



Nigeria and South Africa: A Comparative Analysis of Political and Economic Relations

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Abstract

The inter-relations among Africans have remained a viable “home-grown” development paradigm in the 21st Century. While assessing political and economic interaction between Nigeria and South Africa coupling with mutual benefits is the focus of the study, the economic and political relations between the two countries spur massive debates in the political economy organisations. This study analysed and discussed bilateral relations between Nigeria and South Africa, and adds value to the existing knowledge on this subject. After a qualitative analysis, it was discovered that bilateral relations between Nigeria and South Africa have been beneficial with some comparative advantages favouring South Africa than Nigeria. The study recommends improvement in infrastructural facilities, development of high human skill resources and technological advancement tilting towards Nigeria as parts of mutual benefits.

Keywords: Bilateral relations/Issues, Political relations, Economic relations.

Introduction

The recent globalisation phenomenon is characterised by fierce competitions and divert of resources from some countries to another without putting its effect into considering within the international system. In the course of competition, some countries have recorded tremendous success having gained massive control over world resources while others are largely remained underdeveloped due to inability to compete favourably in the globalisation system. For example, the discrepancy between the Northern and Southern hemispheres have raised a wide range of questions on why developing

countries despite their economic development potentials and abundant natural resources have remained static and characterized different development challenges including low economic growth, fragile democracy, dilapidated social infrastructure and ethno-religious conflict, and thereby leading to a virtual state of slow pace in their development process (Okere et al, 2013).

However, cooperation and integration scholars (Keohene, 1987; Robert, 1989 and Powell, 1994) posited that in spite of minimal benefits from the globalisation practices, developing countries find it difficult to disengage themselves from the process because some

developmental objectives of their states cannot be achieved in isolation. In other words, bilateral or multilateral cooperation among the nations could lead to advancement of certain national interests within the global platform which may not have been possible to attain if sought solely by any country. Similarly, scholars of comparative Advantage theory such as Adam Smith, Heckscher, Ohlin, etc. posited that countries which have primary goal of maximising development may engage in trade or commodity exchange with other nations to enhance their foreign exchange earnings (Ossa, 2013).

Although economic cooperation has been the hallmark of most North to North or North to South relationships, the South-South cooperation has also taken centre stage in an attempt to bridge the gap of scanty success from the North-South relationship. Haq (1995:204) posited that '*the traditional North-South divide is giving way to a more mature partnership*' within the Southern hemisphere, bothering on political and economic relationship among the developing countries in Africa, Asia and Latin America. Thus, economic divide of the world into global North and South has become less empirical applicability and could only stand as mere potent theoretical articulation. Within the Southern Hemisphere, China, Malaysia, South Africa, among others, have risen to the status of "Newly Industrialised Countries" in the world. This has increased further studies on international political economy, and not only between the North and South, but also within the Southerners.

Conceptual and Relevant Literature Discourse

The clarification of some relevant terms was carried out in this section for better understanding of key issues in bilateral relations between Nigeria and South Africa.¹⁷⁷ The terms are as following:

Nevertheless, South Africa and Nigeria's economic and political relations have spurred massive debates in the field of political economy in terms of who benefits more from such relations. Understanding the political and economic interaction between the two countries and the extent to which they have achieved co-operation and mutual benefits in such cooperation is the main focus of this paper. This discourse is imperative owing to the fact that both countries represent powerful development forces in their respective regions. While Nigeria has over 150 million population, coupled with her endowment in diverse human and natural resources, such as crude oil, fertile land, etc.; and South Africa is also rich in natural resources, endowed with high skill population of over 40 million people and advanced technology (Benson, 2013). In spite of Nigeria's critical role in ushering South Africa to de-colonialism and consequently post-apartheid rule, Nigeria is still maintaining political and economic relations with the country. All these make the assessment of the two countries' relationship crucial in order to ascertain their benefits for over five decades. The following questions guide the study:

1. what is the origin of Nigeria-South Africa political and economic relations?
2. to what extent has the relationship mutually benefited the two countries?
3. what are the implications of the relationship for Nigeria?

Bilateral relations: This forms a mutual memorandum of understanding between the two countries poised towards maximisation of certain socio-political or economic goal or objective. The bilateral relationship is also known as bilateralism. It is a bound of

agreement between or among the parties involved.

Political relations: This has to do with memorandum of understanding between and among countries which are poised towards achieving and implementing certain political objectives or efforts in order to gain authority and power to influence their interest.

Economic Relations: This refers to fiscal relationship between or among countries which majorly centered on trade and foreign investments among others. It is usually targeted on enhancement and economic development of the countries involved.

In the light of the above concepts, Ajala (1992), Ogwu (1999) and Akinboye (2005) explained various phases of Nigeria-South Africa political economy relations and concluded that such relationship is usually marked by discord, competition and cooperation. Akinboye (2005) asserts that Nigeria's assistance to South Africa was aided by oil boom of the 1970s. The rise in Nigeria's oil revenue increased her financial lifeline and ability to support the struggle against apartheid regime in South Africa by financing activities of various liberation movements who were struggling for the independence of black South Africans from the grip of white racism. Within this period, Akinboye (2005) posited that apartheid period was ridden with political discord between the two countries due to Nigeria's repugnance of racism in South Africa, which its eradication is entrenched in Nigerian foreign policy. This discord remained for more than four decades, until South Africa conducted multi-racial elections in 1994. To Ogwu (1999), Nigeria and South Africa bilateral relations become imperative because of its regional leadership position. The two countries find themselves in the leadership role of their regions and thereby creating the needful for cooperation in promoting themselves politically and economically in Africa.

Akindele (2007) analysed the outcome of eventual rise of Nigeria and South Africa as regional leaders and believing that such position create a rivalry situation between the two countries and influences decisions of African Union to suit either of the national interests. For example, each country aspires to be the largest economy in Africa. Akinboye (2005) identified a more cooperative relationship between Nigeria and South Africa from 1995 to 2000. To him, such functional relationship led to the establishment of Bi-National Commission which promotes the two countries economic growth and development in trade, technology, education and sports through the use of natural endowed resources. However, the truncation of Nigeria's democratic dispensation by General Ibrahim Babangida Administration and the killings of Nine Ogoni during General Sanni Abacha's military Administration put a clog in the mutual relationship between the two countries in which South Africa promotes the move to suspend Nigeria from the Commonwealth Nations in 1995. Such suspension led to Nigeria's withdrawal from the African Cup of Nations which was held in South Africa. The relationship between the two countries takes a new cooperative and friend disposition when democracy was restored into Nigeria in Fourth Republic.

Landsberg (2008) believes that cooperative or competitive relationships between Nigeria and South Africa are largely influenced by idiosyncratic trait and personalities of the Head of States in the two countries. To Landsberg, the ambition of Olusegun Obasanjo and Thabo Mbeki who were the then President of Nigeria and South Africa respectively made their countries powerful politically and economically in Africa, and facilitated cooperativeness between the two countries. The two countries are involved in political economy collaborations and

cooperation through import, export and foreign investment. Cooperation between the two countries led to the increase in trade relations between Nigeria and South Africa; rising from less than \$12 million in 1994 to about \$100 million in 1998, and from \$400 million in 2001 to \$900 million in 2007 (Nigeria-South Africa Chamber of Commerce, 2009). As it was noted by their Chamber, the peak of economic relations between the two countries climaxed the establishment of South Africa's Mobile Telecommunication Network (MTN) in Nigeria.

Onuoha (2008) asserts that MTN-Nigeria represents largest South African Business outside the country. In 2003, the company recorded R 2.4 billion as after tax profit, and thus opened doors for other South African investments such as Stanbic Bank, Rand Merchant Bank, Protean Hotels, among others, to be cited in Nigeria. From the above reviewed, it is obvious that political and economic relations of Nigeria and South Africa are characterized by discord, competition and cooperation during the apartheid and even in post apartheid era. This review affirmed the steady relationship between Nigeria and South Africa which has transited from early discord of apartheid to current xenophobic and cooperative disposition in the post apartheid period.

Theoretical Analysis

This study adopted the theory of cooperation as theoretical guide. The central thrust of this theory was earlier discussed by Keohane (1982), Oye (1986), Robert (1985) and Powell (2006). Keohane (1982) there is the need for states to devise innovative and cooperative strategies among themselves in order to revive their war torn economies. Folker (2012) asserts that interaction among the policy makers has made them to recognize that all what the state demands cannot be efficiently

met in isolation, thus the need for co-operation. The cooperation occurs when "*actors adjust their behaviour to the actual or anticipated preferences of others*" (Keohane, 1982:226).

Oye (1986) gave a clearer insight to the theory of cooperation, to him; from the outset of cooperation conflictive policies occur as every nation selfishly pushes its national interest forward. The interests are negotiated among the parties in order to arrive at a consensus position that is in line with each preference, and thus makes such preference subsume and be more compatible within the range of cooperative dispositions. Robert (1985) discusses the cooperation amongst countries within the principle of reciprocity where the cooperative attitude gets started by a small cluster of individuals who are willing to reciprocate good and benefitting gestures. In addition to this, the foundation of cooperation must be solid for the durability of relationship by allowing cooperating agents to learn more about each other in order to enhance better understanding of their intentions.

Cooperation has taken different dimensions in the confines of political economy (Raji, 2013). Several debates on cooperation theory have taken place in the international scenes between the realists and liberal institutionalisms (Jervin, 1999), where the realists have asserted that cooperation can only be achieved if the hegemony is striving to ensure orderliness in the international polity where relativity is subservient. The liberal institutionalisms argue that cooperation is usually enhanced for a long time having facilitated by strong institutions (Young, 2013). Consequently, there exist various strands of liberal institutional cooperation in the international polity where some can be inter-governmental dealing with different governmental organisations of states across national boundaries. Others may be transnational mainly between and among non-

governmental organisations across national boundaries. Cooperation could also occur among the regional or global organisations. While some cooperating institutions are conceived within the North-North development platforms, other cooperative efforts are of South-South orientation between the developing countries. Such cooperative orientations are targeted at devising new ways of achieving sustainable development through collective efforts.

While the theory of cooperation outlines the importance, rationale and principles of cooperation, most especially, on the issues relating to socio-politics; it is necessary to couple it with the economic theory of comparative advantage in order to gain an insight on how states bi-laterally interact with each other to enhance cooperation, especially, in the aspect of trade and economy. Theory of comparative advantage has its roots in Economics, particularly, through the studies of Adam Smith, David Ricardo, Eli Heckscher and Bertil Ohlin. According to the theory, a country has a comparative advantage in a given commodity when it is relatively cheaper to produce compared to other countries or commodities (Marrow, 2010).

The Ricardian model of comparative advantage was developed by an English Political Economist -David Ricardo. The model based its analysis on two countries: the home country and the foreign country that interact with each other on trade relations. These two countries respectively produce two goods: food and cloth. The labour was the only required input in the production, which was limited to both countries amount and perfectly immobile (due to strict border control). As such, opportunity cost is the determining factor of the trade between the two countries. The Ricardian Model of the principle of comparative advantage posits that there is neither transaction cost nor transportation cost

in a cooperation that trade does not take place between two countries, which means Autarky. But once the trade is involved, each country will be motivated to specialize in the production of goods in which they have a comparative advantage, and thus allocating their scarce resources (Labour) to the most productive uses to the essence that citizenries of the two countries would end up consuming more of each other's goods than they did during the absence of trade. The Ricardian model of comparative advantage posits that international trade will benefit both countries as such that their trade will be mutually beneficial in a win-win situation.

The Heckscher-Olin Model on the principle of comparative advantage was developed by two Swedish economists –Eli Heckscher and his student Bertil (David, 2008). It posits that a country will have a comparative advantage in the good that uses the factor in which it is heavily endowed. According to the model, respective countries are endowed with different factors of production, which may or may not make trade relations favourable to them; while a country may have abundant labour, less land and capital (machines and buildings), it may have a large and relatively uneducated people. Another country may be technologically advanced and have high capital but relatively lower availability of land or labour. Their preference for one good over the other will be similar. Therefore, relative costs of production (rather than relative demand for goods) dictate how much a good is produced and consumed prior to specialisation and trade. The model concludes that countries could have a comparative advantage in goods that are produced with the factor of production (land, labor or capital) that they have in abundance. This will logically lead to higher exports of those goods. This model differs from the Ricardian model of trade because it addresses the question of why countries have comparative advantages in particular

commodities instead of explaining why their specialisation and trade are beneficial. It posits a zero-sum game of trade, that is, a country's benefit from their trade while other country's relative loses. It is within these two models of comparative advantage theory that this paper aims at analysing whether Nigeria-South Africa economic relations is mutually beneficial to both countries, as posited by Ricardian model, or only beneficial to one, as posited by Heckscher-Ohlin model.

Hence, this study, therefore, uses the liberal institutional theory of cooperation to explain the relationship between Nigeria and South Africa, most especially, in the area of political and economic cooperation. Such South-South cooperation between the two countries through diplomatic ties, trade, foreign investment, among others, is facilitated through the building of inter-governmental forum that creates scenario of diversification systems in Nigeria and South Africa.

Nigeria-South Africa's Political Economy Relations

Nigeria and South Africa political relation has always hovered between friendship and diplomatic rifts (Ebegbulem, 2013). While Nigeria was basking in its euphoria of independence, South Africa was grappling with apartheid rule. Their interaction has a long history of consistent bilateral relationship since the end of apartheid regime in South Africa. The first opportunity for Nigeria to implement her foreign policy on anti-racism was in Sharpeville massacre of March 21st, 1960 in South Africa (Onouha, 2008). The

incident where the white South African Police attacked South African Blacks protesting against racial discrimination and domination that led to the death of over 72 Blacks (Onuoha, 2008:4). Nigeria spearheaded various call for economic and political sanction against South Africa from various organizations which led to the suspension of South Africa from the Commonwealth of Nations in 1961 and imposition of trade embargo under the auspices of the Organisation of African Unity (O.A.U) in 1974. Nigeria was also instrumental to the call for complete isolation of South Africa from the International Community in 1977 at the United Nations General Assembly meeting (David, 2012).

As part of her foreign policies to eradicate apartheid and colonialism in Africa, Nigeria played major roles including financial support in the liberation movements of abolition of apartheid regime in South Africa. Approximately, 3 billion dollars was spent by Nigeria towards eradication of apartheid policy in South Africa (Garba, 1987). The expenditure covered the cost of sponsoring the Black South Africans political campaigns and armed struggle. Nigeria also imposed economic sanctions including trade embargo and prohibited social interactions including sport embargo on Apartheid Regime. At a time, Nigeria established the Southern African Relief Fund (SARF), which was anti-apartheid support fund contributed by Nigerians for the funding of liberation movements and education of Black South Africans (Aremu, 2013).

In 1994, South Africa became freed from the grips of apartheid rule climaxing with the multi-racial elections, and later poised towards to build its socio-economic and political structures. Within this period, Nigeria was entangled with the military dictatorship of General Sanni Abacha that led to strain bilateral relation between the two countries.

The South African first democratically elected President -Nelson Mandela, protested against Nigeria's military dictatorship that perpetrated human rights abuses and crime against humanity, most especially, after the hanging of an activist writer -Ken Saro-Wiwa and other eight Ogoni leaders, who were agitating for sustainable development of Niger Delta Area. President Nelson Mandela championed expulsion of Nigeria from the Commonwealth of Nations, and in revenge, Nigeria withdrew from the African cup of Nations hosted by South Africa in 1995.

With the emergent of Thabo Mbeki and Olusegun Obasanjo in 1999 as the Presidents of South Africa and Nigeria respectively, cordial relations and robust diplomatic efforts were restored between the two countries. The first concerted effort as functional cooperation led to the establishment of Bi-National Commission in 1999 where main thrust includes agreement in relation to reciprocal promotion and protection of investments between the two countries through tariff reduction and avoidance of double taxation. The commission was mandated to facilitate functional co-operation between the two countries in the area of education, science and technology, defense and security, among others. Recently, in the effort to secure the position of Africa Development Bank President, Nigeria lobbied for support of South Africa. The bilateral relationship between the two countries recorded success when Dr. Akinwumi Adesina was elected as the President of Africa Development Bank with the overwhelming support of South Africa in 2015. (*Premium Times*, 2015).

182

To some extents, South Africa has lent his voice to the curbing of Boko-haram insurgency through a private company specializing on task training, equipment and protection (STTEP), headed by Eeben Barlow. The STTEP provides Nigerian troops with

special skills on combat, and combat training to ensure Boko-haram is defeated (Freeman, 2015). The company was secretly hired by former Nigeria President, Goodluck Jonathan for some months before 2015 general elections. The South Africa's Company role serves as a 'technical adviser'. The company also provided some South African troops who were directly involved in the combat of Boko-haram insurgency in Yobe and Maiduguri, particularly, Sambisa forest. The STTEP helped to gather intelligence, transportation of troops and evacuation of casualties from the battle field (Mutum, 2015).

Nigeria-South Africa Economic Relations

Nigeria's efforts at the initial stage of relationship with South Africa were focused on political emancipation of effects of apartheid policies. Its economic cooperation and trade relations were minimal. However, with South Africa becoming a freed nation from the grips of apartheid in 1994, the two countries were able to champion African renaissance project leading to the establishment of New Partnership for Africa's Development (NEPAD). The commission established was targeted at: (i) providing a framework for collaborative and cooperative efforts to bring Africans into the mainstream of global political, social and economic developments; (ii) providing basis for governments and private sectors to consult each other on their respective economies and investment climates with a view of promoting trade and industry; (iii) improving bilateral relations in the field of technology, education, health, culture, youth and sports; (iv) utilizing the generous endowments in human and natural resources to maximize socio-economic development, through economies of scale, global competitiveness and specialisation based on comparative advantage; (v) establishing the mechanisms for putting the benefits of economic cooperation to enthrone

peace, stability, social integration and economic development in other parts of the continent (Adams, 2006).

The Bi-national Commission recorded huge success by maximising trade relations between Nigeria and South Africa. In 1994 for instance, South Africa's export and import to Nigeria stood at US\$8.1 million and US\$3.1 million worth of commodities respectively (Omojola, 2006). South Africa's investments in Nigeria increased sporadically in 2001, when the country established its Multinational Telecommunications Corporation (MTN) in Nigeria. Within four years of its operations, MTN had 1.65 million subscribers and recorded 2.3billion Rands profit (Lutchman and Daniel, 2004). The establishment of MTN by South Africa in Nigeria opened more doors of economic opportunities for South African businesses. It was in this context that Onuoha (2008:277) termed these investments as "business invasion" of South Africa into Nigeria. The bilateral agreement equally benefitted Nigeria as the country currently stands as the largest exporters of crude oil to South Africa. With an economic growth rates of the two countries towering above 10 percent (World Bank, 2015), South Africa and Nigeria remained the strongest economies in Africa in 2015. While Nigeria has about 60 percents of human and material resources in Africa, South

Africa possesses 65 percent of advanced technology in the continent.

Analysis of Nigeria and South Africa's Political/Economy Relations

The extent at which the economic relationship between Nigeria and South Africa has benefitted both countries can be analysed through direct foreign investments, economic policies, import and export profiles between the two countries. The Direct Foreign Investment involves a long-term economic relationship between the two countries, of which, a country could establish a business in a host country for the benefit of accruing maximum profit (World Investment Report, 2007). Comparatively, South Africa has a large representation of its Multi-national companies in Nigeria worth over \$50 billion than Nigeria's in South Africa which is estimated at \$13 billion (World Investment Report, 2013). This is due to large population of Nigerians that is over 150 Million (Sen, 2013). Nigeria on the other hands has a modest representation of direct foreign investment in South Africa because of advance technology in South Africa, in which, Nigeria's middle and low range technology cannot compete with. Below are some of the South African companies in Nigeria.

S/N	C o m p a n y N a m e	S e c t o r
1	Mobile Tele-communication Network(MTN)	T e l e - c o m m u n i c a t i o n
2	Digital Satellite Television (DSTV)	T e l e v i s i o n
3	S h o p r i t e	R e t a i l
4	S t a n b i c M e r c h a n t B a n k	B a n k i n g
5	P r o t e a H o t e l s	H o s p i t a l i t y
6	South African Breweries (SABMILLER)	M a n u f a c t u r e
7	T i g e r B r a n d s	Food Manufacturing Company
9	N i t e l C o p o r a t i o n	T e c h n o l o g y

Source World Investment Report, 2013

In the area of direct foreign investments, South Africa has been able to entrench itself in many Nigerian Sectors. Over 100 of South African companies are present in Nigeria (Umezurike et al, 2013). The same cannot be said of Nigerian companies operating in South Africa. Only few Nigerian companies have made headways in South Africa. Two of the

companies are Oando -an energy conglomerate company based in Lagos, which was listed on the Johannesburg Stock Exchange in 2009 and the Dangote Group who had invested in a record of \$378 million in South Africa's cement industry (Umezurike et al, 2013:9). Below is the list of Nigerian Companies present in South Africa:

S/N	C o m p a n y N a m e	S e c t o r
1	F i r s t B a n k o f N i g e r i a	B a n k i n g
2	U n i o n B a n k o f N i g e r i a	B a n k i n g
3	Z e n i t h B a n k	B a n k i n g
4	D a n g o t e G r o u p	M a n u f a c t u r i n g
5	U n i t e d B a n k f o r A f r i c a	B a n k i n g

Source: World Investment Report, 2013

The direct foreign investment gaps between Nigeria and South Africa can be ascribed to their respective economic policies. For instance, in an effort to enhance its socio-economic development, Nigeria adopted a neo-liberal economic policy relating to trade liberalisation, commercialisation and privatisation policies in 1999; which provided opportunities for the foreign countries to invest in Nigeria. The liberalisation policies were further entrenched by the administration of Goodluck Jonathan through his economic diplomacy aiming at maximising Nigeria's economic attractiveness to various investments all over the world (Nwanko, 2013). Such open economy policy was aimed at filling the

business vacuum in the areas where the country has lesser comparative advantage. South Africa had seized the advantages inherent in Nigeria's "open door economic policy" to invest massively within the country. South Africa on the other hands has strict and relatively closed economic policies in order to protect its infant industries, and limited opportunities are inherent in the South Africa economies for Nigeria to invest. One of the South Africa's economic policies is the Black Economic Empowerment (BEE) Programme. This is because, prior to the end of apartheid, most of the business firms were dominated by the Whites at the expense of Black South Africans. The foreign establishments limited

the number of opportunities available to the Blacks then. In an effort to correct such development gap after the apartheid, the Black Economic Empowerment Policy was established to give more opportunities to the oppressed Black South Africans, and thus restricting the opportunities of the foreigners to adequately invest in South Africa. Huge successes were recorded. There was a rise in Black Executive Managers from 5% to over 11%, operational managers from 14% to 28% in 2013, coupled with the increase in the Black ownership of industries (Gelb *et al*, 2014). The

(BEE) policy thus restricted opportunities for the foreigners including Nigerians to adequately invest in South Africa.

Import and export between Nigeria and South Africa represent other forms of bilateral economic relations between the two countries. While Nigeria majorly exports crude oil to South Africa since 1997, South Africa exports diversified products like food, beverages, vehicles, mechanical and electrical appliances, among others, to Nigeria (Adebajo and Landsberg, 2013).

Nigeria's Export to South Africa

Y e a r	V a l u e s	C r u d e O i l	N o n - c r u d e O i l
2 0 1 2	208, 101, 073,064	132, 751, 740, 629	75, 349, 332, 435
2 0 1 3	218, 865, 698, 247.9	217, 874, 596, 402. 8	991, 101, 845.1
2 0 1 4	326, 204, 000, 753.0	325, 796, 203, 797.0	407, 796, 956.0
2 0 1 5 (1st Quarter)	260, 000,000,000	238, 000,000,000	21, 000,000,000

Source: National Bureau of Statistics Foreign Trade Report, 2015

This illustration shows that Nigeria mainly exports primary products (crude oil) to South Africa. In other words, from the analysis of economic relations profile (direct foreign investment, import and export) presented above, it is obvious that economic cooperation the two countries is relatively favoured South Africa than Nigeria. South Africa has comparative advantage of exporting a wide range of industrial products to Nigeria that entrench mega investments, and Nigeria has lesser comparative advantage in the exportation of primary commodities with a comparatively low income generating product (crude oil). South Africa has entrenched itself in virtually all Nigerian sectors, while

restricting the same investment opportunities for Nigerians in its own economy. South Africa is more technologically advanced than Nigeria; such technology was developed by its successful governments under the apartheid regimes in order to primarily protect the economic interest of the White South Africans. It is difficult for Nigeria to compete with the South Africa economically owing to her weak technological foundation. It is in this vein that Dalaji posited that:

*opening up
Nigeria's economy
to South Africa's
investment and*

broadening of scope of bilateral cooperation between the two countries has exposed Nigeria's economic investment relative incapacity for competitiveness visa-vis the more advanced South African economy. Superior expertise, domineering technical knowledge, better conducive investment environment and capacity have made it possible for South Africa to take superior advantage of its bilateral agreements with Nigeria since 1994 to invest in a broad spectrum of areas in Nigerian economy... (Dallaji, 2012:278).

From the above analysis, it is evidently clear that there are lopsided comparative benefits in favour of South Africa in the bilateral relations with Nigeria. Such bilateral political economy relations cannot be said to be mutually beneficial to both countries.

Implications of Nigeria and South Africa Bilateral Relations for Nigeria

Nigeria and South Africa have continued to enjoy cordial political relationship even in the

midst of diplomatic rifts. Bi-lateral relationship between the two countries has enhanced political cooperation. However, their economic relationship, particularly, in the relations to the principle of comparative advantage favoured of South Africa. This negative development has destructive impact on Nigerian infant industries, because, the open doors of Nigerian economy policies to South Africa has led to cases of non-competitiveness of the local industries with those in South Africa. In fact, it has become a common practice of some Multi-national Corporations from South Africa to engage in predatory practices that reduce the cost of services far below of Nigeria enterprises in order to reduce domestic competition, which thus gives room for monopoly or oligopoly of markets. For instance, the establishment of MTN in Nigeria has largely contributed to the failure and total demise of NITEL. Prior to the advent of MTN, Nigerian Telecommunications Network (NITEL) provided telephone services to Nigerians. But with the advent of MTN, the Federal Government has diverted its attention towards ensuring that MTN is consolidated in Nigeria. This diversion of focus, among other factors, led to the inability of NITEL to compete with the MTN, which thus led to its collapse (Kadir, 2014).

In Nigeria, MTN has continued to be a strong hold and competitor within Nigerian telecommunications sector, while GLO, Etisalat and other networks owned by Nigerians are playing second fiddle. In spite of high tariff, MTN maintains the highest subscribers in Nigeria. As at December 2014, MTN has over 59,893,093 subscribers, Globacom has 28,219,089, Airtel has 27,556,544 and Etisalat is just with 21,103,749 subscribers (National Communications Commission, 2015). From the analysis, it should be cleared that MTN has consolidated itself within Nigerian telecommunication

sector, while others who local companies have less subscribers.

In another dimension, the DSTV - a South African television company succeeded Nigeria in spite of its stiff competition with the Nigerian Television Corporation. Its advent into Nigerian Information Sector has contributed to the liquidation of HITV in 2009, due to inability to compete efficiently and effectively with the DSTV. Even with the high charges, DSTV has more subscribers of over 4 million (*Mybroad, 2016*) than Nigerian indigenous Star Times Television Company. There is also problem of profit repatriation and capital flight in the bilateral relations of the two countries. It is not only that South African firm has entrenched and consolidated itself in Nigeria's economy sectors; its profit repatriation from Nigeria to its home country makes Nigeria relatively loss in economic bilateral relations. Although the proponents of direct foreign investment may have asserted that foreign companies have contributed to Nigerian economy in form of taxes, however, the taxes cannot be compared to the amount of profits accrued from Nigeria. For instance, between 2001 and 2010 alone, MTN recorded a profit of N857.655 billion naira as after tax profit. Meanwhile, a paltry sum of N24 billion was paid as tax within the same period (*Thisday, 2011*). This imbalance in trade and payment is having negative implications for Nigeria's economy.

The BEE economic policies of South Africa that discourage foreign companies establishment have negative implications for Nigeria, and gives room for a wide margin of investment opportunities between the two countries. As a matter of fact, Nigerian companies are finding it difficult to thrive or survive in South Africa in spite of South African companies recording success in their land. A clear instance of this, was the demise of the "*This Day*" Newspaper in South Africa.

The liquidation of Nigerian newspaper was largely due to inability of the company to pay its workers' salaries and staff pension close to over \$291, 700, which was due to overburden tax payment policies of South Africa Government on foreign companies (Ogunlesi, 2015).

Conclusion and Recommendation

This study focuses on bilateral relations of Nigeria and South Africa. The extent at which the relation has been mutually beneficial to the two countries politically and economically was ex-rayed. The research findings show that Nigeria and South Africa have been benefitting reasonably from this diplomatic relation, although, their relationship has been comparatively favoured South Africa than Nigeria. The study discovered that there is the need for improvement in the areas of infrastructural development, highly skilled human resource and technological advancement in Nigeria for the pendulum of mutual benefits to be optimally tilted equal. For Nigeria to optimally enhance its benefits in the bilateral relations, the following recommendations are proffered:

There should be continuous economic reforms in terms of privatization and commercialization of ailing public enterprises in order to promote better service delivery and able to curb corruption. Although the fierce competitive between the MTN and NITEL has contributed to the demise of NITEL, the high rate of corrupt practices in the NITEL telecommunication company could be identified as major factor of it collapsed. Nigeria government should focus on rehabilitation of its dilapidated public infrastructure such as road and hydro-electric power for its massive industrialization that can make its country strong to compete with South Africa. Nigerian companies should ensure better marketing strategies and advocating

programme of encouraging Nigerians to patronize their home made products should be enshrined. Overwhelming preference for DSTV media cable should be discouraged by producing local effective multimedia cable systems. Strong economic laws and policies should be put in place to protect Nigerian local industries from the foreigners' stiff competition. Economic law that controls the degree at which the foreign companies could establish themselves should be ensured in order to protect Nigerian local industries. Technological development should be given

ultimate priority through adequate research funding programmes. Diversification of economy sectors should be encouraged since Nigeria is naturally endowed with different mineral, agricultural and human resources. Over reliance on oil as "main stay" of economy be brought to barest minimal. Investing in other sectors will make Nigerians maximizing its bilateral relations with South Africa. Diversification of economy sectors will give Nigeria a wider range of opportunities to export more goods and generated sufficient income from abroad.

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