

African Agricultural Exports to China amid the Trade War

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Dr Bhaso Ndzendze

Research Director: University of Johannesburg Centre for
Africa-China Studies

Senior Lecturer: Dep't of Politics and International
Relations



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**Turning Crisis into Opportunity?
Agricultural Exports to China During
the Trade War**

BHASO NDZENDZE

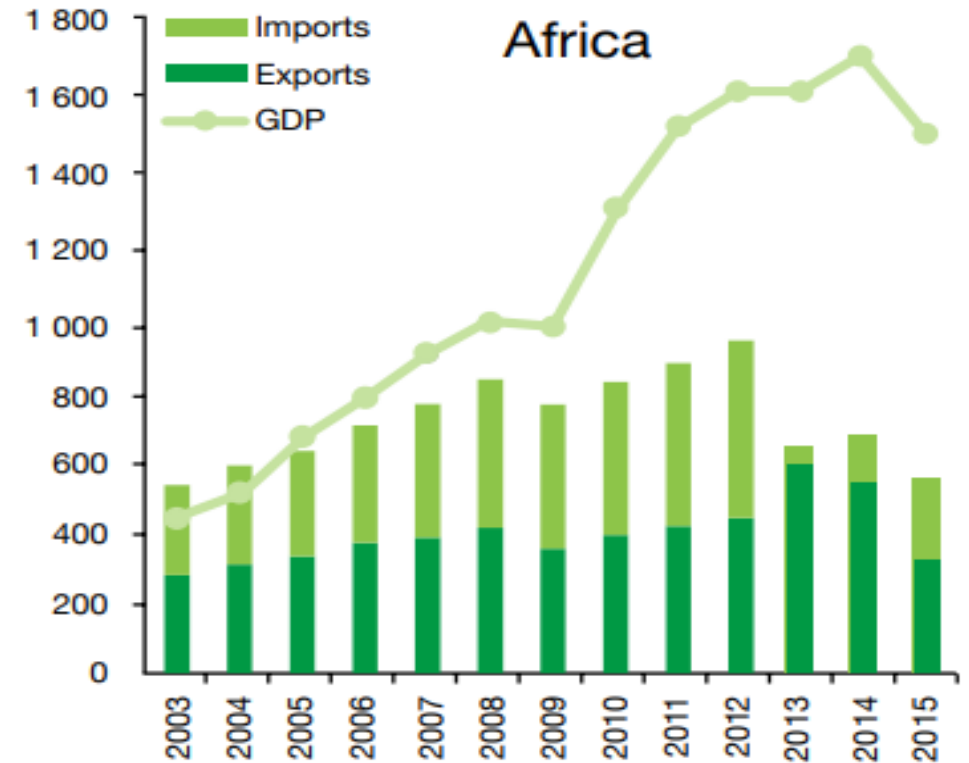
African perspectives
Global insights

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Trade in Africa's Development Agenda(s)

- World-class infrastructure, accompanied by trade facilitation, will see intra-African trade growing from less than 12% in 2013 to approaching 50% by 2045. **Africa's share of global trade shall rise from 2% to 12%** (AU, 2013: 6).
- “The move towards multi-polarity with strong elements of uni-polarity remaining” (AU, 2013).
- “Trade is the **cornerstone** of economic development by African countries. Botswana, Mauritius and Namibia have all transformed themselves **from low income into middle income countries by improving their ability to trade in regional and global markets**” (AfDB, 2017: 4).



African Trade (Exports and Imports) and GDP (in USD Billions - Constant 2000)

Source: World Bank



Trade in Africa's Development Agenda(s)

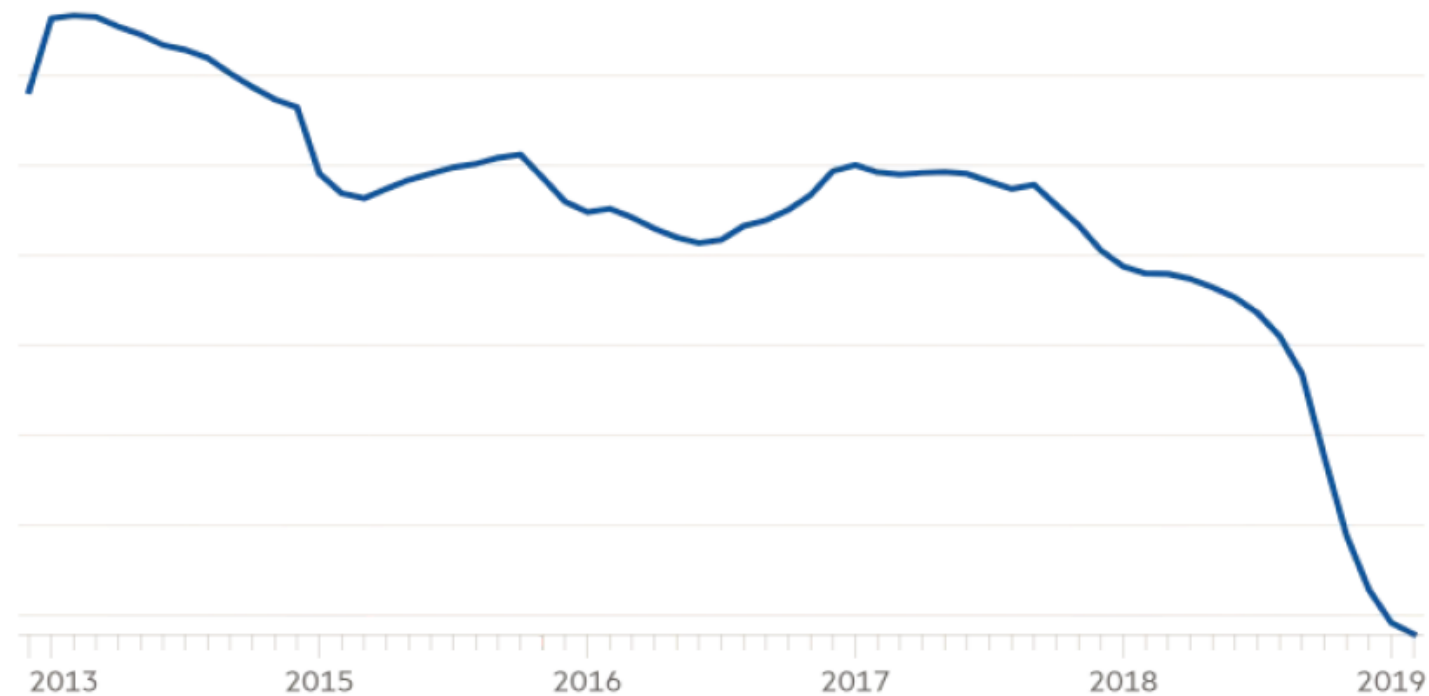
- Africa accounts for just **3 per cent of global trade** and has a lower proportion of intra-regional trade than any other part of the world.
- The continent remains overly dependent on the export of raw materials, so that growth levels fluctuate in line with international commodity prices.
- If Africa were to increase its share of world trade by 1%, that **1 percentage point increase would in nominal terms generate about US\$70 billion of additional income**, which is about **three times the total amount of development assistance** the continent receives from the rest of the world each year.



A Study on the Trade war and African agricultural Exports, 2018-2019

Agricultural trade with China has plummeted

US agricultural exports to China as a % of total

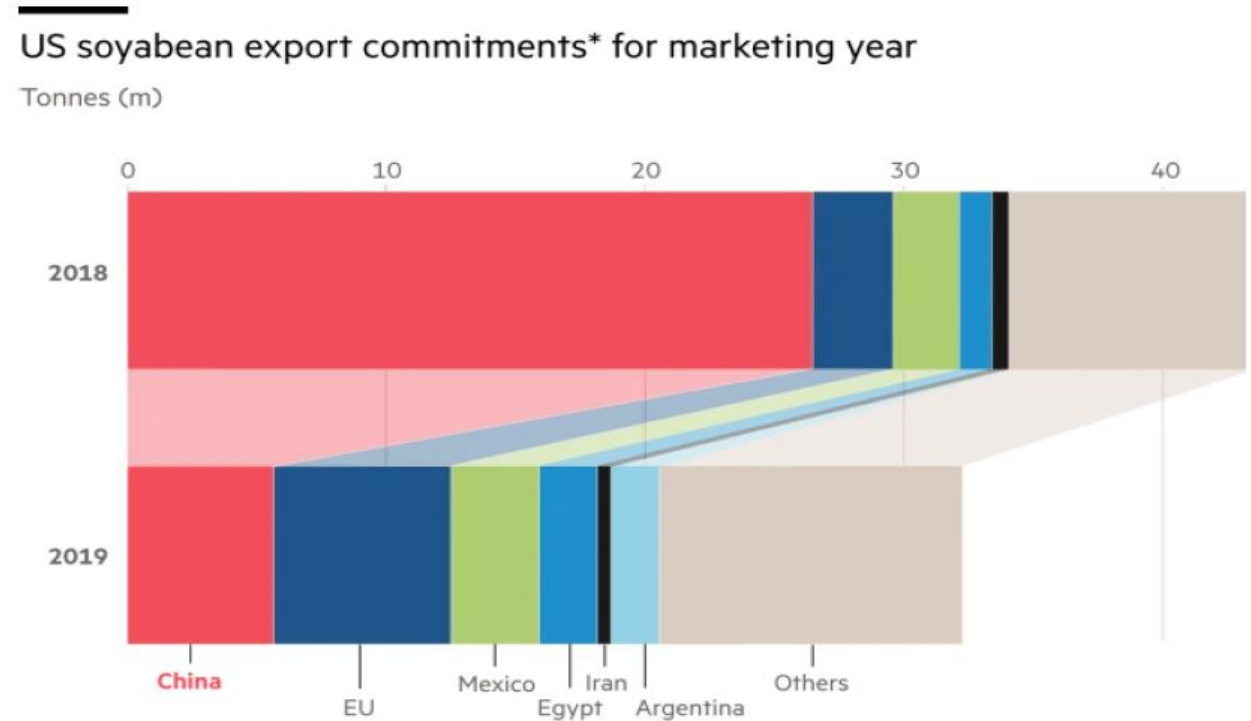


Source: US Customs
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A Study on the Trade war and African Agricultural Exports, 2018-2019

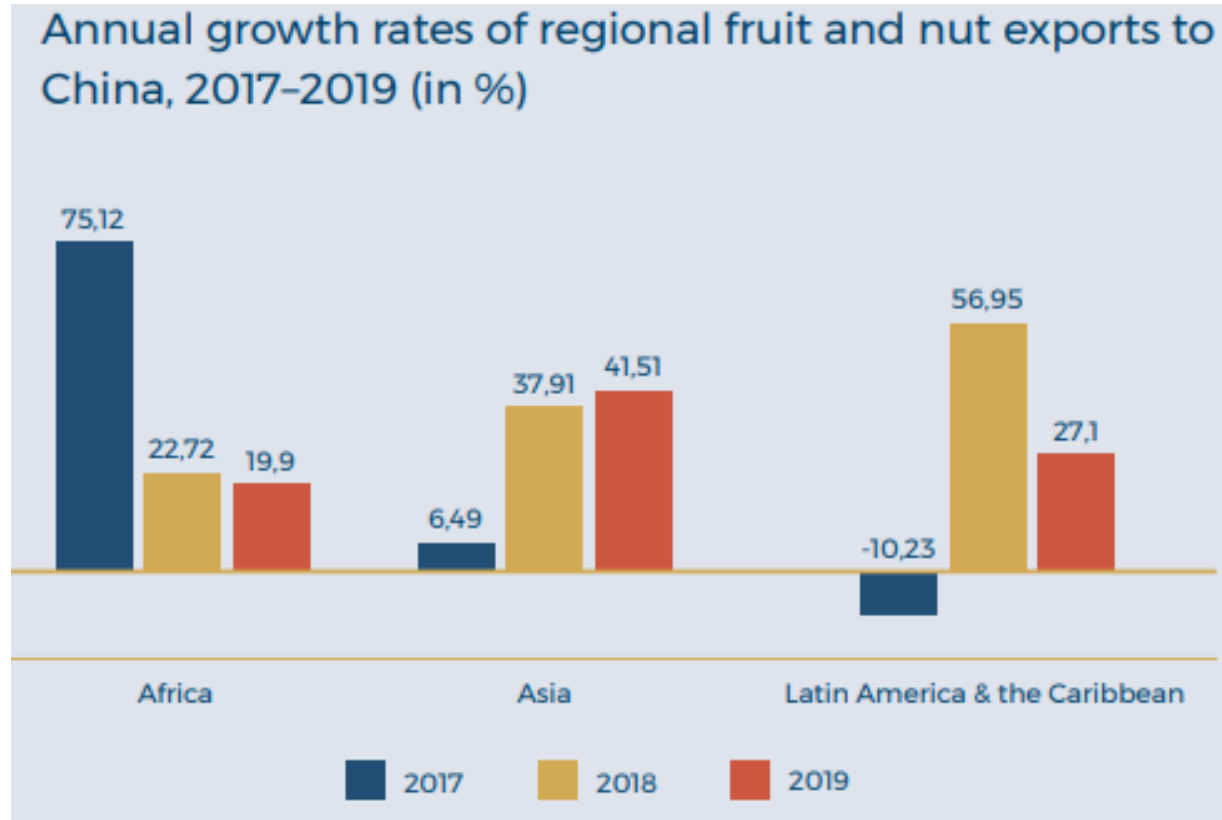
- While farm exports to China fell to \$25bn in the final year of the Obama administration, they collapsed in 2018 after China imposed its retaliatory tariffs, falling to \$13bn. The value of soyabean exports — the most important agricultural commodity to China — plunged by 75 per cent to \$3bn from \$12bn the previous year.
- China has already replaced much of its US soyabean imports by turning to Brazil.
- What of Africa?



* for marketing year beginning Sep 1

Source: US agriculture department
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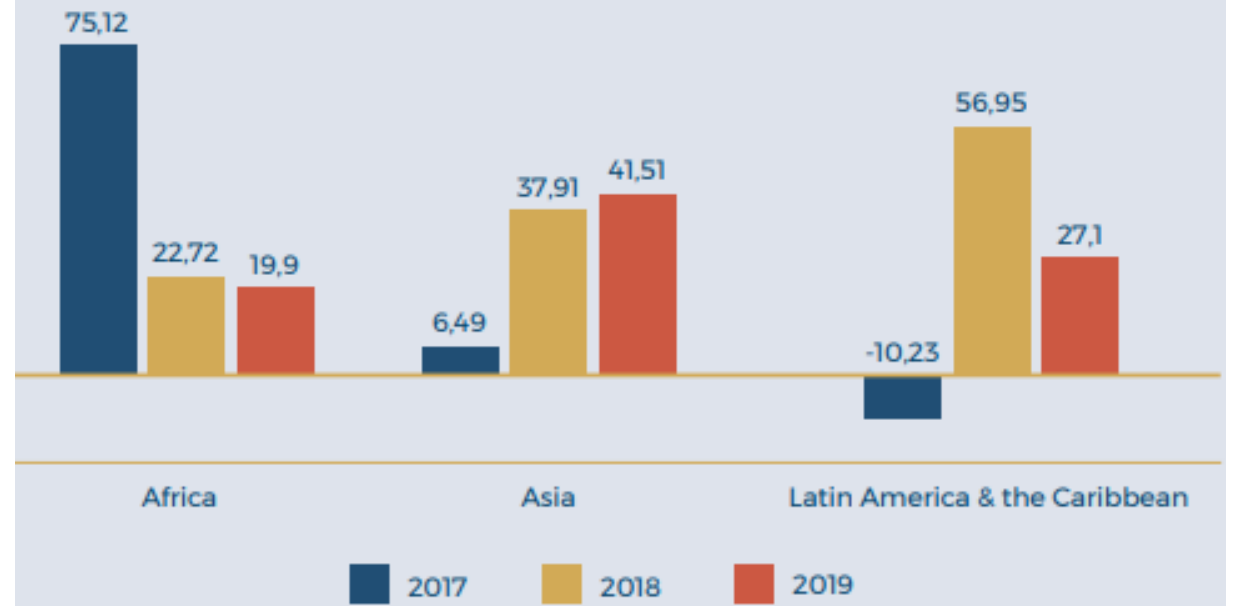




In 2018 and 2019 African regions saw a declining pattern of growth, uneven among SADC, EAC and ECOWAS, while other regions, particularly Asia and Latin America and the Caribbean, saw continuous growth, with an aggregate of 79.42% and 84.05% respectively. Asia's growth was the most consistent.



Annual growth rates of regional fruit and nut exports to China, 2017-2019 (in %)



Finding Opportunity in the Digital Iron Curtain



- So far, **Huawei devices** have shipped with Google as **the default search platform** (built into the Chrome web browser).
- Representing roughly **86% of all online searches**, half of Google searches are in turn conducted on mobile worldwide.
- The number is even higher depending on the country under review.
 - In South Africa, the number has been closer to 99% in the past 12 months, while nearly a third of all smartphones in the country are Huawei devices.
- Trump-mandated break between Huawei and Google/Alphabet presents an opportunity already being recognised by UAE, Russia and India.
- Huawei working on Harmony OS, but will likely not be intuitive. Africa can be a contributor of a search engine (one among many).

Not a Neutral Industry

- Online search is not a neutral industry, nor is it a self-propelling procedure.
- Google paid Apple \$9-billion in 2017 to switch from Bing as the default search engine on its devices.
- In China, Baidu recognised the future growth of the internet in the early 2000s and actively courted thousands of internet cafes throughout China to ensure that theirs was the default search engine on their computers.
- The rupture represents an opportunity for a patchwork of default browsers on Huawei devices throughout the world and could curtail the monopoly of Google - 97.74% of searches in South Africa are conducted through Google.
- Locally owned data can spawn and enhance other domestic industries, including most obviously advertising, which has been usurped by Google's AdSense.

Recommendations: Crisis & Opportunity

- Impetus for **increased** intra-continental trade (outbreak COVID-19 pandemic and its diffusion pattern from China to North America, Asia and Europe).
 - AU Specialized Technical Committee (STC) on Finance, Monetary Affairs, Economic Planning and Integration: right mix of policies.
- More real-time (monthly) trade data needs to be available.
- Farmer support:
 1. Need for policies geared towards limiting bio threats.
 2. Trade facilitation and purchase commitments ahead of 2021 FOCAC – agriculture best performer during COVID-19.
 3. Pork products (high demand following 2018-2019 swine flu).
 4. Joint agricultural ventures/operations: best way to know what China wants and at the same time for China have a stake in the agricultural sector.
 5. Examining the reasons for the success of the US, Brazilian, Asian agricultural industry may offer some lessons.
- Technological support: private and public sectors
 1. Technological ecosystems, R&D, government support for tech companies: 17% of the planet's population, fastest-growing rate of mobile subscriptions, only 3% of the world's mobile app developers (compared to 29.7% and 29.4% for Europe and North America), including OSS.



Thank you.