INDIA-SADC TRADE AND INVESTMENT RELATIONS: HARNESSING THE POTENTIAL

एक्ज़िम बैंक
EXIM BANK
भारतीय निर्यात-आयात बैंक
EXPORT-IMPORT BANK OF INDIA

Working Paper No: 85

EXPORT-IMPORT BANK OF INDIA

WORKING PAPER NO. 85

INDIA-SADC TRADE AND INVESTMENT RELATIONS: HARNESSING THE POTENTIAL

EXIM Bank's Working Paper Series is an attempt to disseminate the findings of research studies carried out in the Bank. The results of research studies can interest exporters, policy makers, industrialists, export promotion agencies as well as researchers. However, views expressed do not necessarily reflect those of the Bank. While reasonable care has been taken to ensure authenticity of information and data, EXIM Bank accepts no responsibility for authenticity, accuracy or completeness of such items.

CONTENTS

Project Team:

Mr. David Sinate, Chief General Manager
Mr. Vanlalruata Fanai, Assistant General Manager
Ms. Snehal Bangera, Chief Manager
Ms. Srejita Nandy, Deputy Manager

LIST OF TABLES

LIST OF CHARTS

LIST OF CHARTS

LIST OF BOXES

LIST OF ANNEXURES

EXECUTIVE SUMMARY

The origin of the Southern African Development Community (SADC) could be traced back to the Southern African Development Coordination Conference (SADCC), which was created after an alliance of nine States in Southern Africa, namely Angola, Botswana, Lesotho, Malawi, Mozambique, Eswatini (Swaziland), United Republic of Tanzania (Tanzania), Zambia and Zimbabwe, adopted the Lusaka Declaration on April 1, 1980. SADCC was later transformed into SADC on August 17, 1992 with the signing of the SADC Treaty and Declaration by the Heads of State and Government at Windhoek, Namibia. The treaty was later amended in 2001, to recognize new challenges and the need for institutional reforms in the region.

The main objectives of the SADC include achieving economic development, peace and security, and economic growth, alleviate poverty, enhancing the standard and quality of life of the people of Southern Africa, and supporting the socially disadvantaged through regional integration. These objectives are to be achieved through increased regional integration, built on democratic principles, and equitable and sustainable development.

SADC currently has 16 members namely Angola, Botswana, Comoros, Democratic Republic of the Congo (DR Congo), Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe. Comoros was the last member to be admitted to SADC, at the 37th SADC Summit of Heads of State and Government in August 2017. It then became a full member at the 38th SADC Summit of Heads of State and Government in August 2018.

SADC countries are integral part of the African region, comprising 35.4 percent of Africa's total geographical area, 31.9 percent of Africa's GDP (2017), and 26.8 percent of Africa's total population (2017). Among the major regional trading blocs in Africa, SADC is the largest contributor (in terms of nominal GDP) to the African region in 2017. The SADC region is one of the world's most natural resource-rich regions, endowed with numerous resources including coal, crude oil, natural gas and minerals.

International Trade of SADC Countries

The SADC Protocol on Trade, 1996 (later amended in 2010), is one of the most important legal instruments guiding SADC's trade framework. It envisioned the establishment of a Free Trade Area (FTA) in the region, which was eventually launched officially in August 2008 during the 28th SADC Summit, held in Johannesburg. In fact, by the beginning of 2008, most customs duties had been eliminated on goods from the participating member States (i.e. about 85 percent of goods attained zero duty in January 2008) and a Common Tariff System was applied to import of goods from non-member States (Angola and DR Congo are yet to be members of this trade protocol). In addition, in August 2012, the Protocol on Trade in Services was developed and signed as a step towards achieving an FTA in Services. Several other initiatives had been introduced to further integrate the SADC members, which include, among others, the agreement on a SADC Regional Development Fund and the SADC Industrialisation Strategy and Roadmap 2015-2063.

An analysis of SADC's trade during the last decade shows a rise in the total trade from 2010, which peaked in 2013 before declining thereafter, mainly due to the fall in oil prices. SADC's total trade declined until 2016 and recovered in 2017. SADC's total trade increased by 13.1 percent in 2017 to US$ 327.1 billion from US$ 289.3 billion in 2016. Trade growth during the year was mainly on the back of strong exports, SADC's exports grew at 18.3 percent from US$ 146 billion in 2016 to US$ 172.8 billion in 2017. The growth in exports was mainly due to the recovery in export of mineral fuels, oil and its products and pearls and precious stones. Imports of the region stood at US$ 154.4 billion in 2017, an increase of 7.7 percent from US$ 143.3 billion recorded in the previous year. SADC's share in global trade has remained fairly constant in last ten years at around 1 percent.

South Africa and Angola are the largest exporters among SADC members, together accounting for 72.4 percent of the region's total exports in 2017. Other major exporters from SADC include DR Congo (4.8 percent), Zambia (4.7 percent) and Botswana (3.4 percent).

Mineral fuels are the largest export item, accounting for as much as 27.5 percent of SADC's total exports in 2017, followed by pearls and precious stones, ores and slag, copper and its articles and iron and steel in 2017. The top five commodities exported by SADC accounted for as much as 62.8 percent of total exports from the region.

China was a major market for SADC exports, accounting for 20.7 percent of SADC's exports in 2017. Other markets for the region include India (7.3 percent), USA (6.3 percent), South Africa (4.2 percent), and Germany (3.8 percent). In fact, India's share in SADC's exports has increased from 2.3 percent in 2008 to 7.3 percent in 2017, emerging to be the second largest destination for SADC in 2017, from being the eleventh largest destination in 2008.

As regards imports, South Africa dominates imports of the SADC region, accounting for more than half of the region's imports. Other major importers in the region include Angola (7.8 percent), Zambia (5.6 percent), Tanzania (5 percent) and Namibia (4.4 percent).

In contrast to SADC's export basket, which is largely dominated by crude oil, SADC's import basket is relatively diversified. The top five imports of SADC, which include mineral fuels, machinery and equipment, electrical and electronic equipment, vehicles other than railway or tramway and plastics and its articles, accounted for 45 percent of SADC's imports.

China is the leading source of SADC's global imports, accounting for as much as 16.1 percent of SADC's total imports in 2017, followed by South Africa and Germany and India. During the last decade, India's share in SADC's imports increased to 5.4 percent in 2017 from 3.5 percent in 2008.

Intra-regional Trade

According to the World Trade Organization (WTO), SADC ranks first among African RTAs in value terms, representing 37.3 percent of total African exports in 2017. SADC also shows the highest share of manufacturing exports to the continent vis-à-vis its exports to the world which mainly includes fuels and mining products. SADC's manufacturing exports to Africa mainly comprised machinery and transport equipment from South Africa.

According to a report by African Export-Import Bank (Afreximbank), in the southern Africa region, fuel and manufactured goods enter the continent through South Africa's ports and are re-exported by road to, among others, Botswana, DR Congo, Lesotho, Eswatini, Zambia and Zimbabwe. Cobalt, copper and gold, on the other hand, go in the other direction.

Intra-SADC Trade

According to the United Nations Conference on Trade and Development (UNCTAD), the share of SADC's intra-regional trade to its total trade increased from 14.9 percent in 2008 to 20.4 percent in 2017, representing increase in both exports and imports. SADC's share of intra-group exports increased from 11.8 percent in 2008 to 19.8 percent in 2017, while the share of imports increased from 18 percent in 2008 to 21 percent in 2017. Most of the intra-regional trade is dominated by South Africa. Intra-SADC trade has increased since the creation of an FTA in 2008 and is the highest amongst trading blocs across Africa.

India's Bilateral Trade Relations with SADC Countries

Towards developing extensive economic and strategic relations with SADC, the Government of India signed a Memorandum of Understanding (MOU) on economic cooperation with SADC on October 14, 1997. The broad areas of cooperation include agriculture, water resources management, human resources development, entrepreneurial development, promotion of small and medium scale industries, non-conventional energy sources, communications, commerce, banking, and diplomacy and enterprises development through private sector involvement.

With the increasing diversification of India's global trade towards other developing countries, SADC has emerged as important partner for India, both as an export destination and an import source. During the last ten years, India's total trade with SADC countries nearly doubled from US$ 13.7 billion in 2008 to US$ 25.5 billion in 2017. While India's total exports to SADC has risen moderately from US$ 6.3 billion in 2008 to US$ 9.1 billion in 2017, India's total imports from SADC have more than doubled during the same period, from US$ 7.5 billion in 2008 to US$ 16.4 billion in 2017. India's trade balance with SADC has been in favour of SADC throughout the decade with an exception in 2014. Over the years, India's trade deficit with SADC has widened from US$ 1.2 billion in 2008 to US$ 7.3 billion in 2017.

The increasing importance of India as SADC's trading partner can be assessed from the fact that India accounts for a respectable 5.4 percent of SADC's global imports in 2017, as compared to 3.5 percent recorded in 2008. Further, India accounts for around 7.3 percent of SADC's total exports in 2017, increasing from 2.3 percent in 2008, depicting the rising importance of India as SADC's export destination.

While mineral fuels and pharmaceutical products dominate India's export basket to SADC, together accounting for 46.7 percent of India's total exports to SADC in 2017, the share of mineral fuels witnessed a fall while that of pharmaceutical products more than doubled during the last ten years. Other important items of India's exports to SADC include vehicles other than railway, machinery and equipment and plastic and its articles.

South Africa is India's largest export destination in SADC, accounting for around 44.9 percent of India's total exports to the region in 2017. Other major export markets in SADC include Tanzania, Mozambique and Mauritius.

The share of SADC in India's global imports has increased from 2.4 percent in 2008 to 3.7 percent in 2017. India's imports from SADC was largely dominated by mineral fuels, oils and its products and pearls and precious stones, which together accounted for 78 percent of imports from the region in 2017.

South Africa is the largest import source, followed by Angola, Botswana, Tanzania, Mozambique and Zambia.

Foreign Investment in SADC Countries

SADC countries signed the Finance and Investment Protocol in 2006, acknowledging the need for accelerating growth, investment and employment in the region through increased cooperation, coordination and management of macroeconomic, monetary and fiscal policies.

SADC countries have formulated various pro-investment policies to encourage foreign direct investment (FDI) in the region. The SADC Industrialization Strategy and Roadmap 2015 – 2063, has provided a long-term perspective to sustainable and equitable development, and thus to poverty reduction. The SADC Industrialization Strategy and Roadmap primarily aims at technological and economic transformation of the SADC region through industrialization, modernization, skills development, science and technology, financial strengthening and deeper regional integration. Agro-processing; mineral beneficiation and downstream processing; and service driven value chains were identified as the potential avenues to drive economic growth in the region.

FDI inflows to the region declined after it peaked in 2015, falling from US$ 23.1 billion in 2015 to US$ 7.2 billion in 2017. The fall in FDI inflows to the region was mainly due to the divestment in Angola and decline in FDI inflows in South Africa during the year. FDI outflows from SADC nations, on the other hand, rebounded in 2009 and peaked at US$ 14.2 billion, and declined thereafter till 2014. FDI outflows from the region started picking up in 2017 to US$ 8.9 billion from US$ 7.4 billion in the previous year. The rise in outflows largely reflected South Africa's investments in Namibia during the year. Alongside declining FDI flows to the region, SADC's share in Africa's FDI inflows also declined from 40.8 percent in 2015 to 17.3 percent in 2017. Among the SADC members, Mozambique was the largest recipient of FDI in 2017, followed by DR Congo and South Africa. SADC's FDI outflows are mainly dominated by South Africa, followed by Angola. South Africa's investments during the year have been mainly in Africa, namely, Nigeria, Kenya, Namibia, Morocco, and Botswana, among others.

According to Financial Times FDI Markets, during 2008-2017 (i.e January 2008 to December 2017) capital investments in SADC stood at a cumulative amount of US$ 245 billion invested in 3,063 projects resulting in 462.4 million jobs. Largest investments in the region during the decade have been in coal, oil and natural gas sector, followed by metals, real estate, alternative or renewable energy, and communications sectors. Major recipients to investment in the coal, oil and natural gas sector were Angola, Mozambique, South Africa, Tanzania and Zimbabwe.

Governments throughout the SADC region have been at the forefront to attract more investments. The region's FDI reforms aimed at removal of obstacles to FDI so that foreign investors can participate in development of most sectors of national interest. The standards of treatment of FDI have improved, with the principle of non-discrimination recognized across the region.

India's Investment Relations with SADC Countries

The SADC region is the largest investment destination in Africa, accounting for 93.7 percent of Indian investments in Africa during April 1996 to March 2018**.** According to data published by the Ministry of Finance (MOF), Government of India (GOI) and the Reserve Bank of India (RBI), India's approved cumulative investments in the SADC region during April 1996 to March 2018 amounted to US$ 57.3 billion, with majority of the investments in Mauritius, Mozambique and South Africa.

Indian FDI in Africa is traditionally known to have been concentrated in Mauritius. On the contrary, Mauritius neither has large resource base nor does it have significant domestic market to warrant the amount of investment it has received over the years. However, the country's offshore financial facilities and favourable tax conditions have made Mauritius an attractive destination for onward routing of Indian investments. Many Indian companies have chosen to either use their subsidiaries abroad to invest, or to establish holding companies and/or special purpose vehicles, or other regional financial centres, in countries like Mauritius which give tax benefits to raise funds and invest in third countries.

According to data published by the Government of India, FDI inflows to India from SADC region have also been dominated by investments from Mauritius that accounts for 33.9 percent of India's overall FDI inflow to the region. Mauritius is the largest investor in India in terms of cumulative FDI inflows, mainly due to the Double Taxation Avoidance Convention. Other major countries from the region investing in India include South Africa and Seychelles.

SADC's Trade – Key Observations

SADC's trade has grown considerably since the establishment of an FTA in 2008, and has withstood external shocks across the years. Intra-SADC trade has also grown significantly during the decade. However, there exist immense potential for widening SADC's regional and overall trade. Key observations for enhancing SADC's trade are stated in the following section.

Enhancing intra-SADC trade*:* SADC's intra-regional trade has increased considerably from 14.9 percent in 2008 to 20.4 percent in 2017, and is the highest among other African regional economic blocs. However, intra-SADC trade remains relatively low compared with other regional organisations such as ASEAN, NAFTA or the EU, whose share of intra-trade in total trade stood at 34.6 percent, 50.1 percent and 61.2 percent, respectively, in 2017. It may also be noted that most of SADC's intra-regional trade is driven by South Africa, which accounts for as much as 40 percent of SADC's intra-regional trade, indicating that there are plenty of scope for improvement in intra-trade within the region given higher participation of members. Given the fact that six of the sixteen member states of SADC are landlocked, stronger integration of the regional set up through higher intra-regional trade across members could boost overall economic security in the region.

Product diversification: SADC's exports are highly concentrated towards primary commodities. In 2017, primary commodities accounted for 63.1 percent of SADC's exports. Angola for example, has the least diversified export basket among SADC members, with 99 percent of its exports to the region consisting of mineral fuels and related products and 91 percent of its global exports consisting of mineral fuels and related products.

According to a study by the South African Institute of International Affairs, there is a strong correlation between the region's exports and global commodity prices, further highlighting the region's over dependence on resource-based commodities.

In addition, commodity dependence is one of the primary factors leading to the Dutch disease syndrome, particularly in African countries. Public debt levels have been rising across the continent. Of the 36 post-completion-point countries under the HIPC initiative, identified by the World Bank, six are from the SADC region, namely Comoros, DR Congo, Malawi, Mozambique, Tanzania and Zambia.

There is, thus, a need for the region to reduce its reliance on primary commodities and diversifying its export basket.

Market diversification*:* As highlighted in the preceding chapters, China has emerged to be a major trading member for the region, accounting for 18.5 percent of the region's trade. This particularly makes the region vulnerable to the economic conditions of China.

Within the region, South Africa accounts for two-fifth the region's intra-trade, which further makes the region vulnerable to a single economy. Market diversification is also critical for growth of the region's trade.

Moving up the value chain: When compared with other African RTAs, SADC showed the highest share of manufacturing exports to Africa vis-à-vis its exports to the world. However, this is mainly because of South Africa, whose exports are mainly dominated by manufacturing. In contrast, other members export mainly primary and resource-based products and accordingly tend to compete with each other, while it would be a gain for each member, when they could rather produce goods or services which are complementary.

South Africa's diversified exports compared to other SADC members highlights the potential to exploit more traditional comparative advantages in more complementary goods, or trade in services. South Africa already has in place several successful ventures in this direction. For example, South Africa's automobile industry source car seats from Lesotho and ignition wiring sets from Botswana.

Development of regional and global value chains could, therefore, lead to an increase in intra-regional and global trade, while at the same time help in overcoming the challenge of excessive reliance on primary commodities and market diversification. This will also partly depend on the capacity of member countries to increase their sourcing from the region to create more value for exports.

Reducing non-tariff and other barriers to trade: To promote cross-border trade, whether intra-regional or extra-regional, it is critical that SADC focuses on reducing its various non-tariff barriers (NTBs). SADC countries may reduce non-tariff barriers by improving customs procedures. There is also a need to upgrade information technology systems by introducing a computerised one-stop border control point between SADC members. This can improve co-ordination between countries, and thus regional trade.

Apart from NTBs in the regulatory environment, transport issues at border posts also act as barriers to cross-border trade raising export costs.

Multiplication of memberships of SADC countries in different free trade areas also increases the difficulty for customs officers to establish the precise regulatory measures applicable to each product such as rules of origin regulations and local content requirements. There is a need for member countries to address this issue by further developing their internal capacity to refine their regional trade policies.

Fostering backward and forward linkages both domestically and regionally, through stronger and credible industrial policies, could help further explore the region's trade potential.

Potential Sectors for Indian Investments in SADC

The SADC Industrialization Strategy and Roadmap 2015 - 2063 aims at economic transformation, enhancing competitiveness and deeper integration. Much emphasis has been given in involving the private sector in developing industrial and regional value chains, and promoting sustainable growth and employment. Indian investments in the SADC region have been majorly in energy related industries, with coal, oil and gas sector accounting for 64 percent of Indian investments in the region.

The following are select sectors where Indian investors may explore investment opportunities in the SADC region.

Agro-processing industry: A one-size-fits-all approach to all the SADC countries' agricultural development will not lead to growth, because of the diverse nature of economies and political and natural conditions. Nevertheless, the nature of problem in most of these countries is similar with regards to infrastructure, irrigation methods or other farming practices. Agribusiness is one of the potential sectors where India can look to invest in SADC. The agricultural sector of both India and SADC are largely characterized by labour intensive farming, small landholdings and diverse nature of agricultural production. India's stance on the agricultural sector of Africa has been more towards providing technology expertise to Africa. The African agribusiness sector needs support in terms of finance, market information, logistics and adequate infrastructure in the form of cold storage facilities, warehouses, etc. Investment in such areas will facilitate agricultural processing in potential countries by India and it could be a win-win situation for both India and African countries.

There are various investment opportunities in agriculture and allied activities, including livestock production (for dairy and beef), aquaculture and horticulture. Investment opportunities have been identified in the following segments:

a) Processing factories for soya, oil seeds, rice, pulses and other products.

b) Fruits, vegetables and spices: cold room and relevant transportation infrastructure; processing factories for value addition to make purée, spices, pastes and juices; storage, cleaning and grading facilities; large-scale commercial farming; market development; and contract farming.

c) Tea: Large-scale commercial production to be exported to South Africa, Kenya, Asia and Europe, and setting up of tea processing factory for local and international markets.

d) Sugar: Large scale production of sugarcane in the areas under the Green Belt Initiative (GBI), and sugarcane processing facilities for ethanol factories and export markets.

Mineral processing industry: One of the key elements of the SADC Industrialisation Strategy is to utilise its mineral resources and integrate to value chains through processing. There has also been an increasing importance of involving artificial intelligence for adopting the industry 4.0. Smarter technologies, robotics and automation not only make mining safer reducing casualties but also develop avenues for optimal mining and recycling, minimizing environmental after-effects and driving sustainable practices. Indian companies may explore sustainable mining and metal processing opportunities in the SADC region wherein value chains may be developed for sub-sectors including energy mineral (including polymers), ferrous minerals (iron/steel), base-metals minerals (copper, aluminium, nickel, cobalt), fertilizer, diamonds, platinum, cement, soda ash, mining machinery and small scale mining.

Manufacturing sector: The average share of manufacturing in SADC's total GDP was at 11 percent in 2016. Most of the region's industrial production continues to be on resource-based manufacturing, owing to the presence of huge natural resource wealth. In fact, for Africa as a whole, investments in manufacturing have also been uneven, with almost 70 percent of the continent's manufacturing activities concentrated in just four countries viz South Africa, Egypt, Nigeria and Morocco. Select industries for cooperation in the manufacturing sector include pharmaceuticals, consumer goods and automotive components.

Pharmaceutical industry: Indian generic companies stand to benefit significantly by investing in SADC. Indian manufacturers can take advantage of the international IPR exemptions for the least developed countries (LDCs) until July 01, 2021, as was agreed by the TRIPS Council. SADC countries like Angola, Comoros, DR Congo, Lesotho, Madagascar, Malawi, Mozambique, Tanzania and Zambia could be utilised for this purpose. Secondly, instead of just exporting generic drugs to these countries, Indian pharmaceutical manufacturers could focus more towards production within the partner country, particularly those where they have already established steady supply chains. Prior knowledge and understanding of the market would help the Indian pharmaceutical companies in setting up manufacturing units. SADC countries also stand to benefit in the sense that local production would imply more reliable source of pharmaceuticals under public control. Domestic manufacturing would also lead to creation of more jobs in the pharmaceutical sector and other linked sectors.

SADC countries lack trained professionals due to absence of educational programmes covering topics ranging from drug discovery to marketing of drugs. With increasing international drug manufacturing companies setting up local subsidiaries, the need for clinical research specialists would increase. In this connection, Indian companies may step in by investing in training relatively qualified local staffs for engaging them in clinical research in order to manufacture medicines locally at a lower cost. Secondly, African markets vary enormously in terms of size and economic conditions. Given such a condition, the Indian companies interested in doing business should first target cities in order to optimize the initial set up costs and gradually expand their operations to mid-sized markets as well as rural markets. Developing local sales and marketing team helps in gaining market share. The role of local business partners is again very crucial when it comes to doing business. In order to expand their markets, local partnerships would serve to understand the local environment.

Consumer goods: Indian investors may explore opportunities in the leather and footwear and textiles and apparel industries. Investment opportunities in leather and footwear sector include leather tanning and finishing, footwear and footwear components, leather garments, leather goods including bags, car seat covers, wallets, belts, gloves and other accessories. In the textile and apparel industry, opportunity exists for establishment of higher value added garments as well as for establishment of knit mills to support the local garment industry. However the bottleneck faced by these textile and apparel industry in the SADC region are power shortage, lack of economies of scale and fragmented regional markets. The competitiveness would increase of these small enterprises through formation of production clusters. Advanced technology and management techniques may be supplied by the Indian investors like other Asian investors from China and Taiwan.

Automotive components: Rising income levels across many African countries and emergence of the middle class would result in Africa becoming the final frontier of the global automotive industry. There are several avenues for Indian automobile manufacturers to tap the SADC automobile market. Regional value chains may be developed. Indian investors like Tata and Mahindra have already invested in South Africa, Zambia and Botswana. Exports channelized through the LDCs stand to benefit from the AGOA and various other preferential trade agreements.

Information and Communication Technology (ICT): Indian investors may explore the region's e-commerce industry and also the establishment of ICT parks. The most prevalent challenges for investments in select SADC countries is infrastructure, with ICT being one of the critical components. ICT skills gap exist (compared to other parts of the world), which impacts users as well as the pool of available, skilled labour for firms wanting to do business in the region. Indian companies like HCL Technologies, Wipro Technologies South Africa, Zensar Technologies, Infosys and Millennium Technologies are actively engaged in the South African market. Bharti Airtel acquired Zain Africa for US$ 10.7 billion in 2010, which allowed it to operate in over 15 African countries catering to a customer base of 180 million.

Way forward

Limited access to finance, weak infrastructure and supply side capacities, weakening trade complementarities and market access issues act as constraints to the flow of trade and also investments. In order to boost investments and achieve the common goals of development, there is a need to ensure access to finance and improved business environment, and to protect investors' interests. There are ample opportunities for upgrading but that tends to be also limited by technological and industry skills deficiencies. Once the constraints are removed, many of the identified value chains above will have potential to link more densely, regionally and globally.

Growth in manufacturing in the coming years will be driven by increasing linkages among African countries and with the rest of the world, it would also lead to a growing consumer market within the continent. India's partnership with Africa has been driven by the aim of empowerment, capacity building, human resource development, access to Indian market, and support for Indian investments in Africa. India's 'AAA' technology which is affordable, appropriate and adaptable to the particular conditions of African countries can be a key to further exploring project opportunities and development cooperation. As a traditional development partner, India is ideally placed to understand and appreciate the needs of Africa in various developmental areas. A development partnership between Africa and India can foster the real palpable change in the continent. Cooperation essentially in the areas of infrastructure development, finance, capacity building, and knowledge and skill transformation for enhanced productivity and competitiveness could strengthen the paradigm for South-South Cooperation.

1. BACKGROUND AND ECONOMIC PROFILE OF SADC

The origin of the Southern African Development Community (SADC) could be traced back to the Southern African Development Coordination Conference (SADCC), which was created after an alliance of nine States in Southern Africa, namely Angola, Botswana, Lesotho, Malawi, Mozambique, Eswatini (Swaziland), United Republic of Tanzania (Tanzania), Zambia and Zimbabwe, adopted the Lusaka Declaration on April 1, 1980. SADCC was later transformed into SADC on August 17, 1992 with the signing of the SADC Treaty and Declaration by the Heads of State and Government at Windhoek, Namibia. The treaty was later amended in 2001, to recognize new challenges and the need for institutional reforms in the region.

The main objectives of the SADC include achieving economic development, peace and security, and economic growth, alleviate poverty, enhancing the standard and quality of life of the people of Southern Africa, and supporting the socially disadvantaged through regional integration. These objectives are to be achieved through increased regional integration, built on democratic principles, and equitable and sustainable development.

SADC currently has 16 member states namely Angola, Botswana, Comoros, Democratic Republic of the Congo (DR Congo), Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe. Comoros was the last member to be admitted to SADC, at the 37th SADC Summit of Heads of State and Government in August 2017. It then became a full member at the 38th SADC Summit of Heads of State and Government in August 2018. The SADC countries are integral part of the African region, comprising 35.4 percent of Africa's total geographical area, 31.9 percent of Africa's GDP (2017), and 26.8 percent of Africa's total population (2017)[1]. Among the major regional trading blocs in Africa, SADC is the largest contributor (in terms of nominal GDP) to the African region in 2017, followed by COMESA and ECOWAS. SADC accounted for 0.9 percent of global GDP in 2017 **(Table 1.1)**.

Table 1.1: Nominal GDP of Select Trading Blocs in Africa (US$ billion)

Region	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017^{e}	2018^{f}
CEMAC	84.5	73.9	81.8	98.1	96.9	100.4	104.7	79.6	77.6	82.9	93.7
COMESA	470.8	472.9	548.5	549.4	640.8	647.2	665.6	694.6	703.6	642.2	677.6
EAC	87.0	91.3	99.1	122.3	134.9	150.5	162.5	157.2	157.8	173.2	190.2
ECOWAS	449.6	413.1	493.8	554.8	608.1	680.0	732.8	645.1	569.6	557.1	600.0
SACU	311.7	322.1	406.3	452.3	432.9	401.5	387.0	350.3	328.8	387.0	417.7
*SADC**	*507.7*	*498.9*	*609.3*	*701.3*	*711.0*	*704.1*	*707.6*	*631.8*	*594.0*	*695.3*	*725.2*
UEMOA	76.3	75.9	77.8	86.5	88.2	97.6	105.5	95.2	102.5	113.2	128.6
Africa	**1753.2**	**1665.8**	**1954.3**	**2178.3**	**2325.3**	**2405.5**	**2488.9**	**2270.1**	**2148.9**	**2181.0**	**2326.8**
World	**63749.1**	**60385.5**	**66011.2**	**73229.8**	**74619.1**	**76749.9**	**78832.5**	**74601.7**	**75652.6**	**80051.0**	**84835.5**

*Note: ^{e}-Estimate; ^{f}- Forecast; *- Does not include data for Comoros*
CEMAC: Central African Economic and Monetary Community
COMESA: Common Market for Eastern and Southern Africa
EAC: East African Community
ECOWAS: Economic Community of West African States
SACU: Southern African Customs Union
UEMOA: West African Economic and Monetary Union
Source: IMF, World Economic Outlook, October 2018; and Exim Bank Analysis

[1]Data does not include Comoros.

Table 1.2: Select Macroeconomic Indicators of SADC

Indicators	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Nominal GDP (US$ bn)	507.7	498.9	609.3	701.3	711.0	704.1	707.6	631.8	594.0	695.3
Real GDP Growth (%)	4.4	-0.02	4.4	4.1	4.1	3.8	3.3	2.1	1.0	1.9
GDP Per capita (US$)	1883.3	1806.6	2153.5	2419.1	2389.6	2308.7	2263.6	1971.9	1808.1	2062.1
Population (mn)	269.6	276.2	282.9	289.9	297.5	305.0	312.6	320.4	328.5	337.2

Note: Does not include data for Comoros
Source: IMF, World Economic Outlook, October 2018; and Exim Bank Analysis

The SADC economy has experienced a mild pickup in growth in 2017 averaging 1.9 percent, after moderating for six consecutive years **(Table 1.2)**. The region's sluggishness is primarily driven by the lackluster growth in its major economies, South Africa and Angola. While South Africa's growth was subdued due to frequent mining strikes and weakness of the rand (South African currency), fall in oil sector output had affected growth of Angola. Madagascar, Malawi, Seychelles and Tanzania were the strongest growing economies in the region in 2017.

Oil prices have undergone a major decline during June 2014 to January 2016, and have had a wavering trend since then. The region's dependence on oil and mineral resources has played a crucial role in affecting the region's GDP growth. Angola and South Africa were majorly impacted by these price fluctuations.

SADC's combined GDP stood at an estimated US$ 695.3 billion in 2017, recovering from its declining trend since 2015. South Africa is the largest economy in the region, accounting for 50.2 percent of the region's GDP in 2017, followed by Angola (18.2 percent), and Tanzania (7.4 percent).

The average per capita GDP of the region increased to US$ 2,062.1, above the 2015 level.

The nature of contributions of member countries in driving growth in 2017 was diverse. While South

Table 1.3: Macroeconomic Snapshot of SADC Countries

Country/ Region	Nominal GDP (US$ bn)			Real GDP Growth (%)			Inflation (%, avg. consumer prices)			GDP Per capita (US$)			Population (mn)		
	2016	2017	2018[e]	2016	2017	2018[e]	2016	2017	2018[e]	2016	2017	2018[e]	2016	2017	2018[e]
Angola	101.1	126.5	114.5	-2.6	-2.5	-0.1	30.7	29.8	20.5	3676.8	4465.8	3924.3	27.5	28.3	29.2
Botswana	15.7	17.4	19.1	4.3	2.4	4.6	2.8	3.3	3.8	6960.0	7584.6	8167.0	2.3	2.3	2.3
DR Congo	39.3	41.4	42.7	2.4	3.4	3.8	18.2	41.5	23.0	467.4	478.2	478.3	84.1	86.7	89.3
Eswatini	3.7	4.4	4.8	1.4	1.6	1.3	7.8	6.2	5.0	3286.2	3850.9	4092.9	1.1	1.1	1.2
Lesotho	2.4	2.7	3.0	3.1	-1.6	0.8	6.2	5.3	6.3	1216.7	1360.2	1465.6	2.0	2.0	2.0
Madagascar	10.0	11.5	12.5	4.2	4.2	5.0	6.7	8.3	7.8	401.4	449.0	474.8	24.9	25.6	26.3
Malawi	5.5	6.2	6.9	2.3	4.0	3.3	21.7	12.2	9.2	293.8	325.5	349.1	18.6	19.2	19.7
Mauritius	12.2	13.3	14.0	3.8	3.8	3.9	1.0	3.7	5.1	9677.2	10503.5	11014.9	1.3	1.3	1.3
Mozambique	10.9	12.6	14.6	3.8	3.7	3.5	19.2	15.3	6.0	379.0	426.1	481.3	28.8	29.5	30.3
Namibia	11.3	13.2	14.1	0.7	-0.8	1.1	6.7	6.1	3.5	4864.9	5588.9	5924.6	2.3	2.4	2.4
Seychelles	1.4	1.5	1.6	4.5	5.3	3.6	-1.0	2.9	4.4	15180.9	15936.2	16463.2	0.1	0.1	0.1
South Africa	295.7	349.3	376.7	0.6	1.3	0.8	6.3	5.3	4.8	5316.0	6179.9	6560.1	55.6	56.5	57.4
Tanzania	47.7	51.8	55.6	7.0	6.0	5.8	5.2	5.3	3.8	979.0	1034.2	1090.1	48.7	50.0	51.0
Zambia	20.9	25.7	25.8	3.8	3.4	3.8	17.9	6.6	8.5	1252.7	1491.2	1450.4	16.7	17.2	17.8
Zimbabwe	16.1	17.6	19.4	0.7	3.7	3.6	-1.6	0.9	3.9	1111.4	1185.4	1268.9	14.5	14.9	15.3
SADC	**594.0**	**695.3**	**725.2**	**1.0**	**1.9**	**-**	**-**	**-**	**-**	**1808.1**	**2062.1**	**2098.3**	**328.5**	**337.2**	**345.6**
Comoros	0.6	0.7	0.7	2.2	2.7	2.8	1.8	1.0	2.0	762.7	788.4	877.5	0.8	0.8	0.8
SADC*	**594.6**	**695.9**	**725.9**	**1.0**	**1.9**	**-**	**-**	**-**	**-**	**1805.6**	**2059.0**	**2095.3**	**329.3**	**338.0**	**346.5**

*Note: [e]-Estimates; *-includes Comoros; - not applicable*
Source: IMF, World Economic Outlook, October 2018 and January 2019 Update; World Bank Database (Accessed on January 30, 2019) and Exim Bank Analysis

Africa's growth was mainly a result of the strong growth in agriculture and higher commodity prices, Angola's recovery was mainly due to fiscal consolidation measures. Economic growth in Tanzania, though strong, has slowed in 2017, a result of the regional drought that adversely impacted the agriculture sector. The Tanzanian economy is expected to recover in 2018 buoyed by increased investments and recovering private consumption **(Table 1.3)**.

The SADC region is one of the world's most natural resource-rich regions, endowed with numerous non-renewable resources such as coal, crude oil, natural gas and minerals. Southern Africa has huge reserves of diamonds, oil, uranium, platinum, coal and copper. South Africa has the world's largest reserves of

Table 1.4: Major Resources of SADC Countries

Country	Major Resources
Angola	Petroleum, diamonds, iron ore, phosphates, copper, feldspar, gold, bauxite, uranium
Botswana	Diamonds, copper, nickel, salt, soda ash, potash, coal, iron ore, silver
Comoros	Marine products
DR Congo	Cobalt, copper, niobium, tantalum, petroleum, industrial and gem diamonds, gold, silver, zinc, manganese, tin, uranium, coal, hydropower, timber
Eswatini	Asbestos, coal, clay, cassiterite, hydropower, forests, small gold and diamond deposits, quarry stone, and talc
Lesotho	Water, agricultural and grazing land, diamonds, sand, clay, building stone
Madagascar	Graphite, chromite, coal, bauxite, rare earth elements, salt, quartz, tar sands, semiprecious stones, mica, marine products, hydropower
Malawi	Limestone, arable land, hydropower, unexploited deposits of uranium, coal, bauxite
Mauritius	Marine products
Mozambique	Coal, titanium, natural gas, hydropower, tantalum, graphite
Namibia	Diamonds, copper, uranium, gold, silver, lead, tin, lithium, cadmium, tungsten, zinc, salt, hydropower, marine products
Seychelles	Marine products, coconuts (copra), cinnamon trees
South Africa	Gold, chromium, antimony, coal, iron ore, manganese, nickel, phosphates, tin, rare earth elements, uranium, gem diamonds, platinum, copper, vanadium, salt, natural gas
Tanzania	Hydropower, tin, phosphates, iron ore, coal, diamonds, gemstones, gold, natural gas, nickel
Zambia	Copper, cobalt, zinc, lead, coal, emeralds, gold, silver, uranium, hydropower
Zimbabwe	Coal, chromium ore, asbestos, gold, nickel, copper, iron ore, vanadium, lithium, tin, platinum group metals

Source: Central Intelligence Agency (CIA)

platinum group metals (PGMs) and second-largest reserve of gold[2], and accounts for approximately 80 percent of the world's identified manganese resources, making it the largest producer of manganese globally[3]. Angola is the second-largest crude oil exporter in Africa and the ninth-largest exporter in the world[4] **(Table 1.4)**.

Service sector represented more-than half of SADC's GDP in 2016, and is the main driver of the region's growth **(Table 1.5)**. However, in countries such as Comoros, Madagascar, Malawi, and Tanzania, agriculture accounts for a significant share in the GDP; while industrial sector (mainly mining) dominates the Angolan economy. Eswatini, DR Congo, Mauritius and South Africa have strong manufacturing sector.

Major industries and major agricultural products in SADC countries are presented in **Table 1.6** and **1.7**, respectively.

Table 1.5: GDP Contribution by Sector in SADC Countries (%)

Country	Agriculture*	Industry**	Manufacturing	Services
Angola	8.0	46.0	4.9	46.0
Botswana	2.2	34.7	5.7	63.1
Comoros	42.0	11.8	9.1	46.2
DR Congo	20.6	43.1	20.3	36.2
Eswatini	10.0	36.9	31.6	53.1
Lesotho	5.8	32.3	11.8	61.8
Madagascar	34.6	7.9	4.6	57.5
Malawi	25.1	16.4	9.2	58.5
Mauritius	3.5	20.9	13.9	75.6
Mozambique	24.1	21.1	9.3	54.8
Namibia	6.8	30.9	11.8	62.3
Seychelles	2.0	12.6	6.7	85.4
South Africa	2.4	28.9	13.3	68.6
Tanzania	31.1	26.8	5.5	42.1
Zambia	5.1	35.8	7.7	59.2
Zimbabwe	11.2	24.3	9.9	64.5

*Note: Data pertains to 2016; *includes hunting, forestry and fishing; ** includes manufacturing*

Source: UNCTADstat (Accessed on January 30, 2019); and Exim Bank Analysis

[2]U.S. Geological Survey, Mineral Commodity Summaries 2018

[3]Mineral Council, South Africa, Facts and Figures 2018

[4]Data for 2017, sourced from ITC Trademap, derived from UN Comtrade

Table 1.6: Major Industries in SADC Countries

Country	Major Industries
Angola	Petroleum; diamonds, iron ore, phosphates, feldspar, bauxite, uranium, and gold; cement; basic metal products; fish processing; food processing, brewing, tobacco products, sugar; textiles; ship repair
Botswana	Diamonds, copper, nickel, salt, soda ash, potash, coal, iron ore, silver; livestock processing; textiles
Comoros	Fishing, tourism, perfume distillation
DR Congo	Mining (copper, cobalt, gold, diamonds, coltan, zinc, tin, tungsten), mineral processing, consumer products (textiles, plastics, footwear, cigarettes), metal products, processed foods and beverages, timber, cement, commercial ship repair
Eswatini	Coal, forestry, sugar processing, soft drink concentrates, textiles and apparel
Lesotho	Food, beverages, textiles, apparel assembly, handicrafts, construction, tourism
Madagascar	Meat processing, seafood, soap, beer, leather, sugar, textiles, glassware, cement, automobile assembly plant, paper, petroleum, tourism, mining
Malawi	Tobacco, tea, sugar, sawmill products, cement, consumer goods
Mauritius	Food processing (largely sugar milling and marine products), textiles, clothing, mining, chemicals, metal products, transport equipment, nonelectrical machinery, tourism
Mozambique	Aluminium, petroleum products, chemicals (fertilizer, soap, paints), textiles, cement, glass, asbestos, tobacco, food, beverages
Namibia	Meat packing, fish processing, dairy products, pasta, beverages; mining (diamonds, lead, zinc, tin, silver, tungsten, uranium, copper)
Seychelles	Fishing, tourism, beverages
South Africa	Mining (world's largest producer of platinum, gold, chromium), automobile assembly, metalworking, machinery, textiles, iron and steel, chemicals, fertilizer, foodstuffs, commercial ship repair
Tanzania	Agricultural processing (sugar, beer, cigarettes, sisal twine); mining (diamonds, gold, and iron), salt, soda ash; cement, oil refining, shoes, apparel, wood products, fertilizer

Source: Central Intelligence Agency (CIA)

Table 1.7: Major Agricultural Products in SADC Countries

Country	Agricultural and Allied Products
Angola	Bananas, sugarcane, coffee, sisal, corn, cotton, cassava (manioc, tapioca), tobacco, vegetables, plantains; livestock; forest products; fish
Botswana	Sorghum, maize, millet, beans, sunflowers, groundnuts; livestock
Comoros	Vanilla, cloves, ylang-ylang (perfume essence), coconuts, bananas, cassava (manioc)
DR Congo	Coffee, sugar, palm oil, rubber, tea, cotton, cocoa, quinine, cassava (manioc, tapioca), bananas, plantains, peanuts, root crops, corn, fruits; wood products
Eswatini	Sugarcane, cotton, corn, citrus, pineapples; cattle, goats
Lesotho	Corn, wheat, pulses, sorghum, barley; livestock
Madagascar	Coffee, vanilla, sugarcane, cloves, cocoa, rice, cassava (manioc, tapioca), beans, bananas, peanuts; livestock
Malawi	Tobacco, sugarcane, cotton, tea, corn, potatoes, cassava (manioc, tapioca), sorghum, pulses, groundnuts, macadamia nuts; cattle, goats
Mauritius	Sugarcane, tea, corn, potatoes, bananas, pulses; cattle, goats; fish
Mozambique	Cotton, cashew nuts, sugarcane, tea, cassava (manioc, tapioca), corn, coconuts, sisal, citrus and tropical fruits, potatoes, sunflowers; beef, poultry
Namibia	Millet, sorghum, peanuts, grapes; livestock; fish
Seychelles	Coconuts, cinnamon, vanilla, sweet potatoes, cassava (manioc, tapioca), copra, bananas; tuna
South Africa	Corn, wheat, sugarcane, fruits, vegetables; beef, poultry, mutton, wool, dairy products
Tanzania	Coffee, sisal, tea, cotton, pyrethrum (insecticide made from chrysanthemums), cashew nuts, tobacco, cloves, corn, wheat, cassava (manioc, tapioca), bananas, fruits, vegetables; cattle, sheep, goats
Zambia	Corn, sorghum, rice, peanuts, sunflower seeds, vegetables, flowers, tobacco, cotton, sugarcane, cassava (manioc, tapioca), coffee; cattle, goats, pigs, poultry, milk, eggs, hides
Zimbabwe	Tobacco, corn, cotton, wheat, coffee, sugarcane, peanuts; sheep, goats, pigs

Source: Central Intelligence Agency (CIA)

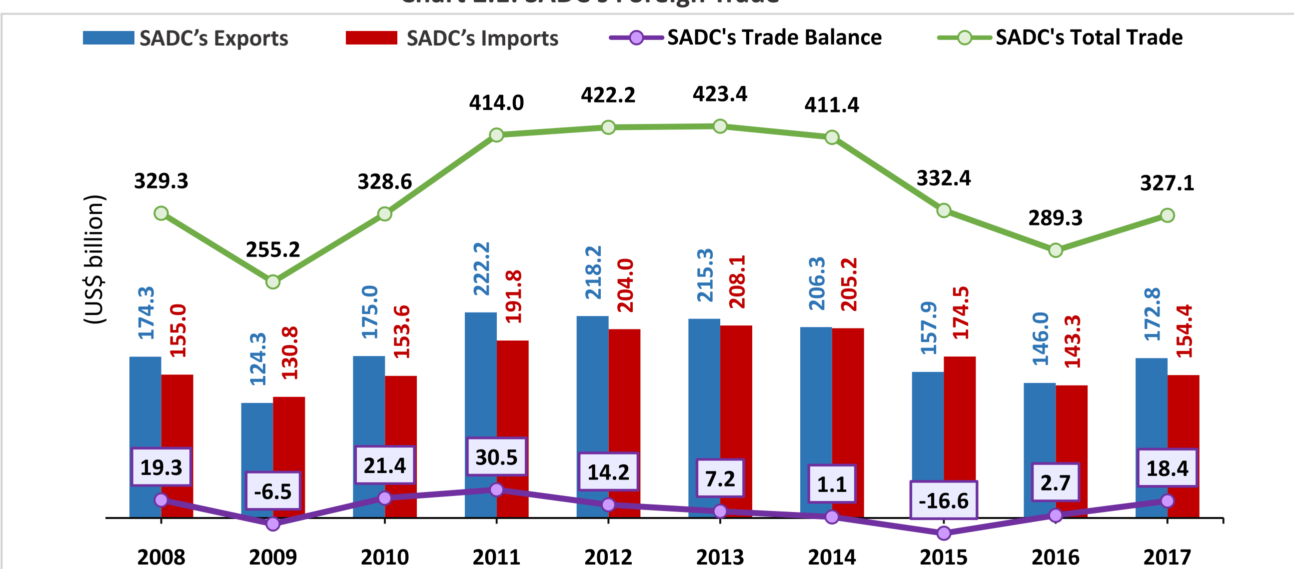
2. INTERNATIONAL TRADE OF SADC COUNTRIES

The SADC Protocol on Trade, 1996 (later amended in 2010), is one of the most important legal instruments guiding SADC's trade framework. It envisioned the establishment of a Free Trade Area (FTA) in the region, which was eventually launched officially in August 2008 during the 28th SADC Summit, held in Johannesburg. In fact, by the beginning of 2008, most customs duties had been eliminated on goods from the participating member States (i.e. about 85 percent of goods attained zero duty in January 2008) and a Common Tariff System was applied to import of goods from non-member States[5]. In addition, in August 2012, the Protocol on Trade in Services was developed and signed as a step towards achieving an FTA in Services. Several other initiatives had been introduced to further integrate the SADC members, which include, among others, the agreement on a SADC Regional Development Fund and the SADC Industrialisation Strategy and Roadmap 2015-2063.

SADC is one of the eight Regional Economic Community (REC) recognized by the African Union (AU) for continental economic integration[6].

An analysis of SADC's trade during the last decade shows a rise in the total trade from 2010, which peaked in 2013 before declining thereafter, mainly due to the fall in oil prices. SADC's total trade declined until 2016 and recovered in 2017. SADC's total trade increased by 13.1 percent in 2017 to US$ 327.1 billion from US$ 289.3 billion in 2016. Trade growth during the year was mainly on the back of strong exports, SADC's exports grew at 18.3 percent from US$ 146 billion in 2016 to US$ 172.8 billion in 2017. The growth in exports was mainly due to the recovery in export of mineral fuels, oil and its products and pearls and precious stones. Imports of the region stood at US$ 154.4 billion in 2017, an increase of 7.7 percent from US$ 143.3 billion recorded in the previous year

Chart 2.1: SADC's Foreign Trade



Source: ITC Trademap, derived from UN Comtrade; and Exim Bank Analysis

[5]As on January 30, 2019, Angola and DR Congo are yet to be members of this trade protocol.

[6]Other RECs recognized by AU include Arab Maghreb Union (UMA); Common Market for Eastern and Southern Africa (COMESA); Community of Sahel–Saharan States (CEN–SAD); East African Community (EAC); Economic Community of Central African States (ECCAS); Economic Community of West African States (ECOWAS); and Intergovernmental Authority on Development (IGAD).These eight sub regional bodies are the building blocks of the African Economic Community established in the 1991 Abuja Treaty, which provides the overarching framework for continental economic integration.

(Chart 2.1). SADC's share in global trade has remained fairly constant in last ten years at around 1 percent.

SADC - Exports

Major Exporters

SADC's exports in value terms have decreased from US$ 174.3 billion in 2008 to US$ 172.8 billion in 2017. However, SADC's share in Africa's exports increased from 32.8 percent in 2008 to 40.5 percent in 2017. South Africa and Angola are the largest exporters among SADC members, together accounting for 72.4 percent of the region's total exports in 2017. Other major exporters from SADC include DR Congo, Zambia and Botswana **(Table 2.1)**.

Export Items

Reflecting the significant rise in export of crude petroleum from SADC, mineral fuels are the largest export item, accounting for as much as 27.5 percent of SADC's total exports in 2017, followed by pearls and precious stones, ores and slag, copper and its articles and iron and steel in 2017. The top five commodities exported by SADC accounted for as much as 62.8 percent of total exports from the region **(Table 2.2)**.

Within the region, major exporters of mineral fuels include Angola, South Africa and Mozambique. SADC accounted for 2.4 percent of the world exports of mineral fuels in 2017, of which Angola alone accounts for 1.7 percent. Among mineral fuel exports, crude petroleum (HS-2709) is a dominant export item.

Major exporters of pearls and precious stones and metals in the SADC region include South Africa, Botswana, Angola and Namibia. The region accounts for 4.1 percent of the world exports of pearls and precious stones and metals in 2017, of which South Africa alone accounted for 2.1 percent of world exports. Within this category, diamonds (HS-7102), gold (HS-7108) and platinum (HS-7110) are the major export items from the region.

SADC's export of ores, slag and ash account for 7.1 percent of world's exports (2017), with major exporter being South Africa (5.7 percent of global export of ores, slag and ash). Other major exporters include DR Congo, Namibia, Mozambique and Zimbabwe.

Table 2.1: SADC- Major Exporters

Exporters	2008			2012			2017		
	Values (US$ mn)	Share in SADC (%)	Share in Africa (%)	Values (US$ mn)	Share in SADC (%)	Share in Africa (%)	Values (US$ mn)	Share in SADC (%)	Share in Africa (%)
SADC	**174320.3**	**100.0**	**32.8**	**218208.8**	**100.0**	**32.8**	**172760.9**	**100.0**	**40.5**
South Africa	73965.5	42.4	13.9	98824.5	45.3	14.9	88268.0	51.1	20.7
Angola	67747.9	38.9	12.8	70863.1	32.5	10.7	36763.9	21.3	8.6
DR Congo	3748.4	2.2	0.7	7178.5	3.3	1.1	8276.8	4.8	1.9
Zambia	5098.7	2.9	1.0	9364.7	4.3	1.4	8125.8	4.7	1.9
Botswana	4950.9	2.8	0.9	5971.2	2.7	0.9	5898.1	3.4	1.4
Namibia	4729.3	2.7	0.9	5377.0	2.5	0.8	5229.4	3.0	1.2
Mozambique	2653.3	1.5	0.5	3469.9	1.6	0.5	4687.4	2.7	1.1
Tanzania	3121.1	1.8	0.6	5547.2	2.5	0.8	4178.1	2.4	1.0
Madagascar	1667.4	1.0	0.3	1224.5	0.6	0.2	2847.0	1.6	0.7
Zimbabwe	1693.9	1.0	0.3	3882.4	1.8	0.6	2428.8	1.4	0.6
Mauritius	2401.5	1.4	0.5	2257.7	1.0	0.3	2102.6	1.2	0.5
Eswatini	1092.1	0.6	0.2	1705.5	0.8	0.3	1801.6	1.0	0.4
Malawi	879.0	0.5	0.2	1205.6	0.6	0.2	889.1	0.5	0.2
Lesotho	244.7	0.1	0.0	678.2	0.3	0.1	672.6	0.4	0.2
Seychelles	326.6	0.2	0.1	658.8	0.3	0.1	591.6	0.3	0.1

Source: ITC Trademap, derived from UN Comtrade; and Exim Bank Analysis

Table 2.2: SADC's Major Export Items

HS Code	Product label	2008		2012		2017	
		Values (US$ mn)	Share in SADC (%)	Values (US$ mn)	Share in SADC (%)	Values (US$ mn)	Share in SADC (%)
TOTAL	**All products**	**174320.3**	**100.0**	**218208.8**	**100.0**	**172760.9**	**100.0**
27	Mineral fuels, oils and its products	74350.8	42.7	83337.7	38.2	47457.6	27.5
71	Pearls and precious stones	19198.4	11.0	30693.2	14.1	26878.1	15.6
26	Ores, slag and ash	11192.4	6.4	17143.9	7.9	14148.9	8.2
87	Vehicles other than railway or tramway	7771.6	4.5	9394.9	4.3	9991.7	5.8
74	Copper and its articles	4772.6	2.7	10779.7	4.9	9923.9	5.7
72	Iron and steel	9306.9	5.3	7361.0	3.4	6393.6	3.7
84	Machinery and equipment	6895.3	4.0	7934.7	3.6	5811.9	3.4
08	Edible fruit and nuts	1857.8	1.1	2684.5	1.2	4180.6	2.4
76	Aluminium and its articles	3689.3	2.1	2929.2	1.3	3044.2	1.8
24	Tobacco and manufactured tobacco substitutes	1404.3	0.8	2454.7	1.1	2430.6	1.4
81	Other base metals and its articles	1014.0	0.6	925.4	0.4	2297.2	1.3
85	Electrical and electronic equipment	2142.1	1.2	2704.3	1.2	2154.5	1.2

Source: ITC Trademap, derived from UN Comtrade; and Exim Bank Analysis

Major Export Markets

While developed countries such as USA and Germany, among others, continue to be the traditional destinations for SADC's exports, developing countries such as China and India have emerged as major export destinations in recent years. In fact, India's share in SADC's exports has increased from 2.3 percent in 2008 to 7.3 percent in 2017, emerging to be the second largest destination for the region, after China, which accounted for 20.7 percent of SADC's exports **(Table 2.3)**.

Major suppliers to China from the SADC region include South Africa, Angola, DR Congo, Zambia and Zimbabwe. India's major suppliers from the region

Table 2.3: SADC's Major Export Destinations

Importers	Share in SADC's Exports (%)		
	2008	2012	2017
China	16.9	23.4	20.7
India	2.3	5.3	7.3
USA	16.6	7.1	6.3
South Africa	4.2	5.4	4.2
Germany	3.9	2.2	3.8
Switzerland	2.9	3.3	3.2
UAE	0.9	1.4	3.1
Belgium	1.9	1.6	3.0
Japan	4.8	2.9	2.7
UK	6.1	4.6	2.6

Source: ITC Trademap, derived from UN Comtrade; and Exim Bank Analysis

Table 2.4: SADC- Major Importers

Importers	2008			2012			2017		
	Values (US$ mn)	Share in SADC (%)	Share in Africa (%)	Values (US$ mn)	Share in SADC (%)	Share in Africa (%)	Values (US$ mn)	Share in SADC (%)	Share in Africa (%)
SADC	**154983.3**	**100.0**	**33.6**	**204009.8**	**100.0**	**34.6**	**154376.0**	**100.0**	**30.6**
South Africa	87593.1	56.5	19.0	104180.4	51.1	17.7	83030.8	53.8	16.5
Angola	20473.9	13.2	4.4	28723.0	14.1	4.9	11977.2	7.8	2.4
Zambia	5060.5	3.3	1.1	8805.2	4.3	1.5	8710.1	5.6	1.7
Tanzania	8087.7	5.2	1.8	11715.6	5.7	2.0	7765.4	5.0	1.5
Namibia	4688.6	3.0	1.0	7132.0	3.5	1.2	6778.2	4.4	1.3
Mozambique	4007.8	2.6	0.9	6177.2	3.0	1.0	5761.5	3.7	1.1
Botswana	5211.1	3.4	1.1	8025.3	3.9	1.4	5284.2	3.4	1.0
Mauritius	4669.7	3.0	1.0	5772.0	2.8	1.0	5269.5	3.4	1.0
DR Congo	3933.0	2.5	0.9	6362.8	3.1	1.1	5010.9	3.2	1.0
Madagascar	3850.6	2.5	0.8	2659.0	1.3	0.5	3654.5	2.4	0.7
Zimbabwe	2831.8	1.8	0.6	7362.5	3.6	1.2	3545.3	2.3	0.7
Malawi	2203.7	1.4	0.5	2434.4	1.2	0.4	2562.0	1.7	0.5
Lesotho	1066.2	0.7	0.2	1594.2	0.8	0.3	2069.0	1.3	0.4
Eswatini	319.3	0.2	0.1	1786.3	0.9	0.3	1608.9	1.0	0.3
Seychelles	986.4	0.6	0.2	1279.8	0.6	0.2	1348.5	0.9	0.3

Source: ITC Trademap, derived from UN Comtrade; and Exim Bank Analysis

include South Africa, Angola, Botswana and Tanzania. While major suppliers to USA were South Africa, Angola and Botswana.

SADC – Imports

Major Importers

As regards imports, South Africa dominates imports of the SADC region, accounting for more than half of the region's imports **(Table 2.4).** Other major importers in the region include Angola, Zambia, Tanzania and Namibia.

China is the largest supplier for South Africa, accounting for 18.3 percent of the country's import in 2017, followed by Germany (11.5 percent), USA (6.6 percent), India (4.7 percent) and Saudi Arabia (4.6 percent). South Africa's imports from China mainly include electrical and electronic equipment, and machinery and equipment, accounting for 26.6 percent and 19.7 percent, respectively, of South Africa's imports of the commodities from China in 2017.

Angola's main sources of imports include China (18.8 percent of Angola's imports in 2017), Portugal (16.9 percent), USA (6.8 percent), and Brazil (5.6 percent).

Major Import Items

In contrast to SADC's export basket, which is largely dominated by crude oil, SADC's import basket is relatively diversified. The top five imports of SADC, which include mineral fuels, machinery and equipment, electrical and electronic equipment, vehicles other than railway or tramway and plastics and its articles, accounted for 45 percent of SADC's imports **(Table 2.5)**.

SADC's import of mineral fuels, oils and its products, was mainly dominated by petroleum oils, not crude (HS 2710). The region's petroleum oil imports were mainly sourced from Saudi Arabia, India and South Africa.

Machinery and equipment, the second-largest import items of the region, were mainly sourced from China, South Africa, Germany, USA and Italy. Portable digital computers form the major component of import of machinery and equipment. Major importers of machinery and equipment in SADC include South Africa, Angola and Zambia.

Table 2.5: SADC's Major Import Items

HS Code	Product label	2008		2012		2017	
		Values (US$ mn)	Share in SADC (%)	Values (US$ mn)	Share in SADC (%)	Values (US$ mn)	Share in SADC (%)
TOTAL	**All products**	**154983.3**	**100.0**	**204009.8**	**100.0**	**154376.0**	**100.0**
27	Mineral fuels, oils and its products	28524.3	18.4	37273.1	18.3	21146.7	13.7
84	Machinery and equipment	22779.4	14.7	27229.4	13.3	18747.3	12.1
85	Electrical and electronic equipment	13230.1	8.5	15720.8	7.7	13324.1	8.6
87	Vehicles other than railway or tramway	14008.0	9.0	19315.9	9.5	11625.7	7.5
39	Plastics and its articles	3566.0	2.3	5303.2	2.6	4801.0	3.1
30	Pharmaceutical products	2684.5	1.7	4241.7	2.1	4614.1	3.0
73	Articles of iron or steel	4724.5	3.0	5642.4	2.8	3321.2	2.2
90	Optical, photographic, medical or surgical equipment	2930.2	1.9	3601.3	1.8	3054.0	2.0
71	Pearls and precious stones	1867.2	1.2	3735.3	1.8	2990.1	1.9
10	Cereals	2511.5	1.6	3435.3	1.7	2755.6	1.8

Source: ITC Trademap, derived from UN Comtrade; and Exim Bank Analysis

Major Import Sources

China is the leading source of SADC's global imports, accounting for as much as 16.1 percent of SADC's total imports in 2017, followed by South Africa and Germany and India. During the last decade, India's share in SADC's imports increased to 5.4 percent in 2017 from 3.5 percent in 2008 **(Table 2.6)**.

China's main markets in the SADC region include South Africa, Tanzania and Angola. South Africa's exports to the region were mainly towards its neighboring countries, namely, Botswana, Namibia and Mozambique. In the case of India, its main markets in the SADC region comprise South Africa, Tanzania and Mozambique.

Table 2.6: SADC's Major Import Sources

Exporters	Share in SADC's Imports (%)		
	2008	2012	2017
China	10.4	11.7	16.1
South Africa	11.5	13.0	12.6
Germany	7.5	5.7	7.0
India	3.5	4.3	5.4
USA	6.7	5.9	4.8
Saudi Arabia	3.9	4.1	3.1
UAE	1.8	2.4	2.9
Japan	4.1	3.3	2.6
UK	3.6	4.2	2.5
France	2.9	2.4	2.5

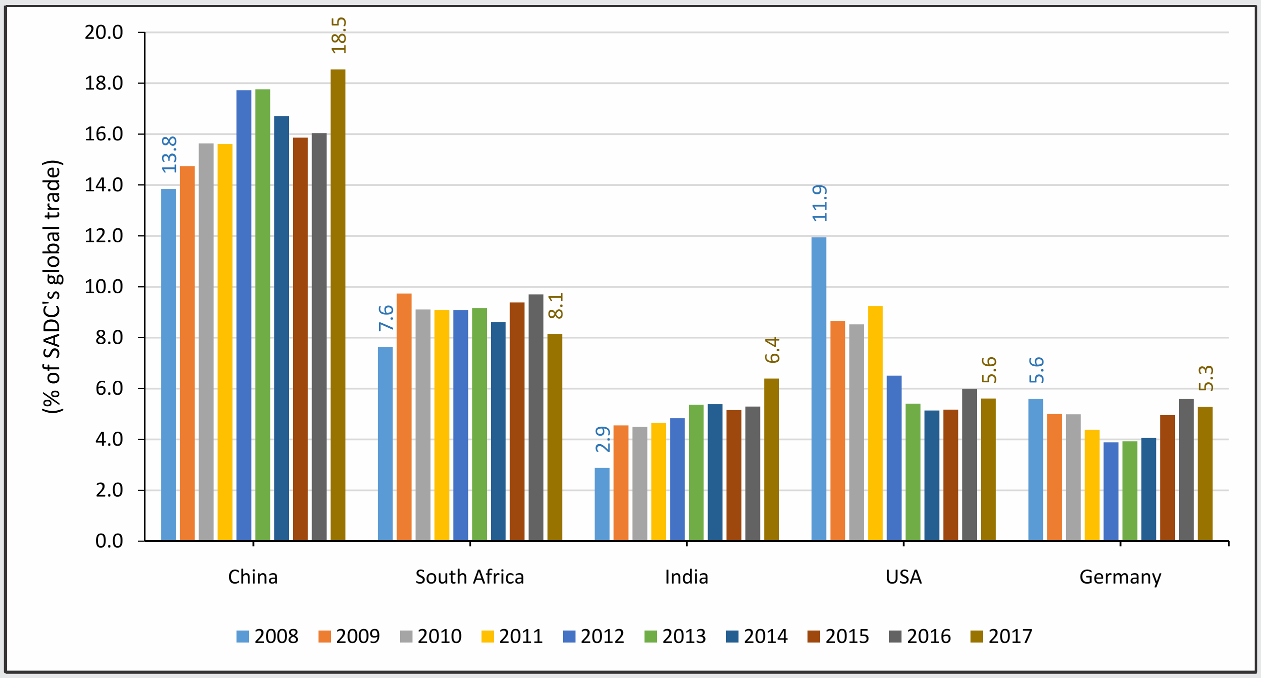
Source: ITC Trademap, derived from UN Comtrade; and Exim Bank Analysis

Box 1: SADC's Trade and its Dependence on China

China is the largest trading partner of SADC, and accounts for 18.5 percent of the region's trade in 2017 **(Chart 2.2)**. SADC's trade with China grew at an annual average rate of 3.5 percent during 2008-2017. Though modest, it is higher than SADC's global trade growth of 1.4 percent during the same period. Concurrently, the share of South Africa, the region's second-largest trading partner, in SADC's trade has increased marginally from 7.6 percent of its total trade in 2008 to 8.1 percent in 2017. India's share increased substantially from 2.9 percent of SADC's global trade in 2008 to 6.4 percent in 2017. While that of USA and Germany declined during the same period.

Though India's trade with the region has increased substantially over the years, it is far lower than that of China. China's share in SADC's exports and imports in 2017 stood at 20.7 percent and 16.1 percent, respectively.

Chart 2.2: SADC's Top Five Trading Partners



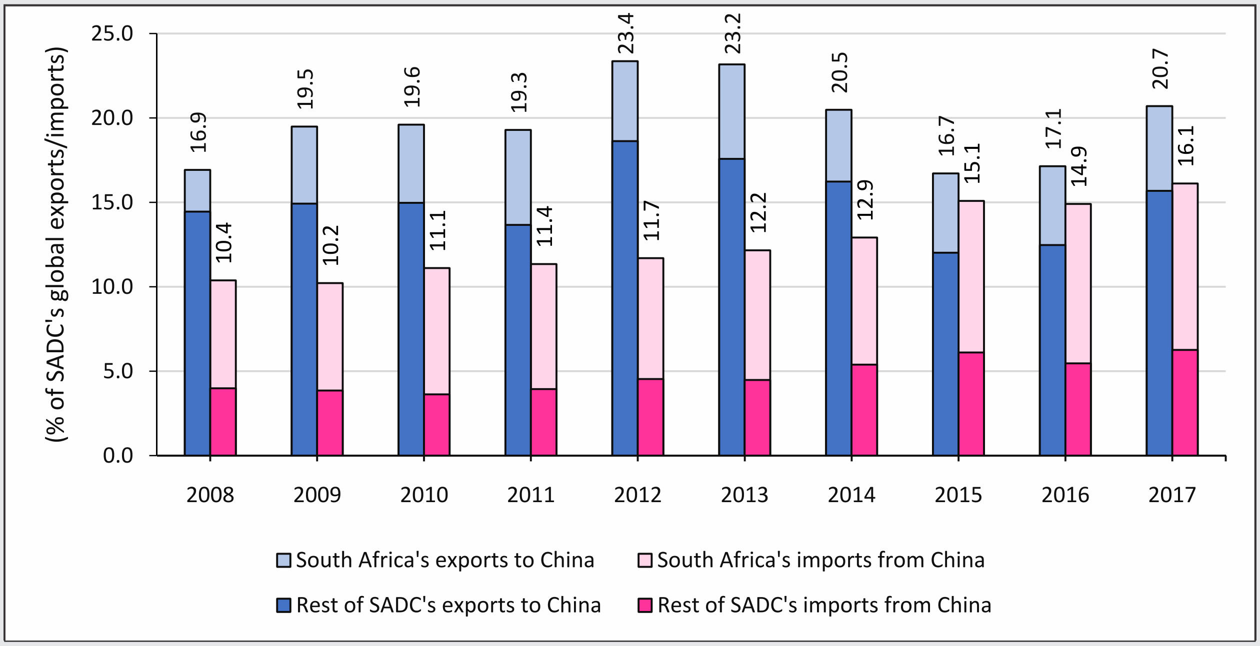
Source: ITC Trademap, derived from UN Comtrade; and Exim Bank Analysis

SADC's exports to China are mainly from South Africa and Angola, while the region's import dependence on China is mainly from South Africa. Of SADC's exports to China (20.7 percent of the region's exports), South Africa's exports to China stood at 5 percent in 2017. While the region's imports from China accounted for 16.1 percent of its global imports; South Africa alone was 9.9 percent in the same year **(Chart 2.3)**.

South Africa's exports to China is mainly resource-based including pearls and precious stones, ores, slag and ash, and iron and steel. South Africa's imports from China mainly includes electrical and electronic equipment and machinery.

Thus, a slowdown in China, could trigger a fall South Africa's, and resultant SADC's overall trade.

Chart 2.3: South Africa and Rest of SADC's Trade with China



Source: ITC Trademap, derived from UN Comtrade; and Exim Bank Analysis

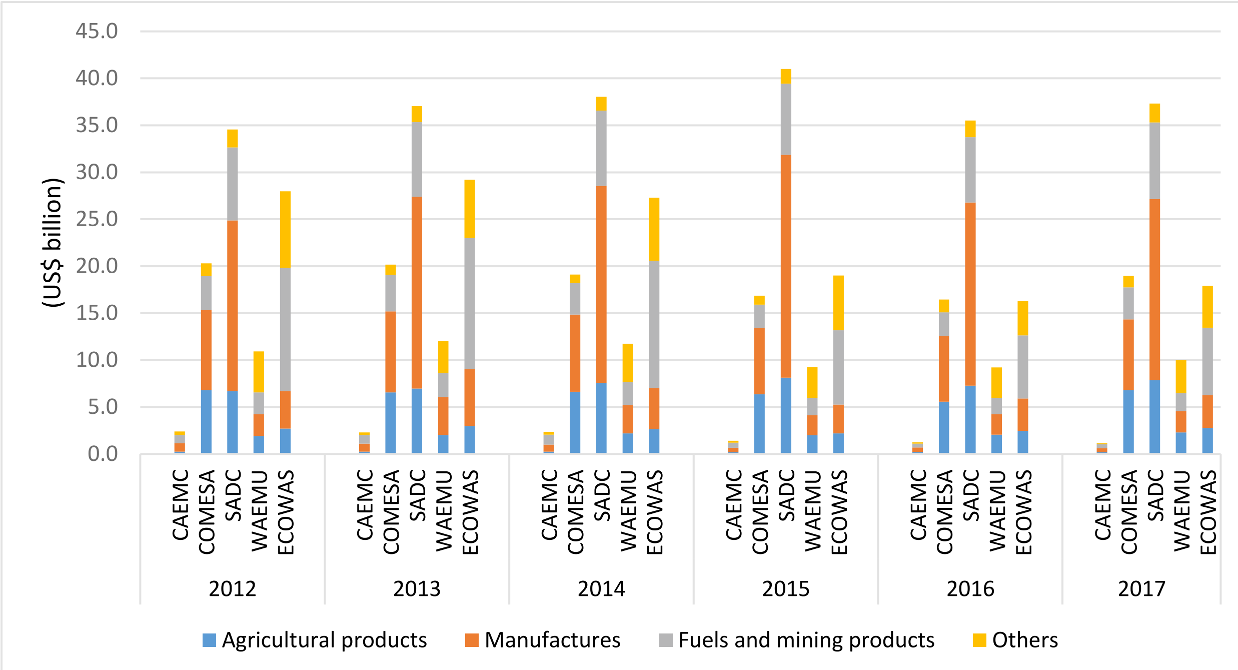
Intra-regional Trade

According to the World Trade Organization (WTO), SADC ranks first among African RTAs in value terms, representing 37.3 percent of total African exports in 2017. SADC also shows the highest share of manufacturing exports to the continent vis-à-vis its exports to the world which mainly includes fuels and mining products **(Chart 2.4** and **2.5)**. SADC's manufacturing exports to Africa mainly comprised machinery and transport equipment from South Africa.

According to a report by African Export-Import Bank (Afreximbank)[7], in the southern Africa region, fuel and manufactured goods enter the continent through South Africa's ports and are re-exported by road to, among others, Botswana, DR Congo, Lesotho, Eswatini, Zambia and Zimbabwe. Cobalt, copper and gold, on the other hand, go in the other direction.

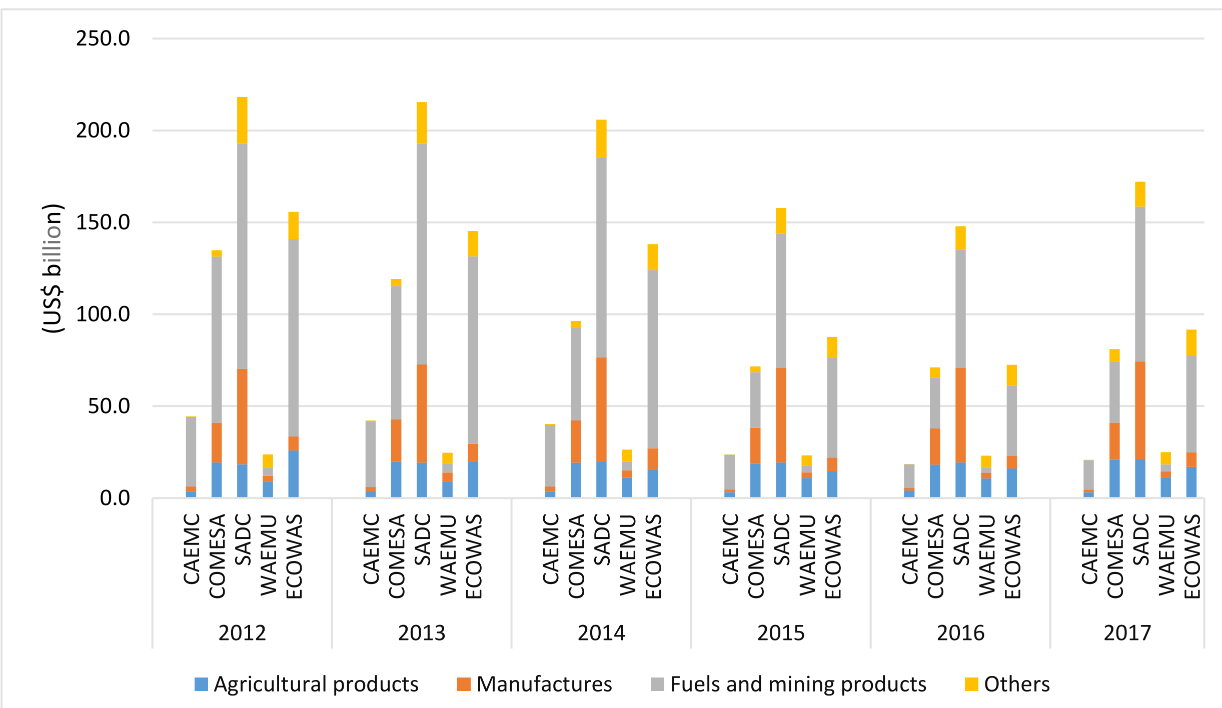
[7]Afreximbank African Trade Report 2018

Chart 2.4: African RTAs Exports to Africa by Main Product Group



Source: WTO

Chart 2.5: African RTAs Exports to World by Main Product Group



Source: WTO

Intra-SADC Trade

According to the United Nations Conference on Trade and Development (UNCTAD), the share of SADC's intra-regional trade to its total trade increased from 14.9 percent in 2008 to 20.4 percent in 2017, representing increase in both exports and imports **(Table 2.7)**. SADC's share of intra-group exports increased from 11.8 percent in 2008 to 19.8 percent in 2017, while the share of imports increased from 18 percent in 2008 to 21 percent in 2017. Most of the intra-regional trade is dominated by South Africa. Intra-SADC trade has increased since the creation of an FTA in 2008 and is the highest amongst trading blocs across Africa.

Table 2.7: Intra-regional Trade in Select African Economic Blocs (% of Total Trade)

Region	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
CEMAC	4.7	4.3	4.7	5.5	4.1	4.3	3.3	4.7	4.4	5.4
COMESA	5.5	6.4	6.8	7.7	6.8	7.8	8.0	8.7	7.6	8.9
EAC	13.7	13.8	13.5	13.5	14.6	13.5	14.3	14.6	13.4	13.1
ECCAS	2.6	3.2	3.5	4.3	3.5	3.6	2.1	3.3	3.3	3.9
ECOWAS	10.0	9.8	8.6	8.4	9.2	10.2	9.0	9.5	10.1	9.4
SACU	7.0	8.6	14.6	13.0	13.9	13.9	14.7	16.1	15.6	14.2
SADC	14.9	16.2	19.1	17.9	19.3	19.2	19.3	21.1	21.1	20.4
UEMOA	12.5	11.3	11.1	10.5	11.9	11.4	13.4	11.7	12.6	12.9

Source: UNCTADstat (Accessed on January 30, 2019); and Exim Bank Analysis

3. INDIA'S BILATERAL TRADE RELATIONS WITH SADC COUNTRIES

Towards developing extensive economic and strategic relations with SADC, the Government of India signed a Memorandum of Understanding (MOU) on economic cooperation with SADC on October 14, 1997. The broad areas of cooperation include agriculture, water resources management, human resources development, entrepreneurial development, promotion of small and medium scale industries, non-conventional energy sources, communications, commerce, banking, and diplomacy and enterprises development through private sector involvement.

As a follow up to the MOU, the First India-SADC Forum meeting was held in Windhoek, Namibia, on April 28, 2006. The Forum agreed to focus cooperation in the sectors of Trade, Industry, Finance and Investment; Food, Agriculture and pharmaceuticals; Water Resource Management; and Information and Communications Technology[8].

With the increasing diversification of India's global trade towards other developing countries, SADC has emerged as important partner for India, both as an export destination and an import source. The economic and trade linkages, which saw an expansion of trade volumes, stand testimony to the intensified economic engagement. During the last ten years, India's total trade with SADC countries nearly doubled from US$ 13.7 billion in 2008 to US$ 25.5 billion in 2017 **(Table 3.1)**.

While India's total exports to SADC has risen moderately from US$ 6.3 billion in 2008 to US$ 9.1 billion in 2017, India's total imports from SADC have more than doubled during the same period, from US$ 7.5 billion in 2008 to US$ 16.4 billion in 2017. India's trade balance with SADC has been in favour of SADC throughout the decade with an exception in 2014. Over the years, India's trade deficit with SADC has widened from US$ 1.2 billion in 2008 to US$ 7.3 billion in 2017.

The increasing importance of India as SADC's trading partner can be assessed from the fact that India accounts for a respectable 5.4 percent of SADC's global imports in 2017, as compared to 3.5 percent recorded in 2008. Further, India accounts for around 7.3 percent of SADC's total exports, increasing from 2.3 percent in 2008, depicting the rising importance of India as SADC's export destination.

Table 3.1: India's Trade with SADC

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
India's Exports to SADC (US$ bn)	6.3	4.7	7.1	9.4	9.7	14.1	15.0	9.5	7.8	9.1
Share in India's Global Exports (%)	*3.4*	*2.7*	*3.2*	*3.1*	*3.3*	*4.2*	*4.7*	*3.6*	*3.0*	*3.1*
Share in SADC's Global imports (%)	*3.5*	*4.1*	*4.0*	*4.4*	*4.3*	*5.3*	*5.3*	*5.0*	*5.1*	*5.4*
India's imports from SADC (US$ bn)	7.5	9.2	12.4	16.1	17.5	15.9	14.6	12.2	10.4	16.4
Share in India's Global Imports (%)	*2.4*	*3.5*	*3.6*	*3.5*	*3.6*	*3.4*	*3.2*	*3.1*	*2.9*	*2.7*
Share in SADC's Global Exports (%)	*2.3*	*5.1*	*5.0*	*4.8*	*5.3*	*5.4*	*5.5*	*5.4*	*5.4*	*7.3*
India's Total Trade with SADC (US$ bn)	13.7	13.9	19.5	25.5	27.1	30.0	29.6	21.7	18.2	25.5
India's Trade Balance with SADC (US$ bn)	-1.2	-4.5	-5.4	-6.7	-7.8	-1.7	0.4	-2.7	-2.7	-7.3

Source: ITC Trademap, derived from UN COMTRADE; and Exim Bank Analysis

[8]Ministry of External Affairs, Government of India

Table 3.2: India's Major Export Items to SADC

HS Code	Product	India's Exports to SADC				SADC's Imports from World		India's Exports to World	
		Value in 2008 (US$ mn)	Share in 2008 (%)	Value in 2017 (US$ mn)	Share in 2017 (%)	Share in 2008 (%)	Share in 2017(%)	Share in 2008 (%)	Share in 2017(%)
TOTAL	**All products**	**6250.8**	**100.0**	**9069.2**	**100.0**	**3.5**	**5.4**	**3.4**	**3.1**
27	Mineral fuels, oils and its products	2894.6	46.3	2869.9	31.6	10.1	13.6	8.8	8.0
30	Pharmaceutical products	425.7	6.8	1,368.2	15.1	15.9	29.7	8.5	10.6
87	Vehicles other than railway or tramway	373.8	6.0	1,055.8	11.6	2.7	9.1	6.1	6.5
84	Machinery and equipment	263.1	4.2	394.8	4.4	1.2	2.1	3.2	2.4
39	Plastics and its articles	123.3	2.0	234.0	2.6	3.5	4.9	4.4	3.9
85	Electrical and electronic equipment	141.0	2.3	226.9	2.5	1.1	1.7	2.0	2.6
10	Cereals	66.2	1.1	208.9	2.3	2.6	7.6	1.7	2.8
29	Organic chemicals	98.5	1.6	202.9	2.2	5.8	11.6	1.2	1.5
52	Cotton	105.0	1.7	172.4	1.9	16.8	22.8	2.3	2.5
61	Articles of apparel and clothing, knitted or crocheted	44.3	0.7	164.8	1.8	6.1	13.4	1.0	2.0

Source: ITC Trademap, derived from UN COMTRADE; and Exim Bank Analysis

India's Major Export Items to SADC

Table 3.2 presents commodity-wise trends in India's exports to SADC. While mineral fuels and pharmaceutical products dominate India's export basket to SADC, together accounting for 46.7 percent of India's total exports to SADC in 2017, the share of mineral fuels witnessed a fall while that of pharmaceutical products more than doubled during the last ten years. Other important items of India's exports to SADC include vehicles other than railway or tramway, machinery and equipment, electrical and electronic equipment, and cereals. Among these, items such as vehicles other than railway or tramway, machinery and equipment, plastics and articles and cereals gained increasing importance in India's exports to SADC.

The importance of India as a source for SADC's import of pharmaceutical products can be gauged from the fact that India accounts for 29.7 percent of SADC's global imports of pharmaceutical products. There has been a tremendous increase in demand of pharmaceutical products owing to the widespread diseases in the region. Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic use (HS 3004) are the main items in India's export basket of pharmaceuticals to SADC. The largest markets in the region are South Africa, Tanzania, Malawi and Zimbabwe.

Likewise, India has also emerged as an important source for SADC's imports of cotton, accounting for 22.8 percent of SADC's global imports.

India's Major Export Destinations in SADC

South Africa is India's largest export destination in SADC, accounting for around 44.9 percent of India's total exports to the region in 2017 **(Table 3.3)**. Other major export markets in SADC include Tanzania, Mozambique and Mauritius.

South Africa is the leading market in Africa and SADC for India's exports of vehicles and mineral fuels, oils and its products. South Africa is also the largest market in SADC for India's export of pharmaceutical products, machinery and equipment and organic chemicals.

Tanzania is India's the second-largest export market in SADC, with a share of 17.3 percent in India's total exports to SADC in 2017. Commodity-wise, Tanzania is India's second-largest market for export of vehicles and machinery and equipment and India's fourth-largest market in SADC after South Africa, Mozambique and Mauritius for mineral fuels.

Commodity-wise, Mozambique is the second largest market for Indian export of fertilizers in SADC after Malawi and India's second largest market in SADC for exports of mineral fuels.

India's Major Import Items from SADC

The share of SADC in India's global imports has increased from 2.4 percent in 2008 to 3.7 percent in 2017 **(Table 3.4)**. India's imports from SADC was largely dominated by mineral fuels, oils and its products and pearls and precious stones, which together accounted for 78 percent of imports from the region in 2017.

Copper and articles are the third-largest import item in India's import basket from the region. SADC accounts for 20.1 percent of India's global import of copper.

Table 3.3: India's Major Export Markets in SADC

Importers	2008			2017		
	Value (US$ mn)	Share in India's Exports to SADC (%)	Share in India's Exports to the World (%)	Value (US$ mn)	Share in India's Exports to SADC (%)	Share in India's Exports to the World (%)
SADC	**6250.8**	**100.0**	**3.4**	**9069.2**	**100.0**	**3.1**
South Africa	2480.9	39.7	1.4	4073.9	44.9	1.4
Tanzania	1063.9	17.0	0.6	1567.2	17.3	0.5
Mozambique	423.2	6.8	0.2	1051.3	11.6	0.4
Mauritius	1176.3	18.8	0.6	763.6	8.4	0.3
Madagascar	253.7	4.1	0.1	266.0	2.9	0.1
Zambia	103.7	1.7	0.1	257.6	2.8	0.1
Angola	330.0	5.3	0.2	233.9	2.6	0.1
Malawi	85.9	1.4	-	223.8	2.5	0.1
DR Congo	3.8	0.1	-	209.5	2.3	0.1
Zimbabwe	63.2	1.0	-	154.7	1.7	0.1
Botswana	23.3	0.4	-	97.2	1.1	-
Namibia	96.6	1.5	0.1	67.0	0.7	-
Seychelles	96.0	1.5	0.1	37.8	0.4	-
Eswatini	14.8	0.2	-	33.2	0.4	-
Lesotho	35.4	0.6	-	32.6	0.4	-

-Negligible or not available

Source: ITC Trademap, derived from UN COMTRADE; and Exim Bank Analysis

Table 3.4: India's Major Import Items from SADC

HS Code	Product	India's Imports from SADC				SADC's Exports to World		India's Imports from World	
		Value in 2008 (US$ mn)	Share in 2008 (%)	Value in 2017 (US$ mn)	Share in 2017 (%)	Share in 2008 (%)	Share in 2017(%)	Share in 2008 (%)	Share in 2017(%)
TOTAL	**All products**	**7465.6**	**100.0**	**16417.6**	**100.0**	**2.3**	**7.3**	**2.4**	**3.7**
27	Mineral fuels, oils, distillation products	2328.5	31.2	7032.4	42.8	3.1	14.8	2.0	5.7
71	Pearls, precious stones and metals	2909.3	39.0	5780.3	35.2	15.2	21.5	8.3	7.8
74	Copper and articles	15.7	0.2	858.5	5.2	0.3	8.7	1.1	20.1
26	Ores, slag and ash	454.4	6.1	775.6	4.7	4.1	5.5	8.7	13.2
08	Edible fruit and nuts	101.0	1.4	423.5	2.6	5.4	10.1	8.6	12.4
47	Pulp of wood and fibrous cellulosic material	45.4	0.6	263.5	1.6	0.1	27.7	5.2	13.5
72	Iron and steel	314.1	4.2	199.0	1.2	3.4	3.1	2.9	2.0
07	Edible vegetables and roots	78.7	1.1	189.3	1.2	23.8	36.5	5.4	4.8
84	Machinery and equipment	43.9	0.6	159.0	1.0	0.6	2.7	0.2	0.4
09	Coffee, tea and spices	9.2	0.1	104.3	0.6	2.4	7.0	3.3	12.9

Source: ITC Trademap, derived from UN COMTRADE; and Exim Bank Analysis

Within the mineral fuels and oils and their products of distillation category (US$ 7 billion or 42.8 percent of India's import from SADC), coal (HS 2701) was the major commodity of import (US$ 3.4 billion) during 2017 followed by crude petroleum (HS 2709), amounting to US$ 3.2 billion. Angola and South Africa are major sources for India's import of petroleum crude, cumulatively accounting for 25 percent of India's total petroleum crude imports from Africa. Angola is the eleventh largest source of India's imports of crude petroleum globally and second-largest source from Africa.

The region is a major source for India's imports of unwrought gold (HS 7108) and diamonds (HS 7102). South Africa is the largest source for India's imports of pearls and precious stones from SADC as well as Africa, followed by Tanzania.

India's Major Import Sources in Africa

South Africa is the largest import source, followed by Angola, Botswana, Tanzania, Mozambique and Zambia **(Table 3.5)**.

South Africa is a major supplier of crude petroleum, unwrought gold, unmounted diamonds, ores and slag, and nickel to India. Angola is an important source for India's global imports of crude petroleum, while Tanzania is the largest source of India's imports of edible vegetables and certain roots from Africa in 2017.

In a nutshell, India's major export destinations and import sources in SADC, with their respective import and export items are represented in **Table 3.6** and **3.7**.

Table 3.5: India's Major Import Sources from SADC

Exporters	2008			2017		
	Value (US$ mn)	Share in India's Imports from SADC (%)	Share in India's Imports from the World (%)	Value (US$ mn)	Share in India's Imports from SADC (%)	Share in India's Imports from the World (%)
SADC	**7466.3**	**100.0**	**2.4**	**12160.4**	**100.0**	**2.7**
South Africa	5551.2	74.4	1.8	5086.8	41.8	1.1
Angola	1289.3	17.3	0.4	3074.9	25.3	0.7
Botswana	20.9	0.3	-	1276.7	10.5	0.3
Tanzania	139.3	1.9	-	771.5	6.3	0.2
Mozambique	57.1	0.8	-	760.1	6.3	0.2
Zambia	196.9	2.6	0.1	700.1	5.8	0.2
DR Congo	114.3	1.5	-	184.7	1.5	-
Madagascar	12.7	0.2	-	93.5	0.8	-
Lesotho	0.3	-	-	62.3	0.5	-
Zimbabwe	15.8	0.2	-	49.5	0.4	-
Namibia	1.3	-	-	42.4	0.3	-
Eswatini	13.6	0.2	-	14.4	0.1	-
Malawi	15.6	0.2	-	14.4	0.1	-
Mauritius	36.1	0.5	-	7.0	0.1	-
Seychelles	1.2	-	-	0.7	-	-

-Negligible or not available

Source: ITC Trademap, derived from UN COMTRADE; and Exim Bank Analysis

Table 3.6: India's Export Destinations in SADC with Share of Major Products

Country	Value in 2017 (US$mn)	HS Code	Commodity	Share in Exports to respective Country (%)
Angola	**233.7**	**TOTAL**	**All products**	**100.0**
		30	Pharmaceutical products	20.5
		02	Meat and edible meat offal	11.2
		39	Plastics and its articles	9.5
		52	Cotton	6.3
		19	Preparations of cereals, flour, starch	5.6
Botswana	**97.2**	**TOTAL**	**All products**	**100.0**
		71	Pearls, precious stones and metals	44.6
		30	Pharmaceutical products	33.0
		84	Machinery and equipment	4.1
		73	Articles of iron or steel	3.8
		85	Electrical and electronic equipment	3.5
DR Congo	**209.5**	**TOTAL**	**All products**	**100.0**
		30	Pharmaceutical products	39.5
		87	Vehicles other than railway or tramway	12.6
		84	Machinery and equipment	6.1
		39	Plastics and its articles	4.7
		85	Electrical and electronic equipment	3.7
Eswatini	**33.1**	**TOTAL**	**All products**	**100.0**
		30	Pharmaceutical products	56.5
		29	Organic chemicals	8.8
		25	Salt; sulphur; earths and stone; plasters, lime and cement	6.3
		71	Pearls, precious stones and metals	6.1
		84	Machinery and equipment	5.9
Lesotho	**32.6**	**TOTAL**	**All products**	**100.0**
		52	Cotton	52.8
		30	Pharmaceutical products	45.6
		10	Cereals	0.8
		90	Optical, photo, technical, medical apparatus	0.3
		63	Other made textile articles, sets, worn clothing	0.2
Madagascar	**266.0**	**TOTAL**	**All products**	**100.0**
		27	Mineral fuels, oils and its products	28.2
		10	Cereals	25.4
		52	Cotton	6.2
		30	Pharmaceutical products	5.9
		72	Iron and steel	3.1

Country	Value in 2017 (US$mn)	HS Code	Commodity	Share in Exports to respective Country (%)
Malawi	**223.8**	**TOTAL**	**All products**	**100.0**
		30	Pharmaceutical products	47.7
		85	Electrical and electronic equipment	9.5
		84	Machinery and equipment	7.5
		87	Vehicles other than railway or tramway	6.6
		73	Articles of iron or steel	5.5
Mauritius	**763.6**	**TOTAL**	**All products**	**100.0**
		27	Mineral fuels, oils and its products	39.1
		89	Ships, boats and floating structures	14.5
		52	Cotton	7.0
		10	Cereals	4.8
		62	Articles of apparel, accessories, not knitted or crocheted	4.1
Mozambique	**1051.3**	**TOTAL**	**All products**	**100.0**
		27	Mineral fuels, oils and its products	72.9
		30	Pharmaceutical products	8.6
		39	Plastics and its articles	3.1
		84	Machinery and equipment	2.5
		52	Cotton	1.7
Namibia	**67.0**	**TOTAL**	**All products**	**100.0**
		27	Mineral fuels, oils and its products	32.4
		30	Pharmaceutical products	29.7
		10	Cereals	8.2
		87	Vehicles other than railway or tramway	6.4
		19	Preparations of cereals, flour, starch or milk	3.3
Seychelles	**37.8**	**TOTAL**	**All products**	**100.0**
		87	Vehicles other than railway or tramway	23.7
		10	Cereals	10.4
		84	Machinery and equipment	6.3
		39	Plastics and its articles	5.8
		30	Pharmaceutical products	5.6
South Africa	**4073.9**	**TOTAL**	**All products**	**100.0**
		27	Mineral fuels, oils and its products	23.6
		87	Vehicles other than railway or tramway	22.3
		30	Pharmaceutical products	12.1
		29	Organic chemicals	4.5
		84	Machinery and equipment	4.0

Country	Value in 2017 (US$mn)	HS Code	Commodity	Share in Exports to respective Country (%)
Tanzania	**1006.0**	**TOTAL**	**All products**	**100.0**
		27	Mineral fuels, oils and its products	42.3
		30	Pharmaceutical products	14.8
		87	Vehicles other than railway or tramway	5.1
		84	Machinery and equipment	5.0
		62	Articles of apparel, accessories, not knitted or crocheted	3.6
Zambia	**257.6**	**TOTAL**	**All products**	**100.0**
		30	Pharmaceutical products	33.6
		84	Machinery and equipment	13.8
		85	Electrical and electronic equipment	5.6
		70	Glass and glassware	5.3
		39	Plastics and its articles	5.1
Zimbabwe	**154.7**	**TOTAL**	**All products**	**100.0**
		30	Pharmaceutical products	62.8
		84	Machinery and equipment	10.5
		38	Miscellaneous chemical products	3.1
		87	Vehicles other than railway or tramway	2.7
		85	Electrical and electronic equipment	2.6

Source: ITC Trademap, derived from UN COMTRADE; and Exim Bank Analysis

Table 3.7: India's Import Sources in SADC with Share of Major Products

Country	Value in 2017 (US$ mn)	HS Code	Commodity	Share in Imports from respective Country (%)
Angola	**4121.5**	**TOTAL**	**All products**	**100.0**
		27	Mineral fuels, oils and its products	85.6
		71	Pearls, precious stones and metals	14.2
		76	Aluminum and articles	0.1
		25	Salt; Sulphur; earths and stone; plasters, lime and cement	0.1
Botswana	**1745.4**	**TOTAL**	**All products**	**100.0**
		71	Pearls, precious stones and metals	99.99
		74	Copper and articles	0.01
DR Congo	**217.8**	**TOTAL**	**All products**	**100.0**
		26	Ores, slag and ash	43.9
		71	Pearls, precious stones and metals	35.4
		27	Mineral fuels, oils and its products	13.5
		18	Cocoa and cocoa preparations	2.7
		12	Oil seeds and oleaginous fruits	1.6

Country	Value in 2017 (US$ mn)	HS Code	Commodity	Share in Imports from respective Country (%)
Eswatini	**25.3**	**TOTAL**	**All products**	**100.0**
		71	Pearls, precious stones and metals	62.8
		84	Machinery and equipment	14.7
		90	Optical, photo, technical, medical apparatus	8.6
		85	Electrical and electronic equipment	4.4
		29	Organic chemicals	1.8
Lesotho	**74.3**	**TOTAL**	**All products**	**100.0**
		71	Pearls, precious stones and metals	99.7
		51	Wool, animal hair; horsehair yarn and woven fabric	0.3
Madagascar	**139.9**	**TOTAL**	**All products**	**100.0**
		09	Coffee, tea, maté and spices	57.9
		71	Pearls, precious stones and metals	11.8
		75	Nickel and articles	11.6
		33	Essential oils, resinoids and perfumery	3.8
		7	Edible vegetables and roots	3.6
Malawi	**19.0**	**TOTAL**	**All products**	**100.0**
		07	Edible vegetables and certain roots and tubers	69.6
		12	Oil seeds and oleaginous fruits	18.9
		09	Coffee, tea, maté and spices	4.8
		52	Cotton	3.6
		41	Raw hides, skins and leather	1.5
Mauritius	**18.4**	**TOTAL**	**All products**	100.0
		90	Optical, photo, technical, medical apparatus	35.7
		74	Copper and articles	15.7
		76	Aluminum and articles	11.3
		85	Electrical and electronic equipment	8.4
		47	Pulp of wood or other fibrous cellulosic material	8.1
Mozambique	**983.0**	**TOTAL**	**All products**	**100.0**
		27	Mineral fuels, oils and its products	75.4
		08	Edible fruit and nuts	9.8
		07	Edible vegetables and roots	9.3
		26	Ores, slag and ash	2.2
		71	Pearls, precious stones and metals	1.4

Country	Value in 2017 (US$ mn)	HS Code	Commodity	Share in Imports from respective Country (%)
Namibia	**60.0**	**TOTAL**	**All products**	**100.0**
		71	Pearls, precious stones and metals	86.5
		85	Electrical and electronic equipment	4.7
		72	Iron and steel	3.7
		79	Zinc and articles	2.8
		26	Ores, slag and ash	0.9
Seychelles	**0.8**	**TOTAL**	**All products**	**100.0**
		72	Iron and steel	65.7
		76	Aluminum and articles	17.2
		85	Electrical and electronic equipment	8.6
		84	Machinery and equipment	4.1
		74	Copper and articles	3.3
South Africa	**6881.1**	**TOTAL**	**All products**	**100.0**
		27	Mineral fuels, oils and its products	39.7
		71	Pearls, precious stones and metals	34.9
		26	Ores, slag and ash	9.5
		47	Pulp of wood, other fibrous cellulosic material	3.8
		72	Iron and steel	2.6
Tanzania	**1106.7**	**TOTAL**	**All products**	**100.0**
		71	Pearls, precious stones and metals	56.8
		08	Edible fruit and nuts	27.2
		07	Edible vegetables and certain roots and tubers	7.1
		44	Wood and articles of wood	1.9
		09	Coffee, tea, maté and spices	1.9
Zambia	**953.3**	**TOTAL**	**All products**	**100.0**
		74	Copper and articles	86.1
		71	Pearls, precious stones and metals	12.0
		26	Ores, slag and ash	0.8
		78	Lead and articles	0.7
		52	Cotton	0.2
Zimbabwe	**71.2**	**TOTAL**	**All products**	**100.0**
		71	Pearls, precious stones and metals	84.9
		24	Tobacco and manufactured tobacco substitutes	10.1
		75	Nickel and articles	1.7
		09	Coffee, tea, maté and spices	1.2
		52	Cotton	1.1

Source: ITC Trademap, derived from UN COMTRADE; and Exim Bank Analysis

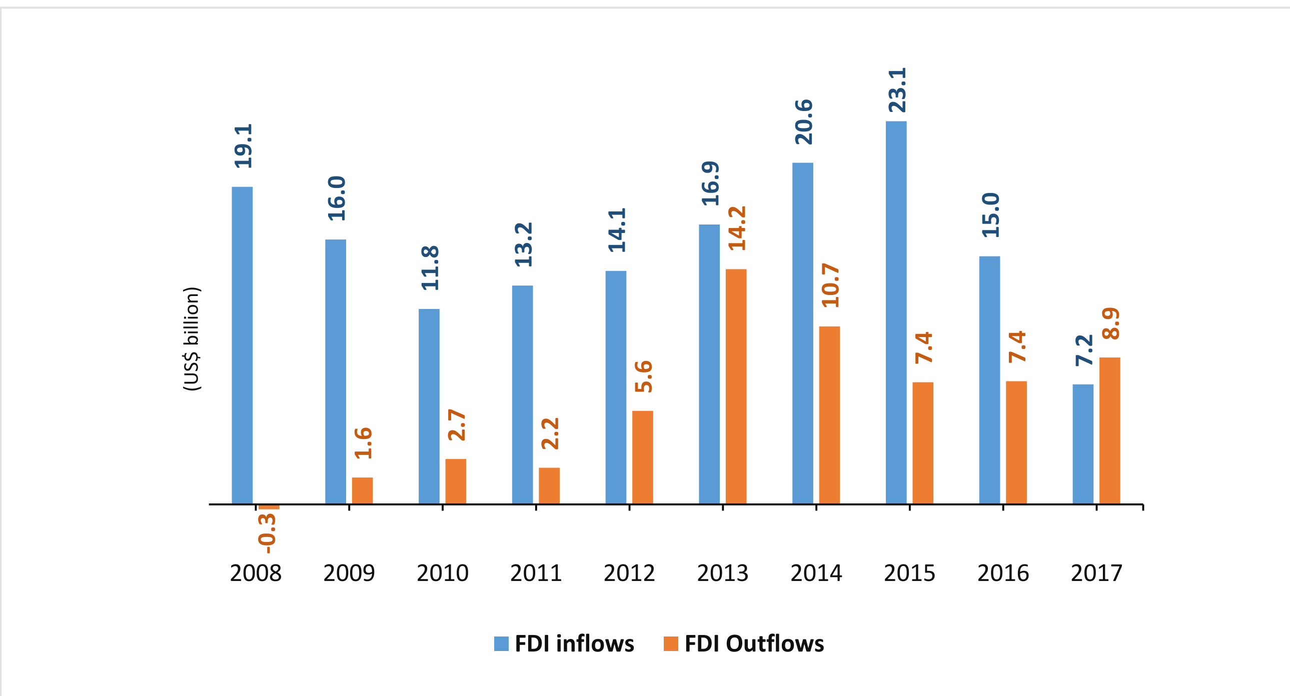
4. FOREIGN INVESTMENT IN SADC COUNTRIES

The SADC countries signed the Finance and Investment Protocol in 2006, acknowledging the need for accelerating growth, investment and employment in the region through increased cooperation, coordination and management of macroeconomic, monetary and fiscal policies.

SADC countries have formulated various pro-investment policies to encourage foreign direct investment (FDI) in the region. The SADC Industrialization Strategy and Roadmap 2015 – 2063, has provided a long-term perspective to sustainable and equitable development, and thus to poverty reduction. The SADC Industrialization Strategy and Roadmap primarily aims at technological and economic transformation of the SADC region through industrialization, modernization, skills development, science and technology, financial strengthening and deeper regional integration. Agro-processing; mineral beneficiation and downstream processing; and service driven value chains were identified as the potential avenues to drive economic growth in the region.

FDI inflows to the region declined after it peaked in 2015, falling from US$ 23.1 billion in 2015 to US$ 7.2 billion in 2017 **(Chart 4.1)**. The fall in FDI inflows to the region was mainly due to the divestment in Angola and decline in FDI inflows in South Africa during the year. FDI outflows from SADC nations, on the other hand, rebounded in 2009 and peaked at US$ 14.2 billion, and declined thereafter till 2014. FDI outflows from the region started picking up in 2017 to US$ 8.9 billion from US$ 7.4 billion in the previous year. The rise in outflows largely reflected South Africa's investments in Namibia during the year[9].

Chart 4.1: FDI Flows to SADC



Source: UNCTADstat; and Exim Bank Analysis

[9]World Investment Report 2018, UNCTAD

Table 4.1: FDI Inflows to Select Trading Blocs in Africa (% of Africa)

Region	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
CEMAC	4.4	8.2	9.8	7.9	3.6	6.0	5.6	11.0	10.9	9.5
COMESA	36.1	31.6	41.2	20.0	39.0	33.4	30.1	31.4	34.4	42.5
EAC	4.7	6.0	8.2	7.9	9.2	7.4	7.3	5.7	5.1	7.2
ECCAS	10.6	13.6	9.8	5.4	-2.8	-3.3	13.8	31.1	21.5	8.3
ECOWAS	20.7	26.1	25.5	39.2	29.8	26.3	22.2	17.1	23.4	26.3
SACU	18.3	15.4	9.3	14.3	12.2	19.1	13.2	6.8	5.4	5.1
SADC	32.9	28.3	25.2	28.2	27.1	33.2	39.3	40.8	28.1	17.3
UEMOA	2.9	4.5	4.9	7.1	5.0	5.5	5.1	4.2	4.1	6.3
Africa	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: UNCTADstat; and Exim Bank Analysis

Alongside declining FDI flows to the region, SADC's share in Africa's FDI inflows also declined from 40.8 percent in 2015 to 17.3 percent in 2017 **(Table 4.1)**. During 2008-2017, FDI inflows to SADC as a share of Africa's overall inflows have declined by nearly half of its levels recorded in 2008.

In 2017, Africa received an inward FDI of US$ 41.8 billion vis-à-vis US$ 53.2 billion in 2016. Decline in return on investment has been identified as a key contributor to the investment downturn across the globe. Following the global trend, the rate of return on inward FDI in Africa has also decreased from 12.3 percent in 2012 to 6.3 percent in 2017 partly attributable to the fall in commodity prices[10].

Among the SADC members, Mozambique was the largest recipient of FDI in 2017, followed by DR Congo and South Africa **(Table 4.2)**. FDI inflows to Mozambique were primarily driven by inflows to extractive industries. FDI inflows to Mozambique, however, declined in 2017 by 25.9 percent to US$ 2.3 billion, due to austerity and the country's debt crisis. According to UNCTAD, long-term prospects of FDI flows to Mozambique depend on its liquefied natural gas (LNG) potential being exploited and profits reinvested to advance domestic development.

DR Congo was the second-largest investment destination in the SADC region in 2017, attracting an investment of US$ 1.3 billion, mainly driven by investments in cobalt mining, which is used in electric car batteries.

FDI flows to South Africa, the region's largest economy, also declined in 2017 to US$ 1.3 billion, as compared to US$ 2.2 billion in the previous year, due to the political uncertainty and its underperforming commodity sector. FDI inflows during the year were mainly USA and was mainly into the services sector. Major project during the year was investment by DuPont into a regional drought crop research centre. Apart from such services, South African automobile sector also witnessed increase in foreign investments. During the year, General Motors sold its South African plant to Japan's Isuzu Motors and Beijing Automotive Group Co. announced US$ 88 million investments in a joint venture with South Africa's Industrial Development Corporation for a vehicle manufacturing plant. South Africa's FDI in the automotive sector has helped develop regional value chains. Auto manufacturers in South Africa source car seats from Lesotho and ignition wiring sets from Botswana, among others.

[10]Ibid.

Table 4.2: Country-wise FDI Inflows to SADC (US$ mn)

Country/ Region	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Angola	1679.0	2205.3	-3227.2	-3023.8	-6898.0	-7120.0	1921.7	9282.2	4104.4	-2254.5
Botswana	520.9	208.7	218.4	1371.1	487.2	398.5	515.2	679.4	129.1	400.6
DR Congo	1726.8	663.8	2939.3	1686.9	3312.1	2098.2	1843.2	1673.5	1204.7	1340.2
Eswatini	105.7	65.7	135.7	108.4	31.5	84.7	25.5	41.3	21.1	-136.8
Lesotho	61.8	91.3	51.3	149.5	138.9	123.3	161.7	168.9	132.2	135.0
Madagascar	1392.7	1269.4	764.7	788.1	777.6	551.3	313.7	435.8	450.6	389.1
Malawi	195.4	49.1	97.0	128.8	129.5	445.5	598.8	287.7	325.6	277.1
Mauritius	382.9	247.8	430.0	433.4	589.0	293.3	418.4	208.3	349.4	292.7
Mozambique	591.6	898.3	2531.7	3558.5	5629.4	6175.1	4901.8	3866.8	3093.4	2293.1
Namibia	720.3	841.2	283.8	817.1	1121.7	769.9	441.2	1246.6	361.1	416.0
Seychelles	182.1	171.4	210.8	207.4	261.4	170.3	230.0	194.5	155.2	191.9
South Africa	9209.2	7502.1	3635.6	4242.9	4558.8	8300.1	5770.6	1729.4	2235.0	1324.7
Tanzania	1383.3	952.6	1813.3	1229.4	1799.6	2087.3	1416.1	1560.8	1365.4	1180.4
Zambia	938.6	694.8	1729.3	1108.5	1731.5	2099.8	1488.8	1304.9	662.9	1091.2
Zimbabwe	51.6	105.0	165.9	387.0	399.5	400.0	544.8	421.0	371.8	289.4
SADC	**19141.9**	**15966.5**	**11779.4**	**13193.0**	**14069.9**	**16877.3**	**20591.4**	**23101.1**	**14962.2**	**7230.0**

Source: UNCTADstat; and Exim Bank Analysis

Tanzania's FDI inflows of US$ 1.2 billion in 2017 were driven by strong gold prices. FDI flows to Zambia during the year were also driven by investments in copper.

Fund transfers through intra-company loans, resulted in FDI inflows being reported at negative levels in Angola. In 2017, Angola's oil production also registered a decline, resulting in deteriorated macroeconomic conditions. Nevertheless, 2018 prospects remain bright as tenders for onshore oil blocks, which were suspended in 2017, are to be relaunched in 2018 after the appointment of the new government[11].

Select recent reforms by the SADC nations for attracting foreign investments[12] include –

- **Investment Liberalization**

Tanzania now allows foreign investors to acquire shares in the listed paid-up capital of a telecommunication company. Zimbabwe amended its Indigenisation and Economic Empowerment Act (2008), and removed the majority-indigenous threshold limit for all, except diamond and platinum industries. In 2018, Angola passed the new Private Investment Law abolishing a joint venture requirement and the minimum investment requirement for foreign investors. Further, this law does not apply to investments in oil and mining exploration as well as other activities related to financial institutions governed by specific law.

- **Simplified administrative procedures**

Mauritius introduced the Business Facilitation Act 2017, to eliminate regulatory and administrative bottlenecks to investment. South Africa launched the "InvestSA One-Stop Shop Initiative" as a focal point of the Government, to coordinate and facilitate registration and licensing procedures for all investors. Tanzania's Business Registration and Licensing Agency set up an Online Registration System to simplify investment registration processes.

- **Special Economic Zones**

Zimbabwe exempted its investors operating in Special Economic Zones (SEZs) from paying duty on imported capital equipment, materials and

[11] ibid

[12] World Investment Report 2018, UNCTAD; UNCTAD's Investment Policy Hub ((http://investmentpolicyhub.unctad.org) (Accessed on January 31, 2019)

Table 4.3: Country-wise FDI Outflows from SADC (US$ mn)

Country/ Region	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Angola	911.8	2569.6	6.8	1340.4	2092.6	2740.8	6044.2	4253.1	1046.7	2747.8	1641.7
Botswana	-31.6	91.4	-7.8	-0.9	9.7	-8.0	-84.6	-111.4	-185.2	-312.4	-332.5
DR Congo	14.3	54.1	34.8	7.2	90.9	420.5	400.7	343.6	507.8	272.3	292.2
Eswatini	23.2	-7.9	7.0	1.0	2.2	-7.5	-4.4	0.5	-0.9	-5.4	3.1
Lesotho	-	-	-	-	-	-	-	-	-	-	-
Madagascar	-	-	3.0	0.5	-0.8	1.3	5.5	-3.8	1.1	0.1	-0.9
Malawi	13.6	18.6	-1.3	-42.3	-49.6	-49.8	4.1	4.7	5.1	4.2	5.0
Mauritius	57.0	52.2	37.5	128.7	157.8	180.4	167.9	90.8	53.9	5.5	61.5
Mozambique	17.4	49.8	34.5	237.9	83.6	8.9	522.3	97.0	1.5	34.7	26.0
Namibia	-2.9	-5.1	72.8	0.4	37.5	4.5	18.3	14.4	40.6	-3.3	-96.4
Seychelles	17.8	13.0	5.3	6.2	7.9	15.5	15.8	15.5	10.0	10.3	5.9
South Africa	2965.9	-3133.7	1151.4	-75.7	-256.8	2987.6	6648.9	7669.4	5743.6	4474.5	7359.9
Tanzania	-	-	-	-	-	-	-	-	-	-	-
Zambia	-	-	269.6	1095.4	-1.4	-701.9	409.5	-1706.1	127.4	176.7	-148.9
Zimbabwe	3.1	8.0	-	43.3	42.7	49.0	27.0	72.0	22.0	28.8	42.2
SADC	**3989.6**	**-290.1**	**1613.5**	**2742.1**	**2216.3**	**5641.3**	**14175.1**	**10739.8**	**7373.5**	**7433.7**	**8858.9**

-Nil or negligible
Source: UNCTADstat; and Exim Bank Analysis

products on the condition that they are used in the SEZ. Mauritius introduced a 5-year tax holiday for companies collaborating with the Mauritius Africa Fund for the development of infrastructure in SEZs.

· **Investment Regulations**

Tanzania adopted new mining laws, requiring, among other elements, that the Government obtain at least a 16 percent stake in mining and energy projects. In 2018, Tanzania also adopted separate "Mining Regulations on Local Content" to promote the use of local expertise, goods and services, businesses and financing in the mining value chain.

FDI Outflows

SADC's FDI outflows are mainly dominated by South Africa. FDI outflows in 2017 stood at US$ 8.9 billion as compared to US$ 7.4 billion in 2016. South Africa was the largest investor in the region in 2017, followed by Angola. South Africa's investments during the year have been mainly in Africa, namely, Nigeria, Kenya, Namibia, Morocco, and Botswana, among others. The Africa Private Equity Fund of South Africa's Investec made several prominent intra-African acquisitions with other partners, including in SJL Group in Morocco (logistics) and Kamoso, a Botswana-based retailer. South Africa's Standard Bank opened several new branches in Namibia **(Table 4.3)**[13].

SADC's FDI inflow - Projects, Capex, Jobs Created

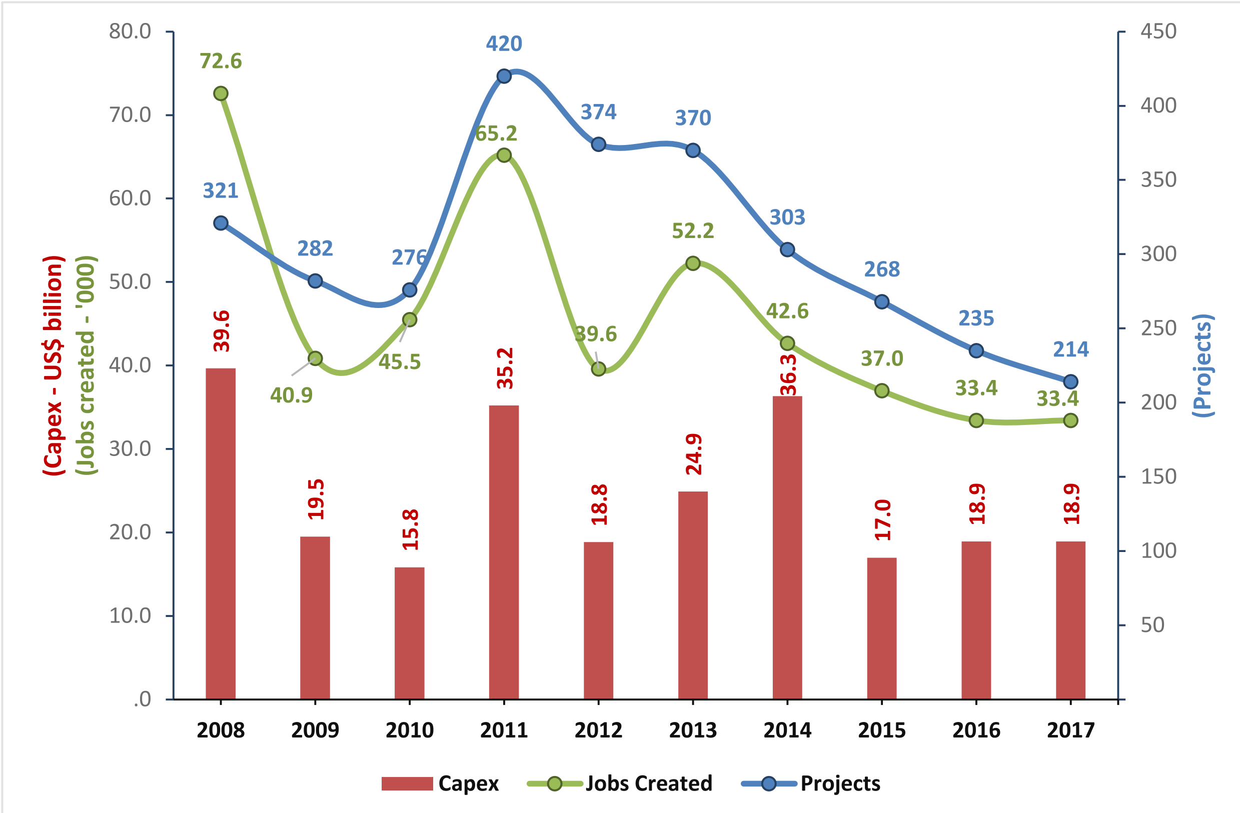
According to Financial Times' FDI Markets, during 2008-2017 (i.e January 2008 to December 2017) capital investments in SADC stood at a cumulative amount of US$ 245 billion invested in 3,063 projects resulting in 462.4 million jobs **(Chart 4.2)**[14].

Largest investments in the region during the decade have been in coal, oil and natural gas sector, followed by metals, real estate, alternative or renewable energy, and communications sectors. Major recipients to investment in the coal, oil and natural gas sector were Angola, Mozambique, South Africa, Tanzania and Zimbabwe.

[13]World Investment Report 2018, UNCTAD

[14]Data from FDI Markets may differ from that of UNCTAD, as FDI Markets tracks the capital investment at the date of announcement of the investment, while official data tracks FDI at the date the capital effectively crosses borders. Further, UNCTAD receives data from national authorities, whereas FDI Markets collects data from media sources, industry organisations and investment agencies as well as information from market research and publication companies.

Chart 4.2: Summary of Projects, Capex, and Jobs Created in SADC



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Governments throughout the SADC region have been at the forefront to attract more investments.

The region's FDI reforms aimed at removal of obstacles to FDI so that foreign investors' can participate in development of most sectors of national interest. The standards of treatment of FDI have improved, with the principle of non-discrimination recognized across the region. If exceptions exist, they are primarily motivated by the aim of increasing local participation in investment projects and to provide special support to local enterprises[15].

To further attract investors, all SADC countries have setup investment promotion agencies, even though their performance varies from one country to another. Some countries also have one-stop shops service centers **(Annexure 1)**. SADC countries offer generous tax incentives to make the FDI climate more attractive.

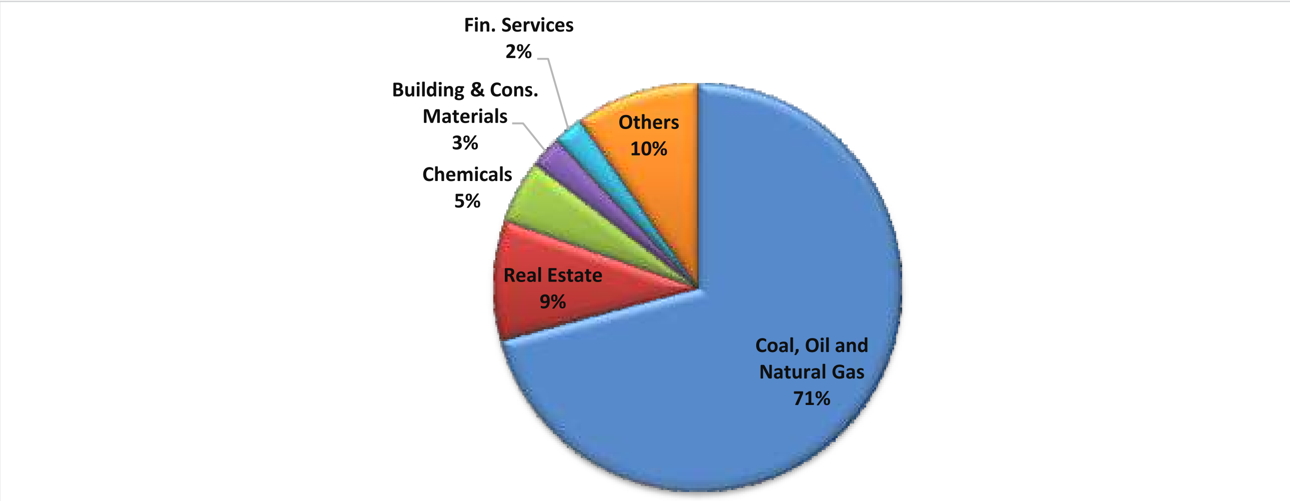
Angola

The presence of immense petroleum resources makes Angola the largest oil producer in Africa[16]. Angola is endowed with large deposit of minerals, a

[15]OECD-SADC Policy Brief, June 2015

[16]OPEC Annual Statistical Bulletin 2018

Chart 4.3: Major Sectors Attracting FDI in Angola during 2008-2017



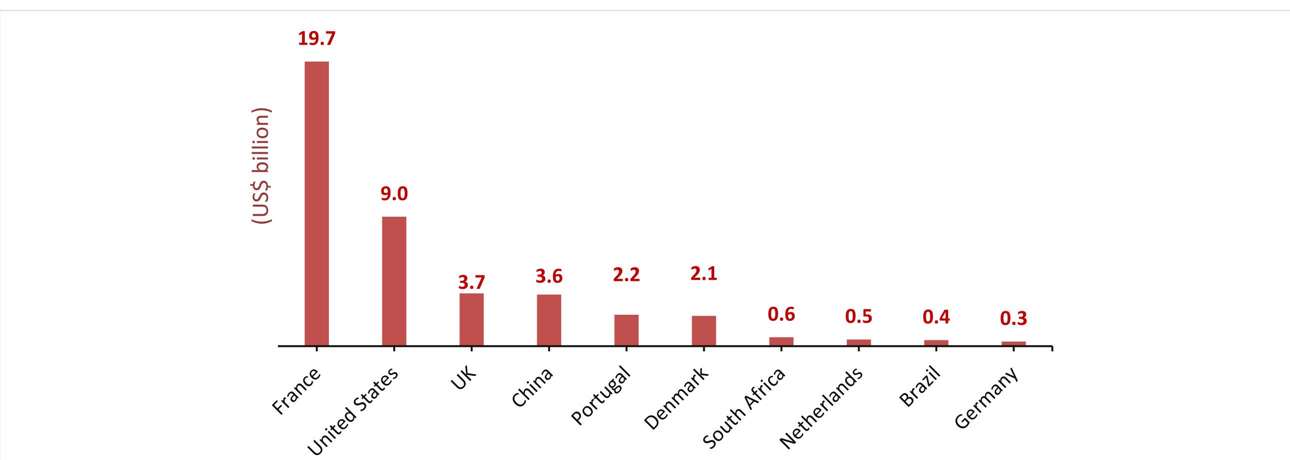
Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

huge pool of human resources, with a population of approximately 30 million[17] and a huge market. Its strategic location gives added advantage, by giving the country access to American and European continents through the sea route. Coal, oil and natural gas sector account for 71 percent of FDI inflows (US$ 30.8 billion) into the country during 2008-2017, largely dominated by oil and gas extraction. Angola is estimated to receive total investments worth US$ 43.5 billion during 2008-2017 **(Chart 4.3)**.

France is the largest investor in Angola, accounting for 45.3 percent of the investments during 2008 and 2017, followed by USA (20.6 percent) **(Chart 4.4)**.

Chart 4.4: Major Sources of FDI in Angola during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

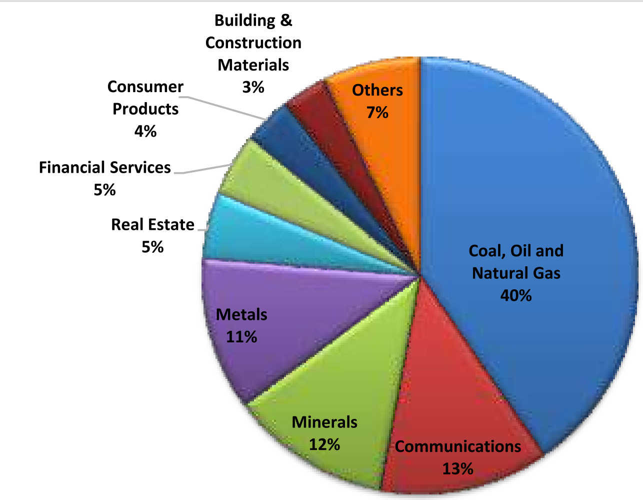
[17]IMF, World Economic Outlook, October 2018; population data for 2017

Botswana

Botswana's economic development is largely driven by diamond mining. FDI inflows have been a driving force in the rapid graduation of Botswana from least developed to middle-income country[18]. Today, Botswana is classified among the World Bank's upper middle-income economies. To reduce the country's dependence on diamond Botswana focused on diversification of foreign investments in other sectors as well over the past decade. As a result, foreign investments into Botswana are largely distributed across key sectors such as coal, oil and natural gas, communications, minerals and metals, which together accounted for over 75 percent of total FDI inflows into the country during 2008-2017 **(Chart 4.5)**.

USA, Japan and Canada form nearly 50 percent of share in investments in Botswana during 2008-2017 **(Chart 4.6)**. India was the 8th largest investor in the country with US$ 151 million during the last decade in sectors like minerals, financial services, consumer products, automotive OEMs and business services.

Chart 4.5: Major Sectors Attracting FDI in Botswana during 2008-2017

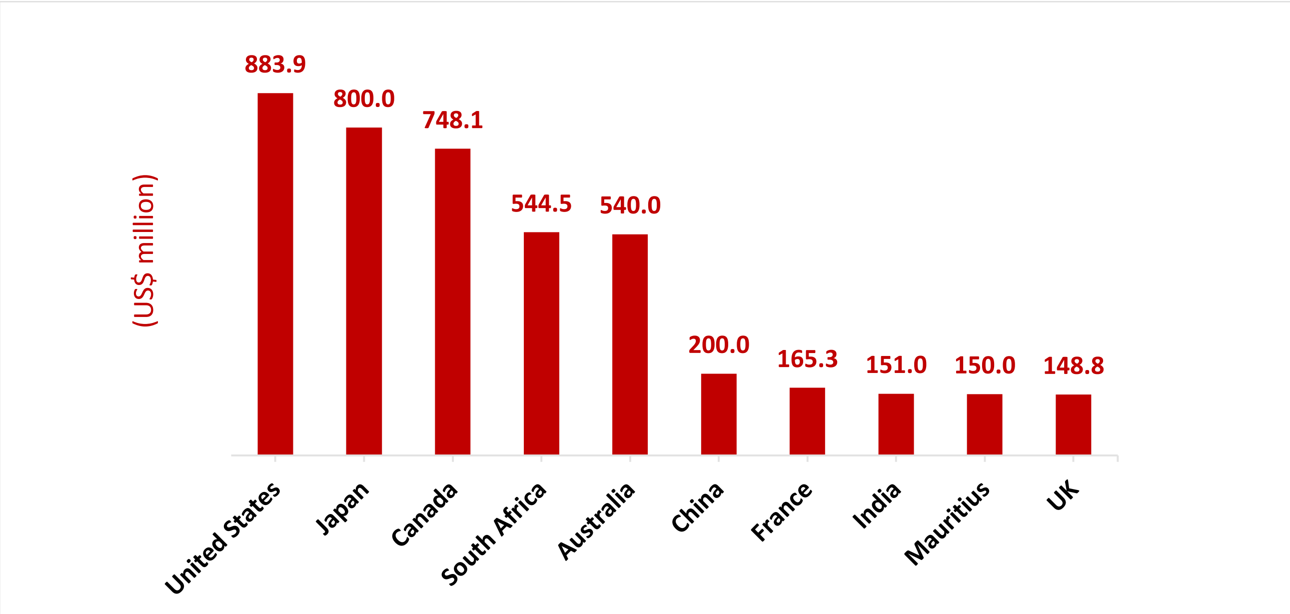


Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

[18] UNCTAD's Investment Policy Hub ((http://investmentpolicyhub.unctad.org) (Accessed on January 31, 2019)

Chart 4.6: Major Sources of FDI in Botswana during 2008-2017



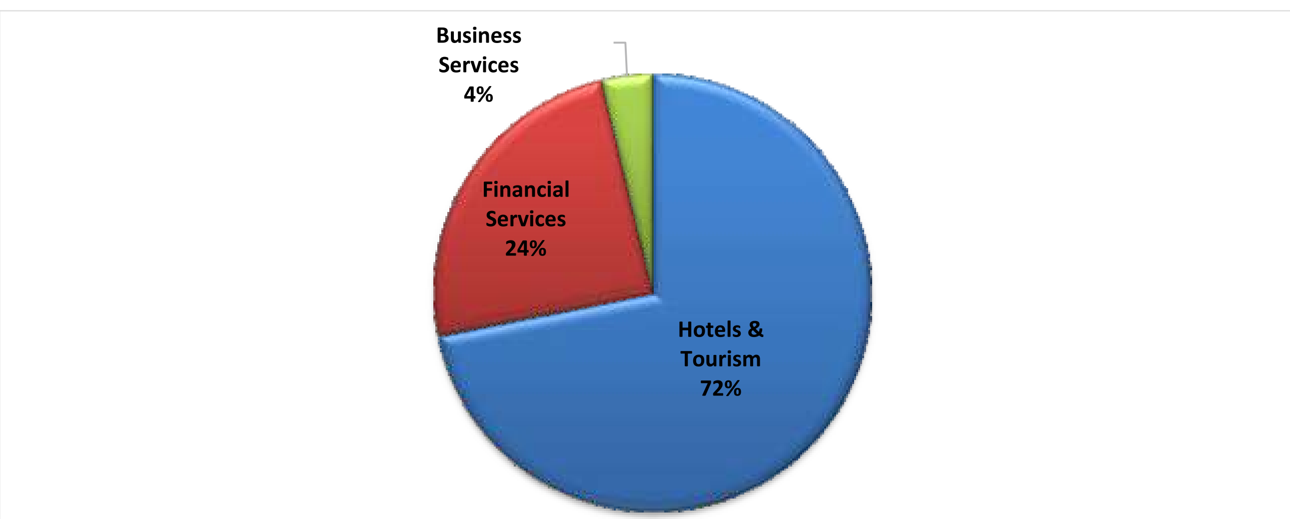
Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Comoros

Comoros is widely driven by its tourism industry. Lack of diversification and high dependence on tourism and agriculture makes it vulnerable to economic shocks. The capital investments during 2008-2017 have been towards tourism, financial services and business services amounting to a total of US$ 180.6 million **(Chart 4.7)**

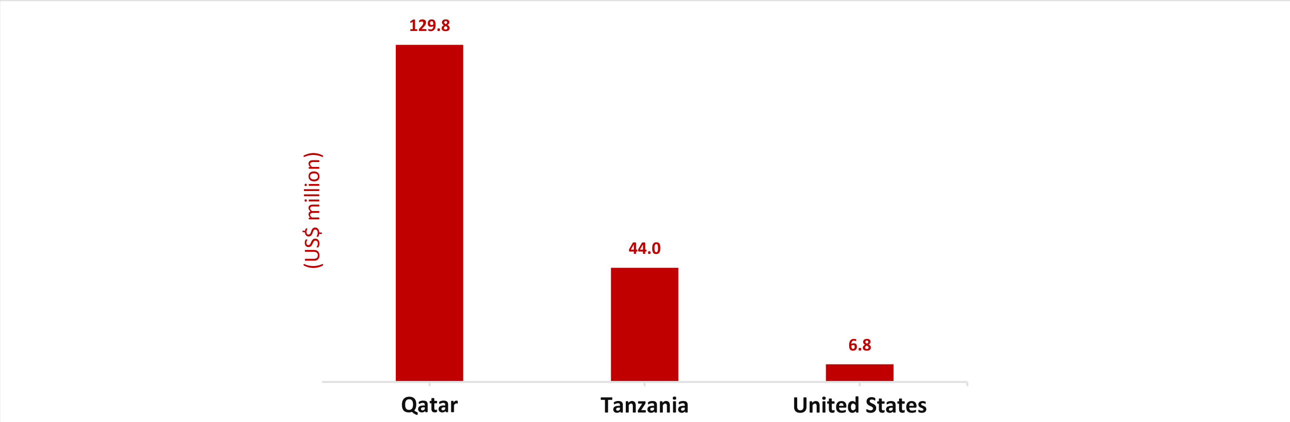
Chart 4.7: Major Sectors Attracting FDI in Comoros during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Chart 4.8: Major Sources of FDI in Comoros during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

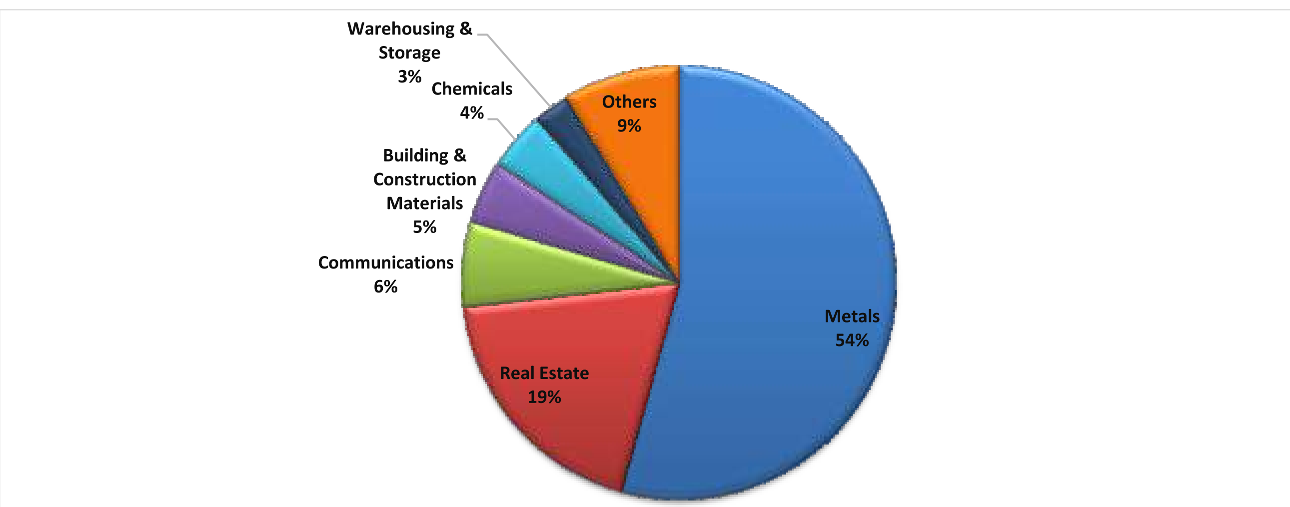
Source: fDi Markets online database and Exim Bank analysis

During 2008-2017, the country received foreign direct investments from three countries - Qatar, Tanzania and USA, where 71.9 percent of total investments are from Qatar **(Chart 4.8).** According to FDI Markets, there have been no Indian investments in Comoros during the corresponding period.

DR Congo

DR Congo has the largest geographical area among the SADC member countries. Most of the country's investments during 2008-2017 are in metals, owing to the presence of large reserves of mineral resources in the country (US$ 6.1 billion), followed by real estate (US$ 2.1 billion). Other major investments in the country are into communications, building and construction materials, chemicals and warehousing and storage **(Chart 4.9)**.

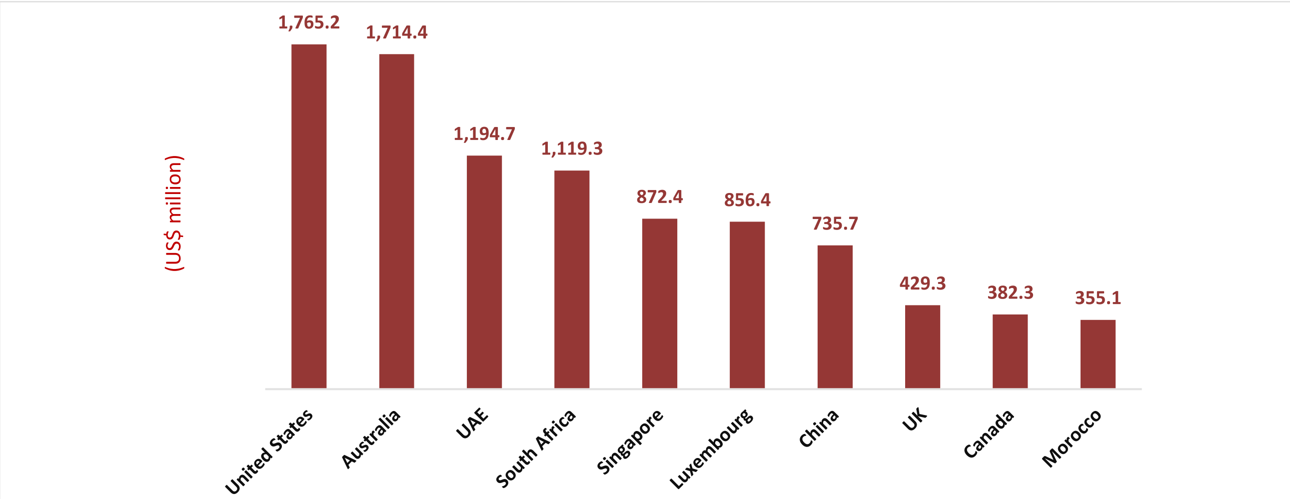
Chart 4.9: Major Sectors Attracting FDI in DR Congo during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Chart 4.10: Major Sources of FDI in DR Congo during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

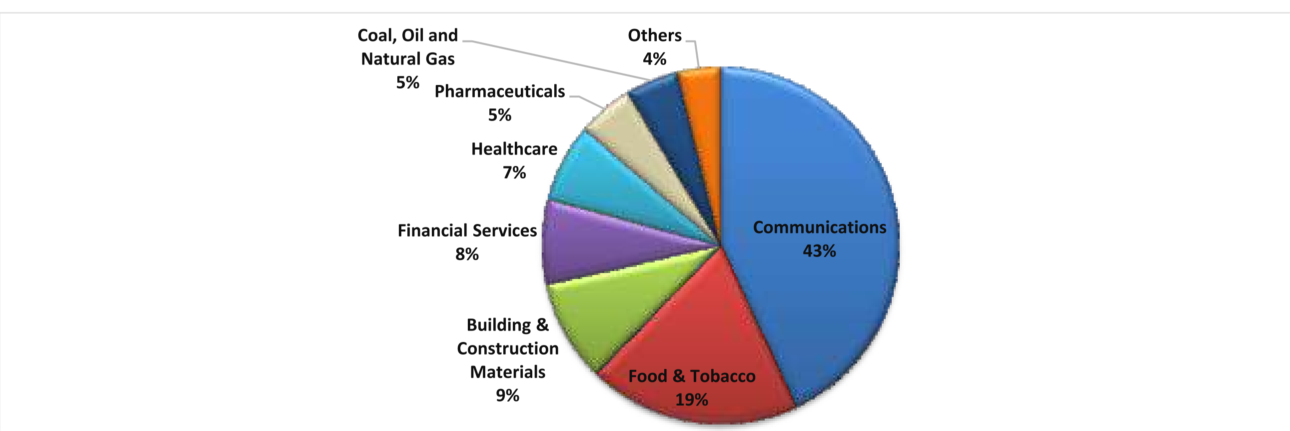
During 2008-2017, DR Congo received US$ 11.1 billion of capital investments, with major investments coming from nations such as USA (15.8 percent of total investments during the period), Australia (15.4 percent), UAE (10.7 percent), South Africa (10 percent), and Singapore (7.8 percent) **(Chart 4.10).**

India was the 11th largest investor in DR Congo during the last decade with an investment amount of US$ 279.4 million, in sectors such as communications (72.7 percent), real estate (10.1 percent), and minerals (7.2 percent).

Eswatini

Eswatini received US$ 696.7 million worth capital investments during 2008-2017, with majority of FDI flows directed towards communications (43 percent of total FDI), followed by food and tobacco (19 percent), building and construction material (9

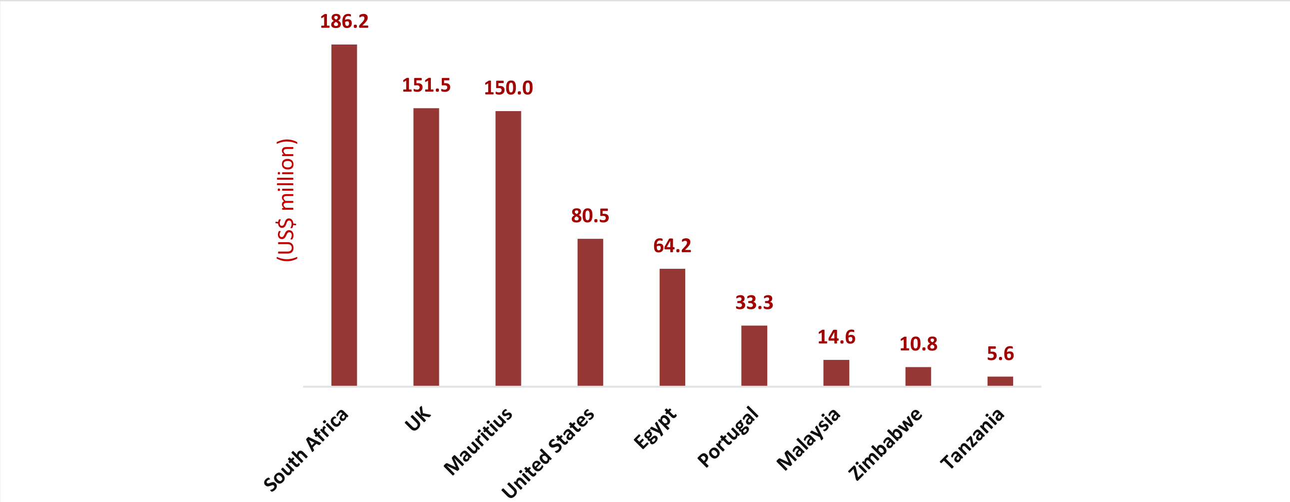
Chart 4.11: Major Sectors Attracting FDI in Eswatini during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Chart 4.12: Major Sources of FDI in Eswatini during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

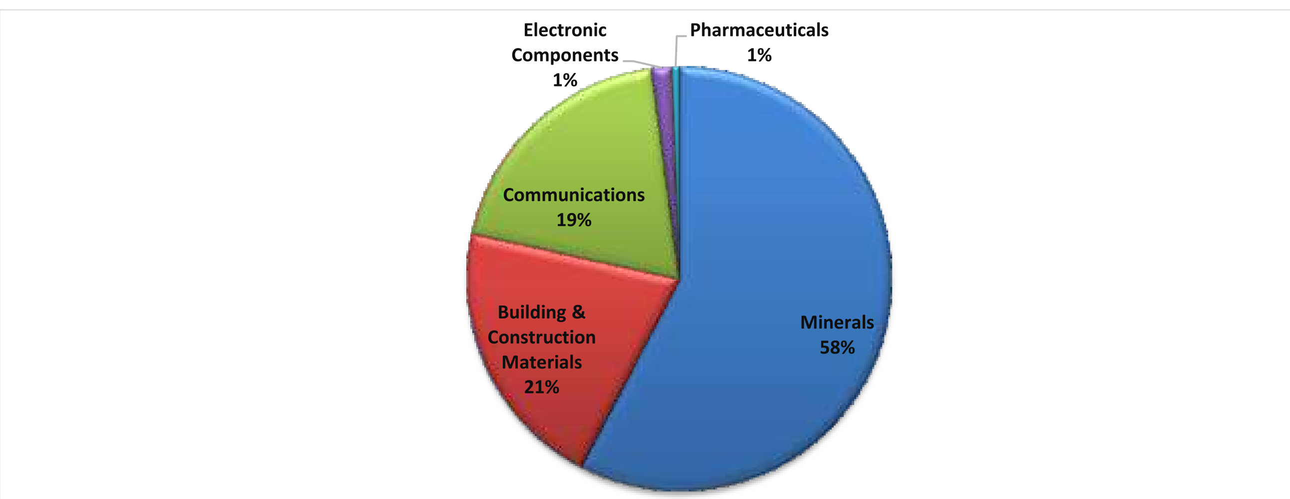
percent), financial series (8 percent) and healthcare (7 percent) **(Chart 4.11)**.

The major investors in Eswatini during 2008-2017 were South Africa, accounting for 26.7 percent of the investments during the period, followed by UK, Mauritius, USA and Egypt **(Chart 4.12)**.

Lesotho

During 2008-2017, Lesotho received US$ 769.8 million worth of FDI. FDI in Lesotho are mainly in three sectors – minerals, building and construction materials and communications – which accounted for 98 percent of overall FDI received **(Chart 4.13)**.

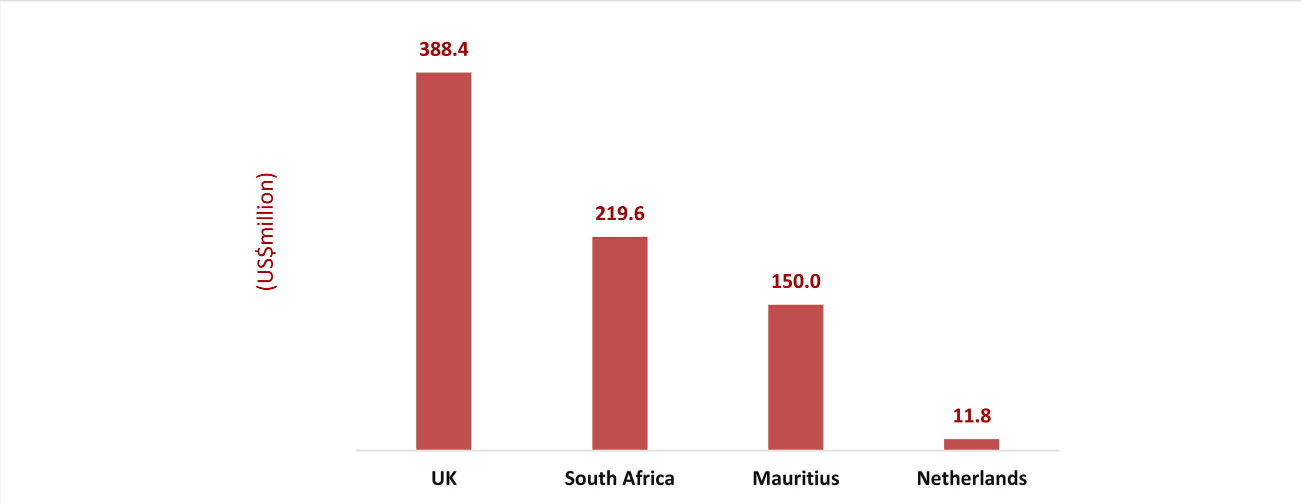
Chart 4.13: Major Sectors Attracting FDI in Lesotho during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Chart 4.14: Major Sources of FDI in Lesotho during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

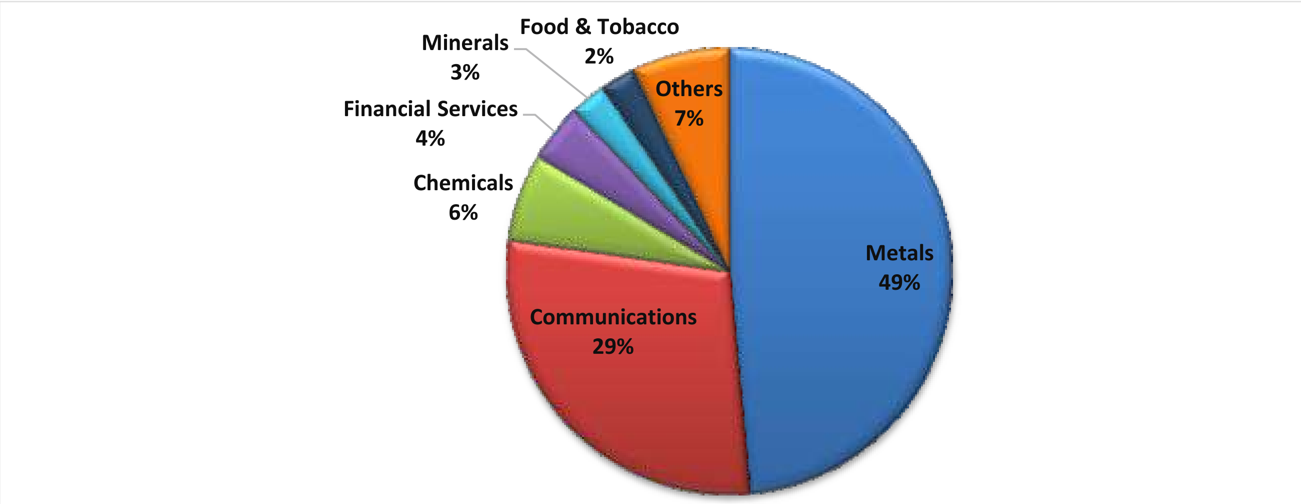
Source: fDi Markets online database and Exim Bank analysis

During 2008-2017, Lesotho attracted capital investment from countries such as UK, South Africa, Mauritius and Netherlands **(Chart 4.14).**

Madagascar

During 2008-2017, Madagascar received a total capex investments worth US$ 2.6 billion. Major sectors for

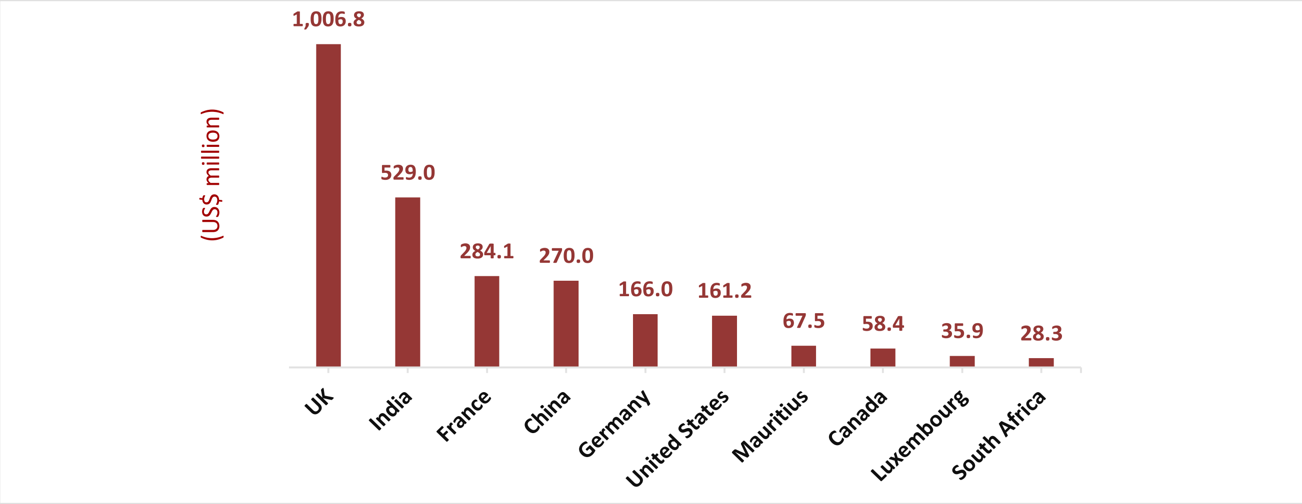
Chart 4.15: Major Sectors Attracting FDI in Madagascar during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Chart 4.16: Major Sources of FDI in Madagascar during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

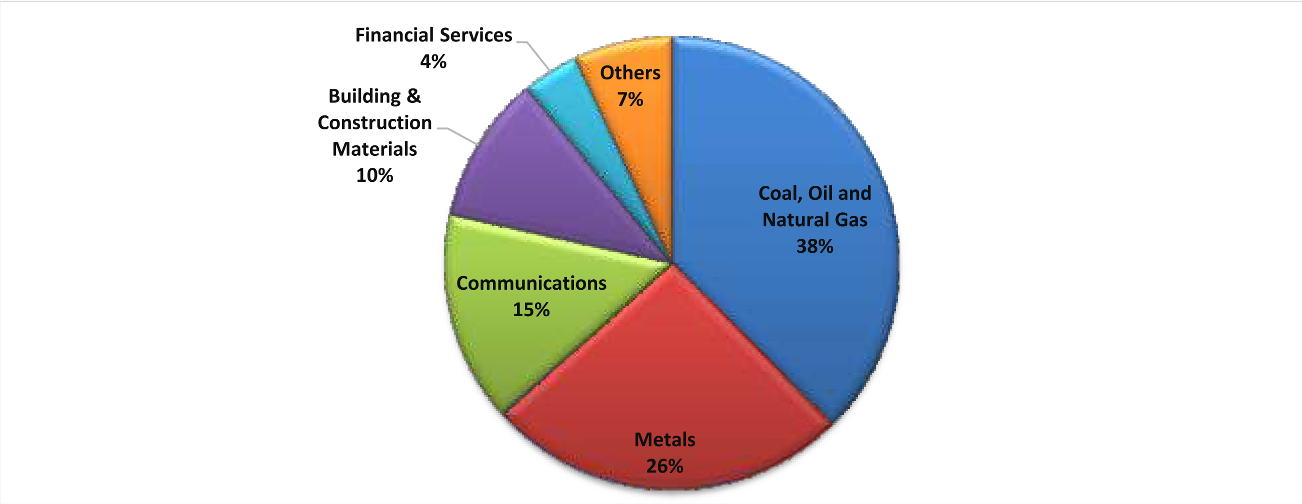
investment during this period include metals industry (49 percent), followed by communications (29 percent) and chemicals (6 percent) **(Chart 4.15).**

During 2008-2017, India was the second largest investor in Madagascar with major investments in communications (US$ 450 million) **(Chart 4.16)**. Airtel forms a large market share in communications industry of the country.

Malawi

Malawi is a land-locked country located between Tanzania, Mozambique and Zambia, endowed with large reserves of natural resources. As a result of this, more than 50 percent of its investments during 2008-2017 were in coal, oil and natural gas and metal reserves **(Chart 4.17)**. The total foreign investments in Malawi during 2008-2017 was US$ 1.9 billion.

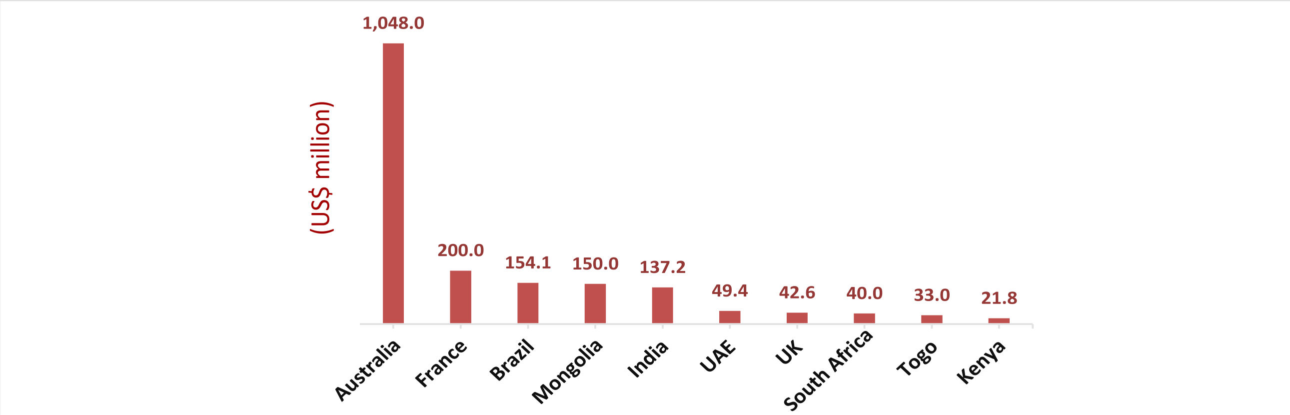
Chart 4.17: Major Sectors Attracting FDI in Malawi during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Chart 4.18: Major Sources of FDI in Malawi during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

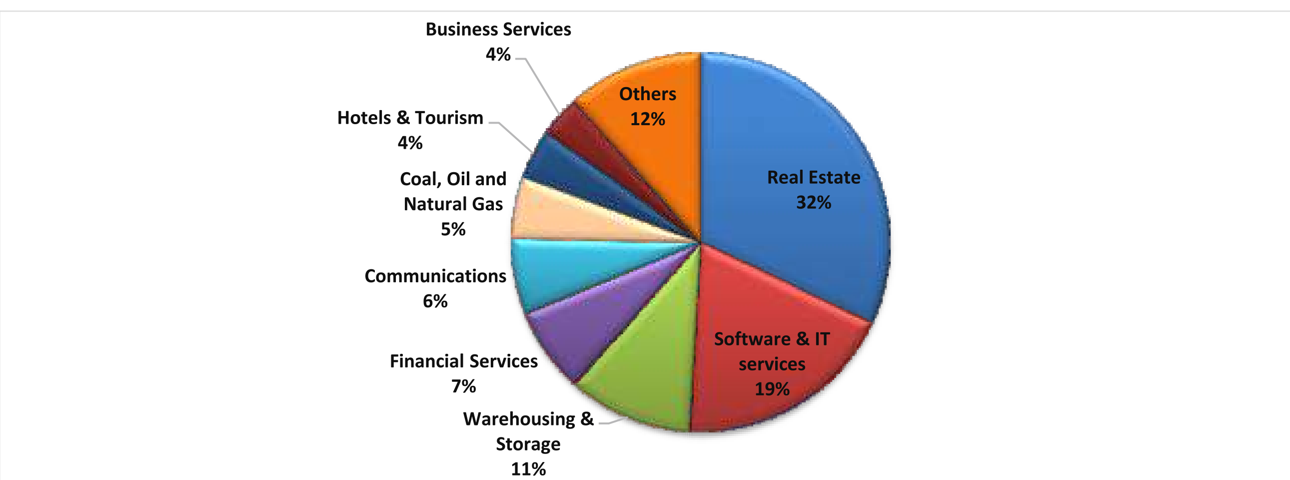
Australia has been the largest investor accounting for 55.3 percent of total investments in the country during 2008-2017, followed by France and Brazil **(Chart 4.18)**. India is the fifth largest investor during the period, and has invested in two sectors namely, communications and software & IT services amounting to US$ 137.2 million.

Mauritius

Mauritius is one of the most resilient economies in the African continent with a stable political scenario. The services sector drives the Mauritian economy, particularly tourism industry, financial services and real estate.

Mauritius has received foreign investments worth US$ 3.1 billion as FDI during 2008-2017, with majority of FDI in real estate (32 percent) followed by software and IT services (19 percent), warehouse and storage (11 percent) and financial services (7 percent) **(Chart 4.19)**.

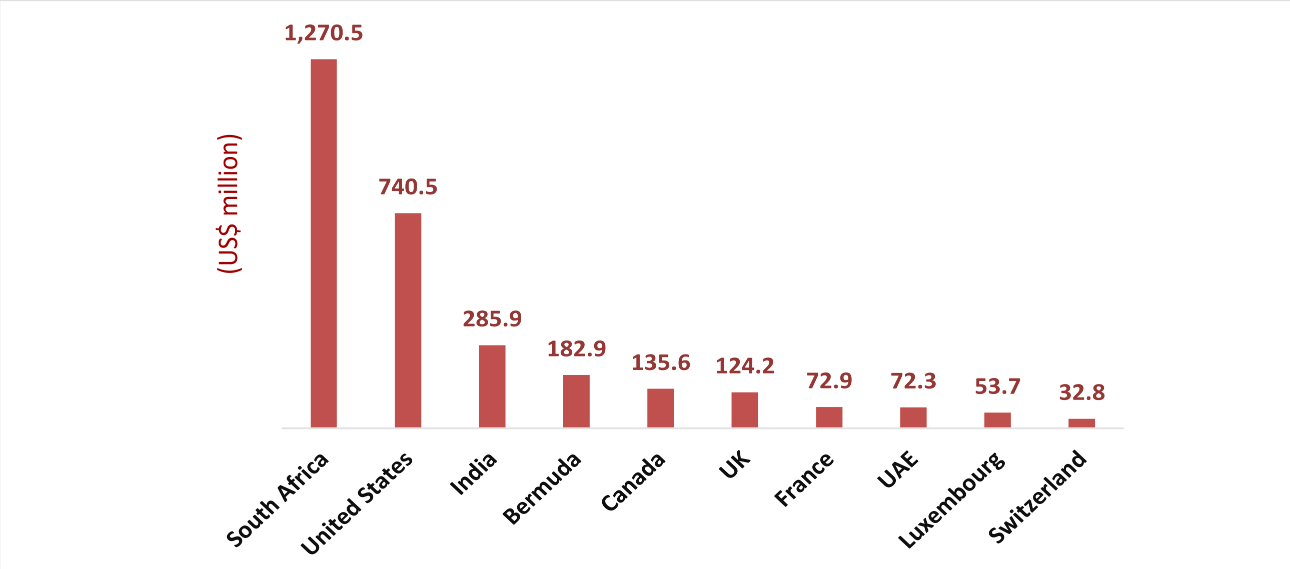
Chart 4.19: Major Sectors Attracting FDI in Mauritius during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Chart 4.20: Major Sources of FDI in Mauritius during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

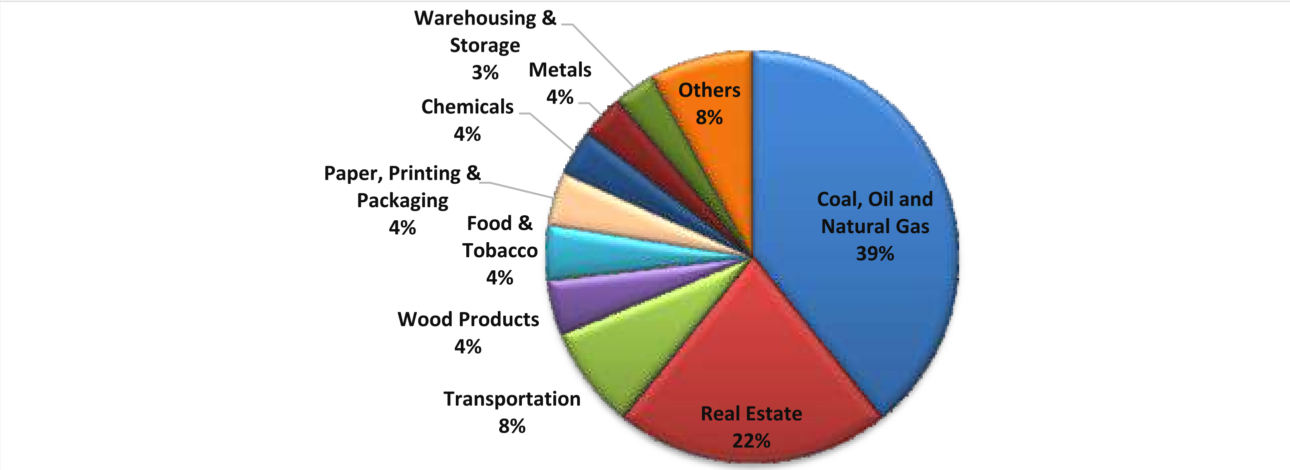
South Africa is the largest investor in Mauritius during 2008-2017, followed by USA and India **(Chart 4.20)**. More than 70 percent of India's FDI into Mauritius are into warehousing & storage and healthcare. Other sectors receiving Indian investments in Mauritius include building and construction material (9 percent), financial services (8 percent), business services (5 percent) and automotive OEMs (2 percent).

Mozambique

Political stability, sound macro-economic management, and abundance of natural resources have enabled Mozambique to attract FDI and to gradually reduce poverty. Mozambique was able to particularly attract large-scale industrial foreign investments or 'mega-projects' that have contributed to economic growth and transformed the country as a destination for FDI[19]. During 2008-2017, coal, oil and natural gas sector, mainly including extraction, had the highest share in FDI inflows to Mozambique, accounting for 39 percent of the total investments during the period. Capital investments received during the decade stood at US$ 55.4 billion **(Chart 4.21)**. Major investors during 2008-2017, include South Africa, India, Belgium, China and Portugal. India's investments in Mozambique are mostly concentrated in coal, oil and natural gas sector **(Chart 4.22)**.

[19]UNCTAD's Investment Policy Hub ((http://investmentpolicyhub.unctad.org) (Accessed on January 31, 2019)

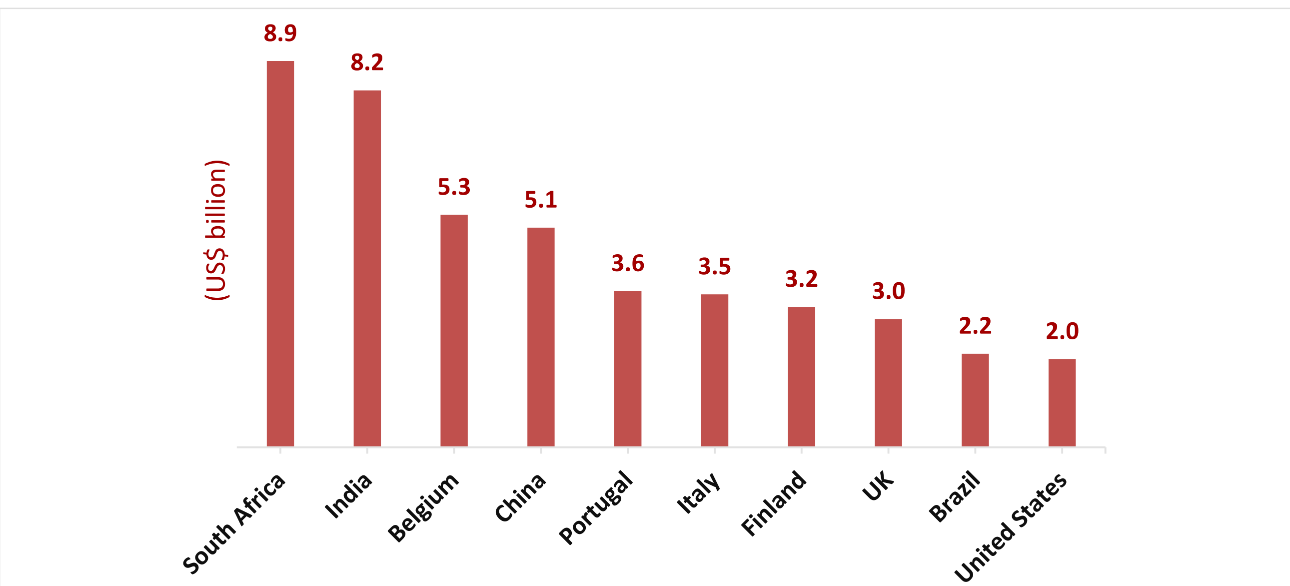
Chart 4.21: Major Sectors Attracting FDI in Mozambique during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Chart 4.22: Major Sources of FDI in Mozambique during 2008-2017



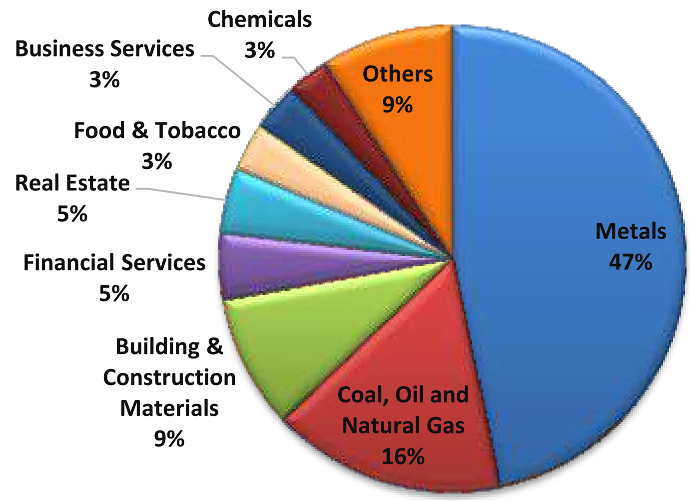
Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Namibia

Namibia received total FDI of US$ 7.2 billion during 2008-2017. Nearly half of the total inward FDI during the period were into metals. Other major investments were in coal, oil and natural gas, financial services, real estate, food and tobacco industry **(Chart 4.23)**.

Chart 4.23: Major Sectors Attracting FDI in Namibia during 2008-2017

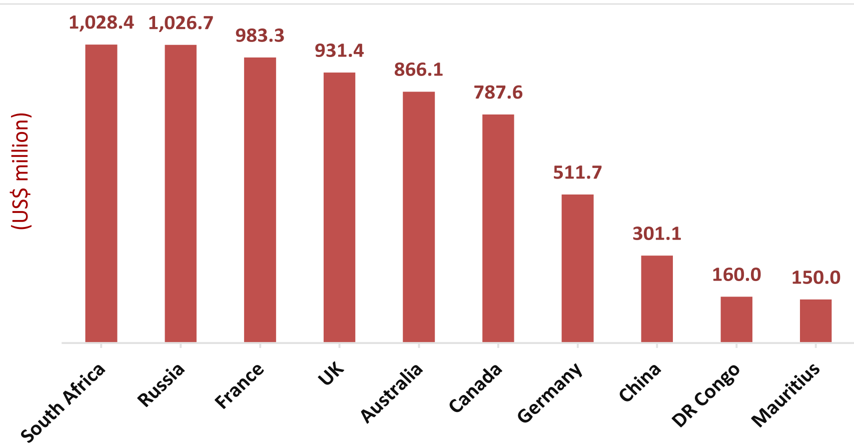


Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

During 2008-2017, major investors in Namibia include South Africa, Russia, France, UK and Australia **(Chart 4.24)**. South African investments in Namibia mainly focused towards mining, retail, banking and insurance[20]. Over the years, India has also made investment in buildings and construction materials and minerals. ONGC Videsh Ltd. (ONGC Videsh) has been a major investor. It acquired 15 percent stake in off-shore field in Namibia from Tulow Oil (Ireland Company with headquarters in the UK) in 2017.

Chart 4.24: Major Sources of FDI in Namibia during 2008-2017

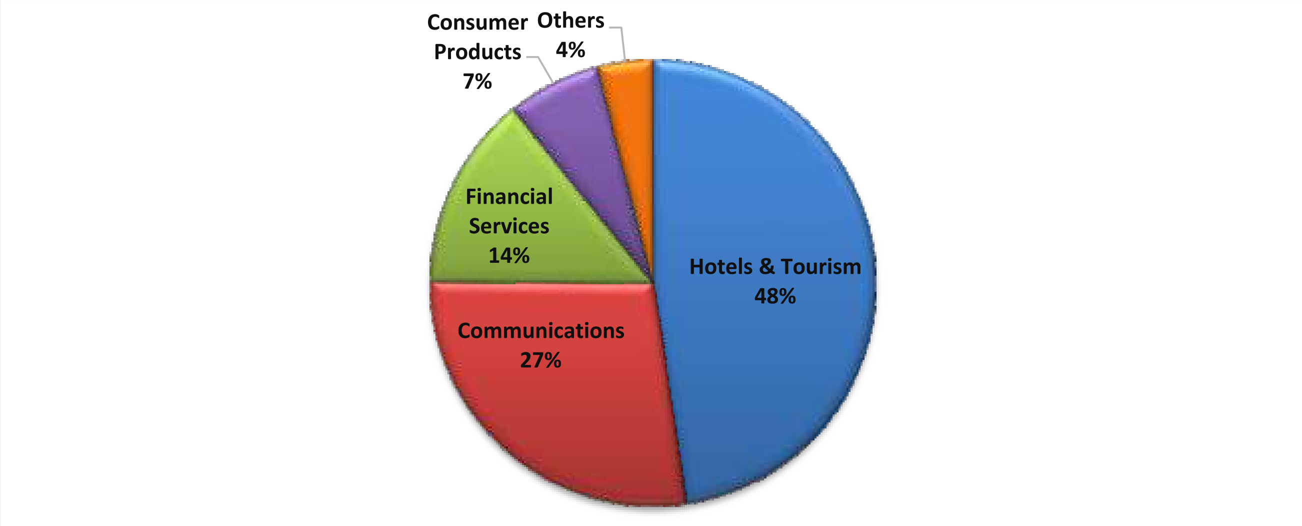


Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

[20]South African High Commission, Windhoek, Namibia 2018

Chart 4.25: Major Sectors Attracting FDI in Seychelles during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

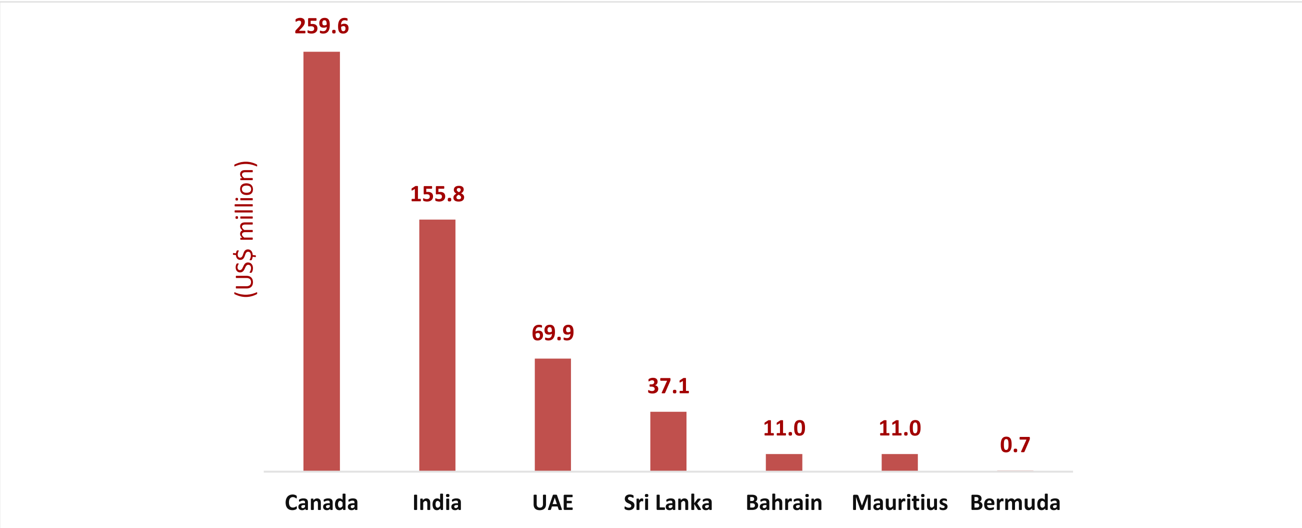
Source: fDi Markets online database and Exim Bank analysis

Seychelles

Seychelles' economy is dependent on two important industries, namely, tourism and fishery. It has received an investment of US$ 545 million during 2008- 2017. Tourism is the major industry attracting nearly half of the FDI received by the country during the same period, followed by communications and financial services **(Chart 4.25)**.

India is the second largest investor in Seychelles after Canada during 2008-2017, with investments majorly in communications and IT sector **(Chart 4.26)**.

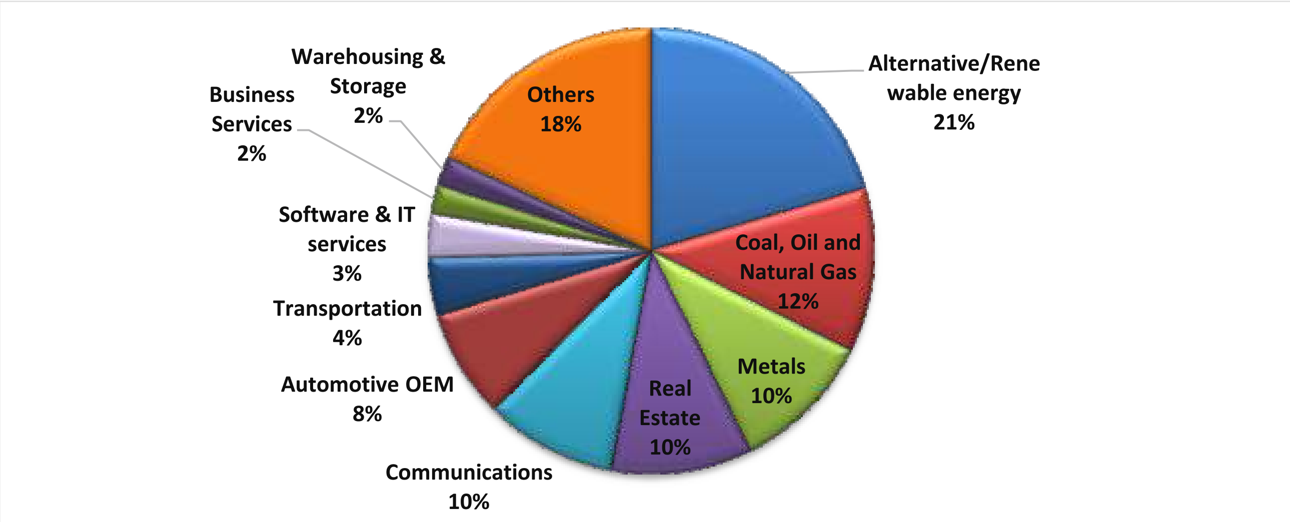
Chart 4.26: Major Sources of FDI in Seychelles during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Chart 4.27: Major Sectors Attracting FDI in South Africa during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

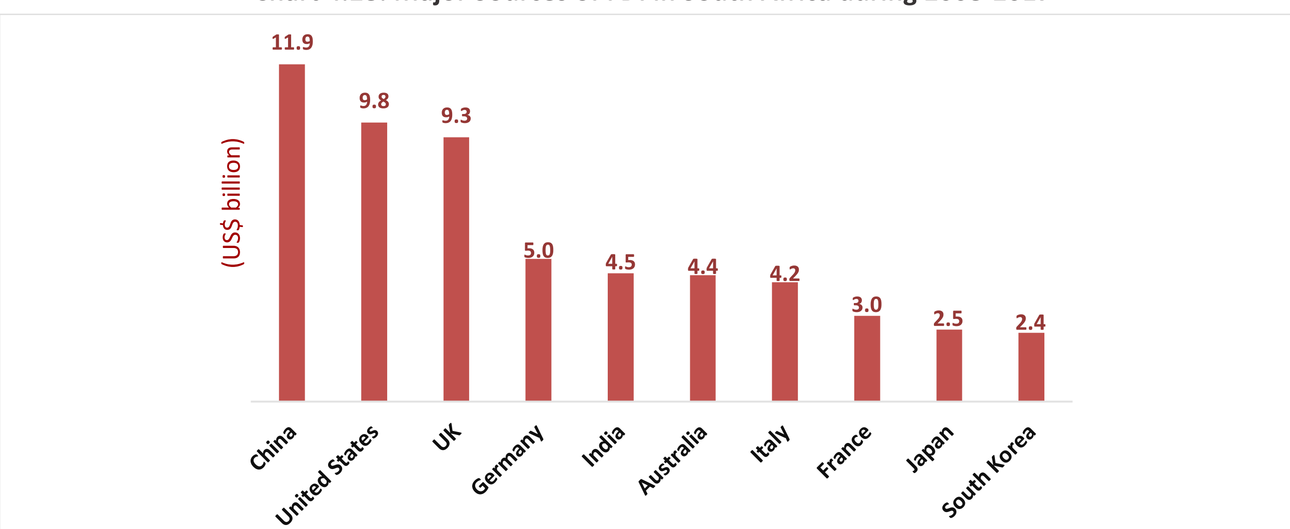
Source: fDi Markets online database and Exim Bank analysis

South Africa

South Africa is the largest FDI destination in SADC region, and has received investments worth US$ 77.1 billion during 2008-2017. FDI received in South Africa spread across renewable energy, coal, oil and natural gas, metals and real estate **(Chart 4.27)**.

During 2008-2017, major investors in South Africa are China, USA, UK and Germany. India was the fifth largest investor in the country and its investments are majorly in coal, oil and natural gas (51 percent), renewable energy (18.8 percent), metals (7.1 percent), software and IT services (5.1 percent) and rubber (3.6 percent) **(Chart 4.28)**.

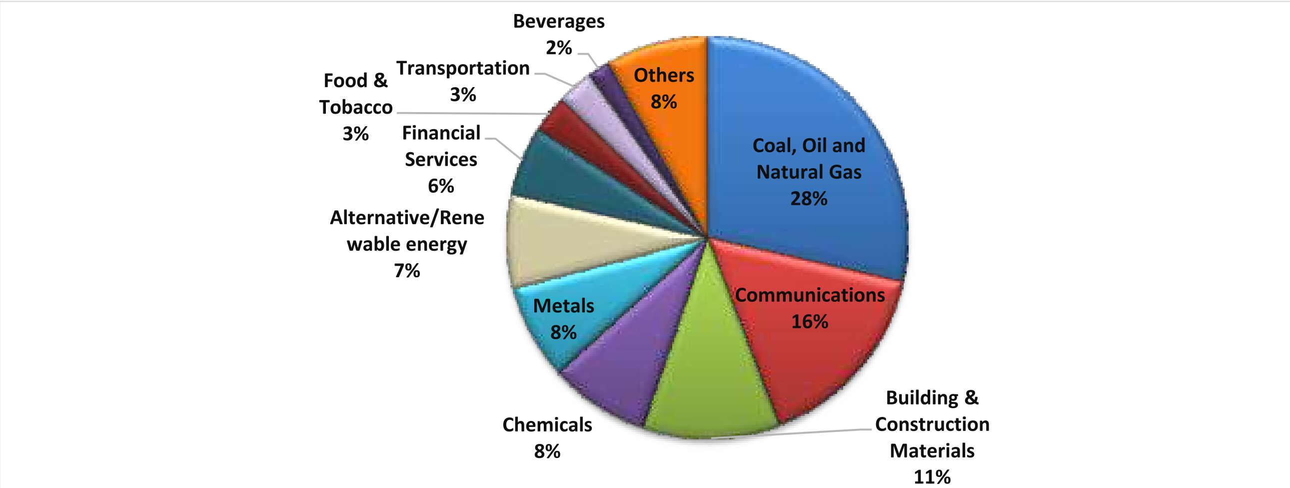
Chart 4.28: Major Sources of FDI in South Africa during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Chart 4.29: Major Sectors Attracting FDI in Tanzania during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

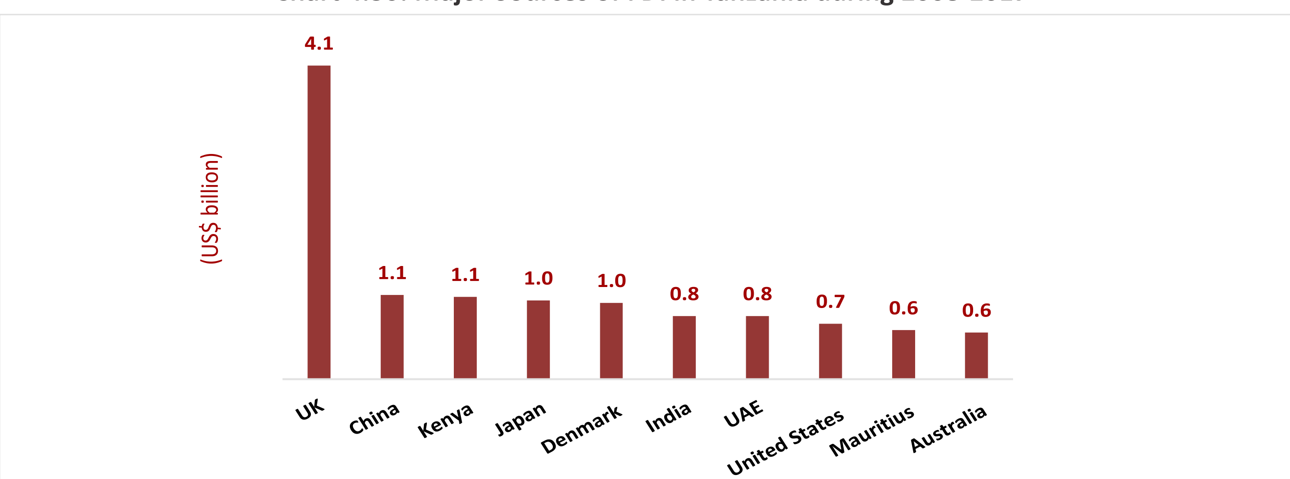
Source: fDi Markets online database and Exim Bank analysis

Tanzania

Tanzania is endowed with vast natural resources and has availability of large arable land. Majority of multinational investors have entered the Tanzanian market with a focus on developing energy resources[21]. Tanzania received total investment of US$ 15.8 billion during 2009-2017. The larger share of FDI in past decade has been into coal, oil and natural gas, communications and building and construction materials **(Chart 4.29)**.

UK is the largest investor in Tanzania during 2008-2017, followed by China, Kenya, Denmark and India among others **(Chart 4.30).** India's investments in Tanzania during the decade is mainly into the communications industry (21.1 percent of the total investments from India) followed by hotels and tourism (15.6 percent), industrial machinery and equipment (12 percent), financial services (10.6 percent) and healthcare (8.8 percent).

Chart 4.30: Major Sources of FDI in Tanzania during 2008-2017

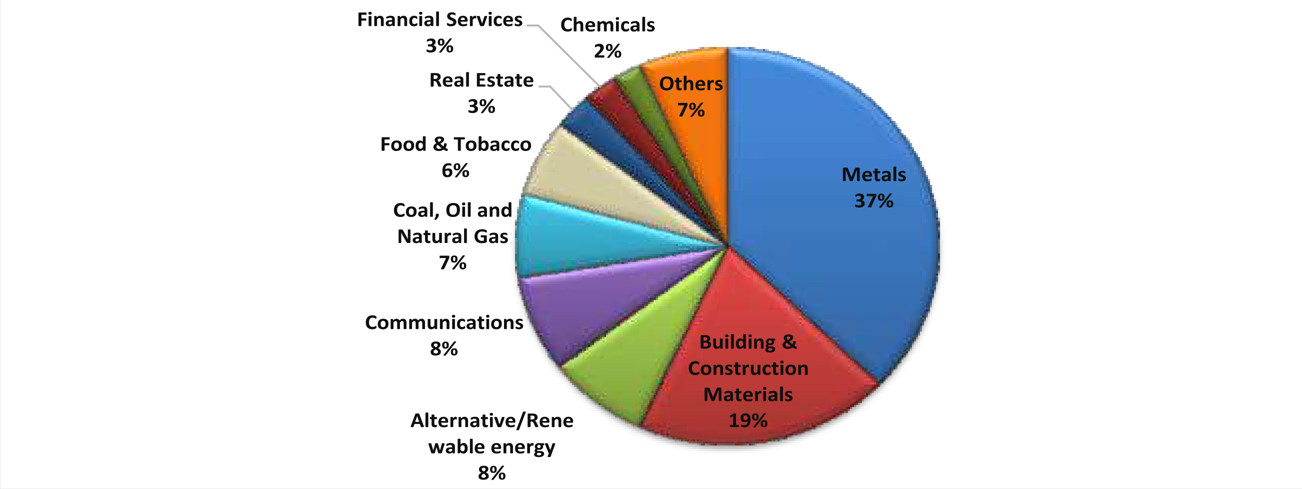


Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

[21] Tanzania Country Overview, Deloitte, October 2016

Chart 4.31: Major Sectors Attracting FDI in Zambia during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

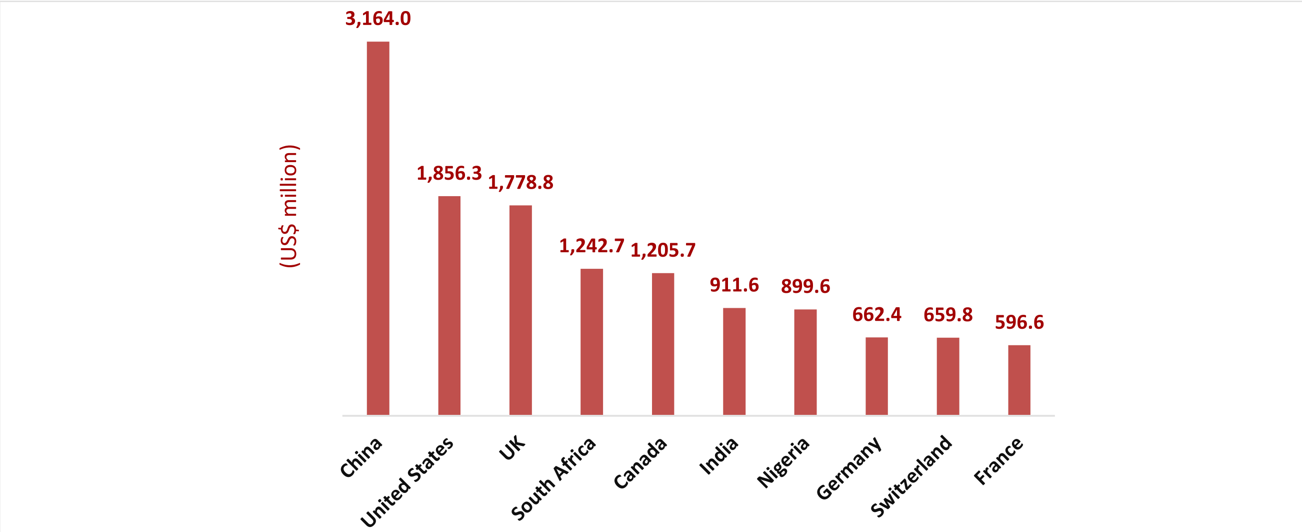
Source: fDi Markets online database and Exim Bank analysis

Zambia

The abundance in natural resources and of the fairly stable economy makes Zambia an attractive destination for investment. During 2008-2017, Zambia has attracted FDI worth US$ 15.8 billion, majorly in metals and building and construction material's industries **(Chart 4.31)**.

Major investors in Zambia during 2008-2017 include China, USA, UK, South Africa and Canada **(Chart 4.32)**. India is the sixth largest investor with US$ 911.6 million of investments in diversified areas like alternate/ renewable energies (25.4 percent), chemicals (17.8 percent), communications (8 percent) and coal oil and natural gas (7 percent).

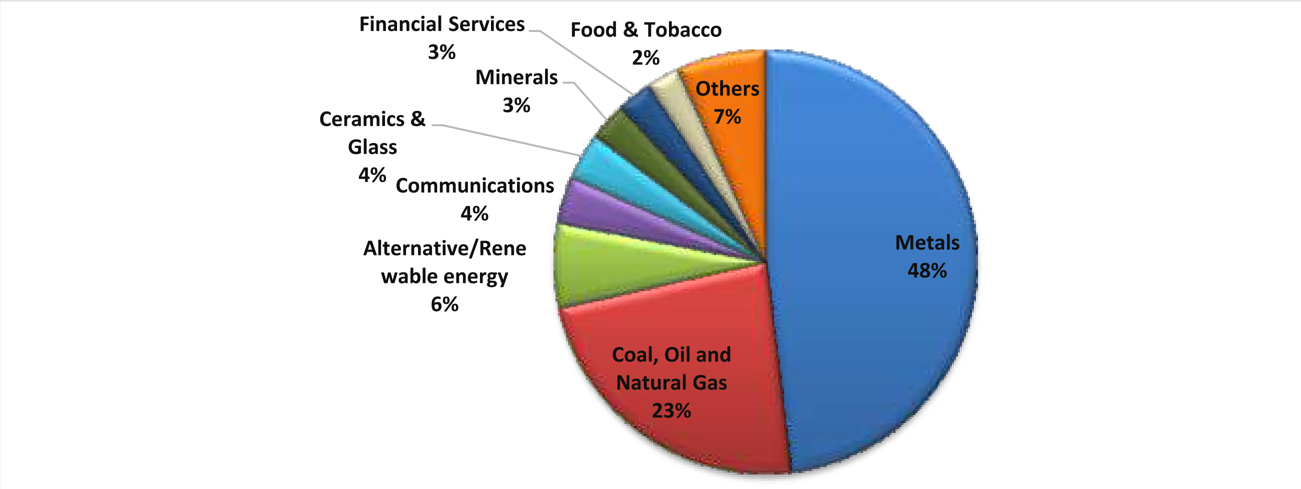
Chart 4.32: Major Sources of FDI in Zambia during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Chart 4.33: Major Sectors Attracting FDI in Zimbabwe during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

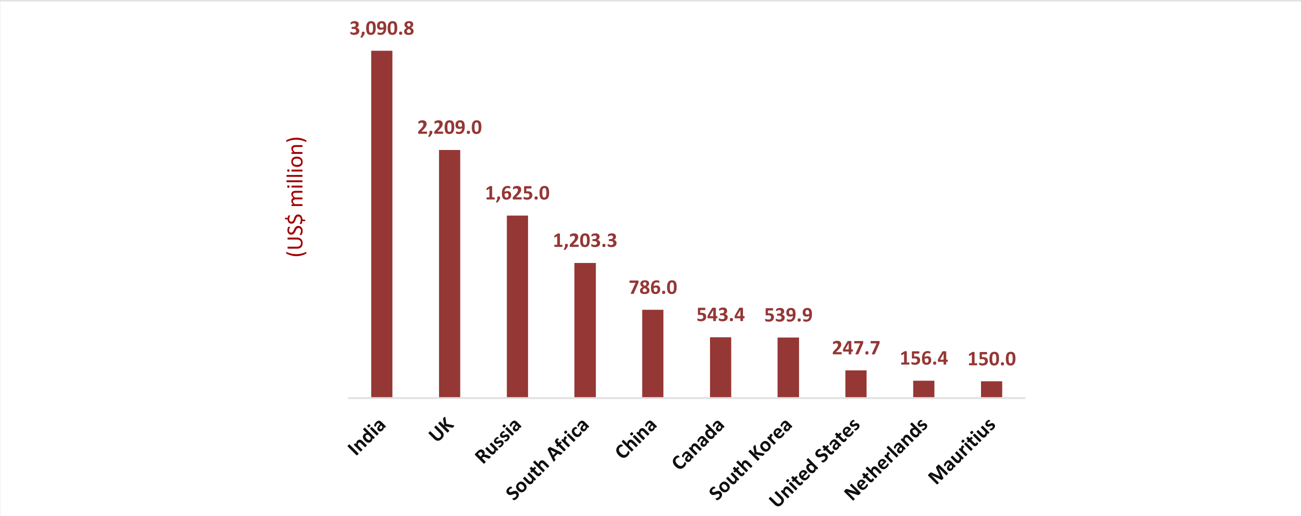
Source: fDi Markets online database and Exim Bank analysis

Zimbabwe

Majority of Zimbabwe's FDI inflows during 2008-2017 were in metals, which accounted for 48 percent of FDI inflows into the country. Other sectors that attracted FDI during the same period include coal, oil and gas (23 percent) and renewable energy (6 percent) sectors, among others. Total capital investments during the same period amounted to US$ 11.2 billion **(Chart 4.33)**.

India is the largest investor in Zimbabwe accounting 27.7 percent share of the total FDI in the country during 2008-2017. Other major investors during the same period include UK, Russia, China and South Africa with investments largely in metals and coal, oil and natural gas **(Chart 4.34)**.

Chart 4.34: Major Sources of FDI in Zimbabwe during 2008-2017



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Table 4.4: Doing Business Rankings of SADC Countries

Economy	DB2017 Rankings	DB2018 Rankings	DB2019 Rankings	Change over previous year	Rank in Sub-Saharan Africa (2019)
Mauritius	49	25	20	↑	1
South Africa	74	82	82	-	4
Botswana	71	81	86	↓	5
Zambia	98	85	87	↓	6
Seychelles	93	95	96	↓	7
Lesotho	100	104	106	↓	8
Namibia	108	106	107	↓	9
Malawi	133	110	111	↓	10
Eswatini	111	112	117	↓	12
Mozambique	137	138	135	↑	16
Tanzania	132	137	144	↓	20
Zimbabwe	161	159	155	↑	28
Madagascar	167	162	161	↑	30
Comoros	153	158	164	↓	33
Angola	182	175	173	↑	38
DR Congo	184	182	184	↓	45

Note: Economies are ranked on their ease of doing business, from 1–190. A high ease of doing business ranking means the regulatory environment is more conducive to the starting and operation of a local firm.

Source: World Bank's Doing Business Report 2019

Doing Business Rankings

Doing Business report, annually published by the World Bank Group, provides an aggregate ranking on the ease of doing business based on a number of indicator sets that measure and benchmark regulations applying to businesses through their life cycle. A high ranking on the ease of doing business index broadly means more conducive business climate. The ease of doing business ranking is based on 10 parameters, namely, starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. Doing business rankings of SADC countries is presented in **Table 4.4**.

Among SADC members, five countries, namely Mauritius, Mozambique, Zimbabwe, Madagascar and Angola witnessed an improvement in their doing business rankings over the previous year. Select initiatives that led to the improvement in rankings have been listed.

Mauritius

Mauritius ranked 20th in the ease of doing business parameter, and has seen significant improvements in its ranking over the past two years. Select initiatives that led to this improvement in the ranking include:

· Starting a Business**:** Mauritius made starting a business easier by linking the database of the business registry with the database of the social security office. Mauritius also eliminated the requirement for married women to provide a marriage certificate when applying for a national identity card.

· Registering Property: Mauritius made registering property easier by increasing the transparency of the land administration system.

· Protecting Minority Investors: Mauritius strengthened minority investor protection by clarifying ownership and control structures and requiring greater corporate transparency.

· Paying Taxes: Mauritius made paying taxes easier by introducing an expedited processing system for value added tax refunds and by upgrading its online platform to allow for the online submission of invoices and amended corporate income tax returns.

· Trading across Borders: Mauritius made exporting easier by introducing a risk-based management system.

Mozambique

Select initiatives that led to improvement in Mozambique's ranking in 2019 include:

· Getting Electricity: Mozambique improved the monitoring and regulation of power outages by beginning to record data for the annual system average interruption duration index (SAIDI) and system average interruption frequency index (SAIFI). Mozambique also made getting electricity faster by imposing new deadlines for connection procedures and streamlining processes.

· Paying Taxes: Mozambique made paying taxes easier by reducing the mandatory carry-forward period before taxpayers can request a value added tax cash refund to four months (from 12 months previously).

· Trading across Borders: Mozambique made trading across borders easier by streamlining the submission of documents for imports, improving infrastructure at the Ressano Garcia border crossing and simplifying export documentary compliance.

Zimbabwe

Select initiatives that led to improvement in Zimbabwe's ranking in 2019 include:

· Starting a Business: Zimbabwe made starting a business easier by reducing the time needed to obtain a business license.

· Dealing with Construction Permits: Zimbabwe made dealing with construction permits faster issuing building permits through a one stop shop.

· Getting Credit: Zimbabwe improved access to credit information by increasing the coverage of the credit registry and providing consumer and commercial credit scores to banks and financial institutions.

· Enforcing Contracts: Zimbabwe made enforcing contracts easier by making judgments rendered at the appellate and Supreme Court level in commercial cases available to the general public online.

Madagascar

Select initiatives that led to improvement in Madagascar's ranking in 2019 include:

· Dealing with Construction Permits: Madagascar strengthened construction quality control by appointing an independent architect in the commission tasked with reviewing building permit applications and reduced the cost to obtain a building permit.

· Getting Credit: Madagascar improved access to credit information through the introduction of a new law governing the establishment, licensing and functioning of credit bureaus.

· Enforcing Contracts: Madagascar made enforcing contracts easier by introducing an automated system that randomly assigns cases to judges and that allows judges to manage cases electronically.

Angola

Select initiatives that led to the improvement in Angola's ranking include:

· Getting Electricity: Angola improved the monitoring and regulation of power outages by beginning to record data for the annual system average interruption duration index (SAIDI) and system average interruption frequency index (SAIFI) for all the outages lasting longer than three minutes (down from 15 minutes previously).

· Trading across Borders: Angola made exporting and importing easier by implementing an automated customs data management system, ASYCUDA (Automated System for Customs Data) World, and by upgrading its port community system to allow for electronic information exchange between different parties involved in the import/export process.

5. INDIA'S INVESTMENT RELATIONS WITH SADC COUNTRIES

South-South investment has gained prominence in recent years. It has become a key source of financing for many developing countries, and an important channel for transferring technology, knowledge and cost-effective business models. These business models are often in concurrence with the requirements and conditions prevailing in developing economies, and are usually more adaptable and flexible compared to investments from developed economies. At the same time, South-South investments also have positive impact on bilateral and regional trade flows, while generating more employment and producing cost effective affordable goods and services.

In recent years, besides being among major recipients of global FDI inflows, India has emerged as an important global investor with increasing overseas investments in other developing economies including Africa.

Most of the Indian investments in the SADC region are in the extraction sector, primarily driven by favorable commodity prices and rising domestic demand for energy and raw materials.

The Indian multinational enterprises (MNEs) have ventured into both Greenfield and Brownfield investments. Apart from the energy sector, Indian companies also made investments in manufacturing, mining and construction sectors, among others.

In fact, SADC region is the largest investment destination in Africa, accounting for 93.7 percent of Indian investments in Africa during April 1996 to March 2018. According to data published by the Ministry of Finance (MOF), Government of India (GOI) and the Reserve Bank of India (RBI), India's approved cumulative investments[23] in the SADC region during April 1996 to March 2018 amounted to US$ 57.3 billion, with majority of the investments in Mauritius, Mozambique and South Africa **(Table 5.1)**.

Indian FDI in Africa is traditionally known to have been concentrated in Mauritius. On the contrary, Mauritius neither has large resource base nor does it have significant domestic market to warrant the amount of investment it has received over the years. However, the country's offshore financial facilities and favourable tax conditions have made Mauritius an attractive destination for onward routing of Indian investments. Many Indian companies have chosen to either use their subsidiaries abroad to invest, or to establish holding companies and/or special purpose vehicles, or other regional financial centres, in countries like Mauritius which give tax benefits to raise funds and invest in third countries[24].

The RBI data on approved overseas direct investments captures only approved overseas investments rather than actual flow. Further, in the presence of tax havens, the data do not capture the ultimate investment destination. This could lead to distorted picture with respect to the quantum of actual investment outflow as well as the extent of linkages between India and partner countries. To overcome such limitations, this study has drawn upon the data collated by the Financial Times through its online database tracking cross-border greenfield investment, viz. FDI Markets, which provides real-time monitoring of investment projects and capital investment to track and profile companies investing overseas.

[23]Approved overseas direct investment implies RBI approvals for overseas direct investment in equity, loan and guarantees

[24]Africa Rising?: BRICS - Diversifying Dependency, Ian Taylor, 2014

Table 5.1: India's Approved Overseas Direct Investment in SADC Countries (US$ mn)

Sr No	Country	April 1996 to March 2008	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	April 1996 to March 2018
1	Mauritius	4078.4	2651.2	2351.8	13106.9	7421.1	4438.9	4581.9	4580.8	3670.4	5392.7	1387.1	53,661.2
2	Mozambique	13.3	4.9	-	3.0	1.0	0.6	2643.1	7.7	1.7	8.0	37.3	2,720.6
3	South Africa	105.3	22.1	70.2	41.8	12.2	137.5	19.1	29.5	60.6	32.5	64.9	595.7
4	Zambia	2.5	0.5	0.1	0.9	2.8	4.5	12.0	41.7	79.7	10.8	10.2	165.7
5	Tanzania	14.9	0.1	21.3	6.6	7.4	7.4	3.8	1.6	11.4	0.2	21.8	96.5
6	Botswana	5.8	8.1	5.7	2.9	5.6	3.9	0.9	5.0	-	0.1	9.8	47.8
7	Zimbabwe	2.5	-	-	-	0.1	-	-	0.2	-	1.7	4.1	8.6
8	DR Congo	0.2	4.2	-	-	0.7	-	-	0.2	-	-	-	5.3
9	Madagascar	-	-	-	-	0.6	1.9	-	0.3	0.9	0.8	0.1	4.6
10	Seychelles	-	-	-	2.5	0.7	-	0.3	-	-	-	-	3.5
11	Malawi	-	1.0	0.3	-	-	-	-	0.1	0.5	0.9	0.5	3.3
12	Namibia	0.1	0.1	-	0.6	1.3	-	0.2	-	-	-	-	2.3
13	Eswatini	-	-	0.4	-	-	-	-	-	-	-	0.1	0.5
	SADC	**4223.0**	**2692.2**	**2449.8**	**13165.2**	**7453.5**	**4594.7**	**7261.3**	**4667.1**	**3825.2**	**5447.8**	**1535.9**	**57315.6**

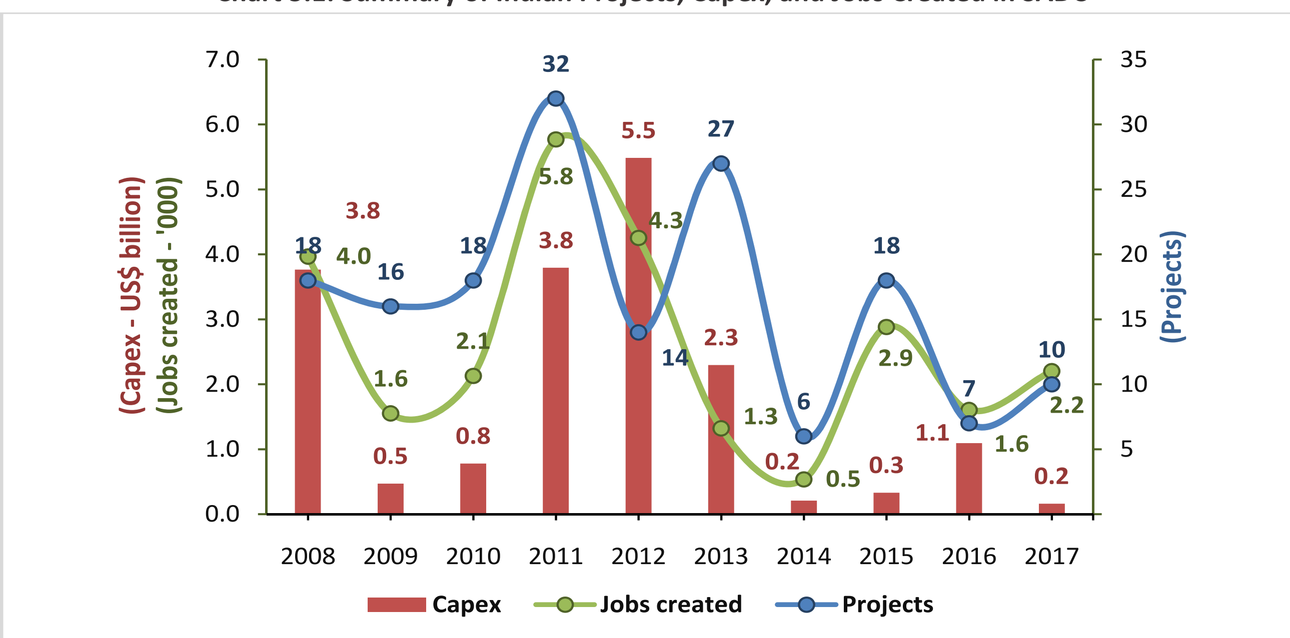
Note: '-' not available/ negligible

Source: Ministry of Finance, Government of India, RBI, and Exim Bank analysis

During January 2008 to December 2017, Indian investments in SADC region amounted to US$ 18.4 billion covering 166 projects, creating 26,221 jobs.

Chart 5.1 shows the trend in capital expenditure, FDI projects and jobs created as a result of Indian investment during the mentioned period.

Chart 5.1: Summary of Indian Projects, Capex, and Jobs Created in SADC



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Mauritius

According to the RBI, India's approved FDI outflows to Mauritius amounted to US$ 1.4 billion during 2017-18, and were mainly in the transport, storage and communication services (37.8 percent), financial, insurance and business services (35.4 percent) and manufacturing (16.3 percent). Cumulative FDI outflow from India into Mauritius during April 1996 to March 2018 was US$ 53.7 billion.

Among Indian companies, eight Public Sector Units (PSUs) currently have their presence in Mauritius. The Bank of Baroda, Life Insurance Corporation (LIC), and New India Assurance Corporation (NIAC) were the first to establish operations, followed by other PSUs including India Handloom House, Telecommunications Consultant India Ltd. (TCIL), Indian Oil (Mauritius) Ltd., Mahanagar Telephone (Mauritius) Ltd. and State Bank of India (Mauritius) Ltd[25].

India-Mauritius cooperation have been established over the years in diverse areas through joint projects like the Mahatma Gandhi Institute (education), Prof B.S. Upadhyaya Training Centre (training), the Jawaharlal Nehru Hospital (healthcare), the Subramaniam Bharati Eye Centre (healthcare), the Rajiv Gandhi Science Centre (education) and the Rabindranath Tagore Institute (education), the Cyber Tower at Ebene (ICT infrastructure) and the Swami Vivekananda International Conference Centre (SVICC) (tourism).

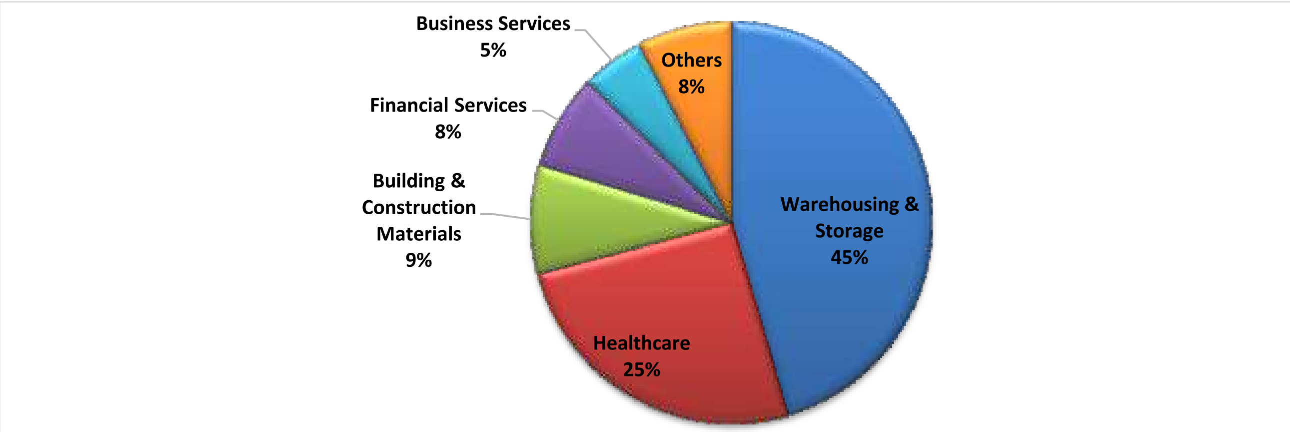
India and Mauritius have signed several bilateral agreements and Memorandum of Understanding (MOU), some of which include:

- Double Taxation Avoidance Convention (1982);
- Air Services Agreement (1972; amended in 1995);
- Bilateral Investment Promotion and Protection Agreement (1998);
- Agreement for Cooperation in Information Technology (2000);
- MOU for setting up a Preferential Trade Agreement (2005);
- MOU on Science and Technology Cooperation (2012);
- MOU on Textiles (2012);
- MOU on Cooperation in MSME Sector (2013);
- MOU on Cooperation in Communication and Broadcasting between Mauritius Broadcasting Corporation and Prasar Bharti (2014);
- MOU on Cooperation in Ocean Economy (2015);
- MOU in the field of Traditional Systems of Medicine (2015);
- MOU for Setting up of Civil Services College in Mauritius (2017);
- Agreement on Maritime Security (2017);
- MOU between Council of Scientific and Industrial Research, India and Mauritius Oceanography Institute, Mauritius for Research and Education in Marine Sciences and Technology (2017);
- Dollar Credit Line Agreement Between SBM Mauritius Infrastructure Development Co. Ltd. and Export-Import Bank of India (2017); and
- Submission of Instrument of Ratification of International Solar Alliance by Mauritius (2017).

According to FDI Markets, during 2008-2017 the major sectors receiving Indian investments in Mauritius include warehouse and storage (46 percent), healthcare (25 percent), building and construction material (9 percent), financial services (8 percent) and business services (5 percent) **(Chart 5.2)**.

[25]MEA Bilateral Relations India and Mauritius

Chart 5.2: Major Sectors Receiving Indian Investment in Mauritius (2008-2017)



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Mozambique

India's cumulative investments in Mozambique during April 1996 to March 2018 stood at US$ 2.7 billion.

Indian investments in Mozambique are mainly in the natural gas and coal industries. In 2014, two Indian Public Sector Companies, ONGC Videsh Ltd. and Oil India Ltd. acquired a 20 percent stake in Area 1 of the Rovuma gas block of Mozambique. This was in addition to the 10 percent stake which was already held in the same block by another Indian PSU, Bharat Petro Resources Ltd[26]. In the same year, International Coal Ventures Private Ltd., a consortium of five Indian public sector units [Steel Authority of India Ltd. (SAIL), NMDC Ltd., RajCOMP Info Services Ltd. (RISL), Coal India Ltd.(CIL) and NTPC Ltd.] purchased a 65 percent stake in the coal assets sold by Rio Tinto. Other Indian companies with a presence in the coal mining sector of Mozambique include Jindal Steel & Power Ltd. (JSPL), JSW, Coal India Ltd. Tata Steel, Essar, Midwest Africa and Sunflag Group, among others.

Other Indian investments include the Essar Group developing a coal terminal at Beira port, and investments in commercial agriculture by companies like Pure Diets, Rajarambapu Group, HK Jalan group and Asian Tea Company.

Select bilateral agreements and MOUs signed between India and Mozambique include, among others:

- MOU in the field of Agriculture (2003);
- Bilateral Inter-governmental Science & Technology Agreement (2003);
- Bilateral Investment Promotion and Protection Agreement (2009);
- MOU between India and Mozambique on Cooperation in the fields of Mineral Resources (2010);
- MOU on Cooperation in the field of MSMEs between India and Mozambique (2010);
- Double Taxation Avoidance Agreement (DTAA) between India and Mozambique (2010);
- MOU on Defence Cooperation (2010);
- MOU between the Government of the Republic of India and the Government of Republic of

[26]MEA Bilateral Relations India and Mozambique

Mozambique on Cooperation in the field of New and Renewable Energy (2015);

- MOU on drug demand reduction and prevention of illicit trafficking in narcotic drugs, psychotropic substances and precursor chemicals and related matters (2016);
- MOU between Government of India and Government of Mozambique in the field of Youth Affairs and Sports (2016); and
- Long-term agreement for purchase of pulses from Mozambique (2016).

According to FDI Markets, during 2008 to 2017, India's investments in Mozambique were mainly into coal, oil and natural gas sector **(Chart 5.3)**.

South Africa

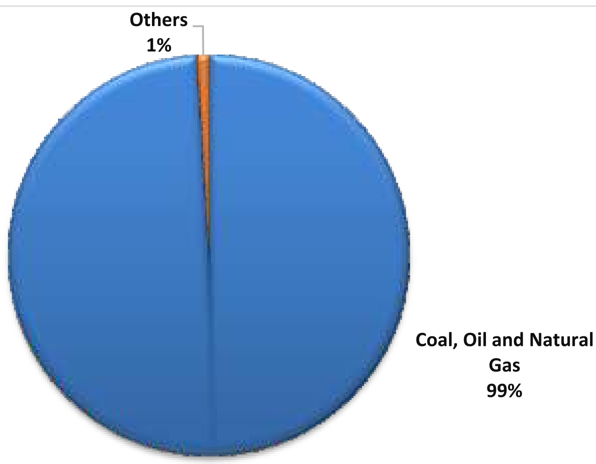
During April 1996 to March 2018, Indian cumulative approved FDI in South Africa stood at US$ 595.7 million, in sectors such as automobiles, IT, hospitality, breweries and mining, among others. Major Indian companies would include Tata, UB Group, Mahindra & Mahindra, Ranbaxy and CIPLA, among others

Indian banks in South Africa such as State Bank of India, Bank of Baroda, Bank of India, Canara Bank, ICICI Bank and Export-Import Bank of India also play critical role in facilitating trade and investments, and promoting business interactions[27].

India and South Africa have signed several bilateral agreements and MOUs some of which include[28]:

- Programme of Cooperation in Arts and Culture (2016);
- MOU on Tourism (2016);
- MOU on Grass Root Innovation (S&T) (2016);
- MOU on ICT (2016);
- MOU between the Indian Council of Agricultural Research, New Delhi, India and the Agricultural Research Council, Pretoria, South Africa on Cooperation in Agricultural Research and Education (2018);
- MOU forsetting up of the "Gandhi Mandela Centre of Specialisation for Artisan Skills" in South Africa (2018); and
- MOU between Indian Space Research Organisation and the South African National Space Agency on

Chart 5.3: Major Sectors Receiving Indian Investment in Mozambique (2008-2017)



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

[27]Country-wise branches of Indian Banks at Overseas Centres as on January 31, 2018, Reserve Bank of India (RBI)

[28]MEA Bilateral Relations India and South Africa

Cooperation in the Exploration and uses of Outer Space for Peaceful Purposes (2018).

According to FDI Markets, Indian investments in South Africa during 2008 and 2017 were mainly in sectors like coal, oil and natural gas (51 percent) followed by alternative/renewable energy, metals, software & IT services and rubber among others **(Chart 5.4)**.

Zambia

India's cumulative approved direct investments in Zambia amounted to US$ 165.7 million during April 1996 to March 2018.

Select Indian companies present in Zambia include Vedanta Resources, Tata Group (including Tata Africa Holdings, Tata Consultancy Engineering, Taj Pamodzi, and Tata Motors), RJ Corporation, Nava Bharat Ventures Ltd., Dharni Sampada Pvt. Ltd., and Bharti Airtel.

Indo-Zambia Bank Ltd. is a registered commercial bank in Zambia formed as a joint venture (JV) between the Government of Zambia (GoZ) and three Indian banks - Bank of Baroda, Bank of India and Central Bank of India.

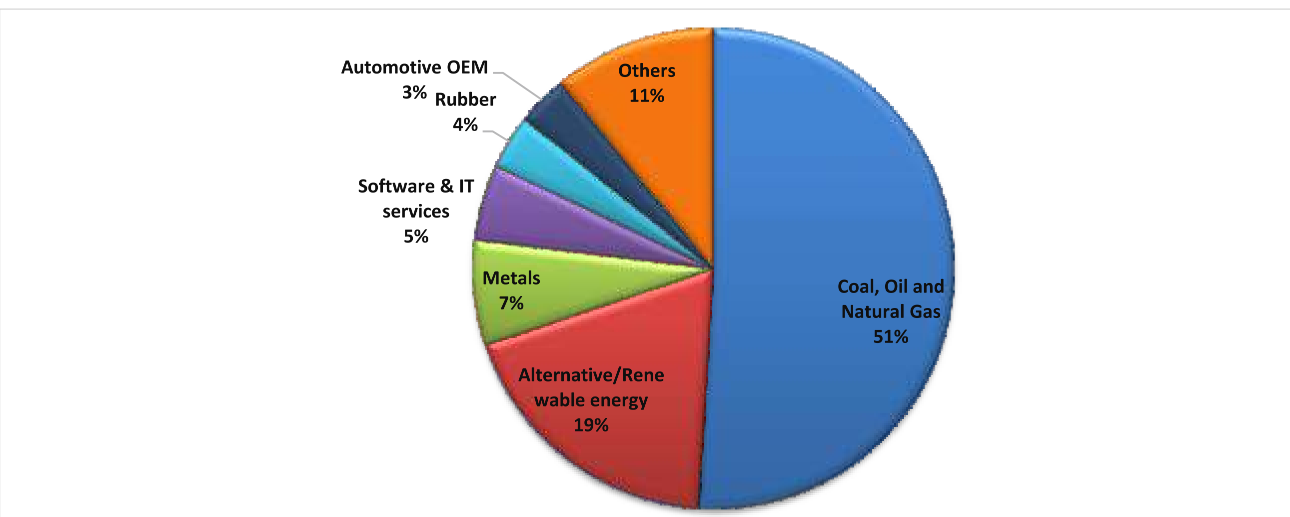
Several Indian companies had set up subsidiaries and entered into joint ventures with companies in Zambia. Nava Bharat Singapore Ltd., a subsidiary of Nava Bharat Ventures Ltd., Hyderabad, India, purchased 65 percent equity shares in Mamba Collieries Ltd. (the GoZ holds the remaining 35 percent shares through Zambia Consolidated Copper Mine Investment Holdings). Bharti Airtel launched its brand, Airtel Zambia, in November 2010 and is now the leading mobile service provider in Zambia. Investments by Tata include a five-star hotel the Taj Pamodzi, managed by the Taj Hotels group; and a joint venture between Zambia Electricity Supply Company (ZESCO) and Tata Africa Holdings called 'Itezhi Tezhi Power Corporation Ltd. (ITPC)'.

Under the Pan-Africa e-Network Project, TCIL, India had set up a telemedicine/teleconsultation centre at the University Teaching Hospital in Lusaka, a distance learning centre at Mulungushi University, Kabwe, and a VVIP Centre for Video Conferencing at the State House, Lusaka.

India and Zambia had signed several bilateral agreements and MOUs some of which include[29]:

- Bilateral Air services agreement between the Government of India and the Republic of Zambia (1993);

Chart 5.4: Major Sectors Receiving Indian Investment in South Africa (2008-2017)



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

· Bilateral Trade Agreement (2003);

· MOU on the Avoidance of Double Taxation (2018);

· MOU on setting up of Entrepreneurship Development Centre in Zambia (2018);

· MOU on Visa Exemption for holders of diplomatic passport (2018); and

· MOU on Cooperation in Judicial Sector (2018).

Further, both India and Zambia are signatories to the International Solar Alliance Framework Agreement (2018).

During 2008 to 2017, Indian investments in Zambia were mainly in alternative/renewable energy (25 percent), chemicals (18 percent), communications (16 percent), coal, oil and natural gas (12 percent) and automotive OEMs (11 percent) **(Chart 5.5)**.

Tanzania

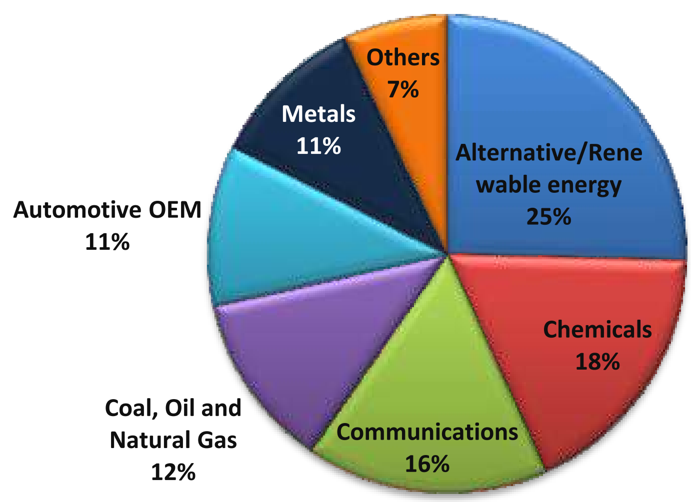
Approved Indian investments in Tanzania stood at US$ 96.6 million during April 1996 - March 2018. Major Indian companies operating in Tanzania include Tata International Ltd., NMDC, insurance companies (LIC, NIC, United India), Reliance Industries Ltd., Kamal Group of Industries, Bharti Airtel, Escorts, Ashok Leyland, Eicher, Bajaj, TVS, Kirloskar and Godrej. All major Indian pharmaceutical companies have their distributors and representatives in Tanzania.

Several Indian banks have set up subsidiaries in Tanzania, such as Bank of India has set up Bank of India (Tanzania) Ltd., Bank of Baroda has set up Bank of Baroda (Tanzania) and Canara Bank has set up Canara Bank (Tanzania) Ltd[30].

Some of the bilateral agreements and MOUs signed between India and Tanzania include[31]:

· Agreement on Friendship & Technical, Economic and Scientific Cooperation (1966);

Chart 5.5: Major Sectors Receiving Indian Investment in Zambia (2008-2017)



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

[29]MEA Bilateral Relations India and Zambia; and Press Information Bureau, Government of India

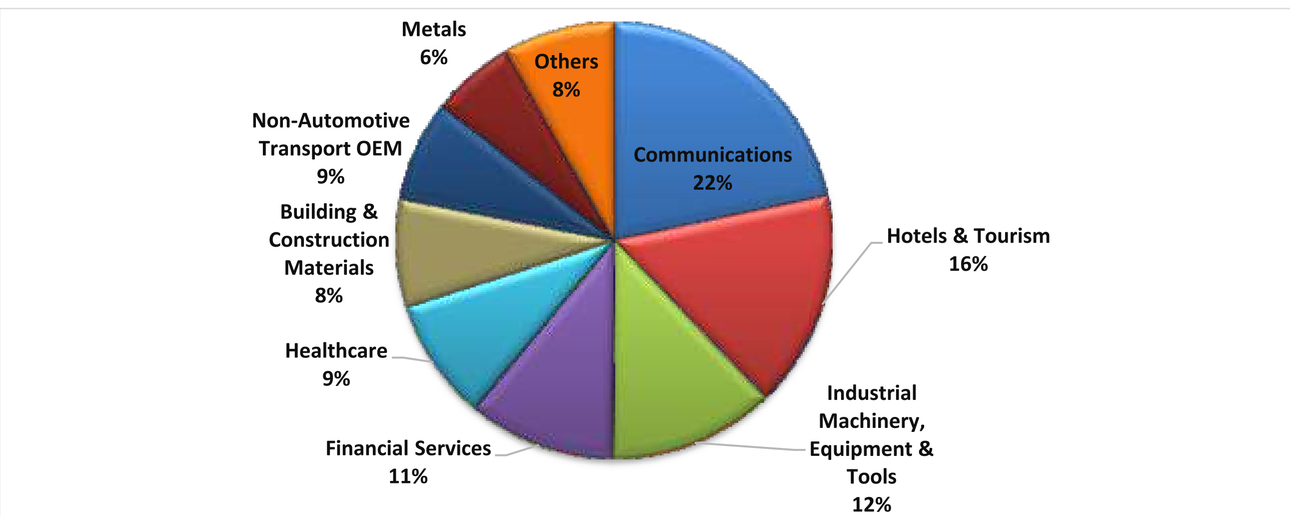
[30]List of subsidiaries of Indian Banks abroad as on January 31, 2018, RBI

[31]MEA Bilateral Relations India and Tanzania

- Trade Agreement (1972);
- MOU on Technical Cooperation in the field of Posts and Telecommunications (1996);
- Agreement on the establishment of Joint Business Council (1997);
- Agreement on the establishment of a Joint Trade Committee (2000);
- MOU for Cooperation in the field of Agriculture and Allied Sectors (2002);
- Agreement in the field of Health & Medicine (2002);
- Agreement on Cooperation in Information Technology and Services (2004);
- Letter of Intent on Preferential Trade Agreement/ Free Trade Agreement (2008);
- MOU on joint venture between National Social Security Fund, Ministry of Health and Social Welfare of Tanzania and Apollo Hospitals Ltd. (2011);
- Agreement on Double Taxation and Prevention of Fiscal Evasion (2011). Earlier DTAA was signed in 1979;
- Joint Action Plan between National Small Industries Corporation Ltd. (NSIC) and Small Industries Development Organisation (2011);
- Letter of Intent between Ministry of Steel and Ministry of Energy & Minerals (2013);
- MOU on Cooperation in the field of Tourism (2015);
- Agreement on Joint Action Plan between National Small Industries Corporation of India and Small Industries Development Organization of Tanzania;
- Visa waiver agreement for Diplomatic/Official passport holders (entered into force in December 2016); and
- MOU for the Establishment of Vocational Training Centre at Zanzibar (2016).

According to FDI Markets, Indian investments in Tanzania were mainly in communications, hotels & tourism, industrial machinery and equipment, financial services and healthcare, which together accounted for over 60 percent of India's total investment in the country **(Chart 5.6)**.

Chart 5.6: Major Sectors Receiving Indian Investment in Tanzania (2008-2017)



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Botswana

India's approved direct investments in Botswana stood at US$ 47.8 million during April 1996 to March 2018.

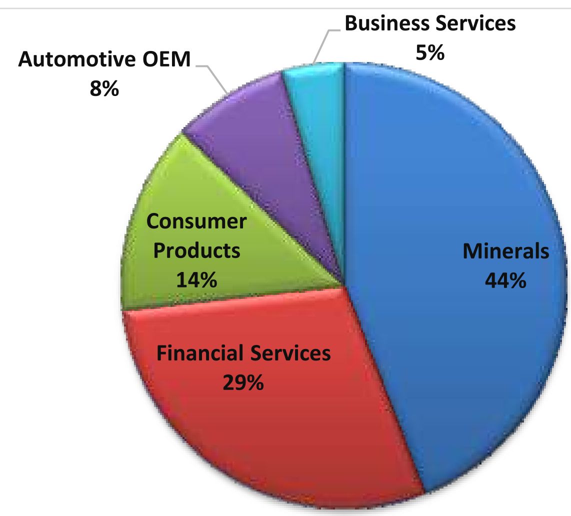
Most Indian investments in Botswana are in the mining sector. The Indian diamond companies and businessmen mainly invested in the downstream industries in the diamond sector, particularly in the cutting and polishing of rough diamonds. In fact, two major Indian companies, Blue Star and KGK Diamonds have offices and factories in Botswana. JSPL took over CIC Energy (a Canadian company) for beneficiation of coal mining and power production. JSPL has plans to set up two coal-fired 300 MW power in the Mmamambula coal blocks[32].

Bilateral agreements and MOUs between India and Botswana include:

- Bilateral Trade Agreement (2001);
- Protocol for Foreign Office Consultations (2002);
- Agreement on Bilateral Cooperation (2006);
- Agreement on the Avoidance of Double Taxation (2006);
- Programme for Cultural Cooperation (2007);
- Pan African E-Network Project (2008);
- MOU on Cooperation in Agriculture (2010);
- Educational Exchange Programme (2010);
- MOU on MSME / SMME (2010);
- MOU on Science & Technology (2010);
- MOUs between National Small Industries Corporation Ltd. (NSIC) of India and Local Enterprises Authority of Botswana (2010); and
- Agreement on the Establishment of Joint Ministerial Commission (2011).

According to FDI Markets, Indian investment in Botswana are largely dominated by minerals and financial services which together accounted for 73 percent of Indian investments in the country **(Chart 5.7)**.

Chart 5.7: Major Sectors Receiving Indian Investment in Botswana (2008-2017)



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

[32]MEA Bilateral Relations India and Botswana; and High Commission of India, Gaborone, Botswana

Zimbabwe

During April 1996 to March 2018, the cumulative Indian FDI in Zimbabwe stood at US$ 8.6 million. Several Indian public sector companies like Indian Railway Construction Company (IRCON), Rail India Technical & Economic Services (RITES), Water and Power Consultancy Services (WAPCOS) and Telecommunications Consultants India Ltd. (TCIL) have in the past executed infrastructure projects in Zimbabwe.

Indian companies such as Kirlosker and Jain Irrigation have supplied pumps and irrigation equipment. Ranbaxy and Ipca Labs Ltd., among others, have invested in Zimbabwe's pharmaceutical sector. An Indian pharmaceutical company, 'Shreya' had invested about US$ 1 million in the largest pharmaceutical company of Zimbabwe called CAPS Ltd. Chadha Power of India was awarded a contract to refurbish four units at the Hwange Thermal Power Station near Victoria Falls.

Surface Investment Ltd. has set up a multi-seed edible oil producing plant near Harare, which is capable of producing 120,000 bottles of edible oil daily. The project is a joint venture between Midex Global Pvt. Ltd., Indore, India and Industrial Development Corporation of Zimbabwe.

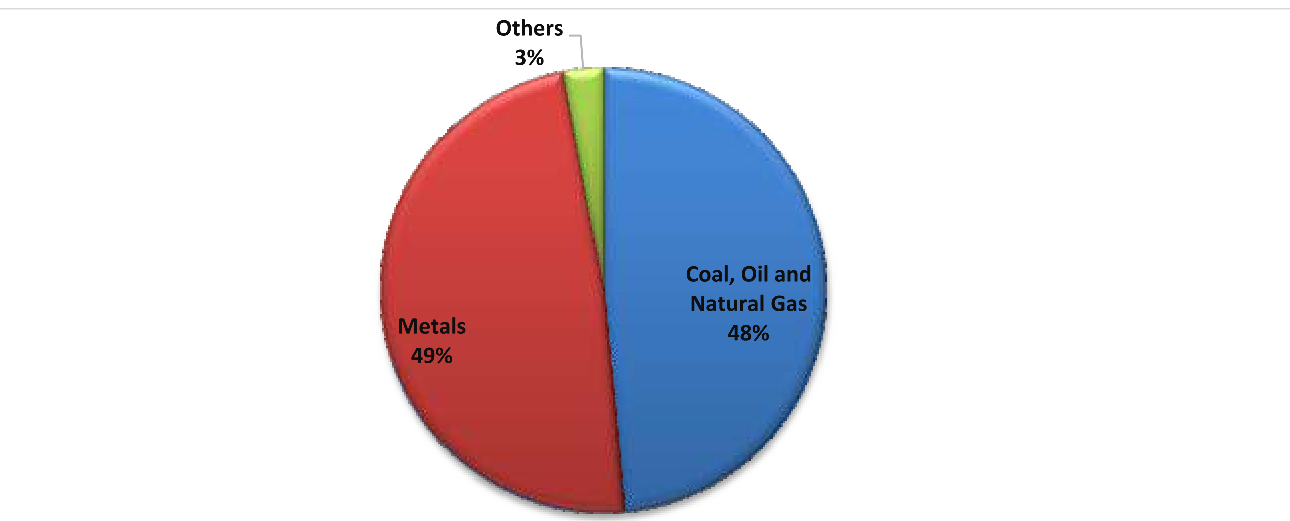
PM Electronics Pvt. Ltd. had exported transformers from India to Zimbabwe Electricity Supply Authority (ZESA). The company had also signed a technology transfer agreement with ZESA Enterprises – a subsidiary of ZESA – for a transformer manufacturing project in Harare.

Technofab Engineering Ltd., a Delhi-based company, won three orders for rehabilitation of water supply and sewage systems in Mutare, Harare, Chitungwiza, Kwekwe, Chegutu and Masvingo. The project was funded by Crown Agents on behalf of Ministry of Finance, Government of Zimbabwe.

Varun Beverages (Zimbabwe) Ltd., a joint venture of Varun Beverages India (a part of RJ Corp) and a local company Glaciem Pvt. Ltd., set up a bottling plant in Harare, to bottle beverage brands such as Pepsi and drinking water.

ZimGold, has invested in the edible oil industry of Zimbabwe.

Chart 5.8: Major Sectors Receiving Indian Investment in Zimbabwe (2008-2017)



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Bilateral agreements and MOUs between India and Zimbabwe include[33]:

- Joint Commission Agreement (1987);
- Air Services Agreement between India and Zimbabwe (2014); and
- MOU between Harare Institute of Technology (HIT) and six Indian Universities.

According to FDI Markets, Indian investments in Zimbabwe were mainly in two major sectors, namely coal, oil and natural gas, and metals, which together accounted for 97 percent of Indian investments in the country **(Chart 5.8)**.

DR Congo

During April 1996 to March 2018, the cumulative Indian approved FDI outflows to DR Congo stood at US$ 5.3 million. There are few Indian companies engaged in the mining of copper (including manufacture of copper cathodes), cobalt (cobalt chemicals) and diamonds in DR Congo. Some Indian businessmen have invested in sectors such as logistics, education, restaurants, and supermarkets/ departmental stores. Tata Motors and Mahindra have distribution centres in the country. Bharti Airtel had acquired Zain Communications Network in 2010 and invested around US$ 300 million to expand the services in the country. Presently, it is the third largest telecommunication company in DR Congo[34].

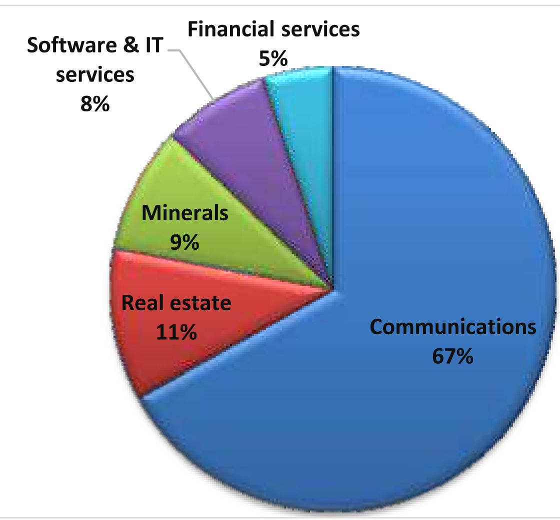
Indian companies like Kalpataru Power Transmission Ltd. and KEC International have executed a number of power transmission projects in the country.

The following bilateral agreements and MOUs exist between India and DR Congo:

- Joint Commission for Political, Economic, Scientific, Technical and Socio-cultural (2008);
- Cultural Cooperation Agreement (2009);
- Foreign Office Consultations (2010); and
- Bilateral Investment Promotion and Protection Agreement (2010).

According to FDI Markets, during 2008 to 2017, Indian investments in DR Congo were largely dominated by communications, followed by real estate, minerals, software and IT services and financial services **(Chart 5.9)**.

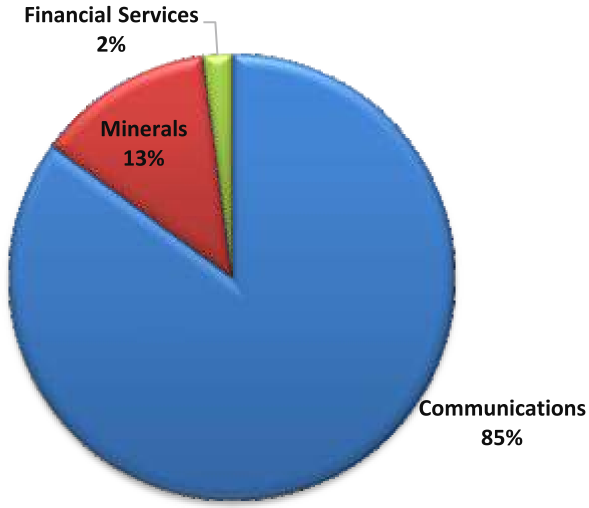
Chart 5.9: Major Sectors Receiving Indian Investment in DR Congo (2008-2017)



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.
Source: fDi Markets online database and Exim Bank analysis

[33]MEA Bilateral Relations India and Zimbabwe
[34]MEA Bilateral Relations India and DR Congo

Chart 5.10: Major Sectors Receiving Indian Investment in Madagascar (2008-2017)



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Madagascar

During April 1996 to March 2018, the cumulative Indian FDI in Madagascar stood at US$ 4.7 million. Bharti Airtel and Dr. Aggarwal's Eye Hospital are the major Indian companies investing in Madagascar.

Some of the bilateral agreements and MOUs between India and Madagascar include[35]:

- MOU between Confederation of Indian Industry (CII) and the International Trade Board of Madagascar (ITBM) (2014);
- MOU on Cooperation in the Field of Defence (2016);
- MOU on Cooperative Marketing Arrangements (2016);
- MOU on setting up of a Centre for Geo-informatics Applications in Rural Development Centre (CGARD) in Antananarivo (2016); and
- MOU in the field of Agriculture and Allied Sector (2016).

According to FDI Markets, Indian investments in Madagascar during 2008 to 2017 were in sectors like communications, minerals and financial services as shown in **chart 5.10**.

Seychelles

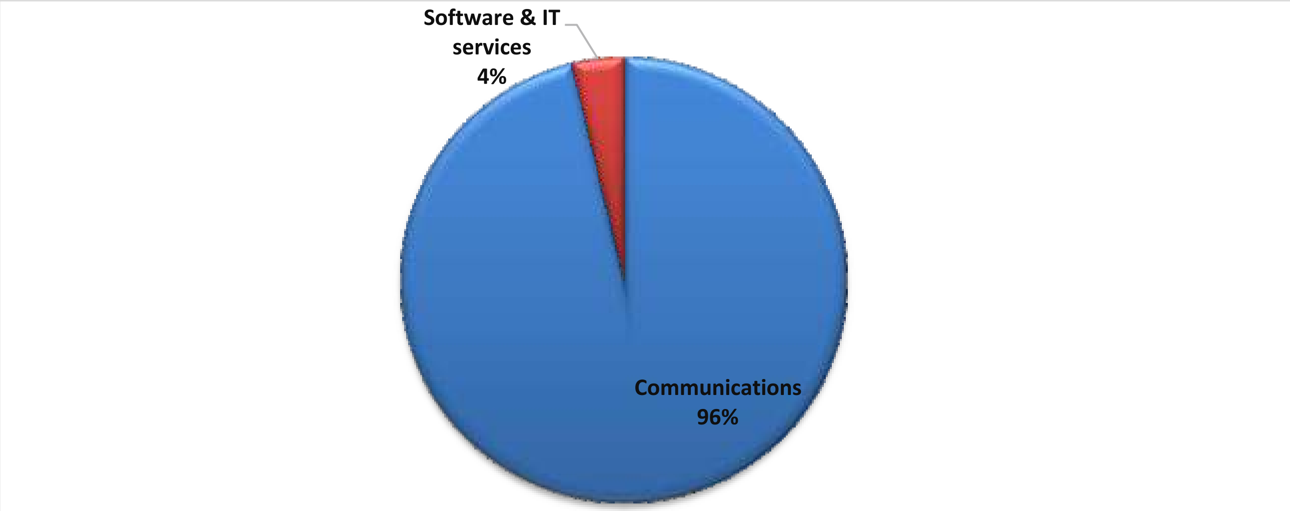
India's approved direct investments in Seychelles during April 1996 to March 2018 stood at US$ 3.5 million. India's Bharti Airtel Telecom group has set up its mobile telephone and internet services in Seychelles since 1998. Tata has supplied most of the fleet buses that ply between Mahé and Praslin. Bank of Baroda has an overseas branch in Victoria since 1978.

Select agreements between India and Seychelles include[36]:

- Air Services Agreement (1981);
- Agreement on Tourism (1996);
- Joint Business Council (2000);
- Trade Agreement (2000);

[35]MEA Bilateral Relations India and Madagascar
[36]MEA Bilateral Relations India and Seychelles

Chart 5.11: Major Sectors Receiving Indian Investment in Seychelles (2008-2017)



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

- MOUs on Healthcare, Defence and Science and Technology (2003);
- Bilateral Investment Promotion and Protection Agreement (BIPPA) (2010);
- MOU for setting up of an Information Technology Centre in Seychelles (2010);
- MOU on Renewable Energy Cooperation (2015);
- Tax Information Exchange Agreement (TIEA) (2015);
- MOU on Renewable Energy Cooperation (2015);
- MOU between ICAR and Seychelles Agricultural Agency for Cooperation in agricultural research and education (2015);
- Protocol on framework of cooperation in the field of Blue Economy between India and Seychelles (2015);
- White Shipping Data Agreement (2018);
- MOU on Cyber Security (2018);
- MOU on Small Development Projects (2018); and
- MOU between the Foreign Service Institute India and the Department of Foreign Affairs of Seychelles (2018).

According to FDI Markets, Indian Investments in Seychelles during 2008 to 2017 were in communications and software & IT services **(Chart 5.11)**.

Malawi

Malawi received a cumulative Indian approved FDI of US$ 3.3 billion during April 1996 to March 2018. Indian companies in Malawi are engaged in diverse sectors including agro processing, cement, chemicals, energy, fertilizers, financial service, food processing, hotel & hospitality, manufacturing,packaging, pharmaceuticals, plastic etc.

Many major Indian companies are currently investing in Malawi, which include, among others, Ashok Leyland, Atul, Bajaj Auto, Bharti Airtel, Dhunseri Petrochem and Tea Ltd. (DPTL), Eicher Motors, Escorts, Godrej, Kalpataru Power Transmission, Kirloskar Brothers, Larsen and Toubro (L&T), Mahindra & Mahindra, Soil Master, Sonalika Group, Su-Kam, Tata Holdings Mozambique and TVS Motor Company. In October 2013, a Malawi Business Corner was opened by the Malawi High Commission in India, at the Southern Gujarat Chamber of Commerce and Industry (SGCCI) in Surat to promote India's trade and investment with Malawi. The Business Corner will provide timely and relevant information to Indian business persons interested to do business with Malawi, on trade and investment prospects and opportunities available in Malawi.

According to the MEA, Surat FARM has signed a US$ 1 million investment MOU to set up Organic Bio Fertilizer plant in Lilongwe and an agreement was signed with Mtalimanja Holdings Ltd. M/s SATEC Envir Engineering Pvt. Limited, Ahmedabad signed an MOU with Malawi Government to construct 4 Office Buildings at Capital Hill in Lilongwe and 10,000 pre-fabricated houses for para military forces. M/s Innosoft India Solutions signed an MOU with Ministry of Information, Communications and Technology for Provision of e-government solutions to the Government of Malawi.

Select bilateral agreements India has entered into with Malawi include[37]:

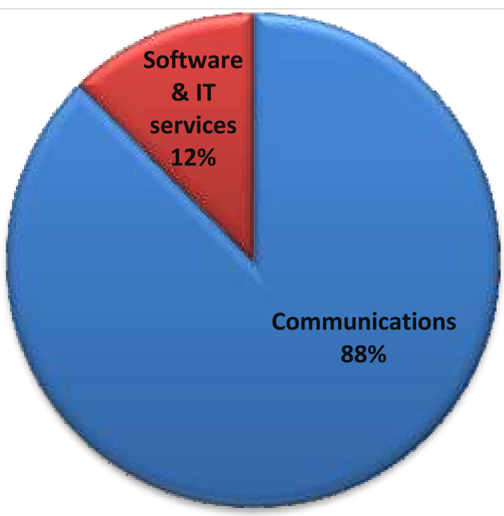
- General Cooperation Agreement (2010);
- MOU on Cooperation in the field of Mineral Resources Development (2010);
- MOU on Cooperation in the field of Rural Development (2010);
- MOU on Cooperation in the field of Health and Medicine (2010);
- MOU on Cooperation in the field of Agriculture and Allied Sectors (2010);
- Protocol for Consultations between Ministry of Foreign Affairs of Malawi and Ministry of External Affairs of India (2010); and
- National Small Industries Corporation (NSIC) of India and One Village One Product of Malawi for cooperation in the development of small scale enterprises in Malawi (2010).

According to FDI Markets, during 2007 to 2018, Indian investments in Malawi were in communications and software & IT services **(Chart 5.12)**.

Namibia

India's cumulative approved FDI to Namibia during April 1996 to March 2018 amounted to US$ 2.3 million. Some of the major Indian investors in

Chart 5.12: Major Sectors Receiving Indian Investment in Malawi (2008-2017)

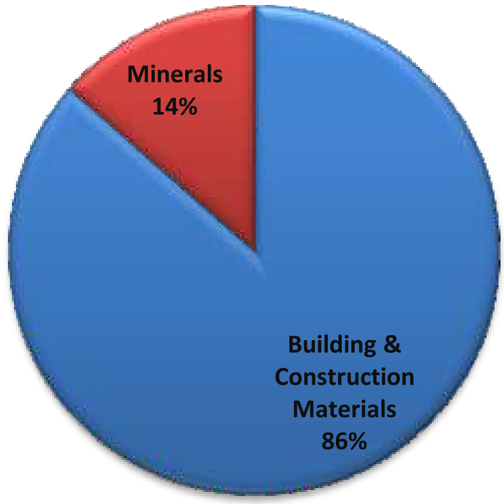


Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

[37]MEA Bilateral Relations India and Malawi

Chart 5.13: Major Sectors Receiving Indian Investment in Namibia (2008-2017)



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

Namibia include Vedanta Resources of India, which acquired Skorpion Zinc Mine (Namibia) from Anglo American Zinc; GPT Group, which entered into a joint venture with Trans Namibia for producing Concrete Sleepers; and ONGC Videsh Ltd. (OVL), which acquired a 15 percent stake in an oil block in Namibia's offshore Block from Tullow Oil of UK. This was OVL's second acquisition in Namibia. Earlier, OVL had acquired 30 percent stake in Namibia's Petroleum Exploration License (PEL), covering three offshore blocks, from Tullow[38].

Select India's bilateral agreements with Namibia include:

- Joint Trade Committee (1995);
- MOU on establishment of a Centre of Excellence in Information Technology (CEIT) between the Ministry of Higher Education, Training and Innovation of the Government of Namibia and the Ministry of External Affairs of the Government of India (2016); and
- MOU between Namibia Institute of Public Administration and Management (NIPAM) and Indian Institute of Management Ahmedabad (IIMA) concerning technical cooperation in the area of capacity building of public officials (2016).

According to FDI Markets, Indian investments in Namibia during 2008 to 2017 were mainly in two sectors, namely, building and construction materials, and minerals **(Chart 5.13)**.

Eswatini

The approved Indian outward investments to Eswatini during April 1996 to March 2018 stood at US$ 0.5 million. Indian investors in Eswatini include Ekasilaa Mining Pvt. Ltd., JSW Group and Indian Immunologicals Ltd.

Following are the agreements and MOU India signed with Eswatini[39]:

- On Cooperation in Health Sector (2018); and
- Agreement for exemption of visas for holders of diplomatic/service passports (2018).

[38]MEA Bilateral Relations India and Namibia
[39]MEA Bilateral Relations India and Eswatini

Angola

According to FDI Markets, Indian investments in Angola during 2008 to 2017 were in the industrial machinery and equipment. State Bank of India has a representative office in Luanda since April 18, 2005.

FDI inflows to India from SADC

According to data published by the Government of India, FDI inflows to India from SADC region have been dominated by investments from Mauritius that account for 33.9 percent of India's overall FDI inflow to the region. Mauritius is the largest investor in India in terms of cumulative FDI inflows, mainly due to the Double Taxation Avoidance Convention[40]. Other major countries from the region investing in India include South Africa and Seychelles **(Table 5.2)**.

South Africa's investments in India were led by SAB Miller (breweries), ACSA (upgradation of Mumbai airport), SANLAM and Old Mutual (insurance), ALTECH (set top boxes), Adcock Ingram (pharmaceuticals), and Rand Merchant Bank (banking)[41].

In the banking sector, SBM Bank (Mauritius) Ltd. and FirstRand Bank Ltd. (South Africa) have their branches in India[42].

Table 5.2: FDI Equity Inflows to India from SADC Countries

Country/Region	FDI Equity Inflow during April 2000 to March 2018	
	Value (US$ mn)	Share in India's FDI inflow (%)
SADC	**128222.9**	**34.1**
Mauritius	127578.4	33.9
South Africa	435.1	0.1
Seychelles	202.1	0.1
Tanzania	3.5	-
Botswana	2.3	-
DR Congo	0.5	-
Zambia	0.2	-
Mozambique	0.8	-

Note: '-' not available/ negligible
Source: Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India

[40] In 2016, the Indian government amended its tax treaty with Mauritius;after which, the preferential tax benefits were removed partially starting in the fiscal year of 2017

[41] MEA Bilateral Relations India and South Africa

[42] List of foreign banks in India as on January 31, 2018, RBI

6. SADC'S TRADE – KEY OBSERVATIONS

SADC's trade has grown considerably since the establishment of an FTA in 2008, and has withstood external shocks across the years. Intra-SADC trade has also grown significantly during the decade. However, there exist immense potential for widening SADC's regional and overall trade. Key observations for enhancing SADC's trade are stated in the following section.

· **Enhancing intra-SADC trade**

SADC's intra-regional trade has increased considerably from 14.9 percent in 2008 to 20.4 percent in 2017, and is the highest among other African regional economic blocs. However, intra-SADC trade remains relatively low compared with other regional organisations such as ASEAN, NAFTA or the EU, whose share of intra-trade in total trade stood at 34.6 percent, 50.1 percent and 61.2 percent, respectively, in 2017. It may also be noted that most of SADC's intra-regional trade is driven by South Africa, which accounts for as much as 40 percent of SADC's intra-regional trade, indicating that there are plenty of scope for improvement in intra-trade within the region given higher participation of members[43]. Given the fact that six of the sixteen member states of SADC are landlocked, stronger integration of the regional set up through higher intra-regional trade across members could boost overall economic security in the region.

· **Product diversification**

SADC's exports are highly concentrated towards primary commodities. In 2017, primary commodities accounted for 63.1 percent of SADC's exports[44]. Angola for example, has the least diversified export basket among SADC members, with 99 percent of its exports to the region consisting of mineral fuels and related products and 91 percent of its global exports consisting of mineral fuels and related products.

According to a study by the South African Institute of International Affairs[45], there is a strong correlation between the region's exports and global commodity prices, further highlighting the region's over dependence on resource-based commodities.

In addition, commodity dependence is one of the primary factors leading to the Dutch disease syndrome, particularly in African countries. Public debt levels have been rising across the continent. Of the 36 post-completion-point countries under the HIPC initiative, identified by the World Bank, six are from the SADC region, namely Comoros, DR Congo, Malawi, Mozambique, Tanzania and Zambia[46].

There is, thus, a need for the region to reduce its reliance on primary commodities and diversifying its export basket.

· **Market diversification**

As highlighted in the preceding chapters, China has emerged to be a major trading member for the region, accounting for 18.5 percent of the region's trade. This particularly makes the region vulnerable to the economic conditions of China.

Within the region, South Africa accounts for two-fifth the region's intra-trade, which further makes the region vulnerable to a single economy. Market

[43]Exim Bank Analysis calculated using UNCTADstat data (Accessed on January 30, 2019); data pertains to 2017

[44]Exim Bank Analysis calculated using UNCTADstat data (Accessed on January 30, 2019); primary commodities include SITC classification 0 (food and live animals), 1 (beverages and tobacco), 2 (Crude materials, inedible, except fuels), 3 (Mineral fuels, lubricants and related materials), 4 (Animal and vegetable oils, fats and waxe) and 68 (Non-ferrous metals)

[45]Regional Economic Development in SADC: Taking Stock and Looking Ahead, South African Institute of International Affairs (SAIIA), August 2018

[46]Debt Relief, World bank (https://www.worldbank.org/en/topic/debt-relief) (Accessed on January 30, 2019)

diversification is also critical for growth of the region's trade.

- **Moving up the value chain**

When compared with other African RTAs, SADC showed the highest share of manufacturing exports to Africa vis-à-vis its exports to the world **(Chart 2.4** and **2.5)**. However, this is mainly because of South Africa, whose exports are mainly dominated by manufacturing. In contrast, other members export mainly primary and resource-based products and accordingly tend to compete with each other, while it would be a gain for each member when they could rather produce goods or services which are complementary.

South Africa's diversified exports compared to other SADC members highlights the potential to exploit more traditional comparative advantages in more complementary goods, or trade in services[47]. South Africa already has in place several successful ventures in this direction. For example, South Africa's automobile industry source car seats from Lesotho and ignition wiring sets from Botswana[48].

Development of regional and global value chains could, therefore, lead to an increase in intra-regional and global trade, while at the same time help in overcoming the challenge of excessive reliance on primary commodities and market diversification. This will also partly depend on the capacity of member countries to increase their sourcing from the region to create more value for exports.

- **Reducing non-tariff and other barriers to trade**

To promote cross-border trade, whether intra-regional or extra-regional, it is critical that SADC focuses on reducing its various non-tariff barriers (NTBs). SADC countries may reduce non-tariff barriers by improving customs procedures. There is also a need to upgrade information technology systems by introducing a computerised one-stop border control point between SADC members. This can improve co-ordination between countries, and thus regional trade.

Apart from NTBs in the regulatory environment, transport issues at border posts also act as barriers to cross-border trade raising export costs.

Multiplication of memberships of SADC countries in different free trade areas also increases the difficulty for customs officers to establish the precise regulatory measures applicable to each product such as rules of origin regulations and local content requirements. There is a need for member countries to address this issue by further developing their internal capacity to refine their regional trade policies.

Fostering backward and forward linkages both domestically and regionally, through stronger and credible industrial policies, could help further explore the region's trade potential.

[47]OECD Economic Surveys: South Africa 2017

[48]World Investment Report 2018, UNCTAD

[49]Regional Economic Development in SADC: Taking Stock and Looking Ahead, South African Institute of International Affairs (SAIIA), August 2018; OECD Economic Surveys: South Africa 2017; and Non-Tariff Measures and Regional Integration in the Southern African Development Community, UNCTAD, 2015

7. POTENTIAL SECTORS FOR INDIAN INVESTMENTS IN SADC

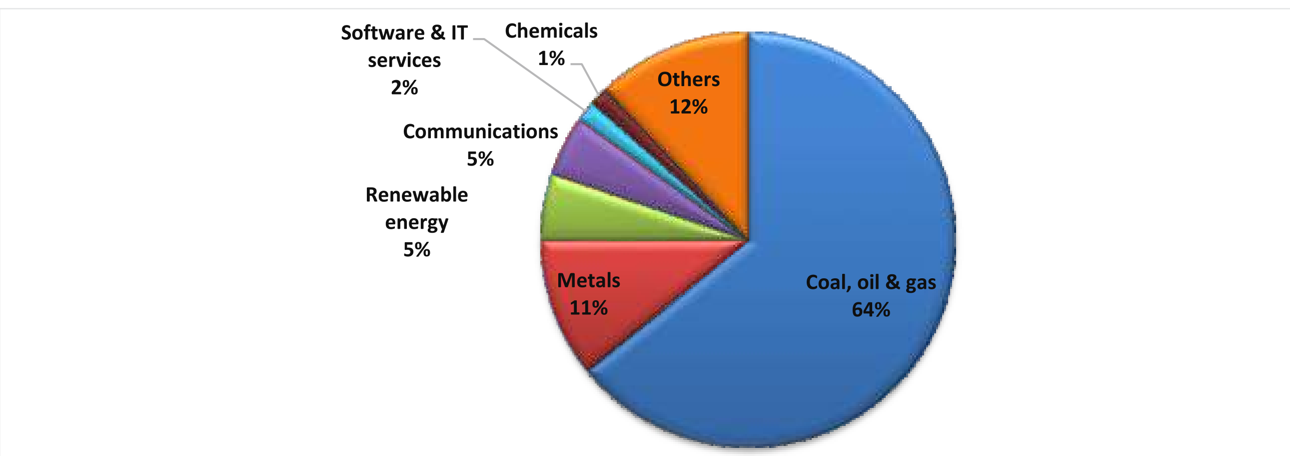
The SADC Industrialization Strategy and Roadmap 2015 - 2063 aims at economic transformation, enhancing competitiveness and deeper integration. The Strategy aims at achieving its objectives through agro-processing, mineral beneficiation, pharmaceutical sectors and value addition through industry and service value chains. Much emphasis has been given in involving the private sector in developing industrial and regional value chains, and promoting sustainable growth and employment. Indian investments in the SADC region have been majorly in energy related industries, with coal, oil and gas sector accounting for 64 percent of Indian investments in the region. Rest of Indian investments in the region are mainly in metals, renewable energy, and communications **(Chart 7.1)**.

The following are select sectors where Indian investors may explore investment opportunities in the SADC region.

I. AGRO-PROCESSING

The agricultural sector is the most critical sector for the African continent and same applies for the SADC region. According to World Bank[50], the agricultural sector has the potential to become a US$ 1 trillion industry in Sub Saharan Africa by 2030. Action Plan for SADC Industrialisation Strategy and Roadmap include soya, sugar and related products, cassava, food and drinks, fisheries, forestry, dairy, leather and leather products, meat and meat products, fruit and vegetables, among others, as potential value chains in the agro-processing sector. **Table 7.1** shows the countries identified for respective agro-processing clusters.

Chart 7.1: Major Sectors Receiving Indian Investments in SADC (2008-2017)



Note: FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and Exim Bank analysis

[50]Growing Africa: Unlocking the Potential of Agribusiness, World Bank, 2013

Table 7.1: Potential Countries for Investing in Agro-processing Value Chain

Agro-processing Cluster	Countries
Soya	South Africa, Zimbabwe, Zambia, DR Congo, Malawi, Madagascar
Sugar	Malawi, Mozambique, South Africa, Eswatini, DR Congo, Tanzania, Zambia, Zimbabwe, Mauritius, Botswana
Meat Products (Poultry & Beef)	Botswana, South Africa, Zambia, Zimbabwe, Namibia, Eswatini, Madagascar, Tanzania, DR Congo
Dairy Products	Madagascar, South Africa, Namibia, Tanzania, DR Congo, Malawi, Botswana, Zambia, Zimbabwe, Eswatini
Fish and fish products	Angola, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Zambia, Madagascar, Malawi, Tanzania, DR Congo, Zimbabwe
Horticulture	Eswatini, Lesotho, Zambia, South Africa, Malawi, Madagascar, Zimbabwe, DR Congo, Namibia, Tanzania
Forestry (Timber and non-timber forest products medicinal, cosmetics, essential oils and other herbal products)	DR Congo, South Africa, Angola, Madagascar, Eswatini, Mozambique, Zimbabwe, Zambia, Namibia, Tanzania, Malawi, Mauritius

Source: Action Plan for SADC Industrialisation Strategy and Roadmap

The following select SADC member countries show good potential for investments in the food-processing sector:

(a) Botswana

The Eleventh National Development Plan (NDP 11) of Botswana[51] identifies agro-food processing as one of the strategic sector for integrating Botswana to the global value chain. Botswana being a Net Food Importing Developing Country (NFIDC) gives it the scope to increase domestic production of basic foodstuffs, particularly cereals (sorghum and maize) and pulses. The national demand for cereals stands at 200,000 tons per year, of which local production is able to supply only 16 percent. The cattle population is estimated at 2.1 million. Livestock production exceeds domestic demand. Botswana has exported range-fed beef to the European Union in the past and is trying to tap the Middle East market as well. Opportunities for meat processing and tanning may be explored. The country consumes around 4,000 tons of fish per year and out of which only 300 tons are produced locally and 3,700 tons are imported from neighboring countries. Scope in aquaculture may be explored by potential investors[52].

(b) DR Congo

DR Congo is endowed with 80 million hectare of arable land, and 4 million hectare of irrigable lands of which only 10 percent is currently exploited. It has a vast area of pasture for raising more than 40 million large heads livestock[53]. The country also has a fish potential of 700,000 tons per year, a varied climate and abundant rainfall (1000 mm per year) and a large reserves of fresh water. DR Congo has identified food crops as well as cash crops which have the potential to be further developed into the agricultural value chains. Other areas having investment opportunities include development of the Special Economic Zone (SEZ) Maluku, development of economic activities in the agro industrial parks including that of Bukanga-Lonzo which is already operational and creation of an international market in Kinshasa. Other than this, 22

[52]National Development Plan 11, April 2017 – March 2023, Ministry of Finance and Development Planning, Republic of Botswana, September 2016

[52]Botswana –Agricultural Sector, export.gov, July 18, 2017 (https://www.export.gov/article?id=Botswana-Agricultural-Sectors)

[53]Democratic Republic of Congo Agriculture Investment Opportunities Brief, 2013, Comprehensive African Agricultural Development Plan (CAADP) Investment Facilitation Program.

agro-industrial parks have also been identified with ongoing feasibility studies for a few[54].

(c) Madagascar

Agribusiness is a key potential investment sector in Madagascar, with the country having 35 million hectare of arable land, of which only 2 million being farmed[55]. There are exemptions for fertilizers and other agricultural inputs. Agricultural enterprises and food processing companies targeting export markets are also eligible for a free enterprise regime. The main products suitable for the development of value chains are rice, maize, meat (zebu), essential oils, fishery products and wood. Madagascar also has potential to produce vanilla, cloves, cocoa pods, lychees, green coffee, among others. However, low level of commercialization, lack of infrastructure and difficulties in accessing land, continue to impede agricultural modernization. To develop agriculture, the authorities in 2015 adopted the Agriculture, Livestock and Fisheries Sector Programme (PSAEP). Through this programme, the government aims at increasing productivity, expanding production areas, food security, access to the local market, repositioning of exports, and sector governance[56].

(d) Malawi

Malawi is known for its tall tropical South East Asian grass (Saccharum officinarum) which has thick, solid, tough stems which are a chief commercial source of sugar. Malawi produces refined as well as speciality sugars targeting the local, regional and international markets. The types of sugar that are produced include refined sugar, sugar syrup, cane sugar and specialty sugar (for export markets)[57].

Areas for cooperation in the agro-processing industry: A one-size-fits-all approach to all the SADC countries agricultural development will not lead to growth, because of the different nature of economies and political and natural conditions. However, the common factor which holds back these countries are inadequate new and modern investments in infrastructure, irrigation methods and other farming practices. They are unable to utilise the agricultural production and trade potential of these commodities to the fullest. The Indian business models involving cost effective technologies could thus be replicated in such cases of agro processing. For example, Anand Milk Union Ltd. (Amul) is a successful example of how structured marketing linkages were used in realizing sustainable economic returns involving a rural/smallholder enterprise. It has championed the cooperative model in the Indian dairy industry, which was dominated by unorganized small players and limited number of private companies[58]. SADC economies face issues of small and fragmented agricultural landholding or enterprises. Bringing them together into clusters may help in developing a successful value chain creating market linkages[59].

Agribusiness is one of the potential sectors where India can look to invest in SADC. The agricultural sector of both India and SADC are largely characterized by labour intensive farming, small land holdings and diverse nature of agricultural production. India's stance on the agricultural sector of Africa has been more towards providing technology expertise to Africa[60]. The African agribusiness sector needs support in terms of finance, market information, logistics and adequate infrastructure in the form of cold storage facilities, warehouses, etc. Investment in such areas will facilitate agricultural processing in potential countries by India and it could be a win-win situation for both India and African countries.

Several investment opportunities exist in the SADC region in agriculture and allied activities, including livestock production (for dairy and beef), aquaculture

[54]National Agency for the Promotion of Investments, DR Congo, 2016

[55]Country Strategy Paper, Madagascar, AfDB, July 2018.

[56]IMF Country Report No. 17/225 for the Republic of Madagascar, July 2017

[57]Malawi Investment and Trade Centre (www.mitc.mw)

[58]India-Africa Partnership in Agriculture Current and Future Prospects, PWC, 2016

[59]India-Africa Partnership in Agriculture Current and Future Prospects, PWC, 2016

[60]India: The Development Partner Africa Needs, Berkeley Political Review, October 2016

and horticulture. Additional revenues may be generated by adding value to these primary products and exported through various trading arrangements in place such as the AGOA, China General Tariff Preferential Treatment, Japan Preferential Trade Arrangement Benefiting LDCs, Generalized System of Preferences (GSP) Schemes of the EU, India Preferential Trade Arrangement Benefiting LDCs. Investment opportunities have been identified in the following segments:

a) Processing factories for soya, oil seeds, rice, pulses and other products.

b) Fruits, vegetables and spices: cold storage and relevant transportation infrastructure; processing factories for processed food products like purée, spices, pastes and juices; cleaning and grading facilities; market development; and contract farming.

c) Large scale commercial farming may be explored for fruits, vegetables, spices and tea. International markets including South Africa, Kenya, Asia and Europe may be explored for exporting the processed products.

d) Sugar: Large scale production of sugarcane in the areas under the Green Belt Initiative (GBI) could be utilised for processing sugarcane; thereby setting up sugar factories and ethanol factories.

II. MINERAL PROCESSING

One of the key elements of the SADC Industrialisation Strategy is to utilise its mineral resources and integrate to value chains through processing. The SADC region accounted for 28.5 percent of total exports of mineral fuels, oils and product of distillation (HS 27) from Africa and 58.4 percent of pearls, precious stones and metals (HS 71) from Africa in 2017[61]. These two commodities also top the list of India's exports to the world, accounting for a share of 26.5 percent of India's total exports.

(a) Botswana

Botswana has large deposits of semi-bituminous coal, which is used to produce electricity. The coal reserves are estimated at around 212 billion tonnes. However only one coal mine is functional at present, the state-owned Morupule coal mine[62]. Places where substantial deposits exist include, Mmamabula, Morupule, Mabesekwa, Mmamantswe and Sese. The Morupule mine has been expanded in order to supply coal to the Morupule coal fired power stations. Demand for coal is expected to grow over the coming years as a result of the demand generated from the power generation plants to be used locally and for export. According to a study by the Botswana Chamber of Mines Market capability, potential exists for up to 24 new mines, which could produce over 190 million tonnes of coal per year.

Revenue received from the diamond industry has boosted development of physical and social infrastructure of Botswana. Diamonds used to be exported in rough or uncut from Botswana to London, before the establishment of the Diamond Trading Company Botswana in 2013. This led to the relocation of diamond trading activities from London to Gaborone, and ensured value addition to diamond mining and generated more jobs in the economy. Orapa, Letlhakane, Jwaneng, Lerala, and the 'B/K pipes' near Orapa and Damtshaa are the major diamond mines which are currently in operation and continue to be the main source of revenue for the economy.

The Botswana Diamond Hub was established with the objective of developing a diamond processing industry in Botswana. Gaborone is a major center for diamond ancillary businesses with approximately 28 licensed cutting and polishing companies in operation. There exists potential to expand operations in other parts of the country[63].

Investment opportunities include activities such as trading, cutting and polishing of diamond as well as ancillary support services to the diamond industry. These include banking, security, insurance, certification and brokerage services, among others.

[61]ITC Trademap, derived from UN Comtrade (accessed on January 31, 2019)

[62]Economist Intelligence Unit (EIU)

[63]GO Botswana, Botswana Trade and Investment Centre (www.gobotswana.com)

(b) Eswatini

According to the Swaziland Investment Promotion Authority (SIPA), mineral resources in the Kingdom of Eswatini include gold, diamonds, coal, iron ore and quarry among others which may be explored for processing.

(c) Zimbabwe

Investment in Zimbabwe's mining sector, especially in diamonds, presents significant opportunity. One of the examples of Indian investments in this sector is of Surat Rough Diamond Sourcing India Ltd. This company entered into an agreement with the Zimbabwean government for US$ 1.2 billion worth of rough diamonds. It has also signed an agreement with the Angolan company Endiama[64]. Another area of cooperation that may be considered is the establishment of India-Africa Diamond Institute. This would facilitate capacity building and technology transfer in the SADC countries engaged in diamond cutting and polishing[65].

(d) DR Congo

DR Congo has huge potential in mineral-based industries such as copper-cobalt-zinc industry, diamond, chromium, nickel, tin, bauxite and phosphate, iron and manganese industry[66].

(e) Madagascar

The law on major mining investments in Madagascar is a special legal and fiscal framework for mining investments over US$ 17 million. Under this, an investor can benefit from zero percent VAT on exports, exemption from VAT on import of materials, goods and equipment. An Indian company Tirupati Graphite PLC in partnership with Optiva Securities is developing the Vatomina Graphite Project in Madagascar. Vatomina is a high-grade and high purity flake graphite deposit, located on the east coast of Madagascar, in the Toamasina Province.

In October 2017 Tirupati Graphite Plc acquired 100 percent equity of the Sahamamy-Sahasoa project, having 8 km^2 mining permit with an additional 8 km^2 applied for grant. The project has been supported by Tirupati India for over 3 years with 100 percent output purchased[67].

(f) South Africa

Mining has been traditionally considered as a sector of significance for both, India and South Africa. In 2017, it contributed 6.8 percent to South Africa's GDP[68]. Mining is set to be an industry of focus and high impact for both India and South Africa in the coming years. South Africa has received investments worth US$ 1.6 billion by Vedanta Resources in Gamsberg Zinc mine. Jindal Africa is pursuing coal mining and iron ore projects in South Africa employing more than 500 people at its Kiepersol Colliery in Mpumalanga. Action Group, a diversified mining group from India, has invested substantially in the sector and currently operates a silica mine and a wollastonite mine in a joint venture in INSA Coal Holdings[69].

Areas for cooperation in the mineral processing industry: In India, in addition to environmental impact assessments and the initiatives under the sectoral legislation, the private sector is sensitized, and companies report their sustainability performance in addition to financial reporting. The Digital Technology in Mining Report, 2017[70] by Accenture shows that private sector is making large

[64]India's investment in Africa: Feeding up an ambitious elephant, Bridge Africa, International Centre for Trade and Sustainable Development, Volume 5 - Number 7, September 2016

[65]Rajya Sabha TV Press Release titled 'India, Botswana to expedite establishment of diamond institute, boost defence cooperation', November 01, 2018 (https://rstv.nic.in/india-botswana-expedite-establishment-diamond-institute-boost-defence-cooperation.html)

[66]DR Congo National Agency for Investment Promotion (ANAPI)

[67]Tirupatigraphte.com (Company website)

[68]'Mining in the Changing Times: India and South Africa' Invest India article dated April 12, 2018,(www.investindia.gov.in)

[69]Indian Industry's Inclusive Footprint in South Africa, CII & PWC, 2018

[70]Accenture conducted an online survey of 201 C-level and top management executives and functional leaders in the mining and metals industry. The survey was fielded in mid-October through mid-November 2016 and included respondents from Australia, Brazil, Canada, Chile, China/Hong Kong, Indonesia, India, Singapore, South Africa, USA and UK.

investments for using robotics and automation in mining operations (pegged at 54 percent of the total expenditure), followed up by investments made in remote operating centres, drones and wearing technologies. In September 2017, Anil Agarwal, founder of Vedanta Resources was reported to create a ₹ 5,000 crores angel fund which aims to support metal-based start-ups developing products for the automotive and construction sectors – creating the demand pull for the mining sector[71].

There has been an increasing importance of involving artificial intelligence for adopting the industry 4.0. Smarter technologies, robotics and automation not only make mining safer, reducing casualties but also develop avenues for optimal mining and recycling, minimizing environmental after-effects and driving sustainable practices. Hence, sustainable mining and metal processing could be undertaken by Indian companies in the SADC region wherein value chains may be developed for the sub-sectors as shown in **table 7.2**.

III. MANUFACTURING

Africa has the potential to capture 100 million labour intensive manufacturing jobs by 2030 due to structural changes in the Chinese economy. Business-to-business spending in manufacturing in Africa is projected to reach US$ 666.3 billion by 2030 increasing by US$ 201.3 billion from its 2015 level. However, this would require implementing strategies that involve targeted investments in infrastructure, improved regional integration, and the establishment of special economic zones (SEZs) for priority sub-sectors.

Table 7.2: Potential Countries for Investing in Mineral Processing

Sub-Sectors	Countries
Energy Mineral (including polymers)	Angola (oil), Botswana (coal), DR Congo (oil, gas, coal and uranium), South Africa (coal), Mozambique (gas and coal), Tanzania (gas and coal), Madagascar, Zimbabwe, Eswatini (coal), Malawi, Namibia (uranium, coal and gas)
Ferrous Minerals (Iron/Steel)	Angola, DR Congo, South Africa, Tanzania, Mozambique, Zambia, Zimbabwe, Eswatini, Namibia
Base-metals Mineral (Copper, Aluminium, Nickel, Cobalt)	DR Congo, Zambia, South Africa, Namibia, Mozambique, Tanzania, Madagascar, Zimbabwe
Fertilizer	South Africa, Zimbabwe, Zambia, DR Congo, Malawi, Mozambique, Angola, Tanzania, Namibia
Diamonds[72]	Botswana, Namibia, South Africa, Zimbabwe, DR Congo, Lesotho, Angola, Tanzania
Platinum	South Africa, Zimbabwe, DR Congo
Cement	South Africa, Zimbabwe, Zambia, DR Congo, Mozambique, Namibia, Malawi, Tanzania
Soda Ash	Botswana, Zambia, South Africa, Tanzania
Mining machinery	South Africa, Zambia
Small Scale Mining	Malawi, DR Congo, Tanzania

Source: Action Plan for SADC Industrialisation Strategy and Roadmap

[71] Invest India (www.investinindia.gov.in)

[72] Brookings Report 'The Potential of Manufacturing and Industrialization in Africa', September 2018

The average share of manufacturing in SADC's total GDP was at 11 percent in 2016[73]. Most of the region's industrial production continues to be on resource-based manufacturing, owing to the presence of huge natural resource wealth. In fact, for Africa as a whole, investments in manufacturing have also been uneven, with almost 70 percent of the continent's manufacturing activities concentrated in just four countries viz South Africa, Egypt, Nigeria and Morocco. Most of Africa's total manufacturing value added (MVA) is driven by the higher level of industrial development in North and South Africa[74].

Share of manufacturing exports of SADC is the highest compared with African RTAs at 36 percent in 2017 compared to CEMAC (7 percent), COMESA (28 percent), ECOWAS (9 percent) and UEMOA (13 percent)[75]. If we compare, African RTAs lag behind considerably compared to ASEAN (72 percent), the EU (80 percent), NAFTA (72 percent) and MERCOSOUR (31 percent). Lack of trade related infrastructure and high costs make it difficult for these regions to achieve diversification of exports and benefit from the proximity of markets.

According to a study by the World Bank, sectors like textile and apparel, leather products, wood products, and metal products, among others, can be considered as labour intensive manufacturing which are relatively low cost and generate larger scale of employment. However the major challenges faced by these sectors are the availability, costs, and quality of inputs; access to industrial land; access to finance; lack of entrepreneurial skills, both technical and managerial; lack of worker skills; and poor trade logistics[76].

a) Pharmaceuticals

According to McKinsey, the African pharmaceutical market is estimated to be valued at US$ 40-65 billion[77]. Much of the projected growth will come with a change in regulations, increase in health spending and a rise in demand for medicines to treat chronic and lifestyle-related ailments. One such change in regulation came into force in June 2017 with the formation of the South African Health Products Regulatory Authority (SAHPRA) and that is expected to quicken the pace of new product approvals in the country.

The Indian pharmaceutical industry is known for being the largest worldwide provider of generic drugs, and supplies over 50 percent of global demand for several vaccines. More than 80 percent of anti-retroviral (ARV) drugs are supplied globally by Indian pharmaceutical companies[78]. The Indian pharmaceutical industry has been active in Africa and has been a success especially because of manufacturing ARV drugs, which are mainly used for HIV treatment. As a result of the cost-effective production process adopted by Indian pharmaceutical companies, the cost of ARV therapy has been brought down significantly[79]. Overall, pharmaceutical products accounted for 15 percent of India's exports to SADC in 2017.

Indian pharmaceutical firms may enter into joint ventures with their African counterparts, open subsidiaries or enter into agreement with local companies for producing drugs at low cost. Indian pharmaceutical company Cipla had entered into a joint venture with Quality Chemicals Industries Ltd. in 2008 in Uganda, to open a production unit for anti-malaria drugs. Similar patterns could be followed in countries like Madagascar, DR Congo, Tanzania and Namibia.

Cipla has subsidiaries in South Africa in the name of Cipla Medpro whereas Lupin has by the name of

[73]World Bank's latest estimates

[74]The Potential of Manufacturing and Industrialization in Africa Trends, Opportunities, and Strategies, Brookings, September 2018

[75]World Trade Statistical Review 2018, WTO, July 2018

[76]Light Manufacturing in Africa Targeted Policies to Enhance Private Investment and Create Jobs, World Bank, 2012

[77]McKinsey & Company, Insights into Pharmaceuticals and Medical Products Africa: A Continent of Opportunity for Pharma and Patients, April, 2015

[78]Indian Pharmaceutical Industry, India Brand Equity Foundation, April 2017

[79]India's Investment in Africa: Feeding up an ambitious elephant, International Centre for Trade and Sustainable Development, September 2016

Pharma Dynamics. Ranbaxy, another prominent Indian global pharmaceutical firm, does business in South Africa under the name of Sonke[80].

Areas for cooperation in pharmaceutical industry: Indian generic companies stand to benefit significantly by investing in SADC. Indian manufacturers can take advantage of the international IPR exemptions for the least developed countries (LDCs) until July 01, 2021, as was agreed by the TRIPS Council. SADC countries like Angola, Comoros, DR Congo, Lesotho, Madagascar, Malawi, Mozambique, Tanzania and Zambia[81] could be utilised for this purpose. Secondly, instead of just exporting generic drugs to these countries, Indian pharmaceutical manufacturers could focus more towards production within the partner country, particularly those where they have already established steady supply chains. Prior knowledge and understanding of the market would help the Indian pharmaceutical companies in setting up manufacturing units. SADC countries also stand to benefit in the sense that local production would imply more reliable source of pharmaceuticals under public control. Domestic manufacturing would also lead to creation of more jobs in the pharmaceutical sector and other linked sectors[82].

SADC countries lack trained professionals in this industry due to absence of educational programmes covering topics ranging from drug discovery to marketing of drugs. With increasing international drug manufacturing companies setting up local subsidiaries, the need for clinical research specialists would increase. In this connection, Indian companies may step in by investing in training relatively qualified local staffs for engaging them in clinical research in order to manufacture medicines locally at a lower cost, rather than importing active pharmaceutical ingredients. Further, African markets vary enormously in terms of size and economic conditions. Given such a condition, the Indian companies interested in doing business should first target cities in order to optimize the initial set up costs and gradually expand their operations to mid-sized markets as well as rural markets. Developing local sales and marketing team helps in gaining market share[83].

The role of local business partners is again very crucial when it comes to doing business. In order to expand their markets, local partnerships would serve to understand the local environment. For example, in order to reach geographically dispersed healthcare facilities and pharmacies, Cipla has appointed local distributors. GSK works with drug packaging companies in Nigeria in order to offer different ranges of products to tap multiple consumer segments. Companies such as Merck import only the active pharmaceutical ingredient for its diabetic drug Glucophage. Rest of the tablet pressing and packing is done by its local partner in Nigeria[84].

Manufacturing active pharmaceutical ingredient in local subsidiaries in African countries by training the local staffs would, therefore, save India's import costs and reduce production costs over a period of time, while having a knowledge spill-over effect. Secondly, since African markets vary in terms of size and economy, product differentiation in terms of packaging or according to the import restrictions imposed would help in further increasing the industry's competitiveness across the continent. Involving local staff in sales and marketing will also boost sales as they would understand the market nature. **Table 7.3** shows the countries identified by the SADC action plan which have the potential for value chain development.

[80]ibid.

[81]UNCTAD List of LDCs https://unctad.org/en/pages/aldc/Least%20Developed%20Countries/UN-list-of-Least-Developed-Countries.aspx

[82]India and Africa's Partnership for Access to Medicines, Tanoubi Ngangom, ORF, 2016

[83]Insights into Pharmaceuticals and Medical Products Africa: A Continent of Opportunity for Pharma and Patients, Mc Kinsey & Company, April 2015

[84]Ibid

a) Consumer Goods

Leather and Footwear

Botswana has an annual national herd size of 2.5-3.3 million cattle with abundant supply of raw hides and skin locally. The Botswana Meat Commission (BMC) estimates the average off-take ratio of 9 percent of the annual throughput, yielding 200,000-300,000 hides per year[85]. Demand for leather products are expected to increase with the increasing middle class population in the continent as well as outside. With a small number of micro businesses and artisanal enterprises operating as tanneries, hide collectors and leather product manufacturers, Botswana is in the process of creating a leather cluster which would start with the development of a leather park in Lobatse, which is yet to be operational due to lack of funds. Lesotho has only two shoe manufacturing factories despite the fact that the shoes qualify for all benefits under AGOA[86]. Lesotho's footwear industry currently consists of two footwear manufacturers, Jaguar Shoes and Reflex Footwear, which produce about 7.2 million pairs of shoes per year which are majorly exported to South Africa[87].

Areas for cooperation in leather and footwear: Investment opportunities in this sector include leather tanning and finishing, footwear and footwear components, leather garments, leather goods including bags, car seat covers, wallets, belts, gloves and other accessories.

Textiles and Apparel

Lesotho has a single vertically integrated spin-yarn dye-weave textile mill that specialises in the manufacture of denim fabrics. Formosa Textiles, a Taiwanese company, sources cotton lint from a range of Southern African countries including Zimbabwe, Zambia, South Africa, Mozambique and Malawi. Firms are also present in other segments such as non-denim woven fashion, industrial work wear and knit garments; and primarily export to the US and limited volumes to Canada. In 2016, Lesotho exported 201,408,447 knit garments and 94,231,425 woven garments to the US market under the dutyfree AGOA. Two of Lesotho's knit garment manufacturers are directly connected to textile (spin/knit/dye) manufacturing operations located in South Africa – Basotho Leisurewear (linked to Tradelink Industries – a vertically integrated knit fabric mill located in South Africa's Western Cape province), and Fantastic Clothing (linked to Tai Yuen – a spin-knit-dye fabric mill based in South Africa's KwaZulu-Natal province)[88]. The work wear produced in Lesotho is typically used by workers in the mining, agricultural and

Table 7.3: Potential Countries for Investing in Pharmaceutical Products

Sub-Sectors	Countries
Anti-retrovirals (ARV)	South Africa, Zimbabwe, Tanzania, DR Congo, Namibia, Malawi
Anti-TB drugs	South Africa, Zimbabwe, Zambia, Namibia, DR Congo
Anti-malarial (Artemisinin)	Madagascar, DR Congo, Tanzania (Artemisinin, Biolarvicides), South Africa, Namibia
Health commodities (Syringes; Intra Venous Infusions - IV Fluids; Surgical Equipment; Laboratory Reagents and Materials; Methylated Spirit)	Malawi, Namibia

Source: Action Plan for SADC Industrialisation Strategy and Roadmap

[85] Go Botswana: Botswana Investment & Trade Centre (www.gobotswana.com)

[86] Lesotho National Development Corporation (LNDC)

[87] Lesotho's Textile, Apparel & Footwear Manufacturing Industry, Lesotho Ministry of Trade and Industry, April 2017

[88] ibid

Table 7.4: Potential Countries for Investing in Consumer Goods

Sub-Sectors	Countries
Leather, Leather Goods and Footwear	Botswana, Lesotho, Namibia, Zambia, South Africa, Zimbabwe, Mozambique, Madagascar, Malawi, DR Congo, Eswatini, Tanzania
Clothing and Textiles	Botswana, Lesotho, Madagascar, Mauritius, Namibia, South Africa, Eswatini, Zimbabwe, Malawi, Tanzania, Mozambique, DR Congo

Source: Action Plan for SADC Industrialisation Strategy and Roadmap

manufacturing sectors; and some retail operations. Most of the firms cater to the domestic market of Lesotho and countries in the SADC region and few export to Australia. One such example is Jonsson Manufacturing which employs 2800 people and is fully supported by a substantial in-house design centre.

Areas for cooperation in textiles: Opportunity exists for establishment of higher value added garments as well as for establishment of knit mills to support the local garment industry. Taiwanese investors in the Lesotho garment industry were motivated by access to the USA market through the AGOA. In Malawi, there exists scope for investments in supplying certified seeds, setting up ginning, yarn or textile factories and exporting processed cotton and textile products to the USA under the AGOA. However the bottleneck faced by these textile and apparel industry in the SADC region are power shortage, lack of economies of scale and fragmented regional markets. The competitiveness of these small enterprises would increase through formation of production clusters. Advanced technology and management techniques may be supplied by the Indian investors like other Asian investors from China and Taiwan[89].

c) Automotive components

According to Deloitte, rising income levels across many African countries and emergence of the middle class would result in Africa becoming the final frontier of the global automotive industry. South Africa dominates the automotive trade of the continent[90]. South Africa is a leading automobile manufacturer in Africa with presence of suppliers and original equipment manufacturers (OEMs) like BMW, Toyota, Volkswagen and Ford[91]. It is also the largest exporter of automobiles worth US$ 10 billion in 2017[92]. There are a number of established Indian companies including Mahindra & Mahindra, Tata Motors, KLT Automotive, Motherson Sumi Systems and Ashok Leyland that are active in the automotive sector in South Africa[93]. Tata, one of India's largest enterprises, has been in Africa since the 1970s. Tata Automobile Corporation SA (TACSA), a subsidiary of Tata Africa Holdings, markets and distributes the entire range of commercial vehicles manufactured by Tata Motors through a national dealership network, which are assembled in a plant in Pretoria. Passenger cars and light commercial vehicles are imported as fully built units from India. Mahindra & Mahindra also offer affordable vehicles to the South African market. Both these companies have established markets in South Africa and have expanded in other African economies with their wide range of products such as tractors, backhoe loaders, trucks, buses and agricultural equipment.

Areas of cooperation in automotive sector: There are several avenues for Indian automobile manufacturers to tap the SADC automobile market. Regional value chains may be developed where SADC countries like Lesotho produce car seats, Botswana produces

[89]The Impact of Asian Investment on Africa's Textile Industries, Tang Xiaoyang, Carnegie-Tsinghua Centre for Global Policy, August 2014
[90]Deloitte Africa Automotive Insights, Deloitte, May 2018
[91]BMW, Volkswagen, Ford, and other car manufacturers in massive battle with South Africa, Businesstech, Bloomberg, May 2018
[92] ITC Trademap, derived from UN Comtrade (accessed on January 31, 2019)
[93]Indian Industry's Inclusive Footprint in South Africa, CII & PWC, 2018

ignition wiring sets, while Madagascar has facilities for assembling. Indian investors like Tata and Mahindra have already invested in South Africa, Zambia and Botswana. Exports channelized through the LDCs stand to benefit from the AGOA and various other preferential trade agreements.

IV. INFORMATION AND COMMUNICATION TECHNOLOGY

The Information and Communication Technology (ICT) industry is an essential driver of GDP growth for an economy. The SADC region has received Indian investments in software and IT industry as well as communication sector in countries like Malawi, Seychelles, Madagascar, DR Congo, Tanzania and South Africa. Countries in the SADC region were ranked in the following order by the ICT Development Index 2017 (IDI) by the United Nations[94] - Mauritius (72), Seychelles (90), South Africa (92), Botswana (105), Namibia (118), Lesotho (133), Zimbabwe (136), Zambia (146), Mozambique (150), Angola (160), Comoros (164), Tanzania (165), Malawi (167), Madagascar (169) and DR Congo (171), out of 176 countries. India ranked 134th in the index. In a continent of over billion people, the ICT market in Africa, excluding South Africa is valued at only US$ 10 billion.

Seychelles ranked second in Africa according to the ICT Development Index 2017, with the highest internet penetration (56 percent) and mobile phone penetration (161 per 100) in Africa[95]. Opportunities available in Seychelles include e-business solution providers, website developing, cyber security, submarine cable links, wireless technology, television service providers, internet service providers, mobile service operators and application development. Zimbabwe also presents opportunities for installation of fibre optic transmission cables in different trade corridors, multimedia development, e-government initiatives, supply of digitalization equipment, rural communication (internet connecting villages) and data storage area networks[96]. In Mauritius, the Economic Vision 2030 aims at transforming the ICT industry into a key sector by fostering innovation. The sector has developed distinctive strengths in telecoms, Banking, Financial Services and Insurance (BFSI), IT application development as well as maintenance support. Investment opportunities exist in areas like BPO call centres, finance & accounting outsourcing, legal process outsourcing, Information Technology outsourcing, mobile apps development, web development, e-commerce, multimedia, IT services - data centres, disaster recovery, training, consultancy, digital content production, applications e - learning and online training system, animation, and mobile games[97].

DR Congo has a market of nearly 70 million users and a penetration rate of 37 percent for mobile connection and 6 percent for the internet. In order to build a national modern facility for telecommunication, the country has offered opportunities for investment, which include – development of companies for telecommunication construction of facilities, digitization of both public and private services and financial authorities; and creation of a national network of fibre optics cable[98].

Areas of cooperation in ICT: Areas where these opportunities can be utilized are in areas like e-commerce, and the establishment of ICT parks. The most prevalent challenges in these areas are infrastructure, energy constraints and the ICT skills gap (compared to other parts of the world), which impacts users as well as the pool of available, skilled labour for firms wanting to do business in Africa[99].

[94]The IDI is an index published by the United Nations International Telecommunication Union based on internationally agreed ICT indicators, classified under infrastructure and access indicators, intensity and usage indicators, and ICT capability or skills indicators.

[95]Seychelles Investment Board

[96]Zimbabwe Investment Authority

[97]Economic Development Board, Mauritius

[98]DR Congo National Agency for Investment Promotion (ANAPI)

[99]ICT Competitiveness in Africa, World Bank, January 2014

Indian companies like HCL Technologies, Wipro Technologies South Africa, Zensar Technologies, Infosys and Millennium Technologies are actively engaged in the South African market[100]. Bharti Airtel acquired Zain Africa for US$ 10.7 billion in 2010, which allowed it to operate in over 15 African countries catering to a customer base of 180 million[101].

WAY FORWARD

Limited access to finance, weak infrastructure and supply side capacities, weakening trade complementarities and market access issues act as constraints to the flow of trade and also investments. In order to boost investments and achieve the common goals of development, there is a need to ensure access to finance and improved business environment, and to protect investors' interests. There are ample opportunities for upgrading but that tends to be also limited by technological and industry skills deficiencies. Once the constraints are removed, many of the identified value chains above will have potential to link more densely, regionally and globally[102].

Growth in manufacturing in the coming years will be driven by increasing linkages among African countries and with the rest of the world, it would also lead to a growing consumer market within the continent. India's partnership with Africa has been driven by the aim of empowerment, capacity building, human resource development, access to Indian market, and support for Indian investments in Africa. India's 'AAA' technology which is affordable, appropriate and adaptable to the particular conditions of African countries can be a key to further exploring project opportunities and development cooperation. As a traditional development partner, India is ideally placed to understand and appreciate the needs of Africa in various developmental areas. A development partnership between Africa and India can foster the real palpable change in the continent. Cooperation essentially in the areas of infrastructure development, finance, capacity building, and knowledge and skill transformation for enhanced productivity and competitiveness could strengthen the paradigm for South-South Cooperation.

[100] Indian Industry's Inclusive Footprint in South Africa, CII & PWC, 2018

[101] India's Bharti Airtel Completes Acquisition of Zain Africa', Reuters, June 08, 2010

[102] Action Plan for SADC Industrialisation Strategy and Roadmap

8. EXPORT-IMPORT BANK OF INDIA IN SADC REGION

Export-Import Bank of India (Exim India) commenced operations in 1982. The Bank was set up under an Act of Parliament (Export-Import Bank of India Act 1981), for providing financial assistance to exporters and importers, and for functioning as the principal financial institution for coordinating the working of institutions engaged in financing export and import of goods and services with a view to promoting the country's international trade. In its endeavour to promote India's international trade, Exim India's vision has evolved from financing, facilitating and promoting trade and investment, to a conscious and systematic effort at creating export capabilities. Exim India, today, seeks to develop commercially viable business relationships with externally oriented companies.

The countries in the SADC region have always been a focus region for Exim India, and thus a critical component of its strategy to promote and support two-way trade and investment. As a partner institution to promote economic development in the Region, the commitment towards building relationships with the SADC Region is reflected in the various activities and programmes, which Exim India has set in place.

Exim India has representative offices in Johannesburg, South Africa and Addis Ababa, Ethiopia, that play a key role in facilitating economic cooperation with the SADC Region, and are closely associated with several of the Bank's initiatives. The representative offices interface with multilateral institutions such as African Development Bank (AfDB), Afreximbank, regional financial institutions such as Trade and Development Bank (TDB) (erstwhile PTA Bank), and developmental financial institutions such as Industrial Development Corporation of South Africa Ltd. (IDC), as well as Indian missions in the region with the aim of increasing bilateral commercial engagements.

Lines of Credit

To enhance bilateral trade and investment relations, Exim India has in place several Lines of Credit (LOCs) extended to a number of institutions/agencies in the SADC region. These LOCs supplement the 'Focus Africa' programme of the Government of India (GOI) and are extended especially to priority sectors, identified by GOI for mutual cooperation and benefit. Besides these operating LOC extended at the behest of GOI, Exim India extends its own commercial LOCs to various financial institutions and other entities in Africa, such as, TDB (covering 17 countries in the eastern and southern African region), Indo-Zambia Bank and Afreximbank. These LOCs facilitate import of project-related equipment and services from India on deferred credit terms. At the same time, many of these LOCs are earmarked for infrastructure and related projects. As on December 31, 2018, the total number of operative LOCs to the SADC region stood at 53 extended to 13 countries and amounting to US$ 3.6 billion. Of these, 52 LOCs aggregating to US$ 3.6 billion, are guaranteed by GOI. A list of LOCs extended to African countries is given at **Annexure 2** and select examples include:

Countries:

- **Angola** – Railway rehabilitation project; industrial park; and textile project;
- **Comoros** – Installation of power project
- **DR Congo** – Hydroelectric project; setting up a cement factory acquisition of buses and acquisition of equipment for MIBA; transmission and distribution project; and installation of pumps;
- **Lesotho** – Export of tractors, pump sets, consultancy services and irrigation equipment; and vocational training centre project;
- **Madagascar** – Rice productivity and fertilizer production project;
- **Malawi** – Cotton processing; one-village one-project; green belt initiative; irrigation and threshing plant; irrigation network; commissioning of sugar processing facility; and construction of water supply system;

- **Mauritius** – Supply of offshore patrol vessel; purchase of specialised equipment and vehicles; and acquisition of Waterjet Fast Attack Craft;
- **Mozambique** – Gaza Electrification Project; water drilling project; IT park project; housing project; road rehabilitation project; rural drinking water and electricity project; and solar photovoltaic module manufacturing plant;
- **Seychelles** – Implementation of integrated health information system; and import of goods and services from India for specific projects;
- **Eswatini** – IT project; and agricultural development and mechanization of agriculture;
- **Tanzania** – Export of tractors, pumps and vehicles; water supply schemes; purchase of vehicles; and extension of pipeline;
- **Zambia** – Hydroelectric project; and pre-fabricated health posts; and
- **Zimbabwe** – Up-gradation of pumping station and river water intake system; and renovation/ upgradation of thermal power plant.

Institutions:

- **Afreximbank** – General purpose;

Project Exports

Exim India has been providing a steady stream of support to project activities in engineering, procurement, and construction (civil, mechanical, electrical or instrumental). This includes the provision of specific equipment related to supplies, construction and building materials, consultancy, technical know-how, technology transfer, design, and engineering (basic or detailed). Exim India also supports existing or new projects, plants or processes that require additional assistance in processes such as international competitive bidding including multilaterally funded projects in India. Some of the examples include Lusaka city decongestion project in Zambia, supply of vehicles, spare parts and medical instruments to the Ministry of Defence and National Service, Tanzania and construction of a transmission line in Mozambique.

Buyer's Credit under National Export Insurance Account (NEIA)

In order to provide further impetus to project exports from India on medium- or long-term basis, especially in the infrastructure sector, in April 2011, a product called Buyer's Credit under National Export Insurance Account (BC-NEIA) was introduced. Under this programme, Exim India facilitates project exports from India by way of extending credit facility to overseas sovereign governments and government owned entities for import of goods and services from India on deferred credit terms. Indian exporters can obtain payment of eligible value from Exim India, without recourse to them, against negotiation of shipping documents. NEIA is a Trust, set up by Ministry of Commerce and administered by ECGC Ltd.

As on January 31, 2019, a positive list of 91 countries have been identified by ECGC for which Indian exporters can avail BC-NEIA, of which 37 countries belong to Africa. Exim India has sanctioned an aggregate amount of US$ 1.7 billion under BC-NEIA for 15 projects in Africa valued US$ 1.81 billion. Within the SADC region, US$ 487.7 million was sanctioned towards power transmission and distribution lines in Zambia; setting up LPG and Bitumen storage facility in Mozambique; supply of vehicles and equipment to Zimbabwe; supply of vehicles to Tanzania; and Lusaka city decongestion project and construction of transmission lines in Zambia.

Finance for Joint Ventures Overseas

Further, Exim India supports Indian companies in their endeavour to globalise their operations, through overseas joint ventures (JVs) and wholly owned subsidiaries (WOS). Such support includes loans and guarantees, equity finance and in select cases direct participation in equity along with Indian promoters to set up such ventures overseas. In the SADC region, Exim India has supported several such ventures in countries such as South Africa, Mauritius, Tanzania and Zambia across a range of sectors like agriculture and food processing, agro-based products, auto and auto components, chemicals, construction, electronics, engineering goods, EPC services, mining and minerals, plastics products, packaging, software and IT enabled services, and textiles. These ventures serve to promote value addition, as also contribute to capacity building and capacity creation in host countries. As on December 31, 2018, Exim India through its overseas investment finance programme has supported 28 Indian companies in four countries in the SADC region with an aggregate sanction of ₹40.5 billion.

Association with African Development Bank (AfDB)

India is a member of the African Development Bank (AfDB) Group. Many Indian companies participate in projects funded by the AfDB Group. Exim India works very closely with AfDB and has an active programme which offers a range of information, advisory and support services to Indian companies to enable more effective participation in projects funded by multilateral funding agencies, including AfDB. Exim India assists Indian companies in projects supported by AfDB by not only fund and non-fund based assistance, but also by providing advance alerts on upcoming opportunities. With support from Exim India, Indian project exporters have secured a number of overseas contracts in Africa in sectors such as power, telecommunications, transport, water supply & sanitation. Exim India and AfDB have also signed an agreement for co-financing projects in Africa. The agreement envisages joint financing of projects (priority being given to support projects of small and medium enterprises) in regional member countries of AfDB. Exim India also organizes Business Opportunities seminars in Projects funded by AfDB across various centres in India.

<u>Africa – India Partnership Day</u>

Exim India together with FICCI (Federation of Indian Chambers of Commerce and Industry) organizes the Africa – India Partnership Day, on the sidelines of AfDB's Annual Meeting, with an objective of sharing India's developmental experiences with Africa, particularly in Public-Private Partnership model of financing infrastructure development. Exim India, along with FICCI, has so far hosted five such events; first being on May 30, 2013 in Marrakech, Morocco; followed by Kigali, Rwanda, on May 22, 2014, Abidjan, Côte d'Ivoire, on May 27, 2015, Zambia on May 24, 2016 and India (Ahmedabad) on May 24, 2017. The Africa-India Partnership Day has become a regular feature of the AfDB Annual Meeting, and showcases the immense scope for expanding the mutually enriching partnership between Africa-India.

Project Development Company (PDC) in Africa

Africa is a region of opportunities, as the continent is receiving plenty of investments in the infrastructure space. The PPP structure is slowly getting popularised by the national governments, increasing the interest of the private sector in infrastructure development. However, institutional capacity in several African nations is in a nascent stage.

Addressing the limited institutional capacity in Africa on conceptualisation, management, execution and imparting project development initiatives, Indian institutions such as Exim India, IL&FS, and State Bank of India have joined hands with the AfDB, and promoted a Project Development Company (PDC) for infrastructure development in Africa.

The PDC, named Kukuza Project Development Company, has been incorporated in Mauritius in July 2015. 'Kukuza' in Swahili means 'a cause to growth'. Reflecting the name, the PDC is expected to provide specialist project development expertise to take the infrastructure project from concept to commissioning in the African Continent. The PDC will provide the entire gamut of project development expertise to various infrastructure projects, such as project identification, pre-feasibility/ feasibility studies, preparation of detailed project reports, environmental and social impact assessment, etc.

The PDC shall utilise the domain expertise of each partner during the project development process to establish a bankable and sustainable implementation format based on an in-depth understanding of the concerns of all the stake holders - public authority, users community, developers/ investors and lenders.

Exim India's Country Mission

With a view to enhancing India's bilateral trade and investment relations and in order to support Indian entrepreneurs in their globalisation endeavours, Exim India has commissioned a country mission to select countries in Africa. The Mission endeavours to provide a framework for enhancing India's engagement in select countries in Africa by way of identifying key areas for commercial engagement while also assisting these countries in achieving their developmental objectives. This initiative is backed by Exim India's longstanding strategic and commercial relations with various institutions, bodies and organisations in Africa through its various capacity building programmes in various sectors in these countries.

The Mission to Africa covered countries including Mozambique, Rwanda and Tanzania in November 2014. The Mission team closely coordinated with Indian Missions, and held various rounds of interactions with Government officials of partner countries, multilateral institutions, business community, exporters, banks, Indian business diaspora, and other stakeholders, with a view to identifying business, trade and investment opportunities for Indian entrepreneurs.

Exim India's engagements in ITC's SITA

On March 09, 2014, Department for International Development (DFID) mandated the International Trade Centre (ITC), United Kingdom, to design and implement a project, called 'Supporting India's Trade Preferences for Africa' now called 'Supporting Indian Trade and Investment for Africa' (SITA). SITA is a six-year (2014-2020) project that aims at promoting exports from five East African countries – Ethiopia, Kenya, Rwanda, the United Republic of Tanzania and Uganda – to India through investment and skills transfer from the Indian side. Exim India had entered into an MOU with ITC in Geneva on March 26, 2014, under which it was associated with ITC's SITA initiative. The Project was in its inception Phase during March 2014 to March 2015, where a roadmap for SITA, including the focus sectors, was defined. The implementation phase of SITA (March 2015-March 2020) was officially launched in New Delhi, India, during March 19-20, 2015.

Member of Association of African Development Finance Institutions (AADFI)

Exim India is a member of Association of African Development Finance Institutions (AADFI), a forum of institutions/ banks with the objective of creating co-ordination and economic solidarity among the development finance institutions in the African continent. The membership of AADFI helps to provide a platform for building linkages with other institutions in Africa, which are members of AADFI.

Association with Other Indian Institutions

Further, Exim India's equity in Agricultural Finance Corporation, which offers consultancy support in development of agro-technology; promotes membership in 'Small Farmers' Agri-Business Consortium (SFAC)', an investment institution whose objectives include promoting small and medium agri-business ventures, places Exim India in a vantage position to share its expertise and support development related activities in Africa.

Global Network of Exim Banks and Development Finance Institutions (G-NEXID)

Exim India has entered into a Memorandum of Understanding (MOU) with four Exim Banks and Development Financial Institutions (DFIs) to form Global Network of Exim Banks and Development Financial Institutions (G-NEXID). The five signatories are Export-Import Bank of India, Export-Import Bank of Malaysia, African Export-Import Bank, Andean Development Corporation and Export-Import Bank of Slovakia. G-NEXID was formally launched at its inaugural meeting at UNCTAD, Geneva on March 13, 2006. Annual Meetings are held to deliberate upon measures to foster long-term relationship, share experience and strengthen financial cooperation to promote trade and investment relations between developing countries. G-NEXID has been granted 'observer' status by UNCTAD.

G-NEXID members in the African Region include: African Export-Import Bank, Cairo; Banque Nationale d' Investissement, Côte d'Ivoire; Banque Pour Le

Financement De Petites Et Moyennes Entreprises, Tunis; Central African States Development Bank, Brazza Ville; Development Bank of Mali, Bamako; Development Bank of Namibia, Windhoek; Development Bank of Zambia, Lusaka; Development Bank of Southern Africa, Midrand; East African Development Bank, Kampala; Economic Community of Western African States, Lome; Industrial Development Bank of Kenya, Nairobi; Industrial Development Corporation South Africa, Sandton; Nigerian Export-Import Bank, Nigeria; and TDB Bank (PTA Bank), Nairobi.

Inter-Bank Cooperation Mechanism among BRICS members

BRICS, which comprise Brazil, Russia, India, China and South Africa, is an association of five major emerging national economies. In order to develop and strengthen economic ties and investment cooperation among BRICS countries, in 2010, state financial institutions for development and export support of the BRICS nations entered into a MOU, laying the foundation of BRICS Inter-Bank Cooperation Mechanism. Exim India is the nominated member development bank under the BRICS Inter-Bank Cooperation Mechanism, along with other nominated member development banks from member nations of BRICS namely Banco Nacional de Desenvolvimen to Economico e Social (BNDES), Brazil; State Corporation Bank for Development and Foreign Economic Affairs – Vnesheconom bank, Russia; China Development Bank (CDB), and Development Bank of Southern Africa (DBSA). The Inter-Bank Cooperation among BRICS countries is expected to facilitate trade and help raise the economic profile of member countries at regional and global levels. Inter-Bank Cooperation is the first step toward closer cooperation within BRICS, and the member countries will jointly finance projects in high technology, innovation and energy saving.

Exim India signed two multilateral financial cooperation agreements with member development banks of BRICS nations during the fifth BRICS Summit held in March 2013 at Durban, South Africa. The two Agreements signed are 'BRICS Multilateral Infrastructure Co-financing for Africa' and 'BRICS Multilateral Cooperation and Co-financing Agreement for Sustainable Development in Africa'.

GPCL as a Consultant

Global Procurement Consultants Ltd. (GPCL) has been promoted by Exim India in association with leading public sector and private sector consultancy organizations. GPCL's shareholding pattern creates a synergetic fusion of expertise, thereby providing a unique platform for sharing of collective Indian experience in a partnership mode with developing countries and emerging economies, in the professional management of projects, with particular reference to procurement services. GPCL synthesizes India's consultancy expertise in project management and procurement across varied sectors of the economy including finance, infrastructure, energy, transportation, environment, information and communication technology, industry, agriculture, mining, water resources, health and education. GPCL provides technical assistance in enhancing quality, transparency, efficiency and effectiveness of procurement and implementation services to help attain desired institutional and corporate objectives. GPCL supports, enhances and extends scope of project supervision, monitoring and evaluation as also strengthening of institutional capacity for effective programme/ project implementation. In doing so, GPCL leverages upon its demonstrated strengths derived from its core staff, panel of specialists, and resources of its shareholders to assist funding and project executing agencies.

GPCL has a demonstrated track record spanning all stages of the procurement cycle covering procurement advisory services, procurement management, procurement review, performance review, provision of support services, valuations, financial advisory services, overall procurement audit and governance, as also associated services related to training and capacity building. GPCL has undertaken a number of assignments, in India and numerous countries abroad, directly for multilateral funding agencies or in projects funded by them. GPCL also has the distinction of being selected in some instances by the World Bank on a sole source basis, both in India and abroad.

GPCL has extensive experience supporting projects in Africa, and assignments undertaken include:

1. **Procurement Audit** of contracts in World Bank funded projects in Eritrea, Ghana, Malawi, Nigeria and Uganda covering Health, Education, Agriculture, Infrastructure, Power, Privatization and Emergency rehabilitation.

2. **Comprehensive re-appraisal** of Water Supply Projects in Nigeria funded by AfDB.

3. **Country Procurement Assessment Review (CPAR)** in the Kingdom of Eswatini for AfDB in order to examine the existing public procurement framework, benchmark them with good procurement practices, and provide recommendations to revamp the system for better governance.

4. **Procurement Monitoring Agent** for a World Bank funded health project in Kenya calling for review of the procurement of goods, services and minor works including an audit of the procurement processes of the institutions and procurement units supported by the project.

Partner in Institutional Building in Africa

As a partner institution in promoting economic development in Africa, Exim India shares its experience in the setting up of institutional infrastructure for enhancing international trade. In this regard, the Bank has taken active participation in the institutional building process in a number of countries in Africa. Besides being associated in the setting up of the Afreximbank, Exim India undertook an assignment to design, develop, and implement a programme on Film Financing for Nigerian Export-Import Bank (NEXIM Bank) for expanding its exposure in financing films (under Film Financing Programme). Exim India has also been involved in the design and implementation of Export Finance Programmes for Industrial Development Corporation, South Africa; Consultancy Assignment for the Government of Mauritius on 'Projecting Mauritius as an investment hub for Indian Firms'; establishment of Export Credit Guarantee Company in Zimbabwe; and preparing a blue print for setting up of Export-Import Bank of Zimbabwe.

In 2015, International Trade Centre (ITC), Geneva, under its 'Supporting Indian Trade and Investment for Africa (SITA)' Project, awarded Exim India with Phase - 1 of an assignment for 'Institution Capacity Building for Export Credit and Insurance' to enhance trade competitiveness in Rwanda. The objective of the assignment is to establish a rationale and suggest a broad framework for establishing an Export Credit Insurance Corporation in Rwanda.

Institutional Linkages

Exim India has been consciously forging a network of alliances and institutional linkages to help further economic co-operation with the SADC region. Towards this end, Exim India has taken up equity in Afreximbank and Development Bank of Zambia. These endeavours are supplemented by the various Memoranda of Cooperation (MOCs) / Memoranda of Understanding (MOUs), the Bank has in place, with key institutions in the African Region including: AfDB; Trade and Development Bank (TDB); Afreximbank; Board of Investment, Mauritius; ECO Bank (Pan African Bank); and Industrial Development Corporation of South Africa Ltd. (IDC).

Knowledge Building and Technology Transfer

In the area of knowledge building and technology transfer, Exim India's research studies have focused on potential areas for boosting India's trade and investment relations with Africa, the Economic Community of West African States (ECOWAS), Southern African Customs Union (SACU), Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), Least Developed Countries (LDCs), as also the member countries of Maghreb region. In order to support AfDB's High 5 agenda, Exim India released five studies namely, Integrate Africa: A Multidimensional Perspective; Feed Africa: Achieving Progress through Partnership; Water, Sanitation and

Healthcare in Africa: Enhancing Facility, Enabling Growth; Power Sector in Africa: Prospect and Potential; and Manufacturing in Africa: A Roadmap for Sustainable Growth.

Representative Office

Exim India has representative offices in Addis Ababa, Ethiopia; Johannesburg, South Africa; and Abidjan, Côte d'Ivoire, which play a key role in facilitating economic cooperation with the African region. Exim India's Johannesburg representative office has jurisdiction over all SADC member countries except Tanzania. Tanzania falls under the jurisdiction of Exim India's Addis Ababa representative office.

The representative offices interface with various institutions such as Industrial Development Corporation of South Africa Ltd., African Development Bank, regional financial institutions such as TDB, AfreximBank, and West African Development Bank (BOAD) as well as Indian missions in the region, thereby being closely associated with the Bank's initiatives in the African region.

In a Nutshell

In sum, Exim India, with its comprehensive range of financing, advisory and support services, seeks to create an enabling environment for enhancing two-way flow of trade, investment and technology between India and the SADC region. While promoting infrastructure development and facilitating private sector development in host countries, the various efforts of Exim India, ensconced in its range of activities, also contribute towards institutional building in the African Region.

ANNEXURES

1. Investment Promotion Agencies in SADC

Country	Investment Promotion Agency	Website
Angola*	Angola's Private Investment and Export Promotion Agency (AIPEX)	www.anip.co.ao
Botswana	Botswana Investment and Trade Centre (BITC)	www.bitc.co.bw
Comoros	Agence Nationale pour la Promotion des Investissements ANPI-Comoros	www.investcomoros.net
DR Congo	Agence Nationale pour la Promotion des Investissements (ANAPI)	www.investindrc.com
Eswatini	Swaziland Investment Promotion Authority (SIPA)	www.sipa.org.sz
Lesotho	Lesotho National Development Corporation (LNDC)	www.lndc.org.ls
Madagascar	Economic Development Board of Madagascar (EDBM)	www.edbm.gov.mg
Malawi*	Malawi Investment and Trade Centre (MITC)	www.mitc.mw
Mauritius	Economic Development Board Mauritius	www.edbmauritius.org
Mozambique*	Mozambique Investment Promotion Centre (CPI)	www.cpi.co.mz
Namibia	Namibia Investment Centre (NIC)	www.mti.gov.na/nic.html
Seychelles*	Seychelles Investment Bureau (SIB)	www.investinseychelles.com
South Africa	Investment South Africa – Department of Trade & Industry (DTI)	www.thedti.gov.za
Tanzania	Tanzania Investment Centre (TIC)	www.tic.co.tz
Zambia	Zambia Development Agency	www.zda.org.zm
Zimbabwe*	Zimbabwe Investment Authority (ZIA)	www.investzim.com

** Sourced from SADC website (https://www.sadc.int/themes/economic-development/investment/investment-promotion/)*
Source: World Association of Investment Promotion Agencies (http://www.waipa.org/)

2. Exim Bank of India's LOCs in SADC (As on December 31, 2018)

· **GOI-supported LOCs**

Sr. No	Country	Borrower	Amount of Credit (US$ mn)	Products/Projects covered
1	Angola	Government of Angola	30.0	Industrial park
2	Angola	Government of Angola	15.0	Setting up a textile project (cotton ginning & spinning)
3	Comoros	Government of Comoros	41.6	For installation of an 18 MW power project in Moroni
4	DR Congo	Government of DR Congo	33.5	Setting up a cement plant, acquisition of buses and a cquisition of equipment for MIBA
5	DR Congo	Government of DR Congo	25.0	Installation of hand pumps and submersible pumps
6	DR Congo	Government of DR Congo	42.0	Execution of Kakobola Hydroelectric Power Project
7	DR Congo	Government of DR Congo	168.0	Katende Hydroelectric Project
8	DR Congo	Government of DR Congo	82.0	Completion of Katende Hydro-electric Project
9	DR Congo	Government of DR Congo	34.5	Development of Power Distribution Project in Bandundu Province
10	DR Congo	Government of DR Congo	109.9	Financing transmission and distribution project in Kasai province for evacuation of electricity from Katende Hydroelectricity Power Project
11	Eswatini	Government of Eswatini	20.0	Information technology park
12	Eswatini	Government of Eswatini	37.9	Agricultural Development and Mechanization of Agriculture
13	Lesotho	Government of Lesotho	5.0	General purpose: Contracts approved include export of pump sets, consultancy services and irrigation equipment
14	Lesotho	Government of Lesotho	4.7	Vocational training center for empowerment of youth and women
15	Madagascar	Government of Madagascar	25.0	Project for rice productivity and project for fertilizer production
16	Madagascar	Government of Madagascar	2.5	Completion of unfinished fertilizer plant project
17	Malawi	Government of Malawi	30.0	Supply of irrigation, storage, tobacco threshing plant and one village-one project

Sr. No	Country	Borrower	Amount of Credit (US$ mn)	Products/Projects covered
18	Malawi	Government of Malawi	50.0	Cotton Processing Facilities, Green Belt Initiative and One Village One Product Project
19	Malawi	Government of Malawi	76.5	Irrigation Network and Sugar processing equipment and fuel storage facility
20	Malawi	Government of Malawi	23.5	Construction of a new water supply system from Likhubula river in Mulanje to Blantyre
21	Mauritius	Government of Mauritius	48.5	Offshore Patrol Vessel from M/s Garden Reach Shipbuilders & Engineers Ltd.
22	Mauritius	Government of Mauritius	46.0	Purchase of specialised equipment and vehicles
23	Mauritius	Government of Mauritius	18.0	To finance the acquisition of Waterjet Fast Attack Craft
24	Mauritius	Government of Mauritius	52.3	Project Trident
25	Mauritius	SBM [Mauritius] Infrastructure Development Co. Ltd. [a nominated agency of Government of Mauritius]	500.0	Equity Participation for financing various Infrastructure Projects
26	Mozambique	Government of Mozambique	20.0	General purpose - Contracts approved include supply of water drilling machinery, equipment, accessories, components and spares, support vehicles, water and fuel tankers and electrical equipment
27	Mozambique	Government of Mozambique	20.0	Electrification of Gaza province
28	Mozambique	Government of Mozambique	20.0	Transfer of water drilling technology and equipment
29	Mozambique	Government of Mozambique	25.0	To finance IT Park Project which will comprise construction of building and (a) incubator facility, (b) research and learning centre and (c) technology park and administrative facility
30	Mozambique	Government of Mozambique	30.0	Rural Electrification Project in the provinces of Inhambane, Zambezi and Nampula

Sr. No	Country	Borrower	Amount of Credit (US$ mn)	Products/Projects covered
31	Mozambique	Government of Mozambique	25.0	Rural Electrification of Cabo Delgado, Manica, Niassa Provinces
32	Mozambique	Government of Mozambique	20.0	Enhancing productivity of rice, wheat, maize cultivation
33	Mozambique	Government of Mozambique	13.0	Solar Photo Voltaic Module Manufacturing Plant
34	Mozambique	Government of Mozambique	250.0	Improving the quality of power supply
35	Mozambique	Government of Mozambique	19.7	Rural drinking water project extension
36	Mozambique	Government of Mozambique	149.7	Rehabilitation of Road between Tica, Buzi and Nova Sofala in Mozambique
37	Mozambique	Government of Mozambique	47.0	Construction of 1200 houses in Mozambique
38	Mozambique	Government of Mozambique	95.0	Procurement of railway rolling stock including locomotives, coaches and wagons
39	Seychelles	Government of Seychelles	8.0	General Purpose and Implementation of Integrated Health Information System
40	Seychelles	Government of Seychelles	10.0	Import of goods and services from India for specific projects funded by Development Bank of Seychelles (DBS)
41	Seychelles	Government of Seychelles	10.0	Procurement of goods and projects as per the specified needs
42	Tanzania	Government of Tanzania	40.0	Export of tractors, pumps and equipment from India
43	Tanzania	Government of Tanzania	36.6	Financing the purchase of 679 vehicles
44	Tanzania	Government of Tanzania	178.1	Water supply schemes to Dar-es-Salaam
45	Tanzania	Government of Tanzania	268.4	Extension of Lake Victoria Pipeline to Tabora, Igunga and Nzega
46	Tanzania	Government of Tanzania	92.2	Rehabilitation and improvement of water supply system in Zanzibar
47	Tanzania	Government of Tanzania	500.0	Water Supply scheme in 17 towns
48	Zambia	Government of Zambia	29.0	Itezhi-Tezhi Hydro power project
49	Zambia	Government of Zambia	50.0	Pre-fabricated health posts
50	Zambia	Government of Zambia	18.0	Pre-fabricated health posts
51	Zimbabwe	Government of Zimbabwe	28.6	Up-gradation of Deka Pumping Station and River Water Intake System in Zimbabwe
52	Zimbabwe	Government of Zimbabwe	87.0	Renovation/Up- gradation of Bulawayo Thermal Power Plant
Total			**3,611.7**	

· **Institutional LOCs**

Sr. No.	Borrower	Region	Amount of Credit (US$ mn)
1	AfreximBank	Pan-African Institution	30.0
Total			**30.0**

EXPORT-IMPORT BANK OF INDIA

HEAD OFFICE

Centre One Building, 21st Floor, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005.
Phone: (91 22) 22172600 Fax : (91 22) 22182572
E-mail : ccg@eximbankindia.in Website: www.eximbankindia.in

LONDON BRANCH

5th Floor, 35 King Street, London EC2V 8BB United Kingdom
Phone : (0044) 20 77969040 Fax : (0044) 20 76000936 E-Mail :eximlondon@eximbankindia.in

DOMESTIC OFFICES

Ahmedabad

Sakar II, 1st Floor,
Next to Ellisbridge Shopping Centre,
Ellisbridge P. O.,
Ahmedabad 380 006
Phone : (91 79) 26576843
Fax : (91 79) 26578271
E-mail : eximahro@eximbankindia.in

Bangalore

Ramanashree Arcade, 4th Floor,
18, M. G. Road,
Bangalore 560 001
Phone : (91 80) 25585755
Fax : (91 80) 25589107
E-mail : eximbro@eximbankindia.in

Chandigarh

C- 213, Elante offices, Plot No. 178-178A,
Industrial Area phase 1,
Chandigarh 160 002
Phone : (91 172) 2641910
Fax : (91 172) 2641915
E-mail : eximcro@eximbankindia.in

Chennai

Overseas Towers,
4th and 5th Floor,
756-L, Anna Salai,
Chennai 600 002
Phone : (91 44) 28522830/31
Fax : (91 44) 25224082
E-mail : eximchro@eximbankindia.in

Guwahati

NEDFi House, 4th Floor, GS Road,
Dispur, Guwahati 781 006
Phone : (91 361) 2237607/609
Fax : (91 361) 2237701
E-mail : eximgro@eximbankindia.in

Hyderabad

Golden Edifice, 2nd Floor,
6-3-639/640, Raj Bhavan Road,
Khairatabad Circle,
Hyderabad 500 004
Phone : (91 40) 23379060
Fax : (91 40) 23317843
E-mail : eximhro@eximbankindia.in

Kolkata

Vanijya Bhawan, 4th Floor,
(International Trade Facilitation Centre),
1/1 Wood Street,
Kolkata 700 016
Phone : (91 33) 22891728/29/30
Fax : (91 33) 22891727
E-mail : eximkro@eximbankindia.in

New Delhi

Office Block, Tower 1, 7th Floor,
Adjacent Ring Road, Kidwai Nagar (E)
New Delhi - 110 023
Ph.: +91 11 61242600 / 24607700
Fax: +91 11 20815029
E-mail: eximndo@eximbankindia.in

Pune

No. 402 & 402(B) 4th floor Signature
Building, Bhamburda, Bhandarkar Rd.,
Shivajinagar, Pune - 411 004
Phone : +91 20 25648856
Fax:+91 20 25648846
E-mail: eximpro@eximbankindia.in

OVERSEAS OFFICES

Abidjan

5th Floor,
Azur Building,
18-Docteur Crozet Road,
Plateau,
Abidjan,
Côte d'Ivoire
Phone : (225) 20 24 29 51
Mobile : (225) 79707149
Fax : (225) 20 24 29 50
Email : eximabidjan@eximbankindia.in

Addis Ababa

House No. 46,
JakRose Estate Compound,
Woreda 07,
Bole Sub-city,
Addis Ababa,
Ethiopia.
Phone : (251 116) 630079
Fax : (251 116) 610170
E-mail : aaro@eximbankindia.in

Dhaka

Madhumita Plaza, 12th Floor,
Plot No. 11, Road No. 11, Block G,
Banani, Dhaka, Bangladesh - 1213.
Phone : (088) 0170820444
E-mail : eximdhaka@eximbankindia.in

Dubai

Level 5, Tenancy 1B,
Gate Precinct Building No. 3,
Dubai International Financial Centre,
PO Box No. 506541, Dubai, UAE.
Phone : (971 4) 3637462
Fax : (971 4) 3637461
E-mail : eximdubai@eximbankindia.in

Johannesburg

2nd Floor, Sandton City Twin Towers East,
Sandhurst Ext. 3, Sandton 2196,
Johannesburg, South Africa.
Phone : (27) 716094473
Fax : (27 11) 7844511
E-mail : eximjro@eximbankindia.in

Singapore

20, Collyer Quay, #10-02,
Tung Centre, Singapore 049319.
Phone : (65) 65326464
Fax : (65) 65352131
E-mail : eximsingapore@eximbankindia.in

Washington D.C.

1750 Pennsylvania Avenue NW,
Suite 1202, Washington D.C. 20006,
United States of America.
Phone : (1 202) 223 3238
Fax : (1 202) 785 8487
E-mail : eximwashington@eximbankindia.in

Yangon

House No. 54/A, Ground Floor,
Boyarnyunt Street, Dagon Township,
Yangon, Myanmar
Phone : (95) 1389520
Mobile : (95) 1389520
Email : eximyangon@eximbankindia.in

एक्ज़िम बैंक
EXIM BANK
भारतीय निर्यात-आयात बैंक
EXPORT-IMPORT BANK OF INDIA

Centre One Building, 21st Floor, World Trade Centre Complex, Cuffe Parade, Mumbai - 400 005.
Ph.: (91 22) 22172600 | Fax: (91 22) 22182572
E-mail: ccg@eximbankindia.in | Website: www.eximbankindia.in, www.eximmitra.in

Follow us on