

Territorial NEWSLETTER Africa

EPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



Ravi Sehgal

Egypt is ranked 11th among 14 countries in the Middle East and North Africa region, and its overall score is below the regional and world averages. Economic policy of Egypt remains focused on fiscal and business-related structural reforms to restore financial stability and improve the business environment after years of political turmoil. Growing confidence in the availability of hard currency has raised investor confidence. Although fuel and electricity subsidies have been reduced, they are still substantial.

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 talks of the economic and commercial monthly development of Egypt. The combined value of exports and imports is equal to 44.8 percent of GDP. The average applied tariff rate is 6.6 percent. As of June 30, 2018, according to the WTO, Egypt had 156 nontariff measures in force. Foreign investment in several sectors of the economy is restricted, and numerous state-owned enterprises distort the economy. About 40 percent of adult Egyptians have access to an account with a formal banking institution.

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

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



**Amrutlal B.
Bhimani**

India's engineering exports to the African continent experienced a fall in April 2019 as compared to the corresponding month in the last year, with a growth rate of over 13%. Also, the top engineering export destination was occupied by Nigeria and South Africa 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 63% and Nigeria was very impressive for the month of April 2019 over April 2018 with above 44% 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

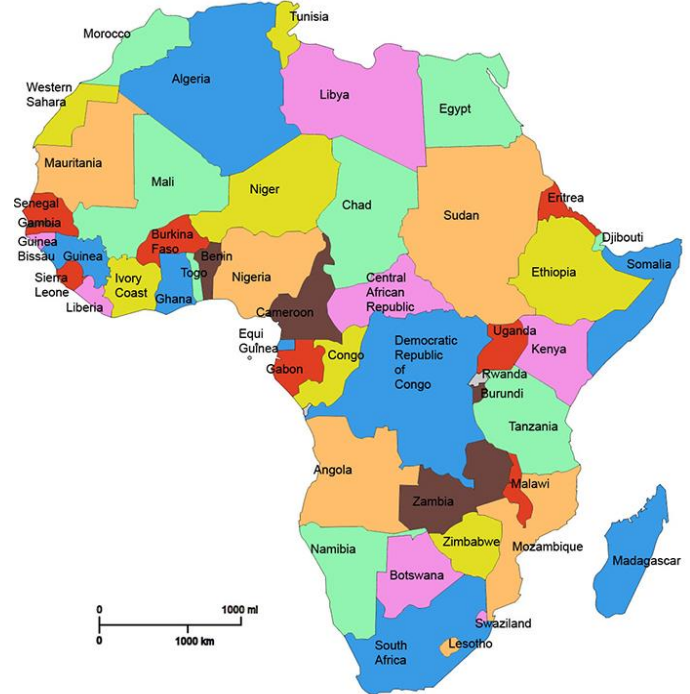
Population: 1.216 billion (2016)

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



Economic and Commercial Report: February 2019 - Egypt

Overview

- OECD upgrades Egypt's rank in country risk classification
- Egypt received 5th tranche of IMF loan
- Standard Chartered names Egypt among world's top 10 economies by 2030
- A High Level Business Delegation from the Federation of Egyptian Industries (FEI) of Egypt led by Eng. Mohamed Zaki El-Sewedy, Chairman, FEI visited India
- Mission launched a one month long India promotional campaign on the public transport buses of Cairo city
- LuLu Group International will inject investments of USD 500 million to establish four branches of Lulu Hypermarkets in Cairo
- Red sea ports authority and a Chinese company sign MoU to build USD 400 mn terminal in Nuweiba port
- Port Tawfiq-Jeddah navigation line re-operates after 13-year hiatus

Macro-economy and Economic Policy

OECD upgrades Egypt's rank in country risk classification

- The Organisation for Economic Co-operation and Development (OECD) upgraded Egypt's ranking in the Country Risk Classification to five. In its statement, OECD said that investment risks in Egypt have dropped from six to five.
- The organization attributed the upgrade to the progress achieved to the reforms implemented by the Egyptian government, which improved the investment climate in the country and created a supportive environment for doing businesses. The upgrade would help attract further foreign investment inflows from the European states into Egypt.

Egypt's trade with world hits \$23.4bn

- The Central Bank of Egypt said that the value of Egypt's trade with world countries hit 23.4 billion dollars in the first quarter of fiscal year 2018/2019. A report issued by the CBE said that the value of Egypt's imports during this period reached 16.6 billion dollars while exports reached 6.8 billion dollars. The value of Egypt's trade with the world countries in the same period last year reached 20.58 billion dollars, added the report.
- China came first on the list of trade partners as joint trade exchange reached 1.6 billion dollars including 1.5 billion dollars of imports. The US ranked second at a value of about 1.5 billion dollars, of which 867 million dollars is the value of imports and 652 million dollars is the value of exports.
- Saudi Arabia ranked third at a trade value hitting 1.48 billion dollars including 1.2 billion dollars of imports, said the report. The UAE ranked fourth while Italy came in the first rank followed by Germany, the UK and Switzerland, added the report.

Foreign currency reserves reach \$42.616 billion by end of January

- The Central Bank of Egypt has announced an increase in the foreign currency reserves by around \$66 million to reach \$42.616 billion by the end of January compared to \$42.550 billion in December.

Bilateral Relations

- During the month of February 2019, a total of 20 trade enquiries were received, out of which 16 enquiries were from India and 04 from Egypt.
- There were a total of 03 trade disputes, 02 of which were received from India and 01 of which was received from Egypt.
- There were a total of (22) candidates joined ITEC Programmes in addition to (4) Candidates joined courses IAFS-III, (0) candidates for C.V. Raman and (00) candidates for AARDO programmes. (Total =26)

Minster says "one stop shop" system to go online in Cairo airport logistics center in days

- Finance Minister Mohamed Maait on 01st February 2019 announced that a "one stop shop" system will go online in days at the logistics services center of the Cairo International Airport.
- During his visit to the newly established logistics services center, Maait said that more than 90% of the new system works has been finalized, pointing out that the new system will be applied in all customs departments of all ports across the country before mid-2020. The new system is meant to automate all the customs procedures of all customs departments in Egypt, the minister noted.

Egypt, AfDB sign EGP 80m grant deal to support entrepreneurship

- Egypt signed with the African Development Bank (AfDB) a deal on the latter's offering of an 80-million-pound grant for developing entrepreneurship.
- Investment and International Cooperation Minister Sahar Nasr signed the deal with Malinne Bloomberg, the Country Manager at African Development Bank Group. The grant is meant to support entrepreneurship and innovative ideas, especially in the fields of renewable energy, agriculture and handicrafts.

India's latest trend in engineering exports to Africa

India engineering export to countries in the African continent during April 2019 is depicted in the table below. Countries with the highest demand for Indian engineering products during April 2019 in absolute values include:

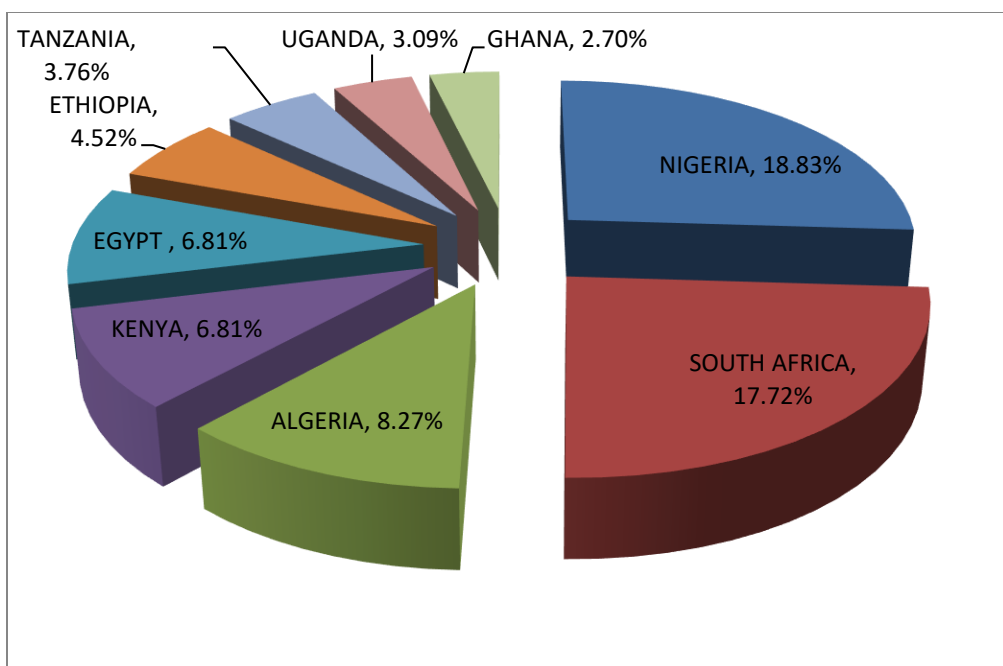
Table 1: Engineering Exports to Africa (USD million)

Africa	April 2018	April 2019	Growth (%)
Nigeria	83.30	120.34	44.47
South Africa	314.26	113.25	-63.96
Algeria	24.13	52.87	119.08
Kenya	49.01	43.54	-11.17
Egypt	43.32	43.51	0.45
Total Africa	742.42	639.26	-13.90

Source: DGCI&S

Nigeria is the top importer for Indian engineering exports in April 2019 as compared to April 2018 with a positive growth rate of over 44%. 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 2019. (Fig 1)

Fig 1: India's engineering export share to African Countries (%) in April 2019



Source: DGCI&S

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

Table 2: Top 15 engineering panels exported to Africa in April 2019 (US\$ Million)

DGCI&S Engineering Panels	India's export in April 2018	India's export in April 2019	Growth (%)
Motor Vehicle/cars	131.42	157.69	19.99
Industrial Machinery	80.82	76.86	-4.90
Two and Three Wheelers	45.52	56.81	24.80
Electric Machinery	46.95	49.89	6.25
Products of Iron & Steel	49.21	46.86	-4.78
Iron and Steel	33.78	35.21	4.24
Auto Components/Part	25.40	25.62	0.86
Nuclear Reactors, Industrial boilers etc	4.48	20.18	350.11
Air condition and Refrigerator & parts	16.66	18.10	8.66
Aluminum and products	8.59	16.34	90.29
Medical and Scientific Instruments	11.44	15.74	37.49
Ships Boats and Floating structures	198.48	14.20	-92.85
Construction Machinery	14.32	13.88	-3.03
Pumps of all types	9.16	13.21	44.32
Machinery for ATMs	8.70	11.42	31.28

Source: DGCI&S

Table 3: Country wise and product wise India's engineering exports to Africa in April 2019

Country	Top products traded
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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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