

# **Can China's Bilateral Currency Swap Agreements Counter the IMF's Hegemony in Africa?**

**Part 2: What Lessons for the Economic Sovereignty of Africa and Tunisia ?**

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## **Abstract:**

In the first part of this article, we analyzed the monetary tool that is BCS currency swap agreements and attempted to critically assess their potential for financial diversification in African countries. We began by explaining how BCSs work, their advantages and limitations, and the conditions for their success. The study focuses on Chinese BCS in order to draw lessons and formulate policy recommendations for African policymakers, with the aim of strengthening the continent's economic resilience and reducing its dependence on the IMF.

This second part will focus on a more in-depth analysis of the BCS concluded between China and certain African countries, namely Nigeria, Egypt, Morocco, and South Africa. Through the study of these concrete examples of currency swaps, we will seek to identify strategic perspectives for the effective deployment of these mechanisms for African countries, with particular attention to the case of Tunisia. Finally, an analysis of the history of Tunisia's trade and diplomatic relations with China, and of its structural strengths and weaknesses, allows us to propose a range of economic reforms that can both make Tunisia attractive for such a partnership and ensure that a future CBS agreement strengthens its sovereignty rather than creating new dependencies.

# **Can China's Bilateral Currency Swap Agreements Counter the IMF's Hegemony in Africa?**

## **Part 2 : Part 2: What Lessons for the Economic Sovereignty of Africa and Tunisia ?**

As a multitude of African nations, including Tunisia, grapple with multifaceted economic crises, negotiations with the International Monetary Fund (IMF) have come to the fore, shaping discourse on economic sovereignty. A key question arises when confronted with a perceived unsustainable dependence on international financial institutions: How can viable alternatives be developed to mitigate financial vulnerabilities and reduce exposure to the IMF's perceived hegemony?

In today's multipolar world order - shaped by competition between China and the US - Bilateral Currency Swaps (BCS) offer a promising strategic option. These agreements enable bilateral currency swaps between two central banks, serving as a mechanism to diversify access to foreign currency liquidity and stabilize exchange rates. Additionally, they can facilitate de-dollarization by reducing dependence on U.S. dollar-based foreign exchange reserves and offering a viable alternative to traditional financing. As such, these instruments contribute to fostering competition among international donors, thereby strengthening the negotiating position of African countries.

Nevertheless, the roll-out of currency swaps in Africa, and particularly the integration of Chinese agreements, faces complex challenges, varying from the constraints imposed by regional monetary unions to the structural challenges inherent in the continent's economic dynamics. Currency swaps may temporarily relieve pressure on foreign exchange reserves, but they cannot resolve the structural drivers of this dependency. Furthermore, the lack of transparency surrounding the negotiated terms and interference with other financial interventions, such as those of the IMF or Chinese direct investment, hamper their assessment.

This article provides an in-depth analysis of the BCS's potential for African economies. It assesses their effectiveness and identifies obstacles to their expansion. Additionally, we will explore how and under which conditions these agreements could give Tunisia strategic leverage, strengthening its economic resilience and asserting its financial sovereignty in the face of external pressure.

## ■ The Case of Nigeria: Balancing Curbing Dependence on the Dollar and Naira Devaluation

Nigeria, Africa's leading oil producer<sup>1</sup> and economic powerhouse, has not been immune to recurring shortages of foreign currency needed to finance imports and support its economy, particularly since the 2010s. In 2016, Nigeria suffered its first full-blown recession in 25 years, making it a dismal year for the country. The country is still struggling to recover from this deep economic crisis, which continues to worsen: In 2023, Nigeria's Gross Domestic Product (GDP) remained 16% below its 2015 levels, when measured in current dollars. The slump in oil prices between 2014 and 2016, triggered by oversupply, coincided with a spate of militant sabotage attacks by the Niger Delta Avengers (NDA) group in the Niger Delta region, the country's main source of oil. The NDA mainly targeted Western companies such as Chevron and Shell, denouncing the exploitation of oil resources by foreign companies and the subsequent exclusion of local communities. This diminution in the oil sector's contribution to the nation's GDP, which constituted a mere 8.4% of the total in 2016, precipitated a decline in foreign exchange earnings, exerting a deleterious effect on non-oil sectors. Dependent on imports of inputs and raw materials, the secondary and tertiary sectors were also hit, resulting in a 1.5% contraction in real GDP<sup>2</sup>. A dynamic amplified by the country's fundamental need to import finished goods, thus maintaining its trade surplus.

Nonetheless, with oil production steady at almost two million barrels per day<sup>3</sup>, Chinese investors are taking notice of Nigerian oil. According to the Nigerian National Petroleum Corporation (NNPC) in May 2016, Chinese companies have collectively invested a total of \$80 billion. Designed to strengthen cooperation in the energy sector, these agreements testify to Nigeria's strategic importance to China. After a two-year negotiation<sup>4</sup>, \$2.4 billion were pledged in the currency swap agreement between the Central Bank of Nigeria (CBN) and the People's Bank of China (PBoC) in 2018 to ease Nigeria's foreign exchange reserves, which had been harshly hit by the slump in oil prices in 2014. A choice already vindicated in 2014 by Kingsley Moghalu, then deputy governor of the CBN, who asserted that the central bank was looking to increase the Yuan amount in its foreign exchange reserves, particularly given the global market's recognition of the Chinese Yuan RMB as a reserve currency. The BCS agreement was renewed in 2021, and again in 2023.

The agreement provides incentives for Chinese companies to establish factories in Nigeria. Such an initiative promotes industrialization and job creation in the country, which would reduce transportation and shipping costs for Chinese investors. Yet the foreign exchange market has been under constant pressure since the bilateral currency swap agreement was signed. The Nigerian naira to Chinese RMB exchange rate has

1 Le Monde, "Chinese investments of \$80 billion in Nigerian oil," (Des investissements chinois de 80 milliards de dollars pour le pétrole nigérian) [https://www.lemonde.fr/afrique/article/2016/07/01/des-investissements-chinois-de-80-milliards-de-dollars-pour-le-petrole-nigerian\\_4962178\\_3212.html](https://www.lemonde.fr/afrique/article/2016/07/01/des-investissements-chinois-de-80-milliards-de-dollars-pour-le-petrole-nigerian_4962178_3212.html). Accessed October 24, 2024.

2 World Bank, «Nigeria Faces Prospects of Fragile Economic Recovery in 2017», <https://www.worldbank.org/en/news/press-release/2017/05/19/nigeria-faces-prospects-of-fragile-economic-recovery-in-2017>. Accessed October 18, 2024.

3 Le Monde, op. cité

4 Agency Report. « China, Nigeria Seal Currency Swap Deal ». Punch Newspapers, May 3 2018, <https://punchng.com/china-nigeria-seal-currency-swap-deal/>.

depreciated significantly, falling from 48 naira per yuan in 2018 to 66.70 by April 2023<sup>5</sup>. This devaluation reflects the difficulties in implementing the agreement, primarily due to the trade imbalance between the two countries. While Nigeria imports Chinese finished goods on a massive scale, its exports to China have remained limited and in decline<sup>6</sup>, further exacerbating the volatility of the naira's exchange rate. In addition, the volume of the agreement is still far too modest to have a significant impact on bilateral trade between the two nations. Indeed, although Chinese-Nigerian trade is worth around \$20 billion per year, the currency swap agreement is valued at only \$2.4 billion over three years<sup>7</sup>. Based on these observations and qualitative analysis, Obiah Mmadubuike Emmanuel and Christian Chima Chukwu<sup>8</sup> argue that swapization does not guarantee positive, long-term effects or prevent the naira's rapid decline. In fact, the hegemony of the US dollar over international trade and the relatively limited volume of trade between Nigeria and China both mitigate the impact of this agreement. Hence, greater economic diversification, promoting industrialization and stimulating exports, rather than relying on imports and swap agreements, seems to be the most viable solution for stabilizing the Nigerian currency. Lastly, international traders' preference for globally convertible currencies, particularly multinationals and SMEs, perpetuates the dollar's exorbitant privilege within the context of such transactions. According to Obalum Amaka Ijeoma and B. Chima Onuoha<sup>9</sup>, far-reaching structural reforms are indispensable to allow Nigerian small and medium-sized enterprises (SMEs) to benefit fully from these mechanisms, not least by facilitating their access to foreign currency and cutting transaction costs.

The Nigeria-China Bilateral Currency Swap Agreement marks an important breakthrough in economic diversification and reduced dependence on the dollar. However, it continues to be hampered by factors such as trade imbalance between the two countries, persistent devaluation of the Nigerian naira, and SMEs' lack of access to foreign exchange. To maximize its benefits, structural reforms and local capacity building are essential, with a focus on diversifying financing methods.

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5 Moses-Ashike, Hope. «Nigeria-China currency swap fails to stabilise naira 5 years after». *Businessday NG*, April 12, 2023, <https://businessday.ng/business-economy/article/nigeria-china-currency-swap-fails-to-stabilise-naira-5-years-after/>.

6 Including raw materials such as cassava and leather, in addition to oil.

7 Moses-Ashike, Hope. Op. cit.

8 Emmanuel, Obiah Mmadubuike. "Nigeria-China Swapization and the Sinking Nigerian Currency". 2021. *African Scholar Journal of Humanities and Social Sciences*

9 Ph.D. Alex Ekwueme Federal University, Ndufu Alike Ikwo, Ebonyi State, Nigeria. et al. « Nigeria and China Bilateral Currency Swap: Perceived Economic Implications and Prospects »: *International Journal of Recent Technology and Engineering (IJRTE)*, vol. 8, n°6, mars 2020, p. 1880-91. DOI.org (Crossref), <https://doi.org/10.35940/ijrte.F7603.038620>.

## ■ The case of Egypt: a geostrategic bailout

Egypt, a key player in the Chinese Belt and Road Initiative (BRI), entered into a currency swap agreement with China for the period 2016 to 2021. The Chinese emergency assistance came amid the peak of Egypt's economic crisis in December 2016, a month after the country signed an agreement with the IMF<sup>10</sup>. Since the 2011 revolution that led to the toppling of Hosni Mubarak, the Egyptian economy has been marred by political instability, a loss of confidence among foreign investors and a soaring trade deficit. In the wake of the crisis, foreign exchange reserves dropped from \$36 billion in 2011 to \$16.5 billion in 2016<sup>11</sup>. The situation took a critical turn for the worse in 2015 due to a dollar shortage brought on by a drastic decline in tourism revenues - once a vital source of foreign currency for the country - and a fall in revenues from the Suez Canal. Skyrocketing inflation, alarmingly running at 28.1% in 2016, underlined the structural vulnerability of Egypt's economy compared to other emerging economies<sup>12</sup>. The \$12 billion bailout granted by the IMF in November 2016 in exchange for draconian measures, such as devaluing the Egyptian pound (EGP) by 48%<sup>13</sup>, the cut in fuel and electricity subsidies, and the introduction of the value-added tax (VAT), placed the burden of this currency collapse on Egyptian consumers. By way of illustration, the cost of living index soared to nearly 30% by late 2016<sup>14</sup>, hitting the prices of essential goods and energy resources the hardest now that they are no longer subsidized.

With China's financial aid, via the currency swap mechanism<sup>15</sup>, matching that of the IMF just a few weeks later, this agreement seems to reflect China's support for the IMF-initiated economic reform program in Egypt. Effectively, it supplements such liberalization with a set of additional measures mutually agreed upon by the Central Bank of Egypt (CBE) and China, as per the official website of the State Council of the People's Republic of China<sup>16</sup>.

And yet, the 2016 Bilateral Currency Swap agreement came at a decisive moment for the sustainability of the Egyptian economy, while also fitting into the well-planned continuity of the Chinese-Egyptian financial and trade partnership. The agreement to bail out the Egyptian economy follows a few months after China announced a \$15 billion public investment<sup>17</sup> in the construction of the new pharaonic capital desired by Al-Sissi - a project still underway - and the promotion of numerous Chinese companies in this sector. These investments also coincided with the signing of a five-year plan to

10 International Monetary Fund, "IMF Executive Board Approves US\$12 Billion Extended Arrangement Under the Extended Fund Facility for Egypt", 11 November 2016.

11 Sallon, Hélène. «The economy, President Sisi's Achilles' Heel» (L'économie, talon d'Achille du président Sissi), Le Monde, January 2018, p. 2.

12 Hussein et al., « Egypt's Successive Economic Crises: The IMF's Impact and Pathways to Just Monetary, Food, and Social Policies ». Arab Reform Initiative, avril 2024. [www.arab-reform.net](http://www.arab-reform.net), <https://www.arab-reform.net/publication/egypts-successive-economic-crises-the-imfs-impact-and-pathways-to-just-monetary-food-and-social-policies/>.

13 Press Associated. «Egypt Devalues Currency by 48% to Meet IMF Demands for \$12bn Loan». The Guardian, November 3, 2016. The Guardian, <https://www.theguardian.com/world/2016/nov/03/egypt-devalues-currency-meet-imf-demands-loan>.

14 Sereni, Jean-Pierre. «The Egyptian economy's leap into the void» (Le saut dans le vide de l'économie égyptienne), Orient XXI, February 2, 2017, <https://orientxxi.info/magazine/le-saut-dans-le-vide-de-l-economie-egyptienne>, 1692.

15 The Reuters, «China signs 3-yr 18 bln yuan bilateral currency swap with Egypt», December 6, 2016. [www.reuters.com](http://www.reuters.com), <https://www.reuters.com/article/business/finance/china-signs-3-yr-18-bln-yuan-bilateral-currency-swap-with-egypt-idUSKBN13V0ZC/>.

16 The State Council of the People's Republic of China, "Egypt, China sign currency swap deal worth 2.62 bln USD", [https://english.www.gov.cn/news/inter-national\\_exchanges/2016/12/07/content\\_281475510022956.htm](https://english.www.gov.cn/news/inter-national_exchanges/2016/12/07/content_281475510022956.htm). Accessed October 17, 2024.

17 Jeune Afrique, "In Egypt, Chinese President Xi Jinping signs \$15 billion in contracts," (En Égypte, le président chinois Xi Jinping signe pour 15 milliards de dollars de contrats), January 21, 2016. <https://www.jeuneafrique.com/295826/economie-entreprises/egypte-president-chinois-xi-jinping-signe-15-milliards-de-dollars-de-contrats/>

further strengthen the overall strategic partnership between the two countries, as well as Egypt's accession to China's Belt and Road Initiative (BRI) in January 2016- a strategically necessary inclusion when it comes to the country with the Suez Canal. The agreement takes place one year on from the discovery of the Zohr field in 2015, which, with its 850 billion cubic meters, is considered the "largest offshore natural gas field in the Mediterranean" according to the company that discovered it, the Italian energy giant Eni<sup>18</sup>.

The Chinese currency swap agreements (in 2016, 2020 and 2023) are in fact part of the long-standing diplomatic and trade relations between China and Egypt. Having been the first Arab and African country to establish diplomatic relations with China in 1956<sup>19</sup> Egypt has capitalized on its strategic position at the crossroads of Africa, Europe and Asia. Between 2018 and 2019, China invested \$28.5 billion in Egypt, making it the country's largest trading partner and the main beneficiary of Chinese investment in the Arab world<sup>20</sup>. From a political standpoint, the "Gift of the Nile" holds a pivotal role within regional organizations such as the African Union (AU), the League of Arab States (LAS) and the Organization of Islamic Cooperation (OIC)- a role that is not negligible for China.

In practice, Bilateral Currency Swap (BCS) agreements have played a key role in stabilizing the Egyptian pound (EGP) during periods of sharp depreciation. For example, after the first agreement was signed in 2016, the EGP saw relative stability. Depreciation was limited to 10% in 2017, compared to 48% in 2016. This stabilization contributed to restoring foreign investor confidence and curbing inflation, down from 28.1% in 2016 to 13% in 2019. BCS have also facilitated trade between Egypt and China. The significant increase in yuan-based transactions has cut currency exchange costs and boosted bilateral relations. In 2020, China became Egypt's main trading partner. The two countries generated over \$14 billion in trade volume.

Nevertheless, the limited use of the Chinese yuan in international trade reduces the effectiveness of the BCS. Despite an increase in bilateral transactions, the yuan's marginal status in Egypt's overall trade diminishes the long-term benefits of currency swap agreements.

## ■ Morocco's experience in leveraging its role as a gateway to the West

In May 2016, Morocco and China signed a \$1.54 billion currency swap agreement at a critical time for the Moroccan economy<sup>21</sup>. Debilitated by a poor crop yield the previous year and a severe drought, the country was faced with a major economic slowdown.

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18 Middle East Eye, "Is Egypt capable of playing a role in the European Union's energy supply?" (L'Égypte peut-elle jouer un rôle dans l'approvisionnement énergétique de l'Union européenne?), the French version of the Middle East Eye website, January 2022. <https://www.middleeasteye.net/fr/decryptages/egypte-approvisionnement-energetique-union-europeenne-gaz>. Accessed October 17, 2024.

19 Ministry of Foreign Affairs of the People's Republic of China "Egypt": [https://www.fmprc.gov.cn/mfa\\_eng/gjhdq\\_665435/2913\\_665441/2813\\_663616/](https://www.fmprc.gov.cn/mfa_eng/gjhdq_665435/2913_665441/2813_663616/). Accessed October 17, 2024.

20 Maher Mohamed and Farid Mohamed, "The Growth of Chinese Influence in Egypt: Signs and Consequences" | The Washington Institute. <https://www.washingtoninstitute.org/policy-analysis/growth-chinese-influence-egypt-signs-and-consequences>. Accessed October 17, 2024.

21 Ecofin Agency, "Morocco and China Sign \$1.54bn Currency Swap Agreement": <https://www.ecofinagency.com/finance/1305-34377-morocco-and-china-sign-1-54bn-currency-swap-agreement>. Accessed October 17, 2024.

Political tensions have been heightened, particularly due to the difficulties faced by the then Prime Minister Abdelilah Benkirane in forming a government following the October 2016 legislative elections, in which his Justice and Development Party (PJD) won the majority of seats. Against this backdrop of political instability and the significant liquidity risk, King Mohammed VI traveled to Beijing. The visit resulted in the signing of more than 30 agreements, elevating bilateral relations into a status of “strategic partnership<sup>22</sup>.” This series of measures, encompassing the Bilateral Currency Swaps (BCS), signals the ongoing evolution of Chinese-Moroccan relations and underscores the nation's substantial economic challenges. For several years, Morocco had been working towards a liquidity agreement with China. This agreement was signed a few months before the IMF renewed its precautionary and liquidity line (PLL) for a third consecutive time in July 2016<sup>23</sup>. The PLL was renewed for 2.504 billion Special Drawing Rights (SDRs). Morocco's decision to resort to BCS reflects its determination to diversify its sources of financing and reduce its dependence on traditional Western financing.

Moreover, this agreement with Beijing brings numerous advantages for Morocco. This partnership not only diversifies sources of financing and strengthens economic ties with a global power, but also attracts Chinese investment in key sectors such as infrastructure and transportation. Thanks to its existing trade and diplomatic relations with the European Union and the United States, Morocco also stands to profit from a twofold economic openness. Flagship projects include the construction of Africa's tallest tower in Tangier, undertaken by the Chinese CRCC (China Railway Construction Corporation) in collaboration with the Belgian Besix construction company and the Moroccan Travaux Généraux de Construction Casablanca (TGCC)<sup>24</sup>. The China Railway Engineering Group is also operating between Rabat and Salé. Such partnerships are providing essential real estate and transport infrastructure projects for Morocco, which is keen to attract even more Chinese companies.

In China's view, Morocco boasts several indisputable strategic advantages. While the mineral resources of the Maghreb region may not rival those of southern Africa, Morocco does possess essential natural resources such as raw copper, calcium phosphates and zinc ore, all of which are crucial for battery production<sup>25</sup>. Its strategic location on the Strait of Gibraltar also plays a key role, serving as a vital link in Chinese supply chains connecting Europe and Africa. This places Morocco in a prime position as the ideal hub for the manufacturing and export of electric vehicles destined for Europe<sup>26</sup>. This is exemplified by the significant investment of Chinese companies in the automotive components sector, with prominent leaders such as Nanjing Xiezhong, BYD and CITIC Dicastal spearheading this growth. Morocco's strategic position is further reinforced by political and diplomatic advantages. With free trade agreements in place with both the European Union and the United States, the Kingdom of Moroc-

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22 Horesh, Niv. « China and Morocco: Improbable Partners? » *Janus.Net*, 2023, p. 289-94. <https://researchers.westernsydney.edu.au/>, <https://doi.org/10.26619/1647-7251.14.1.02>.

23 IMF, “IMF Staff Completes 2016 Article IV Consultation and First Review of the Precautionary and Liquidity Line Mission to Morocco”, <https://www.imf.org/en/News/Articles/2016/12/01/PR16533-Morocco-IMF-Staff-Completes-2016-Article-IV-Consultation-First-Review-of-PLL>. Accessed October 24, 2024.

24 Africanews, “Construction of the ‘tallest tower in Africa’ launched in Morocco” (La construction de la « plus haute tour d’Afrique » lancée au Maroc), <https://fr.africanews.com/2018/11/02/la-construction-de-la-plus-haute-tour-d-afrique-lancee-au-maroc/>. Accessed October 24, 2024.

25 Horesh, Niv, *ibid*.

26 The Diplomat, “Morocco: China’s Gateway to Africa?” <https://thediplomat.com/2017/03/morocco-chinas-gateway-to-africa/>. Accessed October 17, 2024.

co serves as an ideal base for joint ventures involving Chinese companies and Western/US partners. A natural outcome of these mutually beneficial arrangements, Morocco joined the BRI project in 2022<sup>27</sup>, thereby fortifying its strategic partnership with China and becoming the first North African country to take this step. Thanks to this partnership, Morocco stands to gain from the joint implementation of the New Silk Road Initiative (BRI), which will pave the way for new economic development opportunities and greater financial independence.

Similar to the previous examples, the national currency, the Moroccan dirham (MAD), has stabilized and trade has been facilitated. In practical terms, the Moroccan dirham has been relatively stable since the first agreement was signed in 2016, with depreciation limited to 5% in 2017, compared to 10% in 2016. This has helped to restore foreign investor confidence and curb inflation, from 1.6% in 2016 to 0.8% in 2019. In terms of trade, China became Morocco's third largest trading partner in 2020, with bilateral trade topping \$5 billion. Ultimately, the Bilateral Currency Swaps supplemented IMF financing rather than substituting it, enabling Morocco to diversify its sources of financing and reduce its dependence on Western financial institutions.

## **Bilateral Currency Swaps between BRICS Countries: The Case of South Africa**

The case of South Africa is of particular interest, since the country has sought to minimize its dealings with the IMF. South Africa's historical opposition to the IMF and the World Bank has long led it to attempt to circumvent their assistance, in spite of recurring crises. This resistance is partly due to the perceived complicity of these international institutions with the segregationist apartheid regime<sup>28</sup>. Notwithstanding the recurrent currency crises since 1996, South Africa has not solicited IMF assistance, not even during major economic crises such as that of 2008 or the recession of 2019, regarding IMF and World Bank emergency financial assistance solely as a "last resort." Rather, the country has looked to diversify its sources of financing, including turning to partners such as China and stepping up its involvement in BRICS financial mechanisms, notably the Contingent Reserve Arrangement (CRA).<sup>29</sup>

Chinese investments have been flowing into South Africa for several years, particularly in the mining and industrial sectors. The abundance of natural resources such as manganese, gold and titanium is a key driver of these investments. South Africa also offers an increasingly attractive market thanks to its growing middle class, which is of great interest to Chinese household appliance manufacturers such as Hisense. But Chinese investment in South Africa extends beyond raw materials, as the country's strategic geographic location has made it a vital transit point. The partnership is even more valuable to China because of the trade facilitated by its deep-water ports, such as those in Durban and Saldanha Bay. Additionally, the Industrial and Commercial

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27 Ministry of Foreign Affairs, African Cooperation and Moroccan Expatriates, "Morocco and China Sign Joint Belt and Road Implementation Plan". <https://diplomatie.ma/en/morocco-and-china-sign-joint-belt-and-road-implementation-plan>. Accessed October 24, 2024.

28 Rudin, Jeff. "South Africa and the debt of the Apartheid" (L'Afrique du Sud ou la dette de l'Apartheid). CADTM, November 30, 2001, <https://www.cadtm.org/L-Afrique-du-Sud-ou-la-dette-de-l>.

29 BRICS Information Centre, "Treaty for the Establishment of a BRICS Contingent Reserve Arrangement" <http://www.brics.utoronto.ca/docs/140715-treaty.html>. Accessed March 13, 2025.

Bank of China's (ICBC) ownership stake in Standard Bank, South Africa's largest bank, demonstrates China's interest in local businesses. This investment offers China a gateway to new markets within the Southern African Development Community (SADC), a region comprising a population of 260 million. In terms of diplomacy, South Africa can count on China's support to strengthen its position on the world stage, especially with regard to expanding the UN Security Council. In return, Pretoria backs Chinese initiatives in international forums, thereby consolidating their strategic partnership within the BRICS.

Keeping these stakes in mind, South Africa signed currency swap agreements with China in 2015, 2018, and 2021. These agreements consolidated South Africa's economic ties with this global power. Through these agreements, South Africa was established as China's strategic gateway to the African continent. The currency swap agreements aim to reinvigorate the South African economy, which has been stagnant since 2010 with an average growth rate of just 1.7% between 2011 and 2018. South Africa plunged into its third recession since 1994 in 2019, hitting an all-time low of negative 6.2% in 2020. Despite more advantageous raw material prices and vigorous agricultural yield, political uncertainty was exerting a discouraging effect on consumer and investor confidence. Following brutal internal shocks, South Africa has stabilized its economic growth at around 0.5% over the past two years.

The Contingent Reserve Arrangement (CRA), established in 2014 by the BRICS countries (Brazil, Russia, India, China, and South Africa), is emblematic of a lasting shift from the IMF. The CRA was created in an effort to end the BRICS countries' dependence on the Bretton Woods institution. With a capital of \$100 billion, the CRA is designed to offer an alternative to traditional financial institutions such as the IMF, while avoiding the stringent conditions often associated with the latter's lending<sup>30</sup>. In addition, the New Development Bank (NDB), designed as a prospective substitute for the World Bank, is a component of the BRICS countries' endeavors to break free from Western dominance. Nevertheless, these institutions are still in the nascent stages of development, rendering them ill-equipped to contend with the West at this juncture. As a future strategic and financial lifeline, the CRA provides access to liquidity without compromising countries' economic sovereignty, using none other than the currency swap mechanism between BRICS countries.

Only once has the Contingent Reserve Arrangement (CRA) been significantly activated, and its use remains marginal<sup>31</sup>. There are several reasons for this underutilization. Firstly, although the conditions for entitlement to the CRA are less stringent than those of the IMF, they remain restrictive. For instance, countries can only access 30% of their quota on an unconditional basis, while additional amounts are subject to IMF-type criteria. Secondly, the funds made available (\$5 billion for South Africa) are relatively modest compared to the potential needs of the BRICS countries' economies, thus limiting its appeal. Lastly, dependence on China, contributor of 41% of the CRA's capital, may dissuade some countries from availing themselves of it, for fear of greater Beijing influence over their economic policies.

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30 BRICS Information Centre, "Treaty for the Establishment of a BRICS Contingent Reserve Arrangement" <http://www.brics.utoronto.ca/docs/140715-treaty.html>. Accessed March 13, 2025.

31 Jr, Paulo Nogueira Batista. BRICS: Transactions in National Currencies, Cross Border Payment Systems and a New Reserve Currency.

# **I - In what ways do the cases of Nigeria, Egypt, Morocco and South Africa shed light on the challenges to the establishment of Chinese Bilateral Currency Swaps (BCS) with African countries?**

A comparative analysis of the experiences of Nigeria, Egypt, Morocco and South Africa reveals patterns and inconsistencies in the African economies' use of Chinese BCSs. Beyond national particularities, key lessons can be gleaned, illuminating the potential and constraints of this financial instrument.

## **1 - An effectiveness dependent on the structure of bilateral trade**

The impact of a Bilateral Currency Swaps (BCS) is directly linked to the nature and intensity of bilateral trade relations. A substantial trade deficit, whereby an African country mainly imports manufactured goods from China while exporting raw materials, can negate the benefits of the currency swap. This was seen with the Nigerian naira, for example, where downward pressure on the local currency has persisted. Conversely, countries akin to South Africa, where exports of strategic minerals are crucial to Beijing, stand in a more favorable negotiating position.

## **2 - A tool for short-term stabilization, not structural crisis resolution**

BCS can provide a much-needed lifeline during periods of severe liquidity crisis, as demonstrated in the cases of Egypt and Morocco. Their rapid implementation and lack of strict political conditionality distinguish them from IMF assistance. Yet they fail to address the root causes of economic imbalances, such as import dependency and weak economic diversification. The fact that currency swap agreements and IMF financing coexist in certain cases is a good indication of their complementary rather than substitutive nature.

## **3 - The persistent exorbitant privilege of the dollar: a fundamental asymmetry**

One takeaway is the current inability to fully bypass the dollar. Hard currencies remain

crucial for repaying international debt, importing essential goods such as oil and pharmaceuticals, and for reassuring investors. Ultimately, the international financial system is still dollarized, which limits the scope for de-dollarization via currency swaps.

## **4 - The untapped potential of alternative mechanisms (BRICS)**

South Africa's experience with the BRICS' Contingent Reserve Arrangement (CRA) demonstrates a willingness to create a parallel financial system. But the mechanism's underutilization, owing to limited funds and lingering constraints, points to the practical difficulties of competing with the Bretton Woods system. On paper, the alternative does exist, but its operational effectiveness is yet to be proven.

## **5 - Monetary constraints and structural impediments**

The uptake of BCS agreements is determined by the dynamics of regional monetary unions, apart from the obstacles specific to each country. The West African Economic and Monetary Union (WAEMU) model, in which the CFA franc is pegged to the euro, is a major impediment to swap agreements due to its rigidity, despite the semblance of monetary stability. Dependence on Europe and limited flexibility in exchange rate policies hinder central banks' ability to enter into bilateral agreements with partners such as China.

In contrast, the Southern African Development Community (SADC), comprising countries with different currencies, features a more complex and flexible model. While its monetary stability is less consistent, this fragmentation provides national central banks with greater autonomy to explore currency swap partnerships. SADC countries can thus negotiate bilateral agreements without the constraints of a common currency, thereby unlocking new opportunities. However, the lack of regional coordination and the varying levels of integration among their economies continue to pose challenges for implementing large-scale currency swaps.

## II - What can Tunisia expect?

Our analysis has thus far highlighted the potential advantages and disadvantages of bilateral currency swaps, including currency stabilization, increased trade with partner countries and reduced dependence on traditional financial institutions, such as the IMF. In the face of a multifaceted economic crisis, tough negotiations with the IMF and pressure from international donors, the BCS may be an alternative as part of a broader strategy to strengthen Tunisia's economic sovereignty.

Nevertheless, the African countries that have already benefited from Chinese BCS, such as South Africa, Egypt, Nigeria and Morocco, all share common features, including a wealth of natural resources, a key geostrategic position and relatively diversified economies. These features render them appealing and are influential enough for the said countries to be considered priority partners by a global power such as China. This is especially evident in the case of allocating significant financial instruments, such as Bilateral Currency Swaps (BCS). By contrast, Tunisia, although strategically located at the crossroads of Africa, Europe and the Middle East, lacks a comparable critical economic mass. An economy steeped in dependence on imports of essential commodities such as oil and basic foodstuffs, with little industrial diversification and heavy reliance on European markets, Tunisia does not hold the same appeal for China. In light of an in-depth analysis of African experiences with Chinese Bilateral Currency Swaps (BCS), we are undertaking a critical review of Tunisia's specific structural assets and constraints. Now that Tunisia is distancing itself from the IMF and displaying a growing sense of mistrust toward its traditional Western partners, we shall examine the structural factors that could promote or limit the strengthening of its cooperation with China, with a view to identifying the strategic prospects for the effective roll-out of BCS mechanisms in support of national economic resilience.

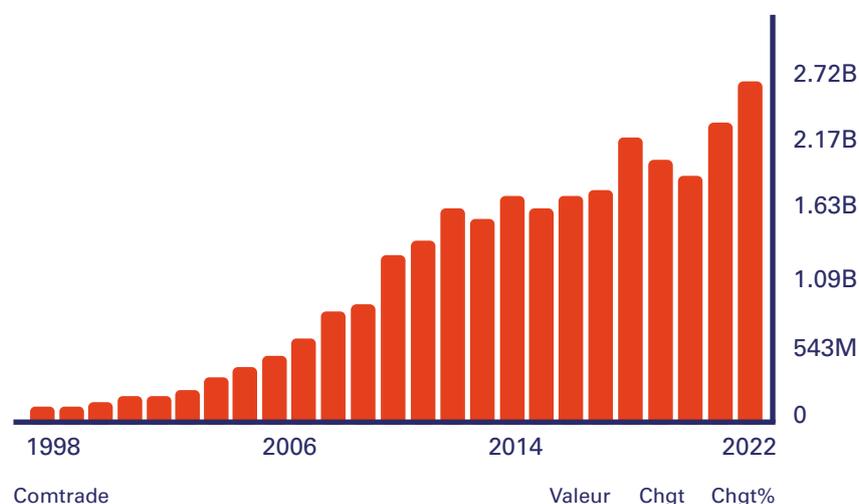
### 1 - The status of Chinese-Tunisian relations

From a diplomatic standpoint, Chinese-Tunisian relations have evolved steadily<sup>32</sup>. Initially tense under President Habib Bourguiba's anti-communist and pro-Western stance, relations started to improve with the establishment of trade ties in 1958, followed by the establishment of the Sino-Tunisian Joint Committee of Economic, Trade and Technological Cooperation in 1983. Relations stabilized further under the regime of Zine el-Abidine Ben Ali, featuring high-level official visits despite ideological differences. In the wake of the 2011 revolution, China adopted a cautious but supportive approach toward Tunisia's political and economic transition, emphasizing mutual respect and non-interference. The 2019 election of Kaïs Saïed accentuated this new dynamic, which coincided with a growing sense of mistrust toward traditional Western partners and a more pronounced quest for autonomy. This has certainly reinforced the importance of Tunisia for Beijing, although the scope of their relationship remains relatively modest. The two countries maintain cordial relations.

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32 Kapitalis, webmaster. "China's Presence in Tunisia: How Far Has It Come, and Where Is It Headed?" (Présence de la Chine en Tunisie: jusqu'où va-t-elle et où va-t-elle?), Kapitalis, April 8, 2024, <https://kapitalis.com/tunisie/2024/04/08/presence-de-la-chine-en-tunisie-jusquou-va-t-elle-et-ou-va-t-elle/>.

Figure 1: The evolution of Tunisian imports from China from 1991 to 2022



Sources: Trading Economics. 2024 data. 1991-2022 historical data.  
<https://tradingeconomics.com/tunisia/imports/china>.

On the trade front, the Tunisian economy remains heavily dependent on France and the European Union. Relations are shaped by long-standing trade ties based on historical colonial interests. This dynamic exerts a significant influence on the country's political, economic, security and cultural spheres. Although the European market continues to be Tunisia's main export and import destination, China has nonetheless become an important trading partner for Tunisia, constantly competing with the EU. Numerous trade agreements have been signed between China and Tunisia since 1958, underpinned by mechanisms including the Sino-Tunisian Cooperation Forum and the Tunisian-Chinese Forum for Investment and Trade. These initiatives have promoted infrastructure projects, particularly the construction of highways and ports, and trade relations between the two countries have continued to grow. Yet in spite of such efforts, trade between Tunisia and China is still limited and unbalanced compared to other African countries. Tunisia's balance of trade with China in 2022 showed a significant deficit, with Tunisian exports of only \$42.874 million compared to \$2.792 billion in imports from China. China accounted for 10.47% of Tunisia's total imports, placing it second<sup>33</sup> among the country's main suppliers after Italy and just ahead of France.

The nature of trade between Tunisia and China, however, reflects a clear asymmetry. Tunisia mainly imports manufactured goods, electronic equipment and textiles from China. In contrast, Tunisian exports to China are mainly limited to raw materials such as phosphates and a handful of agricultural products. Whereas its exports to Europe

<sup>33</sup> WITS, Tunisia trade balance, exports, imports by country 2022 | WITS Data. <https://wits.worldbank.org/CountryProfile/en/Country/-TUN/Year/2022/TradeFlow/EXPIMP/Partner/by-country#>. Accessed March 11, 2025.

accounted for 77% of the country's total exports up until 2018, prior to joining the BRI. These dynamics reflect the structural dependence on the EU established by the Association Agreement signed in the 1990s. The said agreement locked in a trade model based on importing high-value products while exporting minimally transformed goods.

Figure 2: A comparison table of Chinese, Tunisian, and European trade from 2014 to 2018.

(\$ billion, unless stated)	2014	2015	2016	2017	2018
Imports from China	1.24	1.24	1.30	1.30	1.40
Total imports	38.07	30.88	29.86	32.43	34.66
Imports from China /Total (%)	3.25	4.01	4.34	4.09	4.08
Imports from EU	n/d	n/d	13.33	14.00	14.50*
Imports from EU /Total (%)	n/d	n/d	44.66	43.17	41.83*
Exports to China	0.21	0.18	0.14	0.20	0.19
Total Exports	16.63	14.36	13.95	14.68	16.38
Exports to China /Total (%)	1.27	1.31	0.99	1.35	1.19
Exports to EU	n/d	n/d	12.89	13.22	12.63*
Exports to EU /Total (%)	n/d	n/d	92.4	90.07	77.1*

European trade figures include good only, and is missing trade in services

Source: Zoubir, Yahia H. Expanding Sino-Maghreb Relations. Middle East and North Africa Programme. February 2020  
<https://www.chathamhouse.org/sites/default/files/CHHJ7839-SinoMaghreb-Relations-WEB.pdf>

**Figure 3: Chinese Foreign Direct Investment (FDI) in Tunisia and Morocco (\$, million)**

	<b>Tunisia</b>	<b>Morocco</b>
<b>2003</b>	1,56	4,31
<b>2004</b>	1,28	9,06
<b>2005</b>	2,15	20,59
<b>2006</b>	3,91	27,01
<b>2007</b>	3,57	29,65
<b>2008</b>	3,57	28,06
<b>2009</b>	2,27	48,78
<b>2010</b>	2,53	55,85
<b>2011</b>	6,29	89,48
<b>2012</b>	5,69	95,22
<b>2013</b>	13,86	102,96
<b>2014</b>	14,56	114,44
<b>2015</b>	20,84	156,29
<b>2016</b>	16,3	162,7
<b>2017</b>	15,08	318,21

Source: Zoubir, Yahia H. Expanding Sino-Maghreb Relations. Middle East and North Africa Programme. February 2020. <https://www.chathamhouse.org/sites/default/files/CHHJ7839-SinoMaghreb-Relations-WEB.pdf>

Calculated using data from the China Africa Research Initiative, Johns Hopkins University (n.d.), 'Chinese FDI Flows to African Countries', [http://www.sais-cari.org/s/FDIData\\_04Mar2019.xlsx](http://www.sais-cari.org/s/FDIData_04Mar2019.xlsx)

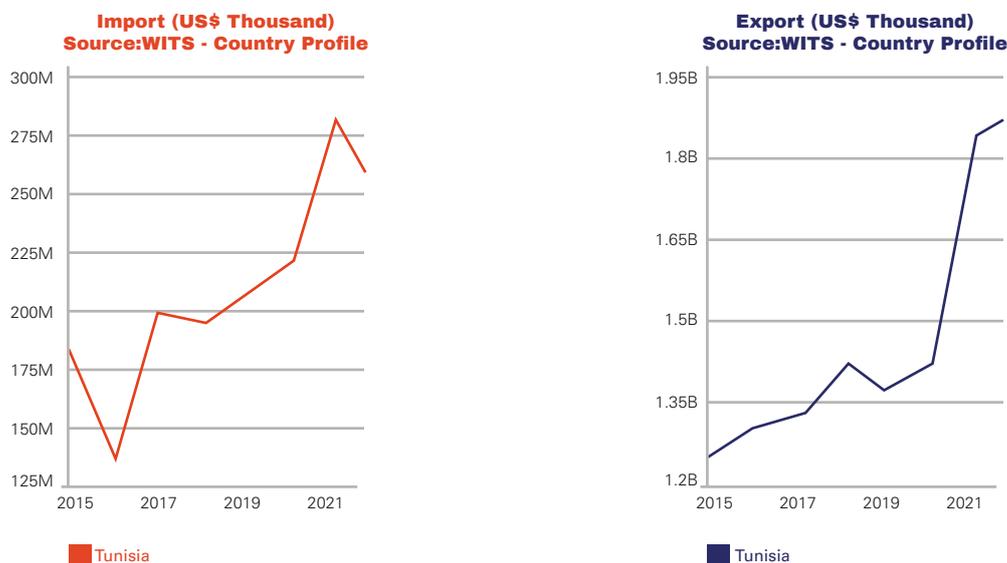
Since 2018, Tunisia has strengthened its collaboration with China by joining the Belt and Road Initiative (BRI) and the Asian Infrastructure Investment Bank (AIIB). Tunisia has also signed agreements to attract Chinese investment, particularly for infrastructure projects. As the graphs in fig. 4 show, trade between China and Tunisia has grown slightly since then. However, despite these ambitions, several projects, such as establishing free trade zones, have yet to be realized. Moreover, while Chinese tourism has seen a surge since the abolition of visas in 2017<sup>34</sup>, it remains quite modest in scope due to the absence of direct flights between the two countries.

<sup>34</sup> Observatoire Français des Routes de la Soie, «China in Tunisia: the birth of an ambitious partnership» (Chine en Tunisie, genèse d'une coopération ambitieuse), January 21, 2024, <https://observatoirefrns.com/2024/01/21/tunisie-chine-la-genese-une-cooperation-ambitieuse/>.

## 2 - Binational projects existing within the framework of the BRI

The Tunisian delegation concluded various strategic project agreements with China at the Forum on China-Africa Cooperation (FOCAC) summit in Beijing in September 2018. Another major project is the construction of a railway line linking Médenine, a region rich in mineral resources, to Gabès, the hub of the petrochemical and phosphate processing industries, as well as to Zarzis. This railway line is intended to facilitate the transport of raw materials and manufactured goods, while at the same time stimulating economic growth in the regions involved. A project that has nevertheless been held back by Tunisia's political and financial woes. Concurrently, China is backing the establishment of an automobile manufacturing plant by SAIC Motor Corporation Ltd, a Chinese state-owned enterprise. Intended to manufacture and export vehicles to Mediterranean and African countries, this plant is part of China's strategy to expand its industrial presence in Africa<sup>35</sup>. Another area of interest, albeit secondary but nonetheless noteworthy, is Tunisia's solar energy potential. Indeed, Tunisia has also sought Chinese expertise for the development of a solar power plant, given the country's considerable untapped potential in this field. Tunisia plans to build a minimum of 835 megawatts of solar power capacity by 2030, a clear indication of its commitment to diversifying its energy sources and boosting its renewable energy capacity.

Figure 4: The evolution of trade between China and Tunisia from 2015 to 2022 (\$, million)



Source: China Product Imports from Tunisia US\$000 2015 - 2022 | WITS Data. <https://wits.worldbank.org/CountryProfile/en/Country/CHN/StartYear/2015/EndYear/2022/TradeFlow/Import/Indicator/MPRT-TRD-VL/Partner/TUN/Product/Total#>.

35 Zoubir, Yahia H. Expanding Sino-Maghreb Relations. Middle East and North Africa Programme. February 2020. <https://www.chathamhouse.org/sites/default/files/CHHJ7839-SinoMaghreb-Relations-WEB.pdf>

### 3 - Tunisia's advantages: A strategic geopolitical significance

In conjunction with Morocco, South Africa, Egypt and Nigeria, Tunisia possesses a key advantage over other African countries with regard to concluding currency swap agreements. These countries have sovereign currencies, which gives them more flexibility than countries in the West African Economic and Monetary Union (WAEMU) zone that use the CFA franc. In that zone, currency swap agreements are impeded by rigid monetary unions.

Similar to China's interest in strategic minerals such as calcium phosphate in Morocco and other vital minerals in South Africa, Tunisia's phosphate sector shows great promise for cooperation. The Sra Ouertane phosphorite deposit has sparked the interest of Chinese companies, who see potential in Tunisia becoming a significant regional hub for the production of this raw material. Phosphorous fertilizers, which are crucial for China's agricultural sector, are a key product of this raw material.

In addition to these monetary and trade underpinnings, Tunisia, akin to Morocco and Egypt<sup>36</sup>, boasts a substantial geopolitical importance for China. This is largely attributable to its strategic location as a crossroads in Africa, its instrumental role within the Arab-Muslim world and its geographical proximity to Europe<sup>37</sup>. Its inclusion in the Belt and Road Initiative (BRI) enhances its appeal even further, as China views it as a strategic anchor point for integrating the Maghreb countries into the BRI's maritime chapter. Specifically, the port of Bizerte, a key junction for the submarine fiber optic cable network, constitutes a substantial asset for China, as it endeavors to fortify its logistics infrastructure in the Mediterranean<sup>38</sup>.

In a manner akin to South Africa- whose longstanding opposition to the IMF has impelled it to proactively seek methods to bypass the institution by turning to BRICS mechanisms- Tunisia is also keen to safeguard its political autonomy and economic sovereignty. It rebuffed the IMF's 2023 loan agreement due to the latter's unpopular austerity terms, while Egypt and Morocco have leveraged the BCS as a complement or supplement to traditional IMF financing.

Tunisia's stronger cooperation with China offers crucial geopolitical and financial diversification amid tense relations with the West. Tunisia's support for China's vision of a "multipolar world order" makes this cooperation even more significant. This diplomatic support strengthens Tunisia's position in regional forums such as the China-Arab States Cooperation Forum (CASCF) and the Forum on China-Africa Cooperation (FOCAC). Concurrently, Tunisia grapples with considerable economic challenges, including a daunting public debt (83% of GDP in 2024) and an anemic, stagnant economic growth (1.4% in 2024), compounded by inflation running at 7.0% that same year. The country's financial stability requires the option of bilateral currency swaps (BCS), making it a strategic necessity rather than a luxury.

36 Egypt, with the Suez Canal, and Morocco, with the Strait of Gibraltar, are both strategically located and crucial to Chinese supply chains.

37 Chaziza, Mordechai. "China's Friendly Cooperative Relations with Tunisia in the Age of the New Silk Road Initiative". *Journal of Balkan and Near Eastern Studies*, vol. 23, no. 2, March 2021, p. 301-20. Taylor and Francis+NEJM, <https://doi.org/10.1080/19448953.2021.1872013>.

38 Ghanmi, L. (2018), 'Tunisia joins China's Belt and Road Initiative as it seeks to diversify trade, investment', *The Arab Weekly*, September 9, 2018, <https://theArabweekly.com/tunisia-joins-chinas-belt-and-road-initiative-it-seeks-diversify-trade-investment>.

## **4 - Persistent but superable obstacles**

Notwithstanding the potential advantages, there are several obstacles that may explain the failure to conclude a Bilateral Currency Swap (BCS) between Tunisia and China. Firstly, the effectiveness of such an agreement is undermined by the modest trade volume between the two countries (approximately \$1.5 billion in 2022), all the more so as the yuan is not yet widely used in Tunisian transactions. Furthermore, the majority of external debt is still incurred in dollars and euros, creating a shared vulnerability across the continent. The need for hard currencies to repay international debt and import essential goods limits the ability to use yuan swaps. Secondly, social tensions in Tunisia, which have caused political and economic instability, could dissuade China from committing, given the risks of default or implementation complications. Additionally, Tunisia is contending with regional African competition from countries with abundant natural resources, such as Nigeria and Morocco, which have larger markets and are more appealing partners for Beijing. Tunisia has assets comparable to those of Morocco or Egypt, including phosphate reserves and a strategic geographic location. However, it lacks the same level of critical economic mass or strategic resources as Nigeria's oil or South Africa's industrial base. Finally, although growth in trade with China is indicated by the data (fig. 4), sufficient context to prompt China to agree to a major Bilateral Currency Swap agreement is not provided by Tunisia's long-standing dependence on the European Union. Coupled with political instability and regional competition, this structural shortcoming ensures that Tunisia is not yet a priority for China, and that a potential currency swap alone would not be sufficient to resolve the root causes of Tunisia's economic dependence. Moreover, Nigeria's experience has demonstrated that a substantial trade deficit, wherein the African country predominantly imports manufactured goods from China, can nullify the advantages of a currency swap by exerting persistent downward pressure on the local currency. Tunisia's lack of export product diversification and processing means that its trade deficit is entrenched and cannot be corrected by a simple liquidity instrument.

If Tunisia were to sign a Bilateral Currency Swap (BCS) agreement, it should complement a broader vision of cooperation that is balanced and geared towards national interests. This includes diversifying its industrial base and strategic partners, as well as strengthening its resilience. This strategy would allow Tunisia to optimize the benefits of a BCS while strengthening its economic sovereignty.

## **5 - Building a resilient Tunisian economy: industrial diversification, technology, human capital, and strategic partnerships**

Tunisia and other African countries are at a pivotal moment in their economic evolution, one that presents a unique opportunity to leverage recent global geopolitical shifts for transformative growth.

In order to surmount the dependency patterns that have historically impeded its development, Tunisia must adopt a multidimensional approach encompassing economic diversification, investment in human capital, technology and the cultivation of strategic partnerships.

First, economic diversification is crucial. Tunisia must overcome its traditional reliance on sectors such as export-oriented agriculture- rather than achieving self-sufficiency- and tourism. While these sectors are significant for foreign exchange earnings, they expose the economy to external shocks and prevent it from climbing up the global value chain. Second, by investing in emerging industries such as renewable energy and advanced technology geared toward climate and agricultural resilience, Tunisia can create a more resilient economic framework. This would include specialized industrial sectors focused on the country's strategic needs, notably healthcare, innovation clusters for climate change adaptation, sustainable architecture and recycling. Lastly, embracing digital transformation is central to Tunisia's positioning as a leader within the African continent. Investing in digital infrastructure and promoting technology entrepreneurship will enable Tunisia to tap into the growing digital economy, with all its potential for driving economic growth and meaningful innovation.

This shift in the growth and development model reduces vulnerability to global market fluctuations and promotes job creation for young graduates. It strengthens resilience, reduces vulnerabilities and empowers local communities.

Another key undertaking is skills development through education. Although Tunisia's youth represent a significant demographic advantage, many young people struggle to access quality education and employment opportunities. By focusing on educational reforms that align with the country's needs and promoting vocational training programs that serve its strategic objectives, rather than those of European markets, Tunisia can equip its workforce with the skills required to thrive in a rapidly changing global economy and meet the needs of its population. Investing in human resources, technology and high-value industries stimulates individual potential, national productivity and competitiveness.

Tunisia can leverage strategic partnerships with China to improve its growth trajectory, provided that technology transfer and knowledge sharing are facilitated. Moreover, participation in African regional trade agreements has the potential to mitigate reliance on external markets, foster self-sufficiency in the economy, and facilitate the attainment of critical mass that is currently absent.

In summation, by strategically leveraging current global changes, Tunisia has the potential to break free from its current patterns of dependency. Through economic diversification, investment in education, strategic partnerships and the embrace of digital transformation, Tunisia is poised to blaze a trail to a sustainable and prosperous future, thus setting an example for other African countries to emulate.

### III - CONCLUSION

Bilateral currency swaps (BCS) have become an essential component of the Global Financial Safety Net (GFSN), offering additional protection against international currency volatility. While swap agreements remain largely concentrated among the major central banks of the North, providing unequal access to international liquidity mechanisms, China has gradually expanded its own swap network to include several countries in the Global South. As a result, certain African countries have capitalized on this openness to strengthen their trade and financial relations with Beijing. Currency swap agreements are one of several tools for financial diversification and value creation within such relations. By providing an alternative to the IMF's stringent lending conditions, swap agreements are prompting traditional institutions to rethink their approaches and offer more flexible financing tailored to the needs of African countries. This beneficial competition strengthens the negotiating power of African states and promotes more balanced international cooperation.

The potential of bilateral currency swaps has already been demonstrated in African countries such as Egypt, Nigeria, and Morocco, where pressure on foreign exchange reserves has been eased and trade relations with China have been strengthened. For Tunisia, however, several structural limitations remain, including limited trade with China, relative political instability, and significant regional competition. Overcoming these challenges requires a broader strategy. This strategy is addressed in the section on Tunisia's economic resilience, where sectoral diversification, investment in human capital and developing strategic partnerships are identified as priorities. In this context, a strategic opportunity to diversify financial partnerships, reduce dependency on Western institutions, and assist Tunisia along its path of economic transformation could be provided by a Chinese BCS complementing longer-term financing.

Yet these agreements entail a host of inherent risks, often debated among experts. In addition to the risk of disruption spreading between linked currencies, some argue that swaps can perpetuate unequal economic dynamics. In order to circumvent the encumbrance of yet another system of dependency, it is imperative to sustain a "multi-angular" approach, seeking to cultivate a plethora of relationships to safeguard autonomy. It is not merely a matter of identifying sources of financing to extricate oneself from emergency situations; rather, it is a matter of developing a variety of financial inputs to pursue autonomous development strategies. These strategies should focus on meeting the country's industrialization needs and strengthening its food and energy sovereignty. By pooling these efforts, African countries- including Tunisia- could build a stronger financial defense while maintaining their economic sovereignty in the face of pressure from international donors.

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