

It is tough, but it's not Mission Impossible

By [Charles Brewer](#)

18 Jan 2016

A great deal has been written about the logistical hurdles and challenges across sub-Saharan Africa and having worked here for the past five years and visited most countries multiple times, I would tend to agree that the issues are very real, from inefficient customs borders to capacity constraints, from corrupt officials to roads that appear to have rarely been touched.



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But the same was true of large parts of Asia Pacific 20 years ago. The reality is, that if you come at Africa with a 'how can I make this work' as opposed to quoting the excuses written by many and witnessed by few, then you will reap the rewards that this rapidly developing region represents.

Context

- Investment has stagnated with China investment down year on year by 80%
- The global economy is still very fragile and as a net importer this clearly directly impacts Africa's growth story
- A reduced GDP forecast from the IMF
- But a region that still shows continued signs of what it has promised and a continent that continues to outgrow most of its peers

Africa will be a marathon, not a sprint.

So what does 2016 hold in store for this beautiful and emerging continent:



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1. Intra-African trade

Intra-African trade still only represents 12-15%, versus the +70% in Europe, Asia, and North America. This will change, we will continue to see it push northwards as trade lanes grow, borders become easier, infrastructure improves and manufacturing as a % of GDP improves.

2. Infrastructure

Just like Ethiopia's rail, Tanzania's tram and the much talked about Cairo to Cape FTZ developments, so Africa continues to accelerate towards a new and exciting model.

2016 will see further port, rail, road and air developments, all of which make doing business in-country, cross-border and intra-region that much easier.

3. SME

Manufacturing still represents a fairly low percentage of GDP, as compared with Asia, the Americas and or Europe. However, as rising costs in Asia drive manufacturing to look for lower cost locations, Africa has to be ready to play its part.

In the short term, all sub-Saharan Africa governments and multinational organisations need to be looking at how they can help support the SME channel and its growth. They, the SMEs, are the ones that will create jobs and a more sustainable and connected region.

4. E-commerce

Much has been written about the growing middle class, and whatever the truth is, the fact is that Africans will have more disposable income tomorrow than today. Couple that with an insatiable desire for western brands, a limited retail presence, and weak distribution network, and the region is ripe for the global e-commerce phenomenon that is prolific elsewhere. As a result, you will see more and more e-commerce players enter the African market and, as a result of that, logistics companies fighting to establish greater capacity and, critically, last mile capability.

5. Logistics

Lastly, logistics is quoted as being six to nine times more expensive in sub-Saharan Africa than the rest of the world, this isn't likely to change in the short-term. The fact is that there isn't enough north-bound traffic to drive immediate capacity investment, therefore, what is here is likely to remain for the next 12 months.

So if supply chain is important to your business, the answer is simple...optimize, optimize, optimize.

ABOUT THE AUTHOR

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