

Introductory Remarks

for

EU-Africa Business Summit

on

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in Lisbon

EIC President *Gian Alfonso Borromeo*

Excellencies,

Ladies and Gentlemen,

It is a real pleasure for me to welcome all of you here to the **Infrastructure Round Table** at the **EU-Africa Business Summit** in Lisbon!

There is today – again, if I may say so – a **consensus** in the so-called international development community that the **improvement of infrastructure** is the main way to achieve the **Millennium Development Goals** in Africa.

We in Europe have made a clear choice on how to develop our new state members economies in the East. We invested in huge trans national roads and rail networks, the so-called TEN **Trans-European Networks**.

It is clear that **achieving a similar goal in Africa is a long term mission and a multi billion euro task!**

But, as a Chinese proverb rightly says (and on proverbs we accept the supremacy of Chinese): “**Even the furthest way starts with a first step**”. This is why the **EU-Africa Infrastructure Partnership**, which was recently launched in Addis Ababa, could prove as such an important and indispensable first step. I hope that Mr Quince, our key note speaker from the European Commission, will elaborate more on this initiative.

But how does the **European private sector** look at the business opportunities connected with this EU-Africa Infrastructure Partnership?

I can not speak for all the European industries, but I can certainly give you the perspective of the European international contractors. And please allow me to be **frank** in my introductory remarks, since time is too short for diplomatic phrasing.

Our statistics show that over the past decade, European construction companies have successfully managed to adapt to the era of globalisation and today they are the **leaders in the global construction markets**.

European contractors have **doubled their international revenues** from 55 billion € in 1996 to some **112 billion € in the year 2006**. In 2006, the EIC member companies claimed around **60 % of the international market**.

This is a marvellous result – BUT: Over the same period, the share of revenue generated in Africa has fallen from 12% to 5%, just **5.7 billion € in 2006**. Where are the other 95% of international turnover coming from?

In fact, European contractors have a booming market in the ***Middle East***, in the ***Europe Union*** (not everywhere), in ***Central and Eastern Europe*** and in ***Russia***, which is growing up quickly. The point is that we, European contractors, are working in the **"rich" world** (Europe, U.S., Australia, etc.) where quality and innovative forms of contract (namely PPP) are needed and rewarding for our member companies.

Why has the presence of European contractors decreased in Africa?

Here are my explanations:

- There was a drastic reduction in the market size during the 1990s due to a drastic cut back in infrastructure spending from

the International funding agencies. It is now recognised as a mistake, but many European contractors have left since.

- There are new players on the African market like the Chinese **state-owned construction companies**, which can benefit from Chinese “tied aid” and are **not bound by the OECD regulations on environmental, social and ethical standards**.
- Last but not least, the Multilateral Development Banks, the European Union and its Member States are aggravating the “**unlevel playing-field**” by shifting their financial support from project aid to **budget support** and the procurement rules from International Standard Bidding Documents to **Country Procurement Systems**. In such a context, European contractors are not attracted to work in Africa.

Looking again at our international statistics, fighting the Chinese presence in Africa is **not at all (!) a lobbying matter for EIC to defend its member companies share of the market. As I said it's a small share: only 5% of our companies revenues**. So, we don't really care. We have jobs elsewhere (safer and better).

Our stance towards Chinese unfair competition is a **political** one:

- If we leave the Chinese to be the only (state-owned) contractors in certain countries **we do not loose on the market side**, but on the **political side. We are loosing our nearest partner**.
- If we do not lobby for **coherence between EU standards and EU procurement rules** (like technology transfer, use of local manpower, safety procedures, ethical principles, etc.), we are not helping Africa to develop in the right direction.

- If we do not give a chance to European contractors to bid on a level playing-field, we will finance (through WB or EU money or KfW/AFD funds, i.e. **European taxpayers' money**) the Chinese economical expansion and the Chinese unemployment solution (since they use in Africa all Chinese workers).

Our friends in Africa and in the European Commission should know that European contractors and all the infrastructure providers are prepared to enter actively in the Africa market again provided a level playing field is again available for competition.

Ladies and Gentlemen,

I am very pleased that we have the opportunity to discuss about our **common goal to develop Africa's infrastructure networks** and that we have found so many **experts** which are prepared to give us their perspective:

We should now start with the presentations and I have the pleasure to give the floor to our first speaker. It is the **Director for ACP Countries of EuropeAid, Mr. Gary Quince**, who will inform us about the **"EU-Africa Infrastructure Partnership"**. Let me warn you Mr Quince. With due respect, I have been strongly instructed by our Portuguese hosts to limit all speeches to 15 minutes and I might have the uncomfortable task to interrupt you. Please forgive me in advance...

The 2nd speaker comes from Lisbon and it is our Portuguese EIC Board Member, Mr. **António Mota**, President of Mota-Engil, who has an extensive knowledge and insight in the African construction market. He has participated with me in the high-level **EU-Africa Business Fora**, which has been organised by the European

Commission in November 2006 in Brussels, and he will share with us **“The experience of European contractors in Africa”**.

Our 3rd speaker comes from Africa, more exactly from the African Development Bank. It is the Head of the Infrastructure Unit, Mr. **Gilbert Mbeshherubusa**, who shall inform us about **“The contribution of the African Development Bank to building the African infrastructure networks”**.

Our 4th speaker comes from Germany and he is in the water business. He is also in the “federation business”, as he is the Chairman of the Development Committee of the Federation of German Industries. I have the pleasure to welcome Mr. **Dieter Ernst**, CEO of Berlinwasser International. His company is, according to my information, active in three continents, including Africa. Mr. Ernst will share with us his thoughts about **“Private sector participation in infrastructure in Africa: prospects in the water sector”**.

Our 5th speaker comes again from Africa, more exactly from North Africa, Morocco. It is Mr. **Jamal Micou**, from the Confederation Generale des Entreprises du Maroc, who wants to inform us about **“Joint Infrastructure Network between Europe and Africa”**. We look forward to your presentation, Mr. **Jamal Micou**. However, in order to allow for Questions & Answers in our Round Table, and since timing is now shorter, I would be very grateful if you could limit your contribution to 10 minutes.

After having heard these five presentations, I would now like to **invite all of you to comment on the presentations** or to simply bring your views to the table.

That would give us the opportunity for a **frank exchange of opinion**, the summary of which we can bring to the attention of the **political leaders** this evening.

Discussion.