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AFRICA'S EXTERNAL TRADE RELATIONS: FROM DEPENDENCE TO AGENCY?

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Abstract

Africa's development and growth challenges will increasingly be shaped by Agenda 2063 and the African Continental Free Trade Area (CFTA) as new continental blueprints for integration. These challenging blueprints must also be situated in the role and shifting interests of Africa's external trade and development partners. This relates particularly to its historically-defined engagements with the European Union (EU) and the United States (US) which have only served to reinforce and underscore Africa's marginality and dependence. These engagements are rendered more complex with the entry of China and India onto the African geo-political landscape, especially whether these two countries provide an alternate regime for trade and development cooperation that give African countries greater decision-making agency, policy space, and strategic choice. Given these shifting vectors, this article will assess Africa's trade relations with two of its most important traditional partners, the EU and the US; and with two of its most important emerging partners, China and India. These analytical portraits have direct implications for Africa's future industrial development and economic growth and the extent to which it can collectively move away from a history of external dependence to determining its own destiny.

Keywords: Africa, economic growth, economic integration, trade relations, dependency, agency

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Introduction

Africa's growth and development challenges have multiplied and have become more challenging, especially regarding the urgent need to address the legacies of poverty, and underdevelopment. Since the era of independence in the 1960s, continental Africa continues to be marginalized as far as its location in the global power hierarchy is concerned such that global governance has become a metaphor for weak multilateralism and systemic exclusion.[1] However, against this gloomy backdrop, Africa can no longer be described as a 'hopeless continent'; its collective economy is on track to be worth $3 trillion by 2030 and 19 countries are expected to grow by more than 5 per cent in this period.[2]

In 2014, member states of the African Union (AU) adopted a 50-year plan called Agenda 2063 which represents a transformative vision and a policy framework to achieve "an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena".[3] Importantly in mid-2019, 54 out of 55 countries signed the African Continental Free Trade Agreement (CFTA) which is a critical component of Agenda 2063. The CFTA seeks to create a single market for goods and services and includes the unhindered movement of people, investment, and other production factors.[4] To date, there are 25 countries which have now ratified its various instruments, thus making Africa the largest free trade area in the world in terms of the number of participating members when the Agreement becomes operational in July 2020.

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[1] Garth le Pere and Francis Ikome, "The Future of Africa's Development and Global Governance", in Erik Lundsgaarde (ed.), *Africa Toward 2030: Challenges for Development Policy*, London: Palgrave Macmillan 2012, pp. 224-255.

[2] Ernst & Young, "Attractiveness Program Africa: Connectivity Revisited", May 2017 <www.ey-africa-attractiveness-report.pdf> accessed on 1 October 2019.

[3] Africa Union Commission, Agenda 2063: The Africa We Want, AUC: Addis Ababa, May 2014, p. 1.

[4] UN Economic Commission for Africa, African Union, and African Development Bank, Assessing Regional Integration in Africa: Next Steps for the African Continental Free Trade Area, UNECA, AU, AfDB: Addis Ababa, 2019, pp. 37-65.

These positive strides represent a promising structural evolution, while there has also been considerable progress with democratisation, political liberalisation, good governance, and popular electoral participation. That said, economic conditions are likely to remain difficult, particularly with reference to domestic sources of resource mobilisation, welfare distribution, capital flows, terms of trade, the political climate, and the regulatory environment.[5]

A major dilemma is that Africa has laboured under a planning and policy paradox: the more frameworks and programmes have been adopted, the more their outcomes and effectiveness have been dictated by the law of diminishing returns. Indeed, there is now a sobering admission that "post-independence plans yielded only modest results in terms of the overarching objective of structural transformation. The failure of plans was largely due to discontinuities in the planning process, stemming from political instability, institutional and bureaucratic weaknesses, poor plan design and implementation, and over-ambitious targets".[6]

Crucially, Africa's integration dynamics and challenges must be situated in the context of the conflicting roles and shifting interests of external trade and development partners. Such roles and interests will be critical for realising the goals and objectives of economic integration as embodied in Agenda 2063 and the CFTA. This relates particularly to the historically-defined engagements of the European Union (EU) and the United States (US) which have only served to reinforce and underscore Africa's marginality and dependence as forms of 'collective clientelism'.[7] The effects of the EU's Economic Partnership Agreements (EPAs) must be properly understood for their balkanising consequences in crafting country

[5] Garth le Pere and Francis Ikome, *op. cit*.

[6] African Union and UN Economic Commission for Africa, Proceedings of the Eighth Annual Meeting of the AU Specialised Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration, ECA Conference of African Ministers on Finance, Planning and Economic Development, 25-31 March 2015, Addis Ababa, p. 6.

[7] John Ravenhill, *Collective Clientelism: The Lomé Conventions and North-South Relations*, New York: Columbia University Press, 1985, pp. 86-115.

and regional configurations according to an EU template of interests; while the US's Africa Growth and Opportunity Act (AGOA) is based on a number of market access conditionalities which can be revoked on the basis of (real or perceived) poor political and economic performance by African countries. The external engagements are rendered more challenging with the entry of Brazil, Russia, India, China (the BRIC grouping) onto the African geo-political landscape. In the cases of China and India, there is contestation about the degree to which they represent an alternate regime for trade and development cooperation which empower African countries with greater agency and policy room to make their own choices and decisions. The challenge for the custodians of Agenda 2063 and the CFTA is to create a broadened policy and institutional environment among all stakeholders about what constitutes an Afro-centric integration process with a focus on those factors and capacities that could improve the competitive position of African countries with respect to innovation, skills development, and equitable labour market policies.[8]

There is a shift in the discourse about Africa's development, with emphasis now directed at the need for its countries, especially the 35 classified as LDCs, to undertake measures in policy and practice that would yield structural transformation in the letter and spirit of Agenda 2063 and the CFTA. What this means is giving life to new and productive activities and shifting from traditional rent-seeking and extractive sectors to more value-enhancing activities that are capable of engendering nascent forms of industrialisation based on Africa's comparative advantages in manufacturing, services, and agriculture. The imperative for structural transformation is driven by the realisation that resource extraction has

[8] UN Economic Commission for Africa, African Union, and African Development Bank, Assessing Regional Integration in Africa: Bringing the Continental Free Trade Area About, Addis Ababa: UNECA, AU, AfDB, 2017, pp. 87-100.

reached a point of diminishing returns and may be limiting Africa's long-term growth and development prospects.[9]

Against this introductory overview, this article will provide analytical portraits that assess Africa's trade relations with two of its most important traditional partners, the EU and the US; and with two of its most important emerging partners, China and India.

Relations with the European Union

Africa's relations with Europe have been profoundly shaped and influenced by the legacy of colonialism whose central tenets continue to be found in a carefully choreographed political economy of domination, extraction, and dependency.[10] After the establishment of the European Economic Community in 1957, 18 African countries were incorporated into the Yaoundé Convention in 1963 whose governing feature was reciprocity in trade. This ambit was considerably broadened when the former colonial dependencies of Africa, the Caribbean, and the Pacific (ACP) were integrated into a more expansive and institutionalised trade and cooperation architecture in the form of the Lomé Convention in 1975. Abandoning the reciprocity principle, countries of the ACP were instead offered various forms of trade preferences and development assistance which were further codified in the Cotonou Agreement through a WTO waiver after the expiry of the Lomé Convention in 2000.[11]

The lack of enthusiasm among an expanded EU-28 for a continuation of the preferential trade and aid regimes together with the lapse of the WTO waiver at the end of 2007 inaugurated a transformation back to reciprocity in the form of the EPAs, albeit asymmetric in timing and

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[9] UN Economic Commission for Africa, Economic Report on Africa 2017: Urbanization and Industrialization for Africa's Transformation, Addis Ababa: UNECA, 2017, pp. 15-30.

[10] John Ravenhill, *op. cit.*, pp. 14-20.

[11] Kaye Whiteman, "The Rise and Fall of *Eurafrique:* From the Berlin Conference of 1884-85 to the Tripoli Summit of 2010", in Adekeye Adebajo and Kaye Whiteman (eds.), *The EU and Africa: From Eurafrique to Afro-Europa*, New York: Columbia University Press, 2012, pp. 29-38.

content. Besides the negotiations and focus around goods trade, the EPAs also contain ‘rendezvous’ clauses for further discussion on services and trade-related rules for sustainable development, competition policy, investment, and intellectual property rights.

EPA’s divide the continent into regional blocs for purposes of negotiations composed of Central Africa, the East Africa Community, Eastern and Southern Africa, the Southern African Development Community, and West Africa. Based on their regional affiliation, countries agree to sign an ‘interim’ EPA as the first step towards locking all of them into certain configurations for purposes of concluding a final reciprocal trade arrangement. However, African LDCs receive customs free access to the EU market without the EPAs in terms of the “Everything But Arms” agreement. As such, they can export all products other than weapons into the EU without paying tariffs and hence, these countries do not face the consequences of not joining an EPA.[12]

This attempt by the EU to rationalise African regionalism in terms of its own template could prove antithetical to Agenda 2063 and the CFTA’s integration agenda at a time when these initiatives need to find policy and operational traction. In this regard, the EPAs could prove to be a powerful anti-integrationist tendency and adversarial force since they “also risk diverting trade, complicating further the spaghetti bowl of trade arrangements, narrowing policy space, creating fiscal losses in countries that rely heavily on trade taxes, and eroding the existing fragile industrial base”.[13]

It can thus be argued that EPAs have consequences and implications that would be an albatross around the neck of continental integration imperatives and here there are several relevant considerations. Firstly, there is the potential loss of tariff revenue that could reduce the

[12] Mareike Meyn, “An Anatomy of the Economic Partnership Agreements”, in Adekeye Adebajo and Kaye Whiteman, *op. cit.*, pp. 197-216.

[13] African Capacity Building Foundation, Capacity Imperatives for Regional Integration in Africa, Harare: ACBF, 2014, p. 43-44.

ability of African countries to provide much needed social and welfare services; in Africa the effects would be quite severe and detrimental since tariffs account for 7-10 per cent of fiscal revenue.[14] Secondly, EPAs entrench the power imbalance between the EU and African countries with even greater intensity. They overwhelmingly represent unabashed EU self-interest, with an excessive neo-mercantilist orientation that leans toward aggressive market access, on the one hand, and reprobate protectionism on the other. Moreover, the EU Commission is a bureaucratic juggernaut with a technical and strategic negotiating capacity that heavily burdened African negotiators can hardly match.[15]

And thirdly, EPAs as currently being implemented are not strategically and operationally aligned with regional groupings and continental programmes as embodied in Agenda 2063 to deliver long-term development, economic growth, and poverty reduction. South Africa's Trade Minister Rob Davies was thus led to remark: "Our overriding concern remains that the conclusion of the separate EPA's among different groupings of countries in Africa that do not correspond to existing regional arrangements will undermine Africa's wider integration efforts. If left unaddressed, such an outcome will haunt Africa's integration project for years to come".[16] In addition, the EU's emphasis on market liberalisation does not take enough account of African countries' lack of economic and trading capacity as well as its multiple supply-side challenges and deficits in infrastructure, development finance, and human capital. EPAs thus directly undermine the extent to which African countries and regions have the necessary flexibility over the timing, pace, sequencing, and product coverage for opening their markets to the EU.

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[14] South Centre, "Economic Partnership Agreements in Africa: A Benefit-Cost Analysis", Geneva: Analytical Note SC/TDP/AN/EPA/29, January 2012, p. 5.

[15] Mareike Meyn, *op. cit.*, pp. 210-211.

[16] Cited in Faizel Ismail, "The Changing Global Trade Architecture: Implications for Africa's Regional Integration and Development", *Journal of World Trade*, no. 51(1), 2017, p. 8.

While the EU as a bloc remains Africa's largest trading partner, its share of Africa's exports has declined from 47 per cent in 2000 to 36 per cent in 2016.[17] Total two-way trade has hardly shown dynamic and appreciable growth, increasing from €245 billion in 2007 to €298 billion in 2017. EU imports from Africa are dominated by mineral fuels, crude oil, and natural gas while its export basket consists of finished products such as machinery and vehicles, energy products, chemicals, manufactured goods, and processed food.

Cooperation at the continental level is framed by the Joint Africa-EU Strategy launched in Lisbon in 2007, with the last review taking place in 2015 which dealt with migration and asylum. In this scheme, financial aid features quite prominently such that from 2007 to 2018 the EU disbursed €210 billion in official development assistance (ODA), making Sub-Sahara Africa the highest recipient per region at 39 per cent. The EU is also the largest contributor to the AU Commission, providing 80 per cent of its budget and contributing €1.4 billion since 2004. African countries are also major beneficiaries of the European Development Fund (EDF) whose 11th tranche provides €30.5 billion for 2014-2020.[18]

The EDF underwrites the EU-Africa Infrastructure Trust Fund established in 2007. Since then 104 grants have been made to support 80 different projects in energy, transport, water and ICT valued at €655 million. There is also the EPA Development Programme for West Africa with a focus on poverty reduction, economic development, agriculture, and industry for which the EDF has set aside €6.5 billion for 2014-2020. This programme is built on five axes: promoting intra-regional trade and facilitating integration into global markets; developing trade-related national and regional infrastructure; adjustment to other trade-related

[17] Brendan Vickers, *A Handbook on Regional Integration in Africa: Towards Agenda 2063*, London: Commonwealth Secretariat, 2017, p. 59.
[18] European Commission, Africa-EU Continental Cooperation <https://ec.europa.eu/europeaid/regions/africa/africa-eu-continental-cooperation> accessed on 10 October 2019.

needs; and implementation and monitoring.[19] Individual EU member states such as Belgium, France, Germany, Norway, Sweden, and the UK also provide significant bilateral support. For example, the UK support for Aid-for-Trade has increased from $497 million in 2011 to $790 million in 2015 with Kenya, Nigeria, and South Africa being the main recipients and accounting for 45 per cent of the UK's Africa exports.[20]

In summary, the prospects for consolidating a relationship based on equality, mutual benefit, and shared interests and common values as prescribed by the 2007 EU-Africa Joint Strategy will inevitably come up against a tension: there are the good intentions that underpin the EU's development assistance programme versus the naked self-interest and divisive calculus of its reciprocal trading regime. We should therefore be mindful of British historian EH Carr's famous formulation: "a harmony of interests thus serves as an ingenious moral device invoked, in perfect sincerity, by privileged groups in order to justify and maintain their dominant position".[21]

Relations with the United States

The centrepiece of US-Africa relations is the African Growth and Opportunity Act (AGOA) which was a major initiative by President Bill Clinton to enhance trade opportunities for eligible African countries as well as being a vehicle to improve their trading capacity. AGOA was adopted by the US Congress in May 2000 as a preferential trade regime dedicated to the 49 countries of Sub-Sahara Africa. It consists of roughly 6800 tariff lines, including those falling under the Generalised System of Preferences and since its enactment, has been renewed four times: in 2004, 2006, 2007, and 2012. The Act authorises the President to determine eligibility based on certain factors: establishing or making progress towards a market-based

[19] *Ibidem.*
[20] Brendan Vickers, *op. cit.*, p. 63.
[21] Edward Hallett Carr, *The Twenty Years Crisis 1919-1939: An Introduction to the Study of International Relations*, New York: Palgrave, 2001, pp. 74-75.

economy that upholds the principles of private property and the rule of law; eliminating barriers to US trade and investment and not engaging in any activities that undermine US national security and foreign policy interests; having policies that combat bribery and corruption and protect worker's rights; and not engaging in any gross violations of internationally-recognised human rights or supporting acts of terrorism.[22] At last count, there were 39 countries from the Sub-Sahara region which were part of AGOA.

At its expiry at the end of September 2015, President Obama authorised its extension to 2025 by signing The Extension and Enhancement of AGOA Act which contains new and controversial provisions that could potentially erode the preferential regime in favour of a reciprocal trade agreement for which the EPAs probably serve as an instructive model.[23] In this regard there are three critical considerations.[24]

Firstly, the non-reciprocal and unilateral arrangement that is at the heart of AGOA is seen as an anachronism in the world of free and fair trade. Hence, to the extent that African countries will continue to enjoy preferences, this will come with a price tag. AGOA is seen as tantamount to a "give-away" programme that is detrimental to American manufacturers. In the case of South Africa, the lobby for poultry, beef, and pork products considers AGOA's renewal as an opportunity to press for better market access, particularly since South Africa is one of the main beneficiaries of a very diversified and high-end AGOA export basket made up of automobiles, automotive parts, and processed agriculture products. (The aggressive push to increase the export quota for bone-in chicken pieces to South Africa almost threatened the country's AGOA status. This is a very worrisome and insidious development for other African countries since

[22] Mary Odongo, "The Africa Growth and Opportunity Act: Challenges and Opportunities", Occasional Paper 39, Nairobi Institute of Economic Affairs, November 2013.
[23] Faizel Ismail, "The AGOA Extension and Enhancement Act of 2015: The SA-AGOA Negotiations and the Future of AGOA" in *World Trade Review*, no. 16(3), 2017, p. 2.
[24] *Ibidem*, pp. 12-13.

such chicken pieces are essentially worthless wastage in a saturated American consumer market but is sold so cheaply that they could displace local production as already is the case in South Africa.[25]

Secondly and linked to this, is the problem of "structural attrition" whereby the preferential regime is used to gain enhanced access to African markets. Consequenctly, the 2015 Act provides support for any lobby or interest group which seeks to advance its economic interests in Africa but might come up against local trade or investment barriers. Such groups can then petition the President to either suspend or withdraw AGOA benefits of the concerned country. This is certainly a recipe for increasing tension rather than advancing cooperation.

And thirdly, the original letter and spirit of AGOA aimed to enrich relations through enhanced investment and support for developing Africa's industrial and export capacity. This could be undermined should the new Act is used as a mechanism for enhanced market access that could threaten any embryonic attempts at industrialisation. These three considerations taken together are thus the first shot across the bow in the US intention to negotiate reciprocal free trade arrangements with the countries of Sub-Sahara Africa.

This is hardly fanciful in the era of Trump whose "putting America first" ethos already heralds a turn to hard instrumentalism and mercantilism and for whom the preferences which African countries enjoy are viewed as anathema. Even though Trump has withdrawn the US from the Trans-Pacific Partnership (TPP), and BREXIT could affect the Trans-Atlantic Trade and Investment Partnership (T-TIP), these mega-regionals mean that two-thirds of world trade will be located in these new arrangements, with direct consequences for AGOA preference erosion into the US market.[26]

[25] *Ibidem.*, pp. 8-12

[26] Simon Lester, "Trump's Trade Policy So Far: Too Many Trade Wars, Very Little Liberalization", Cato Institute, 27 August 2019.

Be that as it may, the extent to which AGOA countries have under-utilised their preferences is striking when it comes to attracting investment and taking advantage of the tariff lines to increase their productive capacity and export potential. The bulk of AGOA exports is oil which constituted 86 per cent of the total share of $90 billion in 2017. Such exports further originate in only seven countries (Angola, Chad, Congo, Gabon, Coté d'Ivoire, and Nigeria) while much of AGOA trade is concentrated in clothing and textiles. And besides South Africa which accounts for $3.1 billion of AGOA exports, only seven other countries have exports to the US of more than $100 million. This export profile is symptomatic of a lack of diversity and the persistent supply-side constraints that impede African countries' productive capacity and competitiveness.[27]

This wide under-utilisation of the tariff lines is something of a paradox and must been seen in the context of broad-based technical capacity building programmes provided by the US. In July 2005, President George W Bush introduced the African Growth and Competitiveness Initiative worth $200 million to boost the trading capacity of African countries. In 2011, the African Competitiveness and Trade Expansion programme was established with an annual budget of $30 million for the purpose of creating three AGOA trade hubs in Botswana, Ghana, and Kenya. The US expanded its trade and assistance ties under President Obama under the rubrics of the US-Africa Leaders' Summit and the US-Africa Business Forum in June 2014, followed by another round of summitry in September 2016. Both summits laid the groundwork for widening the remit of US-Africa trade, investment, and security cooperation.[28]

The Business Forum focused on strengthening trade and financial ties and boosting Africa's economic potential by mobilising $9 billion in trade and investment in support of African business and private sector

[27] Faizel Ismail, *op. cit.*, pp. 13-15.
[28] Brock R Williams, AGOA: Background and Reauthorization, Congressional Research Service, CRS Report R 43173, 22 April 2015, pp. 12-13.

development. President Obama’s “Power Africa” initiative of 2014 received strong bi-partisan support in the US Congress with the passage of the Electrify Africa Act passed in February 2016, which will make electricity available to 50 million people across the continent. There is also the USAID administered aid package of $12 billion annually that supports conflict prevention, agricultural productivity, climate resilience, and humanitarian relief. The bulk of these funds, however, are earmarked for the “President’s Emergency Programme for AIDS Relief” across 15 focus countries.[29]

The net effect of the AGOA extension has been a positive development but this could be undercut if the ‘flexibilities’ embodied in the 2015 Act find traction among US interest and lobby groups.[30] Given the intensely protectionist policy environment in Washington, these groups feel greatly emboldened in advancing the goals and objectives of structural attrition.

Relations with China

As early as 1967 the Ghanaian scholar Emmanuel Hevi wrote that “few subjects are as complicated as China’s Africa policy and the motives behind it…”.[31] This observation still has profound relevance since debates persists about China’s role and motives in Africa.

In this regard, Alden has developed a prism of three interesting perspectives through which this role and its motives can be understood.[32] The first views China as a development partner committed to a win-win formula of mutual gains through trade, investment, and development assistance, all of which have injected a new-found dynamism into Africa’s growth prospects and geo-strategic relevance. In the second formulation,

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[29] *Ibidem*, pp. 14-19.

[30] Witney Schneidman, The African Growth and Opportunity Act: Looking Back, Looking Forward, Brookings: Africa Growth Initiative, June 2012, pp. 28-31.

[31] Emmanuel Hevi, *The Dragon’s Embrace: The Chinese Communists and Africa*, London: Pall Mall Press, 1967, p. 2.

[32] Chris Alden, *China and Africa*, London: Zed Books, 2007, pp. 5-6.

China is an economic competitor whose national interests are concentrated on the extraction of Africa's resource abundance as a means of underwriting China's own modernisation and growth agenda. Here scant attention is paid to typical Western normative concerns such as good governance, human rights, environmental protection, and labour standards. In the third, China's is the embodiment of the new scramble for Africa and behaves no differently from other major powers like the EU and the US but whose ambition is to displace traditional Western spheres of influence under the rubric of South-South cooperation. This style of 'authoritarian capitalism' provides China with the long-term leverage and geo-strategic advantage that has the potential of re-shaping the political economy of Africa.

All these perspectives make sense when considering that China has been the primary consumer of African commodities, a major source of development finance and investment, and has de facto challenged Western spheres of influence. On the surface, China's feat in making a transition from a backward to a modern economy in just over three decades has made it an attractive model for other developing countries. Its ability to lift 680 million people out of poverty between 1981 and 2010, and to reduce extreme poverty from 84 percent in 1980 to 10 percent in 2017, is nothing short of extraordinary.[33] It is this achievement which raised hopes that, perhaps, stronger commercial engagement between China and Africa would re-ignite Africa's stalled momentum towards shared prosperity. More so since the Chinese leadership has been careful not to project a domineering image towards Africa: it has tempered its commercial engagement with an emphasis on notions of mutual respect and solidarity.

The Forum on China-Africa Cooperation (FOCAC) is the institutional expression of the relationship between the two although it is distorted since China crafts the agenda, sets priorities, and provides all the

[33] Xiaolin Pei, "China's Pattern of Growth and Poverty Reduction" in *Arts and Humanities Open Access Journal*, no. 2(2), 2018, p. 93.

cooperation funding. However, since its establishment in 2000 and after five triennial summits, it is only recently that FOCAC is gaining real significance because historically, China has always preferred bilateral engagement (based on the 'One China Policy') in the pursuit of its commercial interests.[34] China made the most far-reaching and consequential commitments at the sixth FOCAC summit held in South Africa in December 2015. There President Xi Jinping announced a $60 billion package for financing ten major initiatives. This included $10 billion for a fund dedicated to building industrial capacity and investment in manufacturing, hi-tech, agriculture, energy and infrastructure. In addition, there was $5 billion for aid and interest free loans and $35 billion for export credits and preferential loans.

The FOCAC process has been underpinned by a surge of foreign direct investment from China into a diverse set of countries. Many countries have seen an expansion of infrastructure in roads, airports, telecoms, hospitals, and ports while trade linkages between China and Africa have deepened, thereby helping to create alternative markets for countries. However, the Chinese focus has been mainly on investment in commodities, particularly oil, gas and metals which accounted for two-thirds of Africa's exports to China by value in 2014 while there are very few countries where sustained manufacturing activities take place.[35]

By the end of 2013, Chinese foreign direct investment in Africa topped $26 billion, rising to $43 billion in 2017 in 76 projects.[36] This amply demonstrates the seriousness with which the Chinese regard Africa as a strategic arena for exercising their commercial diplomacy. Many African leaders thus view China as a dependable partner. However, much of

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[34] Garth le Pere, "The China-Africa Connection: An Ambiguous Legacy?" in Carla P. Freeman (ed.), *Handbook on China and Developing Countries*, Edward Elgar Publishing: Cheltenham, 2015, pp. 369-372.

[35] *Ibidem.*, p. 373.

[36] China-Africa Research Initiative, "China-Africa Foreign Direct Investment 2003-2017" Johns Hopkins School of Advanced International Studies <http://www.sais-cari.org/chinese-investment-in-africa> accessed on 10 October 2019.

Africa's exports to China comprise low value-added commodities, whereas African countries import relatively higher value-added and manufactured products from China, including capital and consumer goods. This relationship is also deficient in institutional components; and so far, has not focused on upgrading the capabilities of African partner countries.[37]

Notwithstanding the recent slow-down and recalibration of China's economy, Africa still retains its geo-political importance in China's strategic calculus. While commodity demand remains depressed, China still seeks to extract trade and commercial advantage from an African market of 1.2 billion consumers with fast changing consumer tastes and demands. Through the 'One China Policy', China has been able to prove its bona fides as a trusted development interlocutor by providing instrumental benefits such as grants, zero-interest loans, development finance and investment, and substantial debt relief. China has thus been guided by dynamics of 'state-led pragmatic nationalism' in Africa which is "ideologically agnostic, having nothing, or very little to do with either communist ideology or liberal ideals. It is firmly goal-fulfilling and national interest driven… The country's strategic behaviour is flexible in tactics, subtle in strategy, and avoids appearing confrontational".[38]

China overtook the US as Africa's single largest trading partner in 2009, with the value of trade rising from $10 billion in 2000 to top $210 billion in 2018 and with the goal of further increasing the value to $300 billion by 2020. From a low of 2.3 per cent in 1995, China now accounts for 24 per cent of Africa's total trade.[39] However, much of the two-way trade has been skewed in China's favor. The only exceptions to this general rule have been resource-rich countries such as Angola, the Republic of Congo,

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[37] Garth le Pere, *op. cit.*, 2015, pp. 375-378.

[38] Suisheng Zhao, "China's Geo-strategic Thrust: Patterns of Engagement," in Garth le Pere (ed.), *China in Africa: Mercantilist Predator or Partner in Development?*, Institute for Global Dialogue: Midrand, South Africa, 2007, p. 39.

[39] China-Africa Research Initiative, "China-Africa Trade 2003-2018," Johns Hopkins School of Advanced International Studies <http://www.sais-cari.org/data-china-africa-trade> accessed on 10 October 2019.

the Democratic Republic of Congo, Nigeria, Equatorial Guinea, and Zambia which have sustained trade surpluses on the back of their bulk exports of raw materials.[40] African companies therefore face major operational hurdles related to their inability to locate themselves within Chinese value chains. This helps to explain why Africa's trade with China has hardly contributed to export diversification and economic transformation.

Consequently, Africa's dependence on China for its exports has not been entirely healthy. China's GDP grew at 6.6 percent in 2018, down from 9.5 percent in 2011, and is expected to experience further decline to 6.3 percent in 2019. Sectors such as manufacturing, construction, and real estate, which have in the past absorbed most of Africa's commodities, have witnessed a slump. Africa's business cycle has in the past two decades been tightly aligned to that of major emerging economies, especially China, and this coupling has proven to impede Africa's industrialization prospects. This dependence could have deleterious consequences for Africa's long-term prospects. China, as Ali Zafar notes, exerts an indirect effect on economic management in Africa, especially because it is a global price setter.[41]

China's competitive edge has been honed via key factors such as low unit-labour costs, a surfeit of subsidised credit, and an undervalued exchange rate. Moreover, its total factor productivity has been greatly enhanced by its accession to the WTO in 2001 and aggressive reform of its state-owned enterprises. The recent rise in China's labour costs and the appreciation of its currency provide African countries with the strategic opportunity to attract more investment from China as well as from developed countries As China rebalances its economy in favour of greater capital intensity, it is estimated that it will shed more than 85 million

[40] Paulo Drummond and Estelle Xue Lin, "Africa's Rising Exposure to China: How Large Are the Spill-Overs through Trade?" Washington DC: IMF Working Paper 13/250, November 2013, pp. 5-10.

[41] Ali Zafar, "The Growing Relationship Between China and Sub-Sahara Africa: Macro-Economic, Trade, and Aid Links," Washington DC: World Bank Research Observer, 22/1, 2007, p. 108.

manufacturing jobs.[42] Africa could therefore become the strategic locus for the 'offshoring' of these jobs provided it can respond to the relevant institutional and policy challenges that come with this opportunity.

On balance China's contribution to Africa has been positive, especially since it has increased growth and national incomes. This, however, comes up against an incontrovertible reality that China has not helped Africa move into patterns of sustained industrialization in order to generate broad-based growth and development. This move could take the form of incremental adjustments when it comes to institution-building and stimulating shifts within product spaces, as a basis for integration into the value chains. So far, this relationship has rather fostered different forms of dependence which have accentuated Africa's static comparative advantage in commodities.

An important contribution that China can make to the diversification of economic activity is the outsourcing and relocation of its labour-intensive industries as well as low-skilled jobs to Africa, while developing more capital-intensive, high-tech industries within China. Furthermore, institutional upgrading needs to feature as an important component of this relationship. With more galvanized institutions, there is greater opportunity for African countries to increase their supply capacity and thereby broaden their production base.[43]

Relations with India

India and Africa share a multidimensional and historical relationship that has been greatly facilitated by geographical proximity and an easily navigable Indian Ocean both of which have had a direct bearing

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[42] Lynn Noah, "Slowdown in Manufacturing Sector Forces China to Shift its Focus", Market Realist, 1 March 2016 <https://marketrealist.com/2016/03/slowdown-manufacturing-sector-forces-china-shift-focus> accessed on 11 October 2019.

[43] Mzukisi Qobo and Garth le Pere, "The Role of China in Africa's Industrialization: The Challenge of Building Global Value Chains" in *Journal of Contemporary China*, no. 27(110), 2018, pp. 208-223.

on trade, the movement of peoples, and cultural exchanges.[44] During African countries' struggle for independence, India was a strong partisan of their cause. In the recent past, this relationship has experienced major changes with a greater focus on capacity building, development cooperation, and trade, commercial, and technological initiatives.[45] India's relations with Africa take place across several registers: pan-African, regional, and bilateral and through an extensive range of diplomatic and political mechanisms.

These include the India-Africa Forum Summits, the India-REC meetings, the annual India-Africa Trade Ministers meeting, and regular meetings of joint working groups, inter-governmental commissions, and the India-Africa Business Conclave. There is also the 'Pan-African e-Network' which supports tele-education, tele-medicine, e-governance, e-commerce and meteorological service across 53 countries while other multilateral interactions take place at the Indian Ocean Rim Association for Regional Cooperation.[46]

The flagship of growing Indo-Africa ties is the India-Africa Forum Summits which have convened at regular intervals since 2008. The first Summit took place in Delhi in April 2008 and crafted the conceptual framework for political and economic dialogue and cooperation. There was a strong focus on financing development with the extension of a $5.4 billion line of credit and $500 million in grants for 2008-2013. Very importantly, the Summit offered Africa's LDCs a duty-free preference scheme. A further credit line of $300 million was made available for regional infrastructure

[44] Ajay Kumar Dubey, "India-Africa Relations: Historical Goodwill and a Vision for the Future" in Ajay Kumar Dubey and Aparajita Biswas (eds.), *India and Africa's Partnership: A Vision for a New Future*, Springer Press, 2016, pp. 11-39.

[45] Ruchita Beri, "Evolving India-Africa Relations: Continuity and Change", South African Institute of International Affairs: Occasional Paper 76, February 2011.

[46] Rani D Mullen and Kashyap Arora, "India's Reinvigorated Relationship with Africa", New Delhi: Centre for Policy Research and Indian Development Cooperation Research, December 2016, pp. 10-15.

projects and there was increased support for technical training and scholarships through a special "Aid to Africa" budget.[47]

The second Summit was held in Addis Ababa in May 2011 and provided an opportunity to review progress made since the first Summit. The Indian government made available a further line of credit of $5 billion and grants worth $700 million. The grants were specifically targeted at establishing collaborative mechanisms in the fields of agriculture, rural development, food processing, soil and water testing, ICT, and vocational training. The largest Summit took place in New Delhi in October 2015, attended by 41 African Heads of State and hosted by Prime Minister Modi for the first time. The Summit examined global issues such as food security, trading regimes, climate change, and terrorism. The Indian government made more concrete commitments for concessional credit lines worth $10 billion and new grants worth $600 million. The grant package included $100 million for an India-Africa Development Fund for Infrastructure and $10 million for an India-Africa Health Fund.[48]

In trade, there has been a seventeen-fold increase between 2000 and 2014 from $4.5 billion to $78 billion but dropping to $60 billion in 2017 due to decreased commodity prices. India is Africa's fourth largest trading partner, accounting for 6.5 per cent of the continent's total trade. There is expected to be a surge in trade over the next five years, driven mainly by India's growing energy needs and increasing Indian imports of minerals and fuels from Africa as well as coal, natural gas and uranium. India's exports consist of agricultural products, automobiles and machinery, pharmaceuticals, electronics, and communications materials. As far as investment goes, India is now the fifth largest investor in Africa valued at $18 billion in 2017 and its companies are active in a range of sectors

[47] Rumbidzai F. Masawi, "India-Africa Relations and Challenges of Sub-Sahara Africa" in *International Journal on Green Growth and Development*, no. 3(1), 2017, pp. 31-32.
[48] *Ibidem.*, pp. 34-36.

including telecommunications, mining, steel, automobiles, energy, healthcare, agribusiness, ICT, and pharmaceuticals.[49]

In broad terms, India follows the Chinese cooperation paradigm of non-conditionality, no policy prescriptions, mutual benefits and gains, and respect for the sovereignty of African countries.[50] This is exemplified through robust state-to-state engagement, responsiveness to African demands and needs, and a consultative and collaborative idiom. Many African countries (mostly Anglophone) have benefited from India's low-cost technical training and study programmes. There are five areas that hold great promise for future expansion: infrastructure, financial cooperation, small business growth, energy resource development, and technical assistance.

Conclusion

The time is certainly auspicious for the collective energies and creativity of African people to be harnessed by adding productive value to the continent's diverse and often incongruent trading relationships. The challenge for the continent and its leadership is to better manage the historical dependencies on the EU and the US by creating more policy and operational space for independent choice and action. In this regard, relations with China and India certainly offer a more progressive template of engagement. However, these external engagements require a calculus of strategic balancing which would assist with realizing the vision of Agenda 2063 and the letter and spirit of the CFTA as veritable charters of putting the entire continent on improved growth and development trajectories over the next five decades. Agenda 2063 and the CFTA thus represent a fresh paradigm of hope and inspiration against a litany of failed experiments and effete grand schemes in Africa's development orthodoxy.

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[49] African Export-Import Bank and the Export-Import Bank of India, An Analysis of Africa and India's Trade and Investment: Deepening South-South Collaboration, Cairo: Afreximbank and Exim Bank, 2018, pp. 23-25.

[50] Ruchita Beri, *op. cit.*

Hence, Africa's agency and its interface with its external partners could take several forms. These include building Africa's private sector confidence in those economic processes and allocative mechanisms that create incentives and opportunities that arise from the trading relationships; identifying effective and acceptable distributional payoffs in any industrialization process; and promoting mutual learning, problem solving, and compromises in dealing with the historical and atavistic obstacles to growth and development, including poverty, unemployment, and inequality.[51]

This reorientation thus provides a fertile opportunity for all trading partners to rethink how the confluence of ongoing economic and development challenges across Africa's very diverse political, economic, and cultural landscape could be incorporated into fresh conceptual appraisals, revised methodologies, and progressive policy discourses. It will demand a reimagining of how current trading regimes can improve the lives of 1.2 billion African citizens. For their part, there is a greater imperative for African countries to "walk on three legs" to improve the prospects for integration.[52] Firstly, this means expanding the size of markets, promoting economies of scale, production efficiencies, and competitiveness; secondly, collaborating more intensively through multi-level partnerships and synergies to build productive linkages and industrial capacity; and thirdly, developing affordable and effective services and infrastructure in order to lower transaction costs.

Agenda 2063 and the CFTA represent a hybrid frontier for integration that mixes state-led initiatives with the dynamics of the market and private sector, together with enhanced civil society participation and external stakeholder engagement. This could mark a new beginning for creative reflection about Africa's growth and development nexus and how

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[51] Mzukisi Qobo and Garth le Pere, *op. cit.*, pp. 219-220.

[52] João Samuel Caholo, "Accounting for Progress on Regional Integration: Evidence and Accountability", Proceedings of a Workshop in Lusaka, Zambia: Building Bridges Southern Africa, 23-24 November 2015.

the proverbial sow's ear of dependence can be turned into a silk purse of agency.

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