



Africa-Asia Trade & Investment: Trends and Opportunities

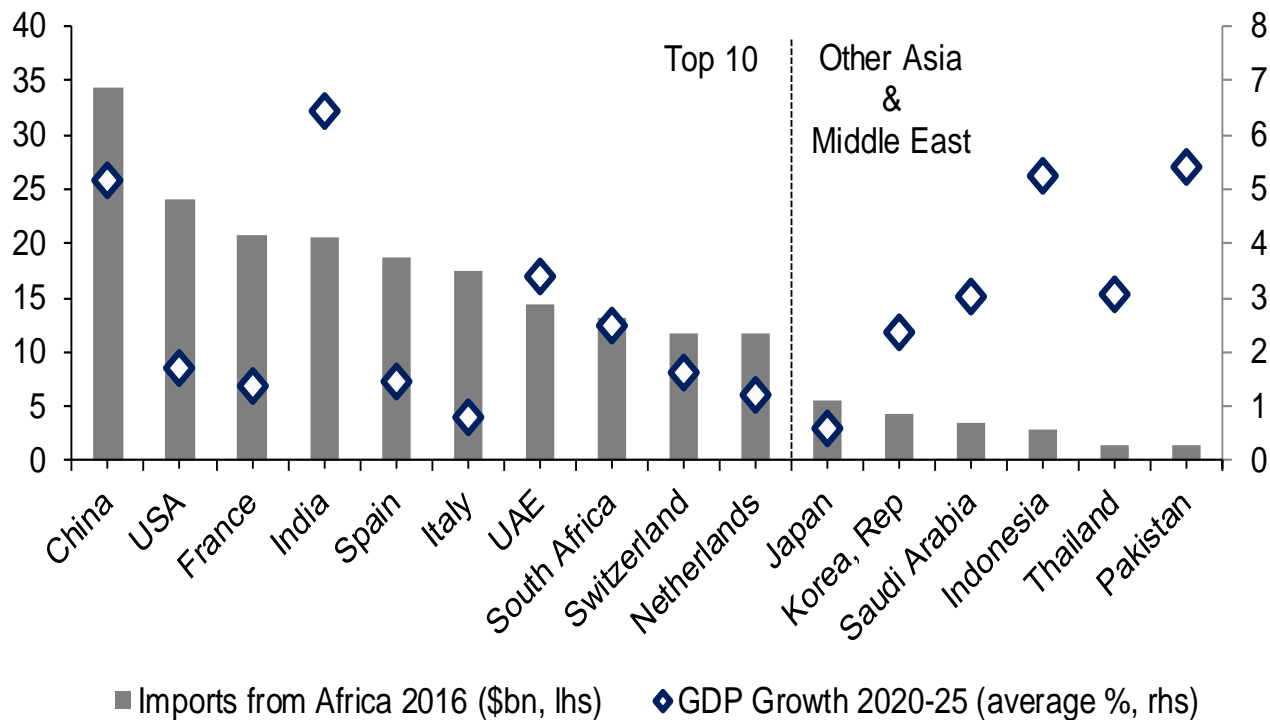


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Trade: Main Markets

Africa Main Export Markets



Sources: Trade Map, Oxford Economics

- China biggest export partner, followed by US and EU countries

but...

- India and UAE have also become important markets

and...

- Opportunity to increase trade with large fast growing Asia & Middle East countries.

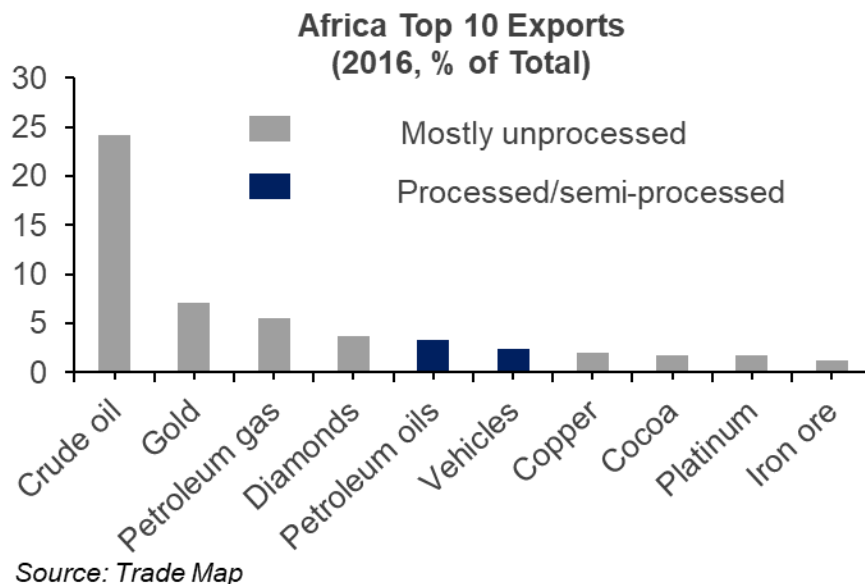
Trade: Risks and Opportunities

Opportunities:

- Trade with fast-growing Asia & Middle East countries
 - Agriculture – China, Japan, Korea and Indonesia among 10 largest cereal importers globally
 - Other opportunities – vehicles, pharmaceuticals and other FMCG as African markets develop
- China 'Belt-and-Road' initiative
 - Leverage improved infrastructure and tap into new supply chains

Risks:

- Increased trade protectionism in general
 - Brexit, Trump, even local (Nigeria)
- US-China trade war
 - Slower global growth
 - Lower commodity prices



To minimise risk and maximise opportunity...

- Diversify export base on a country-level
- Increase domestic value addition

...but need investment to facilitate process

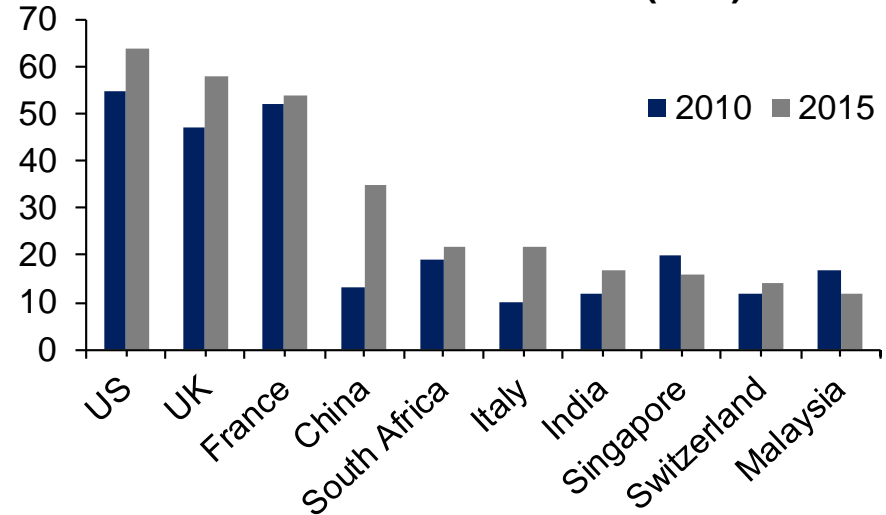
Investment: Main Investors

■ Again, US and EU countries have substantial investments in Africa

but...

■ Chinese investments have increased sharply while India is also investing more

FDI Stock in Africa (\$bn)



Source: UNCTAD

■ Investment in Africa has declined since 2014

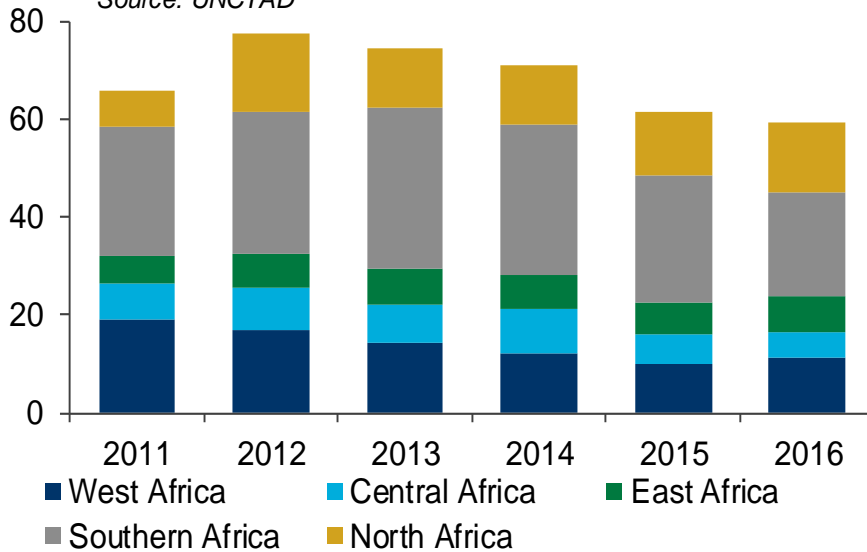
- Commodity price slump
- CA imbalances – FX pressure & shortages
- Slower growth, high inflation

■ Outlook is more favourable

- Rebound in commodity prices
- Stronger growth prospects
- Macro imbalances are declining

FDI Inflows (\$bn)

Source: UNCTAD

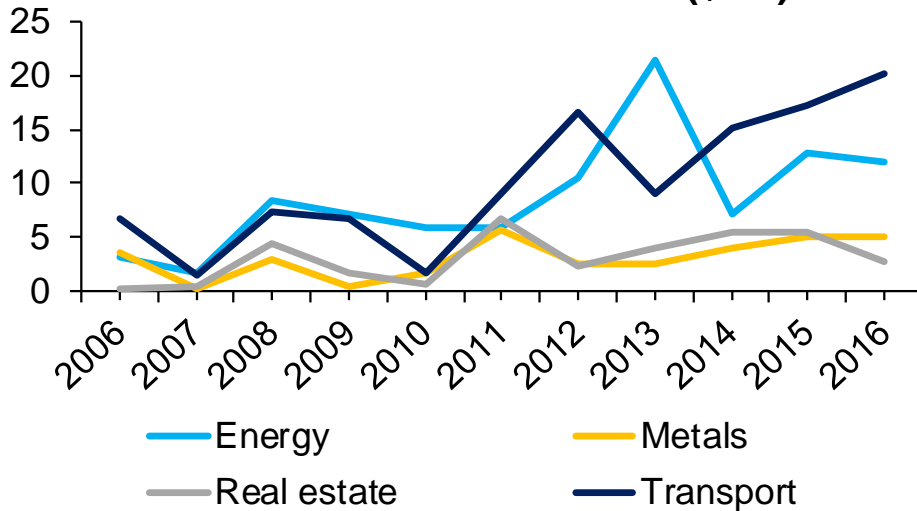


Investment: China's Push into Africa

■ China's investment in Africa has risen sharply over the past decade

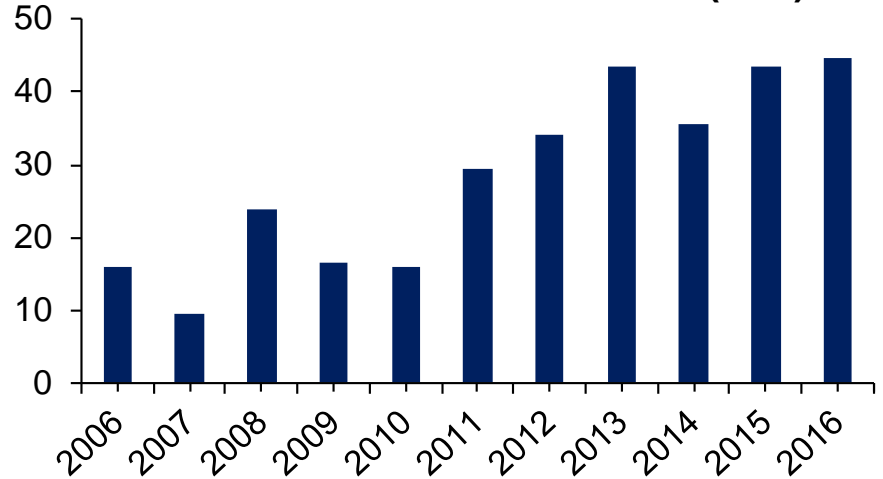
■ Chinese investments totalled more than \$44bn in 2016

Main China Investments (\$bn)



Source: The American Enterprise Institute & Heritage Foundation

Chinese Investment in Africa (\$bn)



Source: The American Enterprise Institute & Heritage Foundation

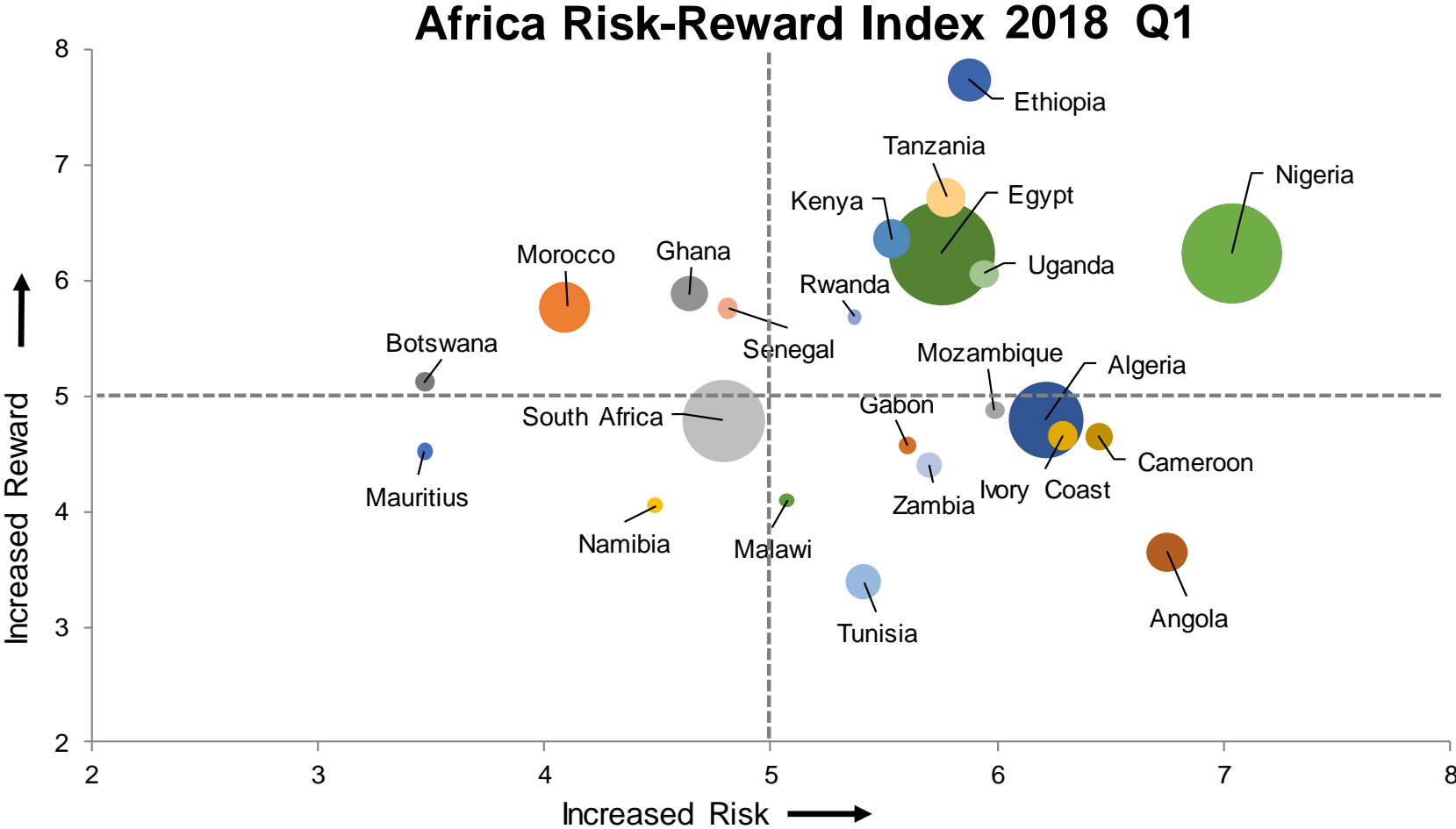
■ China's investment into Africa focused on:

- Transport, energy, real estate, metals

■ Investments show strong correlation to 'Belt-and-Road' initiative

- Putting transport links and infrastructure in place to facilitate increased trade in the future

Investment: Current Risk & Reward

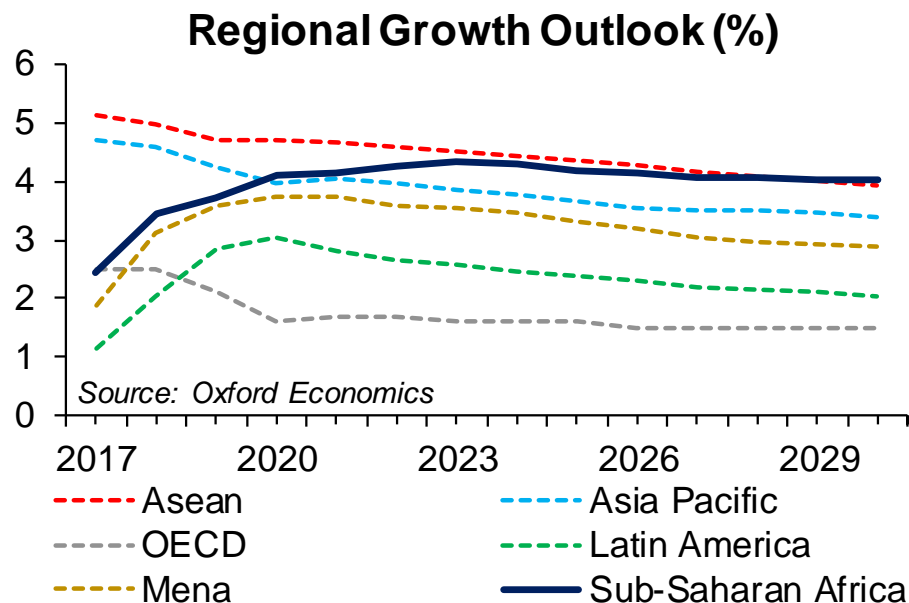


Investment: Future Opportunities

- General constraints to investment include:
 - Weak policy, corruption, lack of infrastructure, low human capital, security risks

however...

- Currently still pockets of opportunity, and longer term prospects are gradually improving



Key Future Opportunities for Investment in Africa from Asia

- **Agro-processing** – in line with an increase in global demand for food
- **Manufacturing** – vehicles (strong African demand for Asian vehicles), pharmaceuticals (significant need for drugs & medicine on African continent, with Indian companies already entering the market)
- **Infrastructure development** – large infrastructure gap in many African countries
- **Information & Telecoms** – still lost of growth potential, especially in mobile services and data
- **Finance** – still large unbanked populations in Africa, as links between Africa and Asia strengthen, so too will banking relations

Thank you

Contact details

For questions related to this presentation:

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