

## DEBATE

### **Mona MAKRAM-EBEID**

My name is Mona Makram Ebeid, I am an Egyptian Senator and Member of Parliament. I am addressing myself, as you can imagine, to Minister Oqubay. Firstly, I want to re congratulate you for the Nobel prize that was awarded to your President, and a well deserved one.

My second point is that I am very impressed by the advances that Ethiopia has made lately, whether it is in life expectancy, in growth, etc., but I want to remind Ethiopia that the Renaissance Dam is a great problem for both Egypt and Ethiopia. There must be more flexibility on your part. The President has taken the Nobel Prize because he brought peace between Ethiopia and Eritrea. I hope that the World Policy Forum will inspire him to find some solution, and it must be a political solution, because instability in Egypt means instability in the whole region, you know that better than I do.

Thank you very much, and you know that the first congratulations came from President Sisi and from the Pope, because the Pope, the Coptic Orthodox Church plays a very important role in Ethiopia and in Egypt. My second little point, not much, is to congratulate Minister Mezouar for everything he said... et je voudrais vous adresser la parole en français, comme vous l'avez fait, pour vous dire que moi aussi je pense que la construction, je suis très optimiste pour le Maghreb, mais surtout pour la construction maghrébine qui a été prouvée par ce qui se passe en Algérie, et nous allons le voir de nouveau en Tunisie. Donc je vous félicite d'avoir souligné les mutations structurelles qui sont véritablement porteuses d'espoir. Merci.

### **Arkebe OQUBAY**

If I may reflect on this important point, and I greatly appreciate the suggestion from my Egyptian sister. I have emphasised a win win solution, this is a central concept of our government; the Grand Renaissance Dam, as you know, focusses on the generation of hydropower, it does not affect the use of water for other purposes, it only regulates, and from the very beginning the Ethiopian government is aware and committed that Egyptian people should not be affected by such a project. Our leaders are working on it and are optimistic that it will be resolved. Our destiny cannot be mutually excluded.

### **Moubarack LÔ**

My name is Moubarack from Senegal, I am the Director General of Economic Prospective Bureau. I want to disagree with the disagreement of Mr Tanaka regarding China. If you take the World Bank figure, in 2017 the GDP per head of China was 8,823; with a growth of 2.5%, it will be more than 13,000 in 2030, and the World Bank defines a high income country as 12,056. In which case, I think Oqubay is right, China will become a high income country in 2030.

### **Gabriel FELBERMAYR**

And on this point, let me bring Olivier Blanchard in because I have sensed some disagreement as well, and then the last word to Naoki Tanaka.

### **Olivier BLANCHARD**

Listening to the whole conversation, it is clearly essential to know whether China is going to go at 6% or 2%, because it determines whether it is going to be a G2 or G1.5, which makes a difference for Africa.

I am more optimistic than Mr Tanaka, although he has spent much more time thinking about China. My sense is that there is not ambiguity on population growth, and that even if Hong Kong were to close, and trade and FDI were to

decrease, my sense on innovation is that China has achieved a level of technological sophistication such they can have productivity growth from there. Therefore, I think the 2% number is much too pessimistic, but it is clearly an essential number in terms of the interactions with Africa, the interactions with the US, and how we see the world.

**Gabriel FELBERMAYR**

So, Naoki, if you please, briefly respond.

**Naoki TANAKA**

The Rise of China is true, however, we should be very careful when we look at the future course of the Chinese economy. I will use an analogy of three animals in three different colours. The first is a grey rhinoceros, which represents the management of accumulated debt; rhinoceros' in the zoo are very stable, but when angered, they are very difficult to handle. The debt issue is actually very important for China. Forbearance policies are now being done; forbearance policies are not conducive to high growth, and that is a problem. The second is a white elephant; in the case of government sector investment, inefficient equipment and parts are being produced, which will have a bad effect on the productivity increase in China. Third is the black swan, which represents the possibility of a systemic risk in China. A lot of foreign money came to China for property management in the rural districts, and the finance problem is now being visited. In the case of the refinance of their bond in foreign currency terms, in some cases their coupon rate is 12% or 14% or 15%. In these cases, bankruptcies in developmental properties may occur. That may make appearance of black swan.

**Gabriel FELBERMAYR**

Thank you very much Naoki. Yes, I know there is much more to be said about all these important points that have been floated here. I think Thierry de Montbrial has put me in charge here, he thinks that I am a German, he is wrong, I am from Austria, but nonetheless, my task here is to watch over time. We are four minutes late so, for this reason, thank you very much to this panel for an excellent discussion. I hope you will all be around for the next few days so we can continue this.

Thank you very much.