

# Doing business in Africa

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Award-winning lawyer Peter Petrou provides an international perspective on doing business in and with Africa...



Peter Petrou: "Business generally whether it is in Africa or in any other continent will always have an element of risk and there will always be hurdles that will arise."

Peter Petrou, a 30-year-old British-born, international award-winning Commercial Lawyer, has advised several of the world's largest corporations on doing business in Africa.

Over the years, he has built up formidable high-level political and business contacts throughout Europe, US, Middle-East and Africa and is seen as the "go to person" when doing deals in Africa.

Petrou is a part of a new generation of young entrepreneurial lawyers who have seen the business opportunities available in Africa and the potential high returns available to their clients and investors and travels extensively across Europe, North America and the Middle-East, campaigning for more foreign direct investments into Africa.

He commenced his legal career at a leading US Law Firm where he joined their Capital Markets department, and advised on a wide range of equity, equity-linked and debt capital markets transactions, including IPO's and Stock Market listings. Peter then moved to an International Law Firm, which assisted with building his connections throughout Africa, the Middle-East and Europe.

Due to Petrou's connections and demands from his international client base, he decided to launch his own law firm, Aspen Morris in 2012, and became one of the youngest ever Managing Partners of a law firm in the United Kingdom. He is the

Vice-President of the American International Commercial Arbitration Court, which contains some of the leading arbitrators from around the world and is encouraging leading arbitrators from Africa to join the Court.

Petrou was recently acknowledged for his work and efforts in relation to promoting inward investment into Africa and was awarded an award from Property Investor Africa for "Outstanding Contribution to Real Estate in Africa 2014" and also named on a list of "People to watch in 2015 - Who are Influencing Africa's Real Estate Market".

I caught up with him recently and had an informal chat about how Africa is seen in the eyes of international investors and how he has been doing business in Africa.

## **Tell me how you got involved in doing business in Africa?**

I remember a meeting in 2007 with one of my clients, a leading real estate investment firm based in the United Arab Emirates. I was speaking to the CEO about his company's strategy and he noted that his company had put in place their 5-year business plan and Africa was predominantly their main focus. The CEO believed that Africa was a place of opportunity where returns on investment were very high.

This conversation interested me greatly as many of my client's business plans tended to centre around Europe, the Middle-East, the Far-East or the US. I sounded out my clients about investing in Africa and was initially met with surprising feedback that despite Africa's abundance of natural resources and opportunities, the continent was being overlooked by them.

I then saw a niche in the market and decided to embark on a period of extensive due diligence on the African market and sought out government agencies, leading African law firms and advisory firms based in Africa in order to obtain a greater understanding of the opportunities available. This was also accompanied by several trips to the continent.

My substantial due diligence told me that I had stumbled across a hidden gem, I knew it would be challenging to sell the idea of doing business in Africa to investors and clients who had not undertaken any business in Africa, however I knew it would not be impossible once they were properly informed.

## **How did you manage to change your client's perspective of doing business in Africa?**

Several of my clients are based in the UK, Russia, Ukraine, Greece, India, Cyprus, US and the Middle-East, and traditionally many had been undertaking business in markets that they were well established within and Africa was not one of them.

I am fortunate that I have a very close relationship with many of my clients and in order for them to understand Africa and the opportunities, I decided to launch several delegations to Nigeria, South Africa, Ghana, Angola and Tanzania. My clients have seen and invested in a substantial amount of opportunities in a variety of sectors in these countries and are seeing high returns on their investments. Due to the success of these delegations, I will soon be launching delegations to Kenya, Ivory Coast, Cameroon and Zambia.

It is important that companies and investors realise that Africa is not a continent to be feared but a continent where they can grow their business and make high returns. For example, in a recent report by the African Development Bank it was found that one-third of Africa's countries have GDP growth rates of more than 6% and the International Monetary Fund predicts that 7 out of the world's 10 fastest growing economies between 2011 and 2015 will be from Africa.

## **What hurdles do you believe that investors and companies face when doing business in Africa?**

Business generally whether it is in Africa or in any other continent will always have an element of risk and there will always be hurdles that will arise.

I was recently reading an interesting report prepared by PricewaterhouseCoopers called 'Africa Business Agenda, 2014' , and it noted that many CEOs believed the main challenges that they were faced with when doing business in Africa were, government responses to over-regulation; exchange rate volatility; the fiscal deficit and debt burdens; increasing tax burdens; and instability in capital markets.

I do not believe that many of these challenges are unique only to Africa and when doing business in some other jurisdictions, these challenges will also be present.

## **What advice would you give to investors and companies who are entering the African market for the first time?**

I have found that as long as international companies and investors have someone who they can trust and someone who can get the deals completed for them, they are a lot more open to exploring new business opportunities.

It is imperative that if an investor is seeking to enter a new market, they must have a strong team around them who can provide them with sound advice on market entry, general due diligence and notify them of the risks and rewards of entering a new market. In certain African countries there may well be stringent regulatory requirements or political instability and this need to be highlighted and discussed in detail with any potential investor.

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