

Analysts who study historical as well as economic trends have been predicting that this will be Africa's century. Is this really possible? Can Africa make the big breakthrough this time around?

# Africa can stand toe-to-toe with the big guys

## IVOR AT LARGE

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On the heels of November's exciting Africa Investment Forum hosted by the African Development Bank, the notion of the coming 'African century' may no longer be breaking news.

Africa finds itself in a powerful position as the New World Order begins to solidify. It has all the ingredients needed to make the big leap into sustainable prosperity – but it must read the tea-leaves accurately to be able to do so.

We are increasingly reading inspiring stories across Africa of fresh waves of foreign investment and international interest descending upon the continent to prime what will be the world's largest marketplace into position in anticipation of future growth. For example, the Africa Investment Forum hosted by the African Development Bank in November, secured investment interests for transactions worth \$40.1 billion.

Indeed, because of the investments that have been made in Africa, we bear witness to a new generation of success stories, with the continent today able to stand toe-to-toe with international partners to reach new-found stages of development.

*The Economist* reports that the

rising competition among foreign companies and governments to strengthen ties with Africa has presented historic opportunities, and this time, the main beneficiaries may be Africans themselves.

Also, the current global movement of widespread nationalism, ongoing trade war between the US and China, and a destabilising Middle East among a myriad of seismic geopolitical shifts has created a certainty only of economic instability abroad.

So what exactly is different about the enthusiasm for 'Africa Rising' this time around as compared to the similarly high expectations which followed independence, the end of the Cold War, and even the peak of China's commodity super-cycle?

### Enormous market power

The answer lies in Africa's potential for greater intercontinental collaboration, its commitment to market liberalisation, internal trade, and its embrace of Fourth Industrial Revolution-inspired technological innovation.

Africa holds extraordinary market power. Consider the fundamentals: by 2030, one in five people will be African and it comprises 20% of the planet's landmass,

with an immense wealth of natural resources (including critically strategic minerals used in cutting-edge technologies).

According to forecasts by the IMF, sub-Saharan Africa's contribution to the global labour force will exceed that of the rest of the world combined by 2030.

Further, the embrace of Fourth Industrial Revolution-inspired digital production technologies has enabled the breakout of local manufacturing to take shape in many emerging African markets.

While traditionally, the continent has been a net consumer of the developed world's technologies, Africans will no longer allow this dependency to stifle growth. The continent is beginning to embrace the benefits of technological innovation, including leveraging breakthroughs in 3D printing, mobile supercomputing, and cost-effective, portable manufacturing.

There are, however, still massive risks and challenges for Africa to overcome. Many countries lack a basic capacity to properly provide the security and economic development enjoyed in other areas of the world.

The continent is also economically fractured – splintered into

16 trade zones due to geographic challenges – leading to an enduring lack of policy coordination.

Global conditions may also bode ill for the realisation of the African Century. Migration patterns are provoking a nationalist backlash in Europe and incidents of xenophobia across South Africa. Deepening conflict between the US and China threatens to depress global demand, while instability in the Middle East has knock-on effects in several crisis-prone areas of Africa.

But there are far more encouraging trends which indicate that Africa is on the cusp of unlocking a new period of prosperity. A recent study by the Boston Consulting Group highlights four encouraging

Below: Africa has embraced Fourth Industrial Revolution digital production technologies such as 3D printing

statistics. First, between 2006–2007 and 2015–2016, the amount of capital African firms invested in Africa itself increased from \$3.7bn to \$10bn.

Second, during the same period, intraregional mergers and acquisitions jumped from 238 to 418. Third, average annual intra-African exports increased from \$41bn to \$65bn. Finally, the average number of African tourists travelling within Africa rose from 19m to 30m – accounting for almost half of all tourists on the continent.

Now, consider the massive potential for growth if the continent is able to move towards the implementation of the recently-forged African Continental Free Trade Area (AfCFTA), which all but one of Africa's 55 countries have signed up to, making it the largest free trade area since the WTO came into being.

According to UNECA, Africa's intra-regional trade is set to increase by \$50 to \$70bn by 2040 due to the removal of tariffs alone (a remarkable jump for such a short time-frame).

### Battleground for foreign influence

It's understandable that many Africans reflect on the new 'Scramble for Africa' as a form of economic colonisation. Foreign direct investment (FDI) initiatives have historically included the infamous 'China Safari' – multilateral projects in resource extraction and infrastructure development which have led to a debt trap for many of the continent's potential power players.

In 2012, the IMF found that China owned 15% of Africa's external debt; three years later, roughly two-thirds of all new loans were coming from China. Or take Germany's 'Marshall Plan for Africa', an agenda which includes the development of controlled production chains and the diversification of Africa's economies, all accomplished under foreign control and disproportionate benefit.

Africa has historically been a battleground for such influence and investment initiatives, enticing emerging market players such as Brazil, Russia, India, China, and South Africa (the BRICS).

This is why Vladimir Putin chaired the inaugural Russia-Africa Economic Forum in October. It is also why China maintains its position as a central player in Africa's urbanisation and development, as a huge percentage of the continent's infrastructure initiatives remain driven by Chinese companies or funding.

It should be noted that the US has taken notice, launching an ambitious 'Prosper Africa' initiative, emphasising African FDI within a US President's first term of office for the first time in decades. The UK also will likely court Africa in a bid to secure new trade deals after Brexit.

However, the continent's leaders are starting to rise to the challenges presented by this New World Order, driving for 'win-win' partnerships while addressing global challenges such as climate change, international trade barriers, and inequality. Their voices today carry increasing weight and resonance. It is further critical that the philanthropic community, particularly those with a vested interest in Africa's future, follow suit. Today, philanthropic efforts are becoming more effective, especially when sourced domestically.

Africa is self-addressing the critical challenges of its time, investing in financial inclusion, renewable energy, and intercontinental security. Leaders across the continent are striving to address poaching, terrorism, human and drug trafficking, and the arming of militias. Left unaddressed, these problems would imperil the stability and economic growth of the continent.

There is work to be done amidst this shifting environment. Despite the complexity of the continent, Africa must develop a deeper understanding of its newfound role in global decision-making in this New World Order. Only then will Africans complete one of the great economic success stories of the 21st century. **NA**

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