

the italian connection

Although many would still only associate Italy with pasta and Prada, Africa is waking up to the economic benefits of trade with this Mediterranean powerhouse. KERRY DIMMER investigates

Italy may have been somewhat slow to proclaim its economic interest in the African continent, but now that it has, it is quite clear the continent enjoys important strategic priority in terms of Italy's plans for foreign economic relations.

The Italian Trade Commission (ICE), based in Johannesburg, South Africa, is responsible for Italian promotional activity in the 23 sub-Saharan countries that trade with Italy. The ICE monitors the economic development of these nations while undertaking a substantial number of initiatives aimed at fostering bilateral co-operation with Italian businesses and providing advice to the countries from

which Italy sources raw materials in the hope of increasing production capacity. The resultant reduced bulk prices are an added benefit to the Italian investors.

South Africa represents the bulk of trade with Italy and in 2006 reached a two-way trade figure of ZAR23 billion. Gianpaolo Bruno, trade commissioner of the ICE, says: '75% of Italian export and foreign direct investment to the sub-Saharan region is to South Africa, followed by Angola which receives another seven to eight percent. Mauritius and Tanzania also feature strongly, and trade flows are steadily increasing with respect to other countries in the region.'

Italy turns to Africa as a provider of the raw materials used to produce the finer things in life such as hides for its high-end shoe manufacturing industry. Italy considers South Africa its bridge into sub-Saharan Africa because of the massive investments the country has made in the financial, telecoms and transportation networks of the region.

But besides just producing elegant products, Italy has developed a reputation as a provider of high quality, sophisticated machinery, particularly for the woodworking, plastic, marble, granite and stone industries, as well as the automotive supply chain, construction, telecoms, chemical and pharmaceutical sectors.





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After the Second World War, Italy experienced phenomenal change in its economic structure, transforming it from an agricultural economy to an industrial one. 'That is why,' explains Bruno, 'we have a lot of useful manufacturing input, particularly mechanical and machinery.' Despite stiff competition from countries like China and India, which have the benefit of low labour costs, Italian machinery is gaining a reputation for high quality and endurance.

Bruno is proud of what Italy has achieved in Africa, such as the Luandan airstrip surface in Angola which was laid by an Italian company during the 1970s and the bridges in Ehtiopia, built by Italy during colonial rule, which are

still standing. 'This is our challenge – to promote Italian products because we have the know-how and we understand what is required from the globalisation process.'

Italy is well aware that globalisation favours larger business institutions, yet it has decided to focus its attention in Africa on small- to medium-size enterprises. This is mainly in order to give Italian companies the opportunity to react quickly to sudden changes in the economic environment. It's a formula that impressed South African Deputy President Phumzile Mlambo-Ngcuka who met with Italian Deputy Prime Minister Massimo D'Alema in July last year. Mlambo-Ngcuka

stressed the importance of the relationship between the two countries, indicating that the SMME (Small Medium and Micro Enterprise) sector had a lot to learn from Italy.

Bruno explains: 'We believe that "small" is ideal, particularly in highly specialised niche market sectors where larger companies do not focus. The small to medium market is important for any country's economic development and we have the knowledge to assist the private sector in its development and to help it achieve the competitive edge needed to operate within open international economies.' It is in the upliftment of Africa that Bruno sees Italy making a significant



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contribution: 'Italy's annual budget for promotional activities is around €80 million, of which the Italian Trade Commission gets to use €5 million.

'This is a considerable investment that will continue for at least the next three years. Corporations are also investing privately and there is substantial aid funding from the Italian government.'

In light of this, the ICE is promising Africa a full programme of promotional activities for 2008, most of them involving the participation of Italians in trade fairs, such as the large construction and mining exhibitions to be held in South Africa. Africa can also expect a number of training seminars such as the one planned for Ethiopian support institutions.

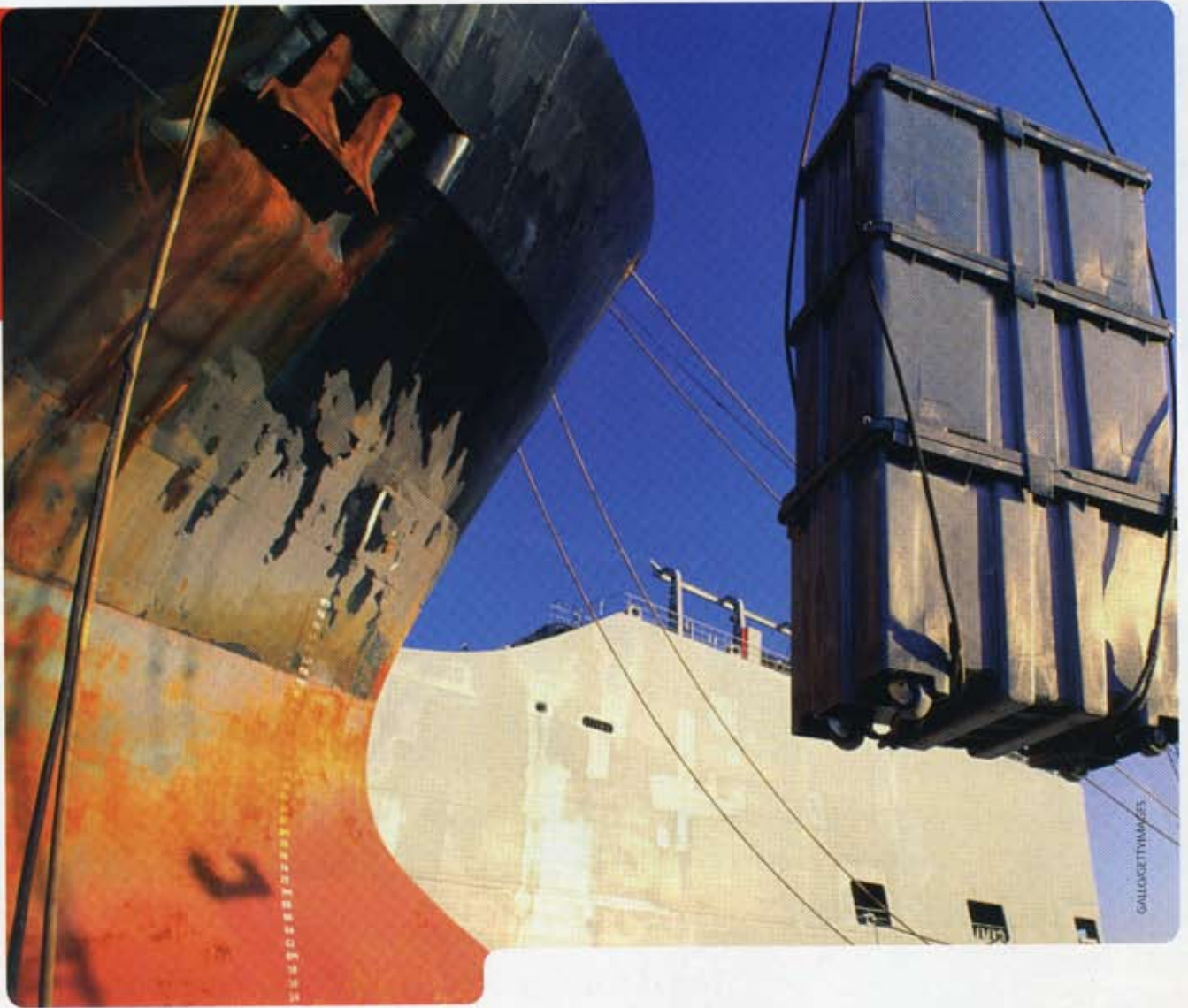
The objective of the training is to help countries identify public policies that are conducive to a better economic environment. Delegates will also be invited to Italy to visit industrial districts that specialise in a specific stage of the manufacturing process.

A market survey is currently being conducted in Mozambique among four business sectors that Italians would like to consider as areas for forging trade relations, namely agri-business, ornamental stone, wood production and tourism. It is expected that at the end of the survey, Italian companies will form sectoral missions to visit the country in order to formalise opportunities for mergers.

Gabon for example is now featured in future plans after a successful trade and investment

mission in November 2007 brought about a serious interest in wood production. There are plans to conduct a training programme for Gabonese companies who depend on the harvesting of wood that is exported in raw form.

Many African countries are strongly dependent on tourism, and Italy has a number of initiatives planned to increase tourism investment both ways. Surveys have shown that the ideal African vacation for Italians would involve a multi-country approach with a combination of coastal areas, wildlife and safari activities. Italy is co-operating with a number of EU institutions to facilitate a common visa for African countries, much like the European Schengen concept.



GALLOTTI/MAGES

By the same token, Italy is very keen to motivate opportunities for Africans to visit its cities.

But whether for business or pleasure, the ICE would like to see more Italian investment in Africa, says Bruno. 'Compared to our major competitors in Europe for example, it

appears we should be increasing Italian participation for direct investment in Africa. We are looking forward to doubling our efforts in terms of information gathering for Italian companies. We want to make them aware of the opportunities that the African market presents and provide

assistance with company penetration strategies.' Economic relationships aside, there is one aspect of any Italian experience that goes hand-in-hand with the feel-good benefits of trade – and that is the warmth and the friendship that Italian people bring to any forum. **AD**

Vision to Legacy

FACT FILE

CAPITAL:

Rome

TOTAL AREA:

 301 230 km²
GOVERNMENT:

Republic

HEAD OF STATE:

Giorgio Napolitano

OFFICIAL LANGUAGES:

Italian

INFLATION RATE:

1.7% (2007 est)

GDP PER CAPITA:

US\$31 000 (2007 est)

CURRENCY:

Euro

POPULATION:

58 147 733

POPULATION GROWTH:

0.01% (2007 est)

REAL GDP GROWTH RATE:

1.9% (2007 est)

LITERACY:

98.4% (2001 census)

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