

Africa – A continent of Hope and Possibility

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It is just over seven years ago that the Economist magazine described Africa as the “hopeless continent” in a cover story that sparked anger and resentment in Africa and widespread comment internationally.

Back then Africa had an annual growth-rate of 3% and conflicts were raging in the Horn of Africa, the nine countries of the Great Lakes region and the civil war was raging in the Sudan. The continent was at risk of being radically marginalised as globalisation gained momentum.

Today the picture is dramatically different: Sub-Saharan Africa has sustained growth rates in excess of 6% for the past couple of years, the conflicts in the Great Lakes and the Horn of Africa have been substantially stabilised and there is a peace accord between north and south Sudan although the conflict in Darfur has become a major focus of peacekeeping efforts on the continent and internationally.

There are fewer dictatorships than there were seven years ago and Africa’s self-regulation architecture – the newly-constituted African Union, the New Partnership for Africa’s Development and the voluntary African Peer Review Mechanism (APRM) - have created a new momentum towards economic transparency and good governance despite the unfolding economic meltdown and humanitarian tragedy unfolding in Zimbabwe.

During this period South Africa has emerged as the one of the fastest growing investors in Africa. Led by the private sector, the country is opening mobile phone operators, supermarkets, running pay-TV and banks and Sasol, Escom and Petro-SA are involved in energy projects across the continent.

China’s trade and investment with the Africa has grown beyond even the wildest predictions in the past seven years.

Today the Chinese Export-Import Bank is emerging as the largest lending institution to African countries and is set to surpass the World Bank and the African Development Bank combined in the next three years or so with some \$20-bn in infrastructure loans to Ethiopia, Angola and Nigeria.

Africa’s oil reserves have become increasingly strategic and sought after in the same period. The United States has declared its oil interests in Africa as a national strategic asset and China now sources 25% of its insatiable thirst for oil from Africa – much of it from Sudan.

And there is good news on globalisation and the digital divide. Whereas even seven years ago it looked as though Africa might be left on the wrong side of the digital chasm there has been a phenomenal leapfrogging of outdated and inadequate fixed-line telecommunications which has seen the mobile phone proliferating at a staggering rate.

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Internet and mobile phone usage has doubled every year for the past seven years and the new connectivity has spawned an explosion of entrepreneurial activity which is breaking through red-tape and rigid regulatory systems to spawn a new grassroots economic revolution in many African countries.

In his recent visit to the United Nations in New York, British Prime Minister Gordon Brown refocused attention on the Millennium Development Goals which seek to halve poverty and achieve universal primary education by 2015.

Prime Minister Tony Blair's Commission on Africa helped raised awareness in Britain about link between African development and global security – and hence the lives of people in Britain.

And the G8 Africa Action Plan – which the Commission helped inform - has assisted in keeping African development on the international agenda. But is clear that there will need to be far more emphasis on implementation if they are to be achieved.

While there is north-south consensus over the G8 action plan there is also a growing consensus in the developing world – led by the BRIC countries (Brazil, Russia, India and China) and South Africa – that what is needed to make an African economic renaissance sustainable is more trade and investment rather than more aid and debt relief.

The failure to complete the Doha round of international trade agreements reflects the problems that lie ahead in removing agricultural subsidies and levelling the playing fields on international trade.

Another area where Africans are making a major impact is in the global arena where an African professional class is contributing to the success of many of the leading industrialised democracies. The challenge is now to harness that expertise to ensure that some of its benefits can be felt at home.

While Africans on the continent invest most of their private capital abroad, Africans also save a higher percentage of their savings than citizens of the United States and foreign private capital inflows into Africa hit £19-bn (\$38-bn) last year (2006) amounting to more than all the foreign aid to Africa.

Clearly, the challenge that lies ahead is for Africa to ensure that the continent has a guiding hand in its future development. Much of that will focus on the relationship with China and whether the current balance of trade – which is heavily skewed in China's favour – can be tilted more towards African manufacturing exports.

South Africa is well placed to call some of the shots in the relationship with China and ensure that African countries will be in a position to benefit from the vast legacy of infrastructural development which China is likely to leave behind in order as it satisfies its demand for Africa's mineral resources and raw materials.

Africa will need to ensure that China invests more in African manufacturing and beneficiation and that the trade-off is not merely cheap manufactured goods for Africa's minerals and raw materials.

As President Thabo Mbeki put it at a recent press conference following the half-yearly Cabinet retreat:

“We import more than we export, so the balance is very much in their favour,” He said. “We have discussed this matter with the Chinese government and have agreed that we need to address this which means better access for South African products into the Chinese market and more investment by Chinese companies here.”

But therein lies great hope for the future if South Africa and Africa can get it right. A far cry indeed from the “hopeless continent”.

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