INSIGHTS FOR THE QUINTESSENTIAL INVESTOR

momento

SINO-MAURITIAN FTA: A THREAT TO AFRICAN INTEGRATION?

ISLAMIC FINANCE: FROM NICHE TO MAINSTREAM

VOLUME 01 · ISSUE 05 · MAY 2021

momento

Editor-in-chief **Mosope Arubayi**

Contributing Writers **Dr. Zakaria Sorgho**

Habeeb Gbenle

Folu Olumideko

Toluwalase Ogbara

Picture Attributions **Annie Spratt**

Oleksii Liskonih

Nici Keil

Konoplytska

Sara Kurfeß

Ashkan Forouzani

Lisa McIntyre

Markus Winkler

EDITORIAL CORRESPONDENCE

Momento is published by Mosope Arubayi.
+2347-06277-4539 | info@mosopearubayi.com

www.mosopearubayi.com

CONTENTS

EDITOR'S NOTE

Congratulations on living through another month in history. We do not seem to realize that we are living through history, but in retrospect, we are likely to acknowledge these memories. One of such historic moments is the China-Mauritius Free Trade Agreement (FTA) that kicked off simultaneously with the AfCFTA. Hence, **Dr. Zakaria Sorgho** – an Economist and Trade Policy expert – takes a bird's-eye view of China's debut trade agreement with an African country in **Sino-Mauritian FTA: A threat to African Integration** (Page 05). The FTA, which is being etched in history, reflects a strategic move by China to complement – and not compete with – the AfCFTA, as highlighted by Dr. Sorgho.

The tornadic path left by the COVID-19 pandemic has triggered mental, physical, and economic stress, causing many to think outside the box as we continue to build forward better. On the back of this, **Habeeb Gbenle** – an Islamic finance expert – in **Islamic finance: From niche to mainstream** (Page 07) postulates that the niche could be playing host to solutions to some of the world's daunting economic problems, including debt and inequality.

Not just governments and policymakers, but businesses are also modifying their modus operandi to suit the new normal. This switch requires multiple levels of consultation with internal and external stakeholders, which can expose businesses to undue risks. In view of this, **Toluwalase Ogbara** – a Legal practitioner - in **Rethinking Intellectual Property** (Page 12) suggests that businesses should embrace executing non-disclosure agreements to protect their business secrets while **Folu Olumideko** – a Brand Consultant and Media Strategist – gives tips on how to build and manage your digital presence in **Rising above the clutter** (Page 10).

You probably realize I am not contributing content this month as I am on a break. Rest is necessary occasionally and you should remember to rest as you continue to trudge through 2021 with gratitude, humanity, and hope. I hope to keep filling these pages with worthy content as it is a responsibility and an honor to get to do it, and I hope that you continue to enjoy the articles. The feedback has been fantastic so far and I am working tirelessly to surpass the current standards. However, should you have any suggestions, contributions, queries that you would like to share, do not hesitate to reach out to me via **info@mosopearubayi.com**.

I am most grateful to my contributors for their timeliness and depth. Your efforts are not taken for granted. And you, our audience, thank you once again for the time spared to share in our thoughts and opinions. We hope they help you broaden your worldview and provide an understanding of how the world works. I wish you all the best as you continue to roam, ruminate, and reflect. And for those that have been blessed with new opportunities, I say **CHEERS TO NEW BEGINNINGS!!!**

Mosope Arubayi

SINO-MAURITIAN FTA: A THREAT TO AFRICAN INTEGRATION?

BY DR. ZAKARIA SORGHO

2021 stands out as an important year for trade policy in Africa. First, the implementation of the African Continental Free Trade Agreement (AfCFTA), signed by 54 of 55 African Union member states and ratified by 31 so far. This agreement seeks to create an estimated US$3tn market and foster intra-African trade over the coming decades. 2021 also marks a major step in China-Africa relations with the China-Mauritius bilateral free-trade agreement (FTA), the first FTA between China and an African state. Among other things, this FTA involves the immediate elimination of customs duties on 7,504 products traded (i.e., a coverage rate of about 93 per cent of trade) between the two countries.

Since the AfCFTA does not include a common external tariff (CET), each African country cannot only decide what duties it will impose on non-AfCFTA goods but can also freely negotiate the design of its future trade agreements with non-AfCFTA partners. Should we fear that the China-Mauritius FTA undermines the integration of African markets? Considering that China is the continent's largest trading partner, scaling up intra-African trade could mean China will lose some of its market for manufactured goods on the continent. Thus, concerns have been built about the China-Mauritius FTA being a Chinese strategy to keep its products entering the African market. This assertion seems to hold no water.

Even if China is Africa's biggest trading partner, Chinese trade with Africa however only represents a small fraction of China's global trade flows. For a volume of US$2.47tn of Chinese commodities exported in 2018, only 4.2% was towards Africa. For the same year, China had imported US$1.65tn worth of commodities that only US$78.3bn are from African countries (4.8% of its imports). Why did it not strategically negotiate a FTA with one of its top-5 African trading partners? For example, on the exporting side, why not South Africa receiving 0.67% of Chinese global export (CGE), Nigeria (0.54% of CGE), Egypt (0.48% of CGE), Algeria (0.32% of CGE), or Kenya (0.21% of CGE)? Why sign an FTA with Mauritius (27th China's exporting partner in Africa) that represents only 0.03% of CGE? Moreover, Mauritius does not count among the top 10 countries within intra-African trade.

These facts show that China's reason(s) behind signing an FTA with Mauritius is (are) more complex than a simple desire to sabotage the intra-African market. So, what would be the Chinese intention behind this FTA with Mauritius? I think that China seeks rather to profit from the future African integrated market. The FTA with Mauritius will help China to guarantee its value and supply chains(in the long term), while making up (short and medium term) the leeway of FTA between Mauritius and United States of America signed in 2016. By signing a FTA with Mauritius, China seeks to further integrate into the African

economy and guarantee its supply chains. To pursue its economic growth and development, China must import an increasing quantity of raw materials such as minerals, woods, metals, and especially oils & gas. Moreover, the quick growth of the Chinese middle class (driven by rising wages) and the aging Chinese population will push Chinese companies toward countries (such as African countries) with a cheaper and younger workforce.

Companies are developing value and supply chains by relocating part of their production to these low-cost countries. McKinsey estimates that more than 10,000 Chinese (public and private) companies operate in Africa, of which about a third are in the manufacturing sector. In 2017, China invested more than US$46bn in Africa - comparatively 2 billion more than its investments in 2016 –, and they are mainly concentrated in energy (oil, gas, and power generation), construction, and business.

The Belt and Road Initiative (BRI), initiated by Chinese President Xi Jinping in 2013, could help Chinese companies to efficiently access the African market. This road will facilitate the transport of raw materials or low VA products from the African continent to China. Moreover, based on its geographic proximity, Africa will serve as a production platform for Europe. This project is currently preceded by progressing establishment of a business environment in Africa benefiting start-up Chinese multinationals, for example, the creation by China of special economic zones in six African countries (Algeria, Egypt, Ethiopia, Mauritius, Nigeria, and Zambia).

The geographic position of Mauritius makes this country a natural bridge connecting the continent to the 'Middle Kingdom'.

The geographic position of Mauritius makes this country a natural bridge connecting the continent to the 'Middle Kingdom'. Thus, on the one hand, the Mauritius-China FTA will take advantage of Mauritian manufacturing capacities and raw materials, and on the other hand, it will serve as a gateway to access more African countries. Mauritius is one of the most developed economies on the continent, with a GDP per capita of about US$11,100 in 2019. The country ranked as the first country in terms of ease of doing business in sub-Saharan Africa, and it is the best-integrated African country in international trade (according to the Davos Economic Forum).

Recently, Mauritius has signed bilateral agreements within Africa with governments in Senegal, Ghana, Ivory Coast, and Madagascar to facilitate the establishment of business parks and special economic zones. The Mauritian jurisdiction also offers good security for the domiciliation of foreign companies. Chinese companies can therefore safely domicile their activities here and operate in Africa. Moreover, they could directly benefit from financing from the Bank of China that opened a branch in Mauritius in 2016. According to Mrs. Tong Huihong, the Deputy CEO of Bank of China (Mauritius) Limited, Mauritius already has about 30 Chinese companies, and more than 100 other companies will establish in the country very soon.

ISLAMIC FINANCE: FROM NICHE TO MAINSTREAM

BY HABEEB GBENLE

Debt and financial crises are twin endemic phenomena most prevalent in today's global financial system. UNICEF reports that over half a million children under the age of five die each year around the world as a result of debt crises and their recent data estimates that 5.2 million children died in 2019. Perhaps the debt most countries in Africa are plunged into today could have been used to provide better health care facilities to prevent the high infant mortality rate in the region.

Amidst these issues, the last decade has witnessed a great deal of interest in an alternative financial service that proves to be more sustainable, resilient, and connects to the real economy. This paradigm shift has positioned Islamic finance from a niche proposition into the global landscape as it has shown more resilience than its conventional counterpart in recent years. The growth from just three (3) Islamic Financial Institutions (IFIs) in 1975 to 1,549 IFIs (including windows) in 2019, only underscores its growing acceptance. But why has Islamic finance been garnering more acceptance globally?

It appears that the aftermath of the global financial crisis (GFC) spurred the adoption of Islamic financial instruments and positioned it on a global footing. This is because the GFC led to a lack of trust in financial markets - where people had lost their wealth and been rendered homeless, following the collapse of big investment banks in Lehman brothers while Merrill Lynch was only rescued by a Bank of America acquisition at the peak of the crisis.

The crisis was exacerbated by unfettered financial engineering and greed using derivative products and the reckless speculation that went with it. The aftermath of pre-GFC financial gymnastics propelled the need for more responsible financing, which is enshrined in the principles of Islamic finance.

Islamic finance through its social financing trio of **zakat**, **sadaqah**, and **waqf** is beginning to garner more acceptance in social welfare and the emancipation of the poor which is in congruence with the UN Sustainable Development Goals (SDGs) to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. **Zakat**, an Islamic social financing tool and one of the largest forms of wealth transfer from the rich to the poor, mandates eligible Muslims to pay 2.5% of their wealth and has been deemed a reliable tool to solving SDGs 1 (no poverty), SDG 2 (zero hunger), and SDG 10 (reducing inequalities).

.....to avoid falling into more misery in the process of building back, the world needs to embrace a more sustainable and resilient financial system that prioritizes the interest of humanity

To deliver the SDGs, the UN estimates that between US$5-US$7 trillion per annum needs to be mobilized by 2030. According to the World Bank and the Islamic Research and Training Institute (IRTI), estimated global zakat funds reach US$550bn to US$600bn per year. These figures are only an affirmation of the potential impact of Islamic social financing instruments. Just recently, the UN and Islamic Development Bank (IsDB) partnered to leverage Islamic social financing to support efforts to recover and rebuild from the COVID-19 pandemic.

There is no doubt the COVID-19 crisis has reversed many years of economic progress. However, to avoid falling into more misery in the process of building back, the world needs to embrace a more sustainable and resilient financial system that prioritizes the interest of humanity, and if the solutions lie in Islamic finance models, it needs to be seen beyond being a niche.

SAMIE'S HANDY & COLLECTIBLES

FRAGRANCES // BEAUTY PRODUCTS
HAIRCARE/SKINCARE PRODUCTS

@officialshc_perfumes

RISING ABOVE THE CLUTTER

BY FOLU OLUMIDEKO

Have you recently thought of an idea for a new business, conceived a brilliant name for this idea, and immediately checked Instagram to secure your handle, only to find out that tens of businesses already own that name with different variations? Pages spring up on Instagram and other social media platforms hourly. In fact, businesses create social media accounts once they conceive a business name… but how does a brand/business go beyond being amongst the millions on social media to having a distinct voice and wielding influence? How can you rise above the noise and make a mark on social media?

- **Speak to your target audience** - Whether or not you like it, everyone is not your target audience. One of the biggest mistakes businesses make is trying to cater to everyone. While your business may have a broad range of audiences, your bull's eye is always specific. Identify them and speak directly to them. Understand their needs, their wants and cater to them. Don't speak above their heads and shove your products or services down their throats. Share content that they will find useful and plug your services as solutions to their daily needs. This way, you are doubling down on those that really matter to your business; creating and sustaining high-quality leads.

- **Stay consistent and have a strategy** – The power of sitting with your team and brainstorming on unique strategies for social media cannot be overestimated. Decide what information you want to share and how you would go about it. Do not just dump photos and videos haphazardly; use simple graphics and editing tools like Canva to make your page look professional. Also, decide how often you would post. If 3 times weekly, then do… but stay consistent. If this sounds like a big deal, then please hire a social media manager or an agency to get this done seamlessly for you.

- **Maximize Twitter** – Twitter is one of the best platforms to gain appeal. One major

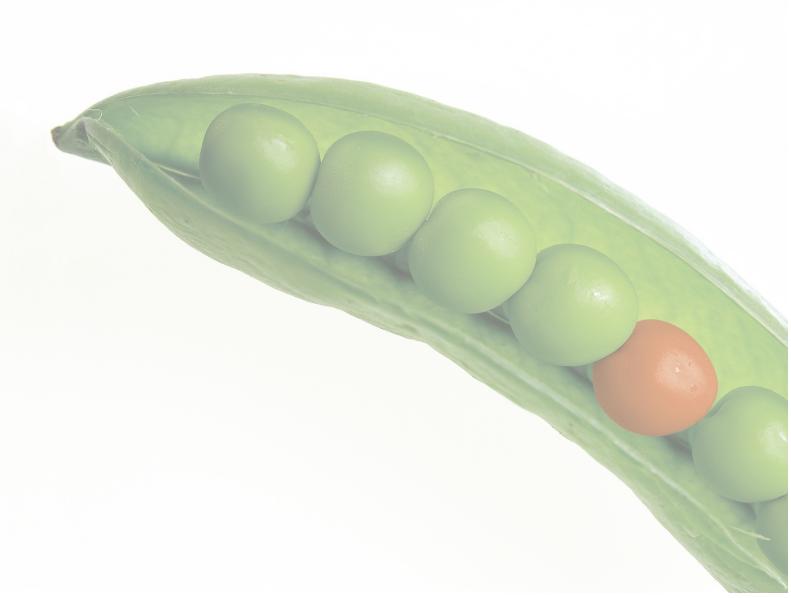
mistake brands make is posting the exact same content on all platforms, including Twitter. Do not make this mistake! Twitter is a conversational platform, so discuss with your target audience. Keep your tweets short, succinct and punchy. Be witty. You're allowed to include a dose of sarcasm as well, but be polite while at it. Lend your voice to matters of importance as long as they resonate with your brand values. Respond to customer inquiries or complaints graciously. With great content, consistency, and little or no ad spend, you can distinguish your brand and create a large community of advocates on Twitter.

- **Personalization** – Colourful creatives and engaging videos have their place but people love to see and relate with other people. It is one of the reasons Influencer Marketing is so popular. It adds credibility and increases brand affinity. As often as you can, create sessions with your followers where you can have genuine conversations. It helps if you can afford an Influencer or a known personality. Make the most of Instagram live and Clubhouse to put a face behind the brand and have real conversations with your target audience. You would be surprised at how many insights you would get and how you would gradually turn your followers into brand advocates.

- **Creativity** – The major distinguishing factor between your brand and other competing brands in your space is creativity. If you have the best creatives but add no unique touch to your content, you will have a sizable number of followers and decent engagement but your brand will not stand out. 'Monday Motivation', 'Tips Tuesday', 'Wordy Wednesday' are great but overused concepts. Go back to the first point of defining your audience and then brainstorm on what creative ideas will set you apart from the rest.

Social media has unarguably become such a powerful branding, awareness, and sales tool for businesses, and cannot be ignored. However, influencing the audience's perception and create an enviable brand requires a lot more than haphazardly posting generic content. Implementing the strategies above will get you closer to creating an enviable brand on social media. Stay consistent and watch your brand become a reference point!

The major distinguishing factor between your brand and other competing brands in your space is creativity.



RETHINKING INTELLECTUAL PROPERTY

BY TOLUWALASE OGBARA

According to Kamil Idris, former DG of World Intellectual Property Organization (WIPO), Intellectual Property (IP) can be called a Cinderella in the new economy. IP is the lifeblood of many businesses; it helps to protect the innovative and creative minds of businesses. One of the most valuable assets many businesses possess is their IP. During discussion or relating with a third party, business owners tend to share their vital IP business information. It is important that business owners are aware of one of the most important legal agreements that serve as a protection of their IP during their negotiation or discussion with third parties - the Non-Disclosure Agreement ("NDA").

An NDA is a contract between a business owner(s) and a third party. NDA helps to safeguard sensitive and proprietary information and ensures that the information is kept confidential. NDA is therefore important for businesses who do not wish to divulge their confidential information such as their trade secret. By executing an NDA, businesses can protect their IP from being disclosed or shared with prospective competitors in their Industries. The NDA allows business owners to share their IP with others, without unduly jeopardizing that information. For instance, if a business owner needs to consult another professional for advice on a new product, an NDA can

Pensure that the professional consultant does not divulge the details of the product or its development to a competitor.

Furthermore, it is important for growing businesses to have an NDA in the earliest stages of developing a new product or solution, with their collaborators or early investors. It is also paramount to execute an NDA during employing and onboarding process to ensure employees do not reveal trade secrets. Investors, partners, contractors, vendors, and other third parties that gain sensitive information about your business should always be required to keep the information confidential. When NDAs are not utilized effectively or information is mismanaged, businesses may become vulnerable and even lose market share because of the competition having too much information.

Businesses need to embrace the culture of operating with NDAs and, as with any legal agreement, it is highly advisable to consult with a Legal Practitioner when drafting NDAs. The initial cost of having a Legal Practitioner draft your NDA is much less than the reputational cost and/or financial costs that may be associated with IP theft. It is important to note that IP may not necessarily decide the success of a business as success is possible without protecting business products, and businesses with IP protection may not always be successful. However, when a business introduces a new product to the market, it should be decisive in protecting its IP, as is the case with Coca-Cola.

When NDAs are not utilized effectively or information is mismanaged, businesses may become vulnerable and even lose market share because of competition having too much

THE TIME TO BUY IS WHEN THERE'S BLOOD IN THE STREETS

BARON ROTHSCHILD