



# Africa in a changing global Context

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# 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?