

Territorial NEWSLETTER Africa

EPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



Africa has become a major trading destination for countries worldwide. Every country wants access into the continent by taking the path of either trade or investment. After the recent efforts of India to build ties with the African continent, China has also started to tighten its loosening position in Africa. After China, Japan and Korea and other countries are also on the path of building up ties with the continent to increase their presence in the continent. This is an alarm for Indian industry especially the private sector and our SMEs, should try and explore new areas of their interest in Africa and advance to the region with the help of various existing and new government schemes.

Ravi Sehgal I believe this progress in trade and cooperation would continue and benefit people in both the regions. I also hope, our readers find this Newsletter useful.

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



**Rohington
Engineer**

This edition of Territorial Newsletter covers the visit of the Indian Prime Minister to the BRICS Summit 2018 held in Johannesburg, South Africa. The BRICS consist of five nations namely, Brazil, Russia, India, China and South Africa. This summit emphasized in the ongoing trade and tariff wars between countries on the world and hoe to solve the issues relating to it, especially those with the United states. The members decide to collectively fight the trade wars with a positive outlook.

The newsletter also presents a brief analysis of trade pattern in engineering products between India and Africa during July 2018.

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



**Amrutlal B.
Bhimani**

India's engineering exports to the African continent experienced a jump in July 2018 as compared to the corresponding month in the last year, with a growth rate of over 21%. Also, the top engineering export destination was again occupied by South Africa and Nigeria to second largest importer of engineering goods. The rate of growth for South Africa was not impressive as it experienced a negative growth rate of over 12% but that of Nigeria was very impressive for the month of July 2018 over July 2017 with above 59% respectively.

Besides, this Newsletter also contains information on upcoming tenders from the African region along with factsheets on non-tariff barriers. I am hopeful that the Newsletter will give fruitful information to our readers.

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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.



Johannesburg Declaration adopted in BRICS Summit 2018



With 10 years of development, BRICS has grown into an important platform for cooperation among emerging markets and developing countries. BRICS comprise of countries from Asia, Africa, Europe and America and are all members of the G20.

Together, the nations account for 26.46 per cent of the world land area, 42.58 per cent of the world's population, 13.24 per cent of the World Bank voting power and 14.91 per cent of IMF quota shares. According to IMF's estimates, the BRICS countries generated 22.53 per cent of the world GDP in 2015 and they have contributed more than 50 per cent of world economic growth during the last 10 years.

The heads of state and government of all five BRICS nations including Brazil, Russia, India, China and South Africa convened for the 10th BRICS Summit from July 25-27, 2018 in Johannesburg, South Africa.

The summit saw the BRICS leaders come together and discuss various international and regional issues of common concern and adopted the '**Johannesburg Declaration**' by consensus. The declaration reaffirms principles of democracy, inclusiveness and agrees to fight unilateralism and protectionism.

The leaders jointly reaffirmed their commitment to the principles of mutual respect, sovereign equality, democracy, inclusiveness and strengthened collaboration. The declaration comes as the United States and China remain deadlocked in a trade war over tariffs.

Discussion among the leaders of five nations were held on sectors ranging from Sustainable development, Energy, Climate, trade to corruption, population etc. Some of the points agreed upon after discussions were:

- ❖ The leaders reaffirmed their commitment to fully implementing the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs), to provide equitable, inclusive, open, all-round innovation-driven and sustainable development, in its three dimensions — economic, social and environmental — in a balanced and integrated manner, towards the ultimate goal of eradicating poverty by 2030.
- ❖ The leaders agreed to strengthen BRICS cooperation in energy, especially in transitioning to more environmentally sustainable energy systems supportive of the global sustainable development agenda and balanced economic growth.
- ❖ They also agreed to strive toward universal energy access, energy security, energy affordability, reduced pollution and environmental conservation. They also acknowledged that the BRICS Ministers of Energy agreed to establish the BRICS Energy Research Cooperation Platform and to develop its Terms of Reference.



Economy

The leaders advocated continued use of fiscal, monetary and structural policies in concert, to forge strong, sustainable, balanced and inclusive growth. They expressed concern at the spill-over effects of macro-economic policy measures in some major advanced economies that may cause economic and financial volatility in emerging economies and impact their growth prospects adversely.

They called on major advanced and emerging market economies to continue policy dialogue and coordination in the context of the G20, FSB and other fora to address these potential risks.

Recalling the Johannesburg Summit's focus on the 4th Industrial Revolution and the outcomes of the BRICS Meetings of Science and Technology and Industry Ministers, the leaders commended the establishment of the BRICS Partnership on New Industrial Revolution (PartNIR).

For the full operationalisation of PartNIR, an Advisory Group will be set up, comprising respective representatives of BRICS Ministries of Industry, to develop the Terms of Reference and a Work Plan, which is to be submitted to the BRICS Chair.

The PartNIR aims to deepen BRICS cooperation in digitalization, industrialization, innovation, inclusiveness and investment and to maximize the opportunities and address the challenges arising from the 4th Industrial Revolution.

Trade

Recognising that the multilateral trading system is facing unprecedented challenges, the leaders underscored the importance of an open world economy, enabling all countries and peoples to share the benefits of globalisation, which should be inclusive and support sustainable development and prosperity of all countries.

They called upon all WTO members to abide by WTO rules and honour their commitments in the multilateral trading system.

Indian participation at BRICS

Addressing the 10th BRICS summit, Indian Prime Minister said that the fourth industrial revolution presents both opportunities and challenges for the BRICS nations. But there is a need to be vigilant about the adverse impact of the disruptive technologies on the economies of the developing nations. He also laid emphasis on the need to focus on skill development and vocational training to reap the benefits of 4th industrial revolution.

The Indian Prime Minister further added that there is a need to share best practices and policies among BRICS countries. He also held bilateral meetings with the leaders of Russia, China, South Africa, Argentina and Angola.

Besides the BRICS Summit 2018, Indian Prime Minister also participated in the BRICS Outreach with leaders from Africa and Outreach with leaders from Global South summit. The BRICS Africa Outreach include countries Rwanda, Uganda, Togo, Zambia, Namibia, Senegal, Gabon, Ethiopia, Angola and the African Union Chair.

India's latest trend in engineering exports to Africa

India engineering export to countries in the African continent during July 2018 is depicted in the table below. Countries with the highest demand for Indian engineering products during July 2018 in absolute values include:

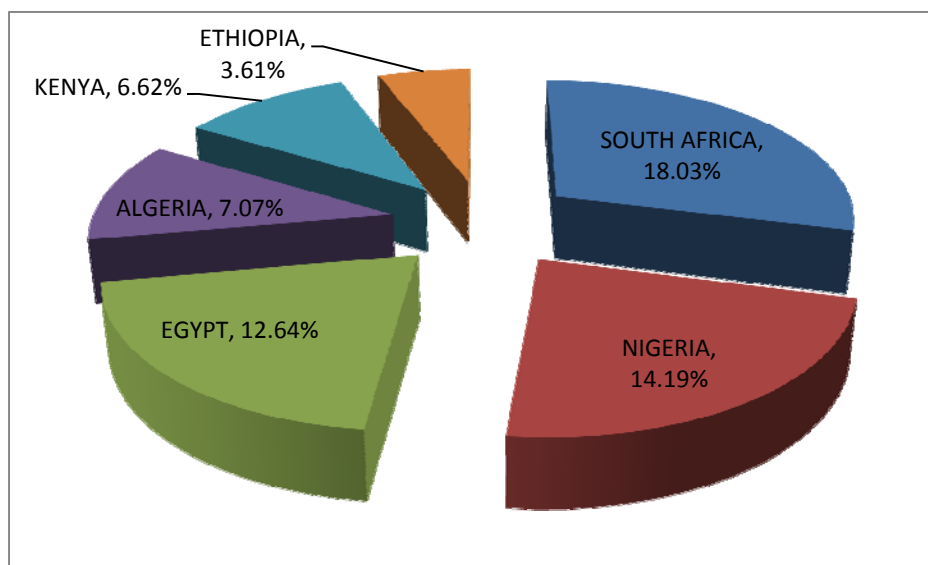
Table 1: Engineering Exports to Africa (USD million)

Africa	July 2018	July 2017	Growth (%)
South Africa	107.03	122.08	-12.33
Nigeria	84.24	52.96	59.08
Egypt	75.04	39.99	87.64
Algeria	41.94	35.21	19.14
Kenya	39.29	28.65	37.14
Total Africa	593.50	489.91	21.15

Source: DGCI&S

South Africa remains the top importer for Indian engineering exports in July 2018 as compared to July 2017 but with a negative growth rate of over 12%. 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 July 2018. (Fig 1)

Fig 1: India's engineering export share to African Countries (%) in July 2018



Source: DGCI&S

Among top 15 panels, engineering exports from India decreased in case of only three panels, twelve panels recorded positive growth (Table 2).

Table 2: Top 15 engineering panels exported to Africa in July 2018 (US\$ Million)

DGCI&S Engineering Panels	India's export in July 2018	India's export in July 2017	Growth (%)
Motor Vehicle/cars	167.40	164.61	1.70
Industrial Machinery	73.58	63.27	16.30
Products of Iron & Steel	57.44	38.98	47.37
Iron and Steel	46.75	35.10	33.18
Electric Machinery	42.58	20.11	111.70
Two and Three Wheelers	41.98	28.82	45.66
Air condition and Refrigerators & parts	27.52	9.97	176.00
Auto Components/Part	24.67	27.23	-9.38
Construction Machinery	14.92	15.34	-2.74
Medical and Scientific Instruments	12.32	10.48	17.57
IC Engines and Parts	10.42	7.01	48.68
Aluminum and products	8.33	12.20	-31.73
Nuclear Reactors, Industrial Boilers etc	7.38	2.98	147.54
Machinery for ATMs	7.01	6.53	7.30
Bicycle & Parts	6.86	5.96	15.15

Source: DGCI&S

Table 3: Country wise and product wise India's engineering exports to Africa in July 2018

Country	Top products traded
South Africa	Motor Vehicles & parts, Mechanical Machinery, Electrical Machinery, Iron & Steel etc
Nigeria	Mechanical Machinery, Motor Vehicles & parts, Electrical Machinery, Articles of Iron & Steel etc
Kenya	Mechanical Machinery, Motor Vehicles & parts, Electrical Machinery, Iron & Steel etc
Egypt	Ships, boats and floating structures, Mechanical Machinery, Motor Vehicles & parts, Electrical Machinery, 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, Motor Vehicles & parts, Iron & Steel, Articles of Iron & Steel etc
Tanzania	Motor Vehicles & parts, Mechanical Machinery, Electrical Machinery, Articles of Iron & Steel etc
Senegal	Articles of Iron & Steel, Electrical Machinery, Mechanical Machinery, Motor Vehicles & parts, etc
Uganda	Motor Vehicles & parts, Mechanical Machinery, Electrical Machinery, Articles of Iron & Steel etc

News in Focus

➤ What are the tariffs on trade with Africa?

Prime Minister Theresa May's trip to Africa has generated vigorous debate about how easy trade is between Africa and the EU and whether the UK can keep the same arrangements or even lower barriers.

The European Union's critics sometimes invoke the presence of tariffs - effectively taxes on imported items - on African goods when they accuse it of being a protectionist club or racket.

Source: <https://www.bbc.com/news/business-45342607>

➤ South African Trade Minister Rob Davies condemns US trade war actions

The South African Minister of Trade and Industry, Dr Rob Davies, told the BRICS Business Council meeting in Durban South Africa that the US was creating global economic turbulence by ignoring long standing world trade rules and imposing unilateral actions.

Davies was speaking during the investments opportunities session on the first day of the sixth annual meeting of the BRICS Business Council in Durban.

Source: http://thebricspost.com/south-african-trade-minister-rob-davies-condemns-us-trade-war-actions/#.Wkq_NUzaM8

Trade Barriers

Table 4: Technical barriers to trade

Member Imposing	Notification/ Date of In-Forcement	HS Code	Products Description
Uganda	G/TBT/N/UGA/839; 16 April 2018	94, 8304, 7321, 870911.	Surgical Instruments and Materials
Botswana	G/TBT/N/BWA/82; 25 June 2018	853620	Low voltage switchgear and control gear
Botswana	G/TBT/N/BWA/91; 26 June 2018	8467	Hand-Held Motor-Operated Electric Tools
Tanzania	G/TBT/N/TZA/158 ; 23 April 2018	820110030	Shovels
Egypt	G/TBT/N/EGY/189; 21 February 2018	841920	Large Steam Sterilizers

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