

# Investigating the Role of China Belt and Road Initiative on Ivory Coast Economy

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**Abstract** - China has established strong economic relations with the Ivory Coast since 1983. Its approach is guided by the Belt and Road Initiative (BRI) through trade rather than the Western counterpart (aid). The BRI provides massive opportunities to African nations, incredibly, Ivory Coast, through sustainable economic investment, non-interference into other nations' internal affairs, and focused big-ticket development projects. However, there is some resentment due to the lack of transparency and accountability issues. The projects that benefit the locals are hard to see and have helped raise suspicions and triggered local resentment. There are increasing instances of African countries canceling or delaying the BRI schemes over the increasing debt issues. Therefore, the paper discusses the BRI nature in the African context and highlights the Ivory Coast economy's role.

**Keywords:** China Belt and Road Initiative; Cote D'Ivoire; United Nations; Africa; Trade.

## I. INTRODUCTION

BRI is a program designed by the Peoples Republic of China to connect Asia with Africa and Europe through land and maritime networks along six corridors to improve regional integration, increase trade and stimulate economic growth [1]. The BRI emanated from the Silk Road Initiative (SRI) traced back to the Han Dynasty (2,000 years ago) – trade routes that connected China to the Mediterranean through Eurasia for centuries [1]. It was often referred to in the past as the 'One Belt One Road Initiative.' [2].

A conference of high-level political heads comprising 29 African and Asian countries was held in Bandung (Indonesia) in 1955 to send a clear signal against imperialism after many decades of colonialism. The conference's outcomes pinpoint cooperation on the five (resp. ten) principles of peaceful coexistence initially developed to guide China-India relations a year earlier. These principles include mutual respect for sovereignty, equality, mutual benefit, and non-interference into the other state's internal affairs[3][4]. To date, Chinese politicians still emphasize these principles to contrast China

and Western countries in their development approaches e. g. towards Africa.

A diplomatic relation was established between the Ivory Coast and China in 1983 [5][2]. China is one of the Ivory Coast's main trading partners since 2009 [2]. The strategic location of the Ivory Coast serves as the center of economic activity in West Africa. This has energized China and Ivory Coast to deepen their cooperation within the context of the BRI and the Forum on China-Africa Cooperation [6]. Ivory Coast sees China as a global key player of peace and development for humanity and desires to uphold communication and coordination with PR China on several subjects, including the United Nations' reform (UN.) Security Council and climate change to jointly safeguard African countries' interests and developing countries [6].

During the 2018 Beijing Summit of the Forum on China-Africa Cooperation (FOCAC), the Chinese President Xi Jinping indicated that China would support Ivory Coast in safeguarding its sovereignty, security, and development rights and in choosing a developmental path in line with its national conditions [7]. According to Xi, Trade and economic cooperation have propelled China – Ivory relations. He further urged the two countries to enhance the BRI, align their development strategies, and facilitate joint development featuring high-quality and sustainability [7]. Over the years, China has accelerated the Go-Out Strategy's multi-tier cooperation platform[8].The strategy is maintained through the fundamental value for open cooperation, harmonious market operation, and mutual benefits [9]. There are several Chinese enterprises (private and state-owned) Ivory Coast. They are expected to grow in the decade ahead. The low cost of labor is gradually encouraging Chinese companies to Africa, particularly, Ivory Coast. Ivorian port serves as a gateway port for the global market [2].

Furthermore, McKinsey stated that trade between African countries and China in 2017 totaled \$38.8 billion [10]. Ivory Coast has benefited from China since 2000 in different sectors (Magby Henri Joe Regis Sahui, 2018). Xavier Auréganat the French Institute of Geopolitics [5] stated approximately 174 Chinese developmental projects from 1983 to 2013 in Ivory

Coast [11]. The urban center project in Abidjan cost 8.9 billion euros (Xavier Aurégan, 2013), the loan project from Exim Bank of China for drinking water and electricity costing 511.7 million euros [12]. Also, infrastructure accounted for 86% of the Chinese public assistance [5]. In Abidjan, Chinese nationals are about 2500. They mainly occur in the trade, Adjamé, or restoration, Cocody. They created about 100 companies [5].

## II. LITERATURE REVIEW

Ivory Coast has enjoyed numerous trade benefits from China since signing the trade agreements between China and the Ivory Coast in 1984 and 1996[13]. The China Investment and Development Center for Trade Promotion was established (1997) in Abidjan for Intra Industrial Trade and Technological Knowledge Share Schemes [13], leading to the creation of a joint venture in 1997. The Hua-Ke Vehicles Co. Ltd, the Agro-machinery Assembling Co. Ltd, the pharmacy while in China, the Qingke Chocolate Food Co. Ltd. was established [14]. The two countries then finalized the project for petroleum prospecting in Cote D'Ivoire. In 2002, trade volume reached 233.87 million US dollars between the two countries [14]. The Trade Minister of Cote D'Ivoire in 2017 hailed the exponential growth of trade between China and his country, which increased by 800 % from 2014-2016, with 8.85 billion US dollars in 2016 from 1.44 billion US dollars in 2014 [15].

The Hydroelectric Dam, constructed at Soubre by China's state-run Sinohydro Corp, is considered one of the driving forces that could boost the Ivorian economy, 85% from China[16]. The Chinese Chamber of Commerce launched in Ivory Coast (2017) has dramatically improved the Ivorian economy by investing in a safe drinking water supply to Abidjan, expanding its port, and constructing a stadium the Ebimpe[17]. The Chinese companies engaged in fiercest competition with their French counterparts for big infrastructural projects[18]. Several Chinese companies scout for big projects, with delegations (government and private) visiting Ivory Coast every two-month [18].

The loans to Ivory Coast from China increased to a total of 2,5 billion US dollars, which corresponds to a 1,400 % increment in the surge in the last seven years according to China Africa Research Initiative at the Johns Hopkins University in Washington DC, in 2015[18]. A Beijing-based Star-Times has established a pay-TV service, with more than 100,000 subscribers posing a significant threat to a Canal+ monopoly. Furthermore, Chinese businesses and entrepreneurs have already overtaken their Lebanese counterparts in 2015 [18].

## III. METHODOLOGY

The research uses secondary data sourced from articles, government press briefing, new agencies, European, data from the International Trade Centre statistics [19], and other international news bulletins.

## IV. DISCUSSION AND RESULTS

Chinese presence can be felt in this French-speaking West African country across all sectors. For instance, in a tender to build a bridge over the lagoon in Abidjan, 10 of the 18 companies expressing interest were either Chinese firms or in partnership with them [18].

Tables 1, 2 & 3 below are data got from the ITC [19]. ITC statistics provides online trade statistics and market access information for import and export developments to exporters and importers. According to the statistics, China and the Ivory Coast-based diplomatic relations on mutual economic benefits. But the Ivorians import more goods from China than exports, although China, on the other hand, stands to benefit more from the natural endearments. Yet still, it is good as the country will learn from their Chinese counterparts. We utilized data from 2015 to 2019, as 2020 was not available when writing this paper. China and Ivory Coast are both members of the World Trade Organization (WTO) and ranked China as the top 10 exporters of goods to Ivory Coast in 2015 [20] in table 4.

Table 1: Côte D'Ivoire's imports from China

Goods	2015	2016	2017	2018	2019
Electrical machinery and equipment	135,533	266,621	169,845	244,909	389,499
Machinery, mechanical appliances, nuclear reactors, boilers, etc	143,875	166,786	176,981	160,692	199,415
Miscellaneous chemical products	96,126	99,369	114,784	145,635	140,693
Iron and steel	116,781	140,732	135,311	139,634	110,919
Cereals	286	10,386	103,422	159,277	96,397
Furniture; bedding, mattresses, mattress supports, cushions, and similar stuffed furnishings	21,153	33,382	31,239	33,734	38,402
Articles of iron or steel	77,451	65,373	43,497	122,780	127,415
Ceramic products	23,105	24,647	24,083	26,808	34,117
Rubber and articles thereof	22,240	20,600	24,974	25,904	32,659
Fish, molluscs and other aquatic invertebrates	42,879	51,546	51,435	55,491	67,783
Plastics and articles thereof	39,822	32,099	42,616	52,617	58,045

Aluminium and articles thereof	30,168	20,570	14,384	84,589	47,629
<b>Total</b>	<b>749,419</b>	<b>932,111</b>	<b>932,571</b>	<b>1,252,070</b>	<b>1,342,973</b>

Source (ITC, 2019)

Table 1 indicates that there has a steady increase in imports from China since 2015. For instance, a substantial increase in electrical machinery and equipment and machinery, mechanical appliances, nuclear reactors, boilers, etc., from 135,533 and 143,875 in 2015 to 389,499 and 199,415, all US dollars in 2019, respectively. Articles of iron or steel with 77,451 in 2015 to 127,415 in 2019. Plastics and articles increased from 39,822 in 2015 to 58,045 in 2019. The

same goes for all the remaining goods in table 1. The is a massive influx of goods and services due to the "Go-Out Strategy of the BRI schemes and has yielded an enormous benefit for China, making them become the world's largest economy before 2030 [18]. Ivory Coast imports from China were 1.8 Billion US dollars during 2019, according to the United Nations COMTRADE database on international trade [20].

Table 2: Côte D'Ivoire's exports to China

Goods	2015	2016	2017	2018	2019
Rubber and articles thereof	95,157	71,497	120,180	177,688	371,260
Ores, slag and ash	44,913	31,413	30,923	52,511	135,868
Mineral fuels and oils, their products; bituminous substances; mineral.	11,862	9,583	19,692	73,764	92,249
Cocoa and cocoa preparations	0	0	45,796	0	63,341
Cotton	9,762	17,579	4,740	23,884	36,213
Fish, molluscs and other aquatic invertebrates	21,405	3,340	5,254	21,858	35,018
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	4,374	7,466	2,314	1,995	2,316
Wood and articles of wood; wood charcoal	633	383	1,151	437	1,434
Electrical machinery and equipment including their parts.	1,683	1,076	1,953	1,696	1,033
Oilseeds and oleaginous fruits; miscellaneous grains, seeds, and fruit; industrial or medicinal.	7	44	47	42	616
Raw hides and skins	316	82	332	525	613
Copper and articles thereof	0	0	258	403	312
Optical, photographic, cinematographic, measuring, checking, precision, medical, or surgical.	25	87	192	329	235
<b>Total</b>	<b>190,137</b>	<b>142,550</b>	<b>232,832</b>	<b>355,132</b>	<b>740,508</b>

Source (ITC, 2019)

Although Cote D'Ivoire imports several commodities from China, Cote D'Ivoire exports valuable goods to China to balance the trade deficits due to the low costs. Rubber and articles, (95,157 to 371,260); Oil, slag and ash (44,913 to 135,868); Mineral and their products (11,862 to 92,249); cocoa and cocoa preparations (0 to 63,341); cotton (9,762 to 36,213); Fish, mollusks and other aquatic invertebrates (21,405 to 35,018); machinery, mechanical appliances, nuclear reactors, boilers; parts, etc. (4,374 to 2,316); wood and articles

of wood, wood charcoal (633 to 1,434); Oilseeds and oleaginous fruits, etc. (7 to 616); raw hides and skins (316 to 613); copper and articles thereof (0 to 312); and Optical, photographic, cinematographic, measuring, checking, precision, medical, or surgical (25 to 235) from 2015 to 2019 respectively. Although, there was a decline in electrical machinery and equipment, including their parts from 1,683 to 1,033.

Table 3: Trade Balance between Côte D'Ivoire and China

Goods	2015	2016	2017	2018	2019
Rubber and articles thereof	22,673	10,813	5,949	26,607	103,209
Ores, slag and ash	11,862	9,294	19,595	72,144	92,249
Natural mineral products (fuels, oils)	-1,222	-1,077	45,195	-30,100	62,258
Cocoa and cocoa preparations	9,762	17,570	4,690	23,732	36,077
Cotton	6,996	-10,849	-5,389	8,693	17,558
Edible fruit and nuts; fruit or melons	630	311	1,142	433	1,421
Raw hides and skins	0	-2	249	403	304
<b>Total</b>	<b>50,701</b>	<b>26,060</b>	<b>71,431</b>	<b>101,912</b>	<b>313,076</b>

Source (ITC, 2019)

Trade balance refers to a country's net sum of exports and imports of goods without considering all financial

transactions, funds, and other financial elements [21]. A country's trade balance is positive when its exports' value

surpasses the imports value. Conversely, a country's trade balance is negative when it registers a deficit if the value of imports exceeds exports [21].

In this regards, Cote D'Ivoire attained a steady trade balance in the following goods: Rubber and articles thereof from 22,673 to 103,209; ores, slag, and ash from 11,862 to 92,249; natural mineral products (fuels, oils) from -1,222 to 62,258; cocoa and cocoa preparations from 9,762 to 36,077; cotton from 6,996 to 17,558; edible fruit and nuts from 630 to 1,421 and raw hides and skins from 0 to 304 respectively [19]. The findings indicated that Cote D'Ivoire performs well in some areas in catching up with globalization through the Chinese's BRI scheme.

Table 4: Annual Loan value (2012 – 2018)

Year	Value in US dollars (million)
2012	211
2013	516
2014	883
2015	816
2016	52
2017	136
2018	69
<b>Sum</b>	<b>2,683</b>

Source (UnComtrade, 2019)

Table 4 indicates that Cote D'Ivoire is gradually becoming a middle-income country by reducing its debt capacity. The Ivorians are motivated by their Chinese counterparts and have ventured into many economic activities learned from the Chinese, such as entrepreneurship, innovative technologies, engineering skills, etc. Cote D'Ivoire has also known the Chinese influence of big-ticket investment in Africa, such as the Angola model, where they have been criticized for using labors from China. This provided little opportunity for the locals in Angola. That is why the Ivorian government demanded that the Sinohydro Corp building the hydropower dam employ 20% of foreign nations and 80% locals. The building material should be locally purchased [18]. Also, the Djibouti model, where China has seized the port built by them for failing to uphold the agreement.

## V. POLICY IMPLICATIONS AND RECOMMENDATIONS

The bilateral between Cote D'Ivoire and China in terms of imports and exports do not match according to table 1 and table 2 above. The Ivorians import more goods than exporting from China [19]. Also, there are more Chinese businesses in Cote D'Ivoire compared to their Ivorians counterparts. Such a scenario means the two nations need to increase trade tremendously. The comparative advantage indices point out the advantage held by every government in specific products. Our case is illustrated as follows: China has a comparative

advantage in manufacturing products, while Cote D'Ivoire is raw materials. China seeks raw materials to transform an excellent opportunity for trade between these two partners.

Furthermore, table 3 indicates that Cote D'Ivoire is fastly approaching a middle-income country. They should groom local industries to catch up with the fourth industrial revolution. Also, table 4 shows that Cote D'Ivoire borrow less from China in the last five years, which means that there is a prospect for economic development as the country can function without much donor fund. The Ivorian government should, therefore, encourage more indigenous entrepreneurs and innovators to engage in economic activities. They should not leave the economy with the Lebanese, Chinese, Indians, and other foreign nationals to run their economy alone. This is because whatever gained by these foreign nationals will be sent back to their countries. Exporting raw materials independently is not enough to boost the economy of Cote D'Ivoire. The Ivorian government should also encourage Chinese businesses to setup processing factories to process the raw materials locally, which will add value to the economy through job creation. Cote D'Ivoire can also institute a policy that will ban some essential products that are mostly coming from China; this will help develop local industry and attract more foreign companies to settle into the country. Nigeria created its local manufacturing sector by banning imports of products such as furniture, cement, Spaghetti/noodles [22].

## VI. CONCLUSION

The BRI scheme is built on a win-win situation. The BRI scheme reveals that economic activities influence China's decision-making regarding overseas investments. It searches for new emerging markets for its industrial overcapacity amid a slow domestic economy. The results indicate that Cote D'Ivoire imports more Chinese goods, even though most of the goods are not durable (cheap) than exporting. However, there is also a growing concern as, in most cases; the Chinese companies usually come with construction materials and laborers from China instead of buying them locally and employing the locals. The skilled workers in industrial projects are mostly from China, with a few African locals taking up low-end employment.

To be sure, China defends the use of its labor and materials, citing better skills and more quality that enables cost-cutting. However, it has undertaken only a few projects that benefit the African population, such as building local healthcare capacity, skills training, or education. There are also various cancellations or delays of Chinese projects over lack of local employment opportunities, rising debt concerns, and violation of quality standards or malpractice incidents on the ground. The BRI scheme also has some constraints: a



language barrier, cultural differences, business principles, governance structures, and a host of other issues.

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