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Australian Government

Australian Trade and Investment Commission

Inquiry into strengthening Australia's trade and investment relations with Africa

Australian Trade and Investment Commission Submission

To inform the Committee's consideration of points 1, 2, 3 and 5 of the inquiry terms of reference, this submission provides information on Austrade's role and responsibilities in relation to Australia's trade and investment relationships in Africa. It also offers some observations to support the Committee's contextual awareness.

1. The nature of Australia's existing trade and investment relations with the region

As the Australian Government's international trade and investment promotion agency, Austrade supports Australian exporters to expand internationally, and foreign companies to invest productively in the Australian economy. Austrade has a **modest but targeted presence across Africa** with offices in Kenya, Morocco, and Ghana.

Austrade's offshore operating model – both in Africa and other regions around the world – consists of a relatively small number of posted 'Australia-based' staff (Austrade employees ordinarily based in Australia and posted offshore for a specific period), together with a larger number of locally engaged staff who are often nationals of the host country. We employ local staff due to the market expertise, language capabilities, and cultural background they offer to assist Australian businesses to understand their target markets and engage effectively.

Austrade has one 'Australia-Based' Trade Commissioner in Africa, in Nairobi, Kenya, who oversees four locally engaged positions across offices in Accra, Ghana and Nairobi. This team is overseen by Austrade's General Manager International for the Middle East and Africa, based in Dubai. Our office in Rabat, Morocco is managed through the General Manager International UK, Europe, and Israel.

Austrade offshore and onshore staff **collaborate to support Australian businesses to expand and diversify in African markets**, in close collaboration with the Department of Foreign Affairs and Trade (DFAT). This includes:

- providing businesses with advice on opportunities, information on market entry, and local business practices;
- helping businesses navigate local regulations;
- facilitating connections with buyers, suppliers, and investors; and
- organising events and promotion activities.

Other **tools and programs** provided by Austrade also support Australian businesses seeking to engage in African markets. These include:

- Digital tools, such as the [Go Global Toolkit](#), and other capability-building resources to help Australian businesses assess export readiness and build market literacy; and

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- Financial support, including Export Market Development Grants (EMDG), that provide funding for marketing, promotion, and training.

Austrade supports the international education sector with market information, while the [Education, Data and Insights](#) (EDI) platform helps Australian providers identify export opportunities and helps providers to build commercial strategy. Austrade supports providers to grow student numbers and deliver transnational education in African markets through joint programs and in-country partnerships.

Despite the great growth potential of Africa, Australian businesses have traditionally shown only targeted interest in specific markets and sectors to date:

- In 2024-25, Austrade supported 176 Australian businesses in African markets, representing 2.9 per cent of Austrade clients supported globally. For comparison, Austrade supported 2,121 Australian businesses in Southeast Asia, 1,136 in South Asia, and 1,402 in Mainland China and Hong Kong, over the same period.
- In 2024-25, Austrade facilitated 13 commercial outcomes in African markets, valued at \$9.4 million and representing 0.1 per cent of the global outcomes facilitated by Austrade in value. In Southeast Asia, Austrade facilitated 636 outcomes, valued at \$1.2 billion over the same period. In that year, Austrade also facilitated 262 outcomes, valued at \$1.1 billion in South Asia, and 296 outcomes worth \$1.3 billion in Mainland China and Hong Kong.
- The Africa content in the Go Global Toolkit received 1,680 page views from a total of 1,265 unique users in 2024-25, accounting for 0.6 per cent of total Go Global Toolkit users. By way of comparison, Southeast Asia content received 29,239 views from a total of 20,749 unique users, accounting for 9.9 per cent of total Go Global Toolkit users.

For broader data on Australia's two-way economic relationships with African partners, please see the submission by DFAT.

2. Identifying barriers and impediments to trade and investment

There are several factors that will drive growth and potential for greater trade and investment with the region over the coming decades.

Africa is home to the world's youngest population, with around 60 per cent under the age of 25, and Africa's population of 1.5 billion is forecasted to reach 2.4 billion by 2050. The twin drivers of population increase, and a growing urban middle class, are expected to result in higher economic growth and an increase in consumer demand for goods and services over the coming decades.

Its young population is innovative and entrepreneurial, with the number of businesses and start-ups in Africa increasing by 20 per cent between 2019 and 2024. While there are only a handful of African 'unicorns' (startups with a valuation of over \$1 billion), innovation is on the rise in the region, particularly in the healthcare, energy, and fintech sectors.

The African Development Bank Group forecasts a GDP growth rate for the continent of 4.2 per cent in 2025 and 4.3 per cent in 2026.

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The World Bank estimates that the African Continental Free Trade Area, if fully implemented, could boost incomes by as much as 9 per cent, creating almost 18 million additional jobs, many higher-paying and better-quality.

Nevertheless, ongoing challenges continue to constrain the growth of Africa's middle class:

- The high level of **income inequality** in Africa. Inequality and unemployment are worsened by high adult illiteracy rates and low access to credit in Africa.
- The **unemployment rate** for people aged at least 15 in Africa was 7.1 per cent in 2022, higher than the global average of 5.8 per cent.
- The **working poverty rate** (where the total income of a household, with at least one person in paid employment, is insufficient to put the household above the poverty line) was 31.1 per cent compared to the global average of 6.4 per cent.
- The level of **informal employment** is high, with an estimated 82 per cent of workers in Africa employed in informal activities that offer mostly low pay and little job protection, compared to 56 per cent in Latin America and the Caribbean, and 73 per cent in lower income Asian countries, such as Bangladesh, Cambodia, Mongolia, and Sri Lanka.

Barriers to growing Australia's trade with African economies include logistical challenges in transporting goods both to, and across the continent. While this varies between and within countries in the region, in general, limited infrastructure, including inadequate transport links, leads to supply-chain challenges that complicates bringing Australian products to market.

Sovereign risk can also make it challenging to do business in some markets in the region. Some African governments impose significant tariffs or enact other protectionist policies, such as local content requirements or laws requiring majority local ownership, increasing the unpredictability of the business environment.

Regional security and humanitarian challenges continue to affect some markets across the continent. This in turn affects the governance and business environment that Australian companies need to consider before entering new partnerships and markets.

Austrade can assist interested Australian businesses to navigate government regulations and some of these barriers through its business services, informed by local market expertise. Austrade helps businesses by drawing on its commercial knowledge, international networks, relationships, and connections with international customers, investors, and decision makers.

3. Identifying opportunities for Australian businesses to diversify exports to specific African markets.

Austrade recognises the economic potential of African markets and some of its economies, and the growing commercial opportunities the region will present for Australian businesses. There is significant scope for greater commercial engagement between Australia and African countries, bolstered by DFAT's diplomatic efforts in the region.

Based on Austrade's experience working with businesses in Africa, there are opportunities for Australian businesses to further grow and diversify exports, particularly in:

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- **Mining Equipment, Technology, and Services (METS)** – The METS sector remains our primary focus in Africa, particularly in Kenya, with further opportunities emerging in Tanzania, where some large Australian firms are already operating. Austrade is also exploring emerging opportunities in the clean energy sector in Morocco. Australian METS providers and mining education institutions have expertise in providing advice to support the development of new and established mining projects as they progress from prospecting into the planning, construction, and production phases, providing opportunities for Australian business to collaborate with partners in the regions' METS sector.
- **Education and skills** – Africa's growing population presents opportunities to grow the Australian education sector's presence to help meet the high demand for educated nurses, doctors, engineers, and other mining professionals in the region. Austrade is focussing its international education work in Africa on three markets: Kenya, Ghana, and Nigeria, with Uganda emerging as a promising education market for Australian universities. We see opportunities to grow Australia's position as a preferred education provider and partner for African talent, mainly attracting students in the Higher Education and Vocational Education and Training sectors, and to expand partnerships between Australian and African education institutions, including for the delivery of Australian courses in Africa.
- **Agribusiness and food** – Supply-chain challenges such as limited transport links and the lack of cool storage facilities make exporting perishable goods to African markets challenging. However, we see country-agnostic opportunities emerging in the packaged food sector that can complement the existing and established grains trade between Australia and North African markets, such as Morocco and Egypt. Lastly, we see opportunities to promote Australian premium food and wine in East African markets, with global international hotel brands expected to open facilities in the region.
- **Health care** – Africa's growing population will require an uplift in local expertise and improved access to health care. Austrade sees a role for Australian health capability in supporting Africa's healthcare uplift, and we are exploring emerging opportunities for Australian businesses in the healthcare sector, including pharmaceuticals, medical devices, and medtech. A number of Austrade clients are already active in the region and others are exploring opportunities, particularly in the field of medicines and medical devices.

5. The role of the Government in identifying new opportunities and assisting Australian companies to access existing and potential economic opportunities in Africa.

Austrade recognises opportunities for Australian businesses to grow and diversify exports and investment in Africa. African economies are at varying stages of economic development, with different operating environments, requiring a tailored approach for each market and sector.

Based on our experience working with businesses in Africa, Austrade observes that Australian companies would be better placed to secure the economic opportunities in African markets through increased investments in, and focus on, several key capabilities:

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- **Enhancing market and cultural fluency** – Australian businesses with a nuanced understanding of African business practices and consumer behaviour are generally able to build stronger market connections and commercial advantage through products tailored to specific markets.
- **Building Africa-capable leadership and workforces** – Boards and senior executives with Africa-specific experience and networks are often better positioned to navigate complex market environments and effectively execute their in-market strategies.
- **Adopting market-specific strategies across Africa** – Africa's diversity presents opportunities for businesses that recognise differences in consumer preferences, regulatory environments, and growth drivers across markets in Africa, and tailor offerings accordingly.
- **Maximising use of market access tools and support** – Increasing awareness and uptake of digital export tools by small and medium-sized enterprises can support export readiness and more confident engagement in markets.

While there is no doubt that opportunities exist for greater Australian economic engagement with Africa, working within our approved funding envelope, Austrade has a prioritisation process for allocating its limited resources. This includes considerations around: market opportunity, demand for services, ease of doing business, and alignment with Government priorities.

Austrade has, accordingly, been required to constrain the level of its presence in Africa, given the relative demand from Australian exporters for Austrade's services across the continent and the competing demands for Austrade's services in other international export markets. If greater resources were to be available, and Australian businesses were to increase their focus on the growing African market, there would be a strong case for Austrade to expand its presence in Africa.

Conclusion

Austrade looks forward to the outcomes of the inquiry into *Strengthening Australia's Trade and Investment Relations with Africa* and is available to provide further information to the Joint Standing Committee upon request.