



United African expansion

Dubai was disappointing. I thought I had gone too late. By the time I first visited in 2018, it felt like old news. The Emirate had already undergone its zero-to-a-hundred economic miracle. The iconic side-by-side, rags-to-riches image typically compares the dusty backwater of 1991 with the dazzling skyline of 2017.

I recall wishing I was in a manufacturing centre in Shenzhen or a tech hub in Hanoi, where the economic miracles were still happening.

It turns out, from an African perspective, I may not have been late. The UAE's interest in Africa might have been poised to take off. This comes as China's growth eases back from the staggering highs of a few years ago, requiring the throttling of its African expansion.

As the Financial Times says: "Between 2022 and 2023, the UAE pledged \$97bn in new African investments across renewable energy, ports, mining, real estate, communications, agriculture and manufacturing."

China's total new loan commitments to Africa in 2022 were only \$995.5m, against a high of \$28.5bn in 2016.

At the same time, the US is turning inward. The Trump administration's vim for tariffs is not a good sign for US investment on the continent. Legitimate threats to boot South Africa from the African Growth & Opportunity Act agreement may come with overstated rhetoric about the macroeconomic impact, but the implications are negative for investors on the fence about putting money on the ground.

African attraction

There are fundamental growth reasons behind the Africa-UAE synergy. Africa is home to roughly half of the world's fastest-growing economies, depending on which data you use. The UAE is growing at 3.6% against the backdrop of a global average of 3%. KPMG says the UAE will be growing at 6.7% in 2025 with diversification, increased oil output and booming tourism.

Food security is another factor. The Gulf Research Centre says: "Africa has 60% of the world's uncultivated arable land. Agriculture accounts for 35% of Africa's GDP and employs more Africans than any other sector.

According to the African Development Bank, Africa's food and agriculture market could increase from \$280bn a year in 2023 to \$1-trillion by 2030."

Other mega-factors include Africa's plentiful commodities, a fast-growing population and geopolitical relevance.

Private equity angle

"In the private equity space, the positivity is palpable," says Badian Maas-

dorp, a South African private equity investor with an interest in Dubai.

He says the flow of private capital into Africa from the Emirate is set to grow further, despite resisting the excitement for a few years. "The energy in Dubai's financial hub is electric. You can feel it. I believed a bubble was forming. Now I can see this as a real rising force."

One reason for Dubai's increasing importance as a hub is geopolitical. "Dubai becomes more attractive as the world becomes more volatile," Maas-

dorp says. "With conflict, trade wars, and political uncertainty, the UAE looks relatively stable and neutral. I think we'll see more and more institutions establishing bases in Dubai ... Absa is doing just that." The South African bank's move was summed up in a recent news headline: "Absa to open Dubai office as Gulf investments in Africa boom".

Maasdorp highlights a local nuance as evidence that private equity will keep flowing into Africa. "Private capital follows the leader in this region. The government and the royal family tend to go first. Then other ultra-wealthy family offices follow suit." A bankable unwritten rule.

Africa is a big place, though. Where are the hotspots?

"It's mostly North and East Africa," says Maasdorp. "Those are the places where the big action is, partly based on proximity. But it's certainly a continent-wide trend.

"And at a sector level, the early, big movers are clearly going into infrastructure. We all know the big enabler in Africa right now is ports, railways, roads and the like. All of that needs to be powered, so energy is also attracting money."

No investment trends analysis in 2025 is complete without the AI component. "AI is a big part of this," says Maasdorp.

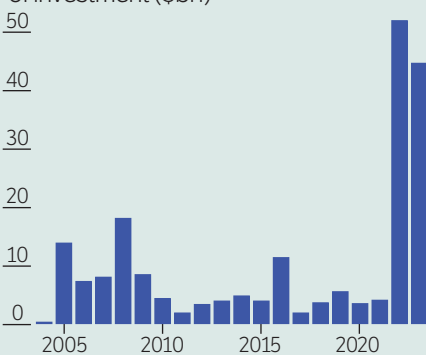
"You can see it in Kenya's 'Silicon Savannah', where the tech foundation is already in place. But it is ubiquitous. We've talked about leapfrogging in Africa for some time. AI is putting that on steroids. Wherever there's a mobile phone and a laptop, AI has the potential to elevate speed and effectiveness rapidly."

From Dubai to Dakar or Durban, the opportunities abound. My 2018 visit may have been better timed than I thought. **x**

The Centre for African Management & Markets (CAMM) at the Gordon Institute of Business Science conducts academic and practitioner research and provides strategic insight on African markets. Macleod is a founding member

UAE INVESTMENT POURS INTO AFRICA

Announced FDI, where UAE is source of investment (\$bn)



Source: Financial Times