

# International Journal of Arts, Humanities and Social Studies



ISSN Print: 2664-8652  
ISSN Online: 2664-8660  
Impact Factor: RJIF 8  
IJAHSS 2024; 6(1): 94-100  
[www.socialstudiesjournal.com](http://www.socialstudiesjournal.com)  
Received: xx-03-2023  
Accepted: xx-04-2023

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## The role of Chinese investments in fostering regional integration in the horn of Africa: A case study

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DOI: <https://doi.org/10.33545/26648652.2024.v6.i1b.99>

### Abstract

This paper explores the significant role of China's investment projects in the Horn of Africa, focusing on their implications for regional integration. Since the establishment of diplomatic ties in 1949, China's relationship with Africa has evolved into a multifaceted partnership predominantly defined by economic cooperation, development, and trade. Chinese investments in critical infrastructure have been instrumental in driving economic and social transformations across the continent. This paper examines the historical context of China's involvement, highlighting key projects such as the Doraleh Container Terminal, Djibouti International Free Trade Zone, Ethio-Djibouti Railway, and Ethiopia's Addis Ababa Light Rail Transit. These projects exemplify China's strategic emphasis on enhancing regional connectivity and economic cooperation. By examining these investments, the paper underscores their impact on fostering regional integration, promoting economic growth, and addressing infrastructural deficits in the Horn of Africa. The analysis also considers the geopolitical and economic dynamics at play, providing a comprehensive understanding of how Chinese investments are shaping the region's integration efforts.

**Keywords:** Horn of Africa, China, investment, integration

### Introduction

Since its establishment in 1949, the relationship between China and Africa has been predominantly defined by economic cooperation, development, and trade (Colom-Jaen & Mateos, 2022) <sup>[10]</sup>. China's involvement spans various sectors including business ventures, loans, direct investments, mining, and the establishment of enterprises across the continent, facilitating major migrations in both directions (Colom-Jaen & Mateos, 2022) <sup>[10]</sup>. This engagement has provided African nations with access to substantial financial resources and critical economic infrastructure, thereby influencing the continent's political and economic landscape (Colom-Jaen & Mateos, 2022) <sup>[10]</sup>.

A notable example of China's impact is its infrastructure investments in Africa, often described as pivotal in driving economic and social transformations (Alden, 2019) <sup>[4]</sup>. This research focuses on exploring how these investments have fostered regional cooperation in the Horn of Africa. It examines China's historical diplomatic ties with the region, its current infrastructure projects, and their role in enhancing regional integration.

Eikhoff and Godehardt (2022) <sup>[13]</sup>, highlight China's strategic emphasis on infrastructure investments in the Horn of Africa, underscoring its continuity from ancient ties dating back to the Ming dynasty (Abdillahi, 2020) <sup>[1]</sup>. Historical interactions, such as trade between the Kingdom of Axum and China during the Ming dynasty, illustrate longstanding connections, while collaborative efforts between China and African nations in the 1960s and 1970s further underscore mutual developmental initiatives (Obobisa et al., 2021) <sup>[18]</sup>.

Since the 1980s, China's economic and political engagement in the Horn of Africa has deepened, particularly through infrastructure investments (Styan, 2020) <sup>[23]</sup>. These investments are crucial in understanding China's role in the region's development trajectory and efforts towards regional integration. Madeira et al. (2023) <sup>[16]</sup>, propose that China's approach combines public and private investments in infrastructure to facilitate regional integration and enhance connectivity within Africa. This aligns with the objectives set forth by African regional bodies such as the African Union (AU), the African Development Bank (AfDB), and the New Partnership for Africa's Development (NEPAD), aiming to foster economic growth through

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infrastructure development (African Union, 2015). Moreover, China's involvement in driving economic progress in Africa is reinforced by agreements like the Abuja Treaty of 1991, which advocates for enhancing regional commerce and establishing a competitive single market across the continent (Calabrese and Tang, 2022) [7].

This study investigates Chinese investment projects in selected countries within the Horn of Africa and explores their impact on regional integration. As Africa's relations with China continue to expand, and with Africa's commitment to advancing regional integration through initiatives like Agenda 2063, this research offers a timely and relevant analysis.

### **Regional Integration in the Horn of Africa**

The Horn of Africa region, encompassing countries like Ethiopia, South Sudan, Uganda, and others, has historically faced profound challenges in achieving meaningful regional integration across political, economic, social, and environmental dimensions. These challenges are rooted in economic dependency, political instability, and a historical lack of commitment to democratic governance among member states of the Intergovernmental Authority on Development (IGAD) (Tsfaye, 2002) [24].

Three IGAD member states, Ethiopia, South Sudan, and Uganda, are landlocked, posing significant economic challenges. Ethiopia, once connected to the sea through Eritrea until its secession in 1993, and South Sudan, following its independence from Sudan in 2011, have struggled with the economic repercussions of their landlocked status (Solomon, 2016) [21]. This geographical reality has driven efforts within IGAD to promote cooperation through bilateral and multilateral arrangements, aiming to mitigate the inherent economic disadvantages faced by these nations (Solomon, 2016) [21].

Ethiopia, being the most populous country in the Horn of Africa, relies heavily on Djibouti as its primary gateway for international trade. This relationship is mutually beneficial: Djibouti earns significant revenue from port operations, while Ethiopia utilizes these facilities for its import and export activities (Solomon, 2014) [20]. Despite historical challenges and a limited tradition of integration, IGAD has evolved from its origins as IGADD in 1986—originally focused on environmental issues—to a broader mandate encompassing economic cooperation and regional integration (Solomon, 2014) [20].

The Intergovernmental Authority on Development (IGAD), as articulated in its foundational documents, prioritizes conflict prevention, humanitarian assistance, infrastructure development (particularly transport and communications), and food security within the Horn of Africa region (IGAD, 1996). These priorities align closely with those of the African Union (AU), recognizing IGAD as one of its key regional economic communities tasked with promoting socio-economic development and regional stability (IGAD, 1996). A significant focus of IGAD's efforts in recent years has been infrastructure development, particularly through revitalizing transportation networks. The Ethio-Djibouti railway, originally operationalized during the era of Emperor Menelik II of Ethiopia, has been revitalized with new investments and joint efforts between Ethiopia and Djibouti (Tsfaye, 2002) [24]. This railway not only symbolizes historical cooperation but also serves as a vital corridor facilitating trade between

landlocked Ethiopia and the global market through Djibouti's port (Urgessa, 2016) [26].

Peace and security remain paramount concerns for IGAD, which has played a pivotal role in mediating conflicts within the Horn of Africa. In Somalia, IGAD has facilitated peace negotiations and supported the establishment of stable governance structures through initiatives like the Djibouti Peace Process (Alden, 2019) [4]. Similarly, IGAD has been instrumental in mediating conflicts in Sudan, including the Comprehensive Peace Agreement (CPA), which ended the Sudanese Civil War, demonstrating its crucial role in promoting regional stability (Alden, 2019) [4].

Recent developments underscore IGAD's evolving role and achievements in the Horn of Africa. The organization's mediation efforts in South Sudan, aimed at resolving the civil conflict that erupted in 2013, exemplify its ongoing commitment to fostering peace and reconciliation among conflicting parties (Alden, 2019) [4]. IGAD's successful facilitation of the peace agreement between Ethiopia and Eritrea, ending decades of hostility and border disputes, marks a significant milestone in regional dynamics, showcasing the potential for positive change and cooperation within the Horn of Africa (Solomon, 2016) [21].

While the Horn of Africa region continues to grapple with multifaceted challenges including poverty, conflict, and underdevelopment, IGAD's initiatives represent a significant step towards regional integration and cooperation. Through infrastructure development, peace building efforts, and economic collaboration, IGAD plays a pivotal role in shaping the socio-economic landscape of the region, fostering stability, prosperity, and sustainable development (Alden, 2019) [4]. As these efforts progress, they hold promise for transforming the Horn of Africa into a more interconnected and resilient region, better equipped to address its complex challenges and capitalize on its potential for growth.

### **Recent Trends in Africa-China Relations: A Focus on the Horn of Africa**

The Ministerial Forum on China-Africa Cooperation (FOCAC) stands as a pivotal platform established to strengthen economic ties between China and Africa, reflecting China's commitment to contributing significantly to Africa's development. Since its inception, FOCAC has evolved into a forum that regularly convenes heads of state from China and 53 individual African nations. This structured engagement underscores China's strategic approach to fostering economic partnerships and supporting sustainable development across the continent.

China's involvement in Africa has been marked by a series of strategic summits and initiatives aimed at deepening economic cooperation. The initial FOCAC summit in 2000 addressed the globalization phenomenon and laid the groundwork for enhanced economic relations between China and Africa. Subsequent summits, such as those in Ethiopia and the dedicated FOCAC Summit in 2010, focused on translating plans into action. These efforts emphasized crucial areas such as workforce training, educational exchanges, and fostering business partnerships, thereby solidifying the framework for future collaboration.

According to Obobisa et al (2021) [18], China has organized four conferences on China-Africa cooperation, primarily centered on economic and commercial relations. The progression from these summits has seen a substantial increase in Chinese investment in Africa, reflecting a

commitment that has expanded from \$200 million in 2000 to \$41.4 billion in 2010 (Wenping, 2007)<sup>[27]</sup>. These investments encompass a diverse array of sectors, including infrastructure, energy, manufacturing, and agriculture, strategically aimed at boosting Africa's economic capabilities and regional integration.

The launch of the Belt and Road Initiative (BRI) in 2013 further underscored China's expansive economic strategy towards Africa. The BRI, an ambitious global infrastructure development and investment initiative, aims to enhance connectivity and economic cooperation among participating countries across Asia, Africa, and Europe. In Africa, the BRI has focused significantly on infrastructure development, aiming to bridge gaps in transportation, energy, and telecommunications infrastructure.

Newcomb (2020) highlights the BRI's significant impact on the Horn of Africa, where China has financed critical projects such as the Ethiopia-Djibouti railway and invested in industrial parks and real estate. This strategic focus underscores China's interest in bolstering regional connectivity and economic integration through tangible infrastructure projects. Furthermore, China's establishment of its first overseas military base in Djibouti and substantial investments in port infrastructure have raised geopolitical concerns about its expanding influence in the region (Gudeta, 2015)<sup>[15]</sup>.

In Kenya, China's investment in the Standard Gauge Railway exemplifies its commitment to enhancing regional connectivity and infrastructure development (Deborah et al, 2022)<sup>[12]</sup>. Similarly, Zambia has received substantial Chinese investment in energy and transportation sectors, demonstrating China's comprehensive approach to fostering economic integration through infrastructure development.

Ethiopia has emerged as a pivotal hub for Chinese investment in Africa, with notable projects including the Addis Ababa transit train, road networks, industrial parks, and power transmission lines (Tovar, 2019)<sup>[25]</sup>. China's investments in Ethiopia, totaling billions of dollars, highlight its strategic interest in the country as a key partner in regional economic integration efforts (Tovar, 2019)<sup>[25]</sup>.

China's engagement in Africa extends beyond mere economic transactions to encompass broader developmental goals. By focusing on infrastructure development, China aims to facilitate trade, stimulate economic growth, and enhance regional connectivity. Projects such as ports, railways, and hydroelectric power plants are not only critical for economic development but also contribute to Africa's capacity-building efforts (Schiere and Rugamba, 2013)<sup>[19]</sup>.

Freitas (2023)<sup>[14]</sup> emphasizes the importance of enhancing intracontinental connectivity in Africa, a goal that aligns closely with China's infrastructure initiatives on the continent. Through investments in transportation networks and ICT facilities, China plays a pivotal role in promoting economic cooperation and regional integration. These efforts not only facilitate trade and investment but also contribute to socio-economic development across Africa.

In conclusion, China's engagement with Africa through platforms like FOCAC and initiatives such as the Belt and Road Initiative underscores its commitment to fostering sustainable development and economic growth across the continent. The strategic focus on infrastructure development not only addresses Africa's pressing development needs but also enhances China's economic ties and geopolitical influence in the region. As China continues to expand its

footprint in Africa, the partnership between the two entities is likely to evolve, presenting both opportunities and challenges for the continent's socio-economic trajectory.

## **An Overview of Major Investment Projects by China in the Horn of Africa and their Implications for Regional Integration in the Region**

### **Djibouti's The Doraleh Container Terminal: Chinese Involvement and Implications for Regional Integration**

The Doraleh Container Terminal (DCT) in Djibouti is a crucial maritime infrastructure project that has garnered significant international attention due to its strategic location and the involvement of China. This essay explores the nature of Chinese involvement, the geopolitical significance of the terminal, and its implications for regional integration.

The Doraleh Container Terminal was constructed with significant Chinese investment through the China Merchants Group (CMG), a state-owned enterprise. The terminal, which began operations in 2009, represents one of the largest Chinese investments in Africa (World Bank, 2021). China's involvement in the Doraleh Container Terminal is a crucial element of its broader Belt and Road Initiative (BRI), designed to enhance global trade routes and connectivity. The construction of the DCT was heavily financed and supported by China, with the China Merchants Group (CMG), a state-owned enterprise, playing a pivotal role. Chinese banks provided the necessary financial backing, and Chinese construction firms ensured the terminal met international standards. Initially managed as a joint venture between CMG and the Djiboutian government, recent legal disputes and policy changes have shifted the management towards greater national control (Downs *et al*, 2017)<sup>[11]</sup>.

The geopolitical significance of the Doraleh Container Terminal is profound, primarily due to its strategic location. Situated at the southern entrance to the Red Sea, along one of the world's busiest maritime routes, the DCT is crucial for maritime traffic transiting the Suez Canal. Djibouti's strategic importance is further underscored by the presence of multiple military bases from countries including the United States, France, Japan, and China. Notably, China's first overseas military base is located in Djibouti, emphasizing its interest in securing its maritime routes and safeguarding its investments. The terminal's enhanced capabilities position Djibouti as a key transshipment and logistics hub for the region, benefiting landlocked countries like Ethiopia that rely on Djibouti's ports for their trade (Downs et al. 2017)<sup>[11]</sup>.

With respect to regional integration, the development of the Doraleh Container Terminal has significant implications for regional integration in the horn of Africa. Improved port facilities boost economic growth by facilitating trade and attracting investment, aligning with Djibouti's ambition to become a commercial hub for East Africa. The DCT supports the African Continental Free Trade Area (AfCFTA) by serving as a critical node for intra-African trade, reducing transportation costs and times, and promoting regional commerce. Furthermore, the success of the DCT has spurred additional infrastructure development in Djibouti and neighboring countries, including new railways, roads, and ports, crucial for enhancing regional connectivity and integration. However, the strategic importance of Djibouti can attract international investment and lead to geopolitical tensions. Balancing the interests of global powers with regional stability is essential for sustained economic growth and integration. While the terminal brings numerous benefits,

careful management of geopolitical dynamics is crucial to ensure long-term stability and prosperity for the region.

### **Djibouti's International Free Zone Industrial Parks Operation: Chinese Involvement and Implications for Regional Integration**

One of the most notable projects is the establishment of international free zone industrial parks, with significant Chinese involvement. China has been a major investor in Djibouti's industrial parks, primarily through the Belt and Road Initiative (BRI). The Djibouti International Free Trade Zone (DIFTZ), one of Africa's largest free trade zones, is a key project supported by Chinese investments. The project is a collaboration between China Merchants Group, Dalian Port Corporation, and the Djiboutian government, showcasing a significant public-private partnership model (Middle East Institute, 2020).

The DIFTZ covers an area of 4,800 hectares and aims to transform Djibouti into a major logistics and commercial hub. The zone includes warehousing, manufacturing, processing, and logistical services, designed to boost trade and economic activities. Chinese construction companies have been instrumental in developing the infrastructure, ensuring modern facilities that meet international standards.

With respect to the implications of the project for regional integration in the Horn of Africa, the development of international free zone industrial parks in Djibouti significantly enhances trade and connectivity in the region. Djibouti serves as a critical gateway for landlocked countries like Ethiopia, providing them with access to international markets. The improved infrastructure and facilities facilitate smoother trade flows, reduce transportation costs, and increase the efficiency of logistics. The industrial parks contribute to Djibouti's economic growth by attracting foreign direct investment (FDI) and boosting industrial activities. The creation of job opportunities and the development of ancillary industries further stimulate the local economy. Additionally, the parks promote technology transfer and skill development, enhancing the overall competitiveness of the region (Spence, 2020) <sup>[10]</sup>.

The industrial parks support regional integration by fostering economic cooperation among East African countries. By serving as a logistical and commercial hub, Djibouti can facilitate intra-regional trade and strengthen economic ties with neighboring countries. The enhanced infrastructure and connectivity also support initiatives like the African Continental Free Trade Area (AfCFTA), which aims to create a single market for goods and services across the continent. The development of international free zone industrial parks in Djibouti, with significant Chinese involvement, has profound implications for regional integration and economic growth in East Africa. These projects enhance trade connectivity, stimulate economic development, and foster regional cooperation (Spence, 2020) <sup>[10]</sup>.

**Ethio-Djibouti Railway Project: Chinese Involvement, and Implications for Regional Integration:** The Ethio-Djibouti Railway is a landmark infrastructure project that significantly enhances connectivity between Ethiopia and Djibouti. Spanning 752 kilometers, this modern electrified standard-gauge railway connects Addis Ababa, Ethiopia's capital, to the port of Djibouti. Inaugurated in January 2018, the railway replaces an old meter-gauge line and provides a crucial link for Ethiopia, a landlocked country, to access

maritime trade routes via Djibouti's ports. The railway's electrification makes it one of the first modern electric railways in East Africa, enhancing both efficiency and environmental sustainability (Tovar, 2019) <sup>[25]</sup>.

China's involvement in the Ethio-Djibouti Railway has been pivotal through funding, construction, and operational support. The project was primarily financed by loans from China's Exim Bank, covering about 70% of the total \$4 billion cost. Chinese companies, specifically China Railway Group and China Civil Engineering Construction Corporation (CCECC), were responsible for the design and construction, ensuring the project met international standards. Additionally, Chinese firms provided technical expertise and training to local staff, including a five-year management contract to oversee operations and maintenance.

With respect to regional integration, the implications of the Ethio-Djibouti Railway for regional integration are profound. The railway enhances trade connectivity between Ethiopia and Djibouti, facilitating the efficient movement of goods and reducing transportation costs and time compared to road transport. This connectivity is crucial for Ethiopia, which relies on Djibouti for over 90% of its imports and exports. The railway also supports economic growth by boosting trade competitiveness and attracting foreign investment, contributing to Ethiopia's industrialization efforts, particularly in manufacturing and export sectors (Tovar, 2019) <sup>[25]</sup>.

Furthermore, the railway promotes regional integration by fostering economic cooperation between Ethiopia and Djibouti, setting a precedent for future infrastructure projects aimed at integrating the economies of countries in the horn of Africa. Improved connectivity facilitates intra-regional trade, strengthening economic ties and supporting initiatives like the African Continental Free Trade Area (AfCFTA). However, the significant Chinese involvement also highlights geopolitical and strategic implications, such as concerns over debt dependency and strategic control over critical infrastructure, emphasizing the need for careful management of these dynamics to ensure sustainable development (Muller, 2019) <sup>[9]</sup>.

### **Ethiopia's Addis Ababa Light Rail Transit and Ring Road: Chinese Involvement, and Implications for Regional Integration**

The Addis Ababa Light Rail Transit (LRT) is the first light rail and rapid transit system in sub-Saharan Africa. Officially inaugurated in September 2015, the LRT system consists of two lines: the north-south line, which is 16.9 kilometers long, and the east-west line, stretching 17.4 kilometers. The total system covers 34.3 kilometers, serving 39 stations. The LRT aims to address the severe traffic congestion in Addis Ababa, offering an efficient and affordable public transportation option.

China played a pivotal role in the development of the Addis Ababa LRT. The project was funded by a \$475 million loan from China's Exim Bank, covering 85% of the total cost. The construction was carried out by China Railway Group Limited (CREC), which provided both the technical expertise and the necessary manpower. Chinese companies also supplied the trains and other essential equipment for the LRT system (Calabrese et al., 2021) <sup>[6]</sup>.

With respect to the project's implications for regional integration, the project enhances urban and regional connectivity. The Addis Ababa Ring Road significantly

improves connectivity within the city by linking various neighborhoods and reducing traffic congestion. This enhancement facilitates smoother and quicker travel across Addis Ababa, making daily commutes more efficient for residents. Additionally, the ring road connects the city to major highways leading to other parts of Ethiopia, which is crucial for regional trade and transportation. This improved connectivity not only eases local traffic but also integrates Addis Ababa more seamlessly into the national and regional transport network, fostering greater economic interaction within the region (Spence, 2020) <sup>[10]</sup>.

The project also has substantial economic implications. By improving road infrastructure, transportation costs are reduced, and logistics efficiency is enhanced. This improvement is particularly beneficial for businesses that rely on the efficient movement of goods and services. Lower transportation costs make it more feasible for businesses to operate and expand, which attracts investment into the city and its surroundings. The ring road, therefore, acts as a catalyst for economic activities, boosting local and regional economies by facilitating trade, creating job opportunities, and fostering industrial growth.

Furthermore, the project's role in connecting Addis Ababa with other parts of Ethiopia is pivotal for regional trade. Improved infrastructure facilitates the movement of goods between the capital and other regions, supporting regional integration efforts. The ring road helps in distributing products more efficiently, reducing delays and costs associated with transportation. By enhancing Addis Ababa's role as a central hub for economic activities, the ring road contributes to broader regional development goals. It helps integrate markets, enhances competitiveness, and supports initiatives like the African Continental Free Trade Area (AfCFTA), which aims to create a single market for goods and services across Africa (CGTN, 2023) <sup>[9]</sup>.

### **Ethiopia's Modern Storage Facilities of Ethiopian Airlines: Chinese Involvement and Implications for Regional Integration**

Ethiopian Airlines, Africa's leading airline, has significantly upgraded its logistics and storage facilities to enhance operational efficiency and support regional integration. These modern storage facilities, developed with substantial Chinese involvement, play a crucial role in improving cargo handling and distribution in the region. Ethiopian Airlines has invested heavily in expanding its cargo terminal facilities at Addis Ababa Bole International Airport. The state-of-the-art cargo terminal is one of the largest in Africa, covering an area of approximately 150,000 square meters. The terminal is equipped with modern technology and infrastructure, including automated storage and retrieval systems, cold storage facilities, and advanced security systems. This expansion has increased the airline's cargo handling capacity to more than 1 million tons per year, significantly boosting its logistics capabilities (Xinhua, 2024) <sup>[28]</sup>.

China has played a significant role in the development of Ethiopian Airlines' modern storage facilities through funding and investment. Chinese financial institutions, such as the Export-Import Bank of China, have provided substantial loans and credit lines to support the construction and expansion of these facilities. Also, Chinese companies have been instrumental in the construction and implementation of the modern storage facilities. Firms like China Communications Construction Company (CCCC) and China

Civil Engineering Construction Corporation (CCECC) have provided technical expertise and manpower for the construction of the cargo terminals and storage areas. These companies have leveraged their experience in large-scale infrastructure projects to ensure the timely and efficient completion of the facilities.

With respect to the project's implications for regional integration in the Horn of Africa, the modern storage facilities of Ethiopian Airlines have significantly enhanced trade and connectivity within the region. By increasing cargo handling capacity and improving the efficiency of logistics operations, these facilities facilitate smoother and faster movement of goods. This improvement is particularly beneficial for landlocked countries in the Horn of Africa. Furthermore, the upgraded storage facilities support economic growth and development by enabling Ethiopian Airlines to handle larger volumes of cargo, including high-value and perishable goods. This capability boosts exports of agricultural products, textiles, and other goods, contributing to the economic development of Ethiopia and the broader region.

With the development of modern storage facilities, Ethiopian Airlines has strengthened its position as a regional logistics hub. The airline's hub-and-spoke model, centered around Addis Ababa, allows for efficient distribution of goods across Africa and beyond. This strategic position enhances regional integration by facilitating intra-African trade and improving connectivity with other continents. The airline's role as a logistics hub supports initiatives like the African Continental Free Trade Area (AfCFTA), promoting economic integration across the continent. Hence, the modern storage facilities of Ethiopian Airlines, developed with significant Chinese involvement, have transformed the airline's cargo operations and enhanced regional integration in the Horn of Africa. These facilities improve trade connectivity, support economic growth, and position Addis Ababa as a key logistics hub in the region.

### **Kenya's Nairobi-Thika Super Highway: Chinese Involvement, and Implications for Regional Integration**

The Nairobi-Thika Super Highway, known as Thika Road, stands as a pivotal infrastructure project in Kenya, connecting the capital Nairobi with Thika, a significant industrial and residential center in Central Kenya. This modern expressway spans approximately 50 kilometers and represents a critical solution to alleviate chronic traffic congestion along the previous narrow and inadequate Thika Road. Completed in phases, it includes features like dual carriageways, overpasses, underpasses, and service lanes, designed to enhance traffic flow and safety while accommodating the region's growing transport needs.

Chinese involvement in the Nairobi-Thika Super Highway has been substantial, both in terms of construction expertise and financing. Chinese construction firms, including China Wu Yi and China Road and Bridge Corporation (CRBC), played integral roles in the project's design and implementation phases. These companies brought advanced construction technology and efficiency, which helped expedite the project's completion. Moreover, Chinese financial institutions provided significant funding through loans and credit facilities, supporting the Kenyan government's efforts to develop critical infrastructure.

The implications of the Nairobi-Thika Super Highway extend beyond national borders, influencing regional integration within the Horn of Africa. By improving connectivity

between Nairobi and Thika, the highway is part of the broader Northern Corridor, a key transport route linking Kenya with neighboring countries like Uganda, Rwanda, Burundi, and South Sudan. This enhanced connectivity facilitates smoother movement of goods, services, and people across borders, thereby promoting regional trade and economic cooperation. Economically, the Nairobi-Thika Super Highway serves as a development corridor, stimulating growth along its route. It attracts investments in industries, logistics, commercial centers, and residential developments, which contribute to job creation and economic diversification. This economic dynamism not only benefits Kenya but also supports regional economic integration by fostering interconnected markets and shared prosperity. Infrastructure projects like the Nairobi-Thika Super Highway enhance Kenya's role as a regional economic hub and promote its geopolitical importance within East Africa. They strengthen diplomatic ties and regional partnerships by facilitating easier movement of people and goods, enhancing cross-border security cooperation, and promoting political stability.

**Kenya’s Mombasa-Nairobi Standard Gauge Railway: Chinese Involvement, and Implications for Regional Integration**

The Mombasa-Nairobi Standard Gauge Railway (SGR) is a transformative infrastructure project in Kenya, linking the port city of Mombasa on the Indian Ocean coast with Nairobi, the capital and economic hub of Kenya. This railway project has been instrumental in enhancing transportation efficiency, promoting economic development, and fostering regional integration within the Horn of Africa.

The Mombasa-Nairobi SGR spans approximately 472 kilometers (293 miles) and serves as a critical transportation corridor connecting the Port of Mombasa with Nairobi and its hinterlands. The railway line is designed to facilitate the movement of freight and passengers, offering a faster and more efficient alternative to road transport. The SGR features a modern, electrified standard gauge railway line capable of supporting high-speed passenger trains and heavy cargo trains. It includes stations, terminals, bridges, tunnels, and maintenance facilities equipped with advanced technology and safety systems to ensure reliable operations and passenger comfort. The Mombasa-Nairobi SGR has catalyzed economic development by improving connectivity

between Mombasa's seaport and Nairobi's industrial and commercial centers. It enhances logistics efficiency, reduces transportation costs, and supports trade by facilitating the movement of goods and commodities to and from the port. Chinese involvement in the Mombasa-Nairobi SGR project underscores China's commitment to supporting Kenya's infrastructure development under the Belt and Road Initiative (BRI). The construction of the Mombasa-Nairobi SGR was financed primarily through loans from Chinese financial institutions, including the China Exim Bank. These loans covered significant portions of the project's capital expenditures, including construction costs, equipment procurement, and technical expertise. Also, Chinese state-owned enterprises (SOEs), such as China Road and Bridge Corporation (CRBC), were responsible for the design, construction, and engineering of the SGR. They brought extensive experience in railway construction, project management, and technological innovation to ensure the project's successful implementation and adherence to international standards. Chinese companies facilitated technology transfer and skills development among local Kenyan workers and engineers through training programs and knowledge exchange initiatives. This transfer of expertise has enhanced Kenya's capacity in railway infrastructure development and operations management. With respect to the implications of the project for regional integration in the Horn of Africa, the Mombasa-Nairobi SGR significantly enhances transportation connectivity within Kenya and the broader East African region. It provides seamless connectivity between Mombasa's port, Nairobi, and future extensions to neighboring countries, facilitating cross-border trade and regional economic integration. Moreover, By reducing transit times and transportation costs, the SGR promotes efficient movement of goods and commodities, supporting regional trade flows and economic cooperation within East Africa. It enhances logistics capabilities and supply chain efficiency, benefiting businesses, industries, and consumers across the region. The development of the SGR stimulates infrastructure development and investment in supporting facilities along its route, including logistics hubs, industrial parks, and commercial centers. These developments create employment opportunities, attract private investment, and stimulate local and regional economic growth.

**Table 1:** Summary of major investment projects by China in the Horn of Africa

	Country	Project	Chinese Involvement
1.	Djibouti	Doraleh Container terminal	Financing and Construction
		Ethio-Djibouti railway project	Financing, Construction and Operation
		International free zone industrial parks operation	Financing and Construction
2.	Ethiopia	Ethio-Djibouti railway project	Financing, Construction and Operation
		Addis Ababa transit railway and ring road	Financing, Construction and Operation
		Modern storage facilities of Ethiopian airlines,	Financing and Construction
3.	Kenya	Nairobi - Thika Super Highway	Financing and Construction
		Mombasa- Nairobi Standard Gauge Railway	Financing, Construction and Operation
		Kampala-Entebbe expressway	Financing and Construction
		Isimba Hydropower Dam	Financing and Construction

**Conclusions**

China's engagement with the Horn of Africa through various infrastructure investments and strategic initiatives has significantly impacted the region's economic and geopolitical landscape. The Ministerial Forum on China-Africa Cooperation (FOCAC) and the Belt and Road Initiative (BRI)

are pivotal platforms that underscore China's commitment to fostering economic growth and sustainable development across the continent. The infrastructure projects, such as the Ethiopia-Djibouti railway, the Doraleh Container Terminal in Djibouti, and the Standard Gauge Railway in Kenya, exemplify China's strategic focus on enhancing regional

connectivity and integration. These projects have brought about substantial economic benefits, including improved transportation networks, increased trade, and job creation, which collectively contribute to the socio-economic development of the Horn of Africa. By facilitating smoother trade flows and reducing transportation costs, these projects support regional trade and economic cooperation, thus enhancing the overall economic capabilities of the region. Moreover, China's involvement in these infrastructure projects has also led to technology transfer and skills development among local workers, further boosting the region's capacity for future growth and development. The creation of industrial parks and free trade zones, such as the Djibouti International Free Trade Zone, highlights China's role in promoting industrialization and attracting foreign direct investment, which are crucial for long-term economic stability and growth. However, China's expanding influence in the region has also raised geopolitical concerns. The establishment of military bases and significant investments in critical infrastructure projects have implications for regional stability and international relations. Balancing the benefits of Chinese investments with the potential geopolitical risks is essential for ensuring sustainable development and regional harmony.

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