Foreign Direct Investments Inflow and Outflow in the Sub-regions of Africa and Its Trade with the World

Y. Evans, C. Kesse, and O. Isaac

***Abstract*—This study assessed and provides a holistic Literature review of the flow of investment and the analysis on South Africa and Morocco imports and exports. By examining the impact and projections of Africa's trade contribution to the world's development through the export and import of merchandise trade, it was realized that, Africa trading trends in the United States and the Europeans have changed currently and rather, there has been a diversification in export and import trade destination by the African continent. Africa's trading with the European Union has been switched to the Asian continent with China now the largest trading partner in Africa after the world economic crises in 2008. Secondary data from accredited sources were used for this research and five demographic, social and economic countries from the Northern, Southern, Eastern, Central and Western zones of the Africa continent were used in understudying the aim of this paper/research. The inflow of foreign direct investment into the African continent is mostly from the developed countries, international bodies, the European Union and some of the fastest developing economies on the Asian continent. However, the outflow of FDI is lower as a result of most of the countries in Africa depending heavily on the inflow of foreign direct investment as their main source of development of their economies thereby focusing less on outward investments. The results highlights South Africa, Nigeria, Botswana, Angola and Morocco to continue to be top five (5) home economies of outward FDI in Africa. Therefore, since the continuous increase in investment in Africa as proven to be of favorable conditions and the benefits investors receives from the continent and Investment attraction among other factors were noted, the need of sound investment policies among other factors to entice many investors into the continent are recommended.**

***Index Terms*—FDI, business-friendly, foreign investors, trade deficits, Africa and Ecowas.**

I. Introduction

During this century Africa has been gripping much of the foreign direct investment inflow as a result of the effort put by various governments and institutional bodies on the continent to make the environment a business-friendly to attract foreign investors. FDI has become a major foundation for most of the African countries economic growth. It's been discovered that in modern times inflows of FDI had outshine flows from development aid [1]. However, the inpouring of foreign direct investment to Africa has expanded during this century, but the inflow of the FDI is uniformly diffused across the continent. For an illustration, nations in the Northern and Southern Africa appreciate bigger FDI inflows than East and West African nations [2]. From 1990 to 2017 the inflow of the FDI to the eastern and central part of Africa has been very low as a result of war outbreak, lack of sound investment policies and political instability in these regions. The outward FDI by the African countries are comparatively low to the inflow of FDI on the continent. In spite of the high dependency on foreign direct investments and other foreign aid by some international bodies, the African continent contributes much to the world's progress in the aspect of export and import of certain indispensable commodities and natural resources. Among the commodities and natural resources produced by Africa are cocoa, gold, diamond, platinum and other vital resources needed for the world's development. In 2016, Africa supplied about 75% of the world's total output of cocoa beans. However, its contribution to the production of the world's diamond accounted for about 47% in 2015 and South Africa's contribution to platinum production accounted for 68.32% in 2014. This paper seeks to focus on the flow of investment in Africa and analysis on South Africa and Morocco export and import. The first part of this paper will focus on the general Africa exports and imports as well as the analysis on South Africa and Morocco exports and imports. However, the second section will target on FDI on the African continent.

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II. Literature Review

Africa is a continent and it is considered to be the second biggest landmass after Asia. The continent has the second biggest populace with an estimated number of 1.21 billion inhabitants and has 54 countries being divided into sub-regions which is made up of Eastern, Central, Northern, Southern and Western. However, there are over a thousand languages and which been classified into four largest family's languages such as Afro-Asiatic, Nilo-Saharan, Niger-Congo and Khoi-San. According to the United Nation's population prognostication, Africa has the world's youngest population and it expected to be doubled to 2billion by 2050. During the 16th century the Europeans came to occupy the African continent in the form colonization. Colonization in Africa lasted for many years until the 19th century, most of the countries on the continent gained independence from their colonial masters. Moreover, majority of the countries in Africa uses the democratic system of governance and rule of law which allows people to vote any candidate of their choice. Furthermore, the

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African continent is seen to be of the best place for tourism, since it has the longest river (Nile) of about 6695km, which flows through eleven countries. The continent is a home to the world's biggest land creature which is the African elephant, the tallest giraffe and the biggest reptile which is the Nile crocodile. Africa has a heavy quantity of natural resources such as bauxite, diamond, cobalt, copper, cocoa beans, gold, platinum, petroleum, iron, uranium, silver and salt, which is being sent out everywhere throughout the world. The figure below shows the map of Africa.

Source: https://library.osu.edu/literary-map-of-africa/map
Fig. 1. Map of Africa.

A. *Africa's Trade with World*

Africa's massive expansion in trade and its heterogeneousness of cohorts over the past centuries has helped in the improvement of most countries economic growth in the continent [3]. The European Union remains to be the largest trading partners with about 30% of Africa's export and imports. However, china remains the biggest trading partner on the Asian continent with about 15% of Africa's trade contribution to the world. Trade between countries in the African continent is comparatively low in accordance to the number of countries on the continent, internal trading of commodities/ products produced within the continent accounted for 15%. Over the past few years an Africa trading trend in the United States and the European has changed, currently there has been a diversification in export and import trade destination of most of the nations in Africa [4]. Aware of the dangers, numerous nations now consider export diversification as an essential part of economic development [5]. Africa's trading with the European Union has been switched to the Asian continent with China now the largest trading partner in Africa after the world economic crises in 2008. Africa's exports experienced a significant 30 percent decline in dollar terms in 2015 [6]. There was massive declined in the merchandise trade by the oil exporting countries on the African continent reflecting about 41% as a result of a decrease in the international oil prices, which leads to losses in revenue by countries such as Congo, Equatorial Guinea and Nigeria. Sub-Saharan oil-trading nations, such as Equatorial Guinea and Congo, were essentially affected by the 60 percent decrease in oil prices [6]. In 2014, there was a declined in the total export of fuel from Africa of about 7% as against a declined by 11% in 2012. According to the recent data accessible, the percentage of manufactured goods as a share of African exports increased from 19 percent in 2013 to 21% in 2014 [6]. The table below shows the developing economies' merchandise trade by region, 2015 and all amounts in US$ billion and percentage.

TABLE I: THE DEVELOPING ECONOMIES' MERCHANDISE TRADE BY REGION, 2015 AND ALL AMOUNTS IN US$ BILLION AND PERCENTAGE

	Exports					Imports				
	Value	Share in World		Annual % change		Value	Share in World		Annual % Change	
	2015	2014	2015	2014	2015	2015	2014	2015	2014	2015
Developing Economies	6934	43.6	43.4	1	-14	6664	41.0	40.9	0	-13
Latin America	920	5.9	5.8	-3	-15	1027	6.2	6.3	-1	-11
Developing Europe	169	1.0	1.1	4	-9	247	1.5	1.5	-3	-14
Africa	388	3.0	2.4	-8	-30	559	3.5	3.5	2	-14
Middle East	841	7.0	5.3	-4	-35	707	4.2	4.2	2	-10
Developing Asia	4616	26.8	28.9	4	-7	4124	25.6	25.2	1	-14
Memorandum items										
World	15985	100.0	100.0	0	-14	16299	100.0	100,0	1	-13
Developed economies	8550	52.4	53.5	0	-12	9290	56.3	56.9	1	-11
Commonwealth of Independent States	500	4.0	3.1	-6	-32	345	2.7	2.1	-11	-32

Source: WTO 2016
Note: the table excluding Hong Kong (China) re-exports or import for re-exports.

However, Africa's exports to the world accounted for an estimation of 2.2 percent of the world's total exports in 2016. LDCs in Sub-Saharan Africa experienced the largest declines among LDC sub-categories in 2015, registering a contraction of 30 per cent (bringing their total exports to US$ 97.5 billion from US$ 139 billion in 2014), [6]. South Africa, Nigeria, Algeria, Angola and Morocco continue to be top five (5) exporting countries in Africa. In 2016, the African continent's total exports were about US$ 328 billion, reflecting a declined in volume and value compared to exports in over the past four years. South Africa continues to be the largest exporter in Africa an estimated value of US$ 74 billion in 2016 and Morocco continue to be the major exporter of business services and telecommunication centers in Africa. The table below shows a summary of Africa's merchandise trade from 2013 to 2015.

TABLE II: SUMMARY INDICATORS ON AFRICA'S MERCHANDISE TRADE

	Exports			Imports		
Main trader (percent change)	2013	2014	2015	2013	2014	2015
Oil and exporters (8 countries)	-12	-14	-44	10	1	-19
South Africa	-4	-5	-10	-1	-3	-14
Egypt	-3	-7	-28	-14	19	-9
Morocco	2	8	-8	1	1	-18
Tunisia	0	-2	-16	-1	2	-19
Above 12 countries share of Africa's trade	79	77	73	70	70	68
Regional trade by product (percent change	2013	2014	2015	2013	2014	2015
Agriculture products	7	3	…	2	2	…
Fuels	-11	-13	…	3	1	…
Other mining products	1	-6	…	0	0	…
Manufactured goods	7	2	…	7	5	….
Product share in region's trade (percent)	2013	2014	2015	2013	2014	2015
Agriculture product	10	11	…	16	16	….
Fuels	57	54	…	16	15	….
Other mining products	9	9	…	2	2	….
Manufactured goods	19	21	…	62	62	….

Source: WTO 2016, Note: Algeria, Angola, Chad, Equatorial Guinea, Gabon, Libya, Nigeria and Sudan.

B. *South Africa at a Glance*

The country South Africa is located in the southern edge of the African continent which attained independence from the British. The nation characterized to be one of the quickest developing economies in Africa and it has the second biggest economy on the continent after Nigeria. South Africa is the primary country in Africa formed part of the association of the topmost five emerging world markets, which is comprised of Brazil, Russia, India, China and South Africa (BRICS). However, in the aspect of inward and outward FDI's South Africa is considered to be one of the top home countries for foreign direct investment in Africa. In 2016, the purchasing power parity was estimated $739.2 billion, indicating a growth in the country's purchasing abilities between 2014 and 2015. Gross domestic growth rate in South Africa is estimated to be growing at 0.3%, reflecting a decrease in the growth rate compared to 2014 and 2015. The PPP for the country was constant between at a rate of $13,500 between 2014 and 2015 of which shows a declined in PPP to $ 13,300 in 2016. South Africa exports different varieties of commodities and products to the world and it considered to be the largest exporter on in Africa. The country's main trading products are agricultural, fuels and mining, manufactures and other essential resources needed by the world for its development. South Africa exports and imports have increased and there has been a trade surplus throughout 2017 in 2016, the country's estimated value of its total export was US$74.2 billion. The Table III below shows the value of the country's imports and exports in percentage in 2016 for merchandise trade, whereas the Table IV shows exports and imports destinations.

TABLE III: BREAKDOWN OF TOTAL EXPORTS AND IMPORT FOR MERCHANDISE TRADE 2016

Product	Exports	Imports
Agricultural	11.7%	7%
Fuels and mining	29.8%	20%
Manufactures	40.6%	64.3%
Others	17.9%	8.7%
Total	100	100

Source: WTO 2016

TABLE IV: EXPORTS AND IMPORTS DESTINATION FOR MERCHANDISE TRADE 2016

Countries	Export (%)	Country	Imports (%)
European Union	22.5	European Union	31
China	9.2	China	18.1
USA	7.4	USA	6.7
Botswana	5	India	4.2
Namibia	4.8	Saudi Arabia &UK:	3.8
Others	51.2	Other	36.3

Source: WTO 2016

C. Morocco at a Glance

Morocco is a country located in the northern part of Africa, which share borders to the north of the Atlantic Ocean and the Mediterranean Sea, amongst Algeria and Western Sahara. The country achieved independence from the French and greater part of Morocco's populace is Muslim. The economy of Morocco is considered among the top five quickest developing economies on the African continent. However, Morocco's purchasing power parity has grown over the past years with an estimated value of $281.4 billion in 2016. Between 2014 and 2015 the country's GDP real growth rate increased from an estimated value of 2.7% to 4.6% whereas there was a declined in the gross domestic product real growth rate to an estimated figure of 1.2% in 2016. Accordingly, there has been a continuous growth in GDP per capita between 2014 and 2016, where the per capita has increased from $7,900 to $ 8,200 respectively. With a sound macroeconomic indicators and a careful management of the country's resource unemployment rate was being reduced between 2015and 2016 with an estimated figure of 9.7% and 9.4% respectively. Morocco's contribution to the Africa's exports and imports is very significant to the economic development of the continent and the world as a whole. In 2016, the country's percentage share to world's export in merchandise trade accounted for 0.14% and its imports was 0.26% which indicates a balance of trade deficits. The country's main trading for exports and imports are agricultural commodities, fuels and mining products and manufactured products. Over the past few years the country turns to focus much on the manufacturing sector and depends less on non-processed products/commodities for exports. The over dependence on raw materials for exportation turns to unveil most of the developing countries be unsteady for their countries' economic growth and development. The commodity price shock of 1999 is a clear example – between 1998 and 2000, a fall in world commodity prices affected the economy with a negative in most of the developing countries GDP growth rate [7]. The country's total estimated export was US$ 27.8 billion in 2016. The table below shows the breakdown in export and import merchandise trade in percentage. The table5 below shows the value of the country's imports and exports in percentage in 2016 for merchandise trade, whereas the Table VI shows exports and imports destinations.

TABLE V: BREAKDOWN OF TOTAL EXPORTS AND IMPORT FOR MERCHANDISE TRADE 2016

Products	Export (%)	Import (%)
Agricultural	21	13
Fuel and Mining	10.3	22.5
Manufacturing	68.7	64.2
Others	0	0.2
Total	100	100

Source: WTO 2016

TABLE VI: EXPORTS AND IMPORTS DESTINATION FOR MERCHANDISE TRADE 2016

Country	Exports (%)	Country	Imports (%)
European Union	63.9	European Union	55.6
India	3.3	USA	6.4
Brazil	2.6	Russia Federation	2.4
USA	3.5	China	9.1
Turkey	3.3	Turkey	4.4
Others	22.4	Other	22

Source: WTO 2016

III. METHODOLOGY

This study is targeted on the analysis of FDI inflow and outflow, and Africa's trade contribution to the world. A mixed approach design has the advantage of apprehending the best of both quantitative and qualitative methods [8]. However, under the section of Africa's trade with the world include all the countries exports and imports in Africa, however the analysis was based on the largest exporting country in the Sub-Saharan and Northern Africa. Accordingly, the five sub regions were used in examining the inflow and outflow of foreign direct investment on the African continent.

IV. DATA AND FINDING DISCUSSION

The data and finding of this research paper were collected from secondary sources. A lot of information is being collected from World Trade Organization and the United Nations Conference on Trade and Development which are responsible for the regulating and controlling of trade and investments of its member countries. However, other published papers and literature also been used. Under Africa's exports and imports the data were collected from (2013-2015) and the data used in South Africa and Morocco exports and imports analysis were collected from the period of (2010 to 2016). The data used for FDI inflow and outflow in the section were collected from the period of (2010-2016).

A. South Africa and Morocco Imports and Exports

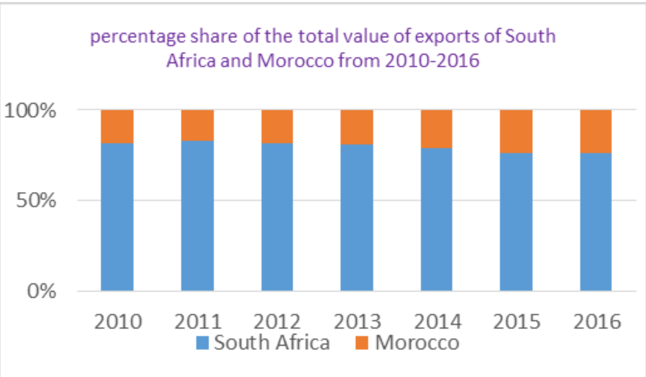
Importation and exportation of natural resource, manufactured goods, telecommunication service and other products has become an ultimate challenge for most countries in Africa. However, over the past years, both countries have contributed much to African continent export and imports. Exportation is a factor when it comes to economic development. In 2016, South Africa and Morocco were ranked among the top exporting countries in Africa with South Africa being the largest exporting country in Africa. The table below shows the exports and import value for both nations.

TABLE VII: SOUTH AFRICA AND MOROCCO'S EXPORT AND IMPORT FROM 2010-2016

Year	South Africa		Year	Morocco	
	Exports (US$ thousand)	Imports (US$ thousand)		Exports(US$ thousand)	Imports(US$ thousand)
2010	82,625,556.55	82,948,718.45	2010	17,764,791.26	35,378,881.79
2011	107,946,318.22	102,698,695.91	2011	21,649,934.08	44,262,937.49
2012	98,872,227.59	104,144,311.44	2012	21,417,184.36	44,789,781.63
2013	95,111,531.39	103,441,284.31	2013	21,965,433.27	45,186,368.25
2014	90,612,104.20	99,892,737.88	2014	23,815,815.61	46,191,742.59
2015	69,631,082.61	79,590,945.31	2015	22,036,819.98	37,545,666.09
2016	74,110,816.97	74,744,010.29	2016	22,858,288.52	41,696,101.72
Total	618,909,637.53	647,460,703.59	Total	151,508,267.08	295,051,479.56

Source: WITS 2010-2016.

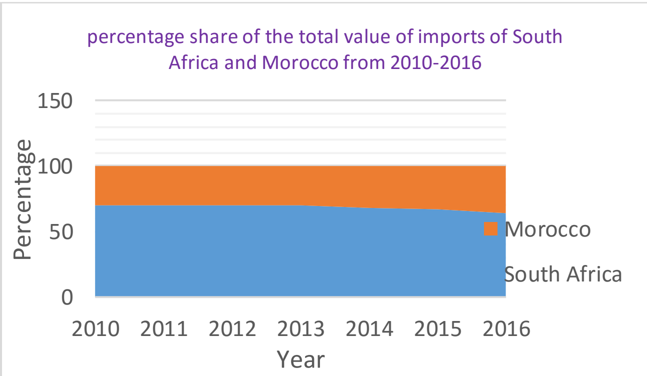
From the Table VII above shows that from 2010-2014 South Africa's trade to the world only achieved a surplus in 2011. The country attained a surplus of US$ 5,247,622.31million and experience trade deficits in 2010, 2012, 2013 and 2014. There was an increased in exports between 2011 and a decline in exports from 2012 to 2014. However, the country's import rose from 2010 to 2013 and a declined in 2014. The percentage change of the rise in importation from 2010 to 2011 was 123.8%, representing a greater increased in imports. South Africa experienced a drastic decreased in export and imports at the rate of 130.1% and 125.5% respectively between 2014 and 2015.However, from the table above clearly shows that Morocco's exports increased by US$3,885,142.82 million between 2010 and 2011. There was a decline in exports amounted to US$232,749.72 between 2011and 2012. However, export increased between 2013 and 2014. Imports increased from 2011 to 2012 by the rate of 125.1%. Morocco's imports decreased between 2014 and 2015 at the rate of 123%, reflecting a huge declined in the country's total imports. From the Fig. 3 below shows that, South Africa's total percentage share of the total value of exports is very huge compared to Morocco's exports.



Source: Author's calculation based on the data from WITS 2016

Fig. 2. Percentage share of the total value of exports of South Africa and Morocco from 2010-2016.

From the figure it is seen that Morocco's percentage share begins to rise from 18% in 2012 to 24% in 2016. However, from the figure below indicates that, South Africa total import value has been decreasing compared Morocco's total value of imports as the country's imports continue increasing over the past years.



Source: Author's calculation based on the data from WITS 2010-2016

Fig. 3. Percentage share of the total value of imports of South Africa and Morocco from 2010-2016.

From the figure, it is clearly seen that Morocco's percentage share of the total value of imports has been increasing over the past years. From the Fig. 4 indicates that, Morocco's exports percentage share was very low compared to the percentage share of the of imports

B. *FDI'S inflow and outflow in Africa*

Foreign direct Investment is the movement of resources from one country to another, which gives the substantial investors to wholly control or participate with a long term plan. Foreign direct investment is classified into two, which are inward FDI and outward FDI. Outward investment is economic strategy most of developed countries and other bigger multinational companies used to expand their operations in other foreign countries whereas Inward FDI includes an external or foreign individuals or governments investing in or buying goods in a local economy.

C. Investment climate in Africa

The continuous increase in investment in Africa has proven there are favorable conditions and benefits investors receives from the continent. Investment attraction needs sound investment policies and other factors to entice many investors into the continent. However, over 75 percent of nations allow 100 percent ownership of investors doing business their economies. Conversely, In Africa, majority of the governments gives an investor the right to wholly-own and control a business with no intimidation and strictness which will affect its operations and the fundamental motives of the investor. Accordingly, the formulation of sub-regional institutions such as the Arab Maghreb Union, East African Community and the Economic Community of West African States serves as an opportunity to investors and businesses to gain access to a large market size across the continent. For instance, an investor or a business operating in a West African country can gain access to a large market size through ECOWAS within the region. Nevertheless, the amount of capital needed to invest or start up a business in most of the African countries is not huge unless investing in certain essential areas within the various economies, whereas the steps to follow to set-up a business is very flexible. Furthermore, the risk of investing on the African continent is considerably low as most of the countries are members of the Multilateral Investment Guarantee Agency (MIGA), which ensure against commercial risks for investment in the developing economies. Moreover, the investment policies formulated by most governments on the continent give investors or business operators the right to recruit both local and foreign employee without restriction on the employment policies. For example, countries such as, Ghana, Nigeria, Togo and Gambia etc. give foreign investors the opportunity to employ both local and foreign nationals as workers without any influence from the government.

D. Distribution of FDI inflow among the Sub-regions in Africa

FDI inflows to Africa ascended by 4% to $57 billion, driven by universal and provincial market-searching and infrastructure investments [9]. There are most countries on the African continent which are experiencing a decline in the inflow of FDI as a result of lack of good investment policies and poor economic indicators to boost investment activities in the various countries. In 2014, intra-investments among countries on the African continent increased. In Southern Africa inflows almost looped to $13 billion, chiefly because of record-high flows to South Africa and Mozambique [9]. Most of the investments were allocated to mainly to infrastructural development as it has been the ultimate aim of both countries governments. In the Eastern part of Africa, FDI elevated by 15 percent to $6.2 billion due to growing streams to Ethiopia and Kenya [9]. However, Investments in the Northern Africa there was a declined by 7 percent representing US$15billion. Central and Western part of Africa witnessed inflows decreased to $8 billion and $14 billion, separately, to a limited extent because of political and security vulnerabilities [9]. Africa's percentage share of the total inflow and outflow of the world's total FDI is very insignificant. However, the advantages of FDI do not collect consequently and equally crosswise over nations, sectors and communities [1].

E. Inward foreign investment direct allocation among the Sub-regions

The inflow of foreign direct investment into the African continent is mostly from the developed countries, international bodies, the United States, United Kingdom, France, China India, other developed countries in Europe and Asia. Africa's portion share of the aggregate inflow of FDI in 2016 represented about 3.4% indicating a decrease in the inflow of foreign direct investment on the in the African continent by 3.5%. However, in the recent years China has increased its investment activities in the Sub-Saharan Africa [10]. The major contributing countries of FDI on the African continent before the 21st century have been the UK and the USA. In the Sub-Saharan Africa, Angola, Ghana and Nigeria received the most of foreign direct inflow out of a total of US$59.4 billion in 2016. Conversely, Angola received US$14.4 billion, reflecting a decrease of 11.2% in the inflow FDI into its economy, whereas Ghana recorded US$3.5 billion, representing an increase in foreign direct investment by 9.2% inflow and Nigeria received US$4.4billion which represented by 45.2% in the inflow in 2016. Moreover, in the northern part of the continent investments has gradually risen as Egypt receives the highest amount of the inflow of US$8.1billion, reflecting a 17 percent of the country's inflow of FDI whiles in the eastern Africa, Ethiopia recorded the largest amount of US$3.2 billion which indicates a 45.8% increase in foreign direct investment inflow in 2016. Low oil prices and continued conflicts kept FDI flows to the rest of North Africa subdued [11]. The table below shows the value FDI inflow among the Sub-regions in Africa.

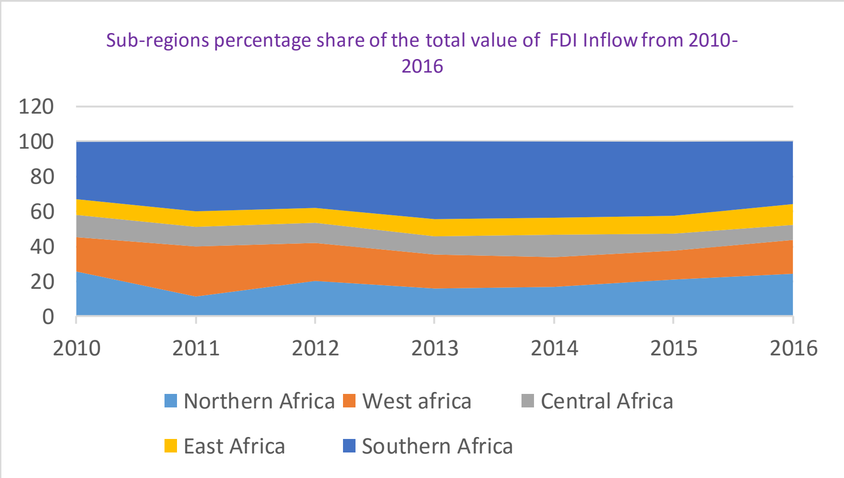
TABLE VIII: DISTRIBUTION OF INFLOW FDI AMONG THE SUB-REGIONS OF AFRICA FROM 2010-2016

Sub-Region	2010 US$ million	2011 US$ million	2012 US$ million	2013 US$ million	2014 US$ million	2015 US$ million	2016 US$ million
Northern Africa	15,745.9	7,548.1	15,759.0	11,951.5	12,089.1	12,980.8	14,471.5
West Africa	12,024.3	18,926.3	16,822.0	14,479.2	12,176.1	10,188.8	11,432.8
Central Africa	7,776.6	7,366.6	8,948.8	7,732.8	9,112.1	6,002.5	5,119.1
East Africa	5,539.7	5,894.2	6,595.9	7,268.8	6,893.5	6,283.7	7,101.5

Southern Africa	20,000.8	26,282.8	29,375.5	33,118.2	30,983.2	26,039.0	21,247.9
Total	61,087.3	66,018	77,501.2	74,550.5	71,254	61,494.8	59,372.8

Source: UNCTAD 2017

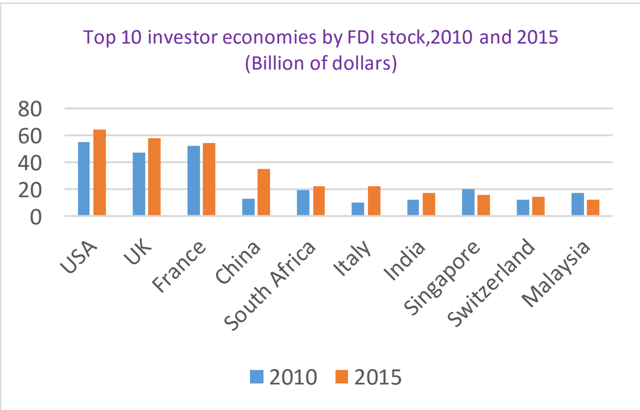
From the above clearly indicate that the inflow of foreign direct investment increased massively at the rate of 117.4% between 2011 and 2012. There was a continuous decline in the inflow of FDI between 2013 and 2016, however, there was a greater decrease in FDI at the rate of 115.9% between 2014 and 2015. However, from the Fig. 4 below shows that, the southern region of the African continent always takes a greater share of the total value of foreign direct investment compared to the other sub-regions from 2010 to 2016 and Fig. 5 shows the top investing countries by FDI stock.



Source: Author's calculations based on the data from UNCTAD

Fig. 4. Sub-regions percentage share of the total value of FDI Inflow from 2010-2016.

From the Fig. 4 above indicates that, the Southern region of Africa receives the largest percentage share of FDI inflow between 2010 and 2016 followed by the West Africa region, Northern Africa, Central Africa and last but not the least the East African region.



Source: UNCTAD 2017

Fig. 5. Top 10 investor economies by FDI stock,2010 and 2015 (Billion of dollars).

From the Fig. 5 above indicates that, the United States, the United Kingdom and France remain the top three investing countries by foreign direct investment stock in Africa, but between 2010 and 2015 the margin at which these top three countries investing in Africa is at a low rate compared to China's investment on the continent between 2010 and 2015. However, between 2010 and 2015 the United States investments were growing at the rate of 116.4%, United Kingdom at 123.4% and France at 103.8%. China's investment activities in Africa has grown at the rate of 269.2% between 2010 and 2015. It is assumed that, the rate at which Chinese investment is going to grow, it would overtake France as the third largest investor on the continent in the future.

F. Outward Foreign Direct Investment in Africa

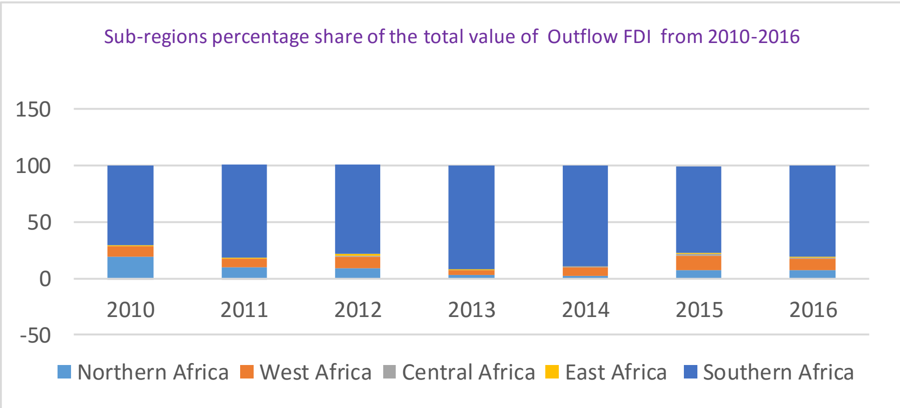
The Outward foreign direct investment continues to expand even though the African continent percentage share of the world's total outward FDI is very insignificant compared to the inflow of FDI on the continent. However, the outflow of FDI is lower as a result of most of the countries in Africa depending heavily on the inflow of foreign direct investment as their main source of development of their economies thereby focusing less on outward investments. Consequently, a declined in investments from South Africa, the Democratic Republic of the Congo, Ghana and Nigeria, in a specific order, were balanced by the ascent of out-stream from Angola, as the largest investor in the region. Angola's outflow of investments, primarily by the government-owned petroleum and natural gas MNE Sonangol, expanded by 35 percent to $10.7 billion [11]. Moreover, the outflow of FDI is mostly seen from the Sub-Saharan African countries with less impact from the countries in the northern part of the continent [12]. The table below shows the outflow of FDI from the sub-regions on the African continent.

TABLE IX: OUTFLOW OF FDI BY THE SUB-REGIONS FROM 2010 TO 2016

Sub-Region	2010 US$ million	2011 US$ million	2012 US$ million	2013 US$ million	2014 US$ million	2015 US$ million	2016 US$ million
Northern Africa	4,818.5	2,171.5	3,129.7	1,118.9	625.1	1,352.4	1,276.1
West Africa	2,389.9	1,840.2	3,426.8	1,758.9	2,137.9	2,217.3	1,954.8
Central Africa	-33.5	-37.7	408.7	53.6	186.1	421.0	131.5
East Africa	188.7	174.0	397.7	279.9	156.2	111.3	80.7
Southern Africa	17,832.4	19,052.9	27,117.2	34,689.4	25,171.7	13,943.2	14,729.8
Total	25,196	23,200.9	34,480.1	37,900.7	28,277	18,045.2	18,172.9

Source: UNCTAD 2017.

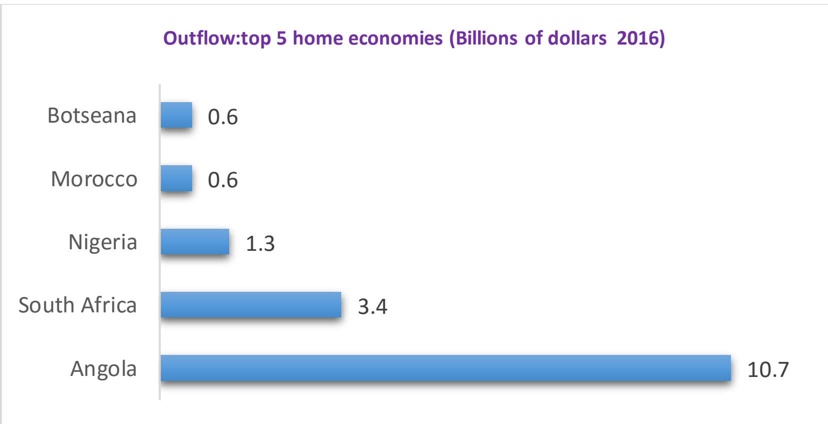
From the table above, it is seen that, the Central region of Africa outflow of FDI was negative between 2010 and 2011. However, the total value of outflow of FDI declined in 2011 and increased in 2012 and 2013. There was a decreased in outflow in 2015 and 2016. Additionally, from the Fig. 6 below indicates that, the Southern part of Africa contributes a greater percentage of the total value of the outflow of foreign direct investment on the African continent whiles Fig. 7 indicates the sources of outflow of FDI.



Source: Author's calculations based on the data from UNCTAD

Fig. 7. Sub-regions percentage share of the total value of Outflow FDI from 2010-2016.

The figure above indicates that, the Southern Africa contribution to the total value of outflow FDI accounted for the largest percentage share, followed by West Africa, Northern Africa, East Africa and last but not the least the Central African region.



Source: UNCTAD 2017

Fig. 7. Outflow: top 5 home economies (Billions of dollars 2016).

From the Fig. 7 below, according to UNCTAD analysis on the outflow of FDI from the top home economies in 2016, South Africa, Nigeria and Morocco outflow of FDI were at a negative growth rate of 41.1%, 9.1% and 2.2% respectively whereas Angola and Botswana attained a positive growth rate of 34.7% and 244.5% indicating much effort been put by both countries.

G. Discussion of Africa's Situation

The influence and entanglement of foreign direct investment and Africa's trade are distinct [13]. The technical know-how, expertise, technology transfer, employment of both skilled and unskilled workforce has played a major role when examining investment and trade atmosphere on the African continent [14]. This has aided in the growth of most countries' economies and human development index in Africa [15]. However, the trade contribution from Africa in the aspect of export and import has become a major challenge for all the countries in Africa. Although, much effort has been demonstrated by the majority of countries to increase their exportation compared to their imports. The volume of imports is very huge compared to their exports. However, exports commodities from Africa are mostly in their raw nature without any value been added, which turns to generate lower income for various governments on the continent as a result of lower price tags for commodities or products which are in their natural states on the international market. Increment in imports over exports consequently leads most of the African country's balance of trade deficit. The continuous growth in imports has brought a stiff competition between the local industries and some international companies who has comparative and mass scale production advantage over the local companies [16]. The various governments should enact policies and regulations to protect and support the local companies and infant industries in all sectors of their economies. There should be an encouragement and incentives for the local manufacturing industries to maximized production and exports. Accordingly, another area of concern has been raised about the inflow of foreign direct investment into the sub-regions of Africa. Throughout the analysis on the inward FDI, it has been realized that, Central and Eastern parts of the continent have been attracting less foreign investment compared to the other sub-regions and one the other hand, outward FDI greater percentage is centered in Southern Africa. The countries in Central and East Africa should put in much effort to make their environment a business-friendly and, also there should be some favorable investment policies formulated by various governments to attract substantial investors as well as encouraging outward FDI in all the sub-regions in Africa.

V. Conclusion

The motive of this research is to be beneficial to governments, the various policy-makers in the five sub-regions organizations, the African Union, manufacturer and exporting countries producing certain essential products or commodities as well as substantial investors that would like to acquire much enlightenment about investing on the African continent. However, African countries should put in much effort to ensure that, their environment are business-friendly, availability of ready infrastructures, sound investment policies to attract more inflow of foreign direct investment. A stable economy, lack of political instability, availability of good financial facilities also entices and boost the confidence level of investors. It is recommended that, the various policy-makers and governments in the nations in Africa to focus greatly on the manufacturing sectors of their economies to ensure the maximization of mass production for export as well as reducing the level of importation. Furthermore, African nations producing some vital minerals and resources should embark on industrialization to transform and add value to them before exporting them in order to generate high revenue on the international market. The outcome of this study shows that, there is much risk of investing in certain parts of Africa result of some unfavorable factor.

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