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The global economy is undergoing a profound transformation. Supply chains—once optimized primarily for efficiency and cost—are now being reconfigured along lines of resilience, diversification, and geopolitical risk management. From boardrooms in Asia to policy circles in Africa, a central question is emerging: where does Africa fit in this new global supply chain order?

Increasingly, the continent is being framed as the “next frontier” for manufacturing and sourcing. Yet, beneath this optimism lies a more complex reality. Africa is already part of global supply chains—but its participation remains largely shallow, concentrated in low-value segments, and weakly embedded in broader production ecosystems. The real challenge, therefore, is not participation—but positioning.

The Shifting Geography of Global Supply Chains

Three major forces are driving the current reconfiguration of global supply chains.

First, geopolitical tensions—particularly between major economies—have introduced new uncertainties into global trade. Companies are increasingly seeking to “de-risk” by diversifying their production bases across multiple geographies.

Second, rising production costs in traditional manufacturing hubs, especially in Asia, are reducing the cost advantages that once made countries like China the undisputed “factory of the world.” Labour-intensive industries are now actively seeking alternative locations.

Third, and perhaps most importantly, firms are adopting deliberate diversification strategies such as the “China Plus One” model. Rather than exiting China, companies are maintaining operations there while expanding into new markets to hedge against disruptions.

Together, these forces are reshaping global production networks—creating new opportunities for regions such as Southeast Asia, Latin America, and increasingly, Africa.

Africa’s Current Position: Present but Peripheral

Despite growing attention, Africa’s role in global supply chains remains largely **peripheral**.

Across the continent, participation is still dominated by the export of raw materials and primary commodities. In countries like the Democratic Republic of Congo, Zambia, and Ghana, critical minerals such as cobalt, copper, and bauxite are extracted and exported with limited domestic processing. While these resources are essential for global industries—particularly in the green energy transition—the value captured locally remains minimal.

In manufacturing, some progress is evident. Ethiopia, for example, has emerged as a hub for light manufacturing, particularly textiles and apparel. The Eastern Industrial Zone in Dukem, developed by Chinese investors, hosts a range of manufacturing firms, including automotive assembly and construction materials production. Similarly, the Hawassa Industrial Park has attracted global apparel brands.

However, these developments reveal a critical pattern. Much of the industrial activity in these zones is assembly-based, reliant on imported inputs, and characterized by limited integration with local suppliers. A textile factory may import fabric and machinery; a vehicle assembly plant may rely on completely knocked-down (CKD) kits shipped from abroad.

This reflects a broader issue: Africa is integrated into global supply chains—but not deeply embedded within them.

The Role of China: Opportunity with Structure

China plays a central role in the current reconfiguration of global supply chains.

As the Chinese economy upgrades toward higher-value production—such as electric vehicles, advanced manufacturing, and digital technologies—it is gradually relocating certain labour-intensive and mid-level manufacturing activities abroad. Africa has become one of the destinations for this outward industrial shift.

In Ghana, for instance, Chinese firms have contributed to major infrastructure and industrial projects. The Bui Dam, developed with support from Sinohydro, not only expanded Ghana's energy capacity but also facilitated the training of local engineers and technicians. In the digital sector, Huawei has invested in ICT training programs, building skills among Ghanaian youth and professionals.

These examples demonstrate that technology transfer is possible and, in some cases, impactful.

However, the broader pattern remains uneven. In many instances, higher-value functions—such as product design, research and development, and supply chain coordination—are retained outside Africa. What is relocated tends to be lower-value segments of production.

This raises an important concern: without deliberate policy frameworks, Africa risks becoming a site of production without becoming a centre of value creation.

Structural Constraints to Deeper Integration

Several structural challenges continue to limit Africa's ability to position itself effectively within global supply chains.

First, limited backward linkages mean that local industries are not sufficiently integrated into production processes. Many firms operating in Africa rely on imported inputs rather than sourcing from domestic suppliers, reducing spillover effects into the local economy.

Second, there is a high dependence on imported intermediate goods. This not only constrains domestic value addition but also exposes economies to external shocks, including currency fluctuations and supply disruptions.

Third, foreign firms often dominate higher-value segments of production. While this brings investment and expertise, it also limits the development of local capabilities in areas such as innovation, branding, and supply chain management.

Finally, infrastructure and logistics gaps, coupled with fragmented markets across the continent, increase the cost of doing business and hinder the development of integrated production networks.

From Participation to Positioning: A Strategic Imperative

If Africa is to move beyond its current role, a shift toward strategic positioning is essential.

This begins with deliberate value chain targeting. Rather than pursuing broad industrialization goals, African countries must identify specific sectors where they can build competitive advantage. The electric vehicle (EV) value chain offers a compelling example. Countries like the Democratic Republic of Congo and Zambia are major producers of cobalt and copper—key inputs for batteries. However, without downstream processing and manufacturing, much of the value is captured elsewhere.

Second, industrial policy must be more coordinated and strategic. Governments need to align foreign investment with domestic capability-building, ensuring that partnerships lead to meaningful technology transfer, skills development, and local value addition.

Ghana's emerging automotive assembly sector illustrates both the potential and the limitations of current approaches. Companies such as Toyota Ghana Company Limited and Volkswagen Ghana have established assembly plants, creating jobs and introducing manufacturing processes. However, the sector remains heavily reliant on imported components, and local value addition is still limited.

Third, regional integration must be treated as an economic strategy. The African Continental Free Trade Area (AfCFTA) has the potential to transform Africa into a single market, enabling the development of cross-border value chains. This is critical for achieving the scale required to compete globally.

Conclusion: Shaping the Future, Not Just Joining It

Africa stands at a critical juncture in the evolution of global supply chains. The opportunities are real—but they are not automatic.

The future of the continent's industrialization will depend not on whether supply chains shift to Africa, but on how Africa positions itself within them. This requires moving beyond a model of passive integration toward one of strategic agency—where African countries actively shape the terms of their participation, build domestic capabilities, and capture greater value.

Ultimately, the question is not whether Africa will be included in global supply chains. The question is whether Africa will help define and shape them.

From participation to positioning—that is the transition that must guide Africa's path in the new global supply chain order.



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