

The Sino- Algerian relations, A study on the Belt and Road initiative.

DJENDI SARRA * University of Political Science and International Relations, Departement of International Relations, University of Algiers3. djendisara88@gmail.com,

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Abstract:

The relations between Algeria and China were good and witnessed a remarkable development and the outstanding feature is that the relations between them entered a new stage, which is the stage of global strategic cooperation and partnership in 2014. Besides the entrance of Algeria in the Belt and Road initiative in 2018 these doubled the Algerian- Chinese cooperation to build strategic projects in Algeria .Such as Cherchel's Port and the investments in phosphates in Bokraa mines, Tindouf and Tebessa. Thanks to China's soft power and high Diplomacy of non-interference in Algeria's domestic affairs. Though this approach has kept China in good standing with Algeria's shadow decision-makers.

Keywords: China, Algeria, Cooperation, Partnership, The Belt and Road Initiative.

*Corresponding author: DJENDI SARRA,

1. INTRODUCTION

This paper is about Sino- Algerian relations, with a special focus on the Belt and Road initiative (BRI). It offers a comprehensive approach to China–Africa relations and is a review of those relations on the move. It reveals the history of the relationship to gain a better understanding of the present and to try to foresee the future. The aim is to provide a deeper understanding of China's role and impact in Africa and Algeria as a door or bridge of Africa, and how the relations have developed. It examines how China's soft power, comprising economic ties, aid, diplomacy, and culture, has served the goals of its government, and how Africans have perceived it's approach. The central question is to what extent China's road and belt project continues play a part in Africa, and how the nature of the relationship between China and Algeria maybe changing?

This paper also addresses the following questions. What are lessons learned from the China–Africa partnership? What are the challenges and opportunities in changing the economical and scape, for Africa and for China? What are the obstacles? And, finally, what is the best way to keep these relations? This is driven by international relations theories concerning power, national interests, security, strategy, hegemony, economic interdependence and cooperation.

2. The history of Sino-Algerian Relations

The Sino-Algerian relations witnessed a long history of friendship and fruitful relationship between the two republics over decades.

China and Algeria enjoyed **a long history of friendly exchanges**, which provides great prospect for the development of Sino –Algerian economic and trade changes over more than 50 years since its establishment. China has established the long-standing friendship with Algeria. The ancient Silk Road has connected China and Arab States together since 2000 years ago. Mohammed, Prophet of Islam, has ever said **“Knowledge, although far away in China, is still needed to seek.”** It shows that China, as a highly civilized country in the Orient, has already been well-know because of the frequent communication. From

the 7th century AD, the Arabs were engaged in business and introduced Islam in China by land or sea silk roads. Besides, Islam was introduced into China in 651 AD, and Up to now there are more than 2000 Muslims live in China. Islam was introduced to China through dispatched messengers and trade communication. All these greatly promoted Sino-Arab contacts in both culture and business. We can say that since ancient times Sino-Arab interaction started with harmony. The interaction is deepening day by day. There are 22 Arab countries all over the world, With their significant strategic position and abundant oil and gas resources, the Arab world has always been a main arena for power games and competition. So, Arab countries have become the 8th largest trading partners and the 7th largest export market and import resources for China.

On The other side, the AFRO-ASIAN conference in BANDONG in 1955 was the first interaction between CHINA and the MIDDEL EAST on the Political level.

During the 1960s, China became progressively more involved in Africa, with Algeria serving as a bridgehead for aid to the continent's national liberation movements. On the political front, China and Algeria closely coordinated their efforts in the United Nations on issues ranging from apartheid in South Africa. China encountered a number of challenges and limitations in consolidating its relations with Algeria. In providing aid to post-independence Algeria. China's relations with Algeria soured over the new revolutionary government's increasing cooperation with the Soviet Union. China's relations with Algeria, which, aiming to advance its own ambitious agenda, sought to promote Third World solidarity.

China and Algeria are indeed old friends. China was the first non-Arab country to recognize the Algerian provisional government, in December 1958.¹ China under Mao regarded Algeria as the linchpin of the anti-colonial and anti-imperialist struggle in Africa, as a means of validating the CCP's own revolutionary-ideological claims, and as a prize in the inter-communist rivalry with the Soviet Union.² Throughout the Cold War, the China-Algeria relationship was "a marriage of convenience ... based more on symbolism than on any concrete connection.

During the radical initial phase of the Cultural Revolution (1967-1971), which produced intense domestic upheaval, China reduced its activities in Afro-Asia. Thereafter, China embarked on an effort to revive its foreign policy, but focused most of its attention and an extensive aid program on Southern Africa, China supported the liberation movements of Africa as a part of the united international front against the superpowers and the former Soviet Union. It established diplomatic relations with African countries, seeking their political support. In the 1990s. At this time, (1990s)was a decade marked by acute economic and political crises that gave way to a protracted period of brutal conflict. During this "dark decade," China reportedly sold an estimated \$100 million in arms to Algeria.³

¹ - Muhamad Olimat, *China and the Middle East: From Silk Road to Arab Spring* . London: Routledge, 2012,p 176 and David H. Shinn and Joshua Eisenman, *China and Africa: A Century of Engagement*. Philadelphia: University of Pennsylvania Press, 2012,p 232-235.

² - John Calabrese, "Sino-Algerian Relations: On a Path to Realizing Their Full Potential?," *Middle East Institute*, October 31, 2017, <https://www.mei.edu/publications/sino-algerian-relations-path-realizing-their-full-potential>

³ - Richard F. Grimmett, *Conventional Arms Transfers to Developing Countries 1994-2001* Hauppauge, NY: Novinka Books, 2003,p 38.

3. The belt and Road initiative and it's impact on the Sino- Algerian Potential

China's entrance into Africa began to pop up in international news from mid-2000, since the early 2000s has, to a large extent, been shaped by internal developments in Algeria. With security and stability to the country restored, and flush with cash from windfall oil revenues, the Algerian government enacted two policy initiatives, the Economic Support and Recovery Plan (or PSRE, 2001-2004) and Complementary Growth Support Program (or PCSC, 2005-2009) — designed to revitalize and diversify the economy. The PSRE and PCSC featured a massive public investment program, with emphasis on basic infrastructure and housing. The Belt and Road initiative is part of China's forceful push to be a global player. China has revived the historic Silk Road trade route that ran between its borders and Europe. In 2013, during his visit to Central and Southeast Asia, Xi Jinping announced the One Belt One Road Project. It is set to boost the country's economic development through a network of ports, pipelines, and railways, encompassing around 60 countries in Asia and Europe, Oceania and Africa.

Also, Beijing's "partnership diplomacy" applied to Algeria is part and parcel of the refashioning of its approach to the Middle East and North Africa (MENA) region in support of the Belt and Road Initiative (BRI). That approach is outlined in the 2016 Arab Policy Paper, which sets guiding principles for and describes a "1+2+3 pattern" of bilateral relations featuring closer cooperation in the energy sector; intensified infrastructure-building and trade and investment; and expansion into the three high-technology fields of nuclear energy, space satellites, and renewable energy.

3.1 Infrastructure and Engineering

China has played an important role in Algeria's construction boom, Chinese state-owned companies quickly moved to secure major contracts, initially in the low-cost housing sector. They were subsequently awarded contracts for many other, larger infrastructure projects: the building of the new airport in Algiers, the Olympic Stadium of Oran, the Foreign Office, the Constitutional Court, the country's largest prison and five largest hotels, as well as its first national shopping mall; the expansion of the railway network and the East-West Highway; and the construction of a 750-km water pipeline from Salah to Tamanrasset.⁴ Chinese companies have also had some recent success in the downstream energy sector. Over the past two decades, tens of thousands of Chinese workers have flowed into Algeria. A Chinatown has sprouted in Boushaki City, a subdivision of Bab Elzour on the eastern outskirts of Algiers.⁵ Although the Chinese quarter is not marked by a pagoda-style three-arched gate or adorned with red lanterns, other visible signs of a significant and growing Chinese presence dot the landscape of the capital, including the Algiers Opera House in the Ouled Fayat suburbs, which opened its doors in July 2016 — the product of a \$40 million gift from Beijing. Meanwhile, a Chinese construction team is busy at work building the Djamaa El Djazair mosque,⁶ which features the African continent's tallest minaret.

3.2 Trade and Investments

In the early 2000s, China's share of Algeria's foreign trade was negligible. Since then, however, the value of Sino-Algerian trade has risen dramatically. Algeria has become China's most important market in the Maghreb. China has overtaken France as Algeria's largest source of imports. Algeria-China transactions are now settled in yuan instead of U.S. dollars.

China and Algeria entered into an agreement to establish the Jiangling Economic and Free Trade Zone in

⁴ - Thierry Pairault, "Les relations économiques entre la Chine et l'Algérie," in Thierry Pairault and Fatiha Talahite, *Chine-Algérie: une relation singulière en Afrique* Paris : Riveneuve éditions, 2014, p 50-52.

⁵ - "Algeria: Automotive," Arabisk London Magazine, 2016. http://www.arabisklondon.com/wp-content/uploads/2017/01/Algeria_Automotive_Dec-16_FINAL-AA.pdf;

⁶ - See China Africa Research Initiative (CARI) data: <http://www.sais-cari.org/data-chinese-contracts-in-africa>. Note that the 399-km Eastern section 2017.

Mostaganem a deal focused on car assembly that involved the Chinese Jiangling Motors Cooperation and Jiangxi Coal Corporation Group and their Algerian partner, Groupe Mazouz. However, the project has been on stand-by since the enactment of the 2009 Complementary Finance Law, which requires foreign investors to have Algerian partners as majority shareholders. Moreover, Chinese imports from Algeria are dominated by crude oil and petroleum products while exports to Algeria are made up almost exclusively of manufactured goods. Also, the era of “suitcase traders” has effectively come to an end, as import-export enterprises have proliferated, bolstered by the arrival of Chinese traders, who have adapted to the Algerian market and become firmly anchored in the country.

In July 2016 the FAW-African Investment Company, a subsidiary of First Auto Works (FAW), signed a joint venture agreement with Algeria’s Arcofina Group to build a car assembly plant in Tlemcen more than three years after the partnership was first announced. Whereas some sources have attributed the delay to cumbersome industrial land policies, others have claimed that it resulted from the awarding of a three-year production monopoly to Renault.⁷ Chinese automobile companies seeking to capitalize on the growing Algerian and regional automobile markets face stiff competition not just from Renault but from other European as well as Asian auto manufacturers. In January 2016 Algeria’s Transport Ministry, China Harbour Engineering Company (CHEC) and China State Construction Engineering Corporation (CSCEC) signed an agreement to build a deep water container port of El Hamdania, located west of Cherchell City on the central coast. With this ambitious venture seemingly on track now that a consortium of Chinese banks has stepped in to fund the project, Sino-Algerian relations have reached a high water mark.

4. RESULTS AND DISCUSSION

In fact there are may obstacles faced the Sino-Algerian relations.

4.1 The Economic issue

In fact, Algeria’s current economic and political climate that threatens to hamper the development of the bilateral relationship, not to mention the country’s own progress and possibly its very stability. Although the Algerian government weathered the 2011 Arab Spring uprisings through massive spending on wages and subsidies, thanks to windfall oil revenues though eventually at the cost of depleting the Revenue Regulation Fund. The Algerian economy continues to be dominated by the state and remains heavily dependent on hydrocarbons exports. Algeria ranked 156th out of 190 countries — 88 places behind Morocco — in ease of doing business as reported in the World Bank publication *Doing Business 2017*.⁸ The International Monetary Fund (IMF) emphasized in its May 2016 assessment that wide-ranging structural reforms are needed to diversify the economy and promote a dynamic private sector.⁹ That same month, the Algerian government adopted a three-year economic strategy called the “New Growth Model, which, among other things, aims to double the contribution of manufacturing to 10 percent of GDP by 2030 and diversify exports.

4.2 Political Reasons

The political turmoil in Algeria has hampered efforts to implement mega-projects to which the Algerian government has assigned high priority and in which Chinese companies had been expected to

⁷ - David H. Shinn and Joshua Eisenman, *China and Africa: A Century of Engagement*, Philadelphia: University of Pennsylvania Press, 2012, p 234.

⁸ - The World Bank, *Doing Business 2017* <http://www.doingbusiness.org/rankings>

⁹ - International Monetary Fund, “Algeria: 2016 Article IV Consultation Staff Report, May 2016, <https://www.imf.org/~media/Websites/IMF/Imported/external/pubs/ft/scr/...>

play major roles. For example, plans were approved in 2017 for the construction of a new deep-water port at El Hamdania in Cherchell, with some \$900 million of the financing expected to come from a 20-year soft loan from the African Development Bank and much of the rest from a consortium of Chinese banks in exchange for handing the port's operations to China Harbour Engineering for the first 25 years. However, work on the project was suspended in April 2019 — at the start of **the Hirk protests**.¹⁰ following by the change in government and arrest of investors, and responsible for the projects. the *Hirk* protests remains leaderless and lacks a political platform.

4.3Although, President **Tebboune** attributed the freezing of the project to **the COVID-19** pandemic. During the pandemic, China has offered Algeria a helping hand in the form of the dispatch of medical personnel and the donation of supplies. In order to strengthen the relationship with the two sides. Especially given the political tumult and fiscal belt-tightening in Algeria of the past two years and in light of more selective Chinese overseas lending and investment practices, perhaps that is not surprising. At the same time, though, Chinese companies and state-owned policy banks appear to be placing their bets and expanding their economic presence elsewhere in North Africa and in Algeria as well.

3. CONCLUSION

The Belt and Road is not just a web of roads that starts in Urumqi, goes to Kazakhstan and Russia, and ends up in Europe, or an economic project to position China in the global economy. It is also a geopolitical project, a strategic feature of China's foreign policy. There are huge opportunities, but the challenges in making the plans a reality are also enormous. It remains to be seen whether the Belt and Road project will fulfill the aim of linking Asia, Africa, and Europe. Logistical roadblocks, security risks, and political uncertainty are serious obstacles .

¹⁰ - U.S. International Trade Administration, "Algeria's El Hamdania Port," <https://www.trade.gov/market-intelligence/algerias-el-hamdania-cherchell-project>.

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