



THE EU-AU TRADE AND DEVELOPMENT PARTNERSHIP

TOWARDS A NEW ERA?

ABSTRACT

The end of two decades during which the Cotonou Partnership Agreement was the overarching policy framework covering the three pillars of aid, trade and political cooperation offers an opportunity to assess the status of the AU-EU Partnership. This paper provides an overview of AU-EU trade and development relations with a specific focus on the main structural inequalities and drivers, and suggestions for building a more equitable partnership, but also on promoting African post-COVID recovery. Although the partnership has not had a significant effect in terms of the anticipated outcomes, the EU still remains the main trading and development partner, and the future of the AU-EU partnership will be determined largely by the trade and development cooperation between the EU and AU member states. Therefore, trade and development cooperation still remains a key area with the greatest potential to harness the relationship but also achieve the partnership's long-term objectives. Accordingly, this paper stresses the need to take a different approach in terms of priorities and negotiating stance within the proposed new EU strategy for Africa. It also provides policy recommendations for enhancing the trade and development cooperation arrangements in order to make the mutual-interest-based partnership a reality.



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1. Introduction

The African Union–European Union (AU–EU) partnership began in April 2000 at the first Africa–EU Summit, held in Cairo, Egypt. The partnership’s vision is to reinforce political relations, and strengthen and promote issues of common concern within the AU–EU member states. The overall objective of the partnership was to achieve economic growth and development through economic and trade integration. Although trade and development cooperation was initially the main focus of the partnership, with time it has been losing impetus and instead other aspects such as peace and security and even migration have been gaining prominence. Multilateralism as a tool for promoting and strengthening the AU–EU partnership has lost its importance and instead, AU and EU member states have favoured bilateral relations. For this and other reasons, the partnership has largely not achieved its intended

objectives related to trade and development beyond aid. Given the centrality of trade and development to the AU–EU partnership, there is need to articulate the structural asymmetries so as to inform policy and practice within the proposed new strategy and also provide insights to the upcoming 2022 AU–EU Summit. As a contribution towards this endeavour, this paper presents an overview of AU–EU trade and development relations. It is divided into five sections. In Sections 1 and 2, the partnership policy framework and the incoherencies within it are presented. Structural inequalities and their drivers are discussed in Section 3. Suggestions for building a more equitable partnership and the role of the AU–EU Partnership in African post-COVID recovery are discussed in Section 4. Policy recommendations for the AU–EU Partnership are presented in Section 5.

2. The current EU–AU Partnership framework

The EU has no joint policy framework with the AU and there is no one single policy framework through which the EU, AU and their member states work together on trade and development. Instead, the EU has developed several different policies for its trade, aid and political cooperation with AU member states. Therefore, its cooperation policies and instruments vis-à-vis AU member states are guided by multiple, complementary, and at times incoherent and inconsistent frameworks¹:

(a) *The Cotonou Partnership Agreement (CPA)* was signed in Cotonou, Benin, in 2000 for a 20-year period and is the overarching policy framework for development cooperation between the EU and the African, Caribbean and Pacific (ACP) Group – currently, the Organisation of African, Caribbean and Pacific States (OACPS).² The CPA is considered “the most advanced collaboration between the EU and some of the lowest-income countries in

¹ Tighisti Amare, “Africa Needs a Strategy for Europe,” *Great Insights* 9, no. 3 (2020): 12-13, <https://ecdpm.org/?p=40842>.

² African Union Assembly, “Decision on a New Agreement on Post-Cotonou Cooperation with the European

Union” (Assembly/AU/Dec.694(XXXI)), in *Decisions, Declarations and Resolution*, Thirty-First Ordinary Session, Nouakchott, July 1-2, 2018, <https://archives.au.int/handle/123456789/9012>.

the world”.³ It constitutes the legal and financial framework for the three strategic pillars of cooperation: economic and trade, political dialogue and development cooperation. The CPA focuses on the eradication of poverty and inclusive sustainable development between the EU and the OACPS – formerly ACP – which has 79 member states.⁴ The agreement was due to come to an end in February 2020 but its application was prolonged until 30 November 2021⁵ – a postponement mainly down to delays in the post-Cotonou Agreement negotiations, which officially commenced in September 2018.⁶ AU member states constitute the largest number within the ACP group (55 out of 79), and the delays were largely attributed to the AU’s inability to effectively coordinate them to deliver on their roles towards negotiations as expected within the stipulated timeframe.⁷ This resulted in unnecessary delays and the postponement of the deadline.⁸

(b) *The Post-Cotonou Agreement.* The new partnership agreement between the EU and members of the OACPS has been partially completed and awaits approval by the Council of the European Union, based on proposals from the European Commission.⁹ This post-Cotonou agreement sets the political, economic and

³ Gauthier Schefer, “Post-Cotonou and the EU-African Relationship. A Green Light for a Renewed Cooperation?” *Bruges Political Research Papers*, no. 77 (2019), http://www.coleurope.eu/sites/default/files/research-paper/wp77_schefer_0_0.pdf.

⁴ The African, Caribbean and Pacific Group of States became the Organisation of African, Caribbean and Pacific States on 5 April 2020.

⁵ European Commission, *Partnership Agreement between the European Union and Members of the Organisation of African, Caribbean and Pacific States*, April 15, 2021, https://ec.europa.eu/international-partnerships/system/files/negotiated-agreement-text-initialled-by-eu-oacps-chief-negotiators-20210415_en.pdf.

⁶ Benjamin Fox, “Post-Cotonou Delays Complicate the

sectorial cooperation framework for the next 20 years.¹⁰ The two parties were represented by their chief negotiators – Commissioner Jutta Urpilainen for the EU and Robert Dussey, Togo’s foreign minister, for the OACPS. The new agreement is expected to significantly reform cooperation and also to extend the scope and scale of the EU’s and OACPS’s ambitions to better address current and future challenges. The two parties have raised their commitments in priority areas such as human rights; democracy and governance; peace and security; and human development, which encompasses health, education and gender equality – as well as environmental sustainability, climate change, sustainable development and growth, and migration and mobility.¹¹ The agreement also includes a new, regional focus and governance structure supposedly tailored to each region’s needs – a first in over 40 years of collaboration.¹²

(c) *The Joint Africa–EU Strategy (JAES)* provides an overarching, long-term political framework for cooperation at the continental level. It was adopted at the second EU–AU Summit in December 2007. The joint strategy’s main objectives are to reinforce the political dialogue between the AU and the EU, expand the cooperation and promote a people-centred

EU’s New African Vision,” *Euractiv*, March 6, 2020, <https://www.euractiv.com/?p=1438360>.

⁷ Interview with AU official, September 2021.

⁸ *Ibid.*

⁹ European Commission, “Post-Cotonou Negotiations on New EU/Africa-Caribbean-Pacific Partnership Agreement Concluded,” *Press Releases*, April 15, 2021, https://ec.europa.eu/commission/presscorner/detail/en/ip_21_1552.

¹⁰ European Commission, *Partnership Agreement between the European Union and Members of the Organisation of African, Caribbean and Pacific States*, Article 99(1).

¹¹ European Commission, “Post-Cotonou Negotiations.”

¹² *Ibid.*

partnership. It is implemented by multiannual roadmaps and action plans, which are adopted after each AU–EU Summit of Heads of Governments. Since 2007, three roadmaps and action plans have been adopted. The latest was the Abidjan Declaration, adopted at the 5th AU–EU Summit in 2017, which sets four new strategic priorities for 2018 and beyond. The JAES spells out the intention of both continents to move beyond a donor–recipient relationship towards long-term cooperation on jointly identified mutual and complementary interests.¹³ Despite these ambitions, the JAES has lacked the means for implementation and, “for this and other reasons, it has lost momentum and significance”.¹⁴ Consequently, “relations between the EU and sub-Saharan Africa related to aid and bilateral cooperation have, in practice, continued to rely on the Cotonou [Partnership] Agreement”.¹⁵

This continued reliance is quite challenging for AU–EU relations given that the two main pillars of the CPA – trade and political dialogue – have been eroded and, in practice, reduced to a development-cooperation and an aid-delivery mechanism with limited political value. Overall, the multiple policies and instruments developed by the EU through which it, the AU and their member states work together on trade and development are not only inconsistent but also divisive among ACP countries – and, at best, perpetuate the past (particularly, the donor–recipient relationship) rather than engaging the future.¹⁶ Such scenarios lead to scanty evidence on the actual trade and development performance of the AU–EU Partnership, and consequently a limited track record of delivering on core objectives beyond aid. The challenges posed by this policy incoherence vis-à-vis the partnership’s ability to fulfil its original objectives are discussed in the following section.

3. The overlapping and incoherent EU–Africa trade policy framework

To date, the EU–Africa partnership has been shaped by a sequence of frameworks developed primarily by the EU.¹⁷ Inconsistencies within the trade and development policy frameworks have “resulted in the fragmentation of EU–Africa relations”.¹⁸ For the EU, “there is still a legal and policy separation between North and sub-Saharan Africa – the former being governed by

the Neighbourhood Policy and four individual association agreements with all [the] North African states apart from Libya”.¹⁹ Funding for the European Neighbourhood Policy comes from the European Neighbourhood Instrument (ENI), with an allocation of over €15 billion from 2014 to 2020. The bulk of this funding is used for bilateral cooperation, tailored to the needs

¹³ Africa-EU Partnership website: *The Partnership and Joint Africa-EU Strategy*, <https://africa-eu-partnership.org/en/node/8261>.

¹⁴ Alexei Jones et al., *EU Development Cooperation with Sub-Saharan Africa 2013-2018. Policies, Funding, Results* (Maastricht: European Centre for Development Policy Management and Bonn: Deutsches Institut für Entwicklungspolitik, 2020), p. 11, <https://ecdpm.org/?p=39662>.

¹⁵ Ibid.

¹⁶ Interview with EU and AU officials.

¹⁷ Amare, “Africa Needs a Strategy for Europe.”

¹⁸ Jones et al., *EU Development Cooperation with Sub-Saharan Africa 2013-2018*, p. 11.

¹⁹ Ibid. These govern the EU’s relations with 16 of its closest eastern and southern neighbours, aiming to bring the EU and its neighbours closer for their mutual benefit and interest. See European Commission website: *European Neighbourhood Policy*, <https://europa.eu/!nfrB4N>.

of each partner country and based on agreed partnership priorities or association agendas, which provide the framework for political engagement and cooperation.²⁰ At the same time, cooperation with sub-Saharan Africa is governed by both the Cotonou Partnership Agreement with the ACP and the JAES with the African Union. However, the JAES – which is “envisaged as a long-term, continent-to-continent partnership of equals” – does not essentially “work in harmony” with other agreements such as Cotonou, which governs EU–Africa trade; the regional strategies adopted by the EU Council for the Horn of Africa, the Gulf of Guinea and the Sahel; and the EU’s bilateral trade with the continent’s economic driving force – South Africa. This fragmentation has resulted in policy incoherence for both parties and their member states.²¹

The JAES also lost focus on the initial intention of addressing issues of common concern, and promoting a system of effective multilateralism.²² Instead its framework has given prominence to issues of peace and security at the expense of the economic and development aspects. Therefore, the EU’s approach can be said to be currently based on the security–development nexus rather than the trade–development nexus.²³ This trend is evidenced by the fact that the EU is currently the AU’s second most important financial partner on peace and security after the United Nations

(UN) compared with other development aspects such as trade and development cooperation.²⁴ This may suggest that the AU and the EU share joint interests more on peace and security than on trade and development.

Likewise, since 2000, the CPA has lost focus and grip on trade and political debates and has become highly focused on aid. While the demand for a “partnership of equals” was emphasised in the JAES, as evidenced by its ambitious goals, the JAES did not include an equally ambitious follow-through strategy.²⁵ The JAES was supposed to help effect a paradigm shift from relations based on the aid donor–recipient mind-set to a relationship based on economic growth and mutual interest. However, soon after the first action plan for the operationalisation of the strategy was approved, geopolitical intentions elbowed their way in. For this reason, foreign aid came to be viewed as a strategic tool – an outcome evidenced by the myriad of projects financed by the European Commission in the African Union Commission (AUC) and its member states.²⁶

On 9 March 2020, the European Commission, together with the European External Action Service, issued a Joint Communication to the European Parliament and the Council entitled “Towards a comprehensive Strategy with Africa”.²⁷ This initiative was launched in anticipation of the upcoming AU–EU Summit

²⁰ Ibid.

²¹ Amare, “Africa Needs a Strategy for Europe.”

²² EU–Africa Summit, *The Africa-EU Strategic Partnership. A Joint Africa-EU Strategy*, 2nd EU–Africa Summit, Lisbon, December 8-9, 2007, http://www.africa-eu-partnership.org/sites/default/files/documents/eas2007_joint_strategy_en.pdf.

²³ Bernardo Venturi, “AU-EU Relations on Peace and Security,” *FEPS Policy Briefs*, 2021 (forthcoming).

²⁴ Ibid.

²⁵ Jean Bossuyt, “Can EU-Africa Relations Be Deepened? A Political Economy Perspective on Power Relations, Interests and Incentives,” *ECDPM Briefing Notes*, no. 97 (2017), <https://ecdpm.org/?p=29474>.

²⁶ Ibid.

²⁷ European Commission and EEAS, *Towards a Comprehensive Strategy with Africa* (JOIN/2020/4), March 9, 2020, <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=celex:52020JC0004>.

in October 2020, which was postponed due to the COVID-19 crisis. It “stated that coherence should be maintained between the proposed EU–Africa strategy and the legally binding agreements between the EU and African states [such as] the ACP–EU framework for the sub-Saharan states and the association agreements with North African states”.²⁸

Despite the EU’s commitment to the AU and its member states, the proposed new partnership strategy has faced criticisms. Critics point out the lack of clarity on how it will fit within post-Cotonou negotiations or on the new financing mechanism that will replace the European Development Fund (EDF).²⁹ The EU’s long-term budget under the €30.5 billion EDF is the financial mechanism that provides aid to a group of 79 OACPS countries. The EDF is directly financed by the EU member states and has so far remained outside the EU’s budget. The Commission is now proposing to integrate the EDF into the EU’s budget mechanisms – a move considered by civil society critics to have wider implications such as decrease in the flexibility of spending on development aid and deprioritising the EU’s long-term partners such as the OACPS.³⁰ On the other hand, it is a welcome step towards effecting a paradigm shift from relations based on the aid donor–recipient mind-set to a relationship based on economic growth and mutual interest.³¹ Overall, the new

partnership strategy has been considered vague on how to maintain coherence between the already incoherent, legally binding trade and development cooperation agreements between the EU and AU member states.³²

The new strategy is also considered to be insufficiently aligned with African aspirations.³³ Moreover, it involves a degree of repackaging of the already-existing EU-defined strategic areas of interest without introducing explicit mechanisms for addressing trade imbalance between the EU and AU member states. Importantly, the process lacked prior consultation and input from African key stakeholders such as the AU, which contradicts the aspiration of the partnership based on mutual interest.³⁴ The ten proposed actions in the new strategy with the AU still bring to mind an image of the EU putting itself in a dominant position – and, hence, managing the AU.³⁵ Conversely, the AU continues to be a good “listener” but has no robust suggestions on African demands.³⁶ The propositions portray an overt lack of capacity on the part of the AU to take the lead on the directions that it and its member states wish to pursue.³⁷ This is especially so given the fact that the AUC has not officially reacted to the EU communication by clearly proposing what its joint aspirations on trade and development relations should be within the proposed new strategy.³⁸

²⁸ Jones et al., *EU Development Cooperation with Sub-Saharan Africa 2013-2018*, p. 12; Schefer, “Post-Cotonou and the EU-African Relationship.”

²⁹ Amare, “Africa Needs a Strategy for Europe.”

³⁰ Johanne Døhlie Saltnes, “Why the Debate over the European Development Fund Is a Question of Politics,” *LSE EUROPP Blog*, June 29, 2018, <https://wp.me/p2MmSR-bOg>.

³¹ Interview with EU official, September 2021.

³² Interview with AU official, August 2021.

³³ Amare, “Africa Needs a Strategy for Europe.”

³⁴ Interview with AU official, August 2021.

³⁵ Angela Brouwers and Elsa Le Ber, *The Neo-Colonial Europeanization of Africa. A Post-Developmental Perspective on the Communication of the AU-EU Partnership*, Master thesis, Uppsala University, June 3, 2020, <http://www.diva-portal.org/smash/record.jsf?pid=diva2:1445742>.

³⁶ Interview with AU official, August 2021.

³⁷ Ibid.

³⁸ Ibid.

Analysis of controversies within the trade and development framework raises the issue of structural inequalities in AU–EU trade and development, and their drivers. The link between policy incoherence and trade asymmetries is considered important because the structural

challenges related to trade and development, and the drivers thereof, seem to be partly rooted in the divergences and the uncoordinated and divisive nature of the policy framework, among other aspects, as discussed in the following section.

4. The structural inequalities in AU–EU trade relations and their drivers

Different levels of economic development between AU and EU members states. The gross domestic product (GDP) of the EU's 27 member states is more than ten times that of sub-Saharan Africa which comprises 48 AU member countries. While AU member states have been recording an average annual growth rate of 4.6 percent over the last 20 years, it has not grown evenly across the continent – with Nigeria and South Africa depressing the average economic growth and Ethiopia and Rwanda, on the other hand, recording very high growth.³⁹ Several reasons account for this stark disparity. The EU and its member states have been in existence for decades and have accumulated enviable levels of expertise in negotiating and implementing trade agreements, and their level of economic dynamism is commendable.⁴⁰ They are therefore regarded as a model in trade integration whereas the AU and its member states are emerging with very weak economic sectors and governance structures, and slow economic dynamism.⁴¹

AU member states' diversity and shared challenges. The AU's 55 member states are very diverse and the combination is quite unique. This may explain why they are usually differentiated into three Africas: North Africa, the region; South Africa, the country; and sub-Saharan Africa (SSA) minus South Africa. Each has different trajectories in terms of economic and social development, socio-economic structure, demography, institutional and governance structure, political characteristics as well as trade priorities and interests. The situation of SSA is the most challenging because of the region's outstanding and persistent economic vulnerability and slow economic growth. SSA faces chronic supply-side deficiencies which greatly undermine competitiveness in the global economy.⁴² Of the 48 SSA countries, 32 are least developed countries (LDCs) with low levels of human assets and high vulnerability to economic and environmental shocks.⁴³ Therefore the region faces the most severe structural barriers to trade and development.⁴⁴ The trade and economic vulnerability in AU

³⁹ Haroon Borat and Finn Tarp, *Africa's Lions. Growth Traps and Opportunities for Six African Economies* (Washington: Brookings Institution Press, 2016).

⁴⁰ Interview with AU official, September 2021.

⁴¹ Interview with AU official, 10 September 2021.

⁴² Peter Draper, "EU-Africa Trade Relations: The Political Economy of Economic Partnership Agreements," *Jan Tumlir Policy Essays*, no. 2 (2007), [https://ecipe.org/publications/eu-africa-trade-relations-the-political-](https://ecipe.org/publications/eu-africa-trade-relations-the-political-economy-of-economic-partnership-agreements)

[economy-of-economic-partnership-agreements.](https://ecipe.org/publications/eu-africa-trade-relations-the-political-economy-of-economic-partnership-agreements)

⁴³ UN Department of Economic and Social Affairs (UNDESA) website: *Least Developed Countries (LDCs)*, <https://www.un.org/development/desa/dpad/least-developed-country-category.html>.

⁴⁴ Tom Arnold et al., *An Africa-Europe Agenda for Rural Transformation. Report by the Task Force Rural Africa* (Brussels: European Commission, 2019), <https://europa.eu/!cH3dcx>.

member states is largely driven by the low level of economic diversification and technical skills, and limited political will to prioritise trade.⁴⁵

Underdeveloped agricultural sector in AU member states. A lack of economic dynamism and a failure to embark on major structural change and fundamental transformation have been observed in key sectors of AU member states. Critical areas that require fundamental transformation include urbanisation, digitalisation and the development of agricultural value chains. The low levels of economic diversification and technical know-how impede agricultural transformation and consequently equitable trade and development between the AU and EU member states. Despite the fact that the agricultural sector is the mainstay and it still occupies the vast majority of the labour force, reaching 75 percent in AU member countries, it still lags behind in terms of major transformation and modernisation. The resulting undeveloped agri-food sector makes it difficult for the AU member states to reposition themselves within the global supply chain. This failing is largely attributed to a lack of technical capacity and political will to progressively export value-added products.⁴⁶ Instead, AU member states have continued to export cheap raw materials, to which value is then added in Europe before re-exporting to more rapidly expanding markets for value-added agri-food products in Asia, Latin America and Africa itself.⁴⁷ The EU's focus on "strengthening the value chains of small and medium-sized agribusinesses is desirable but

not optimal as it reinforces the existing trade dynamic of exporting raw materials", which may impede rather than stimulate the development of Africa's food value chains as well as its agricultural and industrial development.⁴⁸

Asymmetrical trade relations. The AU's member states continue to rely on exports of commodities to EU member state markets in order to generate the requisite foreign exchange for importing advanced manufactured goods.⁴⁹ Even then, Africa currently accounts for less than 3 percent of global trade. The EU is Africa's largest trading partner, with a total of 31 percent of the continent's exports going to the 27 EU member states and 29 percent of its imports coming from Europe in 2018.⁵⁰ Africa's share of exports to the EU has been declining for several years now because European countries have diversified their imports of raw materials, and other countries such as China, India, Turkey and the Gulf states have expanded their commodity trade with Africa.⁵¹ Worse still, the trend of imports from Europe is deteriorating – it accounted for 6.6 percent of the total in 1980 and 3.2 percent in 1990, but by 2019 made up less than 1 percent.⁵² The trade relations between the AU and EU member states remain largely asymmetrical and a major driver of inequalities.⁵³

Low foreign direct investment. The African continent remains a peripheral region and attracts marginal FDI flows compared to the rest of the developing world. The FDI flows are

⁴⁵ Interview with Minister of Agriculture, September 2021.

⁴⁶ Interview with AU official, September 2021.

⁴⁷ Ibid.

⁴⁸ Brian Stout, "It's Africa's Turn to Leave the European Union," *Foreign Policy*, February 10, 2020, <http://bit.ly/2Si9mK2>.

⁴⁹ Draper, "EU-Africa Trade Relations."

⁵⁰ Robert Kappel, *Redefining Africa-Europe Relations* (Berlin: Friedrich Ebert Stiftung, 2021), <https://www.fes.de/en/africa-department/more-posts/redefining-europe-africa-relations>.

⁵¹ Ibid., p. 3.

⁵² Ibid.

⁵³ Ibid.

“proportionate to Africa’s relative economic weight in the global economy”.⁵⁴ However, the minimal “FDI inflows into Africa are predominantly resource-seeking, reinforcing commodity-dependent export profiles. UNCTAD argues that this lends FDIs into Africa a peculiarly enclave character, whereby predominantly greenfields and capital-intensive investment are delinked from the domestic economy and consequently profits are not reinvested”.⁵⁵ This tendency “holds a further danger of state capture by powerful multinational corporation [...] interests geared towards resource-extraction at the possible expense of domestic manufacturing interests”, thereby undermining the much needed diversification strategies in Africa.⁵⁶ Although the EU’s proposed new strategy for Africa emphasises investment promotion, “it does not include any new investment or financing commitments from the EU”.⁵⁷

While African countries are keen to gain (or retain) preferential access to European markets, many worry about how to meet European regulatory standards.

Trade regulations and unfair prices. “While African countries are keen to gain [...] preferential access to European markets, many worry about how to meet European regulatory standards”.⁵⁸ The inadequate capacity to meet the trade regulations aimed at strengthening

food safety through compliance with sanitary and phytosanitary (SPS) measures is one of the major drivers of trade inequalities between AU and EU member states. In Europe, the EU Green Deal and the Farm to Fork Strategy call for more sustainable and future-oriented food systems, resilient to global systemic shocks. While these systems should be capable of ensuring the continuous supply of safe, nutritious and environmentally sustainable food, they continue to work as a hindrance to trade integration among AU member states. This is particularly so because most AU member states have yet to consider Green Deal approaches as one of their focal areas. For instance, efforts to roll out the continent’s SPS policy framework are still ongoing while the AU Commission is working to establish an Africa Food Safety Agency.⁵⁹ Reasons accounting for this slow approach towards achieving the food-safety compliance measures in most African countries include a lack of technical and financial capacity to meet international standards, inadequate priority setting among AU member states, and a lack of monitoring mechanisms and political will at regional and country levels.⁶⁰ Although reducing tariffs alone is not sufficient to boost trade, these charges make trading goods particularly costly for AU member states and greatly contribute to trade gaps between the AU and EU. In addition to such SPS measures, there is also a lack of integrated mechanisms on the part of the AU

⁵⁴ Draper, “EU-Africa Trade Relations,” p. 6.

⁵⁵ Ibid. See also United Nations Conference on Trade and Development (UNCTAD), *Economic Development in Africa. Rethinking the Role of Foreign Direct Investment* (TD/B/52/5), July 25, 2005, <https://digitallibrary.un.org/record/554249>.

⁵⁶ Draper, “EU-Africa Trade Relations,” p. 6-7.

⁵⁷ Ainhoa Marin-Egoscozabal, “A Comprehensive EU Strategy for Africa. Trade and Investments,” *European Parliament Briefings*, no. 3 (2020), p. 15, <https://op.europa.eu/s/s6gy>.

⁵⁸ Alfonso Medinilla and Chloe Teevan, “Beyond Good Intentions: The New EU-Africa Partnership,” *ECDPM Discussion Papers*, no. 267 (2020), <https://ecdpm.org/?p=38799>.

⁵⁹ Fourth AU–EU Agricultural Ministerial Conference, *Concept Note for the Panel on Regional Trade Integration*, June 22, 2021, https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/events/documents/fourth-au-eu-conference-concept-notes-session1_en.pdf.

⁶⁰ Interview with Minister of Agriculture, July 2021.

to ensure sustainable market access and fair prices to help producers cope with price and market fluctuations.⁶¹

Multiple uncoordinated trade arrangements between the AU and EU. The EU supports the AU directly in its efforts to implement the African Continental Free Trade Area (AfCFTA) measures, and has long supported the AU's Regional Economic Communities (RECs)⁶² in their efforts to boost regional trade. However, "EU trade relations with African states and groups of states are governed by multiple arrangements – including five regional EPAs [Economic Partnership Agreements] with sub-Saharan African countries and bilateral free-trade agreements with North African [nations], some of which are still being negotiated" at the time of writing.⁶³ The EU's uncoordinated bilateral and REC arrangements without the AU's leadership are not only a threat to continental trade integration but also undermine the AU's role and mandate.⁶⁴ The continued preference for bilateral arrangements impedes multilateralism as an approach to strengthen cooperation at a partnership level.⁶⁵

Inadequate AU institutional capabilities to implement AfCFTA measures. The AfCFTA is one of the African Union's flagship projects of Agenda 2063 and provides an opportunity for

AU member states to take advantage of their collective economic clout and negotiate a free-trade agreement with the EU.⁶⁶ However, the AfCFTA's preparation and technical implementation challenges have not been given the attention that they deserve.⁶⁷ The RECs, which are the pillars of the AU and "building blocks" of African trade integration,⁶⁸ are grappling with implementation gaps – often attributed to a lack of expertise at the national level.⁶⁹ There are also concerns about indifferent political commitment on the part of participating countries, lack of funding and governance weaknesses. Accordingly, "without deliberate commitment to address these challenges, the implementation of the AfCFTA will get stuck in the implementation details and the trade integration will disintegrate and diminish very quickly".⁷⁰

*Lack of coordination and clear division of labour between the AU, RECs, member states and other continental institutions such as the New Partnership for Africa's Development (NEPAD) and the African Union Development Agency (AUDA), "with each conducting planning and resource-mobilisation activities independently – and, in some cases, even competing for the same financial resources" from the EU.*⁷¹ For example, NEPAD focuses on industrialisation and infrastructure while the AUC covers the

⁶¹ Interview with Minister of Agriculture, August 2021.

⁶² The Regional Economic Communities (RECs) are regional groupings of African states and are the pillars of the AU. The purpose of the RECs is to facilitate regional economic integration between members of the individual regions and through the wider African Economic Community (AEC), which was established under the Abuja Treaty (1991). This Treaty seeks to create an African Common Market using the RECs as building blocks. See the African Union website: *Regional Economic Communities (RECs)*, <https://au.int/en/organs/recs>.

⁶³ Medinilla and Teevan, "Beyond Good Intentions."

⁶⁴ Interview with AU and EU officials, August 2021.

⁶⁵ Jacopo Resti, "AU-EU Institutional Relations: Towards a New Era?," *FEPS Policy Briefs*, 2021 (forthcoming).

⁶⁶ African Union, *Agreement Establishing the African Continental Free Trade Area*, Kigali, March 21, 2018, <https://au.int/en/node/34270>.

⁶⁷ Interview with trade and economic researcher at Makerere University, August 2021.

⁶⁸ Resti, "AU-EU Institutional Relations."

⁶⁹ Interview with EU official, September 2021.

⁷⁰ Ibid.

same areas.⁷² Moreover, both bodies have parallel lines into the African Union Assembly and Permanent Representatives Committee.⁷³

Inability to implement and translate AU summit and continental decisions into action at the country level. “The EU is also blamed for not taking this issue seriously when discussing country-level position papers.”⁷⁴ Therefore, there is always a disconnect between decisions at the continental level and actions at the country level.⁷⁵ “AfCFTA is a typical example and victim of this challenge – what has been agreed at a continental level in terms of regulations such as standards and food safety is not necessarily being done at a regional and country level.”⁷⁶ This can be attributed to a lack of implementation capacity and a failure to have consistent and quantifiable indicators and monitoring mechanisms in place to ensure coordination between continental-, regional- and country-level decisions and actions. As a result, the aforementioned trio constitute “three different worlds that don’t communicate [with] each other therefore cannot yield tangible results”.⁷⁷

Aid to African Union Commission (AUC) and AU member states. Slow economic growth, lack of economic vigilance as well as trade asymmetries have promoted the dependency syndrome on the part of the AU and its member states. The European Union and its member

states are the biggest contributors to the AUC, providing more than 80 percent of its programme budget. “In addition, the European Commission launched the Pan-African Instrument in 2014, the first ever EU programme in development and cooperation that covers Africa as a whole”, which further increases EU cooperation with the AUC.⁷⁸ Despite the will of the EU and AU to change the nature of the relationship between the two continents into one of equal partners, “actions from the AU seem loud and clear on maintaining the status quo regarding the EU and its member states as a cash cow – therefore continuing the donor–recipient relationship that presents major structural inequality between the AU and EU”.⁷⁹ On the other hand the current architecture through which EU institutions provide aid to Africa is also considered to be stunting African economic integration.⁸⁰ “While the EU [assisted] the African, Caribbean and Pacific Group of States through the European Development Fund, it [grouped] North Africa – the continent’s best-performing region on sustainable-development criteria – under its European Neighbourhood Policy funded through the European Neighbourhood Instrument.⁸¹ The EU’s piecemeal approach has contributed to dividing African voices and agency, resulting in the current slow pace of African trade integration.⁸²

China as an emerging prominent actor also poses a challenge, as the EU and many of

⁷¹ Jan Vanheukelom, “Understanding the NEPAD Agency. How to Translate Vision Into Practice?,” *ECDPM Background Papers*, December 2017, p. 8, <https://ecdpm.org/?p=29769>.

⁷² Yarik Turianskyi and Steven Gruzd, “The ‘Kagame Reforms’ of the AU: Will They Stick?,” *SAIIA Occasional Papers*, no. 299 (2019), <https://saiia.org.za/?p=31579>.

⁷³ Ibid.

⁷⁴ Interview with EU official, September 2021.

⁷⁵ Ibid.

⁷⁶ Ibid.

⁷⁷ Ibid.

⁷⁸ European Commission, “African Union Commission and European Commission Meet to Bring New Impetus to the EU-Africa Partnership,” *Press Releases*, April 21, 2015, https://ec.europa.eu/commission/presscorner/detail/en/IP_15_4810; Brouwers and Le Ber, *The Neo-Colonial Europeanization of Africa*.

⁷⁹ Interview with AU official, August 2021.

⁸⁰ Amare, “Africa Needs a Strategy for Europe.”

⁸¹ Stout, “It’s Africa’s Turn to Leave the European Union.”

⁸² Amare, “Africa Needs a Strategy for Europe.”

its member states are concerned about the growing influence and competition of the People's Republic in African countries. However, African countries are determined and eager to increase the volume and quality of trade and investment – including taking advantage of increased competition between investors where this might prove useful.⁸³ China has increased its visibility in Africa mainly through infrastructural-growth projects such as the Mombasa–Nairobi Standard Gauge Railway in Kenya, the

African Union headquarters in Ethiopia, the new Zimbabwean Parliament and the Merowe hydropower dam in Sudan.⁸⁴ However, China's "state-owned companies have netted a treasure trove of African resources as they venture where Europeans fear to tread".⁸⁵ In light of this rise of new international partners for Africa, the EU could consider pursuing "enlightened self-interest – determination to make Africa a more comfortable partner".⁸⁶

5. Building a more equitable EU–AU Partnership and promoting African post-COVID recovery

The economic, power and structural inequalities within AU–EU trade and development relations put both institutions at a crossroads that will greatly impact on the significance of their continued cooperation. Rethinking the partnership is therefore that much more critical towards a mutually beneficial relationship. The opinions of stakeholders on the possibility of building a more equitable EU–AU partnership are however mixed, with some optimistic about it while others appreciate the fact that the EU is ahead in all aspects and will continue to be so, therefore suggesting that achieving a "comfortable" partnership will be more realistic than an "equitable" one.⁸⁷ Nevertheless addressing the structural inequalities and their drivers is recognised as a great step towards building a mutual-interest-based relationship and a means of promoting African post-COVID recovery. Accordingly the following suggestions can be made.

Innovation and investment in the agriculture sector. The actual economic situation of the AU member states places investment in agriculture at the core of efforts towards an equitable partnership and post-COVID recovery. Agriculture is the backbone of Africa's economy; thus, investing in it acts as a key driver for economic growth. Investment in the agriculture sector should focus on mechanisation, irrigation, improved grain varieties, fertiliser and better storage in order to boost productivity and standards to meet international market requirements. Efforts to address market-related challenges would reduce the widening gap between African countries' crop outputs and those of European nations. Moreover the EU clearly states in its strategic plan that "[m]ore food is not the answer" for Africa, despite acknowledging that African food imports are high and exports are very low.⁸⁸

The revamping of food systems and promotion

⁸³ Medinilla and Teevan, "Beyond Good Intentions."

⁸⁴ Ibid.

⁸⁵ Draper, "EU-Africa Trade Relations," p. 20-21.

⁸⁶ Interview with AU official, September 2021.

⁸⁷ Ibid.

⁸⁸ Stout, "It's Africa's Turn to Leave the European Union."

of agri-food sectors can play a crucial role in creating jobs and curbing unemployment among a new generation of dynamic young people that accounts for over 70 percent of the population in Africa,⁸⁹ and achieving the goals of Africa's Agenda 2063 and the United Nations' Agenda 2030 for equitable and sustainable development. It also has the potential to facilitate equitable development and trade between EU and AU member states, because on both continents there is an increasing demand and need for adequate, safe, nutritious and affordable agri-food products. In this context, maintaining negotiations at a political level is critical for the AU–EU Agriculture Ministerial dialogues in order to offer the opportunity to take stock of achievements made so far, and for EU to share experiences and best practices to foster capacity building in agricultural development.

Achieving the Green Deal ambition. The COVID-19 pandemic has severely tested the capacity and exposed the unsustainability of food systems in AU member states. This provides an incentive for the AU–EU Partnership to reshape the continent's food systems but also address the international food standards regulations within the AU member states. This can be achieved among other efforts through putting the EU Green Deal's ambition into practice. Reforming food systems would improve food security and social, economic and environmental sustainability, and would also greatly contribute to Africa's Agenda 2063, the Comprehensive Africa Agriculture Development Programme

(CAADP) targets, and the United Nations' 2030 Agenda and its Sustainable Development Goals (SDGs). However this will require extensive support in terms of capacity building and political will in the AU member states. Importantly, some legal initiatives that could burden African exports should be carefully considered under the Green Deal ambition, to respect the 'do no harm' principle.⁹⁰

Participation of women and youth is central to equitable partnership and resonates well with the CPA's people-centred development with a specific focus on poverty reduction. Investing in people and putting citizens at the centre of integration and cooperation is key to ensuring equitable impact and sustainability of any multilateral initiative.⁹¹ In this case, job creation, skills development and participation at all levels of society are needed to speed up Africa's post-COVID recovery by capitalising on the demographic dividend of AU member states and maximising the contribution of its youth and women to long-term growth.⁹² African women are key drivers of sustainable growth and development;⁹³ responding to their aspirations will determine the future of the continent given their role in agriculture and the informal sector – such as small-scale businesses and food-value chains that employ 84 percent of the population.⁹⁴ The importance of the continent's young people was underscored by the theme of the 5th AU–EU Summit: "Investing in Youth for a Sustainable Future". That summit was followed-up with concrete, joint youth initiatives and the AU's declaration of 2020-30 as the "Decade

⁸⁹ Interview with Private Sector Foundation official, July 2021.

⁹⁰ Marin-Egoscozabal, "A Comprehensive EU Strategy for Africa," p. 16.

⁹¹ Levi Uche Madueke, "AU-EU Partnership: Goals and Expectations," *Great Insights* 9, no. 3 (2020): 6-8, <https://>

ecdpm.org/?p=40840.

⁹² Ibid.

⁹³ Interview with official at the Uganda Women's Network (UWONET), September 2021.

⁹⁴ Arnold et al., *Africa-Europe Agenda for Rural Transformation*.

of African Women's Financial and Economic Inclusion".⁹⁵

The AfCFTA "can play an important role in helping African countries [to] diversify their productive capacities and integrate into regional and global value chains. The AfCFTA can also support Africa's COVID-19 recovery and increase its economic resilience to future shocks".⁹⁶ The AU and its member countries should therefore capitalise on the likely positive impact of the pandemic on the AfCFTA, despite the fact that it has adversely affected trade. For example, in their search for more personal protective equipment, many African countries are launching their own production chains that will begin to supply the continent. This could lead to increased intra-continental trade, which is the primary objective of the AfCFTA. The lack of strategic stocks of medical supplies in AU member countries during the pandemic has demonstrated that greater self-reliance is needed. This reflects the vision of African leaders' transformative initiatives – including the AU's Agenda 2063, the African Visa-free Area, a Single African Digital Market and the Single African Air Transport Market.⁹⁷

Paradigm shift in resolving migration tension. The issues of investment and job creation in Africa have increasingly been tied to European domestic interest in limiting migration, nudging them higher up the agenda of the EU and its member states.⁹⁸ The EU "has focused on migration

through the lens of security, containment and deterrence".⁹⁹ Self-interest decisively took centre stage with the launch of the Emergency Trust Fund for Africa, "which divert[ed] 73 percent of the European Development Fund towards combating the European migration crisis at its external points of origin".¹⁰⁰ Diverting resources originally allocated to development cooperation and poverty reduction to border control is unfavourable to Africa's long-term needs. Yet allocating the funds towards developing skills and creating opportunities at the migrants' points of origin is mutually beneficial to the member states of both the AU and EU in terms of controlling migration in the long run but also post-COVID recovery.

COVID-19 represents a wake-up call for the AU–EU Partnership to focus on health systems, which has hitherto not always been the case.¹⁰¹ Healthcare systems must be rapidly and sustainably strengthened in order to cope with the ongoing pandemic but also with future outbreaks. Therefore, the EU and AU should focus and prioritise investments on healthcare systems, including safe water infrastructure and the capacity to cope with disease outbreaks. This calls for enhanced coordination and leadership across both unions. Since the commencement of the pandemic in 2019, EU and AU member states have largely acted in their own interests. The EU and AU should provide the leadership and coordination required to mitigate the pandemic and its related impacts.¹⁰²

⁹⁵ African Union and European Union, *Investing in Youth for Accelerated Inclusive Growth and Sustainable Development*, 5th AU-EU Summit Declaration, Abidjan, November 29-30, 2017, <https://au.int/en/node/37747>.

⁹⁶ Axel Berger et al., "Advancing EU-Africa Cooperation in Light of the African Continental Free Trade Area," *ETTG Publications*, September 2020, <https://wp.me/p9qfAP-FG>.

⁹⁷ European Commission and EEAS, *Towards a Comprehensive Strategy with Africa*, p. 1.

⁹⁸ Medinilla and Teevan, "Beyond Good Intentions."

⁹⁹ Suma Chakrabarti and Obiageli Ezekwesili, "Stronger Together: A New Agenda for Africa and Europe in 2021," *ODI Insights*, March 3, 2021, <https://odi.org/en/insights/stronger-together-a-new-agenda-for-africa-and-europe-in-2021>.

¹⁰⁰ Stout, "It's Africa's Turn to Leave the European Union."

¹⁰¹ Interview with EU official, September 2021.

¹⁰² Interview with AU official, September 2021.

The pandemic should also act as an incentive for the new EU–AU Partnership to prioritise the digitalisation agenda. Lockdown and related social-distancing measures have increased the use of technology – for education such as online teaching and learning, but also for working at home and for leisure purposes.¹⁰³ Technology has been used to track and trace people in order to limit the spread of the virus, but has additionally addressed other education and work-related needs such as conferences, workshops and meetings during lockdown.¹⁰⁴ Artificial Intelligence chatbots have also been used to track and address domestic violence, which has been exacerbated by the shrinking of household incomes due to lockdowns.¹⁰⁵ However, the limited access to such facilities in AU member states has raised the issue of the digital divide and the widening gap between more advanced regions and poorer areas where people do not have access to the Internet. Addressing this divide would, moreover, provide an opportunity for young African entrepreneurs to engage in e-commerce and digital financial services – and, hence, strengthen the economic integration of goods and minimise youth unemployment which has been worsened by COVID-19.¹⁰⁶

We need international cooperation more than ever, to address global challenges. This has been one of the key lessons learned from COVID-19 – along with “building on each other’s strengths

and learning from mutual experience”.¹⁰⁷ For example, much can and should be learned from AU and EU member states’ responses to the pandemic. Co-learning and sharing experiences, lessons and knowledge “can help the world [to] better anticipate and plan for future global health challenges”.¹⁰⁸ Importantly, “it is now imperative to collaborate [in order] to ensure equitable access to vaccines, so that we can all be safe and [can] speed up the recovery across borders”.¹⁰⁹ The crisis has shown that the prevailing asymmetry is no longer tenable and it is time for both parties to work together to contain the pandemic and mitigate its impact.

However to achieve a mutual-interest-based partnership, the EU will have to take a different approach in terms of priority setting and negotiation stance, and “respect what Africa has come up with in terms of priorities and provide support where they can [without] changing priorities”.¹¹⁰ This sentiment resonates with the expectation that the process for the new strategy is participatory – including both AU and EU parties.¹¹¹ An equitable partnership calls for a new and more interest-driven partnership between the EU and AU, one that recognises diverging trade and development capabilities, and negotiates concrete trade solutions that work for both sides.¹¹² In light of this, recommendations are provided in the following section.

¹⁰³ Interview with member of Parliament representing youth, September 2021.

¹⁰⁴ Interview with public-health researcher at Makerere University, August 2021.

¹⁰⁵ Paul Bukuluki et al., “The Socio-Economic and Psychosocial Impact of Covid-19 Pandemic on Urban Refugees in Uganda,” *Social Sciences & Humanities Open* 2, no. 1 (2020): 100045, <https://doi.org/10.1016/j.ssaoh.2020.100045>.

¹⁰⁶ Interview with member of Parliament representing youth, September 2021.

¹⁰⁷ Chakrabarti and Ezekwesili, “Stronger Together.”

¹⁰⁸ Ibid.

¹⁰⁹ Ibid.

¹¹⁰ Interview with AU official, September 2021.

¹¹¹ Ibid.

¹¹² Interview with AU official and Minister for Agriculture, August 2021.

6. Policy recommendations

Given the potential of the trade and development cooperation to harness the AU-EU relationship and to deliver on its mutually beneficial objectives, there is renewed impetus in engaging in a mutual-interest-based partnership. Recommendations for renewed engagement and partnership for both parties are suggested below.

For the AU–EU Partnership

- **Prioritise agricultural transformation and industrialisation.** Industrialisation has been a major component of all successful development and trade experiences, and must be central for Africa too. This recommendation resonates well with the EU and AU policy frameworks. For the EU it is supported by the Joint Communication Towards a Comprehensive Strategy with Africa¹¹³ proposing a partnership for sustainable growth and jobs. On the side of the AU, it is supported by CAADP which serves as the framework for agricultural transformation across Africa with the purpose of increasing investment and productivity in the agricultural sector with the overall aim of achieving annual agricultural growth rates of more than 6 percent as a means of promoting food security and economic development. Alongside job creation and improved livelihoods, justifications for this recommendation include “overcoming supply-side constraints and addressing market-access constraints. The former requires investment in infrastructure and market-buttrussing supportive regulatory

frameworks. The latter requires goods trade liberalization, notably with respect to manufactured goods”.¹¹⁴ Therefore, however important agriculture is to African economies, and however much the difficulties of successful industrialisation have been increasing and continue to do so, it is not sufficient to maintain the status quo – that Africa must forever remain exclusively a supplier of cheap raw materials to the developed world including China.

- **Implement the digital agenda to boost economic growth and job creation.** This priority resonates well with the recommendations of the Digital Economy Task Force – formed of 20 African and EU decision makers and representatives of international organisations, private sector and civil society for a New Africa-Europe Digital Economy Partnership. This is further supported by the 2017 fifth AU–EU Summit’s strategic priority on investing in people – education, science, and technology and skills development. Technologies to generate and deliver energy for the transformation of food systems in rural area of Africa are urgently needed. AU member states face the highest costs of electricity provision globally, and 580 million people lacked access to electricity (three-quarters of the global total) in 2019.¹¹⁵ Digital technologies have the potential to transform agriculture by helping farmers work more precisely, efficiently and sustainably.¹¹⁶ However caution should be taken to avoid the possible misuse of the

¹¹³ European Commission and EEAS, *Towards a Comprehensive Strategy with Africa*.

¹¹⁴ Draper, “EU-Africa Trade Relations,” p. 2.

¹¹⁵ Claudia Ringler and William Brent, “Why the G20 Needs to Focus on Energizing Food Systems in Africa,”

IFPRI Blog, November 23, 2020, <https://www.ifpri.org/node/24732>.

¹¹⁶ European Commission website: *Digital Transformation in Agriculture and Rural Areas*, <https://europa.eu/!Hj98CX>.

digital agenda as an instrument to control populations by dictatorial and undemocratic regimes in AU–EU member states. Therefore the EU–AU Partnership needs to avoid these threats through a robust digital agenda legal framework.

- **Negotiate trade and development cooperation policies and priorities jointly.** This is particularly important because the AU–EU inequalities are deeply rooted in framing the narrative of support, which is largely determined by the EU. For example none of the existing, multiple instruments facilitating trade and development in Africa were developed jointly with the AU or other African institutions. The AU is also concerned that the EU's consultations during policy design and development priority setting are very poor and at best tokenism.¹¹⁷ Reducing inequality through participation is strongly supported by the EU's effort to address income inequality through development cooperation. In its most recent published guidelines for mainstreaming the reduction of inequality in development cooperation, the EU recommends a beneficiary approach with particular focus on involvement of and social dialogue with the beneficiaries.¹¹⁸ Central to this approach is the involvement of the target group throughout all the steps of programming. This requires different actors and institutions to reach a common understanding and commitment on existing inequalities.¹¹⁹ Therefore the future partnership needs to recognise the need to improve development cooperation priority and target efficacy through stakeholder participation in order to find concrete solutions suitable for both parties. Accordingly, a joint

AU–EU trade and development cooperation regime provide practical support towards reducing the inequalities but also solving the challenge of policy incoherence among AU member states that undermines the AU's role and mandate.

- **Ensure that there is a clear division of labour and implementation mechanisms for continental decisions between the African Union, Regional Economic Communities (RECs), member states and other continental institutions such as the NEPAD and AUDA in line with the principle of subsidiarity.** This would be in the AU's interest because AU institutional reforms will depend on member states' sustained coordination and commitment to continental decisions within stipulated timelines to make the organisation fit for purpose but also to deliver tangible results to the population of the 55 member states. It is also in line with the EU's interest of addressing governance and institutional challenges that hinder successful trade and development cooperation.
- **Resolve tensions arising from migration through decisive action such as investment in job creation, skills development, agricultural transformation and digitalisation.** Such actions will in the long run control migration and labour mobility from the point of origin. Moreover the EU's most recent publication on addressing income inequalities through development cooperation recognises migration as one of the few ways of reducing inequality by allowing individuals to increase their productivity and escaping poverty

¹¹⁷ Interview with the AU official, September 2021.

¹¹⁸ European Commission, "Addressing Income Inequalities through Development Cooperation, Vol. 3: Guidelines for Mainstreaming the Reduction of Inequality

in Intervention," *Tools and Methods Series Reference Documents*, no. 29 (2021), <https://op.europa.eu/s/s6kd>.

¹¹⁹ Ibid.

through moving to higher wages.¹²⁰

For the AU

- **Prioritise trade and define trade needs.** This is of utmost importance because Africa needs to determine its trade interests and priorities. But also AU member states' government leaders tend to pay more attention to peace and security, which pose a direct threat to their regime, than to trade. This is illustrated by how few member states take a lead in driving trade-related continental programmes. This laissez-faire attitude has resulted in poor trade prioritisation, as evidenced by poor implementation of continental decisions such as the AfCFTA and CAADP. Therefore, there is a need for reputational risks, sanctions or other costs for member states that don't implement agreed policies in this arena.
- **Prioritise implementation of the AfCFTA.** The AfCFTA is central to achieving continental integration and significantly accelerating growth of intra-Africa trade, making trade "an engine of growth and sustainable development". This would "strengthen Africa's common voice and policy space in global trade negotiations".¹²¹ Therefore the AU should prioritise addressing the implementation gaps, strengthening coordination and building capacity to increase labour skills within the

member countries and the RECs as a means of ensuring successful implementation.

- **Design and implement robust social protection programmes to protect livelihoods in the face of risks related to climate variability, conflicts and other shocks, such as the COVID-19 pandemic.** The pandemic's effects on livelihoods point to the importance of targeted social safety nets and health insurance to ensure the well-being of vulnerable populations in the face of unexpected shocks.¹²² This resonates well with Africa's common position on food systems.¹²³ The EU, as the largest contributor to development cooperation, has a crucial role to play to reduce inequality. Moreover research has shown that well-designed and robust safety-net programmes greatly accelerate progress in African countries with high rates of maternal and child mortality, with even greater benefits for national economies and global health. Additionally, agricultural interventions, such as weather-based crop and livestock insurance, can increase security and assurance to a minimum income stream for rural households.¹²⁴ Moreover social protection and redistributive measures are also critical for reducing the income inequality that may arise from trade openness with the EU and other countries.¹²⁵

¹²⁰ European Commission, "Addressing Income Inequalities through Development Cooperation, Vol. 1: Concepts and Definitions," *Tools and Methods Series Reference Documents*, no. 29 (2021), <https://op.europa.eu/s/s6kl>.

¹²¹ African Union, *Training on the Settlement of Disputes: The African Continental Free Trade Area*, April 2019, <https://au.int/en/node/36360>.

¹²² Ousmane Badiane, Julia Collins and John M. Ulimwengu, "The Past, Present and Future of Agriculture Policy in Africa," in *Sustaining Africa's Agrifood System Transformation: The Role of Public Policies*, ed. Danielle

Resnick, Xinshen Diao and Getaw Tadesse (Washington and Kigali: International Food Policy Research Institute and AKADEMIYA2063, 2020), 9-25, https://doi.org/10.2499/9780896293946_02.

¹²³ African Union Development Agency, *Africa's Common Position on Food Systems*, July 29, 2021, <https://www.nepad.org/node/15954>.

¹²⁴ Fleur Stephanie Wouterse and Alemayehu Seyoum Taffesse, eds, *Boosting Growth to End Hunger by 2025: The Role of Social Protection* (Washington: International Food Policy Research Institute, 2018), <https://doi.org/10.2499/9780896295988>.

- **Accomplish the required institutional reform, including a roadmap for financial self-sufficiency, in order to make the AUC fit for purpose and ably rally regional organisations and the 55 member countries of the AU behind the aspirational Agenda 2063** – a vision of where the continent wants to be in less than five decades’ time. The institutional reforms would also address the apparently perpetual issues of “inefficient bureaucracy, lack of implementation, funding shortages, overlapping institutional mandates”, poor coordination and an unclear division of labour.¹²⁶ These issues continue to hinder the AU’s ability to promote socio-economic and political integration on the continent.
- **Strengthen the African Peer Review Mechanism (APRM) in order to track implementation and oversee the monitoring and evaluation of continental decisions, the African Union’s Agenda 2063 and the United Nations’ Sustainable Development Goals (SDGs).**¹²⁷ This will ensure stock taking of the achievements and challenges within member counties and key institutions such as the RECs to facilitate experience and expertise sharing within the continent.
- **Reduce dependency on foreign funding and broaden the domestic resource base.** The weight of economics and the long-standing donor–recipient relationship between the AU and member states make the hope of equal and comfortable partnership unachievable. Reducing dependency can be done through institutional reforms, mobilising yearly

contributions from the 55 AU member states and implementing the 0.2 percent import levy on all eligible goods imported to the continent – this levy has the potential to raise €1 billion revenue per year.¹²⁸ The AU can also facilitate collective action among its member states through sanctions on the non-paying members but also by transparency measures, including publicising data on individual member state payments, without necessarily going against the pan-African ethos of solidarity and non-interference. The failure of member states to honour their obligations towards the AU raises questions about their level of commitment and interest in continental objectives and development outcomes. Addressing financial independence ahead of the summit would help to avoid the aid mind-set dominating or compromising negotiations on the new strategy.¹²⁹

For the EU

- **Strengthen efforts to bring about agricultural transformation with specific attention paid to agricultural value chains with the ultimate goal of achieving industrialisation.** This is supported by the fifth AU–EU Summit in 2017 and the joint Abidjan Declaration that both prioritise four main strategic areas of cooperation including four strategic priority areas that involve investing in people – education, science, technology and skills development.¹³⁰ This is paramount because agriculture is the pillar of most African economies and remains the sector in Africa with the highest untapped potential for

¹²⁵ Martin Ravallion, “Looking Beyond Averages in the Trade and Poverty Debate,” *World Bank Policy Research Working Paper Series*, no. 3461 (2004), <http://hdl.handle.net/10986/14202>. ¹²⁶ Turianskyi and Gruzd, “The ‘Kagame Reforms’ of the AU,” p. 2.

¹²⁷ Interview with EU official, September 2021.

¹²⁸ Resti, “AU-EU Institutional Relations.”

¹²⁹ Interview with AU official, August 2021.

¹³⁰ African Union and European Union, *Investing in Youth*.

investment growth and industrialisation. Therefore the EU should partner with the AU to support the industrialisation drive by supporting AU member states to attract investors in agribusiness, particularly through adopting policies and regulatory reforms that improve the business environment and investment climate.

- **Prioritise technical capacity and human development.** Addressing the trade and development challenges will largely depend on the AU and member states' sustained capacity to implement the agreed continental outcomes within a stipulated timeframe. The fifth AU–

EU Summit and the joint Abidjan Declaration recognise the centrality of investing in people – education, science, technology and skills development.¹³¹ This can be achieved through capacity building towards technical know-how in implementing the AfCFTA and addressing non-tariff barriers to trade such as those related to sanitary and phytosanitary standards. The “**Aid for trade**” agenda could play a role in financing infrastructure needs, helping to build the capacity of AU member states to establish appropriate regulatory structures with the optimism of creating self-reliance and ultimately phasing out aid.

7. Conclusions

The structural and institutional inequalities within AU–EU trade relations are largely perpetuated by the historical differences between the two continents, which can be regarded as two different “worlds” in terms of levels of advancement in different ways – including economic and human capacities, but also a lack of economic dynamism and diversification on the part of AU member states. These and other differences continue to act as a stumbling block to the partnership's ability to achieve the objectives stated in its various trade and development policy frameworks. Consequently, the inherent nature of the asymmetries and the drivers impeding equitable trade and development efforts between the AU and the EU call for concerted efforts from both parties. This is particularly important because Europe is still the main trading partner, and trade and development will remain the key drivers of the AU–EU Partnership due to the great potential

to deliver on its mutually beneficial objectives.

Therefore the proposed new strategy for Africa should prioritise enhancement of institutional and technical capacity for the AU and its member states, in order to build the required critical mass of expertise within the AU and member states as an effort towards bridging the gaps impeding trade integration. Industrialisation and agricultural transformation are key to this endeavour – industrialisation and agribusiness has been a major component of all successful development and trade experiences worldwide and AU member states cannot be an exception to the rule. Despite this, the potential of these two key sectors remains largely untapped in the AU member states. However, to achieve the required transformative change, the AU should “own” Africa's ambitions and take the lead in explaining Africa's strategy – in terms of needs, demands and aspirations related to trade and

¹³¹ Ibid.

development – to the EU. To this end, the EU needs to take a different negotiating stance and recognise the agency of the AU and its member states in defining and setting priorities tailored to their needs and goals. This approach would also help the EU to remain a relevant partner in African trade and development matters, and thereby make a mutual interest-based partnership a reality.

Although the paper largely makes a case for trade as a critical path to reduce trade and development inequalities between the AU and EU member countries, this does not necessarily mean that growth in trade alone is a panacea for the inequalities impacting relations between the AU, EU and member states. This argument stems from the analysis but also from existing literature: First, there is still the issue of what each party trades in, for instance commodity versus manufactured goods.¹³² Second, there is some literature to suggest a nexus between trade openness and inequality among different sections of the population.¹³³ Conversely, substantial academic literature indicates that trade openness is not the main driver of the inequalities that may arise from trade income but rather the absence of social protection and redistributive policies.¹³⁴ Therefore this calls for a combination of trade reforms with well-designed robust social protection and redistributive policies.¹³⁵ In spite of this, the effect of trade on income inequality might not yet be a first order concern for AU member states, many of which are still struggling to lift the large share of their populations out of extreme poverty.¹³⁶

¹³² Interview with Minister of Agriculture, September 2021.

¹³³ Pinelopi Koujianou Goldberg and Nina Pavcnik, "Distributional Effects of Globalization in Developing Countries," *Journal of Economic Literature* 45, no. 1 (2007): 39-82.

¹³⁴ Ibid.

¹³⁵ Ravallion, "Looking Beyond Averages in the Trade and Poverty Debate."

¹³⁶ Nina Pavcnik, "The Impact of Trade on Inequality in Developing Countries," *NBER Working Papers* no. 23878 (2017), <https://www.nber.org/papers/w23878>.

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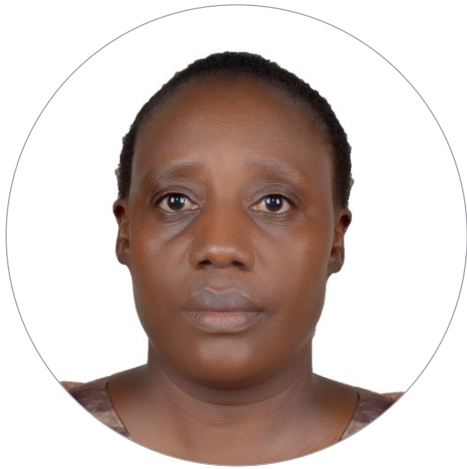
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