

Territorial NEWSLETTER Africa

EETPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



Mozambique is trying to recover from its debt crisis of 2016, but has many challenges to face. The main challenges include maintaining the macroeconomic stability considering the commodity price fluctuation. Another major challenge for the economy is to diversify away from the current focus on capital-intensive projects and low-productivity subsistence agriculture toward a more diverse and competitive economy, all the while strengthening the key drivers of inclusion, such as improved quality education and health service delivery, which could in turn improve social indicators.

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 Mozambique. Mozambique borders Tanzania, Malawi, Zambia, Zimbabwe, South Africa, and Swaziland. Mozambique's strong ties to the region's economic engine, South Africa, underscore the importance of its economic, political, and social development to the stability and growth of Southern Africa as a whole.

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

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



India's engineering exports to the African continent experienced a jump in January 2018 as compared to the corresponding month in the last year, with a growth rate of over 14%. 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 20% and Nigeria was very impressive for the month of January 2018 over January 2017 with above 53% respectively.

Amrutlal B. Bhimani 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

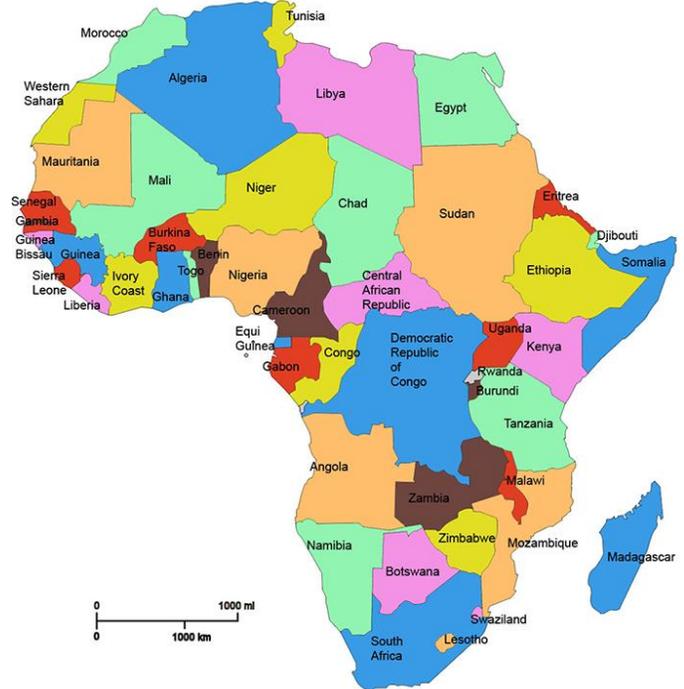
Population: 1.216 billion (2016)

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 January 2019 - Mozambique

Mozambique's economy expected to grow by 7.5% in 2023, EIU

According to forecasts by the Economist Intelligence Unit (EIU), Mozambique will achieve economic growth of 7.5% in 2023. In the latest report on the country, which covers the period between 2018 and 2023, the EIU analyst expects a smooth progression of the growth rate, which from 5.0% in 2022 is projected to increase by 2.5 percentage points the following year, when the beginning of exploration of large deposits of natural gas is expected. In 2018 the EIU projects growth of 3.5%, but the following year forecasts a small contraction to 3.4%, driven by the fact that agricultural producers will find it difficult to obtain financing as well as the drop in coal prices. The report said that the government's financial problems, coupled with late payments to state suppliers, will continue to play a significant role in the banking system and undermine the confidence of potential investors.

Foreign Direct Investment in Mozambique fell 26% in 2018

The World Investment Report 2018, released in Geneva on 21st January, United Nations Conference on Trade and Development (UNCTAD), reveals a drop of 26%, almost US\$2.3 billion, in the volume of Foreign Direct investment in 2018 compared to 2017. The Report emphasizes Coal as another raw material that will leverage investment in Mozambique, highlighting consortia of Chinese, British and South African investors whose projects are in their early stages. The fall of FDI in the country is a reflection of Southern Africa region as a whole, for which the report indicates a fall of 66% in 2018. In South Africa, FDI declined 41% to US\$1.3

billion, influenced by the low price of major export commodities and political uncertainty. Zambia contrasts with the rest of Southern Africa, with FDI increasing by 65% to USD 1.1 billion, due to growth in the copper industry.

Mozambique drops to 122 in Global Talent Index - GTCI report

According to the latest global talent competitiveness index, Mozambique fell to 122 position from 117 to 122 in the 2018 Global Competitiveness Index of Talents, becoming one of the Page 1 of 8 four worst countries in the world to attract, retain and develop talent. Last year there were 119 countries, and this year 125 countries are analysed for this year's report, and Mozambique significantly fell surpassing only Burundi, Democratic Republic of Congo and Yemen. Measures and rankings of countries by the Global Talent Competitiveness Index have taken into account aspects such as the ability to enable, attract, retain and develop talents. The index assesses the policies and practices that enable a country to attract, develop and retain both Technical/Vocational skills and the Global Knowledge skills associated with innovation, entrepreneurship and leadership, the talent that contributes to productivity and prosperity. The report also reveals that Switzerland, Singapore and the United States continue to lead in talent competitiveness while countries in Asia, Latin America and Africa are experiencing a progressive reduction in their talent base.

EXIM Bank of India financed USD 95 million for procurement of Railway rolling stock

On 31st December 2018, Mozambican Ministry of Economy and Finance signed a Credit Agreement (CA) with EXIM Bank of India, for the procurement of railway rolling stock including locomotives, coaches & wagons. The Agreement was signed by the National Treasury Director and General Manager of the EXIM bank of India. Under the agreement it mentioned that 75% of the material should be purchased directly from the India, and the remaining 25% purchased in other countries. The Line of Credit would charge a rate of interest at 1.50% with maturity period of 25 including 5 years of moratorium. The concession of Indian credit comes at a time when the public company Mozambique Railways (CFM) aims to respond to the high demand for rail passenger transport registered in recent times. The LoC was sanctioned within a month which is one of the shortest possible time for the sanction process.

Trade Data

The monthly and progressive bilateral trade between India and Mozambique for the fiscal year 2018-19 and its comparison vis-à-vis corresponding period last fiscal are as under:

Mozambique Monthly trade figures: November 2018 (As per DGCIS)

Values: Million US\$

	November 2017	November 2018	Variation in %
Indian Exports	161.33	73.44	(-)54.48
Mozambican Exports	98.22	118.94	(+)21.10
Total trade	259.55	192.38	(-)25.88

Note: The figures in parenthesis represent the percentage change compared to the previous period.

Progressive Trade data: April to November 2018 vis-à-vis April to November 2017

	April – November 2017	April – November 2018	Variation in %
Indian Exports	556.25	485.57	(-)12.71
Mozambican Exports	666.75	731.94	(+)9.78
Total trade	1223	1217.51	(-)0.45

India's latest trend in engineering exports to Africa

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

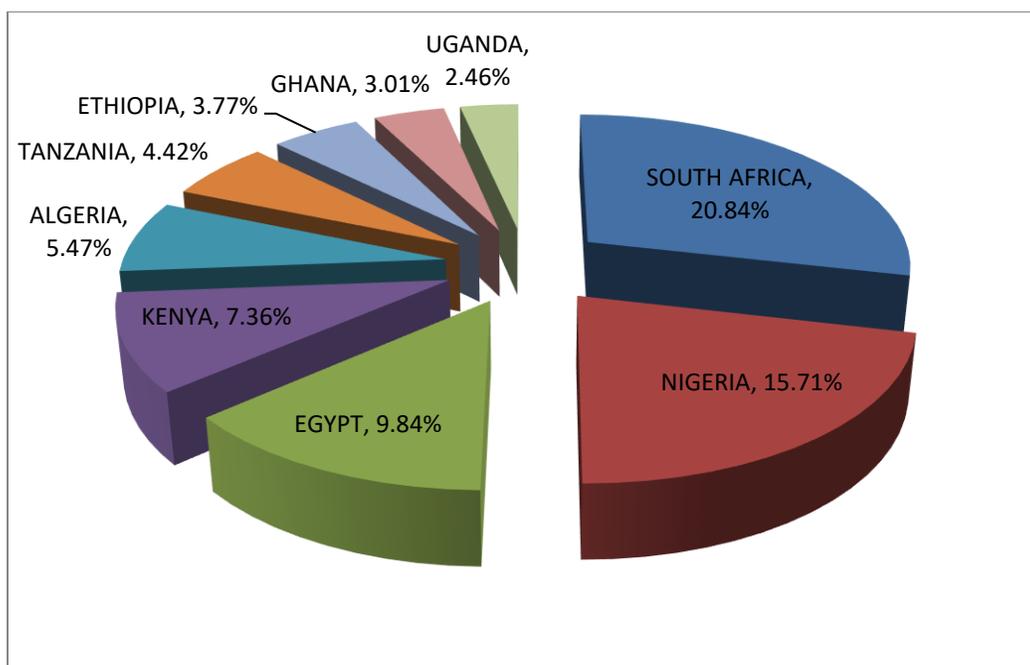
Table 1: Engineering Exports to Africa (USD million)

Africa	January 2017	January 2018	Growth (%)
South Africa	1130.59	1358.91	20.19
Nigeria	668.55	1024.66	53.27
Egypt	668.81	641.53	-4.08
Kenya	402.12	479.70	19.29
Algeria	339.67	356.70	5.01
Total Africa	5683.06	6521.19	14.75

Source: DGCI&S

South Africa remains the top importer for Indian engineering exports in January 2018 as compared to January 2017 but with a positive growth rate of over 20%. 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 January 2018. (Fig 1)

Fig 1: India's engineering export share to African Countries (%) in January 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 January 2018 (US\$ Million)

DGCI&S Engineering Panels	India's export in January 2017	India's export in January 2018	Growth (%)
Motor Vehicle/cars	1446.54	1517.01	4.87
Industrial Machinery	671.52	868.97	29.40
Products of Iron & Steel	477.86	609.51	27.55
Two and Three Wheelers	332.56	459.16	38.07
Electric Machinery	351.01	426.56	21.52
Iron and Steel	483.36	423.34	-12.42
Auto Components/Part	253.53	286.59	13.04
Ships Boats and Floating Structures & parts	357.51	250.96	-29.80
Air condition and Refrigerator & parts	138.09	239.11	73.16
Construction Machinery	156.55	186.81	19.33
Aluminum and products	116.40	159.98	37.44
Medical and Scientific Instruments & parts	118.09	133.57	13.11
Nuclear Reactors, Industrial Boilers etc	69.73	111.42	59.77
IC Engines and Parts	87.52	111.00	26.83
Machinery for ATMs	85.41	97.57	14.24

Source: DGCI&S

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

For any queries about this service, please feel free to contact us at eecho@eepcindia.net, srajagopalan@eepcindia.net, ddas@eepcindia.net.

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