

An Evaluation of Nigeria – South Africa Bilateral Relations

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Abstract

During the apartheid era, Nigeria amongst other independent African states fought for the liberation of their black brothers and sisters in South Africa. Nigeria had no bilateral relations with the government of South Africa, as the country was a pariah state in the international community because of her apartheid posture. At the dawn of democracy in South Africa and Nigeria, there was a dramatic change in attitude. Both countries became two African giants that will champion the repositioning of Africa on the path of long term development and reduce her marginalization in the international economic relations. Today, they are regarded as emerging giants in the African continent. Nigeria enjoys economic dominance in the western part of Africa while South Africa enjoys economic dominance in the southern part of Africa. While Nigeria's economy depends heavily on the oil sector, which contributes 95 percent of her export revenue, South African economy is a diversified one, which includes manufacturing, financial and minerals, among others. This paper aims at focusing on various bilateral relations that exist between both nations; their roles in the establishment of NEPAD whose main objective is to eradicate poverty in Africa and to place African countries on the path of sustainable growth and development; the establishment of South Africa-Nigeria Bilateral Commission which aims at increasing the amount of trade and investments between South Africa and Nigeria.

The paper will also look at how the presence of many South African companies doing business in Nigeria has unproved trade relations between Nigeria and South Africa.

Key words: Bilateral, Democracy, Commission, Development, Economic Relations

Nigeria-South Africa Bilateral Relations

It is evident that since independence in 1960, Africa has remained at the forefront of Nigeria's foreign policy. This nucleus of her foreign policy saw the country committing herself fanatically to decolonization of the African continent and eradication of racial discrimination and domination. According to Onouha (2008) "the first opportunity for Nigeria to implement her foreign policy on anti-colonialism was provided by the Shapeville massacre of 21st March 1960. During the incident, the white South African police attacked South African blacks protesting against racial discrimination and domination." This incident which led to the death of 72 blacks with many wounded "marked the beginning of Nigeria's diplomatic confrontations with South Africa." This incidence and other ugly racial incidences in South Africa saw Nigeria spearheading the call for political and economic sanctions against the apartheid South Africa in the International Community.

Examples were the suspension of South Africa from the Commonwealth in 1961 and the imposition of trade embargo under the auspices of the Organization of African Unity (O.A.U). Nigeria was instrumental to the call for complete isolation of South Africa by the International Community.

As a result of the pressure mounted by Nigeria and other nations of the world, Non-government Organizations and influential individuals, the racist regime of South Africa collapsed in 1991. "With the obituary of apartheid in 1991, the need for change in diplomatic strategies arose." (Onuoha op. cit). The degree of the solidarity, support and sacrifice which the government and people of Nigeria exhibited in the quest for the elimination of apartheid and the enthronement of democracy and majority rule in South Africa was such that Nigeria, not minding the geographical distance, became identified as a frontline state.

At the dawn of democracy in South Africa, Nigerians, especially the professionals, were part of those that started to migrate to South Africa. Part of the philosophy of those early migrants was to contribute to the much needed nation building in post apartheid South Africa.

With a democratic and majority rule in place in South Africa in 1994, South Africa quickly switched over the Pariah Status in the International Community with Nigeria. The military government in Nigeria with its human rights abuses attracted the wrath of the International Community. South Africa now became the "aggressor" as it used its position as emerging African Superpower to campaign for the suspension of Nigeria from the Commonwealth and the United Nations.

"Nigeria - South Africa confrontations reached its zenith in 1995 when the then South African President, Nelson Mandela vigorously campaigned for the expulsion of Nigeria from Commonwealth during the Commonwealth Summit in Auckland."

With democratic government in place in Nigeria in 1999, Nigeria - South Africa relations became less confrontational but friendly and cordial. Prior to 1999 South Africa had a poor political relationship with Nigeria. At the time, Nigeria was ruled by a military junta that was politically hostile to South Africa. This, however dramatically changed with the end of the military government and the return of democracy in 1999. From that point on, the South African State built a strong relationship with the Nigerian government under the leadership of Obasanjo and Yar'Adua. This relationship was also helped by the fact that Thabo Mbeki had formed a strong friendship with Obasanjo and Yar'Adua when he was in exile in Nigeria from 1976 to 1979 (Dubow 2000).

Nigeria and South Africa are the emerging giants of Africa. Politically, both countries are the dominant state entities in their respective sub-regions. They also have a history of cooperation with, and involvement in, a range of continental projects like the New Partnership for Africa's Development (NEPAD).

The two countries have always added their voices in appreciating the new commitment to African development programmes by the developed world, and ensure that engagement with the developed world meets Africa's objective of extricating the continent from underdevelopment. They have also worked closely on conflict prevention and resolution, the establishment and operationalisation of the African Union, and put forward a detailed blueprint for sustainable development for Africa.

Bilateral Political Relations

Bilateral political relations between South Africa and Nigeria are strong with Nigeria considered as one of South Africa's important partners on the African continent in advancing the vision of Africa's political and economic renewal.

The leaders of both countries have traversed the globe spreading the idea of African renaissance - focusing largely on democracy, development and security and seeking foreign investments to revive Africa's ailing economies. They have called for greater international burden-sharing in peacekeeping missions, campaigns for the annulment of Africa's external debt, championed better access for African goods entering western markets and called for Africa's integration into the global economy in fairer terms.

It will be recalled that the former Heads of State of Nigeria and South Africa, Chief Olusegun Obasanjo and Thabo Mbeki worked relentlessly to lobby the rich nations of the world to focus greater attention on African problems. At the G-8 meeting of the world's richest states in 2000, both leaders argued strongly that the rich nations should forgive Africa's debt. Both had called for technology and resource transfer from the West to Africa, criticizing the gap between promise and delivery on the part of most Western states. NEPAD, championed by Mbeki and Obasanjo proposed a simple bargain: the West provides debt relief, opens its markets, invests in Africa and supports peacekeeping missions in exchange for democratic accountability and financial probity by African leaders through a self-monitored peer review mechanism. Both leaders have common aspirations for a united and prosperous democratic Africa. Thabo Mbeki's dream to play a leading role in Africa's socio-economic development merged with Obasanjo's dream of economic diplomacy which led to series of consultations and meetings by the leaders of both countries.

The meetings of both countries since the past decade underscore the need for greater coordination of regional mechanisms for conflict prevention, management and resolution within the African Union mechanism and the United Nations Security Council.

Both countries have continuously stressed the imperative of ensuring that peace and stability becomes a reality in Africa. In one of their meetings in Abuja, the Heads of State Summit emphasized a need for an effective peer review mechanism, which would be designed, owned and managed by Africans. This mechanism, the Heads of State emphasized, must be credible, transparent and all-encompassing, to demonstrate that African leaders are fully aware of their responsibilities and obligations to their peoples. It is noteworthy to emphasize that the institution of Peer Review mechanism was championed by Nigeria and South Africa.

Nepad: Nigeria - South Africa Initiative

New Partnership for Africa's Development (NEPAD) is an African led strategy for economic development and poverty eradication from the African continent. NEPAD recognizes Africa's responsibility to create the conditions for development by ending conflict, improving economic and political governance and strengthening regional integration. It is based on the principles of good governance as basic requirement for peace, security and sustainable political and socio-economic development. It is also based on African ownership and full utilization of African resources for development. Nigeria and South Africa undoubtedly played an indispensable role in the establishment of NEPAD.

Without the leadership of Nigeria and South Africa, the creation of NEPAD would have been more difficult, if not impossible. The creation of NEPAD was predicated on the believe by South African and Nigerian leaders that the regional document will reposition Africa on the path of long term development and reduce her marginalization in international economic relations (Adams, 2006).

The thinking among the leaders of those two countries and other founding members of this initiative is that "if the continent is to matter in the international community in the decades of 2000's and beyond, there is need to rethink the development strategy" (Omoweh 2003). While the long term objectives of NEPAD include (a) eradicating poverty in Africa and to place African countries on the path of sustainable growth and development and thus halt the marginalization of African globalization process and (b) to promote the role of women in all activities; the short and medium term objectives include among others:

- (a) Strengthening the mechanisms for conflict prevention, management and resolution at the sub-regional and continental levels and to ensure that these mechanisms are used to restore and maintain peace;
- (b) Promoting and protecting democracy and human rights in their respective countries and regions by developing clear standards of accountability, transparency and participatory governance at the national and sub-national levels;
- (c) Building the capacity of the states in Africa to set and enforce the legal framework and maintain law and order (Adams, op cit).

Nigeria and South Africa see NEPAD as opening a new and different chapter in Africa's development. Their thinking corroborates Brian Posthumus' view which presents NEPAD as "the hope for turning back the clock of delay in Africa" (Posthumus, 2009). Nigeria and South Africa agree jointly that NEPAD represents a tacit recognition of the existence of developmental crisis and believe that there is a need to tackle it through this continental initiative.

Both countries believe that NEPAD has become the defining process in the quest for long term development.

This is a reminder to Adams (2006) assertion that "the opportunities and benefits of the regional initiative for African nations, individually and collectively, have been stressed by African leaders and their western allies, especially members of the G.8 group, who have pledged their support."

African leaders with Nigeria and South Africa at the forefront realized that if Africa is to matter in the international community in the 21st century, there is the need for it to rethink its development strategy (Omoweh, 2003). Hence the establishment of New Partnership for Africa's Development (NEPAD) under the leadership of both countries. It is believed by both countries and other African leaders that NEPAD will reposition the African continent on the path of long term development and minimize her marginalization and neglect in international economic relations. NEPAD is therefore a commitment by African leaders to accelerate the integration of the African continent into the global economy, as well as a call to the rest of the world to partner with Africa in her own development on the basis of her own agenda and programme of action (Ebegbulem *et al.*, 2012).

NEPAD is based on the principles of good governance as basic requirement for peace, security and sustainable political and socio-economic development. It is based on African ownership and full utilization of African resources for development. It rested on African ownership and leadership and participation of all sectors of African society.

Bilateral Economic Relations

Since the inception of democratic rule in Nigeria, South Africa and Nigeria have had encouraging bilateral economic relations. Since then, South Africa has emerged among the top investors in many sectors of the Nigerian economy.

South African companies' presence is visible in the Nigerian economy, especially in areas such as telecommunication, engineering, banking, retail, hospitality, property development, construction and tourism, to mention a few. In terms of technology and infrastructure, South Africa has an edge over Nigeria while Nigeria has an advantage of large market potentials for investments over South Africa. This is why there are a lot of South African companies with huge investments in Nigeria.

In 1999, the South African and Nigerian governments signed bilateral agreements on trade and investment. These agreements amongst other things, aimed to increase the amount of trade and investment between South Africa and Nigeria (Sifingo 2003). The signing of these agreements witnessed inter-alia (a) improved trade relations between South Africa and Nigeria and (b) South African corporations as big players in the Nigerian economy. On improved trade relations between both countries, we saw that the volume of trade between South Africa and Nigeria increased from 1999. Prior to 1999, trade between the two countries was minimal. In 1994, South Africa exported US\$8.1 million worth of products to Nigeria; while it imported US\$3.1 million worth of commodities from that country (Omojola 2006).

With the signing of the South Africa - Nigeria bilateral trade agreement, the situation changed. "By 2005 South Africa was exporting goods to the value of R3.4 billion to Nigeria and importing R4.2 billion worth of commodities from Nigeria (Tenikin 2007). South Africa's exports to Nigeria include machinery, electrical equipment, appliances, wood, paper, prepared food stuffs, beverages, plastics, rubber, chemicals etc. However, oil makes up 97% of Nigeria's exports to South Africa (Pahad 2002). The situation means that South Africa is exporting a wide range of goods to Nigeria, many of which are value added manufactured goods.

As a result of this, South Africa's exports have the potential to grow dramatically. Conversely, Nigeria's export products to South Africa consists of a single raw material in the form of oil. Its oil exports to South Africa are unlikely to increase dramatically over the next few years and its export products are also unlikely to diversify. This translates into an unequal trade situation between South Africa and Nigeria; in which South Africa is in fact the dominant partner in terms of trade relations. What really highlights the unequal relationship that exists between Nigeria and South Africa, however, is the fact that South African companies have come to dominate many sectors of the Nigerian economy.

South African Companies as Big Players in the Nigerian Economy

Prior to 1999, there were only 4 South African companies operating in Nigeria (Ezeoha and Uche 2005). This situation has dramatically changed with the assistance of the South African State, and the signing of bilateral agreements and the establishment of South Africa - Nigeria Bi-national Commission. Today, there are over 100 South African companies doing business in Nigeria (Sifinan 2003). Within a mere 8 years, South African companies have become major players in almost every sector of the Nigerian economy.

The biggest investment by South African companies in Nigeria has been in the telecommunication sector. In 2001, MTN was awarded a license by the Nigerian government to operate a cell phone network in the country. In return, MTN had to pay licensing fees of over US\$285 million. Added to this, MTN has spent a further US\$1 billion on setting up its operations in Nigeria (Lutchman et al., 2004). Currently, MTN is the largest cellular network company in Nigeria with over 10 million subscribers (Tenekin, 2007).

South African companies have also become dominant players in Nigeria's construction sector. Entech, a South African based engineering company, headed a consortium of South African companies that were awarded a tender worth R2.1billion from the Lagos State government to redevelop the Bar Beach and Victoria Island area of Lagos (Pahad, 2002) Many large South African companies have also invaded the tourism and leisure sector in Nigeria. Under NEPAD, the South African parastatal, the Industrial Development Corporation (IDC) has become one of the largest investors in Nigeria's tourist sector.

To date it has invested over US\$1.4 billion in tourism and telecommunications ventures in Nigeria (United Nations Report, 2005). Another major player in the tourism sector is the South African Company, Bidvest. Through its subsidiary, Tom-vest, it has purchased one of the biggest tourism companies in Nigeria, Touchdown Travels. The biggest development in the Nigerian tourism sector however, is the massive Tinapa project in the Cross-River state. This project falls under the auspices of NEPAD and has the full backing of the South African and Nigerian governments. South African companies are also heavily involved in Nigeria's media and entertainment sector. DSTV, as a major force in the television industry, accounts for 90% of the viewers that watch satellite TV in Nigeria between 2005 and 2009. This has seen DSTV growing into the sixth largest company listed on the Lagos Stock Exchange. (Omojola, 2006)

According to Jonah Onuoha, "as at mid-April 2003, an estimated 55 South African companies were doing business in Nigeria. The single largest investor is MTN". Its entrance into the Nigerian market came by way of the first telecommunications auctions process in Africa, in January 2001. At that time MTN's entrance into the Nigerian market was the company's single biggest investment outside South Africa (Onuoha, 2008).

The need for improved bilateral economic relations between the two countries gave birth to South Africa - Nigeria Bi-national Commission.

The South Africa - Nigeria Bi-National Commission (Bnc)

In October 1999, a South Africa-Nigeria Bi-national Commission (BNC) was established by the South African and Nigerian governments. The Bi-national Commission was established to consolidate and strengthen bilateral political, economic and trade relations between Nigeria and South Africa. It has a mandate to review co-operation between the two countries on foreign affairs, public enterprises and infrastructure, agriculture, minerals and energy, trade, industry and finance among others. The Bi-National Commission has been meeting twice a year ever since and aims to increase the amount of trade and investment between South Africa and Nigeria. The Deputy Presidents of both countries head the commission. At the meetings, trade and investment opportunities in Nigeria and South Africa are identified and plans are put in place so that they can be realized. In this way, many deals that have proved lucrative for South African and Nigerian companies and parastatals have been facilitated through the Bi-national Commission. The broad objectives of the South Africa-Nigeria Bi-National Commission are;

- (i) to provide a framework for collaborative and cooperative efforts in the common endeavour to bring Africa into the mainstream of global political, social and economic developments;
- (ii) to provide the basis for the governments and private sectors of both countries to consult each other on their respective economies and investment climates with a view to promoting trade and industry;
- (iii) to improve bilateral relations between the two countries in the field of technology, education, health, culture, youth and sports;

- (iv) to utilize the generous endowments of both countries in human and natural resources to maximize socio-economic development, through economies of scale, global competitiveness and specialization based on comparative advantage;
- (v) To establish the mechanisms for putting the benefits of economic cooperation to the service of peace, stability, social integration and economic development in other parts of the continent.

The cooperation of both countries through the South Africa – Nigeria Binational Commission seeks to create a climate conducive for the creation of a better quality of life for all. The commission is also seen as a platform in which both countries can jointly as partners impact positively, in conjunction with other African countries, on regional peace and security; socio-economic development; poverty alleviation; and the prevention of crime and corruption.

Nigeria and South Africa have in recent times sought to advance their mutual interests by intensifying their bilateral relationship through cooperation in the areas of trade, investment, infrastructure development, science and technology, agriculture, minerals and energy, transport and communication etc.

Both countries have been on regular consultations to find ways of establishing common positions on efforts to bring the continent into the mainstream of global economic development.

The Commission has facilitated cooperation between the two countries in areas such as defence and security, science and technology, education and culture. The benefit of this commission to both countries can be seen from the fact that between 1999 and 2002, there was approximately a 540 percent increase in the volume of South Africa's export to Nigeria (Onuoha, 2008).

As Lutchman and Daniel (2004) noted, in 2003, two-way trade flows between South African and Nigeria amounted to R5.3billion. Further evidence has shown that out of that amount, South Africa's exports were valued at R2.3billion, while its imports share 98%, of which oil amount to R2.7billion. According to Onuoha (2008), as at mid-April 2003, an estimated 55 South African companies were doing business in Nigeria.

The South Africa-Nigeria Chamber of Commerce arose out of the Bi-national Commission. Some of the largest South African companies that have investments in Nigeria are members of the chamber, such as MTN, Standard Bank, First Rand Massmart, Sun International etc (www.sa.ncc.co.za) The main goal of the South African - Nigerian Chamber of Commerce is to identify investment opportunities in Nigeria for South African Corporations. It also provides information on Nigerian government policies and how to do business in Nigeria. The Chamber of Commerce also conducts market research for South African companies wanting to do business in Nigeria.

The South Africa - Nigeria Binational Commission has been valuable in furthering South Africa's business interest in Nigeria. Indeed, the South African state has used its diplomatic power and the relationship that it has with the Nigerian government to assist South African corporations and parastatals to become big players in the Nigerian economy. Along with this, South Africa, through NEPAD and the signing of the bilateral agreement on trade, has found in Nigeria a very lucrative market for its exports.

The Commission looks at tariffs, work with Standard Organisation of both countries to ensure high standards of export and imports between the two countries.

Jacob Zuma, a former Vice President of South Africa under Thabo Mbeki, observed in 1999 when he visited Nigeria that “inasmuch as many will agree that such bilateral arrangements will be an unequal one because Nigeria is predominantly a consuming nation, Nigeria still exports not just communities but also human resources.” As such, the relationship between the two countries should not be underemphasized. Seeing Nigeria as a consuming nation, South Africa offers a good market to any viable business in Nigeria.

Conclusion

Through the Nigeria - South Africa bilateral relations, it is very clear that Nigeria and South Africa have taken the responsibility to be at the forefront of confronting Africa's endemic developmental challenges. As a result of the realities of today's fast globalizing and technology-driven world, it became incumbent on both nations to work towards greater political and socio-economic integration within Africa.

This is evidenced in many bilateral agreements and the establishment of Nigeria -South Africa Bi-national Commission which is committed to the consolidation and strengthening of political, economic and trade relations among AU members, especially among the two countries.

The presence of many South African investors in Nigeria has boosted the economies of both countries. This is the result of encouraging bilateral trade relations that existed between the two nations. The South African state has not only opened up Nigeria's economy to South African investments and exports through NEPAD, it has also done so through bilateral agreements and a Bi-national Commission.

There is an urgent need to institutionalize the bilateral relationship between both countries for continuity. There is no doubt that the creation of the South Africa - Nigeria Bi-national Commission and the growing bilateral commercial ties that exist between the two nations will help to overcome this concern. Both countries established the Bi-national Commission to promote trade and political cooperation in 1999 which has since met many times. A Nigeria-South Africa Chambers of Commerce was also established in 2001. Trade between both countries has already exceeded 3billion Rand, with Nigeria sending oil and brains to South Africa in exchange for manufactured goods and technology. Nigeria has already become South Africa's fourth largest trading partner in Africa.

However, it is worthy of note that the idea of Nigeria and South Africa as continental leaders is far from being universally accepted. The strategic alliance between both countries is seen by some as little more than a new breed of African imperialism. South Africa and Nigeria must reassure other African states that their intentions are noble. Both countries must consult with other countries and ensure that their actions are not seen as attempts to dominate the continent in pursuit of their own parochial interests. It is only by taking measures to alleviate such concerns can Nigeria and South African become the continental beacons of democracy and engines of economic growth.

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