

The United States and Africa: Looking toward the Next Decade

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Africa's Changing Partnerships over the Next Decade

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Introduction

Just as the rest of the world has experienced dramatic changes over the past decade, so have the 54 countries in Africa, some obviously more than others. It is a virtual certainty these changes, which have impacted Africa's partnerships, will continue over the next decade. Most of the previous speakers focused on Sub-Saharan Africa; my comments refer to the entire continent unless otherwise noted.

China, India, and, until recently, Brazil have become major players in the economies of African countries. They have been joined, although at a much more modest level, by other relative newcomers such as the Gulf States, Turkey, Singapore, Malaysia, Indonesia, and Thailand. Collectively, these relatively new arrivals are challenging Africa's more traditional partners in Europe, North America, Japan, South Korea, and Australia. This pattern is likely to continue and even accelerate over the next decade, although internal developments in each of these countries will determine how significant their partnerships with African countries become.

Because of economic and political setbacks in Brazil, for example, we have already seen its leaders step back from their significantly increased outreach to Africa. The refocusing of China's economy from manufacturing to the service and consumer sectors is resulting in fewer commodity imports, which impacts negatively African exporters of natural resources. Turkey, because of its preoccupation with the situation in neighboring Syria and increased opposition from the Kurdish minority, could find itself pulling back from expanding ties with Africa. If the price of oil remains low, the Gulf States may also conclude they have less interest engaging in

Africa. There will also be totally unanticipated developments in countries outside Africa that will impact both positively and negatively their interest in strengthening or relaxing ties with Africa. But while emerging nations will experience positive and negative factors that affect their relationships with Africa, the same situation applies to Africa's traditional partners.

Future Trends in Africa

Equally important are changing conditions in Africa, which will determine to some extent where individual African countries turn for support and partnerships over the next 10 years. Sub-Saharan Africa has the fastest growing population in the world and will continue to hold that position over the next decade. The population growth rate in North Africa is lower. The good news is that Africa will have a younger and more physically productive population than the rest of the world. The bad news is that Africa may not be able to create enough new jobs to accommodate this rapidly increasing young population, resulting in urban unrest.

Africa is also the fastest urbanizing region in the world, albeit from a low base, and this trend will continue over the next decade. Urbanization will bring more poverty but potentially create attractive hubs for economic and investment activity.

Adherents to Islam in Africa are increasing at a more rapid rate than adherents to Christianity. At the end of 10 years, there may be virtual parity in Africa between Muslims and Christians with important implications for social and political relationships.

The unprecedented GDP growth rate in Africa over the past 10 years, on average about 5 percent annually, has already begun to decline and will probably remain below 5 percent over the next 10 years due to lower commodity prices. On the other hand, there will be more progress on establishing an Africa wide free trade area, although it will not be complete at the end of 10 years.

There have been significant improvements in African infrastructure, again from a low base, and approved projects guarantee additional gains, especially in power, transportation, and ports. At the same time, debt is increasing in Africa and requires special attention, particularly in those countries that rely heavily on the export of oil and minerals.

While climate change may not have significant impacts over the next decade, its effects are being felt and it will play a major role in the period beyond. Africa will also experience an increase in industrialization as manufacturing in wealthier countries such as China is priced out of the market or shut down for environmental reasons. As a result of these factors, Africa's reliance on solid fuels, and underutilization of its renewable energy resources (50 percent of the world's total), air pollution will become a growing problem and result in more deaths.

Deforestation and land degradation are serious problems in Africa and the problem will only increase. This will result in reduced agricultural productivity and worsened food security in

spite of the fact that Africa has 60 percent of the world's non-forested, potentially agriculturally productive land. The quality and quantity of Africa's freshwater are decreasing as a result of over-exploitation, climate change, and pollution. This will have a negative impact on both the health of African populations and the productivity of its agriculture.

For a variety of reasons, there will probably not be any decrease in the number of African IDPs, refugees, and migration over the next 10 years and the situation could worsen.

While African nations must make their own decisions for dealing with these challenges, the partnerships they develop with countries outside Africa will also determine their success or failure in coping with or even overcoming these obstacles. The most important relationships will concern trade, aid, investment, and support for countering African security threats such as internal conflict and terrorism.

Africa's Trade Partners

Trade figures, because they are reasonably accurate and comparable across countries, offer some useful insights on Africa's partnerships. Until 2009, the US was Africa's largest trading partner when China took the number one position. China has increased its lead every year since 2009, although the annual percentage increase is beginning to diminish as countries such as India become more important trade partners. France pushed the United States into the number 3 position in 2014 and India dropped the US into fourth place in 2015. Using 2014 trade figures, China held position number 1, France number 2, the US number 3, India number 4, and Spain number 5.

More important, however, are recent trends in Africa's trade with the rest of the world. From 2008 through 2014, China and India had huge increases in exports and imports with Africa. The US had a huge decrease in imports from Africa, mainly due to lower crude oil imports following fracking in the US, and flat exports to Africa. Africa's trade with key European countries was largely flat, a few showing small increases and others small decreases. Africa's trade with Japan and South Korea was also essentially flat. Although starting from a modest base, the countries experiencing the largest percentage trade increases included Malaysia, Thailand, Indonesia, the UAE, and Turkey.

Looking ten years ahead, European and North American trade with Africa will continue to decline on a percentage basis while that with many Asian countries and a few in the Middle East will rise. Look for India in particular to challenge China for the number one position because of its closeness to Africa, need for African oil, and improved ability to compete with China on exports to Africa. Countries such as Vietnam, which hardly register as trade partners with Africa today, will become significant players. Intra-African trade will also become more important. In 2014, South Africa was the tenth largest global trading partner with the rest of Africa and Nigeria was the sixteenth largest.

Africa's Aid Partners

The European countries collectively are by far the largest aid providers to Africa. In 2013, European Union institutions, the UK, France and Germany disbursed 28 percent of all aid to Africa, exceeding \$15 billion. The US was the single largest bilateral source of aid, accounting for 16 percent of the global total or about \$9 billion. The IDA window of the World Bank accounted for 11 percent and the Global Fund another 5 percent. The United Arab Emirates disbursed a surprising 9 percent of the global total (\$4.8 billion) to Africa.

China provides about \$2.5 billion annually, the African Development Bank \$2.3 billion, Japan just over \$2 billion, Canada about \$1.5 billion, Sweden \$1.3 billion, Norway \$1 billion and the Netherlands and Denmark just under \$1 billion each. Emerging nations other than China and the UAE probably provide well under \$1 billion each annually.

Looking to the future, the Western countries and development banks will account for the overwhelming majority of aid going to Africa, although the annual dollar amount may not rise above current levels plus inflation. Emerging nations such as China and India will slowly increase their aid but I don't see any significant rise. UAE aid to Africa in 2013 may have been a one-off event; I doubt it can continue that level of aid in view of the drop in the price of oil. African countries seeking development aid assistance, especially when most of it is in the form of grants, had better continue to look to the West for support over the next 10 years.

Africa's Investment Partners

FDI statistics for African countries are difficult to compare because of different definitions and ways in which the data have been collected. Drawing on a 2015 Ernst and Young report on Africa, one can make the following generalizations. From 2005 through 2014, Western European countries consistently provided well over one-third of annual FDI projects in Africa. North America dropped from 25 percent of projects in 2005 to 15 percent in 2014. Projects funded by other African countries rose from 9 percent in 2005 to 19 percent in 2014. The number of projects from the Asia-Pacific region, including China, varied between 15 percent and 18 percent. Projects from the Middle East averaged about 9 percent, from the rest of Europe between 1 and 4 percent, and from Latin America less than 1 percent.

US companies have traditionally been the most important FDI investors in Africa, adding since 2007 some 700 projects valued at \$53 billion. In 2014, by number of new projects, the UK and South African investors were nipping at the heels of American companies, tied for second place. The next most important countries in order were the UAE, France, Germany, China, India, Portugal, and Spain. The UAE was significant because it was not only 4th in terms of new projects in 2014, but first in terms of dollar amount invested, most of it in North Africa. In 2014, the Gulf States increased their share of African FDI projects to 9 percent. Chinese companies announced 32 FDI projects valued at \$6 billion, although there is a history that some of these announcements never materialize.

Looking over the next 10 years, Western European and North American companies will continue to be the most important investors in Africa. China, India, several other emerging Asian nations, and several of the Gulf States, depending on the price of oil, will increase their share of projects and annual FDI flows to Africa. While there is a growing tendency in some African countries to believe most of the FDI opportunities will come from Asia, they would make a huge mistake to ignore traditional investment partners in Europe and North America.

Africa's Security Partners

The major non-African countries contributing troops and police to the 9 UN peacekeeping operations in Africa are Bangladesh, India, Pakistan, Nepal, and China. On the other hand, the US pays for 28 percent of the global UN peacekeeping budget, and Japan has been paying 11 percent, and France, Germany, UK, and China about 7 percent each. China announced late last year an increase in its contribution, which will move it by July this year to second place just ahead of Japan. While non-Western countries provide most of the UN peacekeepers in Africa, Western countries pick up most of the cost.

In the case of non-UN peacekeeping operations in Africa, the principal providers of troops to maintain African security are African forces themselves and French forces in Mali, Niger, Chad, Senegal, Burkina Faso, Cote d'Ivoire, Gabon, Central African Republic and Djibouti. The US has a major military facility in Djibouti, small drone surveillance operations in Niger, the Seychelles, and Burkina Faso and small numbers of troops assigned to operations to counter the Lord's Resistance Army in central Africa, al-Shabaab in Somalia, and Boko Haram in northern Cameroon.

The US, France, and the UK do much of the training of African peacekeeping forces. China, Turkey, and several other nations are getting involved in the training of African troops. China, Russia, France, Ukraine, and the US are the major suppliers of arms to Africa.

Because of piracy in the Gulf of Aden, a number of Western and emerging countries contributed ships to end the scourge. Although piracy has largely ended, China, Japan, and India are retaining a naval presence in the region. Japan has established a military base in Djibouti and China is in the process of constructing one. India has countered with a joint Indian-Seychelles facility in the Seychelles. Even Saudi Arabia has announced its intention to establish a military base in Djibouti.

Between 1949 and 2008, China's PLA Navy made 3 calls in African ports. Between 2009 and 2015, China's PLA Navy made 39 calls in African ports, 20 of them at Djibouti as part of the anti-piracy effort in the Gulf of Aden. Over the next 10 years, there will continue to be increased foreign naval activity in the western Indian Ocean, especially by China and India. You will also see more calls at African ports by ships from a number of non-African navies.

I doubt there will be significant change in support for UN peacekeeping operations except that China may increasingly commit combat troops and slowly increase its numbers. In the case of other security threats to African countries, the heavy lifting will be left to France, especially in Francophone countries, and the US in countering terrorist groups. African forces themselves will play a greater role in UN peacekeeping operations and African Union-sponsored peacekeeping operations may become more common.

Conclusion

Emerging Asian nations, especially China and India, will continue to expand their influence in Africa over the next 10 years in the trade, aid, investment and security sectors. Depending on the price of oil, the Gulf States may also continue to extend their influence. Turkey and Brazil will make every effort to continue or expand their engagement in Africa unless internal problems force them to draw back. Russia will return to Africa in a significant way if its economy improves and it does not face major new challenges.

But Western countries collectively in Europe and North America are still the predominant partners with Africa and this will be the case 10 years out. Because there are more outside actors in Africa today, Western influence will decrease, however, on a proportional basis. Perhaps most important, African countries, sub-regional African organizations, and the African Union will take greater responsibility for their own economic future and security.