

## Africa-South America Cooperative Forum (ASACOF)



The Africa-South America Cooperative Forum was established in Abuja, Nigeria on November 30, 2006 during the First Africa-South America Summit. An Africa-South America Strategic Agenda: 2010- 2020 and an Africa-South America Implementation Plan are the two key strategic road maps of the partnership. The coordinators of the partnership are Nigeria, on behalf of Africa, and Brazil, on behalf of South America. The 2006 Abuja Plan of Action designed the following Follow-up Mechanisms to give impetus to and monitor the implementation of the Plan of Action:

- The Summit of Heads of State and Government shall be held every two years;
- A Meeting of Ministers (in-between Summits) shall be held, as may be necessary but at least once a year, to ensure implementation of decisions;
- Bi-regional meetings of Senior officials shall take place at least once a year, or as may be necessary, to prepare updates on implementation;
- An Africa-South America "Follow-up Committee" made up of the Current and Incoming Co-Chairs from the two regions assisted by the African Union Commission and the Secretariat of the Community of South American Nations, shall coordinate the follow-up mechanism.
- The Follow-up Committee is responsible for proposing new initiatives and undertaking actions on previously agreed programs and projects, reviewing the progress of their implementation and disseminating information about cooperation arrangements. It shall also follow up on Ministerial and Summit decisions and submit recommendations to Summits.
- Eight (8) Working Groups covering all areas of cooperation have been set up. Each Working Group is composed of experts from both sides, Africa and South America.

With a population of 427,966,851, South America is comprised of 13 countries, including: Brazil, Colombia, Argentina, Venezuela, Chile, Ecuador, Bolivia, Paraguay, Uruguay, Guyana, Suriname, and French Guiana. Brazil with a GDP of \$1.93 trillion (9th largest economy in the world) is the anchor nation in this region and given the shared linguistic heritage with Mozambique, Cape Verde and Angola, and its large population who trace their heritage to Africa (as a country Brazil has the world's largest force in South America of this relatively new relationship).

Brazil boasts a very sophisticated technological sector, produces submarines to aircraft, involved in space research and a pioneer in many fields, including ethanol production. Brazil has also become a global pioneer in the fields of deep-water oil exploration and research as 73% of leading companies have become multinationals and have over the past 15 years invested significantly abroad.

Brazil is the world's leading producer of coffee, although in the 1990s soybeans and various derivative products, particularly animal feeds, became a more valuable source of revenue than coffee. About one-third of the world's oranges are grown in Brazil—more than twice the amount produced in the United States, which is the world's second major supplier. Brazil is also the world's main producer of cassava and a leading grower of beans, corn (maize), cacao, bananas, and rice. Brazil also has one of the world's largest livestock populations (at more than 200 million) and slaughters more cattle annually than the United States. The country has one of the largest meatpacking industries in the world in Rio Grande do Sul, the state closest to the beef-producing plains of Uruguay and Argentina. Brazil also produces

great quantities of poultry, both poultry and meat are important exports.

Since the turn of the millennium, Brazil has expanded its engagement with Africa, doubling its diplomatic presence in terms of embassies. New economic partnerships have been forged, raising trade with Africa in the same period from US\$4.2 billion to US\$27.6 billion. Oil and other natural resources account for 90% of Brazil's imports from the continent and Brazilian investment is focused mainly on Lusophone Africa. Brazilian policy-makers see Africa's biggest potential as providing a consumer market for their country's manufactured goods. Brazil advocates South-South cooperation projects that are based on its own development experience. Biomedical and health research, agricultural research, and energy solutions have been turned into effective foreign policy instruments. Countries from SSA have requested cooperation with Brazil in five key areas: tropical agriculture, tropical medicine, vocational training, energy and social protection.

Brazil has also made an effort to contribute to Africa's development by transferring technical expertise and providing assistance to African countries. Noteworthy in this context is not only its decision to relieve African countries' debts of more than US\$ 1 billion, but also the fact that more than half of Brazil's technical cooperation resources is directed towards the continent.

Brazil's exports to Africa are more diversified than its imports, comprising many agricultural products (sugar, dairy, meat, cereals) but also manufactured and semi-manufactured goods (vehicles, vehicle parts). In fact, Africa has become a growing market for Brazil's processed products. Despite the growth in trade, Brazilian investment in Africa remains relatively limited. There are no precise data available, although estimates range between US\$10 billion and US\$20 billion. According to the Brazilian Fundação Dom Cabral, Africa currently ranks fifth among Brazil's preferred investment regions. However, the continent is gaining interest among Brazilian companies, registering the third highest growth in Brazilian direct investment since 2010. Interestingly, this investment pattern is not fully congruent with Brazil's major trade partners. Lusophone Africa is clearly the main destination for Brazilian direct investment in the region. Angola, in particular, is Brazil's main destination for direct investment and franchising.

It is worth mentioning that increasingly the Brazil National Development Bank, BNDES, supports the internationalization efforts of most Brazilian firms through export credit and other facilities (e.g. cumulated USD 3.2 billion line of credit for Angola between 2007 and 2012 to support at 49% Odebrecht activities). BTG PACTUAL, a Brazil investment bank, has also launched in 2013 a USD 1 Billion private equity fund aimed at investing selectively in the mining and infrastructure sector of African countries.

All the big Brazilian companies investing in Africa are involved in the resource sector.

**Table 1: Brazil's Leading Companies in Africa**

Company	Business Sector	African Countries
Odebrecht	Construction Resource	Angola, Botswana, Congo, Djibouti, Gabon, Libya, Liberia, Mozambique, South Africa
Petrobras	Oil	Angola, Benin, Gabon, Libya, Namibia, Nigeria, Tanzania
Vale	Mining	Angola, Gabon, Guinea, Liberia, Malawi, Mozambique, South Africa, Zambia

Source: Company website, September 2012

There are a number of other Brazilian players including Andrade Gutierrez (resources sector). TV Globo (TV services), Stadia (EPC/construction sector) and an increasing number of SMEs across the African industrial and commercial sectors namely in Angola.

### Implementation of the 2010 – 2015 Plan

In particular, the partnership suffers from the fact that the founding leaders and drivers from the South American side (President Lula of Brazil and late

President Chavez of Venezuela) and from the African side (late President Gaddafi of Libya and President Obasanjo of Nigeria) are no longer involved in the management process of the partnership.