

AFRICA AND GLOBALIZATION

- 15,3% world Population vs. 3% World GDP



- Is finally Africa rising ?



Is Africa profiting from or damaged by globalization ?

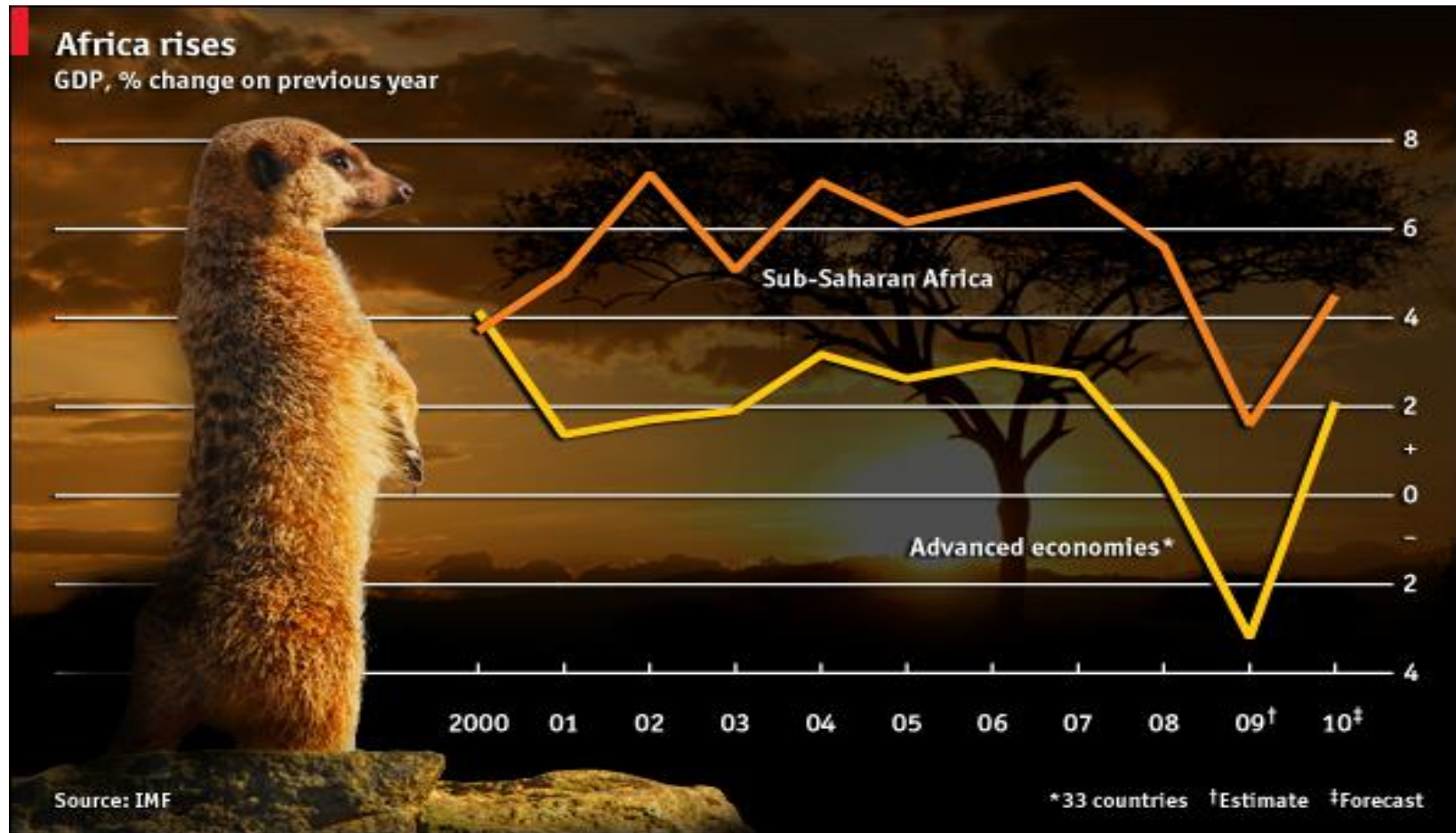
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- Africa is in a much better economic position today than it was at the turn of the century. Recent gains are only the first manifestations of profound, long-term transitions, which have the potential to accelerate Africa's development.

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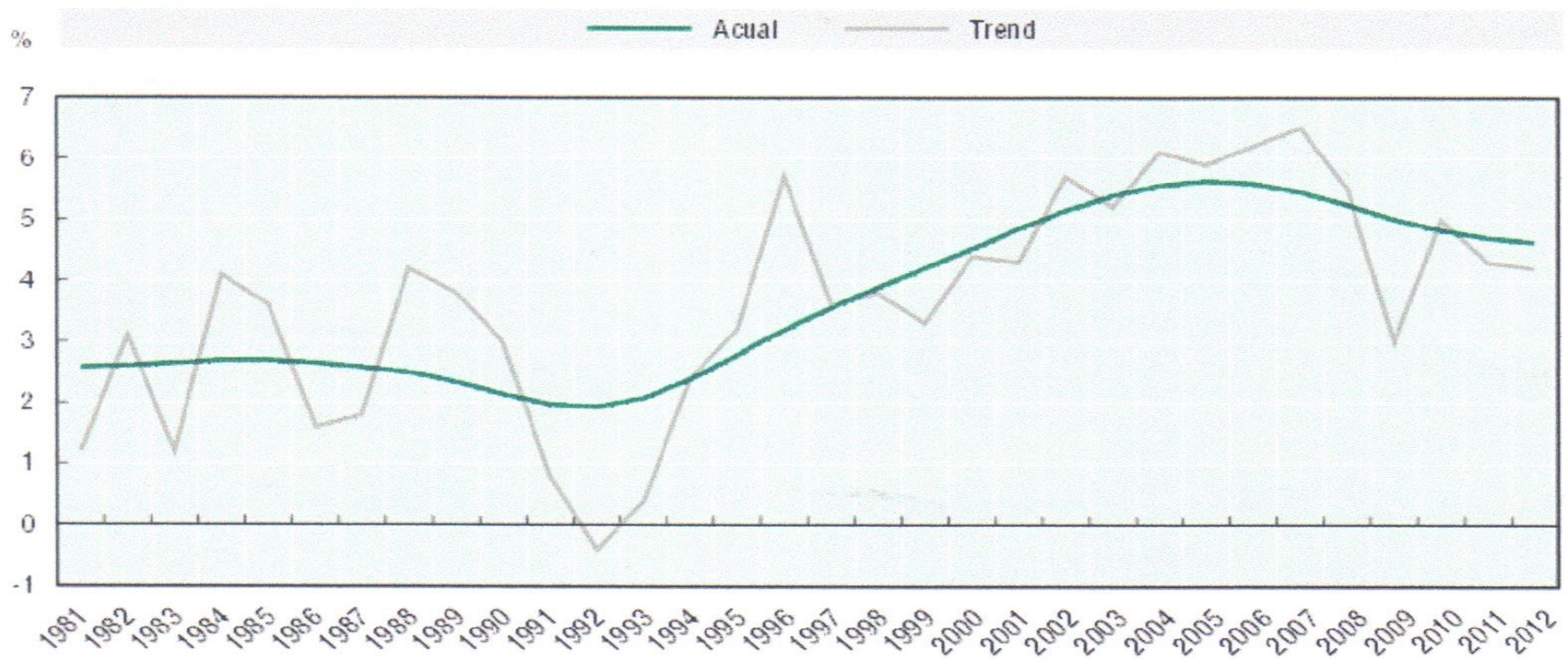
- While many African countries deserve credit for recent successes in building certain service industries and raising per capita incomes, Africa is not likely to become the next global economic powerhouse, akin to a new east Asia, any time soon

Apparently, yes !



...and even since the end of the Cold War

Figure 1.3. Africa's trend growth in %



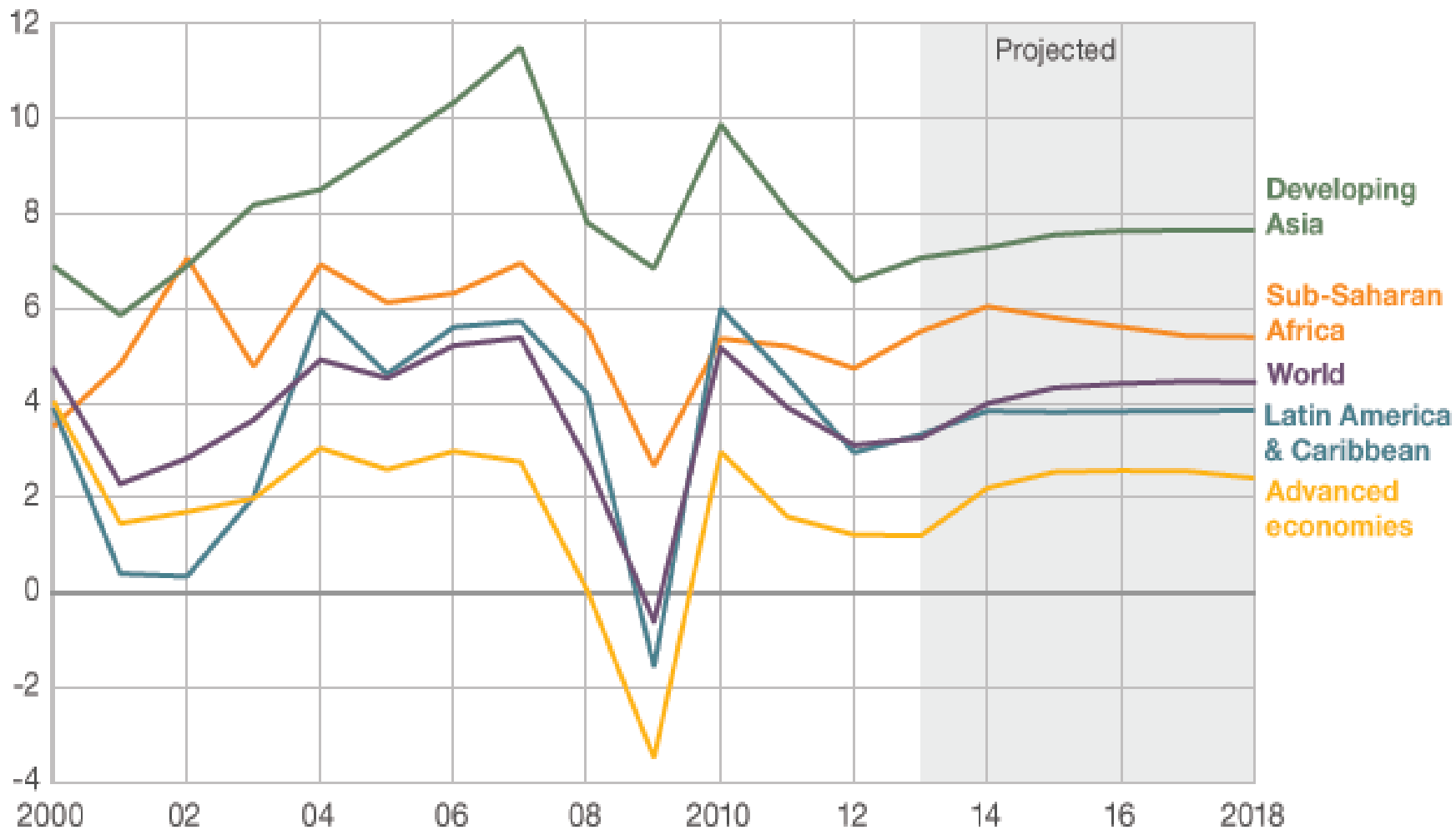
Note: 2011 and 2012 excluding Libya.

Source: Leibfritz and Flaig (2013).

StatLin.  <http://dx.doi.org/10.1787/888932806942>

Africa maintains strong economic growth

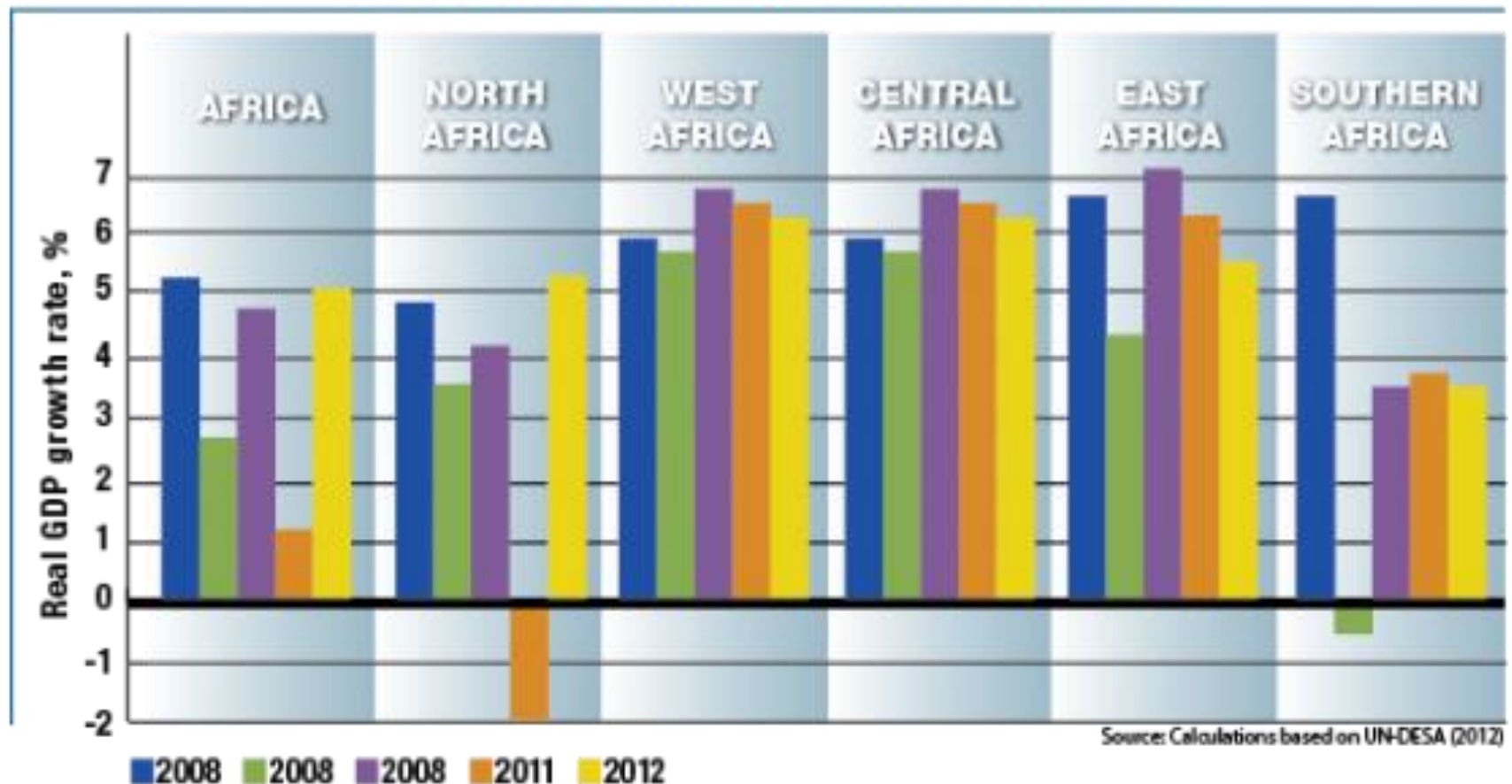
Real GDP, annual % change



Source: International Monetary Fund, World Economic Outlook Database, April 2013

Africa and Africas

Growth by Sub-Region, 2008-2012



All together now

Sub-Saharan African GDP*

Contribution to growth, percentage points

Oil exporters

■ Nigeria

■ Other

■ Angola

Oil importers

■ South Africa

■ Other

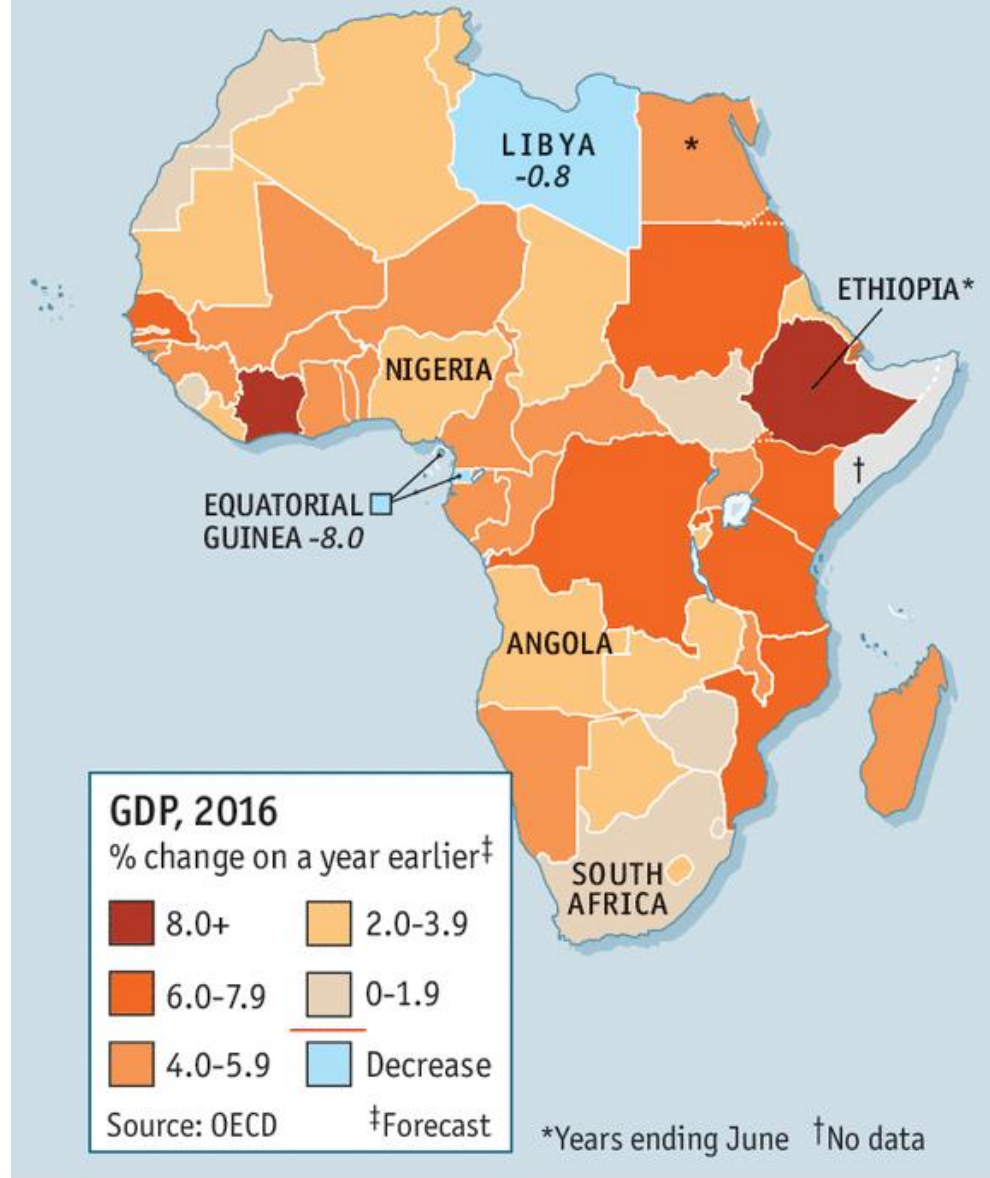


Sources: IMF;
The Economist

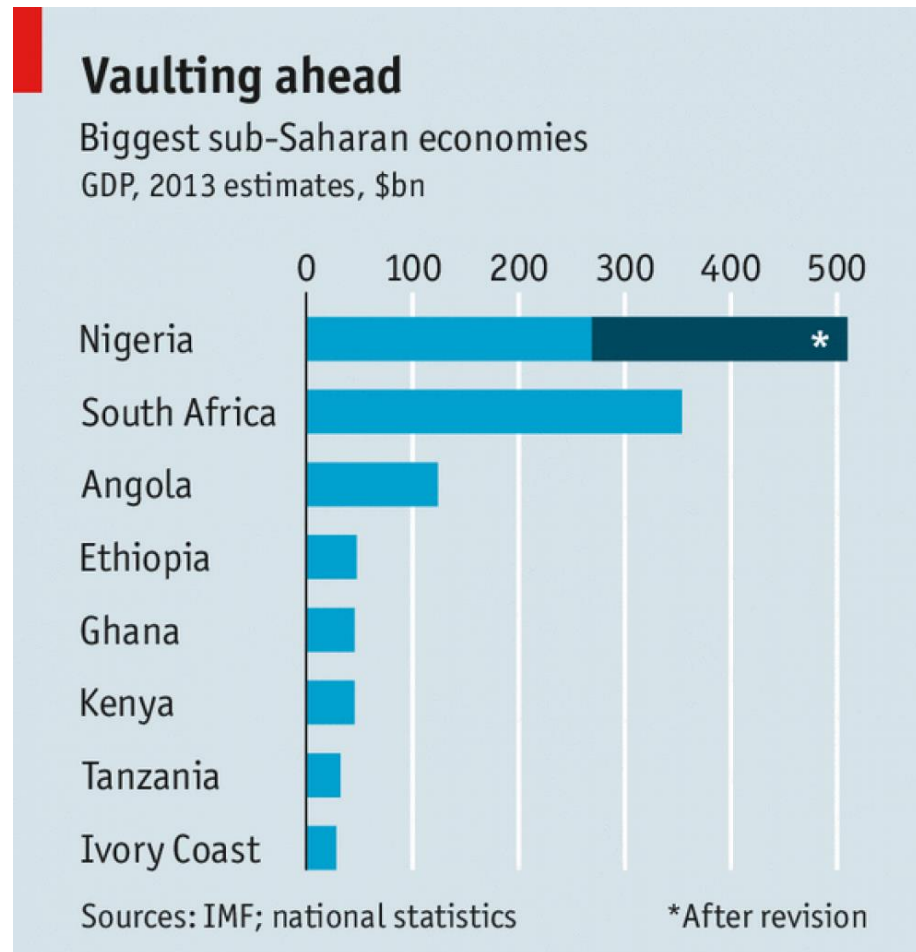
*Weighted by purchasing-power parity

†Forecast

African growth

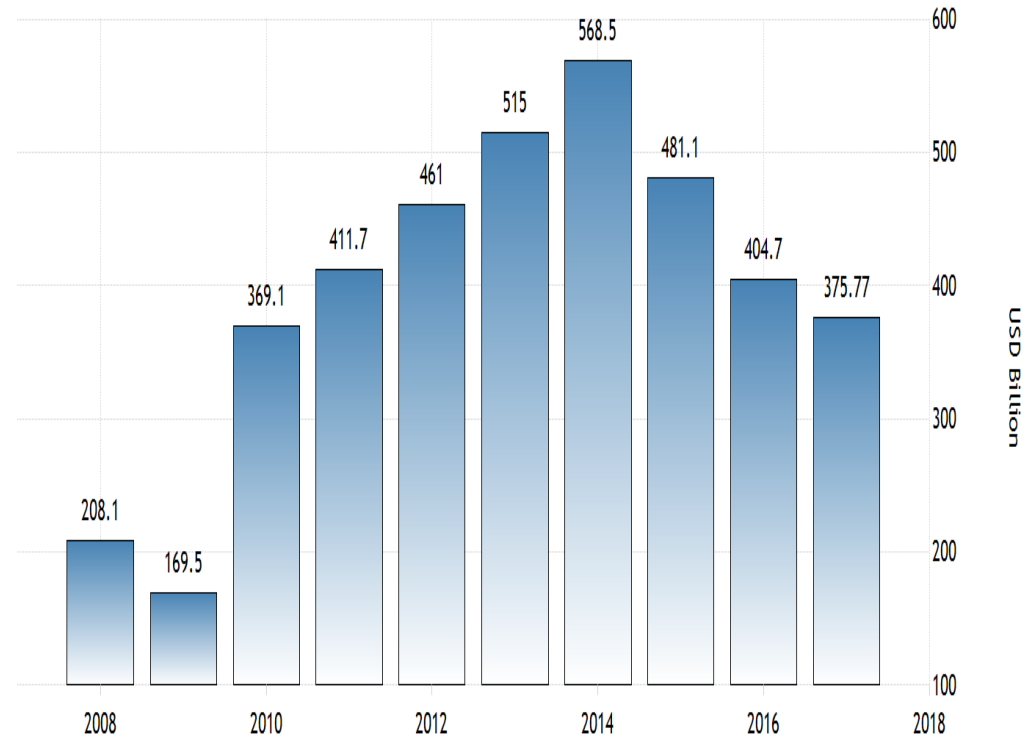


Nigerian «revisionist»

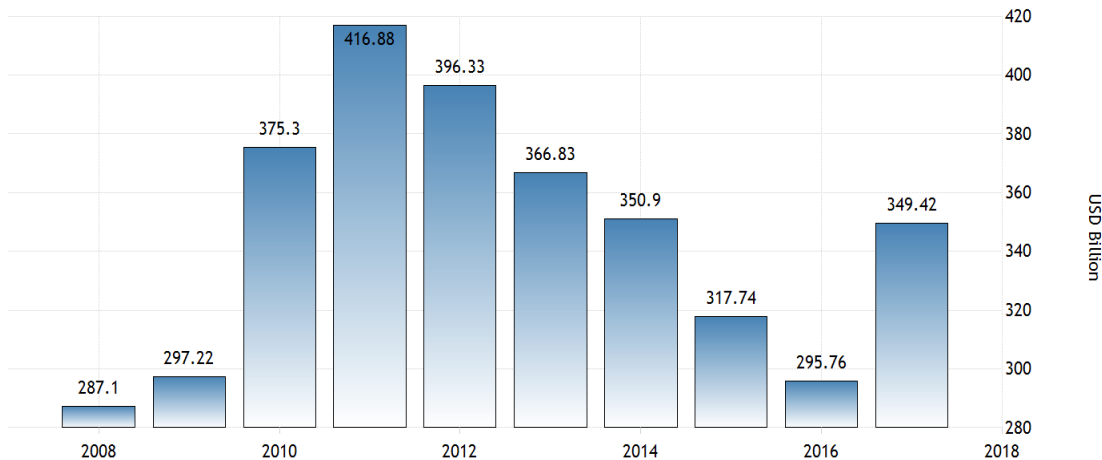


Two giants?

NIGERIA GDP



SOUTH AFRICA GDP

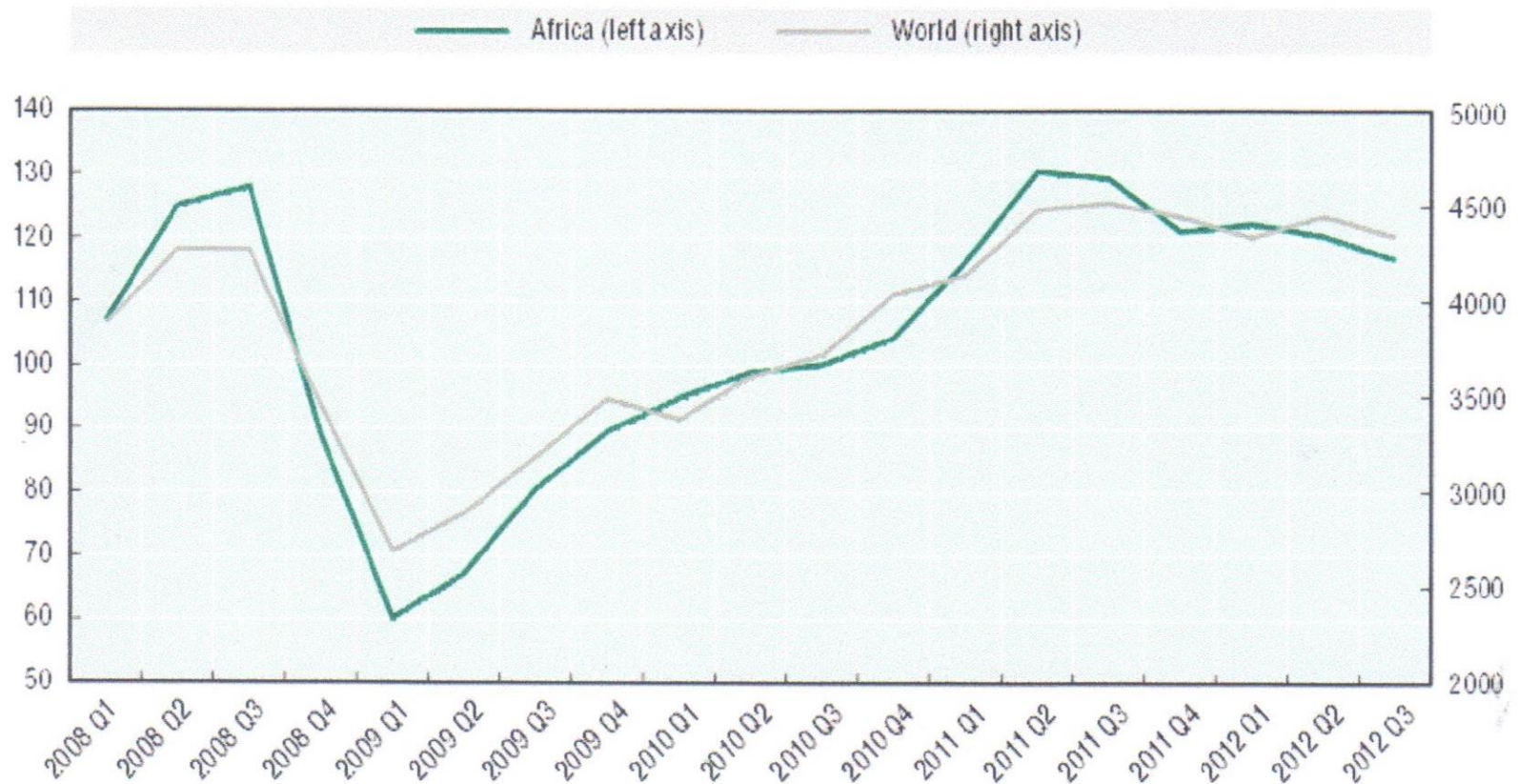


SOURCE: TRADINGECONOMICS.COM | WORLD BANK

SOURCE: TRADINGECONOMICS.COM | WORLD BANK

A new export-led continent ?

Figure 1.8. Development of African and world exports of goods (USD billion)



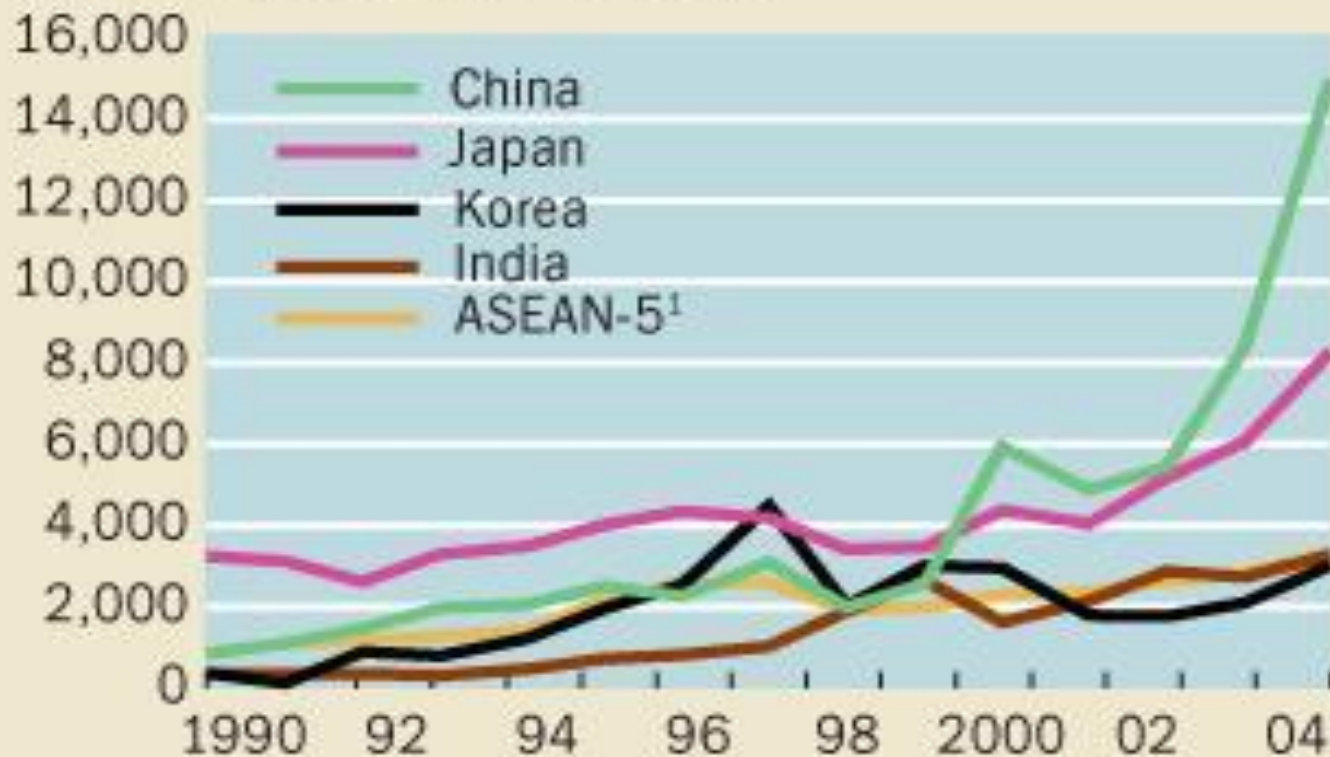
Source: IMF Direction of Trade Statistics (DOTS).

StatLin. <http://dx.doi.org/10.1787/888932807037>

Trade

Africa's exports to China and India have shot up, with these dynamos accounting for half of Africa's exports to Asia.

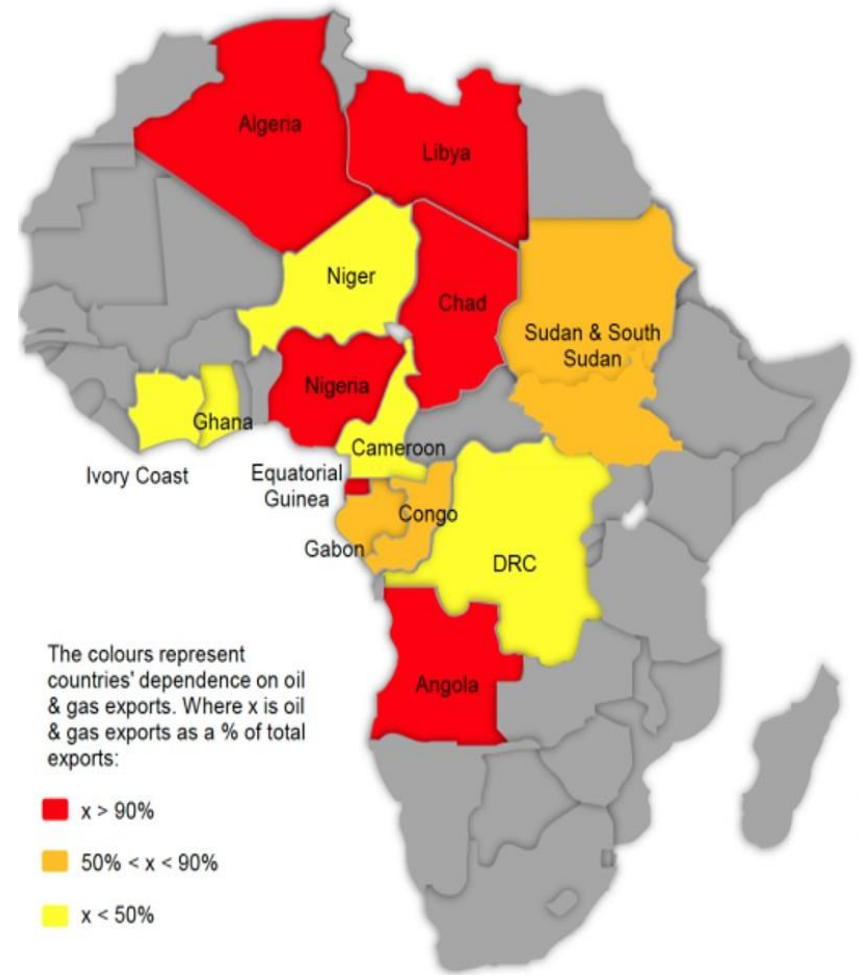
(African exports, million dollars)



The African commodities supermarket



Source: CIA Factbook
 Simran Khosla/ GlobalPost



Still a strong dependency - 1

Table A1: African Countries' Three Main Exports, with their Share in Total Exports (cont.)

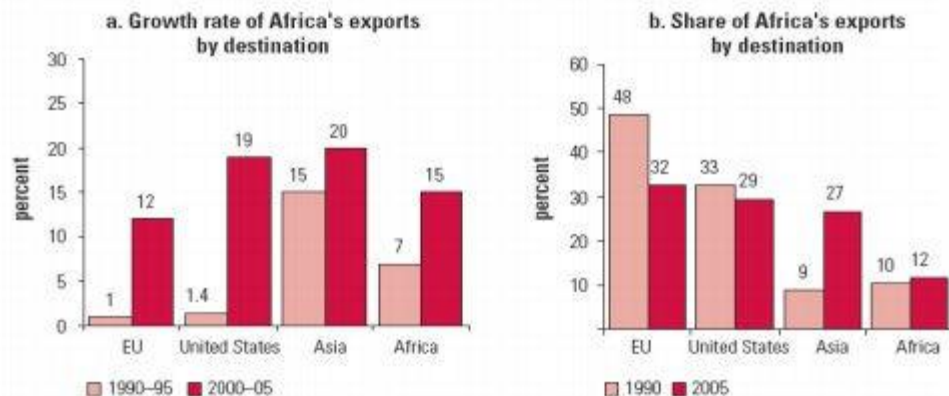
	Three main exports, with their share in total exports*			No. of products accounting for more than 75 per cent of exports
	Product I	Product II	Product III	
Sierra Leone	Diamonds, excl. industrial (49%)	Convertible seats, parts (10.9%)	Parts, data proc. etc. mch (4.9%)	6
Djibouti	Sodium chloride, etc. (35.2%)	Oth. wheat, meslin, unmilled (11.5%)	Petrolm. bitumen, coke, etc (10.2%)	5
Cameroon	Crude petroleum (43.1%)	Wood, non-conifer, sawn (13.4%)	Bananas, fresh or dried (9.8%)	4
Guinea	Aluminium ore, concentrat (43.4%)	Alumina (aluminium oxide) (17.2%)	Crude petroleum (10.3%)	4
Lesotho	Jersys, pullovers, etc. knit (33.3%)	Trousers, breeches, etc. (18.4%)	Trousers, breeches etc. (15.9%)	4
Malawi	Tobacco, stemmed, stripped (55.7%)	Tea (10.5%)	Tobacco, not stripped, etc (8.8%)	4
Somalia	Sheep and goats, live (27.6%)	Fuel wood, wood charcoal (20.7%)	Molluscs (17.1%)	4
Nigeria	Crude petroleum (50.3%)	Natural gas, liquefied (15.1%)	Motor gasolene, light oil (14.8%)	3
Benin	Cotton, not carded, combed (68.7%)	Motor gasolene, light oil (5.8%)	Cigarettes contg. tobacco (4.1%)	3
Burkina Faso	Cotton, not carded, combed (66.9%)	Sesame (sesamum) seeds (6.4%)	Cotton, not carded, combed (14%)	3
Central African Republic	Diamonds, excl. industrial (42.7%)	Wood, non-conif, rough, unt (29.1%)		
Congo DR	Diamonds, excl. industrial (54.9%)	Industrial diamonds (14.4%)	Crude petroleum (8.8%)	3
Guinea Bissau	Molluscs (32.8%)	Propane, liquefied (21.8%)	Fish, frozen ex. fillets (20.6%)	3
Mauritania	Iron ore, concentr. not agg (39.8%)	Molluscs (27.8%)	Fish, frozen ex. fillets (15.5%)	3
Chad	Cotton, not carded, combed (57.5%)	Crude petroleum (21.1%)	Natural gums, resins, etc. (11.9%)	2
Liberia	Ships, boats, oth. vessels (69%)	Wood, non-conif, rough, unt (9.5%)	Natural rubber latex (5.9%)	2
Mozambique	lum. alum. alloy, unwrht (70.9%)	Crustaceans, frozen (6.6%)		2
Niger	Radio-active chemicals (71.5%)	Special trans not classd (12.3%)		2
Rwanda	Crude petroleum (61.1%)	Ore etc. molybdn. niob. etc (14.8%)	Coffee, not roasted (14.6%)	2

Still a strong dependency - 2

Table A1: African Countries' Three Main Exports, with their Share in Total Exports

	Three main exports, with their share in total exports*			No. of products accounting for more than 75 per cent of exports
	Product I	Product II	Product III	
South Africa	Platinum (11.8%)	Diamonds.excl.industrial (9.6%)	Oth.coal,not agglomeratd (7.5%)	44
Egypt	Motor gasoline,light oil (15.3%)	Crude petroleum (13.4%)		42
Tunisia	Trousers, breeches etc. (17.1%)	Crude petroleum (6.8%)	Insultd wire,etc.condctr (5.9%)	35
Morocco	Trousers, breeches etc. (6.5%)	Diodes,transistors etc. (5.5%)	Insultd wire,etc.condctr (5.4%)	33
Kenya	Tea (16.9%)	Cut flowers and foliage (11.2%)	Motor gasoline,light oil (9.3%)	25
Tanzania	Fish fillets,frsh,chilld (12.6%)	Coffee, not roasted (8.9%)	Tobacco,stemmed,stripped (6.9%)	21
Zimbabwe	Tobacco,stemmed,stripped (30.8%)	Nickel,nckl.alloy,unwrgt (8.9%)	Nickel ores,concentrates (8.6%)	13
Mauritius	T-shirts,othr.vests knit (16.6%)	Sugars,beet or cane, raw (16.4%)	Jersys,pullovr,etc.knit (11.5%)	10
Madagascar	Spices,ex.pepper,pimento (27.9%)	Crustaceans, frozen (14.6%)	Jersys,pullovr,etc.knit (11.6%)	9
Eritrea	Elctrn comp pts,crystals (40.7%)	Electrical capacitors (11.8%)	Drawing,measurg,instrmnt (4.6%)	8
Namibia	Fish fillets, frozen (22.5%)	Diamonds.excl.industrial (15.4%)	Radio-active chemicals (10.8%)	8
Senegal	Molluscs (20.2%)	Groundnut oil, fractions (11.1%)	Fish,fresh,chilled,whole (9.4%)	8
Uganda	Coffee, not roasted (31.8%)	Fish fillets,frsh,chilld (11.0%)	Tobacco,stemmed,stripped (9.7%)	8
Cape Verde	Special trans not classd (19.1%)	Gas turbines, nes (18.2%)	Shirts (9.3%)	7
Côte d'Ivoire	Cocoa beans (45.2%)	Cocoa paste (7.7%)	Bananas, fresh or dried (4.8%)	7
Gambia	Aircraft etc.ULW >15000kg (40.3%)	Oth.frsh,chll.vegetables (10.4%)	Groundnut oil, fractions (7.3%)	7
Ghana	Cocoa beans (48.3%)	Wood,non-conifer, sawn (6.3%)	Alum.,alum.alloy,unwrght (5.1%)	7
Togo	Cotton,not carded,combed (36.7%)	Natural calc.phosphates (20.9%)	Cocoa beans (5.8%)	7
Zambia	Copper;anodes;alloys (40.7%)	Copper plate,etc.15mm+th (10.8%)	Cobalt,cadmium,etc.unwrt (10.4%)	7
Ethiopia	Coffee, not roasted (47.2%)	Sesame (sesamum) seeds (12.6%)	Sheep skin without wool (6.5%)	6

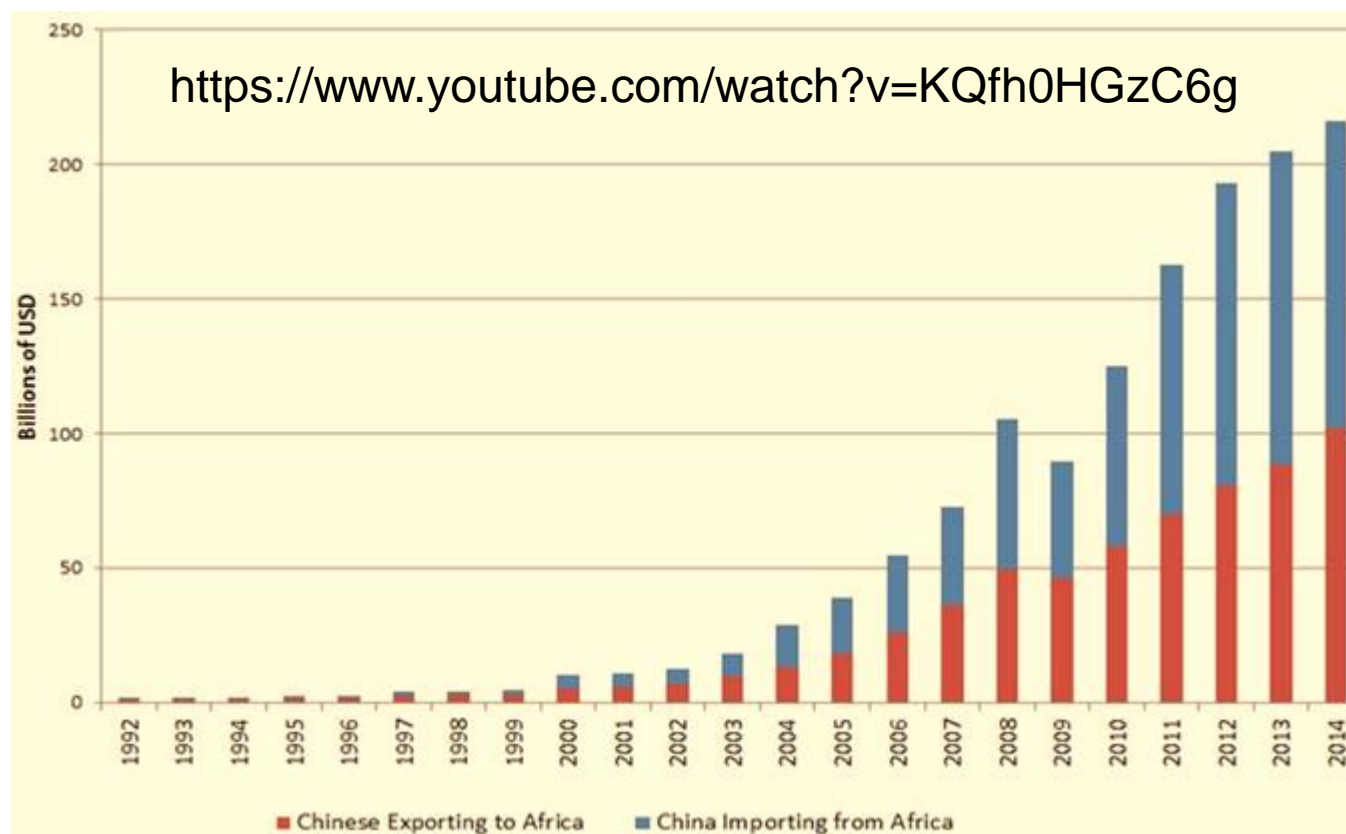
Chart 4. Growth rate and share of Africa's exports
Growth and Proportional Change in Africa's Export Destinations: 1990–2005



Source: IMF Direction of Trade Statistics.

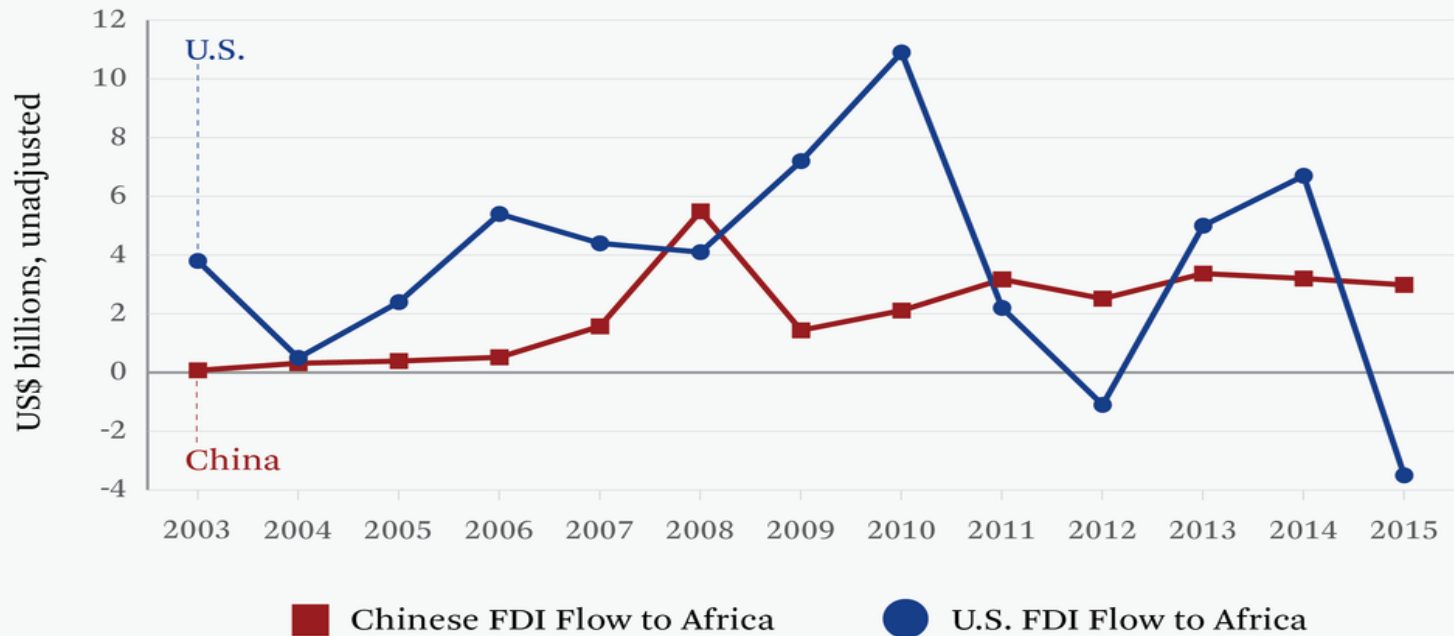
Note: The growth rate is the simple average of annual growth rates in the respective period.

Africa trade



Comparing Chinese and US FDI to Africa (2003-15)

Chinese FDI vs. US FDI to Africa, Flow



Source: UNCTAD Bilateral FDI Statistics; China Statistical Yearbooks

Chinese in Africa



Chinese FDI to Africa



Source: WRI Sustainable Finance, based on official figures from Ministry of Commerce (MOFCOM) 2012 Statistical Bulletin of China's Outward Foreign Direct Investment as cited by (Leung and Zhou, 2014)

Africa and Globalization

Africa's Interaction with International System:

1. Trade
2. Technological transfer
3. Capital flows and Direct foreign investment
4. Migration and Remittances
5. Information and Communications Technology

Technological Transfer

How is Technology “Transferred”?

Trade in capital and consumer goods that embody technologies of various sorts

Direct Foreign Investment

Licensing arrangements

Education abroad and return

Books, communications media

Capital Flows and DFI

Significant capital flows in 2000s

All categories: Foreign Direct Investment, Loans,
Portfolio investment

Concentrated in resource rich countries

Debt burden has been declining due to write offs,
increases in exports and GDP, lower interest rates

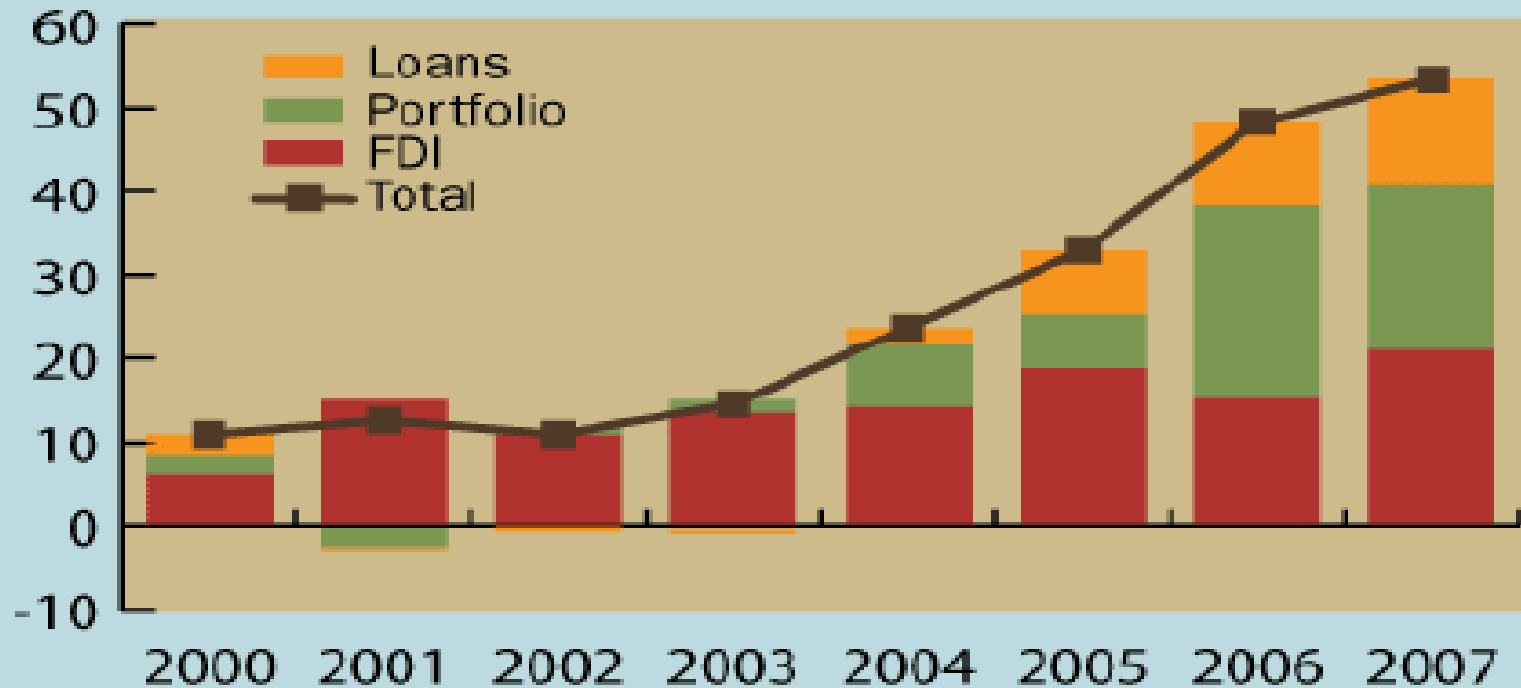
Banking system remained independent and
relatively insulated

Chart 1

Fivefold increase

Rising private capital inflows will help sub-Saharan Africa finance infrastructure and grow faster.

(private capital inflows, billion dollars)



Sources: IMF, African Department database.

Where FDI go

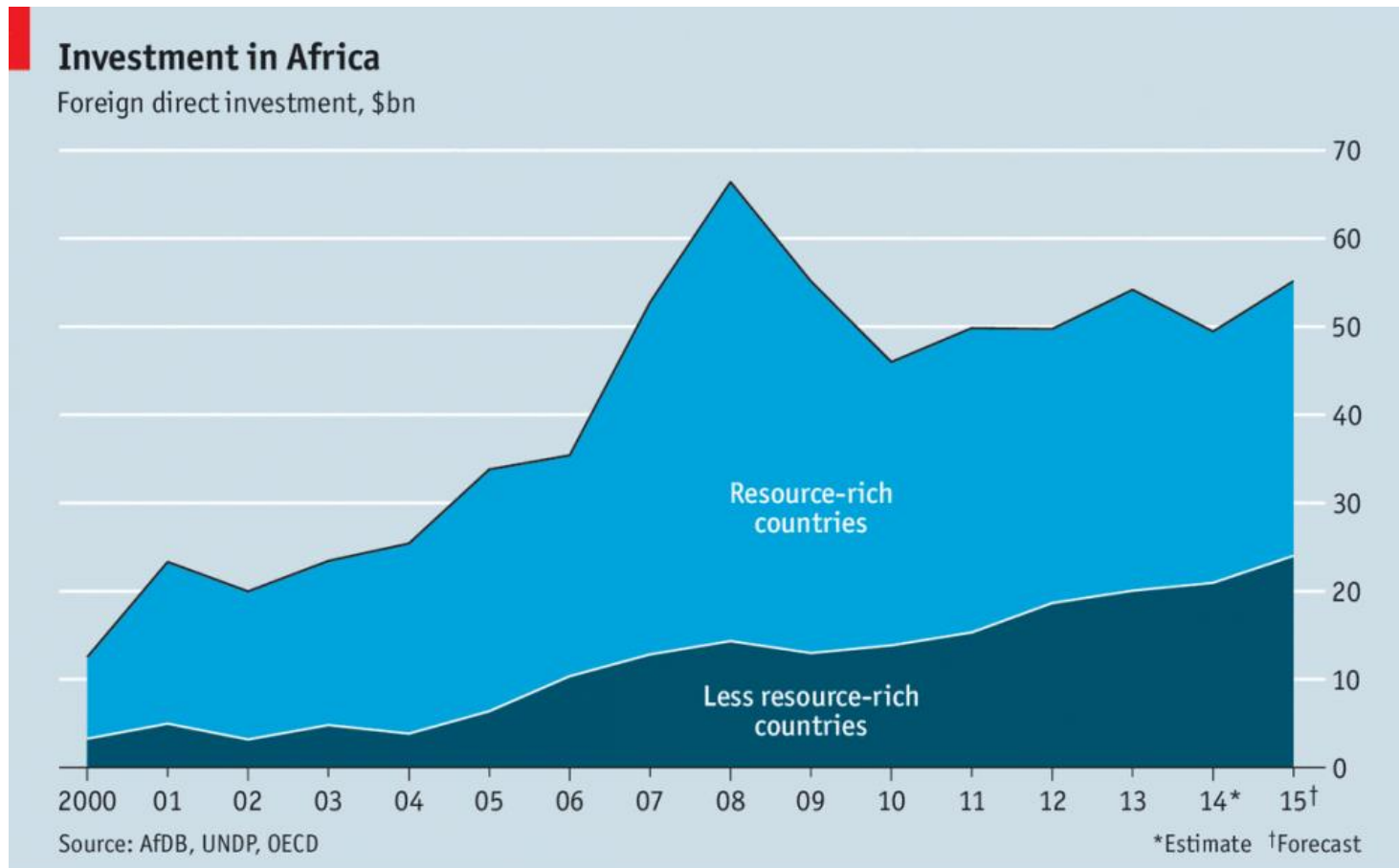
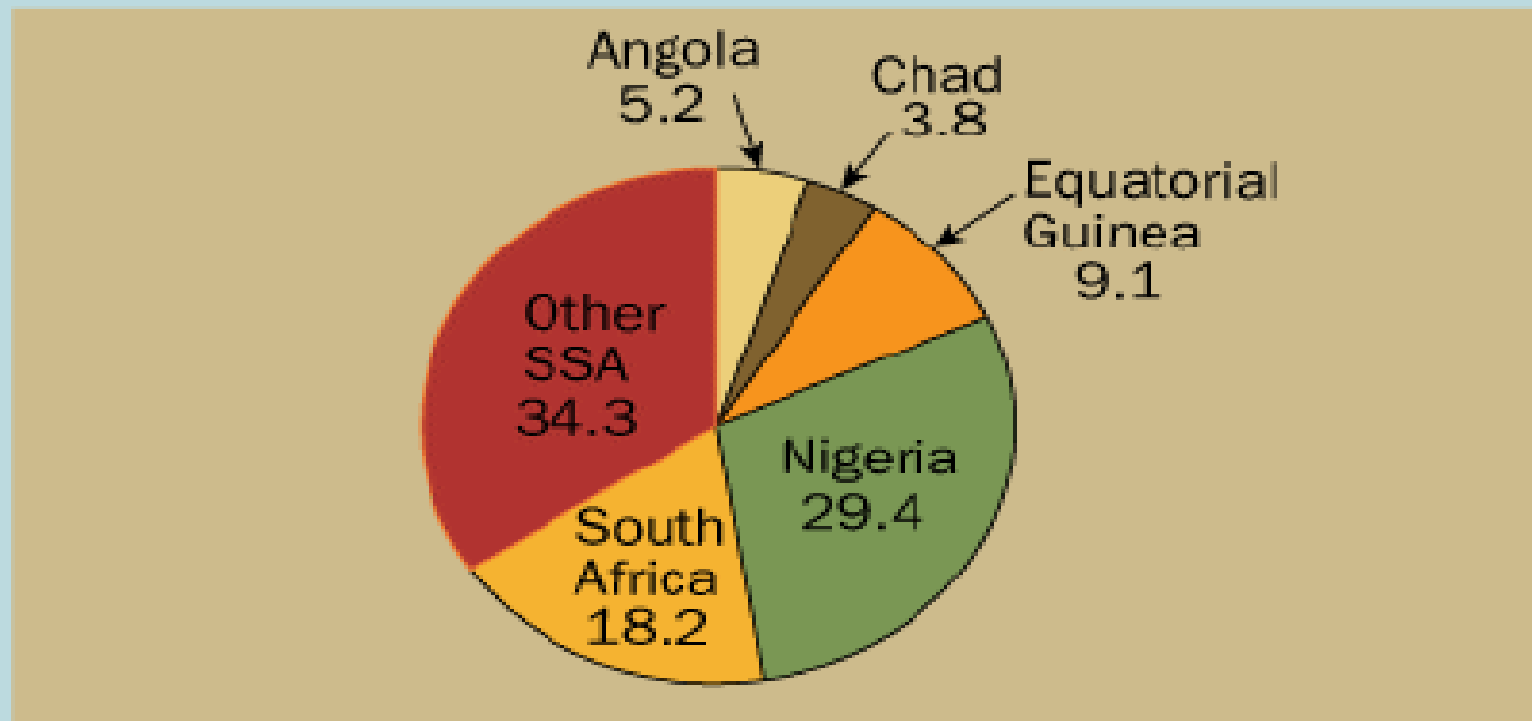


Chart 2

Resource-rich countries lead

Direct foreign investment flows continue to go largely to resource-intensive countries.

(percent of total FDI inflows)



Sources: IMF, African Department database.

Foreign land acquisitions

2006-09

Target countries

'000 Area in hectares, where known

A Other deals, area unknown (see table A)

B Failed deals (see table B)

**“Outsourcing's Third Wave“:
Land Acquisitions**



Source: International Food Policy Research Institute

*Congo data excludes 10m hectares offered to South African farmers' union

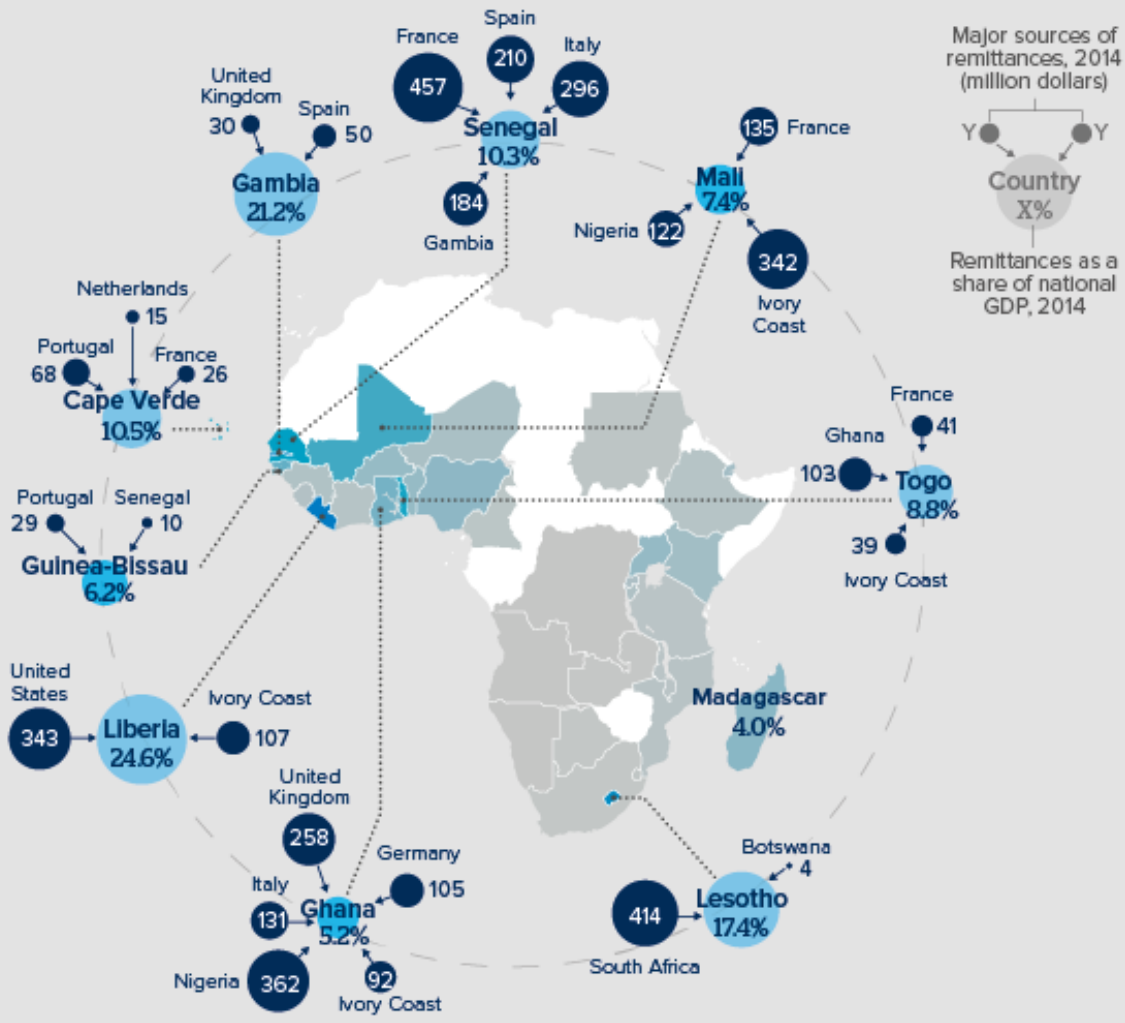
Migration Routes and Remittances



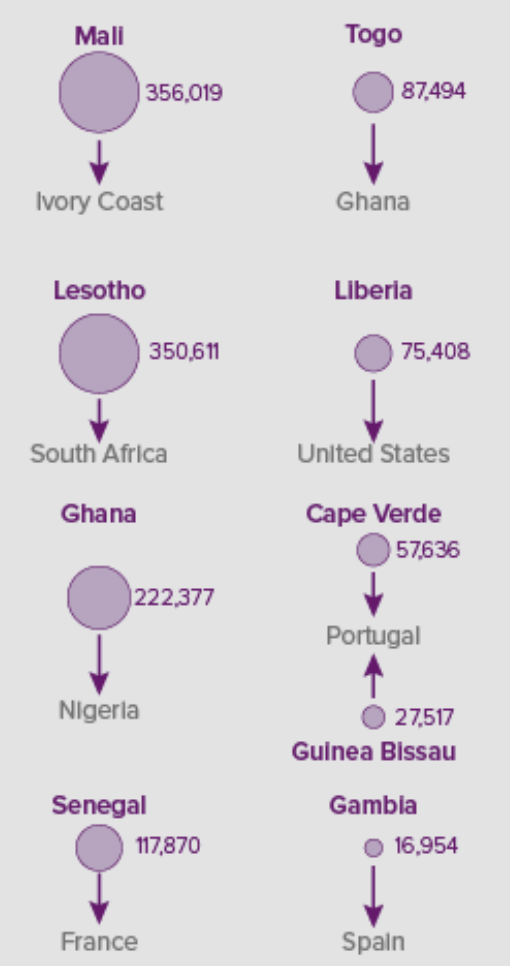
Fostering the GDP

Some states are highly dependent on remittance flows, many of which are intra-continental

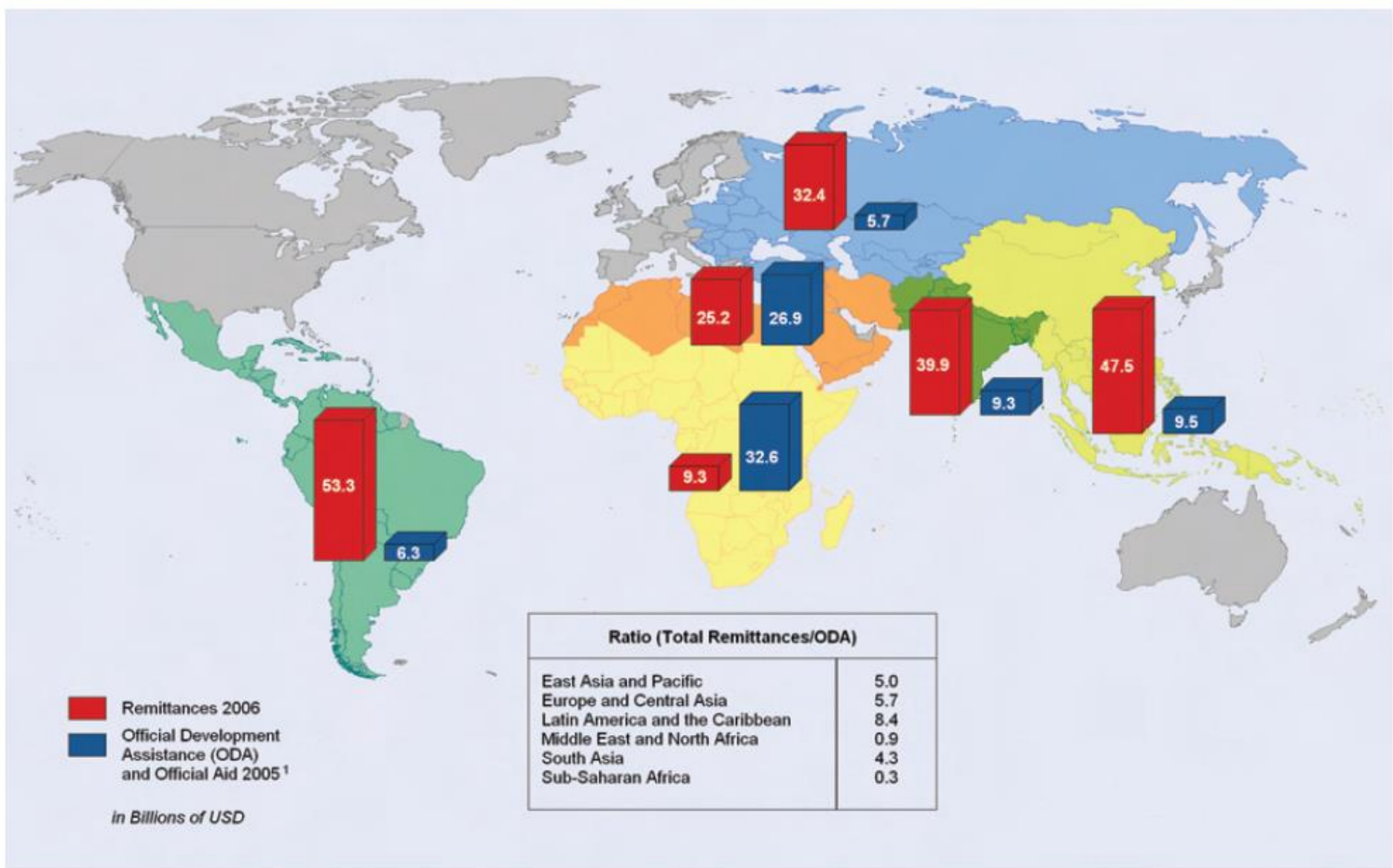
African countries heavily reliant on remittances -- and key sources of those remittances



Main destinations for migrants from remittance-dependant states, 2015



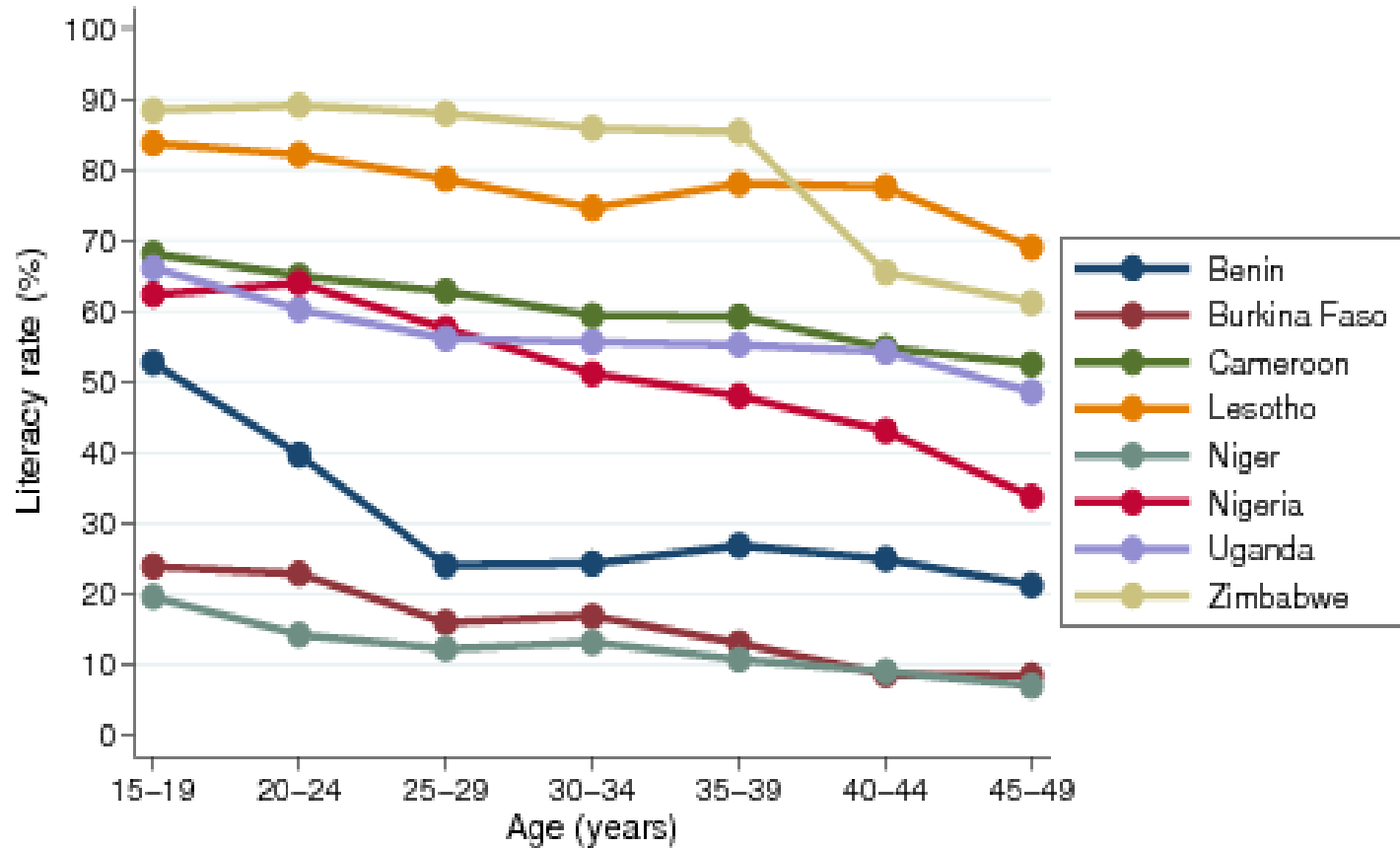
MAP 8: Remittances and Foreign Aid by Region, 2006



Note:
¹ Foreign aid includes Official Development Assistance (ODA) and official aid.

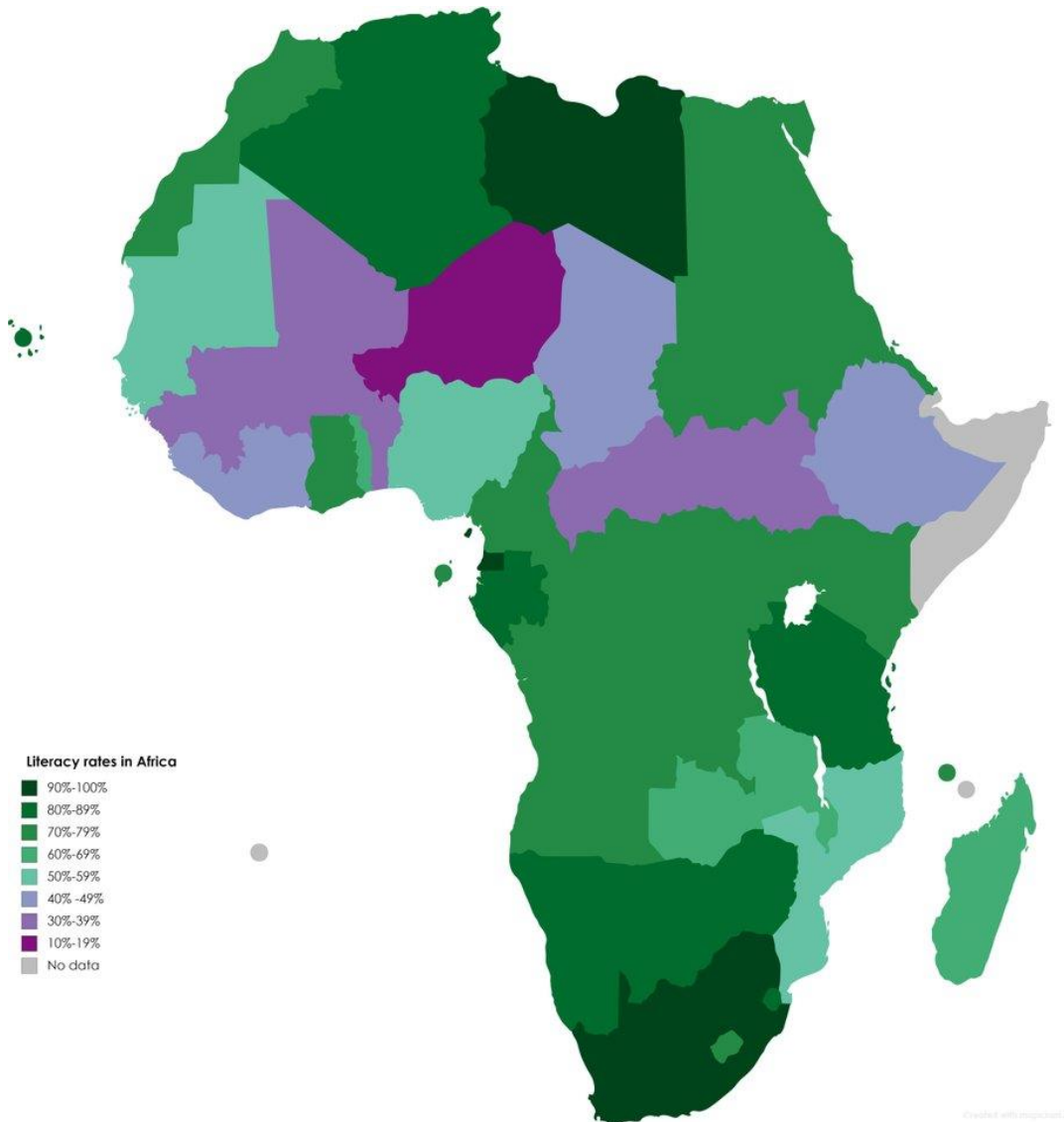
Sources: World Bank Staff Estimates based on the International Monetary Fund's Balance of Payments Statistics Yearbook 2007; World Development Indicators 2007, The World Bank, Washington, D.C.

Very old and new problems



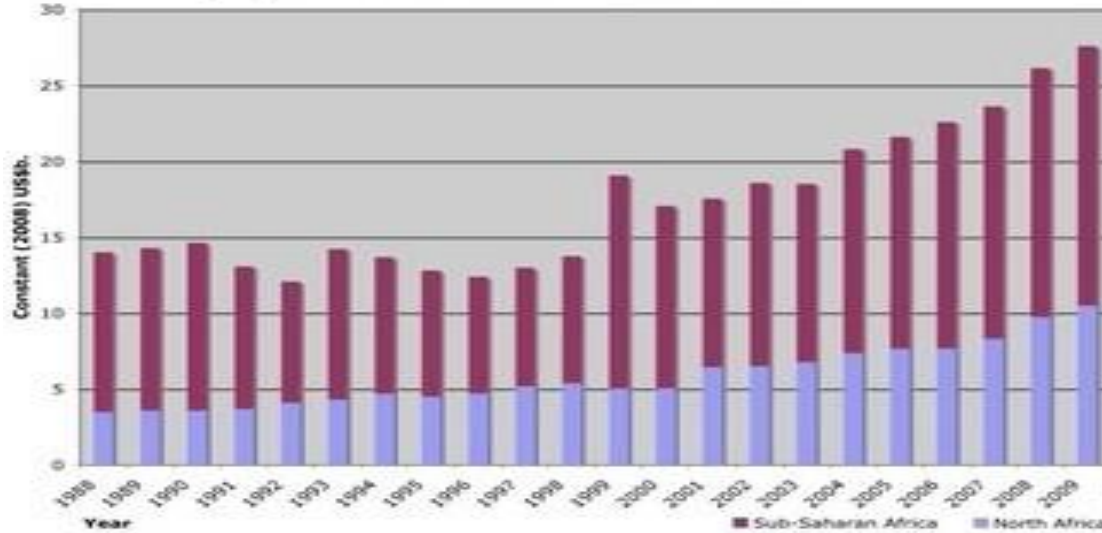
Friedrich Huebler, huebler.blogspot.com, May 2008

Literacy in Africa



Very old and new problems

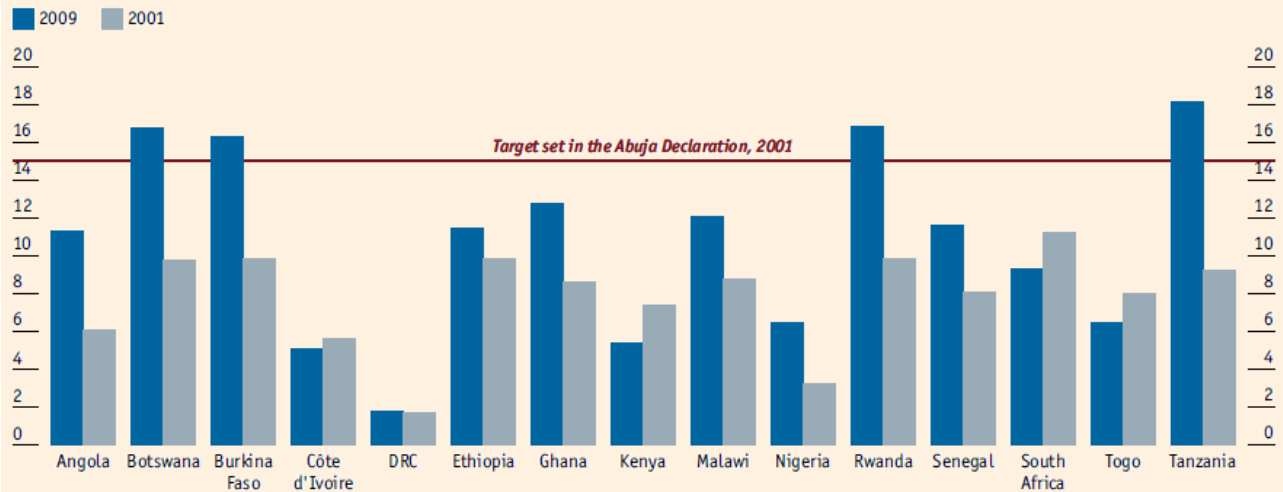
Military expenditure in Africa 1988-2009



General government health expenditure in sub-Saharan Africa, 2009 and 2001

(as a % of general government expenditure)

Representative sample of countries

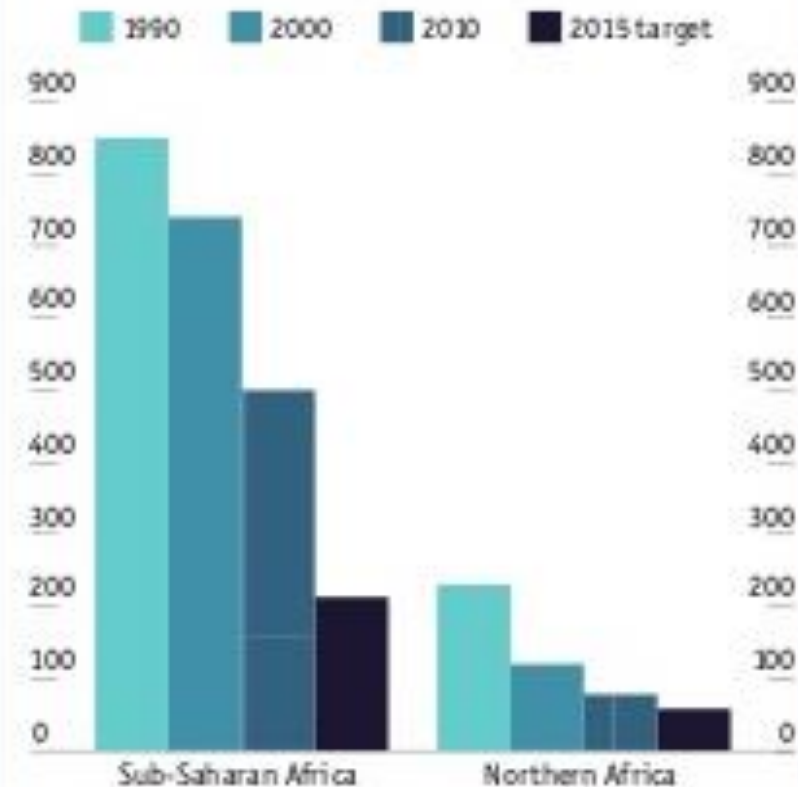


Health care in Africa

Chart 1

Maternal mortality ratio

(maternal deaths per 100,000 live births, women aged 15-49)

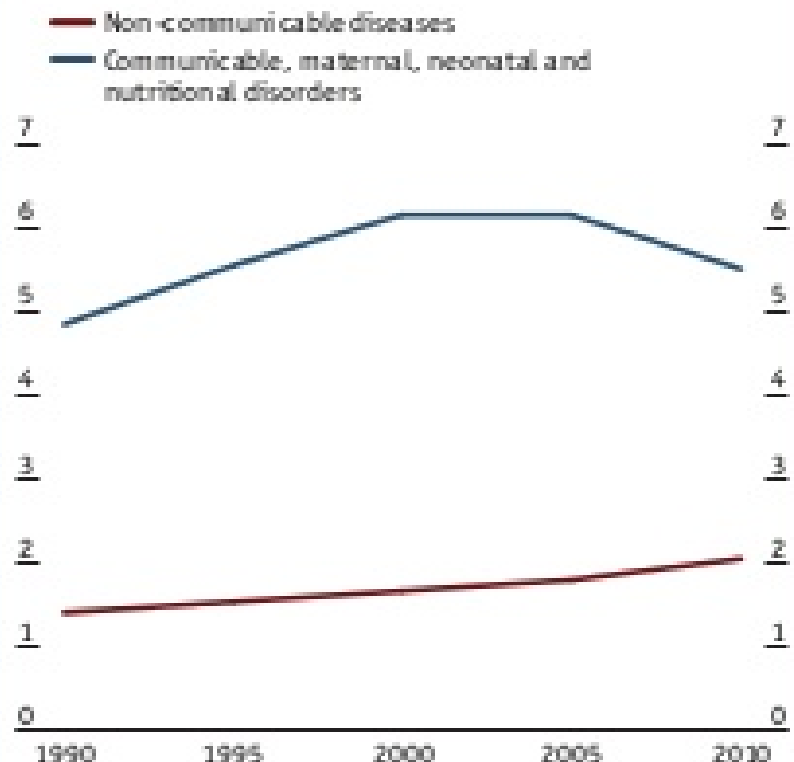


Source: United Nations, *The Millennium Development Goals Report, 2013*.

Chart 2

Communicable vs non-communicable diseases in Sub-Saharan Africa

(deaths, in m)

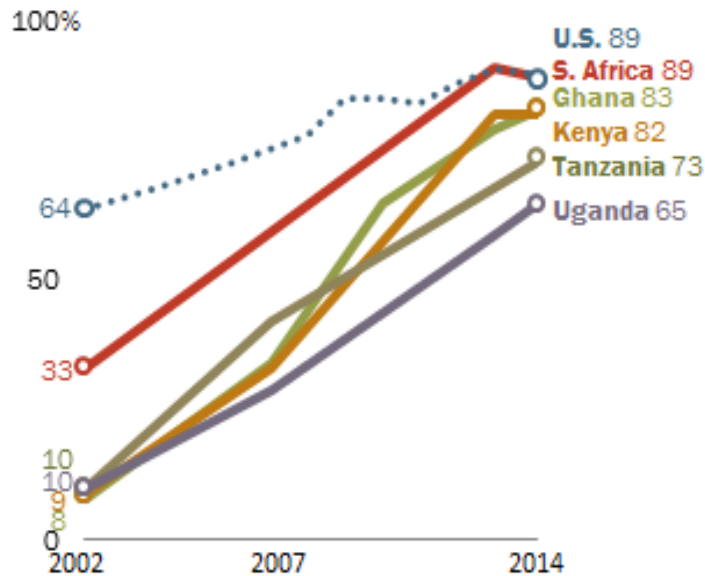


Source: Institute of Health Metrics and Evaluation, *Global Burden of Disease 2013*.

Connecting people

Cell Phone Ownership Surges in Africa

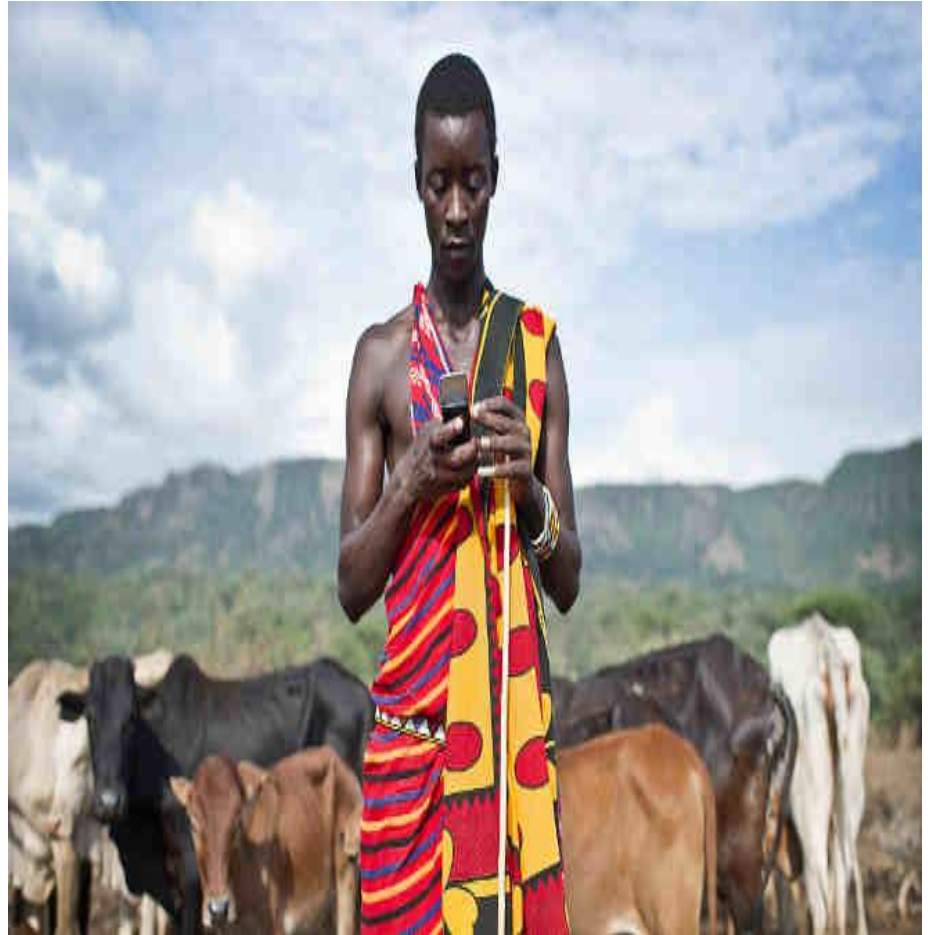
Adults who own a cell phone



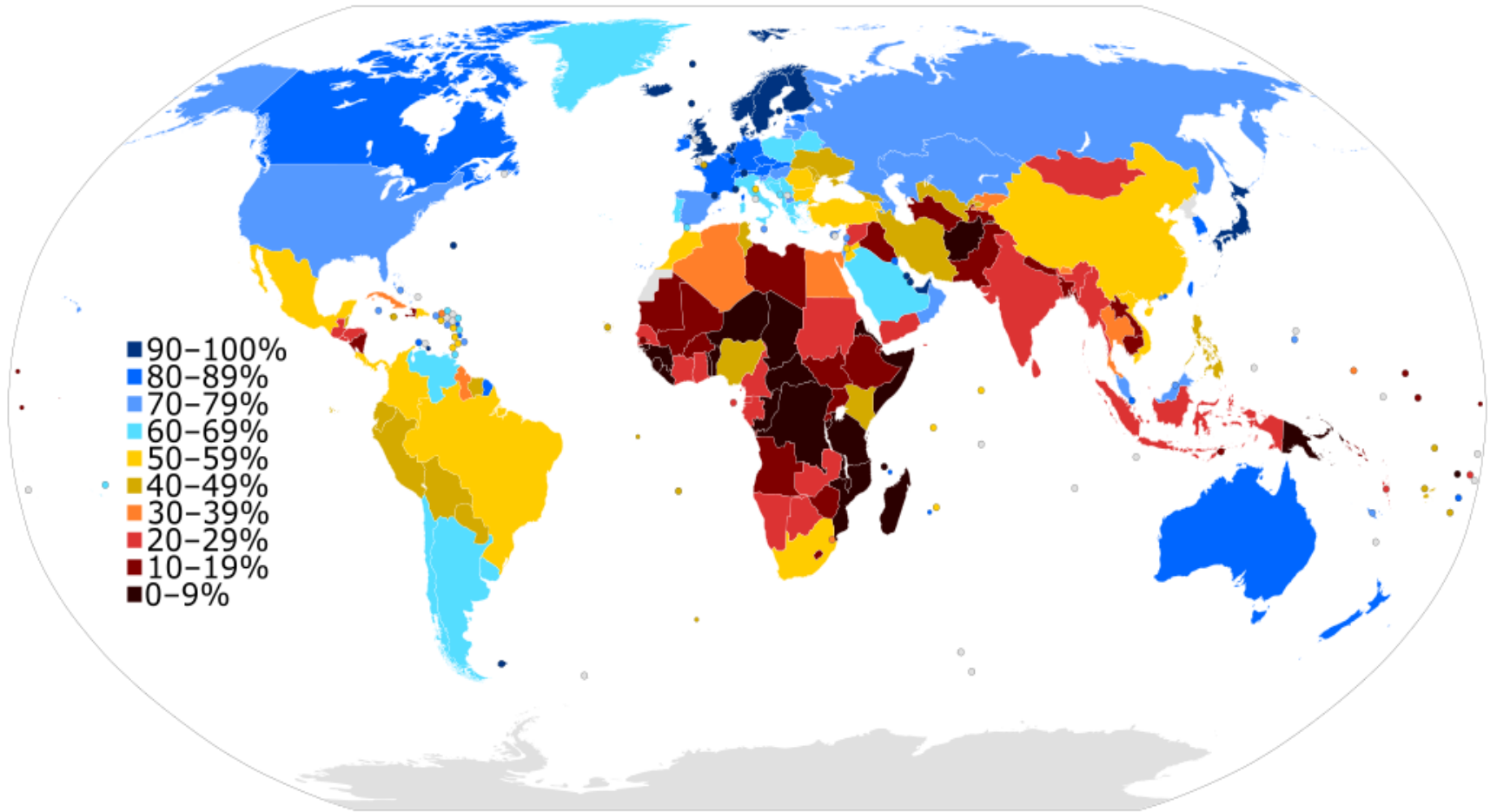
Note: U.S. data from Pew Research Center surveys.

Source: Spring 2014 Global Attitudes survey. Q68.

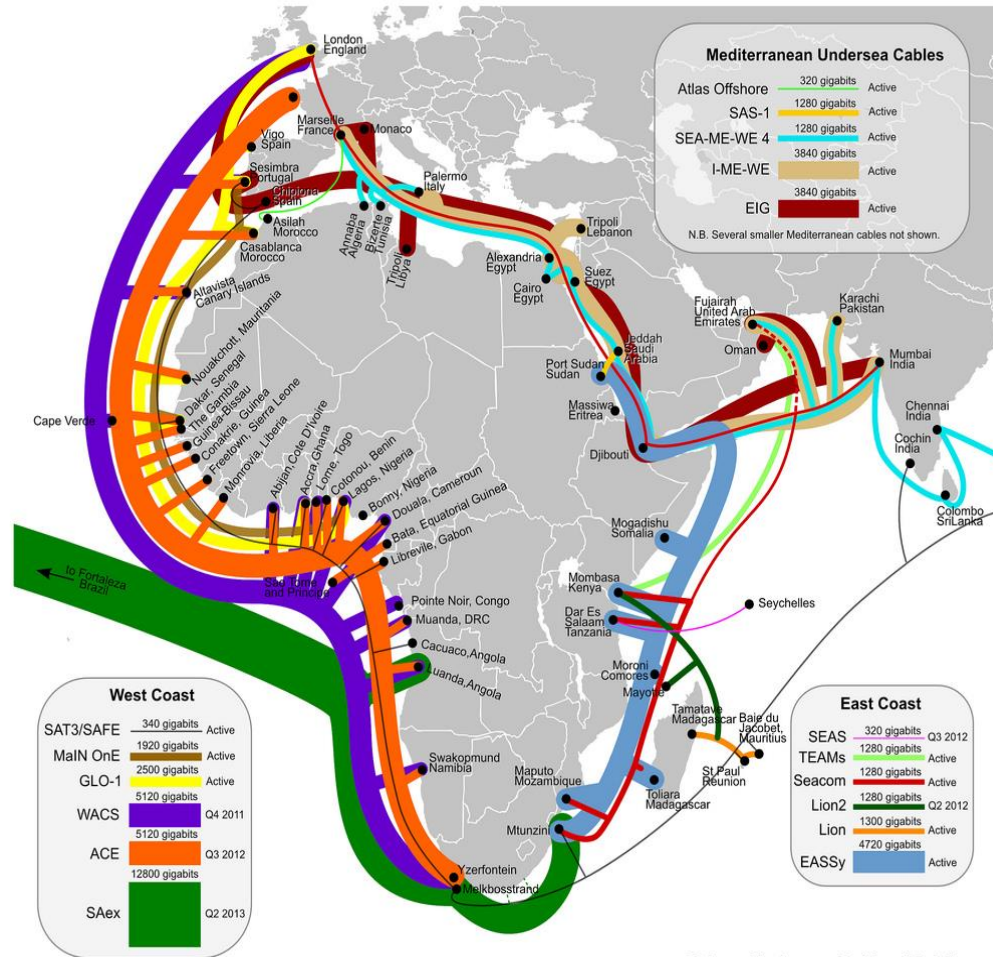
PEW RESEARCH CENTER



Internet in Africa



Internet and the cables

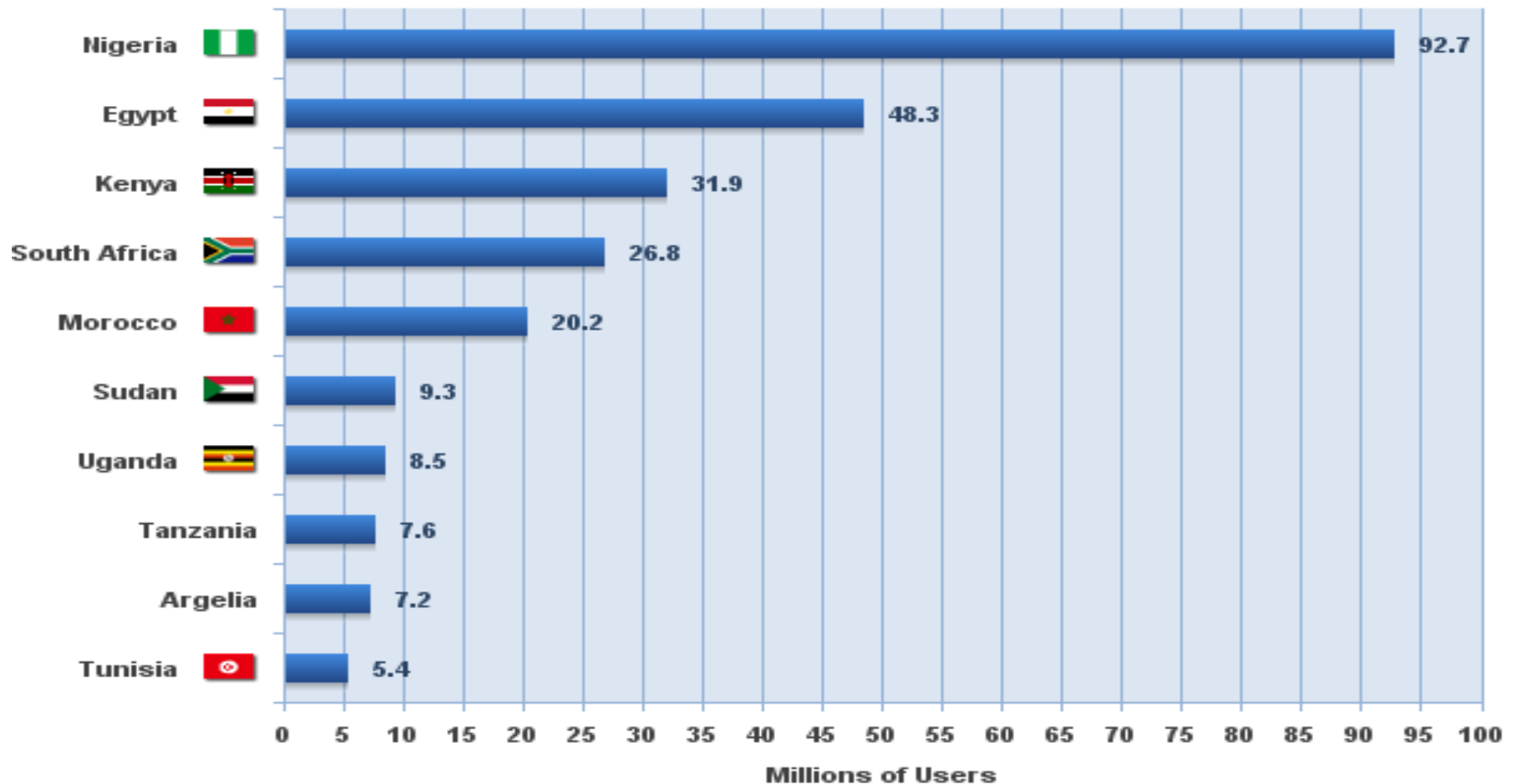


African Undersea Cables (2013)
<http://manypossibilities.net/african-undersea-cables>
 Version 30 - Aug 2011



Internet and Africa

Africa Top 10 Internet Countries November 2015



Source: Internet World Stats - www.internetworldstats.com/stats1.htm
330,965,359 Internet Users in Africa estimated for November 30, 2015
Copyright © 2015, Miniwatts Marketing Group

Implications of participating in Globalization Process

Positive effects:

Intensified technological transfer

Capital goods and consumer goods

Promotion of economic growth.

Rising incomes overall,

reversing 25 years of economic contraction

but still lagging

Some reductions of poverty but not enough

“A rising tide lifts all boats?” (J.F.K.)

Implications of participating in Globalization Process

Positive effects:

Increased tax revenues accompanying economic growth and thence

Increased public expenditures in health, education, water, infrastructure

Intensified learning from international sources

General improvements in many socio-economic indicators, despite AIDS - but not enough

Implications of Participating in Globalization Process

Negative or Problematic Effects?

1. Vulnerability to world economic downswings, via export volumes and prices
 - But perhaps no more than previously
 - Note insulation of banking system from contagion
2. Loss of sovereignty to international institutions (IMF, WB, WTO)?
 - But economic strengthening also improves the capabilities of governments, domestically and internationally

Implications of Participating in Globalization Process Negative or Problematic Effects?

3. Countries become more vulnerable to actions of high income trading partners

- But protectionism has been falling
- WTO-sponsored trade liberalization would obstruct attempts at protectionism

4. Do increased trade and foreign investment simply exploit African workers?

- Common claim from the left
- Counter-arguments are powerful

Improving negotiations capabilities

African countries lack negotiating skills and experience to defend their interests in the WB, IMF, WTO.

- Improve capabilities
- Collaborate with neighbors and African Regional institutions in negotiating
- Not a good argument against participating in the international system

Sub-Saharan Africa: Turning a Corner by 2030?

- *Global Trends 2030: Alternative Worlds*
(National Intelligence Council)

- The megatrends of population growth without aging,
- rapid urbanization, and, to some extent, middle class
- expansion will significantly shape the trajectories
- of most African countries

- However, the trend of individual empowerment will
- only slowly be evidenced in the most impoverished
- regions, and Africa will be catching up to the world in
- introduction of existing and new technologies.



Sub-Saharan Africa: Turning a Corner by 2030?

- GLOBAL TRENDS 2030: ALTERNATIVE WORLDS
(National Intelligence Council)
 - New technologies, legal frameworks, and trade and investment incentives can lead to more efficient food and energy production and water and resource management
 - Governments that do not respond to demographic change and meet popular expectations face increased destabilization, criminality, and emigration—particularly by the most skilled.



Sub-Saharan Africa: Turning a Corner by 2030?

- GLOBAL TRENDS 2030: ALTERNATIVE WORLDS
(National Intelligence Council)

- Providing electricity and building infrastructures,
- Creating better and more stable policy regimes,
- raising the skill levels of workers, maintaining security,
- opening space for private sector development
and entrepreneurship, and closing opportunities for
- corruption will also be critical.



Sub-Saharan Africa: Turning a Corner by 2030?

- GLOBAL TRENDS 2030: ALTERNATIVE WORLDS
(National Intelligence Council)



- The diffusion of power in the international system toward multi-polarity is unlikely to give Africa a much stronger voice in global forums by 2030, given its weaker economic weight in the international system.
- Global powers will most likely be less able to forge consensus to address African crises if the United States and Europe are less able to assert leadership and provide assistance. Consequently, Africa will need to become more independently able to address regional threats. Opportunities exist to strengthen the African Union and sub-regional organizations to this end.

Sub-Saharan Africa: Turning a Corner by 2030?

- GLOBAL TRENDS 2030: ALTERNATIVE WORLDS
(National Intelligence Council)



- **Beyond traditional conflict, criminal networks and extremist groups will be able to expand their reach within countries and across borders if the capabilities of national governments do not keep pace.**
- **Despite the strides toward greater stability in Sub-Saharan Africa, substantial outside humanitarian and economic assistance will be needed to ensure**
- **these continuing conflicts do not spill over into broader regional and global conflagrations.**

The biggest risk: the State failure

