI to North Africa's Development Goals

China's BRI is aligned with the developmental goals of the Maghreb countries, addressing areas such as energy security, green transition, infrastructure development, education, cultural exchanges, and social infrastructure. Morocco aims to obtain 52 percent of its electricity from renewable energy sources by 2030,[76] and Algeria has launched a 22GW renewables energy programme.[77] To support these goals, the Chinese government has signed BRI partnership contracts with Morocco (2016), Tunisia (2018), and Algeria (2017). China also has a Comprehensive Strategic Partnership framework with Algeria and Strategic Partnership frameworks with Morocco and Tunisia. Additionally, Beijing has signed BRI cooperation agreements with the region's countries through 38 MoUs (15 with Morocco, 20 with Algeria, and seven with Tunisia).

China's development partnerships in the Maghreb are emblematic of its larger development relationship with the African continent. However, Beijing's development aid for Africa comes with caveats. Between 2013 and 2023, spending by Chinese state and private companies in economic sectors across Africa amounted to US$150 billion.[78] During the same period, Chinese companies acquired or controlled 7 percent of the landmass in the continent, of which nearly 45 percent involves partnerships with local firms in critical resources like oil exploration sites, critical mineral mines, coal mines, metal exploration sites, and ports.[79] The rest is arable land, used for farming to benefit China's food and energy security. This continent-wide trend is reflected in North Africa, as in the case of the development of the Tangier Tech City in Morocco—a project that Beijing is pursuing primarily to circumvent Western limitations and regulations on import of Chinese manufactured products.

Connectivity Alternatives in the Maghreb

Between 2013 and 2023, the Chinese government and private companies invested, loaned, and/or earned contracts worth US$83.4 billion[80] for over two dozen projects in North Africa. Project execution contracts accounted for US$68 billion of China's economic outreach in the Maghreb.[81] Chinese contract revenues peaked at US$19.3 billion in 2017 and were the lowest in 2020, at US$8 billion.[82] The highest number of Chinese loans, contracts, and investments were in energy (18 percent), transport (36 percent), and metals and mining (28 percent).[83]

Yet, the EU outstrips other bilateral investors and trade partners in the region by more than 30 percent (see Table 1). The Maghreb is also largely influenced by France, with Paris dictating economic and foreign policy for over a century.[84] However, relations have soured due to reactionary anti-migration policies, rising anti-colonial sentiments in the Maghreb, and France's insistence on linking aid to democratic and market reforms. This strain characterised their relationship until February 2022. Russia's special military operation in contested Ukrainian territories, which began in February 2022, pushed Europe to diversify its energy needs and caused a shift in its engagements with the Maghreb. The EU has since partnered with North American and Asian partners to diversify its trade routes and energy supply chains through the EU's Global Gateway,[85] the G7's Partnership for Global Infrastructure and Investment (PGII),[86] and Italy's Mattei Plan.[87]

The Global Gateway is a US$450-billion initiative that aims to "build sustainable, and high-quality projects, that meet partner countries' needs and provide lasting benefits for local communities across digital, energy, and transport sectors through Global Gateway to strengthen health, education, and research systems globally."[88] In North Africa, Global Gateway projects are implemented in partnership with the European Investment Bank (EIB) and are guided by the EU's 'Economic and Investment Plan for the Southern Neighbours' (EIP).[89] Under the EIP, the European Commission has identified four key sectors—human development and good governance, green transition, economic growth and resilience, and migration and human development—with 12 sub-initiatives in the digital, energy, agriculture, industry, maritime, connectivity, and rural and urban development economic sectors.

Connectivity Alternatives in the Maghreb

The Commission has disbursed US$6 billion for these sectors, which are expected to generate investments worth US$26 billion by 2030 and create over 200,000 jobs in the Maghreb region.[90] Notable projects include education and research support programmes, reconstruction and rehabilitation of road networks, the ONCF Rail Rehabilitation project, and energy-efficiency capacity-building and energy-storage constructions in Morocco. Other projects include the ELMED Interconnection in Tunisia and the Medusa Submarine Cable System that will connect the region's countries to Europe.[91] Collectively, these projects amount to US$6.8 billion, with the EIB disbursing US$2.2 billion in 2023 in line with Global Gateway objectives.

Italy's Mattei Plan for Africa (MPA) is a US$8.2-billion initiative aimed at maximising North Africa's developmental potential and enhancing energy independence for Italy as well as Europe at large. Launched in January 2024, the plan aims for development across the education and training, agriculture, health, water, and energy sectors.[92,93] The MPA[94] envisions a South-North new and old energy corridor connecting Africa's energy resources to Europe, with Italy as the gateway.[95] In turn, Africa will receive investments and loans to facilitate economic development. The MPA also aims to make green energy trade a key element of Europe-Africa ties, acknowledging that, while Europe has favourable conditions, it lacks sufficient land for large-scale green energy development.

The Global Gateway and the MPA are aligned with the G7's PGII.[96] At the 2024 G7 Leaders' Summit in Italy, leaders reviewed the US and Europe-led Lobito Corridor development and other projects under the Global Gateway and PGII. Italy had committed over US$340 million to the Lobito Corridor consortium in grants, loans, and equity capital.[97] The G7 is also aligned with the Africa Green Industrialisation Initiative (AGII) and the Global Energy Alliance for People and Planet (GEAPP) to mobilise US$1 billion for energy investments in Africa, positioning North Africa to benefit from its vast energy resources.[98]

The PGII has served to consolidate diverse Western connectivity initiatives in the developing world, with the Italian G7 Leaders' Summit marking the end of this consolidation. A reason for the consolidation was to counter the China-Russia axis, with China's economic strength and Russia's security architecture posing threats to the West's dominance in the international order.

However, Russia and China are already negotiating FTAs with the Maghreb countries. China, which is the largest development contractor in the region, continues to expand its economic footprint, while Russia maintains strong military ties and supplies significant military equipment to the Maghreb.[m]

m While the West counters China's influence in the domain of connectivity and infrastructure development, Russia's influence in North Africa is increasing. In December 2023, Russian Foreign Minister Sergei Lavrov visited the capital cities of Algeria, Morocco, Tunisia, and Mauritania to offer the Russian military's help in combating terrorism in the region and to conduct joint military exercises with these countries. Lavrov also expressed the Kremlin's readiness to export wheat and bushels to North Africa at concessional rates, as the energy and food security crisis exacerbates due to the wars in Ukraine and Gaza. He also advocated for an FTA between Russia, Egypt, Algeria, Morocco, Tunisia, and Mauritania. Notably, Russia is a major arms supplier to Algeria, Tunisia, and Mauritania; in Libya, the Kremlin-influenced Wagner Group is arming insurgents against the UN-backed Libyan Government.

Conclusion

The BRI has dominated global connectivity debates, infrastructure development, and the geopolitics of connectivity for over a decade. Although Beijing claims that the BRI is a commercial venture, a project of this magnitude inevitably carries geopolitical and geo-economic implications, especially the developing world.

In North Africa, China's BRI projects are aimed at establishing a strategic stronghold in the Mediterranean region and securing the region's abundant energy and critical minerals supplies. Although former colonial powers have dominated affairs in the Maghreb for nearly a century, the multipolar global order has given these countries options for development partners. China is preferred due to its policy of non-interference in domestic affairs and its shared colonial history with the region. In turn, the BRI grand strategy in the region secures future energy supplies, renewable energy reserves, and critical mineral supply chains for China.

As the superpower competition between China and the West intensifies, developing countries like Algeria, Libya, Mauritania, Morocco, and Tunisia need to strike a balance in their relationships with both sides, keeping in mind their own developmental goals and national priorities towards maximising developmental impact and prioritising the economic growth of their people.ORF

Prithvi Gupta is Junior Fellow, ORF, Mumbai.

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20, Rouse Avenue Institutional Area,
New Delhi - 110 002, INDIA
Ph. : +91-11-35332000. **Fax :** +91-11-35332005
E-mail: contactus@orfonline.org
Website: www.orfonline.org