

We need a coherent Africa policy!

**What the German business community expects from the new
German Government's Africa policy**

The Sub-Saharan Africa Initiative of German Business (SAFRI) is supported in a partnership formed by the Africa Association of German Business, the Federation of German Industries (BDI), the Federation of German Wholesale and Foreign Trade (BGA) and the Association of German Chambers of Industry and Commerce (DIHK). These organisations work together under this regional initiative to intensify economic relations between Germany and the countries of sub-Saharan Africa.

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The Coalition Agreement of the new Federal Government was published on 24 November. The importance of Germany's cooperation with African states is acknowledged on half a page. What is required in order to achieve the goals mentioned here, however, is a unified Africa policy strategy with a strong focus on economic cooperation.

Let us look back briefly:

In the past years, different interests of the federal ministries involved have rather prevented a coherent German Africa policy, or at least not advanced it. Decision-makers from African countries, but also our entrepreneurs, have recently hardly been made aware of what the German government's Africa policy actually stands for. The goals of a unified and modern German Africa policy should rather be:

- African-German trade relations must be expanded – especially through intensified support for the Pan-African Free Trade Area.
- The Federal Ministry for Economic Affairs and Climate Action should become the central stakeholder of Africa-related economic policy of the Federal Government.
- The economy-related activities and instruments of the Federal Ministry for Economic Cooperation and Development must be closely intertwined with the initiatives of German foreign trade promotion.
- The needs of our African partners should first be clearly identified in the development of Germany's Africa policy and then of course taken into account in its implementation.

In the "Compact with Africa" G20 initiative, which goes back to Chancellor Merkel, the German government adopted the right course. Reforms of individual African countries for democracy, human rights and the rule of law should continue to be rewarded in the future through increased political support and entrepreneurial commitment on the part of the industrialised countries. In this context, it is important that the circle of the twelve African states participating so far be significantly expanded.

The primacy of dialogue applies to this initiative, too: We have to keep promoting our ideals among our African partners. In the German Supply Chain Sourcing Obligations Act, it is precisely this aspect that has been neglected so far. This has led to misunderstandings on the African side, which we should now address through an actual dialogue on an equal footing.

It will also be important that we rely increasingly on the own initiative of our African partners. In this context, it is very encouraging that the new Coalition Agreement reaffirms support for the development of sustainable value creation chains within the framework of the African Free Trade Area. It is in the interest of the people in Africa and also of the German economy for Africa to set out on the path towards a single

market of around 1.3 billion.

Free trade and open borders can become a real game changer for African societies. So far, from the point of view of the vast majority of companies, the markets are fragmented and difficult to work in.

However, the Free Trade Area will only contribute to greater prosperity once not only tariffs and customs bureaucracy have been dismantled but also modern infrastructure has been built that extends across countries and regions. Here, in particular, our consulting engineers as well as the machinery and plant manufacturers are able to make an important contribution to the necessary transfer of know-how and technology.

In addition to the launch of the Free Trade Area at the beginning of this year, there are further bright spots that should inspire us to increase the engagement of German business in Africa:

- German exports to Africa grew by around 15 percent last year. Imports were up by as much as 40 percent.
- The World Business Outlook – a survey of more than 3,000 companies worldwide by the German Chambers of Commerce Abroad – reveals that there are many optimists among our companies in Africa: business expectations, investment plans and employment prospects are showing a stronger upward trend than in most other regions of the world.
- The German government is relying heavily on imports for the implementation of its National Hydrogen Strategy. African countries in particular could benefit from this – and advance the networking of our national economies.
- German industry has recently been particularly active in the field of vocational education and training. For example, I would like to mention the projects “Afrika kommt! (Africa is coming!), an initiative of numerous companies in cooperation with the GIZ, as well as initiatives of the German mechanical engineering industry and the European School of Management and Technology (ESMT).

Nevertheless, better support is required for German companies that wish to venture into African markets. This is because the business of companies will continue to be associated with a high political risk in many African countries. As far as the financial hedging against these risks is concerned, German companies have long experienced competitive disadvantages as compared to their peers from other industrialised nations.

Furthermore, we advocate supporting African companies in their integration into German and European value creation chains. Programmes that help companies deal with European non-tariff trade barriers should be expanded. By way of an example, I would like to mention the "Import Promotion Desk" financed by the BMZ and based at the BGA.

As Chairman of SAFRI, I look forward to working with the representatives of the new Federal Government who are committed to expanding partnership relations with African countries for the first time or continue to do so. We will be successful particularly when politics and business work together to promote greater involvement on the part of our companies. Because one thing is true for the economy in this country as well as in the 54 African countries: It is the companies that create employment and income, train young people and it is their taxes and contributions that make (hopefully) good government action possible in the first place.