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Risks and Countermeasures of Chinese Enterprises Investment in Africa Under the Background of Belt and Road Initiative

Nelson NGABIRANO Zhimin Deng
School of Economics and Management,
Zhejiang University of Science and Technology; Hangzhou-CN

Abstract
This article makes an important contribution to the development of the Belt and Road by highlighting China's existing investment network along the Belt and Road. Most of these agreements cover most of the countries visited. These similarities have so far been carried out using three generations of static analysis, which does not reflect reality. There is an important body that supports the use of the most favorable state rules for Chinese investors in modernizing the Belt and Road investment agreement network. This article shows that the Belt and Road Initiative investment agreement already exists with the most favorable National Clause available in Chinese bilateral investment agreements. In addition, the article explains that China's network of contracts is unique (so extensive) and assesses the potential of investment requirements, taking into account the sanctions based on the initiative of belt and highways that were previously involved in investor-state dispute resolution, which coordinates the expected use of Chinese investors.
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1.0 INTRODUCTION

The Belt and Road initiative is very important. The initiative sets out a plan for China's strong integration into the global economy and represents the Chinese government's commitment to a more open economy. The strategy has emerged at a critical crossroads in China's economic transformation. In recent years, Chinese direct investment abroad has increased rapidly due to structural transformation and overcapacity in Chinese domestic production. The BRI initiative is seen as a tool to increase the capacity of Chinese companies and increase their reach in the global economy, especially in the countries covered by the BRI (Belt) strategy. The Belt and Road Initiative (BRI) has been the year of the 2013 report by the GOC. The initiative aims to develop integrated trade corridors in Asia, the Middle East, Africa and Europe, with more than 65 countries that together account for more than 60% of the world's population. An estimated $5 trillion is invested mainly in major construction and infrastructure projects. BRI projects are financed from a variety of sources. In October 2014, the European Commission adopted the Asian Development Bank, of which China is a member, which also works to finance BRI projects. In addition, Chinese state-owned enterprises and political banks are heavily financed. BRI creates significant business and investment opportunities in many countries and sectors, including transport, logistics, maritime affairs, finance, telecommunications and information technology. BRI projects relate to the award of contracts between Chinese investors, often between project financial instruments, public and private entities in host countries and other third country actors, including multinational companies. [1] Also believe that the scenic infrastructure is a key factor in the FDI 29-region of China from 1985 to 1995. The following studies, such as [2] [3], [4], [5], confirm the importance of developing infrastructure to attract FDI. Therefore, under the BRI initiatives, the expected infrastructure development will likely lead to more direct investment in the belt-related countries. Chinese companies, especially those other than so-called enterprise-called enterprises, will likely be driven by the Chinese Government's commitment to the initiative and will be encouraged by rapid prospects for improving facilities and business environments in several countries to respond more decisively by investing in belt and road countries than their countries from abroad.

Improving the infrastructure of the railway countries is also expected to facilitate trade development (see, for example, [6] [7]. At the same time, BRI should promote international trade through public policy, in particular through the liberalization trade policy. FTAs can promote foreign direct investment through increasing economic activities with free trade [8]

1.1. Objectives of the Study

This study aims to assess Risks and countermeasures of Chinese enterprises investment in Africa under the background of Belt and Road Initiative

1.2. Research Question

What are the Risks and countermeasures of Chinese enterprises investment in Africa under the background of Belt and Road Initiative?

2.0 LITERATURE REVIEW

2.1 Chinese Enterprises Investment in Africa Under the Belt and Road Initiative

The government's eastern substances support policy is also reflected in government-imposed programmes to facilitate foreign investment. Providing information and technical assistance to support foreign investment they offer financial programmes and tax incentives to companies travelling abroad; they offer investment insurance and guarantees. These institutions are generally external investment banks, development finance agencies and investment guarantee schemes and are usually more effective in supporting politically dangerous ODI host countries [9]. The BRI contains plans and mechanisms to facilitate goods and investment between maritime and maritime transport.

Between 1980 and 2000, when China was in the "supply phase," China's foreign direct investment remained low, with cumulative foreign investment over $30 billion. Chinese direct investment abroad has grown rapidly due to China's global approach. The average annual growth rate of Chinese foreign direct investment (FDI) was over 60% over the six years 2002-2008. From 2008 onwards, it will be a good year for the Commission to take into 2008. 2011. In 2004, foreign direct investment totaled USD 364.2 billion and covered 178 countries and regions worldwide. And yet, compared to developed countries such as America, the United Kingdom and Germany, China falls behind going globally. It has reached more than $300 billion, or $100 billion in Germany, compared with $688 billion in China in 2010. Since 2010, foreign investment shares in U.S. companies have reached more than $400 billion, Britain $16 billion and Germany $140 billion compared to $300 billion. There is still a large gap between China and developed countries in foreign direct investment. However, according to experts, the development of Foreign Direct Investment (FDI) in China is high. At the same time, the structure of Chinese companies has been optimized step by step. With industrial innovation and structural changes, Chinese companies are paying more attention to high-tech technologies, brands, market takeovers and the integration of the industrial chain into their overseas mergers and acquisitions. Chinese companies aim is to be in "global" transit as it is the only source that is necessary for different purposes. From the investment principles of Chinese companies to "global" is the main strength of state-owned enterprises. In 2010, companies accounted for 66% of non-financial investments in foreign direct investment. Major investments in the BRI Initiative should improve the quality and availability of infrastructure in the belt-oriented countries, which in turn will attract more financial investment from China and other countries. There is a broad literary agreement that infrastructure development, such as quality and access to transportation and telecommunications networks, plays an important role in attracting the FDI.

2.2. China's Overseas Direct Investment

Currently, the investment output flow is over USD 100 billion, making China the second largest foreign investor. This marks a historic transformation of the role of Chinese companies from global producers to global investors. Since the beginning of the new millennium, encouraging Chinese companies to go abroad has remained one of the most important tasks of the Chinese government's programme [10].

Since the launch of the BRI initiative, a number of new government policies have strongly supported the expansion of Chinese companies abroad. In the past, China's foreign investment activities focused on the energy and mining sectors. China's anger is now turning from natural resources to high-tech and consumer sectors. It has been reported that high technology is used in real estate, finance, farms, health sectors, etc. This change in the structure of the target sector reflects the acceleration of the Chinese economy and China's growing interest in foreign investment. Chinese investors are now looking more for Asia, Latin America and Africa, paying more attention to the developed economies of Europe and America than to attractive investment destinations. The transformation and strengthening of the Chinese economy and the development of Chinese companies have gone from investing to production factors such as the acquisition of high-tech technology and brands. This shift in focus is aimed at increasing the international competitiveness of Chinese companies and responding to changes in domestic consumption behaviour.

This will contribute to the integration plan of China's trading partners by developing their infrastructure, i.e. developing their partners. In 2015, for example, the Chinese Export and Import Bank borrowed. The BRI strategy aims to help develop China's large Western Hinterland. The strategy will create a border for the western interior, increase development opportunities in the central and western regions and create new growth points. BRI is also seen as a tool to promote national economic development by increasing exports, improving access to natural resources and supporting important domestic industries. In this context, BRI may be a way of alleviating overcapacity in some of the Chinese investment and construction industries. This could become an increasingly important part of china's long-term economic growth adjustment [11]

There are lots of risks related to investments in Chinese companies at Belt and Road Initiative (BRI). Many BRI projects are complex, valuable, large public interests, capital-intensive, multilateral, multilateral transactions, and cross-border transactions. These include participants from different developing countries with very different legal, political and economic systems. Many host countries face major operational risks (including security, political stability, state efficiency, legal and regulatory frameworks, macroeconomic risks, foreign trade and payment issues, labor markets, financial risks, tax policy and local infrastructure standard) and credit risks (including sovereign debt, currency devaluation, banking risk).

It is inevitable that there will be a lot of legal disputes over BRI projects. It is therefore necessary to choose effective dispute resolution mechanisms for the planning of sound risk management. The International Arbitration Tribunal is the most effective and widespread dispute settlement mechanism in cross-border disputes and is therefore the most relevant for BRI projects. Then there is the natural question of whether the BRI has encouraged foreign investment by Chinese companies, especially in the countries at the belt.

This issue may be of interest not only to policy-makers and experts in the field, but also to academicians, as it will help us to understand the impact of the infrastructural-oriented economic integration plan on foreign direct investment. Firstly, the BRI strategy will improve the large-scale investment in infrastructure, the quality and availability of logistics facilities in the belt, which may increase the flow of foreign direct investment from China. In addition, a high level of international political cooperation, policy coordination and government support based on the BRI can significantly reduce uncertainty in host country politics and political risks for Chinese companies investing in countries with belt road that further support China's ODI in the belted states. In the early stages of the BRI, some of these motivating benefits for the ODI may already be shaped, but they are expected to have many more that will not be implemented. Given that Chinese companies are usually very confident that BRI is successful, they can be encouraged by the clear prospects of BRI and actively respond to the growth of ODI with their counterparts from other countries. The BRI Infrastructural Investment Plan may include part of China's ODI in bypassing infrastructural sectors, in particular Chinese state-owned enterprises.

Secondly, China is characterized by the model of state capitalism under authoritarian rule. Scotland's woes play a key role in the top of the country's economy and are a reliable force for achieving the government's objectives. On the other hand, the dynamic private sector accounts for the majority of public production and employment. Non-governmental enterprises are usually willing to cooperate well with local or national bureaucrats. [13], [14].

They tend to follow the government's call to meet a variety of national or local goals. Therefore, studies on how Chinese companies respond to this national economic strategy can help to explain the mechanisms for implementing the national strategy and the functioning of the country's model of capitalism. While this is an important and interesting issue for the international community, there is no need to seriously examine whether this strategy has had a real impact on China's economic integration with participating countries.

2.3 Risks of Investing In Africa as a Chinese Enterprises

"China has been the largest trading partner in Africa since 2009,"" Sun said. "Trade cooperation between China and African countries has great potential and great development prospects."" But Chinese companies also face a variety of challenges or risks when investing in Africa. China is very different from African countries in many ways.

"Chinese companies need to understand local politics, law, religion and practices before investing in the African country," said Wang Yong, vice president of the China-Africa Development Fund. "In addition to Chinese companies in desperate need of an elite familiar with local politics, proficient in business, as well as proficient in the language provided in the country," Wang added.

Another threat to Chinese monopolies in the medium and long term, after which they can also engage in secret and aggressive commercial practices and the extraction of monopolies, as are current operators. This is particularly the case because most Chinese companies are still state-owned or closely associated with central government or provincial governments and may be part of the Chinese state's global strategy.

Perhaps even more frightening is the already diminished industry in cheap imports from China and many African countries. For example, if Chinese imports lead to factory closures in South Africa and Nigeria and inevitably job losses, Chinese imports may intensify the deindustrialization process initiated by the liberalization policy in structural adjustment programmes (GSP), [15][16][17] in order to gain experience in specific African countries.

Even more complicated is that cheap Chinese imports can actually discourage the diversification of their African country's production base, away from agricultural products and mineral products to production and ultimately to services or knowledge-intensive activities. This is a real challenge because new investors do not think it is desirable to compete with cheap Chinese imports or find it unnecessary because Chinese imports are so high, so there is no significant over-demand that new commuters are applying for.

The challenge depends almost exclusively on Chinese workers and indirectly on support for construction activities. This also means that technological developments are limited and that it can be difficult to maintain the ability to maintain assets in the medium and long term, which is quite suboptimal.

Perhaps the bigger challenge is the proliferation of infrastructure developed with these aid packages, which are indeed designed to support export activity rather than domestic production and intra-African trade. It is therefore possible that the infrastructure will not have such a desired effect on improving the efficiency and competitiveness of domestic production and supporting market consolidation

2.3.1. The Financial Difficulties of Chinese Private Companies Have Become a Major Obstacle

China's financial system and related discriminatory policies restrict the financing of private companies and the use of foreign capital. China's financial services system only fights state-owned enterprises and foreign companies. In addition to short-term loan financing, alternative sources of financing for private companies are low. Equity financing, loan financing, industrial funds, project financing are not open to private companies. Injustice makes it difficult for private companies to obtain credit, insurance, guarantees, etc.

2.3.2 Lack of Private Companies to Protect Transnational Activities

The Chinese government has not yet developed "fundamental right for private companies ", "Investment law abroad. The Investment Insurance Act, "international law", as well as the Constitution and laws protecting foreign investment from private company's market competitiveness financial credit, technological development, the introduction of talent, foreign investment insurance, which do not support the management and support of private companies in the realization of cross-border transactions.

2.3.3 International Environmental Restrictions

The development of Chinese private companies from private Chinese companies exports the structure of products, mainly. Chinese goods with a low cash marketing strategy not only reduce their profit margins, but also easily lead to friction in international trade on the international market, which often leads to dumping in the host country. At the same time, there is a major difference between the political, economic, legal, social and natural environment of the international market and the internal market, which must be linked to the problem of private enterprises in transnational activities.

3.0 Impacts: Chinese Enterprises Investment in Africa Under the Belt and Road Initiative (BRI)

To quantitatively test the impact of the BRI resolution regulation, we first identify a baseline scenario that does not require investment in BRI and serves as a basis for comparing reverse scenarios for political shocks. Then we believe that BRI scenarios, which assume that between 2015 and 2029, a total of more than \$15 trillion will be spent on infrastructure in China, while the rest will be distributed among other BRI countries compared to their infrastructure reserves. In other words, we expect the increase in infrastructure stocks as a result of the BRI solution in these countries to be uniform. In particular, we simulate three scenarios to see their different components. The first scenario has a clear effect from the increase in investment caused by BRI. In terms of financing, we assume that BRI countries, with the exception of China, will finance one-sixth of domestic investment, two-thirds of which will be financed by Chinese investments, while the remaining sixth will be financed by non-BRI countries. This leads to changes in capital flows and balance of payments. The second scenario is to reduce business costs as a result of infrastructure investments in line with scenario 3 of BRI's full implementation by adding a positive externality to investments in renewable energy. Based on our assumption, BRI will result in only a 0.3% increase in total investment in China compared to the 2015 average.

As far as other BRI countries are concerned, investment growth in Pakistan is increasing significantly as a result of BRI, with total annual investment increasing by an average of 5.0% between 2015 and 2020.

Countries with lower levels of infrastructure and higher levels of investment would benefit from lower investment growth. As a result of these additional investments, by 2030, the EU-25 will increase by 15 %. The results of real income (measured as equivalent deviations from baseline) shall be reported. Regardless of foreign investment, global investment growth with large and large exits by 2030 (2011 cost) is a \$252 billion or 0.2% increase in basic income. If the impact of infrastructural investments on the reduction of operating costs is added, by 2030, the impact of infrastructural investments will be to reduce operating costs, including the externalities of energy investments, global revenue appears to have grown to \$162.3 billion compared to starting point.

Most private companies have small, low-income, and basic competitiveness is weak., while Chinese companies with foreign investment in general are large but indeed multinationals have few, poor ability to open up the local market. And private companies' investments are not large, but 1-2% costs are revenue from product sales, while 500 companies worldwide account for 5-20% of their revenue. The low level of research and development leading to lagging technology and the technical content of private sector business products is very low, and these products do not have both national competitiveness and a highly competitive international market. And private companies rarely create their own brand. A common way to enter the international market is OEM manufacturing. The lack of brands not only makes profits very low and does not help create a good reputation for Chinese companies and Chinese products.

While China is facing overcapacity, rising production costs at home, etc., ODI from China continues to grow and the trend should continue even without the BRI initiative. The geographical specificity of BRI's approach could further delay the Chinese ODI, especially among the Belt-lands. It is important to note that political cooperation plays an important role in the BRI initiative. Political cooperation in the BRI took place at several levels. Cooperation between existing regional organizations such as the Shanghai Cooperation Organization for Central Asia, ASEAN for Southeast Asia, Middle East China and Arab Countries, Tsina-Africa Cooperation

Forum.

This element of international political cooperation can make an important contribution to the political uncertainty and political risks that Chinese companies may face from direct investment in countries directly linked to belt and road countries. In this context, the BRI includes more political support and intergovernmental coordination than the usual free trade agreements.

4.0 Countermeasures: Risk of Chinese Enterprises Investment in Africa in Africa under the BRI project

The Chinese government should formulate "foreign investment law. The law, together with international law and international agreement, is the way in which connectivity is based as soon as possible, as the right to adapt the fundamental right to foreign direct investment must start at the same time as formulating a risk management method for foreign investment and providing routine risk management work leading to transnational investment in enterprises, free legal aid, i.e. a legal basis. Transnational mergers and acquisitions are not only business, but relate to the sustainable development of our country's economy and the promotion of our country's international competitiveness. The government should therefore consider "business diplomacy" to deal with transnational mergers and acquisitions through a coordinated mechanism that allows each related functional department to maintain rapid exchange of information and coordination. This can be achieved in particular through the following three aspects:

A specific structure for the management of foreign mergers and acquisitions will be established, so that the 200th century will be the first year of the accession of the African Union Calls on the bank and a large company to stand up freely, to merge large multinational companies, to participate in international mergers and acquisitions, to cooperate in banking and trade union cooperation or to cooperate strategically, to advise companies in decision-making and to provide financial services.

Consumption of the international tax revenue system implementation of the External Investment Insurance Scheme. In order to charge Chinese companies for international mergers and acquisitions, etc., so that it is treated as a national treatment and the most popular form- At the same time, create a related risk shield mechanism and secure collateral in the interests of foreign investors.

In the framework of direct management and coordination of the Chinese leadership, head of the BRI task force (established by the central government in February 2015), the BRI campaign has created agencies and supported mechanisms at different levels of government. Even before the creation of these official organizations, the central government and provincial governments actively supported the BRI initiative in a number of ways.

4.2 Chinese Private Companies Global Competition between Countries

First of all, In China, the following large companies have met the requirements of intergovernmental action, gradually developing a first-generation international company that will take over the Chinese base, participate in global competition: first, a specialized foreign trade company with a solid basis for internationalization and strong business capacity, and a Chinese-funded trade group in Hong Kong and Macau.

Thirdly, an enterprise or group of undertakings with sufficient technical strength and operational capacity,

industrial, technical trading, economy, financial undertaking or group of undertakings. Fourth, a financial syndicate and a service company with a lot of capital. The choice of the reality of a Chinese company will lead to global competition as follows:

(1) The acquisition of four types of large industries to continue their transnational activities provides the basis for a Chinese company to gradually resume international competition.

(2) By increasing the internationalization of SMEs, the market rule requires that many SMEs accelerate their development through the Union, which is an unavoidable annexation and which will become a group of enterprises with enormous strength and rich competition.

(3) Coordination of SMEs and SMEs large companies, large and medium at a different time, to formation in the form of a network structure for the company series.

4.3 The Government Should Speed Up Complex and Unstable Global Markets

The Chinese government should reform the governance system, change government functions, limit administrative intervention by multinationals, government market operators and regulators to accelerate the capacity of executive agencies and systems that adapt to economic globalization, establish new relationships between government and business, design, manage and coordinate industrial structures, geographical distribution, investment capacity, to ensure that cross-border business is proper and appropriate.

4.4 Improving the Modern Trading System, Chinese Multinationals Should

For example, you can increase the fundamental competitiveness of businesses, diversify investments, create an efficient decision-making system, put in place effective incentives and restrictive mechanisms, and create an excellent steering group.

4.5 Increasing the Competitiveness of Enterprises

A differentiated advantage is a competitive advantage on the international market. This advantage can be a technological advantage, a power of research and innovation, as well as technical advantages, advantages of marketing management, etc.

4.6 Finding Products

Chinese companies should explore and develop a localized brand, not only to create an international brand, but also to create a "localization brand" in international operations.

Chinese companies can learn from the successful experience of foreign countries in international companies, create research and development centres in countries and regions (c), in particular to research and develop new products, develop the Chinese brand, develop local consumers to identify the main products of Chinese companies, further opening up new trade agreements and expanding market share.

5 CONCLUSIONS

BRI is President Xi's most ambitious foreign policy and economic policy initiative. Much of the recent debate has focused on the geopolitical aspects of the initiative. There is no doubt that the overall objective of the initiative will help China achieve its geopolitical objectives by linking China's neighbors better with Beijing. However, there are many more concrete and economic objectives above the BRI, which should not be obscured by the emphasis on strategy. The best achievement of the BRI objectives is to contribute to modernizing China's production potential. Given Beijing's ability to finance projects and their impact on the recipients of these loans, Chinese industry, such as high-speed trains, power generation equipment and telecommunications equipment, is likely to be widespread in BRI countries. What is even more questionable is whether China's neighbors are willing because of their excessiveness. The lack of political trust between China and certain BRI countries and instability and security threats in other countries are the main obstacles. Chinese bankers are likely to play an important role in determining BRI's success. Although they expressed public support for President Xi's vision, some urged caution, both publicly and privately. Their appetite for project financing and their ability to cope with a complex investment environment outside the Chinese border is shaping the speed and scale of BRI. It is believed that this initiative is a 10-year enterprise and many are carefully stomping. In general, the theory of the location of foreign direct investment, the primary motivation for foreign direct investment, is largely intended to seek foreign markets, to seek efficiency (e.g. new cost-saving technologies) and to look for assets, including strategic assets. Researching China's foreign investment factors, these three classic factors; In addition, they also take into account political risks, cultural proximity, policy liberalization, exchange rate, inflation consumption, exports and imports, geographical distance from China, etc.

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