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Chinese Firms in the Belt and Road Initiative: A Cross-Sectoral Study of BRI Activities in Kenya

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Abstract

The long-time development of the Belt and Road Initiative (BRI) has sparked debates between scholars who emphasize a state-led approach and those who see decentralized project operations initiated by profit motives. This study bridges this divide by examining the practices of Chinese firms within the BRI, shedding light on state-business relations. Focusing on Kenya, a pivotal maritime BRI location, it explores Chinese state-firm relational dynamics in infrastructure, trade, and manufacturing BRI projects. The findings reveal that Chinese firms in Kenya, private or state-owned, play a partial strategic role. The Chinese state selects activities crucial for establishing a mutually beneficial narrative and guides firms through official visits and awards to build positive reputations. However, firms remain commercially oriented and seek state assistance based on business needs. Private and state-owned Chinese firms in Kenya share a certain level of similarity in accessing state support, both financial and operational.

China-Kenya Monument, near Nairobi. On the road near the Kenyan capital Nairobi is this monument meant to demonstrate the growing presence of Chinese investors in Kenya. Photograph by Simon Roughneen, September 09, 2020. iStock photo ID:1271208860.

Keywords: Belt and Road Initiative; implementations; the Chinese state; SOEs; private firms; cross-sectoral

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Introduction

Since 2013, China's Belt and Road Initiative (BRI) has quickly evolved into a multifaceted global phenomenon, touching upon various aspects of infrastructure, trade, education, green technology, and agriculture. However, the long-time development of the BRI has not led to a consensus on how to conceptualize it. One group of scholars stipulates that the BRI is a grand strategic scheme, which serves China's domestic development and expansive global presence. Scholars in this group emphasize the "state-led" logic that the Chinese state is compelled by domestic economic motives to sustain economic growth[1] and seek solutions for mounting overaccumulation of capital and industrial capacity[2]. Some argue that the state proposes this initiative as a way to confront external geopolitical challenges that require China to project more political influence internationally.[3] In these studies, various Chinese business entities, mainly state-owned enterprises (SOEs), are submissive and directed by the state to serve the national strategy. Meanwhile, another group of scholars, with scattered empirical cases of BRI implementations worldwide, demonstrate that Chinese business entities are profit-oriented instead of politically driven. These entities operate in a decentralized and dynamic manner, as they co-construct BRI projects with government officials, financiers, and citizens in host countries and align interests with those host country actors.[4] These divergences inspire the author to ask: How are Chinese firms situated in the BRI? How have Chinese state-business relations unfolded in the BRI implementations?

To answer these questions, this study aligns with scholars who conceptualize the "relatively autonomous" operations of Chinese firms as departing from but also being managed by the Chinese state. These scholars have identified the "fragmented" feature of Chinese authoritarianism within politics, which captures that the state's relations with business entities involve not only directives and controls, but also decentralization, contestations, and compromises to corporate interests.[5] This discussion of autonomous Chinese firms' operations is placed within the broader literature on explaining state-business relations within Chinese

[1] Yiping Huang, "Understanding China's Belt & Road Initiative: Motivation, Framework and Assessment," *China Economic Review* 40 (2016): 314-321.

[2] Pádraig Carmody, Ian Taylor, and Tim Zajontz, "China's Spatial Fix and 'Debt Diplomacy' in Africa: Constraining Belt or Road to Economic Transformation?" *Canadian Journal of African Studies* 56, no. 1 (2022): 57-77.

[3] Weifeng Zhou and Mario Esteban, "Beyond Balancing: China's Approach towards the Belt and Road Initiative," *Journal of Contemporary China* 27, no. 112 (2018): 487-501.

[4] Xiao Han and Michael Webber, "From Chinese Dam Building in Africa to the Belt and Road Initiative: Assembling Infrastructure Projects and Their Linkages," *Political Geography*, no. 77 (2020), https://doi.org/10.1016/j.polgeo.2019.102102; Igor Rogelja, "Concrete and Coal: China's Infrastructural Assemblages in the Balkans," *Political Geography*, no. 81 (2020), https://doi.org/10.1016/j.polgeo.2020.102220.

[5] Lee Jones and Yizheng Zou, "Rethinking the Role of State-Owned Enterprises in China's Rise," *New Political Economy* 22, no. 6 (2017): 743-760; William J. Norris, *Chinese Economic Statecraft: Commercial Actors, Grand Strategy, and State Control* (Ithaca and London: Cornell University Press, 2016), 45.

state capitalism[6] and Chinese overseas capital in relation to the international market[7] or the host contexts[8]. Epistemologically, this study emphasizes centering Chinese firms in their trans-local connections, which include linkages with the Chinese state, the host environment, and even the international market.

The investigation is contextualized in a specific host country, Kenya, which is regarded as a key maritime pivot for the BRI.[9] Kenya was the third African country to sign the BRI Memorandum of Understanding (MOU) with China after South Africa and Egypt in May 2017. Chinese firms have constructed massive BRI infrastructure projects within the country, some financed by the Export-Import Bank of China (CEXIM). Meanwhile, Kenya-China BRI cooperation is not limited to infrastructure. According to the report tracking China's BRI projects in Kenya, cooperation also involves activities in industrial investments and trade initiated by both private and state-owned Chinese companies.[10] Therefore, Kenya is a solid case for investigating in-depth how Chinese firms in various sectors in Kenya conduct their BRI activities and the relations of these companies with the Chinese state. In the following, this article investigates six cases of BRI activities carried out either by private or state-owned firms from three sectors: infrastructure, trade, and manufacturing. Combining all of these cases, this study aims to interrogate and articulate similarities among state-business relations in the BRI. Data on these cases was collected from interviews with 21 key informants over a four-month period of fieldwork, involving two visits to Kenya in 2022 and 2023. The informants comprise 18 interviewees from various Chinese firms, 2 individuals affiliated with financial institutions, and an official from the Kenyan government. In addition, this study employs news concerning corporate operations to supplement each case.

By systematically deconstructing the relations of Chinese firms across sectors and ownership types with the Chinese state in the BRI, this study first bridges the gap concerning the state-led feature of the BRI and the decentralized, autonomous BRI implementations. This nuanced understanding is vital to grasp the essence of China's strategic engagement in Africa viewed through the perspective of state-firm dynamics. This study demonstrates that Chinese firms in Kenya, private or state-owned, are partially strategic players. The Chinese state selects the activities of firms by their significant importance in establishing a mutually beneficial narrative

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[6] Ilias Alami and Adam D. Dixon, "Uneven and Combined State Capitalism," *Environment and Planning A: Economy and Space* (2021): 1-28.

[7] Chris Alden and Martyn Davies, "A Profile of the Operations of Chinese Multinationals in Africa," *South African Journal of International Affairs* 13, no. 1 (2006): 83-96; Nana De Graaff, "China Inc. Goes Global. Transnational and National Networks of China's Globalizing Business Elite," *Review of International Political Economy* 27, no. 2 (2020): 208-233.

[8] Antoine Kernen and Katy N. Lam, "Workforce Localization among Chinese State-Owned Enterprises (SOEs) in Ghana," *Journal of Contemporary China* 23, no. 90 (2014): 1053-1072; Ching Kwan Lee, "Raw Encounters: Chinese Managers, African Workers and the Politics of Casualization in Africa's Chinese Enclaves," *The China Quarterly*, no. 199 (2009): 647-666.

[9] Muhammad Sabil Farooq et al, "Kenya and the 21st Century Maritime Silk Road: Implications for China-Africa Relations," *China Quarterly of International Strategic Studies* 4, no. 03 (2018): 401-418.

[10] Africa Policy Institute, *Shared Prosperity: Tracking the Belt and Road Initiative in Kenya 2018-2021* (Nairobi: API, 2021).

that bolsters the economic growth of both Kenya and China. The state also guides these selected activities through on-site visits of officials and model awards, which aim to help Chinese firms build positive reputations. On the other hand, Chinese firms in the cases of this study are not entirely strategic players of the state, as they are commercially oriented and seek the help of the state due to business needs.

Second, this article contributes to the empirical findings on BRI projects across sectors and ownership types. Most studies on China's BRI projects concentrate on the infrastructure sector, with SOE-constructed projects.[11] Yet, this study aims to provide a more comprehensive investigation of the involvement of Chinese firms in the infrastructure, trade, and manufacturing sectors with both state-owned and private firms considered. It is found that private firms are not distinctly different from SOEs, especially in terms of acquiring support from the state. Among the cases that this study investigates, private and state-owned firms both have access to financial support and operational assistance.

In addition, this study complements the burgeoning studies on African BRI experiences in China-Africa relations. As several scholars point out, China's BRI is originally Eurasia-centric,[12] while the significant extent of this initiative in Africa is a more recent trend.[13] This study aims to add BRI practices in Kenya to BRI implementations in Africa. In this regard, this study partly addresses the geopolitical implications of Chinese economic engagement in Africa. The state-firm interactions elucidated in this study suggest that the Chinese state is less oriented toward intentionally fostering neocolonialist relations or hegemony, contrary to the exaggerated portrayals often seen in Western political discourse and media.[14] The fragmented nature of state authority and the profit-driven objectives of corporations have served as impediments to such fostering. Instead, the state acts not differently than other powerful states to support significant commercial activities and, based on these endeavors, to construct a cooperative role in boosting African states' economic development.

The paper is structured as follows. The next section reviews the literature on Chinese state-business relations and business operations overseas to lay out a theoretical basis. The third section sketches the engagements of Chinese firms in the Kenyan infrastructure, trade, and manufacturing sectors. The fourth section empirically investigates the BRI activities of various firms and state-business relations within them. Eventually, this paper ends with concluding remarks.

A Framework for Studying the BRI implementations: State-Mobilized and Firm-Implemented

Within the literature of the business school, the Chinese government is often perceived as a

[11] See Elia Apostolopoulou, "Tracing the Links between Infrastructure-Led Development, Urban Transformation, and Inequality in China's Belt and Road Initiative," *Antipode* 53, no. 3 (2021): 831-858.

[12] Nadège Rolland, *China's Eurasian Century? Political and Strategic Implications of the Belt and Road Initiative* (Washington: National Bureau of Asian Research, 2017).

[13] Julia Breuer, *Two Belts, One Road? The Role of Africa in China's Belt & Road Initiative* (Cologne: China-Blickwechsel, 2017).

[14] See Anthony Kleven, "Belt and Road: Colonialism with Chinese Characteristics," *The Interpreter*, May 6, 2019, https://www.theguardian.com/cities/2018/jul/31/china-in-africa-win-win-development-or-a-new-colonialism.

powerful ally for Chinese firms in terms of fiscal incentives, business information sharing, and diplomatic support.[15] These studies in the business school ally with scholars who view the Chinese state as having a positive developmental role that is in concert with business entities to produce the right conditions, pick winning/losing industries, and aid Chinese business entities to move up the value chain.[16] However, as Fligstein and Zhang argue, the political interests of the Chinese state are not always aligned with corporate interests.[17] Facing such non-alignment, some scholars have discussed that the Chinese state has re-strengthened its authority and control over other Chinese actors, with Chinese firms included, since Xi Jinping took power.[18] Specially in the African context, Large argues that the Chinese state under Xi's administration utilizes economic engagements of Chinese firms to remake China's relations with Africa in order to achieve a more ambitious and expansive global presence.[19] This reassertion of state authority might create more contradictions between state and corporate interests.

The BRI has been proposed and implemented since 2013 within the above-mentioned relational dynamics. This initiative consists of building the "New Silk Road Economic Belt" and the "21st Century Maritime Silk Road." Chinese officials explain that it "aims to borrow the historical symbols of the ancient 'Silk Road' and relies on the existing dual and multilateral mechanisms between China and relevant countries ...[to] actively develop the economic partnerships with countries along the route."[20]

As addressed in the introduction section, debates exist between scholars who emphasize a state-led approach and those who see decentralized project operations initiated by profit motives. To bridge these different perspectives, this article draws wisdom from the interpretations of the "relative autonomy" of Chinese firms under the leadership of the Chinese state. Many scholars build on the concept of fragmented authoritarianism and recognize Chinese party-state authoritarian modes of intervention to business entities but with a fragmentation of the authority within state transformation since the "opening-up" in 1978.[21]

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[15] Xia Han et al, "Home-Country Government Support, Interstate Relations and the Subsidiary Performance of Emerging Market Multinational Enterprises," *Journal of Business Research*, no. 93 (2018): 160-172; Yadong Luo, Qiuzhi Xue, and Binjie Han, "How Emerging Market Governments Promote Outward FDI: Experience from China," *Journal of World Business* 45, no. 1 (2010): 68-79; Jing Li et al., "Diplomatic and Corporate Networks: Bridges to Foreign Locations." *Journal of International Business Studies* 49, no. 6 (2018): 659-683.

[16] See Alvin Y. So, *China's Developmental Miracle: Origins, Transformations, and Challenges* (New York: Routledge, 2016), 3-25; Junmin Wang,"Global-Market Building as State Building: China's Entry into the WTO and Market Reforms of China's Tobacco Industry," *Theory and Society* 38, no. 2 (2009): 165-194.

[17] Neil Fligstein and Jianjun Zhang, "A New Agenda for Research on the Trajectory of Chinese Capitalism," *Management and Organization Review* 7, no. 1 (2011): 39-62.

[18] Elizabeth Economy, *The Third Revolution: Xi Jinping and the New Chinese State* (Oxford: Oxford University Press, 2018), 35; Norris, *Chinese Economic Statecraft, 45*.

[19] Daniel Large, *China and Africa: The New Era* (Cambridge & Medford: Polity Press, 2021), 56-58.

[20] Shiting Wang, "The New Spring on the Ancient Silk Road," *GH Headlines*, 29 April, 2019, http://www.ghheadlines.com/agency/ghana-news-agency/20190429/119819176/the-new-spring-on-the-ancient-silk-road.

[21] Michal Meidan, Philip Andrews-Speed, and Xin Ma, "Shaping China's Energy Policy: Actors and Processes," *Journal of Contemporary China* 18, no. 61 (2009): 591-616; Andrew Mertha, "'Fragmented Authoritarianism 2.0': Political Pluralization in the Chinese Policy Process," *The China Quarterly*, no. 200 (2009): 995-1012.

The origin of this concept comes from the discussion of policymaking in Chinese politics.[22] The fragmentation indicates horizontal bureaucratic conflicts and compromises, vertical decentralization, and state and non-state actors' interest oppositions and convergences to formulate policies in Chinese politics. The state-business compromises and negotiations occurring within the fragmented authoritarian policymaking process have been adapted to interpret Chinese state-business relations.[23]

More relevant to this research are the discussions of fragmented authoritarianism in Chinese state-business relations within the overseas context. Scholars find that SOEs, especially those operating within the overseas context, on some occasions, ignore or even disobey the directives of the Chinese government.[24] Corkin even argues that due to overlapping jurisdictions among government ministries and the government's concern about maintaining cordial interstate relations, Chinese companies are loosely tracked and directed by the Chinese government.[25] Norris asserts that the fragmented Chinese state produces impediments to unitarily consent to the best national interests that Chinese firms must comply with. He further argues that Chinese statehood is reconfigured as state leaders replace direct instructions with broad targets or principles, which generates space for Chinese business entities to interpret these principles according to their practical needs and conditions and integrate their profit-seeking schemes with the state's targets.[26] Jones and Zou specify that domestic overcapacity, surplus capital, and domestic profit squeeze primarily drive the overseas expansion of Chinese firms while the state generates loose and thin regulatory frameworks and a permissive environment for Chinese firms to enter the international market.[27]

This fragmented statehood has been inherited in the BRI implementations. Jones and Zeng reveal that the BRI is formulated through "evolving contestation among fragmented, decentralized and partially internationalized party-state apparatuses and their societal allies."[28] This initiative assembles a loose "policy envelope" that has deliberately remained vague to allow provinces, enterprises, and funding agencies to influence, interpret, harness, or even ignore the strategic goals of the BRI.[29] Baogang He takes this further, viewing the BRI as a top-down mobilization campaign. He reveals the mobilization mechanisms of the central Chinese state, including setting a small leading group, facilitating ministerial and provincial actions according to specialties, and more relevant to this research, forming the economic

[22] Kenneth Lieberthal and Michel Oksenberg, *Policy Making in China: Leaders, Structures, and Processes* (Oxford: Princeton University Press, 1988), 3-18.

[23] See Adrian Lema and Kristian Ruby, "Between Fragmented Authoritarianism and Policy Coordination: Creating a Chinese Market for Wind Energy," *Energy Policy* 35, no. 7 (2007): 3879-3890.

[24] See Jones and Zou, "Rethinking the Role of State-Owned Enterprises in China's Rise," 743-760.

[25] Lucy Corkin, "Chinese Construction Companies in Angola: A Local Linkages Perspective," *Resources Policy* 37, no. 4 (2012): 475-483.

[26] Norris, *Chinese Economic Statecraft*, 51-54.

[27] Jones and Zou, "Rethinking the Role of State-Owned Enterprises in China's Rise," 743-760.

[28] Lee Jones and Jinghan Zeng, "Understanding China's 'Belt and Road Initiative': Beyond 'Grand Strategy' to a State Transformation Analysis," *Third World Quarterly* 40, no. 8 (2019): 1416.

[29] Jones and Zeng, "Understanding China's 'Belt and Road Initiative'," 1415-1439.

rationale for SOEs to transfer excess capacity and encouraging them to become "the BRI spears."[30] Similarly, Ye argues that bureaucratic discord and autocratic interventions both exist in such a mobilization, in which the central leaders launch the BRI but use ambiguous rhetoric first, and then subnational governments and major business entities leverage and improvise their projects based on their own interests to incorporate these projects into the BRI scheme. More importantly, Ye emphasizes that the state selects business actions to serve its cohesive scheme and reward them.[31]

Nevertheless, the roles and placement of various Chinese firms and their relations with the Chinese state in the BRI have not been the subject of a focused, in-depth, and systematic exploration. Also, the studies reviewed above, whether intentionally or unintentionally, have contributed to the formation of a distinct perception of China's state-business relations as diverging significantly from global norms. This study seeks to deconstruct this distinct notion and position Chinese state-firm dynamics within a broader transnational context. The analytical framework is illustrated in the figure below.

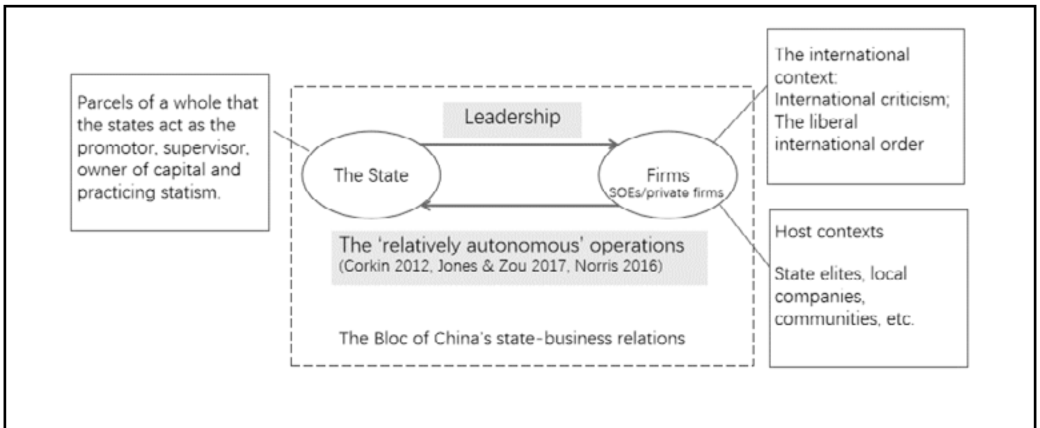

Figure 1*. The Analytical Framework. Source: the author.*

For the state side within the dynamics in the transnational context, Alami and Dixon argue that states such as China are not relatively autonomous "blocs" to build state capitalism but rather parcels of a relational whole, which have different but relational instantiations of state repertoires as the promotor, supervisor, owner of capital and practice statism, such as formulating industrial policies and development strategies.[32] Furthermore, Carroll and Jarvis maintain that states, although retained the "commanding heights" in state capitalism, are located within and integrated into global economic-market relations. Thus, the initiation

[30] Baogang He, "The Domestic Politics of the Belt and Road Initiative and Its Implications," *Journal of Contemporary China* 28, no. 116 (2019): 180-195.

[31] Min Ye, "Fragmentation and Mobilization: Domestic Politics of the Belt and Road in China," *Journal of Contemporary China* 28, no. 119 (2019): 696-711.

[32] Alami and Dixon, "Uneven and Combined State Capitalism," 1-28.

and dominant patterns of capitalist accumulation have conditioned the transformation and practices of states as well as other social forces.[33]

For the firms' side, many studies have situated Chinese firms, particularly the state-owned ones, in trans-local networks that are in relation to not only the Chinese state but also host states, host society, and the international market. Alden and Davies emphasize that the Chinese multinational corporations (MNCs) are supported by the home government and constrained by the party-state rule while also being exposed to international criticism, such as concerning limited contribution to capacity building of host states, unsustainable business strategies, labor practices, and underbidding.[34] De Graaff emphasizes the co-optation scenarios between the incumbent power structures around the liberal international order and Chinese business elites with their holdings to the state directives.[35] More relevant to this study, Kernen, Lam, and Lee have presented how Chinese firms, autonomous from the Chinese state, interact with African host economies through negotiations, compromises, and collusions.[36] These investigations of Chinese firms operating within trans-local networks resonate with the concept of fragmented authoritarianism in Chinese state-business relations that underscores the relative autonomy of firms in their interactions with the Chinese state.

However, SOEs and private firms may differ in their linkages with the Chinese state. In terms of Chinese state-business relations, enterprises with state ownership naturally become submissive to state control. Scholars have discussed the double roles of SOEs within the Chinese economy, as they are business entities driven by profit imperatives while, on the other hand, they are "state agents" subjective to political governance matters, such as conforming to national industrial policies, strategically increasing market share, and improving employment levels.[37] Bearing dual roles, some studies stress that the international expansions of Chinese SOEs serve nationalist objectives, such as securing key resources, acquiring advanced technologies, and strengthening China's strategic linkages with other countries.[38] Meanwhile, some scholars highlight SOEs' dependence on and employment of the state's resources to overcome the liability of foreignness, financial constraints, and the lack of prior entry experience.[39] Among the BRI infrastructure projects, SOEs have received overwhelming attention. Many scholars have explored SOEs' dual roles in each project.[40] Nevertheless, SOEs

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[33] Toby Carroll and Darryl Jarvis, "Understanding the State in Relation to Late Capitalism: A Response to 'New' State Capitalism Contributions," *Antipode* 0, no. 0 (2022): 1-23.

[34] Alden and Davies, "A Profile of the Operations of Chinese Multinationals," 83-96.

[35] De Graaff, "China Inc. Goes Global," 208-233.

[36] Kernen and Lam, "Workforce Localization," 1053-1072; Lee, "Raw Encounters," 647-666.

[37] Garry D. Bruton et al., "State-Owned Enterprises around the World as Hybrid Organizations," *Academy of Management perspectives* 29, no. 1 (2015): 92-114; Saul Estrin et al., "Home Country Institutions and the Internationalization of State-Owned Enterprises: A Cross-Country Analysis," *Journal of World Business* 51, no. 2 (2016): 294-307.

[38] Luo, Xue, and Han, "How Emerging Market Governments Promote Outward FDI," 68-79; Wenjuan Nie, "China's State-Owned Enterprises: Instruments of Its Foreign Strategy?" *Journal of Contemporary China* 31, no. 135 (2022): 383-397.

[39] Han et al., "Home-Country Government Support," 160-172.

[40] Shahar Hameiri and Lee Jones, *Debunking the Myth of 'Debt-Trap Diplomacy': How Recipient Countries Shape China's Belt and Road Initiative* (London: Chatham House, 2020); Zhigao Liu, Seth Schindler, and Wei-

are not solely in BRI infrastructures, as many private firms work as subcontractors.[41] Moreover, some large private companies, such as Huawei, have directly initiated many BRI projects.[42] Thus, this study introduces an SOE-private axis to cover both state-owned and private firms and interrogate their positions in the BRI. Furthermore, this study aims to extend the infrastructure-focused discussions on BRI implementations to include trade and manufacturing activities.

To summarize, this section introduces fragmented authoritarianism to comprehend the differences between the state-led logic and decentralized BRI implementations. The BRI's formulation and implementation involve fragmentation and mobilization, where the Chinese state sets vague objectives, mobilizes state agencies and diverse business entities to interpret and implement the policy per their interests, and ultimately selects and rewards projects that align with the overarching vision. To delve into this complexity, this study employs a relational analysis approach, positioning Chinese firms and the Chinese state within transnational networks. This approach allows for an exploration of how Chinese firms' relationships with both the Chinese state and the host environment influence BRI practices. The study aims to further compare state-owned and private firms to examine their dynamics with the Chinese state within the BRI. Additionally, it expands beyond the infrastructure to encompass BRI activities in trade and manufacturing.

Chinese Firms in Kenya: An Overview

Since President Mwai Kibaki took office in 2003, Kenya's economic relationship with China has grown, partly due to strained relations with Western powers.[43] This shift toward "Looking East" aimed to reduce dependence on the West and led to increased economic cooperation with China. President Uhuru Kenyatta, who received Western denunciation for the 2007 post-election violence and turned to Beijing and Moscow for development support, continued this trend.[44] The BRI further expanded opportunities for Kenya's cooperation with China.[45] For the Chinese side, Kenya's strategic location along the BRI maritime route and its stable

dong Liu, "Demystifying Chinese Overseas Investment in Infrastructure: Port Development, the Belt and Road Initiative and Regional Development," *Journal of Transport Geography*, no. 87 (2020): 102812, https://doi.org/10.1016/j.jtrangeo.2020.102812.

[41] Yichong Xu, "Chinese State-Owned Enterprises in Africa: Ambassadors or Freebooters?" *Journal of Contemporary China* 23, no. 89 (2014): 822-840.

[42] Geoffrey Gertz and Miles M. Evers, "Geoeconomic Competition: Will State Capitalism Win?" *The Washington Quarterly* 43, no. 2 (2020): 117-136.

[43] Sammy Mwangi Waweru, "Who Is Against Sino-African Relations? Evolving Perceptions on Chinese Engagement in Kenya," *Chinese Journal of International Review* 2, no. 02 (2020): https://doi.org/10.1142/S2630531320500110; Stephen Mogaka, *Continuity and Change in Kenya-China Relations 1963-2008* (Nairobi: University of Nairobi, 2011).

[44] Yuan Wang, "Executive Agency and State Capacity in Development: Comparing Sino-African Railways in Kenya and Ethiopia," *Comparative Politics* 54, no. 2 (2022): 349-373.

[45] Ross Anthony, "Scale and Agency in China's Belt and Road Initiative: The Case of Kenya." In *Reconfiguring Transregionalisation in the Global South*, ed. Ross Anthony and Uta Ruppert (Cham: Palgrave Macmillan, 2020), 249-273.

environment have made it an attractive destination for Chinese investment.[46]

However, the Kenya-China economic relationship has evolved beyond political motivations, with Chinese firms playing a significant role in strengthening economic ties in infrastructure, trade, and manufacturing. Chinese construction firms, both state-owned and private, actively seek commercial opportunities in Kenya's infrastructure sector, including infrastructure projects, property development, and investments.[47] In the trade sector, Chinese merchants started by selling products in wholesale trade and have gradually penetrated small-scale, petty retail businesses in different local markets all over Kenya. These traders and businesses receive minimal financial support from the Chinese government and instead rely on personal savings or loans from family and friends for expansion.[48] For the manufacturing sector, many Chinese private firms and migrant entrepreneurs are increasingly involved in Kenya's manufacturing, driven by factors such as competition in the domestic market and excess production capacity in China. Kenya's economic growth initiatives, tax incentives, and lower labor costs have also attracted these manufacturing investors.[49]

Among various activities of Chinese firms, some have become related to China's BRI scheme. Thus, the next section will investigate more explicitly how six cases of Chinese firms' activities in different sectors become relevant to the BRI and what this means for firms' operations.

Data collection of the following cases comes from interviews with managers of various Chinese firms and other informants during field trips to Kenya in 2022 and 2023. Online news outlets are also referenced to supplement information. The method of contacting these informants was a snowball approach. The initial entry was some Chinese living in Nairobi, introduced by friends and colleagues. Then I expanded my network of informants through these Chinese to reach out to managers working in various Chinese companies in Kenya and other types of informants who had previously engaged with Chinese firms. I engaged with each interviewee to ask them to share their personal experiences and observations related to Chinese business operations, with a particular focus on how these business entities interact with the Chinese state, the Kenyan state, and Kenyan society. I gathered insights from multiple informants and cross-referenced their information with news sources to ensure the robustness of findings. Being bilingual in Mandarin and English, I could easily navigate my approach to these informants and have multiple in-depth conversations with them.

BRI Activities: The Selection, Support, and Guidance

This section examines empirical materials to explain how some commercial endeavors in the infrastructure, trade, and manufacturing sectors are selected by the Chinese state to

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[46] Ying Xia, *Chinese Agricultural and Manufacturing Investment in Kenya: A Scoping Study* (Washington: School of Advanced International Studies, 2019).

[47] API, *Shared Prosperity*; Otiato Guguyu, "World Bank Hands Chinese Contractors Sh71bn Road Projects," *Business Daily Africa*, 15 February, 2022, https://www.businessdailyafrica.com/bd/economy/world-bank-hands-chinese-contractors-sh71bn-road-projects-3716808; Apurva Sanghi and Dylan Conte Johnson, *Deal or No Deal: Strictly Business for China in Kenya?* (Washington: World Bank, 2016).

[48] Sanghi and Johnson, *Deal or No Deal*.

[49] Weiyi Wang, Jinghao Lu, and Wilmot Allen, *The East Africa Shift in Textile and Apparel Manufacturing: China-Africa Strategies and AGOA's Influence* (Washington: School of Advanced International Studies, 2018).

become relevant to China's strategic BRI and the operations of various BRI activities. To ground BRI activities, I focus on six cases across ownership types. For the infrastructure sector, engineering procurement construction (EPC) projects are distinguished from infrastructure investments as they are two distinct types of commercial construction activities. As emphasized by Huang and Chen, EPC limits Chinese construction firms to a bottom position in the value chain of infrastructure with the obligation to complete projects on time and face the supervision of a third-party consultant team.[50] I concentrate on an SOE investment in Nairobi, an SEZ investment by a private enterprise, a dam project contracted by an SOE, and a digital infrastructure completed by a private company. These four cases have been identified by the African Policy Institute (API) as Chinese BRI projects in Kenya.[51] In the trade sector, I investigate an e-commerce platform that has received BRI-related financial support. In the manufacturing sector, a factory invested by a private company is explored, which is also an API-recognized BRI project. The following will first investigate the BRI activities of firms in the three sectors separately and focus on how various firm managers reflect their firms' relations with the Chinese state. Second, I will transfer the lens from firms to the Chinese state and combine secondary information from the news to explain how the state shapes these BRI activities.

Infrastructure Construction

Many Chinese SOEs and private firms seek opportunities to contract government infrastructure tenders in Kenya and, in many cases, compete with each other due to similar price and efficiency advantages.[52] The two cases of EPC projects in this section, the dam constructed by an SOE and the digital infrastructure built by a private company, were started by participating in government tenders before they became identified as BRI projects.

The concessional and commercial loans granted by the CEXIM financed the digital infrastructure. These loans are among others from Chinese policy banks via providing financing to qualified foreign contracted projects (FCPs) of Chinese construction companies to facilitate these companies "going global."[53] These CEXIM loans are technically available for any qualified projects meeting specific criteria, including compliance with overseas project contracting qualifications as per the Administrative Regulation on Contracting Foreign Projects, a good track record in production and operational management, sound financial performance and creditworthiness, the potential for good economic and social returns, project ownership with adequate economic capacity and a solid credit standing, stability in the host country's economic and political environment, and so on.[54] According to several informants, commercial

[50] Zhengli Huang and Xiangming Chen, "Is China Building Africa?" *European Financial Review* (2016): 7-13.

[51] API, *Shared Prosperity*.

[52] Interview with a manager of a central construction SOE, Nairobi, January 12, 2022; Interview with a manager of a Chinese telecom SOE, Nairobi, January 15, 2022.

[53] Ministry of Foreign Trade and Economic Cooperation et al, *A Notice on the Opinions on Vigorously Develop Foreign Contracting Projects* (Beijing: MFTEC et al., 2010).

[54] "Loans for Overseas Contracted Projects," Export-Import Bank of China, accessed September 2, 2023, http://english.eximbank.gov.cn/Business/CreditB/SupportingFC/201810/t20181016_6969.html.

and concessional loans from CEXIM usually flow to projects of Chinese central SOEs in civil infrastructures such as roads, railways, and ports.[55] However, given the technological and scale advantages, some Chinese private technology companies, such as Huawei, can win high-profile government contracts and help the Kenyan government obtain CEXIM loans.[56] The loans to this digital infrastructure are part of loans the Kenyan government secured from the Chinese government during the second "Belt and Road" Forum.[57] Aligned with this source, the manager of this private technology company said, "We only provided the necessary assistance requested by Kenyan officials to obtain these loans from the Chinese government, and nothing more."[58] Similar to other projects that obtained loans from Chinese policy banks, the Chinese firm was more secure concerning its profits due to the fast deployment and direct payment to the contractors of the loans.[59]

For the Thwake Dam case, the main contractor is a central SOE with achievements in building some influential water conservancy facilities in China. Unlike the previous case, this dam was mainly funded by the African Development Bank (AfDB).[60] Although without the financial support of the Chinese state, this project received operational assistance from the Chinese embassy. Especially during the Covid-19 epidemic, the embassy coordinated epidemic protection materials for the project to maintain the smooth operation and productive work of the construction.[61] Along with the material support, the embassy also organized routine training to help the project management team improve its management during the pandemic.[62]

Aside from seeking government contracts, many Chinese firms have invested in Kenya's infrastructure sector. One of the cases is an SOE investment in Nairobi. This investment is similar to the dam project as it did not receive direct financing or subsidies from the state. Instead, it relied on its own financing resources to purchase land and build facilities. This investment project also obtained operational assistance from the Chinese embassy. Yet, this assistance is reflected in slightly different aspects of the dam project. One interviewee revealed that the embassy provided certain help for working visa applications for Chinese staff, especially concerning information and contact methods with the immigration department.[63] For this SOE and others keeping close contact with the Chinese embassy, they can benefit from the embassy's efforts to smooth the process of Chinese citizens entering Kenya and obtaining visas for residence and

[55] Interview with a manager of a provincial construction SOE, Nairobi, January 17, 2022; Interview with a manager of a Kenyan financial institution, Nairobi, January 26, 2022.

[56] Interview with a manager of a telecom SOE, Nairobi, January 15, 2022.

[57] Interview with an official of the Kenyan government, Nairobi, January 24, 2022.

[58] Interview with a manager of a private technology company, Nairobi, January 3, 2022.

[59] Interview with a manager of a private technology company; Interview with a manager of a provincial construction SOE.

[60] Interview with an employee of the AfDB, Nairobi, March 31, 2022.

[61] "Qidi Tongxin Gongzhan Yiqing" 企地同心，共战疫情 [Work Together to Fight the Epidemic], China Gezhouba Group Company, April 9, 2022, https://mp.weixin.qq.com/s/8ywMp2Ivrjv6iN7N0kC1AQ.

[62] Interview with a project manager of an SOE, Nairobi, January 21, 2022.

[63] Interview with a manager (a) of a central construction SOE, Nairobi, December 20, 2021.

work.[64] Another interviewee reflected that in ceremonies that needed to invite and accompany Kenyan government officials, officials from the Chinese embassy also assisted the firm.[65]

The private investment of an SEZ received support in terms of both financial and operational aspects. For the financial part, the firm received a subsidy from the local government of Guangzhou. This subsidy was given because this SEZ was deemed a representative outward investment project in line with the "go global" policy. Yet, one informant commented that, "This subsidy was only a few million yuan, which was negligible compared to the investment scale of billions of yuan but only represented the support and encouragement of the government."[66] Besides, the enterprise gained operational assistance. It used to have a severe conflict with a local shareholder involving interest distributions and asked the embassy to act as a coordinator. The embassy responded and sent a commissioner to follow up on resolving the process.[67]

Trade

Within the Kenyan trade sector, I explore an e-commerce platform that received BRI-related state credit support. China Export and Import Insurance Corporation (Sinosure) issued a short-term export credit insurance policy for a large private cross-border e-commerce platform, which has operations in multiple African countries with Kenya included. As a state-owned and non-profit policy insurance company funded by the Chinese state, Sinosure serves the state's foreign policy and economic and social development goals. Its short-term credit insurance is a critical instrument for the state to support foreign trade enterprises to gain international finance.[68] Credit support for this e-commerce platform was within the context that in 2021 Xi Jinping proposed a goal to strengthen the resilience of industrial and supply chains, carry out special actions to support these chains, and accelerate the resolution of "bottleneck" problems retaining the vitality of market players, and promote the high-quality development of the BRI.[69] China's Ministry of Industry and Information Technology (MIIT) and Ministry of Commerce (MOFCOM) then immediately started to establish service systems, including support of cross-border e-commerce platforms, aiming to drive Chinese upstream and downstream enterprises

[64] "Zhukenniya Dashi Zhou Pinjian Huijian Kenyiminjuzhang Mutehi" 驻肯尼亚大使周平剑会见肯移民局长穆特希 [Ambassador to Kenya Zhou Pingjian Meets with Kenyan Immigration Director Mutehi], Embassy of the People's Republic of China in the Republic of Kenya, November 1, 2022, https://mp.weixin.qq.com/s/aunxy_-GJt-05IHdX0jMUA.

[65] Interview with a manager (b) of a central construction SOE, Nairobi, December 22, 2021.

[66] Interview with a former manager (a) of the Pearl River SEZ, Nairobi, February 5, 2022.

[67] Interview with a former manager (b) of the Pearl River SEZ, Nairobi, January 16, 2023.

[68] "Zhongguo Xinbao Zongjingli Luo Xi: Lvxing Zhengcexing Zhineng Fuwu Kaifangxing Jingji" 中国信保总经理罗熹：履行政策性职能 服务开放型经济 [Luo Xi, General Manager of Sinosure: Fulfilling Policy Functions and Serving an Open Economy], China Export and Import Insurance Corporation, October 17, 2014, https://www.sinosure.com.cn/xwzx/xbdt/167483.shtml.

[69] "Banyue Gaige Dongtai" 半月改革动态 [Half-Month Reform Trends], National Development and Reform Commission, August 4, 2021, https://www.ndrc.gov.cn/fggz/tzgg/byggdt/202108/t20210804_1293092.html?code=&state=123.

in the value chain to go global in groups.[70]

This e-commerce platform, as addressed by its national representative in Kenya, was not short of capital. The representative stressed that:

> We expect to use our capital advantages to help other firms overcome barriers, including assisting them in the financing, as some small-scale firms usually encounter difficulties in obtaining loans from either many commercial banks in China due to the high requirements for credit management or the banks of host countries due to the lack of credit records and mortgage assets. The selected products will be of high quality to change Kenyan consumers' perception that China provides mainly cheap but low-quality consumer goods. Credit insurance from the state's policy financial institution has supplemented the platform's capacity to control capital risks and build a risk protection shield.[71]

With its own capital strength and the state's credit support, the representative of the platform currently focuses on expanding local retail and wholesale channels in Kenya to sell the manufacturing products of various Chinese enterprises. In its future plan, the platform also expects to open two-way trade channels and to make efforts for Kenyan goods to enter the Chinese market.[72] In summary, state credit support has served to enhance the firm's own advantage in business operations.

Manufacturing

The tile factory project of the private manufacturing company is among a few BRI projects in the manufacturing sectors identified by the API. The company was engaged in selling tiles made in China to the Kenyan market.[73] This is similar to many other Chinese manufacturers who first started businesses in the trade sector and discovered manufacturing opportunities to seize more market shares and reduce costs increased by growing transportation fees and labor costs in China. Also, it was believed that locally-built manufacturing factories were better able to respond to market changes. Meanwhile, Kenya has a relatively stable political environment and good diplomatic relationships with China, which has attracted these investors. Moreover, improvements in Kenya's railway and road infrastructures increase attraction.[74]

According to the general manager, the China-Africa Production Capacity Cooperation Fund once planned to provide financing through equity investment for the expansion of ceramic

[70] Xianglong Chen, "126 Ge, 278 Chang, 6 Wanjia... Zhongxiao Qiye Guojihua Fazhan Qudele Zhexie Xintupo" 126个、278场、6万家……中小企业国际化发展取得了这些新突破 [126, 278, 60,000... These New Breakthroughs Have Been Made in the International Development of Small- and Middle-Enterprises], *China National Information Infrastructure*, January 25, 2022, https://www.cnii.com.cn/gxxww/qy/202201/t20220125_353242.html.

[71] Interview with a manager of a Chinese e-commerce platform, Nairobi, January 6, 2022.

[72] Interview with a manager of a Chinese e-commerce platform.

[73] Interview with the general manager of a manufacturing company (a), Nairobi, December 31, 2021.

[74] Interview with the general manager of a manufacturing company (a); Interview with a manager of a manufacturing company (b), Nairobi, January 28, 2022; Interview with the owner of a manufacturing compa-

production lines in Kenya.[75] The Chinese state established this fund to advance the "Ten Major Cooperation Projects" proposed at the Forum on China-Africa Cooperation (FOCAC) summit in Johannesburg, including stimulating the industrialization of Africa.[76] However, the vast markets in Kenya and its neighboring countries had allowed this firm to expand rapidly, and the Chinese state's financing was far from sufficient nor efficient. After comparing state financing with others from the international market, the firm finally decided to rely on financing from the International Finance Corporation.[77]

For the operational assistance from the embassy, the company informant acknowledged its existence but doubted its effectiveness. The general manager reflected that: "While we maintain close contact with the Chinese embassy in Kenya and the Kenya-China Economic and Trade Association (KAETA) supported by the embassy, which manifested in offering money and human support for events initiated by these institutions, the embassy cannot provide us with meaningful support." [78]

Instead, the manager believed that it was more important to work closely with the Kenyan government and politicians than the embassy, especially county councilors and officials from regulatory authorities, such as the police, and environmental and tax departments. Powerful executive officials from the county governments could reduce regulatory hurdles for the firm involving tax and environmental inspections and assist the factory in gaining stable power supplies. Also, it was crucial for the firm to build and consolidate cordial relationships with local communities surrounding the factory site, which provided the labor and a secure and stable operational environment. In this regard, this firm used philanthropic donations and timely communication with local people about factory operations to achieve the goal.[79] What is implied here is the contextual nature of the firm's operations in the host country, which can sometimes relegate the Chinese state's support to a marginal role.

A Cross-Sector Discussion: The Selection and Shaping of BRI Activities

The above analysis has taken the perspective of firms and examined how managers reflected Chinese firms' relations with the Chinese state in various BRI activities. However, I have not explicitly investigated from the perspective of the Chinese state on the other side of the relational dynamics and specified how the state firstly selects and secondly shapes BRI activities.

As addressed in the second section, some scholars have theoretically conceptualized the implementation of the BRI as fragmented and decentralized, in which the Chinese state facilitates the actions of other actors, including various government bureaucracies, state-

ny (c), Nairobi, January 13, 2022.

75 Interview with the general manager of a manufacturing company (a).

76 "Zhongfei Channeng Hezuo Jijin" 中非产能合作基金 [China-Africa Production Capacity Cooperation Fund], Export-Import Bank of China (CEXIM), accessed September 2, 2023, http://www.eximbank.gov.cn/aboutExim/organization/ckfjj/whcgjj/zfcnhzjj/.

77 Interview with the general manager of a manufacturing company (a), Nairobi, January 22, 2023.

78 Interview with the general manager of a manufacturing company (a).

79 Interview with the general manager of a manufacturing company (a).

controlled institutions, and diverse Chinese firms, and selects some activities that are deemed to serve the coherent scheme. The empirical cases in this section can supplement more details to such a theoretical explanation. From the statements of Chinese officials, it is possible to infer what these officials value about these BRI activities.

First, Chinese officials esteem these activities' mutually beneficial characteristics. Peng Wu, the then-Ambassador to Kenya, published articles to publicize the potential of Chinese infrastructure construction and manufacturing investments to "enhance Kenya's capacity for self-sustainable development, speed up Kenya's industrialization, and create jobs."[80] In an interview, the current Ambassador, Pingjian Zhou, also commented that Chinese signature mega-infrastructure investments reflected the confidence of Chinese firms in Kenya and demonstrated the "hand-in-hand" development between China and Kenya.[81]

Second, Chinese officials highly regard grouping Chinese firms to "go global" in mega-BRI activities to lead other Chinese firms to expand together. On many occasions, Chinese officials have encouraged enterprises to group together by combining comparative advantages in facilitating the BRI.[82] On the ground in Kenya, the Chinese embassy has also highlighted their working priority in promoting the transformation of Chinese firms from "individual combat" (*danbing zuozhan* 单兵作战) to teamwork in China-Africa cooperation projects, thereby facilitating higher-quality cooperation results.[83] In this sense, the selected BRI activities all occupy trajectory positions in the industrial chain that can enable upstream and downstream companies to expand businesses overseas together in groups. Significantly, the mega-infrastructures built or invested by Chinese firms create opportunities for many Chinese suppliers and subcontractors, especially those who can provide high-quality materials and professional subcontracting services that local Kenyan companies could not yet offer.[84] In other words, these BRI infrastructures paved the way for more Chinese firms to land and take root in Kenya. One owner of a private construction company subcontracting one of the BRI infrastructure projects shared his story that he brought his team to Kenya for this project and thereby accumulated sufficient capital and social resources to start his own company in this country.[85] Also, the SEZ project aims to attract Chinese investments in electronic

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[80] Peng Wu, "China-Kenya Co-Operation Can Only Get Better," *The Standard*, October 1, 2019; Peng Wu, "Initiating 'a Golden Era' for China-Kenya Co-Operation," *Nation*, March 11, 2018.

[81] Eluid Kibii, "Debt Trap and Seizure of Parastatals Claims Have No Grounds - China Envoy," *The Star*, March 5, 2022, https://www.the-star.co.ke/siasa/2022-03-05-debt-trap-seizure-of-parastatals-narrative-with-no-grounds-china-ambassador/.

[82] "Shangwubu: Zhichi Qiye Qiangqiang Lianshou Baotuan Chuhai" 商务部：支持企业强强联手 抱团出海 [Ministry of Commerce: Supporting Enterprises to Go Overseas Together], *ChinaNews*, July 7, 2015, http://finance.china.com.cn/news/20150707/3215877.shtml.

[83] "Zhukenniya Dashi Liu Xianfa Chuxi Zhonghangguoji Feizhou Zongbu Jidi Dianji Yishi" 驻肯尼亚大使刘显法出席中航国际非洲总部基地奠基仪式 [Ambassador Liu Xianfa Attends the Groundbreaking Ceremony of Avic International's African Headquarters Base], *Huanqiu*, October 16, 2014, https://china.huanqiu.com/article/9CaKrnJFGAW.

[84] Interview with a manager of a state-owned equipment company (a), Nairobi, February 9, 2022; Interview with a manager of a state-owned software company, Nairobi, February 3, 2022.

[85] Interview with the owner of a private Chinese construction company, Nairobi, December 18, 2021.

information, medical and health care, furniture manufacturing, and textile industries.[86] Similarly, the e-commerce platform serves as a channel to bring more Chinese companies out. The manufacturing firm also has established its factories by services, such as the food service customized to suit the demands of Chinese employees and production equipment suppliers from China.[87]

The other essential problem is how the Chinese state shapes these BRI activities. The above has explicitly discussed the supportive role of the Chinese state financially and operationally. To generalize this supportive role of the state, I have found that SOEs do not monopolize state support as many private firms also have access to state-provided financial support and operational assistance from the Chinese embassy.

Besides the supportive role, the Chinese state performs a "steering" role for BRI projects. Many guiding efforts of the Chinese state are relevant in increasing the solid reputation of the BRI. During on-site visits to BRI projects, Chinese officials have continued to instruct Chinese companies to complete projects on time and with quality according to contracts, ensure safe production, and adhere to relevant Kenyan laws.[88] Besides, the Chinese state employs the model-awarding instrument[89] to set examples for BRI implementations and, more broadly, business operations of Chinese firms in Kenya. The Chinese embassy has awarded the management team of the dam project the honor of "the Pioneer Team for China-Kenya jointly building BRI" and especially emphasized that this project represented the "good spirits" of the Chinese firm through helping "residents concerning creating jobs, launching education and health care activities, promoting the development conditions of surrounding communities."[90] These directives from the state are in line with long-term corporate interests to root in the Kenyan economy. However, this does not mean that business operations fully follow these directives. Previous studies have demonstrated that Chinese SOEs might sometimes disregard state directives to enhance the reputation of Chinese firms and uphold China's foreign relations. This can occur because of the influence of short-term profit considerations or when they prioritize their intertwined interests within the host environment, potentially overlooking

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[86] Interview with a former manager (a) of the Pearl River SEZ.

[87] Interview with a department manager of a manufacturing company (a), Nairobi, December 31, 2021.

[88] "Zhang Yijun Gongcan Shipin Weiwen Siwake Daba Yixian Yuangong" 张益俊公参视频慰问斯瓦克大坝一线员工 [Counselor Zhang Yijun Held a Video Meeting with Front-Line Employees of Thwake Dam], Economic and Commercial Office of the Embassy of the People's Republic of China in the Republic of Kenya, February 3, 2021, http://ke.mofcom.gov.cn/article/waimao/202102/20210203038604.shtml.

[89] Liang Wei and Yong Yang, "Dangnei Pingxuan Biaozhang De Shijian Gongneng" 党内评选表彰的实践功能 [the Practical Function of Intra-Party Selection and Awarding], *Dangjian yanjiu* 党建研究 [The Study of Party Construction], no. 4 (2012): 40; Yun Sun, "Zhonggong Yingmo Biaozhang Zhidu De Zhaoshi Ji Yanbian" 中共英模表彰制度的肇始及演变 [the Origin and Evolution of the Model Awarding System of the Communist Party of China], *Literature of Chinese Communist Party*, no. 3 (2012): 71-76.

[90] Yang Zhao, "Zhongguo Nengjian Gezhouba Jituan Kenniya Siwake Daba Xiangmubu Huoping Zhongken Gongjian Yidaiyilu Xianfeng Tuandui" 中国能建葛洲坝集团肯尼亚斯瓦克大坝项目部获评中肯共建"一带一路"先锋团队 [CGGC's Kenya Thwake Dam Project Was Awarded the Pioneer Team of China and Kenya in Jointly Building the "Belt and Road"], *China Energy Engineering Corporation*, July 20, 2022, http://www.ceec.net.cn/art/2022/7/20/art_11019_2522828.html.

certain political interests of the Chinese state.[91] When contradictions occur, the compromising interactions between the state and firms must be discussed case by case. There is no generalized trend that the state always tames firms or that firms constantly disobey the state in pursuing corporate interests. An interviewee reflected that, "The state is advocating, not necessarily mandating, and firms would usually come from their profit motives and measure the current situation to make rational choices."[92] This reflection implies that Chinese firms would measure specific situations they could face and might not entirely follow the state's directives.

In summary, by analyzing the six BRI cases in the infrastructure, trade, and manufacturing sectors, this section deconstructs how various Chinese firms reflect their interactions with the Chinese state in the BRI activities and how the state selects and directs these BRI activities. First, from the perspective of firms, their commercial activities aligned with the BRI might be chosen to become BRI projects and acquire financial or operational support from the state. Second, from the state's perspective, the selected BRI activities across the three sectors serve the mutually beneficial narrative of the Chinese government. Moreover, the state not only supports but also guides various BRI projects in establishing the good reputations of firms concerning commitment-abiding, well-operation, and being socially responsible. However, it should be admitted that the empirical analysis in this section can only approach certain facets of grounded state-business relations in the BRI implementations based on the method of collecting information from interviews and news. Further and more diverse studies are still needed to establish a more profound knowledge of the relevant topic, especially towards comparisons of BRI implementations in different African states or more broadly in the world.

Conclusions

In aggregate, this study has empirically investigated the differentiated role of Chinese firms and the Chinese state in China's BRI scheme. This question contributes to gaining more knowledge to bridge the gap between two controversial interpretations of the BRI as a state-led grand strategy or as decentralized implementations of Chinese business entities. By employing the relational analysis approach to the dynamics between the Chinese state and Chinese firms, this study has examined how commercial endeavors of both SOEs and private firms across Kenya's infrastructure, trade, and manufacturing sectors are being selected, supported, and shaped.

The conclusions are generated in two aspects. First, I examine how Chinese firms perceive their relationships with the Chinese state in various BRI operations in Kenya. The cases show that both SOEs and private firms conduct BRI activities with financial or operational support from the Chinese state. Financial support instruments in the cases include loans to facilitate FCPs, subnational government subsidies to sustain "going global" of Chinese enterprises, state credit support, and financing from a state fund. The operational support, which firms

[91] Jones and Zou, "Rethinking the Role of State-Owned Enterprises," 743-60; Rogelja, "Concrete and Coal," https://doi.org/10.1016/j.polgeo.2020.102220.

[92] Interview with a manager of a state-owned equipment company (b), Nairobi, December 23, 2021.

mainly obtained from the Chinese embassy, encompasses coordinating pandemic prevention materials, assisting in working visa applications and relationship maintenance with Kenyan officials, and coordinating conflicts with local shareholders. These findings provide empirical evidence to refute simplistic accounts of a dichotomy between Chinese SOEs and private firms in relation to the Chinese state's support. Taking a more macro-level perspective, some scholars have noted that private firms operate with a higher degree of autonomy from the Chinese state and face greater challenges than SOEs in accessing state-sponsored support.[93] However, this article argues that based on the grounding practices of BRI activities across sectors, Chinese private firms and SOEs in Kenya share a certain level of similarity in accessing state support.

Second, I transfer the research perspective to the Chinese state and investigate how the state selects and shapes BRI activities in Kenya. This study builds upon scholars who argue that the Chinese state has formulated a national BRI scheme with vague rhetoric ambitions, facilitated fragmented implementations among government bureaucracies, state-controlled institutions, and business entities, and ultimately, selected activities deemed fitting the scheme to support. This research supplements such a theoretical explanation, as it is found that the state values the mutual benefits of these activities. The Chinese state sees the importance of these activities in unleashing bottleneck restrictions on Kenya's economic growth, especially concerning industrial upgrades, self-sustainable development, job creation, and investment confidence. Also, these activities are highly regarded in their capability to expedite more Chinese upstream and downstream enterprises in groups to land and expand businesses in Kenya. Regarding the shaping, this study stresses that the Chinese state directs firms through on-site visits of officials and model awards. These directives aim to help Chinese firms build positive reputations for abiding by commitments, operating safely, and improving social responsibilities, which seem to align with the long-term interests of Chinese firms. This is not against observations about conflicts between state and corporate interests,[94] which might lead to more contingent interactive dynamics and compromises between the state and firms. Yet, for this study, it is impossible to generalize a trend that either the pursuit of economic interests submits to political priorities or vice versa. These findings of the Chinese state's support for significant commercial activities imply that the Chinese state acts no differently than other states from powerful economies that use commercial endeavors to establish a cooperative role in advancing the economic development of African states.

Overall, through the above findings, this study can generate a more nuanced understanding of how various Chinese firms in Kenya are situated in China's BRI. They are partially strategic players selected, supported, and guided by the Chinese state by their significant importance

[93] Jing Gu, "China's Private Enterprises in Africa and the Implications for African Development," *European Journal of Development Research* 21, no. 4 (2009): 570-587; Xiaofang Shen, "Private Chinese Investment in Africa: Myths and Realities," *Development Policy Review* 33, no. 1 (2015): 83-106; Juan Zhang, William X. Wei, and Zuanshi Liu, "Strategic Entry and Determinants of Chinese Private Enterprises into Africa," *Journal of African Business* 14, no. 2 (2013): 96-105.

[94] Li Xing and Timothy M. Shaw, "The Political Economy of Chinese State Capitalism," *Journal of China and International Relations* 1, no. 1 (2013): 88-113.

in being employed to establish a mutually beneficial narrative and advance China's overseas business expansion. To put it differently, they are not entirely strategic players, as these firms are commercially oriented and request support from the state to bolster their own business endeavors.

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