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## "HOW THE POST PANDEMIC WILL IMPACT AFRICA'S TRADE AND MARKET OPPORTUNITIES"

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**T**he effects of the COVID-19 pandemic on the African economy are enormous, as they are on other world economies. Although the numbers of cases in Africa appear to be lower

than in Europe and North America, both because of the much fewer tests carried out (with the exception of South Africa) and because of the younger population, what is certain is that trade and market opportunities will suffer and consequently decline.

As in the more advanced economies, the pandemic has generated a huge downturn in consumption, with its consequences upstream, namely no outlet for production with effects on the entire value chain: producers, intermediaries, financiers, consumers. This slowdown has consequences for GDP, accentuating the

recession in which many African countries were already suffering.

Before the pandemic, many African countries were already in the midst of an economic crisis, particularly those dependent on raw materials such as oil, whose prices had shrunk enormously in recent years. Dependent on revenues that they could no longer generate, they accumulated debt at high interest rates. The *rating* downgrades have recently penalized many economies with high public deficits and indebtedness (internal and external), which has led to suspension of payments, renegotiation of debt and traditional cost cutting in state budgets.

The pandemic has therefore accentuated a context which, for a large majority of African countries, was already in crisis. The effects will be to delay structuring projects, to exacerbate poverty in the short and medium term and to redefine policies, now more focused on diversifying the economy, on local agricultural and industrial production. This requires time and resources.

Economic recovery is slow and depends on many factors, some of which are not under the countries' own control, others can only be resolved in the long term.

But the policies adopted in several African countries, even before the pandemic, seem to be going in the right direction. To reduce the degree of dependence on the outside in terms of basic and essential products, reducing imports and the consequent spending of foreign exchange, replacing those imports with

local production and thus developing the economic potential of the countries themselves. At the same time, to invest more in education and health services, as fundamental elements not only for building the future, but also for supporting the populations in times of pandemic.

Of course, other opportunities, in sectors that are also fundamental, such as energy, telecommunications or infrastructure in general (roads, ports and airports) in which Africa is still so needy, are eventually penalised because the effects of the pandemic, and of the pre-existing economic crisis, further limit the resources available for public investment.

This crisis, however, can be seen as an opportunity. Towards the reform of institutions and the investment environment, notably by strengthening the competitiveness of economies and their ability to attract more foreign investment.

Making it easier for foreign investors to enter, with less bureaucracy and control mechanisms, is essential. Reducing the time and number of acts needed to set up a commercial company, eliminating useless licences, improving the concept of a "one-stop shop for the investor", strengthening the tax environment by encouraging investment, as well as increasing the legal guarantees for investors and investments, with the possibility of resorting to

international arbitration mechanisms, for example, are fundamental aspects to be considered in order to create a more attractive environment for foreign investment. In addition, many other aspects include the possibility, or rather the guarantee, of repatriating investment profits in hard currency, as well as the possibility, with flexibility, of adding expatriate workers to the project. Without the creation of conditions to attract foreign capital, the recovery process of the most vulnerable African economies is becoming more and more difficult. Without an abundance of financial own resources and with the fall in the price of the economy's main asset - raw materials - the influx of new capital, of new investors, is a lever that cannot be wasted. Alongside this concern to improve the conditions for investment, the adoption of ambitious privatisation programmes. Reducing the weight of the State in the economy and freeing up companies for private initiative are models for improving both public accounts and the economy as a whole that should be used.

Africa is a young continent, full of wealth and opportunities. The important thing, therefore, is to create the conditions for Africans themselves to enjoy them in the long term. To achieve that future, work must begin today!