

Will they stay or will they go?

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France's historical connections with Africa reflect a deep-rooted economic and political relationship. The Gallic nation's interest in the continent was driven traditionally by the need for natural resources, economic markets and



strategic alliances. Yet, Africa as a whole, has now evolved from the colonial era, and in the present-day, demands more equal partnerships and investments in sectors like energy, finance and infrastructure.

The continent of Africa is rapidly changing, which is creating difficulties for France as it is not in a strong financial position to deal with them. On the one hand, many African nations are rising to prominence and, on the other, France is facing the growing competition from superpowers like Russia and China. France is, as a consequence, under considerable pressure.

Historical context and legacy

Colonial France of old significantly shaped the ties on the continent today. The move from a dominant dictating power to economic partner, can be seen in shifts towards investments and business collaborations. French companies such as Total, in the energy sector, Orange in telecommunications, and Bolloré in logistics and transport, are examples of this. The benefits for France (albeit greatly reduced) remain in the form of access to the emerging markets and resources which provide a strengthened economic stature. For Africa, investments equate to improved infrastructure, IP technology sharing and jobs. These ventures demonstrate a paradigm shift from historical bonds, yet still leverage deep-rooted connections to secure footholds in thriving markets.

Rising competitors: China and Russia in Africa

China and Russia are now major players in Africa and their arrival has significantly diminished France's power and influence. China has expanded its presence, investing in roads, railways and large-scale belts and road-facilitating infrastructure projects. Russia has ramped up resource extraction facilities and strengthened its own military presence, to include the opening of several new ports along the east coast. France focuses on energy and telecoms.

Since October 2022, Nigeria has stepped up its energy activities with the Morocco-Nigeria Gas Pipeline (MNGP) which delivers Nigerian gas to every coastal country in West Africa - Benin, Togo, Ghana, Cote d'Ivoire, Liberia, Sierra Leone, Guinea, Guinea-Bissau, Gambia, Senegal and Mauritania, ending at Tangiers Morocco and dipping into Cádiz, Spain. Several other African nations have also signed on, making it one of the largest gas pipeline projects on the continent. This signifies how much Africa's own infrastructure and energy landscape is evolving, along with complimentary involvement from global superpowers.

African responses and shifts

African nations can now be seen becoming more adept at negotiations with foreign investors, asking for more favourable terms. Many French companies have been challenged leading to calls for withdrawal. For example, legal issues have given rise to protests in certain countries, forcing French businesses to align with local regulation and expectation. Unlike the colonial period of years gone by, African public opinion and political change plays an important role in this dynamic. Heightened awareness along with activism from Africans themselves now rightfully influence government policies. Foreign investors must be aware and adapt to this new landscape and the evolving requirements set by African countries.

Challenges and pressures on French businesses

French business operations in Africa are no longer straightforward, compounded by the competing presence of Russia, China and, to a lesser extent, India. Russia's focus on building military outposts and strengthening resource partnerships, has created challenges in regions where France once exerted huge influence.

China, expanding on its belts and road infrastructure projects and facilitating loans, promising African countries exponential development opportunities, is also outpacing French incentive offers.

French business has also faced changes in government and shifts in political priorities, leading to the renegotiation of contracts and stricter regulations. Fluctuating commodity prices and international trade conflicts have added to the difficulties. Furthermore, stricter environmental practices demanded by African governments and international investors (particularly affecting sectors like mining and energy where French companies are invested), have made operations challenging and more expensive.

Case studies underline the troubles. Orange was hit with telecom competition regulations which forced them to radically adjust their business strategies. Total's Oil & Gas operations were met with environmental protests and changes in law forcing them to align with new community and engagement policies.

Strategic adjustments and prospects

Recognising a need to stay relevant, French companies are speculating in local partnerships, engaging in corporate social responsibility and sustainable practices to conform with the new priorities set by the African governments. An example of this is energy giant Total, now investing heavily in renewable energy projects across the continent. It appears that French companies are doing all they can to implement new initiatives to improve their standing. They are leveraging new technologies in telecoms and digital services to meet connectivity and innovation demands of African economies, and intensifying capacity-building by offering skill-training and development programs that go a long way to generate goodwill and strengthened community bonds.

It is clear that some French businesses will be forced to downsize operations in response to recent challenges and associated costs to meet compliance. However, many French businesses still consider the African continent a crucial market. The sustainability of French operations in Africa will greatly depend on their ability to align with changes in regulation, socio-economic expectation and, of course, intense financial competition now arising from Russia and China.

Conclusion

As France traverses the intricate, competitive and dynamic African landscape, the future of its presence there is uncertain. In an effort to remain relevant, French companies are attempting to accommodate the changing business environment as best they can, with investments in renewable energy and local partnership. However, Russian and Chinese infrastructure projects are severely impacting France's historical influence. Furthermore, Africa's own independent capabilities with projects like the Morocco-Nigeria Gas Pipeline, signify a move toward self-sufficiency and more favourable partnership terms.

The pressing question is: can French business continue in Africa amid these substantial changes? Adapting to regulatory change and policy, while managing global geopolitical commitments of extreme uncertainty, does complicate matters. There is no doubt that French companies are being tested. The future of France in Africa sits on a knives' edge, which could necessitate a plan to include not just adapting but perhaps, of potential retreat as well.

"Should you find yourself in a chronically leaking boat, energy devoted to changing vessels is likely to be more productive than energy devoted to patching leaks."

Warren Buffett

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