

In Akbar Noman, Kwesi Botchwey, Howard Stein and Joseph Stiglitz eds.
Growth and Governance in Africa: Rethinking Development Strategies,
Oxford University Press, Oxford, 2012

**THE EMERGING ASIAN GIANTS
AND ECONOMIC DEVELOPMENT IN AFRICA**

Deepak Nayyar

Abstract

The object of this essay is to analyze the economic implications of the rise of China and India for economic development in Africa situated in the wider context of the world economy. It evaluates the main forms of economic engagement to focus on trade with some discussion on investment, aid and migration. It argues that the consequences could be positive if the China and India provide markets for exports, resources for investment and finances for development, which stimulate the process of growth in Africa, creating more choices and space for formulating policies that are conducive to national development objectives. The consequences could be negative if growth in China and India is competitive rather than complementary to development in Africa, perpetuating traditional patterns of specialization which inhibit rather than foster industrialization in Africa. The impact, on balance, will depend on how reality unfolds. It would depend, even more perhaps, on what African countries do, in terms of initial conditions, better bargaining and appropriate policies, to maximize the benefits and minimize the costs associated with the process of increasing economic interaction with China and India. The international arena will also matter in terms of both bilateralism and multilateralism.