

**Question for written answer E-000744/2023
to the Commission**

Rule 138

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Subject: Kenyan railway project and debt held by China

China holds at least 21% of African debt¹.

Loans from China 'tend to carry higher interest rates [than those of rich countries] and shorter maturities [...]. They frequently use national assets as collateral².

These loans are often contracted to fund infrastructure projects, such as the railway linking Kenya and Uganda from Mombasa, which is estimated to cost USD 4.7 billion³.

However, the 'railway's financier [...] has demanded reimbursements, even as creditors like France and Japan gave Kenya some respite from servicing their loans because of the pandemic'. This has forced Nairobi to introduce austerity measures.

The European Union has supported the G20 and Paris Club debt service suspension initiative⁴. However, by 2020, the 'rich countries' in the Paris Club reportedly held only '11% of the debt of the 73 poorest countries, down from 28% in 2006'⁵.

1. How does the Commission intend to promote fairness in China's participation in the economy?
2. Does it also intend to offer expertise to African states in order to avoid such projects and the risks they entail?

Submitted: 6.3.2023

¹ 'China holds at least 21 percent of African debt'; <https://www.washingtonpost.com/politics/2021/02/26/pandemic-has-worsened-africas-debt-crisis-china-other-countries-are-stepping/>.

² 'China's loans [...] tend to carry higher interest rates and shorter maturities. They frequently use national assets as collateral', 'Poor Countries Borrowed Billions from China. They Can't Pay It Back', *International New York Times*, 20 May 2020

³ 'It's the railway, which cost a whopping \$4.7 billion', 'Jewel in the Crown of Corruption': 'The Troubles of Kenya's China-Funded Train', *New York Times*, 7 August 2022.

⁴ <https://www.consilium.europa.eu/media/46968/st13529-en20.pdf>.

⁵ 'The rich countries in the Paris Club no longer have a monopoly on debt as they did in the 20th century. In 2020, the latter only owned 11% of the debt of the 73 poorest countries, as opposed to 28% in 2006', Julien Bouissou, 'Le FMI en première ligne pour sauver les pays du défaut de paiement', *Le Monde*, 11 August 2022.