

Territorial NEWSLETTER Africa

EPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen

Africa, as a continent, is fast evolving both in terms of growth prospects and creating a better ambience for trade. Several African countries have been trying to reduce the trade barriers faced by traders trading within and outside Africa. One such measure is negotiation for the Continental Free Trade Area (CFTA). The CFTA will bring together fifty-four African countries with a combined population of over one billion people and a combined gross domestic product of more than US \$3.4 trillion. Its major objectives include creating a single continental market for goods and services, expanding intra African trade through better harmonization and coordination of trade liberalization, and enhancing competitiveness at the industry and enterprise levels. CFTA is expected to come into force in October 2017. CFTA is potentially a major development, and India needs to take this into account in preparing its trade and economic cooperation strategy with the continent. I hope, our readers find this Newsletter useful.



**Tarvinder
Singh Bhasin**

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

This edition of Territorial Newsletter highlights the progressive approach of Africa. The continent is moving towards increasing trade and being less dependent on aid. The continent is making significant progress towards 'Continent Free Trade Area', expected to come into effect from October, 2017. This agreement aims to expand trade horizons of the countries of the continent.



Mahesh Desai

The newsletter also presents a brief analysis of trade pattern in engineering products between India and Africa during June 2017.

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

June 2017 ended on a positive note compared to June 2016, with increased exports to the African continent. Engineering exports from India to Africa achieved a growth of over 15% in June 2017 over June 2016. Interestingly, engineering export to South Africa, the top importing destination for Indian engineering exports continued to reflect impressive growth in May 2017 over May 2016.



Aakash Shah

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.

Basic Facts: Africa

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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.



Africa progressing towards Continental Free Trade Area (CFTA)

One of the challenges for trade in Africa has been lack of facilitation of inter trade among African countries. Africa is making progress towards the establishment of a trade zone that will cover approximately half of the continent's member states. The African Union is working towards the creation of a Free Continental Exchange Zone (CFTA). This CFTA is being negotiated on the principles of inclusiveness, consultative and participatory. The CFTA cannot be win-win situation for the continent unless it is consistent with the economic justice and human rights values that are embodied in Africa's Agenda 2063. CFTA offers the continent an important tool for achieving Africa's poverty reduction objectives contained in the continent's Agenda 2063. It provides a variety of opportunities that catered for the diversity of African countries, including the resource-rich, agricultural-based, or more industrialized ones. The CFTA is expected to bring together 54 African countries with a combined population of more than one billion people and a combined gross domestic product of more than 3.4 trillion dollars. With the CFTA, African leaders aim to create a single continental market for goods and services, free movement of business persons and investments and expand intra-African trade. It is also expected to enhance competitiveness at the industry and enterprise



levels. The free trade zone provides for 100 percent product coverage with a tariff elimination period of 5-8 years but with 60-85 percent of tariff lines to be liberalized upon entry of the agreement.

In October 2017, the African States will set up an area without frontiers to stimulate continental trade. The continental free trade area will facilitate the elimination of barriers such as the imposition of the visa requirement which very often infringes the movement of persons across national borders. The objective of the establishment of the Continental Free Trade Area (ZLEC) is to create a single continental market for goods and services, to establish the free movement of African businesses and to open the way for the acceleration of the establishment of a customs union in 2022. The establishment of this continental free trade zone will raise the percentage of intra-African trade which represents only 10% of trade on the continent while in the European Union (EU), Asia or In North America, intra-regional trade accounts for 70%, 52% and 50% of trade, respectively. It will also make it possible to raise the share of African trade in world trade which has the most derisory rate since it represents only about 2%.

Green flag to Morocco's Industrialization plan from AfDB

The African Development Bank (AfDB) has approved a loan of \$200 million to Morocco to boost the country's industrialization plan. The loan will help fund the first phase of the support program of the Industrial Acceleration Plan, which aims to create 500,000 jobs by 2020 and to increase the share of industry in Morocco's GDP from 14% in 2014 to 23% by the same year. It also aims to improve the business environment, boost exports and support the financing of industrial activities.



The AfDB has also approved a risk-sharing agreement with Morocco amounting to \$50 million for the benefit of the Moroccan Central Popular Bank (BCP). The agreement will help meet the growing demand of African markets for trade financing in vital economic sectors such as agro-food, health, services and industry. In addition, it will promote regional integration, the development of the financial sector and enable several African States to generate additional tax revenues. This agreement will support Moroccan exporters African banks and SMEs.

The partnership with Moroccan Central Popular Bank will help unleash the growth potential of intra-African trade, which is an important leverage for regional integration. This project is in line with the AfDB's strategic priority in matters of regional integration and operation will strengthen exchanges between the Maghreb and sub-Saharan Africa.

India's latest trend in engineering exports to Africa

India engineering export to countries in the African continent during June 2017 is depicted in the table below. Countries with the highest demand for Indian engineering products during June 2017 in absolute values include:

Table 1: Engineering Exports to Africa (USD million)

Africa	June 2016 (USD million)	June 2017 (USD million)	Growth (%)
South Africa	78.70	136.90	73.95
Nigeria	53.96	79.95	48.18
Ethiopia	34.22	47.10	37.64
Egypt	45.08	46.20	2.48
Kenya	37.03	35.15	-5.08
Total Africa	482.32	557.10	15.50

Source: DGCI&S

South Africa is the top importer for Indian engineering exports in June 2017 vis-à-vis June 2016 with a continued high and positive 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 June 2017.

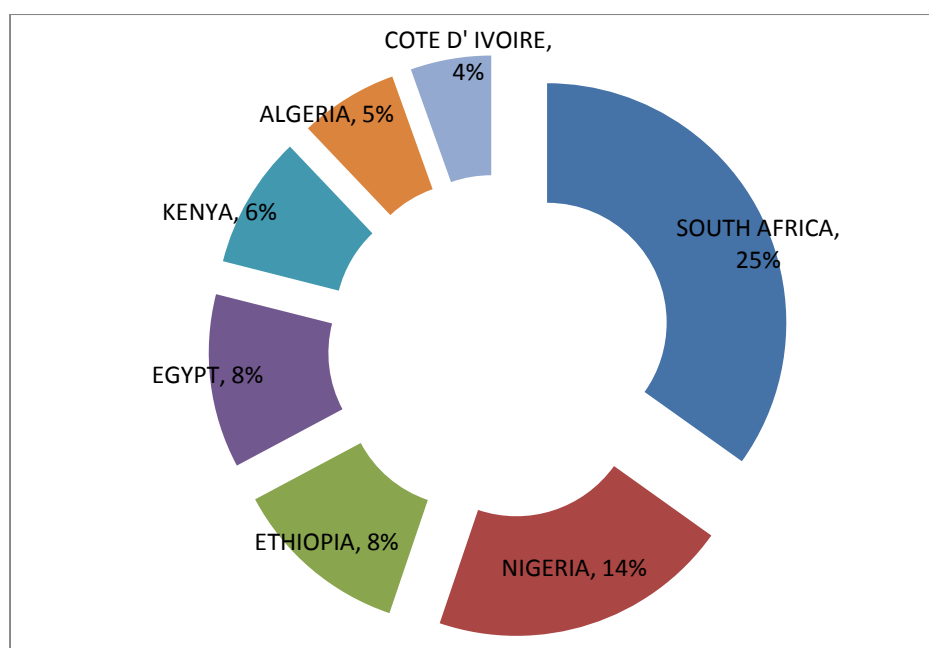
Among top 15 panels, while engineering exports from India increased in case of nine panels, six recorded negative growth (Table 2).

Table 2: Top 15 engineering panels exported to Africa in June 2017 (US\$ Million)

DGCI&S Engineering Panels	India's export in June 2016	India's export in June 2017	Growth (%)
Motor Vehicle/cars	99.13	170.72	72.22
Industrial Machinery	65.41	71.18	8.82
Iron and Steel	42.16	49.63	17.71
Electric Machinery	37.41	40.97	9.51
Products of Iron & Steel	38.75	37.18	-4.06
Auto Components/Part	26.41	24.18	-8.43
Two and Three Wheelers	27.02	22.19	-17.87
Machinery for ATMs	7.80	15.77	102.08
Construction Machinery	10.30	14.59	41.67
Air condition and Refrigerators	11.35	13.79	21.43
Medical and Scientific Instruments	13.42	12.02	-10.47
Aluminum and products	20.08	9.61	-52.11
Pumps of all types	5.66	9.53	68.40
Nuclear Reactors	10.35	8.73	-15.72
Bicycle & Parts	7.77	8.46	8.90

Source: DGCI&S

Fig 1: India's engineering export share to African Countries (%) in June 2017



Source: DGCI&S

Table 3: Country wise and product wise India's engineering exports to Africa in June 2017

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

➤ **The In Africa, it's China vs India and Japan**

ZAMBIANS have good reason to distrust the IMF. In the 1990s, under the fund's guidance, their government cut spending, scrapped subsidies, liberalised the exchange rate and privatised over 200 state-run firms. This "structural adjustment" was painful: employment shrivelled and, by the end of the decade, income per person had shrunk by 8%. In the words of Binwell Sinyangwe, a novelist, "they were the years of money first or else no friendship".

Source: <http://www.economist.com/news/finance-and-economics/21723402-falling-commodity-prices-mean-loans-are-needed-imf-back-africa>

➤ **Light Manufacturing in Africa**

Africa's experience with manufacturing has been mixed. Despite bursts of growth in the 1960s and mid- 1980s, Africa currently has less formal manufacturing than any region of the world. However, opportunities still exist for Africa to grow its manufacturing industry. For Africa to break into the market in low-end, labour intensive manufacturing, there are several interdependent challenges to overcome. The meeting brought together over 40 industry experts and senior officials from key government ministries, departments and agencies from selected African countries, development partners, civil society organisations, academia and the media to discuss these challenges.

Source: <http://acetforafrica.org/highlights/light-manufacturing-in-africa/>

➤ **The future of tech is in 'cities across Africa**

Silicon Valley's days leading the tech revolution may be coming to an end, according to one optimistic observer who believes the future of technology lies much further abroad than San Francisco.

The future of tech will be written in Lagos, Nairobi, Kampala and cities across Africa. It is believed that Africa is going to emerge as a very significant player in the global tech scene.

Source: <http://www.cnbc.com/2017/06/16/jeremy-johnson-andela-ceo-future-of-tech-is-africa.html>

➤ **Africa-EU Partnership: Council adopts conclusions for a renewed impetus**

The Council adopted conclusions on a renewed impetus for the Africa-EU partnership. The conclusions state that the EU has a genuine strategic interest in deepening and strengthening its longstanding partnership with Africa. The Council welcomes the adoption of the joint communication by the High Representative and the Commission for a renewed impetus of the Africa-EU partnership..

Source: <http://www.consilium.europa.eu/en/press/press-releases/2017/06/19-conclusions-africa-eu-partnership/>

➤ **Middle East and Africa set for 22% annual growth**

Around 40GW of new wind power will be installed in the Middle East and Africa (MEA) by 2026, at an average growth rate of 22%.

The rapid growth of wind in the region will be aided by costs falling around 15% by 2022 caused by good wind resources, greater experience from other regions, and best practices in the value chain.

Source: <http://www.windpowermonthly.com/article/1437006/middle-east-africa-set-22-annual-growth>

Trade Barriers

Table 4: 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 5: List of Exhibitions

Events	Date	Venue	Link
Powerelec Ghana	10th- 12th August, 2017	Accra, Ghana	http://www.powerelecghana.com/
Kenya Trade Expo	18th- 22st August, 2017	Nairobi, Kenya	http://www.eventseye.com/fairs/f-kenya-trade-expo-11356-1.html
Buyabusiness Expo	31st August - 2nd September, 2017	Johannesburg, South Africa	http://www.eventseye.com/fairs/f-buyabusiness-expo-5183-1.html

Buildexpo Africa	10th- 12th August, 2017	Dar Es Salam, Tanzania	http://www.eventseye.com/fairs/f-buildexpo-africa-16242-1.html
Autoexpo Tanzania	16th- 18th August, 2017	Dar Es Salam, Tanzania	http://www.eventseye.com/fairs/f-autoexpo-tanzania-21214-1.html
Indusmach Tanzania	22nd- 24th August, 2017	Dar Es Salam, Tanzania	http://www.eventseye.com/fairs/f-indusmach-tanzania-19091-1.html
Uganda Trade Expo	9th- 11th August, 2017	Kampala, Uganda	http://www.eventseye.com/fairs/f-uganda-trade-expo-22660-1.html

Tender information in Africa

Table 6: Tender related information

Title	Deadline	Country	Link
Supply Of Tractors (TI Ref ID: 40873870)	14 August 2017	Nigeria	http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=40873870
Supply Of Agriculture Inputs & Equipment (TI Ref ID: 40858857)	01 August 2017	Uganda	http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=40858857
Removal, Supply And Installation Of Three Elevators For A R + 4 Building (TI Ref ID: 40817723)	08 August 2017	Senegal	http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=40817723
Supply, Commissioning And Installation Of Automotive Training Equipment, Hand And Power Tools For Tvet Colleges (TI Ref ID: 40843091)	25 August 2017	Ethiopia	http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=40843091

Supply, Installation And Commissioning Of Three (3) 33 Kv Circuit Breakers At The 33/15 Kv Substation At Ouaga 2000 (TI Ref ID: 40875858)	10 August 2017	Burkina Faso	http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=40875858
Supply And Installation Of Pharmaceutical Equipment (TI Ref ID: 40872842)	11 August 2017	Tanzania	http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=40872842

For more information, please subscribe to EEPC India's services on International/Global Tender Notifications, upcoming projects and many more. The service keeps you abreast with latest information on tender notices, pre-qualifications, regular corrigendum and procurement notices from government and private organizations all over the world. Through this service, EEPC INDIA provides you numerous business opportunities at very competitive charges.

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