

Africa: The next frontier

This continent still presents an attractive market for lubricants.



By Dr. James Wakiru

Africa is far from being considered a unitary market. It comprises of 55 states, which tend to share similar market dynamics but equally differ significantly in how business is conducted. To address such disparities, which often frustrate trade, African countries have been coalescing around regional trading blocks such as Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Southern African Development Community (SADC) and Economic Community of West African States (ECOWAS). Of course, the citizens of Africa await with bated breath the expected benefits of

The African Continental Free Trade Area (AfCFTA), which was unveiled in 2021. AfCFTA, a brainchild of the African Union (AU), is expected to form the world's largest free trade area connecting over 1.1 billion people across the African continent boosting intra-African trade once import duties and non-tariff barriers are eliminated.

As history has shown in other regions, a continent on a development path will encounter several challenges along the way. Africa's lubricant market is not unique and is, therefore, beset by several challenges that have to be overcome or managed. These challenges are similar across Africa. There

are the adverse effects of political instabilities in some countries and regions, unstable demand for lubricants with high variability being evidenced across regions, logistical challenges exacerbated by over-reliance on a poor road transport network, counterfeits and sub-standard lubricants and, lastly, the skill and technology gap.

The complexity of doing business notwithstanding, Africa still presents an attractive market for lubricants. Various sources have placed the continent's annual demand at two million tons with South Africa, Nigeria and Egypt being the leading markets. This market is characterized by an ever-growing