

Antonio Tajani: “Africa is the Continent of the Future”

By Afronline*

Africa accounted for only 1 per cent of global manufacturing and needs a new industrial policy to induce economic transformation, said the United Nations Conference on Trade and Development (Unctad) and the UN Industrial Development Organization (UNIDO) in a recent report. The UN assessment is shared by **the European Commission Vice President and EU Commissioner for Industry and Entrepreneurship, Antonio Tajani**, who still believes that “Africa is the continent of the future”.

What are the missions of the Commission for Industry and Entrepreneurship within the European Union?

The European Commission recognizes that amongst the most pressing challenges facing industry and policymakers today are how to grow our economies and create jobs while making the transition to a more resource efficient economy. The Europe 2020 Flagship Industrial Policy Communication notably sets out a new framework to promote the modernization of Europe’s industrial base and the transition to a low carbon resource efficient economy. For example, I believe that electric vehicles will play an increasingly important role in the urban mobility which involves short-distance travel, often in heavy traffic. This is why we are encouraging the development and eventual widespread use of electric and other energy efficient vehicles.

Moreover small and medium-sized enterprises (SMEs) are indeed the engine of our economy. SMEs run by dynamic entrepreneurs are the job generators of Europe. If we want to stimulate growth in Europe, it is from our SMEs that we must start. The entrepreneurial potential in Europe is not fully exploited: 45 per cent of all Europeans would like to become their own boss if they could, but only an average of 10 per cent is actually self-employed today. If we could raise this percentage, we could have millions of new innovative and creative enterprises which would rejuvenate Europe’s economic basis, make it more robust, more job-generating and more resilient to stormy economic times. I have therefore committed to focusing all my attention on encouraging entrepreneurship and offering support to SMEs.

The growing role of satellite navigation is undermined by its applications or great potential in terrestrial transport for, for example, estimating travel times based on traffic conditions, steering vehicles automatically, avoiding collisions between vehicles, quicker ways of locating the victims of accidents, managing fleets of trucks. These examples underline that

Europe needs the Galileo satellite navigation system for reasons of political, economical and technological independence.

Finally tourism is one of Europe's most important economic activities directly generating more than 5 per cent of European Union's (EU) GDP and employing over 5 per cent of the total labour force, nearly 10 million jobs. To support this sector we have launched several initiatives, such as promotion campaigns for thematic trans-national tourism products taking the best advantage of the cultural diversity of European tourism destinations and the European Destinations of Excellence (EDEN) Award to promote sustainable tourism development models across Europe.

What is the European Commission's industrial strategy in Africa?

Together with the African Union and the United Nations Industrial Development Organization (UNIDO), we are discussing about the implementation of the AU Strategy for the Accelerated Industrial Development of Africa (AIDA) that was approved at the Conference of the African Ministers of Industry in Algiers on 30-31 March 2011, having already been endorsed by the AU Heads of States and Government at the Tripoli Summit of November last. We are confident that our joint efforts especially in encouraging investment and growth will create employment and work for young people entering the labour market.

We are committed to promoting the private sector as a key driver of inclusive and sustainable economic growth and an important actor in driving forward more equal and balanced development. Our aim is to develop our industrial policy and cooperation built on three pillars, namely: reinforce Africa-EU industrial cooperation with the AU-EU Joint Action Plan to accelerate the industrialisation of Africa; formalise the AU-EU-UNIDO dialogue which would lead to the organisation of the AU-EU-UNIDO high-level Conference on industrial cooperation in 2012 and could associate the EU-Africa Business Forum (EABF); and finally develop our strategy on raw materials to promote diversification in the African economy.

What are the strategies and ambitions of European multinationals as regards the African market?

EU direct investment towards Africa is based on the prospects of African consumer markets. Some markets such as South Africa are already developing relatively strongly and have correspondingly attracted strong investment. EU multinationals also invest in production and extraction facilities in Africa. A good regulatory and business environment helps stimulate such investment.

With European investment in industrial sectors, mainly manufacturing, in Africa and Ethiopia, remaining low, what new incentives is the EU planning to encourage European investment in African industries, specifically Ethiopia?

I propose that we strengthen our policies and industrial cooperation in terms of three main areas. The first is an EU-African industrial cooperation in the framework of a joint EU-AU Action plan to accelerate the industrialization of Africa. The second area is a AU-EU-ONUDI dialogue that will culminate in a high level conference focused on Industry that will take place in 2012. We could join it with the EU Africa Business Forum (EABF) , an active actor in the field of industrial policy. The third and last area is that of natural resources and the diversification of the economies of African countries. EU development assistance provides the tools for the development of the skills and infrastructure needed to attract international development. The EU unfortunately does not have the tools either to provide direct incentives or other encouragements private sector investment in Africa.

Youth unemployment remaining high in Africa, and Ethiopia, what does your department envision in terms of African efforts to generate employment?

During the Conference of African Ministers of Industry, I insisted on the importance of Africa as the continent of the future, highlighting the fact that the African economy is moving and is growing quickly. In order to carry on being the continent of the future, Africa needs industrialization and a system for exchanging goods with a strong added value. The first step could be to ensure that adequate organizational agreements are made, which means at a technical level both within the African Union and the European Commission.

Even more importantly, I would suggest that the AU nominates an “envoy for small and medium-sized enterprises which is to say an SME High Representative with the same role as our EU SME envoy, Daniel Calleja Crespo. His role consists of opening communication networks between the European Commission, SMEs and the organisations they represent. The other mission Mr. Crespo has is to ensure that the legislative proposals made by the EU Commission are thought to answer the interests of European SMEs. I am also convinced that these two “Mr SMEs” could stimulate EU-UA policies in this field.

In an African market that is not yet saturated, European multinationals are subjected to the aggressive competition of the multinationals of emerging countries. Which is to say, European dominance is under threat. This competition takes place in all industrial sectors, from the automotive to the electrical, from medicine (pharmaceuticals and equipment) to Information Technology, etc. Don't you think that the industries of emerging countries are a risk to European multinationals in

Africa?

EU businesses have very good and long-standing relationships and investment in Africa. The quality of EU products and innovation is second to none. I am confident about the longer-term prospects of our firms in the African market. However, it is true that there are frequently reported market abuses. These need to be dealt with firmly and in a timely way. Fair competition and the respect for intellectual property rights are essential in the long-run for economic development.

During the African Industrial Ministers Summit in Algiers you said it was necessary to create the “conditions for inclusive economic and sustainable growth necessary to escape poverty”. Now European multinationals, in particular those that operate in the field of industrial extraction, are often accused by NGOs of lacking transparency and social and environmental responsibility. In Niger, the oldest multinational is AREVA, which has been extracting Uranium for more than 40 years. It is a very profitable activity for the French company, but it exposed the region's communities to severe health and environmental concerns. Also, they do not respect existing rules and regulations. From a European Commission point of view, are there any control mechanisms for companies like AREVA that carry out activities in other continents? If these multinationals were to break rules and regulations, would they be sanctioned?

The main responsibility for enforcing relevant social and environmental standards lies with the governments of countries where mining or other business activities take place. However we also recognise that the capacity of some governments to do this is not always optimal, and that is one reason why EU development assistance is often used to help improve the governance and justice systems of developing countries.

We also attach considerable importance to the recently approved UN Guiding Principles on Business and Human Rights, which set out the duties of states to protect human rights from abuse by enterprises and the responsibilities of enterprises themselves to respect human rights. These Guiding Principles will be an important reference for the renewed European policy on corporate social responsibility that we hope to adopt later this year. In preparation for that we published last year an analysis of the legal framework on human rights and the environment applicable to EU companies when they operate outside the European Union.

Non Governmental Organisations like Oxfam and campaigns like “Publish what you pay” insist on the need to follow the USA's example, which in July 2010 adopted a law that obliges companies registered to the Securities and Exchange Commission (SEC) to divulge their payments – including taxes – on a country by country basis. Is this an

issue for the European Union? In other words, when will European regulation be able to oblige oil and mining companies to publish what they pay countries rich in primary resources?

The Commission is working on different fora to provide greater transparency in the mining sector. Only to mention some, the Commission has recently become a member of the group of supporting countries in the Board of the Extractive Industry Transparency Initiative (EITI), and has enhanced its support to the initiative. The Commission is also currently evaluating its options on introducing a country-by-country reporting requirement for the extractive industry, with a legal proposal foreseen to be issued this autumn.

Access to pharmaceuticals in Africa is an issue you have dealt with personally in the past. At Algiers you spoke of “one of the social responsibility challenges that pharmaceutical companies will have to face”. You also proposed, in 2010, to create a social responsibility process for enterprises in this sector and a pilot project called “Access to treatment in developing countries”. What can Africa expect from these initiatives and what stage are we at in 2011?

I am convinced that the Millennium Goals can be reached only through the active participation of all entities, public and private. This is why the framework of my initiative for the social responsibility of pharmaceutical companies I would like to launch a cooperation platform for access to medicines in Africa. I know that companies, NGOs and other philanthropic organisations are carrying out many other initiatives but I believe it is necessary to create a space in which to reflect upon the contribution that European companies can make. What added values they have and what challenges they have overcome.

We all have a role to play: public bodies, innovative industries like those that produce general goods, distributors, as well as health professionals. To prepare the terrain, my services organised an informal seminar on the 14 and 15 of March in order to think about the role that different actors could play in terms of better access to medicine in Africa. The European and African participants were chosen with the help of Unitaid, OMS and the sector associations. The talks were very fruitful and enabled us to identify a range of initiatives such as consolidating the network of distributors, cooperation among administrative bodies for authorizations and trademarks, the exchange of best practices, the needs in terms of developing new medicines, local production etc. Shortly I will write to the African Union to ask whether they will participate to a pilot group in which Member States and others will be invited. This technical group will identify which projects will be given

the priority in 2012.

In 2005 the European Investment Bank (EIB) loaned €48 million to the Mopani mining company managed by Glencore, a multinational. The loan should have been used to modernize the foundry, reduce sulphur emissions and guarantee jobs. According to investigations carried out by NGOs and journalists, Glencore has not kept its promises. Worse, the Mopani Copper Mine consortium exports its benefits from Zambia so as not to pay taxes in the African country and transfers them to Glencore AG, its mother company, which is registered in Zoug, in a Swiss canton that has enviable tax benefits. Is this the kind of industrial policy that Europe promotes in Africa?

Let me take the opportunity to say that the European Commission and the EIB work closely together on these issues. Both institutions apply high standards in the application of policies in the area of mining, while respecting each others' competencies. The Commission recognises that in order for mining to translate into inclusive, sustainable growth, it is necessary that adequate standards are applied.

In the 2008 Communication on the Raw Materials Initiative, the European Commission clearly outlined those requirements which support such inclusive growth, namely good governance in the mining sector, increased transparency of mining deals and revenues, sound taxation systems, improvement of social and environmental standards, human rights conditions and combating child labour. More recently, in the 2011 Communication on "Tackling the Challenges in Commodity Markets and on Raw Materials", the Commission underlined that greater transparency will help society at large and national supervisory bodies to hold governments and companies to account for revenue payments and receipts, and thus decrease fraud and corruption and ensure a more predictable trade and investment climate.

The President of the EIB, Mr. Philippe Maystadt, has clarified the details of the EIB's involvement in the specific Mopani copper mine project in Zambia in particular "as for the allegations against the promoter Glencore, the EIB is aware of the recently leaked pilot audit report which has been prepared by an international tax audit team, consisting of experts from Grant Thornton and Econ Pori, and related to tax matters, not environmental or social matters. In accordance with EIB's Anti-Fraud Policy, the Bank has informed OLAF and has also launched its own investigation." Moreover, the EIB has frozen all new loans to commodities trader Glencore and its subsidiaries due to "serious concerns" over corporate governance and commissioned an investigation into Mopani mine operations.

In an open letter to the Hungarian presidency of the EU, the Council of Europe and the European Commission, fifty European Members of Parliament asked the EU to stop funding extraction and mining industries until “adequate regulations” are in place. Mr Tajani, how do you see this initiative?

The fact that a company had not respected its legal and contractual obligations - and this is still under investigation in the case of Mopani copper mine - is not a reason to stop all funding of operations in the mining sector. Such funding is foreseen by the Cotonou Agreement which specifically mentions the mining sector. For this reason I think that rather than a moratorium on public funding, we should make all efforts in order for mining to play its role as engine for development and growth and thus allow a win-win situation where both developed and developing countries benefit from the sustainable supply of raw materials. Respecting high standards in mining activities is crucial and we the EU Commission will continue to work on their implementation.

It should be noted, that concerning the importance of sustainable mining for developing countries, the central role which this sector plays has been clearly recognised by international organisations such as the UNCTAD and the World Bank. The African Union explicitly called on the international community and Africa's development partners to support the efforts of the AU Member States towards enhancing the contributions of their mineral resources sector to the eradication of poverty and the promotion of sustainable economic growth and development. This call cannot be left unheard. Finally, the issue of tax evasion will also be one of the subjects of the Workshop on Mining Taxation that the European Commission is discussing to explore with the African Union in the second semester of 2011 with the aim to increase good governance in this area.

**Interview coordinated by Joshua Massarenti (Afronline.org), in collaboration with Les Echos du Mali, Sud quotidien (Senegal), Le Républicain (Niger) and Addis Fortune (Ethiopia).*