

SNAPSHOT OF EGYPT- AFRICA TRADE AND INVESTMENT

Although Egypt has long-standing trade and investment links with North African nations, it hopes to strengthen ties with many other countries, particularly those in COMESA.

Egypt's trade with COMESA registered \$5.4 billion in 2017. About \$2.9 billion was exports from Egypt to COMESA countries, while imports totalled \$2.5 billion.

In 2016, Kenya was the main destination for Egypt's exports, followed by South Africa, Ethiopia and Nigeria. In 2017, it was Libya, followed by Sudan and Algeria.

Egyptian investments in Africa as a whole amounted to about \$7.9 billion, distributed over 62 projects, according to research by Egypt's Alexbank. These investments are mainly in construction, infrastructure, energy, mining, agriculture, communications and ICT. The main African destinations for Egyptian investments are Algeria, Sudan, Libya, Nigeria, Morocco, Ethiopia, Swaziland, Tanzania, Kenya and Côte d'Ivoire.

In COMESA, between 2003 and April 2018, 20 Egyptian companies invested in 38 projects in eight countries with a total value of \$4.4 billion, creating more than 7,000 jobs, according to research by FDI Markets.com. Construction-related activity had both the highest total and highest average investment.

Out of a total of eight destination countries, the top five account for the majority of projects. Libya was the top destination country, accounting for more than one-fifth of projects tracked. Out of a total of 14 sectors, building and construction materials accounted for 18.4% of projects (see table opposite).

The top 10 Egyptian investors in COMESA countries over the period were Elsewedy Electric, Wadi, Reyada Construction Industries, ASEC Cement Holding, Egyptian International Pharmaceuticals, The National Bank of Egypt, EgyptAir, PackTech, Pharmaoverseas and Arabian Food Industries (see table opposite).

The picture is quite different the other way around, with just a handful of investments from other African countries into Egypt.

However, its main trading partners currently are not African but include Arab countries such as the UAE and Saudi Arabia as well as Italy, Turkey, the United States, Germany, China and Russia. This shows the potential to increase trade between Egypt and other African blocs. The figures highlight the opportunity for significant growth.

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EGYPT'S IMPORTS FROM AFRICA: 2013-17 (\$m)

| COUNTRY | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------|---------|---------|---------|---------|---------|
| Nigeria | 2,927 | 4,494 | 86,911 | 322,784 | 387,730 |
| Algeria | 411,489 | 193,548 | 481,589 | 303,038 | 364,161 |
| Kenya | 270,739 | 326,427 | 274,405 | 273,108 | 263,412 |
| Zambia | 159,050 | 99,756 | 115,651 | 114,743 | 171,544 |
| South Africa | 78,123 | 50,432 | 98,275 | 93,352 | 156,319 |
| Morocco | 70,211 | 117,336 | 325,092 | 374,736 | 115,357 |

EGYPT'S EXPORTS TO AFRICA: 2013-17 (\$m)

| COUNTRY | 2013 | 2014 | 2015 | 2016 | 2017 |
|-----------------|----------|---------|---------|---------|---------|
| Sudan | 533 397 | 393 990 | 548 539 | 545 328 | 446 789 |
| Tunisia | 225 881 | 197 790 | 154 526 | 170 583 | 432 599 |
| Libya, State of | 1277 117 | 990 328 | 572 003 | 581 759 | 413 145 |
| Morocco | 406 136 | 487 935 | 353 050 | 328 310 | 390 525 |
| Algeria | 504 864 | 567 990 | 467 027 | 465 636 | 386 239 |
| Kenya | 243 115 | 244 606 | 243 443 | 267 469 | 290 065 |
| South Africa | 314 629 | 145 922 | 122 218 | 213 194 | 167 951 |

that drives wealth creation, a process that is simply underpinned by government.

In its first year, it was attended by more than a thousand people and five heads of state. The number of delegates doubled in 2017. In 2018, this is expected to increase again and by late 2018, nine heads of state had accepted the invitation to attend.

Strong bonds

President El-Sisi regularly highlights the strong bonds between Egypt and Africa, saying his country has always been a partner in African development. "The aspirations of Africans require everyone to work harder to attract investment and to

create a new reality that will really put Africa on the global map."

Egypt, which held the chairmanship of the Group of 77 and China organisation in 2018, says the key elements of its chairmanship of the African Union in 2019 will be to achieve sustainable development. This will be done by pushing for infrastructure development, job creation, promoting free trade, diversifying African economies and strengthening the continent's industrial base.

President El-Sisi says development and modernisation are the most powerful weapons in the battle against most of Africa's current political, economic and social challenges such as terrorism,

extremism, organised crime, poverty and disease.

The aspirations of Africans require everyone to work harder to attract investment and to create a new reality that will really put Africa on the global map. "We need to redouble our common efforts to deepen economic cooperation and integration in order to achieve the development and progress to which our African nations aspire."

The CEO of COMESA's Regional Investment Agency, Heba Salema, says, "It is encouraging it is to see such a strong push for greater levels of intra-African trade from one of the continent's biggest economies. Egypt is in an important position

in 2019 to really make a difference to regional integration and to leverage Africa's potential as an increasingly competitive player on the global stage."

Egypt is ramping up its business engagement with Africa on the back of political re-engagement and in 2018 signed its biggest deal with Africa to date.

Tanzania's landmark hydropower project, the Stiegler's Gorge hydroelectric dam project, is to be built by Egypt's state-owned Arab Contractors, alongside Eyp-

tian conglomerate, Elsewedy Electric. The \$3 billion, 2.1 GW project, to be funded by the Tanzanian government, is the country's largest infrastructure project to date.

Arab Contractors, a leading construction company in Africa and the Middle East, and energy multinational Elsewedy are among the biggest and most active Egyptian companies in Africa. The former has been involved in projects in 21 African countries from Zambia to Algeria. Many of these are being executed

Below: The CEO of COMESA's Regional Investment Agency, Heba Salema.



alongside El Sewedy, which has operations in about a dozen countries in Africa.

New strategy

The Ministry of Trade and Industry is working on establishing a new strategy that aims at increasing exports to Africa within the next three years. The strategy includes a business plan with a timetable, targeted countries, and implementation mechanisms that open new markets for Egyptian exports to Africa.

The ministry has opened representative offices in Tanzania, Ghana, Uganda, Djibouti, and Côte d'Ivoire, and it has established a logistics centre in Kenya to facilitate the movement of trade between Egypt and East Africa and speed up the movement of goods. The ministry is looking at similar initiatives in West Africa to boost trade with this region.

According to research by Alexbank, the Egyptian Exporters Association, Expolink, is planning to establish 12 logistics centres in Africa in the next few years to give Egyptian goods more visibility in African markets and boost trade.

The Egyptian banking sector also aims to penetrate the African continent. The second biggest state-owned bank, Banque Misr, has plans to open representative offices in Kenya and Tanzania and later in South Africa, Nigeria and Senegal while the Commercial International Bank (CIB) and the Export Development Bank of Egypt (EBE) have announced their intention to expand their African presence. The National Bank of Egypt (NBE) already has representative offices in South Africa, Ethiopia and Sudan. ■

EGYPTIAN INVESTMENT IN COMESA COUNTRIES (2003-18)

| DESTINATION COUNTRY | No. of projects | No. of companies | Jobs created | | Capital investment | |
|---------------------|-----------------|------------------|---------------|------------|--------------------|---------------|
| | | | Total | Average | Total (\$m) | Average |
| Kenya | 8 | 5 | 1,786 | 223 | 88.10 | 11.00 |
| Libya | 8 | 8 | 1,068 | 133 | 382.40 | 47.80 |
| Sudan | 8 | 6 | 5,324 | 665 | 1,798.20 | 224.80 |
| Ethiopia | 7 | 5 | 1,761 | 251 | 980.10 | 140.00 |
| Zambia | 3 | 1 | 1,088 | 362 | 884.70 | 294.90 |
| Swaziland | 2 | 1 | 240 | 120 | 64.20 | 32.10 |
| Burundi | 1 | 1 | 342 | 342 | 159.80 | 159.80 |
| Rwanda | 1 | 1 | 147 | 147 | 19.90 | 19.90 |
| Total | 38 | 20 | 11,756 | 309 | 4,377.40 | 115.20 |

TOP 10 EGYPTIAN INVESTORS IN COMESA COUNTRIES

| COMPANY NAME | Jobs created | | Capital investment | |
|---|--------------|---------------------|--------------------|-----------------|
| | Total | Average per project | Total (\$m) | Average (USD m) |
| Elsewedy Electric (Elsewedy Cables) | 2,508 | 418 | 1,810.60 | 301.80 |
| Reyada Construction Industries | 924 | 231 | 383.80 | 96.00 |
| Wadi | 1,716 | 429 | 47.60 | 11.90 |
| ASEC Cement Holding (ACH) | 1,134 | 378 | 572.60 | 190.90 |
| EgyptAir | 20 | 10 | 30.60 | 15.30 |
| Egyptian International Pharmaceuticals (EIPICO) | 752 | 376 | 62.20 | 31.10 |
| National Bank of Egypt (NBE) | 36 | 18 | 22.00 | 11.00 |
| PackTech | 247 | 123 | 21.80 | 10.90 |
| Pharmaoverseas | 3,116 | 1,558 | 1,058.00 | 529.00 |
| Acrow Misr | 9 | 9 | 2.80 | 2.80 |

Source: fDi Intelligence from The Financial Times Ltd