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China-CEE ties moving in positive direction

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FOREIGN VIEWS

ON November 5-6, the 16+1 group of China and 16 Central and Eastern European (CEE) countries held its fifth Premiers' Summit, hosted this time by Latvia in its capital Riga. Hence, the occasion might serve as an opportunity to start a discussion of what has been achieved and where additional effort should be put to get more positive results in future.

Since its establishment in 2012, China-CEE cooperation has been steadily strengthening. It has evolved into a platform for bilateral and multilateral forums involving regular high level meetings of premiers and ministers, work sessions between officials, dynamic interactions between businesspeople, and numerous other people-to-people exchanges. The CEE countries have reached their highest level of interaction with China in history.

The development of China-CEE relations has been applauded by many politicians and observers. The CEE countries and China did not have many opportunities to become familiar with each other in their earlier history. The platform and its related activities have

put the spotlight on partners from both sides, helping everyone to learn more about each other and foster partnerships. The political interactions have become so rich that they surpass perhaps any other external framework for the CEE countries; of course with the exception of the EU (of the CEE countries, 11 are members of the EU, and the rest are on the path toward membership in the future).

At the same time, economic ties have a lot of room to improve. In 2012, then Chinese Premier Wen Jiabao stated that bilateral China-CEE trade should reach US\$100 billion by 2015. According to UNCTAD data, trade for 2015 was roughly US\$80 billion, leaving plenty of space for growth, especially when it comes to promoting CEE exports to China.

Other views of the trade statistics re-emphasize this message. The CEE share in overall Chinese imports have been stagnant since 2012, although it had been consistently increasing in the decade prior to that year. At the same time, trade between China and Western Europe increased rapidly. Again, this shows that there is a huge potential to boost China-CEE trade.

The same is true with foreign direct investment. According to Chinese

government statistics, in 2012 China had about US\$1.3 billion of investment stock in CEE, while in 2015 it had about US\$2 billion. Measuring investment flows and capital stocks is extremely difficult and various statistical sources show different numbers depending on their methodology. According to German think-tank Merics and the US consultancy Rhodium Group, there is about 4 billion euros (US\$4.25 billion) of Chinese FDI in CEE. American Enterprise Institute shows more than US\$20 billion of Chinese capital deals in CEE. However, compared to all Chinese investments abroad, Chinese investments in CEE have a strong potential to grow.

Here are some proposals to boost two-way trade and investment.

First, there have been a number of measures in place to facilitate CEE exports to China but perhaps more new initiatives can be explored. Possibly, the newly formed China-CEE Financial Holding, which was announced as one of the major outcomes of the recent Riga Summit, will direct its activities in this direction.

Second, Chinese investment activity in the region has focused on acquisitions and infrastructure building. However, for most CEE countries, it is greenfield

investment that is more desirable and where their greatest competitiveness lies. Again, the China-CEE Financial Holding might be put into service here.

Third, attention should be paid to more standardized and up-to-date informing of media, researchers and professionals about the activities organized as part of the platform, as well as their results. The Latvian organizers spread the word relatively well about the Riga Summit and its outcomes, and the official website of the platform (www.china-ceec.org) saw timely updates. These are certainly positive signs and the continuation of these efforts would be welcomed.

Eventually, and more generally, both sides should adopt long-term plans and realistic views. Five years of China-CEE cooperation do not require final results to be achieved in one step, but they do ask members to make small steps in the right direction. The platform has been able to do that, and it is the hope of many observers in Europe and China that it will continue doing so.

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Agriculture R&D offers hope for world's poorest



Bjørn Lomborg

FOREIGN VIEWS

HUNGER has wracked humanity since time immemorial. Nearly every major society has been shaped by famine. Yet the struggle against hunger is a battle that humanity could finally win.

More cereals were produced annually in the last quarter of the twentieth century than in any preceding period, and more grain will be harvested this year than at any time in history. Since 1992, the number of hungry people worldwide has plummeted by more than 200 million, even as the human

population grew by nearly two billion.

But enormous challenges remain. Affordable, nutritious food is one of people's top priorities everywhere, and one in nine people still do not get enough food to be healthy. With today's population of 7.3 billion expected to reach 8.5 billion by 2030 and 9.7 billion in 2050, food demand will increase accordingly. Along with more mouths to feed, stresses on food supplies will include conflicts, economic volatility, extreme weather events and climate change.

Increases in agricultural productivity, owing to improvements in seeds, new fertilizers and pesticides, improved credit access and technological breakthroughs, have been a key driver in reducing hunger.

The World Bank has found that productivity growth in agriculture can be up to four times more effective in reducing poverty than growth from other sectors. So how do we keep up this progress?

Investment in research and development is vital. According to research conducted for Copenhagen Consensus, which I direct, investing an extra US\$88 billion in agricultural R&D over the next 15 years would increase yields by an additional 0.4 percentage points each year, which could save 79 million people from hunger and prevent five million cases of child malnourishment. Achieving these targets would be worth nearly US\$3 trillion in social good, implying an enormous return of US\$34 for every dollar spent.

Scientific breakthroughs also play a key role in fighting specific nutritional challenges such as vitamin A deficiency, the leading cause of preventable childhood blindness. Robert Mwangi was awarded this year's World Food Prize for inspiring work that resulted in the large-scale replacement of white sweet potato (with scant Vitamin A content) by a vitamin A-rich alternative in the diets of Uganda's rural poor.

Another way to increase

agricultural productivity is through labor. When Copenhagen Consensus researchers examined responses to global warming in Bangladesh, they found that increasing agricultural labor productivity "is the only way to increase the resilience of Bangladesh to climate change and to meet long-term development goals."

Labor productivity

Bangladesh is an instructive case, because it is susceptible to flooding and the effects of climate change, and its agricultural productivity lags behind other developing and middle-income countries. Unsurprisingly, the Bangladeshi prime minister's office is striving to lead in global innovation, sustaining an agriculture innovation lab that shares best practices and ideas.

Copenhagen Consensus has worked with the world's largest NGO, BRAC, to find out the policy wishes of people living in rural Bangladesh, including the

"ultra-poor" with whom BRAC works closely. These laborers, housewives and others, some of whom live on the equivalent of US\$0.60-0.70 or less a day, are seldom given a place at the table to discuss policy.

Across nine rural forums in far-flung parts of the country, the participants overwhelmingly spoke with one voice, calling for the same policy priority: increased agricultural productivity. "Everyone knows Rangpur has a *Monga* problem," said a local from Chandpara in the Rangpur division, using the Bengali term for the annual cyclical phenomenon of seasonal hunger.

Humanity's fight against hunger can be won. Great progress has been made, but the world needs more agricultural R&D and higher productivity.

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