



FINNS DOING BUSINESS IN WEST AFRICA:

AFRICA CONTINENTAL FREE TRADE AGREEMENT

FINNISH BUSINESS COUNCIL OF WEST AFRICA

- I am a practicing lawyer in Ghana and Finland
- Founded FBCWA in 2011 in Accra, Ghana
- FBC is an association of Finnish companies doing business in West Africa
- Part of Finland Chamber of Commerce [FinnCham](#) Network

FINNISH BUSINESS COUNCIL
WEST AFRICA





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FINNCHAM NETWORK



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- [The Finland Chamber of Commerce](#) currently coordinate and develop the activities of 17 Business Associations and Africa Business Network. These Business Associations operating in Finland effectively network companies, provide up-to-date information on the target country's business environment and organize events for their internationalized and internationalization-planning member companies. The Business Associations also receive foreign delegations to Finland.
- The Business Associations are part of the global [FinnCham](#) and [Team Finland](#) network, with which Finland's commercial relations are developed and strengthened in accordance with the needs of companies, by using the international know-how and networks of more experienced companies to promote exports.

5 BENEFITS OF FINNCHAM NETWORK

- Access to a network in Finland with business leaders going through the same steps as your company.
- Access to a network in the target country that will help you hit the ground running at entry.
- Gain reliable information about the target market and how to do business there.
- Gain access to decision makers in private and public spheres.
- Join the Team Finland network which creates a bigger impact for the growth of the Finnish companies abroad.

AFRICA BUSINESS NETWORK

- The aim of the Africa Business Network is to strengthen companies' knowledge of the specific features of the African markets and increase awareness of the market and business opportunities that Africa offers by organizing different kinds of events. The network supports the work of the Ministry for Foreign Affairs of Finland, Business Finland, Finnvera, Finnpartnership, and Finnfund.
- The Africa Business Network also works in partnership with the Enterprise Europe Network (EEN). This European Commission project aims to network European companies with global opportunities. [the Enterprise Europe Network](#) operates at the Helsinki Region Chamber of Commerce.
- Companies which plan to export, import, or invest in African countries or already operate in the African markets are welcome to join the Africa Business Network.
- Please, visit www.kauppayhdistys.fi
- Aamukahvit Afrikasta –series (Morning coffee in Africa in Finnish) – next 9.6.2021 <https://kauppayhdistys.fi/event/aamukahvit-afrikasta-webinaarisarja-maghrebin-vetovoimaa/>

AfCTA

- **Why is AfCTA important to Finnish businesses?**
 - The African Continental Free Trade Agreement is a newly adopted agreement that establishes the largest free trade area in the world
 - Combined GDP of countries comprising the AfCTA is 3.4 trillion and a population size of 1.3bn
 - The IMF described the AfCTA in its May 2019 report as a potential game changer for commerce on the continent

WHY AfCTA?

Designed essentially as an economic integration strategy

Changes long standing situation of intra-African trade as costly, slow and cumbersome with patchwork of regulations and paperwork

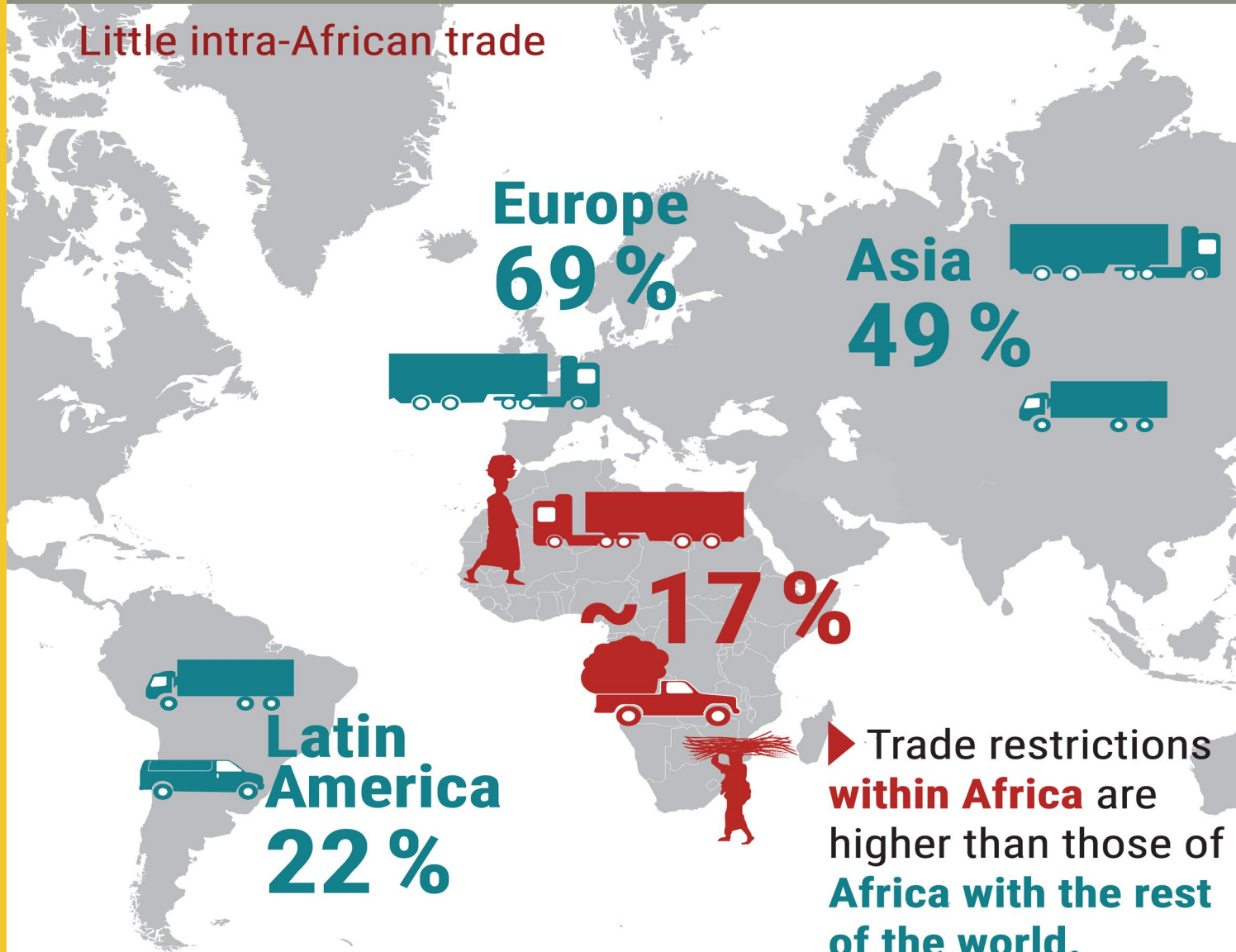
The situation prior to the adoption of the AfCTA shows that trade restrictions within Africa are higher than those between Africa and other regions/countries

PROBLEMS ADDRESSED BY AfCTA

- Transport costs in West Africa are among the highest in the world.
- Checkpoints across West Africa are directly correlated with bribes and delays that impede trade, discourage investments and increase transport and logistics costs.
- High costs also result from high taxes, inefficient procedures and poor infrastructure.
- These high costs mean that farmers and other producers get lower prices for their goods. They also make imports more expensive.

Intra-regional exports – a comparison

Little intra-African trade



REMOVING TRADE BARRIERS

REDUCE TRANSPORT COSTS

Potential for the 15 landlocked countries – maritime transport makes up 80 % of total international trade volume.

Access for landlocked countries to maritime transport should be developed.

Source: AfDB African Development Report 2010



Transport costs are **63 % higher** in African countries compared with the average in developed countries.



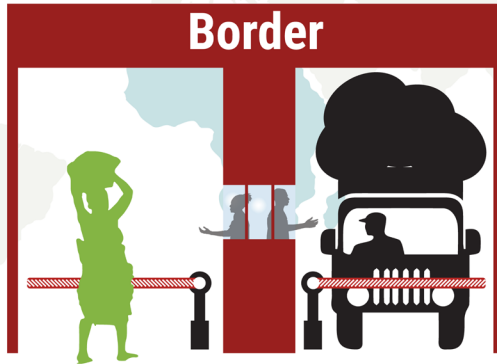
Source: UNECA policy brief

Crossing borders: within **Africa** vs. **EU**

Average waiting time at the border in hours
97 (8)

Average number of documents to be processed
7.5 (4.1)

Number of days required to import*
37 (10)



Average number of hours spent with import documents
104 (1)

Cost in US\$ to export one container
2037 (1042)

Cost in US\$ to import one container
2702 (1079)

* Sub-Saharan Africa
/ 1/3/2018

Source: World Bank

REDUCE DELAYS

INVESTMENT CASE FOR AfCTA

- In 2018, the UN Economic Commission for Africa estimated that the agreement can boost intra-African trade by up to **52%** by 2022.
- While Africa's trade with the outside world in raw materials far exceed intra-Africa trade in same materials, trade among countries on the continent in manufactured goods is greater in percentage terms than trade in raw materials:
- This is a big case for investment and setting up on the continent.

ADVANTAGES OF AFRICAN MARKET

- Accelerated growth environment
- High return on investment
- First mover advantage
- Diversity of raw materials



Ghana is a constitutional democracy, established as country in 1957 after years of British colonial rule

It has a population of nearly 30 million and operates a free market economy

Population have generally been described as hospitable, warm, friendly and welcoming



Ghana's economy is relatively buoyant and one of the leading in Africa



Its growth for 2019, like other years has been projected by the World Bank to be 7.6% and this reflects the extent or degree of economic and other commercial activity in the country.



Key economic sectors include: Oil, gold and general extraction, cocoa, banking, telcos and technology enterprise, service sector, and a reasonably strong manufacturing sector

GHANA

GHANA: KEY SECTORS FOR INVESTMENT



Extractive
Industry



Manufacturing
sector



Service sector

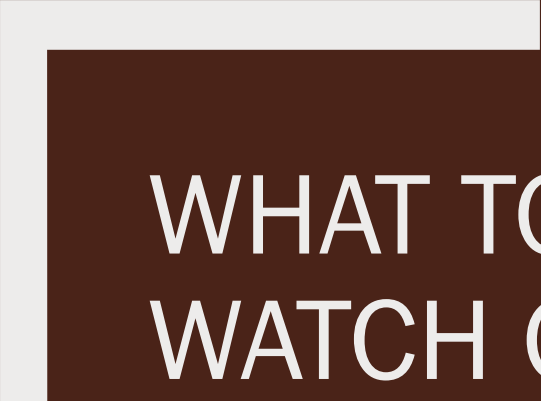


Banking
Sector



Educational





WHAT TO WATCH OUT FOR IN SETTING UP BUSINESS IN AFRICA

- Dealing with institutional delays
- Due diligence on potential partners
- Restrictions on certain corporate structures
- High cost of living
- Corruption and how to deal with it

THANK YOU!

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Useful links:

[Finnish Business Council West Africa](#)

[Keskuskauppakamarin Afrikka-verkosto](#)

<https://www.giz.de/en/worldwide/59611.html>

[Ghana Investment Promotion Centre](#)

[African Union Video on History of AfCTA](#)