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# AFRICA AND EUROPE NEED TO RESET RELATIONS

MEETING OF THE HIGH LEVEL GROUP  
OF PERSONALITIES ON EU-AFRICA RELATIONS

REPORT





## AFRICA AND EUROPE LOOK TO EXPAND BUSINESS AND SOCIETY LINKS

Africa and Europe have long been intertwined, but it is time for them to focus especially on win-win economic relations that create jobs and generate prosperity.

That appeared to be the general conclusion of participants in a Friends of Europe meeting of the high level advisory group of personalities on relations between Africa and the EU, which was followed by a dinner in the European Parliament hosted by its President **Antonio Tajani** with some additional guests. They recognised that it is not easy entirely to rethink Europe-Africa relations, which range over multiple fields, from trade agreements to human rights to infrastructure. But it is necessary to come up with fresh ideas that make progress in the most pressing areas. “Einstein said that if we keep on doing the same thing, then we get the same results,” one participant told the meeting, which was held under the Chatham House Rule, allowing speakers to be quoted only without identification. “Europe talks to Africa like it talks to no other continent, and Africa talks to us like this.”

The meeting took place in Brussels on 22 November 2017, a week before the Europe-Africa summit in Abidjan, Côte d’Ivoire. The gatherings come as African economies are on average still notching up economic growth rates higher than the global average, despite a slowdown due to falling commodity prices. Many countries are making improvements in macro-economic management, governance and the business environment.

But with the continent’s population of 1.2 billion set to more than double by 2050, Africa’s continued development requires sweeping changes on many fronts. Inclusive growth, peace and security are important. And these must be achieved on the back of sustainable development that includes environmental protection. So a starting point for thinking of EU-Africa relations might be to think about what each continent can gain from their relations.

“Would our partnership benefit from becoming more transactional?” said a participant. “Europe cannot look at Africa without a sense of guilt. But we have real common interests. The European continent is getting old. The African continent is rising to a population of 2.5 bn by 2050. With its natural resources, Africa can be the next China, and the spill-over effects of success would be felt in Europe.”

However, another participant disagreed, and criticised the EU for cutting trade deals with individual African countries. “The most successful European achievement is the single market,” said the participant. “Forcing African countries to have bilateral deals was stupid and created a lot of bad blood over here.”

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## **“We have had a huge transformation, and Africa has become important demographically”**

He said that Europe and Africa should develop closer bonds based on their close geography and their centuries of interaction. “Europe is a natural ally and partner for Africa,” he said. “We have a long, shared history, and nobody understands Africa better than Europe. History has a role. History is not just something theoretical: history helps us to understand each other. You understand Africa more than the Chinese and more than the Americans. We have the basis to create understanding in order to move forward. So, when you talk about transactional – I heard the word ‘transactional’ – I don’t really understand what is meant by that. Are you going to again try to cut deals with one country and continue destroying what we are trying to do? So think carefully about that for us to move forward.”

### **CHANGING PERCEPTIONS**

One initial condition is for Europeans to change the way they look at Africa. “We need to stop seeing Africa as a continent of problems,” said a participant. “We need to see individual countries. And Europe needs to stop being seen as a cash machine.”

Still, Europe has made some progress. “We mustn’t exaggerate the bad points of the EU,” said a participant. “There has been much modernisation despite EU-bashing. There has been a transformation from the post-colonial, Cold War mentality, to seeing Africa as a big neighbour with lots of challenges in commerce and geopolitics. We are going to continue to see poverty, but poverty will not be the only entry point for our relations with Africa.”

Africa has yet to emerge as global economic force though. “We have passed from post-colonial era, which was marked by the Cold War and competition with the USSR, to a situation where Africa is big in geopolitics but not in economic terms,” said a participant. “We have had a huge transformation, and Africa has become important demographically.”

Africa has an abundance of natural resources, but these alone will not create the jobs needed in countries with large, young populations. “It is not the creators of primary matter that get jobs and profits,” said a participant. “Is those that transform them.”

However, much of the value of food-related industries is being captured outside Africa. “The problem is about localizing value-added,” said a participant. “Other people are capturing the value-added. We need to find a way to enlist the private sector. The return on investment is one to three years.”

So job creation in agriculture should go beyond primary materials. “Agriculture is a quarter to a third of GDP in Africa,” said a participant. “To absorb the large number of new job seekers, we have to do better to make the sector more attractive. The higher value-added that we give to agriculture, the better. We are anxious to get involved with vocational training and are discussing how best we can do that.”

Europe has a role to play in boosting African business. “As in any relationship, we have to ask, ‘What is in it for me?’” said one participant. “Climate change, fighting terrorism – there are plenty of entry points. Assistance should not be deleted from the list, as there is a big dimension of poverty and fragility. But there is a big aid industry in Europe which needs to evolve. It is about people, society and the economy. It is about the structural transformation of the African economy – and of the European economy. This is the point of entry.

## INVOLVING THE PRIVATE SECTOR

That makes it important to promote relations in the private sector as well as between governments. “When we talk about EU-Africa relations, we mostly concentrate on public authorities’ responsibilities. Public authorities have monopolised the relations,” said a participant. “There is no bad intent at all. But we have to widen the scope from public authorities to the private sector. The EU has established an external investment plan. We want to encourage the private sector to invest more in Africa in projects that are economically viable and reasonable. Areas include SME financing, sustainable energy, cities and agriculture. We try to make it as simple as possible for private investors.”

Though peace is often seen as a precondition for private investment, a greater private sector presence could also help to end conflicts. “For our fragile countries often afflicted by conflicts, we have immense challenges and we think that private investors would be very much welcomed,” said one participant. “We think that in times of crisis, private investment could help use to find peace because our conflicts have been problems of development. The people who suffer the most from these crises are the young, because they lack prospects, and to give them prospects they need jobs. The state by itself can’t do this. The private sector is an important element. We have got work to do – to assure the rule of law and improve the business climate. But we think there’s an opportunity to go towards peace and reconciliation and give our young hope through jobs.”

The approach must fit the current changes in the world economy. “It is not about industrialisation. It is about adding value,” said a participant. “We are in the fourth industrial revolution, and I see a lot of value-added not being done in Africa. More can be done in Africa, but it depends on people, who are resource number one. It is about skills. We need entrepreneurial skills and engineers. This requires money and investment – and instruments to leverage more funds that exist in Africa. There is a huge opportunity in the digital economy, so I would put digital at the heart of whatever Europe needs to do with Africa.”

Europeans should help boost entrepreneurship in Africa, said one participant. “We need more European companies working in Africa, more joint ventures. And we need to export our knowhow to help African young people to be entrepreneurs. It is possible to use the Erasmus project for young entrepreneurs and to strengthen cooperation between our universities and African universities. This would be good for integration and cooperation.

Creative industries could be an important source of jobs for the young. “The creativity of young African people is very important,” said one participant. “Young people have a role as creators in cultural industries.”

Digital technology represents a huge opportunity for Africa. “Digital allows to jump over some historical barriers,” said one participant. “It happened in Estonia, which ranks first in Europe in digital public services. Digital signatures save one working week a year which is equal to 2% of GDP, which is equal to defence expenditures. If it’s possible in one country, why not in all other countries? We have to have deep cooperation in the digital field, and then both parties will benefit from this. So I would like to push digital cooperation between Africa and Europe.”

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Africa has already made some digital advances, said the participant. “A real miracle happened in Africa with mobile broadband, which is cheaper and higher quality than access via fibre. Now, 46% of African people have mobile subscriptions – more than 500 mn people. Many of those people are really creative, so they could work in e-commerce. We should set up e-academies in Africa because Africans trust their own people more than Europeans or Americans.”

Europe can help guide the development of the African digital sector, said one participant. “There are great possibilities for the digital sector on the African continent. But not everyone is convinced of this, for example in the agriculture and healthcare industries. The best thing would be to have partnerships in the public and private sectors that work effectively, but things are not there yet. So one idea would be for the EU to put out a kind of practical guide to PPPs.”

Digital industries could be a way to get more African women into the workforce, said one participant. “Women need economic empowerment. We work on anti-violence and on health matters, but economic empowerments is not so much talked about. It is very important, and digital platforms can be a part of this.”

But there are still barriers to digital industries. One participant remembered trying to have a conversation on cyber violence with a young teacher in Kenya. “The teacher said: Why are you talking about this when we don’t even have electricity? The key for us is electricity for all in Africa. Otherwise there won’t be any development.”

One possible route for cooperation involves Asia. In the 1950s, Africa seemed poised for success, while much of Asia – with political difficulties and without natural resources – appeared likely to remain poor. “However, between 1950 and 2008, only two economies moved from lower-income to higher-income status,” said a participant. “South Korea and Taiwan. And China is likely to follow.”

Now is the time for Asia, Europe and Africa to work together effectively, said the participant. “We can go into triangular collaboration. Thirty years ago in this part of the world, the Chinese came to Europe to clean dishes. Now they come to buy Gucci and Chanel. By 2025 China is going to be a high-income economy. That means that labour-intensive jobs will have to be relocated. In the 1960s, Japan only relocated 9 mn jobs and later South Korea just 2 mn. China will have to relocate 85 mn jobs. So this is a golden opportunity for Africa. Industrialization has already started in Ethiopia, and Africa is ready to get into the global value chain. China is ready to support it in this. We want to take a global opportunity to change products from made-in-China to made-in-Africa.”



## COMPLEMENTARY DEMOGRAPHIC TRENDS

Europe could play a role through the complementary demographic trends there and in Africa: Creating jobs is a challenge for Africa, and the lack of workers a problem in Europe. “The most serious issue is the education and training of young people,” said a participant. “People talk about jobs, but jobs don’t come out of thin air. Where are the skilled workers? This doesn’t come overnight. We need to do the long, hard work. The issue of immigration in Europe causes mayhem and the rise of fascist parties. We have 26 mn displaced persons, and Jordan or Lebanon take 2 or 3 mn – but here they scream bloody murder over 1 mn. We welcome the increased interest in Africa, though we think it’s coming for the wrong reason. So let us focus on the young people. In 20 years, Europe is going to face a crunch if you don’t have young people. You have made commitments on pensions and healthcare, and you cannot meet them. Your tax-payer base is shrinking, so you are going to need workers. That is the smart way to think.”

Trade could be an important driver of growth for Africa, and the EU has been criticised for protecting its market for agricultural products. But the EU has at least removed subsidies for exporters. “In development cooperation and trade we have to make our efforts more complementary,” said a participant. “In December 2015, the EU led the campaign to eliminate all exporter subsidies, and this came into effect on 1 January 2016. The EU is anxious to be out there in a leadership role to level the playing field to give the right kind of opportunities.”

Free trade agreements between the EU and African countries are limited so far, and are only useful insofar as African countries have products to export. “Most of the countries that have signed FTAs with Europe don’t have much to sell because they are not industrialised and the products we make are not exportable,” said a participant. “We have sugar but can only export it to Europe with a 100% tariff. Most African countries don’t have much to sell to Europe.”

However, it might be easier – and more useful – to focus more on industries driven by the latest technology rather than the goods traded traditionally. “It almost takes us too far back,” said a participant. “We need to talk about digital technology rather than about trading bananas. Africa is a young continent, so for them this is irrelevant. We are talking about bananas when the rest of the world is talking about how to trade IT. No country has developed without agriculture, so we are willing to discuss this. But maybe it is easier to talk about services and technology because they are new and there are not ‘acquis’ involved.”

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## **IMPROVED GOVERNANCE NEEDED**

Some ways to benefit more from FTAs need to come from inside the African countries in question. “For example, building the infrastructure,” said a participant. “If products are safe to export to Europe, they are safe to export to the rest of the world. But if you don’t have a food agency then how do you do it?”

In some cases, African countries are simply badly governed. “In Cameroon, I found a generation of youth that was completely at a loose end,” said a participant. “This was not Africa rising or anything like that. We have a president who spends six months a year in Switzerland. The young people there are completely lost.”

As a result of these problems, civil society within Africa is an important component of the EU-Africa relationship. However, for a long time it was left to one side, as was business. “The tradition of development aid meant that involving business was suspect,” said a participant. “A number of things will not happen because they are outside the system, so how do you get in? The essential point is how to involve not only business but also the civil community. Keep NGOs, but also bring business back into the dialogue.”

The rule of law is one aspect of the supply-side reforms Africa needs. “We cannot go very far without if there is not a meaningful plan for supply-side reforms in Africa,” said one participant. “That means infrastructure and a regulatory framework, without which every investment in digitalisation will be short term. The supply side debate in Africa must take over. Otherwise we cannot envisage any kind of lasting investment.”

While Africa needs to expand its civil society, Europeans have to be careful how they help to promote it. “Sustainable growth will require adaptive government systems and the rule of law,” said a participant. “Countries must also be capable of handling the expressions of different views by many young people. But the risk of misunderstandings with Europe is real because of two centuries of colonialism. A bridge can be built but it probably requires an extra effort from two parties speaking a different language.”

It can be hard for Europeans to balance its values with not interfering in domestic politics. “This is a difficult political and diplomatic topic,” said a participant. “If we are dissatisfied with the government of a region, we are immediately accused of involvement in domestic politics. What is the right balance? What is the margin of manoeuvre that exists in a tolerable fashion? What is expected and how do we move forward? We should speak about that.”

However, sound governance is a condition for a country to develop, and the EU can help Africa there. “That can mean contributing to the development of civil society,” said one participant. “How can we help Africa with regional integration and to fight corruption? We have seen some positive processes, for example helping herders to raise cattle ecologically. We have probably made mistakes in Europe, but we have to boost and improve our relations, not reboot them. There was always the intention to improve relations with Africa. At that time, those who were responsible did what they thought was the right thing. But we should



have worked even more with civil society. I am not saying that was forgotten, but looking back we should have done more.”

Still, conditionality – making aid contingent upon certain standards of governance – is tricky. “The problem with conditionality is that it is not the president of a country who suffers but the children who need healthcare,” another participant said. “There must be a continuum which brings citizens to the table.”

Europeans cannot insist that countries respect the rule of law, but they can help in some ways. “History shows that attempts to impose the rule of law in third countries have dramatically failed on many occasions,” said one participant. “So this is the main responsibility of the African people and not Europeans. If there is one element where Europe can help, it is the capacity to empower people by integrating them into the process of creation of value. When you are integrated into the workforce, you realise that without the rule of law, nothing works. The Erasmus programme is an empowerment tool for Europeans, and we are thinking of developing the concept with our partners outside Europe.”

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## INFRASTRUCTURE FOR GROWTH

African countries should also prepare for economic growth by developing their education systems and legal infrastructure. “Why in my country don’t the people responsible for education create a better education system, so that the young have skills that the country needs?”

“We need structural transformations to give the growing young workforce the opportunity of inclusive growth. However, it is really up to us Africans to decide consciously what we want to do and with what – and what objectives we have set for ourselves. When we have justice and security, then the private sector will come in, including international investors.”

Physical infrastructure is needed too. “It is imperative to invest massively in education – and in roads, railways, ports and airports. Infrastructure needs to be completely rethought, including the interconnection of electricity grids in all African countries and the interconnection of all railways. Today we can without any problem build two rail lines from the north to the south of Africa. It will have the biggest demographic growth in coming decades, with more than 400 mn births in the next 13 years. So we need a Marshall Plan for Africa. That would be in the interests of the two continents, Africa and Europe. If we had growth in double digits, Europe would have more growth too.”

Beyond physical infrastructure, Africa would also benefit from EU-style freedom of movement. “It is easier for a European or American to travel across Africa than it is for an African,” said a participant. “We need to introduce an African passport so that people have the ability to move across borders.” Mobility would be a huge plus, said another participant. “Mobility – the freedom to travel between countries – would be the biggest jobmaker.”

**“For our fragile countries often afflicted by conflicts, we have immense challenges and we think that private investors would be very much welcomed”**

Africa is, however, a collection of different countries, and this will slow its economic development, said one participant. “Africa can never be China or India. It is 54 countries. If China were 54 countries, it would be poorer than Africa is today. We need free movement of goods, services and people. This is the most successful thing the EU has done. However, the African Union is not the European Commission. It is a club, and the first job of the members of that club is to protect themselves and each other. We hope the African Union can become better, but it has to go through major changes.”

Another participant said it is important to consider Africa as a whole, which is not currently done. “The source of the problem is probably communication,” said a participant. “We should stop cutting Africa into two, north and south. You can’t find a figure for Africa’s GDP except in IMF reports.”

It’s crucial to have mechanisms to ensure that decisions and initiatives at continental level reach into all parts of African societies and economies, said a participant. “How do we engage on the African continent in a way that narrows the gap between policy making and the experience of the target communities of those policies? There is a road between the point at which policies are made and that at which there is dialogue between business communities – but that dialogue doesn’t exist in Africa.

One thing that needs to happen is to narrow the gap between the decisions of the African Union and the decisions of the people in Africa. Work needs to be done to make sure that whatever happens at continental level really filters down. We have civil society that interacts more with civil society on other continents more than with our own governments.”

## LOOKING FORWARD

Europe's interest in Africa is growing, though sometimes for the wrong reasons. "Terrorism and security have raised interest in Africa and the conclusion is positive," said a participant. "We are starting from the wrong end but going in the right direction. One difficulty is how to relate on governance issues with African states. We are rather isolated in this area, while other partners are putting less emphasis on it."

Relations are widening in terms of geography as well as subject matter. "We are working from continent to continent in a relation of neighbourliness," said a participant. "Our neighbourly relations were with the Mediterranean countries, and now they are with the whole continent."

Though peace is often seen as a precondition for private investment, a greater private sector presence could also help to end conflicts. "For our fragile countries often afflicted by conflicts, we have immense challenges and we think that private investors would be very much welcomed," said one participant. "We think that in times of crisis, private investment could help use to find peace because our conflicts have been problems of development. The people who suffer the most from these crises are the young, because they lack prospects, and to give them prospects they need jobs. The state by itself can't do this. The private sector is an important element. We have got work to do – to assure the rule of law and improve the business climate. But we think there's an opportunity to go towards peace and reconciliation and give our young hope through jobs."

Despite all the talk about the private sector, public aid will remain important. But the institutions concerned still face difficulties. "A challenge for institutions like the World Bank, DEVCO and the EIB is delivery in fragile states," said one participant. "We have not yet been able to crack the nut on how to deliver fast and efficiently in fragile states. We have projects in Mali and the Central African Republic which we can't implement because of security concerns. And those are the regions that need most our assistance. How do we find a way to implement together in those regions?"

One solution would be for the EU to set up workshops in Africa. "When you have 'fortress Europe,' in order to get your message heard in Africa you should be holding workshops there so that we can understand how to access the facilities and the new instruments you are bringing in."



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