

## Business

# Europe's cars get a second life in Africa, but at a cost

## Benin is one of the five largest importers of used vehicles in Africa

**COTONOU, Benin:** His Toyota Matrix has driven the equivalent of four times around the world and it would never pass an inspection in Europe. But for its delighted new owner, Adam Adebisi, the ageing hatchback with more than 170,000 kilometers (105,000 miles) on the clock may just as well have rolled off the factory floor. Like millions of other Africans, the Beninese computer scientist has turned to the second-hand market to buy a quality car that would normally be well beyond his budget.

Africa is the world's biggest destination for used vehicles. More than a quarter of second-hand autos exported between 2015 and 2020, or 5.6 million vehicles, ended up on the continent, according to the UN. These vehicles come mainly from Europe and Japan, and increasingly from South Korea or the United States, but are often very old or high-pollution models.

Adebisi's Matrix Toyota went into circulation in 2004 in Canada, before it was shipped by sea 15 years later to Benin, where it was purchased by a first owner, who then sold it to him. Not far from the port of Cotonou, the economic capital of Benin, sales lots packed with second-hand vehicles, mainly from Europe, stretch for kilometers. Benin is one of the five largest importers of used vehicles in Africa, according to a UN report published at the end of 2021.

The West African country has only 11 million inhabitants, but it is the gateway to the markets of Burkina Faso, Niger, Chad, and especially its giant neighbor Nigeria, the most populous country in Africa. In one of these huge car lots near the border with Nigeria, Zakari Cisse recently sat with his hand on the steering wheel of his just purchased car, a model put into circulation in Belgium in 2002. He would have liked to buy a new one from a dealership. But lacking resources, he fell back on this 20-year-old second-hand vehicle, which is "clean and well maintained". "The engine responds very well and you can tell by the noise," he said.

"We don't import rubbish," said Ossama Allouch, an importer of used vehicles in Cotonou, who says vehi-

cles are subject to controls before purchase. "They are not just any vehicles that are banned from use." In Benin, a 15-year-old imported saloon, also called a sedan, typically changes hands for around 1.5 million CFA francs (\$2,300). That's quite a bargain in a country where a brand-new model will cost a dozen times as much, and the average salary is little more than \$100 per month.

### Stolen converters

According to a United Nations Environment Programme (UNEP) report in 2021, most vehicles exported to developing countries are old, polluting, energy-inefficient, potentially dangerous and undermine efforts to reduce carbon emissions. During an inspection by Dutch authorities at the end of 2019 in Amsterdam port—from where boats transporting these cars to Africa leave every week—the average age of the vehicles waiting was 18 years and they exceeded 200,000 kilometers (120,000 miles) mileage on average. No fewer than 93 percent were Euro 3 or lower—a category meaning they were marketed before the start of the 2000s. Some of the vehicles had broken down and some had been stripped of their catalytic converters—attachments that reduce emission of polluting toxic non-carbon gases such as nitrogen oxide.

To filter the noxious gases, converters use precious metals such as gold, silver, rhodium and platinum. Their value can exceed \$100, providing a rich incentive for them to be removed and trafficked.

Amen Djidjoho, head of one of the sales parks in Benin, dismissed those concerns. "All imported vehicles come with catalytic converters because in Europe and America, it is strictly forbidden to remove them," he said. To avoid converter theft after the vehicles have arrived, security guards watch over the assignments until they are transferred to Beninese sales parks, Djidjoho said. Importer Ossama Allouch said converters are often stolen after the purchase, resold by owners or removed from garages.

"I don't accept this argument that cutting taxes is somehow unfair," Truss told Sky News in New York, ahead of her bilateral meeting with Biden and debut speech Wednesday at the UN General Assembly.

"What we know is people on higher incomes generally pay more tax. So when you reduce taxes, there is often a disproportionate benefit because those people are paying more taxes in the first place," she said. The contrasting economic visions are only one point of dispute between Truss and Biden.

The White House has made clear its unhappiness about the new prime minister's hard line on Brexit and Northern Ireland. Truss conceded that a post-Brexit UK-US trade deal was unlikely for years.

But in her speech to the UN, she was set to defend her economic vision as a way to corral Western democracies against foes such as Russia. "We want people to keep more of the money they earn, because we believe that freedom trumps instruction," Truss was expected to say, according to excerpts released by Downing Street. "We are reforming our economy to get Britain moving forward once again.

"The free world needs this economic strength and resilience to push back against authoritarian aggression and win this new era of strategic competition."

Truss was to say that Ukraine's recent battlefield advances against Russian forces was "the story of freedom fighting back". "But this must not be a one-off," she will say, urging Western unity. — AFP



Ekpe, Benin: Second hand cars are seen on September 16, 2022 on display at a dealer in Ekpe, Benin. Africa is the world's biggest destination for used vehicles. — AFP

### Pollution worry

Conservationists say pollution generated by these old vehicles is a major concern, given Africans' thirst for a set of wheels. Old cars, together with the poor quality of fuels used in West Africa, are "one of the main causes of the increase in air pollution levels in the cities of the region", UNEP said. "Children, who walk to schools and use busy roads, and informal vendors along these roads" are most at risk, it said. Regulating this important sector of the Beninese economy and a major provider of jobs is predictably not an easy task.

The 15-member regional bloc Economic Community of West African States adopted a directive in 2020 aimed at bringing cleaner fuels and vehicles to the market, with implementation planned for January 2021. Imported second-hand vehicles must in particular meet at least Euro 4 standards, which means they have been put into circulation after 2006.

But it is clear that in Benin, vehicles sold in car parks are much older. Contacted several times, the Ministry of Transport had not answered AFP's questions about legislation in force in the country. — AFP

## UK's new PM veers away from Biden's economic script at UN

**LONDON:** Britain's new Prime Minister Liz Truss was Wednesday to outline an economic rescue program focused on tax cuts—even as US President Joe Biden rejected that approach as the two prepared to meet at the UN. "I am sick and tired of trickle-down economics. It has never worked," Biden tweeted ahead of his first meeting with Boris Johnson's successor in New York.

"We're building an economy from the bottom up and middle out," the president said, contrasting his approach to Republican opponents whose philosophy is more akin to the UK's new Conservative leader. Truss has underscored in New York her contentious belief that tax cuts for the better-off would benefit everyone, as her new government tries to get a grip on soaring energy prices.

An emergency budget on Friday is expected to roll out tax changes that would disproportionately benefit Britain's rich. The Times newspaper said it could also come with a surprise cut to property purchase taxes.



NEW YORK: British Prime Minister Liz Truss walks through the United Nations headquarters in New York City on September 20, 2022. — AFP

## Jordan resumes oil imports from Iraq after brief halt

**AMMAN:** Jordan has resumed importing about 10,000 barrels per day of crude oil from Iraq, the Jordanian energy minister said on Monday, after a several-week halt. "Loading has started from a new location," Saleh Al-Kharabsheh said in a statement. He was referring to a loading site in Kirkuk, instead of a previous site in Baiji, according to media reports.

Jordanian official media said logistical problems had forced the halt of the oil flows. Iraq agreed in 2006 to export 10,000 bpd of oil to Jordan, the first exports to the kingdom since the US-led invasion toppled Saddam Hussein in 2003. The 10,000 barrels comprise nearly 7 per cent of Jordanian oil imports of 142,000 bpd. Most of Jordan's crude needs are supplied by lorry from Saudi Arabia.

Flows from Iraq have been frequently interrupted, either because of political differences, price changes or transport problems. Jordan says it buys Iraqi oil at a \$16 discount to Brent, partly because the imports are of lower quality. Oil prices, which rose more than 67 per cent last year amid a faster-than-expected economic rebound, have been volatile this year, rocked by the Russia-Ukraine conflict and growing concerns about a global economic slowdown. Brent, the benchmark for two thirds of the world's oil, was down 0.96 per cent at \$90.47 a barrel on Tuesday while West Texas Intermediate, the gauge that tracks US crude, was trading 1.09 per cent lower at \$84.18 a barrel.

Iraq, OPEC's second-largest producer, depends on oil revenue to meet 90 per cent of government expenditure. The country exports an average of 3.3 million barrels of oil per day, while production in the semi-autonomous Kurdish region amounts to a little more than 450,000 bpd.

Iraq is aiming to boost its total production to 8 million bpd by 2027, from about 4.5 million bpd currently. Last month, the country announced the discovery of several new oil wells in the province of Anbar, in the west of the country. — Agencies

## S African inflation slows slightly as fuel prices drop

**JOHANNESBURG:** Inflation in South Africa slowed slightly in August as fuel prices dropped, but it remained near a 13-year record high, official data showed on Wednesday. Hundreds of South Africans marched to the seat of government in the capital Pretoria last month to demand action against power cuts and the rising cost of food and fuel.

Inflation soared to 7.8 percent in July. While petrol and diesel prices pulled annual inflation down to 7.6 percent last month, food prices continued to rise, according to the national statistics agency, StatsSA.

The August reading is the lowest since January, StatsSA said in a statement. "The welcome decrease in the cost of fuel had an impact on the overall transport index, which declined by 1.0 percent between July and August," the agency said. But the price of corn flour, a staple for most South Africans, surged to 29.1 percent in August, while prices for bread and cereals also accelerated to 17.8 percent.

In a bid to stabilize inflation, the country's central bank in July hiked its key interest rate by 75 basis points to 5.5 percent, the highest increase in 10 years. The bank is due to announce a new rate on Thursday with economists forecasting another 75-basis-point increase. Inflation began to rise as countries emerged from COVID pandemic lockdowns and it shot higher after Russia's war in Ukraine sent global energy and food prices soaring. — AFP

## Ex-Wirecard CEO Braun to be tried for fraud in Germany

**BERLIN:** A German court on Wednesday gave the go-ahead for the trial of Markus Braun, the former CEO of Wirecard, accused of fraud in the accounting scandal that led to the company's spectacular collapse in 2020. Braun and two other senior Wirecard managers will go on trial for "commercial gang fraud", the superior regional court in Munich said in a statement, though a date for proceedings has not yet been set.

Once the standard-bearer for the German tech industry, Wirecard collapsed in June 2020 after admitting that 1.9 billion euros (\$1.9 billion) missing from its balance sheets likely didn't exist. The scandal was "unparalleled" in Germany's history, according to then finance minister Olaf Scholz, who is now chancellor.

Braun and the other two managers, accounting boss Stephan von Erffa and Oliver Bellenhaus, the former head of a Wirecard's Dubai subsidiary, were charged with fraud by prosecutors in March. The trio had worked "in an industrial fashion" to commit the fraud, prosecutors said. Wirecard's chief operating officer Jan Marsalek is wanted by German prosecutors and remains at large.

The former executive, who has been on the run since the collapse, was reported earlier this year to be hiding out in Moscow. — AFP

## UK to pay half of winter energy bills for businesses

**LONDON:** Britain on Wednesday launched a six-month plan starting in October to pay about half of energy bills for businesses, as Prime Minister Liz Truss seeks to stop companies going under as a result of rocketing prices. The news precedes a mini-budget Friday when finance minister Kwasi Kwarteng is expected to unveil tax cuts to help a nation struggling with decades-high inflation.

Wholesale electricity and gas prices for businesses—except the energy sector—as well as charities, hospitals and schools will be capped at half the expected cost on the open market, the government said in a statement. The announcement comes after Truss launched plans for a two-year household energy price freeze which also starts next month. "We have stepped in to stop businesses collapsing, protect jobs and limit inflation," Kwarteng said Wednesday.

The chancellor of the exchequer will Friday set out the overall cost of both energy freeze schemes. His budget will seek to boost economic growth amid forecasts that Britain will this year sink into recession on sky-high energy bills fuelled by the invasion of Ukraine by major oil and gas producer Russia.

### 'Eases worries'

The Confederation of British Industry (CBI) welcomed Wednesday's announcement. "The package will ease worries about otherwise viable businesses shutting-up shop," said Matthew Fell, chief policy director at the lobby group. The CBI meanwhile urged a long-term energy solution to increase Britain's supplies while ramping up efficiency measures to lower demand. Truss took office on September 6, two days before the death of Queen Elizabeth II, after winning an election of Conservative party members on a tax-cutting platform.

She is committed to scrapping planned tax hikes on both company profits and salaries that predecessor Boris Johnson signed off upon. Media reports suggest that the government will also scrap an EU limit on bankers' bonuses following Brexit. On the London stock market, homebuilders saw their shares rebound on speculation that Truss could cut tax levied on purchases of residential properties.

The tax-cutting plans like those proposed by Truss have come in for criticism from US President Joe Biden, who spoke out against the policy of "trickle-down economics" favored by the Democrat's Republican opponents. The approach hinges on hopes that policies which immediately boost the wealthy will trickle down the economy to reach the less well-off. "I am sick and tired of trickle-down economics. It has never worked," Biden had tweeted on Tuesday. Speaking ahead of Biden's tweet, Truss addressed this point. "I don't accept this argument that cutting taxes is somehow unfair," she told Sky News earlier this week. — AFP

TRUSS'S ENERGY AID	
HOMES	BUSINESSES
Energy bills frozen for two years	Discount on wholesale costs
Typical cost £2,500 a year	Tariff set at half expected winter peak
Average saving of £1,150	Will run from October to March
Starts on October 1	Targeted sectoral help after March
Expected to cost £150 billion	