REPORT

From Neutral Pillar to Strategic Partner

Towards a Comprehensive EU-North Africa Policy in the Age of a Rising China

Report
From Neutral Pillar to Strategic Partner – Towards a Comprehensive EU-North Africa Policy in the Age of a Rising China

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Table of Abbreviations

Abbreviation	Full Name
BRI	Belt and Road Initiative
CNOOC	China National Offshore Oil Corporation
CSCEC	China State Construction Engineering Corporation
DIO	Iranian Defense Industries Organization
EU	European Union
EUR	EURO
(O)FDI	(Outward) Foreign Direct Investment
FOCAC	Forum on China-Africa Cooperation
GC	Coast Guard
GDP	Gross Domestic Product
GNU	(Libyan) Government of National Unity
ICT	Information and Communication Technologies
ICTTB	ICT Talent Bank
IDA	International Development Association
IMF	International Monetary Fund
IoT	Internet of Things
LNA	Libyan National Army
LPTIC	Libyan Post Telecommunication and Information Technology Holding Company
MAD (Dh)	Moroccan Dirham
MCIT	Ministry of Communications and Information Technology

Abbreviation	Full Name
MFA	Ministry of Foreign Affairs
MOFCOM	Ministry of Commerce
MoU	Memorandum of Understanding
NATO	North Atlantic Treaty Organization
NEO	Non-Combatant Evacuation Operations
Norinco	China North Industries Corporation
PLA	People's Liberation Army
PRC	People's Republic of China
RSF	Rapid Support Forces
SAF	Sudanese Armed Forces
SEZ	Special Economic Zone
SME	Small and Medium Sized Businesses
SOE	State-Owned Enterprises
SPIPA	Strategic Partnership for the Implementation of the Paris Agreement
UAE	United Arab Emirates
UK	United Kingdom
UN	United Nations
UNAMID	United Nations-African Union Hybrid Operation in Darfur
USA/US	United States of America
USD	US Dollars
WTO	World Trade Organization

Executive Summary

European Union (EU) – North Africa relations are at an inflection point in the age of a rising China. While Beijing's efforts in the European Mediterranean countries are mainly restricted to signing Memorandums of Understanding regarding China's Belt and Road Initiative with local governmental officials, and acquiring significant stakes in the ports of Istanbul, Piraeus, Genoa, Marseille and Valencia, activities in Northern Africa are far more comprehensive.

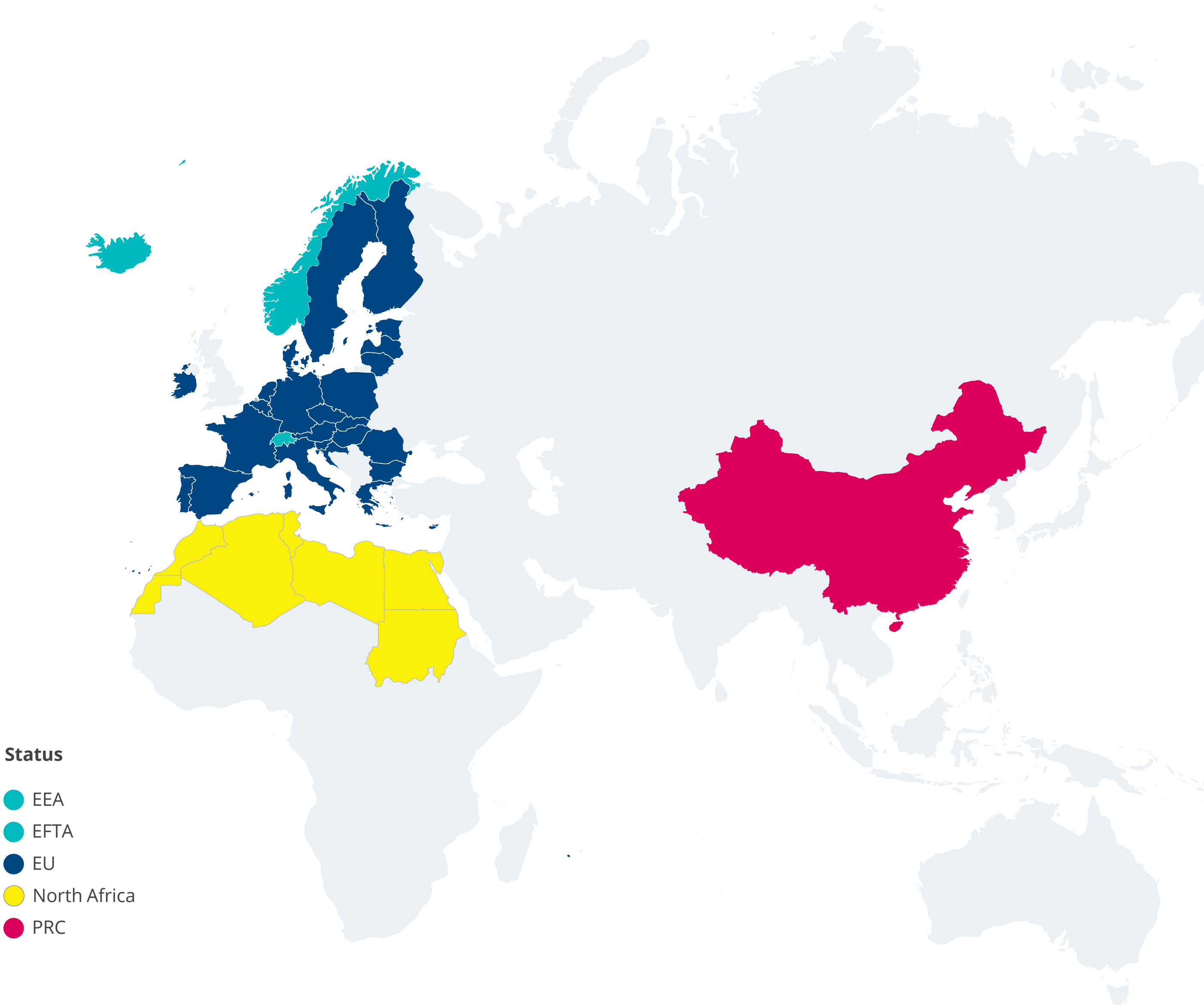

Figure 1 - Map of North Africa, the EU, the EFTA, the EEA, and China

EU Members states have individually reckoned with decades of their colonial legacy in North Africa as disruptions to geopolitical order have become the norm across regional relations over the past decade. As a broad overview, a sovereign debt crisis of 2010, migrant and refugee flows beginning 2014 and subsequent far-right domestic backlash against North African migrants in the EU, and finally the COVID-19 crisis, have led to delayed and spotty vaccine distribution from the EU across North Africa. Periods of trade liberalization coupled with heavy burdens on irregular migration flows have resulted in structurally asymmetric relationships between the EU and North Africa over the past decade of political and economic relations.

In contrast, China's relationship with North Africa has only become increasingly signiicant as American security, economic, and political presence in the region has waned and Chinese companies take an increased – albeit patchwork – interest in financial engagement in North Africa. Chinese military still lack the overseas experience necessary for large-scale intervention and are unlikely to intervene abroad unless a direct threat is posed to China's borders and/or sovereignty. While China's Ministry of Foreign Affairs (MFA) and Ministry of Commerce (MOFCOM) theoretically play leading roles in regulating Chinese corporate activity overseas – a landmark 2021 study by Andrea Ghiselli and Pippa Morgan found that Chinese companies are often unlikely to listen to risk analysis provided by government sources and experts and can remain surprisingly resilient to changing geopolitical risks in the region;[1] even under circumstances of duress wherein EU and/or American counterparts may otherwise back down.

As China's role grows in the geostrategic region of North Africa, local government leaders will likely spend the next decade faced with multiple potential partners on trade, technology, and political capital for sources not limited to China, the EU, and the United States, including those who might be increasingly populated by the UAE, Russia, Turkey, and other middle powers and/or emerging markets. At the same time, the European Union and North Africa have the potential to seize the momentum of EU-Africa relations already set in motion when European Commission President Ursula von der Leyen announced that she would make the continent a priority. To distinguish the priorities of each North African nation from of the rest of the continent – via the European Union Strategic Partnership, and the post-Cotonou agreement – a deeper look at each North African country's unique economic, military, technological, and diplomatic priorities – as well as the role of foreign actors therein – will be integral to evaluating the EU's next steps.

1 Ghiselli, A., & Morgan, P. (2021). a Turbulent Silk Road: China's Vulnerable Foreign Policy in the Middle East and North Africa. The China Quarterly, 247, 641-661. doi:10.1017/S0305741020001216

As North African nations become presented with options from multiple geopolitical and diplomatic partners globally there has never been a more urgent time to ask:

?

How should the EU change its approaches to intervention in North Africa considering increased Chinese competition globally, domestic priorities of individual North African nations, and China's existing ties in the region?

This report uncovers how China-EU relations are unfolding on-the-ground across six different North African countries: Algeria, Egypt, Libya, Morocco, Sudan, and Tunisia. Leveraging country-specific analysis, the report traces growing trends in China's relationship with North Africa across three thematic areas of increasing concern to the EU's domestic and international priorities: economic and military, technology, and diplomacy. The extent to which these relationships present opportunities and/or risks for China's relationship to the EU is discussed throughout. The report makes three concrete recommendations for EU institutions' future engagement with the EU:

- Increased funding made available for research into for-profit entities of particular interest to EU bodies, such as the role of key Chinese technology companies whose growth is set to expand in the region including Huawei, Norinco, and Sensetime.
- A robust and coordinated EU- approach to public diplomacy programs tailored for individual North African nations' unique needs - bridging gaps between EU values and local leadership of North African nations that accounts for a differing approach between China and the EU to security risks.
- As greening Belt and Road Initiative (BRI) projects wane in the region, the EU can seize the opportunity for North Africa to become a space for increased focus regarding the Strategic Partnership for the Implementation of the Paris Agreement (SPIPA) that facilitates exchange on climate policy option and good practice between the EU and non-European major economies and supports the European Union´s efforts on climate diplomacy.

Introduction

The nuanced role of China's engagements in North Africa – and where and how the EU should respond – is one of increasing global concern, particularly for nations of the EU whose geographic proximity, economic ties, and shared history of colonialism with North Africa put China's increasing role in the global landscape at the EU's doorstep.

As a prequel to this report, a scoping study provides integral context and background information on both a country-specific and regional level, allowing for a deeper understanding of the trilateral relationships emerging between China, the EU, and various countries in North Africa through the lenses of regional and thematic trends.

In a short summary of the scoping study's findings, China has remained a relatively small investor in North Africa compared to its neighboring countries which are often considered first tier strategic priorities. Surplus domestic capacity in China is often used when expanding towards North Africa – the world's first energy importer[2,3] – as non-oil and gas exporting countries are considered potential export markets. The phrase "China's investments in North Africa" for instance may also refer to turnkey projects that Chinese firms have realized but were indeed paid for by local governments, forcing capital flows to go back out towards Chinese firms instead of propping up local economies. Indeed, China's emphasis on financial deals grounded in state sovereignty means implementing these deals is often completed in a governance vacuum; leading to less long-term impact of deals when compared to European counterparts.

China's foreign policy in North Africa looms over the EU as a great unknown, partially because neither China's internal policy nor the EU's sees North Africa as a coherent body in and of itself. This report attempts to fill gaps in current EU strategy which does not sufficiently analyze the variety of cultural, social, geographic, and economic factors on the minds of North African government leaders who led some to consider China a more attractive diplomatic and economic partner than the European Union.

Analyzing the intentions behind Chinese security, economic, technology, and diplomatic patterns abroad are a current fixation for Western policymakers – and will become increasingly difficult to decipher if China's security and development continue to be considered in the literature as separate, distinct priorities. China's foreign policy objective increasingly merges security and development concerns (colloquially referenced as "development as the basis for security, and security as the condition for development" (发展是安全的基础，安全是发展的条件), which collectively allow Chinese policy to seem more agile to North African governments compared to the rules-based, slow European and American bureaucracy. American and EU foreign policy must therefore, further holistically account for

2 US Energy Information Administration. "China surpassed the United States as the world's largest crude oil importer in 2017", Energy Today.

3 Clemente, J. (2019). "China Is The World's Largest Oil & Gas Importer", Forbes.

security ramifications of their development projects in North Africa, and vice versa.

For the EU, a regionalist approach to foreign policy offers clear advantages, namely the possibility of collaboration on security, migration, as well as diplomatic and economic incentives. Centralizing some of these fields within one regional integration project can be beneficial to both the project members but also to external partners whose approach has been facilitated due to this grouping of countries. Nonetheless, a drawback of this method which has been prominent in the handling of North Africa by Europe is that the EU treats the diverse countries of the region as a single entity, which cannot bring about long-term, effective policy results as it fails to account for the individuality of nations and their issues.[4]

From a policy standpoint, the EU finds itself at a crossroad with China. It has often been criticized for being too weak in response to some of China's actions and remains highly dependent on trade with China to meet its bottom line. Nonetheless, the EU does suffer from the ever-increasing trade deficit with China and has often condemned its human rights violations. But as of 2020, a new Strategic Agenda between China and the EU now focuses on peace, security, prosperity, sustainable development, and people to people exchanges; further emphasizing a long-term desire for fairer cooperation. Both China and the EU are key stakeholders in North Africa and their difference in approach and history with the region will characterize the future of their bilateral relationships with each country therein. The EU, due to geographic positioning near North Africa needs a stronger strategic policy direction to maintain the upper hand or risk losing a pivotal sphere of global influence to the more affluent and influential China.

Methodology

Given China's foreign policy preference for bilateralism in dealing diplomatically, economically, and socially with individual countries in North Africa, our report takes a demonstrative approach to understanding EU and China's bilateral relationships with six countries: Algeria, Egypt, Libya, Morocco, Sudan, and Tunisia. Though the EU's policymaking apparatus does not take a country-specific approach, we find that extrapolating trends requires a context-specific analysis. Research for this report was obtained over a period of three months between October – December 2021 and is grounded in a mixed-methods approach combining desk and literature review, engagement with primary source materials, national databases, and media in Chinese, Arabic, French, and English. Authors of this work also interviewed expert academics, politicians, and high-level North African officials and corporate staff for this report without aiming to seek a representative sample, but rather to present qualitative evidence leading towards actionable recommendations for EU policymakers grounded in a deep inquiry into three areas of emerging policy relevance for China, the EU, and North Africa respectively:

- **Economic and Military Interventions:** As China has risen on the global stage, its energy consumption has accelerated to such a degree that the oil-rich MENA region has become central to

4 IEP, (2021). "North Africa Analysis", The Institute for Economics and Peace (p. 19)

the nation's long-term energy security. Since announcing its overseas Belt and Road Initiative in 2013, China has promised massive infrastructure investment including across North Africa to solidify economic cooperation and streamline trade routes to the West. Over the past decade, Chinese military policymakers and companies have streamlined internal strategies making military contractors and military backed banks more sensitive to local North African conditions. This has strengthened existing bilateral cooperation between Chinese companies and North African nations, all while ensuring that use of Chinese military is considered as a last resort for intervention. However, as China's economic presence becomes more intertwined with its security objectives internally, high level State-Owned Enterprise (SOE) managers or high-ranking People's Liberation Army (PLA) officials otherwise engaged in Chinese business may seek increasing overlap in security objectives related to Chinese development projects in the region.[5] The role of Chinese military-affiliated organizations' economic activity on the ground in North Africa will be an area of increasing interest for North Africa and Western development actors alike.

- **Technology Interventions:** North African nations are facing increasing economic and political pressure globally to upskill internal technology capacity for governments to fit the global market and political standards. Given that science and technology policy is regarded as an essential commitment to the EU's future growth and foreign policy objectives – as enshrined in the EU's Horizon 2020 policy – the role that Chinese corporate surveillance, data ownership and AI technology play in governance and private sector decision-making in North Africa requires country-specific examination.

- **Diplomatic Engagements:** China's diplomacy, political considerations, and soft power in North Africa are often seen through the eyes of "handshake diplomacy" – wherein elite leaders close major political and economic deals behind closed doors with the people of North Africa systematically excluded from the conversation. This contrasts with EU and Western conventions of diplomacy, which integrates aid and development interventions to promote bilateral economic, social, and political cooperation.

Weaving together threads of interdisciplinary, comprehensive analysis for each country, the report will subsequently detail actionable recommendations for EU policymakers in North Africa considering China's increasing role therein.

5 Yung, Christopher D. (2015). "The PLA navy lobby and its influence over China's maritime sovereignty policies." In Saunders, Phillip C. and Scobell, Andrew (eds.), PLA Influence on China's National Security Policymaking. Stanford, CA: Stanford University Press, 274–299

China's Foreign Policy Strategies in North Africa

The relationship between China and North Africa traces back to the political and military support that the China provided to anticolonial liberation movements, beginning with medical aid sent to Algeria from China in 1963.

In the wake of China's Reform and Opening Up Period beginning in 1978 under Deng Xiaoping, the number and scope of Special Economic Zones (SEZs) flourished in the country. As designated areas with liberal, free-market orientation and flexible economic policies, the SZEs launched an experimental but calculated economic liberalism inside the China to sustain itself. In shifting away from a largely protectionist economy, the China was able to enhance its economic development commitments domestically and abroad. Politically, as Cold War tensions between the United States and the Soviet Union escalated during the cold war between 1947-1989, the Egyptian President Nasser's initiative to create the non-aligned movement was tightly followed by China's neutral position. Nasser's perspective was viewed internally by the China as an opportunity for developing countries to strengthen themselves as well as a platform to expand their influence on the international scene; and marked a key moment of political and strategic alignment in the history of China-Middle East relations.[6]

China's need to sustain economic growth gave rise to partnership strategies between the China and North African states to both secure energy supply in oil and gas to protect China against price fluctuations and supply interruption. China's economic model and commitment to delivering on providing natural resources and security for its people features principles regarding an enhanced quality of life, respect for sovereignty while fostering the attention on equal-footed partnerships and sustainability. In exchange of such agreements, the China offers infrastructure opportunities such as large-scale investments in nuclear energy, high-tech projects, ports, highways, and railways.

Surplus domestic capacity is used in a westward expansion towards North Africa, where China deploys its manpower and capital as well as predatory loans, obscuring the risks to contracting countries. North Africa represents a point of interest for the world's first energy importer.[7,8] Non-oil and gas exporting countries are therefore considered to be potential export markets.

Chinese Multinational Enterprises are internationalizing their activities and expanding their footprints overseas, resulting in a rising number of large-scale investment projects. The process that has been allowed by the adherence of the China to the World Trade Organization (WTO) in 2001 aligns itself with the purposes and needs of the government. During subsequent years, the Chinese Foreign

6 Shullman, D. (2019). "Protect the Party: China's growing influence in the developing world", Brookings.
7 US Energy Information Administration. "China surpassed the United States as the world's largest crude oil importer in 2017", Energy Today.
8 Clemente, J. (2019). "China Is The World's Largest Oil & Gas Importer", Forbes.

Direct Investments (FDI) encountered a surge. In 2007, these FDI amounted US$ 92 billion.[9] Between 2000 and 2010, the Outward Foreign Direct Investments (OFDI) went from 28 billion to US$ 317 billion.[10] As a necessary catch-up strategy, a surge in Chinese OFDI increased China's competitiveness through enabling the access to distribution networks and ease of procurement for skills, knowledge, and technologies through upgraded production processes.

From Going Global to Belt and Road

The successful economic development of China has created the background for the proposal of the Belt and Road Initiative (BRI) in 2013. Perceived as the President Xi Jinping's most ambitious infrastructure development strategy, the BRI aims at investing in 70 countries.[11] Both a strategy and an economic opportunity, China plans to increase its influence worldwide and, at the same time, respond to the American Pivot to Asia. Moreover, the BRI strategy aspires to mitigate a too-large Chinese manpower by offering work opportunities abroad, but also to undermine its common stereotype in the West as the world's cheapest factory by upskilling its production in sectors lucrative to its future planning, including its tech and pharmaceutical industries. Perceived as the Chinese Marshall Plan, the BRI constitutes an opportunity to launch China's strategic diplomatic, economic, and security program through investments. As one part of the BRI and to provide a financial alternative to Western and Japanese development banks, China established the Asian Infrastructure Investment Bank in 2014, gathering 57 nations onboard by 2021.[12] Furthermore, the Belt and Road Forum has been initiated in the same spirit as domestic projects designed to reduce regional dependence on oil, including for the Gulf states of Saudi Arabia's and Abu Dhabi's respective Vision 2030 agenda. In the Vision 2030 framework, a mutual collaboration between both countries involves political, economic, security and social risks as a baseline. Mohammed Bin Salman presented Vision 2030 in Hangzhou on the occasion of the G20 in 2016, which further forward fortified his alliance with Xi Jinping through explicitly detailing the concomitance of the BRI and of Vision 2030.

As a core strategic location along China's Belt and Road Initiative, North Africa already constitutes a fertile ground for Chinese investments in infrastructure, technology and is key for the flourishment of Chinese subsidiary companies. The North Africa region represents an essential area for the promotion of Chinese trade towards and throughout the African continent and Europe. For China, the Maghreb is the extension of the Middle East, and the China is careful to not take a position in regional disputes, such as between Morocco and Algeria on Western Sahara. China's investments and contracts in the Maghreb surged from US$ 600 million to US$ 29,6 billion between 2005 and 2019[13]. Different

9 Bouceyef, A. & Chung, S. (2015). "The Internationalisation of Chinese Multinationals in the Middle East and Africa: The Case of Haier", Review of Business and Finance Studies. Vol. 6, No. 2, 2015, p. 59.

10 Ibid.

11 Cai, P. (2017). "Understanding China's Belt and Road Initiative", Lowy Institute.

12 Sidlo, K. (2021). "The Role of China in the Middle East and North Africa (MENA). Beyond Economic Interests?", European Institute of the Mediterranean.

13 Zoubir, Y. (2020). "Expanding Sino-Maghreb Relations", Chatham House.

partnership packages are proposed in Chinese bilateral cooperation; namely the +1, +2 and +3 partnerships. The +1 is for general cooperation and mainly relates to collaboration the energy sector. Then, the +2 includes an additional cooperation branch of infrastructure-building with trade and investments. Finally, the +3 pattern combines high-technology fields of nuclear energy, space satellites and renewable energy into an existing bilateral strategy.[14]

By investing in North Africa's mining and farming in particular, China can profit off North Africa's growth and fuel the business back in China that require natural resources and labor. As an example, in May 2021, the Algerian company, Sonatrach and China's Sinopec signed a new MoU destined to enhance cooperation between both energy firms.[15] That is following the 2018 agreement between the Chinese state-owned CITIC and Sonatrach for the building of a phosphate plant in the Tebessa region in 2018. This initiative enabled CITIC to hold 49 per-cent of the project and Sonatrach, 51 per-cent.[16] Moreover, the China is widely involved in the creation of the Tangiers Tech City, which boasts over two-hundred Chinese companies.

Against the backdrop of this continued investment, debt in some North African countries is steadily increasing. To protect its financial investments, China requires its debtors to sign Security Clauses. These are guarantees that stipulate that in the event of non-repayment of the loan, a kind of barter takes place instead; rather than repaying in cash, debtors must pay in raw materials or directly in infrastructure. a question of overriding importance is therefore the external debt, which has already been a problem in Sri Lanka, Pakistan or Montenegro, for example, due to opaque terms.[17] But unlike the World Bank, China can present an attractive alternative as they have little regard for the political situations of borrowing states. Furthermore, these loans are an all-in-one product because the China also comes with its own construction companies, and thus its technical expertise and, in some cases, its own workforce. For example, in the framework of the BRI, Chinese builders are helping Morocco restructure their solar energy sector with the building of Noor II and III, in the Ouarzazate Solar Complex.[18] The risk of default of African banks positions Chinese as the ideal investors. African backers simply do not have the capacity to lend as much as the former Chinese government's subsidized concessional loans, and especially, they refuse out for fear of never being repaid.[19] Since 2019 and the departure of the concessional loans, which involved long-term repayments at low-interest rates, and the development of commercial and non-concessional loans, the terms imposed are by or close to market conditions.

14 Zoubir, Y. (2020). "Expanding Sino-Maghreb Relations", Chatham House.
15 Reed, E (2021). Sinopec eyes Algeria licence extension", Energy Voice.
16 Reuters (2018). "Algeria signs $6 billion deal with China to build phosphate plant", Reuters.
17 Fernholz, T. (2018). "Eight countries in danger of falling into China's 'debt trap,'" Quartz.
18 Xinhua (2018). "Feature: Chinese builders help Morocco restructure energy mix via solar power projects", New China.
19 Usman, Z. (2021). "What do we know about Chinese lending in Africa?", Carnegie Endowment for International Peace.

Security and Diplomatic Interests in North Africa

Beijing's presence in North Africa is not solely related to trade but encompasses infrastructure development, tourism, and various forms of financial cooperation. China has strengthened ties specifically with Algeria and Egypt in 2014 through Comprehensive Strategic Partnerships, meaning that the strategy is equal-footed and should remain stable under various Memorandums of Understanding (MoUs), providing the recipient countries with infrastructure projects. In that regard, China has become the first import partner of both Algeria and Egypt mainly for arms and infrastructures.[20] China's regulations on loans, when compared to Europe's standardized norms to allocate funds, attracts confidence from North African states. Inside liaison office of the Ministry of Foreign Affairs is also heavily involved in developing infrastructure projects as it focuses on building the reputation and gaining international support for the BRI[21]. China therefore managed to be seen as an alternative to the traditional Western development models bringing much more than economic and trade cooperation, but also on defense considerations. For example, July 2018 marked the China-Africa Defense and Security Forum through which North African heads of state and government expressed key priorities for the security engagement of the China. Those priorities include the fight against piracy and terrorism, but also the protection of Chinese infrastructure investments and firms.[22] Cooperation between the China and its North African partners outside of economics and is framed by twin prisms of partnership and education. a partnership diplomacy following established structural constraints, including those of China-Arab States Cooperation Forum and/or the Forum on China-Africa Cooperation. Confucius Institutes, also serving as Mandarin schools, has increased in the continent, exporting a Chinese cultural model which, unlike the West, does benefit of the common path of developing countries and of the absence of a colonial past.[23]

In conclusion, the China's influence in North Africa and in the whole African continent is key to the nation's economic and political ambitions. Economically, the country seeks foreign support for its surplus of goods and manpower, while the contracting countries ensure China's needs in raw materials, cheap labour forces, and energy supply. Politically, China's place in a new world order could be guaranteed by lasting economic partnerships, which China is counterbalancing through its support to African countries at the UN General Assembly thanks to its large population. This has for example been observed when the UN wanted to vote a resolution to end violence in Ethiopia's Tigray, which has been vetoed by Russia and China.[24]

20 Xinhua (2018). "China and another two Arab countries sign MOUs on the Belt and Road Initiative," Belt and Road Portal.

21 Fiddler, C., (2021). "The 3 Pillars of Chinese Foreign Policy: The State, the Party, the People", The Diplomat

22 Nantulya, P. (2019). "Chinese Hard Power Supports Its Growing Strategic Interests in Africa", Africa Center for Strategic Studies.

23 Li, S. (2021). "China's Confucius Institute in Africa: a Different Story?", International Journal of Comparative Education and Development. Emerald Publishing Limited.

24 Lederer, E.M. (2021). "Diplomats: UN fails to approve call to end Tigray violence", APNews.

China Foreign Policy Norms: Exclusivity and Bilateralism

Since the early 1990s, the China's approach to foreign policy shifted due to the wave of economic liberalization. The country's economic boom has since led China to play an ever-growing role on the international scene as both different from and a participant in traditional apparatuses of Western power, such as the United Nations. The foreign affairs decision-making process is split in two branches in China: Ministry of Foreign Affairs and the Central Foreign Affairs Commission with the latter being more powerful as it is closer to the Chinese Communist Party.[25] Beyond these, a multitude of smaller yet important offices fill out tasks both domestically and internationally, including for example the United Front Work Department which is focused on the Chinese diaspora across the world.[26]

The United States and the EU remain two of China's most important bilateral relationships as "China is now the EU's second-biggest trading partner behind the United States and the EU is China's biggest trading partner."[27] Still, coordination on core issues such as climate change as described on page 16 remains pivotal, and issues including the increasing presence of the US in the Pacific have not promoted collaboration between both countries.

Nonetheless, the COVID-19 pandemic marked a shift for the China towards more assertive diplomacy, in-line with President Xi Jinping's desire to strengthen China position within the world order. This so-called "wolf warrior diplomacy" approach can be characterized by an increasingly confrontational and assertive foreign policy from Chinese diplomats and a commitment to countering efforts on foreign criticism of China, particularly from US sources.[28] The name stems from a popular Chinese TV show and began after "a counsellor at the Chinese embassy in Pakistan, began to hit back against the US government on Twitter."[29]

This manner of conducting a more assertive foreign policy and diplomacy is likely to stay for the near future as the 14th Chinese 5-year plan also seems to be pushing for more self-reliance and independence. Furthermore, China is entering in the next few years a key moment in domestic politics as it seeks to fill and renew some high-ranking positions. The Chinese Presidency will be changed or renewed in 2023 based on the National People's Congress decision which can lead to status quo shifts as previously described since the 1970s and Deng Xiaoping's foreign policy approach. During this time, it will try to show a strong and united front in order to minimize outside attacks during this transitionary period. Beyond this, the COVID-19 pandemic has not helped to loosen the rigid and inflexible approach that China has taken on in recent years as the country aimed to show its resilience capabilities to the world. It keeps demonstrating its assertive power both domestically and internationally.

Adopted in early March 2021, the 14th Chinese 5-year plan lays out China's development goals and direction for the coming years. In contrast to its previous plans, it incorporates much less concrete economic

25 Fiddler, C., (2021). "The 3 Pillars of Chinese Foreign Policy: The State, the Party, the People", The Diplomat

26 Fiddler, C., (2021). "The 3 Pillars of Chinese Foreign Policy: The State, the Party, the People", The Diplomat

27 European Commission, (2021). "Countries and Regions: China", European Commission

28 Kawashima S., (2021). "China's Foreign Policy: Inflexibility Rules", The Diplomat

29 Westcott B. and Jiang S., (2020). "China is embracing a new brand of foreign policy. Here's what wolf warrior diplomacy means", CNN Online

growth targets but instead focusses on cutting “as quickly as possible the reliance on foreign technology and dependence on imported resources, and to double down on existing plans for industrial modernization and technological innovation.”[30] Indeed, the China is aiming for a higher resilience and therefore more independence from foreign powers especially in the resources and technology sector while at the same time increasing the attractiveness of the country to foreign investments.[31] The growing importance of self-reliance for China and its desire to focus its economy on reducing imports will in the long run impact the world’s economy as well as highlight the direction the China wants to take regarding international relations.

From a foreign policy standpoint, the 14th Chinese 5-year plan shows a nation’s foreign policy that seeks equal treatment from the ‘traditional powers’ on the global stage with “the aim of Chinese foreign policy being to help secure and legitimize one-party rule in China”[32]. China’s diplomatic approach and foreign policy will only gain importance as the nation expands its influence across the world – facilitated by a swift COVID-19 recovery – while behind the curtains aiming for a certain level of hegemony. This ever-growing presence on the international stage could impact the status-quo which has traditionally favored the US and the EU with the latter especially needing to develop its resilience in foreign affairs.

Looking back at China’s overall foreign policy strategy in North Africa, a clear lack of transparency on all levels can be observed. Indeed, China has remained incredibly evasive when it comes to offering details and specifics on deals, projects or partnerships it has in the region. Most deals are done behind closed doors, with little information reaching the wider public which also by extension limits the information available to researchers. The snippets of information available are published by local media sources, Chinese news sources or are available on the implementing agencies websites are usually outdated, with very few up to date information available. Going into more details, the projects which are announced through media outlets are only rarely followed up on meaning that the development, implementation and operating phases are also very opaque. This opacity also limits the information regarding the status of a project as it is not uncommon for some of these to fall through after their announcement.

This overall lack of transparency regarding the Chinese approach in North Africa is characteristic of their modus operandi and has helped China maintain a competitive edge over some of its competitors. The upcoming part of this research will focus on a country-by-country analysis of the Chinese influence in the region. As previously mentioned, Egypt, Algeria, Tunisia, Morocco, Sudan and Libya will be analyzed in depth in order to offer an insight into the individual country’s specificities which are pivotal for the overall understanding of China’s role and influence in the region.

30 Grünberg N. and Brussee V., (2021). “China’s 14th Five-Year Plan – strengthening the domestic base to become a superpower”, Mercator Institute for China Studies (MERICS)

31 Wang Z., (2021). “Select translations of the 14th FYP (2021-2025) and Objectives through 2035 - Part I”, Pekinology

32 Fiddler, C., (2021). “The 3 Pillars of Chinese Foreign Policy: The State, the Party, the People”, The Diplomat

Egypt

Egypt— home to a population soaring over 100 million, diversified economy, shared border with Gaza and Israel, and the Suez Canal —is arguably the most important partner for the European Union on regional policy.

Throughout the political turbulence of the early 2010s, European policy has been caught between the desire for stability on the one hand and a commitment to human rights on the other. After the 2013 coup that returned the Egyptian military to power coalesced around Al-Sisi, the EU has continued to pursue its stability-first policy with Egypt, signing new deals on trade building on the 2004 EU-Egypt Free Trade agreement. Today, the EU is Egypt's biggest trading partner with a total trade in goods amounting to 24.5 billion Euros in 2020, with the 6.4 billion euros of imports to the EU mainly coming in the form of fuel and mining products, agriculture and raw materials, and textiles.[33] Alongside the United States, the countries in the EU are very active within security and military assistance to Egypt; the French, for example, with Macron directly stating that they will not condition French arms sales on human rights improvements due to the importance of Egypt as a counterterrorism partner.[34] Generally, however, human rights continue to be a key dividing issue that puts EU policy in Egypt between a rock and a hard place.

This core tension has created fertile grounds for Chinese engagement in Egypt, who do not condition their activities based on human rights. Indeed, the persistent stability of the Egyptian regime and absolute eradication of the seeds of change sowed during the Arab Spring has made Egypt an enticing ally for the Chinese foreign policy establishment. China views Egypt as a lynchpin for its regional strategy and engagements in the Eastern Mediterranean, with particular emphasis placed on the importance of the Suez Canal. Chinese shipping containers comprise 10 per cent of annual trade through the Suez Canal, and the trade conduit is the route for 60 per cent of all Chinese goods shipped to Europe.[35]

Continued stability of the trade corridor and warm relations with Cairo remain important for Chinese aspirations in the region and, indeed, the success of the maritime Belt and Road. Egypt signed onto the Belt-and-Road Initiative in 2014 when they signed the Comprehensive Strategic Partnership with

33 European Commission Directorate-General for Trade (2021). Egypt - Trade - European Commission, https://ec.europa.eu/trade/policy/countries-and-regions/countries/egypt/index_en.htm.

34 Irish, John (2020). "Alongside Sisi, Macron Says France Will Sell Arms to Egypt Irrespective of Rights." Reuters, Thomson Reuters, 7 Dec. https://www.reuters.com/article/us-france-egypt-idUSKBN28H0BG.

35 Daly, John C. K (2021). "Suez Closure Brightens the Future of China's New Silk Road." Jamestown, 8 June, https://jamestown.org/program/suez-closure-brightens-the-future-of-chinas-new-silk-road/.

China.[36] Beijing was the first international visit by President Al-Sisi outside of the MENA region, signaling Egyptian desire to develop the relationship. Since that initial visit in 2014, President Al-Sisi has visited six times and signed over 25 bilateral agreements.[37]

In March 2020, the Egyptian Ministry of Health visited Beijing as a symbolic act of solidarity in battling COVID-19; relatedly, Egypt has become one of the biggest vaccine producers in the Middle East and Africa and, through a deal with Sinovac, plans to produce 1 billion doses of the Sinovac COVID-19 vaccine next year with plans to export to Africa and MENA. While follow-through on the deal so far has been scarce, the centralized nature of governance in Egypt and the nation's role as the most populous country in North Africa is likely to make the African nation a destination of choice for Chinese trade economies to come. The Chinese-Egyptian relationship appears to be quite robust, and there are long-term aligned strategic imperatives where both have clear economic and security interests in regional stability and foreign investment. Beyond the Suez Canal and relevance for global trade, Egypt has a relatively diversified economy with a particular reliance on manufacturing, agriculture, and tourism, although the COVID-19 pandemic has continued to hinder its macroeconomic improvement and gains made over the previous years. By sheer amount of capital, the UK and the UAE are the biggest foreign investors in Egypt in the past years, totaling 4.8 billion and 1.6 billion US Dollars respectively in 2019 – 20 across a variety of sectors; however, China is Egypt's largest source of imports, leading to a significant trade deficit with Beijing resting at around 11 billion US Dollars trade deficit with Beijing.[38]

One of the most significant Chinese involvements in Egypt come in the form of megaprojects, of which China has been a key player that has outperformed American and European firms on bids in recent years. One of the best examples of this is the new administrative capital being built as the newest political and commercial up for the country. China is one of the biggest players in constructing the new capital, and the China State Construction Engineering Corporation (CSCEC) is building or has built some of the most important sections of the project such as the Iconic Tower. The New Administrative Capital is one of the flagship projects within the broader Egypt Vision 2030, an ambitious national agenda for development released in 2016. In addition to the New Administrative Capital, the Suez Canal Economic Zone is also one of the country's most active areas for investments for both Chinese and European firms.[39]

Some EU firms have had significant success in progressing relationships on large-scale megaprojects, such as a January 2021 Memorandum of Understanding (MoU) between the German engineering company Siemens and the Egyptian government to construct a 23 billion US Dollars high-speed electric train and a contract between the Belgian

36 Mu, Xuequan (2019). "China, Egypt Sign Agreement to Boost Egyptian Technical Education." Xinhua, http://www.xinhuanet.com/english/2019-07/23/c_138248793.htm.

37 Mohamed El Dahshan (2021). "Egyptian Exceptionalism in a Chinese-Led World." Chatham House – International Affairs Think Tank, 7 July, https://www.chathamhouse.org/2021/02/egyptian-exceptionalism-chinese-led-world.

38 Business Today. (2021) "Egypt's Biggest Foreign Investors Are Britain and the UAE during 2019-2020." Business Today, 8 Feb., https://www.businesstodayegypt.com/Article/1/249/Egypt%E2%80%99s-biggest-foreign-investors-are-Britain-and-the-UAE-during.

39 Mathews, Sean. (2021) "The Competition for Egypt: China, the West, and Megaprojects." Business and Economy News | Al Jazeera, Al Jazeera, 19 Mar., https://www.aljazeera.com/news/2021/3/15/the-competition-for-egypt-china-the-west-and-mega-projects.

firm Besix and an Egyptian company to build the new Grand Egyptian Museum in Giza.
Russian firms have met with some success, including ongoing work by Rosatom on a Nuclear Power plant in El Dabaa. Many megaprojects – notably those in the Suez Canal – which rely on international investment – are welcomed with successful bids from European firms, whereas while Chinese firms have a presence, their projects are not necessarily met with the same level of enthusiastic international investment. Europe would be very well-served to critically examine further energy integration with Egypt, as common commitment to a shared energy ecosystem— including energy corridors to Greece via Cyprus —would better integrate Egypt into the European sphere of economic influence.

Despite the economic investment, overall military coordination between Egypt and China is minimal. While there have been several joint naval exercises, military coordination remains minimal when compared with the United States, Europe, and Russia from whom Egypt purchases the majority of its military equipment.[40] For Egyptian policy elites, the collaboration with China is a positive one and primarily driven by economics— they describe their engagement in a language of opportunity and possibility, whereas with Europeans and Americans they are faced with a language of hypocrisy and critique given human rights abuses.

The Egyptian foreign policy establishment seeks to balance a wide variety of relationships, among them China— indeed, as the second biggest Arab economy, they are well-aware of their negotiating power with Chinese economic interests. Egypt has massive financing needs, and the Chinese are offering— and, critically, it doesn't come with the conditionalities demanded by the US congress of EU parliament. They prioritize the relationship with China, recognizing that China cares about protecting sovereignty and doesn't have further ulterior motives.

Beyond megaprojects, technology is one of the key places where Chinese, European, and American firms vie for control of the Egyptian market. Egypt has placed technology as a key component of its development strategy, outlined in the Egypt ICT 2030 Strategy. To meet the sustainable objectives within the Egypt Vision 2030 document, the ICT 2030 strategy comprises three dimensions focused on economic development, transparency and efficiency of governmental institutions, and energy. It also lays out explicit objectives including the development of ICT infrastructure, fostering digital inclusion, achieving the transition to a knowledge-based economy, building capacities, and encouraging innovation, fighting corruption, ensuring cybersecurity, and promoting Egypt's regional and international position. The ICT 2030 plan comprises part of a larger Digital Egypt Strategy, which is comprised of two pillars: human capital development and digital transformation. On the former, the Egyptian government has launched human capital development initiatives, including full scholarships and creation of hubs for excellence in digital education as well as upskilling scholarship program to help Egyptian youth find jobs in the digital economy. In pursuit of digital transformation, the strategy document explicitly outlines that digitization initiatives are currently under way for key government

40 Ahram Online. (2021) "Egypt, China Naval Forces Carry out Joint Military Drills off Egypt's Mediterranean - Politics - Egypt." 21 Aug., https://english.ahram.org.eg/NewsContent/1/64/344171/Egypt/Politics-/Egypt,-China-naval-forces-carry-out-joint-military.aspx.

service such as notarization, renewing driving licenses, and utility and electricity bills.[41] European interests would be well-served in strengthening engagement with the technology and IT sectors of Egypt. Most major international tech companies have offices in Egypt, including Google, Microsoft, and Huawei. In September 2021, Tatweer Misr[42] signed an agreement with Huawei to provide technological support to deliver "internet of things" (IoT) to smart cities, totaling an investment of 57 billion Egyptian pounds.[43] Huawei Egypt has a strong presence in the country, and since 2019 has been running the ICT Talent Bank (ICTTB) program that has established 70 academies at Egyptian public and private universities that feed into the Digital Egypt Builders Initiative (DEBI) in cooperation with the Ministry of Communications and Information Technology.[44] Samsung is the smartphone market leader with 25.2 per cent market share in 2020, followed by Chinese companies Oppo and Xiaomi.[45] The IT and 5G space is an important place of engagement for Huawei and, according to experts opinions[46], there are no other companies as well-positioned to offer what China is offering to the Egyptians within the space.

Egyptian policymakers have bristled at being simply described as the "gateway" to Africa. Indeed, Egypt with Al-Sisi at the helm increasingly sees itself as an empowered regional actor, taking a much more proactive regional role. The Egyptian government has been engaging militarily and economically on key regional issues as diverse as the war in Libya and water confrontation with Ethiopia.[47] European engagement with Egypt on regional issues is, therefore, increasingly important and it is critical to link Egyptian policy to other regional priorities, recognizing the economic and military capital that EU countries hold in the Republic.[48]

The Egyptian-US relationship is very strong, and Egypt is one of the largest recipients of US foreign assistance with a total delivery of 50 billion US Dollars in military and 30 billion US Dollars in economic assistance since 1978.[49] However, recent turbulence has contributed to increased conditionalities on US foreign assistance, most recently with the US State Department delaying the delivery in September 2021 of 130 million US Dollars in military aid to Egypt due to

41 Ministry of Communications and Information Technology, (2013). ICT Strategy 2013-2017. https://mcit.gov.eg/en/ICT_Strategy.

42 An industry-leading Egyptian real-estate developer.

43 Bedeir, Abdullah (2021). "Egypt's Tatweer Misr Inks Deal with Huawei to Launch Fully Connected Smart Cities." ZAWYA MENA Edition, ZAWYA, 29 Sept., https://www.zawya.com/mena/en/business/story/Egypts_Tatweer_Misr_inks_deal_with_Huawei_to_launch_fully_connected_smart_cities-SNG_247563484/.

44 Daily News Egypt (2021). "Huawei Unlocks Future of Digital Transformation in Egypt," 26 September. https://dailynewsegypt.com/2021/09/26/huawei-unlocks-future-of-digital-transformation-in-egypt/.

45 IDC (2021). "Egypt Smartphone Market Records Healthy Growth despite COVID-19." IDC, https://www.idc.com/getdoc.jsp?containerId=prMETA47564421#:~:text=Samsung%20was%20Egypt's%20smartphone%20market,place%20and%20Xiaomi%20in%20third.

46 Please see further in this document for citations.

47 Pulidura, Andrea (2021). "Egypt Re-Emerges as a Regional Power in the Middle East." Atalayar, 23 June, https://atalayar.com/en/content/egypt-re-emerges-regional-power-middle-east.

48 Halawa, Hafsa. (2021) "Burning Ambition: Egypt's Return to Regional Leadership and How Europe Should Respond." ECFR, 11 Oct., https://ecfr.eu/publication/burning-ambition-egypts-return-to-regional-leadership-and-how-europe-should-respond/.

49 US Department of State. (2021). "U.S. Relations with Egypt - United States Department of State." 24 May 2021, https://www.state.gov/u-s-relations-with-egypt/.

human rights concerns.[50] Despite campaign promises to be harder on Egypt, Biden has remained close to Egypt, welcoming Al-Sisi to Washington in May 2021 and relying heavily on Cairo to help mediate the recent Gaza conflict.[51] There is little sign that the norm within American foreign relations with Egypt—prioritizing stability and partnership, and only lightly pressuring on human rights concerns –is set to change. It is, however, a status quo kind of relationship with little American leverage to drastically deepen their relationship in new or innovative ways. With that said, however, Egyptian elites remain concerned about debt traps and the damaging impact of Chinese finance on specific strategic sectors. They are very aware of other situations of extreme debt and loss of sovereignty through Chinese investments in critical infrastructure, such as recent cases in Nairobi, Kinshasa, and Sri Lanka.[52] This gets back to something deep within the Egyptian collective memory, who have had a traumatic relationship with "debt" being used to violate Egyptian sovereignty in the 20th century (notably during the Suez Crisis of 1956).

This leads to popular support among Egyptian elites to seek financing for construction, but also less trust to engage in sectors critical to national security such as the Suez or nuclear energy sector. The current Chinese and Egyptian "marriage of convenience" is more of an extension of Egyptian opportunism seeking to balance a range of relationships and hedge its bets in international relations, rather than a deep ideological similarity. This provides an opening for EU countries to engage more strategically and offer tangible economic incentives for deeper engagement.

50 Pamuk, Humeyra. (2021) "U.S. to Hold $130 Mln of Egypt's Military Aid over Human Rights -State Dept." Reuters, Thomson Reuters, 15 Sept., https://www.reuters.com/world/middle-east/us-hold-130m-egypts-military-aid-over-human-rights-sources-2021-09-14/.

51 Person. (2021) "Biden and Sisi Discuss De-Escalation in Palestinian Territories." Reuters, Thomson Reuters, 20 May, https://www.reuters.com/world/middle-east/sisi-biden-discuss-de-escalation-palestinian-territories-presidency-2021-05-20/.

52 Samaranayake, Nilanthi. (2021). "Chinese Belt and Road Investment Isn't All Bad-or Good." Foreign Policy, Foreign Policy, 2 Mar., https://foreignpolicy.com/2021/03/02/sri-lanka-china-bri-investment-debt-trap/.

Algeria

Algeria is one of the main partners of both China and the EU in North Africa. China has so far taken advantage of opportunity to build a relationship with Algeria and gain access to its natural resources and largely untapped market.

A shift towards China has already taken place in Algeria as bilateral relations have experienced "exponential growth." Diplomatically, during the late 1990s and the 2000s, Algeria and the EU signed the Barcelona Process and the Union for the Mediterranean which brought new hopes but engendered only limited concrete success. Even if the EU wants to deepen its relationship to Algeria, it is likely that Algeria would shy away from these advances. Given a vicious colonial history, Algeria has always felt like a second-rate partner to the EU and is therefore looking towards China.

Beyond these diplomatic links, economic relations are at the core of Algeria's relationship to both China and the EU. In fact, the overall economic relations between Algeria and China are good and have especially developed since the early 2000s with the liberalization of both countries and was increased further with the introduction of the Belt and Road Initiative. In fact, "China has entered the African market thanks to its ability to meet the urgent needs of these countries and, to some extent, because of its capacity to contribute to GDP growth"[53] while on the other hand of the bargain, China is looking to import raw materials. This has led to a drastic increase of Algeria-China trade with namely a fourteen times increase from 2003 to 2012 – of nearly 800 million US Dollars[54]. Still, the balance of trade has constantly highlighted a growing trade deficit for the North African country, something which can hint towards an Algerian dependence towards China, at least from a commercial angle[55].

As previously mentioned, hydrocarbon products are the main exports for Algeria, especially crude oil and petroleum and total a staggering 99.2 per cent of exports to China[56]. Phosphate also is an important export to China, with the most recent contract being awarded to China for a plant in Tebessa. In contrast, 91 per cent of imports to China were machinery and transportation equipment, and around 5 per cent were chemical products, meaning 96 per cent of Chinese imports in Algeria[57]. These 91 per cent also include the automobile industry for which Algeria has become the first market outside of China for Chinese vehicles in 2009, and many Chinese auto groups including FAW, Shaanxi Automobile Group, DFM, Higer and

53 Pairault, T., (2015), "China's economic presence in Algeria", halshs-01116295, HAL Archives

54 ibid

55 ibid

56 ibid

57 ibid

JMC are present in the country. Nowadays, other markets such as the Middle East and Latin America play a larger role in automobile imports for China, but Algeria remains a large customer.

China is involved in many large-scale infrastructure projects in the country and in fact, "in the 2000s, Algeria frequently appealed to Chinese contractors to implement the Program of Support for Economic Revival"[58]. China stepped in actively when "Western contractors were fleeing the insecurity and the poor business climate."[59] Finally, regarding FDI, "Algeria is the third-largest recipient of Chinese FDI with 2.5 billion US Dollars, coming behind only South Africa (6.5 billion US Dollars) and the Democratic Republic of Congo (3.5 billion US Dollars), and ahead of Nigeria, Zambia and Zimbabwe"[60].

Looking back at the last two decades of increased economic relations between both countries, the partnership has been financially successful based on the high level of FDI received from China in Algeria and the desire for China to constantly expand this collaboration. It recognizes Algeria's individual strategic importance as well as its economic potential. China wants to develop this long-standing relationship into its pillar in the region.

Regarding the EU, a large part of the economic relationship is centered around France, as it still holds a certain privileged relation with the country. It has almost completed the creation of a free trade area in September 2020, and Algeria represents 0.7 per cent of the total trade in goods of the EU for 2020 and totaled almost 25 billion Euros[61]. The EU remained the number one trading partner for Algeria in 2019 with around 47 per cent of total trade volume[62]. The import and export products for the EU are very similar to the Chinese ones with a domination by hydrocarbons, and Algeria also receives EU funding and support through the European Neighborhood policy. Looking towards the future, the EU also has plans for a large-scale drug and pharmaceutical manufacturing hub to be created in Algeria, boosting relations and the country's economic output. Algeria's difficult economic situation is also important to highlight. Algeria's economy is highly dependent on the sale of hydrocarbons and similarly to many countries that are single good exporters, it is struggling to diversify its economy. Since the drop of oil prices in 2014 and the recent COVID-19 pandemic, only exporting hydrocarbons and the reduction of travelling due to ongoing pandemic centered restrictions has severely impacted the Algerian economy. The country's economy seems to be paralyzed in this difficult situation partially due to the lack of effective and concrete policy measures which would promote the diversification of the economy, leaving the nation stuck in a downward spiral. Bouteflika's long stint at the presidency did not bring about many innovations with the country focusing instead on its hydrocarbon specialty and a protectionist approach to the economy. The increased gas prices of 2021 will help to inject some money back into the economy, but most other sectors and the job market will struggle to recover. Due to this, the country will only increasingly rely on external financing, paving the way for more potential Chinese investments.

With Tebboune as President since 2019, there has been a stronger desire to boost

58 ibid

59 ibid

60 Oxford Business Group, (2021), "Partnership between Algeria and China accelerates economic growth and infrastructure expansion", Oxford Business Group

61 European Commission, (2021), "Trade: Algeria", European Commission

62 ibid

the economy. Still, after the lack of change brought by an economic reform plan announced in 2020, the government announced another economic reform on the 30 August 2021 mainly targeted towards the improvement of the economy, active foreign policy, and security. Concretely the plan aims at expanding and modernizing the economy through an increased use of technologies. For example, it wants to modernize the banking system, increase the competitiveness of public firms, optimize agriculture, and to develop the pharmaceutical sector, among others. The plan has been criticized so far as it lacks any kind of targets or numbers and simply shows the trend and direction that the government wants to push the economy towards, once again leaving the economy without a concrete plan and keeping track on its downwards spiral. Furthermore, and potentially due to the COVID-19 pandemic, FDI has dropped by 19 per cent in 2020. This lack of direction from the government has greatly impacted the manufacturing sector with the automobile and electronic/tech sector behind hit hard as well as construction. Even with the unlocking of 12.5 billion US Dollars to boost the economy and potential for 12 billion US Dollars more, firms have been failing across the country.

The new plan does bring a certain amount of hope for the Algerian economy, but it is mainly carried by an increase in the oil barrel price[63].

Algeria also has a 51/49 per cent rule limiting the maximal participation of a foreign partner in Algerian firms in order to maintain some form of control. This rule was only recently liberalized and only applies to the strategic sectors of the economy which are the ones that interest foreign investors. Even if the impact of this legislation is not fully grasped, it has most definitely served as an influential section guiding investment in the country for the last ten years.

As technology and development go hand in hand, understanding the role of technology firms in Algeria is pivotal for the EU. The telecommunications sector is an important and strategic field in an emerging country such as Algeria. In 2012, telecom imports from China accounted for 28 per cent of total telecom imports[64], a figure which has increased since. The biggest loser from this shift in market is France who has historically been the privileged partner of Algeria. In fact, "it ranked first in 2003, with a quarter of all Algerian imports of telecom equipment; in 2012 not only did its market share fall to less than 2 per cent, but the value of its sales dropped to one-tenth of its 2003 value"[65]. On the US' side, it used to sell less than China in the early 2000s and has now gained a similar market share of around one-third of the telecom market.

Telecom is not the only technology market present in the country with smartphone manufacturing also becoming an ever-expanding field, with a growing number of customers wanting to gain access to smartphones. The Chinese giant Hisense also has a production facility in the country, and Algeria wants to expand its tech manufacturing presence and aims to develop subcontracting roles. The previously mentioned rule of the 51/49 per cent also plays a role in reducing the investment in local tech companies as international firms prefer to set up a subsidiary in the country.

Chinese companies also have a massive footprint in the country, dominating smartphone sales with around 42 per cent of new smartphones sold in Algeria in June 2021 from

63 Zeidane, K., (2021), "Algérie: Un plan de "relance et renouveau économique" sans chiffres", Le 360 Afrique

64 Pairault, T., (2015), "China's economic presence in Algeria", halshs-01116295, HAL Archives

65 ibid

a Chinese company (Huawei, Oppo, Lenovo, Wiko, Xiaomi) with the American giant Apple representing less than 5 per cent of sales[66]. Beyond the consumer good sales, Huawei is for example "set to help Algeria build e-government by digitizing a large volume of official documents of various ministries"[67]. This would be a major success for China and Huawei both politically and economically. The Chinese firm currently employs 500 staff in Algeria, 100 of them being Chinese nationals, who are all working on expansion projects from tech infrastructure to e-commerce and e-banking in the country, while also considering implementing a smartphone assembly plant in the country[68]. It works with multiple ministries to offer training and has tight links with" the country's three mobile operators, as well as the government landline and internet operator"[69].

From this perspective, European and American competitors seem to be lagging far behind China, but this apparent success of Chinese tech firms has not been scandal-free. In 2019, Huawei was accused of colluding with the Algerian government in its efforts to spy on political opponents[70], an accusation rejected by the company. It is not the only scandal that Huawei has faced as in 2012, along with its fellow Chinese firm ZTE, it was "banned from tendering for public telecom contracts for two years in the North African country of Algeria, after a bribery scandal involving executives from both companies erupted this week"[71]. In fact, "an Algerian court this week found two ZTE employees and a Huawei staffer guilty of delivering 10 million US Dollars in bribes to a former executive of state-owned Algeria Telecom, Mohamed Bukhari, between 2003 and 2006"[72]. These scandals have only reinforced the tumultuous public imagine of Huawei and Chinese tech firms in general who are rumored to be tightly linked to the PRC government but have nonetheless not restricted its potential a few years down the line.

Even with recent investments and infrastructure projects in Algeria integrated into China, the country still lags behind the EU in terms of soft power. The EU, especially through France, still dominates the soft power in the country with EU countries having the highest influence in terms of culture, sport, language, music, cars etc. [73]. Even if the Franco-Algerian relation has been tumultuous since the start of the country's decolonization process, France still holds influence in the country while China has not developed much soft power in the region.

China and the EU are not the only significant actors in the region, as Russia and the US also play a key role. Russia and Algeria are currently in discussions to establish optimized collaboration formats, especially in the security and energy sector through bilateral talks at the Algeria-Russia Joint Economic Commission. On the US side, both parties have maintained a good working relationship in the post-Cold War era and have even collaborated on counterterrorism initiatives.

66 Statista, (2021), "Market share of mobile device vendors in Algeria from June 2018 to January 2021", Statista
67 Xinhua, (2018), "China's Huawei set to help build e-government for Algeria", China Daily
68 ibid
69 Middle East Monitor, (2019), "Huawei denies spying on Algeria opposition for government", Middle East Monitor
70 ibid
71 Saarinen J., (2012), "Huawei, ZTE banned from Algeria", IT News Australia
72 ibid
73 Interview Tin Hinane El Khadi, November 2021

Tunisia

Tunisia and the EU member states enjoy an intimate relationship founded on common economic interest and geographical proximity, with a significant array of partnerships spanning across a variety of sectors from manufacturing over energy and security to infrastructure.

Overall, while China has made only small inroads economically and militarily in the country, the ongoing fiscal and political crisis is forcing Tunisia to look for external sources of financing and legitimacy that could create a window of opportunity for Beijing to deepen the relationship. The EU should pay close attention to the ongoing political strife and backsliding of democratic institutions in Tunisia, as continued instability holds damaging implications for European security, migration, and trade.

Strategically located between Egypt and Libya and just off the southern coast of Italy, Tunisia is an important NATO partner and coordinates with the EU and United States on issues related to counterterrorism and migration. The specter of Islamist violence is a constant preoccupation on the minds of European policy makers, a fear consistently reinforced through high-profile mass attacks such as the 2015 Bardo Museum and Sousse resorts attack that killed more than sixty people, or the lone-wolf attack in October 2020 by Brahim Aouissaoui that killed three people in Nice.[74] Relatedly, the EU—and particularly the southern member states, led by Italy –has held a consistent position that the stability of Tunisia is important to regulating the flow of migrants headed to European shores, particularly as concerns swelled in the 2010s in the wake of the collapse of regional states and increase in refugee rates.[75]

These concerns have only been exacerbated as the macroeconomic situation in Tunisia has gotten more dire— and is still deteriorating. Due to COVID-19 and the near-total collapse of the tourism sector, Tunisia saw their economy contract by 8.8 per cent in 2020.[76] Almost a quarter of all formal firms were temporarily or permanently closed by the end of 2020, which contributed to a rise in national unemployment to 17.4 per cent at the end of 2020.[77] This is only one part of the picture, however, as youth unemployment is closer to 40 per cent.[78]

74 Tunisia: Extremism and Terrorism. (2021) Counter Extremism Project, https://www.counterextremism.com/countries/tunisia.

75 Cafiero, Giorgio. (2021) "Why Italy Is Concerned about a Prolonged Political Crisis in Tunisia." The New Arab, 9 August. https://english.alaraby.co.uk/analysis/why-italy-concerned-about-tunisias-political-crisis.

76 World Bank Group. (2021) "Tunisia's Economic Update - April 2021." World Bank, World Bank Group, 2 Apr, https://www.worldbank.org/en/country/tunisia/publication/economic-update-april-2021.

77 Ibid.

78 Sabga, Patricia. (2021). "An Economic Recipe for Unrest Ignites in Tunisia." Financial Markets News | Al Jazeera, Al Jazeera, 26 July, https://www.aljazeera.com/economy/2021/7/26/an-economic-recipe-for-unrest-ignites-in-tunisia.

The Tunisian public sector represented the primary government expenditure in 2020, amounting to a total of $5.6 billion and comprising about 70 per cent of the annual budget. At the same time, Government debt reached 88 per cent of GDP at the second quarter of 2020, compared with 72 per cent the previous year.[79] Overall, Tunisians are deeply pessimistic about the economic future of the country with just 7 per cent rating the economy as good or very good in 2019 before the COVID-19-related economic hit.[80] There is an absolute need for an international bailout from the IMF or a donor country, but negotiations have been inconclusive and the Tunisian government has started searching for other sources of financing, including from Saudi Arabia and the United Arab Emirates.[81] While experts agree that a bailout from China is unlikely at this point, as they prefer to not get directly involved in Tunisian politics, continued instability and economic crisis empowers authoritarian elements which, with time, creates more fertile ground for Chinese involvement and limits European influence.[82]

The EU is far ahead of other foreign investors within the economy, and is responsible for 85 per cent of FDI in the country.[83] Most of this investment is in the manufacturing sector, with a minor focus on energy.[84] Additionally, the EU is Tunisia's largest trade partner, totaling 17.4 billion Euros, with 70.9 per cent of Tunisia's exports being sent to EU countries.[85] This strong economic relationship gives the EU significant potential leverage in Tunisia, a reality that is especially true for France, Italy, and Germany who comprise the lion share of economic activity. Compared with the EU, Chinese investment is negligible; among Asian investors, Japan currently ranks ahead of China as the third largest investor in the country.[86] Chinese investments are heavily limited to the ICT, infrastructure, and oil sectors with limited broader investments in manufacturing or service industries which form the backbone of the Tunisian economy, and imports from China only comprised about 1.4 billion US Dollars in 2018, or 4.08 per cent of all Tunisian imports.[87]

In 2015, China and Tunisia signed a strategic framework to launch a free-trade zone in Tunisia that would help China better-access the European market given the existing EU-Tunisia free trade agreement, but

79 World Bank Group. (2021) "Tunisia's Economic Update - April 2021." World Bank, World Bank Group, 2 Apr, https://www.worldbank.org/en/country/tunisia/publication/economic-update-april-2021.

80 Tunisians are deeply frustrated by economic conditions in their country. Just 7 percent rate the economy as good or very good, which is twenty points lower than in the months after the 2011 revolution and seven points lower than in 2016

81 Rfi. (2021). "Tunisia in Bailout Talks with Gulf Powerhouses: Central Banker." RFI, 18 Oct., https://www.rfi.fr/en/business-and-tech/20211018-tunisia-in-bailout-talks-with-gulf-powerhouses-central-banker.

82 Interview with Anna Jacobs, November 2021

83 European Commission Directorate-General for Trade. (2021) Tunisia - Trade - European Commission, https://ec.europa.eu/trade/policy/countries-and-regions/countries/tunisia/.

84 Shehadi, Sebastian, et al. (2021). "The State of Play: FDI in Tunisia." Investment Monitor, 29 Oct., https://www.investmentmonitor.ai/tunisia/the-state-of-play-fdi-in-tunisia.

85 European Commission Directorate-General for Trade. (2021) Tunisia - Trade - European Commission, https://ec.europa.eu/trade/policy/countries-and-regions/countries/tunisia/.

86 All Africa (2021) Tunisia: Japan Has Become 3rd Investor in Tunisia with Investment Volume of around USD 2.5 Billion." AllAfrica.com, 2 Nov., https://allafrica.com/stories/202111020328.html.

87 Zoubir, Yahia (2020). "Tunisia and China: An Evolution of Relations" Chatham House – International Affairs Think Tank, 1 Oct., https://www.chathamhouse.org/2020/02/expanding-sino-maghreb-relations/4-tunisia-and-china-evolution-relations.

the project has not progressed substantively in the six years since.[88] While the advancement of a free-trade zone would be an important step-forward in the Sino-Tunisian relationship, one of the biggest potential areas for expanded Chinese engagement in Tunisia would also be in the area of deep-water ports. The Tunisian Ministry of Transportation has consistently sought to hasten development of new deep-water ports in Enfidha and Radès over the past few years, but to no avail as the promised funding has not materialized.[89] Similarly, China has expressed interest in developing the Bizerte port due to its proximity to Europe, which serves as a dual-use function since the port is also an important hub for fiber optic submarine network cables across the Mediterranean. While China seemingly favored Tunisia and made promises of economic engagement in these areas, it seems unlikely that they will materialize in the immediate future as the Chinese have prioritized the development of El Hamdania port in Algeria that holds similar strategic value. For Tunisian policy elites, however, receiving Chinese financing remains a consistent and significant priority particularly as other sources of foreign finance are being exhausted.

These ports form the crux of Chinese interest, and Tunisia— a signatory to the BRI, although only of secondary importance —has not enjoyed Chinese investments in the technology sector. Whereas other North African states have pushed heavily for developments in technology and courted Chinese firms like Huawei to lead the future of the economy, Tunisia remains highly dependent on the informal economy with an estimated 50 per cent of GDP being produced in the informal sector.[90]

Tunisia previously heralded the Digital Tunisia 2020 plan, but due to setbacks and a lack of implementation capacity, most of its targets have been rolled into the new National Strategy of Digital Transformation (2021-2025).[91] In order to support the implementation of the technology strategies, the World Bank had two projects in 2019 amounting to a combined total of 175 million US Dollars, promoting the growth of innovative start-ups and small and medium-sized businesses (SMEs).[92] The German development fund, GIZ, also has a flagship initiative to build a Digital Transformation Center, with the explicit objective of developing 50 strategic partnerships with European companies and supporting the development of capacity within the Tunisian ICT sector by 2023.[93] This is in explicit support of the Tunisian Startup Act, a component of the Digital Tunisia 2020 Plan, which the Parliament

88 Zoubir, Yahia (2021). "4Tunisia and China: An Evolution of Relations." Chatham House – International Affairs Think Tank, 1 Oct., https://www.chathamhouse.org/2020/02/expanding-sino-maghreb-relations/4-tunisia-and-china-evolution-relations.

89 Africa Intelligence (2021). "Tunisia : Despite US Help, Moez Chakchouk All at Sea over Ports of Enfidha and Radès." Africa Intelligence, Africa Intelligence, 18 June, https://www.africaintelligence.com/north-africa_business/2021/06/18/despite-us-help-moez-chakchouk-all-at-sea-over-ports-of-enfidha-and-rades,109674047-art.

90 Michalak, Laurence (2020). "Street Vendors in Tunisia: Encountering the Informal Economy." Elgar Online: The Online Content Platform for Edward Elgar Publishing, Edward Elgar Publishing, 18 Sept., https://www.elgaronline.com/view/edcoll/9781788972796/9781788972796.00020.xml.

91 Ministère Des Technologies De La Communication (2020) "Plan National Stratégique Tunisie Digitale 2020.", https://www.mtc.gov.tn/index.php?id=14.

92 World Bank Group (2019). "Tunisia Takes a Step Closer to a New Economy and Digital Transformation." World Bank, World Bank Group, 14 June, https://www.worldbank.org/en/news/press-release/2019/06/14/tunisia-takes-a-step-closer-to-a-new-economy-and-digital-transformation.

93 Giz (2021). "Digital Innovations Create Jobs and Support Transparent and Effective Public Administration." Startseite, 12 Dec, https://www.giz.de/en/worldwide/86916.html.

passed in 2018. The legislation sought to create an adequate legal and regulatory framework for entrepreneurial initiatives, particularly by opening up new streams to state-based funding, tax exemptions, and supporting internationalization by allowing entrepreneurs to set up a foreign currency account to procure materials and set up international branches.[94]

Despite these legislative efforts by the Tunisian government, the digital transformation has remained lackluster and behind hopes for Tunisian policymakers; few major international technology firms are active in Tunisia, and experts agree that the actual implementation of the strategy is unlikely in the foreseeable future.[95] While Tunisia is ranked moderately according to ease of doing business, placing in at 78th place globally according to the World Bank, it is has persistent challenges with getting loans and creating sustainable systems for technology to flourish at scale.[96] The education sector and knowledge exchange is fruitful, and Huawei has a training program where they select ten top ICT engineering students for higher education experiences in China through the Seeds of the Future initiative.[97] This remains an important area for potential involvement of the EU, as Tunisia has a strong growth potential within the technology sector given its proximity to Europe, high levels of education, and multilingual workforce.

Tunisia and the EU have longstanding diplomatic ties; indeed, Tunisia was the first partner in the EU's Southern Neighborhood to sign and implement an Association Agreement with the EU in July 1995, which entered into force in March 1998. The agreement established a Free Trade area and laid the groundwork for a multifaceted economic and diplomatic relationship with Tunisia.

Tunisia is also an important NATO partner, although the relationship has not progressed as quickly or as deeply as NATO leadership would like, most probably due to pressure from Algeria and a more prominent security role for France due to renewed North African security engagements post-2017.[98] High-level political visits, such as the recent visit from French Prime Minister Jean Castex in March 2021, demonstrates European commitment to improving the economic situation and security cooperation, although concrete committed funds have not been distributed in light of the current political crisis.[99]

Despite the economic interconnections and European concerns over long-term Tunisian stability, the EU has been adamant that the recent political crisis and restoration of democratic order in Tunisia is a key priority, with the European Parliament announcing in October 2021 that they remain deeply concerned about President Kais Saied's decision to suspend the parliament and

94 Sold, Katrin (2020). "The Tunisian Startup Act." Carnegie Endowment for International Peace, https://carnegieendowment.org/sada/76685.

95 Interview with Sarah Yerkes, January 2021

96 Inmuebles En Content Dam Doingbusiness Country a Armenia … https://www.metrocuadrado.com/inmuebles/content/dam/doingbusiness/country/a/armenia/arm.pdf/.

97 "Seeds for the Future - Homepage." Huawei, https://www.huawei.com/minisite/seeds-for-the-future/index.html.

98 IISS (2021) "Tunisia's Reluctant Partnership with NATO." IISS, https://www.iiss.org/blogs/analysis/2018/04/tunisia-reluctant-partnership-nato.

99 French PM's Two-Day Visit Aims to Help Tunisia amid Economic Crisis, https://www.msn.com/en-gb/money/watch/french-pms-two-day-visit-aims-to-help-tunisia-amid-economic-crisis/vp-AAKFaum.

backtrack of Tunisian democracy.[100] The warning from the European Parliament comes following similarly forceful language during debate in the American House of Representatives the same month.[101] Foreign assistance has been a key source of revenues for Tunisia, and recent political events are forcing a stark look in both Washington and European capitals about whether or not to condition foreign assistance on defending democratic institutions. Chinese diplomatic engagement with Tunisia has followed the cashflow. In January 2019, Tunisian media welcomed the news of an economic and technical cooperation agreement between the Tunisian government and the China International Development Cooperation Agency, an agreement which promised to expand cross-sector Chinese investment and development financing with a particular focus on the manufacturing sector.[102] However, the actual impacts of the agreement remain difficult to determine and overall Chinese diplomatic engagement remains minimal outside of the development space. The last meeting of heads of state was between Xi Jinping and former Prime Minister Youssef Chahed during the 2018 Summit of the Forum on China-Africa Cooperation in Beijing.[103]

Similar to China, Russian engagement with Tunisian government remains at a distance and relatively surface-level when compared with the Americans and Europeans, despite some deeper economic connections in the tourism industry.[104] There were closed door talks between the former Tunisian president Beji Caid Essebsi and the Russian Foreign Minister Sergey Lavrov, but no public high-level engagements since then.[105] Both Chinese and Russian vaccines played an important early role in the pandemic, sending vaccine deliveries to Tunis, although these health engagements did not lead to a significant improvement in perceptions of China and Russia respectively when compared with previous years.[106]

Notably, despite the lack of diplomatic engagement, China is the most favored world-power for Tunisians wanting improved economic relations, with 63 per cent support. At the same time, however, this level of support does not seem indicative of a uniquely Chinese relationship as many Tunisians simply want stronger relations across the board, with 51 per cent supporting improved ties with the UK and Russia while 45 per cent want better ties with the United States.[107] Notably, the low performance of the US in

100 Matthews, Sean (2021). "EU Lawmakers Call for Resumption of Parliament in Tunisia." Middle East Eye, 21 Oct. 2021, https://acquiaprod.middleeasteye.net/news/tunisia-eu-lawmakers-call-resumption-parliament-power-grab.

101 Ibid

102 Bessais, Raja (2019). "Deux Dons Chinois à La Tunisie D'une Valeur De 108 Millions De Dinars." Webmanagercenter, 28 Dec. https://www.webmanagercenter.com/2019/01/11/429645/deux-dons-chinois-a-la-tunisie-dune-valeur-de-108-millions-de-dinars/.

103 Xinhua (2018). "Xi Meets Tunisian Prime Minister." Xinhua, http://www.xinhuanet.com/english/2018-09/05/c_137447045.htm.

104 Russian Travel Digest (2019). "About 635 Thousand Russian Tourists Will Visit Tunisia in 2019." Russian Travel Digest, https://russtd.com/about-635-thousand-russian-tourists-will-visit-tunisia-in-2019.html.

105 TAAS (2021). "Tunisian President Having Closed-Door Meeting with Russian Foreign Minister." TASS, https://tass.com/politics/1041932 .

106 Tanchum, Michaël, et al (2021). "Across the Maghreb, Support for All Outside Actors, Including China and Russia, Remains Low." Middle East Institute, 9 Nov., https://www.mei.edu/publications/across-maghreb-support-all-outside-actors-including-china-and-russia-remains-low.

107 Country Reports on Terrorism (2019). U.S. Department of State. https://www.state.gov/wp-content/uploads/2020/06/Country-Reports-on-Terrorism-2019-2.pdf

perception surveys is continuing a trend of decline; since 2016, the part of the population wanting stronger ties with the United States has fallen collectively by 19 points whereas, in comparison, views towards Russia have remained consistent during this same period with a decrease of two points. [108]

Amidst all of this, one thing remains true: should Tunisia solidify its authoritarian drift, it benefits the Gulf and China at the cost of the European Union. The issue at hand is not merely stability, but it is now on Europe to help support the budding Tunisian democracy to be the example that proves the model in an era where democratic governance needs to be proven as valuable to Tunisia. Tunisia is the opposite of a system too big to fail. President Saied might enjoy popular support for his decision to suspend government in the short term, but his position remains weak as he is unable to deliver the economic improvements that his populist rhetoric promises. Cementing the roots of democracy begins with European support in tangible sectors, such as technology, education, economic reform, and financial assistance.

108 Country Reports on Terrorism (2019). U.S. Department of State. https://www.state.gov/wp-content/uploads/2020/06/Country-Reports-on-Terrorism-2019-2.pdf

Morocco

As one of the steadiest regimes in the region, Morocco has been delivering one of the main goals of the EU's Neighborhood Policy, namely stability.

Nonetheless, even if so far both parties have enjoyed a privileged relationship some sticking points remain such as, inter alia, the Western Sahara conflict, or human rights violations and limited democratic rights. This apparently stable relationship with the EU has not stopped China from developing strong relationship of its own with the North African country. In fact, on a diplomatic level, it is the non-interventionist approaches of both countries that have brought them closer slowly.

For China, the stability of Morocco helps seal its place as a default investment destination in North Africa. China has also taken on large infrastructure projects in the country such as the King Mohammed VI bridge for example. Beyond this, "between 2011 and 2015 Chinese FDI in Morocco increased with 195 per cent, with a 93 per cent increase between 2014 and 2015 alone" clearly highlighting the potential that China is seeing in Morocco's economy[109].

Even with some Chinese economic influence, the EU still holds its fair share of economic influence in the country. From Morocco's point of view, the EU remains the most important economic and trading partner. In fact, the EU accounted for "56 per cent of its goods trade in 2019. 64 per cent of Morocco's exports went to the EU, and 51 per cent of Morocco's imports came from the EU"[110]. With the total trade volume amounting to EUR 35.3 billion in 2020, Morocco is an important partner for the EU as it is the largest partner falling under the scope of its European Neighborhood Policy with 25 per cent of total EU trade in goods with the region[111]. There are also talks underway for the creation of a Deep and Comprehensive Free Trade Area with the EU.

Unlike its Algerian neighbor, the Moroccan economy is not merely oil-focused, as it branches into a much more diversified economic landscape. The EU exports to Morocco "were led by electrical machinery and transport equipment (4.7 billion Euros, 23.5 per cent), followed by chemicals (2.2 billion Euros, 10.8 per cent), fuel and petroleum products (1.9 billion Euros, 9.4 per cent), agro-food (2.2 billion Euros, 9.3 per cent), and textiles and clothing (1.4 billion Euros, 7.1 per cent)"[112].

On the side of technology, Morocco is planning to build the Tangier Tech City, a brand-new technology focused city whose goal

109 El Masaiti, A. (2017)," Chinese Investments in Africa Have 'Harmful Effects' on Countries' Economies, Human Rights: IMF", Morocco World News

110 European Commission, (2021), "Trade: Morocco", European Commission

111 ibid

112 ibid

is to provide around 100,000 jobs and projected to "attract investment from 200 multinational corporations"[113], many of them Chinese. For the EU, such projects are simply too expensive and risky to justify an investment, leaving it out of such large-scale projects.

Regarding FDI's, in 2016 "the PRC possessed 3 per cent of FDI stock compared to France's 20 per cent"[114]. Similarly, as in Algeria, China prefers to gain influence and capital through its companies implanting themselves in the country or through large scale infrastructure and development projects such as the Tangier Tech City.

Nonetheless, China remains a key partner as "the trade volume between the two countries reached 5.3 billion US Dollars in 2018 from 4 billion US Dollars in 2016"[115]. a majority of this trade volume comes from Moroccan imports from China, while "China's share in Morocco's total imports was 7.5 per cent in 2014, it was 10.4 per cent in 2019"[116]. Investments from China have also been on the rise with total investments reaching an increase of 195 per cent during the 2011-2016 period[117]. Multiple large-scale infrastructure projects have been undertaken by Chinese firms in the country which "include the signing of a 248 million US Dollars memorandum of understanding with China Exim Bank for the construction of a highway in 2011, hospital projects to be made in various regions of Morocco, and a 150 million Yuan loan agreement for 8 construction projects in the capital Rabat"[118]. More recently, in 2016 with the help of the Chinese giant Haite Group, Morocco-China International and BMCE Bank of Africa a 10 billion US Dollars deal to build a new economic center in the North of Morocco[119].

Technology plays an essential role for the future development of the country. The country wants to take advantage of its stability in a tumultuous region to advance and gain a competitive advantage in the sector. The tech revolution in Morocco was aided by three government plans aimed at developing the tech and ICT sector. It started in 2008 with the Numeric Morocco 2013 goal and has more recently evolved into Digital Morocco 2020. Led by the Moroccan Government's Digital Development Agency, the nation's goals are "reducing the urban-rural digital divide, achieving a shift from e-government to digital government, and promoting the digitization of business processes"[120]. The liberalized telecom market in the country is now dominated by three main players: Maroc Telecom (43 per cent), Orange Maroc (35 per cent) and Inwi (22 per cent) with the two first companies having large French shareholders, with the total market representing 44.73 million users in 2019[121]. Regarding the availability of technology in 2019, 80 per cent of Moroccans had a smartphone and two out of three people had access to internet (+9.32 per cent compared to 2018)[122]. There are also large-scale investments in the sector from the previously

113 Reuters, (2017), "Morocco signs preliminary financing agreement for $10 billion tech city", Reuters
114 Lafargue, F (2018)," The economic presence of China in the Maghreb: Ambitions and limits", Fondation pour la Recherche Strategique
115 ÇALIŞKAN, G. (2021)" China-Morocco Relations", Ankara Center for Crisis and Policy Studies
116 ÇALIŞKAN, G. (2021)" China-Morocco Relations", Ankara Center for Crisis and Policy Studies
117 ibid
118 Çaliskan, G. (2021)" China-Morocco Relations", Ankara Center for Crisis and Policy Studies
119 Reuters, (2017), "Morocco signs preliminary financing agreement for $10 billion tech city", Reuters
120 Oxford Business Group, (2021), "New technologies strengthen Morocco's ICT sector", Oxford Business Group
121 ibid
122 ibid

mentioned companies with "Orange Maroc [having] announced a 1.2 billion Moroccan Dirham per annum plan to upgrade 4G and optical fiber infrastructure" and "Maroc Telecom plans to invest 10 billion Moroccan Dirham in infrastructure in 2019-21, reaching 68 billion Moroccan Dirham in total investments and Inwi is seeking to develop 5G"[123].

There is also a growing focus on training and education through and on digitalization with and from which the country is hoping to develop a more skilled workforce, thereby contributing to its overall development.

E-government has also played a pivotal role in the Morocco's digitalization plan with port operations, international trade as 80 per cent of operations at the Ministry of Interior digitized in recent years[124]. This shift towards a more connected society has also impacted e-commerce which has been steadily growing in the country. While e-wallets were introduced in 2015, they remain only mildly popular due to the cash-based and driven nature of society[125]. The Moroccan central bank has also been exploring the possibility of a central bank digital currency and the increased use of blockchain[126].

Due to the good infrastructure, the stability and good business climate, tech companies - especially those with Chinese and French ties - have been able to thrive in the country as was demonstrated by contract allocation, investment, and smartphone sales (30 per cent stake in the market[127]). Nonetheless, considering the recent scandals Huawei has been involved in both in Algeria and across the globe, there is a certain worry about the company[128]. Furthermore, Morocco has been one of the closest US allies in the region and both countries have maintained good relations. Allegedly, the US has been pressuring Morocco to go a different route with its 5G network and not rely on Huawei's services[129]. This reflects how the company has already been banned in multiple countries including the US, who has actively lobbied for the reduction of use of Huawei by its allies. This situation highlights once again the pivotal nature of the MENA region for the future of geopolitics and the diverse interests clashing in the region.

Overall, in the tech sector the country is on a good track, highlighted by the World Bank's "Doing Business 2020" report which placed it 53rd out of 190 countries up seven places from 2019[130]. It needs to pursue its investments in infrastructure and training which will only strengthen its position in the market and attract foreign firms and investment as has been the case with many companies and especially banks opening their back-office department, IT, and banking support in the country.

The presence of these European, American, and Chinese actors in Morocco does impact and influence their perception in the country. Regarding the EU, the outlook is positive but not without issues. It is a large receiver of European aid, and the country benefits a certain level of political and economic cooperation. In the past, Morocco has always played its part in supporting the EU's democratic discourse and Moroccan

123 ibid
124 ibid
125 ibid
126 Catania, C. (2021), " Morocco Can Become the Leader Africa Needs on Tech Policy, Digitization", Morocco World News
127 StatCounter, (2021), "Mobile Vendor Market Share Morocco", StatCounter
128 Rhrissi L., (2019), "Affaire Huawei, résonance marocaine à une guerre technologique mondiale", TelQuel
129 Lyes, S. (2019), "Les Etats-Unis exercent des pressions sur le Maroc pour écarter Huawei de la 5G", TSA
130 Oxford Business Group, (2021), "New technologies strengthen Morocco's ICT sector", Oxford Business Group

leadership had a positive stance towards the EU, which then trickled down onto the population, media, and culture. Nowadays, the state discourse has slightly changed but this shift has not reached the population yet, which explains a currently relatively positive view of the EU[131]. Both parties still maintain good relation but some issues such as the Western Sahara conflict, human rights violation and illegal immigration have strained the relationship on both sides.
Regarding China, the country has little to no soft power in Morocco and does not seem to show signs of a desire to increase this type of influence. Still, China and Morocco have a positive relationship and signed a strategic partnership agreement while on the diplomatic scene Morocco backed China on the Hong Kong issue by voting for the Hong Kong national security law at the United Nations. Furthermore, Morocco has also been a large recipient of Chinese made Sinovac vaccines and has now opened a manufacturing plant in the country to produce doses.
Finally, the United States has been a long-term partner of Morocco and the relationship was strengthened under the Trump Administration due to the recognition by the US of the Western Sahara claim, which was done as a counter part to the normalization of relations between Morocco and Israel. Biden's potential reversal of this may impact the bilateral relations even if nothing has been confirmed yet. Due to the ongoing arms race between Morocco and Algeria, the US has also been selling a certain number of arms to the North African country. When seeking to gauge Moroccan perceptions of the EU, China and the US, current numbers seem to highlight the aforementioned trends. 57 per cent of Moroccans have a positive image of the EU and 76 per cent think that their country has good relations with the EU[132] while for China, only 52 per cent of the population view China favorably[133] and 28 per cent view the US favorably[134]. This data seems to be on par as well with the soft power initiative and presence in Morocco. Indeed, the EU - mainly through France and Spain - has the biggest influence in the region, mainly for historic reasons but also due to the former pro-European state discourse in Morocco. In part motivated by certain disillusions from the EU, this was contrasted in recent years by a slight decrease in EU soft power throughout the country, surprisingly favoring the Gulf monarchies and Turkey, but not China[135]. This means that the EU should be worried about losing influence, to some extent, even if the Moroccan economy is deeply tied to the EU. This influence is so far not being lost to China at least but more in favor of the Gulf monarchies and Turkey which have gained traction in the region and are more likely to influence domestic and foreign policy of Morocco before China does.

131 Irene Fernandez Molina Interview, November 2021
132 EU Neighbours, (2021), "Opinion Poll 2020 - Morocco", EU Neighbours
133 O'Connor, T, (2021), "China 'Delighted to See' It Tops U.S. in Popularity in Arab Countries Poll", Arab Barometer
134 ibid
135 Irene Fernandez Molina Interview, November 2021

Sudan

China's perennial relations with Sudan's different parliamentary and military governments trace back to 1959.

During Nimairi's rule over Sudan, China benefitted of certain privileges. In the midst of the Cold War, the Sino-Soviet split impacted both countries' foreign relations. While the USSR was supporting the 1971 coup against Nimairi, the PRC was supportive of the Islamic leader and helped him to re-establish himself as the power figure in the Sudanese political landscape. Therefore, China supplied Sudan with military equipment and armed forces trainings. Moreover, Sudan received soft loans and technical expertise to enhance its development process.

In the 1990s, China's presence in Sudan took a new turn; even if China was involved in Sudan, its interest remained moderate, this has however changed through oil cooperation and energy exchanges between both countries. Oil cooperation became increasingly important for China in a period during which Sudan was internationally isolated. The 1989 coup brought by the National Islamic Front gave birth to Sudan's support to Saddam Hussein's regime in Iraq, unequivocally leading to negative perceptions worldwide including by Middle Eastern countries, especially after the assassination attempt towards the Egyptian President Mubarak in 1995. Simultaneously, the government of Sudan's attacks on the Southern Sudan People's Liberation Army were decried by Western powers, most notably the US and the EU. In 1993, Sudan was put on the US list of State sponsors of terrorism, which remained until 2020 an obstacle to the normalization of foreign financial relations, e.g., as international banks did not connect to the country anymore and private businesses were reluctant to invest.

This isolation weighed on Sudan's finances. The situation gave birth to US sanctions in 1997 and the EU's suspension of development aid, replaced by flows of humanitarian assistance. As a consequence, Al-Bashir's government therefore asked China for assistance in the oil sector development, and the Chinese National Petroleum Company established itself in Sudan while the Canadian Talisman was forced to withdraw after NGOs' pressure[136]. Reflecting this rapprochement, China currently represents Sudan's first export partner and its second import partner after the UAE[137].

While traditional imports are restrained to metals, transportation goods, machinery and equipment, manufactured goods or textiles, a new trend is being observed in terms of mechanical and electronic goods. This wind of change adds Sudan to an ever-increasing market for China's technical goods. In this light, China places itself as the

136 Kobrin, S. (2004), "Oil and Politics: Talisman Energy and Sudan", New York University journal of international law and politics, Vol.36(2-3), p.425-56.

137 World Integrated Trade Solution (2018), "Sudan: Trade", World Integrated Trade Solution.

ideal partner for large-scale investments; the Khartoum airport was renovated thanks to the Chinese Export-Import Bank five-year loan, reaching 700 million US Dollars[138]. In September 2020, the PRC's Ambassador Ma Xinmin expressed China's willingness to further cooperation in the development of Sudan's transportation infrastructure[139]. Sudan's dominant trading partner intends to build a holistic and comprehensive collaboration in investing in the mining sector. In that regard, October 2020 has been marked by the signature of a concession agreement on exploration and production between Wanbao Sahara Mining Co., Ltd. and the Ministry of Energy and Mining of Sudan. It demonstrates both parties' strong ties in the mining sector, in which China is active since the 1970s[140].

In the agricultural sector, Seeni 1, a new cotton variety developed by the New Epoch Agricultural Development Company based in Shandong reached 10,000 hectares and resulted in the creation of 30,000 jobs and improved the life conditions of rural people[141]. Since China's involvement during Sudan's isolation period, the Sudanese perceived China in a positive light. Nevertheless, things are likely to make a U-turn, Sudanese start feeling the PRC's exploitation and discreet involvement in domestic affairs. Chinese companies benefitted of an absence of foreign competition due to international sanctions on Sudan to play as free riders. Fu Hong Construction Roads and Bridges Enterprises has been reported for corruption to the now-deposed al-Bashir and to the members of the former regime.

Since the implementation of its first overseas naval supply port in Djibouti, the China's foothold is likely to grow[142]. Additionally, its 30,000 state-owned enterprises located outside mainland China increase the China's influence worldwide, even when it comes to handling conflictual situations[143]. As an example, the longstanding tense situation between Sudan and South Sudan became overwhelmingly complicated early 2010. Chinese companies therefore conducted non-combatant evacuation operations (NEOs) jointly with the South Sudan People's Liberation Army[144]. However, the best way for China to guarantee the security of its nationals and assets abroad is to rely on host-nations – provided security. In that regard, there is a necessity to increase the host-nation's capacity to counter threats through economic incentives, arms trade, and armed forces trainings. About a decade ago, China infringed the arms embargo on Sudan put in place for the various human rights violations caused in Darfur. a report of the UN Panel of Experts was then blocked by the PRC which refused to cooperate in the investigation concerning arms and ammunitions' exportations to armed groups in Darfur[145].

Aside from military cooperation, the framework of the Forum on China-Africa Cooperation (FOCAC) offers opportunities to meet,

138 Reuters (2013), "China grants Sudan $700 mln loan to build new Khartoum airport", Reuters.

139 Xinmin, M. (2021), "Ambassador Ma Xinmin Publishes Article Titled Seize the Historic Opportunity of BRI for Common Development of China and Sudan on Sudanese Voice & Brown Land", Ministry of Foreign Affairs of the People's Republic of China.

140 Ibid.

141 Xinmin, M. (2021), "China and Sudan should promote cooperation to new height: Ambassador", Global Times.

142 European Parliament (2019), China's growing role as a security actor in Africa", European Parliament.

143 Heath, T. (2018), "China's Pursuit of Overseas Security", RAND Corporation.

144 Ibid.

145 Lynch, C. (2021), "China's method for blocking sanctions regimes", Foreign Policy.

conclude trade agreements and reaffirm their willingness to cooperate[146]. The first fifteen years of FOCAC's ministerial conferences focused on South-South cooperation and on non-interference while China provided financial support to the AU Peace and Security Architecture and to support the launch of the UNAMID peacekeeping mission, whose objective was to safeguard Chinese oil interests in Darfur. This shuttle diplomacy has slightly changed in 2017 when "Africa's solutions to Africa" became "the China solution", which is likely to entangle the responsiveness of the African countries to the EU's governance and development assistance. The PRC followed on this with the creation of the 2018 FOCAC Action Plan providing cooperation around peace, law, and order and the sending of its first helicopter unit to Darfur[147].

For purposes of comparison, trade between China and Sudan reached 2.55 billion US Dollars in 2019 while France's trade with Sudan only reached 123.6 million Euros. The majority of the French companies present in Sudan are the transportation and logistics company Bolloré, the agro-industry firm Nutriset or the hydrocarbons extraction firm Sagemines[148]. If many European companies are willing to invest in Sudan after the US sanctions have been lifted in June 2018, the European banks remain cautious due to the unstable situation in which Sudan has been engulfed in for several decades. The EU mainly focuses on areas of political support to stability- and peacebuilding in a post-conflict approach to reconstruction and sustainability. Although unable to acquire the funds released by the Cotonou Agreement and allocated by the European Development Fund, Sudan has received 160 billion Euros between 2016 and 2019 under the EU Emergency Trust Fund for Africa. Social protection has also been the subject of a 35 million Euros funding plan which aims at addressing health and education issues[149].

Even if the increase in the number of Chinese UN peacekeepers and financial assistance remain low comparing to EU's funding streams to Africa and Sudan, their normative differences seem to bring preferential treatment for China's strategy to keep eyes outside of domestic politics. Considering this threat to democracy and security, the European Chamber of Commerce in Sudan has been implemented as a non-profit run by EU members organization to enhance European-Sudanese trade and investments. This new strategy however risks falling on deaf ears and find its way to the increasing Chinese investments in Sudan.

Three years since President al-Bashir's ousting, Sudan is entrenched in poverty with an inflation reaching 300 per cent, a sharp economic depression and shortages in healthcare products, electricity, or fuel[150]. The political transition's interim Sovereignty Council, chaired jointly by the Sudanese Armed Forces (SAF) and the civilian council of ministers, is constantly facing fractious political distrust and disagreements[151]. Amid political tensions, the Council of Transitional Period Partners has been created to ease the transition process while recalibrating each authorities' attributions. The transition to a civilian chair of the Transitional Legislative

146 Devermont, J. (2020), "China's Strategic Aims in Africa", Center for Strategic and International Studies.

147 Heath, T. (2018), "China's Pursuit of Overseas Security", RAND Corporation.

148 France Diplomatie (2021), "Soudan: Relations bilatérales", France Diplomatie.

149 European Commission (2021), "International Partnerships: Sudan", European Commission.

150 Marsden, R. (2021), "Unlocking the economy strengthens Sudan's transition", Chatham House.

151 Sayigh, Y. (2021), "Sudan's Military Companies Go Civilian: How the Recent Divestment Agreement Can Succeed", Carnegie Middle East Center.

Council was originally planned for February 2022. Two structures have been battling for influence; the SAF, headed by Burhan and the Rapid Support Forces (RSF) commanded by the so-called Hemedti, the Vice-President of the Transitional Sovereign Council. In the transitory constitution, it was prohibited for government officials to engage in private business activities[152]. However, as the military had somehow been forced to accept these civilians in this false transition, they relied on the civilians to handle the economic crisis while the military intended to run its own private affairs.

The day-to-day management has therefore been blamed on the civilians because they started cleaning up the security apparatus owned companies and redirecting the state towards a fully civilian rule. This became problematic in the judicial and economic apparatus and the army ejected the civilian government. On the one hand, the RSF's troops, who earn money through their ownership over 250 companies, are supported by Saudi Arabia and the United Arab Emirates have been hired for 2 billion US Dollars to engage alongside their partnering armies in Libya and Yemen[153]. At the same time, Hemedti's militia is involved in the trade of gold, controlling a lucrative gold mine in Darfur[154]. Sudan, as the third world's largest producer of gold, approximately 70 per cent of these resources are suspected to be smuggled abroad, of which 30 million US Dollars to Dubai[155]. In 2020, the government announced building a partnership with al-Junaid, a private company owned by Hemedti's family[156]. On the other hand, the SAF owns since 1993 the Defense Industries Corporation, bringing together 200 companies, and trades with China and Russia in terms of arms imports. The SAF is backed by China and Iran for technical assistance through the public company China North Industries Corporation (Norinco)[157] and the state-runed Iranian Defense Industries Organization (DIO)[158]. Moreover, military companies are involved in the trade of Arabic gum, leather, livestock, and most of the country's imports. The military divestment faces the obvious opposition of both the SAF and RSF, which proposed to partner with banks and the private sector through "Smart Partnerships"[159].

The US called for enhanced civilian involvement and control. US economic assistance has been renewed when Sudan has been withdrawn from the list of the States sponsoring terrorism. However, in November 2020, the normalization of military-owned companies was followed by the ease of the tensions between Israel and Sudan and the visit of an Israeli delegation to the Defense Industries System[160]. China's role in providing Sudan with small arms and light weapons does not stop here; in February 2021,

152 Abdelaziz, K., Georgy, M., El Dahan, M. (2019), "Exclusive: Sudan militia leader grew rich by selling gold", Reuters.
153 Sayigh, Y. (2021), "Sudan's Military Companies Go Civilian: How the Recent Divestment Agreement Can Succeed", Carnegie Middle East Center.
154 Collins, T. (2019), "Sudan's gold: Hemedti's untold power", African Business.
155 Darfur 24 (2020), Al-Junaid Gold Mining company produces 150 kgs of Gold per day", Darfur 24.
156 Amer, J. (2020), "Sudan govt takes control of Darfur's Jebel Amer gold mines", Dabanga.
157 Hartung, W. (2008), "Daedly Traffic: China's Arms Trade with the Sudan", New America Foundation.
158 Conflict Armament Research (2012), The Distribution of Iranian Ammunition in Africa", Conflict Armament Research.
159 Sudan Jem (2020), "Le Lieutant-Général Yasser al-Atta refuse de démanteler les institutions d'investissements prospères de l'armée", Sudan Jem.
160 Sayigh, Y. (2021), "Sudan's Military Companies Go Civilian: How the Recent Divestment Agreement Can Succeed", Carnegie Middle East Center.

Sudanese patrol vessels had been equipped with Norinco CS/AN2 30mm gun mount[161]. In the meantime, what the recipients do with the money which they have been granted with depends on the characteristics of the government. However, given the lack of transparency and the fact that the military is dominant over the civilian rule in Sudan, the EUs development aid funding streams might be used in military expenditures. As well the aid provided by coordinated market economies between Sudan and China through the BRI notably might be increasing the armament expenditures of Sudan.

Aggravated by the COVID-19 pandemic, the Sudan economy, already in a major recession for three years, is clearing its arrears thanks to a new World Bank financing of 2 billion US Dollars[162]. This helping hand comes with the reengagement of Sudan with the International Development Association (IDA) after almost three decades of embargoes and sanctions. This is to hope that this new funding stream will help Sudan in its economic and political reform processes. Recent demonstrations against the constantly increasing living costs and the deteriorating living conditions have surged in Sudan. The IMF requires more space for social spending "including the removal of fuel subsidies, unification and liberalization of the exchange rate and an increase in electricity tariffs"[163]. The fuel subsidies feed smuggling and are digging a large hole on the budget. Therefore, there is a need to print money, which feeds inflation back.

Sudan's external debt amounts 50 billion US Dollars but could be subject to a debt relief in the framework of the Highly Indebted Poor Countries Initiative. The latest Investment Policy Reviews traces back to 2015 and no initiative has been undergone by Sudan since al-Bashir ousting, principally due to the unstable political atmosphere provided by the transitory government and the military coup that followed. Regarding to IMF's recommendations, Sudan's "authorities have yet to put together a fully coherent and viable plan that enjoys broad public support and can plausibly attract adequate donor financing"[164]. The unstable political sphere although seems unable to provide any economic reform at the time being. However, foreign investments especially in the tech industry might constitute a fertile ground for further economic incentives. In that regard, the Egyptian company Alsoug invested 5 million US Dollars into Sudan's digital and technology sector in mid-October 2021[165]. This initiative would have constituted good auspices if the civilian authorities had managed to counter the military elites' corruption before the coup.

In recent years, technological exchange has modernized the cooperation between Sudan and China. Chinese provision of vaccines, expertise and medical assistance are increasing throughout the African continent. The PRC's activities in Sudan are constantly expanding and cooperation is expected to continue growing. In that regard, in June 2021, an article has been published by the Ambassador Ma Xinmin on the opportunities offered by the BRI for common development of China and Sudan. He stresses areas of further and enhanced collaboration between the two countries around health cooperation, connectivity

161 Mazumdar, M. (2021), "China supports Sudanese patrol boat upgrade", Shephard.

162 Dalton, D. (2021), "Why the EU should pay attention to Africa's tech sector", EurActiv.

163 Marsden, R. (2021), "Unlocking the economy strengthens Sudan's transition", Chatham House.

164 U.S. Department of State (2021), "2020 Investment Climate Statements: Sudan", U.S. Department of State.

165 Africa on the Rise (2021), "Alsoug raises $5m in first Foreign Tech Investment into Sudan since lifting of International Sanctions", Africa on the Rise.

through infrastructure and finance, green development through agricultural technical and financial equipment provided by China. Following Africa Intelligence's article, Huawei is highly interested by the Sudanese market and apparently engaged in discussions with Sudatel in September 2021 for the deployment of antennas and mobile networks. As Sudan was hit by US sanctions until 2020, the embargo stopped companies such as Huawei investing in Sudan. Nonetheless, the US Department of Justice requested the extradition of Huawei's CFO Meng Wanzhou, the CEO's daughter, in 2019. It has released documents alleging that Huawei operated a de facto unit called DirectPoint in A5, Sudan's code name. The same process was used in Huawei's Canicula subsidiary in Syria, coded as A7. In the same way, Huawei already dodged US sanctions on Iran by detaining Skycom, a subsidiary company in the country, which allowed Iran to acquire American goods, technologies, and services. Meng was accused to have misled various investment banks to pursue their business with Huawei despite the risk of sanctions violations[166]. Among the witnesses are unnamed officials of HSBC Holdings, Standard Chartered or BNP Paribas. In September 2021, a deferred prosecution agreement has however been reached with the US Department of Justice. Regarding Meng's extradition to the US approved by Canada in March 2019, efforts have been withdrawn and the Canadians call for the end of her detention[167].

Due to the embargo impacting trade with and investments in Sudan, the EU and its Western counterparts have very little involvement with the country. However, the UE should probably shift more attention to Africa's tech sector. Actually, there are two companies that are able to compete with Huawei, which are Sweden's Ericsson and Finland's Nokia. Huawei's curbed expansion in Europe is therefore an opportunity for new players to enter the game with rules extended to the sole European borders. The tech sector in Africa is expected to boom. The limitless potential of the continent makes it likely to rapidly launch its digital transformation. Although the lack of funding streams in the tech industries limits its growth. The demand in digital services, from remote access services to online banking, increased the number of tech start-ups in which the European Union should focus on through its Europe-Africa Partnership to gather lessons and cooperation opportunities[168].

166 Doffman, Z. (2019), "New U.S. Allegations Make Huawei's 'Life Or Death Crisis' Much Worse", Forbes.
167 Warburton, M. (2021), "Key events in Huawei CFO Meng Wanzhou's extradition case", Reuters.
168 Dalton, D. (2021), "Why the EU should pay attention to Africa's tech sector", EurActiv.

Libya

The PRC is the second trade partner of Libya, after Italy and before Spain, France, and the UAE. Approximately 85 per cent of Libya's exports concern raw materials, predominantly petroleum crude oils as the country remains the oil-richest territory of the African continent.

Natural gas as well as gold remain among the most exported products, especially with respect to the GreenStream Pipeline linking Italy and Libya. Concerning the imports, China is still one of Libya's main exporters and position itself as the third importer of Libyan goods, right after Turkey and the UAE, and closely followed by Italy[169]. What can be observed is that crude oil is the main good exported of Libya and petroleum oil, excluding crude, is by far the largest import of Libya. That is to underline the necessity to increase the presence of petroleum refineries in the country. In that regard, in October 2021, the National Oil Corporation (NOC) launched a project of oil refinery and cooking gas plant in Ubari. The refinery would produce 1.3 million liters of gasoline, 1 million liters of diesel, 600,000 litters of kerosene on a daily basis[170].

China National Petroleum Corporation discussed with a delegation of NOC to discuss Chinese investments in the oil and gas sectors. The NOC chairman Sanalla expressed its willingness to cooperate with one of the "highest qualified companies in our industry". It is expected from this collaboration to increase the oil revenues and to create opportunities for reconstruction and development under the production of 300 – 400,000 barrels a day. The NOC delegation also visited CNPC subsidiaries which were operational in Libya before the civil wars such as the Great Wall Drilling Company (GWDC), China Petroleum Technology & Development Corporation (CPTDC), BGP, China Petroleum Engineering & Construction Corporation (CPECC)[171]. Therefore, the 2019 levels of barrels production have been found back, reaching 1.2 million barrels daily.

US firms in oil and gas have also benefitted Libya in exploring and developing its resources since the first drilling of Esso in 1957. Since then, Chevron, ExxonMobil, Hess Corporation, ConocoPhillips, or Occidental Petroleum play a key role in the oil and gas sector in the country. This American involvement marked itself in the framework of the recent agreement following the Libya Energy and Economic Summit of 2021. The agreement concerns the promotion of US-Libyan energy and related businesses between the Libyan Energy Capital and Power and the American Chamber of Commerce in Libya. Aside from the country's positive growth

169 World Integrated Trade Solution (2018), "Libya: Trade", World Integrated Trade Solution.
170 Xinhua (2021), "Libya launches new oil refinery, gas plant project", China.org.
171 Zaptia, S. (2019), "Libya and China discuss oil cooperation in Libya", Libya Herald.

guaranteed by the lifting of the oil blockade and receipts from hydrocarbon exports, the abolishment of the foreign exchange tax narrowed the gap between official and parallel economy[172].

Libya's economic recovery should although be reinforced by economic and institutional reforms that can be outsourced from the Decembers' elections as the country is still in need of infrastructure investments and technical progress assistance.

In April 2021, Qimin Wing, the Chinese ambassador in Libya discussed with the chairman of the Libyan Post Telecommunication and Information Technology Holding Company (LPTIC) to improve and develop the telecommunications and technology sectors through the creation of a suitable environment for investments. Both parties are willing to cooperate in development, training and knowledge transfer in the Libyan Academy of Communications and Technology, in which Telecom Egypt should also take part[173]. In that regard, Egypt and Libya signed two MoUs for enhanced cooperation and for the rebuilding of the information infrastructure, for which Libya will be provided with Egyptian cables[174].

Another MoU signed with the Information Technology Institute of Egypt's Ministry of Communications and Information Technology is to improve the youth's technical skills[175]. The 2021-2023 strategy of the LPTIC is to develop the sector and improve investments. China's companies are seen as key-partners to help the sector growing[176]. Adel Ehmedat, the director of the General Authority for Communications in Libya intends to develop phone networks, mobile and fixes-line billing systems, technical support of training and provision of spare parts for communication stations[177]. For those improvements, Libya is relying on Huawei and the Zhongxing Telecommunication Equipment Company (ZTE). In that regard, Huawei implemented the first phase of 4G internet service in 2018. Chinese companies have been saluted by Ehmedat because they stayed in Libya while most of Western companies left the territory during the unstable period following Gaddafi's withdrawal, letting down their electricity, water, and housing projects[178]. Before turning to Chinese solution, LPTIC asked support to US companies who agreed on the fact that political stability coupled with technological advances should benefit the country's economy[179]. The US engagement however remains cautious and requires a long-term revenue management including the Libyan Central Bank's approval of credential letters that Libyan importers need to pay to foreign investors[180].

In comparison with its counterparts who used their military muscles and poured mercenaries in Libya, China's "wait and see" diplomacy is based on strategic neutrality, which explains that the relations between both countries are becoming steadily intertwined.

The resource-rich Libya is key for China's advancing pawns in North Africa. In 2011

172 World Bank (2021), "Libya: Overview", World Bank.

173 Juman (2021), "A fiber factory, the establishment of an academy, and a partnership in digital transformation… the most prominent agreements between Egypt and Libya in communications and information technology", Middle East in 24.

174 Alaa El-Din, M. (2021), "Egypt, Libya discuss enhanced cooperation in ICT, postal services", Daily News Egypt.

175 Ibid.

176 The Tripoli Post (2021), "Libya: Chinese Communications Companies are Strategic Partners", The Tripoli Post.

177 Xinhua (2018), "Chinese companies' strategic partners in Libya's telecom sector: official", Xinhua.

178 Ibid.

179 Commsupdate (2021), "Libya state telecoms sector seeks cooperation with US tech firms", Commsupdate.

180 Middle East Monitor (2020), "US companies to reconstruct Libya's infrastructure and economy", Middle East Monitor.

already, the PRC stepped behind the scenes in choosing to abstain concerning the UN Security Council resolution to authorize NATO airstrikes against the Libyan regime. Before the Arab Spring, China owned 75 companies, accounting for 19 billion US Dollars[181]. Among them, oil companies such as Sinopec, CNPC or the China National Offshore Oil Corporation (CNOOC) planned to expand their activities in the country. When the revolution erupted and turned into a civil war in 2014, Chinese firms' projects had been frozen and Sino-Libyan trade encountered a sharp degradation.

The non-interference position of China was put into test when the country split in two governance centers, between Tripoli runed by the GNU and Tobruk controlled by the LNA. Therefore, China entered in cordial relations with the GNU. Officially, between 2016 and 2020, the GNU and Chinese officials met nine times with a noteworthy mid-2018 participation of the GNU Minister of Foreign Affairs to the eighth FOCAC ministerial conference[182]. This was considered as the tipping point of the renewal of bilateral relations, especially through the signature of a MoU aiming to coordinate the delivery of the BRI. This MoU was surrounded by discussions on infrastructure building and on the development of the telecommunication sector[183]. This partnership mainly relies on the fact that the GNU has control of the Libyan Central Bank. The following year, China's investments in Libya reached US$ 6,21 billion, mainly marked by the rebound of Libya's oil industry[184]. However, economic commitments have also been made between the PRC and the LNA, especially around a deep-water port, a commercial airport, and a railway[185]. This two-sides approach concluded on both sides assess of China's hedgy position.

On the European side, what is making a lot of noise is the MoU between Italy and Libya, which aims at reinforcing the borders' resilience by fighting against illegal migration, human trafficking, and fuel smuggling. The Libyan Coast Guards have been empowered through the MoU's amendments which provide them with funding from the Italian Parliament. Many consider the MoU as unlawful towards Italy's human rights obligations[186]. Although being more a political symbol, the MoU as well as the European approach to manage the flows of migrants remain inconsistent and short-term solutions. The accent has been put on reducing irregular migration on the short-term while no common and coordinated policy for a sustainable border management has been undertaken. In that regard, instead of attempting to co-opt militias, the EU should undergo relevant policies aiming at providing the Libyan central authorities with tools and checks and balances. The way things are handled currently are empowering the already-too-powerful local actors and delegitimizing the GNU instead of addressing migration issues on an equal footing.

The EU has been struggling to provide Libya with any coherent policy and action. The diplomatic void should have been filled to reach de-escalation in 2019 instead of letting the vacuum being filled by proxy warfare. Fortunately, under the UN special

181 Cafiero, G. (2020), "The Geopolitics of China's Libya Foreign Policy", China Mediterranean.
182 Alkoutami, S. (2020), "China's Balancing Act in Libya", Lawfare.
183 Cafiero, G. (2020), "The Geopolitics of China's Libya Foreign Policy", China Mediterranean.
184 Alkoutami, S. (2020), "China's Balancing Act in Libya", Lawfare.
185 Cafiero, G. (2020), "The Geopolitics of China's Libya Foreign Policy", China Mediterranean.
186 UpRights (2021), "UpRights Issues Position Paper On Human Rights Implications Of Memorandum Of Understanding Between Italy And Libya", UpRights.

representative for Libya's request, the Berlin process has been held twice since January 2020. It gathered all the parties willing to move out from this entrenched situation in using diplomacy. Nevertheless, partisans of the General al-Haftar camp were absent such as Egypt or the UAE. On the GNU side, Turkey provided support to the Tripoli-based authorities through an agreement involving a maritime deal aiming at demarcating maritime boundaries and exclusive economic zones in the Eastern Mediterranean. The shock wave hit Europe, which decreased the EU's credibility due to a rapprochement between Italy, Greece and the LNA in response. However, the ceasefire decided in Berlin in January 2020 legitimated the European's capacity to provide neutral and peaceful solutions in the transitory period before the elections. The EU's strategy is now focused on stability over partisanship, that is to move Libya out of the ongoing duality between the GNU and the LNA[187]. Internal dissensions must be addressed inside of the EU context so that the Union could provide a sustainable a stable approach to the Libyan crisis. This must not only be made in a political manner but also in investing largely into technologies and infrastructure developments.

This inconsistence of the EU member states' approach might seem untrustworthy for Libyan political and economic partners, especially when they mostly rely on regional, American, and Chinese involvement for foreign investments. On this subject, in 2019, Wang Yi, the Chinese Minister of Foreign Affairs describe the relations between China and Libya as a "traditional friendship", respecting each other's interests as developing countries[188]. According to the Libyan opinions, their repeated calls for the return of Chinese businesses prove this well-established relationship as well as mutual trust as China's role in Covid-19 vaccines provision.

The PRC's consideration to reopen an embassy in Libya is warmly welcomed by the GNU[189]. From the street point of view, following the Atlantic Council research, 60 per cent of the Libyans were very favorable or somewhat favorable to China's presence in the country[190]. Aside from China, following Arab Barometer's study, 27 per cent express a favorable opinion on Turkey and 26 per cent on Russia[191]. Concerning the US presence, President Trump's travel ban on Libya since 2017 is partly responsible for being only viewed positively by 14 per cent of Libyans.

A liquidity crisis also threatened the economy, dropped the dinar's value and increased prices nationwide. The former Gaddafi rule was based on nationalism and authoritarianism, which let little space left for technological innovation and investments. The current in office GNU expressed in March 2021 its desire to attract foreign investments and the willingness to open-up the Libyan state. However, the security instability caused by the presence of militias, terrorist groups, foreign mercenaries

187 Megerisi, T. (2020), "How to repair Europe's credibility in Libya", European Council on Foreign Relations.

188 Embassy of the People's Republic of China in the Republic of North Macedonia (2019), "Wang Yi: Carry Forward Traditional Friendship and Break New Ground for China-Africa Cooperation", Embassy of the People's Republic of China in the Republic of North Macedonia.

189 Assad, A. (2021), "China considering reopening embassy in Libyan capital", The Libya Observer.

190 Greer, L. & Sim, L-C. (2021), What does the Arab Street think of China and Russia? The answers may surprise you", Atlantic Council.

191 Arab Barometer (2021), "Fact Sheet: Libya's Pulse during the COVID-19 pandemic", Arab Barometer.

and hampered by an opaque bureaucracy, lack of transparency and onerous regulations threaten the FDI prospects[192]. The 22nd of October Stability Conference gathered EU and China officials among others, they reassessed the necessity for the 24th of December's elections to be taken in order to better organize the state apparatus for the further reforms. Additionally, the 5+5 Joint Military Commission constituted of five military officers chosen by the GNU and five military officers chosen by Haftar agreed on the departure of all foreign forces and mercenaries.

Despite the UN arms embargo in place since 2011, EU arms sold in Egypt and the UAE end up in Libya. As an example, in 2018, an arm deal reaching 14.1 billion Euros has been signed between France and Egypt. Another 9.5 billion Euro contract has been signed with the UAE. Libya has also been granted 295 million Euros in arms by France. This arms provision to Libya has been argued being military radars and for fire control usage. Among other EU member states that provided arms to Libya in 2018, Italy has sold for 4.1 million Euros in armored vehicles and explosive devices while Germany sold for 2.3 million Euros in vehicles. However, the big contracts that France signed with major proxy actors in the Libyan civil war can constitute a risk and finish in the hands of undesirable users. It therefore poses the question of the compliance to the EU Code of Conduct explaining that arms should not be sold if there is a clear risk that they might be diverted to an undesirable end-user or used against friendly and allied. In this case, arms sold to Haftar's government from Egypt, or the UAE threatened the GNU. Regarding what an EU source told the EU Observer, the EU bases itself on a trust mechanism in compliance with national regulations on arms sales, there is in fact no specific EU monitoring on arms embargo compliance.

192 U.S. Department of State (2021), "2021 Investment Climate Statements: Libya", U.S. Department of State.

Conclusion

Given China's increasing role in North Africa, there has never been a better time for the EU to streamline its transition from neutral pillar to strategic partner of North African governments.

Firstly, country-specific domestic dynamics continue to influence regional needs as North African and Middle Eastern rulers' alliances are constantly shifting. Secondly, old conflicts remain unsolved - as in the Western Sahara - and new conflicts arise to become proxy wars involving state and non-state actors, most clearly epitomized in the Libyan crisis. Thirdly, despite the heterogeneity of northern African states, global powers such as the EU and the United States continue to consider the region as a homogenous entity from a policy perspective. Despite commonalities of ripe export markets, strategic locations, and rich natural resources, this report has demonstrated how a continued focus on North Africa as a passive recipient of EU and Western development and security support is no longer a feasible approach when it comes to addressing China's growing influence in the region.

Moving forward, the EU and its member states should not seek to compete directly with China's presence in the region – and should avoid regulating their relations with North Africa to a geopolitical proxy battle. As discussed in the prior report, such options may look EU diplomacy look like it is pandering to the whims of a rising China, rather than a proactive strategy designed benefitting the people, security, and economic bottom line of the EU, its member states and North African governments especially. Data presented in this study shows why the EU and its member states should instead operate under the realistic assumption that they are unlikely to match China in key market fields such as price competitiveness for mass technology consumption and infrastructure development. Rather, the EU and its member states should narrow in on the following three innovative ways to integrate European perspectives on matters important to the future of good governance in North Africa; all while highlighting the cross-cutting financial and geopolitical value add of deepening EU alliances for North African countries.

Recommendations

Building upon the country-specific recommendations made for EU and member states' engagement with the six nations interwoven in this report – specifically for Egypt, Tunisia, Algeria, Morocco, Libya, and Sudan – this section connects the findings housed in this report back to our central research question:

?

How should the EU change its approaches to intervention in North Africa considering increased Chinese competition globally, domestic priorities of individual North African nations, and China's existing ties in the region?

The following three North Africa policy-centric areas of focus for the EU and its member states going forward amount to more than political rhetoric around shared values. Should China leverage its increasing diplomatic and economic influece to exploit tensions between North African nations, the EU should ensure its presence is embedded in these three critical sectors to be considered a strategic partner to the region. The 'strategic partnership'-based interventions can be mutually beneficial economically and politically for the EU and North Africa while furthering the EU's geopolitical agenda of democracy building in the context of Chinese and multipolar alternatives.

Economic and Military Interventions

The EU should invest in further research to identify and explain critical financial and military investments that China is leveraging in North Africa, compared to those of other critical actors therein including Russia, the United States, and the UAE. Currently, the assets of many Chinese companies including State Owned Enterprises (SOEs) have select key metrics publicly available to track via accessible databases and websites, in addition to those provided by government intelligence departments across EU Member States and key risk analysis firms. Sinosure's Manual of Insurance Products, China's annually updated *Handbook of Country Risk* (国家风险分析报告), *Trade and External Economic Statistical Yearbooks*, and other information provided by the National Bureau of Statistics (NBS) are readily available Chinese local sources useful for tracking the at-times vague activity of SOEs and other Chinese corporations operating abroad. Employing and funding Chinese native speaker analysts to parse these records will create more robust datasets and point to innovative sources of open-source content. Findings from this report also specifically point to tracking of sensitive companies and Norinco, Sensetime, CSCEC, and Huawei, whose presence in the region is only likely to grow as North African nations face growing political pressures.

Extrapolating accuracy and deeper meaning from publicly available research on the data – including which SOE actors are most significant and why – is a gap that urgently needs to be filled in this research and is one which should be readily extracted and made available across EU leadership, EU member states, and EU companies cautious about China's deepening investments in the region. Findings from EU research on economic and military patterns in North Africa should also be disseminated into publicly available products in local languages and dialects of individuals spoken in North Africa – ensuring that individuals encountering Chinese presence in the region on-the-ground are fully aware of the nuanced nature of the relationship.

Technology Interventions

Rather than attempting to outbid Chinese tech companies like Huawei who offer bigger at times multinational deals at a lower price, the EU should encourage its member state and Western brand-name technology companies like Sony Erikson, Nokia and Microsoft to bid for the mid-sized deals that make up key government decision-making bodies as a growing market for their technology exports. The EU and its member states should encourage Western technology companies not to compromise the price value for quality when selling products at scale. While 2021's scheduled EU-Africa Summit and the EU-African SME Summit show that the EU and its member states are committed to engaging more deeply in North African business, the market gap in volume of mid-sized, strategic technology deals particularly with local Ministries of Finance and Foreign Affairs remains an underutilized market for key deal making that will impact the regulatory future of North African governments. Further, the presence of North African states in both African and Middle Eastern unions and organizations gives a unique point of leverage for the EU and its member states when it comes to setting technology standards across the globe; an area which could become increasingly contested for China as the nation increases its presence in international technology standards-setting organizations in the contest for tech dominance. Expanding on the volume and potential of these mid-sized strategic deals gives the EU and their member states increasing leverage in ongoing discussions regarding the evolving global technology regulatory environment, drawing North African countries and their internal governance administration closer to the standards of EU and Western governments.

Public Diplomacy

Led by Egypt's hosting of COP 27, the EU should endeavor to capitalize on the infinite potential of North Africa's renewable energy supply and geographic proximity to expand their conversations on joint energy cooperation and regulation in the region. With ambitious 2030 Green Energy Targets set after COP-26, the EU and its member states have big leaps to make in meeting a 32 per cent share for renewable energy. Falsely hailed as a sphere of soft-power influence, the growing clean energy sector in North Africa should increasingly be considered a hard-power focus; as energy deals between the EU, its member states and China have been historic spheres of international competition in the region. With a bad taste in their mouth regarding debt from previous infrastructure projects led by the Chinese government – particularly in countries like Egypt and Morocco – EU and member states' partnerships on financially profitable energy production opportunities would provide a tangible economic alternative to failed greening "Belt and Road" projects, while upskilling and localizing scientific production on renewable energy in the region.

China as a part of its commitment to the 2016 Paris agreement has signed on to support a green transition. Its pledge to achieve carbon neutrality before 2060 announced in September 2020 starkly contradicts the nation's reliance on fossil fuel investments and the coal powering its domestic industry.[193] Similarly, the EU through its European Green Deal has set out a road map for the years to come regarding climate change and the green transition. Nonetheless, the European Union member states remain some of the world highest polluters per capita, often exceeding China's numbers with countries such as Luxembourg, Belgium, the Netherlands and Germany.[194] This highlights the need for a radical change in approach to the economy and consumption model within the EU as, the previously mentioned trade between both parties largely funds the consumption habits of EU members. North Africa is a worthy location for testing this sphere while also offering lucrative alternatives against a rising China.

Given the brain drain epidemic pervasive in North Africa, the EU can leverage regional soft power to invest in deepening existing public diplomacy programs that give the region's youth the opportunity to support their home countries meet the EU's Climate 2030 commitments. With a likely surge before and after COP27 of youth engagement in climate action in North Africa, the EU and its member states can step in offering technical support – including perhaps EU-funded fellowships to local government offices of young climate scientists, engineers, and policymakers in North Africa; summits and start-up competitions centering around emerging fields in climate change such as genuine ESG and climate adaptation projects; scholarship programs to study emerging fields such as environmental engineering and agricultural technology (agro-tech) at EU universities that mandate local government service for a period after the program has ended; thereby improving soft-power standing and relevance for EU governments while incentivizing youth participation in their country's climate future.

193 Zinser, Sophie (2020) "How China can turn its carbon-neutral pledge into reality – and benefit its economy" Op-ed. South China Morning Post, October 4th, 2020.

194 Worldometer, (2021). "Carbon Dioxide (CO2) Emissions per Capita", Worldometer

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