

## GLOBALIZATION AND CORONA VIRUS (COVID-19) PANDEMIC; THE VULNERABILITY OF AFRICA IS THE OPPORTUNITY OF CHINA

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### ABSTRACT

The sporadic spread of Wuhan COVID-19 and its dreadful havoc on humans and economies worldwide have shown the dark side of globalization in this era. As such, various researches are being unfolded in different fields currently. It is most likely China will face both political and economic persecutions from the US, European countries and the G7 in the post pandemic periods. Against this backdrop, an attempt was made in this paper to philosophically project how African vulnerability to COVID-19 could erupt another series of business opportunities for China. It could be submitted that COVID-19 pandemic will change the structure of diplomatic and trade relations of China with the rest of the world in general and Africa in particular. Though, China is the biggest Africa's trade partner and top Africa's creditor concurrently with massive investments in the continent. This makes Africa to be vulnerable to the whip and caprices of the world's second biggest economy. If china refuses to grant debt relief to Africa, majority of highly indebted countries will be in debt trap soonest. Consequently, this paper suggested that Africa should think outside the box by exploiting and developing untapped natural resources to their full capacity in order to compete with their counterparts in the global market. Also, Africa needs to explore industrial production that can utilized its raw materials and consequently leverage on intra Africa trade given the opportunity orchestrated by the African Continental Free Trade Agreement. After all, COVID-19 spread to Africa as a bad by-product of globalization

### ARTICLE INFO

*Keywords:*

*Globalization; COVID-19;  
Pandemic; Vulnerability;  
Opportunity; China and Africa*

*JEL Code:*

*F43; F62*

*Article History:*

Received: 19 Jun 2019

Revised: 13 Aug 2019

Accepted: 25 Dec 2019

Available Online: 15 Jul 2020

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### 1. INTRODUCTION

It is apparently sure that no single country can survive on its own in this era of globalized world. Evidence from the strategic elements of globalization shows that the last century witnessed unprecedented levels of globalization in the history of the world. For almost three decades, international trade was growing at a steady rate doubling the global GDP. Meanwhile, the rate at which Foreign Direct Investments (FDI) grew was two times greater than international trade. This implies that FDI growth was four times higher than that of global GDP during these periods. In the same vein, last century was not only characterized with emergence of various economic and financial integrations but also political integration among different economies of the world. During these periods, globalization was grossly motivated by both economic and political factors, and these resulted in various economic blocs such as G7, G13, G20, ASEAN, BRICS, EU and AU in order to facilitate easy or free flow of labour, trade and capital and other resources within the members of the group.

However, this century is characterized with the proliferation of technologies, especially digital technologies. Those critical barriers to global interaction among nations of the world have been eliminated by the instrumentality of information and technologies (ICTs) in the recent times. Therefore, globalization has been more largely fueled by digital technologies in this century because the entire world is now a single market with nearly a single currency due to easier currency convertibility. Meanwhile, despite the fact that globalization has been of tremendous benefits to the world in the past three decades, yet its dark side and devastating effects on the earth in early 2020 cannot be forgotten in a hurry. The emergence of Wuhan-COVID-19 in 2019 in China was like that of Ebola in West Africa in 2014. However, COVID-19 spread worldwide

without obstruction, resulting into a global pandemic (WHO, 2020). This novel virus has motivated research from different fields, ranging from medical, pharmaceutical, economic, political and social arena in conceptualizing possible negative multiplier effects of COVID-19 on the global economy. In terms of diplomatic and bilateral relationship, COVID-19 has already orchestrated travel restrictions and series of accusations in various countries in the world. Though, China and Africa had robust trade and diplomatic relationships before the advent of COVID-19, it is not totally impossible this novel virus will generate asymmetric benefits, in terms of international trading and labor mobility between China and Africa in the nearest future because a huge contagious like COVID-19 pandemic will not leave Chinese exports to Africa unaffected. This is because China and Africa have different economic, political, social and technological structures. Little wonder, Ruiz Estrada (2016) argues that trade openness is not an inappropriate platform to integrate a country like China and countries in Africa with a view to competing in the global trade.

Consequently, in the last ten years, there has been a paradigm shift in international trade between Africa and the rest of the world. Trade relation between China and Africa has been on the increase persistently. Despite the fact that the European countries used to be the biggest market for the African commodities in those days, China is now the biggest Africa's exports partner. It is interesting to state that in 2013, China accounted for 27% of Africa's exports relative to 23% and 20% which went to the European Union and the United States respectively. Similarly, Chinese foreign direct investment outflows into Africa is continuously rising in the recent times. In 2013, Africa received US\$24 billion FDI inflows from China. Chinese FDI in Africa grew by 50% from 2004 to 2013 (MOFCOM 2003-2014; Copley, Maret-Rakotondrazaka, and Sy 2014). Availability of numerous natural resources positioned Africa as cynosure of eyes to the Chinese investors. This is justified by the argument put forward by Renard (2011) who submitted that the large reserves of abundant natural resources in Africa were the key factors behind the continuous China-Africa relationship. This is statement is reinforced by the Chinese investments which are majorly in favour of oil rich countries in Africa. For instance, the top destinations of China's investment in Africa in 2012 were South Africa, Nigeria, Zambia, Algeria, Sudan, and Angola. It is instructive to state that the above stated countries received over 50% of total FDI of the continent (Leung & Zhou, 2014).

It is worth of note that the continuous involvement of Chinese in Africa brings about substantial opportunities to the continent without eliminating some challenges as well. Meanwhile, one of the critical challenges facing Africa in the most recent time is the spread of COVID 19 in the continent. The novel COVID-19 case was first confirmed in the first week of March, 2020 in Sub-Saharan Africa. The cases of COVID-19 possibly to have spread further in Africa after Chinese workers return to jobs in Africa after the popular Chinese New Year holidays. It is most likely that the over 1.2 billion people living in the African continent would be highly vulnerable to the pandemic because huge numbers of people in the continent are extremely poor and lack resources to afford health care if available at all. On the other hand, poorly equipped health care facilities lack the capacity to contain the virus if escalated as witnessed in some advanced economies like the US, UK, Italy and Spain. In view of the above, this paper aims to philosophically project how African vulnerability to COVID-19 could erupt another series of business opportunities for China.

## **2. GLOBALIZATION AND GLOBAL SPREAD OF COVID-19**

In the past few decades, all the countries of the world have been continuously interdependent politically, economically, socially and technologically. The rise in this interconnectedness of the world economy has been fuelled by some pillars upon which globalization lies. Some of these pillars range from institutional, legal and political reforms, massive advancement in transportation systems, and information communication technologies (ICTs). Another important factor which has been responsible for continuous growing of globalization in this time is the rapid expansion of the free trade among some regions and economic blocs of the world.

However, contribution of massive transportation systems such as large airplanes, fast trains, heavy ships, and long highways in spreading of COVID 19 globally cannot be undermined. Like the Spanish flu pandemic over one century ago that infected about 500 million people globally and eliminated over 33 million people worldwide, it is expected that COVID-19 will spread faster in this era of globalization. Mobilization of people through massive transport system has been one of the key factors supporting huge contagious of COVID-19 pandemic globally. For instance, airplanes and transoceanic cruises have exposed a large number of people to the virus, which have served as index cases in different countries of the world. COVID-19 originated from Wuhan, China in December, 2019. Meanwhile, within a space of three months, it has spread to over 150 countries of the world, causing of 20 thousand deaths in America and over 100 thousand deaths globally. As at April 12, 2020, Wuhan-COVID-19 has infected over 1.7 million people worldwide (WHO, 2020). This has shown the exponential manners in which this virus infected people globally. It is important to stress that the large number of people migrating via flights in the large size airplanes and transatlantic cruises conveying huge passengers across the globe anytime and anywhere facilitated the global COVID-19 pandemic. In fact, some elements of globalization such as intercontinental mobility of labour, expansion of tourism and continuous diplomatic relationship have made the universe to be highly vulnerable to COVID-19 pandemic.

## **2.1 Corona Virus (COVID-19) Pandemic And Vulnerability Of Africa**

Before the advent of COVID-19, African countries had been highly vulnerable to the global economic shocks such as dynamics of global prices of goods and the pattern of demand for goods. Trade relationship between China and Sub Saharan Africa is said to be asymmetrical because larger proportion of both consumer and capital goods are imported from China on daily basis in Africa. Meanwhile, the larger proportion of Chinese import from Africa is geared towards natural resources such as oil and other minerals, which are primary products. However, the first case of COVID-19 in Africa was confirmed in the first week of March, 2020. Continuous participation of the Chinese in Africa is likely to be contributing factor to the further spread of COVID-19 in Africa because some of expatriates from China returned to works in Africa immediately the Chinese New Year holiday was over. This is likely the root cause of rapid spread of the novel COVID-19 in Africa.

However, in the midst of this ongoing pandemic, Africa cannot be invulnerable because majority of the countries in the continent lack basic health care facilities alongside vast millions of people living in extreme poverty who do not have the capacity to access health care even if available. Also, majority of the high-income countries like the US, the UK, Italy etc. that usually offer aids to Africa are extremely ravaged by COVID-19 themselves, in which could consequently cause recession in such countries very soon. Apart from human damages globally, COVID-19 will inflict some level of economic tensions in Africa. According to the World Bank, the impact of ongoing COVID-19 on growth cannot be undermined in Sub-Saharan Africa because growth has been forecast to fall between -2.1 and -5.1% in 2020 as a result of this pandemic which could motivate the first recession in Africa, its first kind in the last 25 years. Before the advent of the novel virus, growth in Africa had been projected by 3.9%. This shows that COVID-19 would impact a very significant adverse effects on the African economy. This is further reinforced by the submission of Hafez Ghanem, World Bank Vice President for Africa who argued that “The COVID-19 pandemic is testing the limits of societies and economies across the world, and African countries are likely to be hit particularly hard,” It has been estimated that Africa would lose output values between \$37 billion and \$79 billion in 2020 due to COVID-19. These losses could be attributed to the disruption of trade and value chain, tourism, reduction in the inflows of foreign direct investment and capital flight. Food shortage could also be looming in Africa soon because COVID-19 would contract agricultural production and raise higher transaction costs for the imported goods in the continent.

Furthermore, Africa is highly indebted with low capacity to generate internal revenues within the region. Majority of the oil producing countries in Africa are mono-cultural economies which heavily rely on revenues from proceeds of oil and gas, in which the prices are dwindling on the daily basis. This will deteriorate fiscal positions and by extension expand public debt vulnerabilities in the continent. COVID-19 pandemic would cause a sharp decline in the growth of real gross domestic product of most of African countries, especially the three largest economies in Africa, namely Nigeria, Angola, and South Africa due to the total shutdown of the economy. If debt relief from bilateral creditors is not given to Africa, there is no doubt that macroeconomic stability of Africa will be a mirage in the next one decade. Little wonder, Chief Olusegun Obasanjo and Dr. Ngozi Okonjo-Iweala soliciting debt relief for Africa from China and other bilateral creditors during this critical period.

## **2.2 Corona Virus (COVID-19) Pandemic And Opportunity For Chinese To Exploit Africa**

In the reality of COVID-19 pandemic and its devastating effects on humans and economy, Africa is no doubt the most vulnerable region in the world due to multifaceted factors ranging from poor health care facilities, lack of advance technologies, low domestic revenues, poor macroeconomic variable performances, corruption, lack of institutional framework and the host of others. Though, each of these factors could still be subjected to empirical investigation in the nearest future to aid future policy implications for the continent.

However, the responses of the majority of countries in Africa justify how vulnerable the continent is to the novel virus. Despite the fact that the novel virus has not caused pathetic and devastating effects on human beings in Africa as the cases in Europe and America as the time this paper was written, yet Africa lacks internal capacity and indigenous mechanism to contain the virus. For instance, Africa could not produce indigenous testing kits for the virus. Most of the testing kits and other apparatus to contain the virus needed to be imported outside Africa, with larger proportion coming from China. In addition, most of the African countries heavily relied on kind gesture of the Chinese billionaire, Jack Ma foundation who freely distributed medical materials to Africa in other to curb further spread of COVID-19 in the continent. The breakout of COVID-19 provides numerous opportunities for China to exploit Africa. Africa-China relationship is asymmetrical due to a number of factors. In terms of technological advancement, China possesses superior technologies. Africa imported majority of testing kits and ventilators for containing further spread of COVID-19 from China. Besides technology, discovery of suitable vaccines to combat COVID-19 provides another vantage position for China, because some of vaccines for the COVID-19 treatment are undergoing clinical trials in China already. If eventually, the Chinese vaccines pass clinical trials successfully, Africa would be the target market because Africa is the biggest Chinese trade partner and Africa lacks internal capacity to be independent. It is important to state that in post COVID 19 pandemic, there is high tendency for China to face a lot of economic and political persecutions from the US, the G7 and European countries due to the way China handled Wuhan COVID-19, which later metamorphosed to a global pandemic. In order to corroborate the above assertion, in less

than a month after an American lawyer- Larry Klayman filed a \$20 trillion lawsuit against China, the Japanese government announced \$2.2 billion as stimulant to get Japanese companies to exit China. In the same vein, Donald Trump has halted \$400 million American financial contribution to the World Health Organization. This is a strong indication that China should be ready for “the great battle of Armageddon” after this dreadful pandemic. The one of the favourable region of the world in which China could find a solace is Africa.

In addition, despite the fact that China has been accused of luring African countries with loans in the past, yet China is still Africa’s top creditor. Meanwhile, COVID-19 pandemic would undoubtedly wreak a lot of economic havoc in these highly indebted countries which could lead them into debt trap. Though, G20 countries have agreed on debt freeze for world’s poorest countries, if Beijing fails to give debt relief to Africa after this pandemic, this would exacerbate the economic condition of Africa further because majority of countries in the continent would automatically enter debt trap, which is synonymous to what is called “one chance” in Nigerian slang. Meanwhile, China could leverage on Africa’s mineral resources in lieu of its huge loans in the continent. Most of the indebted African countries are rich in untapped natural resources. There is need for Africa and China to embark on symbiotic collaboration. China could enter into new partnership with the indebted countries on how to exploit their natural resources and develop their full capacity in order to compete with their counterparts in the energy market. Inability of the African countries to meet up with their debt obligations after COVID-19 pandemic is another business opportunities for China to exploit Africa because sooner or later Africa will be at mercy of China. If Africa refuses to look inward and addresses its fundamental infrastructural deficits and backward indigenous technologies by itself. The post COVID-19 pandemic will usher in new waves of the continuous investment of China in infrastructural and technological development in Africa. This will invariably lead to economic domination of China in Africa, the position once occupied by the US and the UK in the past decades.

### **3. CONCLUSION**

The sporadic spread of Wuhan COVID-19 and its dreadful havoc on humans and economy worldwide have shown the dark side of globalization in this era. As such, various researches are being unfolded in different fields currently. It is most likely China will face both political and economic persecutions from the US, European countries and the G7 in the post pandemic periods. Against this backdrop, an attempt was made in this paper to philosophically project how African vulnerability to COVID-19 could erupt another series of business opportunities for China. It could be submitted that COVID-19 pandemic will change the structure of diplomatic and trade relations of China with the rest of the world in general and Africa in particular. Though, China is the biggest Africa’s trade partner and top Africa’s creditor concurrently with massive investments in the continent. This makes Africa to be vulnerable to the whip and caprices of the second biggest economy of the world. If china refuses to grant debt relief to Africa, majority of highly indebted countries will be in debt trap soonest. Consequently, this paper suggested that Africa should think outside the box by exploiting and developing its untapped natural resources to their full capacity in order to compete with its counterparts in the global market. Also, Africa needs to explore industrial production that can utilized its raw materials and consequently leverage on intra Africa trade given the opportunity orchestrated by the African Continental Free Trade Agreement. After all, COVID-19 spread to Africa as a bad by-product of globalization.

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