

The Gulf – Africa Partnership: At the Crossroads of Internationalization

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As trade and investment soars between the Gulf and Africa, member states of the Organization of Islamic Cooperation are on the forefront of unlocking new opportunities.

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ABSTRACT

In the immediate aftermath of the global financial crisis, the Gulf region significantly deepened its economic ties across Africa, resulting in soaring trade and substantially greater investment flows into the continent. This paper examines North and sub-Sahara Africa's cooperation with the Gulf region (sans Iraq) and the varying degrees of engagement among the six states which constitute the Gulf Cooperation Council ("GCC") – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE).

Largely spearheaded by Dubai's aspiration to strategically assert itself as a valuable and relevant international gateway into and out of Africa, total trade between the regions has surged. By the end of 2014, total trade between the GCC and Africa reached \$56 billion¹, propelled by a steady and steep growth trajectory since 2010 at a rate of 25% CAGR.

Within this corridor, a disproportionately greater level of economic activity has emerged among member nations of the Organization of Islamic Cooperation ("OIC"). Serving as the collective voice of the Muslim world, the OIC encompasses all six GCC states, as well as 27 nations within Africa. The organization has championed a concerted effort to "strengthen intra-Islamic economic and trade cooperation"² and appears to be making tremendous gains towards this aspiration within Africa and the GCC.

Indeed, the GCC's trade with African OIC member states grew by 206% from 2010-2014 to reach \$32.7 billion, which outpaced non-OIC member states who saw growth of 182% to reach \$23.3 billion during the same period. However, as spotlighted by recent forays of Oman and Qatar, some countries are seemingly more agnostic in their approach.

GCC players are engaging in Africa on the basis of their respective and unique economic and geopolitical agendas; nevertheless, common threads and motivators exist. North Africa continues to remain a steadfast partner with the GCC, while in sub-Sahara, partnership opportunities that could enhance GCC food security are being prioritized.

¹ All trade statistics contained herein are from UN Comtrade Database, <https://comtrade.un.org/>.

² "History," Organisation of Islamic Cooperation, http://www.oic-oci.org/page/?p_id=52&p_ref=26&lan=en.

Ultimately, given the confluence of drivers in Africa affecting this trend – rapid population growth within Muslim communities and greater acceptance of Islamic financing options among many other examples – the OIC may become an ever more relevant and purposeful geopolitical economic component in Africa’s internationalization story.

Table of Contents

Abstract.....	1-2
At The Crossroads Of Africa’s Internationalization	4-5
Trades Surges Between The Regions.....	5-6
Gulf Foreign Direct Investment Unlocking New Opportunities.....	7-10
Member States Of The Organization Of Islamic Cooperation, On The Forefront Of Deepening Ties.....	10-12
Oman Quietly Engaging East Africa, Zanzibar Contemplates OIC Membership.....	12-15
Qatar Undertakes A More Agnostic Approach.....	15-19
Will Africa Become the Bread Basket Of The Gulf.....	19-23
North Africa Remains A Steadfast Partner.....	23-26
Conclusion.....	26-27

AT THE CROSSROADS OF AFRICA'S INTERNATIONALIZATION

As member states of the GCC position themselves at the crossroads of Africa's internationalization, a symbiotic and mutually reinforcing partnership between the regions is taking shape.

The Gulf has opened up as a strategic gateway serving North and sub-Saharan Africa and, in the process, emerged as an important global intersection of the talent, ideas and capital that will help propel the next chapter of Africa's economic growth.

GCC businesses and sovereign wealth funds have ramped-up expansion agendas in Africa, capitalizing on new possibilities, both from an opportunistic and often times strategic and long-term perspective. From 2005 to 2014, over \$9.3 billion worth of foreign direct investment (FDI) have flowed into the continent³, while trade has increased from \$16 billion per year to \$56 billion over the same period.

Meanwhile, African trading companies and multinationals are taking advantage of the Gulf's world-class infrastructure and global reach as a springboard for accessing more distant markets.

Africa's Mara Group and Atlantic Holdings, for example, have both set up their global headquarters in the UAE. Ashish Thakkar, CEO of Mara Group, cites the ease of travel, access to capital and comparably more welcoming visa policies as primary motivators⁴, as he joins throngs of other Africa companies establishing themselves in the UAE. South Africa alone has seen over 200 known registered companies setting up in Dubai.⁵

Entrepreneurs are building greater levels of familiarity and cooperation as they pursue a wide range of business opportunities with great efficacy, despite what could be considered an otherwise paradoxical relationship in that the GCC and Africa are vastly different from social, economic and political perspectives. The continent's 54 countries are at varying stages of development and stand in stark contrast against those in the GCC, whose member countries are not only more prosperous, but more agile and globally connected.

Furthermore, within the economic alliance of the GCC itself, there are underlying tensions and sensitivities in both the geopolitical and economic arenas, particularly as the Gulf responds to new regimes taking power across North Africa. Reactions and proactive manoeuvres among GCC members have exposed competing strategic agendas, as well as sharp differences between the bloc and its African neighbours.

However, at a time when Africa has been elevated as a greater priority among many companies globally and seen an ensuing influx of business opportunities, the combined strengths of its relationship with the Gulf and depth of cooperation can hardly be exaggerated.

The GCC has moved far beyond its historically entrenched ties with North Africa and is now exploring new markets in East Africa and further across sub-Saharan. Much of this growing trade

³ Naseef Chenath, "Dubai's Chamber Report Highlights Opportunities in Africa for Investors," *Gulf News Journal*, February 15, 2016.

⁴ Jaco Maritz, "Why Ashish Thakkar's Mara Group Has Its Head Office in Dubai," *How We Made It in Africa*, October 5, 2014, <http://www.howwemadeitinafrica.com/why-ashish-thakkars-mara-group-has-its-head-office-in-dubai/>.

⁵ Shamin Chibba, "Emirates Urged to Invest in South Africa," *Brand South Africa*, December 3, 2014, <https://www.brandsouthafrica.com/investments-immigration/economynews/emiratis-urged-to-invest-in-south-africa>.

and investment can be attributed to the predictable response of the Gulf private sector, enticed not only by a continent vigorously on the move, but also its close geographic proximity.

Meanwhile, further adding to the momentum and dynamism of the relationship, the GCC has been proactive in its effort to carve out a relevant role within the much broader Asia-Africa nexus. Building cooperation with China has been key. Although most enterprises in Africa are still largely cut-off from global value chains,⁶ China has begun embracing the GCC bloc as a crucial hub along its silk road as it advances strategic agendas in Africa.

Mirroring a similar approach among businesses from the West, Chinese banks, traders and telecoms companies have established Africa regional offices in the GCC, which it considers as a stable and easily accessible vantage point from where significant trade and investment can be coordinated across the continent. Even smaller Asian nations, such as Singapore, have seen their private sector begin exploring joint ventures and other strategic cooperation possibilities with GCC partners who can facilitate market entry and navigation throughout Africa.

Indeed, the GCC could be an important hub for facilitating interaction and cooperation between the regions, especially as African economies become more integrated into Asia Pacific's supply chain.

With the establishment of 17 bilateral investment treaties in sub-Saharan Africa, as recorded by the UN Conference on Trade and Development (UNCTAD) in 2013,⁷ alongside an obvious eastward shift in focus towards Asia, which has seen the region become the recipient of more than 40% of all GCC exports⁸ (sans Japan), the GCC seems to be ardently laying a strategic groundwork to cement itself as a long-term partner acting between Africa-Asia.

TRADE SURGES BETWEEN THE REGIONS

As the GCC increasingly diversifies investment, adapts business models, and seeks out strategic partners across Africa, the overarching cooperation between the regions has become progressively comprehensive and complex.

The full extent to which economic cooperation is underway, has become evident by flourishing trade flows between the regions, which has greatly accelerated in the face of slowing Western markets in the wake of the 2008-09 global financial crisis. Standing in stark contrast to an otherwise limp and battered global economy, total trade during the 2010-2014 period between the GCC and Africa grew by 195%, far outpacing lower double-digit trade growth between Africa and other economic blocs elsewhere globally.

As a result, the GCC's share of Africa's total global trade has nearly doubled from 2.25% in 2010 to 5.31% by 2014. Egypt and South Africa have accounted for about a quarter of all trade flows, and even though volumes and transaction sizes are still relatively modest in the global context, trade is resilient and becoming more diversified.

⁶ "World Trade Report 2016: Levelling the Trading Field for SMEs," World Trade Organization, https://www.wto.org/english/res_e/booksp_e/world_trade_report16_e.pdf.

⁷ John Kelly, "Ghana: Islamic World Targets Ghana for Business," *All Africa*, February 14, 2017, <http://allafrica.com/stories/201702140665.html>.

⁸ Oxford Business Group, "GCC Trade with Asia Growing and Diversifying," date unknown, <https://www.oxfordbusinessgroup.com/analysis/gcc-trade-asia-growing-and-diversifying>.

All GCC member nations have significantly expanded their trade linkages across the length and breadth of the continent, as well as with total trade standing at \$56 billion by 2014, of which \$21.3 billion originated from within North Africa and \$34.7 billion within sub-Saharan Africa. The UAE accounted for 70% of total inflows and outflows, by far dominating the GCC's smallest trading partner Kuwait, which accounted for a share of only 1.4%.

While Dubai has overwhelmingly taken the lead in forging new import and export relationships, Saudi Arabia has closely followed suit, growing trade by nearly 300% during the 2010-2014 period from \$3.1 billion to over \$12 billion. Likewise, smaller GCC economies have also realized double and triple digit growth during this period, with Bahrain, Kuwait, Oman and Qatar collectively accounting for nearly \$5 billion in 2014.

While spotty reporting of trade statistics among countries within the GCC and Africa can at times make trend analysis challenging and incomplete, Africa appears to have lost what was a trade surplus in recent years. As the surplus became whittled down, by 2014 GCC exports into the continent fully eclipsed its imports from Africa.

Nevertheless, African exports are increasingly encompassing an ever-widening range of products and commodities as sub-Saharan sales to the GCC continue to ramp-up tremendously. Moreover, trade activity is more evenly spread out across Africa as compared to the highly concentrated trade flows into and out of the Jebel Ali Port in the UAE and Jeddah's Islamic Port in Saudi Arabia.

While certain trade corridors are still predictably dominated by oil, growing populations, urbanization and the rise of a larger middle class, however, have translated into a demand for a wider array of products and commodities from the Gulf.

Angola, Ghana, Mali, Tanzania and Kenya, for example, have generated substantial new trade opportunities for GCC players in recent years, with each country commanding around \$2-3 billion worth of trade annually. Mali in particular has charged ahead, posting very strong growth with a 106% CAGR between 2010 and 2014. Elsewhere, Angola and Nigeria have heavily dominated in the oil and gas industry, while Ghana, Mali, Tanzania and Kenya maintained more diversified interests ranging from agriculture to light production.

In East Africa in particular, Gulf distributors are monitoring the rapid economic growth underway and consider territories there as logical target markets for future expansion, given their close geographic proximity to the GCC.

GULF FOREIGN DIRECT INVESTMENT UNLOCKING NEW OPPORTUNITIES

In the years following, Africa's trade potential has been impeded by the 2015-16 bout of lower commodity prices, intensifying pressures to hasten efforts in re-thinking and re-vamping the many outdated economic models overly dependent on raw commodity exports and highly susceptible to commodity price swings.

Development pathways for many African countries have reached critical juncture points. However, optimism is underpinned by the recent and steady progress achieved in enhancing business environments. Rwanda has maintained its position as Africa's top reformer, while Kenya has now also been identified in the global top 10 this past year.⁹

⁹ "Economic Insight: Africa," ICAEW, Q4, 2016, <http://www.icaew.com/-/media/corporate/files/technical/economy/economic-insight/africa/africa-q4-2016-web.ashx?la=en>.

The Gulf has been paying attention to this progress and, in a vote of confidence towards Africa's long-term economic prospects, GCC investment flows poured in with at least US\$9.3 billion in sub-Saharan bound FDI between 2005-14.¹⁰

Hypermarkets and retail outlets have been notable recipients, propelled by the continent's burgeoning middle class, which for example are shaping up as important customers for GCC exporters. Gulf brands are very eager to aggressively move into East Africa. However, despite the high level of readiness, a number of challenges have constrained expansion activities.

Real estate development continues to be slow, especially in the construction of large organized retail spaces in city centres. Moreover, supply chain and logistics expenses persist and tear into the margins across price sensitive consumer goods markets.

The environment is nevertheless improving as large investments into infrastructure development have worked to increase the speed at which products move across land, while the creation of the East African Community has reduced overall trade complexity. In lockstep to these improvements in infrastructure and easing complexity, Gulf businesses have made further inroads, especially as opportunities at home have become saturated.

In the tourism and hospitality market, for example, "a saturation of the local [Gulf] market and decent access to capital has led GCC hospitality companies to expand abroad, often in areas popular with GCC tourists," according to the Economist's 2014 report 'Beyond Commodities.' This new dynamic has certainly encouraged greater interest in the opportunities abundant within Africa's underdeveloped tourism sector. Coinciding with substantial expansion of flight routes throughout the continent as overall passenger numbers in Africa expect to increase, estimated at 4.8 per cent in the next five years¹¹, up-and-coming tourism destinations such as Mozambique have attracted significant investments from the Gulf.

Hamad Buamim, president and CEO of the Dubai Chamber of Commerce and Industry, underlines the point, recently commenting that they see "Gulf investors owning around 20 hotels and resorts in sub-Saharan Africa."¹² To his point, Morocco and Egypt have been prioritized destinations in recent years; however, tourism to South Africa is rising quickly. From April 2014 to March 2015, more than 8,500 visas to South Africa were issued in the UAE.¹³

The underlying pattern of activity, unquestionably more energetic and robust, points to substantial interest not only within consumer goods, infrastructure and tourism, but also agriculture, mining, logistics, and financial services sectors.

While on some of these other fronts – manufacturing, logistics and financial services in particular – the levels of attractiveness and development vary by territory of course and so does the corresponding level of traction being observed among Gulf partners.

¹⁰ "Explore the Data," FDiMarkets.com, <https://www.fdimarkets.com/explore/>.

¹¹ Peterson Tumwebaze, "Hospitality Sector Gears Up for African Aviation Summit 2017," *The New Times*, February 14, 2017, <http://www.newtimes.co.rw/section/article/2017-02-14/207963/>.

¹² Cheenath, "Dubai's Chamber Report."

¹³ Gavin du Venage, "South African Hotels in the Spotlight for Developers and UAE Tourists," *The National*, www.thenational.ae/business/travel-tourism/south-african-hotels-in-the-spotlight-for-developers-and-uae-tourists.

While South Africa, Ethiopia, Senegal, Kenya and Côte d'Ivoire have made important advancements in improving manufacturing capabilities, the overall manufacturing space remains incredibly nascent, especially among African SMEs.

According to the World Trade Organization's World Trade Report 2016, "direct exports represent 7.6% of total SME sales in the manufacturing sector, compared to 14.1% for large manufacturing enterprises" globally, and that among developing regions specifically, "Africa has the lowest export share at 3%." Moreover, only 1% of Africa's exports are indirectly exported as compared to 9.3% in developed Europe, which suggests significantly limited participation in the global value chain among African SME manufacturers.

As such, investments into manufacturing among Gulf-based companies have been limited, but not non-existent. In fact, some of the early investments could develop the space by establishing new capabilities and perhaps nurture knowledge transfer.

MIDROC, a diversified player in Saudi Arabia has, for example, continued pouring investments into Ethiopia in the establishment and modernization of various production bases. Complementing existing interests that span from cement to steel and tyres, the company has pushed into new areas recently with the expansion of its subsidiary Elfora Agro-industry Plc and investments into animal feed, as well as poultry, meat and dairy production capabilities.

Omani investors are being encouraged to invest in establishing manufacturing capabilities in Ethiopia as well. "There is a huge domestic market here in Ethiopia, so it would be good for Omani investors to have manufacturing units here," says Ato Dawano Kedir, State minister of the Foreign Affairs Ministry of Ethiopia, on the sidelines of the Oman-Ethiopia Trade Meet in Addis Ababa in 2015.¹⁴

Echoing the sentiment, "We in Oman, look forward to a very proactive networking between our two friendly and brotherly countries resulting in contractual agreements, and joint ventures in all sectors of our societies," says Trade Minister of Sultanate of Oman Dr Ali Bin Masoud Al Sunaidy.¹⁵

Present at the 2015 Oman-Ethiopia Trade Meet, were 110 Omani companies, some in the early stages of expansion and others who have long operated in the country. The Bin Hayl Group, a techno-plastic industry player, has successfully operated and distributed to Ethiopia for over 10 years, while others were eager to follow in their footsteps.

In the logistics and distribution space, on the other hand, investment and expansion has ramped-up considerably in just the past two to three years with Gulf-based players taking on a meaningful role in developing the infrastructure and connectivity required to unlock further trade opportunities.

UAE-based Indu Maritime & Logistics has recently moved into East Africa, with Chairman Kishore Lakhani remarking, "We're looking to open up these markets to business" and that "Djibouti is the key to successful expansion into the East African markets as many countries and regions are

¹⁴ "Manufacture in Ethiopia, Omani Investors Urged," *Times of Oman*, April 1, 2015,

<http://timesofoman.com/article/50204/Business/Manufacture-in-Ethiopia-Omani-investors-urged>.

¹⁵ Solomon Mekonnen, "Ethiopia: Omani Investors Keen to Invest in Ethiopia," *All Africa*, April 15, 2016,

<http://allafrica.com/stories/201604150804.html>.

landlocked, with limited access for delivery of supplies and goods.”¹⁶ Likewise, Dubai-based transportation and logistics firm Fast Logistic Solutions (FLS) Group acquired Kenya’s Trade Winds International in 2013.¹⁷

The heavyweight logistics player Agility is even taking it a step further with CEO Tarek Sultan voicing his intentions to be “doing large scale logistics parks where we provide water, electricity, IT connectivity and everything that a modern company would need to operate effectively in Africa, in the hopes that it will be easier for our customers to invest themselves in Africa. I think that’s going to be a booming business for the next 10 to 20 years.”

Partly underpinning this overall expansion of trade and investment between the regions, is the growing presence of Arab banks across Africa. Although Western players – such as Barclays, Societe General and BNP Paribas¹⁸ – have cut their African exposure in recent years, Gulf financial institutions have ramped-up expansion in full force as they take advantage of favourable exchange rates and an abundance of merger and acquisition opportunities.

In the words of Emirates NBD CEO Shayne Nelson last year, there seemed to be no shortage of acquisition opportunities with “investment bankers piling in through our doors offering us transactions.”¹⁹ As one of the largest banking groups in the Middle East, they bought BNP Paribas’ Egypt business in 2013²⁰ and is now in talks with Barclays’ Egypt unit, which manages 56 branches and 127,000 customers.²¹ Many other Gulf firms, notably Qatar National Bank and Kuwait’s Zain, have followed suit, embracing technology to sharpen competitive advantages and driving into new markets.

Within the financial services sector, Africa’s Islamic finance space is already bustling with a presence in 21 African countries, from Sudan to Uganda, with offerings spanning banking, insurance, bonds and capital markets.²²

Africa’s already large Muslim population will continue to grow at a rapid pace and the Islamic economy is expanding in lockstep, driven by demand for sharia-compliant products and services. According to the Pew Research Centre, “by 2050 the number of Muslims worldwide will grow to 2.76 billion, or 29.7% of the world’s population. The share of the world’s Muslims who live in sub-Saharan Africa will increase from 15.5% in 2010 to 24.3%” at about 670 million.”²³

¹⁶ “Dubai Logistics Group Expands into East Africa,” *Arabian Supply Chain*, December 15, 2014, <http://www.arabiansupplychain.com/article-10733-dubai-logistics-group-expands-into-east-africa/>.

¹⁷ “RSA Logistics’ 55-Million Dollar Expansion,” *Supply Chain Digital*, September 29, 2015, <http://www.supplychaindigital.com/RSA-Logistics/profiles/141/RSA-Logistics-55-million-dollar-expansion>.

¹⁸ Laura Noonan, “Gulf Leaders Expand While Others Retreat,” *Financial Times*, October 7, 2015, <https://www.ft.com/content/ce5fae30-4be3-11e5-b558-8a9722977189>.

¹⁹ Mahmoud Kassem, “Emirates NBD Plans More Success Out of Africa,” *The National*, March 6, 2016, <http://www.thenational.ae/business/banking/emirates-nbd-plans-more-success-out-of-africa>.

²⁰ “Emirates NBD and BNP Paribas Sign Agreement for the Sale of BNP Paribas Egypt to Emirates NBD,” BNP Paribas, December 20, 2012, <https://group.bnpparibas/en/press-release/emirates-nbd-bnp-paribas-sign-agreement-sale-bnp-paribas-egypt-emirates-nbd>.

²¹ “Dubai Bank Emirates NBD Eyeing Barclays’ Egyptian Unit,” *Gulf Business*, July 20, 2016, <http://gulfbusiness.com/dubai-bank-emirates-nbd-eyeing-barclays-egyptian-unit/>.

²² “Mapping Africa’s Islamic Economic,” *The Economist*, 2015, <https://www.eiuperspectives.economist.com/sites/default/files/MappingAfricasIslamicEconomy.pdf>.

²³ Drew DeSilver and David Masci, “World’s Muslim Population More Widespread Than You Might Think,” *Pew Research Center*, January 31, 2017, <http://www.pewresearch.org/fact-tank/2017/01/31/worlds-muslim-population-more-widespread-than-you-might-think/>.

MEMBER STATES OF THE ORGANIZATION OF ISLAMIC COOPERATION, ON THE FOREFRONT OF DEEPENING TIES

Given these trends, Africa's Islamic economy has become a prime destination for Gulf trade and investment.

Within the Gulf-Africa trade corridor, a disproportionately greater level of economic activity among member nations of the Organization of Islamic Cooperation ("OIC") has emerged. Serving as the collective voice of the Muslim world, the OIC encompasses all six GCC states, as well as 27 nations within Africa. Globally, the organization has been undertaking a concerted effort to "strengthen intra-Islamic economic and trade cooperation."²⁴

As defined by the charter of the OIC, strengthening "intra-Islamic economic and trade cooperation in order to achieve economic integration leading to the establishment of an Islamic common market," is a primary objective and indeed trade has flourished among nations between the Gulf-Africa regions.

Globally, exports and imports to and from Africa's non-OIC member states grew faster as compared to those states within the OIC. However, the situation is reversed when examining trade between Africa and the Gulf. This suggests that economic linkages among OIC members are playing a significant role in driving trade between the two regions.

When looking at trade between the Gulf and African OIC member states, imports and exports grew by 206% over the 2010-2014 period to \$32 billion as compared to trade with non-OIC Member States, which grew by 182% growth to \$23.3 billion.

Looking at the situation globally over the same period, OIC member states in Africa grew trade to \$607 billion, but more slowly as compared to non-OIC member states who grew trade by 30%, albeit from a smaller base, reaching \$446 billion by 2014.

Trade growth with the Gulf is impressive, and while the UAE maintained a leadership position in terms of total trade value, Saudi Arabia contributed substantially in establishing new and expanding existing trade linkages, leading to an upsurge in growth. Its axiomatic tilt towards predominantly Muslim African nations suggest a preference towards the development of economic partnerships that can be traced along the fault lines of Islam – either with a purposeful attitude to preferentially engage Islamic partners or perhaps a greater awareness and existing access to economic opportunities specifically within the OIC community.

Starting from 2010, Saudi Arabia's total trade with OIC members in Africa amounted to \$1.87 billion, slightly more than the \$1.23 billion with non-OIC members. In the years following, the gap in trade between OIC and non-OIC trading partners widened appreciably. Trade with OIC members grew 341% from 2010 to reach \$8.26 billion in 2014, while trade with non-OIC members lagged far behind to reach only \$3.82 billion.

One of the key features of Saudi Arabia's engagement with the continent, is the increasingly diverse set of interests and, as such, the extent to which the country is pursuing a wider range of economic agendas in Africa. While the greatest intensity of trade occurred with the OIC member nation of Egypt, its proportion in Saudi Arabia's total trade with Africa dropped from 51% in 2010

²⁴ "History", Organisation of Islamic Cooperation, http://www.oic-oci.org/page/?p_id=52&p_ref=26&lan=en.

to 36% in 2014. Meanwhile, Saudi Arabia's second largest trading partner, South Africa, a non-member of the OIC, has maintained a steady 13% share of imports and exports.

In sub-Saharan Africa, newer trade ties between Saudi Arabia and OIC members Mozambique, Cote d'Ivoire and Sierra Leone have developed, while historically entrenched relationships with North Africa and Djibouti continue to deepen. Among non-members of the OIC, Saudi Arabia has prioritized Tanzania as a strategic trading partner for the years ahead with the establishment of a framework agreement for strategic cooperation between the countries.

Signed by Saudi Minister of Foreign Affairs, Adel bin Ahmed Al-Jubeir, and Tanzanian Minister for Foreign Affairs and International Cooperation, Augustine Phillip Mahiga, in 2016,²⁵ the agreement aims to raise "not only trade, but also investments and development projects in Tanzania," a step towards possibly realizing similar economic cooperation that has taken hold in the Democratic Republic of the Congo (DRC), Kenya and Ethiopia.

Kuwait, like Saudi Arabia, also stands out with a strikingly apparent tilt towards transacting with OIC member states in Africa, although from a much smaller base. From 2010 to 2014, trade with non-member states of the OIC across the continent in fact decreased by 13%, while at the same time, trade with OIC countries increased by 35%. By 2014, trade amounted to less than \$1 billion in annual imports and exports and many new trade opportunities during the period could be attributed to a growing relationship with Egypt, which accounted for more than half of total trade.

Bahrain's trade with Africa has been similarly limited in scope and lacked diversity, with OIC-member partners in North Africa, namely Egypt, Morocco and Algeria, dominating trade flows and overshadowing many of the country's secondary partners. Trade with Africa's OIC community more than doubled since 2010 to \$915m in 2014, while trade with the rest of the continent grew more slowly and remained a small percentage of overall trade at less than \$200m per year. Within sub-Saharan Africa, Bahrain's primary trading part was Swaziland in 2014, despite declines in trade with surrounding South Africa.

OMAN QUIETLY ENGAGING EAST AFRICA, ZANZIBAR CONTEMPLATES OIC MEMBERSHIP

Unlike the rest of the GCC, Qatar and the Sultanate of Oman have witnessed greater trade growth among nations outside of Africa's OIC community.

As aptly conveyed in the title of the 2014 Economist article "Gingerly Coming Back,"²⁶ Oman has been quietly but cogently engaging East Africa. A much smaller economy as compared to its GCC neighbours, the Sultanate has trailed behind its GCC neighbours in Africa, but is now entering new markets in Africa as part of a greater effort towards diversifying its economy beyond oil and gas.

The Government-owned Omani Investment Fund is attempting to position Muscat as a start-up hub for the ICT space with the recent launch of a \$200 million technology fund and ambitions to serve East Africa and the surrounding region;²⁷ however, the vast majority of government investment is targeted locally. Aiming to dedicate 70 per cent of its assets in Oman, "We are trying

²⁵ "Tanzania's President Receives Saudi Foreign Minister," *Saudi Press Agency*, March 24, 2016, <http://www.spa.gov.sa/viewstory.php?lang=en&newsid=1481350>.

²⁶ "Gingerly Coming Back," *The Economist*, April 22, 2014, <http://www.economist.com/blogs/baobab/2014/04/oman-east-africa>.

²⁷ "OIF Launches 200-Million Technology Fund," *Muscat Daily*, October 24, 2016, <http://www.muscatdaily.com/Archive/Oman/OIF-launches-200mn-technology-fund-4uhn>.

to rejuvenate and achieve developmental goals in Oman through investments that are all commercially disciplined and seeking returns,” says chief executive Al-Nabhani in 2013.²⁸

Nevertheless, Oman has a historical legacy throughout East Africa that is opening up business opportunities, with many Omanis still maintaining family ties in and around formerly colonized territories stemming from the country’s colonial past in the region. According to Yabesh O Monari, Chargé d’Affaires at the recently opened Kenyan Embassy in Oman, “...In Mombasa, most families trace their roots to joint Omani and Kenyan ancestors and many of them have relatives living in both the countries.”²⁹

The Sultanate’s engagement in Africa is not as robust as other GCC countries perhaps because they were comparatively late in their economic development. However, given the depth of history and heritage – particularly in Tanzania – it appears that Muscat is intent on instrumentalizing connections with its diaspora, the remnants and descendants of original Omani traders and explorers in East and Central Africa.

In the case of Zanzibar, a semi-autonomous part of Tanzania and dominantly Muslim archipelago, the territory was previously admitted to the OIC in 1992. However, the move “ignited a dispute with the Union (national) government, which compelled Zanzibar to withdraw from the OIC the following year on the grounds that Zanzibar is not a sovereign state and that foreign affairs - including membership and participation in international fora - is a national authority.”³⁰

Notwithstanding OIC membership, Oman is an important partner to Zanzibar, but has proceeded cautiously with the relationship to not instigate any backlash by upsetting existing dynamics with mainland Tanzania, if viewed as influencing highly sensitive political issues.

Apart from holding cultural activities and promoting charitable ventures, Oman has helped fund renovations of Zanzibar’s airport and hospitals, while setting up educational institutions and providing economic advisory services in various other capacities. Many families in Oman today are descended from those who fled the Revolution of 1964 and have since built businesses around family connections to relatives back in Zanzibar.

Interestingly, in the past several years, the territory has contemplated re-joining the OIC as recent changes to its constitution have potentially set the stage for doing so, while proponents have championed the move as being a protection to the Union with Tanzania rather than a threat.³¹

Commenting on changes to Zanzibar’s constitution, Vuai Ali Vuai, Deputy Secretary General of the ruling Chama Cha Mapinduzi, remarked that “There are some matters that we have agreed to delete in the list of Union matters in high level party meetings. These include natural gas, oil, ports, statistics and international relations so that Zanzibar could be allowed to join the OIC and other organizations.”³²

²⁸ Maher Chmaytelli, “Oman Sovereign Wealth Fund Focuses on Local Deals After Protests,” *Bloomberg*, May 1, 2013, <https://www.bloomberg.com/news/articles/2013-05-01/oman-sovereign-wealth-fund-focuses-on-local-deals-after-protests>.

²⁹ Abhishek G Bhaya, “Muscat. Mombasa Can Be Sister Cities: Kenyan Envoy,” *Muscat Daily*, September 28, 2011, <http://www.muscatdaily.com/Archive/Oman/Muscat-Mombasa-can-be-sister-cities-Kenyan-envoy>.

³⁰ “Religion and Politics in Tanzania: Debate on an OIC Membership a Challenge to Interfaith Dialogue,” *Wikileaks*, January 22, 2009, https://wikileaks.org/plusd/cables/09DARESSALAAM40_a.html.

³¹ Phone interview: Nathaniel Mathews, 24 March 2017.

³² “Zanzibar: Potential Membership to the OIC,” *Unrepresented Nations and Peoples Organization*, April 8, 2013, <http://www.unpo.org/article/15735>.

Most mainstream Zanzibaris believe that OIC membership will be an avenue to increased development assistance, as some look towards Dubai and Singapore for inspiration for undertaking neoliberal transformations and building a centre for the regional economy. In fact, Singapore has even “pledged support to Zanzibar’s development programmes, particularly areas of priorities such as tourism sector,” with Tan Puay Hiang, Singapore’s ambassador to Tanzania, recently committing that “Singapore will provide technological support, capacity building and other relevant training that speed up development in Zanzibar.”³³

As oil and gas supplies in the Sultanate dwindle, there may be a growing eagerness among policy makers to seek out areas of cooperation coinciding with Tanzania’s massive natural gas discoveries off the coast of Zanzibar. Overall, trade with Tanzania has rapidly expanded in recent years. From 2005-2009, total two-way trade amounted to only \$123 million; only five years later, from 2010-2014, Oman and Tanzania saw a ten-fold increase in trade totalling \$1.45 billion over the period.

Speaking in 2014 at celebrations for Tanzania’s 49th National Day, Ambassador to Oman Ali Ahmed Saleh described what has been recent and substantial progress in the relationship. “...Oman and Tanzania bilateral relations have witnessed a quantum leap and a Renaissance following the first ever State visit of a sitting President of the United Republic of Tanzania, His Excellency Jakaya Mrisho Kikwete, to the Sultanate of Oman from 15-18 October 2012...” Continuing, “...our two leaders came out with a fresh strategic vision by way of taking some decisive and swift landmark decisions to take our strong historical relations into the future and into a new era so that they remain durable and sustainable by way of increased concrete political, economic and social cooperation for the mutual benefit of our two countries and people.”

Indeed, Tanzania and the Sultanate have signed a number of MoUs to strength cooperation, including promotion and reciprocal protection of investments, management of archives and records to preserve common history, cooperation in the field of higher education and a joint business council to enhance trade and investment. In the words of Ambassador Saleh, Oman has the “capital and better know how and we have the abundant economic potentials in agriculture, tourism and infrastructure development, to name but a few.”³⁴

Meanwhile, Kenya has become another steadfast partner, seeing massive increases in trade over recent years. Between the 2005-2009 and 2010-2014 periods, total trade with Oman increased from \$117 million to \$682 million, which has been driven by Kenyan exports of agri-products and oils obtained from bituminous minerals, along with Omani exports of petroleum oils, stones, machine tools, crude minerals, aluminium, pumps, ships and boats.³⁵

According to Kenyan President Uhuru Kenyatta in a recent interview, “Kenya also works closely with Oman in the multilateral arena, particularly within the context of South-South cooperation and shares the ideals of peaceful resolution to conflict. Our two countries have continued to benefit from people-to-people interactions and cultural ties, which have helped to shape relations in all other sectors,” later adding the extent to which the Omani market represents huge potential for Kenyan products and efforts underway to build greater collaboration.

³³ Issa Yussuf, “Singapore to Support Zanzibar Economic Projects,” *Daily News*, March 5, 2017, <http://www.dailynews.co.tz/index.php/home-news/48928-singapore-to-support-zanzibar-economic-projects>

³⁴ Transcript of Ambassador Jakaya Mrisho Kikwete remarks at the 49th National Day of Tanzania Celebration in Oman.

³⁵ “Kenya-Oman Bilateral Relations,” Embassy of the Republic of Kenya, in Muscat, Sultanate of Oman, Date Unknown, <http://www.kenyaembassymuscat.com/kenya-oman-relations.html>.

“Our countries are exploring ways and means of opening more avenues of cooperation to be able to achieve this. Among these strategies is to increase the direct interaction between our two Chambers of Commerce and Industry, in order to deepen people-to-people interaction and enhance our trade, business, and investment ties,” says President Kenyatta.

Although diplomatic relations have been in place for several decades, Kenya first opened its embassy in Muscat in 2011 to boost tourism. Oman then reciprocated with Ambassador Saleh Sulaiman Al-Harhi’s opening of an embassy in Mombasa in February 2014,³⁶ with an effort to build on momentum after trade between the two countries hit higher levels. Kenya and Oman are set to enter into a new phase of relationship building on historical and traditional ties, Foreign Affairs and International Trade Cabinet Secretary Amina Mohamed has said.

Elsewhere, trade has stagnated or declined. While trade between the GCC bloc and Ethiopia has more than doubled during the 2010-2014 period, trade with Oman has been on the decline, but this has not gone unnoticed. There has been a growing aspiration to improve currently sluggish trade with Ethiopia, for example, which has become a greater priority in recent years for Oman.

Coinciding with Oman’s agenda to “explore alternative resources for diversifying sources of the national economy in the Sultanate and reducing reliance on oil as the main source of revenues by developing the non-oil Omani exports,”³⁷ Ethiopia was the target of a broad and high-level Omani trade mission held in April 2015 in Addis Ababa.

Attracted by Ethiopia’s close geographic proximity, coupled with the sheer size of its population of 93 million, meetings facilitated business-to-business matching in the presence of the Ethiopian Minister of State and Chairman of the Ethiopian Chamber of Commerce and Industry, the presence of whom underlined the strategic nature and importance placed on building closer ties between the countries.

Such meetings have continued, underpinning a general rhythm of interaction as the Ethiopians look to narrow their on-going trade deficit by boosting exports. Speaking at the opening ceremony of the 5th Omani Products Exhibition in 2016 in Addis Abba, FDRE Minister of Trade Yakob Yala highlighted the fact that the current trade relationship clearly favours Oman and that both sides “should be very committed to increase trade turnover through promoting joint investment as well as import and export activities.”

With exports to Omani standing at a paltry \$2 million in 2015, Ethiopia is only in the early stages of carving in-roads into the Omani market, identifying what have largely been neglected opportunities up to this point with a determination to improve upon what is currently a disproportionately low level of economic engagement.

QATAR UNDERTAKES A MORE AGNOSTIC APPROACH

Similarly to Oman, Qatar has engaged much less with sub-Sahara Africa in relation to its capacity and as compared to the rest of the GCC.

³⁶ “Directory of Diplomatic Corps and International Organizations 2015-2016,” Ministry of Foreign Affairs and International Trade, Republic of Kenya, <http://www.mfa.go.ke/wp-content/uploads/2016/07/JUNE-28TH-2016-DIPLOMATIC-DIRECTORY.pdf>

³⁷ “Omani Trade Mission to Ethiopia Holds B2B Meet,” *Oman Observer*, April 1, 2015, <http://2016.omanobserver.om/omani-trade-mission-to-ethiopia-holds-b2b-meet/>.

As evident in trade, investment and diplomacy patterns throughout the continent, Qatar's engagement appears less robust among partners within the OIC community as compared to the likes of Saudi Arabia. Nevertheless, Qatar wields disproportionately high influence in the international arena and has certainly begun building clout in Africa.

Qatar punches above its weight with a vigorous geopolitical economic agenda, despite the country's otherwise small landmass and population. Bearing the highest per capita GDP and third largest natural gas reserves globally, the country's young Emir inherited a thriving, albeit oil and gas dependent economy. He has taken an energetic approach to developing foreign policy ambitions with a high degree of agility and, aware that the resources responsible for Qatar's wealth will inevitably expire, is taking measures towards building a more sustainable future. Africa appears to offer promising potential for improved investment and trade linkages that will play into Qatar's broader vision and has begun making meaningful forays.

According to Dr M Evren Tok of Hamad Bin Khalifa University in Doha, Qatar's interest in sub-Saharan Africa has been "not only a matter of sole economic interest; it was also part of a larger vision: more concretely, Qatar National Vision 2030, which puts an important emphasis on economic diversification and the need to shift to a knowledge-based economy. As Qatar seeks to promote the diversification of its economy and reduce its reliance on hydrocarbon rents, Africa appears to be a prominent possible destination for improved investment and trade relations."³⁸

This medium-term strategy has called for the "development of a competitive and diversified economy capable of meeting the needs of, and securing a high standard of living, for all its people, both for the present and for the future,"³⁹ and since its launch in 2008, has coincided with greater development assistance, trade and investment, as well as an expansion of overarching diplomatic engagement in Africa.

Arab countries feature regularly as the primary recipients of Qatar's foreign development assistance; however, substantial amounts of aid were seemingly redirected to African recipients between 2008 and 2010. During these years, Africa's share of the government of Qatar's total global development assistance increased from 6.4 per cent in 2008 to 20.5 and 14.4 per cent in 2009 and 2010 respectively,⁴⁰ suggesting a much greater emphasis on encouraging socio-economic development on the continent.

According to Lidet Tadesse Shiferaw of the Foundation for European Progressive Studies, "when Qatar took over the Darfur peace process and mediated the Doha Agreement between the government of Sudan and the Equality Movement (JEM, the major armed opposition group in Darfur) in 2010, Qatar pledged 2 billion dollars for development plans in Darfur and brokered agro investment deals worth 1 billion dollars in Sudan."⁴¹

³⁸ Michael Evren Tok, "Governance of Resources in Sub Saharan Africa: What is Qatar's Role," Centre on Governance Research Paper Series, Research Paper No. 1/16/EN, https://socialsciences.uottawa.ca/governance/sites/socialsciences.uottawa.ca.governance/files/cog_research_paper_01_16_en.pdf

³⁹ "Pillars of Qatar National Vision 2030," Qatar Chamber, <http://qatarchamber.com/1394>.

⁴⁰ "Qatar's Fourth Human Development Report. Realising Qatar National Vision 2030: The Right to Development," Ministry of Development Planning and Statistics, June 2015, http://hdr.undp.org/sites/default/files/qatar_nhdr4_english_15june2015.pdf

⁴¹ Lidet Tadesse Shiferaw, "The Role of Gulf States in Peace and Security and Development in Sub-Saharan Africa," *Istituto Affari Internazionali*, <http://www.iai.it/sites/default/files/iaiw1619.pdf>.

However, it seems that as the Arab Spring took hold in subsequent years, the architecture of Qatar's foreign aid changed drastically in favour of those countries swept into the ensuing humanitarian challenges, and aid to Africa began tapering off.

Qatar's trade with Africa grew rapidly over the same period with a 400 per cent increase from 2009-2010 to reach \$623 million with North Africa and \$591 million with sub-Saharan Africa. In the years following, trade stabilized with North Africa, but continued growing forcefully in sub-Saharan Africa, nearly doubling to \$1.05 billion by 2014 as in-roads into new markets began taking hold. With the proportion of trade with Egypt and South Africa on the decline from 66 per cent in 2010 to 62 per cent in 2014, entirely new trade activity has sprung up in countries where previously imports and exports were nearly non-existent.

In the case of Madagascar, for example, Qatari exports were negligible until 2011 when opportunities were identified for sulphur exports, starting at \$8 million in 2011 and growing substantially to \$55.6 million three years later. Similar opportunities, albeit fewer and smaller in size, have been identified in Guinea, Ghana and Togo. Elsewhere, Qatar has identified new customers in West Africa for the exports of plastics - a primary driver in trade growth with Nigeria, from \$30 million in 2010 to \$52 million in 2014, and to a lesser extent in Cote d'Ivoire, from \$6 million to \$30 million over the same period.

Among more well-established trading partners, South African demand for Qatari petroleum and other chemical imports have waned, while exports of iron, steel and edible fruits have been on the rise. Ambassador to Qatar, Sa'ad Cachalia, says South Africa is working on developing greater access to the market for South African companies, with a growing eagerness to diversify food products and develop opportunities to export meat.

"In terms of food, we are Africa's largest producer of fresh fruit and meat, and this is an area that we want to break in, particularly meat. South Africa has a world-class meat and fruit industry. We are beginning to see a stream of fruit and some meat entering Qatar, but we want to increase this... There may be certain tariff barriers and this is what our government wants to unlock, particularly the export of South African meat to Qatar,"⁴² says Ambassador Cachalia.

Meanwhile, Qatari investments on the continent have largely targeted opportunities in the service, insurance and especially finance sectors,⁴³ with the "Qatar National Bank having acquired banks in Egypt, Libya and Tunisia, and set up branches in Mauritania, Sudan and South Sudan, as well as acquired a 23 per cent stake in Ecobank in 2014."⁴⁴

Countries across sub-Saharan Africa have been proactively vying for Qatari investment interest, following several high-profile deals and the signing of investment cooperation agreements in recent years. Nigeria's Heritage Oil was acquired by Al Mirqab Capital SPC, a company controlled by Qatar's royal family, for £924 million in 2014.⁴⁵ Kenya in the same year executed agreements comprising of a comprehensive and long-term cooperation framework that "lays the foundation

⁴² Peter Alagos, "South Africa Looking to Boost Trade Relations with Qatar, Says Envoy," *Gulf Times*, December 2, 2015, <http://www.gulf-times.com/story/465136/South-Africa-looking-to-boost-trade-relations-with>.

⁴³ Evren Tok, "Governance of Resources in Sub-Saharan Africa."

⁴⁴ Kate Douglas, "Gulf Investment in Africa: Key Trends and Opportunities," *How We Made It In Africa*, December 4, 2015, <https://www.howwemadeitinafrica.com/gulf-investment-in-africa-key-trends-and-opportunities/>.

⁴⁵ Simeon Kerr and Michael Kavanagh, "Heritage Oil Agrees 924m Takeover Offer from Qatari Group," *Financial Times*, April 30, 2014, <https://www.ft.com/content/541544f2-d036-11e3-af2b-00144feabdc0>.

for cooperation between Kenya and Qatar in trade, industry, energy, agriculture, communication, transport, construction, labour and tourism.⁴⁶

Nigeria and Kenya have since both continued to vigorously promote themselves to Qatari investors, including a state visit by Nigeria's President Buhari in 2016 that sought "investment in various sectors, especially in infrastructure and telecommunication,"⁴⁷ according to Buhari's spokesman Emi Aldeshina. Likewise, Kenyan President Kenyatta has promoted energy sector opportunities, encouraging "Qatari entities in the energy sector to participate in the Kenyan energy sector" and positioning the country as a strategic platform into the East Africa region in that "Cooperation with Qatar in the energy sector will not only benefit Kenya, but also our neighbours in the region by opening the region to diverse investments."⁴⁸

Other countries have followed suit in becoming proactive in seeking Qatari investment. In South Africa, President Zuma is encouraging greater cooperation in petrochemical and agricultural sectors, mining and infrastructure development, and the retail industry,⁴⁹ while President Mulatu Teshome of Ethiopia's meeting with Sheikh Fahad Al Thani has encouraged investments projects worth \$500 million, including cement, sugar and cosmetics factories.⁵⁰ More recently, Qatar and Ethiopia signed 11 agreements and memoranda of understanding to strengthen their bilateral relations announced during a meeting between the respective foreign ministers in 2016.⁵¹

A trade mission of 25 Ghanaian companies visited Doha in 2015 to identify "prospective partners in the areas of agriculture, aviation, fishing, oil and gas, hydro carbons, energy, real estate, construction and Infrastructure."⁵² A year prior, Tanzanian Prime Minister Mizengo Pinda visited the Qatar Chamber, inviting his counterpart to "explore possible investments in Tanzania's agricultural and livestock development, sugar cultivation, rice crop growing, and horticulture sector, as well as in fisheries, forestry, and beekeeping," among many other areas.⁵³

Qatar has been largely receptive. In the instance of Tanzania, Vice Chairman al-Kuwari of the Qatar Chamber remarked, "There is much desire from the chamber and local business owners to explore the investment climate and opportunities in the Tanzanian market, especially in the fields of mining and agriculture because we are serious about developing Qatar's food security."⁵⁴ Similarly encouraging and re-affirming statements have regularly touted Qatari interest elsewhere in sub-Saharan Africa.

⁴⁶ "Kenya, Qatar Ink Four Key Agreements To Enhance Ties," *Hiiraan Online*, April 25, 2014, https://www.hiiraan.com/news4/2014/Apr/54272/kenya_qatar_ink_four_key_agreements_to_enhance_ties.aspx.

⁴⁷ "Nigeria Eyeing Qatari Investment in Infrastructure, Telecom," Qatar Chamber, February 28, 2016, <http://qatarchamber.com/4985>.

⁴⁸ Temitope Bolade, "Kenya Seeks Qatari Investors to Improve Energy Sector," *Ventures Africa*, April 25, 2014, <http://venturesafrica.com/kenya-seeks-qatari-investors-to-improve-energy-sector/>

⁴⁹ "Qatar and South Africa Sign Deals," *The Peninsula*, May 20, 2016, <http://thepeninsulaqatar.com/news/qatar/382548/qatar-and-south-africa-sign-deals>.

⁵⁰ "Ethiopia: Qatari Investors to Launch US 500 million in Ethiopia," *All Africa*, January 20, 2015, <http://allafrica.com/stories/201501210215.html>.

⁵¹ Seleshi Tessema, "Ethiopia, Qatar Agree to Bolster Relations," *Anadolu Agency*, 20 December, 2016, <http://aa.com.tr/en/africa/ethiopia-qatar-agree-to-bolster-relations/710565>.

⁵² "Ghanaian Companies Embark on Trade Mission to Qatar," *Ghana Web*, April 6, 2015, <http://www.ghanaweb.com/GhanaHomePage/business/Ghanaian-companies-embark-on-trade-mission-to-Qatar-353242>.

⁵³ Peter Alagos, "Tanzanian PM Eyes Food, Tourism Investments from Qatar," *Gulf Times*, December 24, 2014, <http://www.gulf-times.com/story/420897/Tanzania-PM-eyes-food-tourism-investments-from-Qat>.

⁵⁴ *Ibid.*

Beyond economic engagement, Qatar has also been proactive on the diplomatic front, playing significant roles in security and conflict resolution in the Horn of Africa. Perhaps most notable among the efforts have been the mediation of border disputes between Eritrea and Djibouti in 2010⁵⁵ and the Doha Agreement a year later between the government of Sudan and the Equality Movement (JEM) as part of the Darfur peace process.⁵⁶

Both cases have been part of a broader trend indicating Doha's ambition to exert influence geopolitically, going beyond just investing petro dollars abroad. Diplomatic relations are recent and still in the making, however are seemingly becoming a cornerstone of African engagement in the Gulf, especially among smaller nations who see "attracting Qatar investment now part of the globalisation of trade"⁵⁷ and as part of Qatar's ambitions to "grasp economic opportunities."⁵⁸

Qatar's 24 embassies currently crisscrossing Africa⁵⁹ are reciprocated by 21 African embassies in Doha. Maghreb countries began opening embassies soon after Qatar's independence in 1971, building relationships on the basis of cultural and language familiarity, as well as shared values rooted in Islam, while the dynamics and objectives of sub-Sahara diplomatic relations varying more broadly, as well as recently with embassies beginning to open in Doha in the early 2000s and only increasing more steadily over the past several years.

The growing diplomatic presence punctuates Qatar's overarching engagement in Africa, which in the words of Muhammed Bin Ahmed Bin Towar Al Kuwari, Vice Chairman of Qatar Chamber of Commerce and Industry, "All eyes are on Africa in the next decade. Africa is the next place for growth, the rest of the world is looking towards the continent."⁶⁰

WILL AFRICA BECOME THE BREAD BASKET OF THE GULF?

The fact that the climate in the Gulf is hostile to large-scale agriculture and farming comes as little surprise to most. Summers in the region are boiling hot, charting temperatures of up to 50 degrees Celsius.⁶¹ In addition, agriculture is one of the most intensive water-based activities in the world. Rain-fed wheat requires 650mm of rain per year, while the Gulf region receives precipitation of a meagre 50-250 mm annually.

⁵⁵ "Fair and Peaceful Settlement of Eritrea – Djibouti Conflict Achieved," *Tesfa News*, September 25, 2016, <https://www.tesfanews.net/qatar-fair-peaceful-settlement-eritrea-djibouti-border-conflict/>.

⁵⁶ "Doha Document for Peace in Darfur," United Nations Mission in Darfur (UNAMID), date unknown, <https://unamid.unmissions.org/doha-document-peace-darfur>

⁵⁷ Benjamin Augé, "Diplomatic Relations between Qatar and Sub-Saharan Africa. An Evolving Affair," Notes de l'Ifri, August 2016, https://www.ifri.org/sites/default/files/atoms/files/notes_qatar_afrique_en_oksl.pdf.

⁵⁸ Ibid.

⁵⁹ "Qatar and the World," Ministry of Foreign Affairs – The State of Qatar, <https://www.mofa.gov.qa/en/#The-World>.

⁶⁰ Levinus Nwabughio, "Buhari's Trip Pays Off as Qatari Businessmen Ready for Investments in Nigeria," *Vanguard NGR*, February 29, 2016, original link no longer accessible but archived article can be found here: <http://web.archive.org/web/20160304022742/http://www.vanguardngr.com/2016/02/buharis-trip-pays-off-as-qatari-businessmen-ready-for-investments-in-nigeria/>.

⁶¹ Damian Carrington, "Extreme Heatwaves Could Push Gulf Climate Beyond Human Endurance," *The Guardian*, October 26, 2015, <https://www.theguardian.com/environment/2015/oct/26/extreme-heatwaves-could-push-gulf-climate-beyond-human-endurance-study-shows>

Gulf countries have therefore long been grappling with not only how to maintain a steady supply of food, but how to maintain them at fair and affordable prices. The most obvious solution so far has been to import food from other parts of the world. GCC states import an average of 60-80 per cent⁶² of their food, with some states like Qatar and Bahrain importing up to 93 per cent and 91 per cent⁶³ of their food supply in 2010 respectively.

However, such alarming dependency on external food sources has made the Gulf extremely vulnerable to price fluctuations, a scenario that has played out multiple times in the course of history. Food exporting countries often impose export restrictions as a way to protect their supplies when they start to fall. Argentina, one of the world's largest suppliers of beef, have had a history of imposing a chokehold on beef exports in a bid to stem the rise of domestic prices, in 2006⁶⁴ and in 2014.⁶⁵ Similarly, when the UAE demanded a blanket exemption from import restrictions from Pakistan in negotiations about agricultural projects, the latter was only willing to acquiesce to exemptions for specific agricultural free zones.⁶⁶ Memories of a threatened grain embargo in the 1970s remain fresh, when grain exports to the Gulf were held hostage in retaliation for the suspension of oil exports to the US.⁶⁷

More recently, rising energy costs, a burgeoning middle class in countries like India and China (and consequently increased demand for animal protein) and bad crop harvests led to the global food crisis of 2007-2008. Prices for key agricultural commodities in the global food market spiked 40 per cent on average; even traditionally food-exporting countries in the Middle East, like Egypt, weren't immune to the effects of the spike. In 2007, panic over a disruption in the supply chain of flour and bread in Egypt again unfolded into deadly protests.⁶⁸ The food import bill for the GCC rose from \$8 to \$20 billion from 2008 to 2013.⁶⁹

One could argue the Gulf countries are probably some of the most well-placed to absorb these price shocks relative to other, poorer countries. However, it is sometimes less a matter of affordability as a matter of whether there is even sufficient food to begin with. Furthermore, oil prices have remained stubbornly low since the start of 2014, leading countries like Saudi Arabia to scramble to cut budget deficits,⁷⁰ casting doubt on whether it has the same resilience to weather another food crisis should it hit again.

⁶² "Qatar Among GCC Countries Investing in Africa," *Oxford Business Group*, date unknown, <https://www.oxfordbusinessgroup.com/analysis/qatar-among-gcc-countries-investing-africa>.

⁶³ "How to Keep Stomachs Full," *The Economist*, February 22, 2014, <http://www.economist.com/news/middle-east-and-africa/21596978-gulf-arabs-are-debating-how-best-feed-themselves-how-keep-stomachs-full>.

⁶⁴ Elyahu Hassin, Hadas Manor and Gadi Golan. "Israel Faces Meat Shortage as Argentina Suspends Exports," *Globes*, March 13, 2006, <http://www.globes.co.il/en/article-1000070556>.

⁶⁵ "Argentina Suspends Beef Exports for 15 days to Contain Domestic Prices," *Merco Press*, August 22, 2014, <http://en.mercopress.com/2014/08/22/argentina-suspends-beef-exports-15-days-to-contain-domestic-prices>.

⁶⁶ Eckart Woertz, "Gulf Food Security Needs Delicate Diplomacy," *Financial Times*, March 5, 2009, <https://www.ft.com/content/d916f8e2-08d8-11de-b8b0-0000779fd2ac>.

⁶⁷ Abigail Fielding-Smith, "Gulf States Strive for Food Self Sufficiency," *Financial Times*, November 20, 2013, <https://www.ft.com/content/076d6930-34d3-11e3-8148-00144feab7de>.

⁶⁸ Krista Mahr, "Bread is Life: Food and Protests in Egypt," *TIME*, January 31, 2011, <http://science.time.com/2011/01/31/bread-is-life-food-and-protest-in-egypt/>.

⁶⁹ "Oman and GCC Nations Focus on Food Security," *Oxford Business Group*, date unknown, <http://www.oxfordbusinessgroup.com/analysis/focus-food-security-gcc-nations-are-working-improve-logistics-and-supply-chains-well-secure-farmland>.

⁷⁰ Adam Bouyourn, "Lower Oil Prices Hit UAE and Saudi Arabia Economies, Latest PMI Survey Shows," *The National*, February 3, 2016, <http://www.thenational.ae/business/economy/lower-oil-prices-hit-uae-and-saudi-arabia-economies-latest-pmi-survey-shows>.

Some of the Gulf countries have toyed with the idea of embarking on industrial farming and agriculture – a flirtation that ended after realising that there simply was not enough water to irrigate crops while serving the water needs of the population. Saudi Arabia, for example, started from producing zero tonnes of wheat in the 1970s to becoming a net wheat exporter in 1984, successfully charting wheat surpluses for the next 15 years.⁷¹ However, the self-sufficiency initiative ultimately became a self-defeating prophecy, upon realising that non-renewable aquifers were being depleted at an alarming rate in order to irrigate crops. An ambitious plan for Qatar to produce 70 per cent of its own food by 2023 (from 60 per cent in 2012⁷²) through desalination and hydroponic technology, was also dropped, amidst concerns about carbon emissions and environmental sustainability.⁷³

As a result, Gulf countries have been attempting to move further upstream in the supply chain process – to the land itself on which food crops are grown. Attentions are increasingly shifting to Africa as a potential bread basket for the region, where 70 per cent of the world's arable land can be found and secured cheaply. Informal and ambiguous zoning laws are also easy to circumvent, making it easier to procure land that has been historically farmed by locals for generations.⁷⁴ Governments have therefore been capturing massive swathes of land in sub-Saharan Africa, leading to what is called a frantic 'land rush' of tracts as large as 500,000⁷⁵ hectares in size. Qatar's Hassad Food for example, an arm of the country's sovereign wealth fund, agreed in 2009 on a \$1 billion farmland development joint venture with the government of Sudan.⁷⁶ Saudi-based Menafea Holdings has also announced plans to invest \$125 million to develop a 5,000-hectare pineapple farm in Zambia.⁷⁷ In a keynote speech at the Africa Global Business Forum in the UAE, Minister of Economy Sultan bin Saeed Al Mansouri said that '(Africa) is critical for us in terms of food security...because of its location and natural resources.'⁷⁸

Proponents of such deals often cite the advantages of technology transfers, jobs for local farmers, increased production and foreign investments.⁷⁹ However, this strategic shift has not come without its fair share of risks and criticisms. For one, areas like The Horn of Africa and the Sahel are at profound risk of food insecurity themselves. At the time of writing, the UN has officially⁸⁰

⁷¹ Javier Blas, "Saudi Wells Running Dry of Water Spell End of Desert Wheat," *Bloomberg*, November 4, 2015, <https://www.bloomberg.com/news/articles/2015-11-04/saudi-wells-running-dry-of-water-spell-end-of-desert-wheat>.

⁷² Rhodri Davies, "Can Qatar's Food Security Plan Ripen?" *Aljazeera*, December 3, 2012, <http://www.aljazeera.com/indepth/features/2012/12/20121221237338571.html>.

⁷³ Bill Law, "Qatar Scales Back Ambitions Amidst Financial Constraints," *BBC News*, February 12, 2014, <http://www.bbc.com/news/world-middle-east-26140986>.

⁷⁴ "Middle East's Investments in African Farmlands are Rooted in Food Security Fears," Wharton University of Pennsylvania, March 22, 2011, <http://knowledge.wharton.upenn.edu/article/middle-east-s-investments-in-african-farmlands-are-rooted-in-food-security-fears/>.

⁷⁵ *Ibid.*

⁷⁶ Mirna Sleiman, "Wealthy Gulf Investors Warm to Africa," *Reuters*, January 2, 2013, <http://www.reuters.com/article/us-gulf-africa-investment-idUSBRE9010B520130102>.

⁷⁷ *Ibid.*

⁷⁸ Andy Staples, "UAE's Food Security Lies in Africa," *Gulf News*, November 17, 2015, <http://gulfnews.com/business/economy/uae-s-food-security-lies-in-africa-al-mansouri-1.1621266>.

⁷⁹ Deena Kamel Yousef, "Africa Seeks Equitable Trade Terms with the Gulf," *Gulf News*, February 21, 2012, <http://gulfnews.com/business/economy/africa-seeks-equitable-trade-terms-with-gulf-countries-1.983868>

⁸⁰ "Famine declared in region of South Sudan," United Nations News Centre, <http://www.un.org/apps/news/story.asp?NewsID=56205#.WN4UjEZAMcg>.

declared famine in South Sudan, warning that up to 20 million people, including those from Somalia, Nigeria and Yemen, are at similar risk of facing famine and starvation.⁸¹

In a surprising twist, a World Bank tally also found that out of all the agricultural land transactions that had taken place in Africa, only 21 per cent⁸² is being actively used for farming operations. One problem has been the lack of available agricultural technology to harness the full capability of the land. A report by the Food and Agricultural Organization (FAO) stated that “Africa has not been investing significantly in agricultural research and development,” which had led to “low use of irrigation, fertilizers, advanced seeds and pesticides.”⁸³

Lack of physical infrastructure has also proved to be a stumbling block to agricultural efficiency. A World Economic Forum survey revealed that 55 per cent of African farmers cited critical needs like ‘stable electricity supply, the ability to transport goods, and public investment in irrigation’ were not being met.⁸⁴ There is little point in growing mountains of grain if there is no way to transport it to the nearest port – a bottleneck that Dubai’s logistical expertise can potentially ease.

In addition, critics have likened these land-grab measures as being ‘neo-colonialist’ – where poor countries produce food for richer countries, often at the expense of their own critically urgent needs. Such land-lease agreements between foreign sovereign wealth funds and central governments in sub-Saharan Africa are seen as being little more than land grabs by wealthy outsiders, especially in a region where 90 per cent of land in Africa is unregistered, leaving people vulnerable to being kicked off their land in favour of big-budget projects.⁸⁵ Unsurprisingly, this has led to an outcry from locals, media and NGOs. An announcement by Qatar that it was leasing 40,000 hectares in Kenya for food production, has faced resistance from the Eastern Africa Farmers Federation Union and Pastoralists.⁸⁶ Similarly, a 99-year lease agreement between South Korea and Madagascar turned politically sour – often cited as one of the factors that led to the coup that saw the reinstatement of President Andre Raelolina.⁸⁷ Upon his resumption of power, the agreement was promptly scrapped.

Ultimately, it seems it is not the land rush in and of itself that is inherently positive or negative, but the way in which it is achieved. Vendor countries certainly stand to benefit from the transfer of technology and increased flow of FDI, and tenant countries are better placed to secure food supplies for their populations. The UN’s Food and Agricultural Organization (FAO) stands to play a unique role as honest brokers between central African governments and foreign investors. Johnson Weru, Director of Economic and External Trade Divisions of Kenya’s Ministry of Foreign Affairs, says that “A fair approach to trade between Africa and the Gulf countries... is required for the mutual interests of both.”⁸⁸ The FAO articulated it best when it concluded that when it comes to leasing land for agricultural use in sub-Saharan Africa, “the principle of free, prior and informed

⁸¹ <http://www.aljazeera.com/news/2017/03/famine-united-nations-170310234132946.html>.

⁸² “Middle East’s Investments in African Farmlands are Rooted in Food Security Fears.”

⁸³ “The Special Challenge for Sub-Saharan Africa,”

http://www.fao.org/fileadmin/templates/wsfs/docs/Issues_papers/HLEF2050_Africa.pdf

⁸⁴ ‘African Farmers Need Investment – But These 6 Factors Stand in the Way,’

<https://www.weforum.org/agenda/2016/05/6-challenges-to-investing-in-african-farmers/>

⁸⁵ ‘African States Seek New Farmland Deals Without Problems of the Past,’

<http://www.reuters.com/article/gulf-africa-food-idUSL5N0LA0HO20140206>

⁸⁶ Ibid.

⁸⁷ <https://www.pressreader.com/south-africa/the-sunday-independent/20101212/282467115309181>

⁸⁸ ‘Africa Seeks Equitable Trade Terms with the Gulf,’ <http://gulfnnews.com/business/economy/africa-seeks-equitable-trade-terms-with-gulf-countries-1.983868>

consent, and robust compensation regimes should provide a cornerstone of government policy.”⁸⁹

NORTH AFRICA REMAINS A STEADFAST PARTNER

It certainly seems intuitive to conclude that because the GCC and North Africa have much in common in terms of culture, language, religion and geographical proximity, both regions are highly engaged in bilateral trade. An Economic Intelligence Unit report stated that “the shared cultural, ethnic and religious heritage makes the Middle East a natural destination for GCC investment.”⁹⁰

However, as the report goes on to argue, bilateral trade between the two regions has been historically limited relative to trade with other parts of the world. A mere 6.6 per cent of GCC exports make it to North Africa, and a paltry 3.1 per cent of exports from North Africa are exported to the GCC.⁹¹

Even Egypt, the largest import source from North Africa providing \$4 billion worth of goods, only comes in 27th place for the GCC overall.⁹² North Africa has traditionally preferred to trade with European Union (EU) member states like France, Italy and Spain on account of lower trade costs of up to 50 per cent cheaper.⁹³ While the Greater Arab Free Trade Area Agreement (GAFTA) saw the reduction in tariffs between the Arab states from 15 per cent in 2002 to 6 per cent in 2009,⁹⁴ it has failed to reduce the costs of trade. On the other hand, the oil-exporting GCC countries have historically relied on OECD countries as customers. In 2011 for example, OECD countries conducted 85 per cent of trade with the GCC.⁹⁵

Yet, the tides are slowly beginning to shift. North African countries have realized in the face of a declining Europe and tightened austerity measures, that they can no longer depend on traditional trading partners to keep their economies⁹⁶ humming. Governments in North Africa are now being forced to search for alternative investment and trading partners, the first of which are the GCC.

Tunisia, for example, has been ardent in its wooing of the GCC states. Minister for Trade and Tourism Mehdi Hous in 2011 called for stronger ties with the GCC⁹⁷ in the wake of the Tunisian revolution. Tunisia’s Prime Minister Mehdi Joumaa has been careful to reinforce this by making

⁸⁹ ‘Middle East’s Investments in African Farmlands Are Rooted in Food Security Fears,’ (paper presented at High Level Expert Forum - How to Feed the World in 2050, Food and Agriculture Organization, 12-13 October, 2009),

http://www.fao.org/fileadmin/templates/wsfs/docs/Issues_papers/HLEF2050_Africa.pdf.

⁹⁰ “GCC Trade and Investment Flows: The Emerging Market Surge,” *Economic Intelligence Unit*, 2011, http://graphics.eiu.com/upload/eb/GCC_Trade_and_Investment_Flows_Falcon%20South_Web_22_MARCH_2011.pdf

⁹¹ “GCC Trade and Investment Flows,” *Economic Intelligence Unit*, 2011, 25.

⁹² *Ibid*, 25.

⁹³ Courtney Trenwith, “The Case for Free Trade in the GCC,” *ArabianBusiness.com*, August 28, 2015, <http://www.arabianbusiness.com/the-case-for-free-trade-in-gcc-604126.html#.V9EV80YSwch>

⁹⁴ *Ibid*.

⁹⁵ “GCC Trade and Investment Flows – The Emerging Market Surge,” *Economic Intelligence Unit*, 2014, 3.

⁹⁶ Carolyn Barnett, “GCC – Maghreb Relations in a Changing Regional Order,” *Centre for Strategic and International Studies*, August 2013, <https://www.csis.org/analysis/gcc-maghreb-relations-changing-regional-order>.

⁹⁷ “Tunisian Trade Minister Calls for Stronger Ties with the GCC,” *Kuwait News Agency*, 20 April 2011.

state visits to the UAE, Qatar, Saudi Arabia, Kuwait and Bahrain shortly after taking office.⁹⁸ Morocco is no different, hosting its first Gulf-Morocco Investment Forum in 2011, to be held annually, in a bid to attract Gulf investors into the region.⁹⁹

Similarly, on GCC trade with the rest of the world, emerging markets like China and Latin America have slowly eroded the purchasing dominance of OECD countries in their trade with the GCC, with the former buying up close to 45% of the oil that is being exported by the GCC.¹⁰⁰ It is worth noting that it is the UAE and Qatar that have been the most outward-looking, spearheading 44 per cent and 17 per cent of investment in North Africa respectively.¹⁰¹ Saudi Arabia, however, has been more inward-focused, charting a mere 7 per cent.¹⁰²

Perhaps as a testament to its successes in economic diversification of the last twenty years, much of this investment is channelled through areas in which the GCC countries have traditionally excelled - namely real estate, construction and infrastructure, port management, tourism and retail.

It would also be feckless to speak about the shifting of economic tides without addressing political developments that have forced this re-orientation. The ousting of leaders by popular uprisings in Egypt and Tunisia, coupled with widespread street protests in Morocco, and a NATO-led invasion of Libya that ended with the demise of Muammar Gaddafi, deeply unsettled Gulf monarchies, now faced with gaping political vacuums in the region.

In the years following the Arab Spring, it has become increasingly clear that GCC governments are engaged in a power struggle between themselves in a bid to gain the upper hand in shaping political developments in post-revolutionary governments, often wielding investment, trade and aid as weapons in the ensuing battle. Much of this is shaped by the rift between monarchies that support Islamist movements, such as Qatar, and those that do not, such as Saudi Arabia, the UAE and smaller players like Kuwait and Bahrain.

This rift over the role of Islamist parties in an embattled region has even led to open diplomatic hostilities, culminating in the recall of the Saudi, Bahraini and Emirati ambassadors from Doha, alleging that Qatar was in violation of a GCC agreement 'not to back anyone threatening the security and stability of the GCC, whether as groups or individuals.'¹⁰³

Nowhere is this played out more than in a country like Egypt, which succinctly represents the battleground on which power struggles are waged. After Mohamed Morsi of the Muslim Brotherhood was ousted from power by a military coup, replaced by former military general Al-Sisi, countries like Saudi Arabia, Kuwait and Oman poured \$12 billion into the country, half as deposits in the Egyptian central bank,¹⁰⁴ to prop-up an economy that had been shattered by the

⁹⁸ Imen Nouira, "Tunisian PM on Tour to Attract Investment," *Al-Monitor*, <http://www.al-monitor.com/pulse/business/2014/03/tunisia-pm-tour-support-investment-gulf-countries.html>.

⁹⁹ "GCC-Morocco Forum Focuses on Investments, Partnership," *Arab News*, December 1, 2014, <http://www.morocoworldnews.com/2014/02/122212/gulf-invest-forum-in-casablanca-next-november/>

¹⁰⁰ "GCC Trade and Investment Flows," 3.

¹⁰¹ *Ibid*, 5.

¹⁰² *Ibid*, 5.

¹⁰³ Angus McDowall and Amena Bakr, "Three Gulf Arab States Recall Envoy in Rift with Qatar," *Reuters*, March 5, 2014, <http://www.reuters.com/article/us-gulf-qatar-ambassadors-idUSBREA2413N20140305>.

¹⁰⁴ Salma El Wardany, Tarek El-Tablawy and Ahmed Feteha, "Egypt Secures Billions in Aid, Deals as Gulf Arabs Lead the Way," *Bloomberg*, March 14, 2015, <http://www.bloomberg.com/news/articles/2015-03-14/egypt-gets-billions-in-aid-deals-as-gcc-investors-lead-charge>.

instability of the previous three years. This may help in explaining the sudden spike in imports from the GCC to Egypt in 2013, which drove a widening trade deficit between the GCC and North Africa. Qatar, however, defiantly granted asylum to members of the Muslim Brotherhood after the coup.

Similarly, when the Islamist Ennahda Party came to power in Tunisia in 2011, this prompted Qatar to pour \$1.5 billion in loans into the country, simultaneously purchasing millions of dollars in Tunisian government bonds and promising investments in energy, environment, water construction and social projects.¹⁰⁵ However, since the Ennahda Party was replaced with an interim ruling government in January 2014, funds from Qatar dried up, prompting Foreign Minister Mongi Hamdi to undertake efforts to rebuild relations with all GCC countries.¹⁰⁶

This rhetoric has not been lost on North African governments either, some of whom have been keen to emphasize their support of the GCC in combatting external threats. In January 2016, Tunisian President Essebsi reaffirmed his support of Saudi Arabia's foreign policy, asserting "we stand by Saudi and the GCC to repel any threat."¹⁰⁷

Yet, it is worth noting that not all GCC involvement is being received with open arms. Tunisia and Egypt's post-revolution experience has led some to eye the GCC's financial injections and foreign investment with suspicion. Tunisian journalist Sofian Ben Farhat claimed that Tunisian President Beji Caid Essebsi disclosed in a private conversation that the UAE has offered him guarantees of financial aid in exchange for "repeating the Egyptian scenario."¹⁰⁸

Similarly, in the aftermath of the Libyan uprising, Qatar was accused of meddling in the political process by "pressuring its transitional leaders for special economic privileges, exerting influence over government appointments, and supporting Islamist political candidates."¹⁰⁹

Whether or not these overtures have been politically driven, the fact remains that trade and foreign investment has indeed been growing between the GCC and North Africa overall. In Libya, a country still torn apart by fighting between Islamist militias and pro-government forces, a group of GCC investors have purchased a stake in a Libyan cement company for tens of millions of euros, previously held by Austrian firm QuadraCir group.¹¹⁰ Emirati Alghurair Group also started a \$1.5 billion refinery expansion in the country.¹¹¹

Morocco's efforts to woo GCC investors have also paid off – the GCC has promised the country a total injection of foreign investment worth \$120 billion till 2024, spanning agriculture,

¹⁰⁵ "GCC Trade and Investment Flows," *Economic Intelligence Unit*, 6.

¹⁰⁶ Taimur Khan, "Libya Violence Threatens Tunisia Stability," *The National*, <http://www.thenational.ae/world/tunisia/libya-violence-threatens-tunisia-stability>.

¹⁰⁷ Munthir Bildiyafi, "Tunisian President: We Stand By Saudi and GCC to Repel Any Threat," *Al-Arabiyyah*, January 29, 2016, <http://english.alarabiya.net/en/News/middle-east/2016/01/29/Tunisian-president-We-stand-by-Saudi-and-GCC-to-repel-any-threat.html>.

¹⁰⁸ "Row in Tunisia over Claims UAE is Buying Political Influence," *Middle East Eye*, May 24, 2015, <http://www.middleeasteye.net/news/row-tunisia-over-claims-uae-buying-political-influence-1185267817>.

¹⁰⁹ "GCC Trade and Investment Flows," *Economic Intelligence Unit*, 2011, 6.

¹¹⁰ "GCC Investors Buy Giant Libyan Cement Company," *Trade Arabia*, April 28, 2015, http://tradedearabia.com/news/CONS_280809.html.

¹¹¹ "Al Ghurair Eyes \$1.5 Billion Investment in Libya," *Trade Arabia*, January 22, 2012, https://www.tradedearabia.com/news/OGN_211372.html.

construction, real estate, energy production and tourism – a 600 per cent increase from its previous investment of \$5 billion over the last ten years.¹¹²

Similarly in Algeria, economic ties with the UAE have grown warmer. Speaking at the UAE-Algeria Investment Forum in Abu Dhabi in April 2016, Algerian Minister of Industry and Mines, Abdesselam Bouchouareb, said the country is seeking to double UAE investments to around \$20 billion in the medium term, up from \$9 billion in 2015.¹¹³

In short, striking a fine balance between courting GCC trade and investment and maintaining political autonomy and domestic credibility, will remain one of the biggest challenges for North African governments. Perhaps it is Tunisian Foreign Minister who summed it up best, in a country currently facing a \$4-5 billion trade deficit: “We don’t want to be a model, or export the Arab Spring. What we want is to export our goods and services.”¹¹⁴

CONCLUSIONS

While relationships between countries within the GCC and Africa are asymmetrical, underlying economic and political ties are growing rapidly and underpinning access to opportunities and a surge of GCC investment alongside imports and exports on both sides.

Africa has benefitted from factors such as greater awareness and familiarity in the Middle East, reduced restrictions on certain industries, and greater linkages through expanding airline routes in its attraction of FDI, as countries in the GCC have attempted to carve out and define their respective roles in being a conduit for improving Africa’s reach into the global marketplace.

While long-term prospects for cooperation remain very bright, the short and mid-term pose serious challenges and uncertainty. Currency fluctuations across Africa, in addition to low oil and other commodity prices, have constrained economic growth and investment flows from global partners. Performance has fallen short of expectations set several years ago, with commodity-reliant countries such as Nigeria, Angola and Mozambique suffering from weak growth, and despite the obviously tremendous opportunities elsewhere, deal closure remains difficult given the underlying uncertainty not only in Africa, but throughout the global economy.

Nevertheless, it appears Middle Eastern capital investment into the continent is holding up. According to the 2016 Africa Investment Report by the Financial Times fDi Intelligence, Middle East investments are on the rise with the UAE ranking fifth by capital expenditure into Africa globally, committing \$4.2 billion worth of FDI projects in 2015.

Meanwhile, intra-OIC trade globally has reached \$878 billion in 2015, with some of the fastest growth continuing within the GCC-Africa corridor, as the total nominal GDP of member states globally has grown to about \$7 trillion.¹¹⁵ Moving forward, the OIC is likely to play an ever more important role in encouraging cooperation between the GCC and members in Africa, particularly

¹¹² Anna Jacobs, “GCC Investment on the Rise in Morocco”, *Muftah*, January 29, 2015, <http://muftah.org/gcc-investment-rise-morocco/#.V9Ei8kYSwgc>.

¹¹³ Fared Rahman, “Algeria and UEA Seek to Strengthen Bilateral Economic Ties,” *Gulf News*, April 17, 2016, <http://gulfnews.com/business/sectors/investment/algeria-and-uae-seek-to-strengthen-bilateral-economic-ties-1.1714796>.

¹¹⁴ “Libya Violence Threatens Tunisia Stability,” Taimur Khan.

¹¹⁵ Mohamed Pervez Bilgrami, “The OIC Charting a Roadmap to Realize its Vision,” *Daily Sabah*, May 5, 2017, <http://www.dailysabah.com/op-ed/2017/05/05/the-oic-charting-a-roadmap-to-realize-its-vision>.

as Islamic influence gains strength across sub-Saharan Africa as Muslim communities and populations are poised to grow rapidly.

Structural issues around lack of infrastructure and forex availability will continue to pose challenges, as do inaccurate perceptions of risk and negative stereotypes that run counter to the realities. Opportunities in Africa continue to appear attractive, particularly as many markets elsewhere globally remain subdued.

As Africa continues to solidify itself as an ever-important component of the world's economy, the continent is wisely open to cooperation with the Gulf as both sides harmonize economic ties and facilitate greater awareness building and interaction so that businesses on both sides can build informed, competitive and enduring relationships for the future.

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