MEMORANDUM

N° 25/2016 | 04/02/2016

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IMF IS EAGER TO HELP SUB-SAHARAN AFRICA IF ASKED

The International Monetary Fund (IMF) said on Tuesday it stood ready to help sub-Saharan Africa's oil exporters cope with plunging crude prices and growing fiscal pressures, but had not received any new funding requests from the region.

Nigeria and Angola instead have turned to the World Bank for assistance, even though the IMF is typically viewed as the world's go-to crisis lender.

Facing an estimated $15bn budget deficit in 2016, Nigeria's finance ministry has said it is looking to borrow as much as $5bn. It has held discussions with the World Bank, African Development Bank and China's Export-Import Bank due to their "concessionary rates of interest".

The World Bank is discussing potential financing for Nigeria and Angola through a programme to support structural changes in an emerging-market country's economy and government institutions.

The two sub-Saharan African countries are the latest in what may become a long line of oil-exporting countries to seek financial assistance to help stem growing deficits as falling crude prices crush revenues. The IMF and World Bank are already talking to Azerbaijan about a $4bn financing package.

On Tuesday, US crude fell back below $30 a barrel, half its price in June 2015 and down from about $100 two years ago.

"The sharp decline in oil prices represents a formidable shock on the oil exporting countries of sub-Saharan Africa, especially in view of their strong reliance on oil receipts for fiscal and external revenues," an IMF spokeswoman said.

The IMF noted that despite rising deficits, several of these countries still have adequate foreign exchange reserves and low levels of overall debt. This would suggest that a balance-of-payments crisis is not imminent.

When IMF MD Christine Lagarde visited Nigeria in January to meet President Muhammadu Buhari, she insisted that she was not there to negotiate a loan programme.

"With the exception of Chad, which already had a programme in place with the IMF prior to the oil price shock, we have not received any new request for financial assistance from sub-Saharan African oil exporters," the IMF spokeswoman added. "We indeed stand ready to assist the authorities, should such a request materialise."

Although wealthier Gulf oil producers are expected to fare better due to deeper reserves, the IMF issued a warning last week to Bahrain that it, too, should cut deficits now reaching 15% of economic output, which have weakened investor sentiment. (Reuters 03-02-2016)

NIGERIA PLANS TO RAISE POWER GENERATION BY 2000MW

Nigeria's Minister of Power, Works and Housing Babatunde Raji Fashola, has said that power generation will increase with additional 2000 megawatts (mw) by the last quarter of this year if the various plans undertaken by the government in the sector are executed.

Speaking during the Ministry's budget defence before the Senate Committee on Power and Mines, Fashola noted that a lot has changed in the management of the sector in recent times.

He added that distribution of power was no longer government business, but has been taken over by private firms as government has privatised power generation which has steered towards the full privatisation of the sector with transmission aspect being managed by Manitoba International of Canada.

The minister explained that the 2016 budget focuses more on transmission, completion of ongoing projects, refurbishing power plants and tackling gas supply issues. (APA 03-02-2016)

MERGER OF MILLENNIUM ANGOLA WITH BPA COMPLETED IN APRIL

The merger of Angolan banks Banco Millennium Angola and Banco Privado Atlântico (BPA) is expected to be completed by the end of the second quarter, possibly in April, said Monday the president of Portuguese bank Banco Comercial Português (BCP).

Nuno Amado also said profit at Millennium Angola increased 50.1 percent last year to 75.7 million euros, about a third of the net profits recorded by BCP in 2015, amounting to 235.3 million euros.

BCP will lose most of the capital of Millennium Angola when the merger is implemented, leaving most in the hands of Global Pactum, 14 percent in the hands of Angolan state oil company Sonangol and the remainder held by various investors.

The current shareholder structure of Banco Millennium Angola is composed of BCP África, with 50.1 percent of the capital, Angolan oil company Sonangol, with 29.9 percent, Banco Privado Atlântico, 15 percent and Global Pactum, with the remaining 5 percent.

In turn, Banco Privado Atlântico's shareholders are the management company of the Global Pactum, with 58 percent, state oil company Sonangol with 9.5 percent, Portugal's Banco Millennium Angola with 10 percent and bank staff with the remaining 22.5 percent.

The merger process of Banco Millennium Angola and Banco Privado Atlântico came after a failed attempt to merge the latter with the VTB Africa bank, of Russian group VTB. (03-02-2016)

POVERTY TO RISE AS SOUTH AFRICA FLIRTS WITH RECESSION, SAYS REPORT

The World Bank warned yesterday of poverty growing in SA in a sober assessment that said the economy was flirting with recession.

While emphasising the stagnation and risks posed by a global slowdown, it said the economy would have to expand at least 7.2% from 2018 if SA were to start to reduce poverty as per the National Development Plan (NDP).

"The economy is flirting with stagnation, if not recession," the bank said in its economic update report on SA.

The 7.2% figure is important, because it indicates the yawning gap between current rates of growth and those SA would have to attain to meet its development goals. The government has aimed for 5.4% growth to meet the NDP targets.

"A pick-up of this size would be ambitious to achieve in good times, let alone given the outlook of weaker commodity prices and lower Chinese demand.

"Reigniting growth to begin to close this gap calls for comprehensive reform to encourage new growth drivers to emerge," the bank said, warning that there were still "considerable risks".

The last time the economy expanded anywhere close to that level was in 2006 — at 5.6%.

The bank sees SA growing 0.8% this year from an earlier forecast of 1.4%. The forecast for next year was revised to 1.1% from 1.6%, its South African economic update showed.

A ratings downgrade to junk would escalate SA's woes.

"A downgrade to subinvestment grade would trigger higher borrowing costs, capital outflows, and risk a recession with knock-on implications for poverty reduction and possibly social stability in the longer term," the bank warned.

The higher borrowing rates and capital outflows would cause further rand depreciation, it added.

The "dramatic deterioration" in the economic growth outlook during the past few months reflected a sharper economic slowdown in China, lower commodity prices, domestic policy uncertainty and the drought, World Bank lead economist for SA, Catriona Purfield said.

The drought could have shaved off 0.2 percentage points from economic growth last year, which the bank estimates at 1.3%, and pushed an estimated 50,000 people into poverty. Most economists and agencies are revising down their growth forecasts and the Treasury is likely to do the same this month when Finance Minister Pravin Gordhan delivers the budget.

Treasury saw the economy growing 1.7% this year, 2.6% next year and 2.8% in 2018. The Reserve Bank last week put growth at 0.9% for the year.

It would take longer for SA to stabilise debt if growth slowed, and that would have "adverse consequences" for investor confidence.

Rising debt levels, a further slowdown in economic growth and a large budget deficit are among reasons credit rating agencies have downgraded SA. These factors also threaten a descent to junk status.

"Concerns about the government's commitment to fiscal targets resurfaced strongly in December amid sudden changes in the minister of finance, flagging fears of the risk of a ratings downgrade to speculative grade sooner rather than later," the bank said.

It estimates that if growth was one percentage point lower than projected by the Treasury by 2018, the gross debt ratio would rise to 49.9% of gross domestic product by the 2018-19 fiscal year. That would be 0.5 percentage points above the current projection.

With monetary and fiscal policy already "constrained, other reforms are needed to lift the long-term growth trajectory", Ms Purfield said.

Improved competition policy was one of the "bold reforms" highlighted. Policies that fast-tracked infrastructure investment, slashed the regulatory burden, enhanced market flexibility and raised education standards had the potential to restore confidence and encourage investment and growth, World Bank country director for SA, Guang Chen, said.

These were the same issues raised by a group of business organisations yesterday. The South African Chamber of Commerce and Industry, the Small Business Project, the Tourism Business Council and the Black Business Council jointly called on the government to apply stricter, more robust regulatory impact assessments before developing policy and regulation. (BD 03-02-2016)

NIGERIA: EFCC RECOVERS $2TRN LOOTED IN 12 YEARS

Nigeria's Attorney-General of the Federation and Minister of Justice, Abubakar Malami has said that the Economic and Financial Crimes Commission (EFCC) has so far recovered more than $2 trillion looted from the national treasury.

Malami said that the huge amounts were stolen by "criminal groups and public office holders" within the past 12 years, the AGF said it was estimated that in 1998 alone, the late former Head of State, General Sani Abacha, laundered over $2million.

The AGF, who made the disclosure in a keynote address presented at the 'First Annual Conference on Financial Fraud, Cyber-Crime & Other Cross-border Crimes', in Abuja on Tuesday, said President Muhammadu Buhari has vowed "to recover the fortunes that criminals have made illegally by returning every penny that belongs to the Nigerian public."

He observed that the passage of the Administration of Criminal Justice Act, ACJA, had made it possible for criminal matters to enjoy accelerated hearing in courts.

The AGF said: "With more than 166 million inhabitants, Nigeria represents more than half of Africa's total population. Nigeria's major source of revenue is oil and Nigeria is ranked ninth highest exporter of crude among members of the Oil Producing Exporting Countries (OPEC) and 13th across the globe.

"In 1998, Nigeria came under severe attacks from the international community. Political and economic sanctions were imposed on the country to pressurise the military regime at the time to create an enabling environment for democratic election.''

According to him, during this period, the Nigerian financial system suffered crisis of confidence, caused in part by the inability of the financial supervisory authorities and the enforcement agencies to prevent the abuse of the financial system and enforce national and international financial laws and regulations. (APA 03-02-2016)

DEVELOPMENT PLAN OF THE SASOL GROUP IN MOZAMBIQUE APPROVED

The development plan for the activities of South African petrochemical group in Mozambique has been approved by the government of Mozambique, at a cabinet meeting, the group said in a statement.

The Production Sharing Contract (PSC) will be implemented in phases, the first being an operation that includes oil, liquefied petroleum gas and natural gas, adjacent to the area included in the Petroleum Production Agreement (PPA) signed years ago with the Mozambican government.

The area of the Petroleum Production Agreement encompasses the natural gas reserves of Pande and Temane, where gas production and processing is currently carried out, before being transported through the 865-kilometre pipeline from Mozambique to neighbouring South Africa.

David Constable, chief executive officer of Sasol Limited, was quoted in the statement saying, “the gas industry in Mozambique is playing an increasingly important role in the regional energy scenario, and this project is an important milestone in the development of natural resources that will benefit southern Africa.” (03-02-2016)

NIGERIA AND ANGOLA MAY HAVE TO DEVALUE CURRENCY

The Nigerian and Angolan governments’ decision to approach the World Bank and the African Development Bank (AfDB) for concessionary loans could lead to a devaluation of the countries’ currencies.

Both countries, Africa’s biggest oil producers, desperately require support to help survive the regime of low crude oil prices and strained public finances.

Nigerian President Muhammadu Buhari’s government is seeking to spend its way out of an economic crisis triggered by a collapse in oil prices.

Mr. Buhari has proposed boosting this year’s budget to a record 6.1-trillion naira ($30.6bn). Nigerian Finance Minister Kemi Adeosun said last month the authorities would borrow about $5bn in external debt from multilateral agencies and the Eurobond market to plug a budget gap of 3-trillion naira.

Legislators in Nigeria’s parliament would begin deliberations this week on the 2016 spending plan, Ms Adeosun said at the weekend. Authorities would begin nondeal roadshow meetings with investors to sound out a potential sale of $1bn of Eurobonds this month, she said.

While discussions were taking place, a formal request had not yet been made to the World Bank for $2.5bn and the AfDB for $1bn, Ms Adeosun said.

"A loan from multilateral lenders would be much cheaper than borrowing on the open market," John Ashbourne, an Africa economist at Capital Economics, said on Monday.

Angola has also held talks with the World Bank about securing funding support in a deal that could see the country implementing unspecified reforms.

The World Bank and other institutions such as the International Monetary Fund have recommended that Nigeria and Angola devalue their currencies.

Devaluation could form part of loan deals, two banking sources said on Monday. Mr. Buhari is against devaluing the naira, which trades at about 197/$ officially, compared to street rates as weak as 305/$, while Angola’s kwanza is worth 155/$, but changes hands at more than 400/$ on the secondary market.
*(*Bloomberg 02-02-2016)

KENYA: US ONLINE TAXI SERVICE GIVEN ULTIMATUM TO WITHDRAW SERVICE

Kenya taxi operators on Wednesday gave United States based online taxi service firm, a seven-day ultimatum to withdraw their services in the country for offering relatively cheap fares.
Under the aegis of the Kenya United Taxi Organisation, the operators said that failure by the government to get rid of Uber taxi service, they shall paralyse public transport by holding demos in Nairobi.

Over the past few weeks, there has been cases of violent attacks targeted at Uber taxi service with the regular taxi drivers castigating Uber's cheap pricing model, which they argue is hurting business, and have been plotting to push the competition out of the city.

The spokesman for the association, Mwangi Mubia criticised the San Francisco-based company of implementing a cheap pricing model which cuts by more than half what they have been charging commuters in central Nairobi.

Some are even staying for three days without customers and yet we have loans to pay besides other expenses, he charged.

It's a plan to take what is ours. Why do they want to kick us out of business? he posed adding that Uber is not compliant with requirements imposed by the County and National Governments.

On Tuesday, the interior ministry weighed in on the ongoing feud and vowed to protect Uber taxi drivers who have been under threat and suffered spates of physical attacks from competitors.(APA 03-02-2016)

CAPE VERDE IS HIGHEST-RANKED PORTUGUESE-SPEAKING COUNTRY IN THE INDEX OF ECONOMIC FREEDOM

Cabo Verde (Cape Verde), in 57th place with 66.5 points out of a possible 100, is the highest-ranked Portuguese-speaking country in this year's Index of Economic Freedom, drawn up by the Heritage Foundation and The Wall Street Journal, published Tuesday.

The Heritage Foundation highlights Cabo Verde's successes with restructuring the rule of law, which facilitated its transition to a more open and flexible economic system and highlights the strong protection of property rights, contrary to what happens in other economies in Sub-Saharan Africa.

After Cabo Verde comes Portugal, in 64th place with 65.1 points, and the next Portuguese-speaking country in this index, São Tomé and Príncipe, appears far behind it in 120th position with 56.7 points.

Both Cabo Verde and Portugal appear in this index under the list of "moderately free" countries.

Brazil (122nd position with 56.5 points), Mozambique (139th with 53.2 points) and Guinea-Bissau (145th position with 51.8 points) and São Tomé, already appear in the list of "mostly unfree" countries.

Angola (156th place with 48.9 points) and Timor Leste (East Timor – 167th place with 45.8 points) are listed as economically "repressed".

The Index of Economic Freedom is led by Hong Kong, with 88.6 points, and the Chinese special administrative region is followed by Singapore (87.8 points), New Zealand (81.6), Switzerland (81) and Australia (80.3 points). (03-02-2016)

ELECTRICITY SUPPLY STABILISES SOMEWHAT IN ZIMBABWE AND ZAMBIA

Eskom's provision of excess electricity to Zimbabwe and Zambia and slowly replenishing water levels in the Kariba dam have helped stabilise power supplies in SA's neighbouring countries, allowing mining operations across the region to intensify production.

The power utility has agreed to supply excess electricity amounting to 300MW to both Zimbabwe and Zambia. It also has other various agreements with regional countries such as Botswana and Namibia to supply electricity under protocol for the Southern African Power Pool.

The region is facing acute power shortages, while Eskom has also urged Lesotho and Swaziland to use power sparingly to help SA avoid load shedding. The power shortages caused companies to scale back on production and incur extra expenses running generators during power cuts.

"First Quantum's Zambian operations, the Kansanshi mine, smelter and the Sentinel project, are being consistently provided a total of approximately 285MW. This allows for normal operations at the Kansanshi mine and smelter complex and for Sentinel to achieve above nameplate capacity throughput for periods," First Quantum Minerals president Clive Newall said on Tuesday.

The Chamber of Mines Zimbabwe and the Confederation of Zimbabwe Industries as well as farmers are resisting the government's move to raise electricity tariffs by as much as 49%.

Mining executives in the country, however, said there had been a marginal improvement in power supplies, thanks to the power import deal with Eskom. South African platinum miners in Zimbabwe had expressed concern that platinum smelters the government was asking them to build inside the country would require guaranteed power supplies.

Zambia, which is already facing currency and drought woes exacerbated by the El Niño dry weather phenomenon, has also embarked on various programmes to boost its power generating capacity.

Electrical engineers have blamed the power shortages the region is grappling with on poor planning, and a lack of investment and prioritisation of investment in power generation, as well as failure by governments to speedily conclude independent power producer licences.

Authorities in Lusaka are forging ahead with ramping up in-country generating capacity, which will provide an additional 420MW. The projects under this programme (300MW from thermal and 120MW from hydro power) will be completed this year.

"Currently, the state-run power company is importing power from neighbouring countries, and has announced additional power imports of up to 300MW from another utility in the region and a further 200MW from an independent power producer," said Newall. (Fin24 27-01-2016)

NAMIBIA: MTC IN DRIVE TO EXPAND 3G AND 4G SERVICES

Namibia's leading mobile operator, Mobile Telecommunications Limited (MTC) said on Wednesday it has set aside N$1 billion to expand the 3G and 4G network across the country.
MTC's Chief Human Capital and Corporate Affairs Officer Tim Ekandjo told journalists in Windhoek that last year the operator decided to significantly upgrade its 3G and 4G networks in urban areas, and to introduce 3G Internet access in peri-urban and rural areas.

This development will increase the usage of 3G in peri-urban and rural Namibia covering 64 percent of the population, which is a significant achievement in the interest of rural development and also aligned with Namibia's objective of ICT and digital inclusivity, he said.

He said the money was sourced from the company's profit and that part of the work has already commenced.

However he cautioned that the project can be stopped if the Communication Regulatory Authority of Namibia (CRAN) does not allocate MTC the required spectrum needed to roll out the 3G network in rural areas.

CRAN has allocated to MTC the 63MHz of spectrum mainly used for mobile services, while Telecom Namibia, which owns the country's second mobile operator Leo, has a total allocation of 132MHz and Paratus 80MHz.

To successfully implement its billion dollar project, MTC requires 5MHz of 900MHz spectrum to roll out 3G in rural areas and 5MHz for expanding the 4th carrier (2100MHz) in urban areas.

MTC have been in talks with CRAN for the last two years about the need for additional spectrum, Ekandjo said, adding that as a result of these discussions the spectrum was gazetted on October 24, 2015 without any objections from the public.(APA 03-02-2016)

ANGOLA NEGOTIATES NEW LOAN WITH WORLD BANK

The government of Angola is negotiating with the World Bank a new development programme loan programme (DPL), said Friday in Luanda the Finance Ministry, at the end of the visit by a mission of the multilateral financial institution .
The ministry also reported that the head of the World Bank mission, Rafael Barroso, "reaffirmed the" World Bank's availability "to assist the country in implementing the recommended reforms by March 2016."
On 1 July the Angolan government announced an agreement with the World Bank for a loan of US$450 million and a financial guarantee to raise funds in the international market from US$300 million to US$1 billion.
The World Bank mission was in Luanda from 25 to 29 January to review the prior actions and assess the degree of compliance with previously agreed actions between the parties under the first DPL facility as well as to follow up on negotiations for the second initiative to support the programme's implementation and completion.
The statement said Angola has shared some preliminary data on the fiscal results of the 2015 financial year, marked by stability and fiscal and macroeconomic sustainability with the World Bank's technical staff. (01-02-2016)

MEDITERRANEAN: PUBLIC CONSULTATION ON RESEARCH AND INNOVATION

On Tuesday February 2nd, the European Commission announced the opening of a public consultation on the Partnership for Research and Innovation in the Mediterranean Area (PRIMA).
For Carlos Moedas, European Commissioner for Research, Science and Innovation the "cooperation in the Mediterranean region exemplifies the EU commitment to being open to the world, and to our immediate neighbourhood in particular".

The aim is "to work together on global challenges and ensure the sustainable provision of vital resources – water and food – in the Mediterranean basin."

The Commission states that "seven non-EU countries are taking part in PRIMA: Algeria, Egypt, Jordan, Lebanon, Morocco, Tunisia and Turkey". The consultation runs until April 24th. (EC 02-02-2016)
http://ec.europa.eu/research/index.cfm?pg=newsalert&year=2016&na=na-010216

NAMIBIANS BRACE FOR MORE HIKES IN FOOD PRICES

Namibian consumers have to dig even deeper into their pockets as food prices continue creeping upward, as drought cuts into the country's food supply, APA can report Wednesday.
Namib Mills, the country's biggest grain processor has to increase prices of its products, one month after it announced price hikes on January 25.

The company is expected to announce new prices for all its range of products including maize meal, mahangu (millet) meal, rice, pasta and sugar on Thursday.

In a brief to the media on Wednesday, the new prices will come into effect on February 23, 2016.

The company produces popular brands such as (maize meal) meme (mother) mahangu (millet meal), pasta polana (a macaroni variety) and Bakpro (baking flour) among others.

Namib Mills CEO Ian Collard has blamed the initial price hike on the depreciating South African rand with which Namibian dollar is linked.

The pressure from the drought in southern Africa had increased maize prices dramatically, as supply dwindled under the dry conditions.

In January the price of maize meal products went up by 10 percent, wheat flour by 6 percent, mahangu meal by 20 percent, while rice products went up 23 percent.(APA 03-02-2016)

FINANCIAL SUPPORT FROM CHINA TO PORTUGUESE-SPEAKING AFRICA TOTALS US$22.6 BILLION

Financial support from China to African countries where Portuguese is the official language (PALOP) amounted to S$22.6 billion between 2000 and 2014, half of which was directed to Angola, according to Chinese official figures cited in a study published recently.

The study entitled "China and Japan's foreign aid policies in relation to Lusophone Africa," by academic researcher Pedro Amakasu Raposo, compares the development agendas of the two Asian powers in relation to the PALOP, considering they have become "more and more alike" with China "a serious contender."

The figures presented by the researcher showed that during the period under review, official development assistance from China to Portuguese-speaking African countries was nearly US$11 billion, and Mozambique was the biggest beneficiary, with US$6.5 billion, followed by Angola (US$3.9 billion), Cabo Verde (Cape Verde – US$439 million) and Guinea-Bissau (US$126 million).

Other official financial flows, including official investment and foreign direct investment, amounting to about US$11.6 billion, of which US$9.8 billion was channelled to Angola, US$1.6 billion to Mozambique and US$130 million to Guinea-Bissau.

The different pattern in the Angolan and Mozambican cases, said Amakasu Raposo, is explained by the "Angola's greater capacity to remunerate loans to China" and "also shows that Beijing is worried about debt sustainability in developing countries."

At the same time, bilateral trade has increased, from US$1.64 billion to US$2.33 billion in the case of Mozambique, and trade with Angola amounted to US$35.94 billion in 2013.

In Japan's case, development aid between 2000-2013 totalled US$1.9 billion, with US$1 billion to Mozambique, US$531 million to Angola, US$314 million for Cabo Verde, US$52 million for Guinea-Bissau and US$33 million to São Tomé and Príncipe.

According to the researcher, from Lusíada University (Portugal), the aid from both countries "is complementary" in nature: the Chinese aid "is more diverse," whilst Japanese aid "is more focused on local projects and human security."

China has been increasing social support, but economic infrastructure gets more attention than in the case of Japan, since "it is a way of promoting its development model through economic growth," said the researcher who is a graduate of the Japanese universities of Okayama and Nanzan.

The Africa/Asia relationship "is uneven," he said, but talk of "neo-colonialism" by China or Japan, is exaggerated and the Tokyo International Conference on African Development (TICAD) has started to correct the imbalance and the Chinese version, the Forum on China/Africa Cooperation (FOCAC) seems to be "more beneficial to the welfare of PALOP trade."

The study published by the Institute of African Studies of German research centre GIGA, in collaboration with the Dag Hammarskjöld Foundation and Hamburg University Press, concludes that the PALOP group is important to both Chinese and Japanese African policies, but the value of the resources of Angola and Mozambique is more "real", making the other smaller PALOP countries "symbolic."

“It seems that China is doing more than Japan to transform the perverse model of development aid in exchange for material resources,” said Amakasu Raposo, giving the example of support for tourism in Cabo Verde.

China is much more reliant on Africa to develop than Japan, he concludes. (01-02-2016)

PARTICIPATION IN AFRICA TRADE DEAL TENUOUS

Last June, 26 African countries signed the Tripartite Free Trade Area (TFTA) agreement that, when implemented, will constitute about half of Africa’s gross domestic product (GDP), half its population and cover a combined land mass of 17-million square kilometres — about the size of Russia.

The countries, with a combined GDP of about $1.3-trillion and a population of 565-million, will merge into a common market and eliminate tariff lines and trade barriers. They will benefit from liberalised intraregional trade, which is expected to boost the flow of goods and services.

Today, however, only three of Africa’s eight regional economic communities are participating in the TFTA. Nonparticipating economic blocs include the Arab Maghreb Union, the Economic Community of West African States, the Intergovernmental Authority on Development, the Economic Community of Central African States and the Community of Sahel-Saharan States.

The Abuja Treaty of 1995, signed by 51 African countries, mandates all regional economic communities to join the group by 2017 in anticipation of an African Economic Community by 2028.

"The conditions (to form the TFTA) have never been better," says Sindiso Ndema Ngwenya, the secretary-general of the Common Market for Eastern and Southern Africa (Comesa).

"We have improved governance, and the very fact that we withstood the global financial crisis of 2008 attests to sound macroeconomic policies. This is what is giving us resilience."

The benefits of the free trade area are numerous.

"It has the potential to increase economies of scale through integration, will increase demand for the region’s goods and services, and make the region more attractive to foreign investments," says Jason Kapkirwok, senior director of TradeMark East Africa, a non-profit company that supports trade growth in East Africa. "This would in turn create more jobs and catalyse technology transfer."

Trade between African countries, as a share of the continent’s total trade, has hovered at 10%-12% for decades, but some experts argue that the actual figure is much higher because a big part of the continent’s trade is conducted informally and, at times, across porous borders, where it is not recorded. The proportion in Europe and Asia, by contrast, is close to 60%.

SA and Egypt, two of Africa’s biggest economies in terms of manufacturing and services, are the main forces driving the TFTA, followed by Kenya and Mauritius. Angola, Mozambique, the Democratic Republic of Congo and Ethiopia could also play major roles in fostering the region’s economy, as they are expected to absorb a large share of the region’s exports, while supplying cheaper inputs such as electricity, petroleum, gas and other raw materials.

Even as the bigger economies take advantage of the opportunity of an expanded and liberalised market, less advanced economies could also benefit from the TFTA. For example, countries in the EAC, such as Kenya and Uganda, have the most advanced customs union, which they will be expected to deploy to increase the pace and depth of integration.

However, experts caution against high expectations of the TFTA because of existing hurdles that may slow down its implementation. For instance, the current low level of intraregional trade in Africa could impede attempts to boost trade volume within the single market.

In addition, some countries have overlapping membership in the regional economic blocs, leading to incoherent national trade policies. Also, there are varying levels of socioeconomic development across countries, particularly in the industrial, infrastructure and energy sectors, making it difficult for some participating countries to implement the agreement as speedily as others.

Economies represented in this and other trade agreements are dominated by agricultural production. The United Nations Conference on Trade and Development notes that "the narrowness of African production and export structures and relative dependence on primary commodities are inhibiting factors to the boosting of intraregional trade in Africa." Open trade with a country with very different economic characteristics will yield predictable results. However, for African farmers, opening to trade with their similarly agricultural neighbours is a fraught prospect.

When considering increased trade between two agriculturally dominant African countries, it is not immediately apparent which country will have the comparative advantage in its existing agricultural production, and this uncertainty stunts regional economic integration.

Experts have argued that there is a lack of political will in some countries to implement the TFTA agreement. Already, not all participating countries have ratified the agreement, although they have until the end of the year to do so.

SA, Botswana, Lesotho, Mozambique and Zambia have yet to sign the TFTA, which must be ratified by two-thirds of the participating countries before it is expected to come into force this month.

Even if two-thirds of the countries do not ratify the agreement, Ngwenya says the ball will keep rolling: "… we shall use the principle of variable geometry in terms of implementation, because those that are ready must move on.

"If we allow one or two countries that are not ready to hold up the process, then we will never move."

The principle of variable geometry means that members from an integration scheme will be flexible enough to adopt different speeds to make progress.

A major sticking point for many undecided countries is the TFTA's elimination of trade taxes, a major supplier of domestic revenue. The TFTA requires all countries to open up their markets to duty-free imports, which could spell some revenue loss.

To this point, the TFTA includes phased reduction of tariffs, specifically the immediate liberalisation of just 63% of tariff lines, to tackle such revenue losses.

Overall, there are many enticing elements in the TFTA. By harmonising policies on trade, movement of business persons and industrial and infrastructure development, the agreement will expand the market for goods and services and subsequently promote greater intraregional trade. Kapkirwok hopes that all forms of trade barriers, such as import and export restrictions, will eventually be eliminated.

While the TFTA may accomplish its goal of an expanded market for countries in the single trading bloc, Africa still needs to be more prominent in the global trade arena, says Kapkirwok. Africa should implement prudent macroeconomic policies and regulatory reforms, he says, and countries should embrace good governance and establish competent institutions.

Currently, a huge infrastructure deficit impedes trade and development, says Kapkirwok, and underscores the need for Africa to understand global markets properly and to build better trade facilitation and services programmes across regional economic communities. (Africa Renewal 27-01-2016)

CAMEROON REGISTERED 16.80 MILLION MOBILE SUBSCRIBERS IN 2015

With a penetration of 80 percent on a population of 22 million, Cameroon went from 16.68 million mobile subscribers in 2014 to 16.80 million in 2015, the Telecommunications Regulatory Agency (ART) revealed.

These estimates were revealed by ART Director General, Jean Louis Beh Mengue to Le Quotidien de l'Economie on Wednesday.

ART is however Â« concerned Â» with the quality of service provided by operators, hence the recurring and regular checks here and there.

In terms of performance, South Africa's Mobile Telecommunication Networks (MTN) takes over top billing with 57.04 percent market share followed by France's Orange (36.83 percent), Vietnam's Viettel (4.66 percent) and public operator Cameroon Telecommunications (CAMTEL, 1.47 percent).

CAMTEL which has not begun operating its mobile license and still uses Code division multiple access (CDMA), however, saw its number of subscribers jump to approximately 412,000, a rise of 164,000 in one year.(APA 03-02-2016)

EU SUPPORTS MOZAMBIQUE'S STATE BUDGET

The European Union (EU) will provide US$200 million to support the general budget of the State of Mozambique, under an agreement signed Sunday in Addis Ababa, the capital of Ethiopia, according to Mozambican news agency AIM.

The ceremony took place at the end of a hearing that Mozambican President, Filipe Nyusi granted to the European Commissioner for International Cooperation and Development, Neven Mimica, on the sidelines of the 26th Summit of Heads of State and Government of the African Union.

The Minister of Foreign Affairs and Cooperation, Oldemiro Baloi said after signing the agreement that the main lines of cooperation with the European Union were supporting the state budget, rural development and infrastructure.

Baloi said a visit to Mozambique by the High Representative of the European Union for Foreign Affairs and Security Policy and the Vice President of the European Commission, Federica Mogherini was scheduled for 1 February. (01-02-2016)

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