



HD Statement By H.e. Dr. Nkosazana Dlamini Zuma Chairperson of the African Union Commission At the Fifth EU - Africa Private Business Forum Brussels, Belgium [document]

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Apr 03, 2014 (African Union/All Africa Global Media via COMTEX) -- Excellency Mr. Jose Manuel Barroso
Members of the Private Sector,

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Distinguished Guests,

Ladies and Gentlemen,

I am delighted to have the opportunity to participate and speak at the 5th EU- Africa Business Forum. I would like to thank Mr. Jose Manuel Barroso, President of the European Union Commission and Vice President Antonio Tajani in particular, for hosting this event.

It is pleasing to see representatives of African business here who demonstrate your unwavering interest in participating and championing Africa's development agenda. And we of course welcome the interest by European businesses, since Africa is an important destination and partner for trade and investments.

Ladies and Gentlemen

Despite the impact of the ongoing global economic situation, the size of the African economy has more than tripled since 2000. The outlook also appears positive, with the region as a whole expected to grow by 4% for 2013 and 4.6% for 2014. A number of African economies are predicted to remain amongst the fastest growing in the world for the foreseeable future.

Africa is also diversifying the investments it attracts.

Whilst investment in FDI projects from developed markets fell by 20% (except from the UK, which grew by 9% year-on-year), in contrast investments from emerging markets into Africa grew in 2013, continuing the trend over the past three years. The top contributors from the emerging markets are India, South Africa, the UAE, **China**, Kenya, Nigeria, Saudi Arabia and South Korea all among the top 20 investors over that period.

Africans are increasingly investing in their own continent, given the rate of returns, with intra-African investment growing at 33% compound rate, during the same period. South Africa has been at the forefront of growth in intra-African trade and broader emerging market investment. Kenya and Nigeria have also invested heavily, and it is expected that others such as Angola, for example, with a US\$5b sovereign wealth fund, will become increasingly prominent investors across the continent over the next few years.

There has also been an important shift in emphasis in investment into the continent over the past few years, in terms of both destination markets and sectors. While investment into North Africa has largely stagnated, FDI projects into other regions of Africa have grown at a compound rate of 22% since 2007. Among the star performers attracting growing numbers of projects have been Ghana, Nigeria, Kenya, Tanzania, Zambia, Mozambique, Mauritius and South Africa.

Ladies and Gentlemen

Infrastructure gaps, particularly relating to logistics and electricity, are consistently cited as the biggest challenges by those doing business in Africa. At a macro level, too, Africa's growth will be inherently constrained until the infrastructure deficit is bridged. The flip side of this challenge, however, is that strong growth has been occurring despite such infrastructure constraints.

This indicates the potential to not only sustain, but massively accelerate growth as the infrastructure gap is narrowed. Infrastructure development, in-country as well as regional projects that will aid integration and connect economies of regions and of the continent, is therefore an important African priority.

In 2012 there were over 800 active infrastructure projects across different sectors in Africa, with a combined value in excess of US\$700b. The large majority of infrastructure projects are related to power (37%) and transport (41%).

The gap in **energy** is a challenge, but also an opportunity, especially in renewable **energy**, **wind**, hydro and **solar energy**. In a similar vein, the Green economy can allow Africa to leapfrog development and address some of the constraints in infrastructure, especially **energy**.

Over the recent past, the AU has been increasing its engagement with the private sector. We strongly believe that the Private Sector is a driver of innovation, investment, and job creation, and a critical partner for the realization of our long term vision of Agenda 2063 and in the medium to shorter, the post-2015 development agenda.

Agenda 2063 is a long-term vision for an Africa that is integrated, prosperous, peaceful and people-centred. Key to the realization of Agenda 2063 is investments in African people - their education and health, access to basic services, especially young people and women.

In addition, although the continent has recorded an average of over 5% growth over the last decade, in order to eradicate poverty and create decent jobs, Africa needs at sustained levels of growth at least 7% in order to double incomes and eradicate poverty in one generation. It therefore has no choice but to transform the structures of its economies, through industrialisation and diversification of its economies. The private sector in the continent has an important role to play in this, and so do foreign companies investing into the continent.

Ladies and Gentlemen,

As we gather here to discuss ways of fostering the diversification and industrialization of African economies, and to raise the profile of doing business in Africa, allow me to mention but a few areas which are promising in terms of economic diversification and investment returns, and which can also contribute to addressing challenges of inequality and unemployment on the African Continent.

First, Agriculture; The African continent is currently home to 60% of the world's total uncultivated, arable land and 70% of the continent's workforce is in agriculture. As the world's population increases rapidly (recently exceeding the 7 **billion** mark and 9 **billion** in 2050), global agricultural production must rise to feed these growing numbers.

This creates business opportunity for the manufacturing of products such as fertilizers, pesticides and seeds as well as a demand for food processing and agro-processing such as grain refining, value addition and packaging. Value opportunities also exist in textile industry and as **China** moves up the value chain, Africa is poised to seize the opportunity to become the next hub of textile production.

The growth in agro-industry has been buttressed by improving investments, productivity and the business environment through implementation of the Comprehensive Africa Agricultural Development Programme (CAADP). Already, a growing number of private **equity** funds are springing up to finance agricultural production in Africa.

Africa therefore has the potential to feed itself, and also certainly to become a player in the global markets for food.

The EU-Africa partnership calendar for 2014 was quite illuminating in this regard. Each month presents an imagery of the two continents, under the theme Two Unions, One Vision. For one of the months, the image for Africa is tomatoes and for Europe, ketchup (tomato sauce), by implications a vision that perpetuates Africa as producer of raw materials and Europe as producer of value-added goods. This state of affairs cannot and should not continue; Africa must and will benefit from its raw materials and resources.

Second, Tourism; Several African countries have become world's favorite tourism destinations and as a continent we aim to become the favorite destination for global tourism. According to the United Nations World Tourism Organization, tourist arrivals into Africa in the year 2012 exceeded 49 **million** and are

likely to pass the 50 **million** mark in 2014. Those are the kind of numbers you should be taking advantage of, as African and European business, to develop tourism infrastructure on the continent, since the demand is only likely to grow.

Third, ICT: This is one of the fastest growing and most promising sector. There are well over 1 **billion** mobile phones in Africa and the use of computers is rapidly expanding. A whole range of business opportunities exist from e-commerce, international call centers, mobile services to assembly/and manufacturing.

A number of countries across the continent are also developing hubs of innovation, with thousands of young African entrepreneurs and software developers that understand the African markets, hence the number of innovations from the continent.

Again with reference to the EU-Africa partnership calendar, there is a picture of an African using a laptop, indicating that yes, we are participating in the ICT revolution. However, the picture for Europe is at a different level, it is a satellite in space. But even on this score, we are making progress, with space programmes in Nigeria and South Africa. Africa and Australia will cohost the Square Kilometer Array, 80% in Africa, and it will help to train and develop scientists from across the continent and the development of continental science, technology, innovation and research.

Fourth, Infrastructure: Investing in infrastructure is critical to Africa's growth. While there have been significant improvements in the development and quality of infrastructure across the continent, there is still a clear-cut deficit. There are opportunities for private investors to partner with African public and private sectors in the development and maintenance of infrastructure: such as investing in reliable power supply, water resources, roads, ports and railway systems among others.

Fifth, Fast Moving Consumer Goods: With Africa's exploding middle class (over 300 **million** people) always looking to be serviced with new products, Africa's fast moving consumer goods sector looks promising. There is a huge and ever-growing opportunity for manufacturers and retailers of FMCGs like food, beverages, home care and personal care products. Many of the raw materials for these products are from Africa, and we want to ensure that many of these products are produced in African countries, adding value to our natural resources and creating jobs in Africa.

Sixth, **Mining**: Several African countries have vast deposits of mineral resources that have been left largely unexploited because of a lack of technical know-how, as well as the financial incapacity to embark on capital-intensive **mining** projects. The continent also has a wide array of mineral resources which include **iron ore**, **coal**, bauxite, **gold**, tin, **lead**, **oil** and zinc which haven't been exploited.

This creates an investment opportunity for Africans and Europeans alike, to invest not only in **mining**, but also in value addition and wealth creation opportunities in both artisanal as well as industrial **mining** and value addition.

The Green and Blue economies are a seventh growth area: Africa has huge oceanic spaces, three times our land mass, and the continent must and will invest in developing its Blue economy, fishing, shipping, ports and logistics and the general marine economy, at the moment exploited by others. We must stop illegal fishing in African waters, which then feed other continents and what is left over is sold back to Africa.

This is but a tip of an iceberg. At the AUC, we value greater engagement with the private sector in all areas of human development. Africa's potential is enormous; it's a continent on the rise. Having mentioned but a few sectors that are ripe for investment, I am confident that more success stories and opportunities will be shared during this very important business forum.

As Africa emerges from underdevelopment and marginalization, we are redefining our relationships with the world. The economic opportunities in the continent too must be located in the process of this redefinition.

As we develop our infrastructure and create better business environment, we also expect from foreign investors to work with us as partners on the path we set for ourselves. It is therefore necessary not only to see Africa as a source of raw materials and markets for your products, with our raw materials shipped out, jobs created elsewhere and then products exported back to Africa. The insistence of African countries for better terms of trade and economic partnerships, for joint ventures with local businesses, for manufacturing plants for the products we consume to be located in our countries, for local content and ownership in critical sectors are therefore part of ensuring that we create shared prosperity for Africans, lasting peace and security and that Africa becomes part of the global value chains.

A central component of this is the development of the African Free Trade area, so as to drastically increase intra-Africa trade. This is why we are insisting that trade agreements, and in this instance the

Economic Partnership Agreements, must meet the requirement that they contribute and do not undermine African industrialization, diversification and integration.

With regards to agriculture, we do not encourage further land grabs, where agriculture becomes like the extractive industry, with our agricultural products exported without processing and we are therefore forced to import food at high prices, thus undermining our collective food security.

The demographic trend as it affects our two continents, is another important factors in the future of our partnership. Europe has an ageing population, whereas the African population is young and will remain so for the foreseeable future. Our partnership should therefore see Europe also investing in the training of young Africans, not only in robotics to replace human labour. It will thus spend less on policing the Mediterranean Sea to prevent young Africans from crossing. Instead they will arrive at your airports as skilled labour, tourists and investors in the European economy.

During the UN Millennium debates in 2000, Africa was called the '21st Century development challenge'. Fourteen years Africa is a 21st Century development opportunity.

I thank you

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