AFRICA BULLETIN
APRIL 2021

ALN

Egypt to Build Largest Petrochemicals Complex in Africa, Middle East

Egypt is set to build the largest petrochemical complex in Africa and the Middle East to refine and produce a range of petroleum and chemical products. The complex is set to be built in the industrial zone of Ain Sokhna in the Suez Canal Economic Zone, as part of the Egyptian state's plan to meet the needs of the local market for petroleum and petrochemical products.

The contract was signed between the Main Development Company of the Suez Canal Economic Zone and the Red Sea Refining and Petrochemical Company, with the aim of establishing an industrial complex for refining and producing a range of petroleum and chemical products with added value such as polyethylene, polypropylene, polyesters, bunker fuel and other petroleum and chemical products, according to a governmental statement. The project is to be built on an area of 3.56 million square meters within the geographical space of the Main Development Company, one of the most important developers of the economic zone in the southern sector of Ain Sokhna, at an investment cost of USD 7.5 billion.

SIGNIFICANCE

The purpose of this industrial complex is to achieve high added value in this industry, to meet the needs of the local market from the project's products, reduce the volume of the state's imports of those products, in addition to creating export opportunities for the produced materials, and localizing this industry. The new complex will also be one of the main pillars in the national project to transform Egypt into a regional centre for oil and gas trade and commerce.

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ETHIOPIA

Ethiopia Drops Rule That New Telcos Must Use Ethio Telecom Infrastructure

The successful bidders for Ethiopia's telecoms licences will be able to offer mobile money services and they will not be restricted to using the infrastructure of Ethio Telecom, says a report from the Bloomberg agency.

Ethiopia had come under severe criticism from several authorities for its stance on preventing new operators from offering mobile money, and on limiting competition for infrastructure. It is also seen by many as a reason that only two bidders — an MTN group and a Vodafone group — delivered their applications for licences by the deadline in late April. However, there is no sign that the country will open nominations again.The Bloomberg report pointed out that M-Pesa Africa, the biggest mobile money service in Africa, is owned by Kenyan operator Safaricom and South Africa's Vodacom. UK-based Vodafone is a partner in the bid with Vodacom and Safaricom, both of which are part of the group.

SIGNIFICANCE

According to the World Bank's country director for Eritrea, Ethiopia, South Sudan and Sudan, the policy, now apparently abandoned, may have in the long run slowed down network roll out, particularly in rural areas. The government said on 26 April 2021 that it would make a formal announcement after the technical and financial evaluation of the two bids is completed. The battle for the lucrative Ethiopian telecommunications market has set another stage for a sustained competition for the continental market led by two of Africa's telecom giants- Vodacom and MTN. MTN has made it clear that it is backed by the Silk Road Fund, a Chinese state-owned investment fund designed to foster increased investment in countries along the country's One Belt, One Road, economic development project. The Vodafone consortium is backed by the US government's International Development Finance Corporation, which has given a loan of USD 500 million, and the UK-backed CDC. Ethio Telecom said in January that it plans to sell a 45 percent stake, though no terms have yet been disclosed.

KENYA, TANZANIA & UGANDA

Kenya, Tanzania Sign Deal to Build LNG Pipeline Weeks after Uganda, Tanzania Crude Oil Pipeline Deal

Kenya and Tanzania have signed a deal to build a liquefied natural gas (LNG) pipeline from Dar es Salaam to Mombasa that will be used for electricity generation and possibly for cooking as well as heating. Kenya's President Uhuru Kenyatta and his Tanzanian counterpart President Samia Suluhu, in a joint press conference, recently announced that the project would be part of a long-term plan to expand infrastructure between the two countries. The Memorandum of Understanding on Cooperation in Natural Gas Transportation means the countries' Energy ministries could start negotiating the design, cost and other logistics needs for the pipeline.

The LNG project comes a decade later after initial plans failed to take off. In 2011, Kenya announced plans to build a USD 500 million LNG terminal at the port city of Mombasa to diversify sources of electricity to meet rising demand.

Foreign oil and gas companies Equinor, alongside Royal Dutch Shell, Exxon Mobil and Ophir Energy and Pavilion Energy, plan to build the onshore LNG plant in Lindi region. The international oil companies will develop the project in partnership with the state-run Tanzania Petroleum Development Corporation. This development comes weeks after Uganda and Tanzania signed a crude oil pipeline deal that will kickstart the construction of a USD 3.5 billion crude pipeline to help ship crude from fields in western Uganda to international markets.

SIGNIFICANCE

Tanzania has so far discovered more than 57 trillion cubic feet of natural gas and is engaging international oil firms on the terms of developing a USD 30-billion LNG project. Tanzania has stated it plans to export surplus electricity to energy-starved nations in eastern and southern Africa once it has boosted its generation capacity.

Of importance is that networks of large transmission pipelines across the common East African countries are to serve as energy highways. The proposed pipeline between Kenya and Tanzania will take LNG over vast distances to the places where the products are needed. On the back of the Uganda-Tanzania deal, the Petroleum Authority of Uganda has indicated that tenders will be launched within the year to proceed with the first phase of the development of various national energy infrastructures.

The development of these oil facilities will take into account the construction of a refinery, the East African Crude Pipeline (EACOP) linking Uganda to Tanzania and the completion of the oil road network in the Albertine Graben region.. In addition, the investment into the construction of infrastructure that will produce and transport the crude oil stemming from these landmark deals in the region, is set to have a huge impact on the employment sector as well as the various country economies that benefit from foreign investors.

MOROCCO

SDX Energy Commences Drilling Operation in Morocco

DX Energy, a MENA-focused, international oil and gas exploration, production has begun drilling in Morocco. Mark Reid, CEO of SDX confirmed the report and said that the project is part of 2021 drilling campaign targeting five wells this year in pursuit of meeting local gas demand in the country.

The commencement of this campaign has been delayed by one month due to covid-19 related travel restrictions delaying the mobilisation of equipment and personnel into Morocco. The first phase of the Morocco drilling campaign will consist of three appraisal/development wells. All three wells are looking to encounter shallow, biogenic gas accumulations nearby the company’s existing infrastructure, thus enabling tie-ins to be completed quickly and at low cost.

The company will utilise the drilling rig that is already stacked in its yard in Morocco, thereby incurring minimal mobilisation cost. Phase two works will commence in September this year.

SIGNIFICANCE

The goal of these wells is to add reserves to allow SDX to continue delivering gas to their customers in accordance with their contractual requirements. SDX holds a direct stake of 75 percent in the Sebou concession, located in the Gharb basin. These assets that produce gas are characterised by exceptionally low operating costs and fixed price gas contracts.

RWANDA

MTN Rwandacell Becomes First Telco Listed on Rwanda Stock Exchange

MTN Rwandacell has listed its shares on the Rwanda Stock Exchange (RSE), becoming the first telecom company to list on the 10-year-old bourse. The listing by introduction turns Crystal Telecoms' (CTL) shareholders into direct shareholders in MTN Rwanda.

MTN group sent a 10-person delegation to the listing ceremony in Kigali, headed by MTN Group CEO and President Ralph Mupita, who said this listing will assist in deepening the Rwandan capital markets by broadening public ownership over time and will also establish the basis for a new and emerging telecoms and technology asset class on the exchange.

The recent delisting of CTL from the market paved way to the listing, which has largely been seen as a big win to the public since they will finally directly own shares in MTN Rwanda. Although the telecom company has floated only the 20 per cent so far, players in the market say the 80 percent will bring a lot of value to the market capitalisation, and they are optimistic that with time the firm will increase the size of shares it is floating.

SIGNIFICANCE

The development gives the Rwandan public an opportunity to own a piece of the country's biggest telecom player, a growth Rwandan customers have contributed to for the last 23 years. The listing, which has been called a key milestone for the country's financial sector, will see 100 per cent of MTN Rwandacell listed on the market, but only the 20 per cent previously owned by CTL will be floated to the public. The listing further forms part of MTN's efforts to promote local ownership and participation in MTN businesses across its markets and provides an opportunity for Rwandans to invest directly in the network operator.

ZAMBIA

Zambia, Angola Sign USD 5 Billion Oil Pipeline Deal

Zambia and Angola have signed a USD 5 billion deal to build an oil pipeline between the two Southern Africa nations, Zambia's Embassy in Luanda announced. Lawrence Chalungumana, Zambia's ambassador to Angola, said the project will pave the way for a pipeline to supply finished petroleum products from oil-rich Angola to his country.

The petroleum pipeline will be developed by the private sector with state-owned petroleum Angolan firm SANANGOL and the Zambia state company Industrial Development Corporation-IDC Zambia Ltd. as strategic equity partners.

SIGNIFICANCE

Once completed, the Zambia-Angola multi-product petroleum pipeline will transport petrol, diesel, kerosene, and gas. The project also rekindles hope for the Zambian community to start purchasing gas at a lower price than the current USD 0.81 per liter of petrol.This milestone agreement will bring to an end a more than 10-year-old complex negotiation process that shall lead to cheaper fuel for Zambia.

EAST/SOUTHERN AFRICA

COMESA Calls for Fair Trade in Regional Markets

The Common Market for Eastern and Southern Africa (COMESA) Competition Commission (CCC) has called for enforcement of laws that advocate fair trade within regional markets. The call was made during the signing of the Memorandum of Understanding (MoU) between the commission and the Competition Commission of the Democratic Republic of Congo (Comco).

According to a statement by the CCC, the MoU was a cooperation framework for the two institutions on enforcement of competition and consumer protection laws.

The CCC has already signed eight MoUs with other national competition authorities in the common market.

SIGNIFICANCE

At the back of the recently operational African Continental Free Trade Area, and where increasing efforts are being made towards trade liberalisation and integration of markets across the globe, including within the COMESA region, the importance of cooperation in the realm of competition and consumer law enforcement cannot be overstated, particularly in the current economic context.

The MoU has provided for the sharing of information, collaborations on merger assessments, consultations on enforcement activities which could affect each authority's important interests and assistance for capacity building and training. As such, a platform to collaborate with other competition authorities in the region and beyond gives the best opportunity to learn international best practices for the furtherance of enforcement efforts at national level.

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