Standard Bank

AFRICA TRADE BAROMETER

An overview of the current cross-border trade landscape in Sub-Saharan Africa

September 2023 | Issue 3

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FOREWORD

This report shares the latest findings of the Standard / Stanbic Bank Africa Trade Barometer. Created by the Standard Bank Group as Africa's leading trade index, the Trade Barometer is designed to provide reliable data relevant to understanding and growing African trade. Launched in 2022, and intentionally incorporating an overweighted view of Africa's smaller businesses, the Trade Barometer provides a welcome counterpoint to trade surveys dominated by the views of large corporates and multinational companies. Read in tandem with these more general surveys, the Standard Bank Trade Barometer delivers a nuanced and detailed view of the challenges of real African businesses of all sizes as they seek to grow domestic, regional, and international trade on the ground in Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda, and Zambia.

While the majority of the 10 countries examined have recorded strong economic growth following the COVID-19 pandemic, most face a volatile global environment characterised by tightening global financial conditions, the impact of Russia's invasion of Ukraine, lackluster global growth, and persistent climate threats.

In addition, many of these markets are experiencing exchange rate volatility, sustained local currency depreciations and capital flight, fuelled by higher interest rates in advanced economies. Continued currency depreciations and higher interest rates are also driving higher sovereign debt, which is exacerbating foreign currency shortages in most of the markets examined by the Standard Bank Trade Barometer. Collectively, these headwinds are significantly impeding business growth and cross-border trade as enterprises struggle to acquire foreign currency to cover imports.

Yet despite these challenging macroeconomic conditions, general business confidence has improved across most Trade Barometer markets with only South Africa and Zambia experiencing a drop in business confidence, driven by a myriad of factors including power supply constraints.

Businesses are also confident that their governments are playing an increasingly positive role in supporting domestic, regional, and international cross-border trade. This more positive sentiment is likely a reflection of the various road, rail, port, and electricity infrastructure projects that are being undertaken by governments across the region. While heartening, given the importance of infrastructure in enabling trade, overall perceptions of infrastructure remain poor. Most businesses report the state of power supply, followed by road and rail infrastructure as a significant obstacle to their operations.

While access to credit remains a material challenge to enterprises in Africa, this third issue of the Trade Barometer reflects businesses reporting slightly less restrictive loan clearance requirements and increased access to a wider range of funding products tailored to businesses' needs. This positive sentiment is, however, mostly driven by larger businesses. Since smaller businesses generally still struggle to access credit from financial institutions, compared with 2022, many more are making use of credit terms provided by their suppliers.

Overall, the ease of intra-African trade sentiment remains constrained by negative perceptions of infrastructure, complex policies and high import and export duties. That said, in areas where preferential tariff agreements have lowered custom duties (such as in the EAC, SADC and ECOWAS), sentiment on ease of trade has improved since 2022.

With most businesses also confident that the implementation of the African Continental Free Trade Area (AfCFTA) will ease the movement of capital and people across African borders, improve market access, and promote industrial development, it is encouraging that African leaders have sought to resolve some of their shared infrastructure-related problems. In Zambia, for example, road infrastructure projects are upgrading the route linking the Zambian capital, Lusaka, to Ndola. In Mozambique, the Safer Roads for Economic Integration Project in partnership with the World Bank aims to improve over 500 kilometres of priority roads. Kenya, Uganda, and Tanzania are working to integrate the three territories via a single contiguous standard gauge rail network. Similarly in Ghana, the government has a delivery pipeline for nearly 2,000 kilometres of additional rail. These initial commitments to realizing AfCFTA ambitions are likely driving the significant increase in positive awareness of the AfCFTA amongst businesses compared with 2022.

Looking ahead, it will be interesting to observe how the current broad investment in infrastructure across this region will impact Trade Barometer sentiment. Equally, Trade Barometer numbers are likely to provide a good measure of the impact of progress towards realising AfCFTA ambitions to lower trade barriers and broaden intra-African market access, as well as domestic and cross-border value chain creation.

Most significantly, it is the impact of these broader themes on individual businesses in each of the markets currently included in the Trade Barometer that provides the most value to readers seeking to identify business growth opportunities on our rapidly growing and fast-integrating continent.

Philip Myburgh, Head: Trade & Africa China Banking
Standard Bank's Business and Commercial Banking division

Interchange in Ghana

EXECUTIVE SUMMARY

Being Africa's largest bank, Standard Bank has leveraged its presence and expertise across the continent to create the Standard Bank Africa Trade Barometer (SB ATB). The SB ATB was launched in 2022 with the intent of creating Africa's leading trade index to address the information vacuum of reliable African trade data and to support and enable the growth of intra-Africa trade. Availability of trade data remains a challenge across Africa and the SB ATB aims to fill part of this data gap through up-to-date survey data on the views of African businesses on the environment they operate in, their trade behaviour, trading activities and their perceptions on trade.

This is Issue 3 of the SB ATB. The SB ATB focuses on 10 countries: Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda, and Zambia.

In order to construct the SB ATB index rankings, seven broad thematic categories of data are collected from both primary and secondary data sources. These thematic categories are trade openness, access to finance, macroeconomic stability, infrastructure, foreign trade, governance and economy, and traders' financial behaviour.

From a primary data perspective, the Standard Bank Firm Survey Trade Barometer (SB STB) is constructed. The SB STB scores and ranking by country are the averages of all the data collected only from the primary research surveys conducted with over 2,500 businesses across the 10 countries of interest.

From a secondary research perspective, the Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) is constructed. The SB QTB scores and ranking by country are the averages of all the selected indicators collected only from existing secondary data sources.

The SB ATB is an aggregate of the SB QTB and the SB STB.

This is the Consolidated Report for Issue 3 of the Standard Bank Africa Trade Barometer. It offers the latest comparative view of the enablers and challenges to facilitate trade across the 10 African markets of interest.

There were movements in the country rankings for Issue 3 compared to Issue 2 of the SB ATB (see **Figure 2**). The countries that improved were Kenya (from position 7 to 6), Mozambique (from position 6 to 3), Namibia (from position 3 to 2) and Nigeria (from position 8 to 4). The countries that declined were Ghana (from position 2 to 5), Tanzania (from position 5 to 7) and Uganda (from position 4 to 8).

Kenya, Mozambique, Namibia, and Nigeria improved in the overall Standard Bank Africa Trade Barometer ranking, while Ghana, Tanzania and Uganda declined. Angola, South Africa, and Zambia maintained their positions from last year.

The table below shows how the 10 countries of interest scored, and ranked, in the SB ATB for Issue 3 (compared to Issue 2 in September 2022).

SB ATB ranking for the 10 focus countries

Country	SB ATB Scores	SB ATB Ranking	
		September 2022	May 2023
Angola	0,0 0.0	10	10
Ghana	74,3 19,5	2	5
Kenya	55,8 19,3	7	6
Mozambique	57,5 30,5	6	3
Namibia	60,2 43,1	3	2
Nigeria	48,4 25,9	8	4
South Africa	100 100	1	1
Tanzania	58,9 15,3	5	7
Uganda	58,9 14,8	4	8
Zambia	43,2 14,1	9	9

Sep'22 May'23

The macroeconomic conditions across the 10 countries are mixed, with significant downside risks observed in many markets, which negatively impacts the tradability attractiveness of these countries. While most SB ATB markets have recorded strong economic growth post the COVID-19 pandemic, these countries are currently navigating an uncertain global environment characterised by the tightening of global financial conditions, spillover effects of Russia's invasion of Ukraine, subdued global growth, and persistent climatic threats.[1] In addition, many countries are experiencing exchange rate volatility and sustained local currency depreciations fuelled by higher interest rates in advanced economies, inducing capital flight in these countries. Moreover, continued currency depreciations and higher interest rates have also contributed to higher sovereign debt for African countries. A combination of these factors has led to foreign currency shortages in most of the SB ATB markets. This significantly impedes cross-border trade, as businesses struggle to acquire the necessary foreign currency to pay for their imports.

Despite challenging macroeconomic conditions, business confidence is positive (above the neutral score of 50) across SB ATB markets. Although the average business confidence score for SB ATB markets has remained relatively the same, increasing from 57 in September 2022 to 58 in this iteration of the survey, 7 out of 10 countries experienced an increase in their business confidence scores. Nigeria recorded the largest improvement, a 10-point increase in business confidence between September 2022 and May 2023. This is likely a reflection of the perceived positive impact on economic growth resulting from planned and implemented pro-business policies by the newly elected Government administration. On the other hand, only two countries (South Africa and Zambia) experienced a fall in business confidence. In South Africa, negative sentiments are most likely due to extensive power cuts that have instigated a pessimistic attitude regarding future economic performance among some businesses.[2] While in Zambia negative business sentiments reported in the May 2023 survey were fuelled, among other things, by continued delays in external debt restructuring negotiations prior to the USD 6.3 billion debt restructuring in June 2023.[3]

Similarly, businesses across SB ATB markets have positive perceptions (above the neutral score of 50) about the role their respective Governments are playing in supporting cross-border trade. The average score for the SB ATB markets increased from 50 to 53 as a result of a combined increase in the Government index score across 5 countries (Angola, Ghana, Kenya, Nigeria and South Africa). This is likely a reflection of the several road, rail, port and electricity infrastructure projects that are being undertaken by their respective Governments. These infrastructure projects would have a positive impact on business perceptions as poor infrastructure is a key obstacle to cross-border trade. In Angola for instance, where the highest increase in the Government support index was observed (15-points), improved positive perceptions likely reflect the Angolan Government's renewed commitment to cross-border trade through bilateral and trading bloc agreements.[4,5,6] On the other hand, three markets (Mozambique, Namibia and Tanzania) out of 10 recorded a decrease in the share of businesses that feel the Government is supportive of cross-border trade, with Mozambique experiencing the largest decline (a 7-point decline). Negative sentiments among Mozambican businesses are possibly a result of limited availability of foreign currency to support imports.[7]

With regards to infrastructure, the overall perceived quality of infrastructure remains poor, negatively affecting business operations. The state of the power supply, followed by road and rail infrastructure, is perceived to be particularly poor by most businesses and represents a significant obstacle to business operations. Recognising the adverse effects of poor infrastructure on business operations and cross-border trade, respective Governments and other development partners have rolled out (or are planning to roll out) several projects to curb these challenges. These include the African Development Bank's USD 1.3 billion investment in cross-border electricity interconnections across East Africa,[8] and the passing of the Electricity Act in Nigeria to allow private investment in the country's power sector.[9] Road infrastructure projects include upgrading the 327 km road linking the Zambian capital Lusaka to Ndola,[10] and the Mozambican Government Safer Roads for Economic Integration Project in partnership with the World Bank which aims to improve 508 kilometres of priority roads.[11] In the rail space, the respective

[1] AfDB, 2023. Available here
[2] Stats SA, 2023. Available here | Reuters, 2023. Available here
[3] Bank of Zambia, 2023. Available here | Fitch Solutions, 2022. Available here
[4] IMF, 2022. Available here
[5] SADC, 2023. Available here
[6] Ver Angola, 2023. Available here
[7] Mozambique 360, 2023. Available here
[8] AfDB, 2023. Available here
[9] Akoni, 2023. Available here
[10] Lusaka Times, 2023. Available here
[11] World Bank, 2022. Available here

Governments of Kenya, Uganda and Tanzania are at various phases of their respective standard gauge railway (SGR) projects which aim to revive their underperforming railway network.[12] In Ghana, the Government has a pipeline of 1,898 km of rail network under construction in addition to the current 1,300 km. Meanwhile in Mozambique, a new freight rail service linking Maputo Port to Zimbabwe's three key trade hubs (Harare, Bulawayo and Gweru) has recently begun operating.[13]

With regards to access to credit, there was a 9-percentage point improvement between September 2022 and May 2023 in the overall access to credit indicator. This is despite relatively high interest rates in many of the 10 SB ATB markets. According to surveyed businesses, the positive change is a reflection of less restrictive loan clearance requirements and increased access to a wider range of funding products tailored to their specific business needs. However, the ease of access and utilisation of credit is more prevalent among larger businesses compared to small businesses who still face challenges in accessing credit.

Poor infrastructure, complex policies and import/export duties have adversely affected the perceptions of businesses in terms of ease of trading with other African countries. In this iteration of the survey, the average score for the ease of trade across SB ATB markets remained at 43, below the neutral score of 50, signalling that most businesses find trade with other African countries difficult. The reasons provided by most businesses relate to poor infrastructure within their countries and across the continent. On a more positive outlook, businesses in Nigeria find the ease of trading with other African countries to have improved. The country scored 47 (out of 100) in this iteration of the survey, a significant improvement from a score of 39 (out of 100) in September 2022. This is because businesses in Nigeria find trading procedures less restrictive (24%), have experienced lower trading taxes (8%) and have been positively impacted by growing trade relations between countries (7%).

Despite these obstacles to trade, the majority of surveyed businesses in SB ATB markets conduct cross-border trade activities with other African countries. In the majority of the 10 countries which are economic hubs in their respective regions, surveyed businesses conduct significant trade, particularly exports, within regional trading blocs such as the East African Community (EAC), Southern African Development Community (SADC) and the Economic Community of West African States (ECOWAS). According to surveyed businesses, this is because of preferential tariff agreements which lower the customs duty payable.

The 10 countries covered by the SB ATB are among the 54 signatory nations of the African Continental Free Trade Agreement (AfCFTA). Awareness of the AfCFTA amongst surveyed businesses across SB ATB markets has significantly improved, increasing from 18% in September 2022 to 44% in this iteration of the survey. Most businesses believe that the implementation of the AfCFTA will reap benefits, particularly by easing the movement of capital and people across African borders, improving access to larger markets for goods and services, and the promotion of industrial development across countries.

In conclusion, while several changes have been observed in the operating environment of most SB ATB markets, the infrastructure space is undergoing massive developments and thus is an interesting area to track in future issues of the SB ATB. As already highlighted, in this issue of the SB ATB, across all the SB ATB markets poor infrastructure is a significant obstacle to business operations and cross-border trade. With AfCFTA gaining traction, African leaders have sought to resolve some of their country's respective and shared border infrastructure related problems to ensure they realise the full benefits of a free trade agreement. Several projects are underway across all of the SB ATB markets to rectify infrastructure related challenges. Therefore, it will be interesting to assess the impact of these projects on the perceptions of businesses in regard to cross-border trade in the upcoming Issue.

[12] Government of Uganda, 2023. Available here

[13] Freight News, 2023. Available here

1. INTRODUCTION

Being Africa's largest bank, Standard Bank has leveraged its presence and expertise across the continent to create the Standard Bank Africa Trade Barometer (SB ATB). The SB ATB was conceived with the intent of creating Africa's leading trade index to address the information vacuum of reliable African trade data and to support and enable the growth of intra-Africa trade.

Definition of trade in the context of the SB ATB

> Trade—in the context of the SB ATB—should be understood as the process of production and transfer of goods and services that is enabled by solutions that effectively connect the supply chain domestically and internationally to create economic value.

Launched in 2022, this is Issue 3 of the SB ATB. Issue 1 and Issue 2 were published in June 2022 and November 2022 respectively. The SB ATB focuses on 10 countries: Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda, and Zambia.

Please note that although this is Issue 3 of the SB ATB and hence there are three data points for all variables from the surveys conducted so far (January 2022, September 2022 and now May 2023), this report predominantly compares September 2022 and May 2023 data points in most cases. This is done for ease of analysis and comparison with recent market trends in order to make contextual sense of the data. That said, all data points from the last three surveys of the SB ATB are available on request.

The objective of the SB ATB is to provide dynamic and insightful analysis that can intelligently inform and grow Africa's trade ecosystem. Updated annually, the data enables stakeholders to take the pulse of African trade in near real-time to measure improvements or declines in business confidence, track operational challenges, and identify shifts in overall tradability. To do so, the SB ATB covers seven broad thematic categories of data that impact trade. These are: trade openness, access to finance, macroeconomic stability, infrastructure, foreign trade, governance and economy, and traders' financial behaviour. These are the seven variables on which the trade barometer scores for each country are constructed.

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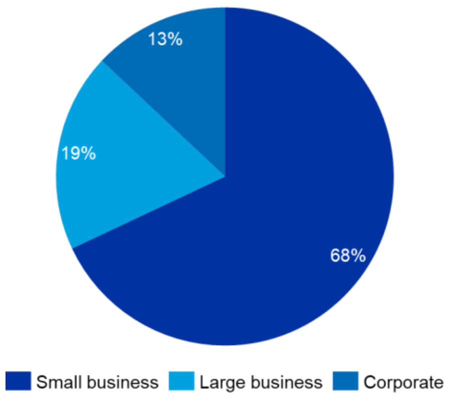
The SB ATB is based on primary and secondary data sources. Primary research is gathered through a survey of firms representing small businesses, large businesses, and corporates across the 10 countries. The survey is augmented by in-depth interviews (IDIs) with select thought leaders in respective countries, and secondary data from sources such as the World Bank, the International Monetary Fund (IMF) and central banks of the respective countries.

For Issue 3, primary and secondary data was gathered between March and May 2023. To this end, a total of 2 636 businesses were surveyed and 30 IDIs were conducted across the 10 countries. In order to be representative, the majority of surveyed businesses (68%) were small businesses (see **Figure 1**) given that most businesses in the 10 markets fall in this category. The reader should bear this in mind as it has a commensurate impact on the insights highlighted in this report. That said, because the majority of businesses in our sample are small businesses, the results presented here potentially represent a more realistic picture of trade on the ground.

Figure 1: Breakdown of total surveyed businesses by business segment



Source: Standard Bank Africa Trade Barometer Issue 3

The fact that the majority of surveyed businesses were small businesses is the central value-add of the Standard Bank Africa Trade Barometer (SB ATB). Aggregate trade data and information on the African continent is skewed by large businesses who trade specific commodities in large volumes. The trading activities and behaviour of small businesses is therefore not adequately represented. The SB

ATB is different because, due to the underlying sample composition being majority small businesses, the emphasis and findings relate to small businesses, their trade behaviour, trading activities and their perceptions on trade. The SB ATB also makes a contribution in understanding the trade perceptions of small businesses in Africa that do not necessarily engage in cross-border trade. This is important because this understanding is helpful in the quest for Africa to transform herself from a poorly integrated trade environment to more trade integration where a large diversity and scope of the overall economy trades with each other.

Because of the intentional bias of the SB ATB on smaller businesses, the reader may notice that in certain instances the survey findings may differ from data at the aggregate level. This is to be expected as in many cases data at the aggregate level (from sources such as the Statistics Bureaus of individual countries, World Bank, etc.) is skewed by a few large businesses (multinationals, etc.) that trade large volumes of specific commodities. This is pointed out in the report, as relevant.

Maputo, Mozambique.

2. COUNTRY RANKINGS

Kenya, Mozambique, Namibia and Nigeria improved in the overall Standard Bank Africa Trade Barometer Issue 3 ranking, while Ghana, Tanzania and Uganda declined

In order to construct the Standard Bank Africa Trade Barometer (SB ATB) index rankings, seven broad thematic categories of data are collected from both primary and secondary data sources. These thematic categories are trade openness, access to finance, macroeconomic stability, infrastructure, foreign trade, governance and economy, and traders' financial behaviour.

From a secondary research perspective, the Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) is constructed. The SB QTB scores and ranking by country are the averages of all the selected indicators collected only from existing secondary data sources.

From a primary data perspective, the Standard Bank Firm Survey Trade Barometer (SB STB) is constructed. The SB STB scores and ranking by country are the averages of all the data collected only from the primary research survey conducted with 2,636 businesses.

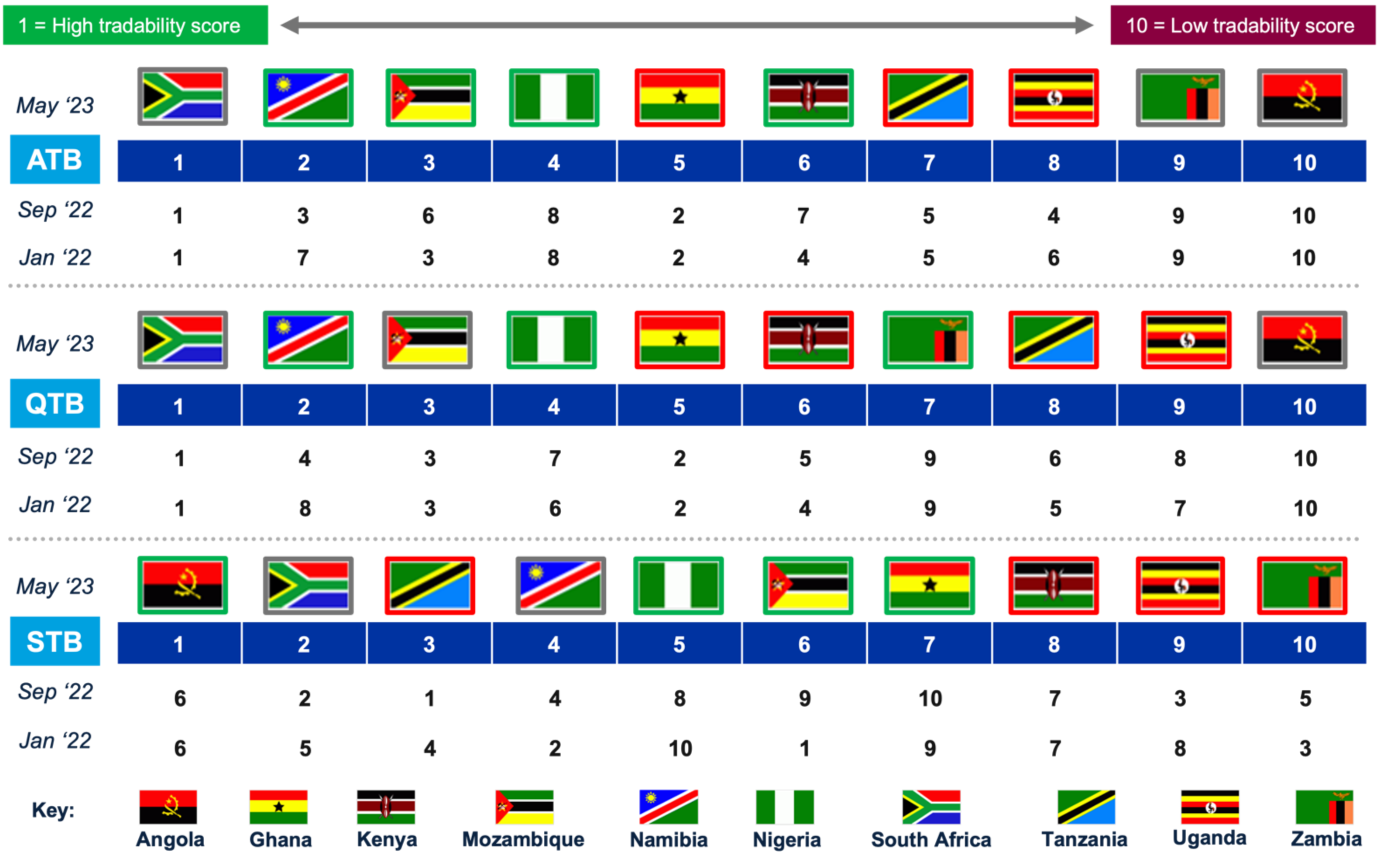
The SB ATB is an aggregate of the SB QTB and the SB STB. Changes in a country's ranking on the three indices (SB ATB, SB QTB and SB STB) are driven by changes in both the aggregate score for that country, as well as their relative ranking against the other countries included. Changes in the SB ATB rankings over the past 6 months are driven mostly by the changes in the SB STB scores.

It is important to emphasise that the SB ATB ranking of countries is relative to the 10 countries themselves. In other words, countries are ranked against each other i.e., relative scores to each other. This is pegged on a scale of 0 - 100. When indexed between this range, South Africa has the highest Tradability Index while Angola has the lowest. This does not imply that one cannot trade in Angola or that South Africa is perfect, it only implies that at a common starting point of 0 and maximum point of 100, this is how the two markets fared.

There were movements in the country rankings for Issue 3 compared to Issue 2 of the SB ATB (see **Figure 2**). The countries that improved were Kenya (from position 7 to 6), Mozambique (from position 6 to 3), Namibia (from position 3 to 2) and Nigeria (from position 8 to 4). The countries that declined were Ghana (from position 2 to 5), Tanzania (from position 5 to 7) and Uganda (from position 4 to 8).

The rest of this report offers a comparative view of the enablers and challenges to facilitating trade across the 10 African markets included in the Standard Bank Trade Barometer, in line with the seven broad thematic areas referenced earlier.

Figure 2: ATB, QTB and STB ranking, by country



Source: Standard Bank Africa Trade Barometer Issue 3

Notes: All values are shown so that a higher value is 'better' for trade, with the best to least ranking economies being ranked 1, 2, 3, etc., and how this has changed over time | Red border indicates that the country has declined in the relevant ranking from September 2022, Green border indicates that the country has improved in ranking from September 2022, while Grey border indicates that the country has remained in the same position as in September 2022.

Truck carrying bananas crosses over the Kazinga channel bridge, Katunguru, Uganda

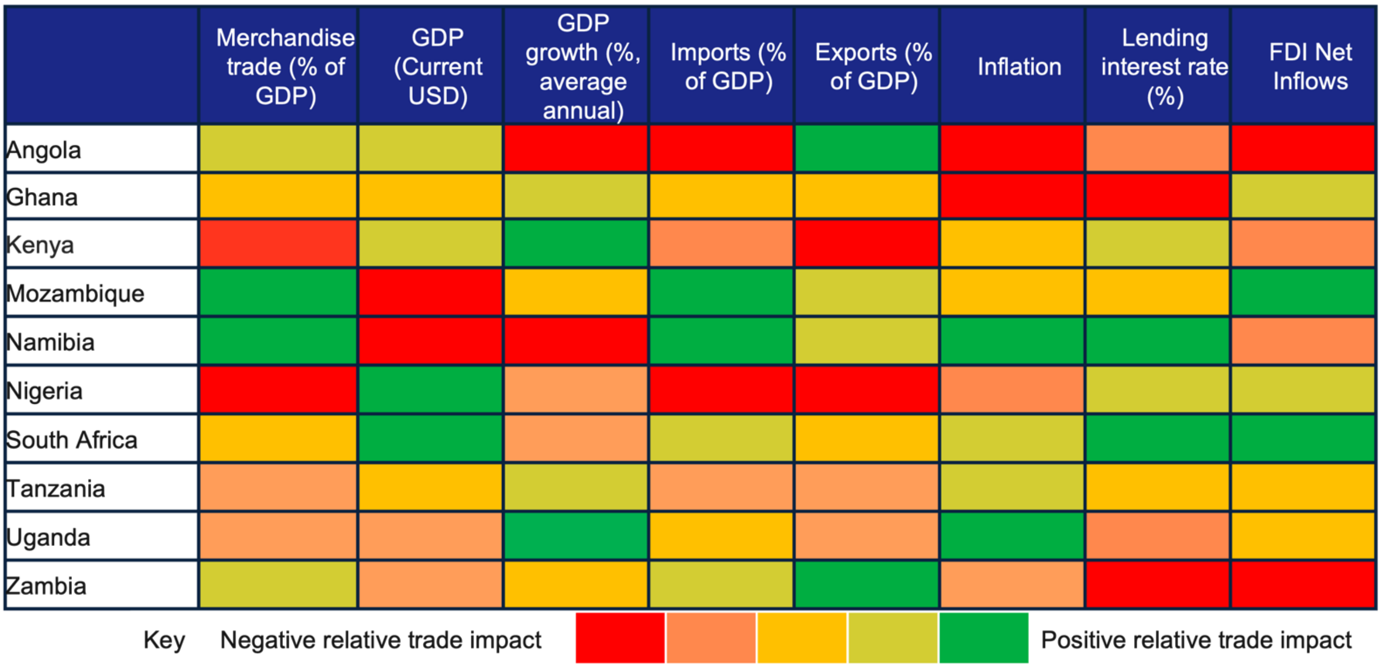
3. MACROECONOMIC ENVIRONMENT

The macroeconomic conditions across the 10 countries are mixed, with significant downside risks observed in many markets

A country's macroeconomic environment plays an important role in how attractive it is with regards to trading activities. A country has a high tradability attractiveness if it is characterised by: high GDP (many goods and services are produced in the country); high GDP per capita (residents have a high spending power); stable inflation; high foreign direct investment (FDI); high merchandise trade as a percentage of GDP (imports and exports are high); and so on.

The macroeconomic conditions across the 10 countries are mixed, with significant downside risks observed in many markets, which negatively impacts the tradability attractiveness of these countries (see **Table 1**). Notable variables with positive impact on overall tradability attractiveness include GDP and GDP growth rates that have recovered from the worst effects of the COVID-19 pandemic in all markets. The GDP and GDP growth rates for Nigeria and South Africa, in particular, had the highest positive impact on trade attractiveness for their respective countries. While the GDP for Mozambique and Namibia have slightly recovered from the pandemic, the sizes of their economies remain relatively small compared to other SB ATB markets, thus resulting in a low tradability attractiveness score in relation to the other markets.

Table 1: Country rankings on the impact of macroeconomic indicators on tradability attractiveness



Source: Standard Bank Analysis

Note: The colour coding highlights the impact of the macroeconomic variable (e.g., current GDP) on the country's trade attractiveness compared to the impact on other SB ATB markets (i.e., the impact of current GDP of each country on their tradability attractiveness).

On average, FDI net inflows have recovered from the worst effects of the COVID-19 pandemic for most countries. Ghana, Nigeria, South Africa and Mozambique have relatively high FDI net inflows, hence having a positive impact on their tradability attractiveness compared to other markets. On the other hand, Angola has been experiencing negative FDI net inflows; while Zambia's FDI net inflows have been on a downward trajectory thus impacting their tradability attractiveness adversely. With recent interest rate hikes as a result of global inflation due to Russia's invasion of Ukraine, and tighter global financial conditions, African markets are at risk of further capital flight.[14] Higher interest rates in advanced economies in response to high inflationary pressures have made assets offered in emerging market economies less attractive, leading to lower financial flows to these countries. This has resulted in the depreciation of local African currencies against the US dollar. At the same time, higher interest rates in an attempt to ease inflationary pressures increases the cost of borrowing for individuals and businesses. This has an adverse effect on business activities as less businesses are willing and/or able to borrow to finance their operations.

Exchange rate volatility and sustained local currency depreciations in most African countries has negatively affected their tradability attractiveness. Local African currencies have in recent times lost substantial value against the US dollar, due to interest rate hikes in the United States which bolstered the US dollar.[15] 7 out of 10 countries in the Standard Bank Africa Trade Barometer recorded depreciation in their local currency against the US dollar between 2021 and 2022, and further currency depreciations are expected in 2023. The weakening of the local currencies relative to the US dollar adversely affects trading activities as it makes imports become more expensive. This results in an increase in domestic inflation in import dependent countries and dampens consumer activity and consequently business activity due to higher prices.

Table 2: Foreign exchange rate to the US dollar of the 10 Standard Bank Africa Trade Barometer countries (annual, period average)

Variable	2019	2020	2021	2022	2023f	% Change (2021-2022)	Standard Deviation (2018-2022)
Angola (AOA:USD)	364.8	578.3	631.4	460.6	698	+27.1%	154.37
Ghana (GHS:USD)	5.2	5.6	5.8	8.3	11.5	-42.5%	1.41
Kenya (KES:USD)	102.0	106.5	109.8	117.9	141.4	-7.5%	6.74
Mozambique (MZN:USD)	62.6	69.5	65.5	63.9	63.9	+2.5%	3.43
Namibia (NAD:USD)	14.5	16.5	14.8	16.4	18.3	-10.7%	1.36
Nigeria (NGN:USD)	306.9	358.8	409.4	426.0	678.8	-4.0%	55.93
South Africa (ZAR:USD)	14.4	16.5	14.8	16.4	18.3	-10.7%	1.36
Uganda (UGX:USD)	3704	3718	3587	3690	3695	-2.9%	56.69
Tanzania (TZS:USD)	2288	2294	2298	2303	2415	- 0.2%	15.29
Zambia (ZMW:USD)	12.9	18.3	20.0	16.9	18.4	15.4%	3.95

Source: National Bank of Angola | Bank of Zambia | Bank of Uganda | Bank of Ghana | Reserve Bank of South Africa | Bank of Tanzania | Central Bank of Kenya | Bank of Mozambique | Bank of Namibia | Central Bank of Nigeria | African Markets Revealed Report
Note: Some values rounded to the nearest local currency | 'f' represents forecasted data points

[14] AfDB, 2023. Available here
[15] AfDB, 2023. Available here

Continued currency depreciations and higher interest rates have also contributed to higher sovereign debt for African countries. Given that approximately 40% of sub-Saharan Africa's debt is external (US dollar denominated), this has increased the value of dollar-denominated debt and dollar-denominated interest payments, worsening the sovereign debt of African countries. Higher debt repayments increase the pressure on foreign currency reserves, and consequently the country's ability to pay for its imports. In addition, given that most African countries are highly dependent on US dollar invoiced imports, local currency depreciation against the dollar increases the import bill for affected African countries as imports become more expensive. To sustain the same volume of imports, countries have to use an increased amount of their foreign reserves. Therefore, a combination of increased sovereign debt and a higher import bill due to foreign exchange rate pressures and higher interest rates have manifested in the depletion of foreign currency reserves for most of the SB ATB markets.[16] Thus, African markets are at risk of running out of foreign reserves if exchange rate pressures persist. At the same time, lower foreign currency reserves curb the ability of central banks to deal with exchange-rate volatility. This negatively impacts tradability attractiveness as affected markets find it difficult to finance their import bill.

While strong economic growth was recorded across the 10 markets post the COVID-19 pandemic, these countries are currently navigating an uncertain global environment characterised by the tightening of global financial conditions, spillover effects of Russia's invasion of Ukraine, subdued global growth, and persistent climatic threats.[17] Africa's economic recovery from the effects of the pandemic was supported by improved global trade and rising commodity prices.[18] The comparative advantage of sub-Saharan African countries predominantly lies in the export of commodities.[19] Therefore, demand for Africa's primary commodities, especially from its major trading partners (China, the Euro area, and the United States) accompanied by a rise in commodity prices of energy and metals resulted in economic growth in net commodity exporters. With Russia's invasion of Ukraine, commodity prices increased in 2021 and 2022, however there has been a downward trend in commodity prices from their peak in 2022. As a result, economic growth of African countries is projected to slow-down in 2023.[20]

Given that some sub-Saharan countries are heavily dependent on the export of commodities, their economic growth is strongly affected by fluctuations in commodity prices on international markets. For single-commodity dependent nations, such as oil exporters Nigeria and Angola in the SB ATB, global economic disruptions can send shockwaves and threaten economic stability as these countries are vulnerable to global shocks (i.e., volatile commodity prices). Angola's oil sector makes up 96% of Angola's total exports and 77% of Nigeria's total exports.[21] Therefore, while recent increases in global oil prices have been beneficial to the country's foreign reserves, the expected fall in oil prices in coming years has an adverse impact on the country's foreign reserves, local currency and sustainable economic growth. Recognising this risk, most Governments have been implementing initiatives to diversify away from reliance on a single commodity and improve value-added exports to minimise economic shocks. For instance, Angola has established the Programs for National Production Support, Exports Diversification and Import Substitution (PRODESI), which aims to support national production, export diversification and import substitution.[22] However, similar to most countries, the positive effects of these initiatives are yet to filter to the export economy as approximately 80% of African countries remain dependent on exports of commodities despite decades-long efforts to diversify.[23;24]

Train tracks in the Namib dessert

[16] IMF, 2023. Available here
[17] AfDB, 2023. Available here
[18] AfDB, 2022. Available here
[19] IMF, 2012. Available here
[20] AfDB, 2023. Available here
[21] IMF, 2022. Available here. | Naira Metrics, 2023. Available here.
[22] IMF, 2022. Available here
[23] UNCTAD, 2022. Available here
[24] IMF, 2022. Available here

4. MACROECONOMIC STABILITY

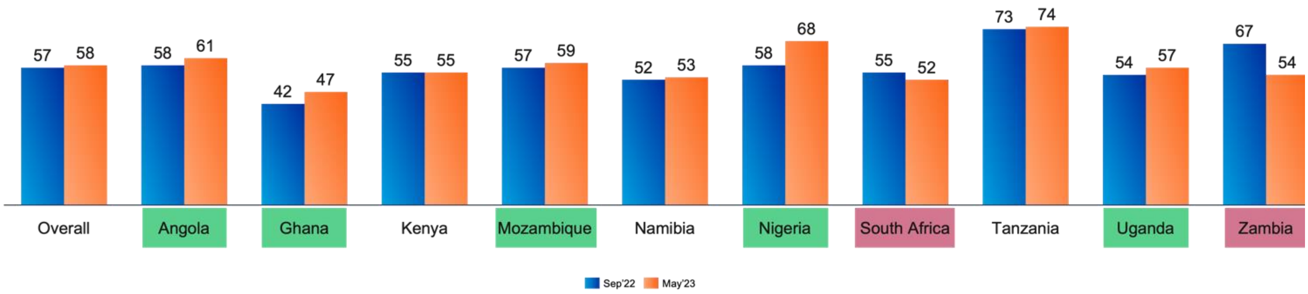
Confidence in the economy as it relates to business has been fairly stable despite adverse macroeconomic conditions

Overall business confidence across the 10 markets has remained relatively unchanged, although there were positive increases in 7 out 10 of the SB ATB markets (see **Figure 3**). Nigeria recorded the largest improvement, a 10-point increase in business confidence between September 2022 and May 2023. This is most likely due to the perceived positive impact of the implementation of pro-business policies by the new Government administration on economic growth. Moreover, improved confidence is a reflection of the anticipated benefits from the opening of Africa's largest oil refinery in Nigeria which will likely materially improve the country's energy crisis and boost economic performance as oil production is expected to increase.[25] Although Ghana has the lowest business confidence score of 47 (below the average for SB ATB markets of 58), businesses in the country are more confident in this iteration of the survey compared to September 2022. The 4-point increase in business confidence in Ghana is likely a reflection of the anticipated financial recovery and sustainable growth of the Ghanaian economy as a result of the IMF's approval of a USD 3 billion facility to Ghana in May 2023.[26]

On the other hand, only two countries (South Africa and Zambia) out of 10 SB ATB markets experienced a fall in business confidence, with Zambia recording the largest decline (a 13-point decline). The decline in business confidence in Zambia is likely due to rising inflation triggered by sharp increases in import prices. Imported inflation is due to the depreciation of the Kwacha, fuelled by slow progress in debt restructuring talks and increased procurement of imports amid low foreign exchange supply.[27] South Africa's declining business confidence is likely a result of extensive power cuts that have instigated a pessimistic attitude regarding future economic performance among some businesses.[28]

Figure 3: Trader business confidence score as a function of economic performance

Question: Please indicate how you feel about the performance of the economy in relation to business in the next 3 years.



Source: Standard Bank Africa Trade Barometer Issue 3

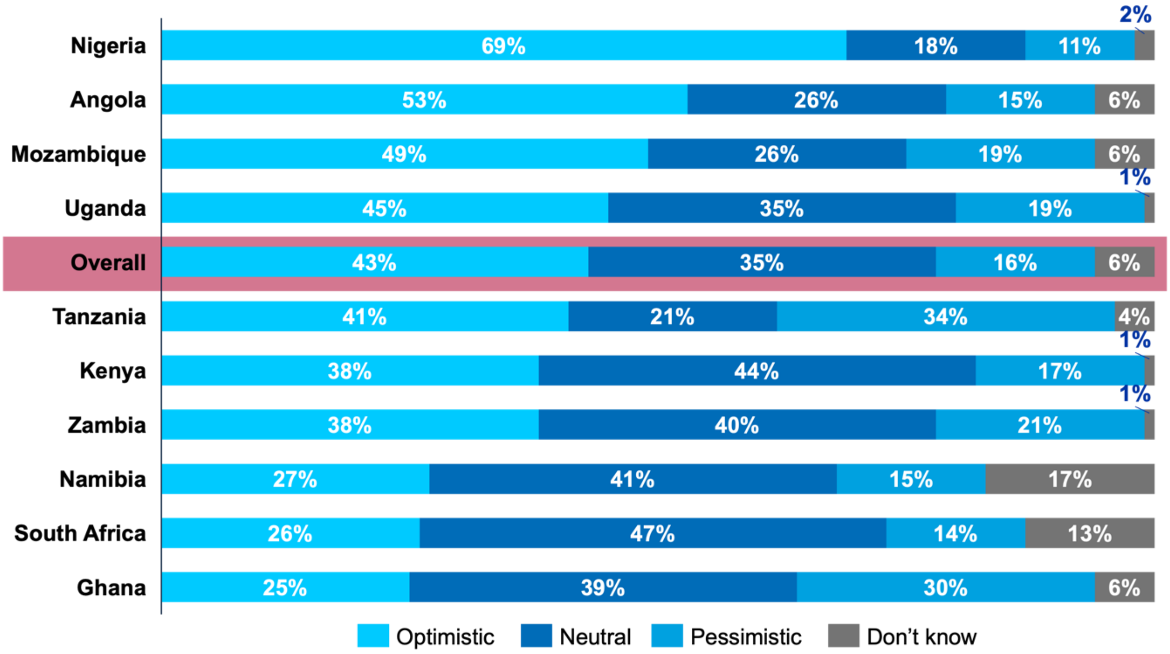
Note: Business confidence can vary between 0 and 100, where 0 indicates an extreme lack of confidence, 50 neutrality and 100 extreme confidence.

The business confidence score index above reflects the sentiments of surveyed businesses on the economic performance of their respective countries, as it relates to business. To this end, the perceptions of businesses are generally positive, although a substantial proportion of businesses hold neutral views (see **Figure 4**). Nevertheless, with the exception of Ghana, businesses hold more optimistic sentiments compared to negative sentiments about the future performance of their respective countries. Respondents who hold optimistic views on the future outlook of their various economies commonly cited business growth (18%) as the main factor to their optimism. These sentiments indicate the waning effects of the COVID-19 pandemic as the majority of the optimistic businesses stated that they expect higher demand (11%) from their customers as business activity bounces back.

[25] AP News, 2023. Available here
[26] IMF, 2023. Available here.
[27] Bloomberg, 2023. Available here | Bank of Zambia, 2023. Available here
[28] Stats SA, 2023. Available here | Reuters, 2023. Available here

Figure 4: Outlook of businesses on the performance of selected African economies over the next three years

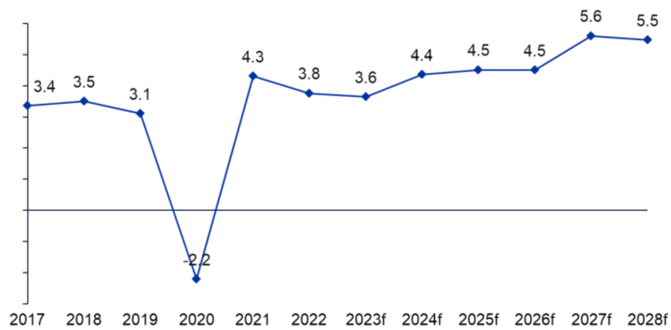
Question: Please indicate how you feel about the performance of the economy in relation to business in the next 3 years



Source: Standard Bank Africa Trade Barometer Issue 3
Note: Bars do not add up to 100% as 'Refused' has been excluded from the graph

The slight improvement in overall business confidence reflects the projected performance of the 10 countries of interest at the aggregate level (see **Figure 5**). The average GDP growth rate for the 10 economies is projected to be 3.6% in 2023, similar to the 3.8% growth rate recorded in 2022. Economic growth is expected to remain above 4% in the medium-term driven by higher private consumption and investment.[29] Growth projections are underpinned on the assumptions that global economic activity will recover from the effects of the Russia-Ukraine conflict, therefore resulting in global inflation receding further in 2024 as crude oil prices continue to fall. The decline in crude oil prices accompanied by production slowdowns will likely decelerate the economic growth of oil exporters such as Nigeria and Angola. However, because net fuel importers represent two-thirds of Sub-Saharan Africa's GDP, lower prices should affect the average growth rate of the selected African economies positively.[30]

Figure 5: Real GDP growth
(%, average growth rate of the 10 SB ATB countries, 2017 - 2027)



Source: IMF
Note: 'f' represents forecasted data points

On the other hand, businesses that are pessimistic about their country's future economic outlook mostly cite a poor economy (34%) to justify this position. This may be influenced by, among other things, global inflation after the onset of the Russia-Ukraine conflict resulting in higher interest rates worldwide.[31] This has resulted in tighter monetary policies leading to higher borrowing costs, both on domestic and international markets for African countries and the depreciation of African currencies against the dollar. This has fuelled foreign currency liquidity issues across Sub-Saharan

[29] IMF, 2023. Available here
[30] IMF, 2023. Available here

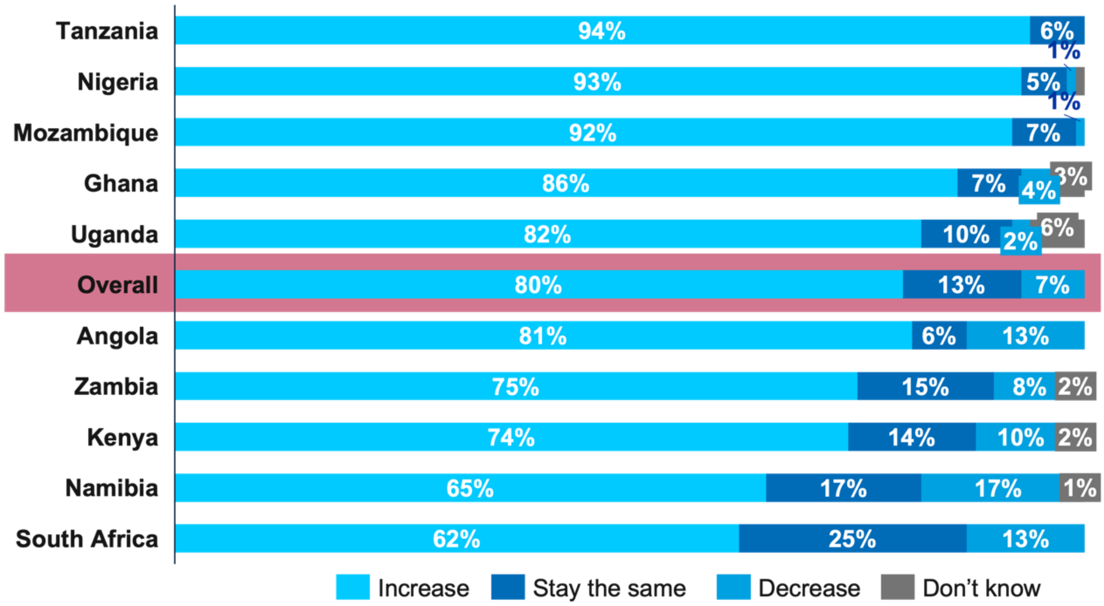
[31] IMF, 2023. Available here

Africa, making it difficult for importers to pay for their products.[32] Therefore, the confluence of global inflation, higher global interest rates, elevated sovereign debt spreads, and exchange rate depreciations are likely to have contributed to the pessimistic views recorded by some businesses in the countries in the Standard Bank Africa Trade Barometer. Moreover, with the prolonged slowdown in China's economic growth, and particularly China's economy falling into deflation in July 2023, cross-border trade is likely to be affected adversely. This is especially true for African commodities exporters with large exposure to China who will likely incur a sharp decline in export demand.

Despite relatively adverse macroeconomic conditions, 80% of the surveyed businesses across the 10 countries are optimistic about the future performance of their individual businesses (see **Figure 6**). When asked about the factors driving this confidence, businesses across all countries most commonly cited expected increase in demand and sales for their goods and services (77%) accompanied by an increase in marketing activity (74%). Optimistic viewpoints across the various countries, especially in countries where macroeconomic conditions are severe, are likely a reflection of the belief that businesses have (rightly or wrongly) concluded that their operating environment cannot deteriorate any further. Therefore, they expect that their businesses can only perform better in the future as economic circumstances improve.

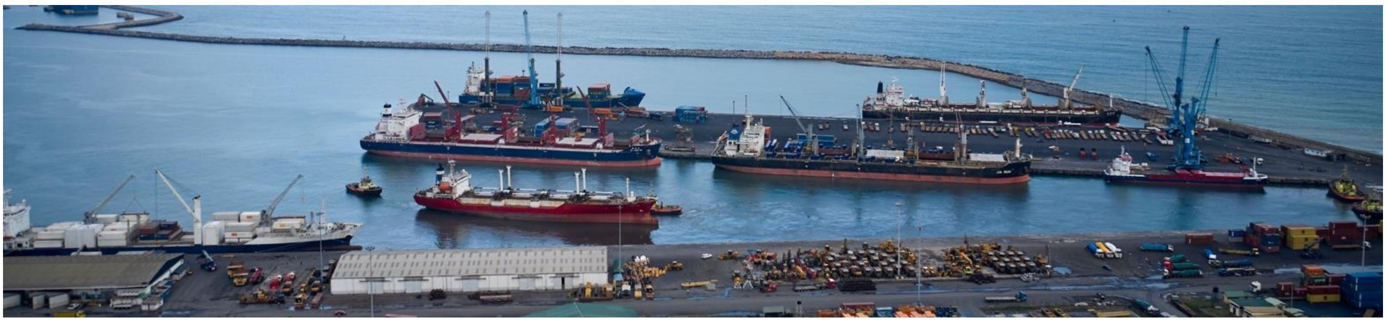
Figure 6: Businesses revenue expectations over the next year

Question: Thinking ahead, do you expect business turnover to increase, decrease or remain the same?



Source: Standard Bank Africa Trade Barometer Issue 3

Note: Bars do not add up to 100% as 'Refused' has been excluded from the graph



A bird's eye view of the Tema port in Ghana

[32] IMF, 2023. Available here

5. GOVERNMENT SUPPORT

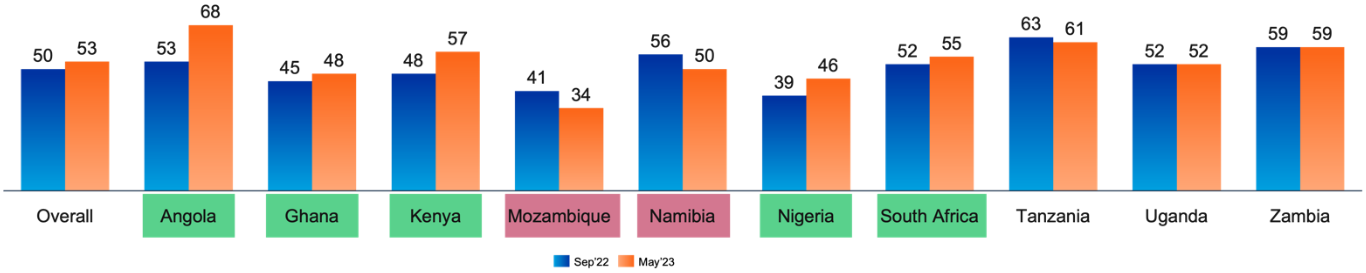
Overall perceptions on government support on cross-border trade remain relatively positive

Perception of the Government's role in supporting cross-border trade activities slightly improved across the 10 markets, from an average score of 50 in September 2022 to 53 May 2023 (see Figure 7). The perceptions of surveyed businesses on Government support improved across half of the countries, with Angola recording the largest increase (a 15-point increase). Across the 10 SB ATB countries, Governments have increased their attention on improving infrastructure as this has been identified by most businesses as a key obstacle to cross-border trade. Several road, rail and port infrastructure projects (discussed in the next chapter) are underway, and this is likely to have contributed to the positive sentiment on the role the Government is playing to support cross border trade. The positive sentiments among Angolan businesses are possibly informed by the Government's structural reform agenda that supports export growth of non-oil sectors and its efforts to gain admission into the free trade zone of the Southern African Development Community (SADC) later in 2023.[33,34] Furthermore, the Angolan Government renewed commitment to cross-border trade—signalled by negotiations in May 2023 with the Chinese Government to impose zero tariffs on 98% of Angola's exports to China.[35]

On the other hand, 3 out of 10 markets recorded a decrease in the proportion of businesses that perceived the Government as not supportive, with Mozambique experiencing the largest decline (a 7-point decline). Negative sentiments among Mozambican businesses are possibly a result of the Bank of Mozambique's decision to increase the reserve requirement ratio for foreign currency deposits from 11.5% to 28.5%, negatively impacting the availability of foreign currency to support imports.[36]

Figure 7: The extent the Government has supported cross-border trade activities as identified by businesses

Question: Please indicate how supportive your government is with regards to cross-border trading activities?



Source: Standard Bank Africa Trade Barometer Issue 3

Note: Government support index can vary between 0 and 100, where 0 indicates an extreme lack of support, 50 neutrality and 100 extremely supportive.

In 9 out of the 10 countries surveyed larger businesses have a more positive perception of the Government's support for cross-border trade relative to smaller businesses. This may be explained by the fact that larger businesses have better access to information about Government programs, more resources and capacity to navigate complex regulatory environments and Government support being more accessible and tangible to larger businesses.

Across the 10 markets, surveyed businesses mainly cited the reduction of business taxes (79%) and customs duties (77%) as the key areas their respective Governments should focus on to improve cross-border trade. Lowering business taxes encourages investments and entrepreneurial activity by decreasing the opportunity costs of entrepreneurship, reducing barriers to entry, and by increasing the funding available to start a new venture. However, it is unlikely that African Governments will lower business taxes. This is because most countries on the continent are facing tight

[33] IMF, 2022. Available here
[34] SADC, 2023. Available here
[35] Ver Angola, 2023. Available here
[36] Mozambique 360, 2023. Available here

macroeconomic conditions, mainly fuelled by the continued depreciation of many African currencies, resulting in higher expected headline inflation and an increase in sovereign debt. Therefore, while lowering business tax may stimulate cross-border trade, given the prevailing macroeconomic conditions, a reduction in business tax is unlikely, and to a certain extent inappropriate.[37] However, some Governments such as the Namibian Government in support of fostering economic recovery, have resolved to reduce the non-mining corporate tax rate to 31% with effect from 1 April 2024.[38]

Business also cited improving customs procedures (76%) as another focal area African Governments should improve to boost cross-border trade. The process of importing and exporting goods is time consuming and highly bureaucratic in Africa, and it is estimated that time delays to clear imported inputs are longer in sub-Saharan African countries than in advanced economies.[39] Delays associated with customs procedures have a significant negative impact on imports and exports. A study estimates that a 10% increase in the time taken to go through customs clearance which adds to the transit time between the origin and the destination results in a 2% decline in the export growth rate.[40] Moreover, inadequate customs and logistics services (suitable storage facilities) at the border can lead to significant economic and product quality losses, particularly for perishable agricultural and/or horticultural goods. Given the importance of growing exports, African Governments should consider implementing measures that reduce red tape at borders with the intent of reducing time taken for customs clearance to boost cross-border activity, and consequently grow their economies.

"The current customs and border regulations create complexities and delays in the movement of goods across borders. The various documentation requirements, import / export duties, and inspections usually pose significant hurdles for traders and can cause delays on perishable goods. This may result in some traders giving up on exporting."

Representative from the Ministry of Finance, Namibia

Businesses also cited shortage of foreign currency (75%) as an obstacle to cross-border trade, and an area requiring government support. The US dollar is the dominant currency in international transactions and African countries rely on it to pay for imports. Given the ongoing depreciation of the majority of the local currencies of the selected African countries, which contributes to the erosion of foreign reserves of these countries, foreign currency liquidity issues are likely to continue, thus impeding cross-border trade in the near-term.

Implementing appropriate non-tariff barriers to protect local businesses (74%) and simplifying business policies (75%) were also stated by surveyed businesses as areas Government support is required. Surveyed businesses also felt that complex business policies make it difficult for them to operate efficiently, while the inability of the Government to protect small local businesses (until they are matured) from fierce international competition is likely to force these firms out of business. The lack of Government support in these areas impedes the ability of businesses to engage in cross-border trade.

Kalagadi Manganese Mine, South Africa. Source: Kalahari resources

[37] BDO, 2023. Available here
[38] Ernst and Young, 2023. Available here
[39] Marius, A.I., 2022. Available here
[40] Martincus, C.V. et al., 2013. Available here

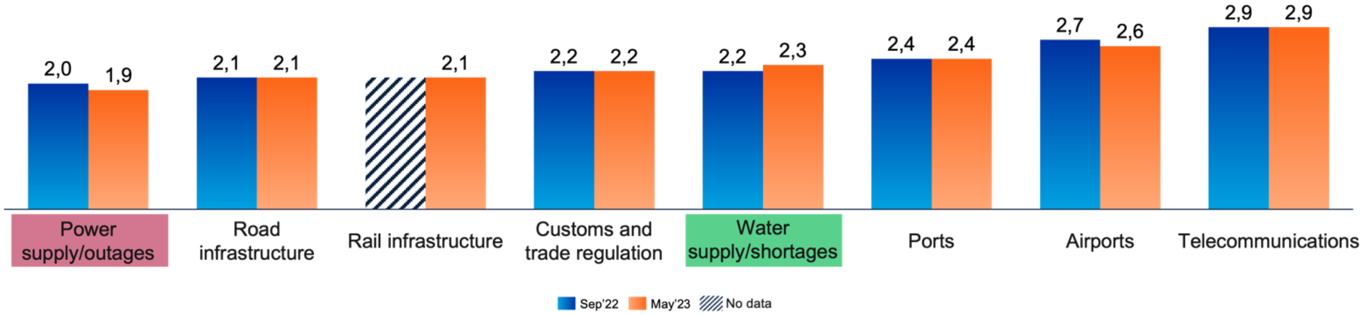
6. INFRASTRUCTURE CONSTRAINTS AND ENABLERS

The perceived quality of infrastructure remains poor, and poor infrastructure remains a key obstacle to the operations of businesses

Overall perceptions of the quality of infrastructure across the various markets have remained relatively stable in this iteration of the survey, as compared to the survey conducted in September 2022—only declining slightly from an average score of 47 to 46 (see **Figure 8**). The infrastructural aspects that recorded the highest negative perceptions were the quality of power supply (i.e., power shortages), road infrastructure, customs and trade regulation and airports. On the other hand, there have been slight improvements in the perception of businesses regarding the quality of water infrastructure / access to water supply

Figure 8: The overall perceived quality of infrastructure of businesses across selected African countries (5-point scale)

Question: How would you rate the quality of the following aspects in your market?

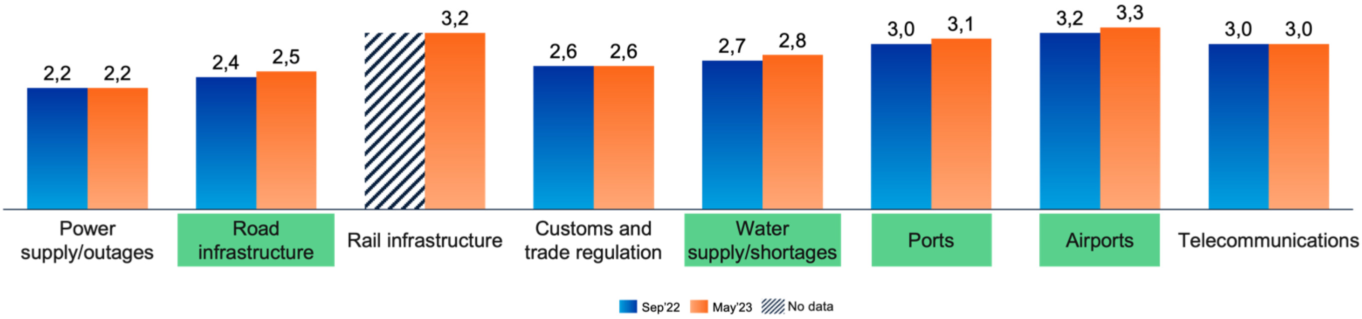


Source: Standard Bank Africa Trade Barometer Issue 3
Notes: Rating is on a 5-point scale, where 5 = excellent quality and 1 = poor quality

Similarly, perceptions of the degree by which infrastructure is an obstacle to business operations across the various markets have remained relatively stable—only slightly improving from an average score of 55 to 57 between the September 2022 and May 2023 surveys (see **Figure 9**). This slight improvement was largely driven by improvements in the perceptions of businesses as to road infrastructure, water shortages, ports and airports (i.e., businesses perceived these infrastructural aspects as being less of an obstacle to business operations compared to the September 2022 survey).

Figure 9: The overall perceived degree infrastructure is an obstacle to business' operations (5-point scale)

Question: To what degree is each of the following an obstacle to the current operations of this business?



Source: Standard Bank Africa Trade Barometer Issue 3
Note: Where 0 = Severe obstacle and 5 = No obstacle

Across the selected African countries, power supply remains the most severe infrastructural obstacle to cross border trade. The state of the power supply was identified as the most poorly perceived infrastructural aspect as well as the largest infrastructure obstacle constraining their operations. Power outages result in significant downtime in production for businesses, resulting in foregone sales and reduced income. In addition, insights from the interviews suggest that in the absence of stable power supply from the national grid, many businesses use generators for production purposes, which results in significant additional operational expenditure due to diesel purchases.

> "The poor supply of energy significantly increases the cost of production for Nigerian businesses. Some factories are not even connected to the national grid and only use generators."

Representative from the Manufacturers Association of Nigeria

Power supply outages present a significant challenge particularly for businesses in South Africa (40%), Tanzania (38%) and Nigeria (21%). In Nigeria, the economic cost of power supply outages for businesses is stark, with the losses accrued to Nigerian businesses amounting to USD 29 billion per year.[41] In South Africa, power outages had a negative impact of 2% on the country's most recent quarterly GDP figures and were estimated to cost the South African economy ZAR 560 billion (USD 31 billion) per year. Only 43% of Tanzanians have access to electricity, and those that do often experience problems with the reliability and quality of service.[42] In November 2022, for instance, many households and businesses faced power outages due to shortages arising from a drop in hydroelectric output after a severe drought.[43] The electricity grids of Uganda, Zambia and Mozambique generate at least 80% of their power through hydroelectric sources, however due to drought, water levels have dropped too low to reliably generate power, forcing utility managers to impose rolling blackouts.[44] Therefore, while some African countries are trying to diversify and "green" their source of energy, climate change still poses a risk to hydro power generation in many markets.

> "South Africa's economy is struggling with a significant energy crisis. The instability of the energy supply has impacted negatively on most businesses—particularly in the manufacturing and food industry."

Representative from the Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro), South Africa

Recognising the adverse effects power supply interruptions have on economic activity, several projects have been rolled-out or planned to curb these challenges. Over the next five years, the African Development Bank plans to invest an estimated USD 1.3 billion in cross-border electricity interconnections to strengthen connectivity and increase access to reliable and competitively priced electricity in the East Africa region.[45] Country specific examples include the proposal of the South African Government to provide Eskom (South Africa's electricity power utility) with a USD 15.5 billion bailout to enable the entity to undertake the necessary fixed capital investments to upgrade its power transmission lines as well as to phase out coal-fired plants for more environmentally sustainable alternatives.[46] The Mozambican Government has committed to full electrification of the country by 2030 through their Integrated Power Sector Master Plan which involves several large generation, transmission, and distribution projects as well as a focus on renewable energy.[47]

The state of road infrastructure is equally poorly perceived (see **Figure 8**) **and is a significant constraint on the operations of surveyed businesses.** Africa has approximately 31 kilometres of paved road per 100 square kilometres of land in comparison to 134 kilometres of paved road in other low-income countries.[48] Roads are the primary infrastructure businesses use to move goods, and due to poor road infrastructure, carrying goods from one African country to another is often a lengthy and expensive process.[49] Road infrastructure presents a significant challenge particularly for businesses in Nigeria (35%) and Uganda (39%). In Nigeria interviews revealed that the country's poor quality road infrastructure increases businesses' distribution costs and limits their market access, particularly to neighbouring African countries.[50]

41 Olayinka, 2021. Available here
42 World Bank, 2021. Available here | African Development Bank, 2023. Available here
43 AFP, 2022. Available here
44 Our World in Data. Available here
45 AfDB, 2023. Available here
46 Dentlinger, 2023. Available here
47 Mozambique Ministry of Mineral Resources and Energy, 2018. Available here
48 Heitzig, C., and Holtz, L., 2021. Available here
49 World Bank, 2022. Available here
50 Representative from the Manufacturers Association of Nigeria

> "The poor quality of roads, including main roads like the roads of Kabale, Kisoro, and then Kanungu prevents farmers from delivering their produce to markets."

Representative from the Ministry of Trade, Uganda

Higher investments in road infrastructure can lead to an improvement in productivity, trade, connection, and economic inclusion. The Mozambican Government has partnered with the World Bank for their Safer Roads for Economic Integration Project which aims to improve road connectivity and rehabilitate a total of 508 kilometres of priority roads to foster economic integration.[51] In Zambia, a consortium of Chinese companies plans to finance the upgrading of a 327 km road linking the Zambian capital Lusaka to Ndola, the country's Copperbelt province.[52] The road links the capital to the mineral-rich Copperbelt province and the border with the Democratic Republic of the Congo which carries almost all the road-bound mineral exports from the Copperbelt region along the southern corridor towards Tanzania.

Rail infrastructure is also perceived by businesses to be of poor quality across several markets (see **Figure 8**). Across the SB ATB markets, rail infrastructure was cited to be of poor quality especially in Uganda (16%), Zambia (24%), Ghana (33%) and Nigeria (34%). However, businesses did not cite rail infrastructure as a major obstacle to their operations when compared to other infrastructural aspects (see **Figure 8**). This is probably because small businesses (which make up the majority of our sample) do not typically use rail, thus do not find rail infrastructure as an obstacle. Nevertheless, rail infrastructure is important for inter-continental trade, and a poor rail network limits the ability of businesses to lower their cost of operations through the usage of a cheaper, convenient and efficient manner to convey freight over long distances.[53] Insights from interviews with thought leaders reveal that this is a particularly salient issue for traders in remote locations who face isolation from markets due to the lack of quality transport infrastructure to economically active locations.

Noting the adverse effects of poor rail infrastructure, several Governments in SB ATB markets have identified rail infrastructure as a key investment area to boost cross-border trade. In Kenya, Uganda and Tanzania, the respective Governments are at various phases of their respective standard gauge railway (SGR) projects which aim to revive the countries' underperforming railway network.[54] The project aims to rejuvenate the railway lines serving Tanzania, Kenya, and Uganda and adding additional lines to serve Rwanda and Burundi to further the economic development of Eastern Africa by increasing the efficiency and speed, and lowering the cost, of transporting cargo between major ports on the Indian Ocean coast and the interior. Similarly, the Government of Ghana has a pipeline of 1,898 km of rail network under construction in addition to the current 1,300 km; and Angola has a planned USD 155 million expansion and rehabilitation of the railway infrastructure, as well as substantial investments into the upgrading of the country's port infrastructure which are expected to be concluded by the end of 2024. In Mozambique, meanwhile, a new freight rail service linking Maputo Port to Zimbabwe's three key trade hubs (Harare, Bulawayo and Gweru) has recently begun operating. These services aim to facilitate linkages between importers. exporters and the Maputo Port, which provides connections between businesses and global trade partners.[55]

Similarly, several ports across Africa are severely capacity constrained, thus presenting an obstacle to businesses. This has resulted in congestion within the terminals and on the roads surrounding them, and thus preventing the swift movement of goods into and out of major ports leading to heavy delays.[56] As a result, affected businesses have incurred a substantial increase in surcharges and operational costs.[57] Poor quality infrastructure increases distribution costs for businesses and limits their market access, particularly to neighbouring African countries. This presents numerous obstacles to traders, including delays in the receipt of inputs, high transportation costs, and isolation from remote markets.

> "There are cases where exporters will load containers, and for them to access the port it may take 2 or 3 weeks. There are cases where export products, such as cocoa butter, will melt while trying to gain access to the ports."

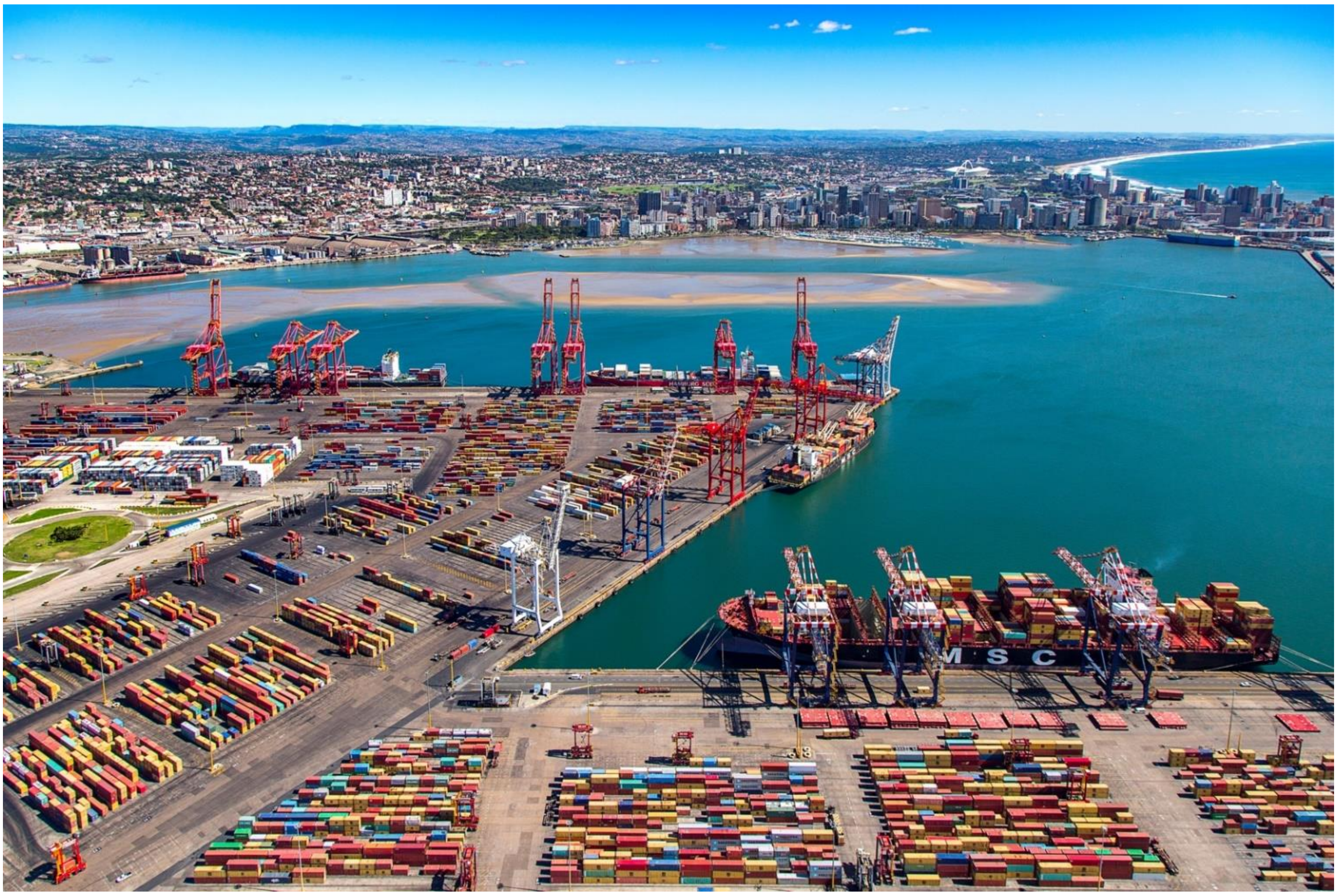
Representative from the Nigeria Export Promotion Council

In the same light, several port projects have been commissioned to address port infrastructure challenges in an attempt to boost cross-border trade. A surge in port

[51] World Bank, 2022. Available here
[52] Lusaka Times, 2023. Available here
[53] AfDB. Available here
[54] Government of Uganda, 2023. Available here
[55] Freight News, 2023. Available here
[56] Fitch, 2023. Available here
[57] Fitch, 2023. Available here

infrastructure investment has been observed across several African markets in the past decade. Private investment in Africa's ports between 2005 and the first half of 2019 totalled USD 15 billion (more than USD 50 billion when taking into account public investment), or 13 times more than the 1990-2004 period.[58] For instance, China, which has become the continent's leading trade partner, has invested or plans to invest in at least 46 ports in sub-Saharan Africa. These investments primarily target East Africa and the Gulf of Guinea.[59] Country specific examples include Ghana's commitment to improve its port infrastructure by increasing the capacity at Tema port, and the Government's commitment to the expansion of the Takoradi port and the construction of a third commercial port in Keta. The busiest port in Africa, South Africa's Durban port is planned to be partially privatised. In the agreement, the Philippines' International Container Terminal Services Company will run and expand Durban Container Terminal Pier 2 with the intent of improving efficiency, expanding the port's total container capacity to 11.4 million TEUs from 3.3 million.[60] These improvements in port capacity and efficiency are also expected to increase the trade capacity of neighbouring inland countries by providing increased regional access to foreign markets.

These improvements in Africa's port and transportation infrastructure bode well for trade facilitation in the region and may be instrumental in permitting the region to realise the anticipated economic benefit from increased regional trade resulting from the African Continental Free Trade Area (AfCFTA).



Container terminal in the Durban Harbour, South Africa

[58] Okan Partners, 2020. Available here
[59] Okan Partners, 2020. Available here
[60] Daily Maverick. Available here

7. TRADE OPENNESS

Neighbouring countries, particularly those within regional trading blocs, and China are the largest trade partners for smaller businesses

In the majority of the 10 countries, surveyed businesses conduct significant trade, particularly exports, within regional trading blocs. These trading blocs include the East African Community (EAC), Southern African Development Community (SADC) and the Economic Community of West African States (ECOWAS). Angola, Mozambique, Namibia, South Africa and Zambia are members of SADC. Kenya, Tanzania and Uganda are members of EAC. Ghana and Nigeria are members of ECOWAS. Surveyed businesses highlighted the relative ease of trade among trading blocs due to minimal tariff and non-tariff barriers.

China is an important trade partner for most countries in the SB ATB. At the macro-level, China is the largest import and export partner to sub-Saharan African countries. For instance, in Angola, imports from China account for 61% of the country's total imports. These trade relations have spurred FDI inflows into African countries. In recent years, Chinese FDI flows to Africa has grown substantially, reaching USD 5 billion in 2021, of which approximately 37%, 23% and 13% went into construction, mining, and manufacturing sectors, respectively.[61]

China is an important source of inputs for surveyed importing businesses across the majority (6 out of 10) of SB ATB markets. 48% of total surveyed importers import from Asian markets, with Chinese goods constituting 23% of the average importer's gross imports. When asked to provide reasons underpinning their decision to trade with China, surveyed importing businesses mainly cited high quality of goods, fast response times and the low cost of their products.

> "Dealing with China is good. Their products are cheap, and they also have access to equipment and new technologies that are not always available from others."

Representative from the Angolan Ministry of Finance

While the majority of surveyed businesses source their inputs locally, a notable percentage (35%) of firms import directly from international retailers. These importing businesses mainly operate in the consumer goods (30%), diversified industrials (23%) and services (18%) sector. In previous surveys of the SB ATB, importing businesses have mainly been in the consumer goods and diversified industrials sectors. However, in this iteration of the survey there was a seven-percentage point decrease in the proportion of importers operating in diversified industrials, coupled with a corresponding 7-percentage point increase in importers engaging in the services sector. This result was largely driven by the Namibian market, where the share of surveyed importers engaging in the services sector rose from 11% in September 2022 to 27% in May 2023.

Southern Africa, particularly South Africa, is a significant source of inputs for surveyed importing businesses. 31% of importers acquire their inputs from Southern Africa, with imports from South Africa making up an average of 19% of an importer's gross imports. This finding aligns with aggregate data, where South Africa is the second largest import partner for sub-Saharan African countries (only behind China), primarily importing consumer goods and intermediate goods.[62] This finding is particularly driven by countries in the Southern Africa region. 58% of the inputs of surveyed Namibian importers, for instance, originate from South Africa.

Imports from other regions in Africa are relatively low. Only 3% and 1% of surveyed businesses import from Central and North Africa, respectively. Similarly, when imports from South Africa are excluded, the share of imports originating from the rest of Africa makes up only 20% of the average importer's import basket.

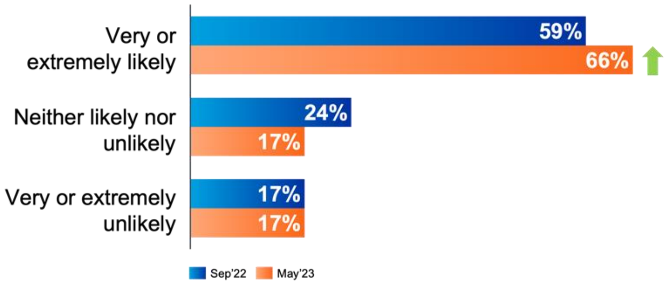
Businesses continue to be optimistic about how the volume of their imports will evolve over the next two years (see **Figure 10**). 66% of surveyed importers stated that they are likely to increase the volume of their imports in the coming two years, an increase from 59% in September 2022. Surveyed importing businesses in Tanzania (82%) and Nigeria (80%) are the most optimistic. In Nigeria, business optimism toward increased imports can be attributed to the relative improvement of the economy in recent months. This has largely been driven by the easing of the cash crisis as businesses reported renewed expansions in new business and output amid improved access to funds.

[61] China Africa Research Initiative. Available here

[62] WITS, 2022. Available here

Figure 10: Importers perceptions on their likelihood to increase import volumes over the next 2 years (%)

Question: How likely are you to increase the volume of imports in the next two years?



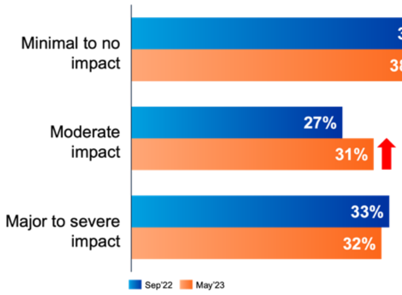
Source: Standard Bank Africa Trade Barometer Issue 3

Across the 10 markets, the majority of surveyed importers (66%) anticipate a rise in their import volumes over the next two years. Surveyed businesses expressed the belief that heightened import volumes of commonly traded goods are probable, particularly from the regional trading blocs to which they belong. Kenyan, Tanzanian, and Ugandan businesses, in particular, foresee increased imports from their counterparts within the East African Community (EAC). Similarly, South Africa, Namibia, Mozambique, and Zambia anticipate an increase in imports from fellow members of the Southern African Development Community (SADC). In addition, surveyed importers also expect imports from China to increase over the next two years. While the frequency of importing from China is low relative to other countries, Chinese imports account for a large share of gross import volumes as these imports are often larger in quantity and technological in nature.

The perceived impact of importation-related taxes on surveyed importers is mixed, although the majority of importers think that these taxes have some negative impact on their business growth (see **Figure 11**). 33% of surveyed importers think that importation-related taxes have a severe impact on their business growth, 27% perceive a moderate impact while 39% perceive minimal to no impact.

Figure 11: The impact of importation-related taxes on importers

Question: To what extent do importation-related taxes, including tariffs, impact your business growth?



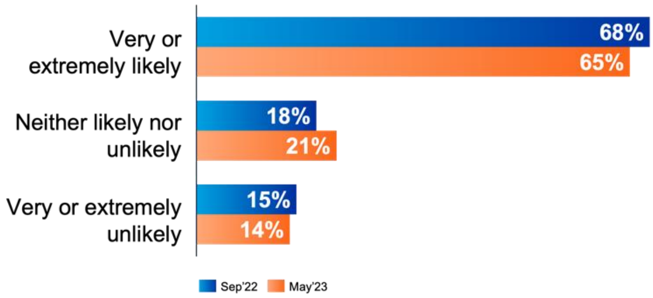
Source: Standard Bank Africa Trade Barometer Issue 3

Only 12% of surveyed businesses are exporters across the 10 markets, with small businesses often exporting to neighbouring countries. For those businesses that export, the majority operate in the services (29%), diversified industrials (22%) and consumer goods (20%) sectors and sell their goods and services directly to international end consumers. The most popular export markets for surveyed exporters are countries in Southern Africa**.** 38% of exporters export to at least one country in Southern Africa, with the most popular destination market being South Africa (14% of gross exports). Surveyed small businesses that export their goods and services mostly do so to neighbouring countries. However, as expected, this result seldom aligns with macro-level data where large corporations tend to have the largest share of trade values, and trade with countries further afield such as China, Europe and the US.

The majority of surveyed exporters (65%) expect the volume of their exports to increase over the next two years (see **Figure 12**). Surveyed exporters in Nigeria (82%) and Tanzania (72%) businesses are the most optimistic. Nigerian exporters witnessed consecutive growth in new export orders in March and April 2023. This uptick followed the alleviation of cash supply constraints, which may have influenced business sentiment toward increased export volumes in the upcoming two years.

Figure 12: Exporters perceptions on their likelihood to increase export volumes over the next 2 years (%)

Question: How likely are you to increase the volume of exports in the next two years?



Source: Standard Bank Africa Trade Barometer Issue 3

8. FOREIGN TRADE & TRADING IN AFRICA

Although awareness of the AfCFTA has significantly increased, a significant proportion of businesses still perceive trade in Africa to be difficult

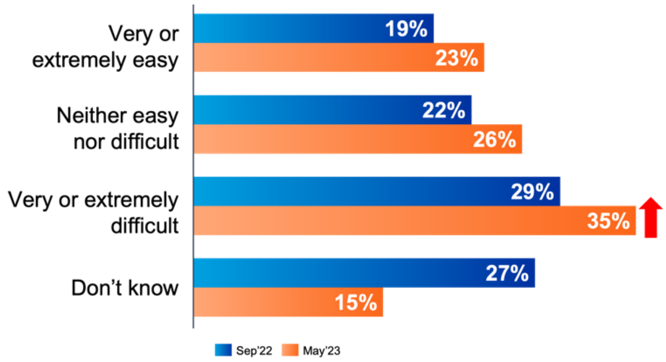
The majority of surveyed businesses prioritise quality of goods (19%), market prices (15%), the demand for goods and services (10%), and market accessibility (9%) when considering which partners to conduct cross-border trade with. The importance of market accessibility particularly increased from 2% in September 2022 to 9% in May 2023.[63] More granular analysis reveals that countries within regional trading blocs are driving this trend with Kenyan, Tanzanian, and Ugandan businesses reporting this to be a key factor to consider when facilitating cross-border trade. A similar trend was observed between South African and Mozambican businesses.

Despite the relatively low intra-African trade at the macro-level, small businesses surveyed export the majority of their goods to neighbouring African countries. In particular, surveyed exporters reported, on average, 71% of their exports go to African markets. Surveyed businesses, specifically those in Kenya, Nigeria and Angola, mainly attributed this to easy trading procedures (15%). This finding is in contrast to data at the aggregate level, where intra-African trade is relatively low compared to African trade with the rest of the world. This is not surprising as the majority of businesses in our sample were small businesses who, if they export, they do so to neighbouring African countries.

The main barriers that have negatively impacted the perception of businesses with regards to the ease of trading with other African countries are complex business policies (15%) and high importation / exportation tax rates (12%). In this iteration of the survey, the share of businesses that perceive trade with the rest of Africa to be difficult (either very difficult or extremely difficult) increased to 35% from 29% in September 2022 (see **Figure 13**). This is primarily due to obstacles such as customs requirements, customs and trade regulations, road infrastructure and power outages, as noted by surveyed businesses. In South Africa, for instance, insights from thought leaders revealed that logistical delays as a result of poor road infrastructure have an adverse effect on businesses' operational efficacy within a market. This impact is particularly pronounced for perishable consumer goods, as the associated costs stemming from these delays render operating within this market economically unviable.

Figure 13: Businesses perceptions of the ease of trading with other African countries

Question: In your view would you say trading with the rest of Africa…?



Source: Standard Bank Africa Trade Barometer Issue 3

Across the 10 markets, businesses cited high tariffs and stringent foreign exchange restrictions and controls as key factors hindering their cross-border trade activities with the rest of Africa and the World. The insights derived from the surveyed countries underscores the detrimental impact of these challenges, particularly on small businesses. The ripple effect of these challenges on the cost of trade significantly curtails the ability of businesses to operate effectively in their respective markets, given the erosion of profit margins to unsustainable levels.

To curb some of the aforementioned cross-border trade barriers among African countries, the African Continental Free Trade Area Agreement (AfCFTA) was initiated in 2018 and came into effect in 2019. AfCFTA is an initiative which looks to, amongst other things, improve the level of intra-African trade by creating a single market for goods and services and lower trade barriers. To this end, members of the AfCFTA are committed to eliminating tariffs on most goods and services that are traded between African countries over a given

[63] According to the WTO, market accessibility means the conditions, tariff and non-tariff measures, agreed by members for the entry of specific goods into their markets. However, a notable caveat to consider is that the majority of surveyed businesses are small businesses. In this case, the definition of market accessibility should also include the relative proximity of countries to one another.

period following the AfCFTA entering its operational phase in July 2019. The 10 countries covered by the SB ATB are among the 54 signatory nations of the AfCFTA.

Pivotal to the success of trade under the AfCFTA is the facilitation of cross-border payments. Afreximbank, in partnership with the AfCFTA Secretariat, publicly launched the Pan African Payments and Settlements System (PAPSS) in January 2022. PAPSS is a cross-border, financial market infrastructure enabling payment transactions across Africa—without the need for foreign currency.[64] After a successful pilot phase among the West African states Monetary Zone (WAMZ) countries, PAPSS is set to expand their already growing network by onboarding more Central Banks and financial services providers (FSPs) across the continent.

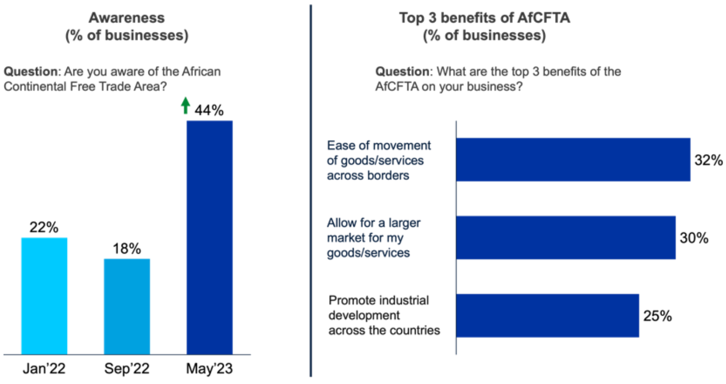
Awareness of the AfCFTA amongst surveyed businesses across SB ATB markets has significantly increased (see **Figure 14**). The share of respondents that are aware of the AfCFTA increased to 44% from 18% in September 2022—a statistically significant change. This result was largely driven by increased awareness among South African (78%), Angolan (63%) and Ghanaian (53%) businesses. Based on evidence from Namibia, Nigeria and Zambia, the adoption of a comprehensive National AfCFTA Implementation Strategy that includes a well-defined communication plan is essential to promote AfCFTA awareness at the national level. In addition, public-private sector sensitisation workshops have also contributed to the rise in awareness. However, there is a need for more sensitisation efforts among small businesses as anecdotal evidence suggests that these workshops often cater to larger businesses engaged in trade.

44% *of surveyed businesses are aware of AfCFTA, a significant increase from 18% in September 2022.*

"The AfCFTA means a lot of good things for Africa, and for Nigeria. It means businesses will grow; it means GDP will grow; it means employment will increase; it means trans-border businesses will improve; it means some of our products will be more recognised."

Representative from the Small and Medium Enterprises Development Agency of Nigeria

Figure 14: Businesses awareness and expected benefits of the African Continental Free Trade Area



Source: Standard Bank Africa Trade Barometer Issue 3

Most businesses believe that the implementation of the AfCFTA will reap benefits for their businesses (see **Figure 14**). The most commonly identified benefits are its contribution to the ease of movement of capital and people across African borders, access to larger markets for goods and services, and the promotion of industrial development across countries. Future editions of the Standard Bank Trade Barometer will provide insights into whether these anticipated benefits will indeed manifest for traders, particularly given that the majority of businesses across all 10 markets anticipate a growth in trade in the upcoming years. Moreover, as awareness of AfCFTA continues to expand, forthcoming macro-level and firm-level data will provide valuable insights into the evolving trade dynamics among African nations both within the continent and globally. This will hold particular significance for trade relations with historically significant partners such as the US and China.

"In order to benefit under the AfCFTA, the country should be more open to diversity in the economy, creation of zones for exchange of experiences with other businesses from member countries and the creation of potential policies to give an advantage to Angola's small and medium businesses."

Representative from the Angolan Ministry of Trade and Industry

[64] PAPSS. Available here

9. TRADERS' FINANCIAL BEHAVIOUR & ACCESS TO FINANCE

Smaller businesses heavily use cash for cross-border and domestic transactions, and they perceive access to credit to be difficult

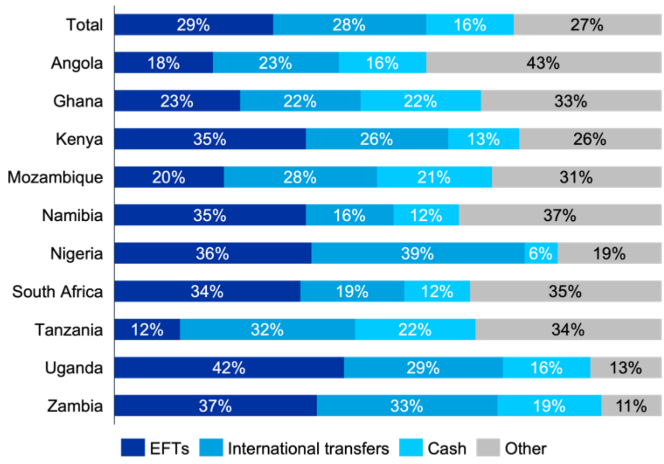
Larger businesses across the 10 markets use digital payment methods for cross-border transactions, while smaller businesses generally rely on cash. At the overall level, surveyed businesses use digital payment methods for 54% of cross-border sales and 63% of cross-border purchases. However, this is generally driven by larger businesses.

> "Financial institutions have social responsibilities and part of their services is to help facilitate foreign transactions—which has already improved this year."

Representative from the Angolan Ministry of Trade and Industry

Figure 15: Preferred payment method for cross-border purchases

Question: Thinking of your purchases, how do you pay for goods/services when trading with suppliers in other countries?



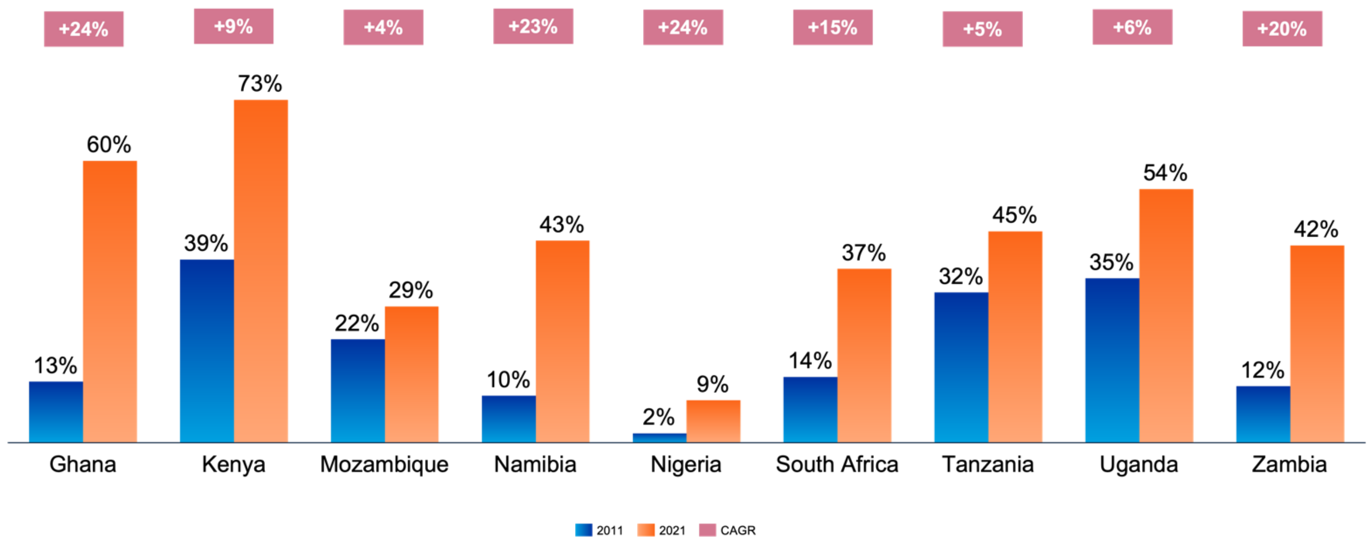
Source: Standard Bank Africa Trade Barometer Issue 3
Note: Other payment methods include mobile money, card, letters of credit and other less frequently used payment methods

Cash plays an important role in facilitating informal trade by small businesses. Informal small businesses trading within border towns often facilitate trade payments in cash. This preference for cash is partly linked to the obstacles within digital payment systems and the expenses associated with converting local currency into US dollars and subsequently into the trading partner's local currency. African Governments, Banks, Fintechs and Telecommunication stakeholders are taking steps toward digital and financial inclusion by developing digital infrastructure and promoting the uptake of digital financial services, such as mobile money. As an example, in May 2023 the Government of Tanzania endorsed rural telecommunications initiatives aimed at extending communication services to 8.5 million previously unconnected individuals, by building 758 new towers and upgrading 304 existing towers to 3G and 4G connectivity.[65]

Cash is the preferred payment method for domestic transactions, representing 42% of domestic sales and 38% of domestic purchases among surveyed businesses. The dominance of cash is evident in seven out of the 10 markets. These include Uganda, Zambia, and Tanzania, where cash facilitates 65%, 62%, and 57% of domestic sales, respectively. That said, mobile money—a digital payment solution—is gaining traction in many markets. The percentage of the population owning a mobile money account in the 10 countries of interest has significantly risen in the last decade (see **Figure 16**).

[65] The Citizen. Available here

Figure 16: Mobile money account ownership (% of population over 15 years old)



Source: World Bank

Notes: The time period for Mozambique is 2017-2021; No data available for Angola

The survey results indicate that, besides cash, electronic fund transfers (EFT) and mobile money are also significantly used for domestic transactions across the 10 markets. Surveyed businesses indicated that they use EFTs and mobile money in 25% and 14% of domestic purchases, respectively. This result is mainly driven by three markets: Kenya, Nigeria, and South Africa. Kenya leads in the adoption of mobile money, with 39% of domestic sales and 42% of purchases facilitated through this method among surveyed businesses. Nigeria and South Africa lead EFT usage for domestic transactions, accounting for 45% and 36% of domestic sales among surveyed businesses, respectively. It is important to note that, within the data collection period for the Standard Bank Africa Trade Barometer Issue 3, Nigeria encountered a cash shortage as a result of the transition from their old legal tender. The shortage of cash contributed to increased reliance on digital solutions like EFTs during the period. However, the newly elected Government has since clarified that the old legal tender will coexist with the new Naira notes.

42% *of surveyed businesses perceive access to credit as being difficult*

The majority of the 10 countries are experiencing a challenging domestic credit environment. Interest rates have consistently increased which has raised the cost of borrowing. Additionally, procedural hurdles such as complex credit procedures and collateral requirements further contribute to this perceived difficulty, particularly among small businesses. As a result, the majority of surveyed businesses (42%) perceive access to credit as being difficult across the 10 markets (see **Figure 17**). Mozambican businesses faced heightened challenges in accessing finance, resulting in the most constrained credit environment among the ten countries participating in the SB ATB. The Central Bank of Mozambique elevated the reserve requirement ratio for local and foreign currency deposits from 10.5% to 28% and 11.5% to 28.5%, respectively. This increment effectively curtailed the banks' ability to extend credit by diminishing the amount of money available for lending.[66]

A notable exception to this trend is perceptions of businesses in Angola, where only 18% of businesses reported access to credit as being difficult in May 2023 (a significant decrease from 31% in January 2022). Angolan businesses reported a general ease in accessing credit, largely driven by the declining Monetary Policy Committee (MPC) basic interest rate. The MPC has dropped the MPC basic interest rate by 250 basis points from 19.5% in November 2022 to 17% in May 2023. The MPC cited this decrease as a means of combating decelerating price growth and a contracting economy, which has led to more favourable interest rates.

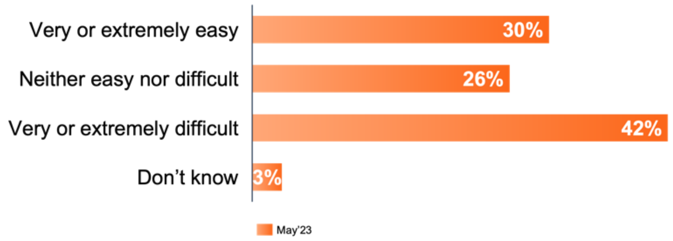
"The barriers to accessing finance are high interest rates and the many procedures and requirements needed to obtain a loan. For example, you have to submit a form of collateral to the bank and if you have no collateral, you would be denied."

A representative from the Ghana Investment Promotion Centre (GIPC)

[66] Mozambique 360, Available: here

Figure 17: The level of difficulty in accessing credit

Question: Please indicate how difficult or easy it is to get credit from financial institutions



Source: Standard Bank Africa Trade Barometer Issue 3

Note: Bars will not add up to 100% as 'Refused' has been excluded from the graph

There was an increase in the proportion of businesses that rely on credit arrangements with their suppliers in this iteration of the survey, as compared to September 2022. This is mainly because businesses have had to mitigate prevailing challenges in accessing traditional finance. 54% of surveyed businesses across the 10 markets reported using credit arrangements with their suppliers in May 2023, compared to 43% recorded in the September 2022 survey. The proportion of Angolan businesses accessing credit arrangements with their suppliers, for instance, more than doubled from 33% in September 2022 to 69% in May 2023. A similar trend was observed among Kenyan businesses, albeit to a lesser extent.

In terms of support from financial institutions (FIs) in facilitating cross-border trade, surveyed businesses across all markets highlighted the need for assistance in funding and insuring their goods. Particularly, businesses emphasised the importance of quicker access to finance, along with more flexible loan terms. Additionally, businesses recognise the need for insurance coverage to mitigate operational and climate-related risks. For instance, insurance plays a crucial role in helping the agricultural sector in Mozambique—which contributes 27.5% to GDP—manage the risks posed by extreme weather events like heavy rainfall and tropical cyclones.[67] In February 2023, Cyclone Freddy devastated 133,979 hectares of agricultural land, diminishing the capacity of farmers to make loan repayments.[68] However, despite the evident need, climate risk insurance remains limited in Mozambique due to factors such as the lack of insurance products and limited demand.[69]

> "Financial institutions should come up with diverse loan products as per the nature and culture of the particular market. You cannot treat the Tanzania market the same as the Kenyan market or South African market, each one has a different culture."

Representative from the Tanzania Business Council

Harry Mwanga Nkumbula international airport in Livingstone

[67] Statista. Available here
[68] OCHA. Available here
[69] GFDRR. Available here

10. CONCLUSION

The unique selling point of the Standard Bank Africa Trade Barometer (SB ATB) is its focus on small businesses, which constitute the majority of surveyed entities. In Africa, trade data tends to be heavily influenced by large corporations dealing in vast volumes of high-value commodities. As a result, insights into the trade practices and attitudes of small businesses – which represent a large share of all businesses in Africa – is relatively under-reported. What sets the SB ATB apart is its emphasis on these small businesses – shedding light on their trade activities, behaviour, and viewpoints and how these may differ from the aggregate picture. Additionally, the SB ATB offers insights into the perceptions of African small businesses, even those who are not engaged in cross-border trade.

Our findings suggest that – despite challenging macroeconomic conditions – business confidence is generally positive across SB ATB markets. While most SB ATB markets have recorded strong economic growth post-pandemic, many of these countries are navigating challenging economic environments characterised by high interest rates, high inflation, and sustained currency depreciations that have significantly affected their respective business enabling environments. Despite these challenges, business confidence in general is positive across STB ATB markets; and most businesses in each STB ATB market expect their revenue to increase over the next two years.

Despite our finding that businesses across SB ATB markets in general harbour positive perceptions about the role their respective Government's are playing in supporting their cross-border trade activities, large infrastructural challenges persist. The state of the power supply, followed by road and rail infrastructure, is particularly poorly perceived by most businesses across these markets and on average represent a significant obstacle to businesses operations.

In terms of business trade activity, our findings suggest that surveyed businesses conduct significant trade within regional trading blocs. These blocs encompass the East African Community (EAC), Southern African Development Community (SADC), and the Economic Community of West African States (ECOWAS). The businesses surveyed emphasised that trading within these blocs is relatively more straightforward than trading with other countries due to the lower burden of tariff and non-tariff barriers. These insights may bode well for the African Continental Free Trade Area (AfCFTA), which has a similar mandate of increasing intra-African trade by lowering trade barriers amongst African member states.

China is also an integral trade partner for businesses in most countries in the SB ATB. China represents an important source of inputs for surveyed importers across ATB markets – with respondents primarily citing the low cost of products and quality customer service as drivers underpinning their decision to import from China. In addition, China is also an important market for African exporters.

Despite the persistence of several obstacles to trading, businesses across the 10 SB ATB markets are in general optimistic that their cross-border trade activity will increase over the next few years. Most importers and exporters across the SB ATB expect the scale of their foreign trade activity to increase – signalling businesses' appetite to increasingly engage in trade with other markets.

Looking forward, an aspect that will be interesting to examine in future issues of the SB ATB is how various Government interventions in the infrastructure space change the enabling environment and subsequently the trade behaviour of surveyed businesses across countries. As highlighted, surveyed businesses across all 10 SB ATB markets feel that the state of infrastructure, particularly the power supply and road infrastructure, represent significant constraints on their ability to operate efficiently and trade with foreign markets. Recognising these challenges, Governments across these countries have implemented — or plan to implement — a number of measures aimed at facilitating trade by alleviating the burden of some of these infrastructural deficiencies on businesses. As such, it will be interesting to evaluate how these interventions influence businesses perceptions of infrastructure in their respective countries in future iterations of the SB ATB, and how any associated improvements in the business enabling environment influences the proportion of businesses who trade, the strength of businesses trade relationships, and which countries businesses trade with.

In addition, an interesting theme to examine in future iterations of the SB ATB will be the evolution of the awareness and impact of the AfCFTA amongst surveyed businesses. As highlighted, an important stylised fact across countries in this iteration of the SB ATB is the significant growth in awareness of the AfCFTA compared to prior surveys. A point of interest in future issues of the report would be to examine whether this strong momentum in the awareness of the AfCFTA continues. Similarly, it will be interesting to consider how perceptions of the AfCFTA evolve as it is rolled out, and what effects the lowering of trade barriers has on firm trade behaviour.

11. APPENDIX

Appendix 1: Standard Bank Africa Trade Barometer (SB ATB) Country Ranking for Issue 3, 2023 ....

The Standard Bank Africa Trade Barometer (SB ATB) scores are an aggregate of the Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) scores and the Standard Bank Survey Trade Barometer (SB STB) scores. Countries are ranked against each other, i.e., relative scores to each other. This is pegged on a scale of 0 - 100. When indexed between this range, South Africa has the highest Tradability Index while Angola has the lowest. This does not imply that one cannot trade in Angola or that South Africa is perfect, it only implies that at a common starting point of 0 and maximum point of 100, this is how the two markets fared.

SB ATB scores remained the same for Angola, South Africa and Zambia, while the majority of ranks for other countries have increased from September 2022 (see **Table 3**).

Countries that have retained their ranking from September 2022:

- South Africa (1st position)
- Zambia (9th position)
- Angola (10th position)

Countries that have improved in their ranking from September 2022:

- Namibia (3rd to 2nd position)
- Mozambique (6th to 3rd position)
- Nigeria (8th to 4th position)
- Kenya (7th to 6th position)

Countries that have declined in their ranking from September 2022:

- Ghana (2nd to 5th position)
- Tanzania (5th to 7th position)
- Uganda (4th to 8th position)

As can be seen in the table below, actual scores for all countries are significantly lower in May 2023 compared to September 2022 (except for South Africa and Angola). Although it is correct to interpret this result as a general decline in tradability across most countries, this is not the whole story. The lower scores in May 2023 compared to September 2022 are also a result of how the SB ATB scores are calculated. The overall tradability score of a country is arrived at through a calculation that compares the country's average score across all the variables in the SB ATB to the lowest and highest average scores recorded across the 10 countries included in the SB ATB. To this end, Angola received a score of 0 (since it had the lowest average score) and South Africa received a score of 100 (since it had the highest average score). In this iteration of the survey, most countries' average scores were closer to the lowest average score observed (Angola), which skewed their overall tradability scores towards that low value.

Truck on the M10 between Kazungula and Sesheke, Livune, Zambia

Table 3: Standard Bank Africa Trade Barometer (SB ATB) scores by country

Country	SB ATB Scores	SB ATB Ranking	
		September 2022	May 2023
Angola	0.0 0.0	10	10
Ghana	74,3 19,5	2	5
Kenya	55,8 19,3	7	6
Mozambique	57,5 30,5	6	3
Namibia	60,2 43,1	3	2
Nigeria	48,4 25,9	8	4
South Africa	100 100	1	1
Tanzania	58,9 15,3	5	7
Uganda	58,9 14,8	4	8
Zambia	43,2 14,1	9	9

Sep'22 May'23

Note: The scores denote the performance of each country relative to the full country list on the specified measures

Appendix 2: Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) Country Ranking for Issue 3, 2023

The Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) scores and ranking by country are the averages of all the selected indicators collected only from existing secondary data sources / reported facts.

SB QTB scores remained the same for Angola, Mozambique and South Africa, while the majority of ranks for other countries have dropped from September 2022 (see **Table 4**).

Countries that have retained their ranking from September 2022:

- South Africa (1st position)
- Mozambique (3rd position)
- Angola (10th position)

Countries that have improved in their ranking from September 2022:

- Namibia (4th to 2nd position)
- Nigeria (7th to 4th position)
- Zambia (9th to 7th position)

Countries that have declined in their ranking from September 2022:

- Ghana (2nd to 5th position)
- Kenya (5th to 6th position)
- Tanzania (6th to 8th position)
- Uganda (8th to 9th position)

As can be seen in the table below, actual scores for all countries are significantly lower in May 2023 compared to September 2022 (except for South Africa and Angola). Although it is correct to interpret this result as a general decline in tradability across most countries, this is not the whole story. The lower scores in May 2023 compared to September 2022 are also a result of how the SB QTB scores are calculated. The overall tradability score of a country is arrived at through a calculation that compares the country's average score across all the variables in the SB QTB to the lowest and highest average scores recorded across the 10 countries included in the SB QTB. To this end, Angola received a score of 0 (since it had the lowest average score) and South Africa received a score of 100 (since it had the highest average score). In this iteration of the survey, most countries' average scores were closer to the lowest average score observed (Angola), which skewed their overall tradability scores towards that low value.

Table 4: Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) scores by country

Country	Africa Quantitative Barometer (QTB) Score	QTB Ranking	
		September 2022	May 2023
Angola	0 0	10	10
Ghana	86,2 26,6	2	5
Kenya	63,9 26,4	5	6
Mozambique	67,4 36,9	3	3
Namibia	64,7 46,2	4	2
Nigeria	56,1 32,4	7	4
South Africa	100 100	1	1
Tanzania	59,2 23,1	6	8
Uganda	51,8 17,6	8	9
Zambia	51,8 23,1	9	7

Sep'22 May'23

Note: The scores denote the performance of each country relative to the full country list on the specified measures

Appendix 3: Standard Bank Survey Trade Barometer (SB STB) Country Ranking for Issue 3, 2023

The Standard Bank Firm Survey Trade Barometer (SB STB) scores and ranking by country are the averages of all the data collected only from the primary research surveys conducted with 2,636 businesses.

Except for South Africa and Namibia, SB STB ranks have changed in this wave for all countries (see **Table 5**).

Countries that have retained their ranking from September 2022:

- South Africa (2nd position)
- Namibia (4th position)

Countries that have improved in their ranking from September 2022:

- Angola (6th to 1st position)
- Nigeria (8th to 5th position)
- Mozambique (9th to 6th position)
- Ghana (10th to 7th position)

Countries that have declined in their ranking from September 2022:

- Tanzania (1st to 3rd position)
- Kenya (7th to 8th position)
- Uganda (3rd to 9th position)
- Zambia (5th to 10th position)

Table 5: Standard Bank Survey Trade Barometer (SB STB) scores by country

Country	Africa Survey Barometer (STB) Score		STB Ranking	
	Sep'22	May'23	September 2022	May 2023
Angola	22,6	100	6	1
Ghana	0	18,4	10	7
Kenya	10,3	18,2	7	8
Mozambique	1,2	21,6	9	6
Namibia	34,1	52,7	4	4
Nigeria	8,4	22,5	8	5
South Africa	84,0	66,8	2	2
Tanzania	100	65,2	1	3
Uganda	57,0	12,2	3	9
Zambia	26,6	0	5	10

Sep'22 May'23

Note: The scores denote the performance of each country relative to the full country list on the specified measures

12. ABOUT THE RESEARCH

The Standard Bank Africa Trade Barometer (SB ATB) is based on both primary and secondary research sources. This is Issue 3 of the SB ATB. Issue 1 was released in June 2022 and Issue 2 was released in November 2022. The data collection (both primary and secondary research) for Issue 3 happened between March and May 2023 in all 10 countries of interest: Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda and Zambia.

The primary research component involves the administration and analysis of a firm survey (i.e., a survey of sample businesses in the countries of interest) and holding of in-depth interviews (IDIs) with key stakeholders in each country (e.g., Central Bank, Department of Trade, etc.) to verify and provide context to the data. There were a total of 30 IDIs that were conducted across the 10 countries in this issue of the SB ATB; an average of three per country. These interviews are quoted in this report, and more extensive transcripts are available on request.

With regards to the survey, 2 636 businesses were surveyed across the 10 countries. The sample is stratified by size (small, big and corporate), region and industry. The breakdown of surveyed businesses by country was as follows:

- Angola - 272 businesses
- Ghana - 260 businesses
- Kenya - 263 businesses
- Mozambique - 292 businesses
- Namibia - 204 businesses
- Nigeria - 289 businesses
- South Africa - 288 businesses
- Tanzania - 227 businesses
- Uganda - 252 businesses
- Zambia - 289 businesses

Of the total 2 636 businesses surveyed, 68% were small businesses, 19% were big businesses and 13% were corporates.

The breakdown of total surveyed businesses by industry was as in **Table 6**:

Table 6: Breakdown of total surveyed businesses by industry

Industry	%
Wholesale and retail trade; repair of motor vehicles and motorcycles	23%
Manufacturing	15%
Accommodation and food service activities	15%
Construction	7%
Agriculture, forestry and fishing	5%
Information and communication	4%
Human health and social work activities	4%
Transportation and storage	4%
Services	3%
Financial and insurance activities	3%

The breakdown of total surveyed businesses by staff complement was as follows:

- 18% had below 5 employees
- 26% had 5 - 10 employees
- 16% had 11 - 20 employees
- 15% had 21 - 50 employees
- 10% had 51 - 100 employees
- 10% had 101 - 1,000 employees
- 3% had 1,001 - 5,000 employees
- 1% had over 5,000 employees

With regards to individual respondent characteristics within the businesses, 69% were male 31% were female. The breakdown by their job titles is as follows:

- 24% were general managers
- 17% were owners
- 11% were chief executive officers (CEOs)
- 10% were heads of departments
- 7% were chief accountants
- 5% were managing directors
- 5% were financial directors
- 4% were chief financial officers
- 4% were directors general
- 3% were treasurers

Further details by region, business segment, industry, staff complement, age of firm, the firms' corporate and strategic decision-making structures as well as individual respondent characteristics (gender, job title, etc.) are available on request.

The survey and IDIs were conducted on a confidential basis.

The secondary research component involves the gathering and analysis of quantitative data. This data is primarily collected from World Bank sources, although additional data is obtained from the International Monetary Fund (IMF), the International Trade Center and individual country central banks and statistics bureaus.

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In-depth details on how the Standard Bank Africa Trade Barometer scores for each country are calculated, and the resultant country rankings, are available on request.

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The research was produced by Standard Bank Business and Commercial Banking Research and Insights. For any questions or information requirements on this report please contact tradebarometer@standardsbg.com.

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