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HIGHLIGHTS

Africa ends 2017 on a sound economic footing with much of the continent experiencing growth despite the collapse in global commodity prices. Democracy made a few strides but civil wars continued to plague central Africa. India and China continued to expand their footprints. This newsletter looks at, among other things, political developments in South Africa, the 2015 slump in Chinese economic activity in Africa and Turkey's outreach to Africa.

Zuma Down, But Not Out

Last week South Africa's ruling party, the African National Congress, selected Cyril Ramaphosa as its new leader defeating the candidate backed by President Jacob Zuma. While this has been interpreted to mean the beginning of the end of Zuma's scandal-ridden rule, Ramaphosa will find the path to cleansing the South African system long and difficult.

Zuma and his coterie, have been responsible for what is rated the most corrupt regime in South Africa's history. An estimated \$11 to \$15 billion, or about 5% of the GDP, has been misappropriated. President Zuma faces 783 separate charges in court mostly on corruption.

His candidate for the party headship, his ex-wife Dlamini-Zuma, never mentioned the word "corruption" once in her election speech to the party and instead spoke of a greater state role in the economy. Ramaphosa, who has made fighting corruption the primary plank of recent political career, spoke of the need for "moral renewal".

Despite his victory, Ramaphosa is expected to move with care against Zuma. He defeated Zuma by a mere 100 votes of the 5000 that were cast and scraped through only thanks to the disqualification of 400 largely pro-Zuma votes. Nonetheless, polls show he was easily the more popular candidate with the larger public.

The president still has over a year left in office and general elections are not required until mid-2019. Constitutionally, Zuma can rightly refuse to step down even if asked to do so by his party. The ANC would have to pass a vote of no confidence against him in parliament, a humiliating and deeply divisive action for a ruling party. South Africa's press talks about the country being run for the next 18 months by "two centres of power" – the party headed by Ramaphosa and the state apparatus by Zuma. Rumours abound in South Africa that Zuma may declare a state of emergency if Ramaphosa moves too aggressively against him. At the least, Zuma would be expected to hold onto office until receiving a guarantee against being arrested once he demits office. Ramaphosa may simply let the judiciary do the hard work for him as the president has fared poorly in the first few cases that have been heard before the courts.

Present and Future Elections

Kenya's contested election continue to be a source of political friction. After the courts ruled that the first round of the elections was tainted, an equally flawed second round was held. In both cases, the incumbent Uhuru Kenyatta emerged as the winner.

Opposition leader Raila Odinga had boycotted the second round after evidence surfaced of political interference in the workings of the election commission. He has spoken of forming a parallel government complete with a swearing-in ceremony. This has led to warnings by the Kenyatta government that such a ceremony would lead to Odinga's arrest. More telling is that the international community has now begun to swing in Kenyatta's favour with the United States being the latest to urge Odinga to accept the results.

Despite these problems, Kenya's election was a milestone for Africa as it saw a ruling party accept the decision of a court to negate an entire election result. A similar judicial intervention occurred in Liberia which had the second round of its presidential elections delayed by the Supreme Court. The second round will now go ahead later this month with the inexperienced but internationally famous ex-footballer George Weah expected to win over food inflation concerns.

This coming year will see a number of other African states going to the polls. Some of them, like Sierra Leone, are expected to be genuinely democratic. Others, like the one scheduled in Cameroon, will be entirely predictable. South Sudan's election may not happen given the state of continuing civil war in that country. Zimbabwe's coming election will be closely watched following this year's overthrow of the country's president, Robert Mugabe, but it is expected to do see Mugabe's own party, ZANU-PF, coming back to power with a new face.

China's Commodity Slowdown

How much did the global commodity downturn effect China's economic relations with India? The first China Africa Economic Bulletin of Johns Hopkins University's School for Advanced International Studies has attempted to calculate the impact.

The first shock was an enormous drop in Chinese imports from Africa. Between 2014 and 2015, Chinese imports dropped 42%, from \$ 79.8 billion to \$46.1 billion. The primary cause was the dramatic fall in the price of oil, China's largest import from Africa. Mineral ore imports also halved in value terms. Damagingly for Africa, Chinese exports to Africa remained largely stable though the growth rate from 2014 to 2015 was only 2.8%, far below the average 24.2% annual growth such imports saw between 2002 and 2015.

As would be expected, the commodity slump was also mirrored in a drop in Chinese FDI flows into Africa. They fell in 2015 to \$3 billion, down from a high of \$ 3.4 billion in 2013. The slowdown in China's own economy may also have been a contributory factor. Nonetheless, that FDI figures did not fall as sharply as trade figures did is an indication of the increasing diversity of Chinese investment into Africa.

A third impact was in the total numbers of Chinese workers in Africa which largely remained unchanged between 2014 and 2015. The study estimated Chinese workers in Africa totaled 263,508 in 2015 as compared to 187,400 in 2009. These figures represented government and large corporate labour contracts and did not include the movement of individual Chinese traders. Just over half these workers are in Algeria and Angola alone.

Finally, the study showed that Chinese loans, combining government and commercial sources, in 2015 totaled \$11.8 billion. This was a \$ 1.7 billion decrease from the previous year and the second year in a row the figure had fallen. A drop-in investment into commodities and an inability of African players to raise Chinese loans – many use their resource holdings as collateral for such loans – was blamed for this development.

Turkey's Somalia Crush

Passengers of Turkish Airlines last month found a complimentary magazine on their seat with a cover story on the opportunity Africa represented for Turkish firms. Ankara has made a concerted bid to expand trade and investment ties with not only its traditional markets in North Africa but increasingly in sub-Saharan Africa as well. Part of Turkey's new Africa policy, however, also derives from President Recep Tayyip Erdogan's belief that his government needs to develop a larger global profile. This is one reason Turkey formally opened its first overseas military base in Somalia.

With Turkey's traditional economic markets – Europe and West Asia – in the doldrums for differing reasons, Turkish companies have been encouraged by their governments to look to Africa. This policy has picked up steam during the past five years.

In October, Turkey's ambassador to Ghana, Nesrin Beyazit, gave an interview in which she said her government was planning to set up an Africa fund to help support Turkish firms do business in the continent. Ankara, she said, was investigating similar funds set up by India and China. "We are also working on a similar project in Turkey. We are looking at these models and trying to develop new methods in order for our business people to invest in Africa."

Trade between Turkey and Africa was about \$20 billion in 2015 and Turkish investment in Africa was about \$ 6 billion, but both figures have been growing at double digit rates. Turkish construction firms have secured a number of high profile infrastructure projects in Africa, including a train between Ethiopia and Tanzania. Turkish Airlines, often at the cutting edge of the government's foreign policy outreach, now flies to 50 destinations across Africa.

More striking was the opening up of Turkey's first overseas military base south of the Somalian capital of Mogadishu in September 2017. The base is to be used to train thousands of Somali troops in preparation for the withdrawal of the multilateral peacekeeping force, AMISOM. Turkey has been involved in providing assistance to Somalia since 2011. When a terrorist bomb in Mogadishu killed over 350 people in October, many of the injured were flown to Turkey. Most foreign governments have preferred to keep their distance from war-ravaged Somalia. Somalia has been a personal focus of Erdogan who has visited it three times. Some theorize it is because the Somali coast was once controlled country by Ottoman enclaves.

Erdogan's personal touch is evident in one area. Ankara has urged all African governments to shut down the schools and offices of Turkish preacher, Fethullah Gulen. Erdogan blames Gulen for masterminding an abortive coup against him in July. Gulen presently lives in the United States. Six African countries have shut down Gulenist school in response. Turkish expert David Shinn of George Washington University questions whether Turkey's interest in Africa is institutionally deep-rooted. "I'm not convinced that any successor to Erdogan will have as much interest in Africa," he was quoted as saying recently. Erdogan's personal commitment to policy is evident. This week he began a three-nation Africa tour that included Tunisia, Sudan and Chad. This will be his second such Africa tour this year and make him the foreign leader with the most African visits this year."

(The views expressed are personal)
