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IS AFRICA REALLY A S**THOLE?

ASIAN PLAYERS LIKE CHINA, INDIA, JAPAN, AND SINGAPORE SEE THE CONTINENT DIFFERENTLY









US-AFRICA TRADE: It has continued to be sluggish.









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[Africa was recently described in a particular way](#) that has again brought the issue of perception about the continent to the fore. Depending on the point of reference, there


-    Greenfield foreign direct investment into Africa from Asia remains strong.

-    China is Africa's largest trading partner with total trade of \$149 billion in 2016.

-    India sees an opportunity in the African healthcare sector following increases in medical tourism from the continent.

-    US companies have a risk conscious approach towards Africa, while Asians have a strategic perspective.

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-  financing—mortgages, loans, and credit card systems—but pay cash to build or buy houses, personal cars and other luxury items. Thus, China's commercial enterprise in Africa has continued to grow, being the largest trading partner with total trade of \$149 billion in 2016.

is no right or wrong opinion about the remark. While the magnitude of infrastructure deficit in the region seem to support such expression, other indices like the entrepreneurial ecosystem, size of the consumer market, young workforce and high yield investment possibilities weaken that opinion.

Evidently key market players from Asia (China, India, Japan, and Singapore), who are accelerating their engagements with the continent, see Africa differently. They see a promising continent with economic resilience and vast investment opportunities. They see Africa as an interesting prospect for high value production. Thus, greenfield foreign direct investment into Africa from Asia has remained strong.

[China sees the potential in a continent](#) where the middle class bracket is expanding and consumer purchasing power is rising. They see Africans who lack access to basic

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[India sees an opportunity](#) in the African healthcare sector following a significant increase in medical tourism from the continent to India. It was reported that 18,000 Nigerians spent \$260 million on medical tourism to India in 2012 while East Africans spent \$1 billion on Indian healthcare. Consequently, Indian healthcare operators are committing sizeable investments in Africa, building and opening facilities and forming alliances with the local health sector. Today, India is the second largest trading partner with \$59 billion bilateral trade volume in 2015 and the AFDB has projected that India's trade with Africa will reach over \$100 billion by 2020.

Africa occupies a central role in the growth strategies of many Asian countries. China continues its strategic positioning in Africa by aggressively pushing its Belt and Road initiative while Japan and India have teamed up on their African strategy to establish a joint initiative called Asia-Africa Growth Corridor (AAGC) to challenge China's dominance in the region. Likewise, Singapore is pursuing an aggressive plan within its overall growth strategy to expand its previous African endeavors and look beyond their traditional trading partners in Asia. Its bilateral trade with Africa has progressed at an annual rate of 5.2 percent since 2005.

Unfortunately trade between the US and Africa has continued to be sluggish despite high momentum elsewhere. The inherent perception issues and fixation on risks and challenges have clouded the judgment of many American companies about opportunities in the market. While many US companies have an overly analytical and overly risk conscious approach towards Africa, Asians have a much more ambitious and strategic perspective.

The continent remains attractive to investors particularly manufacturers at the forefront of global supply chains seeking new markets, new opportunities and new grounds to break. American companies need a revolution in their perception of Africa to connect more with a continent that is rapidly adjusting to the global business environment.

Regardless of what one sees in Africa, whether the challenges or the opportunities, in ten years, it will be obvious that neglecting the African market was a strategy failure.

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