

LOOK NORTH, SOUTH AFRICA

It's time for South Africans to wake up to the broader, long-term trends that could be truly beneficial for our growth and development.



Lynn Bolin, Head of Communications at Prudential Investment Managers

At Prudential's "Face to Face" showcase client events held around the country in June, guest speaker Richard Poplak had an intriguing message for guests: South Africans need to wake up and start seizing the possibilities for growth available to us around the rest of the African continent. The North held excellent examples of how we could attract sizeable investment

Poplak is a senior correspondent with *The Daily Maverick*, and currently holds the prestigious award of "Bookmark Best Journalist in South Africa". Most recently, he has written a book based on his 14 years of travelling around the African continent, entitled *Continental Shift: A Journey through Africa's Changing Fortunes*. So his message at "Face to Face" drew on his many experiences there.

Poplak characterised current South African thinking as "ahistorical and geopolitically myopic", and caught up in "short-termism" rather than considering the broader, long-term trends that could be truly beneficial for our long-term growth and development. We continued to look too much to the West for investment and opportunities, when to the North – right on our doorstep – there were myriad examples of countries capitalising on the rise of China (and Russia and Saudi Arabia to a lesser extent) to enhance their own growth. Poplak has been all around the African continent to see how the development dynamics are playing out, and most are positive, he believed.



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“Trump has upended the post-World War II order by turning to protectionist and nationalist policies, as have some other countries,” he observed.

“By pulling out of a globalising world, he has created a vacuum that China has been all too willing to fill, which in turn is creating significant economic, geopolitical and even cultural changes in both traditional and new areas

of influence for it.” So while the President of the United States is busy calling into question his country’s long-standing economic and political relationships with NATO, the EU, Japan and Mexico, among others, China, on the other hand, is cementing new ones by investing around the world – particularly in Africa and in its flagship infrastructure project, the Belt and Road Initiative (BRI).

“The world is changing and the BRI is happening, and South Africa has to wake up,” Poplak said. “Although China’s investment projects are by no means exclusively positive and have created a lot of debate, it is using its massive investment to entrench globalisation in concrete and tarmac by building airports, sea ports, rail and roads on the African continent and through the BRI, which aims to recreate the old Silk Road trade routes.”

He pointed out that Africa is included in the BRI, as it enters the continent through Djibouti and continues into Kenya and beyond. To date, some \$1.2 trillion has been earmarked for the BRI over the long term, with 130 transport pacts already signed and \$46 billion already committed to Pakistani port projects alone. In fact, the IMF had recently rejected a loan to Pakistan because it realised that the funds would simply end up going straight to China.

China, Poplak reminded the audience, had a long history of involvement in Africa, starting with its support of various liberation movements described as the “Battle for Africa” across the continent in the 1970s, as well as massive infrastructure projects like the 1,860 km Tazara Railway connecting Dar es Salaam with Kapiri Mposhi in central Zambia, which at its height in 1972 employed some 38,000 African workers and 3,500 Chinese. More recently, Ethiopia had benefitted from the Chinese construction of a rail line from Addis Ababa to the coast at Djibouti, in which the Chinese had actually forgiven the debt involved and industrial parks had sprung up along the rail line.

Symbolising the Chinese intent to cement its African ties was the country’s funding and construction in 2012 of the new African Union headquarters building in Addis Ababa, which (purposefully) towers over the old building built by Germany.

Poplak noted how the balance of power was shifting eastward: the most recent Forum on China and Africa Cooperation (FOCAC), the premier multilateral gathering of African and Chinese leaders, attracted some 50 African heads of state in Beijing in September 2018, reportedly more than were present at the UN General Assembly, held at the same time.

In contrast, only 11 African heads of state attended the US-Africa Business Summit in Maputo in June this year.

Meanwhile, he claimed, South Africa remained very Eurocentric in its thinking, despite over 50% of our exports going to Asia (31%) and the rest of Africa (26.5%). And our exports continued to largely comprise gemstones, minerals, ores, iron and steel – primary products just as in the colonial period. “This may be controversial,” he said, “but South Africans don’t really think of themselves as Africans.”

As for the downside of Chinese and other Eastern investment, he argued that responsibility had to be taken by the various governments. People knew about the Chinese convoys illegally de-foresting Mozambique and other serious consequences of their presence when gone unchecked. But he argued for enforcement of contracts, rightly pointing out that these days all governments had agency and could make their own decisions when it came to investment and how it takes shape. Governments needed to ensure it didn’t turn into a new form of colonialism.

“We need to push South African leaders to think outside of their colonial mindset to attract international investment and instigate reforms,” Poplak urged. “The Chinese, Russians and Saudis are here. We must push for an open and transparent Africa and stop being scared of the East. We can’t afford not to globalise, and need to start thinking of all of Africa as a single country. We must take advantage of the new African Continental Free Trade Area. Even though we may not want to believe it, the North has much to offer South Africa.”