MAERSK

IMEA Supply Chain Digest

Unlock regional trade and economic insights for strategic advantage.

Edition 3 | 2024

ALL THE WAY

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INDIAN SUBCONTINENT

INDIA

The Indian economy is showing positive signs, with projections for robust growth of around 7% in 2024 and 6.6% in 2025. The nominal GDP for 2023-24 is estimated at INR 293.90 lakh crore, and consumer price inflation is expected to decelerate to 4.5% in 2024. Foreign direct investment has surged, particularly in the manufacturing sector, solidifying India's position as a prime investment destination. India's external trade performance has been resilient, with total exports estimated at USD 278.04 billion and imports at USD 290.15 billion during the first four months of 2024. Key export sectors like petroleum products, engineering goods, electronic goods, chemicals, and pharmaceuticals have witnessed significant growth, reflecting India's growing industrial strength and global competitiveness. While overall trade activity in March 2024 experienced a slight decline, India's diversified economy and structural reforms position it well to navigate global trade complexities and foster sustained economic progress. Moreover, consumer price inflation is expected to decelerate, falling from 5.6% in 2023 to a projected 4.5% in 2024, which falls well within the central bank's target range. The labour market also shows improvement, with strong economic growth leading to increased labour force participation.

In the following sections, we take you through an overview of:

- Highlights of H1 2024
- Economic and industry trends
- Key Developments
- Growth Prospects

Highlights of H1 2024

- The nominal GDP for 2023-24 is projected to reach INR 293.90 lakh crore, compared to INR 269.50 lakh crore in 2022-23. According to the latest forecast, the Indian economy is anticipated to experience a robust expansion, with the growth rate projected to reach the 7% mark in 2024. This upward revision is primarily attributed to two key factors: the robust public investment initiatives undertaken by the government and the resilient nature of private consumption within the country.

- Foreign direct investment (FDI) into India has surged over the past nine years (2015-23), doubling compared to the previous nine-year period (2005-14). This trend is particularly evident in the manufacturing sector, where FDI equity inflows have grown by 55% over the same period. These figures solidify India's position as a prime destination for global investment. Parliamentary records from October 2019 to December 2023 show that the total foreign investments in manufacturing, reported as foreign direct investment equity inflows by states, was USD 20.8 billion. The top five states that received the most investments are Maharashtra (29.6%), Karnataka (22.6%), Gujarat (16.3%), Delhi (13.5%), and Tamil Nadu (4.7%).

- During the first four months of 2024 (January-April), India's external trade performance demonstrated commendable resilience in the face of the global economic landscape. The nation's total exports, including both merchandise and services, are estimated to be a substantial USD 278.04 billion, while total imports of merchandise and services are estimated to be USD 290.15 billion. Merchandise exports for the first four months of 2024 (January-April) were valued at USD 154.99 billion, with merchandise imports reaching USD 225.89 billion. Services exports for the same period were valued at USD 123.06 billion, and services imports stood at USD 64.25 billion.

- **January trade highlights:** The Indian export sector experienced remarkable growth in the first month of 2024, driven by various products, including petroleum products, engineering goods, iron ore, electronic goods, and drugs & pharmaceuticals. The petroleum products segment emerged as a prominent driver, registering a commendable 6.57% increase, with exports reaching USD 8.21 billion in January 2024, up from USD 7.70 billion in the corresponding period of the previous year. Concurrently, the electronic goods sector exhibited remarkable resilience, with exports surging by an impressive 9.31%, rising from USD 2.11 billion in January 2023 to USD 2.30 billion in January 2024.

- **February trade highlights:** In February 2024, India's exports of various goods and products increased significantly compared to February 2023. This growth was observed across multiple key sectors, reflecting India's growing industrial strength and competitiveness in the global market. Exports of engineering goods like machinery, equipment, and tools increased by 15.9%, rising from USD 8.58 billion in February 2023 to USD 9.94 billion in February 2024. Electronic goods such as computers, mobile phones, and consumer electronics saw a remarkable surge of 54.81% in exports, jumping from USD 1.94 billion in February 2023 to USD 3.00 billion in February 2024. The exports of organic and inorganic chemicals grew by 33.04%, increasing from USD 2.22 billion in February 2023 to USD 2.95 billion in February 2024. The export of drugs and pharmaceutical products also witnessed a significant rise of 22.24%, reaching USD 2.51 billion in February 2024, up from USD 2.06 billion in February 2023.

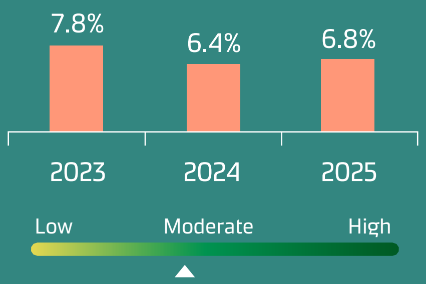
- **March trade highlights:** While overall trade activity in March 2024 experienced a slight decline, both exports and imports witnessed a contraction compared to the same month in 2023. Combined exports of merchandise and services reached an estimated USD 70.21 billion, reflecting a decrease of 3.01%. Imports also exhibited a downward trend, falling by 6.11% to an estimated USD 73.12 billion.

- **April trade highlights:** The exports of electronic goods from India have increased significantly by 25.8%. In April 2023, the exports of electronic goods were worth USD 2.11 billion. However, in April 2024, the exports of electronic goods increased to USD 2.65 billion. This indicates that India has become better at manufacturing and exporting electronic products to other countries. Similarly, the exports of chemicals, both organic and inorganic, have also grown. In April 2023, the exports of these chemicals were valued at USD 2.14 billion. But in April 2024, exports increased to USD 2.50 billion, which is a growth of 16.75%. This means India's chemical industry has expanded and can produce and export more chemicals to other nations.

Economic and industry trends

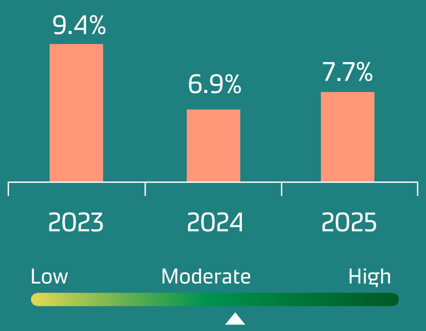
GDP increased by 7.8% in 2023 and has been growing consistently among major economies.

Economic Growth



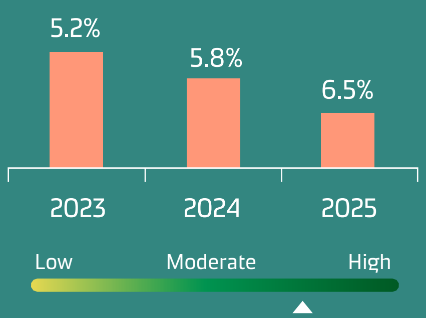
- To promote exports and overseas trade, India has been actively establishing trade agreements with other nations. One initiative aimed at improving bilateral trade and investment is the India-US Trade Policy Forum.
- India's infrastructure output has been growing steadily with a positive growth rate. Key sectors such as electricity generation, coal production, steel, cement and crude oil production have also seen significant growth.
- The Atmanirbhar Bharat initiative aims to make India more self-sufficient by promoting local manufacturing, reducing dependency on imports and encouraging exports.

Goods Trade



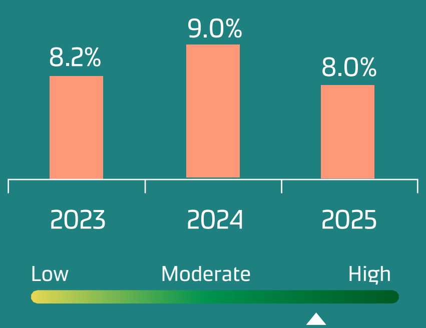
- The government has been implementing various initiatives to promote exports, such as the Export Promotion Scheme and the Merchandise Exports from India Scheme.
- The government is improving the infrastructure by upgrading ports, airports and railways to handle increased export volume.
- Negotiating FTAs with key trading partners to reduce tariffs and create a more level playing field for Indian exports.
- Export Promotion Schemes Remission of Duties and Taxes on Exported Products and the Merchandise Exports from India Scheme (MEIS) provide incentives to boost exports.

Manufacturing



- India has emerged as a significant player in the global electronics manufacturing landscape, with major investments in production facilities by leading multinational corporations.
- Export-oriented product development is aided by foreign direct investment (FDI), which promotes exports and increases the manufacturing sector's competitiveness in the world.
- The Make in India and Production Linked Incentive scheme improves domestic manufacturing and exports in sectors like electronics, pharmaceuticals and textiles.

Logistics



- The National Infrastructure Pipeline projects worth USD 1.5 trillion are aimed at improving infrastructure, such as roads, ports and logistics, which will enhance manufacturing efficiency and reduce costs.
- Development of industrial corridors like the Delhi-Mumbai Industrial Corridor (DMIC) and Chennai-Bengaluru Industrial Corridor aims to create world-class infrastructure, boost industrial growth and attract foreign investment.
- Gati Shakti Master Plan improves multimodal connectivity and reduces logistics costs.

Note: Growth rates are in real terms adjusted for inflation. | Source: Ministry of Statistics, RBI Annual Report 2023-24, and Frost & Sullivan Analysis

Key Developments

- **Sagarmala initiative:** India's strategic geographical location and its vast coastline present significant opportunities for fostering economic growth through maritime trade. Recognising this potential, the Indian government has undertaken a comprehensive initiative to revitalise and modernise the nation's port infrastructure and trade-related facilities. This proactive approach aims to catalyse the manufacturing sector's growth and support the 'Make in India' campaign, which seeks to position India as a global manufacturing hub. With a staggering 90% of India's trade volume conducted through maritime routes, the development of ports and associated infrastructure has become a crucial imperative.

  The Sagarmala initiative has been accorded special emphasis in this endeavour. Under this initiative, a total of 234 projects, with a cumulative cost of INR 2,91,622 crore, have been undertaken to modernise and enhance the capacity of India's ports. This ambitious undertaking has already yielded tangible results, with 94 projects valued at INR 31,517 crore having been successfully completed, while another 65 projects worth INR 79,958 crore are currently in the implementation phase. This concerted effort towards port infrastructure development is expected to significantly contribute to the growth of India's economy. By enhancing the efficiency and capacity of maritime trade operations, the manufacturing sector will benefit from improved logistics and supply chain management, enabling seamless movement of raw materials and finished goods. Additionally, these infrastructural upgrades will facilitate increased exports, fostering greater integration with global markets and attracting foreign investments.

- **Prime Minister Mudra Yojana**: This initiative has emerged as a key driver of entrepreneurial aspirations in India. The initiative has disbursed a staggering INR 22.5 lakh crore through over 43 crore loans sanctioned. Notably, women entrepreneurs have been significant beneficiaries, receiving around 30 crore (69%) of these loans. The Pradhan Mantri Mudra Yojana (PMMY) has the potential to significantly boost India's economy by promoting entrepreneurship and fostering the growth of micro and small enterprises. By providing affordable credit and financial assistance, PMMY enables individuals, especially women, to start and expand their businesses. This not only creates employment opportunities but also drives innovation and diversifies the economy. Additionally, the scheme stimulates economic activity in rural and semi-urban areas, reducing regional disparities and promoting inclusive growth. By empowering entrepreneurs and supporting the MSME sector, PMMY can contribute to increased production, job creation, and overall economic development in India.

- **National Industrial Corridor Programme:** The Indian government is strategically developing eleven industrial corridors across the nation. This initiative, known as the National Industrial Corridor Programme, is designed for phased implementation. The program leverages a unique institutional and financial structure. The National Industrial Corridor Development & Implementation Trust (NICDIT) serves as a key player, providing equity and debt financing. These funds are used to establish top-tier infrastructure within designated industrial zones along the corridors. Partnering states play a crucial role by ensuring the availability of large, unencumbered land parcels. As of July 31, 2023, the Department for Promotion of Industry, and Internal Trade (DPIIT) has approved and released a significant amount of funding INR 9,899.89 crore for these projects.

- **Foreign Trade Policy (FTP) 2023-2028:** The Foreign Trade Policy (FTP) 2023-2028 is a strategic plan aimed at promoting India's foreign trade and increasing exports to other countries. The policy is designed to facilitate the growth of India's export sector by streamlining processes, reducing transaction costs, and encouraging collaboration among exporters, states, and districts. The key components of the FTP 2023-2028 include the principles of trust and partnership with exporters, process re-engineering and automation, and the four pillars of incentive to remission, export promotion through collaboration, ease of doing business, and emerging areas such as e-commerce and Special Chemicals, Organisms, Materials, Equipment, and Technologies (SCOMET). The FTP

2023-2028 focuses on increasing India's overall exports to USD 2 trillion by 2030, with equal contributions from the merchandise and services sectors. To achieve this goal, the policy emphasises export promotion and development, moving away from an incentive regime to a regime based on technology interface and principles of collaboration. This approach is expected to boost exports by simplifying procedures, reducing costs, and promoting collaboration among exporters, states, and districts.

- **National Industrial Corridor Development Programme 2024:** The NICDP 2024 focuses on developing industrial corridors across the country, with a total of 11 corridors and 32 nodes identified for development in four phases. These corridors will be equipped with modern infrastructure, including transportation networks, logistics facilities, and greenfield industrial smart cities. The programme aims to create a seamless and efficient industrial ecosystem, reducing transaction costs and improving delivery times. This will enhance India's competitiveness in global markets and boost exports by providing a robust platform for domestic industries to scale up and expand their production capacities.

Growth Prospects

In the face of a complex global landscape, India has solidified its position as a formidable economic and geopolitical force. The nation's strategic investments and decisions in the forthcoming year hold the potential to establish a robust foundation, paving the way for India to ascend as the third-largest economy globally within the next 5 years. Furthermore, this trajectory could propel the country towards attaining the status of a developed nation by the year 2047, a milestone that would highlight its remarkable economic transformation and global influence.

A mid-year report by the World Economic Situation and Prospects predicts a positive trajectory for the Indian economy in the coming years. The report forecasts a growth of 6.6% in 2025. While overall merchandise exports might face challenges due to subdued external demand, sectors like pharmaceuticals and chemicals are anticipated to see robust growth.

India's economy is expected to remain strong in the upcoming year 2024-25, following the positive momentum of the fiscal year 2023-24. The overall economic outlook remains cautiously optimistic. The industrial sector, in particular, is gaining notable traction, strengthened by the improving performance of the manufacturing segment. Early corporate results from the manufacturing sector have painted an optimistic picture, driven by higher profit margins, and enhanced operational efficiencies. A narrowing merchandise trade deficit is strengthening net external demand. Taking these positive indicators into account, real GDP growth for 2024-25 is projected at 7%, with a breakdown of 7.2% in Q1, 6.8% in Q2, 7% in Q3, and 6.9% in Q4.

BANGLADESH

In the fiscal year 2023-24, Bangladesh's GDP at the current market price reached USD 429.08 billion, showing a growth rate of 12.41% from the 2022-23 GDP of USD 381.7 billion. The services sector contributed 52.72% to the GDP, while the industrial sector contributed 35.9% and the agriculture sector contributed 11.37%. In the same period, exports in FY2023-24 increased to USD 47471.77 million from USD 45677.62 million in FY2022-23. Bangladesh's external trade in the first quarter of 2024 saw total exports of USD 16,534 million and imports of USD 20,813 million. The economy heavily relies on merchandise trade, with merchandise exports accounting for 98.98% of total exports and merchandise imports constituting 98.44% of total imports. The garment and textile industry dominates exports, with readymade garments contributing 85% of total exports. Key imports include petroleum products (11.3%), machinery and parts (6.6%), electric machinery (5.2%), raw cotton (4.7%), fertilisers (4.6%), and iron and steel (4.3%), highlighting the country's reliance on imported resources for manufacturing, agriculture, and textile production. Bangladesh is a global powerhouse in garment exports, ranking second in the world. The textile and garment industry is the backbone of the Bangladeshi economy, generating a massive 85% of the country's export earnings. This sector directly employs over 4.2 million people and indirectly supports the livelihoods of an estimated 40 million more.

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Highlights of H1 2024

- GDP at current market price in 2023-24 reached USD 429.08 billion, compared to USD 381.7 billion in 2022-23, representing a growth rate of 12.41%. The contribution of the services sector to Bangladesh's GDP was 52.72% in the 2023-24 fiscal year. During the same period, the industrial sector contributed 35.9% to the GDP, while the agriculture sector contributed 11.37%. Exports in FY2023-24 increased to USD 47471.77 million, compared to USD 45677.62 million in FY2022-23.

- A significant challenge for Bangladesh's economy is the recent rise in essential goods prices. Double-digit inflation rates near 10%, have caused a substantial rise in the cost of living. This has led to a decrease in the goods and services consumers can buy with their money. Internal factors, such as a lack of competition in some markets and insufficient oversight partly drive this inflation. As a result, the cost of living is increasing, putting a strain on low-income families' ability to afford necessities.

- Bangladesh's exports have fluctuated recently. While exports grew strongly in the last fiscal year (FY23), driven by a surge in the garment industry (RMG sector) by 18.8%, this growth has slowed down considerably in the first five months of the current fiscal year (FY24, July-November). The RMG sector's performance has even dipped by 2.7% compared to the same period last year. As a result, overall export earnings for the first half of FY24 have only increased by 1.3%, significantly lower than the growth seen in FY23.

- According to the data published by the Bangladesh Bureau of Statistics (BBS), total exports (merchandise and services) for the first quarter (Jan-Mar) of 2024 amounted to USD 16534 million, while the total imports (merchandise and services) reached USD 20813 million.

- Upon closer examination, it is evident that the Bangladesh economy heavily relies on the merchandise business. In Q1 (Jan-Mar), merchandise exports accounted for 98.98% of the total exports, and merchandise imports accounted for 98.44% of the total imports. In contrast, services exports only contributed to 1.03% of the total exports, and services imports accounted for just 1.59% of the total imports.

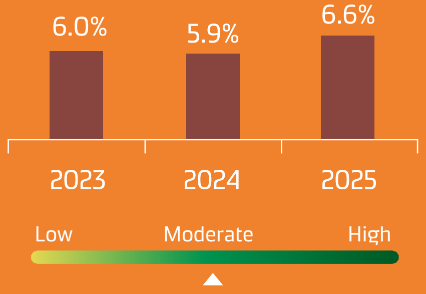
- The garment and textile industry are the backbone of Bangladesh's exports, but it makes the economy too reliant on a single sector. In the first quarter of 2024, the export of readymade garments accounted for 85% of the total exports, followed by made-up textiles articles (1.8%) and footwear special woven fabrics (1.7%).

- On the import side, Bangladesh relies on resources from abroad to support its local manufacturing, agriculture, and raw materials for the Textile industry. During the first quarter, the top imports were: Petroleum product and oil accounts (11.3%), Machinery & parts (6.6%), Electric Machinery (5.2%), Raw Cotton (4.7%), Fertiliser (4.6%), and Iron and steel (4.3%).

Economic and trade trends

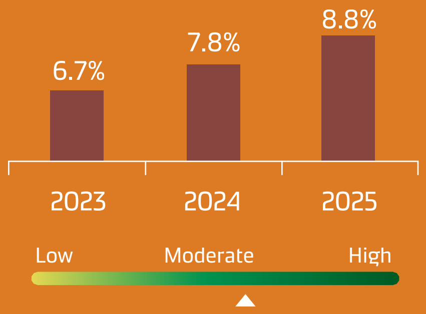
Development priorities focus on export diversification and economic reforms.

Economic Growth



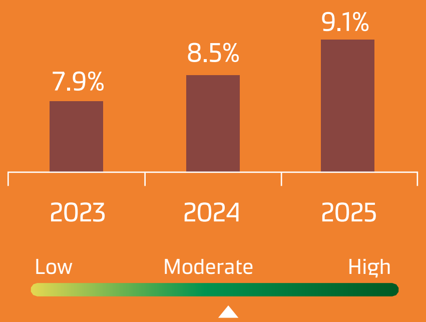
- The government has outlined a long-term strategic plan Vision 2041. The plan aims to develop a service sector that can bridge the transformation of the rural agrarian economy to an industrial and digital economy.
- Building efficient infrastructure has been the government's main priority, and this is predicted to accelerate the economic growth. This covers programs like bolstering public institutions, resolving financial sector risks, transportation networks, and digital connectivity.
- To boost economic growth, Bangladesh has been concentrating on industrialisation and manufacturing that is geared toward exports.

Goods Trade



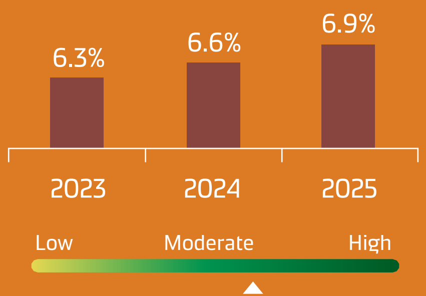
- Infrastructure development such as significant investments in infrastructure projects, including the Padma Bridge, metro rail projects in Dhaka, and various power plants, are aimed at enhancing connectivity and energy supply.
- Establishment of Special Economic Zones (SEZs) and industrial parks to attract foreign direct investment (FDI) and boost industrial growth.
- Investing in infrastructure development to improve the efficiency of its supply chain and enhance the competitiveness of its industries. This includes initiatives such as the development of seaports, airports, and highways.

Manufacturing



- The manufacturing sector has been growing at an impressive rate. The sector's growth has been driven by robust textiles, pharmaceuticals, leather, and shipbuilding performance.
- The government has established numerous Special Economic Zones to attract foreign direct investment (FDI), provide infrastructure, and offer tax incentives to manufacturers.
- The ready-made garment (RMG) industry is the largest and the most significant contributor to the manufacturing sector, accounting for over 80% of the sector's employment and 30% of its investment.

Logistics



- The Prime Minister's Office (PMO) has introduced the country's first-ever logistics policy with a focus on streamlining logistics operations to reduce transportation and warehousing costs, thereby improving the overall efficiency of the supply chain.
- The rapid expansion of e-commerce has created new opportunities for logistics companies, leading to significant investments and growth in the sector.
- The government is investing in building better roads, railways, and waterways to improve connectivity within Bangladesh and with neighbouring countries.

Note: Growth rates are in real terms adjusted for inflation. | Source: Ministry of Statistics And Programme Implementation, Economic Survey 2023, and Frost & Sullivan Analysis

Key Developments

- **Income Tax Act (2023):** Currently, Bangladesh's revenue as a share of GDP stands at a mere 8.2% (FY23), ranking among the lowest globally and significantly below its peer nations. This extremely low level of government revenue severely constrains critical public investments in vital sectors such as energy, transportation, municipal infrastructure, and human capital development. Implementing reforms to boost domestic revenue generation will be pivotal in sustaining future economic growth. Estimates suggest that Bangladesh has the potential to collect three times more Value-Added Tax (VAT) if government policy gaps and compliance issues are effectively addressed. The recently updated Income Tax Act (2023) presents an opportunity to increase income tax collection by expanding the tax base through improved compliance and enhanced tax services. Furthermore, policy reforms will be necessary to transition from trade-based taxes to a more balanced mix of income and consumption taxes.

- **Requirement for a foreign exchange policy reform:** In Bangladesh foreign exchange reserves have been declining, and remittance inflows, which could have helped, haven't grown as expected. While millions of Bangladeshis have gone abroad to work since 2019, the amount of money they send back (remittances) has only increased slightly in the first five months of the current fiscal year (FY24). There seems to be a mismatch. Even though more workers are going to countries like Saudi Arabia (KSA), Kuwait, and Qatar, the amount of money sent back from these countries has decreased. This suggests that some remittance money might be flowing through unofficial channels, bypassing official records. To encourage sending money back home through official channels, Bangladesh can make it easier for migrant workers. Here are some policy changes that need to be taken by the government such as allowing visiting workers to get credit cards, offering special savings plans, simplifying money transfer procedures, reducing unnecessary paperwork, and lowering transfer fees.

Growth Prospects

Bangladesh has also been making strides, with strong economic growth in recent years driven by its manufacturing and textile sectors. The country is seen as having significant potential, though it continues to face development challenges. The industrial sector makes up around 36% of the GDP, with the services sector contributing more than half. The apparel sector continues to be a significant exporter. But inflation close to 10% is problematic since it reduces purchasing power and living expenses. Maintaining growth requires initiatives to improve infrastructure and diversify exports, such as SEZs and large-scale projects like the Padma Bridge.

The economy heavily relies on the garment and textile industry, which accounts for 85% of total exports. Key imports include petroleum products, machinery, and raw cotton. Significant expenditures in infrastructure projects, such as the Padma Bridge, Dhaka metro rail projects, and several power plants, are intended to improve connectivity and energy supply. The government is investing in modern roads, trains, and waterways to increase connectivity inside Bangladesh and with neighbouring countries. Bangladesh's GDP is expected to increase by 5.9% in 2024.

PAKISTAN

Pakistan's economy is showing signs of a slow recovery in 2024. Agriculture, which bounced back after the 2022 floods is leading the way with strong growth. The industrial sector is also picking up, helped by relaxed import restrictions. While inflation remains high, there are positive signs with projected growth in the services sector. This, along with a significant rise in foreign direct investment, suggests a potential for a more robust recovery in the coming year.

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Highlights of H1 2024

- Pakistan's real GDP increased by 2% YoY (FY2024, July to September), driven by robust agricultural activity. Agriculture recovered after the floods that devastated the nation in 2022. The industry recorded 8.6% increase in Q1 FY2024 and 5% in Q2 FY2024.
- Consumer Price Index rose by 28.8% in the first half of FY2024, from a 25% mark in the first half of FY2023.
- The country witnessed gradual growth as import restrictions eased up with 2.5% and 0.8% growth for FY Q12024 in the industry and service sectors, respectively. The strength of the agriculture and industry sectors is creating a strong foothold for the services sector, projected to grow by 1.2% in FY2024.
- The total foreign investment (FDI) grew by a staggering 93% from July to April of FY2024, compared to the same period in the previous fiscal year. The rise in FDI exhibits a comeback from the decline of 68% in FY2023. The FDI growth is driven by the China-Pakistan Economic Corridor (CPEC), paving the way for opportunities in the country.

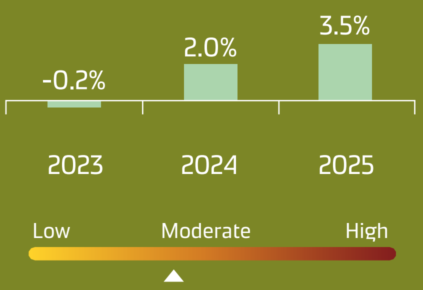
Economic Developments

- The lifting of import restrictions in 2023, alleviated improved dollar liquidity following improvement in the State Bank's foreign exchange reserves is expected to help pick up economic activity.
- The gap between imports and exports (current account deficit) has narrowed significantly compared to the 2022-23. This is due to a rise in Pakistani exports, a decrease in imports, and a partial recovery in money sent back home by Pakistani citizens working abroad (remittances). Credit also goes to the implementation of a new trade policy in 2019 (National Tariff Policy) that simplifies import regulations and allows duty-free imports of certain materials used in manufacturing.
- According to IMF data, the unemployment rate in Pakistan is projected to decrease to 8% in 2024, compared to the previous year's 8.5%, which shows a gradual recovery for the nation.

Economic and industry trends

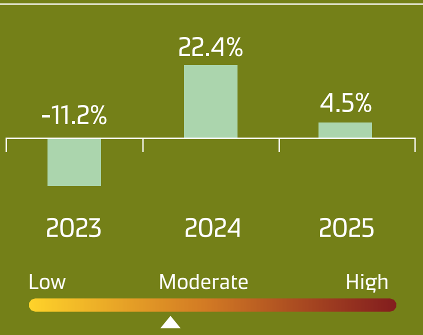
Pakistan after an economic downturn is taking strides to transform the economy as a major player in the international scene.

Economic Growth



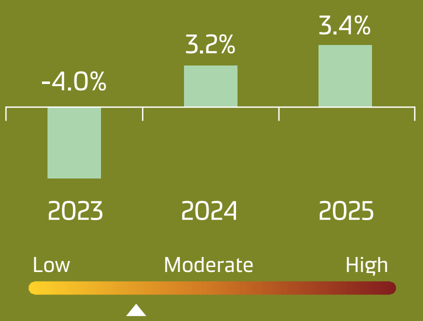
- Pakistan's economy has experienced a rebound after a tumultuous 2023. The economy grew by 2% driven by Pakistan's natural resources - agricultural output.
- Policy uncertainty will remain a key factor affecting the growth potential. The country is expected to continue with low growth momentum. Reforms and economic policies are expected to support growth prospects in the medium term.

Goods Trade



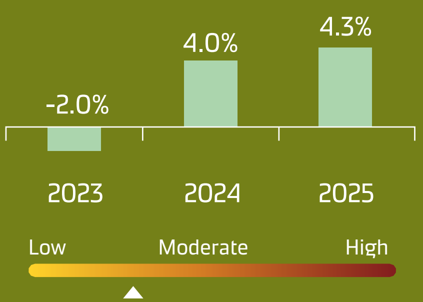
- Trade in the country is gearing upwards driven by the agricultural products and food exports.
- Exports of agricultural commodities such as rice are likely to reduce the trade deficit.
- Import control measures are likely to have a negative impact on trade volume.

Manufacturing



- Weak economic performance impacted the country with a 4% decline in the manufacturing sector. Industrial performance is likely to improve in 2024 driven by agro-based industries and textile sectors.
- Various government initiatives and the rebound of FDI will bring back the production momentum that will create opportunities for manufacturers in the country.

Logistics



- Pakistan's Logistics Function strategy aims to transform the country as a hub for transshipment operations, and e-commerce, at the same time, powering trade.
- The logistics market is expected to regain growth momentum supported by a revival in economic and trade activities.

Source: Pakistan Bureau of Statistics, IMF, Frost & Sullivan Analysis

Growth Prospects

Pakistan's economy is exhibiting signs of revival with a forecast of 2% real GDP growth in FY2024. Key drivers include the agricultural industry, which is rebounding from the floods of 2022, and the industrial sector. Consumer price index inflation stays strong at 28.8% in the first half of FY2024, although the unemployment rate is anticipated to decline to 8%. The China-Pakistan Economic Corridor continues to attract significant foreign direct investment, which grew by 93% from July to April of FY2024. Policy uncertainty will remain a key factor affecting the growth potential. The gap between imports and exports has narrowed significantly, reflecting a partial recovery in remittances and improved dollar liquidity. The expected improvements in the services and industrial sectors, along with better employment rates and a more stable current account balance, indicate a potential for a more robust recovery in the coming years. Various government measures and a comeback in FDI will bring back the production momentum, creating chances for manufacturers in the country. However, managing inflation and ensuring policy stability will be critical to achieving sustained economic growth.

AFGHANISTAN

Afghanistan's economy struggled in 2023. The trade deficit widened as exports, particularly coal, declined while imports surged by 23%. Inflation rose to 10.6%, with food prices being hit the hardest. Foreign investment remained dismally low at 0.1% of GDP, showing no signs of recovery since 2018. To make matters worse, a major earthquake in Herat province late in the year damaged infrastructure and disrupted businesses, further crippling the rural economy.

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Highlights of H1 2024

- The country's poor economic performance was also exhibited by the widening trade deficit. Afghanistan's coal exports declined while its imports catapulted to an increase of 23% in 2023, which maintained an upward trajectory in 2024.
- Inflation rose by 10.6% in 2023 from a 7.8% rate in 2022, with a 14% increase in food items and 6.9% in non-food items in 2022-23.
- Foreign Direct Investments (FDI) remain at an all-time low with a 0.1% share of GDP in 2020 and 2021, a significant dip from 0.7% share in 2018.
- In the last quarter of 2023, a four-magnitude earthquake rocked Herat Province, which caused severe devastation. Led by the United Nations (UN), the Herat Earthquakes Post-Disaster Needs Assessment (PDNA) was established to assist the country. This natural disaster impacted the rural areas, damaging assets and disrupting production and supply chains.

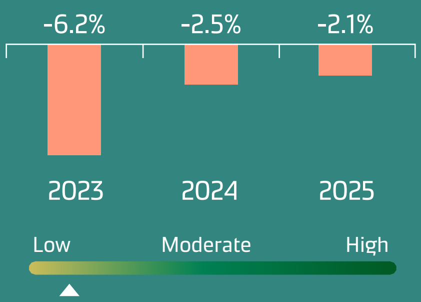
Key Developments and Trends

- The China-Afghanistan cooperation started as China established representation in Afghanistan in September 2023. This signals further cooperation, whereby China aims to control security and safety simultaneously, pumping investments as the 2 countries share a 93km border.
- Afghanistan's economy has sharply declined in the past two years, shrinking by 26%. This decline is due to a dramatic decrease in foreign aid after the new government came to power. The country currently lacks the internal resources to fuel its growth, and recent events like returning migrants and the Herat earthquake have only made things worse. The earthquake which struck in October 2023, caused substantial damage to essential infrastructure, further hindering economic progress by an estimated half to eight-tenths of a percent.

Economic and industry trends

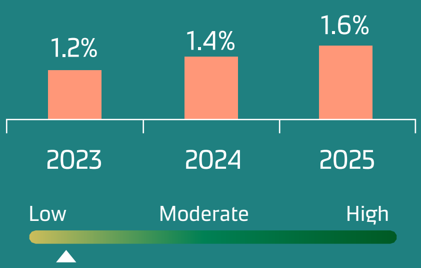
Afghanistan continues to experience an economic downturn with economic and political uncertainties.

Economic Growth



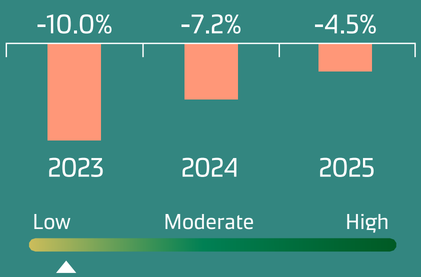
- The fragile economy of Afghanistan continues to experience uncertainties as exhibited by the 6.3% decline in real GDP in 2023.
- Afghanistan continues to rely on external support to keep its nation afloat. Strategic investments in agriculture and irrigation infrastructure have the potential to stimulate growth.

Goods Trade



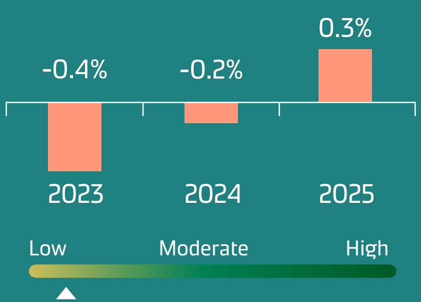
- In 2023, the total exports experienced a modest growth by 1.2% in 2023.
- Main export items include coal, food and textiles, fresh and dry fruits, hand-woven carpets, and precious stones contributed to the trade volume growth.
- Major trading partners include Pakistan, India, China, the United Arab Emirates, and Uzbekistan.

Manufacturing



- The earthquake in Herat further exacerbated the country's capability, disrupting production and impacting the logistics market and supply chains.
- In 2023, the manufacturing sector took a huge dive with a 10% decline.
- The country's weak performance is expected to continue in the coming years.

Logistics



- Major disruptions and economic uncertainties will continue to impact the logistics market growth prospects.
- The weak transport and logistics network impacts the supply chain. However, the cooperation with China is expected to create relief with its shared border network.

Source: Afghanistan Statistics, IMF, Frost & Sullivan Analysis

Growth Prospects

Afghanistan's economy remains unstable, with real GDP declining by 6.3% in 2023. The trade gap expanded as coal exports fell while imports increased by 23%. Inflation increased to 10.6%, with food costs being the hardest hit. Foreign investment is still exceedingly low, at 0.1% of GDP. The earthquake in Herat province in late 2023 further damaged infrastructure and disrupted production and supply chains. Afghanistan's economy is expected to continue struggling in the coming years, relying heavily on external support, and facing significant challenges in achieving growth. Despite its current challenges, Afghanistan has opportunities for growth. The supply chain is hampered by an inadequate transport and logistics network, although cooperation with China is expected to alleviate this issue due to their shared border. However, establishing economic stability and prosperity would necessitate joint efforts by the Afghan government and the international community to address the root causes of political instability, infrastructure shortages, and a lack of investment.

MIDDLE EAST

UAE

The UAE economy is experiencing a positive outlook in 2024. The GDP is expected to grow slightly to USD 527.8 billion, driven by both strong oil prices and a growing non-oil sector. This non-oil growth is fuelled by a booming tourism industry and real estate, and a focus on manufacturing through initiatives like "Make it in the Emirates." The government is also in a healthy financial position with a projected budget surplus of 5% of GDP, allowing for continued investment in infrastructure and reduced debt. Overall, the UAE is successfully diversifying its economy and is well-positioned for continued growth.

In the following sections, we take you through an overview of:

- Highlights of H1 2024
- Key Trends and Developments
- Economic and Industry Trends
- Growth Prospects

Highlights of H1 2024

- The International Monetary Fund (IMF) data indicates that the United Arab Emirates (UAE) is expected to experience a positive economic outlook. The GDP at current prices is projected to increase to USD 527.8 billion in 2024 from USD 504.17 billion in 2023. The real GDP growth is expected to show a slight improvement, reaching 3.5% in 2024 compared to 3.4% in 2023. Additionally, the inflation rate (avg. consumer prices) is projected to rise to 2.1% in 2024, up from 1.6% in 2023.

- The UAE is in a strong financial position. High oil prices are bringing in significant income for the government and continued growth in the non-oil sector of the economy, resulting in a budget surplus of around 5% of the country's economic output this year.

- According to the World Bank report, imports are projected to decrease in 2024 with a growth rate of 4.8%, compared to 5.3% in 2023, while exports are expected to increase from 3.5% in 2023 to 4.8% in 2024. Tourism is projected to reach 12% of the UAE's GDP in 2024 equating to AED 236 billion. This is projected to reach 15% by 2031. Dubai alone welcomed 3.67 million overnight visitors in Jan-Feb 2024 which is an 18% increase as compared to last year Jan-Feb 2023.

Key Trends and Developments

- The UAE's economy is thriving across many industries, with strong performances in tourism, construction, transportation, real estate, manufacturing, and finance. Several factors are contributing to this positive outlook. Firstly, there's a growing interest in UAE real estate from international buyers. Secondly, the UAE's strong relationships with other countries are boosting trade and investment. Finally, the UAE's reputation for stability is attracting more money to flow within the country. Growth in the oil and gas sector is expected to increase in 2024, including from higher crude oil production due to the UAE's increased quota from OPEC+.

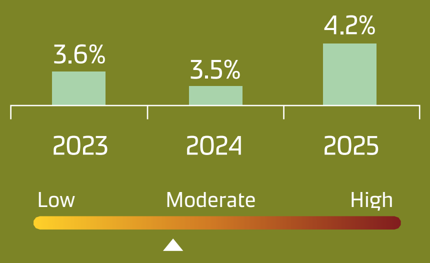
- The UAE government is expecting a healthy budget surplus this year, due to strong income from oil sales and continued growth in the non-oil sector of the economy. This healthy surplus allows the government to pay down existing debt, which is expected to fall further towards 30% of GDP. The government is also investing in important infrastructure projects and has introduced a new corporate income tax of 9% in June 2023 to diversify its income away from oil. Overall, the UAE's finances are well-managed and expected to remain positive in the coming years. The current account surplus is projected to hover around 9% of GDP in 2024.

- The UAE is moving its economy away from a reliance on oil and placing a strong emphasis on building up its manufacturing sector through this initiative, known as "Make it in the Emirates," which is particularly important in Abu Dhabi, where manufacturing is the biggest contributor to the non-oil economy. The program is showing success – last year, manufacturing added over 100 billion dirhams to Abu Dhabi's GDP, making up a significant portion of the UAE economy. The "Make it in the Emirates" forum is a key driver of this growth, attracting thousands of participants and offering substantial resources to support local manufacturers. By creating opportunities for local production and strengthening supply chains, this initiative is fostering a more sustainable and diverse economy for the UAE.

Economic and industry trends

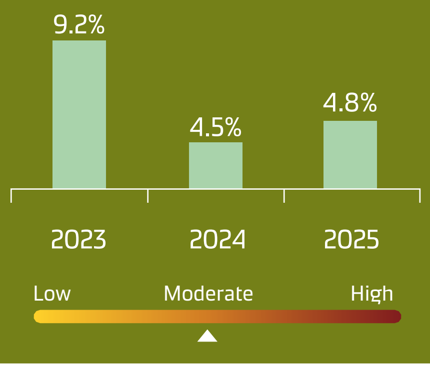
UAE's Economic Resilience and Growth Momentum: Sustaining Success amid Domestic and External Demand in 2024.

Economic Growth



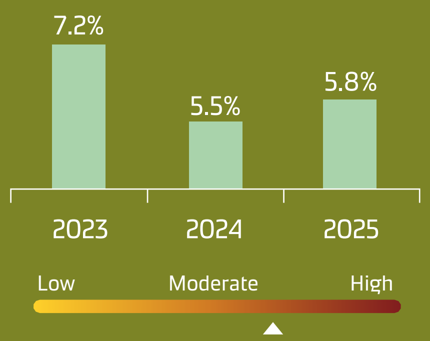
- Vision 2030 and initiatives to boost private investment are key to diversifying the UAE's economy beyond oil.
- Expansive trade networks, facilitated by strategic agreements are opening new markets, thus driving economic growth.
- The focus on digital technology and sustainable infrastructure is stimulating advancements across various sectors, contributing to economic progression.

Goods Trade



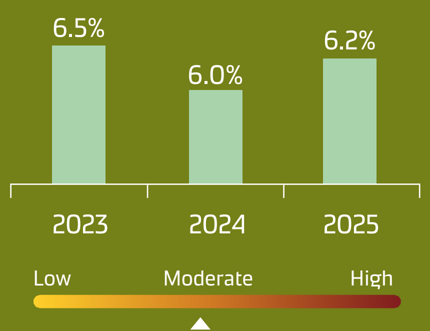
- Forecasts anticipate UAE exports to hit AED 2 trillion (USD 544.6 billion) by 2030, expanding at an annual pace of 5.5% and outperforming the global rate.
- India is expected to retain its position as the leading trade ally for the Emirates, while Turkiye's status as an export destination is predicted to surge rapidly.
- Materials and minerals are set to witness impressive growth, increasing by 6.3% annually.

Manufacturing



- The UAE's manufacturing sector, bolstered by tech advancements and government initiatives is a key player in economic diversification.
- Favourable policies and international collaborations are positioning the UAE as a global manufacturing centre, spurring innovation and foreign investment.
- Petrochemicals, food processing, and metals are leading the charge in the manufacturing upswing, showcasing strategic resource utilisation.

Logistics



- UAE's strategic location and robust infrastructure make it a significant logistics hub, catering to both East-West and North-South trade corridors.
- The adoption of advanced technologies like AI and IoT is expected to enhance efficiency in the UAE's logistics sector.
- Increasing e-commerce activity is poised to drive the demand for warehousing and delivery services, further boosting the logistics sector's growth.

Note: Growth rates are in real terms adjusted for inflation.
Source: International Monetary Fund (IMF), Kenya National Bureau of Statistics, and Frost & Sullivan Analysis

Growth Prospects

The UAE is seen as an easily forward-thinking country in terms of economic dynamism and entrepreneurship, having made significant investments in sectors such as tourism, banking, and technology. With a strong non-oil industry and high oil prices, the UAE is predicted to continue a healthy economic trajectory in 2024, with its GDP growing to USD 527.8 billion. The tourism industry, real estate, and industrial programs such as "Make it in the Emirates" are the main drivers of the expansion of the non-oil economy. With a projected budget surplus of 5% of GDP, the government is in a strong financial position that will allow for ongoing infrastructure investment and lower debt levels. The nation is well-positioned for long-term economic growth because of its emphasis on diversification and solid banking regulations. The tourist sector is projected to contribute 12% of GDP in 2024 and 15% by 2031. Dubai's tourist business experienced significant growth, with a notable increase in overnight visits in the first two months of 2024 compared to the previous year.

QATAR

Qatar's economy is experiencing growth in 2024. The GDP is projected to reach USD 244.69 billion, driven by a strong showing in the tourism sector which saw a record number of visitors. The non-oil sector is also expected to grow at a healthy pace of 2.4%, despite a slight slowdown in oil and gas production. This growth is being fuelled by government investment in infrastructure and a focus on attracting foreign investment. The labour market remains stable and Qatar's strong financial position is expected to continue with a healthy surplus despite the introduction of a VAT in 2025. Overall, Qatar's economy is well-diversified and positioned for continued growth.

In the following sections, we take you through an overview of:

- Highlights of H1 2024
- Key Trends and Developments
- Economic and Industry Trends
- Growth Prospects

Highlights of H1 2024

- According to IMF data, Qatar's GDP (at current prices) is projected to reach USD 244.69 billion in 2024, which shows an improvement from USD 234.22 billion in 2023. The Real GDP Growth is projected to be 2% in 2024, a slight increase from 1.6% in 2023. The projected inflation rate (average consumer prices) for 2024 is 2.6%, showing a decrease from 3.1% in 2023.

- In the initial quarter of 2024, the Ministry's records show that the total value of exports reached USD 23.6 billion, whereas imports accounted for USD 9.2 billion.

- Qatar's tourism industry is booming as it welcomed over 4 million visitors in 2023, a record-breaking year, the trend continues in 2024. In January alone, they saw a record number of visitors with over 702,800 travelling to the country.

Key Trends and Developments

- Qatar's wealth fund, The Qatar Investment Authority (QIA), will be investing over USD 1 billion towards international and regional venture capital funds in 2024, according to IMF report. This focus on tech and healthcare shows Qatar's long-term strategy to diversify its economy and grow beyond oil and gas. This signals that there will be increased investments taking place in start-ups around the world which are powered by Qatar.

- Despite the recent Red Sea crisis which is potentially impacting European demand for Qatari gas, Qatar remains committed to supplying gas to Asian and European countries. This commitment is evident in the signing of new 10-year supply agreements by QatarEnergy, which will ensure a stable and long-term foundation for future growth in gas exports.

- The International Labour Organization (ILO) predicts stability in Qatar's labour market throughout 2024. They expect the percentage of people working or actively seeking work (participation rate) to stay near 89%, with an incredibly low unemployment rate of just 0.1%. This reflects the strong job market conditions in Qatar.

- Qatar's economy is thriving beyond oil. The non-oil sector, particularly tourism, is expected to keep growing at a healthy pace of 2.4% in 2024. Qatar's modern infrastructure will be a big advantage as the country hosts several major international events in 2024, further boosting this growth.

- While oil and gas production is expected to slow down to a 1.6% growth rate in 2024 due to limitations in current capacity, Qatar anticipates a significant jump starting in late 2025. This is fuelled by the upcoming North Field expansion project coming into operation.

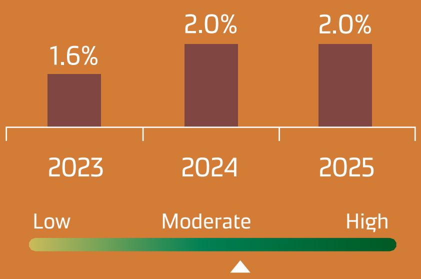
- Qatar's budget surplus is expected to shrink slightly to 4.9% of the economy's total output (GDP) in 2024. This is because most government income comes from oil and gas sales, which are projected to slow down. To help maintain this surplus, Qatar plans to introduce a Value-Added Tax (VAT) in 2025. While this might initially affect economic activity, the VAT is expected to become a reliable source of income and strengthen the government's finances eventually.

- Qatar's surplus from international trade (current account surplus) is expected to be very healthy at 13.3% of the economy's size (GDP) in 2024. This strong surplus is driven by exports of energy (oil and gas) and services like tourism.

Economic and industry trends

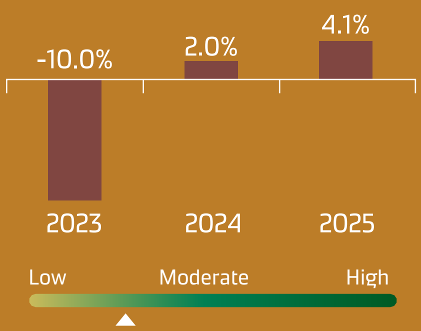
The current account surplus is also expected to improve driven by a revival in goods exports in 2024.

Economic Growth



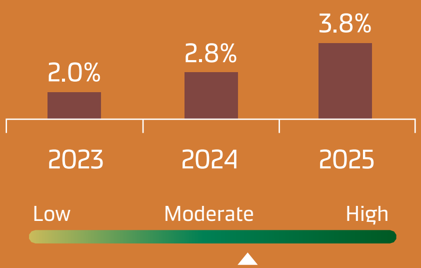
- Qatar's current account surplus is expected to be a healthy 13.3% of the GDP in 2024, driven by energy exports and tourism services. Qatar's tourism industry is experiencing significant growth with 4 million tourists in 2023.
- Oil and gas production is expected to slow to a 1.6% growth rate in 2024 due to capacity limitations, but Qatar anticipates a significant jump starting in late 2025 due to the North Field expansion project.

Goods Trade



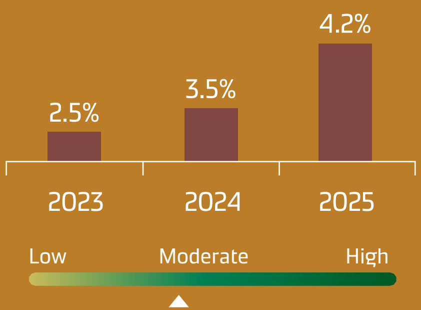
- Total value of exports was USD 23.6 billion, while imports stood at USD 9.2 billion in Q1 2024. Oil and gas exports accounted for more than 80% of total exports. Total exports declined by 10% in Q1 2024 due to lower global demand.
- Major imports include oil and gas machinery, appliances, vehicles, pharmaceuticals and household furnishings. Major trading partners include China, India, South Korea, Japan and Singapore.

Manufacturing



- Manufacturing contributed 10% of GDP in 2023 and is expected to contribute to economic diversification initiatives as part of Qatar National Vision 2030.
- As a result of initiatives undertaken to strengthen domestic production base, Qatar currently focuses on attracting investment opportunities in components relating to auto parts, aerospace, medical consumables and vaccine production. Free zone clusters focus on chemicals and emerging technologies.

Logistics



- Qatar Free Zones Authority (QFZA) is an independent regulatory body, that oversees the free zones -The Airport Free Zone at Ras Bufontas and The Port Free Zone at Umm Alhoul. These are located close to free zones near Hamad International Airport and Sea ports.
- The logistics market is expected to regain growth momentum with gradual improvement in economic and trade activities.

Note: Growth rates are in real terms adjusted for inflation.
Source: IMF, World Bank, Federal Competitiveness and Statistics Authority, Qatar Planning and Statistics Authority, and Frost & Sullivan Analysis

Growth Prospects

Qatar has also made progress in diversifying its economy through investments in infrastructure, transportation, and financial services. 2024 is expected to see growth in Qatar's economy, with a projected GDP of USD 244.69 billion. Despite a minor slowdown in oil and gas output, growth is underpinned by a flourishing tourism sector and a good increase in the non-oil economy. It is anticipated that the implementation of VAT in 2025 will generate a consistent flow of income, strengthening Qatar's sound financial standing. The foundation of the nation's diverse economic strategy is its dedication to building infrastructure and luring in foreign investment. The tourist industry remains a major driver, with over 4 million visitors predicted in 2023, and this trend is expected to continue in 2024. Although oil and gas production growth is predicted to decrease to 1.6% in 2024, the North Field development project in late 2025 has the potential to dramatically increase output. The successful completion of the North Field extension project will be critical to increasing gas production and exports, bolstering Qatar's status as a key global energy provider. Investing in technology and healthcare will diversify the economy and promote sustainable growth. Maintaining export growth and economic resilience requires strengthening trade relations with key partners and expanding into new markets. Qatar is well positioned for long-term economic growth and development, with a strong emphasis on diversification, infrastructure development, and smart investments in new areas.

SAUDI ARABIA

KSA's total GDP amounted to USD 1.2 trillion in 2023, with projections of GDP growth to improve in 2024. Total trade numbers in 2023 recorded USD 319 billion with non-oil exports making up 17% of total exports in the country as local manufacturing increased by more than 1.2 million SMEs registered in 2023. As the country makes strides towards development, it is increasing its private sector contribution to GDP with a target of 65% in 2030 and foreign direct investment's contribution to 5.7% during the same year. KSA's total budget expenditures are estimated at USD 333 billion for 2024 and are expected to increase to USD 346 billion in 2025.

In the following sections, we take you through an overview of:

- Highlights of H1 2024
- Policy Developments
- Economic and Industry Trends
- Growth Prospects

Highlights of H1 2024

- Q1 2024 saw a reduction of 1.8% in GDP growth when compared to Q1 2023 mainly because of oil production cuts, as the country committed to extended production cuts till December 2024. Due to this, the country saw a 12.6% reduction in oil activities in Q1 2024 compared to Q1 2023.
- Non-oil activities grew by 2.8% during H1 2024 indicating a sturdy growth in manufacturing. Growth in food and beverages, manufacture of base metals, and electronic devices outperformed the overall manufacturing growth during this period.
- Foreign Direct Investment inflow was estimated at USD 4.5 billion in Q1 2024, while the outflow was USD 2.3 billion during the same period.
- The number of points of sales transactions increased by 20% in Q1 2024, while the sales increased by 13% during the same period.
- Total handled containers, from January-May 2024 reached 2.8 million TEUs decreasing by around 12% from around 3.2 million TEUs recorded during the same period in 2023. However, this decrease stemmed from a decrease in oil shipments.

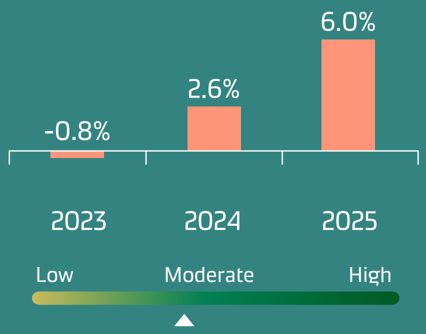
Policy Developments

- One of the key strategies in KSA is the **National Transport and Logistics Strategy (NTLS)** which developed the master plan for logistics centres, targeting the construction of 59 centres on an area of 100+ Mn sqm, to improve its regional and international trade networks and establish KSA as a global logistics hub. In addition, the National Industrial Development and Logistics Program is aiming to improve the country's World Bank logistics performance to reach a score of at least 3.38/5 by 2025.

Economic and industry trends

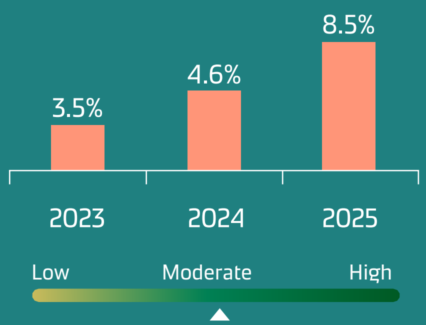
Economic growth is expected to pick a strong growth in 2025 as GDP growth marks 2.5% in 2024.

Economic Growth



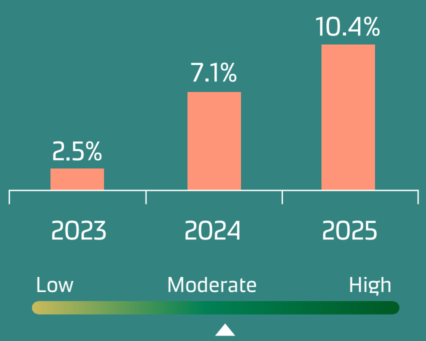
- KSA's GDP growth rate recorded negative numbers due to the oil production cuts, this is expected to stabilise in 2024 to increase to 6% growth in 2025.
- As oil rates stabilise, and production cuts come to a stop, the country is expected to return to its pre-oil production cut economic growth rates.
- Non-oil activities currently make up 50% of KSA's GDP contribution.

Goods Trade



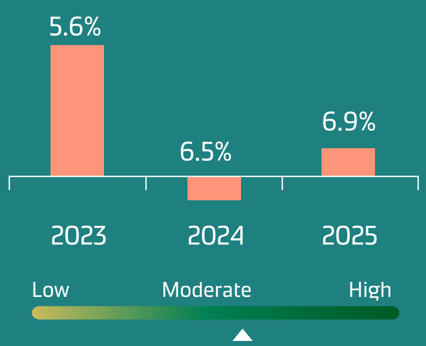
- Trade rose by 5% in Q1 2024 compared to Q1 2023, mainly driven by non-oil exports (including re-exports) recording a growth of 3.3% and re-exports rising by 31.5% during the same period.
- Excluding re-exports, non-oil exports reduced by 5.2% mainly constituted by chemical exports.
- Imports increased by 6.4% in Q1 2024 mainly driven by machinery, electrical equipment and parts.

Manufacturing



- Non-oil Industrial production increased by 0.4% in March 2024 when compared to March 2023 mainly driven by growth in the manufacturing of electrical devices, followed by furniture, paper and non-metallic products.
- Chemical products saw a decline in the industrial production index by 2.6% in March '24 compared to March '23 with lower oil productivity limiting productivity.

Logistics



- KSA's logistics market is expected to see a rise with increasing business activities in the country with higher investments with a total of more than 3,000 investment licenses in Q1 2024.
- Rail infrastructure is expected to improve the flow of goods with 6.3 million tons of cargo transported in Q1 2024, eliminating more than 500,00 trucks from roads.

Source: International Monetary Fund (IMF), General Authority of Statistics (GASTAT), Saudi Press Agency, Ministry of Investment, Frost & Sullivan Analysis

Growth Prospects

Saudi Arabia is aiming to become a leading freight and logistics hub through initiatives like the National Industrial Development and Logistics Program (NIDLP) and Global Supply Chain Resilience Initiative (GSCRI), and growth in domestic and cross-border e-commerce and industry demand. Registrations of local manufacturing units increased by more than 1.2 million SMEs registered in 2023, with a focus on improving the domestic manufacturing base. The National Investment Strategy aims to increase economic zones and establish the Kingdom of Saudi Arabia as a major hub for international exports through foreign investment strategies. KSA's total GDP amounted to USD 1.2 trillion in 2023, with projections of GDP growth to improve to 2.4% in 2024.

JORDAN

Jordan's GDP at current prices reached USD 53 billion in 2023, with real GDP growth expected to maintain a stable growth of 2.6% in 2024 and increase to 3% in 2025. A large contributor of its GDP comes from its service sector accounting for more than 1/3rd of the share. As the country remains a stable economy amidst regional uncertainties, the government is aiming to develop its economy by executing a 3-track, 10-year modernisation plan launched in 2021, for all its economic and public sectors, with the aims of raising its female employment rates and increasing economic growth by 2-folds during the period of implementation. In addition, the government is also concentrating its efforts on sustainability and implementation measures and checks in government programs.

In the following sections, we take you through an overview of:

- Highlights of H1 2024
- Key Policy Developments
- Economic and Industry Trends
- Growth Prospects

Highlights of H1 2024

- Jordan's industrial production index rose by 2.4% in March 2024, indicating steady growth in its industrial sector and local manufacturing, as the country is trying to decrease imports and strengthen productivity.
- Jordan's total export value in Q1 2024 reached USD 2.7 billion in 2024 increasing by 0.7% during the same period in 2023. Imports reached USD 4.8 billion in Q1 2024, decreasing by 24% from the same period last year indicating strong local manufacturing growth.
- Trade with the GAFTA countries increased with a growth of 9.7% recorded in Q1 2024, when compared to Q1 2023, reaching USD 977 million, increasing from USD 891 million in 2023.

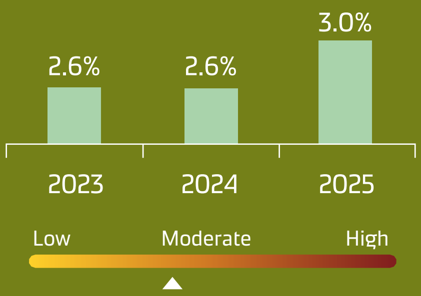
Key Policy Developments

- Jordan has implemented several plans including its Five-Year Reform Matrix in which the country plans to focus on bettering economic performance with higher exports. In addition, the Matrix also includes better labour market flexibility and easier access to finance for emerging industries through international donations and collaborations. Better private-public partnerships are also being implemented through its Renaissance Plan to advance the country along three major pillars: administration, manufacturing productivity and service delivery. On the other hand, the country's National Social Protection and Poverty Reduction Strategy targets equity and transparency in its social protection system.

Economic and trade trends

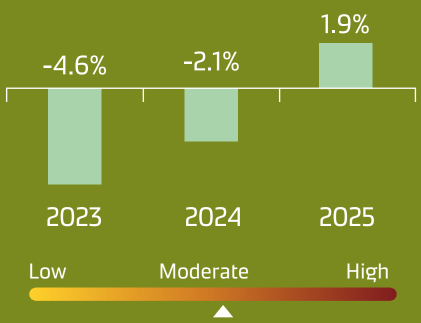
Jordan is expected to see steady growth in its economy with 2025 to record an improvement in its economic growth.

Economic Growth



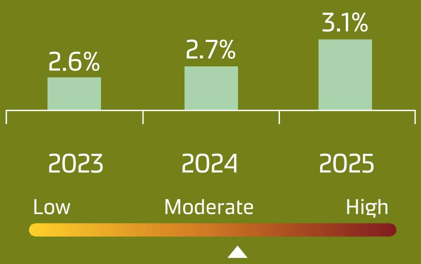
- Demonstrating resilience amidst regional as well as global turmoil, Jordan's GDP growth has maintained an average growth of 2.6%.
- As the country increases its female employment rates, the economy is projected to strengthen further.
- In 2025, growth is expected to reach 3%, increasing as regional and global crisis stabilises.

Goods Trade



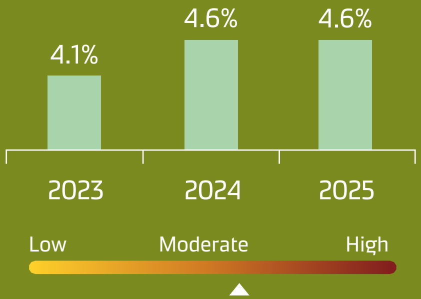
- Due to regional upheaval, trade declined by 4.6% in 2023 and is expected to improve with a decline of 2.1% estimated in 2024 and a positive growth of 1.9% in 2025.
- Imports showed a decline of 6% from 2022 to 2023 highlighting an increase in local productivity.
- On the other hand, exports were mainly driven by chemicals, followed by apparel and food & beverages.

Manufacturing



- Jordan's Industrial Production Index rose by more than 1% in Q1 2024 compared to Q1 2023.
- The country's garment, textile, and leather (GTL) industry is one of its largest contributing 7.7% to its manufacturing GDP.
- Top sectors noting growth in manufacturing include wood & furniture (13.2%), electrical & IT (13%), construction (7.8% and food (4.1%).

Logistics



- Jordan's logistics sector is expected to grow at a steady pace above 4% from 2023-2025.
- The country's logistics contribution is more than USD 2 billion to its GDP.
- Jordan's logistics sector ranks 16th position in the global Agility Emerging Markets Logistics Index with reformations in aviation and ports, road maintenance and smart systems.

Source: International Monetary Fund (IMF), Department of Statistics - Jordan, Chamber of Industry, Frost & Sullivan Analysis

Growth Prospects

Jordan's GDP at current prices reached USD 53 billion in 2023, with real GDP growth expected to maintain a stable growth of 2.6% in 2024. Jordan's structural reforms aim to enhance the investment climate and boost overall competitiveness. Debt service will continue to have a negative impact on external finance and international reserves. The services sector, which accounted for one-third of GDP, and tourism, which contributed around 15% of national GDP will remain a key factor that is likely to influence the growth prospects. The government aiming to develop the economy through a 3-track, 10-year modernisation plan which was adopted in 2022 is expected to lay the foundation for doubling the economic growth and overcoming structural issues such as youth unemployment. Collaboration and financial support from international agencies will remain another key factor in stabilising macroeconomic conditions in the medium term.

AFRICA

KENYA

Kenya's GDP was estimated at USD 80 billion in 2023 growing at 5.6% from 2022. To improve its economy, the country aims at reducing the cost of doing business with infrastructural investments in transport, energy and water sanitation. Economic development is also expected to improve with the implementation of its Medium-Term Plan IV 2023-2027 which is expected to create job opportunities through the development of key sectors, with agriculture being at the forefront of expansion strategies. Other areas in focus include renewable energy projects, IT infrastructure, social health as well as digitalisation.

In the following sections, we take you through an overview of:

- Highlights of H1 2024
- Policy Developments
- Economic and Industry Trends
- Growth Prospects

Highlights of H1 2024

- Kenya's first quarter saw a decline in inflation which was driven by lower fuel and electricity prices, recording a dip of 6.8% in January 2024 and 6.3% in February 2024. This reduced even further to 5.7% in March 2024 and future inflation levels are expected to continue declining.
- The country's private sector also improved in Q1 2024 with the average Purchasing Managers' Index (PMI) recorded at 50.3 during the period highlighting a rise from 48.1 in Q4 2023. This was primarily due to better demand as prices moderated therefore increasing supply and productivity.
- Total trade in Q1 2024 increased by 19% with a total of USD 31 billion, compared to Q1 2023. During the same period, exports grew at 28.4% with a total of USD 9 billion recorded in Q1 2024. On the other hand, imports grew by 19% recording a total of USD 22 billion.

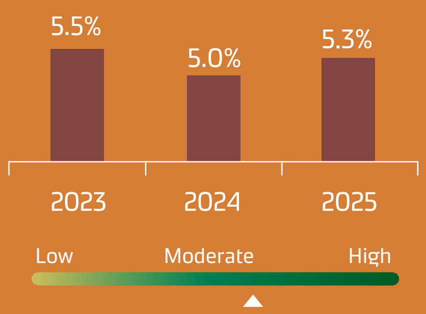
Policy Developments

- With a plan to develop its key economic sectors, Kenya launched its Medium-Term Plan IV in order to align its County Integrated Development Plans (CIDPs) as well as the Bottom-Up Economic Transformation Agenda (BETA), with higher investments in housing, agriculture, healthcare, and digitalisation. In addition, the Kenyan Association of Manufacturers (KAM) launched its Manufacturing Priority Agenda (MPA) 2023 which focuses on 14 sectors and 54 subsectors with a target of increasing Kenyan manufacturing contribution to the GDP to 20% by 2030.

Economic and industry trends

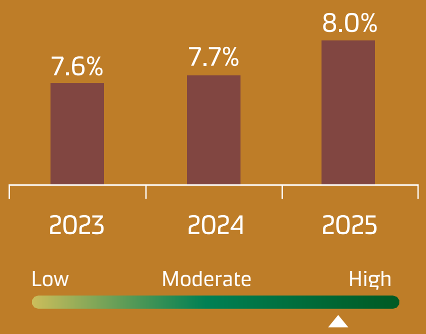
Kenya's economic growth to briefly slowdown in 2024 as the government tackles inflation.

Economic Growth



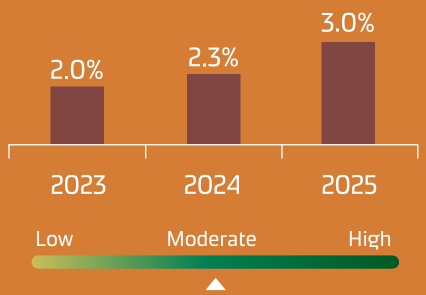
- Robust growth in 2023 was recorded due to agricultural sector recovery and productivity with better weather conditions.
- 2024 growth in GDP is expected to slow down to 5% with the government making efforts to curb inflation with stringent monetary policies and fiscal consolidation as well as waning agricultural recovery marked in 2023.

Goods Trade



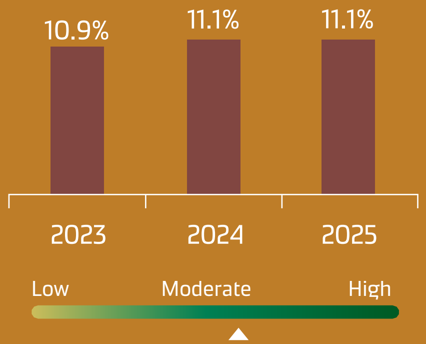
- As the country develops its exports with diversification of its product range adding value to its exports, growth of exports saw a 16% increase in 2023 with agricultural produce taking a spike.
- Signing a Memorandum of Understanding with Netherlands on developing a Cool-Logistics Corridor through private investments, Kenya is expecting to triple its horticultural exports to the Netherlands.

Manufacturing



- 14.8% of total FDI goes into Kenya's manufacturing with opportunities to expand as the country lies in a strategic location for new investments in the sector.
- Manufacturing growth in 2023 was lower than growth in 2022 due to increasing production costs raising inflation.
- As the country stabilises inflation, manufacturing is expected to pick up in the subsequent years.

Logistics



- Kenya is developing its railway cargo as Kenya Railways (KRC) collaborates with China, receiving freight wagons.
- With a target of shifting 50% of fresh produce exports to air cargo from sea freight, the country's Trademark Africa (TMA) signed an agreement with the National Horticulture Taskforce (NHT) under the EU-funded Business Environment and Export Enhancing Programme (BEEEP).

Note : Growth rates are in real terms adjusted for inflation.
Source: Federal Competitiveness and Statistics Authority, and Frost & Sullivan Analysis

Growth Prospects

Kenya's GDP was estimated at USD 80 billion in 2023 growing at 5.6% from 2022. To improve its ecomony, the country aims at reducing the cost of doing business with infrastructural investments in transport, energy, and water sanitation. Economic development is expected to improve with the implementation of its Medium-Term Plan IV 2023-2027 which focuses on Agriculture. Growth in the areas of housing and settlement, healthcare, the digital superhighway, micro, small, and medium-sized enterprises (MSME), and the creative economy is projected to reach 5% in 2024.

In the first quarter of 2024, inflation significantly declined, dropping from 6.8% in January to 5.7% in March, primarily due to lower fuel and electricity prices. This trend is expected to continue, easing cost pressures on businesses and consumers. The government's strategic initiatives further bolster Kenya's growth outlook. The launch of the Medium-Term Plan IV aligns County Integrated Development Plans (CIDPs) with the Bottom-Up Economic Transformation Agenda (BETA), emphasising key sectors such as housing, agriculture, healthcare, and digitalisation.

The Kenyan Association of Manufacturers (KAM) introduced the Manufacturing Priority Agenda (MPA), targeting an increase in the manufacturing sector's GDP contribution to 20% by 2030, which is expected to drive industrial growth and job creation. The government's focus on reducing the cost of doing business through infrastructural investments in transport, energy, and water sanitation is crucial for enhancing economic growth.

TANZANIA

Tanzania’s GDP was recorded at USD 43.8 billion in 2023 and increased at a growth rate of 5.1% from 2022. The major contributor to Tanzania’s economy was its agricultural sector, with a total contribution of 31% to its GDP in 2023. Construction was the second highest contributor with 19%, while manufacturing contributed 11% to Tanzania's GDP in 2023. The inflation rate in the country was recorded at 3.8 in 2023 lowering from 4.4% in 2022. This further improved the purchasing power of the population. However, in order to improve its manufacturing sector and exports to other countries, the country must diversify its consumer product range and enhance local skills and capabilities to support its key sectors and logistics capabilities.

In the following sections, we take you through an overview of:

- Highlights of H1 2024
- Policy Developments
- Economic and Industry Trends
- Growth Prospects

Highlights of H1 2024

- Average inflation in Tanzania was recorded at 3% in Q1 2024, this was supported by tighter fiscal policies as well as a strong local supply of food to meet the demand.
- Credit growth of Tanzania's Private sector rose dramatically by 17% in Q1 2024 attributable to its largest sectors of agriculture, mining, transport, and storage as well as manufacturing.
- Total trade of goods in Q1 2024 amounted to USD 4.9 billion, increasing by 1.7% from USD 4.8 billion in Q1 2023. Exports increased by 2.6% for the same period totalling USD 1.7 billion in Q1 2024 whereas imports increased by 1.7% with a total of USD 3.2 billion in Q1 2024.

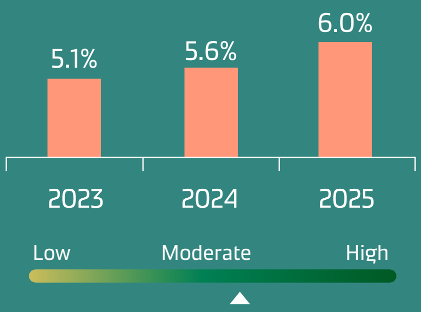
Policy Developments

- Tanzania's government is keen on industrialisation to drive the country's current lower-income status to reach a middle-income economy by 2025 supported by robust economic development and job opportunity creation. With its Vision 2025 at play, the country plans to develop its industry and keep a constant supply of raw materials for stronger local productivity.
- The country is also collaborating with foreign entities such as the Food and Agricultural Organization of the United Nations on prosperity priority that is expected to ensure sustainable productivity and higher incomes for employees in MSMEs and small-scale agriculture by 2027 with ease of access to resources.

Economic and industry trends

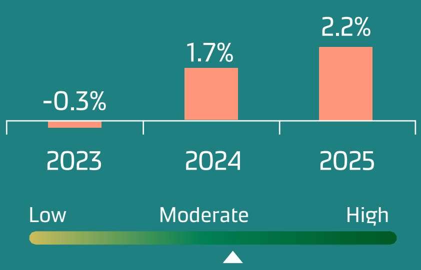
Kenya's economy is strongly supported by its exports and agricultural sector.

Economic Growth



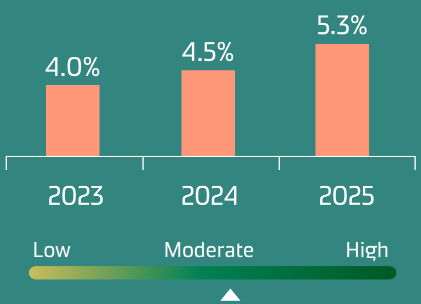
- Tanzania's GDP growth is expected to reach 5.6% in 2024, increasing from 5% in 2023.
- A key contributor to Tanzania's GDP was its services sector which grew by 7.3% in 2023, sustained by strong economic activities in trade (exports), finance & insurance and logistics sectors. The agriculture sector remains one of the largest contributors as well, with a growth of 3.4% recorded in 2023.

Goods Trade



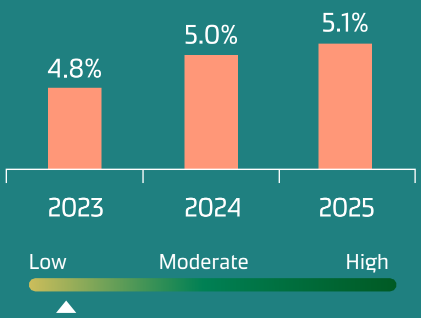
- The reduction in trade during 2023 was primarily due to a 3.4% decline in imports that year. This was caused by a higher reliance on the local market and a shift of local players towards sourcing commodities from countries with lower costs and higher supply.
- Exports on the other hand grew by 6.5% indicating resilient local production and export capabilities of the country.

Manufacturing



- Tanzania's manufacturing growth is expected to increase with a current percentage share of 31% contribution to the industrial sector by revenue.
- The country is making efforts to diversify its manufacturing products, with key segments like food & beverages, textiles, chemicals, plastics, wood, and steel occupying a major share.

Logistics



- Tanzania's logistics industry is undergoing structural changes with better digital infrastructure being adopted across key logistics service providers.
- However, due to the country's insufficient road infrastructure, high port congestions and inadequate storage capabilities and capacity, the growth rate of logistics sector was recorded at 4.8% in 2023.

Source: International Monetary Fund (IMF), The World Bank, Bank of Tanzania, International Trade Administration, Frost & Sullivan Analysis

Growth Prospects

Tanzania's GDP was recorded at USD 43.8 billion in 2023 and increased at a growth rate of 5.1% from 2022. The major contributor to Tanzania's economy was its agricultural sector with a total contribution of 31% to its GDP in 2023. The services sector remained the main driving force behind Tanzania's overall economic growth and is supported by economic activities relating to financial, transport and storage, and wholesale and retail trade subsectors.

SOUTH AFRICA

South Africa's economy faces challenges in 2024, with GDP growth projected at 0.9%, slightly higher than 2023's 0.6% but hampered by power cuts, commodity price fluctuations, and a difficult global economic climate. The Red Sea Crisis has led to a surge in shipping traffic around the Cape of Good Hope, overwhelming ports like Durban and Cape Town. While trade performance remains positive with a surplus of R10.5 billion in April 2024, unemployment has reached an all-time high of 33.5%, and poverty rates remain elevated. Power cuts have disrupted mining and manufacturing operations, although the manufacturing sector showed robust growth in April 2024, driven by sectors like petroleum, chemicals, and food and beverages. The mining sector, however, contracted due to power cuts and transport bottlenecks, with coal, manganese ore, and iron ore production declining significantly. The logistics sector saw revenue growth, fuelled by containerised freight and mining product transportation, indicating increased global trade and manufacturing activity.

In the following sections, we take you through an overview of:

- Highlights of H1 2024
- Key Developments
- Economic and Industry Trends
- Growth Prospects

Highlights of H1 2024

- According to IMF projections, the GDP of South Africa (at current prices) is forecasted to be USD 373.23 billion in 2024, which is a slight decline compared to USD 377.68 billion in 2023. The real GDP growth is forecasted to be at 0.9% in 2024, compared to 0.6% in 2023. Severe disruptions by the power cuts, fluctuating prices for key commodities, and a difficult global economic climate have all hampered the country's economic growth.

- Due to the Red Sea crisis, the ships travelling between Asia and Europe/Atlantic are being forced to take a much longer route around Africa's Cape of Good Hope. This unexpected surge in traffic has overwhelmed ports in South Africa, particularly Durban and Cape Town, leading to congestion and delays. By the first week of March 2024, the gross tonnage of ships arriving at the Cape of Good Hope has risen by 85% (7-day moving average) compared to the first half of December 2023. Furthermore, containership arrivals at the Cape have seen a significant 328% increase in gross tonnage.

- The manufacturing sector witnessed a robust expansion in April 2024, with overall production rising by 5.3% compared to the same month in 2023. The petroleum, chemical, rubber, and plastic products sector emerged as a significant contributor, posting a 5.1% increase in production and accounting for 1.1 percentage points of the overall growth.

- The freight transportation industry experienced a revenue increase of 2.1% in the first quarter of 2024 compared to the same period in 2023. Containerised freight transportation witnessed a remarkable surge of 44.7%, contributing a significant 2.0 percentage points to the overall revenue increase. This highlights the growing importance of global trade and efficient supply chains.

Key Developments

- **AfCFTA Agreement:** Marking a significant step towards a more integrated Africa, South Africa initiated its first shipment and preferential trade under the African Continental Free Trade Area (AfCFTA) in January 2024. This move, leveraging South Africa's position as a leading continental economy is expected to unlock a new era of economic prosperity. The AfCFTA aims to achieve this by boosting intra-African trade through reduced barriers, accelerating growth through increased trade activity, and promoting intra-African investments that foster deeper economic collaboration. For South Africa, participation grants access to a vast new market beyond the Southern African Development Community, while simultaneously opening its own market to other African countries, creating mutually beneficial trade partnerships. This win-win scenario for South Africa and the continent paves the way for a more integrated and prosperous Africa.

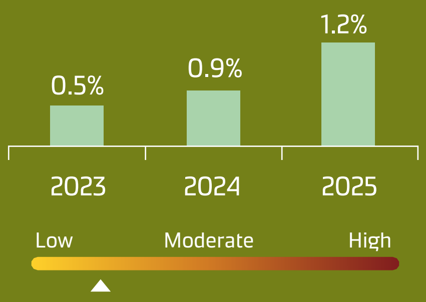
- **AGOA Agreement:** The recent 20th AGOA Forum in Johannesburg (November 2023) reignited discussions surrounding the future and effectiveness of the program in fostering stronger U.S.-Africa trade ties. Critics have long argued that AGOA hasn't lived up to its potential, pointing to limited success in promoting broad-based trade, economic diversification, and advancements in labour and human rights within beneficiary countries. This criticism is underscored by the stark reality – over 80% of duty-free, non-oil exports from the program's 31 beneficiary nations originate from just five: South Africa, Kenya, Lesotho, Madagascar, and Ethiopia.

- **EU-SADC Economic Partnership Agreement:** The Southern African Customs Union (SACU) enjoys a robust trade relationship with the European Union (EU) facilitated by the EU-SADC Economic Partnership Agreement. This agreement grants duty-free and quota-free access to a significant portion (84.9%) of EU exports to the region. Additionally, another 12.9% benefit from partial liberalisation measures like reduced tariffs. The EU further incentivises trade by offering immediate duty-free and quota-free access for goods originating from Botswana, Lesotho, Mozambique, Namibia, and Eswatini. South Africa also enjoys preferential access for 98.7% of its exports to the EU. This strong trade partnership extends beyond simple access. This diversification fosters a more robust and resilient economic landscape in South Africa. The effectiveness of the EU-SADC agreement is further evidenced by the continuous increase in trade flows over recent years. Notably, South Africa achieved a positive trade balance in goods for two consecutive years (2021 and 2022), highlighting the mutually beneficial nature of this economic partnership.

Economic and trade trends

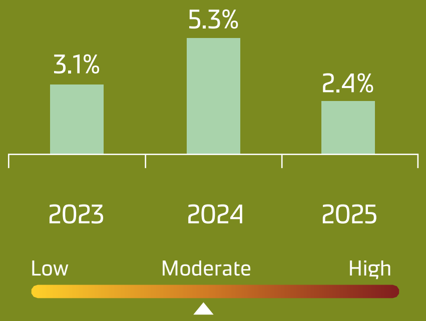
Trade and infrastructure development plans are likely to support economic growth.

Economic Growth



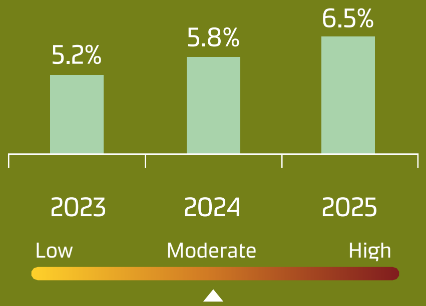
- South Africa's GDP growth has been sluggish in recent years. In 2023 it grew by a mere 0.9%, following a 0.6% expansion in 2023.
- The economy of South Africa has shifted from being heavily dependent on natural resources, such as mining, to being more service-oriented, with finance playing a significant role.
- As of early 2024, South Africa has one of the most significant unemployment rates in the world, averaging 32.9%. High unemployment lowers consumer purchasing power and restricts the possibilities for economic expansion.

Goods Trade



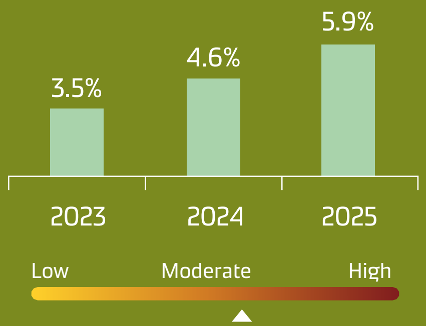
- With a substantial GDP contribution, South Africa's export industry is an essential part of the country's economy. Minerals and precious metals, such as gold, platinum, and diamonds, are among the top exports from the nation.
- In April 2024, South Africa reported a trade surplus of R10.5 billion, driven by robust exports valued at R169.5 billion, surpassing import costs of R159.1 billion.
- To improve trade within the region, South Africa has introduced African Continental Free Trade Area (AfCFTA) and Southern African Development Community (SADC) FTA. This will help to recover economic growth in future.

Manufacturing



- South Africa's manufacturing sector, contributing around 13% to GDP, includes diverse sub-sectors like automotive, steel, chemicals, food and beverages, textiles, and electronics.
- South Africa faces electricity supply issues with Eskom, causing frequent load shedding that disrupts economic activity and deters investment.
- The South African government's Economic Reconstruction and Recovery Plan (ERRP) aims to stimulate growth by focusing on infrastructure development, increasing local production, and improving energy security.

Logistics



- The logistics sector has experienced moderate growth, driven by increased trade activities and infrastructure investments with further growth expected due to technological advancements.
- Critical infrastructure projects like Durban Port expansion, rail network enhancements, and special economic zones development is pivotal for boosting logistics sector growth and efficiency.
- The National Infrastructure Plan 2050 prioritises transport upgrades for capacity expansion.

Note: Growth rates are in real terms adjusted for inflation.
Source: Ministry of Statistics, Statistics South Africa, and Frost & Sullivan Analysis

Growth Prospects

South Africa's future growth prospects are shaped by a mix of challenges and opportunities amid recent developments. Economic growth has been hindered by severe power cuts, fluctuating commodity prices, and a challenging global economic climate. The unexpected increase in maritime traffic due to the Red Sea crisis has strained South Africa's ports, leading to significant congestion and delays. However, this surge in traffic underscores the strategic importance of South Africa's maritime infrastructure, potentially attracting future investments to enhance port capacities and efficiencies. The manufacturing sector shows promising signs of recovery, with a 5.3% production increase in April 2024, driven by robust performance in the petroleum, chemical, rubber, and plastic products sectors.

Additionally, the freight transportation industry's 2.1% revenue rise, bolstered by a 44.7% surge in containerised freight, highlights the growing significance of global trade and efficient supply chains. The initiation of preferential trade under the African Continental Free Trade Area (AfCFTA) in January 2024 marks a pivotal step towards greater economic integration and prosperity. This agreement aims to boost intra-African trade, reduce barriers, and foster deeper economic collaboration, opening vast new markets for South Africa and promoting mutually beneficial trade partnerships across the continent. Furthermore, the EU-SADC Economic Partnership Agreement enhances South Africa's trade resilience by providing substantial duty-free and quota-free access to EU markets, fostering diversification, and ensuring positive trade balances. These developments collectively indicate a cautiously optimistic outlook for South Africa's economic growth, driven by strategic trade agreements, sectoral expansions, and potential infrastructural investments.

BOTSWANA

Botswana's GDP is forecasted to reach USD 21.42 billion in 2024, with a real growth rate of 3.6%. Trade figures for Q1 2024 show imports outpacing exports, leading to a trade deficit. Poverty rates remain high, with 61.2% below the upper-middle-income poverty line and 36.6% below the lower-middle-income poverty line. Overall, Botswana aims for 3.5-4% annual GDP growth through diversification and strategic investments. Botswana's economy in 2024 faces challenges like high unemployment (25.9% in Q3 2023), especially among the youth, and an over-reliance on diamond exports (65-70% of total exports). However, the inflation rate is projected to remain within the central bank's 3-6% target band due to declining import prices for commodities like energy and food. Botswana has actively pursued trade agreements with regional blocks like SACU, SADC, and the AfCFTA, granting access to a market of 1.2 billion consumers. The exchange rate policy involves a managed depreciation of the Pula to enhance competitiveness.

In the following sections, we take you through an overview of:

- Highlights of H1 2024
- Key Developments
- Economic and Industry Trends
- Growth Prospects

Highlights of H1 2024

- The International Monetary Fund (IMF) predicts Botswana's economy (GDP) to reach USD 21.42 billion in 2024, a slight increase from USD 20.45 billion in 2023. Real GDP growth is projected to be at 3.6% in 2024 which is a marginal improvement from 3.2% in 2023.

- In the first quarter of 2024, the value of imports CIF amounted to a substantial Pula 22,144.8 million, while the value of total exports stood at Pula 12,903.1 million, resulting in a trade balance of Pula -9,241.7 million. The major import commodities included fuel (19%), diamonds (17%), food, beverage, and tobacco (15%), and machinery & electrical equipment (14%). On the other hand, diamonds dominated the export sector, accounting for 65% of the total exports, followed by copper (18%), and machinery & electrical equipment (6%). According to a World Bank report, exports are projected to decline by -6.1%, while imports are also expected to decrease by -5.6% in 2024.

- It is expected to slow down in 2024, with average consumer prices falling to 4% compared to 5.1% in 2023. In 2022 it was at 12.2%, this steep decline was due to monetary policy implementation and reducing fuel prices.

- The poverty rates in Botswana are quite concerning, with an estimated 61.2% of the population living below the upper-middle-income poverty line and 36.6% living below the lower-middle-income poverty line in 2024. These figures highlight the significant challenges faced by a large portion of the population in accessing basic necessities and opportunities for economic advancement.

Key Developments

- **Trade agreements:** Botswana has emerged as a proactive participant in the international trade arena. By developing bilateral agreements with regional economic blocs like SACU and SADC, as well as pursuing agreements with MERCOSUR, EFTA, and individual nations like Malawi and Zimbabwe, Botswana has fostered a robust network of trade partnerships. Additionally, the recent conclusion of an Economic Partnership Agreement (EPA) with the European Union and continued preferential access to the United States through the African Growth and Opportunity Act (AGOA) further solidified Botswana's position in global markets. This commitment extends beyond established agreements. Botswana actively participates in ongoing negotiations, such as the COMESA-EAC-SADC Tripartite FTA, demonstrating its dedication to expanding trade opportunities within Africa. Furthermore, signing the Agreement on Trade Facilitation underscores Botswana's alignment with the Doha Development Agenda and its focus on streamlining trade processes.

- **AfCFTA agreement:** Botswana has taken a significant step towards expanding its trade opportunities by ratifying the African Continental Free Trade Area (AfCFTA) agreement. This landmark decision grants Botswana's businesses direct access to a massive market of 1.2 billion consumers, valued at over USD 2.6 trillion. The AfCFTA, established by the African Union (AU), represents the world's largest free trade area. Its primary aim is to dismantle trade barriers between African nations, fostering the seamless movement of goods and services across the continent. By joining this economic bloc, Botswana positions itself to benefit from a projected 52.3% surge in intra-African trade, potentially strengthening the continent's overall trading power in the global market.

- **Exchange rate policy:** Botswana's exchange rate policy is designed to align with its trade orientation. The value of the Pula is determined by the Pula basket, which is currently made up of 45% South African Rand and 55% Special Drawing Rights (SDRs), reflecting the country's major trading partners. In 2024, a managed depreciation of the Pula will be implemented through a

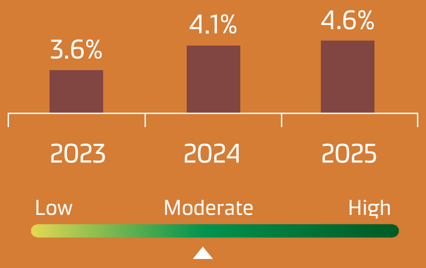
1.51% annual decrease of the nominal effective exchange rate. This strategic devaluation aims to enhance the competitiveness of Botswana's domestically produced goods and services in the global market.

- **Future projection:** An optimistic outlook is cast for Botswana's economy over the next few years (2024-2026), with projected growth landing between 3.5% and 4% annually. This positive trajectory is fuelled by a strengthening global economy and a surge in demand for the country's valuable copper and diamond exports.

Economic and trade trends

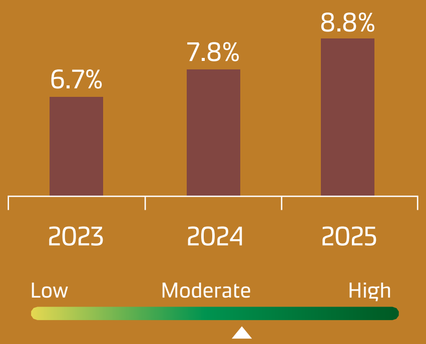
National Development Plan (NDP 11) to focus on economic diversification and infrastructure development.

Economic Growth



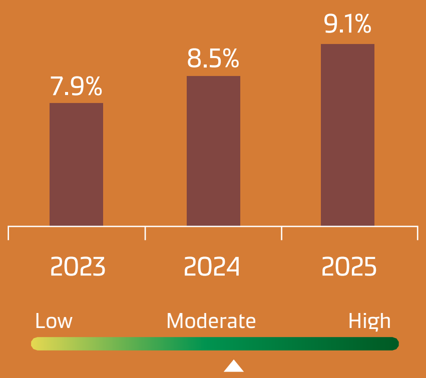
- In 2024, Botswana's real GDP growth accelerated to 4.1%, driven by a recovery in the mining and diamond trading sectors.
- This acceleration is expected to be fuelled by falling inflation, which will boost private consumption, as well as a recovery in global diamond prices.
- The Botswana government has launched several initiatives to stimulate economic growth.
- Vision 2036 and the National Development Plan 11 (NDP 11) outline strategies for economic diversification, infrastructure development, and human capital investment. Initiatives like the Economic Recovery and Transformation Plan (ERTP) aim to accelerate growth post-pandemic.

Goods Trade



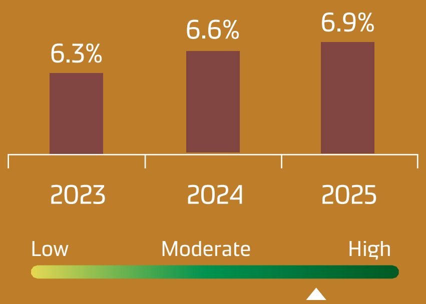
- The primary export commodity from Botswana is diamonds. More than 70% to 80% of the nation's export earnings come from diamonds.
- The top export destinations for Botswana are the United Arab Emirates, Belgium, India, South Africa, and Hong Kong.
- Botswana has also signed several regional and bilateral trade agreements to secure access to global markets for its exports. This includes the Southern African Customs Union-European Free Trade Association FTA, and a bilateral trade agreement with Zimbabwe.
- One key government initiative is the Botswana Investment and Trade Centre (BITC), which provides support to exporters and facilitates trade agreements.

Manufacturing



- Botswana's manufacturing sector is relatively small, accounting for only 14% of total exports last year. The sector is dominated by the production of raw materials, intermediate goods, and consumer goods.
- The manufacturing sector faces several challenges, including high production costs, limited access to finance, inadequate infrastructure, and a small domestic market.
- Botswana promotes manufacturing through initiatives like the Economic Diversification Drive, aimed at reducing diamond dependency and fostering diversified industrial growth. The Special economic zones will offer tax breaks, infrastructure support, & streamlined regulatory processes to attract investment.

Logistics



- The logistics sector in Botswana is showing signs of positive development. Increased trade volumes in the region.
- Botswana's strategic location in Southern Africa makes it a key player in regional trade. Participation in regional initiatives such as SADC and AfCFTA boosts the logistics sector by facilitating easier movement of goods across borders and opening new markets.
- The outlook for Botswana's logistics sector is optimistic, with expected annual growth rates of around 5% to 6% over the next five years.

Note: Growth rates are in real terms adjusted for inflation.
Source: Ministry of Statistics, IMF, World Bank, BOTC, and Frost & Sullivan Analysis

Growth Prospects

Botswana's future growth prospects appear promising, maintained by strategic economic policies and robust trade agreements despite prevailing challenges. Looking ahead, Botswana's economy is expected to grow at an annual rate of 3.5% to 4% from 2024 to 2026, fuelled by a strengthening global economy and rising demand for its copper and diamond exports. Inflation is set to slow to 4%, down from 5.1% in 2023, driven by effective monetary policies and falling fuel prices. The country's proactive engagement in international trade, through bilateral agreements with regional economic blocs like SACU and SADC and global entities such as MERCOSUR, EFTA, and the EU, strengthens its trade network.

The recent Economic Partnership Agreement (EPA) with the EU and preferential access to the US market through the African Growth and Opportunity Act (AGOA) further strengthen Botswana's position in global markets. The confirmation of the African Continental Free Trade Area (AfCFTA) agreement opens access to a massive market of 1.2 billion consumers, potentially increasing intra-African trade by 52.3%. Additionally, Botswana's strategic exchange rate policy aims to enhance the competitiveness of its goods and services globally. This optimistic outlook is contingent upon sustained global economic recovery and effective implementation of trade and economic policies.

NIGERIA

Nigeria's economy is facing some challenges. The overall growth has slowed down compared to last year, but some sectors like services are doing well. There's high inflation, which means everyday goods are more expensive. This is partly due to a weaker Nigerian currency and government policies. Millions of Nigerians have become poor because of inflation. The government is working on bringing inflation down, but it may take a while. They are also struggling to collect enough taxes because of inefficiencies and low tax rates. This limits their ability to fund important services. There are some bright spots though. The non-oil sector, especially technology and finance, is growing steadily. Oil production is also slightly higher than last year. Overall, the expectation is that the economy will slowly improve over the next few years, with an average growth of around 3.5%.

In the following sections, we take you through an overview of:

- Highlights of H1 2024
- Economic and Industry Trends
- Key Developments
- Growth Prospects

Highlights of H1 2024

- **GDP:** According to the IMF data, the GDP (current prices) of Nigeria in 2024 is projected to be USD 252.74 billion which is less as compared to USD 374.95 billion in 2023.

- **Inflation:** Inflation has stayed high and continued to increase. This is due to the loose monetary policies from the central bank and the weakening value of the country's currency compared to other currencies. The combination of these two factors has caused prices of goods and services to keep going up at a fast pace. According to IMF data, the inflation rate (average consumer prices) increased to 26.3% in comparison to 24.7% in 2023.

- **Industry sector:** The industry sector showed better growth, increasing by 2.19% in the first quarter of 2024. This was an improvement from the 0.31% growth in the first quarter of 2023.

- **Oil production:** In the first quarter of 2024, the country produced an average of 1.57 million barrels of oil per day. This was higher than the 1.51 million barrels per day produced in the same period in 2023, by 0.06 million barrels. On a quarter-on-quarter basis, the oil sector experienced a growth rate of 13.77% in Q1 2024. The sector contributed 6.38% to the total real GDP in Q1 2024.

- **Non-oil sector:** During the first quarter of 2024, the non-oil sector exhibited a robust real growth rate of 2.8%. This figure represents a marginal 0.02 percentage point increase compared to the rate achieved in the first quarter of 2023. In terms of its contribution to the nation's overall GDP, the non-oil sector played a significant role, accounting for 93.62% in real terms during the first quarter of 2024. However, this share was slightly lower than the 93.79% contribution recorded in the first quarter of 2023.

- **The mining and quarrying sector:** It demonstrated robust growth during the first quarter of 2024, expanding by 6.3% in real terms compared to the same period last year. Notably, the Mining and Quarrying sector's contribution to the nation's Real GDP stood at 6.5% in the quarter under review, surpassing the 6.26% contribution recorded in the corresponding quarter of 2023.

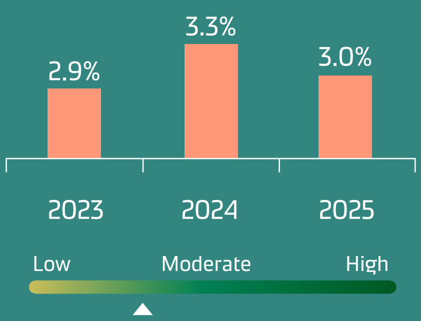
- **The manufacturing sector:** Examining the quarter-on-quarter growth, the sector expanded by 1.74%. In terms of its contribution to the nation's GDP, the manufacturing sector accounted for 9.98% in real terms during the first three months of 2024. This share was slightly lower than the 10.13% recorded in the corresponding quarter of the previous year but higher than the 8.23% contribution made in the fourth quarter of 2023.

- **The trade sector:** Examining the quarter-on-quarter performance, the sector experienced a contraction of 14.98%, which was lower than the 14.27% growth recorded in the fourth quarter of 2023. The trade sector's contribution to the nation's GDP stood at 15.7%, which was lower than the 15.97% share it held in the previous year but higher than the 15.5% contribution made in the fourth quarter of 2023.

Economic and industry trends

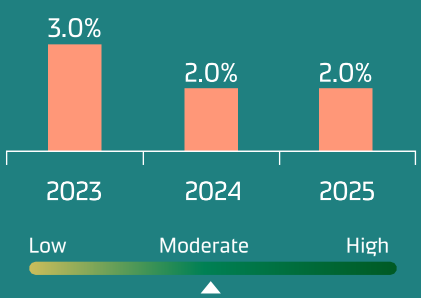
Economic growth driven services sector growth. Non-oil manufacturing sector is expected to rebound in 2024.

Economic Growth



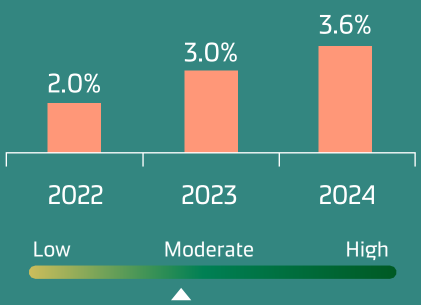
- The country's growth potential is hindered by a lack of proper energy and transportation infrastructure, high domestic trade costs, protectionist policies, security problems, weak institutions, and low investment in human capital skills.
- Factors contributing to low revenues include costly fuel subsidies, low tax collection rates, and inefficiencies in tax administration, limiting the government's ability to finance essential public services.

Goods Trade



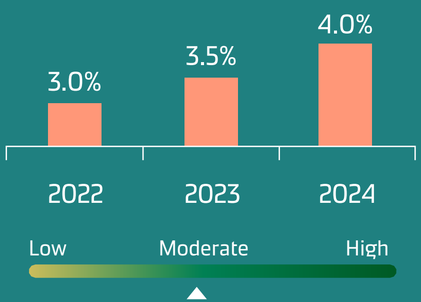
- Oil exports comprising crude petroleum, fertilisers and refined petroleum products accounted for 73% of the total exports in 2023.
- Vegetables, processed food, chemical products, and base metals are some of the other products being exported from Nigeria.
- Major trading partners in the African region include South Africa, Ivory Coast, Senegal, and Cameroon. Nigeria also supplies industrial and machinery parts to GCC countries such as Saudi Arabia and the United Arab Emirates.

Manufacturing



- The manufacturing sector, bolstered by tech advancements and government initiatives, is a key player in economic diversification.
- Food and beverages, chemicals, pharmaceuticals, automotive and base metals are driving the growth of manufacturing sector which accounts for 15% of the National GDP.
- Key challenges include inadequate energy supply, low access to industrial credit and affordable financing and poor quality of infrastructure.

Logistics



- Domestic demand for food and beverages, FMCG and household furnishing is expected to be a key driver of logistics services.
- The road sector is the main transportation used for transporting freight across the regions.
- E-commerce penetration is expected to reach 12% of total retail sales, supported by strong growth in online users. This is expected to drive the demand for warehousing and delivery services.

Note: Growth rates are in real terms adjusted for inflation.
Source: National Bureau of Statistics and Frost & Sullivan Analysis

Key Developments

- Nigeria's inflationary pressures reached unprecedented levels in January 2024, with the year-on-year rate surging to a record 29.9%. This escalation can be attributed to a confluence of factors, including rising costs of essential goods like food and energy, relaxed monetary policies, and a depreciation of the Nigerian Naira. Nominal earnings have failed to keep pace with inflation, leading to an additional 10 million Nigerians falling into poverty in 2023. While anti-inflationary measures like tighter monetary policy and exchange rate stabilisation are expected to bring inflation down to 15.1% by 2026, the initial impact will likely be a rise in poverty rates in 2024 and 2025 before a potential stabilisation in 2026.

- According to an IMF report, debt is projected to make up 50.9% of the GDP, while revenues only account for 8.7% of the GDP. There are several factors contributing to low revenues, including costly fuel subsidies, low tax collection rates, and inefficiencies in tax administration. These constraints have limited the government's ability to finance essential public services.

- The non-oil sector continued to be driven by the resilience of the services industry, particularly in the areas of finance and information and communication technology (ICT).

- Nigeria's agricultural production suffered a setback due to a confluence of challenges. Increased costs for essential inputs, the lingering effects of flooding, and security concerns all contributed to this decline.

- Economic reforms in Nigeria are expected to yield positive results. Projections show an average annual economic growth of 3.5% between 2024 and 2026.

Growth Prospects

Nigeria's economic situation in 2024 is broad, with both challenges and possibilities. The country's GDP is expected to be USD 252.74 billion, down from USD 374.95 billion in 2023. Between 2024 and 2026, the economy is predicted to grow at an average annual rate of 3.5%, driven mostly by the non-oil sector, specifically technology and finance. Inflationary pressures are attributed to higher prices for food and energy, weaker monetary policy, and a declining Naira. Tighter monetary policy and exchange rate stabilisation are among the measures being taken to reduce inflation. The government hopes to reduce inflation by 2026, while the first steps may increase poverty rates. Despite a 14.98% quarterly drop, the trade sector contributed 15.70% of GDP in Q1 2024, demonstrating stubbornness in the face of economic challenges. The forecast for Nigeria's economy is cautiously hopeful. The government is dedicated to adopting structural reforms that will stabilise the economy and encourage long-term growth. The non-oil industry is likely to continue driving economic diversification, while measures to stabilise inflation and enhance infrastructure are anticipated to provide favourable long-term results.

GHANA

Ghana's economy is going through a difficult period but showing signs of improvement. Economic growth in 2024 is projected at 2.8%, slightly higher than in 2023. Inflation remains high at 22.3% but is decreasing from previous levels. Public debt is unsustainably high at 83.6% of GDP, leading the government to restructure debt and cut spending. Authorities are implementing IMF-backed reforms to restore economic stability. Protecting vulnerable groups is a priority, with social safety net programs being expanded significantly. Inflation decelerated in 2023 due to tighter policies but stalled in early 2024 from currency depreciation effects. Poverty rates are expected to remain stagnant until 2026 when gradual reduction is forecasted as conditions improve. Despite challenges like high debt, fiscal tightening, and economic uncertainties, GDP growth in 2024 is expected to be initially limited to 2.8-2.9%, before rebounding to around 5% by 2026 as stabilisation takes hold.

In the following sections, we take you through an overview of:

- Highlights of H1 2024
- Key Developments
- Economic and Industry Trends
- Growth Prospects

Highlights of H1 2024

- GDP: According to IMF projections, GDP at current prices is projected to be USD 75.24 billion, compared to USD 76.28 billion in 2023.

- GDP Growth: The real GDP growth in 2024 is expected to be 2.8%, slightly higher than the 2.3% projected for 2023. Ghana's economic growth is expected to be slow in 2024, around 2.8% to 2.9%. This is because the government is tightening its spending (fiscal consolidation), inflation and interest rates are high, and there's a lot of uncertainty in the overall economy. However, the growth rate is expected to pick up over the next few years, reaching its usual pace of around 5% by 2026, as economic conditions become more stable.

- Inflation: In 2024, the inflation rate (average consumer prices) is expected to decrease to 22.3% from 37.5% in 2023.

- Economic Reforms: The Ghanaian economy is currently showing promising signs of stabilisation. This can be attributed to the commitment of the authorities in implementing the economic program supported by the International Monetary Fund (IMF). The main goals of this program are to restore macroeconomic stability, ensure the sustainability of the nation's debt, and establish a solid foundation for higher and more inclusive economic growth.

Key Developments

- Ghana's fiscal situation has reached a critical juncture, with the nation grappling with severe public debt distress. The current levels of public debt have surpassed sustainable thresholds, necessitating urgent interventions to address this imbalance and restore fiscal stability. According to IMF projections, in 2024, the public debt is projected to be at 83.6% of the GDP, as compared to 86.1% in 2023. To address the debt issues, the government has started a major plan. This includes restructuring the debt, significantly reducing spending, and making reforms to create economic stability. The government's efforts to fix the situation are being supported by a program from the International Monetary Fund (IMF) worth around USD 3 billion. The goals of this IMF program are to reduce the risk of debt problems over the medium term to a moderate level and to increase the foreign currency reserves of the central bank (Bank of Ghana) to cover three months' value of imports by the time the program ends.

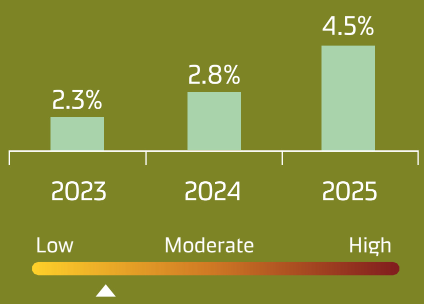
- The year-on-year inflation rate exhibited a notable decline, dropping from a staggering 53.4% in January 2023 to a more moderate level of 23.2% by December 2023. This deceleration can be attributed to the stabilisation of exchange rates and the effects of monetary policy tightening measures implemented during the 2022-23 period. However, the downward trajectory of inflation stopped in the initial months of 2024 because of currency depreciation on the prices of imported goods, resulting in persistent non-food inflation, while food inflation experienced a marginal reduction.

- Protecting vulnerable populations is a top priority for Ghana. The government is actively expanding its social safety net programs. In 2023, they doubled the financial assistance provided by the Livelihood Empowerment Against Poverty program, which targets low-income families. This assistance is expected to double again in 2024, reaching a much larger portion of the population. These efforts aim to significantly reduce poverty and inequality in Ghana. It is expected that poverty rates will stay about the same between 2024 and 2025, with slight changes. However, poverty levels are forecasted to slowly start decreasing by 2026. Reducing poverty will happen gradually as the economic situation improves over time.

Economic and industry trends

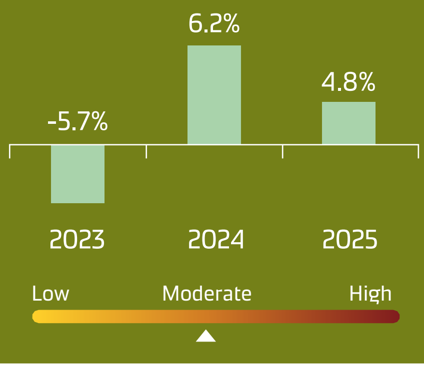
Promotion of private sector participation and improvement in investment climate is necessary for the revival of industrial growth.

Economic Growth



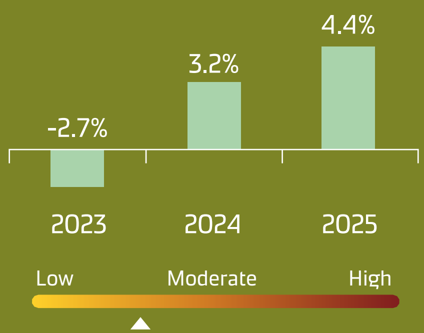
- Ghana's economic growth is expected to be slow in 2024 at around 2.8% to 2.9% due to fiscal consolidation, high inflation and interest rates, and overall economic uncertainty. However, it is expected to pick up and reach around 4.5% by 2025 as economic conditions stabilise.
- The current level of public debt has exceeded sustainable thresholds. According to IMF projections, in 2024, the public debt is projected to be 83.6% of the GDP, compared to 86.1% in 2023.

Goods Trade



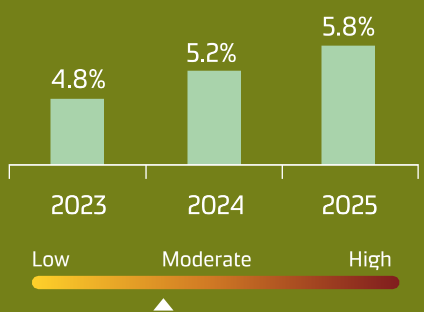
- Total value of exports is estimated at USD 16 billion in 2023. The value of exports in Q1 2024 increased by more than 10% compared to Q1 2023.
- Major trading partners include Switzerland, Germany, Netherlands, United Kingdom, China, South Africa, Burkina Faso and India.
- Main exports include petroleum, cocoa, gold and flowers, processed food items which accounted for.

Manufacturing



- Manufacturing contributed 12% of GDP in 2023. Manufacturing growth declined sharply in 2023 which rebounded in Q1 2024 with a growth rate of 2.0%.
- The manufacturing sector is driven by the government's 10-Point Industrial Agenda. The focus of the agenda is on the development of food processing, metal, chemicals and pharmaceuticals, oil refining and textile and garments.

Logistics



- The logistics sector has been growing consistently and is expected to grow by 5.2% in 2024.
- Exports and imports are primarily carried through Tema and Takoradi. Port Tema handles 75% of trade volume and has a container handling capacity of 1.2 million TEU.
- The African Continental Free Trade Area is expected to increase cross-border trade within Africa which is likely to open up trade logistics service opportunities with other African countries.

Note: Growth rates are in real terms adjusted for inflation.
Source: Ghana Statistical Service Ghana, Ports & Harbours Authority and Frost & Sullivan Analysis

Growth Prospects

Ghana's economic outlook for 2024 predicts a tough but gradually improving situation. The country's GDP is expected to be USD 75.24 billion, slightly lower than USD 76.28 billion in 2023. Real GDP growth is predicted to be around 2.8%, up from 2.3% in 2023, thanks to reforms and stabilisation initiatives sponsored by the International Monetary Fund (IMF). Inflation remains a key issue. The high inflation rate is due to currency devaluation and past lax monetary policies. The government's fiscal consolidation efforts, including debt restructuring and budget cuts, seek to restore economic stability. The government is working on a substantial debt restructuring plan, sponsored by a USD 3 billion IMF program, to address debt sustainability and enhance foreign reserves. To safeguard disadvantaged people, the government has greatly increased its social safety net programs. The Livelihood Empowerment Against Poverty (LEAP) program, which provides financial help to low-income households, is scheduled to increase in reach by 2024. Despite current obstacles, Ghana's economic growth is predicted to increase by approx. 5% by 2026 as stabilisation measures are implemented. The government's initiatives to strengthen fiscal management and extend social programs are expected to generate a more resilient and inclusive economy in the long term.

ANGOLA

The country is dependent on oil, metals, and mining activities.
The oil and gas industry accounts for one-third of its GDP and contributes 70% of government revenue. Due to depletion in oil production, growth was adversely impacted in 2023, apart from the inflationary pressures looming over the international markets. Industrial policies focus on diversifying its manufacturing capabilities ranging from oil products, processed food, textile and construction materials. The non-oil sector will continue to drive economic growth in 2024. However, some vulnerabilities are anticipated due to their high dependence on oil activities.

In the following sections, we take you through an overview of:

- Highlights of H1 2024
- Key Developments
- Economic and Industry Trends
- Growth Prospects

Highlights of H1 2024

- Angola's GDP growth is projected to be at 2.6% in 2024, a substantial increase compared to the previous year's modest growth rate of 0.5%.

- Inflationary pressures also impact the nation as prices have risen sharply over the past year. In February 2024, inflation hit 24%, more than double the rate a year earlier (11.5%). This increase was mainly driven by rising food costs. To combat inflationary pressures, Angola's central bank, the National Bank of Angola, acted by raising interest rates twice - first to 18% in the fourth quarter of 2023 and again to 19% in the first quarter of 2024.

- Lobito Port, one of the country's major ports, registered a 15% decline in cargo handled in 2023 with 1.33 million tons compared to the prior year. However, the Lobito corridor is expected to create opportunities and increase the trade momentum, particularly for copper, in the region. The revitalised corridor aims to handle 5 million MT of cargo per year as it hits its 20th year, further bolstering trade in the region.

Key Developments

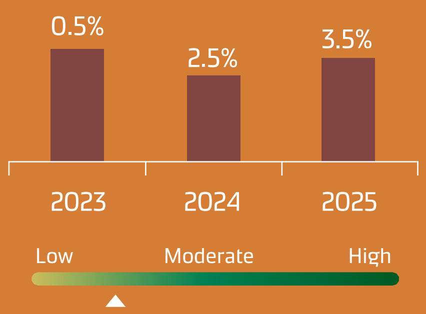
- Angola is developing a National Strategy to bolster entrepreneurship which aims to boost economic diversification. This will help to unlock the country's entrepreneurial capabilities, promote sustainability and leverage business opportunities.

- In December 2023, the DRC elections resulted in another 5-year term for the incumbent leader, President Tshisekedi. Reaching political stability will help the economy to advance and attract investments.

Economic and trade trends

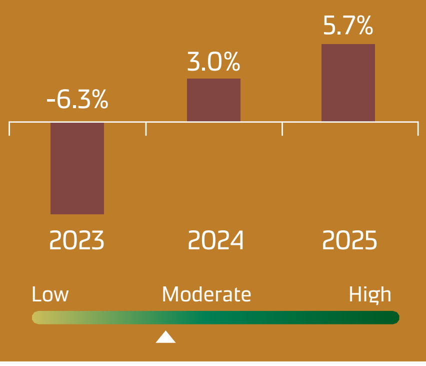
Economic growth was low in 2023 due to lower oil production. However, it is expected to rebound slowly by 2024.

Economic Growth



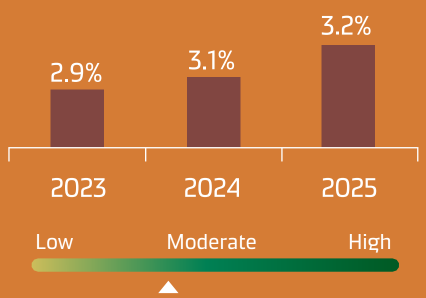
- Economic growth was hit by a decline in oil production and an increase in external debt payments in 2023. Lower oil production drove the economy registering a low growth of 0.5% in 2023.
- However, recovery is expected in 2024 as the non-oil sector gears up and drives the economy. GDP is expected to reach USD 112 billion in 2024.

Goods Trade



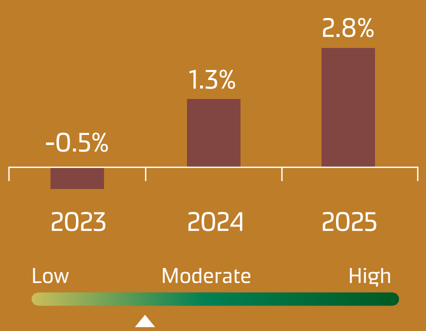
- Oil exports account for more than 95% of total exports in 2023, agriculture products and base metals are the other key products exported to the rest of the world.
- The volume of exports will slowly rebound in 2024 and 2025, as the non-oil sector takes a front seat with the stagnation of oil performance still looming.
- This would be supported by the growing agriculture and fisheries.

Manufacturing



- The manufacturing industry is expected to continue its modest growth trajectory with the economic diversification of Angola. Manufacturing grew by 1.4% in Q1 2024.
- The oil-rich economy is diversifying its manufacturing capabilities ranging from oil products, processed food, textile and construction materials.

Logistics



- The lower transport and logistics activities coupled with the slowdown in economic performance and trade made an adverse impact with a decline of 0.5% in 2023.
- Improving economic and trade activities is likely to support the growth of the logistics market in 2024.

Source: Instituto Nacional de Estatistica, World Bank, IMF, Frost & Sullivan Analysis

Growth Prospects

Growth opportunities are expected to continue as the country's economic activities prosper. Oil production remains an important part of Angola's economy; levels have influenced overall economic performance. Angola aims to ramp up and sustain crude oil production, which will ensure growth of foreign investments and output, the industry is projected to stabilise, laying the groundwork for a larger economic rebound. The country's non-oil activities are mainly agriculture and logistics. In the past, the country has set up initiatives to leverage its natural resources, such as the Angola Commercial Agriculture Development Project (PDAC), which aims to support and promote agribusiness (including farmers & SMEs).

The non-oil industry is growing, particularly in agriculture, fishing, and manufacturing. The manufacturing sector is likely to maintain its modest growth rate, aided by economic diversification initiatives. Key areas include processed food, textiles, and construction materials. Angola's future economic prospects are promising, with growth likely to pick up in the following years. The government's focus on economic diversification, infrastructure upgrades, and promoting entrepreneurship is expected to produce a more resilient and sustainable economy. Various projects are being undertaken to bolster the country's logistics capabilities. This would further solidify its aim to be the regional logistics hub and support trade and e-commerce activities of Angola.

CONGO

The economic growth of the Democratic Republic of Congo is mainly driven by the mining sector, with copper and cobalt being major contributing commodities. Non-mining sectors like construction and services also contributed to the overall economic expansion. The country has received USD 1.58 billion from the Extended Credit Facility (ECF) of the IMF, which helped in overcoming the balance of payment crisis. The Democratic Republic of Congo's political instability, underutilised agriculture sector, and other external factors will hamper DRC's economic opportunities and growth.

In the following sections, we take you through an overview of:

- Highlights of H1 2024
- Key Developments
- Economic and Industry Trends
- Growth Prospects

Highlights of H1 2024

- The Democratic Republic of Congo's (DRC) economy is expected to witness an economic slowdown with a 4.7% GDP growth in 2024 from a 6.1% growth in 2023.
- DRC is experiencing trade difficulties, with the rising import costs, as reflected by the rise in the current account deficit that reached 6.3% of GDP in 2023 - likely due to rising import costs.
- In addition, the economy continues to show demand-side challenges with inflationary pressures, with a projected inflation rate of 17.2%.
- The economic progress of DRC is driven by the mining sector, particularly by copper and cobalt production. In 2023, the production of copper and cobalt increased by 18.7 and 21.2%, respectively. On the other hand, non-mining sectors grew by 3.6% in 2023, led by the construction and services sectors.
- The Democratic Republic of Congo's economy is expected to have stable growth with a projected stable 5%-point increase in the next 2-3 years. This stable growth is largely driven by the mining sector, which is anticipated to continue its growth momentum mainly driven by the Kamoa-Kakula copper mine.

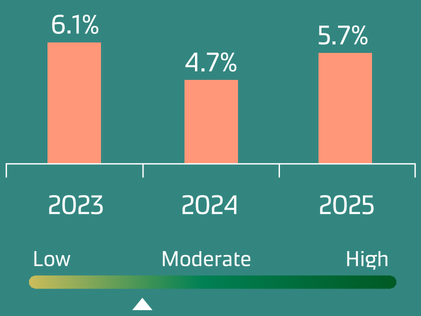
Key Developments

- The fuel subsidies reform in 2023 helped maintain a balanced budget but also led to a temporary spike in overall inflationary pressure reaching 4.3%. This elevated level of food inflation is expected to disproportionately impact lower-income households, as they allocate a larger share of their income towards food expenditures.
- As part of The Extended Credit Facility (ECF) Arrangement of the IMF for the country, USD 224.7 million was sanctioned to support balance-of-payment needs. Total aggregate disbursement is estimated at USD 1.57 billion.

Economic and trade trends

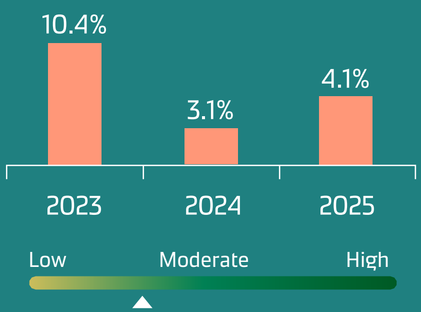
DRC's economy experienced stable growth with a strong foothold in the mining sector, primarily cobalt and copper production.

Economic Growth



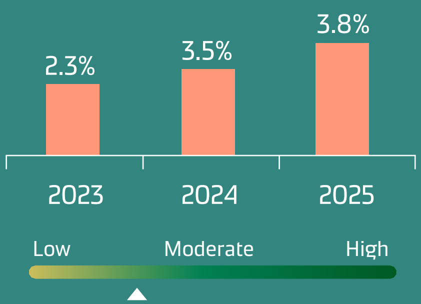
- Key natural resources of the country include minerals such as cobalt and copper and hence the economic performance of DRC is highly dependent on the mining sector.
- The production of copper and cobalt contributed vastly with a growth of 18.7% and 21.2% as a result of which the economic growth was 6.1 in 2023.

Goods Trade



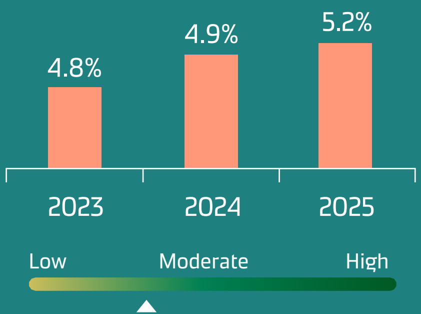
- The strong cobalt and copper production also contributed to the economy's trade with a 10.4% increase in 2023.
- On the other hand, imports are mainly concentrated on food, tagging the country as a net food importer, with its lack of food production capabilities, relying on imports.

Manufacturing



- As a result of the availability of resources from the agriculture and mining sectors, the manufacturing sector is dominated by agro-processing, wood, rubber and base metal industries.
- Manufacturing, along with the services sector will have experience some gradual growth in the next 2-3 years.

Logistics



- Matadi is the DRC's main seaport, located on the left bank of the Congo River. Banana and Boma are other ports which are smaller in size with limited cargo handling capabilities.
- Growth in the logistics sector is expected to be moderate as the contribution of the non-extractive sector is likely to increase.

Source: World Bank, IMF, African Development Bank Group, Frost & Sullivan Analysis

Growth Prospects

The Democratic Republic of Congo's economy is expected to grow steadily, with a projected 5%-point increase in the next 2-3 years. This stable growth is largely driven by the mining sector, which is anticipated to continue its growth momentum mainly due to the Kamoa-Kakula (Ivanhoe mines) copper mine. Further expansion has been done in 2024, and it is expected to ramp up copper production and increase the contribution of mining to the national economy in the coming years. GDP growth is predicted to decrease to 4.7% in 2024, down from 6.1% in 2023. The mining sector remains an important economic driver in the Democratic Republic of Congo, particularly in terms of copper and cobalt output. In 2023, copper and cobalt output increased, therefore contributing to economic growth.

Manufacturing is predicted to grow gradually, supported by the availability of resources from agriculture and mining. The logistics sector is predicted to grow considerably, driven by infrastructural upgrades, and increased commercial activity. Key ports like Matadi play an important part in the country's logistical infrastructure. The DRC got USD 224.7 million from the IMF's Extended Credit Facility to help with its balance-of-payments needs. This financial aid is part of a bigger attempt to stabilise the economy and stimulate growth. The DRC's economic forecast is cautiously hopeful, with steady growth expected over the next few years. The mining sector will remain a major engine, but diversification initiatives in non-mining sectors are critical for long-term viability. Political stability and effective governance will be critical in achieving these development expectations.

SENEGAL

Senegal has positive prospects with the new leadership and the various bilateral ties that transpired in the first half of the year. The projected growth of 8.2% in 2024 signals the various opportunities stemming from the oil production projects that are slated to begin in the second half of the year. Senegal has also further established its close ties with UAE, with the Dubai New Horizons initiative, paving the way for investments and business opportunities in various areas, such as agriculture, food, consumer goods, construction, retail, electronics, fashion, e-commerce, oil & gas, and logistics. These developments underscore the growth opportunities for the country.

In the following sections, we take you through an overview of:

- Highlights of H1 2024
- Key Trends and Developments
- Economic and Industry Trends
- Growth Prospects

Highlights of H1 2024

- **GDP:** According to the IMF data, Senegal's GDP reached USD 31.4 billion and is expected to reach USD 35.5 billion in 2024.

- **GDP Growth:** According to the World Bank, Senegal's GDP grew by 3.4% in 2023, and it is expected to grow by 8.2% in 2024. Growth will be driven by hydrocarbon production and the mining sector, particularly gold and phosphate.

- **Inflation:** The country's inflation rate is expected to slow down from 5.9% in 2023 to 3.9% in 2024, which will impact the population's purchasing power.

- **Trade:** The country's exports are on the rebound, with a 1.4% increase in 2023 from a 4% decline in 2022. Exports are expected to increase further in 2024 as oil production starts, amplifying the volume of trade opportunities for oil and gold commodities.

Key Trends and Developments

- In 2023, Senegal will be one of the top contributors to the Private Participation Infrastructure (PPI) of the World Bank. The country is leading the investment commitments with 27% of the PPI in the region; Senegal reported the highest level of investment commitments for PPI, accounting for almost 27% of the total investment in the Africa Western and Central regions.

- In April 2024, Senegal's newly elected president, Bassirou Diomaye Faye from the opposition party, was formally inaugurated, replacing former President Macky Sall.

- Following the inauguration of the newly elected president, one of the primary programs would be evaluating and re-negotiating contracts with foreign entities in the oil & gas and mining sectors.

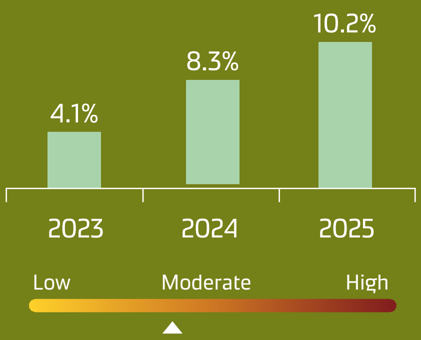
- The majority of the oil production will commence in the second half of 2024. For instance, Woodside Energy's Sangomar, Senegal's first offshore oil production, is slated to start production in mid-2024 and is expected to produce an estimated 100 thousand barrels daily.

- As part of Dubai's "New Horizons Initiative" and strengthening partnerships with Senegal and Morrocco, it established around 150 business meetings between Dubai and Senegal. The discussions were around trade in various areas, such as agriculture, food, consumer goods, construction, retail, electronics, fashion, e-commerce, oil & gas, and logistics. Further developments are seen as over 60 Senegalese businesses, as of early 2024, became members of the Dubai Chamber of Commerce.

Economic and trade trends

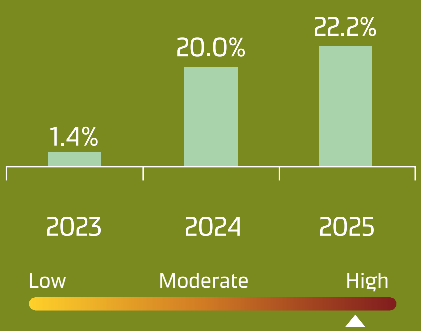
Raising tax revenues provides fiscal space to advance development objectives.

Economic Growth



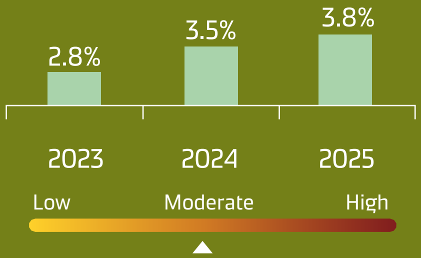
- The economy's growth was subtle in 2023 with the social unrest, impending leadership change, and delays in the oil projects.
- However, with the new leadership in April 2024 and the progress in various oil production projects slated in the 2nd half of the year, Senegal's growth is geared towards an estimated 8% rise.

Goods Trade



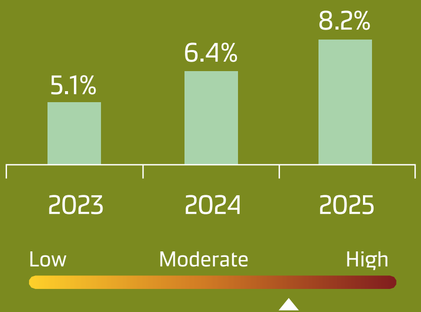
- Senegal's trade activities are expected to experience substantial growth with the new trade agreements, as well as all the new oil & gas projects that are all set to start in the 2nd half of the year.
- These activities will further support international trade relations of the country to new heights.

Manufacturing



- Manufacturing contributed 11% of GDP in 2023. There was a slowdown in manufacturing activities with the postponement of various oil & gas activities and the decline in gold production. However, with the new leadership and projects gearing forward, activities are expected to rebound in the medium term.

Logistics



- Strong domestic demand and expansion of trade activities are expected to grow in 2024.
- The growth of the logistics sector in Senegal is expected to improve with the oil production projects slated to start in the 2nd half of 2024.
- At the same time, the rising trade agreements would create more freight movement activities for the country.

Source: World Bank, IMF, National Agency of Statistics and Demography, Frost & Sullivan Analysis

Growth Prospects

Senegal's economic forecast for 2024 is very bright, with huge growth prospects led by new leadership and large-scale oil production projects. The country's GDP is projected to reach USD 35.5 billion, up from USD 31.4 billion in 2023, with an estimated growth rate of 8.2%. The start of significant oil production projects in the second half of 2024 is a key growth driver. Woodside Energy's Sangomar project is estimated to generate around 100,000 barrels per day. Stronger bilateral relations, particularly with the UAE through the Dubai New Horizons project, are encouraging investments in varied areas such as agriculture, food, construction, and logistics. Senegal leads the region's Private Participation Infrastructure (PPI) with 27% of investment pledges. The new government, led by President Bassirou Diomaye Faye, prioritises the renegotiation of contracts in the oil and gas sector to maximise profits for the country. Senegal's future remains optimistic, with growth fuelled by oil output, strategic investments, and stronger trade links. The government's focus on stabilising the economy and supporting inclusive growth is expected to bring significant results in the coming years.

MALI

Mali's economy grew by 4.5% in 2023 and is expected to have a slight decline of 4% in 2024 which may be influenced by the country's departure from ECOWAS, impacting the nation's economy and security. Various trade developments materialised in 2024 with the IFC's finance facility to support trade in selected countries, including Mali, as well as the Rwanda-Mali bilateral agreement. These developments signal the drive of the country to develop the nation's economic and trade relations to bolster economic growth.

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Highlights of H1 2024

- **GDP:** According to IMF projections, GDP at current prices is projected to be USD 21.7 billion, compared to USD 20.7 billion in 2023.
- **GDP Growth:** Mali's economy grew by 4.5% in 2023 and is expected to maintain the 4% mark in 2024-2025 and is projected to reach close to 5% growth by 2026.
- **Inflation:** In 2024, the inflation rate (average consumer prices) declined to 2% in 2023 from 9% in 2022. The downward trend is expected to continue in 2024 with around 1% rate.
- **IMF Rapid Credit Facility:** IMF financial support through emergency financing through the Exogenous Shock Window of the IMF Rapid Credit Facility (RCF). Mali is expected to receive about USD 120 million. Areas that are expected to benefit include food supplies, education, access to clean water, health, and sanitation facilities.

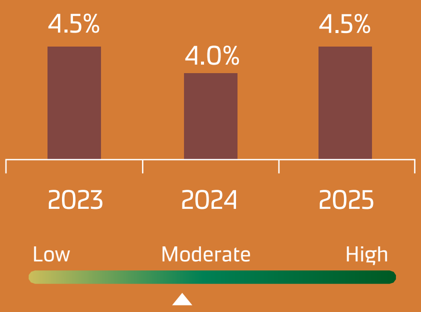
Key Trends and Developments

- In the first quarter of 2024, Mali, together with Burkina Faso and Niger, announced their departure from the Economic Community of West African States (ECOWAS), as the 3 nations viewed that the group was going against the founding principles which were established. The trio also felt that the group could not protect the nations against various threats and violence.
- In May 2024, a joint conference to improve the bilateral agreement between Rwanda and Mali took place as they signed 19 agreements covering different areas such as mineral resources, oil & gas, agriculture, fisheries, and environment.
- At the end of May 2024, the International Finance Corporation (IFC) established a USD 140 million trade finance facility for its subsidiaries operating in countries such as Mali. This aims to support trade capabilities & relations and increase export capabilities.

Economic and trade trends

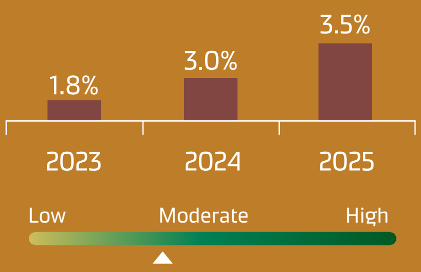
Growth challenges include power shortages, rising government expenditure and high dependence on commodity exports.

Economic Growth



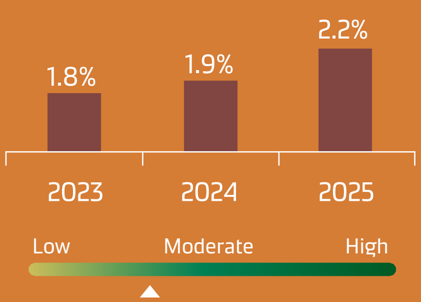
- GDP is expected to reach USD 21.7 billion in 2024, with an estimated growth rate of 4%.
- The slight setback in agricultural production, particularly for cereals, has impacted the growth of the economy, coupled with the electricity crisis.
- Mali's departure from the ECOWAS impedes trade and economic relations with its neighbouring countries.

Goods Trade



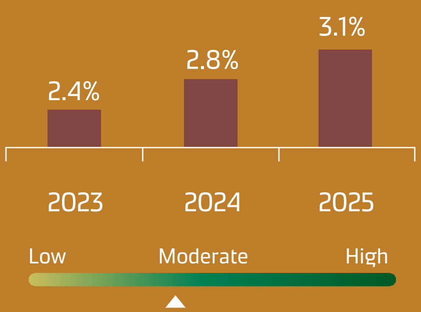
- Mali's trade activities are expected to grow steadily with the lifted sanction. However, its departure from the ECOWAS bloc will also have some impact-creating a merely gradual increase in trade opportunities for the country.

Manufacturing



- Mali's manufacturing sector is quite limited to chemicals, clothing, leather, cosmetics, processed foods, meat processing and animal feed manufacturing.
- After the sanction was lifted last August 2023, steady growth is expected for the country's manufacturing sector with more access to raw materials.

Logistics

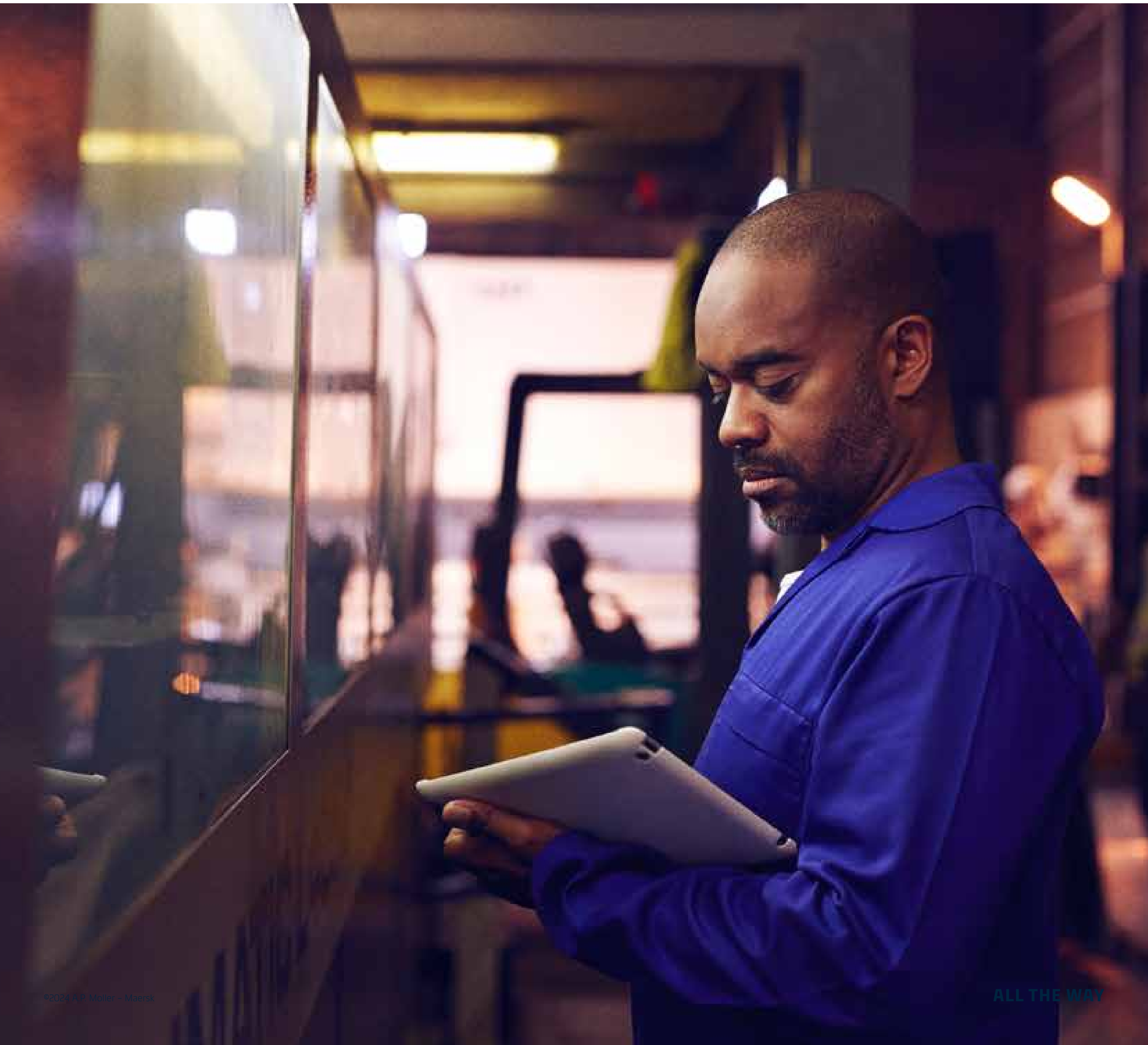


- Most of the freight is transported by road which accounts for 75% of the logistics market.
- The logistics sector in Mali is expected to grow with the sanction lifted, creating more trade-related opportunities for the country, snowballing into an increased demand for logistics activities.

Source: World Bank, IMF, Institut National De La Statistique Bamako, Frost & Sullivan Analysis

Growth Prospects

Mali's economic outlook for 2024 depicts a nation handling problems with cautious hope. The country's GDP is forecast to reach USD 21.7 billion, up from USD 20.7 billion in 2023. Mali's economy expanded by 4.5% in 2023, with a small drop to 4% predicted in 2024 due to the country's exit from ECOWAS, which has an impact on commerce and security. Electricity shortages and other challenges have hindered the agriculture industry, particularly cereal production, impacting overall economic growth. Mali's withdrawal from ECOWAS restricts trade and commercial links with neighbouring nations, posing barriers to economic growth. The industrial industry remains minimal, but it is predicted to increase steadily as access to raw materials improves when sanctions are lifted in 2023. The industrial industry remains minimal, but it is predicted to increase steadily as access to raw materials improves when sanctions are lifted in 2023. Mali's economic future is dependent on its capacity to maintain trade links and enhance sectoral performance under regional and local obstacles. With continuous support from international entities and key bilateral agreements, Mali aspires to strengthen its economic resilience and growth.



Appendix

01. IBEF
02. Press Information Bureau of India Invest India
03. Bangladesh Bureau of Statistics-BBS
04. The World Bank
05. IRBD Report: State of Bangladesh Economy in FY 2023-24
06. United Nations-Bangladesh
07. World Economic Forum
08. RBI India Press Release
09. State Bank of Pakistan
10. Pakistan Bureau of Statistics
11. International Monetary Fund
12. Finance Division Government of Pakistan
13. Afghanistan Statistics
14. UAE Ministry of Industry and Advanced Technology Newsletter
15. Qatar Ministry of Commerce and Industry
16. Federal Competitiveness and Statistics Centre (FCSC), UAE
17. Planning and Statistics Authority, Qatar
18. Saudi Ports Authority
19. General Authority for Statistics (GASTAT)
20. Saudi Press Agency
21. Saudi Central Bank
22. Ministry of Investment
23. Jordan – Chamber of Industry
24. Department of Statistics -Jordan
25. United States Agency for International Development (USAID)
26. Jordan News Agency
27. The National Treasury and Economic Planning - Kenya
28. Ministry of Interior and National Administration - Kenya
29. Ministry of Roads and Transportation – Kenya
30. Kenya National Bureau of Statistics
31. Central Bank of Kenya
32. Kenya News Agency
33. Kenya Association of Manufacturers (KAM)
34. Bank of Tanzania
35. International Trade Administration
36. National Bureau of Statistics – Tanzania
37. Food and Agriculture Organization of the United Nations
38. Ministry of Industry and Trade – Tanzania
39. Statistics South Africa
40. South Africa Revenue Service (SARS)
41. Pan Africa Chamber of Commerce and Industry (PACCI)
42. Bank of Botswana
43. EU Trade and Investment Relations with South Africa 2023
44. UN Trade and Development UNCTAD
45. Nigeria National Bureau of Statistics
46. Ghana Statistical Services
47. Ghana Ports & Harbours Authority
48. Insituto Nacional de Estatistica
49. International Finance Cooperation
50. Dubai Chamber International

MAERSK