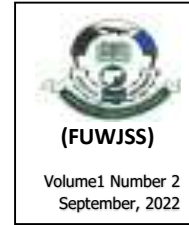


# **POLITICS OF NIGERIA-SOUTH AFRICA TRADE AND INVESTMENTS RELATIONS**

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## **Abstract**

This paper examines trade and investment relations between Nigeria and South Africa. The paper interrogates intrigues around Nigeria-South Africa socio-economic and diplomatic relations. The paper relied on secondary sources of data collection which include newspapers, magazine, journals, theses and periodicals. Major findings revealed that socio-economic and diplomatic relations between Nigeria and South Africa portray a typical hypocrisy in the international security architecture. This is as Nigeria-South Africa trade and investments relations vacillate between cooperation and conflicts depending on each country's foreign policy, regime type, domestic intricacies and international diplomacy. The paper recommends that the pursuit of foreign policy and national interest between Nigeria and South Africa should be rooted in values and ethos of Afro-centricism and Pan-Africanism

**Keywords:** Pan-Africanism, diplomacy, trade, cooperation, conflict

## **Introduction**

One can trace the relationship between Nigeria and South Africa back to history of the two countries. After Nigeria's independence in 1960 from the colonialist, the country supported the struggle for liberation of African countries from racial discrimination. Colonial rule and apartheid system in South Africa became the focus of Nigeria in a bid to end apartheid and its quest for freedom. The expectations around the world that Nigeria would play a pivotal role in the reviving of Africa after its independence in 1960 had diminished to a grade extend at the time South Africa re-entered the comuty of nations as a democratic state in 1994. The only memorable thing left was the remembrance of Nigeria's role in the liberation of Africa from colonialism and the special support Nigeria gave to the abolition of

apartheid in South Africa (Ajala, 2019). The diminishing influence of Nigeria could be blamed on her economy, which failed largely because of the successive military regime in the country. The anti-apartheid icon Nelson Mandela re-established bilateral relations with Nigeria in 1994 (Tilly, 1999). The move was in recognition of Nigeria's role in the liberation of apartheid in South Africa. Though, the formal relationship was established long before then between the two countries. The Abacha-Mandela ties did not measure up to African expectations because it was characterised by mistrust and conflict between the two administrations (Unah, 2017). One of the major issues was the demand by Mandela that Nigeria should democratize in line with the Harare Declaration in 1991 by the Commonwealth Head of States and Government (Stark, 1989).

Nigeria as the giant on the continent of Africa played a greater role during decolonization fight in countries of Southern African states especially in South Africa during anti-apartheid era. Nigeria was a home to many top South African liberation fighters and anti-apartheid activists who sought asylum in Nigeria and also studies in Nigerian Universities (Stacey, 2011). The contributions of Nigeria to South Africa economically and other wise cannot be quantified during the fight against apartheid regime in South Africa. Nigeria has made Africa the centre piece of its foreign policy and exhibited this through nationalization of certain companies (Spence, 2009).

Many major works have been produced and published by scholars on Nigeria-South –Africa relations to cite only a few such as Peterson (2010), Tilly (1999), Stark (1989), Adebajo, (2009) wrote on Nigeria South-Africa trade relations among others. But currently there is no much research focusing on the politics of Nigeria-South Africa trade and investment relations. This is the point of departure that necessitated this paper.

### **Origins of Nigeria-South Africa Relations**

The origin of Nigeria-South Africa relations could be traced to events arising from the Sharpeville massacre of 21th March, 1960 when the South African police shot and killed 72 blacks and wounded 184 (Wilmot, 1980). This event which occurred even before Nigeria's independence marked the beginning Nigeria's confrontation against white South-Africans. Tafawa Balewa's government in 1960 to 1966 upon asuption of office in October 1<sup>st</sup> 1960 was faced with

overwhelming pressure from both domestic and external sources to institute measures to check South Africa's apartheid policies (Ibrahim, 2019).

Consequently, Nigeria banned the importation of South African goods into the country and was instrumental to the political and economic sanction passed against the racist regime. Furthermore Balewa went to Commonwealth Prime Minister's conference in March 1961 in London where he spearheaded the move that led to the withdrawal of South Africa from the Commonwealth, Aluko, (1982) Nigeria terminated all the privileges of Commonwealth membership which South Africa enjoyed in Nigeria. Nigerian government anti-apartheid policy continued until the first republic as ousted by Major Nzeogwu led military coup in January 15<sup>th</sup> 1966.

The military coup of 15<sup>th</sup> January 1966 which seized power from the Balewa's government brought Aguiyi Ironsi's transition to the helm of affairs. The brief administration of General Ironsi between January-June 1966 did not record any substantial policy against the apartheid regime in South Africa due largely to the volatile security situation in Nigeria that was precipitated by the coup (Ibrahim, 2019). Following the take over of the reins of affairs in Nigeria in July, 1966 by the military led administration of Yakubu Gowon after the assassination of General Ironsi, a slightly modified policy toward South Africa was adopted. The new policy which was based on boycott and confrontation with white majority regime in South Africa led to a proclamation declaring white South Africans prohibited immigrants in Nigeria.

The Nigerian civil war of 1967-1970 further deepened the conflict in Nigeria-South Africa relations, upon realization that South Africa was sabotaging the effort of Nigeria in the war. Yakubu Gowon strengthened his anti-apartheid policy as a result, and this was continued after the war when Nigeria became even much more financially buoyant her oil resources contributed enormous foreign currency to her coffers than hitherto, and the country was able to play a confident and much more dynamic role in world politics (Adebajo, 2009). Murtala Mohammed government 1975-1976 that overthrew the Gowon administration through a coup was right from the outset, prepared to take radical measure in Africa's decolonization process.

In the second republic there was hardly any difference in their pursuit in Nigeria-South Africa relations. For instance, Shehu Shagari

1979-1983 was encumbered by a number of domestic challenges which bordered on its inability to deliver on its electoral promises coupled with sharp decline in oil revenues. These two factors largely affected Nigeri-Africa policies and had serious implication for Nigeria-South Africa relations. This is evidenced in the administration's inability to contribute financially to the fight against apartheid in South Africa (Harris, 2002). In the short-lived regime of Muhammadu Buhari 1983-1985 the Afro-centric foreign policy of Nigerian government toward South-African apartheid regime was revitalized but not without serious opposition from domestic pressure groups, which clamoured for improved standard of living rather than rendering assistance to other African countries.

Therefore, the only appreciable impact of Nigeria-South Africa relations under Buhari regime was the hosting of the second international conference on apartheid tagged: "legal status of the apartheid regime" held in Lagos, Nigeria in August 1984, in the conference, apartheid was declared illegal and the result further heightened the pressure on apartheid regime in South Africa and reinforced Nigerian determination to eradicate all vestiges of racist regime in Africa (Aluko, 1982). Apartheid regime in South Africa would appear to have been effectively tackled under Babangida's regime 1985-1993.

In conclusion, the diplomatic row engendered by the incident in Nigeria-South Africa relations only portrayed the hypocrisy in the international security architecture. It is evident that the origin of Nigeria-South Africa relations has vacillated between cooperation and conflicts necessitated by each country's foreign policy, regime type, domestic intricacies and international diplomacy (Shindolala, 2008).

### **Theoretical Framework**

Economic theory of Wimmer (1997) was used to explain Nigeria-South Africa trade and investment relations. Wimmer argued that when people feel insecure in the face of threat, they will portray resentment and hatred. Wimmer argues that animosity towards the other is not as a result of economic competition between rival groups but a product of political and economic socialization (Shindolala, 2008; Spence, 2004).

### **Methodology**

This section present the methodology adopted for this work and the analysis of the data gathered in the course of writing this paper, it dwelt on research design, sources of data, method of data collection and analysis. The quality of research findings is usually measured against the quality of the method adopted (Ibrahim, 2019). The study engaged secondary source of data were gathered from government gazettes, bulletin, magazine, journals, newspapers, textbooks from internet and archivals, document on the subject matter. Historical account of the research involved investigating, analyzing past events as they relate to Nigeria-South Africa relations.

### **Bilateral Trade and Investment Relations**

Nigeria has a population of over 200 million people and its Gross Domestic Product (GDP) is 509.9 billion dollars since the rebasing exercise in April 2014, thereby making it the largest economy in Africa. South Africa has a population of 59,622,350 million people in 2019 and GDP of 384.3 billion dollars thereby making it the second largest economy in Africa (Adebajo, 2010). This constitutes the context for strategic partnership to enhance bilateral relations and redeem African economy. Negotiations held in October, 1999 and April, 2000 on the avoidance of taxation on income and capital gain, reciprocal, promotion and protection of Investment Corporation on the field of mining, geology exploration and energy.

Nigeria and South Africa signed agreement that attracted hundered South African companies into Nigerian economy, The South African firms operating in Nigeria Mobile Telecommunication Network (MTN) with 55.4 million subscribers in 2015, Shoprites, PEP retail stores, Stanbic Bank and South African Breweries, Multi-Choice Digital Satellite Television (DSTV), South Africa-Nigeria Communication are equally strategic South African businesses in the Nigerian economy. The entry and growth of African interest and businesses have moved from mere four business venture to over 120 companies in recent time. Similarly, the Dangote Group of Companies with headquarters in Nigeria have investment portfolio of nearly 400 billion dollars in cement production in South Africa and Nigeria's Oando Oil Company is listed on the Johannesburg Stock Exchange (Okolie, 2021).

The number of MTN subscribers in Nigeria from January to December 2020-2021 was 90,788 million users (Okoli, 2021).

Looking at the economy of Nigeria and South Africa based on the following GDP (ppp) Nigeria is US dollars 1.672 trillion in 2021 estimate, GDP (normal) Nigeria is US dollars 542 billion in 2019 estimate, HDI is 0.830 ranked 161 in the world in 2019 and GNI Nigeria is 45.1 in 2020 and South Africa on the other hand have GDP (ppp) US dollars 811 billion in 2020 estimate, GDP (normal) US dollars 383 billion in 2020 estimate, HDI 0.909 ranked 114 in the world. One can deduce that the economy of Nigeria is far much bigger than that of South Africa, but in terms of HDI South Africa is far ahead of Nigeria (Benneh, 2001).

Oil represents over 95 percent of Nigeria's export to South Africa (Ajala, 2019). South African government in October, 2019 raised the volume of crude oil import from Nigeria thereby suggesting an increase in economic ties. The bilateral volume of trade increase from ZAR 174 million in 1998 to ZAR 22.8 billion in 2008, there by accounting for nearly a quarter of South Africa's total African trade in 2008. South Africa's export to Nigeria increased from ZAR 505 million to ZAR 7.1 billion and Nigeria's export to South Africa increased from ZAR 15.7 billion to ZAR 123.6 billion in the same period (Benneh, 2001).

South Africa's export to Nigeria in 2019 stood at ZAR 4.38 billion and Nigeria's export to South Africa stood at ZAR 16.08 with total trade amounting to ZAR 20.46 billion. The aggregate trade figures experienced a leap in 2014 with a cumulative of ZAR 66.2 billion, this period had export to Nigeria from South Africa stood at at ZAR 10.5 billion while Nigeria's export to South Africa skyrocketed to ZAR 55.7 billion (Benneh, 2001).

The foregoing suggests trade surplus in favour of Nigeria, but the state has failed to diversify its economy and expand production base. Nigeria heavily relies on export of oil and human resources to South Africa and South Africa's exports to Nigeria include electrical equipments, machinery, wood, paper, foodstuff, beverages, spirit, tobacco, rubber and plastics. The diversified nature of South Africa's investment portfolio has raised question on the country's interest in Nigeria. More so it has been difficult for Nigeria's firm to penetrate the South African economy thereby raising fear of South Africa to likely dominate Nigeria. Ironically, the South African firms record significant contribution to Nigeria's GDP, the end users merely benefit as Nigeria's GDP, per capita is \$2,688 in relation to South

Africa's GDP per capita of \$7,336 (Okoli, 2021). These asymmetric relations raise question on the strategic partnership and expected role of Nigeria within the transaction between Nigeria and South Africa.`

Year	Nigeria's Import from South Africa	Nigeria's Export to S/Africa	Total
2010	ZAR 4.38 billion	ZAR 16.08 billion	ZAR 20.46 bn
2011	ZAR 5.7 billion	ZAR 12.27 billion	ZAR 28.46 bn
2012	ZAR 6.4 billion	ZAR 30.5 billion	ZAR 369 bn
2013	ZAR 7.8 billion	ZAR 34.9 billion	ZAR 42.7 bn
2014	ZAR 10.5 billion	ZAR 55.7 billion	ZAR 66.2 bn

Sources; High Commission of the Federal Republic of Nigeria in South Africa

### Conclusion

The Nigeria-South Africa relations have been a portfolio of cooperation and conflict, there is hardly consistant peaceful coexistence that will deepen relations. Their cordial and mutual relation is vital to the advancement and development of African continent. However, it is clear that trade and investment relation between the two countries at any given period is dependent on the pursuit of their foreign policies and national interests. The pursuit of foreign policy and national interest between the two countries has led to deep rooted competition for supremacy, hegemony and rivalry in Africa between the two countries. Nigeria and South Africa have professed an unwavering support and commitment to the foreign policy of Afro-centricism and Pan-Africanism.

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