

Africa

- **Africa:** African nations can leapfrog other basic and light manufacturing sectors and develop industrial capabilities and capacity in the auto manufacturing sector. By developing these skills and capacity, African nations will gain the abilities to manufacture other products such as furniture, medical devices, renewable energy systems, consumer durables and electronics, etc.

African nations can leapfrog other basic and light manufacturing sectors and develop industrial capabilities and capacity in the auto manufacturing sector. By developing these skills and capacity, African nations will gain the abilities to manufacture other products such as furniture, medical devices, renewable energy systems, consumer durables and electronics, etc. This creates the opportunity for import substitution. As income levels rise, the desire for the freedom of personal mobility also rises. This results in increased demand for personal use vehicles. In Africa there are on average 44 vehicles per 1,000 people. This compares to the global average of 180 vehicles per 1,000 people, and 800 vehicles per 1,000 people in the USA. As economies, incomes, and personal consumption grow, there is significant opportunity for growth in vehicle purchases. If African nations and regions take the necessary steps to locally industrialize automobile production, this impending growth can be satisfied with locally produced products, which will result in economic growth, the creation of skilled local jobs, and advancements in local technical capabilities. Advancements in mobile technology and software have enabled the application of these technologies to personal mobility, which allows rides or vehicles to be hailed or shared. For more information, read: <https://bit.ly/2KQC9Pg>.

CAS Analysis: Various global brands in the auto manufacturing sector have a presence in Africa, from Morocco in the north, to South Africa in the south. Manufacturers in South Africa have been there for decades, tapping into the sophisticated industrial capacity of the country, together with a large segment that could afford to buy vehicles. This includes the likes of BMW, Ford, Mercedes, Toyota and VW. Morocco has a presence of Renault-Nissan, Peugeot Citroen and Tata, to name but a few. The country is second only to South Africa when it comes to auto manufacturing. We have also seen local brands in Ghana and Uganda developing. What is also interesting is the expansion into the rest of Africa, with manufacturers such as Toyota, VW and Kia, to name but a few, deciding to start manufacturing in countries with much lower numbers of people that would qualify to afford a car. I recently referred to VW moving into Rwanda to not only build cars there (only about 1000 annually), but to also launch a ride-sharing scheme and to be a local (in Rwanda) source of second-hand cars. These are currently imported from abroad. The article above touches upon an important point, namely the transferability of the skills required in the auto manufacturing sector to other manufacturing sub-sectors. The auto manufacturing sector therefore provides a leverage effect that is of great value to Africa's economies. What is becoming clear is that the low numbers in African markets that qualify to buy cars, are forcing auto manufacturers to relook their business models. VW is tapping into the world of mobile technology to develop ride-sharing schemes. We are bound to see more of this in the years to come.

East Africa

- **Ethiopia:** Ethiopia has recently seen the introduction of franchise business Pizza Hut. A few more international franchise brands such as KFC and McDonald's are on their way to Ethiopia. Economic experts see the coming of those franchise businesses as an indication of a greater liberalization of the economy ahead.

Ethiopia has recently seen the introduction of franchise business Pizza Hut. A few more international franchise brands such as KFC and McDonald's are on their way to Ethiopia. In Ethiopia, while the conditions gave hope regarding the liberalization of the economy, the government still maintained a tight lid on its liberalization process, manifested by its commitment to not open up the financial sector, and the retail and wholesale businesses to foreign investment. On the one hand, the government has managed to transfer a considerable level of its control in many SOEs. On the other, it still believes in a full monopoly over critical sectors such as the telecoms and aviation sectors. Economic experts saw the coming of those franchise businesses, particularly Pizza Hut and KFC, as an indication of a greater liberalization of the economy ahead. Ethiopia's foreign currency reserves have also significantly declined, as has FDI. Economists suggest opening up some of the economic sectors might serve to attract more FDI. For more information, read: <https://bit.ly/2LnViJg>.

CAS Analysis: The tight government control over the economy of Ethiopia has frequently been a topic of discussion. It was especially true for the financial services sector and the telecommunications sector. Allowing the global franchise businesses into the country can indeed be seen as part of a gradual liberalisation of the country. In contrast to the assertion by the author of the above article that the Ethiopian government still believed in a full monopoly of the aviation sector, Ethiopia and Djibouti recently agreed to swap stakes in strategic public enterprises as they pursued deeper economic integration. The sectors involved included airlines, ports and telecommunications companies – the very successful Ethiopian Airlines was mentioned directly by Bloomberg as being part of the share-swapping initiative. A few years ago this would have been unthinkable.

- **Somaliland:** After forming a tripartite port development agreement with the UAE and Ethiopia, the Government of Somaliland, which is seeking to gain international recognition, has made arrangements to commence the construction of new port facilities at the Port of Berbera.

After forming a tripartite port development agreement with the UAE and Ethiopia, the Government of Somaliland, which is seeking to gain international recognition, has made arrangements to commence the construction of new port facilities at the Port of Berbera. The port project is expected to be finalized by 2020. The capacity of the port facility will be expanded at a cost of US\$442 million from handling 150,000 TEU's to 1 million TEU's. Given its 19% stake in the port, Ethiopia looks at shipping some 30% of its import/export trades. Close to 10% of the total volume of shipment will be directed to Port Sudan. Some 95% of Ethiopia's international trade currently passes through the Port of Djibouti. The expansion project also represents an additional milestone in Somaliland's struggle for recognition as an independent nation. Somalia opposed the project claiming it has violated its sovereignty, while Djibouti didn't like Berbera Port becoming a potential contender as it takes a considerable share of volume from what it currently enjoys. For more information, read: <https://bit.ly/2x7NLvd>.

CAS Analysis: There is quite a number of issues involved above that are not mentioned by the article. Firstly, the UAE and Somalia have had a fall-out with the former ending its military training programme in Somalia, as well as its involvement in running a hospital in Mogadishu, the capital of Somalia. It has been rumoured that Qatar was the disruptor there. Secondly, we also saw Djibouti ending the management contract of DP World (from the UAE) to run its Doraleh Container Terminal. DP World will figure very prominently in the development and management of the Port of Berbera. Interestingly, further up north, Sudan entered into discussions with both Qatar and Turkey to develop its Suakin harbour, both countries being in a camp opposed to the UAE and Saudi Arabia. Thirdly, nobody mentions the interest Russia has shown in developing a naval base at Zeila in Somaliland, which will provide it with the ability to project power into the Mediterranean Sea, the Middle East and the Indian Ocean. Lastly, Ethiopia has been "shopping" around for additional access to the oceans. Until recently, the Port of Djibouti has been Ethiopia's primary access to the sea. It has now approached Sudan (Port of Sudan), Kenya (Mombasa and Lamu), and the Port of Berbera. It only makes sense to not be beholden to a single country to serve as entrepôt. In this way, Ethiopia is reducing its vulnerability.

- **Uganda:** Uganda recently launched the first investment window to harness the financial muscle of the world's leading hotel and lodge operators to raise vital funds to support and protect Uganda's wildlife. The offering involves some of the most important wildernesses in the country.

Uganda recently launched the first investment window to harness the financial muscle of the world's leading hotel and lodge operators to raise vital funds to support and protect Uganda's wildlife. The offering involves some of the most important wildernesses in the country. Uganda has Africa's fastest growing elephant population, but the country lacks adequate financial resources to fully support its conservation requirements. By attracting private sector investment to these areas, Uganda now hopes to secure the long-term funding needed to rehabilitate and manage its conservation estates for the long term. Uganda hosts some of the most important wildlife and wildlands in Africa and has a world class tourism product. A partnership including the Uganda Wildlife Authority and the Government of Uganda is working at optimizing the commercial opportunities in protected areas in a way that maintains Uganda's natural resources and generates needed revenue for conservation. It is important that any new investor will have a track-record of developing and managing high-value, low-impact and commercially-successfully

conservation tourism portfolios, but also a clear commitment to supporting and promoting conservation values. For more information, read: <https://ind.pn/2IDqS3T>.

CAS Analysis: Africa's wildlife has always been a source of attraction for the tourists of the world. One important factor to maintain this attraction is the commercialisation of this tourism opportunity in a way that does not damage the authenticity of the experience. While it is important to provide access to the wildlife involved, the tourists also expect some level of comfort. This would involve accommodation, food, shops and transportation, to name but the obvious. In some countries, we do see the use of public-private partnerships, with the provision of food being outsourced to private entities. A bad experience in any single element of the entire value chain can sour the whole experience. It is therefore important for the authorities to ensure that the whole experience be managed from a systemic perspective. This does create business opportunities for those with a passion for the wildlife. Tourism is an obvious sector for development, as it also has the benefit of considerable leverage. According to the WEF, tourism provides 10% of the world's GDP, 7% of global trade and as many as one in every 11 jobs globally. In each of the six years following the global economic crisis of 2010, the number of international tourist arrivals around the world grew at 4% or above. Beyond the direct impact, tourism reaches into many other sectors, such as construction, manufacturing and IT services, having a multiplier effect along the value chain. It is estimated that every job in the core tourism sector creates about 1.5 additional or indirect jobs in the tourism-related economy.

West Africa

- **Ghana:** Ghana, a relative newcomer to the oil industry, plans to award as many as 9 offshore blocks off its west coast in 2018 and 2019 in a mix of competitive tenders and direct negotiations.

Ghana, a relative newcomer to the oil industry, plans to award as many as 9 offshore blocks off its west coast in 2018 and 2019 in a mix of competitive tenders and direct negotiations. Ghana National Petroleum Corporation, the state-run company, will obtain one of the blocks that it will explore with a strategic partner. The government has picked a committee that will oversee the awarding of the oil blocks to domestic and international oil companies. Ghana's current crude oil production is around 180,000 bpd, mostly pumped from three offshore fields, including the world-class Jubilee oil field operated by UK-listed Tullow Oil. In recent years, Tullow Oil and Italy's Eni have boosted their operations and drilling offshore Ghana. According to Imad Mesdoua, senior consultant for Africa at Control Risks, Ghana is "about to have an oil boom." Rising oil prices, higher production, and new deals likely to come online by the end of the year will drive the expected oil boom in Ghana. For more information, read: <https://bit.ly/2Kzk08j>.

CAS Analysis: Ghana has already benefitted significantly from its oil and gas reserves, increasing its GDP growth from 3.6% in 2016 to 8.5% in 2017. The assertion by oil experts that the oil boom for Ghana is yet to come, therefore paints quite a rosy future for the country. Whether this future will materialise is dependent on a number of factors. Firstly, President Akufo-Addo must ensure that all corruption is eradicated. Corruption seemingly unfortunately appears to raise its ugly head in the oil sector. Secondly, to gain from its oil reserves in a sustainable manner, Ghana's government must ensure that it uses the spoils from its oil to diversify and develop its total economy. Not doing this will create a vulnerability and dependency on oil it does not want. The disastrous effect of the oil price implosion on Nigeria and Angola should serve as a serious warning to President Akufo-Addo.

Southern Africa

- **Zimbabwe:** Zimbabwe has signed a US\$1 billion deal with Sinosteel Corp that will see the Chinese firm building a 400MW coal bed methane-fired power plant and setting up new ferrochrome smelters.

Zimbabwe has signed a US\$1 billion deal with Sinosteel Corp that will see the Chinese firm building a 400MW coal bed methane-fired power plant and setting up new ferrochrome smelters. President Mnangagwa revealed that the first phase will involve the drilling of two Coal Bed Methane (CBM) wells to fire a 12MW pilot power station. During the second phase, more productive wells will be drilled to set up a 400MW plant. Sinosteel will build 2 ferrochrome smelters. The project has a potential to create more than 25,000 jobs and the electricity will be used for chrome smelting operations, with excess supplied to

the national grid. Sinosteel is considering setting up 3 more furnaces to increase annual ferrochrome production. President Mnangagwa added that the agreement with Sinosteel was testimony of his administration's willingness to open up the economy to investment and engage the global community to do business with Zimbabwe. Zimbabwe is rich in minerals, most of which are still to be exploited and which present unique and competitive investment opportunities. Over the past 6 months, President Mnangagwa's administration attracted FDI commitments worth US\$11 billion in various economic sectors. The Government will continue to facilitate the ease and cost of doing business. For more information, read: <https://bit.ly/2x8fLyl>.

CAS Analysis: Zimbabwe case study 1 provides information on Chinese involvement in Zimbabwe, participating in the energy and mineral sectors. In the process they will create 25,000 much needed jobs. There is also the opportunity to earn export revenues from the ferrochrome production. There is a clear departure from the Mugabe days, as can also be seen from the inflow of US\$11 billion of FDI into various sectors over the course of just a few months. It was more or less this time last year, give or take a month or two, that I said it was a good time to move into Zimbabwe with investments. The country has massive potential in a number of sectors. In addition to minerals, agriculture and tourism are sectors worth considering as well. It has been stated by some commentators that Zimbabwe has become the flavour of the month as far as investment is concerned. The early movers will undoubtedly be in a position to benefit the most from tapping into the many opportunities presented.

- Zimbabwe: Surface Wilmar, the local unit of Singapore giant Wilmar International, has submitted a proposal to government to acquire 50% of the struggling Cotton Company of Zimbabwe (Cottco). Under the proposal, the firm will take over management of Cottco and inject US\$100 million to revive its operations.

Surface Wilmar, the local unit of Singapore giant Wilmar International, has submitted a proposal to government to acquire 50% of the struggling Cotton Company of Zimbabwe (Cottco). Under the proposal, the firm will take over management of Cottco and inject US\$100 million to revive its operations. According to chief executive officer Sylvester Mangani, the company wanted to guarantee supplies for its edible oils operations in the country, noting that the production of cotton had dropped about 90% from the peak of 350,000 tonnes achieved in 2001. Surface Wilmar think they should run Cottco to increase production and ensure supply. According to Surface Wilmar chairperson Narottam Somani, if allowed to take over Cottco, they would provide inputs, seed and fertilisers, and insect sprays to farmers, and market the cotton produced through auction. The company still has to conduct a due diligence on Cottco. For more information, read: <https://bit.ly/2saQ9fV>.

CAS Analysis: Zimbabwe case study 2 provides information on the investment by Wilmar International, one of the global giants in agriculture from Singapore, in the agri sector of Zimbabwe. Paying US\$100 million for 50% of Cottco is a serious vote of confidence in the future of this country. To sweeten the deal, pledging support to the farmers of Zimbabwe will help to reduce pressure on this group of people. It will help to increase their productivity and boost the sector as a more attractive target of employment. It is generally understood that agriculture in Africa must industrialise and position itself as a lucrative sector. Investment such as this one by Wilmar does help to achieve this outcome. Again, we also see foreign investment in Zimbabwe, providing an indication of the potential existing in the country. Having said all of this, the forthcoming election will be important for the future of Zimbabwe. It needs to be an election that is seen as "free and fair" by all. And Zimbabwe needs to present a politically stable environment with clear policies implemented consistently, with very little or no uncertainty. It seems President Mnangagwa is working towards eradicating most uncertainty in the economic sector. More of the same is definitely required.