

Africa

- **Africa:** Anheuser-Busch InBev's (AB InBev's) plans to spend \$250 million on a brewery in Nigeria and \$100 million on a brewery in Kenya, show it is successfully tapping into SABMiller's African expertise. Africa is increasingly attractive to global brewing groups suffering flat or declining beer consumption in their home markets.

Anheuser-Busch InBev's (AB InBev's) plans to spend \$250 million on a brewery in Nigeria and \$100 million on a brewery in Kenya, show it is successfully tapping into SABMiller's African expertise. Africa is increasingly attractive to global brewing groups suffering flat or declining beer consumption in their home markets. AB InBev faces growing competition in Africa from Heineken, which is building breweries in Mozambique and Cote d'Ivoire. According to research house BMI, global brewers needed to be aware that African beer was "a volume over value story", with affordability a big issue for local consumers. Ricardo Tadeu, regional head of AB InBev, stated that the company needs to develop its mainstream beer and make it affordable enough to further draw consumers over from the informal alcohol markets. Beer companies in Africa are increasingly championing the use of locally sourced ingredients, such as sorghum, barley, maize and cassava to make low-end beer that fits with more familiar flavour profiles for these consumers. Tanzania is a particularly attractive beer market, where AB InBev's subsidiary Tanzania Breweries enjoys the widest profit margins of any African brewer and has a 70% market share. For more information, read: <https://bit.ly/2qfHcij>.

CAS Analysis: Africa is a market with huge potential. It must be borne in mind, though, that beer is a very local product. Although we do find the few global brands, most beer drinkers drink their local brew. In addition, by far the greatest portion of beer drinkers are from the low-income market segment. In a continent where the majority of the people are poor, it therefore makes sense for beer brewers to adopt a "volume over value" posture. This does help to optimise the utilization of the equipment (as scale always does) and to position a low-cost beer in the market. SABMiller, which now is part of AB InBev, understands the dynamics of the African market very well, given that this is where they had the opportunity to expand into after the end of apartheid opened the world for them. Initial expansion back into Africa took place through a JV with the Tanzanian government in 1993. Despite the high risk of purchasing a loss-making entity, a number of factors still made the investment worthwhile. One such obvious benefit was having the government as its local partner. Innovating with local inputs such as cassava-based beer is not a new phenomenon and dates back a number of years.

East Africa

- **Ethiopia:** The Ethiopian government this week announced its plan to generate close to \$1 billion annually from its recently discovered natural gas in its first year of operations.

The Ethiopian government this week announced its plan to generate close to \$1 billion annually from its recently discovered natural gas in its first year of operations. The 7 to 8 trillion cubic feet (TFC) of natural gas in Ethiopia's Somali regional state was recently discovered by the Chinese firm Poly-GCL. The figure of the annual revenue will rise in the subsequent years due to the huge reserve. Due to the expensive nature of the processing procedures, an agreement was reached with Poly-GCL to install a pipeline and transport the gas to Ethiopia's neighbouring country Djibouti. Poly-GCL is also expected to build a LNG plant in Djibouti Port to process the natural gas and export it to China. The gas discovery is expected to make a meaningful contribution in sustaining Ethiopia's rapid economic growth in the years to come. Ethiopia has witnessed non-oil driven economic growth for over a decade and the discovered gas is essential in diversifying the economy and enlarging natural resources' contribution to the country's GDP. The energy sector is one of Ethiopia's priorities as the country envisages to become a light manufacturing hub in Africa and a middle-income economy by 2025. For more information, read: <https://bit.ly/2EE3Ebl>.

CAS Analysis: Ethiopia has been growing its economy over the last decade or so by concentrating primarily on non-oil products. This has stood them in good stead, and its excellent growth attributed to its industrialisation drive in agriculture and manufacture has been well recorded. Amongst others, using industrial parks and other incentives have boosted their output and made Ethiopia the poster country of

economic growth, not only in Africa, but also in the world. Tapping into its recently discovered gas reserves will have a massive impact on this country. In addition to the export revenues, the potential for many more jobs, unskilled and skilled, will be a welcome prospect. Ethiopia must, however, avoid the temptation to develop a fixation with its gas reserves. The tribulations of countries such as Nigeria and Angola during the period in which the oil price dropped sharply, must serve as a warning. We also see in this case study, once again, the active and dominant role of a Chinese company. Poly-GCL discovered the gas, will transport it to Djibouti and will build an LNG plant in Djibouti to process the gas and transport it to China.

- **Rwanda:** With the government keen on reducing the trade deficit, the National Industrial Research Agency says that supporting local food production and addressing pressing challenges in the sector, can save the country up to \$118 million annually by 2020.

With the government keen on reducing the trade deficit, the National Industrial Research Agency says that supporting local food production and addressing pressing challenges in the sector, can save the country up to \$118 million annually by 2020. By addressing the sector's key challenges, it can meet the local demand and result in exports, thus helping reduce the country's trade deficit. The main challenges that continue to hold back the sector's productivity, include inadequate raw materials due to post-harvest food losses, food losses largely due to poor handling and processing methods, lack of access to technology, low capacity in research, low innovation for product development, lack of product diversification and weak linkages with research development institutions and the rest of the private sector, lack of adequate processing knowledge and skills, and the lack of proper information systems in the agri-processing industry. Currently, the agri-processing sector accounts for over 12% of Rwanda's net imports, partly a result of insufficient raw materials to be processed for the domestic market. For more information, read: <https://bit.ly/2JAvokA>.

CAS Analysis: The article highlights the challenges facing the agricultural sector in Rwanda. This gives a clear indication of what needs to be done to reduce Rwanda's dependence on the importing of food. The president of the African Development Bank last year reported that Africa's countries were importing food annually to the tune of \$35 billion net. Given Africa's potential for food production, this is a sad state of affairs. Given the strong political will demonstrated by Rwanda's leadership in all spheres of Rwanda's environment, it will only be a question of time before the country delivers on the issues reported upon above.

West Africa

- **Gabon:** Gabon is keen to continue attracting FDI. In July 2012, Gabon released its Strategic Plan for an Emerging Gabon, an ambitious blueprint for developing Gabon into an emerging economy by 2025, by diversifying the country away from its reliance on energy exports and transforming Gabon into an internationally competitive investment destination.

Gabon is keen to continue attracting FDI. In July 2012, Gabon released its Strategic Plan for an Emerging Gabon, an ambitious blueprint for developing Gabon into an emerging economy by 2025, by diversifying the country away from its reliance on energy exports and transforming Gabon into an internationally competitive investment destination. The Gabonese government has taken several measures to strengthen public investment management and the transparency of infrastructure development. Priority sectors for the government include transportation, housing, public facilities, tourism, energy, education, healthcare, ports and other large infrastructure projects. Due to economic difficulties in the past 3 years, state investment had to be reduced, so there is now a higher demand for PPPs, which are notably profitable to Chinese investors in Gabon. Foreign investors, including Chinese entities, are safeguarded without any discrimination. An SEZ – erected and operated by Olam International – is aimed at attracting investment for the development of exports in the timber and other sectors, such as agri-business, heavy industry, and mining transformation. It is such a success that it has led to a recent extension of the SEZ area. For more information, read: <https://bit.ly/2GQKY9Z>.

CAS Analysis: Gabon is a small country with less than 2 million people and a GDP of ~US\$14 billion. However, given its small population, its GDP per capita is quite good (in African terms) at US\$9 570, with

per capita GDP on a purchasing power parity basis at a respectable US\$16 786. Its exports are dominated by mineral fuels, oils and distillation products (83%) and wood and article of wood and wood charcoal (10%). In the Africa Competitiveness Report of 2017, Gabon ranks 108 globally and 11 in Africa. In the World Bank's Ease of Doing Business Report for 2018, Gabon only ranks at 167 globally (out of 190) and 35 in Africa. There is therefore still a lot of work to be done to serve as a point of attraction for foreign investors. The instability associated with the presidential elections of 2016, which the incumbent won by a very small margin, did the country no favours. Transparency International ranked Gabon at 117 out of 180 on its Corruption Perceptions Index of 2017. The actions of the government to strengthen public investment and to increase transparency, must therefore be welcomed. Olam's participation in the economy of Gabon plays an important development role, clearly with great success. Gabon also has considerable potential in palm oil and natural rubber. These products can reduce the overemphasis on the export of energy products and do provide good diversification opportunities. More such investments are needed, not only in Gabon, but also elsewhere in Africa.

- **Ghana:** The Vice-President of Ghana, Dr Mahamudu Bawumia, has reiterated the government's resolve to create an enabling environment for businesses to grow and for the creation of employment.

The Vice-President of Ghana, Dr Mahamudu Bawumia, has reiterated the government's resolve to create an enabling environment for businesses to grow and for the creation of employment. The Government was undertaking the necessary structural and economic reforms to create a solid base for the accelerated take-off of the economy and at the same time maintain macro-economic stability. The Vice-President was recently interacting with a delegation from Allianz SE. The VP stated that the Akufo-Addo administration remain committed to its resolve to make Ghana the most business-friendly country in Africa and to put the necessary building blocks in place. The COO of Allianz, Dr Christof Mascher, said his company wanted to learn from Ghana in its global expansion drive and outlined plans to further expand its operations. As part of Allianz Africa's growth plans, a number of Africans, including Ghanaians, were being trained to undertake underwriting operations. For more information, read: <https://bit.ly/2HopYsq>.

CAS Analysis: As a point of departure, it can be said (and is said by many) that Ghana and its economy reflects the full advantages of a stable and mature political system. Ghana has transformed its economy overnight from 2016 (when it registered 3.7% growth) to the end of 2017, when the latest statistics by Ghana show it recorded growth of a whopping 8.5%! In August 2017, President Akufo-Addo launched the government's "One-District-One-Factory" project, which aims to create a value-added industrialised economy with the development of at least one factory or enterprise in Ghana's 216 districts – driven primarily by the private sector. This project will address the challenges of slow economic growth at the district level. According to KPMG, the Industry sector in Ghana recorded the highest growth of 11.5% in 2017, compared to 1.8% in 2016, mainly from mining and petroleum. The Agriculture sector grew by 7.6%, up from 5% in 2016, driven by good performances in the crops, fisheries, and cocoa sub-sectors. Growth in the Services sector, however, slowed to 3.7% from 6.6%, due to slower growth in the information, communication, and finance sector. As it is, the Services sector is the biggest contributor to GDP, accounting for 57%, followed by Industry with 24% and Agriculture with 19%. The continued participation of multinational corporations such as Allianz and Olam in Ghana's economy is therefore a vote of confidence in this country's future, and a valuable driver of progress in its economy.

Southern Africa

- **Southern Africa:** China has met with the leaders of Namibia and Zimbabwe, undertaking, amongst others, to deepen cooperation with them under the framework of the BRI. This shows that the BRI is available for many African countries and not just Kenya, Djibouti and Egypt.

China and Zimbabwe have agreed to upgrade their relationship to a 'comprehensive strategic partnership', which constitutes high-level cooperation in the fields of economics and politics. The announcement was recently made by Chinese President Xi Jinping and visiting Zimbabwean President Emmerson Mnangagwa. The two state leaders pledged to deepen cooperation under the framework of the Belt and Road Initiative. According to Mnangagwa, Zimbabwe must have deeper economic relations with China. During a similar visit by Namibian President Hage Geingob, 6 agreements were signed covering areas such as infrastructure and finance. China's President Xi Jinping and President Geingob agreed to elevate

China-Namibia ties to a comprehensive strategic and cooperative partnership. The two leaders praised the role of the Forum on China-Africa Cooperation (FOCAC) and President Xi Jinping invited President Geingob to the forum's Beijing Summit in early September. China undertook to find better synergy between the Belt and Road Initiative, the Africa 2063 Agenda, the UN's 2030 Agenda for Sustainable Development and Namibia's Harambee Prosperity Plan to achieve a win-win cooperation. For more information, read: <https://bit.ly/2JrD74k> and <https://bit.ly/2qceqJW>.

CAS Analysis: When one studies the maps in which the one Belt One Road (now the BRI) was initially set out, 3 African countries were highlighted, i.e. Kenya, Djibouti and Egypt. However, China has always maintained that the BRI was an inclusive initiative and not exclusively meant for the benefits of the few. In addition, its political coordination mechanism, which includes bilateral and multilateral cooperation, is currently utilized on multiple levels, such as the Forum on China-African Cooperation (FOCAC) as far as Africa is concerned. The BRI aims to enhance the roles of bilateral and multilateral cooperation mechanisms, using the existing cooperation mechanisms to intensify communication and promote regional cooperation. These 2 principles open up the pool of countries in Africa that could participate in the BRI. The above 2 case studies confirm this interpretation. Both Zimbabwe and Namibia have discussed participation in the BRI with China's president and both are far removed from a narrow interpretation of countries eligible for participating in the BRI. It is also encouraging to see President Xi Jinping linking the BRI with the AU's Agenda 2063 and the UN's SDGs (both multilateral agreements) and Namibia's Harambee Prosperity Plan. This approach links efforts to increase prosperity for one country with the efforts to increase wellbeing for the greater whole.