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## Keynote Address: Unlocking Africa's Potential in a Time of Competition between Rising and Global Powers

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# Keynote Address: Unlocking Africa's Potential in a Time of Competition between Rising and Global Powers

*Landry Signé*

Distinguished guests, I am humbled, honored, and grateful to be here today to present this keynote speech during this extremely important Global Voices Symposium. It is a privilege to have been invited to stand before you and address all the distinguished persons in attendance today. Before I begin, I would like to thank and commend Julius Amin, Professor and Alumni Chair in Humanities, for his leadership and for bringing together this incredible event, as well as Provost and Executive Vice President of Academic Affairs Paul Benson, Associate Provost for Global and Intercultural Affairs Amy Anderson, College of Arts and Sciences Dean Danielle Poe, and the leadership exhibited from the faculty and staff at the University of Dayton. This piece synthesizes some of the key trends shared in the keynote, with nine distinct key takeaways that are critical for better understanding and engagement for Africa and the rest of the world.<sup>1</sup>



*Landry Signé*

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<sup>1</sup> This piece was adapted and builds from the publication of my book *Unlocking Africa's Business Potential: Trends, Opportunities, Risks, and Strategies* as well as my testimony before the U.S. Senate.

I am Landry Signé, Managing Director and Professor at the Thunderbird School of Global Management, Senior Fellow at the Brookings Institution's Africa Growth Initiative in the Global Economy and Development Program, Distinguished Fellow at Stanford University's Center for African Studies, and a member of the World Economic Forum's Regional Action Group on Africa, and the World Economic Forum's Global Future Council on Agile Governance.

“Borders frequented by trade seldom need soldiers.”  
—*William Schurz, second President of the American Institute for Foreign Trade (now the Thunderbird School of Global Management)*

Trade and investment are not just about money and prosperity. They also bring and support peace, stability, and security. In my book *Unlocking Africa's Business Potential*,<sup>2</sup> I explore key trade and investment trends, opportunities, challenges, and strategies that illustrate the tremendous potential of Africa and explain the complex competition between emerging and established powers on the continent. The following key trends are critical for policymaking, given their implications for trade investment, economic transformation, inclusive prosperity, and geopolitical dynamics in a time of competition between rising and global powers.

**1. Africa's economic transformation and business potential are more substantial than most people think:** Africa is the world's next growth market. Considered a hopeless continent in 2000 by *The Economist*, Africa has seen the two best cumulative successive decades of its existence in the twenty-first century.<sup>3</sup> Trade in and with Africa has grown 300 percent in the last decade, outperforming global averages (196 percent).<sup>4</sup> It has become home to many of the world's fastest-growing economies, offering unique opportunities for U.S. trade and

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<sup>2</sup> Landry Signé, *Unlocking Africa's Business Potential* (Washington: Brookings Institution Press, 2020).

<sup>3</sup> <https://www.economist.com/weeklyedition/2000-05-13>

<sup>4</sup> Landry Signé and Chris Heitzig, “Seizing the momentum for effective engagement with Africa,” forthcoming 2022.

investment. Moreover, Africa has tremendous economic potential and offers rewarding opportunities for local and global partners looking for new markets and long-term investments with some of the highest returns, along with the potential to foster economic growth, diversification, and job creation, including for women and youth, and improved general welfare.

**2. The fast population growth on the continent could be turned into demographic dividends, or threats to global prosperity and stability.** Africa was home to 17 percent of the world population in 2020, and it is expected to contain 26 percent of the global population in 2050 (2.53 billion people).<sup>5</sup> If Africa is not successfully integrated into the global economy, this could represent a major threat to global prosperity and stability. Citizens could be further subjected to extreme poverty, fragility, violent extremism, illegal immigration, and health challenges, among other things—challenges that many already face on the continent. If our goal is a prosperous and safe world, Africa must not be left behind.

**3. The growth of household consumption and business spending represents a unique opportunity for U.S. trade and investment.** By 2050, Africa will be home to an estimated USD16.12 trillion of combined consumer and business spending.<sup>6,7</sup> Africa's prosperity can be beneficial for the U.S.: Such growth will offer tremendous opportunities for U.S. businesses in household consumption (USD8 trillion) in areas such as food and beverages, housing, hospitality and recreation, health care, financial services, education and transport, and consumer goods, as well as business to business spending (such sectors as construction, utility, and transportation, agriculture and agri-processing, wholesale and retail).

**4. The rise of global partnerships and the competition between traditional and new players represents an opportunity for the U.S. to build on its sustainable competitive advantage.** In

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<sup>5</sup> United Nations, Department of Economic and Social Affairs, Population Division, *World Population Prospects 2019*.

<sup>6</sup> Signé, *Unlocking Africa's Business Potential*, p. 247.

<sup>7</sup> *Ibid.*, p. 14.

2009, China became the region’s prime trading partner.<sup>8</sup> In fact, between 2006 and 2016, China’s trade with Africa surged, with imports increasing by 233 percent and exports increasing by 53 percent, as they did for several other global players as well.<sup>9</sup> During the same period, the U.S. lost ground in exports to Africa (a loss of 66 percent).<sup>10</sup>

China’s influence goes beyond the trade relationship; China is also the top investor in infrastructure, and it now is the first destination of English-speaking African students, outperforming the U.S. and the U.K.<sup>11</sup>

	Change (increase) in imports from Africa, 2006 – 2016	Change (increase) in exports to Africa, 2006 - 2016
<b>Russia</b>	142%	168%
<b>Turkey</b>	192%	61%
<b>India</b>	181%	186%
<b>Indonesia</b>	107%	147%
<b>World</b>	56%	18%

Source: IMF, *Direction of Trade Statistics, 2017*<sup>12</sup>

But the U.S. remains a critical player on the continent. As I mentioned in a recent article, “Successes in the past decades—initiatives such as the African Growth and Opportunity Act (AGOA), the President’s Malaria Initiative, the President’s Emergency Plan for AIDS Relief, the Millennium Challenge Corporation, and U.S. trade and investment hubs—have generated tremendous opportunities for millions of Africans and Americans. But the current era—and competition from other global powers—will require new ideas and a new approach to several key issues.”<sup>13</sup> In fact, African countries would often prefer to work with the U.S., given local content regulation rules, more investment

<sup>8</sup> <https://foreignpolicy.com/2021/01/15/united-states-africa-biden-administration-relations-china/>

<sup>9</sup> Wenjie Chen and Roger Nord, “Reassessing Africa’s global partnerships,” in *Foresight Africa 2018* (Brookings Institution, January 11, 2018) p. 110 (<https://www.brookings.edu/research/reassessing-africas-global-partnerships/>)

<sup>10</sup> Ibid.

<sup>11</sup> Signé, “How to Restore U.S. Credibility in Africa.”

<sup>12</sup> Wenjie Chen and Roger Nord, “Reassessing Africa’s global partnerships,” p. 110.

<sup>13</sup> Signé, “How to Restore U.S. Credibility in Africa.”

in on-the-ground resources, and standards about hiring/training locals. In other words, the U.S. is less extractive and more transparent than numerous other partners.

### **5. Fast urbanization includes also fast rural population**

**growth:** By 2030, Africa will be home to five cities of more than 10 million inhabitants and 17 other cities of more than 5 million inhabitants.<sup>14</sup> Cities in Africa are becoming powerful economic centers, and a city-based approach to foreign policy, along with trade and investment, will be critical to outperform competitors and build mutual prosperity. Contributing to the prosperity of African cities will also make a difference in addressing security challenges.

### **6. Africa has made tremendous progress in mobilizing resources for infrastructure development, working hard to bridge gaps in ICT, energy, water and sanitation, and transportation.**

Despite the remaining deficits, the Infrastructure Consortium for Africa (ICA) reported that between 2013 and 2017 the annual funding for infrastructure development in the region was USD77 billion, about twice as much as the annual funding average of the first six years of the 2000s.<sup>15</sup> However, many of these gaps persist. In 2018 the African Development Bank (AfDB) found that Africa’s infrastructure requirements are between USD130 and 170 billion a year, leaving a financing gap of USD68 to108 billion.<sup>16</sup> China has played a key role in financing and has become the largest bilateral infrastructure financier in Africa (Chinese FDI grew 40 percent annually from 2010 to 2020).<sup>17</sup>

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<sup>14</sup> Acha Leke and Landry Signé, “Spotlighting opportunities for business in Africa and strategies to succeed in the world’s next big growth market” in *Foresight Africa 2019* (Brookings Institution, January 11, 2019), p. 83 (<https://foreignpolicy.com/2021/01/15/united-states-africa-biden-administration-relations-china/>)

<sup>15</sup> Kannan Lakmecharan and others, “Solving Africa’s infrastructure paradox,” *McKinsey & Company*, March 6, 2020 (<https://www.mckinsey.com/business-functions/operations/our-insights/solving-africas-infrastructure-paradox>)

<sup>16</sup> AfDB, *African Economic Outlook 2018*, p. xvi (<https://www.afdb.org/en/documents/document/african-economic-outlook-aoe-2018-99877>)

<sup>17</sup> Miriam Tuerk, “Africa is the Next Frontier for the Internet,” *Forbes*, June 9, 2020 (<https://www.forbes.com/sites/miriamtuerk/2020/06/09/africa-is-the-next-frontier-for-the-internet/?sh=1bf4088a4900>)

However, the U.S. has the chance to make a monumental difference when it comes to investing in infrastructure development in Africa.

In fact, Africa has one of the fastest-growing, and is the second-largest, mobile phone market in the world.<sup>18, 19</sup> In sub-Saharan Africa alone, there were 477 million mobile subscribers in 2019; by 2025, the region will host 614 million cell phone subscribers and 475 million mobile internet users.<sup>20</sup> The internet is also expected to contribute to at least 5 to 6 percent of Africa's total GDP by 2025.<sup>21</sup> While the Information and Communication Technology sector is making incredible advancements, water and sanitation, transportation, and energy infrastructure development still needs significant investment. However, this is indicative of positive and extensive investment opportunities that can be undertaken on the African continent.

**7. Fast digitalization, increased technological innovation, and an accelerated Fourth Industrial Revolution (4IR) are increasingly significant:** The Fourth Industrial Revolution is characterized by the fusion of the digital, biological, and technological worlds, incorporating technologies such as artificial intelligence, big data, 5G, drones and automated vehicles, and cloud computing.<sup>22</sup> As a world leader in technological innovation, digital transformation, and the Fourth Industrial Revolution, the United States is well positioned to play a leading role in the African digital space and contribute to Africa's pursuit of now-vital technologies.

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<sup>18</sup> AfDB, "Infrastructure Development," 2021, (<https://www.afdb.org/en/knowledge/publications/tracking-africa's-progress-in-figures/infrastructure-development>).

<sup>19</sup> GSMA, "The Mobile Economy Sub-Saharan Africa," 2020 ([https://www.gsma.com/mobileeconomy/wp-content/uploads/2020/09/GSMA\\_MobileEconomy2020\\_SSA\\_Eng.pdf](https://www.gsma.com/mobileeconomy/wp-content/uploads/2020/09/GSMA_MobileEconomy2020_SSA_Eng.pdf)).

<sup>20</sup> Ibid. In Sub-Saharan Africa mobile internet users are expected to increase from 272 million (26 percent of the population) in 2019 to 475 million (39 percent) in 2025, and 65 percent of people will own smartphones by 2025.

<sup>21</sup> AfDB, "Infrastructure Development."

<sup>22</sup> Njuguna Ndung'u and Landry Signé, "The Fourth Industrial Revolution and digitization will transform Africa into a global powerhouse," in *Foresight Africa 2020*, (Brookings Institution, January 8, 2020), p. 61 (<https://www.brookings.edu/research/the-fourth-industrial-revolution-and-digitization-will-transform-africa-into-a-global-powerhouse/>)

Indeed, advanced technology can have beneficial spillover effects. For example, in the health sector, countries such as Rwanda and Ghana are using the American drone company Zipline to deliver, in record time, medication, blood, and medical supplies to remote rural areas with limited road accessibility.<sup>23</sup> In agriculture, African farmers now have access to affordable precision farming tools that use sensors, satellites, smart devices, and big data technologies to inform every decision.<sup>24</sup> The lending, insurance, and e-commerce opportunities provided by the fintech industry are transforming the lives of all Africans, and not just those in urban centers. These advancements are just the beginning too, as African entrepreneurs are increasingly seeking partners to bring transformative businesses to life. African tech startup funding increased over 40 percent in 2020 to over USD700 million, a fraction of tech startup funding outside of Africa.<sup>25</sup> Despite such progress, the digital divide remains crucial and must be bridged to allow inclusive development. During the pandemic, for example, access to education and business on the continent was more complex, given the level of internet connectivity, among other limitations. Bridging the digital divide represents an opportunity to advance U.S. trade and investment in Africa while also addressing some of Africa's key priorities.

**8. Fast regional integration and the African Continental Free Trade Areas represent opportunities for a continental engagement.** With the signing of the African Continental Free Trade Area (AfCFTA) in 2018, ratification in 2019, and an official launch in January 2021, African growth prospects and business opportunities have been magnified. The continent is giving the world just one more reason to invest in it with the creation of the largest new free-trade zone per number of countries in world, since the creation of the WTO. The AfCFTA will accelerate Africa's industrialization as well as increase incomes, which will lead to the increase of both household consumption

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<sup>23</sup> Noah Lewis, "A tech company engineered drones to deliver vital COVID-19 medical supplies to rural Ghana and Rwanda in minutes," *Business Insider*, May 12, 2020 (<https://www.businessinsider.com/zipline-drone-coronavirus-supplies-africa-rwanda-ghana-2020-5>)

<sup>24</sup> <https://hbr.org/2017/05/how-digital-technology-is-changing-farming-in-africa>

<sup>25</sup> <https://disrupt-africa.com/2021/01/21/african-tech-startup-funding-passes-700m-in-record-breaking-2020/>



and business spending, generating unique opportunities for U.S. trade and investment. Per a World Bank study, the AfCFTA has the potential to lift 30 million people out of extreme poverty, increase the income of 68 million Africans, increase Africa’s exports by USD560 billion, and generate USD450 billion of potential gains for African economies by 2035.<sup>26</sup>

**9. The sustained demand for accountability, democracy, and stability of African citizens, and policy priorities are aligned with U.S. core values.** Per Afrobarometer surveys, 7 out of 10 Africans support democracy and accountable governance, and approximately two-thirds are opposed to a single-party or military government.<sup>27, 28</sup> Importantly, areas in which the U.S. has a sustained competitive advantage, given its global leadership in democracy and human rights, and its support for such issues as health and education, are priorities for Africans too.<sup>29</sup> Given China’s leadership in infrastructure, the U.S. could increase its footprint in this area by partnering with other players such as the G7 and the European Union countries. This approach would be welcomed by African citizens, who prefer the U.S. model of development (32 percent) over the Chinese approach (23 percent).<sup>30</sup>

## Conclusion

The pandemic has created unique momentum for engagement with Africa. Global partners should seize this momentum to renew their relationship with Africa, drawing from consultations with African partners and multilateral concerns, developing and successfully implementing multistakeholder and cutting-edge strategies. By acting promptly and forging transformative partnerships aligned with African values, global partners have the opportunity not only to contribute to the

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<sup>26</sup> World Bank, “The African Continental Free Trade Area,” July 27, 2020 (<https://www.worldbank.org/en/topic/trade/publication/the-african-continental-free-trade-area>)

<sup>27</sup> Gyimah-Boadi, Signé, and Sanny, “US foreign policy toward Africa: An African citizen perspective.”

<sup>28</sup> <https://www.brookings.edu/blog/africa-in-focus/2020/10/23/us-foreign-policy-toward-africa-an-african-citizen-perspective/>

<sup>29</sup> Ibid.

<sup>30</sup> Signé, “How to Restore U.S. Credibility in Africa.”

transformation of a continent that will make up nearly 40 percent of the world's population by 2100, but also to build a more prosperous, democratic, secure, and stable world. As mentioned by William Schurz, "Borders frequented by trade seldom need soldiers."

Thank you very much for your attention and looking forward to continued conversations.

