

**Opening of the Africa Business Week  
in Frankfurt am Main on 22 April 2013  
at the IHK Chamber of Industry and Commerce, Börsenplatz,**

**Keynote speech**

**by the Personal Representative of the German Chancellor for  
Africa, Günter Nooke**

(...)

In addition to major foreign policy topics – such as security and human rights – we are particularly interested in maintaining and improving **strong bilateral trading ties** with Africa. Chancellor Merkel's visit in 2011 to Kenya, Angola and Nigeria – all of which are major trading nations in their respective regions – underlines this.

Geographically, Africa is the continent closest to Europe. However, many still have an unrealistically romantic view of Africa. Too often Africa is used as a backdrop for charity, too seldom it is seen as a place where economic activity and innovation takes place. Our shared aim today is to look at Africa not from a charity but from a business perspective. There are good reasons to do so.

**I am convinced** that, in the decades to come, Africa will play an **increasingly important role as a trading partner and investment location** for Germany. By the way, there are already more German companies doing business in Africa today than many people would imagine. We just don't hear so much about it.

What we are seeing is a **positive economic trend** on the continent. The economies of many African countries are growing, albeit from a low starting point. Poverty has been declining by an average of one percentage annually since 1995. African Governments make efforts in view of the considerable potential that exists. Particular

the **agricultural and natural resources sector**, as well as in the areas of **renewable energy** and **tourism are areas of potential**.

Notwithstanding these positive trends, **I would advise anyone interested in doing business in Africa to take a realistic view**. The general conditions for investment are different than what German entrepreneurs and managers are used to. Often the legal environment is adequate, but in almost every case it is better not to put this to the test, because the judiciary is not always independent. Good governance remains an essential prerequisite.

In African countries, many business deals are done on the basis of personal contacts – a concept which, to a certain degree, is familiar to us here in Germany. However, often business people do not realise **how different Africa really is** until they are actually there. If you want to do business and especially if you want to invest in Africa, you will need patience and perseverance, as well as favourable conditions for business and investment.

In order to reach this, development cooperation has to achieve even more. We should not forget where development cooperation was just a few years ago, and what Development Minister Niebel has already accomplished in a short time.

Germany is using development cooperation to support vocational and university education through many of its projects. We are funding feasibility studies on specific investment projects, in particular on behalf of small and medium-sized companies. Furthermore, we have increased the number of people working abroad for German agencies that promote foreign trade. This will make our presence on the continent more visible.

The objective of our development policy is to support the continent to develop in such a way that it is increasingly in a position to solve its problems itself. To this end, we are encouraging good governance and providing support for private sector development. By providing loans and grants, we are also helping to encourage German and European companies to do business in Africa.

Let me state clearly, the private sector contributes considerably to development progress – not only through its capital investments, but also through its know-how and respect for environmental and social standards.

For example, the Otto Group has started an initiative called "Cotton made in Africa", aiming at promoting sustainable cotton production in Africa. But the private sector is also creating much-needed jobs in Africa through its investments and thereby offering people an income. I thank you for that.

At times, German businesses are criticised for not offering the same standard of working conditions in Africa as at home. However, dear friends of Africa, such views are not reasonable. What I *do* expect of German and European businesses is that they respect local laws and offer **the best labour and social standards in the country in which they are operating**. This increases the pressure on other businesses and triggers the right kind of competition.

The employment situation for young Africans today is critical. By **2050, Africa's population will have doubled**. Our development efforts should adapt to new challenges and focus more on vocational training in trades and crafts as well as promoting entrepreneurship.

During two of my three visits to Liberia, people I met there proudly told me that they had been trained as machinists and fitters by Thyssen Group. The German company held the iron ore mine in the Bong Mine until the 1980s.

Germany is admired for its industrial strength and its success as an export nation. One should be aware that our economic strength is closely related to the success of many small and medium-sized enterprises. We can boast more than a thousand world market leaders – all of them small or medium-sized companies. This very diverse industrial base grew out of a long tradition of trades and crafts. In Africa, however, skilled workers and qualified tradespeople are scarce. The question is, should people only be interested in pursuing an academic career or getting an administrative post?

Both the state, through its official development cooperation, and the private sector – together as well as individually – should invest more in vocational education. And African countries should recognise how important it is to have a skilled workforce in order to succeed in attracting companies to set up business on a more permanent basis. When inviting tenders, it is in the interest of the African countries if companies include training as part of their bids, even if this then makes their bids more expensive.

It is the lack of **value chain development and processing** that is one of Africa's main problems.

The processing of agricultural products and raw materials as well as the development of extractive industries offer attractive opportunities for technology transfer of Germany's private sector.

But we shouldn't focus on high levels of technology in Africa or on establishing competitive industrial production. E.g. in Lagos I visited a domestic company which packaged and sold processed foodstuffs. This example shows that even small processing steps like wrapping flour into smaller packages already helps to create a considerable number of jobs.

**Africa has tremendous potential for development in its agricultural sector.** In Ethiopia, I visited a company called Redfox, which is run by a German and produces seedlings. Because of the favourable climate in Ethiopia, Redfox is able to produce seedlings all year round. It supplies garden centres all over the world and is able to employ more than 2,000 people.

When considering Africa's agricultural sector, we must not only look at production on an industrial scale. In Africa, the majority of people working in agriculture are subsistence farmers. At the first sign of drought, it is these people whose very livelihoods are threatened. I am convinced that the most important step forward in this regard is to help them to become small-scale, income-generating "enterprises".

I am constantly surprised by the **level of innovation and creativity** in Africa. A young man in the Republic of the Congo has developed the first tablet computer for the African market.

In Ethiopia farmers can get information about the world market price for coffee free of charge via a mobile text messaging service. This information allows them to achieve better prices for their products.

The spread of the internet and mobile telephones is giving rise to new business ideas that are adapted to the needs of the people. A new market is emerging for mobile banking and insurance products or for trading in foodstuffs. I am convinced that digital media used by Africans will revolutionize communication and education in Africa.

I hope that these developments will also lead to greater civic engagement and more transparency.

I firmly believe that there are many more business models for Africa that are just waiting to be discovered. Technologies specifically suited to Africa are now being developed. They will provide answers to questions that we – from our perspective here in Europe – would never even think of asking.

A very important question in this regard will be: How can we conduct responsible business for the poor? Business with the rich and with the wealth of others is already being done all over the world and in Africa, too.

Finally, let me underline that we feel Africa has great potential as a trading partner for Germany. We welcome the fact that the United Kingdom which currently holds the G8 presidency has put the topic of "trade in and with Africa" on the G8 summit agenda. African countries will become more important as **trading partners** for the private sector as their own continental markets grow. That is why we are supporting the development of Africa's regional infrastructure.

There are still lots of potential to increase trade volume within Africa. Some figures say that it could be more than doubled by 2022. The costs of infrastructure measures needed each year are estimated at nearly 100 billion US dollars annually. However,

only 40 billion US dollars are currently invested each year. This leaves room for growth.

African governments, too, have a responsibility to ensure that business can be conducted more efficiently at regional and local level. For example, if customs clearance for the loading and unloading of ships in Africa's harbours were to be made twice as efficient, trade would double.

A problem that remains is the funding of such projects. The feasibility studies alone for large projects in transport, energy and telecommunications sectors make up about 10 per cent of the overall investment funding. This could be a huge market also for many German project developers.

Fellow Architects of Africa's Future,

As you can see, despite many problems there are sufficient opportunities for doing successful business in Africa. The more definitely we go to tackle these problems, the better Germany's ministries work together on this and the more private enterprises show interest in Africa, the better Africa's economic development and Germany's share of the development. And that will not only benefit us, it will also benefit Africa.

Thank you for your attention.