

# Leveraging the African opportunity, tapping into billion-rand projects

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At its recently held Africa Rising Market Intelligence Briefing, the Southern Africa Stainless Steel Development Association (Sassda) revealed that Africa still has what it takes, with a healthy recovery in growth rates predicted for the sub-Saharan African region of 2.6% in 2017, according to the IMF, and pockets of above-average growth in countries such as Cote D'Ivoire (7.3%), Tanzania (7%) and Kenya (5.5%).



Sassda provided its members a range of key insights and top tips on how to leverage the 'African opportunity' and bypass the lack of information and labyrinth of red tape that thwarts many export and investment opportunities before they have even begun.

Speaking at the event, market intelligence specialist Lesley Squires said, "Further to our interactions and lobbying of the Department of Trade and Industry, we are looking to facilitate the integration of our value chain, as well as facilitate market integration between Sassda members and the rest of the continent.

"Our aim is to assist members in establishing and strengthening product value chains and identifying infrastructure and industrial projects on the continent and working closer with key economies on behalf of our members. As a result, we are already seeing positive results with inter-Africa trade initiatives currently taking place and trade with our neighbouring countries continues to present opportunities for sustained growth and development, with enormous potential presenting itself for future economic partnerships and investment."

Sassda market intelligence specialist Lesley Squires

## Potential already realised

"Our current successes and potential areas of investment for members is seen with projects now running in Cote d'Ivoire, Mozambique, Tanzania and Kenya. Going into Africa, we have found that many of the projects are water and sanitation, food and beverage and abattoir related, which all utilise stainless steel and all of which, as we proceed, will come our way. These are development infrastructures lacking in Africa and the sector development we are working towards in these regions as they provide enormous market opportunities both for our members and for various export-oriented sectors of the South African economy," said Squires.

She outlined various projects including those in Mozambique which is finally seeing the launch of a liquid natural gas plant between Pemba and Palma in northern Mozambique. The plant has an estimated investment value of \$30bn. She also updated attendees on a Sassda trade mission to Abidjan and San Pedro in Cote d'Ivoire which took place in May this year. "Much development needs to take place. For example, it currently takes up to 14 days to get a ship into the port of Abidjan to offload goods, many of which are perishables, so one can imagine the wastage that occurs due to that type of delay." In light of that, the proposed Port Autonome de San Pedro (PASP) is of particular

interest, given its total project cost of \$1.4bn.

Looking ahead, Squires commented that the redevelopment of the Port of San Pedro, which at present only has one docking facility, will serve as a gateway into the rest of the surrounding landlocked countries like Mali and Guinea which both have very large iron ore and manganese reserves.

## **Regional value chains**

Overall, Squires commented that South Africa now has better leverage with existing regional trade arrangements and various bilateral agreements that members can take advantage of to expand and diversify their imports and exports. “Working with the dti’s strategy of fostering intra-Africa trade with South African companies, we advise members to not just look to exporting into Africa but rather work together with other African countries and become part of regional value chains to add value to products through beneficiation prior to them being exported.”

However, Squires warned, “Don’t go into Africa thinking you’re going to get instant business. It doesn’t work like that. We have seen that business in Africa is all about building relationships and going back time after time. One cannot rush into deals, members will need to build long-term relationships over months if not years.”