

Territorial NEWSLETTER Africa

EETPCINDIA
ENGINEERING THE FUTURE

Vanijya Bhavan (1st Floor)
International Trade Facilitation
Centre (ITFC)
1/1 Wood Street,
Kolkata - 700016
www.eetpcindia.org



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Chairman's Pen



**Tarvinder
Singh Bhasin**

Africa is a continent which is on the priority list of all the developed and developing countries of the world. The huge amount of resources and cheap labor are some of the factors that are attracting the countries from Asia and Europe to the continent. Moreover, financial assistance for the development of infrastructure and industry are pouring in, primarily from China and European countries. Recently, EU gave assistance of Euro 47 million to the continent. India is also making sincere efforts to contribute in Africa's development.

EEPC India, on its part, is continuously working to improve trade and investment relations with through organizing events like INDEE and also participating in the events held in the African countries. Such events have helped increasing engineering trade between the Africa and India to reach around USD 6 billion in 2016-17. We hope, our readers find this Newsletter useful and informative.

Message from Chairman, Committee on Trade with Central, Eastern & Southern Africa



Mahesh Desai

Newsletter for Africa shows the latest trends in India-Africa bilateral trade relations. Both India and African countries are working in the direction to strengthen trade and investment ties. India-Africa annual summits provide a clear indication of improvement in bilateral relations.

The newsletter also presents a brief insight on India's trade relations with Democratic Republic of Congo, besides analyzing trade pattern of the engineering sector in Africa during the April-March of the fiscal year 2016-17.

Message from Chairman, Committee on Trade with Western & Northern Africa



Aakash Shah

This edition of Territorial Newsletter for Africa focuses on the India's growing trade and business ties with Africa. Africa recently invited the Indian companies to invest in Africa in the power sector. Reports also indicate that the African Development Bank (AfDB) has invited Indian companies to come and collaborate with the African companies in doing business and invest in the power, infrastructure and agricultural sectors of the continent.

The Newsletter also presents information on upcoming tenders from the African region along with key news items and factsheets on various non tariff barriers for the benefit of our members. I am hopeful that the Newsletter will give fruitful information to our readers.

Territorial
NEWSLETTER - Africa

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Basic Facts: Africa

Area: 11,668,599 Sq. km

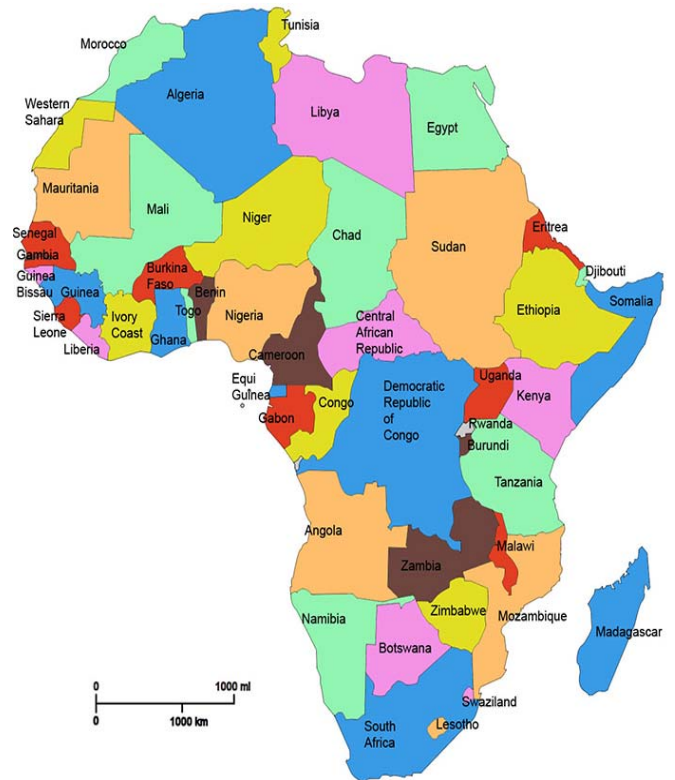
Population: 1.216 billion (2016)

GDP: USD 3.3 trillion (2017)

Currency: US Dollar (\$)/ Canadian Dollar

Climate: Africa is the hottest continent on earth and 60% of the entire land surface consists of dry lands and deserts. Climate of Africa ranges from tropical to subarctic on its highest peaks. Its northern half is primarily desert, or arid, while its central and southern areas contain both savanna plains and very dense jungle regions.

Natural resources: Diamonds, salt, gold, iron, cobalt, uranium, copper, bauxite, silver, petroleum and cocoa beans, woods and tropical fruits. Much of its natural resources are undiscovered or barely harnessed.



Promoting trade relations between India and the Democratic Republic of Congo

The Democratic Republic of Congo, (DRC) Africa's second largest country, and India share a cordial and friendly relationship. Many bilateral agreements and MoUs have been signed between the two countries. Also India has been providing economic assistance to the African country through many projects. DRC with nearly 10,000 Indians and PIOs, shares a sound political and economic relationship with India. India is among the first countries to establish a diplomatic mission in Kinshasa, DRC.

A seminar was organized at the World Trade Centre in Mumbai on April 14, 2017, to promote and strengthen India- DRC trade and investment relations. The seminar was attended by General VK Singh, Minister of State for External Affairs, Government of India and Rosette Mossi Nyamale, Ambassador of Democratic Republic of Congo in India. The event was also attended by Kamal Morarka, Chairman of World Trade Centre and Vijay Kalantri, President, All India Association of Industries.

Democratic Republic of Congo, has tremendously improved its investment climate in the past five years. The country has made great strides in mining, agriculture and power sectors. India and DRC share excellent trade, political and cultural ties.



Vijay Kalantri (L) speaks to General VK Singh as Kamal Morarka and Rosette Mossi Nyamale look on

The Ambassador thanked the Government of India for extending credit lines for the construction of two hydroelectric dams in her country. She also said that both the countries must develop a synergy of action through public private partnership and create a conducive environment to accelerate co-operation between India and the Democratic Republic of Congo.

DRC has a lot of potential which remains untapped and can be explored by the Indian business community. The African continent comprising of 55 countries is almost as populous as India. DRC is rich in mineral resources, forests, wildlife and other fields. However there is a lack of awareness in India about Africa's business potential.

In the last few years, bilateral trade between India and Democratic Republic of Congo has grown above US\$ 400 million. Engineering exports from India to the country has also increased in the last years.

| Table 1: Total Indian Engineering trade with DRC | | | |
|---|-------------|---------------|--------------|
| Values in USD Million | 2013 | 2014 | 2015 |
| India's engineering exports to DRC | 57.10 | 87.47 | 168.40 |
| Growth (%) | | 53.19 | 92.53 |
| India's engineering imports from DRC | 18.83 | 39.03 | 38.63 |
| Growth (%) | | 107.28 | -1.02 |
| India's engineering total trade with DRC | 75.93 | 126.50 | 207.03 |
| Growth (%) | | 66.60 | 63.67 |

Source: Trademap

The major engineering products of export by India to DRC and Imports from DRC are listed in the table below.

| Table 2: Engineering products of interest | |
|--|--|
| Major Engineering Products exported by India to DRC | Major Engineering Products imported by India from DRC |
| Automobiles | Copper and articles |
| Electrical machinery and equipment | Iron and steel |
| Mechanical machinery | Aluminum and articles |

Source: Trademap

Africa inviting investment from India in the power sector

African Development Bank (AfDB) has invited Indian companies to come and invest in African power, infrastructure and farming sectors as it wants strong engagement with the country in terms of doing business in Africa.

Rapid urbanization and rapid growth of middle class in the continent will lead to increased consumption demand, which is going to make Africa the place to be. The most important area for investment in Africa is Power. Other areas of interest from investment point of view are Electricity, infrastructure and agriculture. Africa is a continent with high demand for electricity as more than half of the continent is still deprived of this basic necessity. Almost 645 million people in Africa need access to electricity, indicating huge business opportunity for investors from India.

Recently an interactive session on the same was held by EXIM Bank (India), in which a large African delegation participated.

AfDB is working in the direction of minimizing risk for investors especially the overseas investors who are hesitant to invest in the African continent with fear of the various risk faced. AfDB is to invite the overseas business communities in order to attract private sector funding and to pull-in more foreign direct investment.

For African continent, India is the fifth largest in terms of foreign direct investment. India's exports to Africa grew from \$7 billion during 2005 and 2006 to about \$25 billion. While Indian imports from Africa during the same time expanded from \$5 billion to \$31 billion.



It can be noted that out of EXIM Banks line of credit of about \$2.5-3 billion every year, almost half goes for development projects in Africa. About \$2.5 billion worth project developments are under pipeline for the continent.

EXIM Bank has also formed a joint venture with AfDB for project development. The purpose is help in development of projects which Indian companies can finance. Africa gets around \$1.2 billion line of credit from Exim Bank every year.

India's latest trend in engineering exports to Africa

India engineering export with Africa – country wise during April-March- fiscal year of 2016-17 is depicted in the table below. Nations which had the highest demand for Indian engineering products during April-March, fiscal year of 2016-17 in absolute values include:

Table 3: Engineering Exports to Africa
Value in USD million

| Africa | April-March 2015-16 (USD million) | April-March 2016-17 (USD million) | Growth (%) |
|---------------------|--------------------------------------|--------------------------------------|---------------|
| South Africa | 1,276.22 | 1,066.07 | -16.47 |
| Nigeria | 944.55 | 583.45 | -38.23 |
| Kenya | 575.59 | 523.39 | -9.07 |
| Egypt | 663.84 | 500.01 | -24.68 |
| Algeria | 341.18 | 382.48 | 12.10 |
| Total Africa | 6,616.77 | 5,800.03 | -12.34 |

Source: DGCI&S

Fig 1: Trend in Total Engineering Export in Africa during 2016-17
Month wise

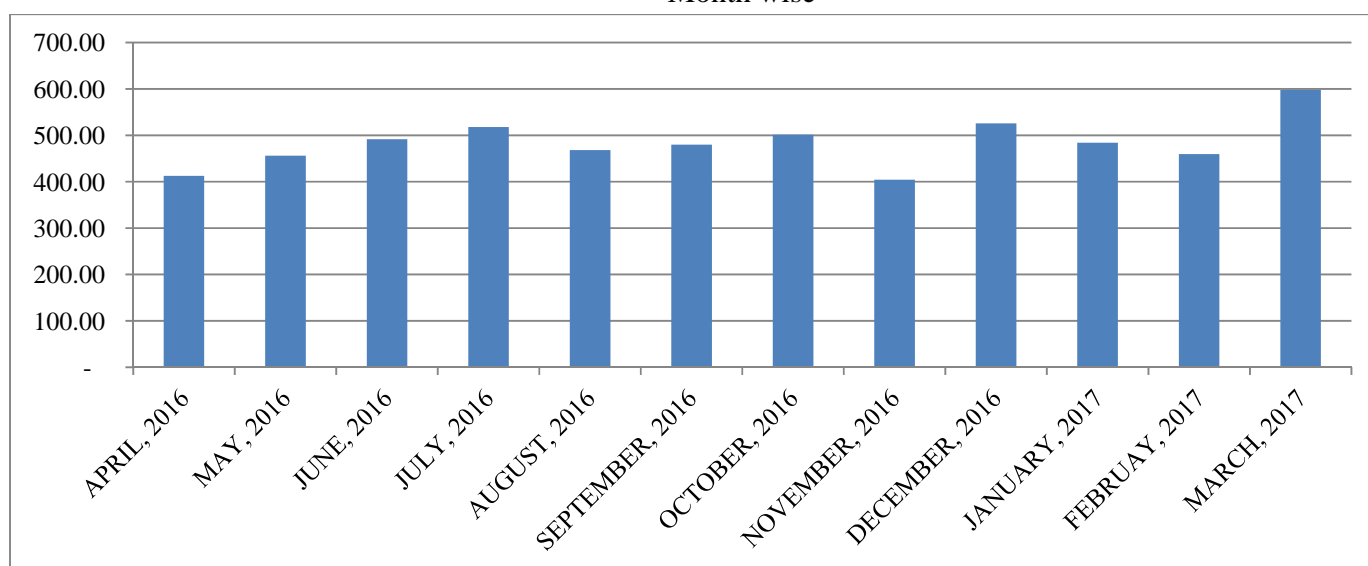


Table 4: Top 15 engineering panels exported to Africa in April-March 2016-17
US\$ Million

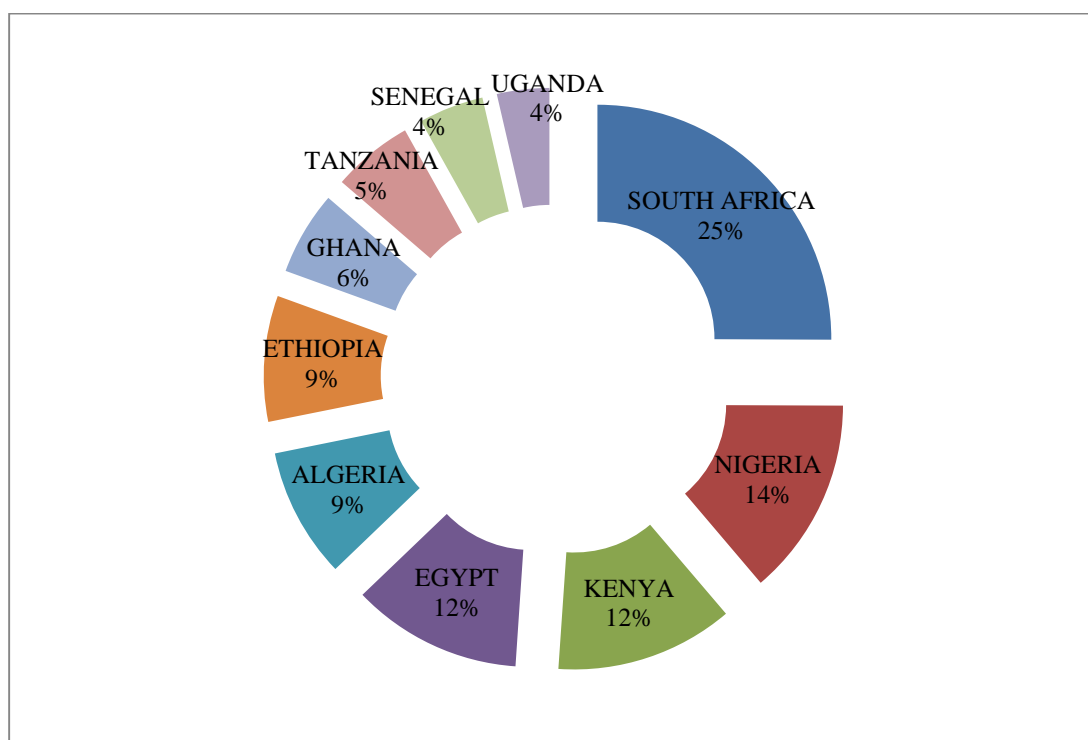
| DGCI&S Engineering Panels | India's export in April-March 2015-16 | India's export in April-March 2016-17 | Growth (%) |
|---|---------------------------------------|---------------------------------------|---------------|
| Motor Vehicle/cars | 1,517.63 | 1,269.41 | -16.36 |
| Industrial Machinery | 816.72 | 733.35 | -10.21 |
| Products of Iron & Steel | 617.01 | 499.36 | -19.07 |
| Electric Machinery | 476.65 | 497.02 | 4.27 |
| Iron and Steel | 488.58 | 495.03 | 1.32 |
| Two and Three Wheelers | 471.77 | 344.99 | -26.87 |
| Auto Components/Part | 327.10 | 305.99 | -6.45 |
| Aluminum and products | 250.74 | 219.82 | -12.33 |
| Medical and Scientific Instruments | 152.06 | 156.57 | 2.97 |
| Construction Machinery | 175.26 | 143.85 | -17.92 |
| Air condition and Refrigerators | 133.29 | 113.99 | -14.48 |
| IC Engines and Parts | 124.23 | 109.99 | -11.47 |
| Nuclear Reactors | 111.97 | 107.59 | -3.91 |
| Bicycle & Parts | 108.72 | 88.75 | -18.37 |
| Pumps of all types | 80.62 | 86.50 | 7.29 |

Source: DGCI&S

South Africa remained at the top for Indian engineering exports in 2016-17 vis-à-vis 2015-16, though it achieved a negative growth rate. The main engineering products exported to the country include Motor Vehicles and parts, Industrial Machinery, Products of Iron and Steel, Electrical Machinery, Auto Components/Parts, etc.

The following pie chart demonstrates share of top African countries in India's total export during April-March 2016-17.

Fig 2: India's engineering export share to African Countries (%) in April- March 2016-17



Source: DGCIS

Table 5: Country wise India's engineering exports to Africa in April – March 2016-17

| Country | Top products traded |
|---------------------|---|
| South Africa | Motor Vehicles & parts, Mechanical Machinery, Electrical Machinery, Iron & Steel etc |
| Nigeria | Motor Vehicles & parts, Mechanical Machinery, Electrical Machinery, Iron & Steel etc |
| Kenya | Mechanical Machinery, Motor Vehicles & parts, Electrical Machinery, Articles of Iron & Steel etc |
| Egypt | Motor Vehicles & parts, Mechanical Machinery, Electrical Machinery, Articles of Iron & Steel etc |
| Algeria | Motor Vehicles & parts, Mechanical Machinery, Electrical Machinery, Optical, Medical and scientific instruments etc |
| Ethiopia | Iron & Steel, Motor Vehicles & parts, Mechanical Machinery, Electrical Machinery etc |
| Ghana | Mechanical Machinery, Iron & Steel, Motor Vehicles & parts, Articles of Iron & Steel etc |
| Tanzania | Motor Vehicles & parts, Mechanical Machinery, Electrical Machinery, Iron & Steel etc |
| Senegal | Motor Vehicles & parts, Mechanical Machinery, Articles of Iron & Steel, Electrical Machinery, etc |
| Uganda | Motor Vehicles & parts, Mechanical Machinery, Electrical Machinery, Articles of Iron & Steel etc |

Source: Trademap

News in Focus

➤ **EU announces €47 mn humanitarian assistance for Africa**

The European Commission has announced humanitarian assistance of €47 million to help people in need in the Great Lakes and Southern Africa and Indian Ocean regions, who continue to face the consequences of years of conflict and displacement, as well as widespread food insecurity and natural disasters.

Of the €47 million announced, €32 will go to populations in the Great Lakes region – including the Democratic Republic of Congo (DRC), Rwanda, Burundi, and Tanzania, while €15 million will go to the Southern Africa and Indian Ocean region, including Madagascar, Malawi, Zimbabwe, Mozambique, Swaziland, and Lesotho.

Source: <http://clubofmozambique.com/news/eu-announces-e47m-humanitarian-assistance-for-africa/>

➤ **Africa has key role in reviving Silk Road**

Africa has an important role to play in China's much-touted One Belt and One Road Initiative, an ambitious plan to revive the old maritime Silk Road, which wields plenty of financial muscle and promises to boost member-countries' growth and economies.

China will host the first Summit of the Belt and Road Initiative (BRI) next month. The initiative is Chinese President Xi Jinping's landmark programme to invest billions of rands in infrastructure projects including railways, ports and power grids across Asia, Africa and Europe.

Source: <http://www.iol.co.za/news/africa/africa-has-key-role-in-reviving-silk-road-8622373>

➤ **AFDB discloses a \$12bn power plan for Africa**

The African Development Bank (AFDB) has unveiled plan to invest \$12 billion over the next five years under its new electrification programme.

The global boom in renewable energy technologies and the growing attraction of energy in the West has changed the way the concept is viewed.

Source: <http://www.africanews.com/2017/04/18/afdb-discloses-a-12bn-power-plan-for-africa/>

➤ **East Africa's Credit Slowdown Threatens Economic Expansion**

East Africa's three biggest economies are struggling to arrest a slowdown in the growth of loans to businesses and individuals that threatens to curb economic output in the continent's fastest-growing region.

Bank credit to the private sector in Kenya, Tanzania and Uganda is growing at the slowest pace in well over a decade. And while the authorities have eased monetary policy and, in Kenya's case, capped commercial interest rates to encourage more lending, analysts including Standard Chartered Plc's Razia Khan aren't expecting a turnaround any time soon.

Source: <https://www.bloomberg.com/news/articles/2017-04-10/east-africa-s-credit-slowdown-threatens-economic-expansion>

➤ Tanzania Among Top Best Countries for Investment in Africa

Tanzania has featured in a list of top ten most attractive for investment flowing destination into African continent, emerging the only state from East Africa bloc.

According to Africa Investment Index 2016, Tanzania was slotted on position eight ahead of Namibia and Burkina Faso, but below Algeria (on position 7), Cote d'Ivoire (6) and Zambia (5).

Source: <http://allafrica.com/stories/201704210120.html>

Trade Barriers

Table 6: Technical barriers to trade

| Member Imposing | Notification/ Date of In-Forcement | HS Code | Products Description |
|-----------------|-------------------------------------|---|---|
| Botswana | G/TBT/N/BWA/58; 26 January 2017 | 8201, 8202, 8203, 8204, 8205, 8467, 8509 | Electric tools; Hand-operated tools |
| Botswana | G/TBT/N/BWA/59; 26 January 2017 | 8535, 8536, 8537, 8538 | Insulating gases, Switches, disconnectors, fuse combinations |
| Botswana | G/TBT/N/BWA/59; 26 January 2017 | 820, 820840, 842481, 8432, 8433, 8435, 8436, 8701 | Household and electronic equipments, Horticultural equipments |
| Kenya | G/TBT/N/KEN/542; 20 January 2017 | 8506, 8541 | Solar energy engineering |
| Kenya | G/TBT/N/KEN/546; 20 January 2017 | 8546, 8547 | Insulating materials |
| South Africa | G/TBT/N/ZAF/196; 29th March 2017 | 7303, 7304, 7305, 7322, 8403, 8415, 842840, 8516, 902810, 902820, 902830 | Hot water storage, Heating equipments |
| Uganda | G/TBT/N/UGA/535; | 7321 | Household steel equipments |

Upcoming Exhibitions in Africa

Table 7: List of Exhibitions

| Events | Date | Venue | Link |
|---|---------------------|---|---|
| Eite - Ethiopia International Trade Exhibition | 12th- 14th May,2017 | Millennium Hall, Addis Ababa | http://expogr.com/eite/ |
| East And Central Africa Com | 17th- 18th May,2017 | Radisson Blu Hotel, Nairobi | http://www.eventseye.com/fairs/f-east-and-central-africa-com-7369-1.html |
| Logismed | 17th- 19th May,2017 | Parc d'Exposition de l'Office des Changes (CICEC), Casablanca | http://www.logismed.ma/ |
| Pumps, Valves & Pipes Africa | 17th- 19th May,2017 | Gallagher Convention Centre, Johannesburg | http://www.indutecafrika.com/ |

Tender information in Africa

Table 8: Tender related information

| Title | Deadline | Country | Link |
|--|-------------|--------------|---|
| Purchase Of Spare Parts And Tires For Vehicles And Vehicles Of The Provincial Council Of Tarfaya (TI Ref ID: 39216121) | 25 May 2017 | Morocco | http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=39216121 |
| Supply Of Maintenance. Repair And Operating Spares (mro) In Support Of Oil And Gas Exploration And Production Operations In All Chevron Locations In Nigeria (TI Ref ID: 39239213) | 22 May 2017 | Nigeria | http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=39239213 |
| Supply, Deliver, Install, Test And Commissioning Of 88kv Sf6 Primary Circuit Breaker At Serfontein Substation (TI Ref ID: 39236792) | 23 May 2017 | South Africa | http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=39236792 |
| Installation Of High Mast Lights In Maclear And Mount Fletcher (TI Ref ID: 39241443) | 23 May 2017 | South Africa | http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=39241443 |

| | | | |
|--|-------------|----------|---|
| Purchase Of Different Diameter Reinforcement Bar For Different Projects And Flood Lighting For Wollega Stadium (TI Ref ID: 39237067) | 18 May 2017 | Ethiopia | http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=39237067 |
| Supply, Delivery, Installation, Testing And Commissioning Of Newborn Care Equipment (TI Ref ID: 39117892) | 18 May 2017 | Benin | http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=39117892 |
| Supply Of Room Air Conditioners. (TI Ref ID: 39197474) | 22 May 2017 | Egypt | http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=39197474 |

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EEPC India Africa Territorial Newsletter
 Contact: Manila Sharma
 Email: msharma@eepcindia.net
 Phone no: 011-23711124