

Boosting regional economic growth through intra-African trade

By [Millicent Maroga](#), issued by [Heineken South Africa](#)

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Africa Day is celebrated annually on 25 May in honour of the formation of the Organisation of African Unity, which was established in 1963 and was later succeeded by the African Union. While celebrations on the day often involve celebrating various cultures and nationalities that are present across Africa, I propose that it should also be a reminder to the private sector to help foster growth of their business and industry that is located on the continent. They can do so through the encouragement of trade with the continent. This is particularly pertinent for businesses looking to recover from the economic consequences resulting from the Covid-19 pandemic.

Many companies, including multinationals, still look at Africa as a means for growth either through expansion or trade, and look at ways to market and sell their products and services to untapped markets and the young, tech-savvy and middle-class population across the continent. For companies to realise their growth aspirations on the continent, that being to grow in Africa with Africa, they must be intentional, deliberate and strategic.

Achieving this entails having to review and capitalise on opportunities offered including the [African Continental Free Trade Area](#) (AfCFTA), the goal of which is the reduction of all trade costs with the objective of empowering Africa to integrate much better into global supply chains. This is incredibly important since Africa only accounts for a mere 2% of global trade and just 17% of African exports are intra-continental compared to regions like Europe where that number is at 68%, according to the [World Economic Forum](#). WEF states that the AfCFTA will result in 90% of tariffs being eliminated while a singular market with free movement of products and services has been established.

The AfCFTA is very helpful for businesses that are being deliberate in their growth strategies by building feeds in the African supply chains. Various industries and sectors are able to capitalise on this as many African economies specialise in a number of products that they are able to export and are produced at a global standard. For example, tea production across the east and central Africa, cashew production in countries like Benin, Burkina Faso, Ghana and Mozambique, while nations such as [Ethiopia](#), [Uganda](#), as well as [Côte d'Ivoire](#) specialise in coffee production.



Millicent Maroga

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For example, our alcohol industry collaborates with and supports local barley farmers. The end-goal of this collaboration is to purchase the barley that they produce, which we use to manufacture some of our products. In Heineken's case, this is

part of our business imperative to support the development of sustainable agricultural supply chains around the world. For Heineken South Africa, this also includes 100% local sourcing of apple juice for our cider base. As a large buyer of crops, we have the opportunity to improve farming practices and enable farmers to adopt better environmental and social standards.

These deliberate actions must be informed by the sustainability commitments that companies have made and be included as a key performance indicator of their procurement policies, which should help ensure their implementation as a way of doing business.

In doing so, we will help foster greater economic growth and economic emancipation in the region and make the dream of countries and particularly companies across Africa growing in Africa, with Africa, a reality. This can only happen when there is an alignment of this common goal by countries and a commitment to participate by the private sector across the continent.

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This Africa Day, let's go beyond celebrating the day with lip service and colourful cultural attire, and consider how we can make African growth a reality.

About Heineken South Africa:

Heineken South Africa is a key player in the beer and cider industry in the country, with an impressive portfolio of brands, including Heineken®, Sol, Windhoek, Miller Genuine Draft, Amstel, Strongbow, Fox, Soweto Gold and Tafel. Heineken South Africa is a joint venture between Heineken NV and Namibia Breweries.

Visit www.heinekensouthafrica.co.za

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