

Absa aims to harness Chinese corporate Africa push

South African lender Absa Group is positioning to benefit as private Chinese firms increase their investment in Africa, the head of the bank's international business has announced.



Source: Reuters.

China's involvement in Africa, for decades defined by large, government loan-backed projects, is undergoing a transformation, Absa International chief executive officer Cheryl Buss said in an interview.

"It was very much government to government," she said. "One could also argue it shifted slightly and became government business. And I think now we're seeing it being business to business, increasingly so."

On Wednesday, 31 August, Johannesburg-listed Absa said it was opening a non-banking subsidiary in Beijing to support Chinese customers as part of its strategy to offer expertise on African markets to foreign clients.

The new office is operational and will officially open in May, the bank said.

Buss said Absa was still nurturing close relationships with Chinese state-owned enterprises and development finance institutions, which would continue to play an important role in Beijing's ambitions in Africa.

Absa's Chinese subsidiary, however, would allow the bank to better understand the needs of new and potential clients.

"It's very key to be in China so that we can ... understand which corporates are having a strategy shift towards Africa and where they may be investing," she said.

China's expanding economic footprint in Africa

Buss said there had been significant investment by Chinese companies in mining and mining infrastructure, particularly in the critical minerals sector in countries including Zambia.

Chinese firms were also moving deeper into technology and telecoms, light manufacturing, and agriculture with Kenya, Ghana and increasingly Tanzania, Uganda and Mozambique as their target markets.

Absa has pushed ahead with an international expansion strategy since former owner Barclays announced its sale in 2016 ending a 90-year presence in Africa.

It has already opened offices in the United States and Britain and is evaluating its strategy for the Middle East and Asia, Buss said.

"Everything we do is to develop the pipeline of engagement for trade and investment into Africa," she said.

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