



Africa spells opportunities for Singapore Inc

IF Asia was the great investment opportunity of the last 20 years, a growing number of investors believe that the star performer of the next decade will be Africa. The one-time "dark continent" is now starting to glow. The World Bank projects that its economic growth will average 5.6 per cent this year – respectable even by Asian standards. Eleven of the world's 20 fastest growing economies are now in Africa. The continent also boasts high rates of urbanisation, growth in discretionary incomes and infrastructure spending – all of which have opened up huge investment opportunities.

Although the quality of governance is mixed across the continent, there have been major improvements over the last decade in several countries, including Botswana, Ethiopia, Ghana, Kenya, Mauritius, Nigeria, Uganda, Rwanda, Sierra Leone and Tanzania. Security concerns, while still present, are nowhere as serious as they were 10 years ago. Africa is also open for business, with fairly liberal economies and investment regimes. Indeed, many studies show that investment returns in both manufacturing and services are higher in some African countries than in even China, India and Indonesia.

While a few Singapore companies have been active in Africa for many decades, it is only in recent years that high-profile companies such as Hyflux, Olam and Surbana have ramped up their activities on the continent. But there is reason to believe that Singapore's commercial

engagement with Africa is far below potential. Its total trade with the whole continent last year was less than \$18 billion, which is slightly more than half of its trade with India and about one-third of its trade with China. Only an estimated 55 Singapore companies operate in Africa, compared to several hundred in each of Asia's larger economies.

There are many potential opportunities for Singapore companies in Africa, including low-cost manufacturing, energy, telecoms and other infrastructure, urban planning, housing, consulting and advisory services. Moreover, Singapore companies are well positioned to partner those from other countries in the region that are active in Africa, such as companies from China, India and Australia. IE Singapore has a memorandum of understanding with China – the biggest investor in Africa – which can facilitate co-investment by Chinese and Singapore companies. And Singapore has free-trade agreements with both Australia and India, which can help with doing business in third countries.

There are also local organisations such as the Africa Business Group, established by the Singapore Business Federation that can help pave the way to doing business on the continent through the sharing of knowledge and contacts. Singapore companies should consider placing Africa on their radar screens – it's certainly not too early to explore the opportunities on offer in this under-explored and promising frontier market.