

# business envoy

## **Australia's growing engagement with Africa**

**Senator the Hon.  
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Minister for Trade, Tourism  
and Investment

**Dispatches** from our  
Ambassadors in Africa

**The Australia-Africa  
Week Minerals & Energy  
Group:** Bill Witham

**Signed: Australia and  
Hong Kong** Free Trade  
Agreement and  
Investment Agreement

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I am pleased to present this Africa edition of Business Envoy, which highlights Australia's growing engagement with the continent, and the trade and investment opportunities for Australian business there.

The countries of Africa are important trading partners for Australia, with two-way trade worth \$11.4 billion in 2018. Trade with South Africa was a strong contributor to that figure, at \$3.8 billion. South Africa is also a strong investment partner, with an inward investment flow of nearly \$8 billion in 2018. Prominent South African companies are expanding their investment holdings in Australia, for example Woolworths Holdings purchased David Jones and Country Road in 2014.

Australian businesses are partnering with African counterparts, creating jobs and empowering communities. They are actively embracing good corporate citizenship and bedding down their investments with strong community engagement programs.

This edition showcases a selection of Australian businesses at the forefront of our growing trade and investment relationship. Companies like Rheem/Solahart, Windlab and Orion Minerals, which are active in producing or sourcing renewable energy in South Africa. Costa Group, which is taking advantage of Morocco's place as a stepping-stone into the European Union's agricultural market, and NOJA Power, which is helping bring stable electricity to Nigeria.



**Sophia from Greater Accra started an event planning business after identifying a market gap for affordable hire equipment. She has now expanded into a thriving event planning service for weddings, funerals and more, with seven employees and additional casual labour during busy periods. She plans to build an event centre to cater to her local area and hopes one of her five children will one day take over her business.**

**Read more on page 18.**

# Australia's growing engagement with Africa

Minister for Trade, Tourism and Investment, The Hon. Simon Birmingham



Africa's economic future is centred on minerals and commodity-based industrialisation and regional and global value chains. They are areas where Australian companies have expertise and are very active—over 170 Australian Stock Exchange-listed companies are invested in more than 400 projects in 35 countries across the continent.

At the same time, significant economic, technological and demographic changes are taking place across the continent, creating new opportunities for Australian businesses. A shift is underway towards high value-added and more complex goods and services, and e-commerce is providing new access to African markets.

With further economic development occurring across Africa, interest is likely to grow in fields where Australia has world-class expertise, such as renewable energy, and services, particularly in education. Africa will also seek more growth-fuelling foreign investment.

A major recent development is the African Continental Free Trade Area (AfCFTA), which aims to create a single continental market for goods and services. With free movement of business people and investment. AfCFTA will create a market of more than 1.2 billion people with a combined GDP of more than US\$3.4 trillion.<sup>1</sup>

AfCFTA's entry into force on 30 May 2019, for the 24 African countries that had ratified, brought Africa closer to becoming one of the largest free trade zones in the world.

The Australian Government is making sure Australian business is well-placed to take advantage of these developments, by building strong relationships with countries of Africa, noting the geographic, cultural, linguistic and economic diversity of the continent.

The Advisory Group on Australia Africa Relations (AGAAR), launched in 2015, and tasked with advising the Foreign Minister on ways to advance and diversify Australia's relationships with the countries of Africa, will play an important role.

Australian businesses that can navigate diverse and challenging environments with differing cultural, security and regulatory landscapes will have the chance to thrive in Africa. These businesses also understand that due diligence, effective risk management and a social license to operate are essential.

I encourage Australian businesses with these credentials, and an interest in Africa, to attend Australia Africa Week (AAW) in Perth from 1-7 September. AAW provides a platform to strengthen relationships between our two continents. Built around the long-standing Africa Down Under Mining Conference, AAW offers a diverse program linking Australian companies, universities, African ministers, senior officials and diaspora communities.

This edition also highlights further opportunities for Australian business with the signing of the Hong Kong Free Trade and Investment Agreement on 26 March 2019 in Sydney.

I commend this edition of *business envoy* to you.

<sup>1</sup> [www.tralac.org/resources/by-region/cfta.html](http://www.tralac.org/resources/by-region/cfta.html)

# Giving back: Base Titanium shared value model

Big infrastructure or extractives projects have the potential to create growth for local African communities. Their contributions can be transformative and intelligent community engagement ensures the benefits are shared.

Increasingly, Australian companies operating in the extractive sector in East Africa are implementing Corporate Social Responsibility (CSR) projects to contribute to sustainable economic development in their host communities. Some of these companies have started CSR initiatives as early as the exploration phase.

One example is Australian company Base Titanium Ltd (a wholly-owned subsidiary of Base Resources Ltd). Their Kwale Mineral Sands Operation represents the first significant foreign direct investment in Kenya's mining sector.

Melba Wasunna, External Affairs Manager, explains that Base Titanium considers meaningful engagement with communities affected by their project as key to its success.

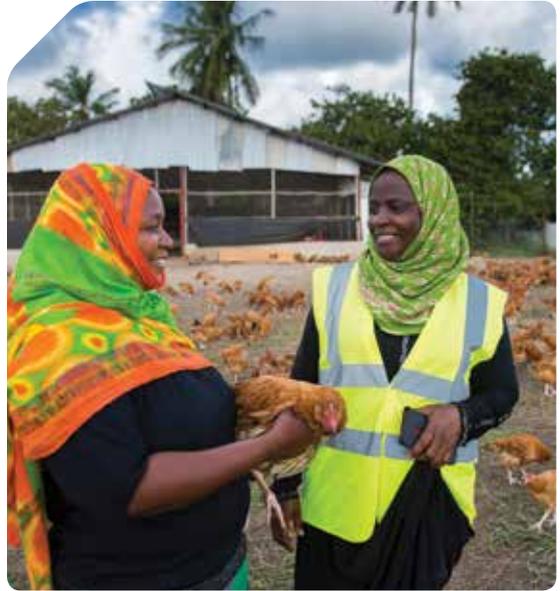
"Base Titanium's organisational structure brings community affairs to the highest managerial level and allows for a deep understanding of community impacts during the design, construction, operational and ultimately decommissioning phases of the Project."

Base Titanium has prioritised opportunities for local residents and committed AUD \$27.5 million to community investments.

Base has been part of a successful Business Partnership Platform (BPP) project, in partnership with the Australian Department of Foreign Affairs and Trade, Cotton On Group and Business for Development. The partnership has helped establish ethical cotton production in Kenya, contributing to the economic transition of communities once mining activities eventually cease.

**Above right: Base Titanium Livelihood Program - Poultry**

**Below: Base Titanium Community Sensitisation Program**



Community engagement has not been without its challenges but Base is focused on seeking positive outcomes for partner communities.

One way that some of the issues can be discussed is through locally-constituted committees, which act as an interface between the project and affected communities. According to Base the committees are "an important tool for addressing grievances or concerns and establish a mechanism for achieving more participatory and inclusive solutions."

There is tremendous opportunity in the extractives sector in East Africa. The shared value model is one way that companies can work with communities to ensure equal opportunity and that natural resource wealth translates into growth for the host country, the company and its investors, and local communities.



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## Acknowledgements

*Business envoy* brings insights from Australia's global diplomatic network to the Australian business community. It considers global geopolitical events and trends, their economic implications and what they might mean for Australian business.

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