

## Why Gulf States are Africa's best bet in US-China trade storm

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As global economic tensions escalate, particularly due to the intensifying US-China trade conflict, Africa finds itself at a crossroads.

Traditional alliances are being tested, and the continent must navigate a complex web of economic dependencies and opportunities.

Amidst this uncertainty, the Gulf Cooperation Council (GCC) states comprising the United Arab Emirates (UAE), Saudi Arabia, Qatar, Kuwait, Oman, and Bahrain have emerged as pivotal partners for Africa.

Their strategic investments and deepening economic ties offer Africa a promising alternative to the traditional powers.

### The US-China Trade War: A global disruptor

The US-China trade tensions have triggered global economic uncertainty, prompting the IMF to lower 2025 global GDP growth to 2.8%.

With U.S. and Chinese growth slowing to 1.8% and 4% respectively, global trade and investment have declined. Africa, heavily reliant on exports and foreign capital, faces increased vulnerability.

Volatile commodity prices, diminishing aid, and shifting trade patterns underscore the urgent need for Africa to diversify its economic partnerships and strategies to ensure resilience in a changing global landscape.

The crisis offers both a warning and an opportunity for African nations to recalibrate their international economic relationships for long-term sustainability.

### Gulf States: Africa's Emerging Economic Partners

In contrast to the retreat of traditional Western investors and the recalibration of China's engagement strategy, the GCC states have intensified their economic involvement in Africa.

Over the past decade, GCC countries have collectively invested over \$100 billion in Africa, with the UAE leading at \$59.4 billion, followed by Saudi Arabia at \$25.6 billion, and Qatar at \$7.2 billion.

### Infrastructure and Logistics

The Gulf States, especially the UAE, have expanded influence in Africa's infrastructure sector through investments like DP World's operations in nine countries.

These projects boost Africa's global connectivity and intra-continental trade, supporting the African Continental Free Trade Area (AfCFTA). Abu Dhabi Ports further enhances logistics in Angola and Egypt to streamline cargo movement.

These projects reduce Africa's dependency on Western-controlled maritime corridors and provide faster, cost-effective logistics solutions essential for industrialization and export growth.

## **Energy**

The energy partnership between Africa and the Gulf States is gaining significant traction, with a focus on both traditional and renewable sources. Saudi Arabia's Aramco is working on revitalizing four state refineries in Nigeria to boost local refining capacity and reduce fuel imports.

Simultaneously, the UAE is involved in developing oil and gas infrastructure, including a major offshore gas pipeline connecting Nigeria to Morocco. These initiatives are crucial for energy security, economic diversification, and job creation in Africa.

They also offer GCC nations strategic access to African energy markets, positioning them as key players in Africa's energy transition and industrial advancement.

## **Renewable Energy**

Gulf States, especially the UAE, are leading efforts to bridge Africa's renewable energy gap. Masdar, the UAE's renewable energy giant, is spearheading a \$10 billion initiative to add 10 gigawatts of power across Sub-Saharan Africa.

With over 600 million Africans lacking access to electricity, this investment is transformative. Projects in Kenya, Ethiopia, and Mozambique focus on solar, wind, and hydro power, aimed at rural electrification and off-grid solutions.

These efforts align with Africa's sustainable development goals and climate commitments, while positioning the Gulf as a green energy ally. This energy diplomacy enhances trust and strengthens long-term strategic alliances across the continent.

## **Mining and Natural Resources**

Africa's vast mineral wealth has drawn increasing interest from Gulf investors. In 2024, the UAE's International Holding Company acquired a 51% stake in Zambia's Mopani Copper Mines, giving it access to one of Africa's largest copper deposits, crucial for global green technologies.

Meanwhile, Saudi Arabia has signed mining cooperation agreements with countries like Mauritania, Sudan, and South Africa, targeting gold, lithium, and rare earths.

These investments support Africa's goal to localize value chains, create jobs, and increase exports. At the same time, GCC countries benefit from resource diversification, securing raw materials critical to their industrial and economic diversification away from oil dependency.

## **Strategic Advantages of Gulf-Africa Partnerships**

### **Financial Capacity and Commitment**

Gulf States, particularly the UAE, Saudi Arabia, and Qatar, possess some of the world's largest sovereign wealth funds valued at over \$3 trillion collectively.

This immense financial muscle allows them to fund long-term, capital intensive projects in Africa without dependence on external donors or international financial institutions.

These investments are often bilateral, cutting through bureaucratic delays typically associated with Western aid. Additionally, Gulf financing tends to focus on infrastructure, energy, and agriculture as key sectors for Africa's economic transformation.

These funds provide African nations with greater autonomy in development planning, allowing them to align projects with local priorities and needs.

### **Speed and Efficiency**

Gulf states are characterized by streamlined governance structures that enable swift decision-making and implementation of projects.

In contrast to the lengthy due diligence and conditionality processes that often delay Western or multilateral funding, Gulf-backed investments are typically fast-tracked.

This efficiency is particularly advantageous in countries where infrastructure gaps and urgent development needs require prompt solutions. For example, Uganda's decision to shift its \$4 billion refinery project from a U.S. partner to an Emirati firm was motivated by the latter's faster and more decisive execution capacity.

This agility enables African governments to realize critical development goals within tighter timelines, enhancing public confidence and political stability.

### **Cultural and Religious Affinity**

Many African nations, particularly in North, West, and East Africa, share deep-rooted cultural, historical, and religious connections with the Gulf States, primarily through Islam and trade.

These affinities foster mutual trust and ease diplomatic engagements. For example, shared observance of Islamic values often leads to more culturally sensitive agreements and partnerships, particularly in areas like education, philanthropy, and finance (e.g., Islamic banking).

Additionally, Gulf States often engage through religious diplomacy; funding mosques, schools, and health centers which strengthens people to people ties. Such soft power bridges allow for smoother project implementation and community acceptance, reducing resistance and fostering long-term socio-economic cooperation.

### **Diversification of Partnerships**

Engaging with the Gulf States offers African nations a critical opportunity to diversify their foreign partnerships, reducing dependency on traditional powers like the U.S., China, or the EU. This diversification enhances Africa's diplomatic leverage and mitigates vulnerability to the fallout from geopolitical tensions such as trade wars, sanctions, or shifting foreign aid policies.

The Gulf's neutral stance in major global conflicts also provides African countries with politically less charged alternatives for development cooperation. Moreover, Gulf partnerships bring unique regional strengths, such as logistics expertise, renewable energy innovation, and agritech development. A diversified alliance portfolio empowers Africa to be more resilient and self-directed in shaping its future.

### **Why Ghana-Gulf States Relations Are the Country's Best Bet**

As the trade tensions between the United States and China continue to rattle global markets, Ghana like many African nations must recalibrate its foreign economic partnerships to protect its development gains and chart a more secure, sovereign growth trajectory.

While the U.S. and China have been prominent players in Ghana's economic landscape, the Gulf States (notably the UAE, Saudi Arabia, and Qatar) present an increasingly attractive alternative combining financial muscle, strategic investments, and diplomatic neutrality. Here's why

Ghana-Gulf cooperation is likely to become the country's most strategic hedge in a stormy global economic climate:

### **A buffer against volatile global supply chains**

The US-China trade war has disrupted global trade flows, affecting the movement of goods, technology, and capital. Ghana's reliance on both countries for imports (technology, machinery) and exports (raw materials like cocoa and gold) exposes it to potential shocks. Gulf countries, however, offer alternative supply chains and logistics networks.

For instance, the UAE's **DP World** and **Abu Dhabi Ports** are expanding their footprint in West Africa, including port infrastructure that could enhance Ghana's trade connectivity with Asia and Europe bypassing traditional US-China corridors and insulating Ghana from geopolitical-induced volatility.

### **Diversified investment without political strings**

Gulf States, particularly the UAE and Saudi Arabia, are positioning themselves as neutral investors in Africa. Unlike China, whose loans are sometimes criticized for creating debt dependency, or the U.S., where aid often comes with governance and political conditionalities, Gulf investment tends to be pragmatic and business-oriented.

Ghana has already attracted UAE interest in **renewable energy, real estate, agriculture, and logistics**, and with Saudi Arabia's new Africa-focused development agenda, there's room for more. This allows Ghana to access capital without being entangled in geopolitical alliances or ideological debates.

### **Shared Development Vision: Infrastructure, Energy, and Agri-Tech**

The Gulf countries are heavily investing in sectors aligned with Ghana's development priorities particularly **energy, agriculture, and infrastructure**. Masdar (UAE) is expanding its renewable energy footprint across Africa, and Ghana with its aggressive energy transition goals could become a regional hub for Gulf-funded solar and wind projects.

Additionally, Gulf countries are making major strides in **desert agriculture and agri-tech**, technologies that are transferrable to Ghana's climate-resilient farming ambitions. These investments offer Ghana the tools to strengthen food security and energy independence critical pillars in times of global instability.

### **Strengthening Islamic Finance and Halal Trade**

As Ghana positions itself as a West African gateway, it has begun exploring **Islamic finance** as a complement to traditional banking systems.

The Gulf States, with decades of experience in Sharia-compliant finance, can help Ghana develop this sector opening access to a broader pool of capital from Middle Eastern sovereign funds and halal-focused businesses.

Additionally, the halal trade market (projected to be worth **\$3 trillion by 2030**) presents export opportunities for Ghanaian businesses in food processing, cosmetics, and fashion areas where Gulf collaboration can accelerate standards and market access.

### **Port and Transport Connectivity: A Gulf-Backed Gateway**

Ghana's **Tema and Takoradi ports** are key nodes for regional trade. Gulf logistics companies have a strong presence across Africa and are actively looking to expand. With the **AFCFTA**

**(African Continental Free Trade Area)** headquartered in Accra, the Gulf's involvement in Ghana's transport and logistics sector could transform the country into a **transit and trade hub** for West Africa.

This integration into Gulf logistics networks would allow Ghana to become a supply chain bridge between Africa and Asia, decoupling from the uncertainties of US-China economic shifts.

### **Cultural and Diplomatic Ties to Foster Long-Term Stability**

Ghana's Muslim communities, particularly in the Northern and Zongo regions, share religious and cultural bonds with the Gulf. These affinities can support **soft power diplomacy** in education, health, and humanitarian development.

Gulf charities and educational institutions often fund programs in West Africa that align with community needs, offering bottom-up development alongside top-level trade deals. These people-to-people linkages foster stability and create the social trust needed for long-term economic cooperation.

### **Conclusion**

The Gulf states are becoming reliable, strategic partners for Africa amidst global economic uncertainties. Their substantial investments, quick project execution, and shared cultural ties make them ideal allies for sustainable development.

African nations can use these partnerships to overcome US-China trade tensions and build resilient, prosperous futures. Ghana's shift towards Gulf states is a strategic move to secure economic sovereignty, regional leadership, and protection against global shocks amid the US-China rivalry.

The Gulf offers a well-funded, diversified, and culturally aligned partnership model. By tapping into this, Ghana could emerge as a key West African player in a resilient, autonomous Africa-Gulf trade corridor.

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