



ECIC NEWS

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MESSAGE FROM THE CEO

The Export Credit Insurance Corporation of SA (ECIC) continues to support our export trade in Capital Goods and services by providing Political and Commercial risk insurance solutions to exporters and financial institutions.

In this globalized world where economies are interdependent, access to financial resources and sophisticated financial tools are fundamental to the competitiveness and growth of export trade.

Given the weak economic performance of the South African economy in recent years, growing export competitiveness is key to unlocking growth potential.

Our role in South Africa is to support the export of local products and services into international markets with a strong focus on Africa and other emerging markets. This enables South African exporters to attract foreign

buyers. In return, this secures foreign direct income, stimulates economic growth and creates local jobs. Together, with a strong contribution from each other, we will succeed in repositioning Africa on the global economic and financial map.

The backbone of the business and the success and sustainability of ECIC is reliant on its employees, shareholders and customers. I thank all of them for their hard work, dedication, customer service and loyalty.

Looking ahead, the export industry will continue to grow even in the face of economic challenges. In the coming weeks the organisation will continue to work hard to implement its new strategy and equip itself for further challenges ahead. Our appreciation and gratitude are certainly due to all our stakeholders for their contribution and commitment to ECIC over the years.



KUTOANE KUTOANE

YOUR EXPORT RISK PARTNER

OPINION PIECE

THE AFRICAN CONTINENTAL FREE TRADE AREA – LESSONS FROM THE FREE TRADE AREA OF THE AMERICAS

By: Tsidiso Disenyana (ECIC Senior Economist)

The proposed African Continental Free Trade Area (CFTA), currently being negotiated by 55 African countries, is a positive inter-regional initiative. The initiative is intended by its architects to be the largest free trade zone in the world, with a population of approximately 1.2 billion and a combined GDP of \$2.5 trillion.

The effort to unite the economies of Africa into a single free trade agreement began at the 18th Ordinary Session of the Assembly of the African Union (AU) Heads of State and Government, which was held in January 2012 in Addis Ababa. The participants in Addis Ababa agreed to progressively eliminate barriers to trade, services, intellectual property and investment in the context of a CFTA.

Such a pact would build on existing sub regional and bilateral arrangements and help to create a more integrated market in the continent.

Since its signing in March 2018, the agreement and its associated protocols and annexes have been open for country-level ratification. In order for the treaty to enter into force, a minimum of 22 countries must ratify it. Ratification processes vary by country, but generally include approval by the legislative body and consent by the

executive branch of the country.

It is important for African countries to recognize that signing a trade pact is not the same as achieving free trade. To be sure, constructing a free trade area (FTA) linking some of the middle income and poorest countries, and largest and smallest countries in Africa is a daunting task. Given the diversity of incomes, factor endowments and comparative advantages of these nations raises the question as to what the impact of the CFTA would be in their economies. The question is particularly relevant for the least developed countries of Africa, since the CFTA would require a considerably larger commitment toward liberalizing their economies.

The architects of the CFTA can learn from the failed Free Trade Area of the Americas (FTAA). The FTAA, which was being negotiated by 34 widely diverse (in terms of size and levels of development) countries of the Americas, was intended to be the most far-reaching trade agreement in history. The FTAA negotiating process was designed to be a lengthy one - about ten years - as it was felt that many of the participants needed time to prepare adequately for negotiations. For nine of these ten years the negotiating process was very intensive and tremendous progress was made. However, in the very final stretch, the gradual diversion of negotiating attention from the FTAA towards the Doha Round, combined with major changes in the political governance and economic circumstances of countries in the Western Hemisphere in 2002, changed the focus of key participants and altered the basis of consensus on which the

FTAA negotiations had been conducted. Eventually these changes proved to be so large that the FTAA negotiating process foundered before it could be brought to a successful conclusion. It has been stalled since early 2004 and unable to recover.

Lessons from the FTAA experience for the CFTA should be useful ones to consider so that the same fate will not meet a similarly ambitious undertaking.

Firstly, for the CFTA to be successful, there must be a unity of vision on the objective and finality of a continental agreement among the major economies in the region, namely, Egypt, Kenya, Nigeria and South Africa. This unity of vision must be present at the beginning of the process and must be maintained until the end of the process. If these economic giants do not see the objective and the finality of the CFTA with a positive eye, or do not maintain a common purpose, then the CFTA will not succeed. It was after the unity of vision between the United States and Brazil disappeared, that the FTAA negotiations stalled. And in spite of the fact that 30 of the 34 countries in the Western Hemisphere continued to actively support this objective, this did not prove possible to put the negotiations back on track.

Secondly, the CFTA negotiating agenda should not be overly ambitious, or this may derail the process. Reaching a region-wide agreement among so many widely-divergent economies will certainly prove challenging. If South Africa and other major economies in the region were to insist on an ambitious agreement,

then the alternative to a CFTA in the first instance might be a staggered approach. For example, economies that consider themselves ready to take on the disciplines of a “state of the art agreement” could do so at the time of completion of the FTA, while the other members could do so when they would consider themselves ready. An integral component of the CFTA would then consist of a strong trade capacity-building programme, much like the Hemispheric Cooperation Programme of the FTAA. This programme would be designed to assist those less advanced economies in reaching the necessary levels of institutional sophistication that would allow them to assume the new FTA disciplines. No specific time frame would be attached to this accession process, which would be limited to those members.

Thirdly, for the CFTA negotiations to succeed there should be minimal distraction from outside or other negotiating efforts. The FTAA negotiations proceeded at a rapid pace until the Doha Development Round was launched and attention was diverted as between negotiating arenas. This became even more apparent after the US obtained the Trade Promotion Authority in 2002 and began to seriously engage in bilateral trade agreements. This effort sapped the negotiating (and the ability to act in an independent manner) of both the Central American countries and the Andean countries and weakened those in favour of pushing the FTAA forward. And, although it is not impossible for negotiators to participate in various negotiating fora, it was clear in the Western Hemisphere that the amount of human resources required for multiple negotiations is much

Capacity-building efforts to train and support trade negotiators would be particularly important for the negotiations to succeed, given the diversity of economies in Africa.

For this reason, a standstill agreement at the outset to cease negotiating other regional trade agreements during the period of the CFTA discussions would be strongly desirable; otherwise too much distraction will be generated by parallel efforts. Additionally, the negotiating leverage of large trading partners with smaller ones in bilateral trade agreements could take away their ability to be full participants in the CFTA negotiating process.

Likewise, a clause similar to what was agreed in FTAA should be included at the outset in the negotiating principles of the CFTA in order to clarify the status of existing or previously-negotiated trade agreements and their relationship to a future region-wide agreement. This clause could make it clear that the CFTA, once finalized and put in place, would prevail over all previous agreements, unless the disciplines of these pre-existing trade agreements were deeper and went beyond the CFTA.

Lastly, one of the most unique aspects of the FTAA was the creation of a Committee on Civil Society. This created the platform for civil society to make submissions to the negotiating process. This was further coupled with periodic meetings to table various issues on the negotiation’s agenda, which were then forwarded to the relevant FTAA negotiating group or committee. A Business Forum was also established in order to allow for the business community to meet prior to each Trade Ministerial

meeting and to discuss and provide recommendations on all of the issues under negotiation. The proposed African Business Council and African Trade Forum as part of the governance structure would serve to inspire the outreach efforts of the CFTA.

Each set of trade negotiations, whether bilateral, regional or multilateral, faces its own particular set of challenges. The CFTA undertaking, by its very uniqueness and its large number of participants, will face a considerable number of challenges that are much larger than those that a more reduced group of countries would have been able to face and possibly overcome. The FTAA experience has shown that without a united vision among key economies and without a balanced agreement that addresses the issue of differences in the levels of development and size of economies of the region, through various provisions and mechanisms, a trade agreement is as good as dead. African governments do not have to repeat the same mistake.

Tsidiso Disenyana is a Senior Economist at the Export Credit Insurance Corporation of South Africa (ECIC). The ECIC is a State-Owned Company with a mandate of facilitating and encouraging South African export trade by providing commercial and political risk insurance to South African exporters of capital goods and services to support medium- and long-term loans advanced by banks and other financial institutions.



ECIC RESEARCH PAPERS

ECIC has released new country and sector reports. Please click on the links below to access the PDF version online.

- [Angola Country Reports](#)
- [Uganda Country Reports](#)
- [Agro-Processing Sector Reports](#)

MEDIA FEATURES

ECIC FEATURED ON

AFRICA INVESTOR

ECIC has been featured in **Africa Investor** under the topic *Africa seeks new solutions to its infrastructure needs.*

[CLICK HERE TO VIEW ARTICLE ONLINE](#)

ECIC FEATURED IN

ENGINEERING NEWS

ECIC has been featured in **Engineering News** under the topic *Untapped Potential.*

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ECIC FEATURED IN

DURBAN NORTH NEWS

ECIC has been featured in **Durban North News** under the topic *Exports, a crucial area of the economy.*

[CLICK HERE TO VIEW ARTICLE ONLINE](#)

ECIC FEATURED IN

PAN AFRICAN PARLIAMENT, ONE AFRICA, ONE VOICE

ECIC has been featured in **Pan African Parliament, One Africa, One Voice** under the topic *Sky's the limit.*

[CLICK HERE TO VIEW ARTICLE ONLINE](#)

ECIC FEATURED ON

ROAD TRANSPORT NEWS

ECIC has been featured in **Road Transport News** under the topic *Sumitomo Rubber wins coveted Exporter Award.*

[CLICK HERE TO VIEW ARTICLE ONLINE](#)

ECIC FEATURED IN

FREIGHT & TRADING WEEKLY

ECIC has been featured in **Freight & Trading Weekly**, under the topic *Handbag manufacturer named top exporter.*

[CLICK HERE TO VIEW ARTICLE ONLINE](#)

ECIC FEATURED IN

ALL AFRICA.com & GLOBAL AFRICA NETWORK

ECIC has been featured in **All Africa.com** and **Global Africa Network**, under the topic *Africa: A Shift in Expectations for Intra-African Trade.*

[CLICK HERE TO VIEW ARTICLE ONLINE](#)



ECIC FEATURED IN

THE SOUTH AFRICAN INSTITUTE OF INTERNATIONAL AFFAIRS

ECIC has been featured in **The South African Institute of International Affairs** (SAIIA), under the topic ***Does South Africa need its own export-import bank?***

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LATEST NEWS

01

SOUTH AFRICAN BUSINESS JOURNAL 2019

ECIC has been featured in the **South African Business Journal 2019**, under the topic ***Billion-dollar-intra African financing programme launched.***

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02

STEEL & ENGINEERING INDUSTRIES FEDERATION of SA

ECIC has been featured in the **Steel & Engineering Industries Federation of SA** (SEIFSA), under the topic ***What does the future promise?***

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03

NIGERIAN TRIBUNE

ECIC has been featured in the **Nigerian Tribune**, under the topic ***Intra African trade fair targets \$25bn in trade deals in 7 days.***

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04

MINING WEEKLY

ECIC has been featured in **Mining Weekly**, under the topic *Intra Africa trade lags*.

[CLICK HERE TO VIEW ARTICLE ONLINE](#)

05

BUSINESS LIVE and AFRICA NEWS ONLINE

ECIC has been featured in **Business Live and Africa News Online** under the topic *Mozambique gas – a \$500m business opportunity for SA*.

[CLICK HERE TO VIEW ARTICLE ONLINE](#)

RECENT EVENTS

01 ECIC A PARTNER @ THE CT EXPORTER OF THE YEAR AWARDS

ECIC partnered with the Cape Chamber of Commerce and Industry in October 2018 through a sponsorship, in relation to the 28th annual ECIC/Cape Chamber Exporter of the year Awards Ceremony.

The flagship event in the province celebrated the vital role exporters play in the economy of the Western Cape. The competition was designed to honour and promote large and small businesses that have proved their excellence in tough international markets and to inspire other ambitious companies to export their goods and services.

ECIC an anchor sponsor, partnered with the Chamber, to drive its mandate of facilitating export trade on behalf of South African exporters through building strategic, partnerships and managing key stakeholder relationships that will in turn assist the ECIC to fulfil its mandate.

02 ECIC A PARTNER AT TXF CAPE TOWN

ECIC has partnered with TXF as a major sponsor for the second South African TXF event that was held at the Table Bay hotel in Cape Town on the 29th November 2018. TXF co-hosted its inaugural South African export and project finance event with both ECIC and Afreximbank as their main partners.

TXF Cape Town provided a comprehensive overview of the state of the market and regional financing opportunities.

With a full day of networking, national and international leaders including SA Minister of Trade and Industry Dr Rob Davies, and some of the region's largest corporates participated in panel discussions, case studies and innovative idea labs, as they addressed some of the key challenges facing the South African financing market.

03 ECIC REPRESENTED AT IATF – EGYPT

ECIC is participated at the inaugural Intra-African Trade Fair 2018, hosted by the Afreximbank and government of Egypt in partnership with the United Nations from the 11 – 17 December 2018, in Cairo.

ECIC exhibited on the South African Pavilion led by the dti, together with 50 SME's/manufactures DFI's, agencies and other South African businesses showcasing their products and services to the expected 10 000 visitors. ECIC's role at IATF was significant as the platform created an opportunity to further advocate the corporations mandate to South African exporters as well as international buyers.

The Intra-African Trade Fair was the first of its kind in Africa, consisting of a 7-day trade show that provided a platform for sharing trade, investment and market information as well as enabling buyers and sellers, investors and countries to meet, discuss and conclude business deals. It provided an opportunity for exhibitors to showcase their goods and services, engage in Business to Business (B2B) exchanges and conclude business deals.

IATF provided a platform for entry into a single market of over one billion people joined together under the African Continental Free Trade Area (Acfta).

04 ECIC PARTICIPATED AT MINING INDABA 2019

ECIC participated at the Invest in African Mining Indaba 2019, the largest in the world, hosted at the Cape Town International Convention Centre from the 04 – 08 February 2019. The 25th Anniversary Mining Indaba was big, bold and better than ever.

The highly anticipated event saw the largest number of investors, mining executives and junior miners from across the globe who came together for this leading deal making forum. The theme for the 2019 Mining Indaba was "Championing Africa's Sustainable Economic Growth".

The ECIC exhibition which hosted highly creative and visible brand visuals, that positioned and promoted the ECIC brand ran concurrently with the conference.

The President of the Republic of South Africa, President Cyril Ramaphosa delivered a key note address, and Minister of Trade and Industry Dr Rob Davies lead a Mining Investment RoundTable discussion organised by the DTI, and the Department of Minerals and Energy.

05 ECIC PARTICIPATED AT GTR 2019

ECIC was a sponsor at the flagship GTR Africa event which for well over a decade, has provided the annual highlight to domestic industry key-players. The event was held in Cape Town from the 14-15 March 2019.

With extensive opportunities for networking and business development, the event provided a comprehensive agenda covering all aspects of trade, commodity, export and infrastructure finance, whether it be funding options available to African corporates, key regional hotspots and opportunities for projects or the current risk environment and the various mitigation products and solutions being utilized.

06 ECIC PARTICIPATED AT INFRASTRUCTURE AFRICA BUSINESS FORUM

The 6th annual Infrastructure Africa Business Forum presented stakeholders with an opportunity to unpack the enormous growth potential in addressing Africa's infrastructure needs.

ECIC partnered with Infrastructure Africa through a sponsorship agreement and was hosted between 09 – 10 October 2018 at the Sandton Convention Centre. The two-day event brought together businesses to explore new trading opportunities, establish new business networks, develop and form partnerships and planned a way forward to address some of the continent's infrastructure gaps and requirements.

The business forum also brought together industry specialists, from infrastructure funding corporations including technocrats in civil, rail, water, energy, IT & telecoms sectors to explore trading opportunities and creating partnerships with a view of developing plans to address Africa's infrastructure development constraints and promoting regional trade.

Africa, with a population exceeding 1 billion people is well placed as an emerging market, keen for investment and growth.

UPCOMING EVENTS

01 KENYA TRADE AND INVESTMENT CONFERENCE

Celebrating 25 Years of Bilateral trade relations between Kenya and South Africa

4 – 6 April 2019

**Dimension Data Campus
Bryanston, Johannesburg**



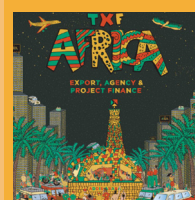
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02 TXF AFRICA

A key Pan-African event on Project, Export and Commodities Finance

9 – 10 April 2019

**Sofitel Abidjan, Cote D'Ivoire
(Ivory Coast) Nairobi**



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PROVIDING CREDIT SUPPORT FOR BUYERS OF SOUTH AFRICAN CAPITAL GOODS AND SERVICES



Access to international trade finance is critical to the growth of Intra-Africa trade. ECIC provides credit support in the form of political and commercial risk insurance for buyers of South African capital goods and services to enable them to access trade finance. ECIC is committed to expand export trade between South Africa and the rest of the continent.

If you are planning to buy capital goods and services from South Africa, you may contact ECIC for assistance.

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ECIC is a registered Financial Services Provider, regulated by the FSCA and Prudential Authority (FSP No: 30656).



YOUR EXPORT RISK PARTNER

A \$1 Billion funding facility available for the South African-Africa Trade and Investment Promotion Programme (SATIPP)

ECIC and Afreximbank, Africa's trade finance leaders have partnered to bring you the South African-Africa Trade and Investment Promotion Programme (SATIPP), a \$1 billion funding facility aimed at boosting South African business export capacity, help them access investment opportunities on the continent and grow the country's trade activities with other African countries.

To access SATIPP please visit - ECIC.CO.ZA



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