

Territorial NEWSLETTER Africa

EEPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



India and African ties are expected to become more strong with the recent India-Africa forum summit held last month in New Delhi and also the various programmes and steps taken after the summit. all this is expected to make the relations between the world's largest continent and India more rock solid especially using trade and investments sector for the same.

Our Indian exporters and investors are expected to take advantage of the various steps and programmes of government and can expand their business in the continent and give their contribution in bringing relevant changes in the trade and investment relationship between India and Africa. I further hope that these measures towards trade and investment facilitation will be of great help and benefit Indian exporters in Africa. I hope that this newsletter will be insightful for our readers they will enjoy reading it.

T S Bhasin

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



In this fifth edition of the 'Newsletter on Africa', we continue with our cover story of the last edition on how India can take advantage of the slowing Chinese economy. In this issue we point out the ways in which India can come nearer to the place held by china in Africa. India can make use of these ways and increase its access to Africa. With the India-Africa forum summit this access has become easy and attractive for both India and Africa as a number of steps and initiatives have been made in the Summit.

The newsletter gives an insight on the top engineering product panels that is imported by African countries including Sub-Saharan and North Africa. Sections on key news items and tender information are also included.

I hope that readers will find this newsletter useful.

Mahesh K. Desai

Basic Facts: Africa

Area: 11,668,599 Sq. km

Population: 1.1 billion

GDP: USD 2.39 trillion

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.

China's Slowdown, India's Opportunity (Contd.)

When it comes to influence in Africa, one country towers above all others: China.

The leadership there has spent billions of dollars investing in the continent, developing ties that have given Beijing access to the resources it needs to fuel its economic growth.

But now there's a new player in town: India.

Prime Minister Narendra Modi is hosting leaders from all 54 African states at a summit in New Delhi. The meeting was an ambitious attempt to strike up a new partnership with Africa, one that the Indian government says will be based on 'mutual benefit'.

But India has a long way to catch up to China.

The value of trade between India and Africa has almost tripled since 2006, to around \$70bn a year. That's far behind China's trade with Africa which topped \$222bn last year.

China is undoubtedly the most important newcomer to African trade. In 2014 bilateral trade between Africa and China reached \$222 billion while in the mid-1990s it was only around \$4bn. However, while China continues to push its influence into Africa, India should not be ignored.

Bilateral trade between India and Africa has almost tripled since 2006 to reach \$70bn last year. They are hoping that it will top \$90bn this year. Indian exports to Africa primarily consist of telecoms, electronic appliances, pharmaceuticals and consumer goods. Going the other way, 84 percent of African exports to India are raw materials - mostly cotton and precious metals.

India overtook Saudi Arabia to become the largest purchaser of Nigerian oil. It also has oil investments in Egypt, Libya, South Sudan and Mozambique. Indian motor company, Tata, outbid Chinese and European companies in Senegal to become the primary supplier of vehicles for Senegal's new public transport fleet. Indian investors are also climbing into Zimbabwe to revamp New Zim Steel.

But while both India and China are increasing their involvement in Africa to broaden consumer markets, secure supply of raw materials, there are marked differences in the style to which each deals with Africa.

Chinese investment is channelled primarily between the Chinese government (or state-owned enterprises) and African governments. The state provides cheap finance for Chinese companies that export to Africa and is often involved in the negotiation. It is common for China to build large public infrastructure in Africa but leave little capacity or skills transfer. Chinese migrants that accompany these projects don't integrate into the local society and often live in separate communities with different tax and legal requirements.

Indian investment, on the other hand, originates from the private sector and is focussed on private return on investment. Indian firms have a better reputation for using local skills and leaving productive capacity, although there is still a lot of progress that can be made in this regard.

However, India allows African economies to diversify their trade markets and sources of investment and not be left vulnerable to the volatility of a single economy.

India-Africa Summit, 2015: Highlights

Prime Minister Narendra Modi unveiled the government's Africa-centric policy push in the India-Africa summit, 2015 held in New Delhi, aimed at strengthening trade and investment relations. It also forged on a common agenda to pursue reforms aggressively in global multilateral bodies, including United Nations, World Bank, IMF as well as focus on climate change. In a continent where China has long ruled the diplomatic and economic zone with an investment of \$200 billion in the last 15 years, this initiative by the government has paved the way for India to reach out to the fast-developing continent which has a similar demographic profile to ours and also harbors rich resources. The summit also discussed issues related to trade, self-reliance, economic liberalization and how to decrease Official Development Assistance (ODA) dependence in African nations.

The prime minister made India's Africa focus policy statement at the third Indo-Africa summit, the largest meeting of prime ministers and presidents in India during the recent past.

Prime Minister promised to give high priority to the trade and investment flow between India and Africa and cited defence and security cooperation as the key to the India-Africa partnership. He also promised to ensure full and effective implementation of the duty-free access extended to 34 LDC (Less developed countries) countries.

- Apart from raising the pitch for India's larger role in global development and economic affairs, the prime minister targeted doubling the country's investments to \$64 billion in the next five years in Africa with special focus on the energy sector. African energy helps run the engine of the Indian economy; its resources are powering our industries; and, African prosperity offers growing market for Indian products.
- India's bilateral trade with the African continent is pegged at \$ 75 billion, making it the third largest trading partner for Africa after European Union and China. The forum is expected to push for doubling the India-Africa trade engagement to \$144 billion from the prevailing \$72 billion during the next five years.

- Prime Minister announced concessional credit of \$10 billion over the next five years for Africa, over and above India's current credit programmes.

The Indian Prime Minister concluded the summit saying that “We will work with Africa to realize their vision of a prosperous Africa, based on inclusive growth, empowered citizens and sustainable development; an integrated and culturally vibrant Africa; and, a peaceful and secure Africa, which has its rightful global place and is a strong partner for the world,”

Trade pacts, sectoral diversification to boost trade with Africa

Africa's share in India's total exports and imports stood at 10.18 per cent and 9.24 per cent during the April-July period of the current financial year. India has already signed bilateral free-trade agreements with 19 African nations and preferential trade agreements with 13 more. These have a significant impact, with total trade rising from \$97million in 1991 to more than \$71billion in 2014-15, with a compound annual growth rate of 31 per cent.

Currently India's primary markets are Nigeria, Egypt, Tanzania and Kenya. However, it would be beneficial for the country to diversify its product basket and expand to other markets such as Algeria, Togo, Cameroon, and Ghana, all having demonstrated high growth rates in the recent past. Indian investment in Africa is mainly in commodities such as oil, gas, and mining, as well as in telecom and fertiliser industries. A greater sectoral diversification is the need of the hour. A step in this direction would be that coordination of the African nations with India to improve such as in case of non tariff measures in trade, which are currently inefficient and complicated.

From the Indian side an increase in trust building measures is needed. This would involve the establishment of skill building institutes and research facilities, incorporating more direct business interactions between India and Africa. Africa is the fastest growing destination for FDI, with investment coming into the region rising by 65 per cent in 2014, totaling approximately US\$ 87 billion.

Some upcoming Exhibitions in Africa

Events	Date	Venue	Link
Exploring trade marks in China, India, Turkey and South Africa	27 November 2015	Intellectual Property Office, 4 Abbey Orchard Street, London, SW1P 2HT	https://www.gov.uk/government/news/joint-event-exploring-trade-marks-in-china-india-turkey-and-south-africa
AUTOMATION & SMARTGRID Exhibition dedicated to Automation, Control Systems & Power Delivery Equipment. Automation & Smartgrid will allow you to connect	06-08 December 2015	Cairo International Convention & Exhibition Centre , Cairo, Egypt	http://egytec.com/exhibitions/electricx/

Events	Date	Venue	Link
with decision makers in the industry, and interact with key players, partners & thousands of attendees			
SOLAR-TEC MENA Power, Energy & Security Forum. SOLAR-TEC is devoted to introducing the latest technologies, developments & innovations in the area of solar Energy & related peripherals. Series of workshops, seminars & conference sessions will also be running	06-08 December 2015	Cairo International Convention & Exhibition Centre, Cairo, Egypt	http://www.seexpo.com/html/en/expo/1441.html
MIDEST MAROC International Industrial Sub-Contracting Exhibition. MIDEST MAROC, the industrial trade show in Morocco includes 6 sectors: Machine tools, plastics, sheet metal working, electronics, subcontracting and Services	9-12 December 2015	Office des Foires et Expositions de Casablanca (OFEC) Casablanca , Morocco	http://www.midest-maroc.com/#
FIDAK International Fair of Dakar	5-20 December 2015	CICES (Centre international du Commerce extérieur du Sénégal) Dakar, Senegal	http://www.cices-fidak.com/
NILE PLAST International Exhibition for Plasti. Industries And Technology	25-28 November 2015	Khartoum International Fairground, Khartoum , Sudan	http://nilechemex.com/

Events	Date	Venue	Link
UIML - UGANDA INTERNATIONAL MEDICAL & LAB EXPO International Exhibition of technology, machinery and laboratory equipment	15-17 December 2015	UMA Exhibition Centre Lugogo , Kampala , Uganda	http://www.medlabexpo.com/about_show.html

Trade Trend Analysis in Africa

The total Indian Exports to Africa for 2015-16 (April-October) was 3834.31 USD Million constituting a share of 11% approx the total exports of India.

The top 5 African nations which had the highest demand for Indian engineering products during October 2015 in absolute values include:

Country	Export in October 2014 (USD million)	Export in October 2015 (USD million)	Growth (%)
SOUTH AFRICA	111.68	91.95	-17.67
NIGERIA	128.35	75.64	-41.07
KENYA	48.02	50.55	5.27
EGYPT A RP	53.04	45.32	-14.56
ETHIOPIA	24.33	27.64	13.60

India's engineering exports to African countries saw significant changes. Firstly, we had a new entry with Ethiopia replacing Congo D. Rep. which was at fifth position in September 2015. Second, Kenya and Egypt A Rep swapped positions with Kenya at 3rd position in October 2015 as compared to 4th place in September 2015, in spite of the rate of growth coming down from 8.06 in September to 5.27 in October 2015. Egypt A Rep records a negative growth in October 2015 also as in September 2015 but has come down to 4th position from 3rd position from September 2015.

On the basis of India's export data for Engineering Products of October 2015, the African countries which feature in the top 25 export destinations for India include South Africa, Nigeria and Egypt.

Top 10 engineering panels exported to Africa in October 2015 include

Name of the Panel	India's export in October 2014 (USD million)	India's Export in October 2015 (USD million)	Growth (%)
Motor Vehicle/cars	15.01	9.57	-36.25
Industrial Machinery	6.34	6.48	2.21
Two and Three Wheeler	4.86	4.33	-10.81
Products of Iron and steel	6.03	4.17	-30.90
Iron and Steel	5.90	3.62	-38.71
Electric Machinery	5.58	3.16	-43.41

Name of the Panel	India's export in October 2014 (USD million)	India's Export in October 2015 (USD million)	Growth (%)
Auto Components/Part	2.66	2.25	-15.41
Aluminum and products	2.19	2.20	0.32
Medical and Scientific instruments	1.06	1.40	32.21
Air condition and Refrigerators	0.96	1.19	23.73
"Nuclear Reactors In"	2.44	1.06	-56.75
OTHER MISC. ITEMS	0.69	1.05	51.01
Other Construction Machinery	1.64	1.02	-37.68
Bicycle & Parts	1.25	0.95	-23.91
IC Engines and Parts	0.86	0.81	-6.04

Source: DGCI&S, Government of India

News in Focus

ONGC builds war chest for Africa

ONGC Videsh, the overseas arm of state-owned Oil and Natural Gas Corporation, is planning to invest around \$12 billion in Africa over the next three years. The move follows a slump in global crude prices, which has opened up the opportunity to scout for foreign assets.

Link: http://www.telegraphindia.com/1151116/jsp/business/story_53328.jsp#.Vk7v93YrKM8

Kenya: WTO Delegates to Inject Sh2.1bn into Kenya's Economy

Delegates to the World Trade Organization (WTO) 10th Ministerial Conference will inject about Sh2.1 billion (\$21 million) into the Kenyan economy when they converge in Nairobi from December 15 to 18 this year. Economics Director at the Trade Directorate in the Ministry of Foreign Affairs Nelson Ndirangu says the 7,000 delegates are expected to use at least \$500 every day until the end of the conference.

Link: <http://allafrica.com/stories/201511140273.html>

Zimbabwe: Zimtrade Develops New Information Portal

Zimbabwe's trade development and promotion organisation ZimTrade is building a Trade Information Portal (TIP) with the assistance of European Union (EU)-funded Trade and Private Sector Development Programme (TPSDP). The TIP, which is an on-line platform that is an upgrade from a website and provides a single point of access for trade, investment and economic related information, will be launched by March 2016.

Link: <http://allafrica.com/stories/201511130485.html>

IMF Executive Board Approves US\$42.1 Million Disbursement Under the Rapid Credit Facility for Madagascar

the Executive Board of the International Monetary Fund (IMF) approved a SDR30.55 million (about US\$42.1million) disbursement in financial assistance for Madagascar under the Rapid Credit Facility (RCF)1. This is intended to assist the authorities to meet urgent balance of payments needs. The authorities' request follows a first RCF disbursement of an equivalent amount—SDR30.55 million (about US\$42.1million)—approved by the Executive Board.

Link: <http://africabusiness.com/2015/11/19/madagascar-5/>

Chinese investment in Africa has fallen 40% this year

As more signs of a slowing Chinese economy materialize, worries about how Africa will be affected have reached a new high. Chinese investment in Africa fell 40% in the first half of the year compared to the same period last year, ending up around \$1.2 billion, according to Chinese officials. But other estimates have said the fall in Chinese investment is as much as 84%, to \$568 million.

Link: <http://qz.com/552412/chinese-investment-in-africa-has-fallen-40-this-year-but-its-not-all-bad-news/>

ArcelorMittal S. Africa to Sell More Stock Than It's Worth

ArcelorMittal South Africa Ltd. plans to raise as much as 4.5 billion rand (\$324 million) in a rights offer to reduce debt and invest in plants as the continent's biggest steelmaker said its 2015 loss will be 11 times bigger than last year's.

ArcelorMittal, which holds 46.8 percent of the company, will fully underwrite the offer, the local unit said in an statement Friday. It owes the parent 3.2 billion rand in loans and the fundraising exceeds the company's current market value of 3.47 billion rand.

Link: <http://www.bloomberg.com/news/articles/2015-11-06/arcelormittal-south-africa-seeks-324-million-rights-offer>

Hinduja bets big on Africa; to invest \$1 bn in automotive, oil, chemicals, trading & infrastructure sectors

Hinduja Group has identified Africa as its next big frontier for growth and has committed to pump in \$1 billion across sectors over the next five years.

Calling for a unified Africa plan to fast-track the development of the continent, the automobile-to-financial services conglomerate plans to expand its business across the African region, especially in automotive, oil, chemicals, trading and infrastructure sectors.

Link: http://articles.economictimes.indiatimes.com/2015-11-04/news/68017290_1_east-africa-west-africa-hinduja-group

Tender Information in Africa

Prior information Notices

Title		Deadline
Electrical connection work housing	Morocco	7 th December 2015
Supply Of Rubber Tires & Batteries.	Egypt	3 rd December 2015
Supply Of Air Conditioners	Egypt	2 nd December 2015
Provision of maintenance; repairs & servicing of buildings; civil; mechanical & electrical, infrastructure & installations	South Africa	10 th December 2015
Service and repairs to Chiller plant OT 1, 2, 3 x3 Air handling units, x2 Chilled water pumps	South Africa	15 th December 2015
Supply Of 500 meters long low voltage copper cables.	Egypt	3 rd December 2015
Vehicle Spare Parts And Pneumatic And Washing	Tunisia	1 st December 2015
Transport Equipment Purchase	Tunisia	23 rd December 2015
X-2/6115-ZO-210-0550 Gen Set AC Engine 400/230V 100 KVA	Ethiopia	10 th December 2015
Supply And Fitment Of Tyres And Repair Punctured Wheels	South Africa	15 th December 2015
Supply and Delivery of Moulded Case Circuit Breakers.	Zimbabwe	15 th December 2015

For more contract notices, Please register with Tender info and follow the link:

<http://www.tendersinfo.com/searchresult#>

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