

# Channeling foreign investment

## Leading conglomerate BAI is helping Chinese producers negotiate their way round Africa

With investment in more than 50 companies covering financial services, commerce and industry and services, investment holding company British American Investment Co Ltd, or BAI, is a rapidly expanding group with a turnover of \$500 million.

Established in Mauritius for more than 40 years, BAI is proud to manage \$1 billion worth of assets, serving around 200,000 families through local operations. With a diverse range of products provided under local and international brands, BAI presents an excellent opportunity for Chinese investors, as chairman emeritus of BAI, Dawood A. Rawat, explained.

"China is a country with which Mauritius has had longstanding ties of friendship," he said. "Bilateral trade has improved in recent years, and today a large number of our

ment to facilitate the handover."

In line with Mauritius' diversified economy, BAI took the opportunity to maximize its operations early. With 50 years' experience in Africa as a whole, it has gained an excellent insight into the African market, which attracted an array of global brands.

This insight has been key to the group's success, noted Rawat, who joined BAI in its infancy in 1970.

"Because it was such a small economy based mainly on the sugar mono crop, Mauritius' leaders invested intelligently in export driven industries, and diversified export markets. The economy underwent a major restructuring program looking for new sectors to offset preferential trade regimes, which have supported our manufacturing and agricultural exports over decades.

Africa," Rawat said. "The group has historically achieved premium returns where it has consolidated its market position and developed strong local brands. Our long term strategy is to have a portfolio of businesses that combine attractive growth characteristics in periods of economic growth and which also exhibit strong defensive capabilities when times become tougher.

"Going forward, BAI will continue to operate as an investment company, a 'House of Brands'."

Expanding on the idea of BAI as a stepping-stone for China and other Asian nations to do business in Africa, Rawat said, "The group entered mainland Africa in 1965, through its investments in the financial services sector. Today, it holds important stakes both in the insurance services, through BAI Kenya, now known as Britam and in the banking sector in Kenya, through Equity Bank.

"Today, Equity Bank (A+ credit-rating) is one of the fastest growing banks in Africa and is listed on the Nairobi Stock Exchange. Both companies are now moving into East Africa. BAI is further consolidating its presence in Africa, namely in Uganda, Tanzania, Luanda, Ethiopia, and even South Sudan."

Rawat believes investors need help negotiating the way into Africa.

"Despite significant improvements in trade and investment liberalizations within the regional economic blocks, there are still many obstacles that prevent entrepreneurs embarking on an Africa strategy," he said. "They need to be guided by more experienced companies.

"Africa is different and I think the Mauritian financial services industry must understand the cultural difference before participating into any new venture. Mauritius is hoping to turn itself into a regional financial and business services hub on the

strength of its regional accessibility.

"We can play a strategic role in channeling foreign investment into Africa through widening double-taxation treaties, bilateral investment protection agreements which makes the country a safe place to conduct business from its political stability. These include protection of assets, an independent judiciary, the rule of law, a well-regulated and modern financial services sector, high-class business services and a democratic system of government.

"New partnerships are in the making with investors from Asia and Europe, and even Africa for a number of projects that will help expand business relationships between BAI and mainland Africa."

### Taking China to Africa

Moving with the times, among the many projects on BAI's table is the development of 6,000 hectares of land in Mozambique to produce certain food crops and biodiesel. The group's Nairobi-based wholesale business, Bramcom International, can now provide multi-channel distribution of goods imported from Asia, and especially China, to African wholesalers and retailers.

"The store is situated close to Nairobi airport which allows for smooth redistribution," Rawat said.

Established in 2012, Bramcom International procures and distributes several thousands of products, including retail consumer goods, automotive and energy activities, and delivers everything from printing paper to luxury vehicles.

It creates sales and profit opportunities for vendors and resellers through a unique network, as well as outsourced logistics and management solutions, technical support and financial services.

At its Mauritius branch, the firm successfully completed deals amounting to around \$200 million, a large proportion of which was through its main client on the island, Iframac Ltd, which has more than 30 retail stores in Mauritius and supplies Harley Davidsons, Mercedes

Benz, Jeep, Peugeot and Mitsubishi.

Jonid Dowlut, president and CEO for Bramcom International, said, "We understand the complexity of procurement of products globally and distribution to emerging markets. This is why we are continuously in search of responsible partnerships to give our clients a competitive edge. The partnerships not only need to meet our mutual requirements, but also complement our ongoing commitment to facilitate the sourcing, shipping and delivering of reliable goods that our clients need within specific deadlines."

can collaborate with Mauritius. The Mauritian Chinese speak Cantonese, which significantly hampers communication with the people in Beijing, Shanghai and other commercial centers.

"The Chinese government could help Mauritius by creating a platform to teach Mandarin, and why not open universities here for the rest of Africa? Several European and Asian universities are taking advantage of the incentives under the policy to make Mauritius a knowledge hub. The number of African students enrolled in these interna-



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### Investing in people

Enterprise and social responsibility are clearly important to the BAI's philosophy, so it is fitting that the company is a significant supporter of the Youth Engaged in Service Program, which has evolved from five colleges in 2007 to nine in 2009, with 325 students participating.

As well as supporting women entrepreneurs, the management and prevention of diabetes, and numerous other health and educational initiatives, the group also launched its Success.mu, Young Entrepreneur Award. The innovative project helps young Mauritians with a good business idea but limited resources to set up or expand their own ventures.

"The program provides thousands of dollars worth of capital to these young entrepreneurs to start up their business and even more in equipment, technical support, training and assistance with local and international distribution channels among others. A group of professionals will also work with these young people for a period of up to three years," Rawat said. "This brings me to another area where China

tional universities here is increasing significantly every year.

"I once told a Chinese ambassador that anyone going to China to buy goods would be told to order a minimum of 20ft container. However, the Mauritian market is tiny, and Africa, although it is a huge continent, is not wealthy. China could therefore use Mauritius as a base - the goods would come here, be unbundled and redistributed to Africa. Opening our wholesales business in Nairobi and Mauritius is the first step to create that major redistribution center."

The Chairman Emeritus believes the most interesting areas for Chinese investors would be in financial services, medical services - BAI recently set up the world class Apollo Bramwell Hospital with Indian backing - and retail. Also, he explained, and perhaps not surprisingly for an island in the middle of the Indian Ocean, boat building.

"One of our subsidiaries is involved in the production of mainly fishing and leisure boats," he said.

*InFocus provided the story*

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imports are from there. Our group, for example, has one of the largest retail businesses in Mauritius: Courts, a huge consumer electronics and furniture retailer, with 35 stores, and most of the imports are from Asia, including China. Courts has just opened its first store in mainland Africa, in Kenya, which means that the goods we import from China are now also distributed in Madagascar and Kenya.

"We are also representatives of two Chinese automotive brands - MG and Maxus. Recently, the Chinese government donated 57 MG cars to Kenya and BAI acted in liaison with the Kenyan govern-

"Unfortunately, the global crisis hit at a time when reforms had started to show. While maintaining efforts to consolidate existing industries, Mauritius has identified a range of activities that can be explored. These include higher education, healthcare, medical tourism, marine businesses, high-end and knowledge-based outsourcing, and many other IT-enabled businesses."

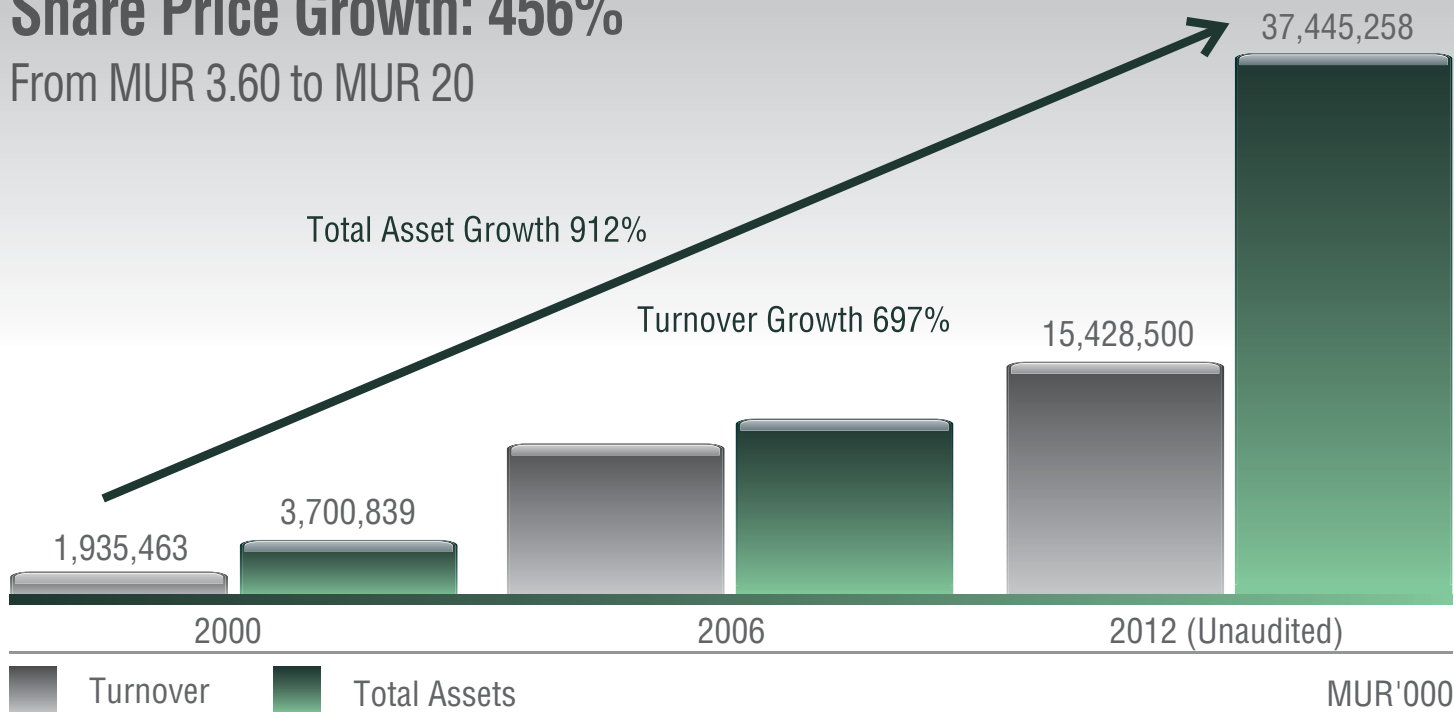
The fundamental strength of BAI as a trailblazing business success over the last decade has given the group renewed optimism as it takes on Africa as its target market.

"We are well positioned to help improve trade between Asia and

## Creating long term value

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