Globalization and Africa: Review of Extent and Impacts

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Abstract

This paper was concerned with Africa's performance within the context of the globalization process. It was noted that economic performance in Africa had not generally measured up to East Asia and Latin America. The analyses in the paper were guided by the provisions of received theoretical and empirical paradigms. Based on a descriptive analytical approach, it showed that remarkable gains accrued in the area of democratization while modest gains generally resulted from internationalization of capital market transactions, direct investment inflows, tourism and foreign remittances. Unexpected outcomes resulted mostly from international trade. Unfavorable terms of trade with its export production disincentive flavor had generally been the order. An accelerated innovation policy could help reverse the trend through for example, increasing output production and quality. The overall outcomes would also benefit significantly from complementary actions from the international community and multinational operators.

Keywords: International Factor Movements and International Business; Economic Impacts of Globalization; Economic Development; International Linkages to Development; Economic Growth and Aggregate Productivity.

JEL Codes: F2, F6, F63, O19, O4.

I. Introduction

The slow pace of Africa in the global integration process had sensitized the consciousness of the policy makers in African countries towards implementing far reaching market-oriented policies and reforms targeted at repositioning the continent against global economic marginalization. During the 1980s, countries in Africa, East Asia and Latin America initiated reforms in the form of structural adjustment programs under which respective governments had to make firm commitments to economic restructuring that focused on trade liberalization, tax reforms, realistic exchange rates, liberalization of capital markets and privatization in exchange for support by the World Bank and the International Monetary Fund (IMF). While these reforms were successful in East Asia and in many Latin American countries, Africa's situation remained pathetic partly due to policy somersaults. Quite a number of policies adopted in Africa were counterproductive. For example, liberalization policies had adverse impact on the economies of most African countries. World Bank (2002) reported that industries in a number of African countries suffered significant losses due to cheap imports. The textile industries had been devastated by cheap imports triggered by premature and indiscriminate free trade. The global mechanism promoted through structural adjustment program had brought about retrenchment of public expenditures to reduce budgetary deficits. This policy was designed to restrain the growth of money supply thereby, leading to stable prices and a climate conducive to investment.

That globalization as a phenomenon dated back to many centuries was an established fact in the literature (see e.g. Williamson, 2002; O'Rourke and Williamson, 2002; Crafts and Venables, 2003). However, the weight of available opinion on Africa within the context of the globalization process was that the initial conditions of its countries could limit the gains therefrom. Accordingly, there were calls for policy overhauls to reposition these economies and speed up their learning rates in order to reverse the potentially unfavorable prognosis. This paper was a review of Africa's strides in the globalization arena. In order to properly articulate the study, the paper sought to provide answers to two questions:

(1) What gains and/or losses to Africa could be attributed to globalization? In particular, how well had African countries performed in the areas of democracy and good governance, cross border listing of stock exchanges, tourism, migration and remittances, international trade and foreign direct investment as they connected to globalization?

(2) What were the prospects for improved performance of African countries as the globalization process progressed?

The rest of the paper was organized as follows. Section II provided some theoretical and empirical insights. Section III undertook a review of Africa's development vis-à-vis the rest of the world while the section following highlighted the measures of globalization and applied them to Africa. The final section gave the concluding remarks.

II. Some Theoretical and Empirical Issues

These were organized around defined headings as follows.

1. Globalization- Democracy and Good Governance Controversy

The literature on the effects of globalization on democracy and good governance was quite large and mostly theoretical. There were three conflicting theoretical positions explaining the complex relationship between democracy, good governance and globalization. They could be summarized thus. Proponents of the first view argued that globalization sped up the pace of democratic practice and in the end promoted good governance (see e.g. Schumpeter, 1950; Held, 1992; Plattner, 1993; Weitzman, 1993; Im, 1996; Oneal and Russett, 1997, 1999; Rueschemeyer and Evans, 1985; Diamond, 1994; Self, 1993). Advocates of the second view argued that globalization adversely obstructed democracy and good governance (see e.g. Lindblom, 1977; Held, 1991; Gill, 1995; Cammack, 1998; Cox, 1996; Rodrik, 1997; Gill, 1995; Martin and Schumann, 1997; Tarkowski, 1989). The third view posited that globalization did not have any systematic effect on democracy and good governance (see e.g. Hirst and Thompson, 1996; Hirst, 1997; Kurzer, 1993; Frieden and Rogowski, 1996).

2. Globalization and Tourism

There were some driving forces of globalization that had implications for tourism, travel and hospitality industries. The liberalization of air transport, liberalization of trade in services, and the spread of information and communication technologies, the extensive use of internet in sales and marketing of trips and tourism packages, all contributed to the continuous growth of tourism industry (ILO, 2001). Globalization had brought about rapid growth in tourism in the past ten years apart from being a vital source of income, it was also a major source of employment. According to a World Travel and Tourism Council (WTTC) estimates for the year 2009 (see WTTC, 2010a, 2010b) about 77 million jobs were directly offered by tourism around the world, and 219.8 million (7.6 per cent of the world total) of all the indirect job opportunities of the sector were taken into account. Tourism had also been reported to account for a significant contribution of 9.4 per cent of the world's total gross domestic product (GDP). Some countries were becoming integrated into the global economy more quickly than others, leaving the latter group with declined economies, increased poverty and high inflation (IMF, 2000). Considering the great role of tourism in supporting economies, it was not unusual for it to be perceived by cash-starved Third World countries as a shortcut to rapid development. Many of these countries found the Structural Adjustment Program (SAPs) offered by IMF to be the solution to their deteriorating economic situations since it offered financial assistance.

The SAPs that were preconditions for the approval of financial assistance, required the indebted country to be integrated into the global economy; deregulate and liberalize its economy, shift from an agriculture-based to a manufacturing and service industry-based economy, and, liberalize its financial sector. The strategy of SAP was based on involving countries' economies in foreign investments and multinational corporations, while eliminating subsidies and protection to local industries. With the power of tourism as income and employment generator, the Third World governments tried to fulfill these conditions through establishing infrastructural projects such as roads, hotels and tourist-promotion programs, while also increasing the opportunities for more international investments to take place in their lands. Worldwide, the flow of tourism destination were more in numbers in developing countries largely because of their pristine nature, diverse culture, inexpensive goods and services, cheap labors, and other resources. A number of factors had played a major role in facilitating globalization in general and international tourism in particular. These included the increase in worldwide business and trade, technological developments in transport and communications, increased cultural and political interdependence, and the role of multinational and multinational corporations.

3. Globalization and Cross-Border Listing

Cross-linking occurred when a firm listed its equity shares on one or more foreign stock exchanges in addition to its domestic exchange. It was a frequently used method for encouraging foreigners to purchase a country's stock as it supposedly created an enlarged investor base and increased marketability of a firm's stock. Globalization and financial integration had caused the growth of cross-border equity flows to be larger than world GDP growth and growth in international trade (OECD, 2002). Since the 1960s and early 1970s, several studies had highlighted the advantages of holding a global asset base rather than limiting portfolio composition to local assets only (see e.g. Grubel, 1968, Levy and Sarnat, 1970, Solnik 1974 and Lessard, 1973). This was consistent with neoclassical theory which stated that, if capital was allowed to flow to where its marginal product was highest, its owners would receive the highest returns. World aggregate savings would be channeled to the most profitable investments and investor risk reduced through more opportunities for international diversification.

Evidence had shown that domestic investors often buy foreign securities particularly following unexpectedly high returns in foreign countries. Such investors were referred to as "return chasers" and their behavior was described as "trend chasing" or "momentum investing". Root et al. (2001), in their study of forty four countries from 1994-1998, provided empirical evidence on return chasing behavior showing that portfolio flows were strongly influenced by past returns while Choe, Kho and Stulz (2005) supplied evidence on the Korean stock market. Compared with developed countries, developing economies appeared to be at a disadvantage in attracting portfolio investment flows. Griffin-Jones and Leape (2000) posited that capital flows into developing economies decreased significantly following the East Asian financial crisis. The current global financial crisis might therefore lower portfolio flows to developing countries as there was a slowdown of world growth. Griffin-Jones and Leape (2000) further claimed that the stock markets of developing economies had become more integrated into the stock markets of developed economies reducing the gains from diversification. Low returns accompanied by extreme volatility, a lack of adequate and timely data, unsustainable growth, corruption and inadequate laws and law enforcement were also found to be responsible for low portfolio flows to emerging economies (Griffin-Jones and Leape, 2000).

World equity flows to developing economies had become increasingly concentrated with Brazil, China, Mexico and Turkey accounting for over 80% of all such equity flows (UNCTAD, 2007). There was evidence that investors preferred to invest in portfolio rather than direct investment in developing economies as it allowed them greater control and resolved the problem of insufficient protection of foreign investors. Furthermore, cross-linking of emerging economy stocks might not bring the benefits expected. Edison and Warnock (2001) showed that cross-border listing of emerging market companies on a US stock exchange resulted in an immediate but short lived rise in capital inflows. In the literature, there appeared to be no set factors influencing cross-border portfolio investments. There had in fact been few studies on this subject because of inadequate data and there existed no comprehensive theory of international portfolio flows. However the factors affecting global portfolio investment flows were often divided into external "push' factors and domestic "pull "factors. Baek (2006) reported that portfolio investment in Asia was pushed by investor risk and other external factors such as world GDP growth, world stock market performance and US interest rates, while pull factors such as domestic growth, domestic inflation and exchange rates affected portfolio investment in Latin America, making portfolio investment in Asia more volatile.

Portes and Rey (2004) and Portes, Rey and Oh (2001) used gravity models to prove empirically that information asymmetry was a main factor deterring cross-border portfolio flows. Gelos and Wei (2005) used data from emerging markets and empirically showed that investors systematically placed fewer funds in countries that were not transparent. Moreover, funds had a tendency to exit countries that were not transparent more quickly during crises. Malloy (2005) provided evidence that local stock market analysts were more accurate than their foreign counterparts. Bailey et al. (2007) observed in their study that the problem which most foreigners encountered from investing in Singapore and Thailand stock markets revolves around the flow of information on the operations of the market and stock prices' dynamics. International portfolio investment might also be linked to international trade in goods, given that the typical investor consumed some level of international goods and services, he/she could hedge his international consumption basket by holding an international investment portfolio. Lane and Milesi-Ferretti (2004) posited that bilateral equity holdings were strongly correlated with bilateral trade in goods and services (see also, Bekaert et al., 2002; Lusinyan, 2002; Griffin et al., 2004).

4. Globalization and Migration

International migration featured prominently in the globalization literature over the past few years. The growing social, economic and cultural interconnectedness epitomized by the concept of 'globalization' had facilitated migration in ever greater numbers between an increasingly diverse and geographically distant array of destination and origin countries. Other factors that seemed to explain surging migration were increasing international and domestic inequalities, the persistent demand for high and low-skilled migrant labor in the segmented labor markets of wealthy societies, and the lack of opportunities, population growth, oppression and violent conflict in developing countries. Several of these factors, such as growing labor market segmentation and domestic inequality were affected by the same political trends towards market liberalization and economic deregulation that had also given a boost to economic globalization (Wade 2004). The basic determinants of international migration lied in the inequalities that existed in levels of development and the enormous magnitude, persistence and flagrancy of those inequalities in the globalized world of today heightened the so-called pressures for migration.

The World Migrant Stock (2005) reported that a large proportion of migrants headed towards developed countries and the share of international migrants in these countries reached as much as 9.5 per cent in 2005. The increasing volume, diversity, geographical scope and overall complexity of international migration were commonly linked to advances in transport and communication technology, and more generally to globalization processes. Globalization could perhaps best be defined as the 'widening, deepening and speeding up of worldwide interconnectedness in all aspects of contemporary social life' (Held et al. 1999). Most people had never crossed a national border. Those who did migrate internationally usually move to nearby countries, as in, from Mexico to the United States or from Turkey to Germany. The largest flow of migrants, 74 million, was from one developing country to another, as from the Philippines to Saudi Arabia or from Nicaragua to Costa Rica. The second-largest flow, 73 million, was from developing to developed countries, which included most of Europe, North America, Japan, and Australia and New Zealand. Some 55 million people moved from one developed country to another, as from Canada to the United States, and 13 million moved from developed to developing countries, as with Japanese who worked or retired in Thailand. United Nations (2010) report further showed that about 60 per cent of the world's migrants lived in developed countries, making migrants 10 per cent of developed countries' residents. The countries with the most migrants were the United States, with 43 million in 2010; Russia (12 million); Germany (11 million), and, Saudi Arabia, Canada, and France (about 7 million each). These six countries contained 87 million migrants, or 40 per cent of the total.

III. Africa and the rest of the World

An idea of the state of developments in Africa vis-à-vis the rest of the world is necessary to understanding the peculiarities of the African situation. Table 1 presented some relevant statistics.

Table 1: Some Development Indexes of Regions of the World

Region	GDP Per Capita (Constant 2005 US$)		Infant Mortality		Life Expectancy		Access to Water	
	1970-'75	2010-'13	1970-'75	2010-'13	1970-'75	2010-'13	1985-'90	2010-'13
Africa	1,023.6	2,212.5	130.8	64.2	46.9	57.4	9.3	66.2
Latin America	2,490.6	4,510.1	81.6	18.9	60.5	74.1	13.3	90.4
North America minus USA	4,376.3	12,706.2	40.0	14.6	66.8	74.5	15.5	95.6
USA	22,474.8	44,990.0	18.4	3.9	71.5	78.7	16.4	98.9
East Asia	3,888.1	23,883.7	45.9	11.1	66.5	78.3	7.1	83.7
South Asia	208.5	1647.6	190.3	203.3	49.5	69.9	11.7	88.1
Western Europe	17,833.3	46.979.0	15.9	2.9	72.2	81.3	16.6	99.9
Eastern Europe	264.1	7,080.0	31.0	7.0	69.2	74.5	15.8	94.0
Oceanic	2,008.3	7,762.1	58.9	22.1	59.9	71.6	10.2	72.9

Sources: Study's data base: available upon request.

As could be seen, Africa's per capita income only ranked ahead of South Asia in the 2010-'13 period. Even Eastern Europe that ranked lower in 1970-'75 had surpassed it by 2010-'13. On infant mortality, Africa achieved significant reduction between the two periods. Again, apart from South Asia that recorded an increase in its proportion, Africa's gain might not compare favorably with the other regions.

In the area of life expectancy, it recorded notable improvement over the reference periods but ranked lowest in stride on the Table. Even, South Asia outperformed it quite remarkably! The story on access to water was not much different from that of life expectancy. The picture however began to wear a different look when the statistics in Table 1 was expressed in terms of growth rate. This is contained in Table 2.

Table 2: Growth Rates of Performance Indexes (%)

Region	GDP Per Capita (Constant 2005 US$)	Infant Mortality	Life Expectancy	Access to Water
	1970/75- 2010/13	1970/75-2010/13	1970/75-2010/13	1970/75-2010/13
Africa	116.1	-50.9	22.3	611.8
Latin America	81.1	-76.8	-22.4	579.6
North America minus USA	190.3	-63.5	11.5	516.7
USA	100.2	-78.8	10.1	508.0
East Asia	514.3	-75.8	17.7	1,078.8
South Asia	690.2	6.8	41.2	653.0
Western Europe	163.4	-81.7	12.6	501.8
Eastern Europe	2580.1	-77.4	7.6	494.9
Oceanic	286.5	-62.4	19.5	614.7

Source: Table 1.

As could be seen, apart from infant mortality that appeared to tally with the comparison on absolute basis, the other growth rates suggested that Africa indeed made some remarkable gains outperforming many other regions in the process.

IV. Measures of Impact of globalization

1. Governance and Democracy

African countries appeared to have made significant progress in the area of democratization. Of the 46 African countries for which data were available by system of governance, 24 were characterized by an independent presidency; 19 enjoyed partial independence in the sense that the ministries were subjected to parliamentary confidence while the remaining three were absolute monarchy system of governance.[1] In a sense therefore, democratic ideals appeared to flourish in Africa. Given that most of the transition from military to civilian governments in the region occurred mostly after the 1970s, it could be concluded that globalization had positively influenced governance in Africa.

2. Cross Border Listing of Stock Exchanges

Much of the developments under this heading appeared to weave around Africa although a pocket of companies in South Africa, Egypt and Nigeria were listed on the London Stock Exchange. The table below suggests quite a significant cross border listing within the African region. In this sense, it could be said that globalization had been modestly successful.

[1] Source of data is available upon request

Table 3: Sub-Saharan Africa: Regional Cross-Listing of Stocks

Country	Countries with Regional Cross-Linked Stocks	Year of 1st Cross-Border Listing	Number of Listed Stocks	Total
Botswana	South Africa and Namibia	1997	2	2
WAEMU	Nigeria and Ghana	2006	1	1
Ghana	Nigeria and WAEMU[2]	2006	1	1
Kenya	Tanzania and Uganda	2001	3	3
Namibia	South Africa and Botswana	1992	25	25
Nigeria	Ghana and WAEMU, South Africa	2006	1	1
South Africa	Namibia Botswana[3] Ghana[4] Nigeria[5] Zambia[6]	1992 1997 2004 2001/2006 2003	25 2 1 1 1	30
Tanzania		2004	3	3
Uganda		2001	3	3
Zambia	South Africa	2003	1	1

Sources: As in Table 1.

3.FDI inflows and Africa

Globalization had been reported to have aided FDI inflows into both developed and developing regions. It had also been argued that many developing countries achieved economic development through globalization induced FDI inflows. There was a remarkable difference between FDI inflows to developed countries and their developing counterparts. FDI inflow to Africa appeared rather limited. Whereas, as a percentage of worlds' total, FDI flow into Sub-Saharan Africa fluctuated between 3 per cent and 5 per cent for much of the period, 1970 to 2011; over the same period, it increased from 11.8 per cent to 15.2 per cent in developing American economies. Whereas, developing Asia's share increased from 7.9 per cent to 30.3 per cent in the reference period, Oceanic developing economies recorded a dramatic fall from 0.3 per cent to 0.1 per cent. Table 4 contained information on comparative FDI inflows to different regions.

Table 4: Annual Average of FDI Inflows by region (million dollar and %)

Host	1970-1979	1980-1989	1990-1999	2000-2009	2010-2011
World	23,969.1	92,891.9	398,179.4	1,114,805.0	1,333,753.0
	(100%)	(100%)	(100%)	(100%)	(100%)
Developing Economies					
Africa	1,124.1	2,201.7	6,632.4	30,906.2	42,887
	(4.7)	(2.4)	(1.7)	(2.8)	(3.2)
America	2,818.4	6,576.4	4,2014.7	108,847.4	202,194.5
	(11.8)	(7.1)	(10.6)	(9.8)	(15.2)
Asia	1,902.1	11,646.3	69,545.2	221,986.6	403,609.9
	(7.9)	(12.5)	(17.5)	(19.9)	(30.3)
Oceanic	76.7	174.3	338.1	820.7	1838.5
	(0.3)	(0.2)	(0.1)	(0.1)	(0.1)
Developed Economies					
America	6,353.6	37,462.8	99,723.3	214,968.8	244,920.4
	(26.5)	(40.3)	(25.0)	(19.3)	(18.4)
Asia	191.6	297.9	3914.8	15410.4	6936.7
	(0.8)	(0.3)	(1.0)	(1.4)	(0.5)
Europe	10,261.9	30,368.4	167,701.3	497,837.1	390,927.1
	(42.8)	(32.7)	(42.1)	(44.7)	(29.3)
Oceanic	1,240.6	4,164.0	8,309.3	2,4027.3	40,438.8
	(5.2)	(4.5)	(2.1)	(2.2)	(3.0)

Figures in parenthesis are in % and calculated.
Source: As with Table 1.

[2] This refers to the West African Economic and Monetary Union – a union of seven Francophone and one Portuguese speaking West African country.
[3] The Johannesburg Stock Exchange (JSE) stocks cross-linked on the Botswana Stock Exchange (BSE) were also cross-linked on Namibia's stock exchange (NSX).
[4] Anglo Gold Ashanti was formed on April 26, 2004 following the merger of Anglo Gold of South Africa and Ashanti Gold Fields of Ghana that were previously independently listed on the JSE and the GSE respectively.
[5] MNET Super Sport, a JSE primary listed stock was cross-linked on the Nigerian Stock Exchange (NSE) in 2001 but delisted in 2005.
[6] The JSE Company that was cross-linked on the Lusaka SE (LUSE) (Shoprite) was also cross-linked on NSX.

Table 5 below however suggests that for most African countries (especially the smaller ones), net real capital flows between 1980 and 2010 were negative. Thus, smaller African countries were not in real terms beneficiaries of capital flow in the period before 2000-2010. For the relatively larger countries (e.g. Nigeria, Senegal and Kenya on Table 4), it appeared a case of high level volatility with an overall general decline between 1990 and 2010.

Table 5: Annual Average Growth of Nominal and Real Capital Flight for selected Countries of Sub-Saharan Africa

	Nominal Flows (%)			Real Flows (%)		
	Period			Period		
Country	1980-89	1990-99	2000-2010	1980-89	1990-99	2000-2010
Benin	8.2819	-272.264	-55.9951	-32.1214	-259.234	-56.5735
Cote d'Ivoire	3.16775	-42.3111	3.9789	42.8524	-40.2619	1.3310
Ethiopia	21.0542	-54.6219	25.0758	-29.7084	-58.948	13.4214
Ghana	19.3259	-83.8043	30.8678	-23.3641	-97.4199	11.0270
Kenya	13.7556	935.9346	18.2719	-201.417	781.9577	9.4136
Madagascar	20.7094	-124.118	32.3906	-55.5322	-136.965	20.0313
Malawi	15.0059	3.46214	23.8635	-188.701	-30.042	8.2527
Mali	24.4368	-49.1583	93.2925	25.7294	-69.792	86.3989
Nigeria	71.31678	38.4943	50.5575	19.2089	11.0963	32.9196
Senegal	17.1807	99.7818	4.6158	120.1872	94.7064	3.0377
Sierra Leone	17.4969	167.5522	20.0841	-99.56	6.7385	10.7290
Togo	10.2864	-67.6517	14.9118	5.2137	-68.9732	11.6743
Zambia	17.0334	-2193.34	26.1668	24.9722	-850.788	8.2091

Source: As with Table 1.

4. Foreign Trade

International trade was regarded as one of the major indicators of globalization and many studies had reported a relatively better growth performance for countries exposed to trade (see e.g. Aka, 2006; Sundaram et al., 2011). Convincing evidence on developing countries existed in Dollar and Kray (2001). In Africa, several countries implemented Structural Adjustment Programs to boost foreign trade and investment. Despite the successes recorded by some states under the programs, there did not appear to be a dramatic turnaround in their foreign trade performance and Africa's share of world trade remained disproportionately small. The value of total merchandise exports from all countries of the world in 2010 was about $19.9 billion. A large number of these exports came from the developed countries (re-exports). The value of total exports of services was about $5.2 billion, and almost three-fourths of these were from developed countries (See Table 6).

Table 6: Share of Merchandise and Services exports (World Exports in US$'000 and Shares in % by country group)

Region	1960	1970	1980	1990	2000	2002	2005	2006	2009	2010
Merchandise										
World	130,135	316,428	2,031,219	3,500,278	6,426,893	6,414,058	11,826,921	13,434,435	18,256,974	19,864,487
Developing Countries	24.7	19.2	29.4	24.1	32.0	31.7	35.96	37.4	41.9	43.4
Countries in Central & Eastern Europe	10.6	10.1	8.0	5.0	4.2	4.9	0.98	-0.03	-3.06	-4.07
Developed Countries	64.7	70.7	62.6	70.8	63.8	63.5	63.2	62.8	61.5	61.1
Services										
World	-	-	385,352	824,724	1,511,935	1,610,608	3,046,495	3,482,793	4,791,687	5,227,985
Developing Countries	-	-	17.9	18.1	23.1	22.6	29.02	30.9	36.7	38.6
Countries in Central & Eastern Europe	-	-	-	-	3.6	4.2	4.8	5.4	6.0	6.6
Developed Countries	-	-	79.1	79.9	73.2	73.2	65.4	62.9	55.9	53.2

Source: As with Table 1.

Table 7 provided statistics on the foreign trade's growth dynamics of different regions of the world. The picture which emerged was that both developed and developing countries recorded mixed outcomes over the period 1960 – 2010.

Table 7: Growth in Merchandise and Services exports (annual average, %)

Region	1960-1970	1970-1980	1980- 1990	1990-2000	2000-2010
Merchandise					
World	9.2	20.5	6.0	6.7	7.4
Developing Countries	6.7	26.0	3.1	9.1	15.1
Countries in Central and Eastern Europe	8.5	18.1	2.2	8.2	14.2
Developed Countries	10.1	19.0	7.6	5.7	3.8
Services					
World	N.A.	N.A.	7.9	6.4	4.9
Developed Countries	N.A.	N.A.	7.3	9.1	10.9
Countries in Central and Eastern Europe	N.A.	N.A.			
Developed Countries	N.A.	N.A.	8.3	5.4	2.5

Note: N.A. implies data not available.
Source: As with Table 1.

In terms of participation in world trade, Table 8 showed that Africa shares of World Merchandise trade had been on a general decline. However, some other regions e.g. developing Oceania, developed America and Oceania shared this general trait. In all, developed Asia appeared to be the consistent major gainer.

Table 8: Average Percentage Share of Developing and Developed Countries in World's Merchandise Exports and Imports, 1948-2012

	Period						
Region	1948-'57	1958-'67	1968-'77	1978-'87	1988-'97	1998-2007	2008-'12
Africa	6.8	5.5	5.1	4.4	2.5	2.4	3.3
Developing America	10.4	7.1	5.2	5.3	4.3	5.4	5.8
Developing Asia	12.6	10.4	11.5	16.3	19.2	24.9	32.4
Developing Oceania	0.1	0.1	0.1	0.1	0.09	0.07	0.05
Developed America	22.2	19.1	17.1	15.0	15.5	13.9	10.8
Developed Europe	39.3	46.5	48.0	44.4	45.1	42.2	36.1
Developed Asia	1.7	3.8	6.6	8.2	9.0	6.7	5.0
Developed Oceania	3.1	2.2	1.8	1.3	1.4	1.2	1.5

Source: As with Table 1.

Perhaps the most important issue in trade matters is the terms of trade facing African traders. In the absence of any rapid transformation to industrial exports, primary exports would most likely continue to play crucial role in African countries' development process. As shown in Table 9, the trend of changes in the prices of exports of both factor and non-factor goods and services of Africa did not appear to generally compare favorably with that of imports of similar description. And, the scenario would most probably worsen if the price of oil exports was excluded.

Table 9: Average Growth of Africa's Prices of Exports and Imports

	1960-64	**1965-69**	**1970-74**	**1975-79**
Export price of goods & services	0.0497	0.0509	0.0507	0.0506
Export price of non-factor services	4.9619	6.2443	25.4247	13.8958
Import price of goods and services	-1.7669	1.6311	22.7735	20.3336
Import price of non-factor services	5.8744	2.1644	2.1233	33.9376
	1980-84	**1985-89**	**1990-94**	**1995-99**
	0.0504	0.0503	0.0502	0.0501
	1.8605	5.2861	1.6594	3.7163
	-6.2590	6.0271	-0.2418	-0.0444
	1.2430	4.4330	-1.1201	-1.2074
	2000-2004	**2005-2009**	**2010-2012**	
	0.0499	0.0498	0.0497	
	16.0587	12.3684	20.6597	
	1.50277	-0.4608	-0.2035	
	5.7961	4.4312	9.8775	

Source: As with Table 1.

5.Tourism

The impact of tourism on African economies could be assessed in terms of positive and negative contexts.

(a) Positive impact of tourism globalization in Africa

This could be assessed in terms of growth of tourists and the economic impact as below.

Tourist Arrivals: According to Reid (1999), of the total number of tourists that visited Africa in 1998, about 53 per cent of them came from outside the continent, particularly Europe, followed by North America and then East Asia. In 1996, Africa's leading tourist destinations were South Africa (4.64 million), Tunisia (3.89 million), Morocco (2.69 million), Zimbabwe (1.74 million), Kenya (0.907 million), Botswana (0.660 million), Mauritius (0.435 million), Namibia (0.405 million) and Tanzania (0.326 million). From 2000 to 2005, remarkable growth was recorded in Mozambique (37 per cent), Kenya (28 per cent), with South Africa and Mauritius recording 11 per cent each (W.T.O. 2007). In Ethiopia, the numbers almost doubled from 103,000 in 1995 to 210,000 in 2004, and were expected to reach 227,000 by 2005 (Shanka, 2001). Between May 2008 and May 2009, Ethiopia hosted 383,400 tourists. This was 25,000 more than the previous year.

Economic Impacts: The increase in tourist arrivals generally presupposed a commensurate increase in positive economic, social, environmental and political impacts to the countries concerned. Table 10 showed that, the increase in tourist arrivals in Africa, (that is, international tourism) had resulted into significant growth in government revenues. As a consequence, tourism had become one of the main export activities within several African countries. Africa's share of world's total tourism income peaked at 0.5 per cent in 2013, only marginally greater than the 0.4 per cent of 1995. As could be deduced from Table 10, Southern Africa and North Africa have traditionally accounted for the bulk of Africa's income; the proportion was about 80 per cent in 2013. However, their respective shares had been marked by vicissitudes.

Table 10: Africa's Income from Tourism and its Distribution (%)

Region	World	Africa's Share of the World	Distribution of Africa's Share				
			East Africa	Middle East Africa	North Africa	Southern Africa	West Africa
1995	100	0.4	10.7	0.9	25.9	60.1	2.5
1996	100	0.4	10.5	1.2	28.8	56.9	2.6
1997	100	0.4	11.1	1.0	29.6	55.6	2.6
1998	100	0.3	11.8	1.1	27.2	56.1	3.9
1999	100	0.3	11.9	1.1	32.8	50.1	4.1
2000	100	0.3	9.5	1.1	34.9	49.9	4.6
2001	100	0.3	10.7	1.1	34.4	48.9	4.9
2002	100	0.3	10.6	1.1	34.1	48.6	5.6
2003	100	0.4	9.7	1.4	31.5	53.2	4.3
2004	100	0.4	10.3	1.1	34.1	50.5	4.1
2005	100	0.4	10.3	1.1	35.9	47.9	4.9
2006	100	0.4	10.7	0.9	37.0	46.4	5.0
2007	100	0.4	10.8	1.1	37.9	44.6	5.6
2008	100	0.4	11.0	1.0	39.1	42.4	6.4
2009	100	0.4	10.3	1.7	38.9	43.3	5.8
2010	100	0.4	11.4	1.6	38.2	43.7	5.1
2011	100	0.5	11.1	3.9	37.1	43.5	4.4
2012	100	0.5	11.3	4.2	36.7	44.1	3.7
2013	100	0.5	11.5	4.6	36.2	44.6	3.1

Source: As with Table 1.

Table 11 showed employment trends within the tourism sector for most regions of the world, including Africa. The World Travel Tourism Council (WTTC) had estimated that there were about 321 million people in the world employed directly and indirectly in the tourism industry. This was about 10 per cent of the world labor market force.

Vellas and Becherel (1995) however submitted that there was more employment generated by international tourism in developing than in industrialized regions. This was because tourism was a labor intensive industry and developing countries were generally characterized by high unemployment.

Table 11: Global Estimates in Output and Employment in the Tourism Industry (1998 – 2010)

Region	**GDP US$ Billion**		**Jobs (Million)**	
	1998	**2010**	**1998**	**2010**
World	3,564.3	8,008.4	230.8	328.4
Africa	48.0	137.7	16.3	23.1
North Africa	23.5	72.1	3.0	4.2
Sub-Sahara Africa	24.5	65.6	13.3	18
Africa's Percentage of World's Total	1.3	1.7	7.0	7.0

Source: As with Table 1.

(b) Negative impacts of tourism in Africa

Despite the many benefits that had accrued to African countries, the process of globalization had also been associated with a number of negative effects. These included the problem of financial leakages to pay for imports and other intermediaries, as well as the repatriation of foreign currency to mother countries of multinational corporations. Page (1995) estimated the average 'import-related' leakage for most African countries to be between 40 and 50 per cent. He went further that only 10 per cent of gross earnings from tourism were retained within the country. Tourism globalization often led to price increases of basic commodities as well as high land values. As a consequence, the availability of basic commodities had declined at the expense of "international" products. Due to high land values, some sort of "displacement effect" appeared to have emerged. According to Burns and Holden (2005), multinational corporations might even drive some 'locally-owned' businesses completely out of business. Third, the globalization of the tourism industry had tended to be characterized by expatriate labor. Generally, jobs in high positions were often reserved for expatriate employees while locals were employed in lowly paying and seasonal jobs. In the view of Parkin (2000), some foreign-owned companies usually build, own and manage their own tourist complexes, with little advantage to host countries. From socio cultural perspective, an influx of large numbers of international tourists into some parts of Africa had led to a change in cultural values, and not necessarily for the better. In some African countries, the socio-political dynamics of international tourism had resulted into the local community largely losing its cohesion as well as control over its own affairs. Practices such as prostitution, drug dealing, and black markets were among the often cited ills. These had negatively affected some African ways of life that involved a greater sense of community co-operation and a strong commitment to family life, religion and traditional customs. In addition, many multinational corporations did not rank environmental protection among their priorities. Consequently, the impacts of their operations were hardly monitored.

6. Migration

Table 12 shows the profile of international migration and its distribution. As could be seen, Africa's proportion underwent pronounced changes over the period covered by the Table heading downwards eventually. However, apart from Europe, other regions were also marked by similar trend.

Table 12: World Migrant Stock and Regional Distribution – Selected Years

	1960	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010
World (million)	71.9	75.2	78.4	82.7	93.7	104.6	155.2	165.6	178.1	194.7	213.3
Africa (%)	12.8	12.6	12.6	12.8	14.7	13.4	10.2	**10.7**	9.0	9.0	8.9
Asia (%)	36.0	34.0	32.2	30.5	30.6	33.1	30.2	26.8	26.4	25.6	26.1
Europe (%)	17.1	19.2	20.5	20.5	19.1	17.8	31.5	32.6	32.0	32.6	32.3
Latin America & Caribbean (%)	7-03	8-03	9-03	8-03	8-03	7-03	5-03	6-03	6-03	6-03	5-03
Oceania (%)	2.9	3.3	3.6	3.8	3.6	3.5	2.7	2.7	2.7	2.7	2.6

Source: As with Table 1.

Generally, countries with the highest share of migrants were mostly Gulf oil exporters such as Qatar, where over 85 per cent of residents were migrants, and the UAE and Kuwait, with 70 per cent migrants. The countries with the lowest shares of migrants in their population include China, Indonesia, Vietnam, Peru, and Cuba, where less than 0.1 per cent of residents were migrants. Many European countries restricted access to their asylum systems in the early 1990s to manage the influx of foreigners seeking to be recognized as refugees, while the United States restricted the access of immigrants and unauthorized foreigners to federal welfare benefits in the mid-1990s to reduce complaints about newcomers receiving welfare.

6.1: Migrants' Remittances

Table suggested that three African countries were among the top 20 remittances receiving countries in 2006.

Table 13: Top 20 Remittances-receiving developing countries, ranked by remittances received.

Country	1995		2000		2006	
	Million US$	% of GDP	Million US$	% of GDP	Million US$	% of GDP
India	6,223	1.7	12,890	2.8	25,700	2.9
Mexico	4,368	1.5	7,525	1.3	24,732	3.0
China	1,053	0.1	6,244	0.5	22,492	0.8
Philippines	5,360	7.2	6,212	8.3	14,923	12.8
Bangladesh	1,202	2.9	1,968	4.0	5,485	8.0
Pakistan	1,712	2.1	1,075	1.4	5,400	3.7
Morocco	1,970	5.3	2,161	5.8	5,048	7.7
Egypt	3,226	4.7	2,852	2.9	5,017	4.6
Lebanon	1,,225	11.2	1,582	9.5	4,924	22.3
Vietnam	-	-	-	-	4,800	8.3
Colombia	815	0.9	1,610	1.9	3,925	3.0
Guatemala	358	2.7	596	3.5	3,626	11.9
Brazil	3,315	0.5	1,649	0.3	3,540	0.3
Nigeria	804	1.8	1,392	2.1	3,329	2.5
El-Salvador	1,064	11.2	1,765	13.4	3,320	18.1
Dominican Republic	839	7.0	1,839	9.3	2,717	8.6
Algeria	1,120	2.7	790	1.4	2,527	2.2
Jordan	1,441	21.4	1,845	21.8	2,500	17.4
Sri Lanka	809	6.0	1,166	7.0	2,088	7.6
Ecuador	386	1.9	1,322	8.3	2,038	5.0

Sources: As with Table 1.

V. Concluding Remarks

Overall Africa's performance under globalization had been mixed. Mostly however, there appeared to have been more gains than losses. Initial conditions and relative learning rates (e.g. relatively declining share of international trade) might have played a part in explaining the observed losses. Generally, the prospects for the continent in the globalization arena appear bright given the wave of adoption of liberalization policies and improvement in governance that could combine to enhance receptiveness to new ideas hence, change. An accelerated innovation policy improving production and quality of exports could significantly help the course of growth and development of the continent. Complementary action from the international community could be in the form of paying attention to the trend of growth of export prices from the region while memoranda of understanding could encourage multinational corporations commit to the course of genuine development of host communities.

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