



**Speech given by Jeremy Weir, Executive Chairman and Chief Executive Officer for  
Trafigura at the FT Africa Summit, London, 14 October 2019**

Good morning,

It is an honour to address you today. I have been asked to comment on the outlook for energy, electricity and minerals production in Africa. I hope that my comments can help set the scene for the discussions later today. This particularly as energy and electricity availability is a precondition for so many of the activities in modern societies. It can be a bellwether for how a country and its people are progressing.

And the message is clear: Africa needs more energy. Of a total population of 1.2 billion people, half do not yet have access to electricity. And while electricity access is improving, the population is also expected to have doubled by 2050, to 2.4 billion people. And not only does half of the population not have access: the consumption by those that do have access is also substantially lower than in most other parts of the world. With 16 percent of the world's population, it consumes just over three percent of the primary energy available. Against a global average electricity consumption of nearly 2,700 kilowatt hours per person annually, in many African countries it is well below a thousand kilowatt hours.

I will return to this central theme of how we deliver more electricity and energy to Africa, but let me first add a comment also about minerals and metals production and access in Africa. A number of countries on the continent are rich in and, if managed well, earn substantial revenues by exporting natural resources.

So across Africa, we find many countries that are resource-rich, but electricity and energy poor.

Starting with those that are resource-rich, there are many opportunities. Demand for copper and cobalt is for example growing rapidly as urbanisation and electrification continue to spread across the developing world.

This growth is expected to accelerate further, as decarbonisation gathers pace and we increasingly switch to electric vehicles and elsewhere need to store electricity in batteries – and the activities of Trafigura in Africa are a crucial part of this supply chain via the logistics and financing we provide to producers.

Trafigura is one of the companies serving the Copperbelt in the Democratic Republic of the Congo and Zambia. We now handle nearly a million tonnes per year of metals via our various terminals across the region. We do this by train and truck along five separate export corridors to the East and the West coasts. An exciting development has been the reopening of the railway line from the Copperbelt to the Angolan port of Lobito, though further upgrades and investments are required.

At Trafigura, we are not just part of the value chain exporting materials; the same routes are used to supply the region with fuel and other materials needed not least by the region's miners. As a leading global crude and refined products trading and logistics company – trading some six million barrels per day, we work closely with producers and refiners across the continent. Thanks to our partnership with Puma Energy, a leading provider of fuel in many African countries, we have dedicated storage, pipelines and infrastructure across the continent.

These activities make us one of the largest logistics providers operating across Africa today. Through our industrial investments, we manage over 48 storage terminals and ports in 19 African countries. We run approximately 25,000 trucks on the continent each year, transporting metals and minerals, oil and petroleum products essential for global markets.

We make it our mission to trade responsibly and apply high standards of governance, transparency and conduct in our business. We all have an obligation to ensure that we contribute towards improved governance. Governments need to provide clear, fair and stable regulatory, fiscal and tax conditions. And we in the private sector must respond by operating transparently and in accordance with the law, both nationally and internationally.

To give an example of what we are doing within our company, we earlier this month ended our use of third party agents for business development purposes. In some countries, this has resulted in our opening new offices. This is part of our effort to reduce risks and make sure that we can control the governance of our operations.

We need to be increasingly open, and this with all of our stakeholders. Last week, we for example hosted 40 representatives from the government, civil society and other companies, including competitors of ours, for a one-day seminar in Nairobi about how we can better provide Kenya with energy solutions.

Today, I wish to also take the opportunity to caution against what sometimes appears like a growing risk aversion. For sure, it is not easy to do business in many African countries. But it can be done and it can be done responsibly. When we operate in higher risk countries, we need to do so with clear commitments to high standards, like for example the OECD's Guidance for Responsible Supply Chains of Minerals. Companies and development partners need to work together with the government to ensure adherence to these standards. For example, shunning the DRC is not helping anyone, not least the 80 million Congolese, of whom approximately three out of four live in extreme poverty, according to the World Bank.

These countries need foreign investment and financial services; Trafigura is providing this, having invested over 2.5 billion US dollars across Africa in the last ten years alone. We need more support from the finance community, and for other private sector companies to do more.

Let's now turn to the future and I return to my central message that we all need to do more, better, to ensure that we satisfy Africa's energy needs. We, the private sector, working together with governments and development institutions can do better in addressing Africa's energy paradox, by providing affordable energy and utilising modern technologies to further reduce the carbon emissions.

With 14 percent of the world's population living in Africa and being responsible for less than three percent of the world's carbon emissions, we need to allow the continent to catch up in terms of development. In many of the poorest countries in Sub-Saharan Africa – such as Chad – the average footprint is around a tenth of a tonne per year. That's more than 160 times lower than average emissions per capita in the US.

It must be possible for poor countries to access cheaper transition energy, using piped gas and LNG, to create baseload power. Africa needs electricity now. Over time, it is likely to increasingly come from renewables, but until then we need to accept and accommodate the use of transition fuels.

A number of countries are reforming. This makes investment increasingly possible. We see progress with, for example, electricity reforms, even if a lot more is needed in many markets. Countries are to a growing extent using a combination of grid-connected, off-grid and mini-grid solutions. We need to “accelerate market-based solutions to universal energy access,” as the international organisation, Sustainable Energy for All has concluded.

We must therefore all be part of creating new business models. We must develop new markets and new ways of forming partnerships between companies like ours, hosting governments, development institutions and others.

Let me give you some examples of what I have in mind.

Particularly when it comes to power generation, we need to work closely with governments and their regulators and others, to harness gas resources and other forms of energy and provide this to society.

At Trafigura, we are involved in supplying and investing in the power generation sector in several African countries. In Ghana, for example, we have invested in a gas-to-power 107 megawatt plant. This investment illustrates that we at Trafigura are increasingly involved in providing financial solutions bringing banks and insurers along with us. Such arrangements have become increasingly important in Africa, as access to international financial markets have become increasingly challenging.

There is also finally a growing number of renewable energy projects in Africa. These too are often likely to require innovative business models, long-term contracts by governments, blended funding mixing development finance with commercial arrangements.

At Trafigura, we have invested in a joint venture called Pan-African Soleil Holdings or PASH Global, to develop power projects with a strong focus on renewables. Together with international development finance institutions, we are looking at investing in renewable energy solutions including solar farms. In the years to come, we need to see many more projects like this one.

To conclude, on my frequent visits to African countries, I am increasingly struck by the changes I have witnessed. We have all seen how the continent has largely leap-frogged fixed telephones, with the total number of mobile phone subscribers now at over 600 million, meaning half of all Africans have a mobile phone. And often they are using them in ways not yet possible in other parts of the world.

We should be able to contribute to enhancing Africa's prosperity through the sustainable development of Africa's mineral and energy resources, towards similar leapfrogging in the energy sector, with populations rapidly moving out of poverty going straight to energy and electricity access. For this to happen, we must be pragmatic to the extent that transition energy such as LNG, natural gas and LPG will form part of what is required.

Companies like ours bring benefits to society by efficiently and reliably moving resources from where they are plentiful to where they are needed. We are increasingly helping the continent's growing economies meet rising demand for fuel and other materials through efficient and cost-effective supply chains.

For 25 years Trafigura has been part of the natural resource value chain. Now, it is time to deploy the skills learnt, ensuring that business in Africa is financed and risks are managed in providing energy and other service - bringing benefits across the continent.

Thank you for listening.