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Industrial Parks in Africa: Building Nests for the Chinese Phoenix

Thierry Pairault

THIERRY PAIRAULT is an Emeritus Research Director at France's National Centre of Scientific Research (CNRS) and at the School for Advanced Study in the Social Sciences (EHESS) Research Centre on Modern and Contemporary China (CECMC). He can be reached at <pairault@ehess.fr>.

EXECUTIVE SUMMARY

This essay examines the impact and consequences of the promotion in Africa of China's experience with special economic zones (SEZs), how these zones could enable African countries to emulate the "Chinese miracle," and how they will serve China's ambition to pursue its economic goals.

MAIN ARGUMENT

There is evidence that Chinese industrial parks in Africa, which China refers to as overseas economic and commercial cooperation zones (OECCZs), are not replicating the experience of SEZs in China. While an SEZ is a zone created by a host country on its own territory to attract foreign investors and to promote its own development, an OECCZ is an enclave designed by a Chinese company appointed by China to create a Chinese ecosystem in a host country's territory to accommodate Chinese companies. OECCZs are de facto subject to Chinese law and thus boost Chinese economic development. While China is forging such economic dependence of African countries on its own economy, it is also building a political clientele to serve its power assertion.

POLICY IMPLICATIONS

- If the development strategy of the African countries hosting Chinese companies in these Chinese industrial parks does not tightly define their entrepreneurial strategy, the gain for these countries is likely to be more social (income distribution) than economic (developmental industrialization).
- If firms' selection is up to the Chinese operator and fosters the creation of labor-intensive and resource-based manufactures, the risk is that the host country will not generate inclusion in the global economy, technologically catch up, or climb up the value chains, but at best obtain a place behind China in the international division of labor.
- If the Chinese operator gets a full transfer of ownership of the land used for the industrial park as advocated by the Chinese government, then the host country will lose any control and leverage it would have had under a concession contract (public-private partnerships) over both the entrepreneurial choices and the internal regulation of these parks.
- If the U.S., the EU, and their allies want to contribute to Africa's industrialization and development, they must deepen economic rapprochement through productive activities (coproduction and insertion in U.S.-African and Euro-African value chains), not just commercial ones, and enrich their policies to encourage U.S. and European direct investment in Africa.

This essay examines the impact and consequences of the promotion in Africa of China's experience with special economic zones (SEZs), including how these zones could enable African countries to emulate the "Chinese miracle" and how they will serve China's ambition to pursue its economic goals, stimulate its own economic development, and assert its own political power.

The essay will first discuss the background. It will show that the origin of the project to foster SEZs in Africa is an initiative of the World Bank, which invited China to promote the Chinese model in Africa. At the same time, this project was embedded in China's drive to internationalize its companies (the "going global" policy). The essay will then explain the economic rationale behind these Chinese industrial parks and show that their purpose is to generate Sinicized ecosystems abroad in order to boost Chinese economic development at home. By tying African economies to its own, China is endeavoring to drag African countries into its orbit for political and security reasons. The essay will conclude by considering the policy implications both for African countries themselves and for countries that would like to participate in the establishment of traditional SEZs in Africa.

The World Bank and China for Development

The 2008 financial crisis made it clear that the economies of developed countries alone were no longer sufficient to ensure the growth of the global economy. For developing countries, this meant more intense competition to promote their development strategies. This was the time when the World Bank posited China as a model for Africa, the spirit of which would involve poverty alleviation, reform of the property rights structure, privatization, trade liberalization, opening up to foreign investment, and SEZs.

This approach has resulted in the publication of a number of reports. The first, published in 2007 and led by Harry Broadman, is a report of limited programmatic scope that argues that the World Bank must play a proactive role in supporting Africa to better compete with China and India.¹ A second report, published in February 2008, is a reflection by David Dollar that already sets China as a model, using the Chinese motto "reform and opening up" (*gaige kaifang*).² Furthermore, the World Bank embarked on a reflection on SEZs illustrated for Africa by Thomas Farole's work³ and complemented by another study on the role of Chinese investment in African SEZs that he coauthored with Deborah Brautigam and Tang Xiaoyang.⁴

The annual report published by the World Bank in 2008 under the aegis of its new president, Robert Zoellick (in charge from July 2007 to the end of June 2012), asserted an interest in Africa, but above all entrusted a new mission to China: "The [World] Bank is working closely with the China Export-Import Bank to bring China's development experience to other developing countries through staff exchanges and joint pilot projects in Africa."⁵ Zoellick provided a vivid confirmation

¹ Harry G. Broadman, *Africa's Silk Road: China and India's New Economic Frontier* (Washington, D.C.: World Bank, 2007).

² David Dollar, "Lessons from China for Africa," World Bank, Working Paper, February 2008.

³ Thomas Farole, *Special Economic Zones in Africa: Comparing Performance and Learning from Global Experiences* (Washington, D.C.: World Bank, 2011).

⁴ Deborah Brautigam, Thomas Farole, and Tang Xiaoyang, "China's Investment in African Special Economic Zones: Prospects, Challenges, and Opportunities," World Bank, Economic Premise, no. 5, March 2010, <https://openknowledge.worldbank.org/bitstream/handle/10986/10202/536820BRI0EP50Box345623B001PUBLIC1.pdf?sequence=1&isAllowed=y>.

⁵ World Bank, *The World Bank Annual Report 2008: Year in Review* (Washington, D.C.: World Bank, 2008).

of the role of development paragon in Africa attributed to China by soliciting the economist Lin Yifu for the positions of chief economist and senior vice president of the World Bank (from June 2008 to June 2012), whose first trip was to Ethiopia, Rwanda, and South Africa. It is this World Bank and China patronage that explains the promotion of China's SEZ experience in Africa and the incentives provided to Chinese companies to invest in Africa's SEZs. The enthusiasm of African countries for this solution has not waned to this day, nor has their desire to emulate the "Chinese miracle" through it.

This project was thus advanced by Lin Yifu, who forged it during his time at the World Bank and continued its theoretical justification after his tenure ended. All his main publications on this topic were published between 2013 and 2015 and make the same point following the same argument. They begin by stating the Chinese miracle and then setting out the causes of an earlier failure: a misallocation of resources and a focus on capital-intensive industries "defying comparative advantage" resulting from a factor endowment specific to a low-income agricultural economy. China, on the other hand, would have benefited from a backwardness that would mean it would reap the benefits of its predecessors without having to bear the costs. Lin theorizes that the economic development strategy adopted by China pursued a gradual shift toward a dual-economic system. Within this system, one sector transforms slowly while a second sector, based precisely within the SEZs, embraces the two conditions necessary for emergence: a government with little direct economic involvement and a free and well-functioning market. This is the reason SEZs would be the *primum principium* of any efficient industrial and developmental policy. This scheme is supposed to be replicable in Africa. The low cost of labor on the continent would outweigh low productivity, so that it could accommodate Chinese labor-intensive, low-technology industries penalized by high wage costs to the greater benefit of African countries.⁶ At least so says the narrative.

Industrial Parks and China's Internationalization

The strategy of internationalization of Chinese companies was gradually launched after the 1996 visit to Africa by Jiang Zemin, then general secretary of the Chinese Communist Party. In Chinese, the three characters *zou chu qu* strictly mean "to go out." This concept does not *ipso facto* imply a globalization of the companies that go out of China, because their market does not become global and the share of their turnover realized outside China generally remains very small. The establishment of SEZs abroad was from the outset thought to be a powerful tool for this Chinese internationalization, including through its presence in Africa.

In this respect, the subheading of the nineteenth Yellow Book of Africa (published in 2017) is particularly enlightening: *African Industrialization and China's Construction of Industrial Parks in Africa*.⁷ The first thing to note, however, is the terminology used. Here, the phrase is *chanye yuanqu*, which refers to "industrial parks" and not to "special economic zones" or any other conventional designation. In recent Chinese scientific or political papers, it has become customary to reserve the term "special economic zones" (*jingji tequ*) for references to the experiments carried out in China by Chinese authorities. When these texts have a comprehensive

⁶ Thierry Pairault, "Lin Yifu, l'Afrique et le modèle chinois d'émergence" [Lin Yifu, Africa and the Chinese Emergence Model], *Revue de la Régulation* 25 (2019), <http://journals.openedition.org/regulation/14529>.

⁷ Zhang Hongming and Wang Hongyi, eds., *Feizhou fazhan baogao n°19 (2016–2017): Feizhou gongye hua yu Zhongguo zai Feizhou chanye yuanqu jianshe* [Africa Development Report, no. 19 (2016–2017): African Industrialization and China's Construction of Industrial Parks in Africa] (Beijing: Shehui kexue chubanshe, 2017).

approach, they then speak of “industrial parks” (*chanye yuanqu* or *chanye qu*). These, strictly speaking, are industrial zones designed in such a way that the concentration of infrastructure and companies reduces industrial, administrative, environmental, and social costs. This is therefore a broader concept than the SEZ, which designates industrial parks that set up a system of fiscal, customs, and legal incentives to attract investors. Contrary to He Wenping’s assertion, SEZs are not a Chinese “idiosyncrasy” (*yuansu*) or a Chinese invention,⁸ as they are found all over the world in various guises and at all times. The economic history of the nineteenth century, or even earlier, provides many examples. The English economist Alfred Marshall was the first to theorize this concept in his *magnum opus* published in 1890 and entitled *Principles of Economics*.⁹ By contrast, the reversal of its logic is Chinese.

This is what the change in terminology illustrates. Some Chinese officials saw that the SEZ model they were proposing in Africa and elsewhere did not replicate the Chinese model. The first chapter of the nineteenth Yellow Book of Africa presents an analysis of different typologies of the *jingwai jing mao hezuo qu*, or overseas economic and commercial cooperation zones (OECCZs).¹⁰ Although OECCZs are industrial parks, they are very different from traditional SEZs. Both are concerned with providing fiscal, legal, and other benefits to investors who would otherwise abstain. Yet whereas an SEZ is a zone created by a host country on its own territory to attract foreign investors and to promote its own development, the same is not true of an OECCZ. The latter is an enclave designed by a Chinese company appointed by China—mainly through the Ministry of Commerce (MOFCOM)—to create a Chinese ecosystem in a host country’s territory to accommodate Chinese companies, which are de facto subject to Chinese law and thus boost Chinese economic development.

OECCZs for Africa

The project initiated in 2005–6 provided for the creation of some 50 such industrial parks. Information released by MOFCOM on its website shows that twenty OECCZs have been “certified” (*tongguo queren kaohe*) up to 2016, of which only four are in Africa (after the declassification of the Jiangling OECCZ project): Ethiopia, Egypt, Nigeria, and Zambia.¹¹ The discrepancy between the originally planned target and the actual results suggests that implementation was not as easy as expected and that the strategy has evolved, leading to a discontinuation of certifications.

According to Luo Yuze, the benefit of certification is that it gives an honorary title (*ming hao*).¹² This not only makes it easier to obtain additional funding and attract Chinese companies wishing to go out, but also gives them a kind of legitimacy vis-à-vis foreign governments, as if they were officially representing China—but without the former East India Company power and arrogance. However, if some OECCZs are certified, others are not. For instance, the Mauritius Jinfei

⁸ He Wenping, “Zhongguo jingyan yu Feizhou fazhan: Jiejian, ronghe yu chuangxin” [China’s Experiences and African Development: Reference, Integration and Innovation], *Xiya Feizhou* 4 (2017): 84.

⁹ Alfred Marshall, *Principles of Economics* (London: Palgrave Macmillan 2013), 222–31.

¹⁰ Wang Hongyi, “Zhong Fei gong jian chanye yuan de xianzhuang, wenti he duice” [China-Africa Industrial Park: Status, Problems and Solutions], in Zhang and Wang, *Feizhou fazhan baogao n°19 (2016–2017)*, 1–28.

¹¹ Ministry of Commerce of the People’s Republic of China (PRC), “Tongguo queren kaohe de jingwai jingmao hezuo qu minglu” [List of Certified Overseas Economic and Trade Cooperation Zones], <http://fec.mofcom.gov.cn/article/jwjmhzq/article01.shtml>.

¹² He Jia, “2017 Jingwai jingmao hezuo qu shengtai diaocha: Jieduan xing chengguo yi xian jidai tazhan ke chixu rongzi qudao” [OECCZs Ecological Survey in 2017: Interim Results Show That Sustainable Funding Channels Need to Be Increased], *21st Century Business Herald*, January 22, 2018.

Economic and Trade Cooperation Zone was never certified as an OECCZ, as it is the result of a direct concession from an African country to a Chinese public or private entity serving primarily its own interests.

All certifications were granted between 2006 and 2013 except for the Julong Agricultural Industry Cooperation Zone in Indonesia (2016). This operation, launched in 2006, reportedly received direct support from Xi Jinping during his 2013 trip to Jakarta when he delivered his second speech on the new silk roads.¹³ Indeed, it is a strategic moment when the incentive to go out is integrated into the new silk roads strategy, with the Indonesian experience at the hinge. From then on, establishing OECCZs broadened considerably and no longer seems to be limited to public experiments more or less piloted by MOFCOM, nor to have the least developed countries as the sole destination. The current narrative now includes earlier experiences in the United States.¹⁴

Statistics to assess the current proliferation of OECCZs are scarce and sketchy. MOFCOM statistics reportedly identified 99 OECCZs in 44 countries worldwide by the end of 2017. A study published in 2021 reports that their number would have more than doubled in two years and could have been 205 by the end of 2019, of which 161 would have been operational.¹⁵ With respect to the African continent, MOFCOM's 2020 data shows 25 OECCZs in Africa, or 31% of the total, and ranks six of them among the “thirty most important along the new silk roads,” including two in Nigeria and one in each of the five other countries (Egypt, Ethiopia, Mauritius, Sierra Leone, and Zambia). These 25 OECCZs in Africa would have hosted more than 623 Chinese companies and created about 42,000 local jobs.¹⁶ They thus represent one-eighth of the African industrial parks in operation according to a UN Conference on Trade and Development and Africa Economic Zones Organization survey (200 in total, of which 37 are under construction).¹⁷

Mapping the OECCZs in Africa is a challenge because their numbers and locations are not known with accuracy. The official figure would be around 25, but no enumeration has been published. MOFCOM lists 4 historical OECCZs—the 4 that were certified before the launch of the new silk roads strategy.¹⁸ The China Council for the Promotion of International Trade website identifies 13 OECCZs, including the 4 historical ones.¹⁹ The China International Electronic Commerce Center—a government consulting agency under MOFCOM—assesses the number at more than 50, of which 25 would be actually controlled by Chinese operators, while at the same

¹³ It is the first pilot project in the Association of Southeast Asian Nations (ASEAN) region to be supported by the Ministry of Agriculture and Rural Affairs of China for national agricultural investment cooperation, a national-level overseas economic and trade cooperation zone confirmed by the Ministry of Commerce and the Ministry of Finance, and a key project in the 13th Five-Year Plan of Tianjin. It is also one of the first pilot projects in the ASEAN region to be supported by the Ministry of Agriculture and Rural Affairs of China. “Xi Jinping zai Yindunixiya guohui de yanjiang” [Xi Jinping’s Speech to the Indonesian Parliament], Central Government Portal (PRC), October 3, 2013, http://www.gov.cn/lhdh/2013-10/03/content_2500118.htm. The author prefers the phrase “new silk roads” to “one belt, one road” or “belt and road.” “Silk roads” is a geographic expression created at the end of the nineteenth century without political connotations to designate traditional trade routes, including the maritime route.

¹⁴ Ministry of Commerce (PRC) and UN Development Programme, *Report on Fostering Sustainable Development through Chinese Overseas Economic and Trade Cooperation Zones along the Belt and Road* (New York, 2019), 2.

¹⁵ Yan Bing, Xie Xindi, and Zhang Yu, “Jingwai jingmao hezuo qu maoyi xiaoying pinggu—jiyu dongdaoguo shijiao” [Evaluation of Trade Effects of OECCZs—from the Perspective of the Host Country], *Zhongguo Gongye Jingji* 7 (2021): 119–36.

¹⁶ Li Zhiming, Zhang Cheng, and Chen Xi, “Woguo jingwai chanye yuan de quwei buju he fazhan xianzhuang fenxi” [Analysis of Area Distribution and Development Status of OECCZs], *Zhongguo Keji Ziyuan Daokan* 52, no. 5 (2020): 103; and Ministry of Commerce (PRC), *Zhongguo yu Feizhou jingmao guanxi baogao (2021)* [China-Africa Economic and Trade Relationship Annual Report (2021)] (Beijing, 2021).

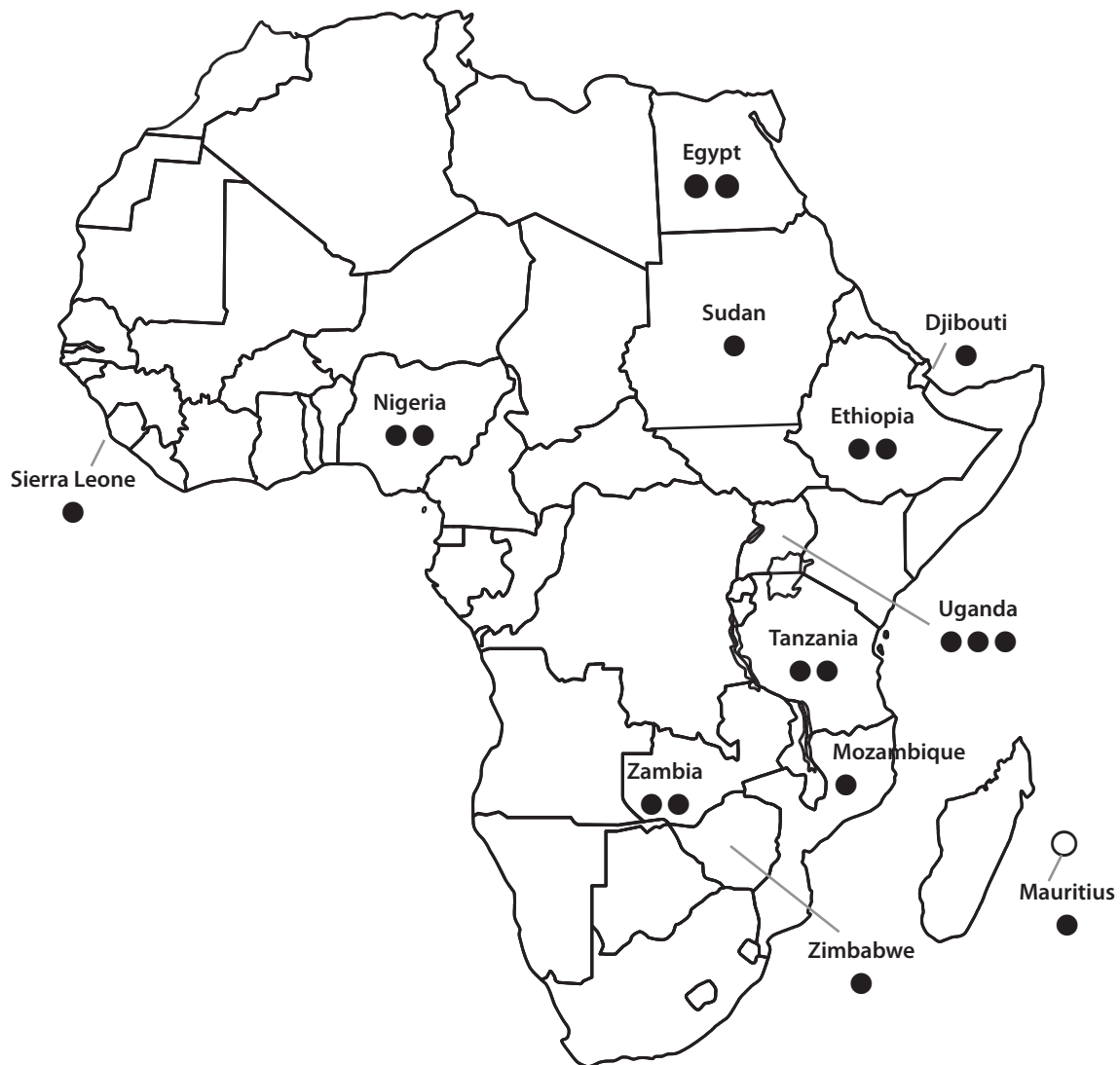
¹⁷ UN Conference on Trade and Development and Africa Economic Zones Organization (AEZO), “Special Economic Zones & African Continental Free Trade Agreement: Results from a Continent-Wide Survey,” 2021; and AEZO, “The African Economic Zones Outlook 2019,” 2019. For both documents, see the AEZO Knowledge Center at <https://www.africaeconomiczones.com/aezo-knowledge-center/reports-presentations>.

¹⁸ Ministry of Commerce (PRC), “Tongguo queren kaohe de jingwai jingmao hezuo qu minglu.”

¹⁹ China Council for the Promotion of International Trade, “Chanye yuanqu > Feizhou” [Industrial Parks > Africa], https://oip.ccpit.org/ent/parksIntroduces_list/6?page=1.

time listing 30 OECCZs without any indication as to which are among the 25.²⁰ If considering only industrial parks operated by a Chinese developer and excluding Agricultural Demonstration Centers and the like, as well as industrial sites dedicated to a single company, there are only 19 parks whose current activity can be verified with some confidence and which deserve to be labeled as OECCZs (see **Figure 1** for a map of these parks).

FIGURE 1 OECCZs in Africa operated by Chinese developers



NOTE: Map notes industrial parks operated by Chinese developers that can be verified with some confidence as OECCZs. This excludes agricultural demonstration centers and industrial sites dedicated to a single company.

²⁰ “Jingwai jingmao hezuoqu” [Overseas Economic and Commercial Cooperation Zones], China International Engineering Consulting Corporation, https://www.investgo.cn/channel/v3_0/hzq/hzqList.shtml?ContinentID=%E9%9D%9E%E6%B4%B2.

Djibouti and the Shekou Model

Regardless of the variety of OECCZs (certified or noncertified, public or private, large or small) that exist in Africa today, they are often said to derive directly or indirectly from the so-called “Shekou model” (*Shekou moshi*).

In Djibouti, there are many industrial parks, including two Chinese OECCZ projects. One is under the aegis of a small private group that seems to have been discontinued. The other is under the auspices of China Merchants Port (CMP)—a Hong Kong subsidiary of a publicly funded Chinese group—which intends to duplicate the so-called Shekou model.²¹ The model is already reportedly implemented in the concessions it manages in Sri Lanka (Hambantota port), Australia (Newcastle port), and Togo (Lomé port). The origin of this model is the Shekou Industrial Park, which was established by China Merchants (CMP’s parent company) in Guangdong in January 1979 and was the first avatar in China of SEZs.²²

The managers of CMP formalize their experience with the formula “the port in front, the (industrial) park in the middle, and the city behind” (*qian gang, zhong qu, hou cheng*, rendered in English as “port-park-city”). This is a management model for the OECCZs operated by the CMP and not a form of industrial park of a different nature from the OECCZs promoted by China to achieve its goals. The justification for the solution adopted by CMP is that an active port with an industrial free zone would attract foreign companies, which in turn would generate a demand for local labor that would have to be accommodated in a new town with all the necessary urban services. In this model, the Chinese government and the local government—the Bao’an municipality in China in 1979; the host country (Djibouti) today—would hand over authority to a Chinese company that was fully responsible for the management of the park. A single operator (CMP for the Djibouti International Free Trade Zone, or DIFTZ) should increase the efficiency of the services and allow for the creation of a cocoon where hosted companies can develop free from administrative, fiscal, and even trade union constraints.²³ This model is also driven by technical choices. It is built on the sole re-export of imported products processed in the OECCZ, requiring only short-distance (small) trucking services and not access to railways that would bring these products from distant manufacturing sites to be processed.²⁴ Such is the narrative as told by CMP, but the practice of OECCZs in Africa looks rather different.

The Shekou model implemented in Djibouti is not necessarily replicated everywhere. The famous Eastern Industry Zone in Ethiopia is far from replicating the model’s three criteria (port-park-city), unless one considers its location as a dry port. The distance from the sea (almost 800 kilometers) requires the use of a railway line, the construction of which was entirely supported by the Ethiopian government (with a Chinese loan). Conversely, the Sino-Egyptian Suez Economic and Trade Cooperation Zone, which is located in the Sukhna Industrial Zone next to the port of Ain Sukhna on the west coast of the Gulf of Suez and north of the Red Sea, replicates to a great

²¹ Thierry Pairault, “La China Merchants à Djibouti: de la route maritime à la route numérique de la soie” [China Merchants in Djibouti: From the Maritime to the Digital Silk Road], *Espace Géographique et Société Marocaine*, no. 25–26 (2018): 59–79.

²² On the origin and history of this model, see Wu Dianqing, “Ye Fei yu ‘Shekou moshi’” [Ye Fei and the “Shekou Model”], *Dang Shi Bolan* 2 (2013): 16–21.

²³ He Jihong and Liu Ning, “Shekou moshi: yizhong shehui zhidu chuangxin” [Shekou Model: A Social System Innovation], *Tequ Jingji* 310 (2014): 53–57; Hu Wen, “Zhaoshang shekou shi ge ‘quan’” [China Merchants Shekou Is a “Cocoon”], *21st Century Business Herald*, November 13, 2017; and Zhou Zhiyu, “‘Yidai yilu’ changyi de xianxingzhe: ‘Shekou moshi’ quanqiu hua fuzhi” [A Pioneer of the “Belt and Road” Initiative: The “Shekou Model” Replicated Globally], *21st Century Business Herald*, December 21, 2017.

²⁴ James Wang and Brian Slack, “The Evolution of a Regional Container Port System: The Pearl River Delta,” *Journal of Transport Geography* 8, no. 4 (2000): 263–75.

extent the Shekou model, even if it is not operated by CMP but by Tianjin Economic-Technological Development Area Investment Holdings (TEDA), the public operator running the Tientsin SEZ.

Even in the case of Djibouti, the application of the model is unique, as it was not designed to be the basis for the industrialization of the country. Here it is not Sanyo (a leading Japanese electronics company) or its like that is called on to invest, as was historically the case for Shekou, but rather the mainly service activities of CMP clients. Thus, little manufacturing transfer is to be expected in this case. Recent Chinese regulations allow and facilitate the organization of a seamless continuum between SEZs in China and OECCZs abroad such that the latter are no more than overseas appendages of the former.²⁵ The Qianhai Shekou Free Trade Zone is a specialized zone of the China (Guangdong) Pilot Free Trade Zone established in 2014, designed to conduct a leading experiment to open up China's financial industry and provide a major base for global services trade and an international port hub. In this context, the DIFTZ is intended to be an outgrowth of the Qianhai Shekou Free Trade Zone, as illustrated by the "twin zone network" (*shuang qu liandong*) of the business-to-business transaction platform Djimart.com developed by CMP. The platform offers a one-stop solution for logistics, warehousing, and payment-settlement issues related to the import into Africa of products made in China.²⁶

The invocation of the Shekou model and the narrative praising it as the origin of Chinese economic development are designed to provide African countries with an industrial park model that, far from replicating the Chinese success story in Africa, would instead ensure the continuation of Chinese development through the creation of quasi-extra-territorialized industrial parks. In short, there is a whiff of nineteenth-century foreign concessions in China—that is, the leased territories that the great powers wrested away under unequal treaties to open China and its ports to their trade.²⁷

The Economic Rationale of OECCZs

OECCZs are actually not SEZs of the type that ensured the so-called Chinese miracle, but are a special avatar of SEZs, as their logic is reversed. In a series of articles, journalist He Jia reports clearly on the reason for this inversion: OECCZs are extensions abroad of SEZs created in China and dedicated to export industries. The former stem from the same Chinese political will as the latter, but in a changed global environment.²⁸

²⁵ State Council (PRC), "Guowuyuan guanyu tongyi zai Xiong'an xinqu deng 46 ge chengshi he diqu sheli kua jing dianzi shangwu zonghe shiyan qu de pifu" [Approval of the State Council on the Establishment of Comprehensive Pilot Zones for Cross-border Electronic Commerce in 46 Cities and Regions Including Xiong'an New Area], May 6, 2020; State Council (PRC), *Guojia waihui guanli ju guanyu zhichi maoyi xin yetai fazhan de tongzhi* [SAFE Circular on Supporting the Development of New Trade Businesses], May 20, 2020; and State Council (PRC), *Guanyu zai quanguo haiguan fuzhi tuiguang kua jing dianzi shangwu qiye dui qiye chukou jianguan shidian de gonggao* [Announcement Regarding the Expansion of the Pilot Program on Oversight of Business-to-Business Export in Cross-border e-Commerce at Customs Offices Nationwide], June 22, 2021.

²⁶ "Jibuti guoji zi mao qu zaixian jiaoyi pingtai shangxian, yu Qianhai Shekou zi mao qu shixian 'shuang qu liandong'" [The Online Trading Platform of Djibouti International Free Trade Zone Is Launched, Realizing "Dual Zone Linkage" with Qianhai Shekou Free Trade Zone], *China Daily*, April 29, 2020.

²⁷ In alphabetical order, these great powers were Austria, Belgium, France, Germany, Great Britain, Italy, Japan, Portugal, Russia, and the United States.

²⁸ The *21st Century Business Herald* website is no longer open access, but it is still possible to find these articles on other Chinese websites for free. He Jia, "Jingwai jingmao hezuo qu: 'Yidai Yilu' shuangying pingtai" [OECCZs: "One Belt, One Road" Win-Win Platform], *21st Century Business Herald*, February 20, 2017; He Jia, "Jianzhi ziyuan youhua zhenghe 16 jia Yidai Yilu jingwai hezuo qu jiemeng" [16 OECCZs along the New Silk Roads Join Forces to Optimise and Integrate Resources], *21st Century Business Herald*, April 1, 2017; He Jia, "Pojie ke chixu fazhan nanti—jingwai jingmao hezuo qu shangye moshi jidai chuaxin" [Facing the Challenge of Sustainability—OECCZs Business Model Needs to Innovate], *21st Century Business Herald*, December 18, 2017; and He, "2017 Jingwai jingmao hezuo qu shengtai diaocha."

Li Chunding, a professor at China Agricultural University, has explained very blatantly the objectives of these OECCZs, the promotion of which was the subject of a February 2008 regulation that has not been made public but on which Li reports.²⁹ To sum up, he states that OECCZs are a strategy for Chinese companies to go out, are conducive to the formation of industrial clusters, and alleviate the implementation of subsidy policies. They allow Chinese companies to group together and join forces to invest abroad. When such zones are established, and after an audit has been carried out, the Chinese government may grant public aid of up to \$40 million per company and long-term loans of up to \$350 million per company. However, the government eventually suspended these subsidies in 2016 due to the large number of projects.³⁰

An obvious example of these objectives is provided *a contrario* by the failure of the Jiangling OECCZ in Algeria (2007–8). Undoubtedly, the Algerian government has always shown a great reluctance to create an industrial park, but it is certainly the Chinese intention to become the land rights holder and bring in a hundred Chinese subcontractors instead of turning to Algerian companies that best explains why the project to create an OECCZ failed.³¹ For the Algerian authorities, the coming of a foreign investor should allow for the impetus of local industrialization with local partners, the consolidation of local production, and the betterment of local employment opportunities, as well as the promotion of local economic development as it occurred in China.

It is hard to know the difficulties faced in negotiating the creation of an OECCZ. The issue of OECCZ control, and especially that of land rights, seems to be the main controversial point. In an August 2010 directive, MOFCOM expressed particular concern about land control.³² As for the Sino-Egyptian Suez Economic and Trade Cooperation Zone, the first discussions began as early as 1997 for a project that seems to have quickly stalled. They resumed in 2008 but quickly came up against land problems. Yet, unlike what happened in Algeria, these issues were apparently resolved in 2013 after five years of negotiations. The land rights are now held by the Chinese operator under the terms of a 93-year emphyteutic lease.³³ The Mauritius Jinfei Economic and Trade Cooperation Zone project also illustrates the difficulties encountered by an OECCZ project when the institutional framework is poorly defined at the outset. It was only in 2016, eight years after its creation, that a legal framework was agreed on, allowing the Chinese operator to be allocated the land necessary to carry out the project.³⁴ Asymmetries can also arise and further complicate negotiations or relationships. The Chinese operator controlling the OECCZ (a state-owned enterprise under the Shanxi provincial government) has invested less than 15%, while the Mauritian government is covering the rest of the costs, both directly (25%) and through its utilities (60%).³⁵ Presumably, the

²⁹ Li Chunding, “Jingwai jingmao hezuo qu jianshe yu woguo qiye ‘zouchuqu’” [OECCZ Establishment and China’s “Going Out” Policy], *Guoji jingji hezuo* 7 (2008): 25–28. Li Chunding refers to an “authorization,” the title of which is known (*Guowuyuan guanyuan tongyi tuijin jingwai jingji maoyi hezuo qu jianshe yijian de pifu*, or Authorization of the State Council for the Promotion of OECCZs), but not to the text itself, which appears to be impossible to access.

³⁰ Yan Bing and Jia Huihui, “Tuijin woguo jingwai jingmao hezuo qu gao zhihang fazhan” [Promoting High-Quality Development of China’s OECCZs], *Zhongguo Shehui Kexue Bao*, May 8, 2020, 3.

³¹ “Jiangxi jihua touzi 38 yi yuan zai A'erjiliya jian jiangling jingmao hezuo qu” [Jiangxi Province Plans to Invest 3.8 Billion Yuan in Algeria to Build an OECCZ], *Xinhua*, May 4, 2008.

³² Ministry of Commerce (PRC), “Jingwai jingmao hezuo qu yewu zhinan” [Business Guide for OECCZs], August 10, 2010, <http://fec.mofcom.gov.cn/article/jwjmhqzq/article02.shtml>.

³³ Liu Amin and Ma Xia, “Aiji Suyishi jingmao hezuo qu de chengxiao, kun nan yu duice” [Results, Problems, and Countermeasures of the Suez OECCZ in Egypt], in Zhang and Wang, *Feizhou fazhan baogao n°19 (2016–2017)*, 45–61; and Wang, “Zhong Fei gong jian chanye yuan de xianzhuang, wenti he duice.”

³⁴ “Analyse d’un échantillon de 15 zones économiques spéciales en Afrique” [Analysis of a Sample of 15 Special Economic Zones in Africa], *Observatoire Europe-Afrique*, June 30, 2017.

³⁵ Vinay Ancharaz and Baboo Nowbutsing, “Les zones économiques chinoises en Afrique favorisent-elles le développement ?” [Do Chinese Economic Zones in Africa Promote Development?], *Éclairage sur les Négociations* 10, no. 3 (2011): 12–14.

breakdown in January 2021 of negotiations between the Congolese government and the China Overseas Infrastructure Development and Investment Corporation for the establishment of an OECCZ in Pointe-Noire could have been caused by similar factors.³⁶

Asymmetries, misunderstandings, and miscalculations are immanent to the very nature of the OECCZs. This is not the result of an unforeseeable clash of divergent objectives between Chinese actors and a host country, but of the roadmap of the OECCZs as stipulated in a 2015 text.³⁷ The text clearly states that an OECCZ is an industrial park under the control of a Chinese-funded holding company incorporated in mainland China that, through a Chinese-owned entity incorporated abroad, invests in the construction of such an industrial park. As a result, these OECCZs are often referred to as “Chinese-funded overseas industrial parks” (*zhongzi haiwai chanye yuanqu*) and are expected to provide comprehensive infrastructure, clear industrial orientation, and comprehensive functional utilities and ensure the clustering and internationalization of Chinese enterprises.

These stipulations precede other provisions listing the conditions that these OECCZs must meet in order to be accredited by the Chinese authorities. Lin Yifu rather cynically describes their practice as “building a nest for the phoenix” (*zhu chao yin feng*).³⁸ This catachresis is significant because in China the appearance of the phoenix has political meaning.³⁹ The phoenix stands for China, which, far from exporting its model, is inventing a different model to use in developing countries. It is actually a distortion of the Chinese model with the World Bank’s endorsement, given that the World Bank has entrusted China with the status of a development model, and Lin Yifu with the role of a herald.

OECCZs as a Sinicized Ecosystem

A striking feature of Chinese papers on OECCZs is their implicit approach, which is not to address the needs and desires of African host countries but to see Africa as a place for Chinese companies to operate. This policy is only intended to encourage Chinese companies to go out rather than “internationalize” (*guojihua*). The purpose of these OECCZs is to provide Chinese companies with a cocoon, a Sinicized ecosystem. Even if most papers are satisfied with this state of affairs, some Chinese researchers have a more critical point of view. Three authors of an article published in 2017 clearly state that “overseas industrial parks must change their development philosophy...and move from the concept of ‘Chinese industrial parks abroad’ to that of ‘host country–China parks.’”⁴⁰

Few observers are as clear-sighted. At the second seminar on the development of OECCZs held in Tianjin at the end of June 2018, former vice minister of commerce Chen Jian pointed out the difficulty of implementing these parks and noted that problems would arise if Chinese companies

³⁶ Muriel Devey Malu-Malu, “La ZES de Pointe-Noire recherche développeur et investisseurs” [Pointe-Noire SEZ Seeks Developer and Investors], *Makanisi*, January 21, 2021.

³⁷ Ministry of Commerce (PRC), “Shangwu bu caizheng bu guanyu yinfa ‘jingwai jingji maoyi hezuo qu kaohe banfa’ de tongzhi” [Notice from the Ministry of Commerce and the Ministry of Finance on the Publication of Assessment Measures for OECCZs], August 14, 2015.

³⁸ Chen Xi, “Xin jiegou jingji xue zai fazhan zhong guojia de yunyong yu shijian” [The Application of New Structural Economics in Developing Countries], *Jingji Daokan* 3 (2017): 32–34. Lin Yifu is not the first to have officially used this image. A bilingual Chinese-English report from the Beijing office of the UN Development Programme was published on December 17, 2015, with two different titles. While the Chinese version clearly reads “If Africa builds nests, will it attract the phoenix?” (*Feizhou zhu chao, neng fou chenggong yin feng*), the English version is less straightforward and asks, “If Africa builds nests, will the birds come?”

³⁹ Jean-Pierre Diény, “Le fenghuang et le phénix” [The Fenghuang and the Phoenix], *Cahiers d’Extrême-Asie* 5, no. 1 (1989): 10.

⁴⁰ Yeerken Wuzhati, Zhang Wei, and Liu Zhigao, “Woguo zai Yidai Yilu yanxian haiwai yuanqu jianshe moshi yanjiu” [Study on the Construction Model of China’s Overseas Parks along the Belt and Road], *Zhongguo Kexueyuan Yuankan* 32, no. 4 (2017): 355–62.

operating OECCZs were to collaborate with the host-country authorities in managing the park. First, China would lose its grip over operations in these OECCZs; second, the contradictions between China's interests and objectives and those of the host countries would compound the problems so much that they could ruin the success of the project.⁴¹ Wei Jianqing, executive general manager of the Sino-Egyptian Suez Economic and Trade Cooperation Zone, infers that China should establish a consultation mechanism *guiding* (my emphasis) the host government in its policy directions (*jiyu zhengce yindao*), forgoing any concept of noninterference.⁴² And Luo Yuzhe, a researcher with the Development Research Center of the State Council, expresses the concerns of OECCZ operators, as reported by journalist He Jia.⁴³ According to Luo, many OECCZs would face political instability, poor industrial frameworks, obsolete infrastructure, considerable foreign exchange risks, lack of legal protections, and threats of terrorism. In most cases, the business environment would be drastically different from that in China. For instance, to attract investors, local governments in China would do a perfect job of building infrastructure, while foreign governments would do nothing. The work that local governments do in China would be the responsibility of the park operators abroad.

The Chinese documents also point to specific Chinese shortcomings alongside those of the host countries. In the aforementioned nineteenth Yellow Book of Africa, one of the authors, Wang Hongyi, reveals the shadows of the picture and points to Chinese operators and investors.⁴⁴ Chinese banks do not provide Chinese operators with the indispensable financial support they need because the banks lack experience beyond China's borders. This weakens the operators, especially since they have little knowledge of the political, economic, and social environment of the country where the parks are located and have only limited management skills. Only the Sino-Egyptian Suez Economic and Trade Cooperation Zone appears to have an adequate team to fulfill its mission. The author notes that Chinese investors are totally unprepared for internationalization and unable to forget their traditional behaviors such as "greed for profit, failure to keep their word, and neglect of ethics," and that they are "indifferent to respect for the law and neglect their social responsibility."

These critical and acrimonious remarks on Chinese business practices in Africa were all made by a Chinese government think tank researcher and published in an official report. It was perhaps to tackle this trend that an "upgrading" (*shengji*) of the OECCZs was decided on. The statements made on March 9, 2019, by Vice Minister of Commerce Qian Keming at a press conference give an insight into this so-called upgrading:

The construction of OECCZs should follow the principles of marketization and internationalization, meet the economic development needs of the host countries and neighboring countries, and open up the international market to introduce enterprises from developed regions and countries such as Europe, America, and Korea. At the same time, it is necessary to strengthen policy communication and people-to-people contact with the countries and locations where the overseas cooperation zones are located, and to set up intergovernmental communication and coordination mechanisms at the ministerial level to solve various conflicts

⁴¹ Xia Xutian, "Zhongguo jingwai jingmao hezuo qu gaosu fazhan yuanqu—kaifa qiye yingli moshi xu duoyuanhua" [China's OECCZs Are Growing Rapidly—Developers Need to Diversify Their Profit Model], *21st Century Business Herald*, July 3, 2018.

⁴² He, "Jianzhi ziyuan youhua zhenghe 16 jia Yidai Yilu jingwai hezuo qu jiemeng," 4.

⁴³ He, "2017 Jingwai jingmao hezuo qu shengtai diaocha," 6.

⁴⁴ Wang, "Zhong Fei gong jian chanye yuan de xianzhuang, wenti he duice," 19–24.

and problems in the daily operation of the overseas cooperation zones, such as labor, environment, land, taxation, and exchange.⁴⁵

In other words, the OECCZs become instruments not only of the go-out policy but also of the implementation of the new silk roads global strategy. Shen Minghui and Shen Chen (both with the Chinese Academy of Social Sciences), in discussing in 2021 the various “institutional mechanisms of development cooperation” under the new silk roads strategy (“*yidai yilu fazhan hezuo de jizhi gongji*”), identify the OECCZs as a mechanism of “encrustation” (*qianru*).⁴⁶

Zhang Yongpeng, a researcher at the Institute of West Asian and African Studies at the Chinese Academy of Social Sciences, clearly shows how China-Africa economic relations—albeit unbalanced—have given each of the actors in the Sino-African partnership unsuspected political weight.⁴⁷ Thus, China has insensitively shifted from a discourse on the way and means of economic development to a discourse on the way of political development and international governance in which the ultimate goal of the OECCZs is to encourage African countries to embrace the Chinese model (*Zhongguo moshi*), to adopt the Chinese path (*Zhongguo daolu*), and to follow the Chinese experience (*Zhongguo jingyan*). This is not so much for the sake of their development, industrialization, or, in short, their emergence. Rather, in the words of Liu Hongwu, the director of the Institute of African Studies at Zhejiang Normal University, this new discourse is focused on “the promotion and improvement of China’s global image and influence.”⁴⁸ For his part, Liu Jianbo, who is affiliated with the Institute of International Strategic Studies at the Central Party School, argues emphatically that the Chinese model “has thus become a major component of China’s soft power and a crucial contribution of China’s own values to the international community.”⁴⁹ Finally, for many Chinese authors (mainly Africanists), the idea of a development model based on OECCZs is above all political, since it is a question of teaching that China’s success rests on a model that opposes the Western one—that of the former colonizers—and that will revolutionize the world.

OECCZs vs. SEZs

The observations above do not call into question the development benefits of establishing SEZs, provided that they are not distorted in the way that OECCZs are. To summarize the argument:

- If the development strategy of African countries hosting Chinese companies in these Chinese industrial parks does not tightly define their entrepreneurial strategy, the gain for these countries is likely to be more social (income distribution) than economic (developmental industrialization).

⁴⁵ Ministry of Commerce (PRC), “Jingwai jingmao hezuo qu shengji mubiao mingque” [Clear Targets for Upgrading of Offshore Economic and Trade Cooperation Zones], March 12, 2019.

⁴⁶ Shen Minghui and Shen Chen, “Jizhi gongji yu Yidai Yilu fazhan hezuo” [Institutional Supply and the Belt and Road Initiative Development Cooperation], *Waijiao Pinglun* 38, no. 1 (2021): 1–23.

⁴⁷ Zhang Yongpeng, “Zhong Fei guanxi youli tisheng Feizhou guoji diwei” [Sino-African Relations Benefit the Strengthening of Africa’s International Status], *Ya Fei Zongheng* 6 (2014): 103–13.

⁴⁸ Liu Hongwu, “La Chine et le développement de l’Afrique” [China and Africa’s Development], trans. by Thierry Pairault in *Chine-Algérie: Une relation singulière en Afrique* [China-Algeria: A Unique Relationship in Africa], ed. Thierry Pairault and Fatiha Talahite (Paris: Riveneuve Éditions, 2014), 230.

⁴⁹ Luo Jianbo, “Feizhou guojia de zhili nanti yu Zhong Fei zhiguo lizheng jingyan jiaoliu” [African Governance Issues and the Governance Experience Exchange between China and African Countries], *Xiya Feizhou* 3 (2015): 74–97.

- If firms' selection is up to the Chinese operator and fosters the creation of labor-intensive, low-technology, and resource-based manufactures, the risk is that the host country will not be able to generate inclusion into the global economy, technologically catch up, or climb up the value chains. At best, it will obtain a place behind China in the international division of labor.
- If the Chinese operator gets a full transfer of ownership of the land used for the industrial park as advocated by MOFCOM and the Chinese government, then the host country will lose any control and leverage it would have had under a concession contract (public-private partnership) over both the entrepreneurial choices and the internal regulation of these parks.
- If the Chinese industrial parks are specifically outward-looking enclaves with no real link to the local economy and no insertion into the local industrial fabric, then the spillover effects would be insignificant, while the potential for extra-territorialization would be significant.

Conversely, if a host country imposes its developmental choices on foreign (whether Chinese or not) companies that set up in the SEZs it has initiated and manages, only then can this country hope to emulate a Chinese model of its own. This implies that the host country elaborates a development strategy not only in terms of objectives but also in terms of territorial planning, and that a good balance is sought between the development of exports and the promotion of import-substitution. It is therefore necessary to set up a local team specifically trained in the management of SEZs and to find financing that does not burden the state budget without losing control. This still implies the creation of joint ventures and subcontracting links with national small and medium-sized enterprises located outside the SEZs, as well as partnerships with national research networks in order to build an ecosystem of integrated and technologically innovative clusters. In addition to these general principles, and more specifically with regard to relations with China, companies setting up in SEZs should sign a contract not with an intermediary (such as a Chinese operator) but with the host country's authority. The latter could then directly ensure that the company is working within the framework of the national development strategy and is respecting the commitments it has to make. These companies producing in SEZs also could be required to meet specific criteria—emulating the Qualifying Industrial Zone protocol—so that their products could be labeled “made in Africa.”

The United States, the European Union, and their allies cannot compete head on with China, which remains in many ways a command economy. The best solution has been provided by Morocco, which manages its SEZs in the same way as China does at home, and where Western companies have naturally found their place without being forced by their respective country governments. In other words, if the United States, the European Union, and their allies want to contribute to Africa's industrialization and development—and not just offer African production zones limited to an offshore logic—they must deepen economic rapprochement through productive activities (coproduction and insertion into U.S.-African and Euro-African value chains), not just commercial ones, and enrich their policies to encourage U.S. and European direct investment in Africa.