

Yandraduth Googoolye: How African countries can play an active role in the Belt and Road Initiative

Remarks by Mr Yandraduth Googoolye, Governor of the Bank of Mauritius, at the Financial Connectivity Thematic Forum on "How African countries can play an active role in the Belt and Road Initiative", Beijing, 25 April 2019.

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Excellencies

Good Morning and Thank You for giving me the opportunity to address such an eminent audience.

Last October, at the official opening of the Belt and Road International Financial Exchange and Cooperation Seminar organised by the Bank of China, I had stressed on Africa's eagerness to be part of China's vision to enhance cooperation and connectivity among countries that will be part of the Belt and Road Initiative.

Africa is endowed with considerable human capital, millions of acres of arable land and a myriad of natural resources. Therefore, ladies and gentlemen, the combination of China's capital, technology, market, enterprises, talents and experiences and Africa's abundant resources, huge demographic dividend and great market potential should create economic wonders.

Testimony to Africa's willingness to support the Belt and Road initiative is member states of the African Union endorsement of "*Agenda 2063: The Africa We Want*", a roadmap for structural economic transformation over a fifty-year time scale.

Whilst the Initiative will undoubtedly enable a smooth flow of goods and services against efficient mechanisms of payment flows, Africa must also see to it that adequate and timely resources are geared towards the modernization of financial market infrastructures as well as to the opening and promotion of free trade areas. These will be instrumental in supporting the expansion of the trade corridor between China and Africa and in upholding cross-border e-commerce.

Ladies and gentlemen, a key target of the Initiative rests on financial integration and cooperation. Besides enhancing financial regulation cooperation, it will increase the scope and scale of bilateral currency swaps and settlements as well as the issuance of bonds in Chinese Yuan. It is, therefore, to the advantage of countries across Africa to encourage commercial equity investment funds and private funds to participate fully in the construction of key projects stemming from the Belt and Road Initiative.

The Initiative will also push forth an additional currency of choice and set the RMB among the reserve currencies for African countries. A currency that can be used, not only for trade between Africa and China, but also for intra-African commercial flows.

African central banks and other regulatory entities must fully embrace the crucial role they will be called upon to play. African monetary policymakers will in effect be required to come up with strong frameworks that will build sufficient macroeconomic and institutional capacity to absorb investment flows, tap benefits and manage associated risks.

Another key area of focus for African countries is the payment infrastructure. Indeed, while most countries are upgrading their payment infrastructures, the African payment landscape remains fragmented into regional blocks such as the COMESA, SADC and Western and Central African States' monetary unions. Though some initiatives are underway at the level of the Association of African Central Bank for the setup of a fully integrated African payment system, I believe that this initiative needs to be encouraged. African countries equally need to consider whether the

adoption of a federal approach to an integrated payment system can be a boost.

Financial Technology is another key area if Africa ambitions for an innovative financial industry as well as an inclusive development. Infrastructure expansion is a priority for effectively linking countries across the continent so that they are poised to tap the opportunities offered by the Belt and Road Initiative. In that regard, our sister countries must urgently focus on the development of appropriate land, sea and air transport logistics and framework. This will contribute to bringing down the obstacles that stand on the path of the economic evolution of the continent.

Before concluding, let me quote a Chinese proverb that I deem fitting. I quote: “*One bee cannot produce honey; one grain of rice cannot produce a meal*”. Unquote.

Ladies and gentlemen, if the common goal is the overall development of our respective nations, then the only way forward is for us all to join hands in furtherance of friendship, unity and progress for our people.

I thank you for your attention.