

China-West African countries' Cooperation within the Framework of Belt & Road Initiative (BRI)

Dr. ZHANG Yongpeng,
Senior Research Fellow
Institute of West Asian and African Studies (IWASS)
Chinese Academy of Social Sciences (CASS)

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What is the Belt and Road Initiative (BRI)?

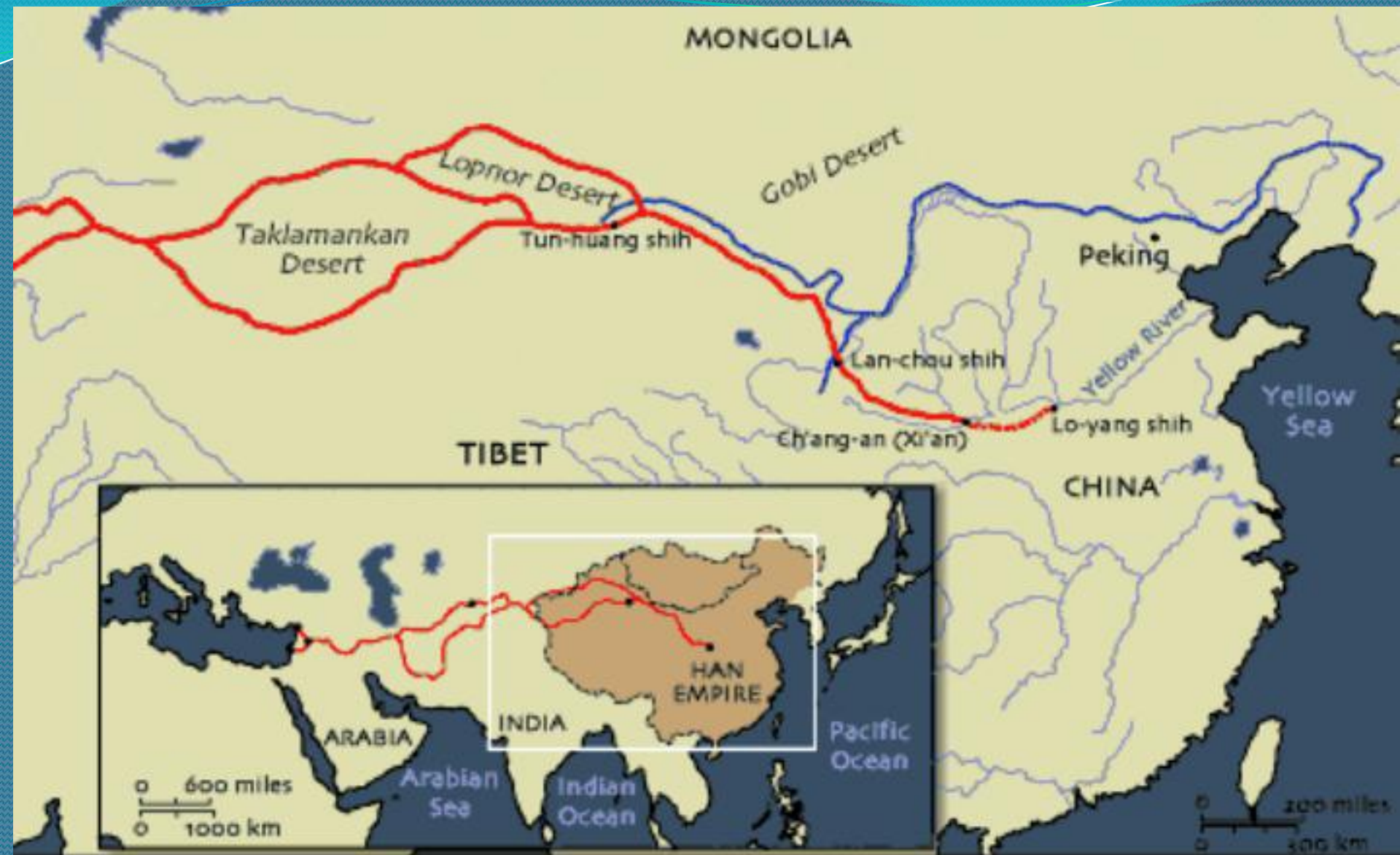
The Silk Road Economic Belt
and the 21st-century Maritime Silk Road

--- The BRI:

- Proposed in 2013 by Chinese President Xi Jinping
- aimed to: build a **trade, policy, infrastructure** and **people to people connectivities** network along the ancient trade routes
- a pilot project of sharing development experience

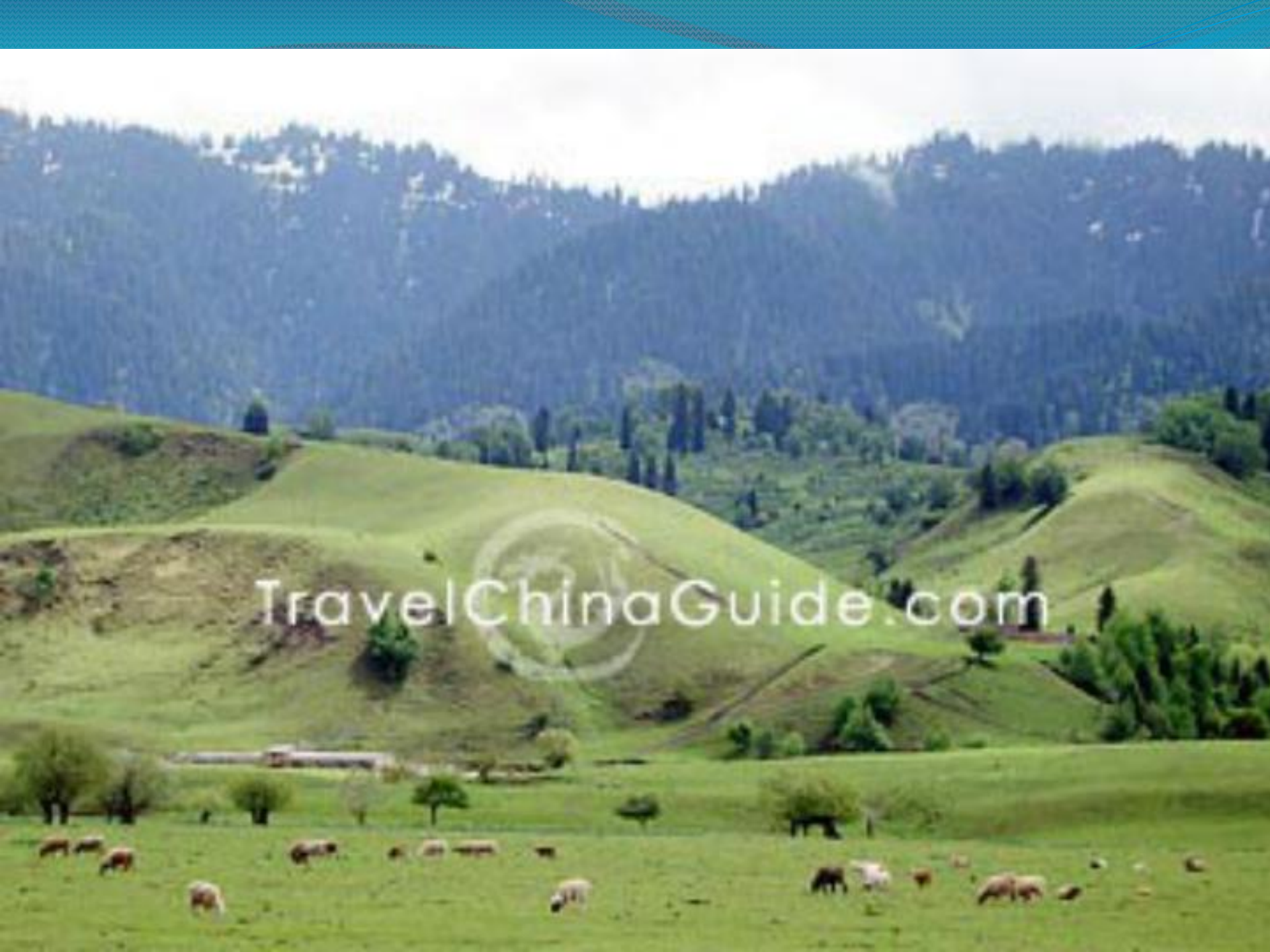
The ancient silk road:

- The 2nd Century BC to the 1st Century AD
- 4,350 miles (7,000 kilometers) with 2,485 miles (4,000 kilometers) in China starting from Shaanxi to Gansu, Qinghai, Xinjiang
- From Asia to Europe passing through China, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Turkmenistan, Afghanistan, Iran, Iraq, Turkey, Greece, and Italy





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cooperation mechanisms:

- take full advantage of the existing bilateral /multilateral cooperation mechanisms
- develop a number of bilateral cooperation pilot projects
- draw up implementation plans/roadmaps for advancing the Belt and Road Initiative
- give full play to the existing bilateral mechanisms: joint committee, mixed committee, coordinating committee, steering committee and management committee to coordinate and promote the implementation of cooperation projects.

multilateral cooperation mechanisms:

-- the Shanghai Cooperation Organization (SCO), ASEAN Plus China (10+1), Asia-Pacific Economic Cooperation (APEC), Asia-Europe Meeting (ASEM), Asia Cooperation Dialogue (ACD), Conference on Interaction and Confidence-Building Measures in Asia (CICA), China-Arab States Cooperation Forum (CASCF), China-Gulf Cooperation Council Strategic Dialogue, Greater Mekong Sub-region (GMS) Economic Cooperation, and Central Asia Regional Economic Cooperation (CAREC) , **Forum on China-Africa Cooperation (FOCAC)**

Four fund pools of the BRI:

1. the Silk Road Fund (initiated in 2014)
 - reserve of **\$ 40 billion**
2. The New Development Bank (NDB) of BRICS
 - July 2014 (Treaty signed); July 2015 (Treaty in force)
 - Launching capital: **\$100 billion**
3. The Development Bank of the Shanghai Cooperation Organization (SCO)
4. Asian Infrastructure Investment Bank (**AIIB**)

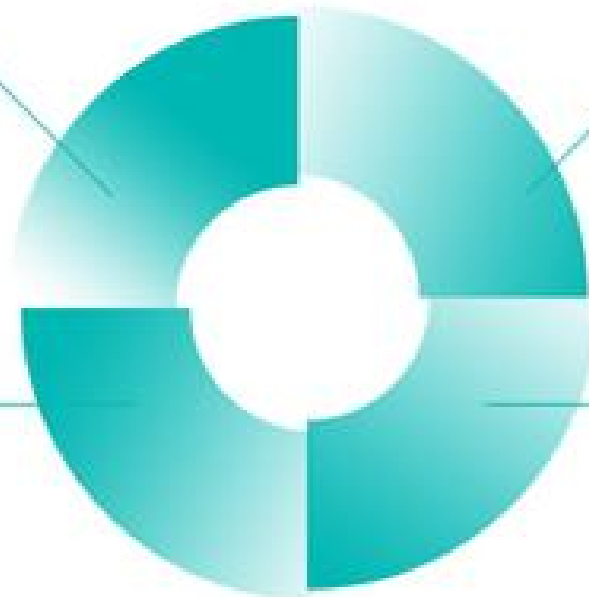
BIRTH AND GROWTH OF AIIB

Full name:

AIIB
Asian Infrastructure
Investment Bank

Authorized capital:

\$100 billion



Mission:

A multilateral financial
institution that funds
infrastructure projects
across Asia

Headquarters:

Beijing

Membership on expansion



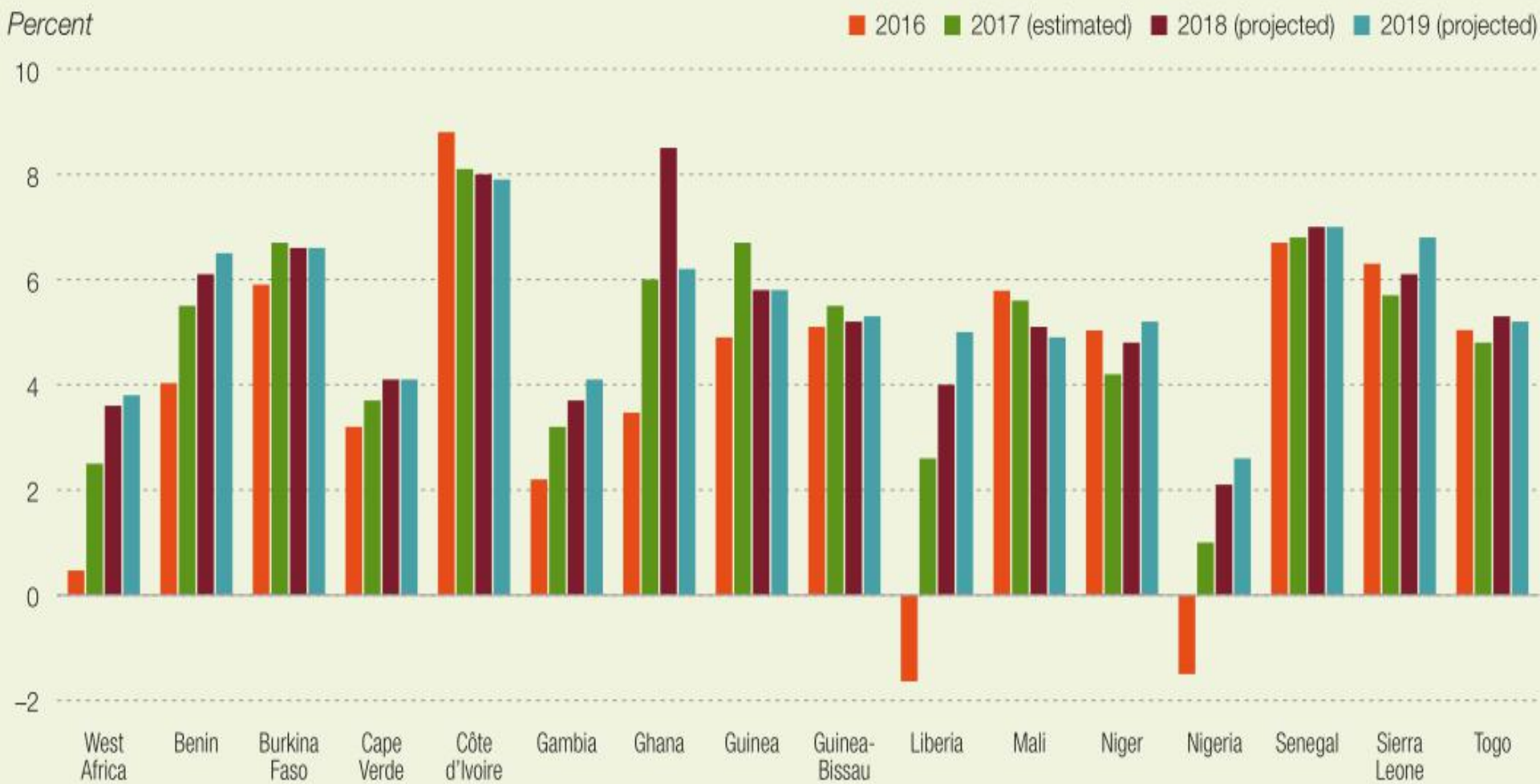
Macro-economic situation in West Africa:

- 2017, regional growth rebounded, averaging about 2.5%
- 2018: 3.6%(projected)
- 2019: grow to 3.8%

Nigeria's performance drives the trends

Côte d'Ivoire and Ghana: together contributed about 11% of the total regional GDP in 2017

FIGURE 1 Real GDP growth rate, 2016–19



Source: AfDB statistics.

Decomposition of GDP sector in West Africa:

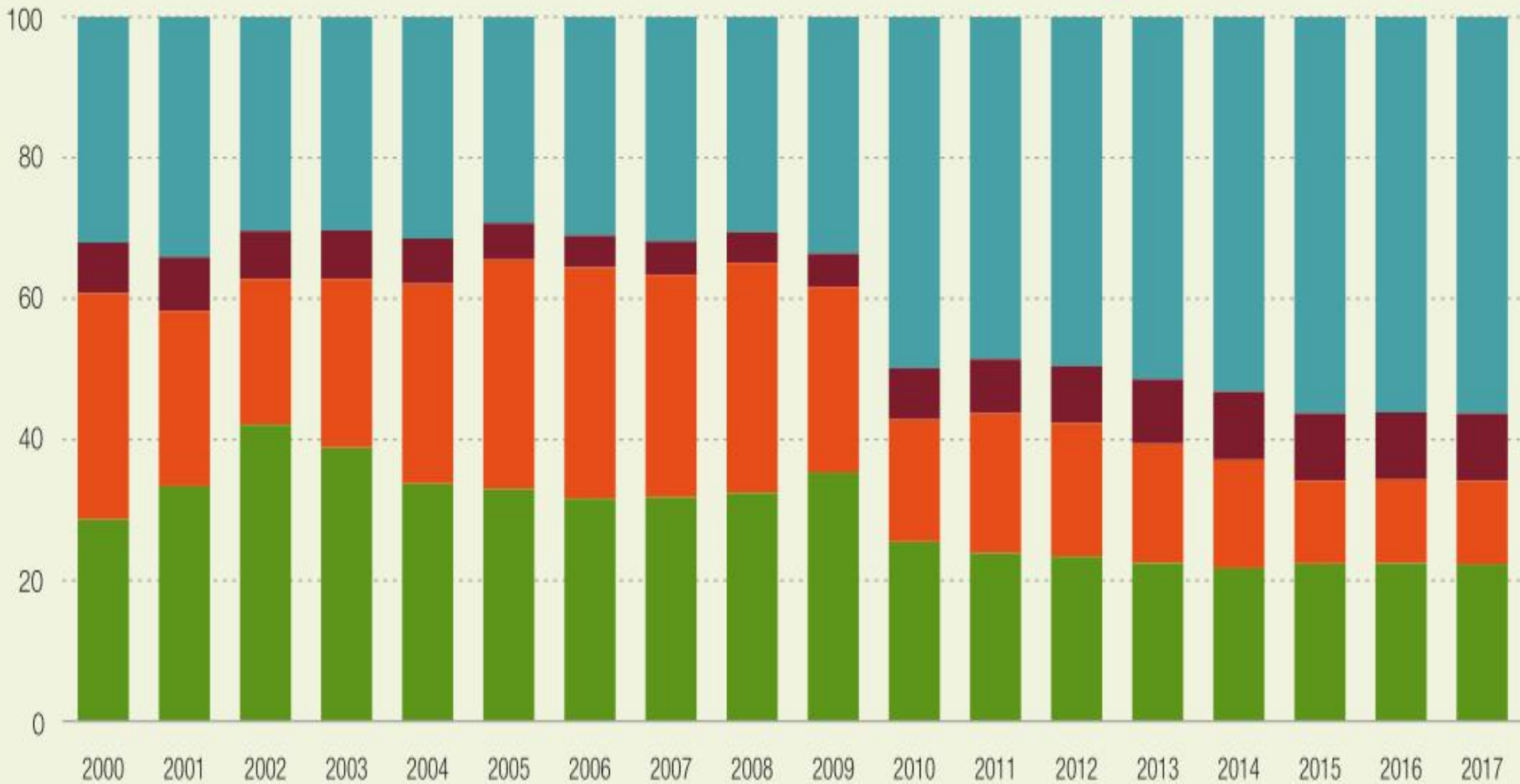
- Services ---the dominant sector, contribute most to GDP (esp. in Liberia and Sierra Leone)
- agriculture remains dominant
- manufacturing's share: the lowest, but highest in Côte d'Ivoire — about 18% of GDP in 2017

In most West African countries, manufacturing is confined to light industry processing primary products and producing consumer goods.

Sectoral share of GDP, 2000–17

Sectoral share of GDP (percent)

■ Agriculture ■ Industry ■ Manufacturing ■ Services



Opportunities and risks:

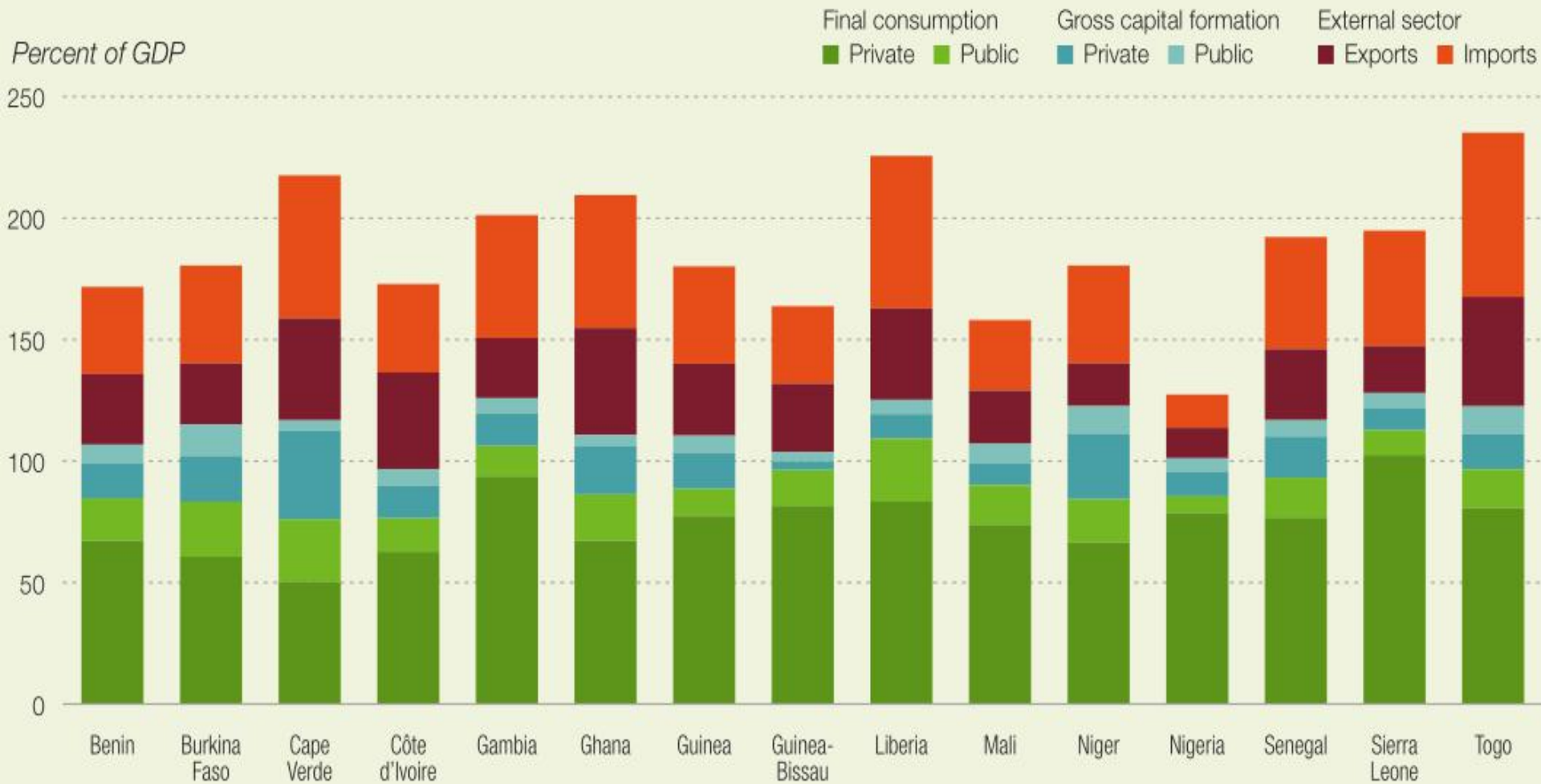
Risks:

- Private consumption is the dominant demand-side driver of output (GDP)
- private consumption – 75% on average of GDP in 2015, with a minimum of 50 percent in Cape Verde and maximum of 102% in Sierra Leone
- but manufacturing is too limited to meet demand
- capital formation's share in GDP is smaller than consumption's — given the region's underdeveloped infrastructure, this imbalance will curtail medium-term growth
- dependence on natural resource exports leaves economies vulnerable to external shocks
- Growth projections depend on stable oil production and reasonable oil prices

Opportunities:

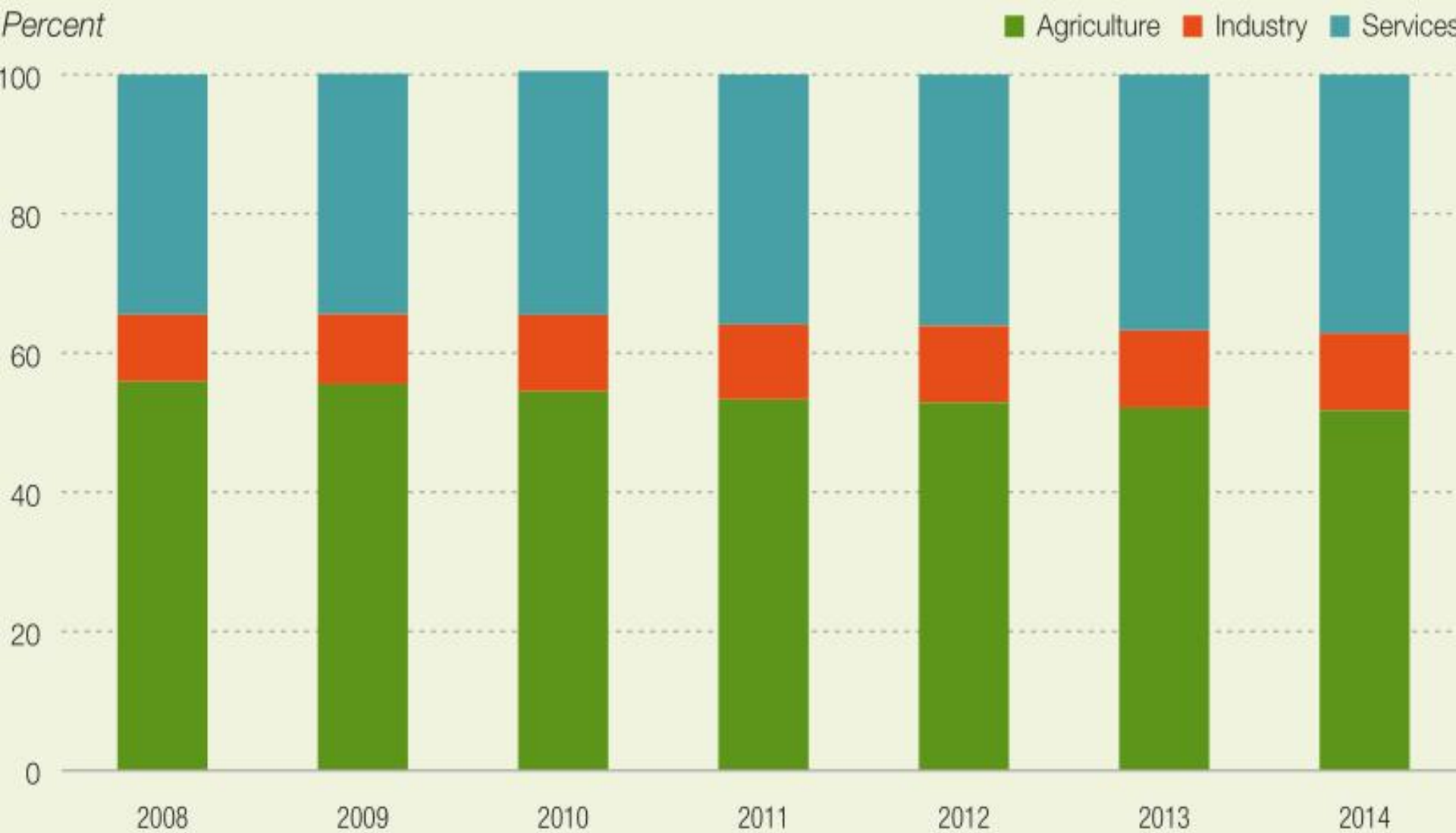
- rising commodity prices expected to rise because of advanced countries' positive economic prospects, to boost West African growth in the short to medium term.
- foreign investors see new opportunities in the region, beyond traditional destinations such as Nigeria, in rapidly expanding markets such as Côte d'Ivoire
- China's manufacturing costs, rising due to labor costs, present an opportunity for West Africa to compete in that sector

Growth drivers in West Africa, 2015



Source: AfDB statistics.

West African employment by sector, 2008–14



Unemployment rates, world regions, 2000–16

Percent

■ 2000 ■ 2008 ■ 2016

30

20

10

0

North Africa East Africa Southern Africa West Africa Central America South America North America East Asia South Asia Western Asia Northern Europe Southern Europe Western Europe Eastern Europe

Source: ILOSTAT 2016.

Note: Rates for ages 15 and up.



Role of industry (manufacturing):

- adding value to agriculture and natural resources
- reinforcing productivity growth
- creating employment

Conclusion:

West Africa needs manufacturing cooperation first

Ghana:

9% of GDP (2017 est.)

7.8% of GDP (2016 est.)

9% of GDP (2015 est.)

Agriculture - products

cocoa, rice, cassava (manioc, tapioca), peanuts, corn, shea nuts, bananas; timber

Industry:

mining, lumbering, light manufacturing, aluminum smelting, food processing, cement, small commercial ship building, petroleum

Labor force:

12.49 million (2017 est.)

country comparison to the world: **47**

Exports - commodities:

oil, gold, cocoa, timber, tuna, bauxite, aluminum, manganese ore, diamonds, horticultural products

Exports - partners:

India 23.8%, UAE 13.4%, China 10.8%, Switzerland 10.1%, Vietnam 5.2%, Burkina Faso 4% (2017)

Imports - commodities:

capital equipment, refined petroleum, foodstuffs

Imports - partners:

China 16.8%, US 8%, UK 6.2%, Belgium 5.9%, India 4.1% (2017)

Nigeria:

GDP - real growth rate:

0.8% (2017 est.) -1.6% (2016 est.) 2.7% (2015 est.)

country comparison to the world: 191

Agriculture - products:

cocoa, peanuts, cotton, palm oil, corn, rice, sorghum, millet, cassava (manioc, tapioca), yams, rubber; cattle, sheep, goats, pigs; timber; fish

Industries:

crude oil, coal, tin, columbite; rubber products, wood; hides and skins, textiles, cement and other construction materials, food products, footwear, chemicals, fertilizer, printing, ceramics, steel

Labor force:

60.08 million (2017 est.)

country comparison to the world: 11

Exports - commodities:

petroleum and petroleum products 95%, cocoa, rubber (2012 est.)

Exports - partners:

India 34%, US 9%, Spain 5.9%, France 5.8%, South Africa 5.5%, Canada 5.1% (2016)

Imports:

\$35.24 billion (2017 est.) \$35.24 billion (2016 est.)

Imports - commodities:

machinery, chemicals, transport equipment,
manufactured goods, food and live animals

Imports - partners:

China 20.3%, US 8.3%, Belgium 7.6%, UK 4.4%,
Netherlands 4.1% (2016)

Senegal:

- the First time for President Xi to visit West Africa in July 2018
- China-Senegal:** Good bilateral relations;
- China:** the second biggest trade partner of Senegal, biggest financing partner;
- Chinese investment in Senegal:** US\$ 110 million in 2017
- Projects:** Demarrage Industrial Park; high speed road and bridge project; well sinking for rural people
- Cultural exchange:** Confucius Institute
- the first West African country to sign the BRI cooperation agreement

Other bilateral agreements on:

- judicial mutual assistance, economic and technology, infrastructure building, civil aviation and human resource acceleration;
- connecting the Emerging Senegal Plan:

Priority levels of the actions:

- 1 Acceleration of economic growth or productivity
- 2 Improving the business environment
- 3 Improving the management of public finances
- 4 Job Creation and Reducing Inequality
- 6 Impact on local Development
- 7 Improving the Living Conditions of the Populations
- 8 Sectorial Good Governance

Thank you!