A geopolitical analysis of South Africa-Nigeria trade relations (1994-2014)

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Abstract

South Africa and Nigeria are both regarded as regional ‘giants’ having real or perceived capacity to play strategic roles in Africa’s political-economic settings. On one hand, South Africa’s dominance in Africa’s political-economic transformation since 1994 is reflected mostly in its business expansion in Africa. Nigeria, on the other hand, remains significant having only just been upstaged by South Africa as Africa’s largest economy, and with the huge market its population provides for investors. Notwithstanding intermittent diplomatic altercations between both countries, there has been rising trade and investment relations between the two regional powers especially since the post-apartheid era. However, this is tilted in favour of South Africa because of its more capitalized economy and significant strength in trade investment in Africa. This skewed economic relationship between both regional powers has given South Africa a major trade and investment advantage over Nigeria which also reflects in the recurring political rivalry between both countries. The authors stress that South Africa’s economic incursion and dominance in the continent furthers a growing perception of its regional hegemonic and sub-imperial power aspirations which is becoming more real than imagined.
Key words: Geopolitical, Hegemon, Nigeria, Regional, South Africa, Trade relations

Introduction

Many analysts agree that South Africa’s re-emergence in Africa’s political-economic space in 1994 opened up opportunities for its business entities to gain entry into the African market. With the lifting of sanctions against apartheid South Africa in the 1990s and its consequent reintegration into the international community in 1994, Africa continues to remain a lucrative market for South African conglomerates, which have left no stone unturned in their expansion into the African market. Conversely, Nigeria which is often considered in literature as a regional leader in the continent, and which historically made significant contributions to ending apartheid rule in South Africa, has itself become a very important market for South African investors. Indeed, many South African companies have seized the opportunity provided by Nigeria’s massive market base through its over 170 million population size, among other factors. Overall, apart from Nigeria, South African business cartels have since 1994 increasingly sought new investment opportunities in Africa especially in the areas of mining, retail, banking, breweries, construction, telecommunication, services and tourism. This has been helped by capital inflow of investment into South Africa mainly from Europe, America and Asia. In essence, South African investors have benefitted from foreign direct investment from outside Africa to support and sponsor business expansion on the continent in ways that puts it at a vantage position over its rivals on the continent.

In terms of the geopolitical implications of the trade relations between Nigeria and South Africa, both countries are regarded as regional ‘giants’ having the real or perceived capacity to play important roles in Africa’s political economy. On one hand, South Africa’s influence in this regard is reflected in its post-1994 business expansion into Africa, while Nigeria, on the other hand, remains significant due to the huge market its population provides, and its economic strength1. While trade and investment relations between both countries have increased since 1994, it is skewed in favour of South Africa because of its more capitalized economy which has enabled its huge investment forays into Africa. For example, with over a hundred

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1 Nigeria toppled South Africa as Africa’s largest economy in 2014 before losing that position again to South Africa in 2016.
South African companies operating in Nigeria and very minimal capital penetration of the South African economy by Nigerian companies, the stage is set for politico-economic contestations between the two as reflected in intermittent diplomatic altercations between them. Also, while South African exports to Nigeria are mostly finished goods, Nigeria exports mostly primary goods to South Africa. This inequality in trade relations between South Africa and Nigeria has also tilted the scale in favour of South Africa in both countries aspirations for political hegemony in Africa (see Ogunnubi and Isike, 2015).

Although some studies have explored South Africa’s economic incursion into Africa since the end of apartheid, this study attempts to explore the empirical nexus between Pretoria’s economic prowess and hegemonic influence in the continent. To be sure, Ogunnubi and Adeoye (2017) present a contrary argument on hegemonic contention in Africa in their submission that “due to the power configurations in Africa, we hold that South Africa is one of the major powers in Africa, one of the leaders of the African cause, but not a hegemon”. The position and contribution of this paper is that regional power studies in Africa have often neglected the causal relationship between economic dominance and hegemony especially in the empirical realities of economic interaction between two major regional powers in the continent (Nigeria and South Africa). A major question asked is: does a favourable economic advantage for South Africa in its trade relations with Nigeria confer regional hegemony advantages on the former? What geopolitical realities emerge from the consideration of South Africa and Nigeria’s trade relations between 1994 and 2014?

Adopting a qualitative and discursive approach, the paper presents a historical overview of relations between Nigeria and South Africa in a geopolitical context focusing on the period between 1994 and 2015. It proceeds with an assessment of the trade relations between the two countries to determine the asymmetric nature of the relationship. The last section examines the geopolitical implications of South Africa’s trade dominance over Nigeria and concludes that the unbalanced trade relation between them is a significant source of the recurring rivalry between both countries in their quest for hegemonic dominance in the continent as each tries to outdo the other to stake its claim for continental leadership.

Contextual overview of Nigeria and South Africa’s relations

Nigeria’s relationship with South Africa has always been a complex, mixed bag of sour and sweet, and what Odubajo and Akinboye (2017) describe as
both competition and collaboration, dating back to the apartheid era. For example, just after independence, Nigeria adopted Africa as the centerpiece of its foreign policy, and accordingly committed itself to decolonization and dismantling every vestige of colonialism remnant in the continent. This foreign policy thrust informed why Nigeria severed relationships with apartheid South Africa for more than 30 years of its independence while supporting efforts at all levels of international engagement to dismantle the apartheid regime and liberate Black South Africa (see also Banjo 2010; Chidozie, 2014; Sega & Lekaba, 2014; Adebajo, 2015). Indeed, Nigeria collaborated with others in pursuing a series of policies, including isolationism, various sanctions regimes, trade embargoes and the severance of military, political and economic ties, in order to compel the South African authorities to embrace the principles of equality, fairness and justice in its governance of the republic (Odubajo and Akinboye, 2017: 66). Some of the actions Nigeria took against apartheid South Africa include leading the move to expel South Africa from the Commonwealth of Nations in 1961; the establishment of the Southern Africa Relief Fund, the South African Youth Revolutionary Council and the National Committee for Action Against Apartheid which led a global propaganda and crusade to expose the evils of the apartheid system in South Africa including at the United Nations (UN) fora. Naturally, apartheid South Africa responded to Nigerian hostility to it by seeking to destabilise Nigeria through supporting the Biafran secession, when the Nigerian civil war presented it with that opportunity between 1967 and 1970.

According to Banjo (2010), South Africa’s readmission into the international community following the birth of a democratic South Africa in 1994 also heralded a new era of international relations between South Africa and Africa in general and with Nigeria in particular. Before then, following the release of Nelson Mandela from prison, President de Klerk visited Nigeria in April 1992 to discuss bilateral issues, mostly trade relations (Umezurike and Asuelime, 2015). However, since establishing formal relations in 1994, Nigeria and South Africa continue to experience a mixed bag of co-operation and confrontation in their relationship not only at the state level but also at the people level. At the state level, some highlights of competition/confrontation between them include the diplomatic face-off between their leaders in 2005/2006 over the extra-judicial killing of the Ogoni 9\(^\text{2}\) by the Nigerian government and the ‘cold

\(^2\) The late Nigerian environmental rights activist Ken Saro Wiwa and eight other Ogonis who were hanged by the Nigerian military government for alleged ‘treasonable’ offences.
war’ politics around their jostle to represent Africa on the United Nations Security Council (UNSC). Others include Nigeria’s support for South Africa’s competitor (Gabon) in the race for the African Union Commission leadership in 2012; South Africa’s support for former President Laurent Gbagbo as Ivory Coast’s president in the 2011 conflict in that country and the 2012 diplomatic face-off between both countries over the deportation of 125 Nigerians from the OR Tambo International Airport in Johannesburg for allegedly possessing fake yellow fever vaccine cards, and which Nigeria reciprocated. Taking just one of these (the first one of 1995/96) into account; one can see how it shaped and defined relations between both countries in the post-apartheid years.

It was only two years into the establishment of diplomatic relations between Nigeria and the new South Africa, which was starting to appropriate opportunities for co-operation between them, that the first face-off between both countries started in 1995. President Mandela and the ANC at the time had been seeking to help resolve the brewing political crisis in Nigeria which was a fall out from the annulment of the June 12, 1993 presidential elections by former dictator Gen. Ibrahim Babangida. In June 1994, General Babangida’s successor, the late General Sani Abacha arrested and sentenced to death 40 political opponents including former Nigerian head of state Olusegun Obasanjo as well as Chief Moshood Abiola, the acclaimed winner of the annulled 1993 elections. The list also included the Ogoni 9 who were largely perceived globally and by South Africa as human rights activists. Pretoria had been lobbying Abuja to commute the death sentence imposed on the Ogoni 9 and had also planned to use the Commonwealth head of states meeting platform which was holding in Auckland in 1995 to push this through. However, just before the commencement of the meeting, the Nigerian government ordered the killings of the Ogoni 9 to the chagrin of the gathered representatives of the member-states of the organisation (Odubajo and Akinboye, 2017: 68). Following South Africa’s lobbying, the Commonwealth suspended Nigeria’s membership for two years, after

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3 Nigeria retaliated by returning 28 South Africans who arrived at Murtala Muhammed International Airport in Lagos the following day. Also, 56 more South Africans were deported between 6 and 7 March, 2012 (Games, 2013). According to Moeng (2012), after 6 days of diplomatic stand-off, a total of 256 nationals of both Nigeria (131) and South Africa (125) had been deported to their home countries without following due process. However, this was settled with an immigration management agreement after South Africa apologized to Nigeria for the incidence (see Umezurike and Asuelime, 2015).
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which a reassessment would be undertaken to determine the import of Nigeria’s progress on the road to establishing a democratic order (Odubajo and Akinboye, 2017: 68). President Mandela had also openly criticized General Abacha for human rights abuses in Nigeria and took a swipe at the Royal Dutch Shell for going ahead with a US$4 billion gas project in Nigeria despite its unpopularity within Nigeria and the rest of the world (Shaw, 1998).

According to Odubajo and Akinboye (2017), South Africa being at the forefront of these actions was considered by the Abacha regime as an assault on the country’s internal affairs, and specifically the justice system. As such Nigeria responded by withdrawing its participation in the 1996 African Cup of Nations (AFCON) soccer tournament hosted by South Africa and which it (Nigeria) had won in Tunisia 1994 (see Hawkey, 2013). In Nigeria’s calculation, South Africa started the use of sports as a political instrument when it withdrew Nigeria’s invitation to the pre-AFCON four-nation tournament it organized (Umezurike and Asuelime, 2015). The Nigerian Football Association (NFA) thus made representations to FIFA demanding punishment for South Africa for mixing sport with politics. In Nigeria’s view, its suspension from the Commonwealth because of the killing of the ‘Ogoni 9’ was a political issue which should not have influenced any sports-related decision (Umezurike and Asuelime, 2015). Although FIFA cautioned South Africa, Nigeria still pressed on and did not participate at AFCON 1996 in South Africa, making their relationship even more tenuous.

However, relations between Nigeria and South Africa were normalised again in 1998 following the death of General Abacha, which paved way for democracy in Nigeria after 16 years (1983–1999) of uninterrupted military rule. A flurry of state visits were exchanged between both countries between April 1998 and June 1999, starting with the then South African Deputy President, Thabo Mbeki, visiting Nigeria to urge the General Abdulsalami Abubakar, the new Head of State, to release political prisoners, protect human rights, and ensure press freedom; and to give the green light for the safe return of those in exile. In August of 1998, General Abubakar returned the visit. According to Banjo (2010), these moves paved the way for the normalization of relations and revival of cooperation between both countries. General Abubakar handed over to the democratically elected government of President Olusegun Obasanjo on 29 May 1999 and it is instructive that he (Obasanjo) attended Thabo Mbeki’s inauguration as President of South Africa in June 1999 as his first foreign trip as president of a democratic Nigeria (Banjo, 2010). Both leaders thus
continued to consummate the improved relationship between their
countries taking it to new heights of friendliness and co-operation to
achieve common goals for Africa such as the establishment of NEPAD.
Landsberg (2012) aptly describes the robust and cooperative relationship
both countries enjoyed under the Obasanjo (Nigeria) and Mbeki (South
Africa) dispensation between 1999 and 2008 thus:

During this period, Nigeria and South Africa were pivotal in engaging the
outside world, especially the G-8, in search of a strategic partnership
between the continent and the industrialized states. They openly
attempted to play a bridging role between Africa and the Global North,
with the two countries’ leaders considering this vital for the success of
the newly re-formed African Union and its New Partnership for African
Development. Increasingly, Nigeria and South Africa saw themselves as
‘problem solvers’ in world affairs, particularly with regard to advancing
African development, peace and security.

Apart from the New Partnership for African Development
(NEPAD) which was a hallmark of the collaborative dispensation
between both countries, there was also the Bi-national Commission
(BNC) between both countries which was established to strategically
coordinate economic relationships between the two countries
(Akinboye, 2005; Akindele, 2007; Games, 2013; Chidozie, 2014; Sega &
Lekaba, 2014). Established formally in October 1999, the broad goal of
the commission was to improve relations between Nigeria and South
Africa. Its specific objectives include the establishment of a framework
for joint efforts to bring Africa into the mainstream of global political,
social, and economic developments; provide the basis for the public
and private sectors of both countries to consult with each other to
promote bilateral trade and industry; improve bilateral relations in the
fields of technology, education, health, culture, youth, and sports; use
both countries’ human and natural resources to maximize socio-
economic development through collaborative efforts; and establish the
mechanisms to promote peace, stability, and socio-economic
integration in Africa (see Umezurike and Asuelime, 2015). The
significance of the BNC is underscored by how it became the rallying
point around which Nigeria and South Africa mended their relations
following the diplomatic face-off from the 2012 deportation saga
which we highlighted as an indicator of the conflictual/competitive
relationship between South Africa and Nigeria.
Overall, both countries agreed on measures to better manage immigration between and since then, relations between both countries have improved significantly with state visits exchanged between them more frequently between 2013 and 2016 than was the case before. Both governments handling of xenophobic attacks on Nigerian nationals in South Africa in 2015 and attacks by Nigerian youths on South African business interests in Nigeria also reflect an improved relationship between South Africa and Nigeria. However, this post-2012 improved relations between both states has been marred by increasing xenophobic targeting and killing of Nigerians which has worsened relations between Nigerians and South Africans at the people level despite the potential for coexistence between both peoples (see Isike and Isike, 2012). The BNC has also not helped in balancing trade relations between both countries.

**Trade Relations between Nigeria and South Africa: Symmetry or Asymmetry?**

**Skewed investment profile**

A comparison of investments in the other between South Africa and Nigeria shows a skewed investment profile in favour of South Africa. For example, as Ebegbulem (2013) contends, over 100 South African companies, with the support of the South African Department of Trade and Industry, the Department of Foreign Affairs and the South African Chambers of Commerce have penetrated different sectors of the Nigerian market. Former South African President Jacob Zuma also attested that by 2013 more than 100 South African companies were doing business in Nigeria across several industries with their biggest investment being in the telecommunications sector (see City Press, 2013; Zuma, 2013). Some of the South African companies that now operate in Nigeria especially since the end of apartheid include: Eskom Nigeria, Multichoice Nigeria/M-Net, South African Airways, Stanbic Merchant Bank Nigeria Ltd., Umgeni Water, Defresh Products Nigeria Ltd, South Africa-Nigeria Communications and Systems Ltd, Grinaker-LTA Construction Ltd, Protea Hotels, Critical Rescue International and Oracle Airtime Sales (Adebajo, 2007; Aremu, 2013; Mohammed, 2013, Ebegbulem, 2013; Umezurike and Asuelime, 2015). Mohammed (2013) and Aribisala (2014) also note the dominance of the following South African companies in Nigeria in their areas of operation: Chicken Republic, Critical Rescue, Defresh Products, Entech and Broll, Eskom, Grinaker-LTA Construction,
Massmart (Game), Oracle Airtime, Mr. Price, Nandos, Protea Hotels, SAB Miller, Sasol, Shoprite, South African Airways, Stanbic IBTC, Standard Chartered, St. Elmos, Truworths, Umgeni Water and Woolworths (see Umezurike, 2016).

On the other hand, less than a dozen Nigerian companies such as First Bank, Union Bank, Philips Consulting, Dangote, News Media, Financial Standard and This Day Newspapers have been able to set up business in South Africa (Adebajo, 2007; Aremu, 2013; Mohammed, 2013). According to Aribisala (2014), the South African and Nigerian Chambers of Commerce show that South African companies are active in virtually every sector of the Nigerian economy, including aviation, banking, construction, entertainment, revenue collection, food chain business, pay-TV and telecoms. The strong presence of South African companies has been felt in the food industry as, for example, Tiger Brands has already bought over a majority of the shares in UAC Foods and in Dangote Flour Mills food manufacturing companies. This move is set to pave the way for its dominance in the industry since the two are the most prominent names in the industry in Nigeria. Tiger Brands already owns 100% equity in Deli Foods which also has a South African background. This is also reflected in tourism between both countries which is tilted in favour of South Africa. Underscoring the lop-sided (one-way traffic) nature of tourism between both countries, President Zuma urged South Africans to also visit Nigeria to explore its historical and prominent role in the continent and in world affairs. According to him, in 2012 alone 73,282 Nigerian tourists visited South Africa, which was an increase of about 13.8% compared with 64,402 Nigerian visitors in 2011. He said that the South African record indicates that Nigerian tourists contributed a total of R720 million to the South African economy in 2012 (Umezurike, 2016). This logically informed South Africa opening a tourism office in Lagos to boost tourism between the two countries but Nigeria is yet to open its equivalent in Johannesburg as the exchange is not mutual.

A brief treatment of three of these companies (ESKOM, MTN and Multichoice) will help to further underscore the skewed investment profile between South Africa and Nigeria. ESKOM is a South African State-Owned Enterprise (SOE) electricity investment arm of the state. It invested in Nigeria Power Holding where it acquired a 51% share as against Nigeria’s 49%. Eskom also has multi-billion dollar projects in Nigeria from power generation, the building of transmission lines, and the rehabilitation and management of power plants (Banjo, 2010; Umezurike, 2016).
For MTN, Chidozie et al (2015) argue that the South African company controls over 45% of Nigeria’s mobile telecommunications market. This subjects the foremost indigenously-owned Nigerian Globacom to second best in the Nigerian telecommunication industry. According to Umezurike (2016), records of the Nigerian Communications Commission (NCC), show that MTN stands above the other operators in the telecommunications market with about 55 million subscribers; Globacom 25 million; Airtel comes third with 21 million; and Etisalat is fourth with 15 million; and that MTN now makes over US$2.5 billion in profits annually from Nigeria alone (see also Aribisala, 2014; Chidozie et al, 2015). The 55 million MTN customers in Nigeria are far larger in number than the entire South African population which stands at about 52 million. Nigeria’s indigenous Globacom has been forced to second position while another indigenous company MTEL struggles to fit in the market. MTN’s $2.5 billion profits from Nigeria annually demonstrates how Nigeria is a profitable market for any South Africa company. This makes Nigeria a far larger market than South Africa is for MTN. The returns have been very good for South African investors since the start of the company in Nigeria in 2001 and one of the reasons other South African companies quickly moved in and spread all over Nigeria4 (Adebajo, 2007).

On digital television, Aribisala (2014) acknowledged Multichoice as a big force in the Nigerian economy because it accounts for over 90% of the viewers of satellite TV in the country. Multichoice has established dominance as the pioneer pay-television operator in sub-Saharan Africa and as the most popular TV programmes on the continent especially given its monopoly of the English Premier League (EPL) and the other major European football leagues such as the Spanish La liga, German Bundesliga and the French Ligue 1 (Mohammed, 2013). The attempt to create HiTV as a local digital TV to rival Multichoice failed largely because it could not match the technical expertise, capital outlay, management and overall business experience of Multichoice in digital television delivery. Indeed, Nigeria’s failure to digitalize its business and management practices as well

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4 In 2012, the South African black economic empowerment investment holding company group, Shanduka, bought a US$335m stake in MTN Nigeria. Shanduka acquired the stake from three private investors through its wholly owned subsidiary Shanduka Telecommunication Mauritius (South African and Nigeria Chambers of Commerce, 2014).
as endemic corruption has largely created a poor investment climate for both foreign and local investors.

Finally, in terms of supermarket retailing, it took the South African Shoprite supermarket’s move into the Nigerian market to realize that there is a large market for modern retail outlets in Nigeria. Shoprite’s swift success has prompted other international retail stores such as Spar, Massmart and Woolworths to establish their presence in the Nigerian economy (Aribisala, 2014; Dakora et al, 2010). Shoprite CEO, Whitey Basson, mentions that Nigeria has a market capacity for 700 Shoprite stores5, arguing that the poverty rate of 60% of Nigerians is not a hindrance since the non-poor 40% of the Nigerian population still outnumber the entire South African population and market. This is a clear calculation that would put South African companies in a position to benefit from the population of Nigeria especially those in cities with strong purchasing power6. Shoprite has exemplified the continuous aggressive expansion strategy of South African companies in Africa and has found a large market in Nigeria that is also not competitive in terms of operators of similar stature in the retail business. Nigeria is more of a virgin market compared to the South African economy where Shoprite has many competitors. This perhaps accounts for why South African companies succeed where Nigerian companies fail to make a headway in the Nigerian economy. According to a Nigerian consumer who bought a sweatshirt at a Shoprite store in Nigeria:

This was a piece of item placed at their ‘priced to go’ racks at N1,800 (R114.74) per piece. I have a long retentive memory and I could still recall that this same piece of sweatshirt sells for N784.24 (R49.99) in South Africa. And if you factored in my 14% tax rebates, that sweatshirt did in fact come to me at N669.34 (R42.99). That’s some 269% increase over and above the marked prices inside South Africa. This huge price differential is typical across board on most South African owned consumer products in Nigeria. From Shoprite to Chicken Republic, Massmart (Game), Mr. Price, Woolworth and Truworths, it is a tale of

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5 Shoprite started expanding into African countries in 1995 and already has over 169 stores across Africa.

6 This would certainly take away economic opportunities from the poor communities who previously engaged in the trading of these retail commodities informally. The unorganized Nigerian vendors may not be able to compete with organized South African retailers who have the backing of the highly established banking sector of South Africa.
undue exploitation of Nigerians by South African businesses (see Maurice, 2012).

**Unbalanced trade statistics**

In terms of the monetary value of goods and services, the statistics of the trade relations between Nigeria and South Africa show that Nigeria exports more to South Africa than it imports from that country (Mohammed, 2013). It therefore appears that Nigeria has a relative trade advantage (export) despite that its exports are predominantly primary goods, mostly crude oil (Nwoke, 2005; West, 2005; Aremu, 2013). Ogwu added that as long as Nigeria remains a mono-economy, she will continually be disadvantaged in its international economic relations with any of its trading partners (Ogwu, 2005). This has remained the major reason why Nigeria has not been active in FDI outflow even though it was the largest economy in Africa until 2016. Invariably, Nigeria’s economy remains de-industrialized because of its huge dependence on production and export of raw materials, mostly oil and gas, for which it lacks the technology and competence to transform into finished goods.

The trade statistics between South Africa and Nigeria between 1994 and 2002 increased significantly and was favourable to Nigeria. For example, Nigeria exported products worth $3.1 million to South Africa while South Africa exported to Nigeria goods and services worth about $8.1 million in 1994 (Omojola, 2006; Ebegbulem, 2013; Umezurike 2016). In 2000, Nigeria exported products worth $128.1 million to South Africa but only $70.7 million worth of goods from South Africa got into the Nigerian economy in the same year (Mohammed, 2013). Trade exports from South Africa to Nigeria recorded an increase in volume of over 540% between 1999 and 2002 (Segun, & Lekaba, 2014). Nigeria and South Africa’s bilateral trade increased from over $100 million in 1999 to $500 million in 2001 (Chidozie, 2014). The value of Nigeria’s crude oil exports to South Africa between 1997 and 2000 reached over $197 million. Similarly, the value of South African exports to Nigeria more than doubled from about $32 million in 1998 to $85 million in 1999. Nigeria exports were mainly crude oil and manpower (especially medical personnel and academics) to South Africa; South Africa in turn exported wood, paper, chemicals, foodstuffs, beverages, spirits, vinegar, tobacco, vehicles, aircraft, and mechanical appliances to Nigeria (Daya, 2005; Chidozie, 2014).
However, from 2002 onward and 2005, the trade statistics between both countries became a bit erratic; increasing and decreasing in successive years before South Africa started dominating the balance of trade from 2006. For example, Nigeria exported $379 million values of goods in 2002 to South Africa but it increased to $443 million by December 2003 and Nigeria’s imports from South Africa recorded an increase from the $286 million in 2002 to $408 million in 2003 (Chidozie, 2014; Lutchman and Daniel, 2004; Ebegbulem, 2013). Nigeria’s exports to South Africa stood at $665 million in December 2005 which was below the $879 million recorded in 2004 (Ebegbulem, 2013). Nigeria’s imports from South Africa stood at $543 million in December 2004 above the $515 million recorded in 2003. Before then, Nigeria’s imports from South Africa had improved significantly from the $286 million recorded in 2002 to $408 million in 2003 (Chidozie, 2014). Between 2001 and 2002, Nigeria exported products worth $165.8 million and $361.9 million respectively to South Africa while South Africa brought $164.8 million and $272.8 million respectively into Nigeria (Mohammed, 2013). The 2001 South African MTN deal in Nigeria for a license to operate a cellphone company attracted payment of over US$285 million plus a further US$l billion to set up operations in Nigeria (Lutchman et al, 2004; Banjo, 2010; Ebegbulem, 2013). In 2012, Nigeria received over 40% of South African exports into the Western African sub-region. South Africa’s imports from Nigeria also rose from $1.7 million in 2010 to $3.5 billion in 2012 while its exports to Nigeria increased from $4.3 million in 2010 to $6.09 billion in 2012 (Medupe -The Department of Trade and Industry, 2013) The total trade between Nigeria and South Africa actually stood at $37 million in that same year.

It is worth noting that before 1999, only four South African companies operated in Nigeria (Ebegbulem, 2013). This was before the Bi-national Commission (BNC) was established. The BNC ushered in significant growth in trade which improved the economic relations between Nigeria and South Africa. For example, according to Banjo (2010), trade between the two countries picked up to US$400m in 2001 from $100m in 1998, and it increased to US$800m by 2004 when Nigeria officially became South Africa’s fourth biggest trading partner in Africa. Banjo (2010) recounted the six major ventures at this stage which continue to underscore the lopsided nature of trade relations between Nigeria and South Africa:

- A deal between Nigeria’s oil giant, the Nigerian National Petroleum Corporation (NNPC), Chevron (Nigeria), and South African Coal
and Oil (SASOL) for a US$1.3bn gas-to-liquid project in Niger delta region of Nigeria

- An MTN (South Africa) deal of US$285m as one of the three cellular mobile communication licenses in Nigeria where the investment estimate was US$1.4b
- An Umgeni Water (South Africa) three-year deal to manage the Port Harcourt Water Scheme worth US$43.75m
- A Protea (South Africa) deal to construct three new hotels and refurbish two existing ones in various locations in Nigeria, with huge signings to manage many more hotels in Nigeria
- A State Off-shore Services (South Africa) deal of US$220m to build a pipeline and an off-shore loading system for Shell (Nigeria)
- A South African consortium of engineering firms’ deal of US$300m from the Lagos state government for the rehabilitation and development of Bar Beach on Victoria Island

Clearly, the increase in trade volume between Nigeria and South Africa shows that the BNC has been more successful in the areas of trade and investment than in their political relationship which has been marred by a topsy-turvy diplomatic relation between them. However, it did not address the skewed balance of trade between both countries which, overall is in favour of South Africa in ways that give it an advantage in the race for hegemony in Africa. As Maurice (2012) contends, the bilateral trade agreement between Nigeria and South Africa has put Nigeria in a subservient position; one that makes South Africa neo-colonizers;

...activities of South African businesses in Nigeria have been abrasive to Nigerians and the Nigerian economy. There is a siege mentality they have on this country (Nigeria) that needs to be addressed. They (South Africa) have created opportunities not to develop the Nigerian economy but to exploit its resources. We experienced that with the British, endured it with the Chinese and now, it’s the South Africans that are our new colonialists. Maurice (2012)

Is this enough to give South Africa geopolitical advantages over Nigeria in their quests for leadership of Africa?
The geopolitical implications of South African trade dominance over Nigeria

Although the balance of trade between South Africa and Nigeria is skewed in favour of the latter, mostly because of its oil exports, with the increasing capital investments from South Africa flowing into the Nigerian economy, the stage is set for a form of imperial and political dominance by South Africa. For instance, it is feared that Nigeria’s local economy may end up under the control of foreign (South African) investors who are already determining the purchasing patterns and power of Nigerians (Mohammed, 2013). The treatment of selected South African business interests in Nigeria underscore not only the skewed nature of trade relations between Nigeria and South Africa, but also indicates how South Africa’s dominance of trade with Nigeria provides an opportunity for South Africa to assert itself in Africa as the dominant hegemon even though that reality is debatable. Indeed there are many studies on regional hegemony in Africa, and on Nigeria and South Africa’s hegemonic aspirations in this regard. (see Adebajo and Landsberg, 2003; Alden and Schoeman, 2013; Ogunnubi and Isike, 2015; Ogunnubi and Adeoye, 2017; Odubajo and Akinboye, 2017). A compelling read in this regard is that of Ogunnubi and Adeoye (2017), which used a typology of hegemons (benevolent, mixed-motives and exploitative) in literature to conclude that the status of hegemony does not fit South Africa or any African country for that matter. According to them, “a benevolent hegemon promotes the general welfare of states rather than its self- interest, and thus use rewards rather than force to earn the allegiance of other states. The mixed-motives or strategic hegemon displays a fair measure of general as well as self-centred interest. When necessary, mixed motives hegemons use coercion to achieve their objectives. Finally, the exploitative hegemon is concerned with relative gains and uses

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7 One can also question the benefits of employment which foreign investments bring against the economic dislocation and unemployment which also come with such investments. For example, Nigerian market women and men who lost their livelihoods with the increasing spread of retail giants such Shoprite, Games, Woolworth and many others across the Nigerian market needs to be measured against the number of jobs created by these companies for this class of people.

8 The reality of a South African hegemony in Africa is debatable because while it possesses some of the characteristics associated with hegemony, the country does not fully meet the requirements of a hegemon in the realist sense of the concept, and in the way hegemons such as the United States, for example, is described as a hegemon.
coercion to win compliance and achieve its ends” (Ogunnubi and Adeoye, 2017: 5). They contend, however, that despite its limitations in fully fitting the status of a hegemony, South Africa has considerable leverage to influence decisions in Africa in ways that make it one of the major powers on the continent and a leader of the African cause globally. A main learning from their study on the question of South Africa’s hegemony status in Africa is that the inapplicability of a neo-realist conception of hegemonic theory to South Africa does not imply it cannot project or become a hegemonic power within an African context of the concept.

In the light of the above, one area South Africa has shown strength in its hegemonic characterisation within an African context is in its dominance of the economic space of the continent as shown in the case of its trade relations with Nigeria which happens to be one of its competitors for hegemonic status in Africa. Clearly, apart from playing significant roles in the political economy of Africa through its multinational companies spread across the continent including in Nigeria, South Africa is also able to seek and expand international trade benefits for itself through its membership of regional economic groups such as NEPAD, BRICS, IBSA and the G-20 (see Alden and Schoeman, 2013; Alden and Schoeman, 2015; Ogunnubi and Adeoye, 2017). This, coupled with Nigeria’s declining posture as Africa’s ‘Big Brother’ which Osaghae (2005) describes as a sleeping giant, sets the stage for South Africa to stake a stronger claim to continental leadership. This has also been evident in Nigeria falling behind South Africa in the skewed trade relations between both countries.

The making of a regional hegemon

Before 1994, Nigeria’s influence in Africa was unrivalled. As the largest economy and most populous country in Africa, Nigeria was able to use its foreign policy to the benefit of the continent by literally taking upon itself the burden of anti-colonialism, apartheid and racism as mentioned earlier. For instance, armed with oil money and an Afrocentric foreign policy, Nigeria championed the severance of formal economic relations between South Africa and the rest of the continent. In this way, Nigeria was regarded as Africa’s ‘big brother’ and regional hegemon (Ogunnubi 2014).

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9 Some of these include a mix of both internal and external vulnerabilities such as food insecurity, a dependent and faltering economy, declining political morality, rising incidence of poverty and inequality, challenge from hegemonic contenders within the continent and the multi-polar nature of Africa power distribution.
However, the end of colonialism and apartheid in the mid-1990s changed the geopolitical dynamics in Africa with the readmission of South Africa into the international community. This changed the dynamics and perception of Nigeria as Africa’s sole regional giant, and it has been the source of great rivalry between both countries to date.

While some scholars have argued that regional hegemonic dimension in Africa presents a scenario of twin hegemonic presence of both Nigeria and South Africa (post-1994), the argument of this paper is that the economic interaction between Nigeria and South Africa offer significant empirical illustration of the location of regional hegemony in the continent. As a result, an economic advantage for South Africa evidenced for instance in the proliferation of its multinationals both in Nigeria and the rest of the continent conveys unrivalled hegemonic legitimacy on the former. By implication, rather than a hegemonic competition in Africa between South Africa and Nigeria, indeed, what exists is the substance of South Africa’s hegemonic position signalled by its superior economic dominance.

In reality, economic relations between Nigeria and South Africa provides interesting analysis on the identification of regional (hegemonic) power in Africa. Alden and Schoeman (2013) summed it up when they acknowledged that all the elements of South African foreign policy were brought together in Mbeki’s much proclaimed New Economic Partnership for African Development (NEPAD) initiative. According to them, NEPAD serves the purpose of providing an easy business passage for South African companies into African economies enabled by a political waiver of conditions for investors with an African background. So far, South African investors, in relation to others from the continent, have been the major beneficiaries in this area. NEPAD is thus seen as a mechanism for political manoeuvrings that enable access and the eventual exploitation of African resources by South African business cartels and their funders spread across America, Europe and Asia (see Lamido, 2005; and Umar, 2005).

South Africa is an economic gateway to the rest of Africa given its status as Africa’s lone voice at multilateral fora of advanced, industrialized countries (such as the G8, G20, its inclusion into BRICS in 2011 and the World Economic Forum) where it is regarded as a representative of not only itself, but also for Africa and the developing world (Ogunnubi and Isike 2015). Apart from the obvious hard power benefits of South Africa’s economic power resource, its economic diplomacy has yielded enormous benefits of soft power that underlines South Africa’s credibility as an African regional powerhouse. While economic capabilities alone by no
means constitute the defining criteria for hegemonic power\textsuperscript{10}, it is a very important criterion as other capabilities depend on it to a large extent. However, the main point here is the ability of a regional hegemonic contender to tune its economic capabilities to achieve both hard and soft power results as has been witnessed in South Africa’s economic diplomacy and corporate expansion into Africa and in this case Nigeria; one of its biggest regional power competitor. This is a consideration which South Africa may appropriate to maximize its trade advantage over Nigeria in terms of emerging as Africa’s undisputed hegemon. However, we note that this skewed pattern of relationship does not fit into neo-imperialism or dependency thinking because for now South Africa cannot dictate to Nigeria both from the political and socio-economic perspective.

\textbf{Conclusion}

In barely two decades of its re-entry into the international political-economic system, South Africa has emerged as a major investor in a good number of African countries including Angola, Botswana, DRC, Namibia, Mozambique, Swaziland, Tanzania, and Zimbabwe. Others are Cameroun, Ghana, Guinea, Mali, and Nigeria, Rwanda, and Uganda. Focusing on the asymmetric nature of trade relations between Nigeria and South Africa, this article has demonstrated this skewed economic relations as the source of the geopolitical contestations between both counties which favors South Africa. The dynamics of investment, trade, export and import exchange of goods and services including agricultural consumer goods between Nigeria and South Africa, clearly shows that South Africa has an advantage. A discussion of selected South African business interests in Nigeria (ESKOM, TELKOM, MTN and Multichoice, FirstRand Bank and Supermarket retailing) indeed underscores not only the skewed nature of trade relations between Nigeria and South Africa, but also how South Africa’s dominance of trade with Nigeria provides an opportunity to assert itself in Africa as the continent’s leading hegemon within an African context of the applying the concept. The only area that Nigeria has performed better is perhaps in the export of medical and academic personnel to South Africa which in itself does not confer it with geopolitical advantages over South Africa.

\textsuperscript{10} Other resource attributes include military capabilities, population size, technological infrastructure and political culture.
The argument presented in this article is that South Africa leverages its regional hegemonic identity through its economic advantage over and above Nigeria and the rest of Africa. The authors demonstrate that this skewed economic relation is a condition that conveys hegemonic identity on South Africa and regards Nigeria as a secondary power. We demonstrate this argument drawing from an exploration of three main business interests owned by South Africa in Nigeria (electricity, digital television, and telecommunication) which underscores the asymmetric context of trade relations both countries. Though the geopolitical implications of skewed trade relations between Nigeria and South Africa in favor of South Africa can be debated, the authors argue that Pretoria’s economic incursion into Nigeria is illustrative of sub-imperial power behaviour which offers the latter opportunities for continental leadership of Africa ahead of Nigeria, if well appropriated. The power advantages (hard and soft) that the economic advantage South Africa has over Nigeria can be a useful leverage to assert itself in the quest for leadership of Africa if not in hegemonic terms. This is a consideration which South Africa may appropriate to maximize its trade advantage over Nigeria in terms of emerging as Africa’s undisputed hegemon.

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