

Business opportunities aplenty in Africa: SBF

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Over 60 Singapore-based companies are doing business in more than 40 markets in the continent. BY LEE U-WEN

AFRICA is a vast continent that is often deemed too distant and unfamiliar to many companies in Singapore, with the sense that venturing there is only suitable for the larger players with more resources and a greater risk appetite.

But Ranveer Chauhan, the chairman of Singapore Business Federation's (SBF) African Business Group, feels these sentiments could not be further from the truth.

"Africa is not only for the big (companies), and it doesn't offer only high-risk opportunities," he said. "It is a big market - 54 countries, a population of more than one billion, a more than US\$3 trillion economy. (There is) a multitude of opportunities."

Currently, there are over 60 Singapore-headquartered companies - including the likes of Pacific International Lines, Olam International and Yinson Production - doing business in more than 40 markets in Africa.

The African Continental Free Trade Area - officially launched on Jan 1 this year - could be the world's biggest free-trade zone by area when the treaty is fully operational by 2030.

And, according to the International Monetary Fund, six of the world's 10 fastest-growing economies are in Africa.

Singapore's direct investment into the continent totalled US\$19 billion at the end of 2017, equating to an annual growth rate of around 8 per cent since 2008.

"African nations, people, corporates and even policymakers are highly aware of Singapore, and we carry a very big advantage when we approach Africa for our business ventures and opportunities," said Mr Chauhan.

"Unlike many developed and other economies that are well on their devel-



Ranveer Chauhan, chairman of Singapore Business Federation's African Business Group, during a visit to Gabon. "Africa is not only for the big (companies), and it doesn't offer only high-risk opportunities. It is a big market, with a multitude of opportunities." PHOTO: SINGAPORE BUSINESS FEDERATION

opment track, Africa has many communities that are in their early stage. This makes the markets far more open and welcoming than the more structured markets," he added.

One of the earliest movers from Singapore that ventured into Africa is spice and commodities trader Nomanbhoy & Sons, which has done business with that continent since the 1930s.

According to Hanif Nomanbhoy, who is part of the fourth generation of the family business, the company has maintained a strong presence over the decades in various parts of Africa, including Seychelles, Tanzania, Kenya, Mozambique and Senegal.

The company sources for spices

such as cloves and cinnamon, all sorts of nuts, dried fruits such as apricots and dates, and coconuts, among others.

Another Singapore-based company that has years of experience in Africa is planning, engineering and project management firm Meinhardt Group.

Its many projects in the continent include The Pinnacle in Kenya, the tallest building in Africa; Shell Cairo Headquarters in Egypt; and the Kigali Sports Arena in Rwanda.

Among the newer entrants in Africa is Singapore fintech company InfoCorp. The start-up is currently active in both Rwanda and Kenya where it uses its blockchain-based platform

associate to work together with the Rwanda authorities.

"I was struck by the vibrant start-up environment in Rwanda and the availability of talent there. They have a young, English-speaking population, the government is hardworking, and the environment is clean. We see this as a launchpad for us to explore the rest of Africa over time," he added.

On the advice they would give to companies thinking about expanding in Africa, a common refrain among the business leaders is that Africa has vast potential that has yet to be tapped.

Emerging market

Meinhardt's group executive chairman Shahzad Nasim said that Africa, with a population that is expected to double to more than two billion by 2050, is "a big continent that cannot be ignored".

"It is quite an emerging market where all the big players are not all there yet. So there are many opportunities for Singapore companies. My advise is to look at the countries selectively, and figure out which are those that are safe to do business in, and go there," he said.

Mr Nomanbhoy, meanwhile, spoke of the importance of having "very reliable" local partners in order to be successful.

"Every country in Africa is unique, and it's important to have your ears to

the ground at all times," he said.

"Because when anything goes wrong, it is the local partner that needs to sustain the business and your investments. The key is to understand the culture, and the economies of each of these countries."

The SBF's Mr Chauhan stressed the need for businesses big and small to study the opportunities thoroughly before committing financially to them.

"It is no different advice from any other business venture you would set up. Through SBF's and Enterprise Singapore's platforms and their networks, we have very good quality advice and perspectives available for specific geographies and sectors and even business situations," he said.

"So, put in that effort to study the opportunity well before heading off on the adventure."

Last year, SBF - as part of its focus on business resilience and the ongoing push for international growth and diversification - created a digital space called the FYIstival, starting with an African edition.

It offered businesses from Singapore and Africa an opportunity to engage one another, which led to "potential business matches and sustainable relationships", said Darius Lim, the SBF's assistant CEO (Global Business).

He added that SBF has plans to roll out South Asian and Asean editions of FYIstival later in the year.

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