

Africa's engagement with China, India reshapes global economy - report

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Africa's engagement with China, India and other Asian economies is a new megatrend that will reshape the global economy for years and decades to come, as Africa gradually moves away from the West and heads towards high-growth economies of the East, according to a recent report released by MasterCard Worldwide Insights.



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Worldwide

But, while the engagement has been described by some observers as an 'exploitative one-way exercise' mainly benefiting Asia, the MasterCard report refutes this argument, pointing that this new coupling is not simply about Asia securing mineral resources from Africa, but also about Asia off-shoring the lower added-value product into Africa.

New consumer markets

It is also about tapping into the new consumer markets of that vast region, the report said, adding that the engagement is expected to lift Africa's growth trajectory significantly for the foreseeable future.

The MasterCard Worldwide Insights specifically emphasises the current and potential impacts of the expanding trade and investment relationships with the 'Africa 10'. Africa 10 is a group of 10 front-runner countries in sub-Saharan Africa identified as the nations that will lead Africa's transformation in the 21st century. It is made up of Angola, Ghana, Kenya, Mauritius, Mozambique, Nigeria, Zambia, Tanzania, Zimbabwe and South Africa.

The report said China's expanding trade with Africa has seen an increase from US\$6.5 billion in bilateral trade in 1999 to over US\$106 billion in 2008.

India, Africa relationship grows

India's engagement with Africa took a significant turn after a recent India-Africa summit brought together 318 Indian delegates and 483 African delegates, who discussed 193 projects valued at US\$17.2 billion.

One example of such a country is Angola, Africa's biggest oil producer. The report, which revealed that China's bilateral trade with Angola was only a few million US-dollars a decade ago but reached US\$400 million in 2006 and US\$1.8 billion in 2008, said Angola's imports from China include mostly items related to infrastructure development and construction.

Angola's imports from India, which increased sharply since 2006, comprises items such as meat, drugs and pharmaceuticals, dairy products, machinery and instruments, cotton yarn and fabrics. As expected, crude oil is the main export commodity of Angola to India, representing 98.2% of all exports in 2008, according to the report.

China-Africa relationship criticised by West

However, while India's engagement with Africa has been cautiously welcomed, China's 'aggressive plundering' of Africa's resources - as some put it - continues to be vehemently criticised, mostly by Western governments, which attach some conditions to its aid to discourage Africa's dictatorial regimes.

Communist China, whose economy is set to grow by almost 10% in 2011, is ruled by a repressive government that restricts freedom of expression and media and religious liberties, and bans multipartism.

Human rights groups also accuse China of propping up Africa's tyrannical regimes by providing them with arms, political advice and strategies and big money, which is used to prosecute those regimes' political opponents and critics who mostly oppose China's 'immoral' engagement with their countries.

Reports said Chinese arms have been used by the Sudanese militia and regular army in Darfur, where an armed conflict has killed more than 300 000 people and displaced almost two million.

"Yet to see true impact" - Angolan student

"Of course, China's engagement is meaningless because as ordinary citizens we have yet to see its true impact. Where are the jobs and the infrastructure coming from the Chinese investments?" asks an Angolan university student living in Johannesburg, speaking on condition of anonymity.

"For me, it is an engagement between two corrupt and repressive governments mostly benefiting their elites. China and India are the new imperialists, the neo-colonialists, yes that's what they are," the student said, fuming.

But, despite the intense criticism, the MasterCard report said Africa's new coupling with Asia can be expected to have a far-reaching global impact over time.

"As Africa resources become more developed and efficient, and with better infrastructure to ship the products to the global market, the supply side of commodities will be steadily expanded," the report said.

ABOUT ISSA SIKITI DA SILVA

Issa Sikiti da Silva is a winner of the 2010 SADC Media Awards (print category). He freelances for various media outlets, local and foreign, and has travelled extensively across Africa. His work has been published both in French and English. He used to contribute to Bizcommunity.com as a senior news writer.

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