Africa in a changing global Context

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"A Practical and Realistic Agenda for the AfCFTA"
Multiple global Crises when not prepared to cope

- Lingering effects of Covid pandemic
- Climate change challenges
- Food and energy insecurity
- Shortfalls in development financing
- Sovereign debt burdens
- Signs of a global recession
- US-China rivalry about rules for the global order
- Weaponizing of international trade
- Have different causes & Some in the making for a long time
- AB stopped functioning in Nov 2020
- At a time when Multilateral cooperation at a low
War in Ukraine could not have come at a worse time

• Wreaked havoc on global energy and food markets
• Further disruption of global supply chains.
• Political fallout: Isolated Russia but Strengthened NATO
• West’s sanctions affect all
• Uncertain when and how this war will end
• Towards a new Cold War?
• Has been divisive & a blow to global cooperation.
• Global South: *This is not our War*
• South Africa's response perhaps unique but signifies a shared African dilemma
Implications for Africa

• IMF study: Economic growth in Sub-Saharan Africa could permanently decline if geopolitical tensions escalate.

• This region could lose most if the world splits into two isolated trading blocs centered around China, US, EU.

• In most severe scenario a permanent decline of up to 4 percent of real GDP after 10 years — losses larger than during the Global Financial Crisis.

• If geopolitical tensions escalate, higher import prices or lose access to key export markets, about half of the region’s value of international trade could be impacted.

• The losses compounded if capital flows between trade blocs were cut off due to geopolitical tensions.

• The region could lose an estimated $10 billion of FDI and official development assistance.

• Will hinder much-needed technology transfer.

• Geoeconomic fragmentation could worsen coordination — bad for countries looking to restructure their debt
How is Africa to cope?

• Build resilience ()
• Promote integration under AfCFTA. ()
• Industrialization needed to make this an effective strategy.
• Less than 20% of exports (mostly commodities) go to African destinations.
• Implementation of AfCFTA requires better trade governance, customs admin, removing NTBs, leveraging digitalization, and closing infrastructure gaps.
• Regular electricity supplies will also help
• Cannot suddenly be decoupled from trade and cooperation relationships.
• What voice & powers for AfCFTA institutions?
• AfCFTA is a member-driven arrangement --- not an Int Organization
• Flagship project of the AU.
• Multilateral institutions & donors to help in a smart way.
South Africa’s response to the War in Ukraine

- Condemnation of Russia on Day One….but swiftly corrected.
- Since then Pretoria claims non-alignment but gives warm receptions, Joint naval exercises, Generals & politicians in Moscow, ships in Simons Town
- Now SA, Egypt, Zambia, Senegal, Uganda and the Republic of Congo, will visit Moscow & Kyiv in an attempt to end the war in
- Also in Washington. Why?
- What trade interests are at stake?
- Vital decisions to be taken while SA economy faces crises
- Eskom, unemployment at 33%, declining investment, collapsing infrastructure, low mining outputs….
What lies ahead?

• Official sanctions not the only concern... SA private sector very worried about tensions with US
• Ministers favour an Int order based on BRICS......
• How important is SA to the US, UK, Russia, China?
• Kenya and Nigeria
• An election in SA in 2024
• Presidential election in US in 2024
• AGOA to be renewed in 2025
• Will/can Africa speak with one voice in this crisis?
• Leverage of Africa’s resources
• What int order does Africa want and need? How to get there?