

DISPATCHES

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Africa: Another **BRIC** in the economic wall

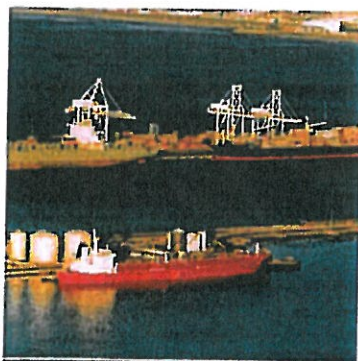
Africa is many things to many people, but rarely is it described as a \$1 trillion economy. The figure applies to sub-Saharan Africa alone, according to Ngozi Okonjo-Iweala, a managing director of the World Bank, who predicted earlier this year that the region is on the verge of joining the BRIC quartet (Brazil, Russia, India, and China) as a substantial destination for investment. It is an economy that has grown faster than Brazil and India in the last 10 years, she said.

The former finance and foreign minister of Nigeria said it was high time that Africa, with a population estimated to be around 1bn, saw and presented itself as the fifth BRIC. Some might say she was being over-enthusiastic, but her view of "Africa Rising" receives strong support through the advent of a new maritime networking group in London, known as Afrimari.

Afrimari's inaugural meetings this year have conveyed a strong sense of excitement about the commercial future of the second largest, and second most populous continent, as inward investment resumes an uptick and maritime trade strengthens. The continent's 50-plus nations have vastly varying strengths and weaknesses, but its potential is huge, as shown when Nigeria's crude oil export volumes climbed back to 2m barrels per day earlier this year.

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The Afrimari Group was founded by Temi Binitie and Gemina Cooper, both members of the Institute of Chartered



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Shipbrokers and of WISTA-UK (Women's International Shipping & Trading Association).

The co-founders are deeply involved in facilitating international seaborne trade, and spoke to *SMI* about the aims of the group, and about their personal outlook on African opportunities.

Afrimari is an exclusive professional group for members specialising in the maritime, energy and finance sector. Ms Cooper said: "Afrimari will be a home to individuals who promote pride and professionalism, and it will represent those of African origin and those with business dealings in the region." Afrimari is bringing together, she said, "extraordinary individuals... invited on the back of recommendations from people we know and whose opinions we trust. We wish to attract individuals who strive for professional excellence: those who are proud of their heritage and understand, or have a desire to further understand, the complexities involved when dealing with 'Africa, the new global frontier.'"

People who will be "the future leaders of our industry" will group under one umbrella "to enhance the efficient dissemination of accurate and up to date information on regulatory and commercial developments."

She said: "We will develop new relationships that will go on to furnish solid foundations for mutually beneficial business opportunities. The group will not only work to empower its members through a central network but will establish itself as a key contact for the sectors represented to those external to the group."

The group has three 'houses': maritime and logistics; energy, trade and finance; and insurance and risk. Each house will have one permanent advisor on the Afrimari board and two representatives.

Louis Mbanefo has been named as international advisor. "Based in Abuja, Nigeria, he is a key contact for us as we develop representation for Afrimari on the ground in Africa," said Ms Cooper. Starting with an LLM in Shipping Law, Mr Mbanefo trained as a solicitor with Ince & Co, later

gaining an MSc in energy, trade and finance from Cass Business School. He has worked on the oil desk at Platts, and most recently with FACTS Global Energy, an international oil consultancy.

"As a group, we are very proud and very excited about the endless potential for

Among those who have taken an early interest in Afrimari are employees of AET (a subsidiary of MISC), Braemar Seacore, Chevron Texaco, Oando (Africa's largest independent oil trader), JP Morgan, AEG Energy Market Consultants, Mitsui OSK Bulk Shipping, and various law and

maritime and commercial law from the University of Swansea, and close to three years' experience in the containership market while working for Hyundai Merchant Marine at its European headquarters.

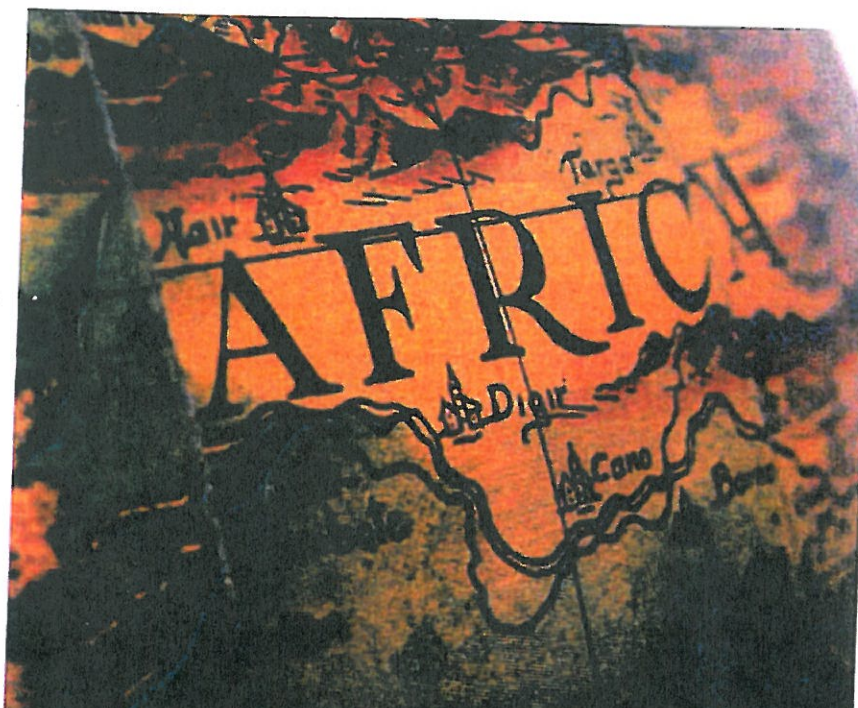
What is the extent of African trading links with the London markets? Do the maritime and commodity markets give sufficient recognition to the potential of Africa? London markets are important bearing in mind the ideal time zone, and are uniquely poised in having a vast array of support services necessary for trading capacity. With regard to African trading, the links are extensive, in that finance is sought from banks based in London, and trading of cargo goes through London exchanges. Trading houses based in London tend to have African desks, and this capability has been extended to banks and law firms. Some firms have gone the extra mile by placing offices closer to the markets in African countries: Trafigura and Vitol, to name a couple.

How has this sector grown in recent times, and will it continue growing? The growth over the last couple of years has been immeasurable. With African markets as an emerging group taking centre stage in the economy today, it will continue to rise. The extent of the growth is evidenced by the increasing number of events in London concentrating on the growth of the African markets and the potential which the region has to

offer. As with India and China, which have received such economic and trading support, it is hoped that the same process will assist Africa as a whole.

The perception of Africa is a highly important factor. As the philosopher Ralph Emerson said: "People only see what they are prepared to see". Unfortunately, with Africa as a continent, most people see a region which is held back by problems including corruption and fraud; a general negativity.

I recently heard the phrase 'Africa Risk', a term used to describe the caution in the approach to working with African companies, entities and nations. Risk by definition represents issues in the future which can be avoided or mitigated. It depicts a danger or a probability of loss. That is not representative of the great Continent! Going further, Shakespeare comments that "there is nothing either good or bad, but thinking makes it so". Bearing this in mind, the



With West Africa being a large source of crude oil supply, and many voyages originating from Bonny and Forcados, there is constant demand for very large crude carriers and suezmaxes, the owners of which tend to reside in the UK

growth and development for the Afrimari group," said Ms Cooper. "We are interested in competitive, hard working individuals who are the difference, and make the difference."

London, as a centre of all things maritime related, has extensive links to African shippers and cargo owners. With West Africa being a large source of crude oil supply, and many voyages originating from Bonny and Forcados, there is constant demand for very large crude carriers and suezmaxes, the owners of which tend to reside in the UK. The recent discovery of crude and gas fields off Ghana will add to the links Africa has to the global shipping market in London.

Aside from large tonnage, in recent years, Africa has seen ship owners provide a viable second-hand market in small tankers (6,000 dwt-8,000 dwt) which are perfect for pan-African movements of petroleum products.

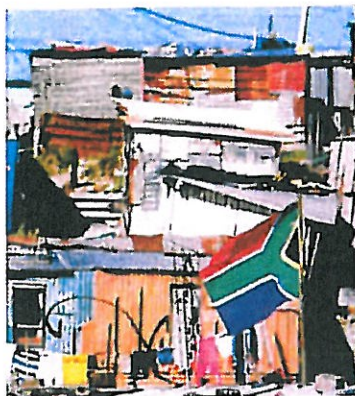
insurance firms and independent individuals. Email contact is afirimari@afirimari.co.uk.

Temi Binitie is an aframax charterer working at AET, which is described as the largest aframax ship owner in the world, having offices in London, Houston and Singapore, and head office in Kuala Lumpur.



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In addition to aframax, the fleet comprises VLCCs, suezmaxes, and product tankers. Before moving to the aframax desk, Ms Binitie spent 18 months developing the AET clean products fleet in the Atlantic basin with great success. She has a distinction in



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perception of Africa in the business world has to change.

The thinking has to be a vision of prospects, growth and development. Granted, that rests with the marketing and publicity of the nations of Africa. Africa is rich in natural resources, and important to the functioning of the wider world. When the September 11 attacks occurred, it highlighted to the oil and gas industry that there was an alternative source of energy to the Middle East, ready to be tapped with slightly less political imbalance and infringements. In recent years, the world has come to recognise that energy is not the only resource available in the continent, but given that sub-Saharan Africa is yet to be developed, there is room for private equity investments too.

To summarise, a mindset change needs to occur towards Africa. This is a continent rich in potential, Africans have to promote this image within themselves as well as externally.

How well equipped are African ports for the modern age, and how serious is the lack of inland infrastructure? Infrastructure is Africa's stumbling block. With the amount of trade that moves in and out of Africa, this is where we let ourselves down. From a ship owner's perspective, it is a lucrative business to send a vessel down to West Africa, as it is well known there are benefits in demurrage earnings resulting from the poor port facilities on offer. This requires due attention and diligent improvement.

Gemina Cooper has been working at Braemar Seascope for the past four years. She is a broker specialising in liquefied petroleum gas cargoes, typically loading very large gas carriers of 44,000 to 46,000 tonnes, west of Suez. Her main focus at present is representing and marketing the cargoes of indigenous African companies exporting LPG out of Bonny River (the Oso project) and Bonny island.

Before joining Braemar, Ms Cooper worked for Quantum Shipping Services, a commercial and financial consulting service for investors and banks with problem

shipping loans. She has also worked with the International Maritime Organization.

How do you see the role of Afrimari bringing those of African descent, those with business dealings on the Continent all under one unified umbrella of expertise and excellence: therein lies the importance of Afrimari. The transfer of knowledge is essential in our growth as African professionals.

Africa is a hub of activity for trade and commodity finance. African trade is dominated by diverse natural resources that are prolific across the continent; oil, timber,



Foreign direct investment in Africa rose to record levels of \$88bn in 2008

cocoa, palm oil, gold, diamonds, and precious metals just to name a few. West Africa in particular provides an enormous range of commercial opportunities. Oil exports have been the mainstay for many economies. Nigeria has one of the world's largest oil reserves and is Africa's largest producer.

There are four OPEC members in Africa: Algeria, Angola, Libya and Nigeria. Several more producing states are important: Sudan, Equatorial Guinea, Cameroon... the list goes on.

The government in Accra has stated that Ghana will definitely pump its first barrel of oil in 2010 and it will take up to five months to reach planned output of

120,000 barrels per day. Africa is probably the last largely untapped market left in the world. This is no secret! Foreign direct investment in Africa rose to record levels of \$88bn in 2008, from less than \$9.8bn in 2000.

Although a small decline followed thereafter due to the global economic climate, Africa was recognised as a "semi detached" market as it was not hit in the same manner as other emerging markets. This is highly advantageous to investors.

What progress has been made in integrating Africa into the modern world? The world has recognised the importance of Africa in the global market, and Africans are taking control of their assets. Nigeria's Petroleum Act, for example, is a reform of the oil and gas industry designed to improve the general efficiency of the sector, and seeks to create a much more transparent administrative system where all interested parties can assess information and indicate interest on a given venture or project.

It seeks to amend aspects of the Petroleum Profit Tax Administration, which treats information relating to the chargeable profits of companies as confidential and secret. The new law clearly states procedures for bidding processes and retention of licences and leases, a departure from the old laws. It also simplifies collection of petroleum revenues by placing the emphasis on rents and royalties, and less on taxes.

Can Africa free itself from bureaucracy? Africa is not a single entity and it is therefore impossible to generalise its future challenges and progress to date. What can be said is that things are improving. In regard to infrastructure the common tune is 'development, development, development' in port expansion, rail integration, stimulating productivity and efficiency levels, and reducing port congestion. The key is that Africa is moving ahead.

The political ideologies and the bureaucracy that were imposed by the former colonial masters have not yet been sifted out of these new democracies.

When speaking of the political instabilities of the countries in Africa, it should be remembered that many are still recovering from the shackles of colonialism. Africa's biggest and most important resource is its people. ■

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