



The European Green Deal (EGD) and its implication for African Trade

TIPS Forum

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Content

Understanding the European Green Deal (EGD)

How Africa trade with the EU

Implications of the EGD on African trade

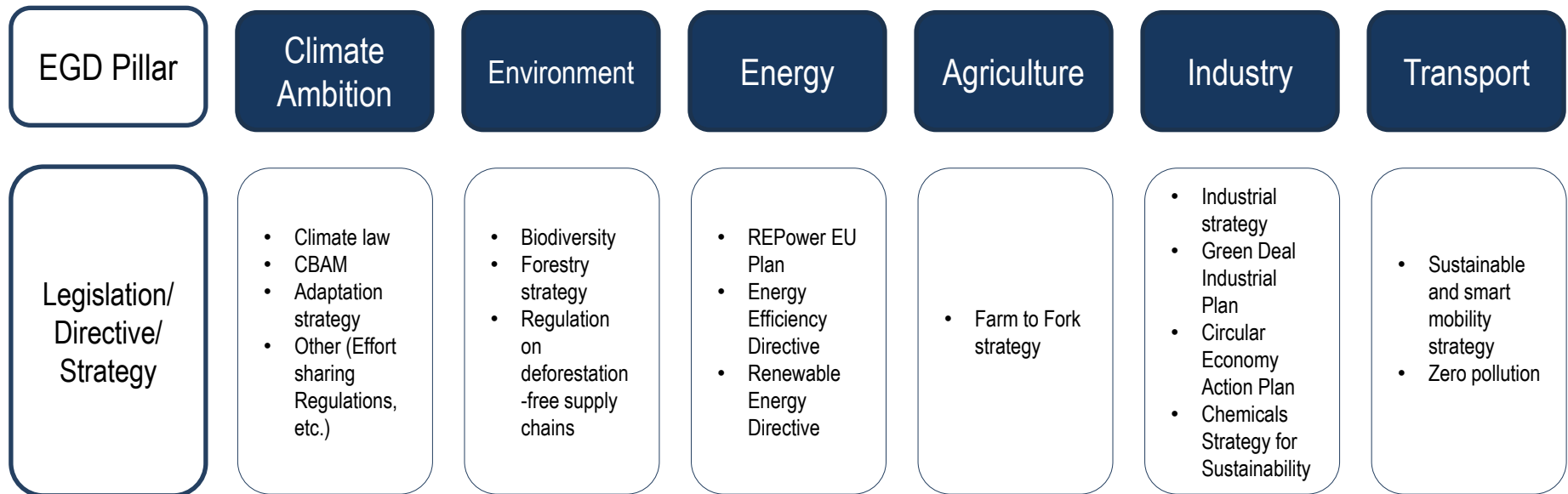
- Exposure
- Vulnerability

What can be done to mitigate the impact of the EGD

Understanding the European Green Deal (EGD)

European Green Deal (EGD):

- Multifaced Economic Recovery (post covid-19) and Climate Change policy including almost all sectors of the economy
- Adopted in 2019 to make EU climate neutral by 2050



Just Transition and finance
 European Green Deal Investment Plan – Mobilise **€1 trillion** in sustainable investments by 2030.
 Just Transition Mechanism – Channel at least **€100 billion** to affected stakeholders
 European Climate Pact - Community to ensure & build sustainable Europe



How Africa trade with the EU

Total African Trade (2021) Exports

Exports - US\$ 561 bn
representing 2.5% of world exports

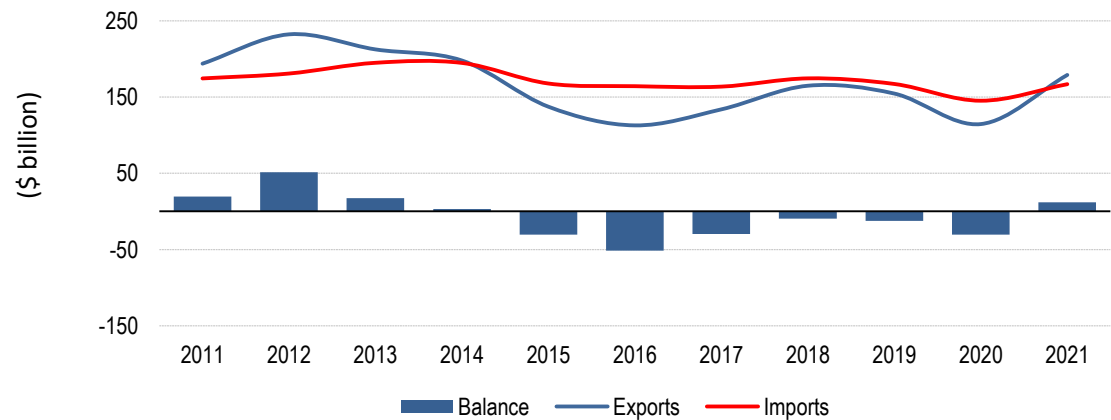
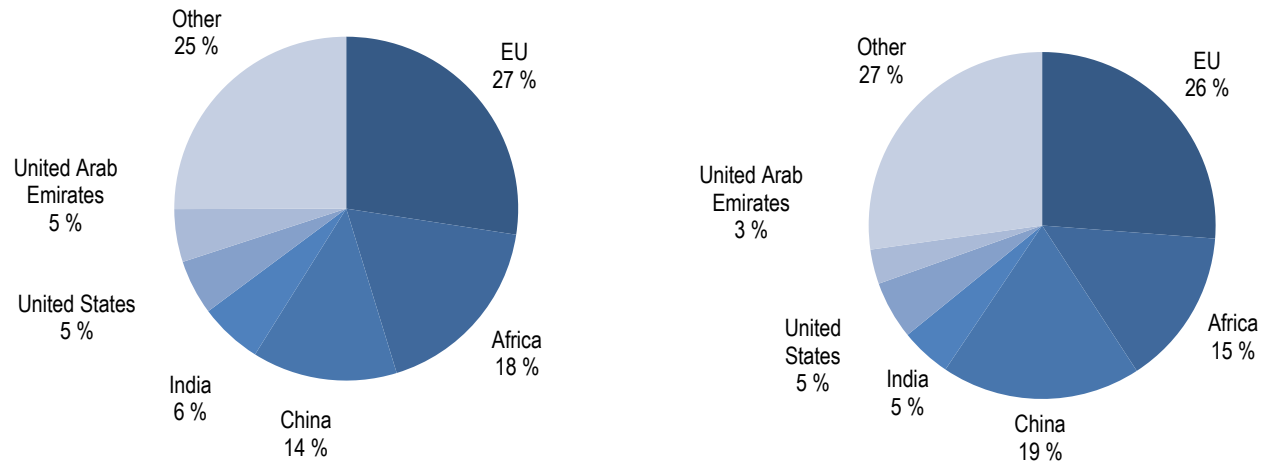
Imports - US\$ 629 bn
representing 2,7% of world imports

Africa – EU Trade (2021)

Exports - US\$ 179 bn -
Representing 26% of total African exports

Imports - US\$ 167 bn –
Representing 27% of total African imports

Imports



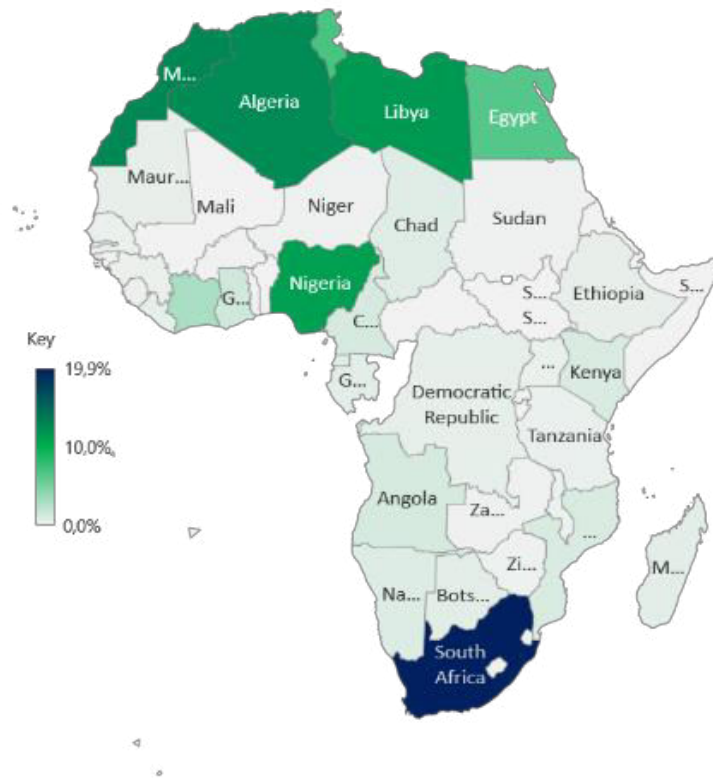
Source: Adapted from (EuroStat, 2022; UNCTAD, 2022)

Source: Adapted from Trade Map (2023), Bilateral trade between Africa and EU

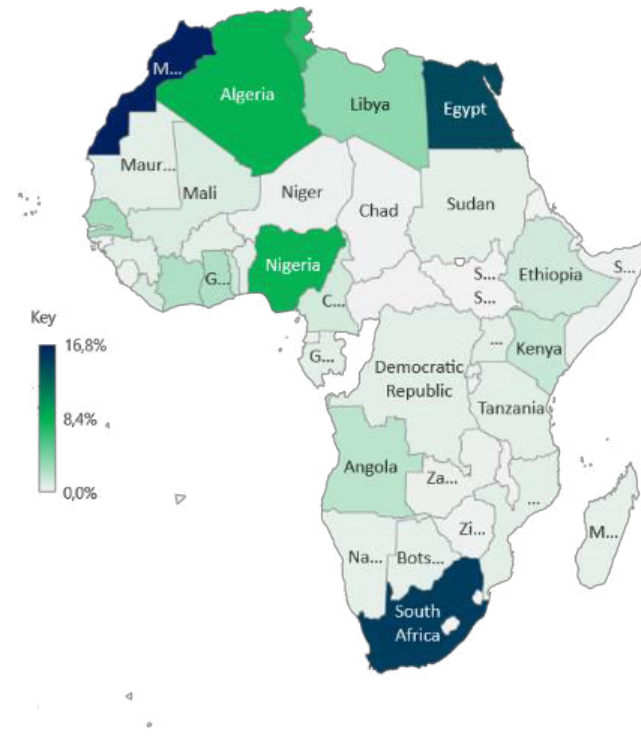


How Africa trade with the EU

African Exports to EU



African Imports from the EU

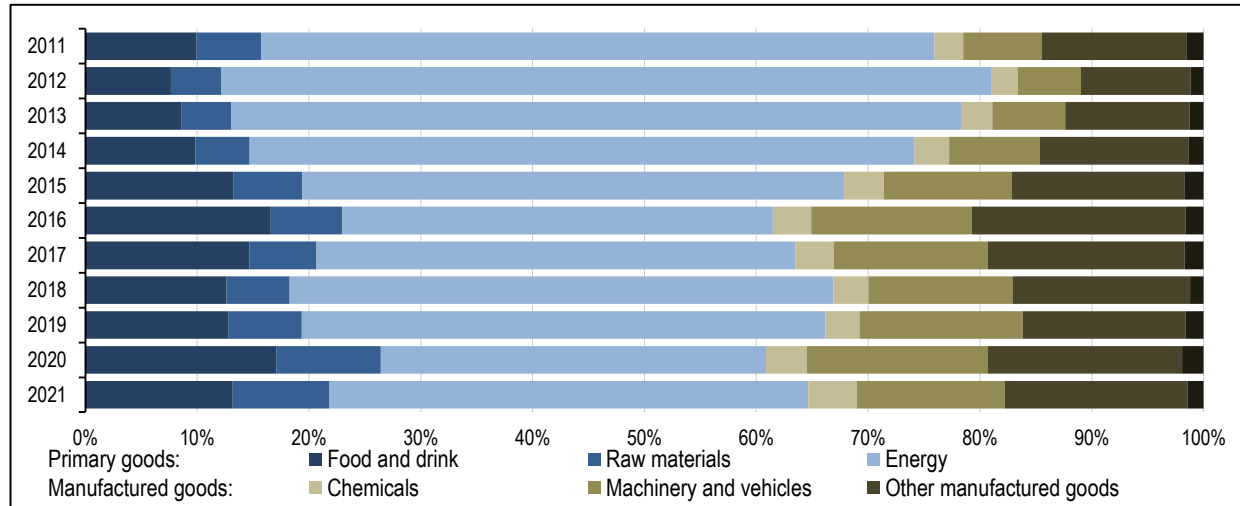


Source: Author's based on Trade Map (2023).

Notes: Map on the left is based on the list of supplying markets from Africa for products imported by European Union (EU 28); and map on the right is based on the list of importing markets from Africa for products exported by European Union (EU 28).

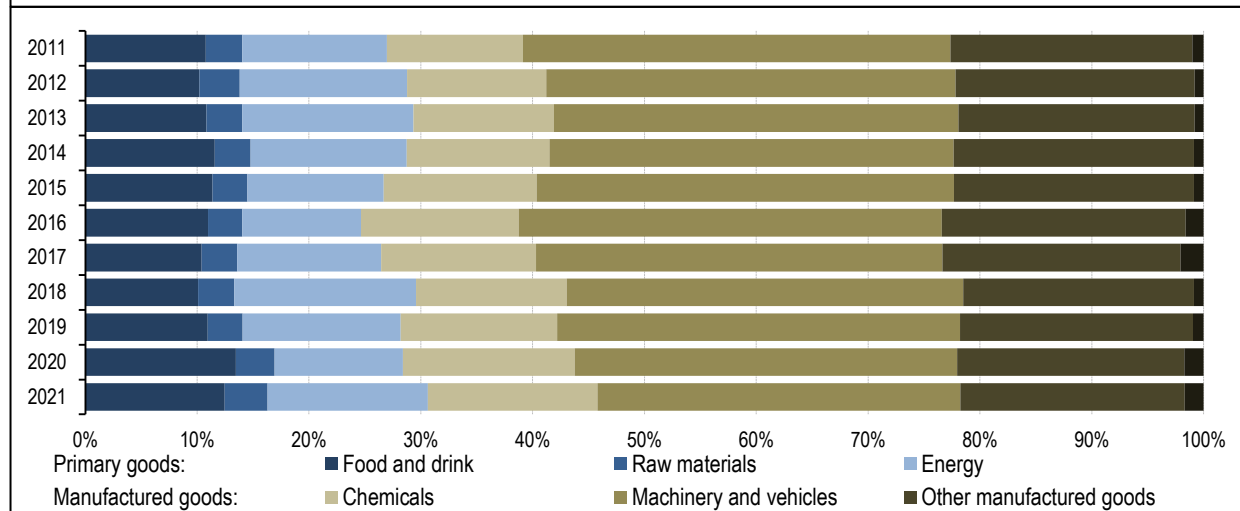
How Africa trade with the EU

Exports



Africa Exports Primary Goods to the EU (>65%) and Imports Manufactured Goods from the EU (>65%)

Imports



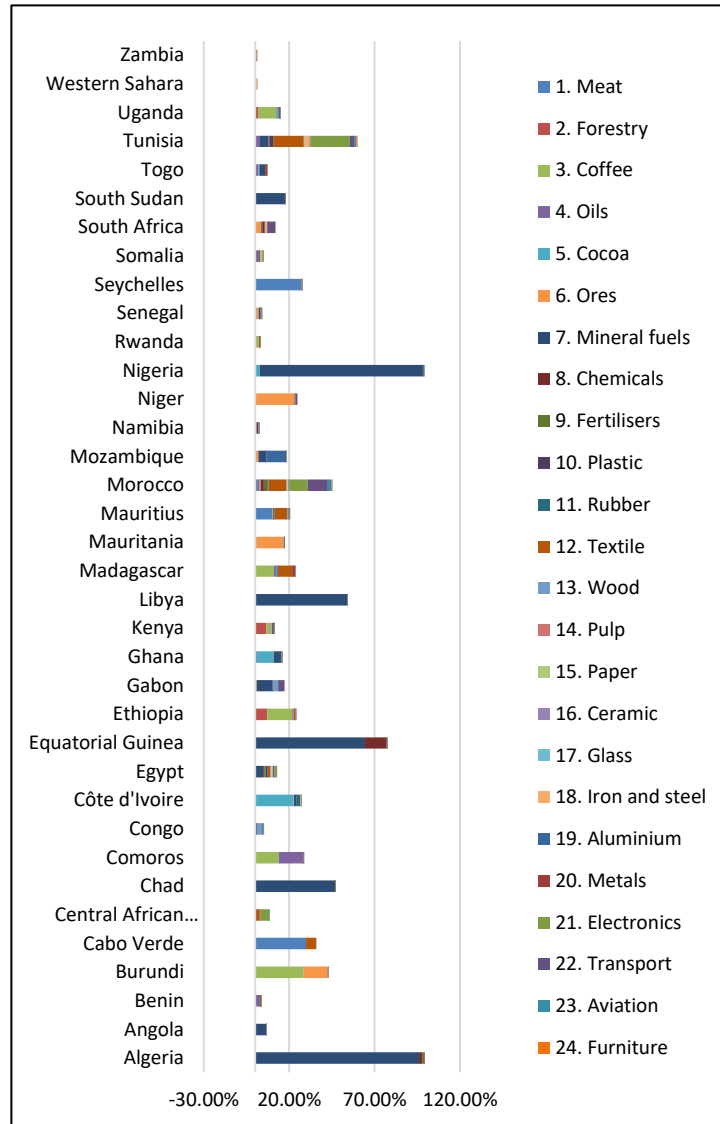
Source: (EuroStat, 2022)

EGD & African trade – Exposure (Selected countries)

84% of total African exports are covered under the EGD.

Mineral Fuel Countries are highly exposed to the EGD – Algeria, Nigeria, Equatorial Guinea, Tunisia, Libya are some of the countries highly exposed to the EGD

Meaning that a high proportion of their exports to the EU are covered under the EGD

































































Source: Author's based on TradeMap, Bilateral trade between countries and European Union (EU 27)



EGD & African trade – Vulnerability

Selected countries

US\$135 bn, about 25% of total African exports to the world, representing 5% of total African GDP are relatively at risk to the EGD.

Countries	GDP Vulnerability		Export Vulnerability	
Africa	5%		25%	
<i>Libya</i>	29%		54%	
<i>Tunisia</i>	21%		60%	
<i>Equatorial Guinea</i>	17%		31%	
<i>Chad</i>	14%		47%	
<i>Morocco</i>	13%		46%	
<i>Seychelles</i>	12%		28%	
<i>Algeria</i>	11%		49%	
<i>Gabon</i>	9%		17%	
<i>Mauritania</i>	8%		17%	
<i>Côte d'Ivoire</i>	6%		27%	
<i>Mozambique</i>	5%		19%	
<i>Madagascar</i>	5%		24%	
<i>South Africa</i>	4%		12%	
<i>Ghana</i>	4%		16%	
<i>Nigeria</i>	3%		36%	
<i>Mauritius</i>	3%		21%	
<i>Angola</i>	3%		6%	
<i>Cabo Verde</i>	2%		89%	
<i>Togo</i>	1%		7%	
<i>Uganda</i>	1%		15%	
<i>Niger</i>	1%		25%	
<i>Egypt</i>	1%		13%	
<i>Namibia</i>	1%		2%	
<i>Congo - DRC</i>	1%		0%	
<i>Kenya</i>	1%		11%	
<i>Senegal</i>	1%		4%	
<i>South Sudan</i>	1%		18%	
<i>Ethiopia</i>	1%		24%	
<i>Burundi</i>	1%		17%	
<i>Central African Republic</i>	1%		9%	

Source: Author's based on TradeMap, Bilateral trade between countries and European Union (EU 27)



What can be done to mitigate the impact of the EGD

1. **Streamline AU and AfCFTA to advance climate resilient development**
 - i. This will position Africa to not be the playground for carbon leakage
 - ii. Creation of climate compatible industrial value chains

2. **Establishing of carbon markets**
 - i. The AU within the AfCFTA could lead the creation of a regional carbon market, which can be utilised for selling carbon credits
 - ii. This market can also be used to retain funds collected by the EU from the continent (i.e., funds collected through CBAM) and these funds can finance climate change and decarbonization

3. **The Africa group should start negotiations to reform the World Trade Organization (WTO) – Start 2024 Feb during the MC13, and utilize MC14 in 2025 as an African MC14 under the following entry points:**
 - i. Using Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement (Lessons from Covid-19) to advancing free green technology transfers
 - ii. Streamline the WTO and UNFCCC principles – S&DT and CBDR principles
 - iii. Strengthen the rules-based trading system – A multilateral, inclusive, fair, just and development-oriented system

4. **Capacity building and technical transfer**
 - i. For mechanisms such as CBAM, and deforestation free-supply chains, African countries will need capacity building and technical transfers to meet the requirements of these measures. I.e., MRV, conducting of due diligence

5. **Support the amendments and streamlining of a fair global financial system**
 - i. Supporting the reform of the mission of the global development finance system – Allowing climate change finance to be included in the mission

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