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Business Stories

Africa gets \$200m trade guarantees from Europe

Zimbabwe via its president announced an oil find in a part of the country only to backtrack barely 24 hours later. The Australian oil exploration firm, Invictus Energy, dispelled reports that it had discovered oil and gas deposits in parts of northern Zimbabwe.

Africa has received new trade alliance guarantees from the European Union of more than \$200 million.

Government through the president announced in November that the country had discovered oil and were set to enter a sharing arrangement soon as commercial production started in mid-2020.

The pledge was made at the High-Level Forum Africa-Europe in Vienna, Austria last Tuesday.

But in a statement to the Australian Stock Exchange, Invictus tempered Zimbabwe's expectations of an oil bonanza saying "an oil or gas discovery has not been made."

The meeting was the first of its kind under the EU External Investment Plan.

In July 2018, a number of African leaders flew in to join President Omar Guelleh of Djibouti to inaugurate a \$3.5 billion free trade zone built by a Chinese company.

The programme will use \$85.46 million of EU funds to leverage up to \$854.67 million of investments for entrepreneurs in sub-Saharan Africa and the EU's southern neighbourhood.

Djibouti at the time was in charge of majority of imports into landlocked Ethiopia. Ethiopian Prime Minister Abiy Ahmed had in his first few months in office visited Djibouti, Sudan and Kenya seeking port deals.

The continent will also benefit from a new agri-business capital fund worth \$51.28 million to support smallholder agriculture by increasing access to finance for individual farmers.

The overall dynamics have changed since Ethiopia agreed a peace deal with Eritrea which allows Addis Ababa full access to Eritrean ports.

It is expected to attract more than \$227.9 million in investments and benefit as many as 700,000 households in rural areas.

Africa's modest visa strides and economic protests
On January 1, 2018, Rwanda's global visa free entry regime entered into force. Little wonder it topped the AfDB's 2018 visa openness index along with Benin and Seychelles.

"To support the EU's southern neighbourhood, a programme worth \$69.62 million will be invested in solar power plants in Morocco and \$53.33 million will be invested in depolluting the Kitchener Drain in the Nile Delta region in Egypt," the EU said.

Except for Tanzania that kept doubling down on entry of fellow Africans, quite a number of countries agreed visa deals with neighbours. Ethiopia was the biggest visa player in Africa. It allowed online applications and started visa on arrival regime for all Africans.

The forum was jointly hosted by the Austrian president of the EU, Chancellor Sebastian Kurz and chairman of the African Union who is also Rwanda's President Paul Kagame.

Early in the year, government was cited in a corrupt deal involving French business giants Bolloré. The case which involved the running of ports was dismissed by government.

True partnership

EU Commission president Jean-Claude Juncker reiterated Europe's desire for a true and fair partnership between Africa and Europe.

Sudan's bread protests started earlier this year. It saw people march against a hike of 200% in the price of bread. Khartoum backed down and the protests quelled.

"Europe and Africa share a long history and a bright future. This is why I proposed a new Africa-Europe Alliance for Sustainable Investment and jobs to help attract both European and African investment and create 10 million jobs in Africa over the next five years," said Mr Juncker.

An attempt in December to push the measure through has resurrected the protests, this time over increase in bread and fuel prices. The country currently under an IMF program has suffered low times economically.

The alliance has also set up four joint task force to develop by June 2019, proposals for concrete actions and projects that support the integration of digital markets in Africa.

The economic protests has since morphed into a call for the end to the presidency of Omar Al-Bashir, one of the continent's longest serving leaders.

They are expected to do this by boosting public and private investment, improving the business and investment environment as well as the development of digital skills.

Over in North Africa, economic protests hit Tunisia and Morocco. In the case of Morocco, the King called for the government to do all it takes to better social services to the citizens and to combat the issue of inequality and youth unemployment.

The taskforces are rural Africa, digital economy, energy (launched at the Africa Investment Forum in Johannesburg in November) and one for transport which is currently being set up.

Zimbabwe is another country that suffered economic hard times. From the currency regime through to the mass shortage of basic supplies in stalls. Economic protests were heightened especially with opposition involvement at a time when the country had just come out of a heated election.

The EU has also advanced \$56.97 million to support the African Continental Free Trade Area (AfCFTA) over the next two years, through the UN Economic Commission for Africa (Uneca).

On Tuesday, the EU Commission allocated its first batch of the funds \$3.4 million through a programme it signed with Uneca to develop national implementation strategies for the continental free trade area.

"The establishment of an African trade observatory is also planned, and will be a key pillar of the African Continental Free Trade Area.

"The remaining budget of \$53.55 million will be directed towards policy analysis and strategic dialogue, addressing technical barriers and harmonising African policies and the classification of goods, standards and regulations. The bulk of this funding is planned to be committed in the next two years," the EU Commission said in a statement.