

ROUND TABLE

A new framework for investment and trade through a Partnership with Africa

Brussels, Monday 6 May 2019

Summary of the discussion

On 6 May, stakeholders and decision-makers came together to have a lively, fruitful and well-informed discussion about the future of the EU-Africa relationship, with a special focus on the correct frameworks and methods for boosting trade and investment between the two continents.

- The event was very timely, as it took place against the backdrop of on-going negotiations on the ACP-Cotonou Agreement. Given that Africa will account for 20% of the world's population by 2050, and 80% of its workers are in the informal sectors, there is enormous potential which must be unlocked by a new framework. The private sector has a crucial role to play in this. We must be bold, practical and concrete in our thinking.
- If EU and Africa want to have a true partnership, there must be a focus on what Africa (not the EU) considers its priorities to be, e.g. AU strategies on industrial development and infrastructure, as opposed to migration.
- EU-Africa relations require realignment, as existing agreements are fragmented and no longer up to date. Existing paths (JAES and ACP) should be merged into the Continental Free Trade Agreement (CFTA). Talks with DG Trade should be broadened to include intellectual property, competition, investment, migration, security and development co-operation. In the mid-term, EU markets should be opened up to all African goods and services without reciprocity.

- Technology and e-commerce has had a huge impact on how we trade. Companies must work closely with governments, based on shared responsibility, to train African SMEs in how to unlock this potential. Trade Facilitation Agreements (via national trade facilitation committees) are a golden opportunity for e-commerce.
- If the CFTA is to make a real impact, Africa needs to reverse the traditional trends centred on extractive exports, and focus instead on developing value-added products.
- Africa's huge cultural and linguistic diversity poses challenges to regional/continental integration, although this heterogeneity could be overcome through cohesion funds.
- Non-tariff barriers to trade (e.g. animal welfare standards) are discussed much more these days than tariff barriers, as are labour rights and sustainability.
- Before it can benefit from global value chains, Africa needs to develop its capacity in intermediate products. Importing intermediates means access to competitive inputs. There is not enough 'backward participation' in Africa (i.e. importing foreign inputs to produce the goods and services they export), although it is growing. Since there are multiple border crossings involved in GVCs, an FTA could promote greater GVC participation. There is a growing trend towards regional value chains; Africa could be part of the European ones.
- Africa must develop products for its own market by changing their thinking and systems. They must allow the research-innovation process to function as it does in other countries. This has important repercussions for future trade agreements. AU has to design an African research policy, pooling resources on certain key topics.
- Trading conditions don't have to be same for Africa: standards have a cost, a protective element, so they don't always have to copy the EU model. This does not mean advocating protectionism; only 'asymmetric liberalisation' which is limited and temporary.

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- There is too little attention paid to policy elaboration and implementation, and insufficient input from business. Dialogue is better than consultation; the former is permanent, the latter is a one-way process.

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