

Territorial NEWSLETTER Africa

EPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



Africa's known mineral wealth places it among the world's richest continents. Its very large share of the world's mineral resources includes coal, petroleum, natural gas, uranium, radium, low-cost thorium, iron ores, chromium, cobalt, copper, lead, zinc, tin, bauxite, titanium, antimony, gold, platinum, tantalum, germanium, lithium, phosphates, and diamonds.

Major deposits of coal are confined to four groups of coal basins—in Southern Africa, North Africa, the Democratic Republic of the Congo, and Nigeria. Proven petroleum reserves in North Africa occur in Libya, Algeria, Egypt, and Tunisia..

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



This edition of Territorial Newsletter talks of the economic and commercial monthly development of Malawi. The new trade development and business opportunity that these African countries have for the Indian business community. The World Bank is very positive of the developments made in Mozambique that it has extended its monetary help to the African country again and again for various developmental projects.

Rohinton

The newsletter **Engineer** also presents a brief analysis of trade pattern in engineering products between India and Africa during August 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 November 2018 as compared to the corresponding month in the last year, with a growth rate of over 19%. 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 impressive as it experienced a growth rate of over 26% and Nigeria was very impressive for the month of November 2018 over November 2017 with above 71% 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.

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, petrol eum and cocoa beans, woods and tropical fruits. Much of its natural resources are undiscovered or barely harnessed.



Economic and Commercial Report for the month of September and October 2018 - Malawi

1 Trends in India-Malawi Bilateral Trade (Trade Statistics India-Malawi, In US Million Dollars)

	Bilateral Trade (2017-2018)	Bilateral Trade (2017 April- September)	Bilateral Trade (April- September 2018)	% Change
Exports	199.60	130.56	104.27	-20.14%
Imports	16.45	9.90	13.83	39.71%
Total Trade	216.05	140.46	118.1	-15.9%
Total Balance	183.15	120.66	90.44	-25%

Source: www.commerce.gov.in

2 Top Ten Imports from India to Malawi (2017)

The main imports of Malawi from India are pharmaceuticals. Malawi as of 2017 imported 61% of its pharmaceuticals from India compared to the previous year's 55%. The scope for more market share of the pharmaceuticals is still there in Malawi. The other products include printed books, articles of iron and steel, plastic and articles thereof and electrical machinery. Below is the list of top 10 imports from India to Malawi in 2017.

Rank	HS Code	Description	Value in US\$ Million
1	30	Pharmaceutical Products	106.2
2	85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television.	29.6
3	84	Machinery. Mechanical appliances, nuclear reactors, boilers; parts thereof	26.8
4	49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts.	24.8
5	87	Vehicles other than railway or tramway rolling stock, and part and accessories thereof	16.4
6	73	Articles of iron or Steel	14.6
7	39	Plastics and articles thereof	7.8
8	25	Salt; Sulphur ; Earths and Stone; Plastering materials, lime and cement	6.2
9	72	Iron and Steel	5.8
10	63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	4.5

Source: International Trade Centre (ITC)

3 Top 5 Competitors of India's Top 5 Exports to Malawi (2017)

SI. No.	Commodity	Competitors	Amount (In millions of US\$)
1	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television. (HS Code: 85)	1. China	74.55
		2. India	29.64
		3. South Africa	25.26
		4. Austria	16.78
		5. Hong Kong, China	12.45
		6. United Arab Emirates	12.40
2	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof (HS Code 84)	1. China	75.62
		2. South Africa	45.91
		3. India	26.86
		4. Austria	15.63
		5. United Arab Emirates	13.70
		6. Denmark	10.19
3	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof (HS Code: 87)	1. Japan	62.01
		2. South Africa	31.67
		3. India	16.45
		4. China	16.34
		5. United Kingdom	12.80
		6. United States of America	5.12

4 Mining and Investment News

40 Tones Shipped of Graphite Samples to Canada

Sovereign Services Limited, a company conducting a graphite feasibility study at Malingunde in Lilongwe said it may ship more samples to Canada for testing. The company disclosed to officials from the Ministry of Natural Resource, Energy and Mining that it has so far shipped 20 tons (about 40,000 kilograms) of graphite samples to Canada.

The firm's Country Manager Mr Andries Kruger said that the 40-tonne sample contains about nine percent graphite which is equal to 3.6 tons of graphite. Kruger said the proposed plant being designed for Malingunde will treat 600,000 tonnes per year. The company has four Exclusive Exploration Licenses and has a combined area for the EPLs at around 3, 993 square kilometers.

Graphite miner posts K3.8 billion annual loss

Sovereign Metals Limited, an Australian Stock Exchange (ASX)-listed mining firm conducting feasibility study for graphite at Malingunde in Lilongwe, has posted pre-tax loss of \$5.2 million largely due to exploration expenditure. However, this is on top of another loss of \$3.6 million posted the year before, according to the company's 2018 annual report.

5 Energy News

\$351 Million Malawi MCC Power Compact Winds Up

The compact has added some 12 Megawatts through rehabilitation of Nkula A which now has capacity to generate 36 Megawatts from 24 with the new power infrastructure, in place, ESCOM would now transmit more power to more areas.

Malawi on the verge of joining power pool

The upgraded infrastructure now transmits power to the Central Region through a 173-kilometer 400kV overhead transmission lines from Phombeya Sub-station to Nkhoma Sub-station in Lilongwe.

Malawi will be able to handle [electricity] imports and exports from Zambia and Mozambique," he said. Escom officials said Malawi, on average, incurs 18 percent power losses during transmission and distribution. But following the upgrade of the lines, the losses are expected to be minimized to less than 10 percent.

6 Information on Tender Notices of Interest to Indian Project Exporters

Information on Malawi tenders can be viewed on the website <http://www.hcililongwe.gov.in/tenders.php>

7 Any other Issues of Importance

Headline Inflation rate is steady at 9.7% while Non-food and Food inflation stood at 9.2% & 10.4% for the month of September. The Kwacha depreciated against the USD and the ZAR but appreciated against the GBP and the EUR. Indicatively, the local currency is expected to trade at 727.2935 per US Dollar

IMF cuts Malawi's Growth to 3.3%

Malawi's gross domestic product (GDP) growth will drop to 3.3 percent in 2018, declining by 0.7 percentage points from four percent recorded in 2017, blamed on declining maize output and power outages that have slowed down industrial growth, the International Monetary Fund (IMF) has said. The IMF projection, contained in the World Economic Outlook for November 2018, is 0.2 percentage points lower than the economic growth recorded in 2017 and 2.4 percentage points lower than the 2018 average for low income countries.

IMF resident representative Mr. Jack Ree attributed the downturn to a decline in maize harvests, resulting from the fall army worms that plagued some districts in the 2017/18 growing season and the persistent blackouts that have become a common occurrence in the country.

8 News on Development assistance to Malawi

Malawi Signs New \$1.1 Billion UN Development Assistance Framework

Malawi government has signed a new United Nations Development Assistance Framework for 2019-2023 with finances up to \$1.1 billion aimed at enhancing sustainable development in the country.

During the signing ceremony at the Ministry of Finance, Economic Planning and Development Conference room in Lilongwe, UN Development Program Resident Representative, Mrs Maria Jose Torres said the new development framework which Malawi Government has signed with is a continuation of the development plan which was started previously in the country.

The UN intends to work in joint relationship with the Government of Malawi in its development programs and she says that the new UNDAF will focus on the three pillars which include peace, inclusion and effective institutions.

India's latest trend in engineering exports to Africa

Countries with the highest demand for Indian engineering products during November 2018 in absolute values include:

Table 1: Engineering Exports to Africa (USD million)

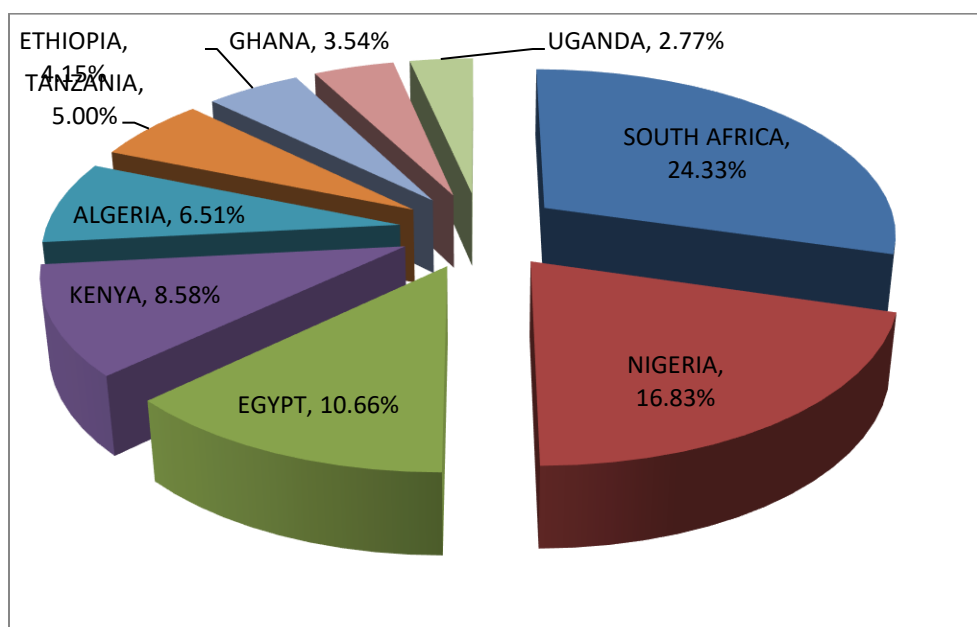
Africa	November 2017	November 2018	Growth (%)
South Africa	919.09	1,137.27	23.74
Nigeria	476.18	786.87	65.24
Egypt	571.99	498.18	-12.90
Kenya	313.51	401.00	27.91
Algeria	225.95	304.11	34.59
Total Africa	3,893.80	4,674.90	20.06

Source: DGCI&S

South Africa remains the top importer for Indian engineering exports in November 2018 as compared to November 2017 but with a positive growth rate of over 23%. 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 November 2018. (Fig 1)

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



Source: DGCI&S

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

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

DGCI&S Engineering Panels	India's export in November 2017	India's export in November 2018	Growth (%)
Motor Vehicle/cars	1,049.77	1,154.67	9.99
Industrial Machinery	473.47	637.20	34.58
Products of Iron & steel	301.19	415.92	38.09
Two and Three Wheelers	255.56	354.78	38.82
Iron and Steel	353.05	326.77	-7.44
Electric Machinery	255.92	288.39	12.69
Ships Boats and Floating structures and parts	143.75	226.94	57.88
Auto Components/Part	164.40	171.36	4.24
Construction Machinery	123.04	136.04	10.57
Air condition and Refrigerators and parts	75.24	124.35	65.26
Aluminum and products	89.22	100.23	12.34
Medical and Scientific instruments	86.90	94.80	9.09
Industrial Boilers, Nuclear Reactors	33.20	67.21	102.42
Machinery for ATMs	59.64	65.31	9.51

Pumps of all types	52.66	61.65	17.07
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Source: DGCI&S

Table 3: Country wise and product wise India's engineering exports to Africa in November 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>

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