BRICS & African Resources:

Understanding the ‘Aid-Trade-Investment’ Nexus

Fantu Cheru
NSI Distinguished Research Associate
Emeritus Professor, American University

Figure 1: Key Vectors of Interactions between Africa and Emerging partners

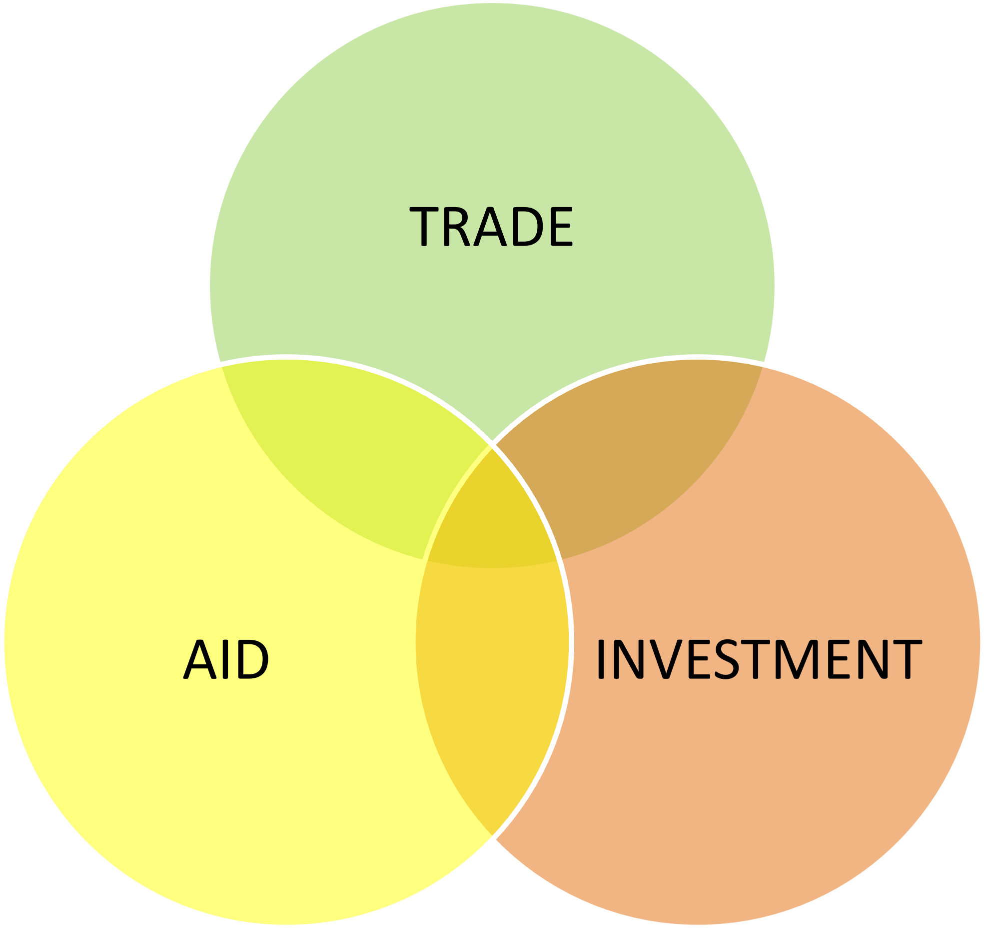
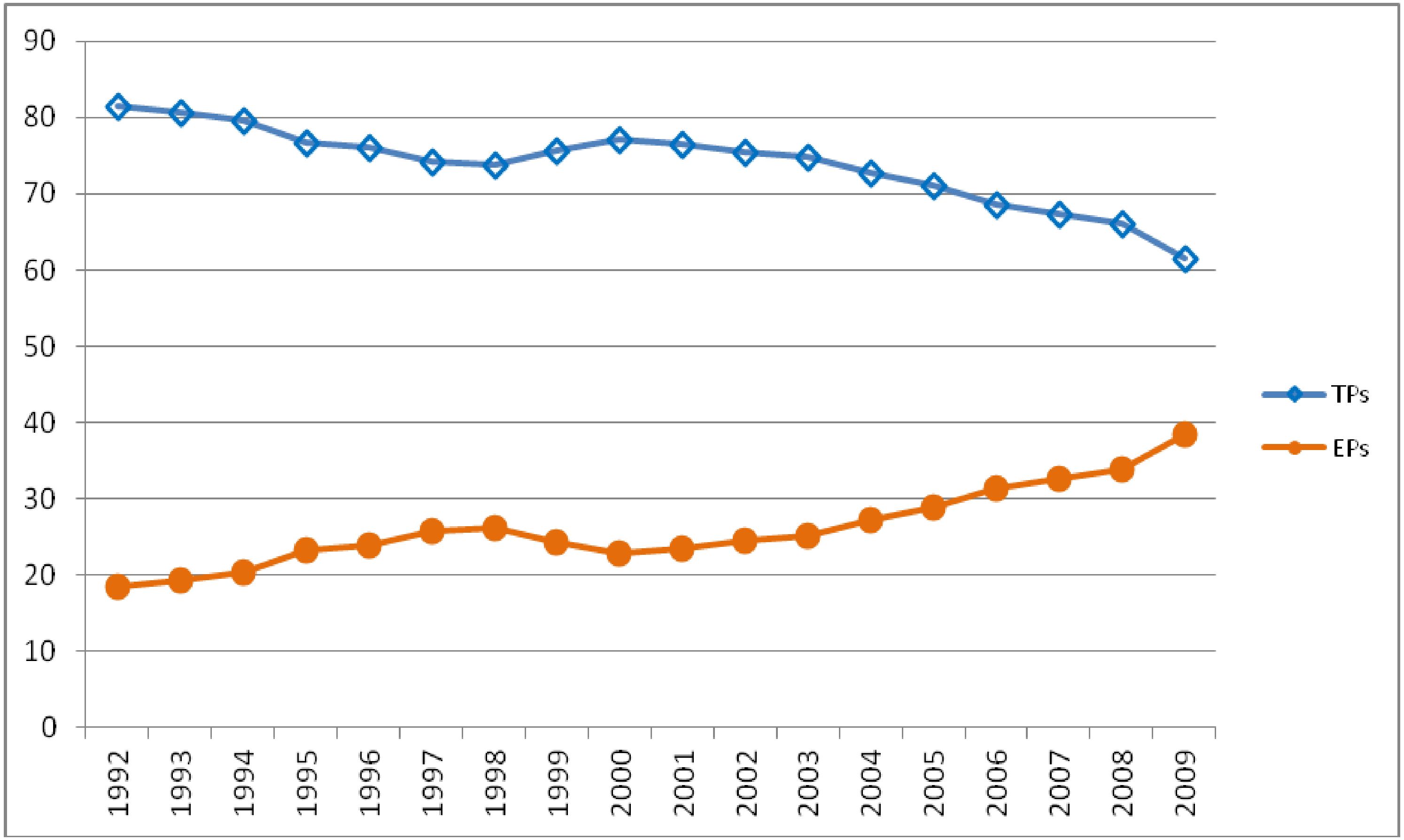


Figure 2: Share of emerging and traditional partners in Africa's trade from 1999 to 2009 (in percentage)



Note: TPs: traditional partners; EPs: Emerging partners

SOURCE: OECD Development Centre calculations based on ComTrade data. (StatLink: http://dx.doi.org/10.1787/888932403572

Table 1: Share of tradition & emerging partners in total trade of Africa (in percentage)

	2009 (Total Trade)	2000 (Total Trade)
Total Traditional Partners	63.5	77.0
-EU25	44.3	53.5
-United States	13.1	16.1
-Rest of OECD	6.1	7.5
Total emerging (+14)	36.5	23.0
Total 4 emerging	(23.9)	(10.3)
-BRAZIL	2.5	1.7
-CHINA	13.9	4.7
-INDIA	5.1	2.3
-TURKEY	2.4	1.6
-KOREA	2.6	2.6
-THAILAND	1.1	0.8
-RUSSIAN FEDERATION	1.0	0.6

Table 2: Composition of African Trade to emerging partners by sector, 2009

	Mineral & fuel (%)	Crude material (%)
CHINA	60.8	17.9
INDIA	66.0	7.3
KOREA	57.2	12.0
BRAZIL	87.4	1.3
TURKEY	25.9	7.6
THAILAND	37.4	21.5
SINGAPORE	22.7	3.2
MALAYSIA	31.6	25.1
INDONESIA	67.7	15.2
OTHER COUNTRIES	39.7	10.9

Figure 3: China's top ten trading partners, 2010

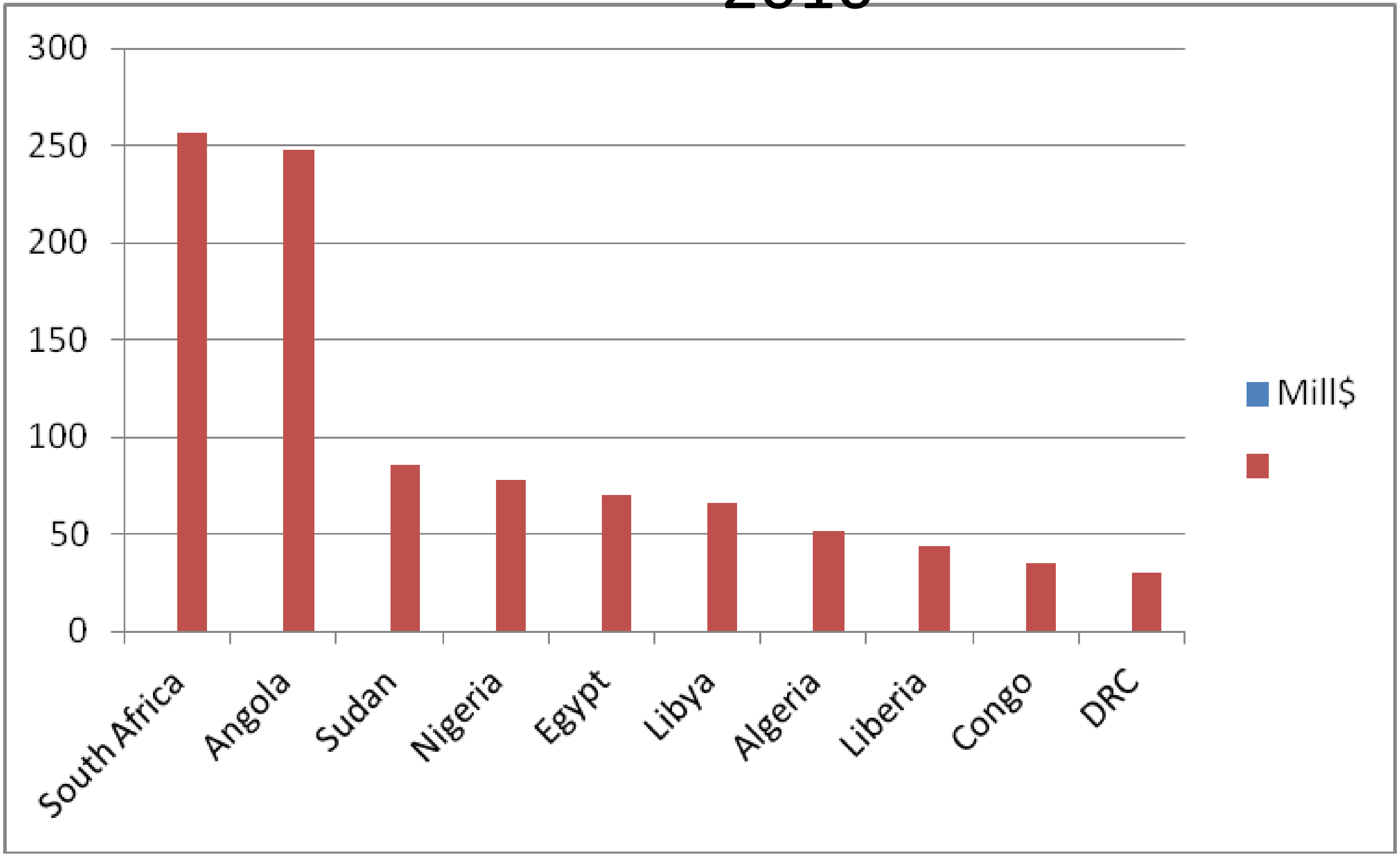


Figure 4: Major developing economy investors in Africa, 2008

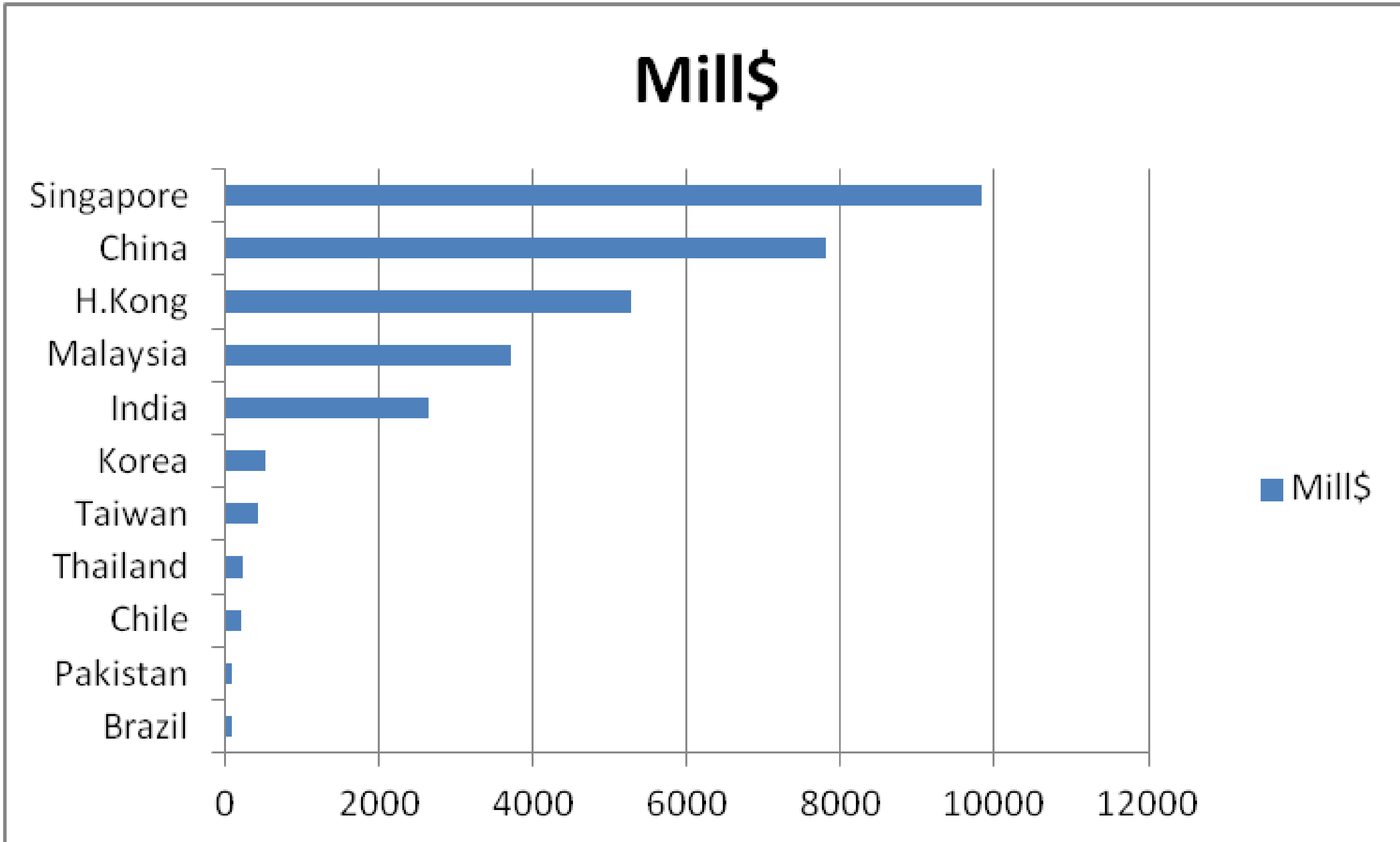
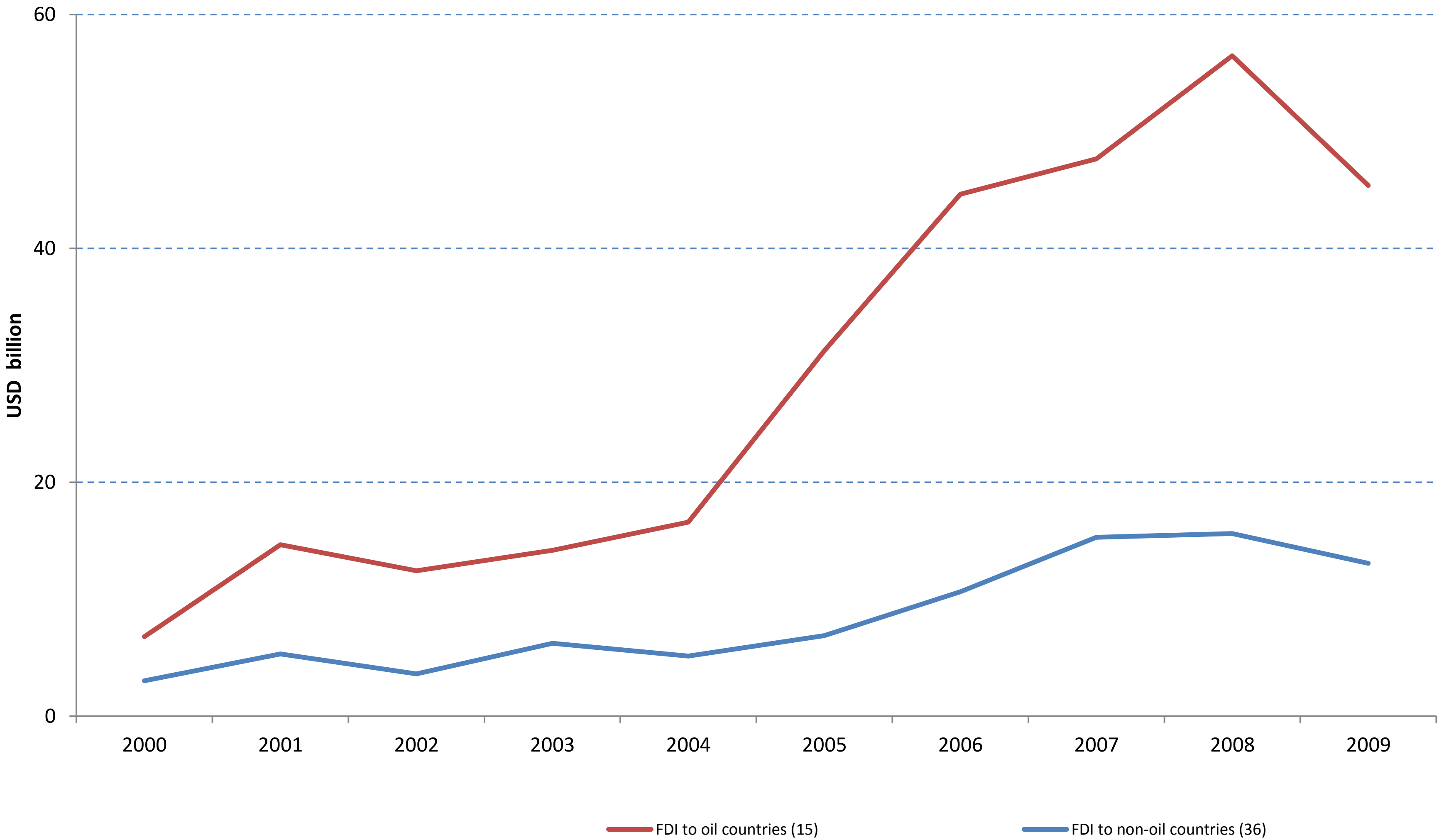


Figure 5: FDI flows to countries exporting oil vs. countries without oil 2000-09 (billion USD, current)



Source: UNCTAD FDI data, own calculation.

Table 3: Sectoral Distribution of Mergers & Acquisitions in Africa by Southern TNC's (cumulative, 1991-2008)

Sector	percentages
Mining & Petroleum	25%
Finance (often linked to mining and infrastructure)	32%
Transport & Communications	21%
Chemicals & chemical products	6%
Trade	4%
Electricity, gas and water	4%
Other secondary Source: UNCTAD cross-border M&A database	8%

Table 4: Selected Features of support by traditional and emerging partners

DAC donors	Mostly grants	Policy and non-policy conditions	Away from project and towards SWAPs	Development Effectiveness peer reviewed by other donors
CHINA	Grants and loans	Non-policy conditions	project	FOCAC
INDIA	Grant and loans	Non-policy conditions	project	India-Africa Forum Summit
BRAZIL	Co-financing via triangular cooperation	Non-policy conditions	project	No platform except IBSA
TURKEY	Grants	Non-policy	project	Turkey-Africa Summit
KOREA	Grants and loans	Non-policy conditions	project	Korea-Africa Forum

What is to be done? The strategic challenge

- ***Improving political and economic governance***
- ***Strategic control over Africa's resources***
- ***Developing bargaining capacity***
- ***A strategic approach to benefication, diversification & industrialization***
- ***Transparency in awarding contracts***
- ***Transparency in the collection & use of resource rents***