EU-Africa trade and investment relations: Towards greater convergence?[1]

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Abstract: To achieve economic and sustainable development objectives shared by both actors, European trade and investment relations with Africa must better build on and support African priorities and dynamics. The intellectual foundation for EU cooperation with African nations has traditionally been shaped from outside the continent. In the post-2020 period the policy agenda should be fully African owned and driven. This calls for an EU external economic relations strategy that is centred around support for strategic priorities determined by African policymakers and stakeholders to leverage trade and investment opportunities to realize African development objectives. Looking forward, technological changes – notably growth in the digital economy – implies greater convergence in policy reform priorities, providing a stronger basis for cooperation to support economic transformation in Africa.

1. Introduction

European economic policy towards Africa has centred around aid and trade preferences. The European Union (EU) has also placed great emphasis on the negotiation of economic partnership agreements (EPAs) in the context of the Cotonou Partnership Agreement between the EU and the African, Caribbean and Pacific (ACP) countries. Notwithstanding substantial continuity in the thrust of EU engagement with Africa, over time the EU has moved to a greater focus on EU commercial interests, promotion of European values and pursuit of sustainable development objectives. Drivers for these dynamics included the establishment of the World Trade Organization (WTO), the economic growth of emerging economies in Asia, notably China, and the adoption of the Lisbon treaty, which calls for trade policy to be used as an instrument to defend European values.

A premise of the discussion that follows is that for European trade and investment relations with Africa to achieve economic and developmental objectives shared by both actors, it must better build on and support African priorities and dynamics. The intellectual foundation for African trade and economic integration has traditionally been shaped from outside the continent. In the post-2020 period the policy agenda should be fully African owned and driven. This calls for an EU external relations strategy centred around support for strategic coalitions to assist in leveraging trade and investment opportunities to realize African development objectives.

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The chapter is structured as follows. Section 2 highlights several changes in the international environment that have contributed to shape EU trade and investment relations with Africa in recent decades. Section 3 discusses some of the internal EU dynamics underpinning its engagement in Africa. Section 4 reflects on changes in the African economic policy landscape. Section 5 concludes.

2. A Changing International Landscape

The international economic environment and institutional context has changed significantly since the mid-1990s, influencing both African and EU external policy stances. The creation of the World Trade Organization (WTO) in 1995 significantly influenced the EU trade policy towards Africa. Under the successive Lomé Conventions (1975-2000), the EU provided more favourable preferential market access to ACP exports to the EU than under its generalised system of preferences (GSP) available to other developing countries. These preferences were challenged under the GATT because they entailed discrimination in the treatment of different developing countries, which was against GATT rules. The adoption of an enforceable dispute settlement system under the WTO led the EU to decide to make its trade regime with ACP countries compatible with the WTO through the negotiation of reciprocal trade agreements that required the ACP countries to open their market to the EU in exchange for keeping their preferential access to the EU market. This was not an attractive prospect for many ACP countries and many ACP countries evinced reluctance in acquiescing to EU demands to open up their market to competitive EU goods.

Matters were compounded by the EU supported effort, launched at the 1996 WTO ministerial conference in Singapore, to initiate negotiations in the WTO on new rules for trade facilitation, transparency in government procurement, competition policy and policies towards foreign investment. This effort failed, with many developing countries refusing to accept talks on the last three of these subjects at the 2003 WTO ministerial in Cancun. The failure at the WTO influenced the EU push to include these issues in its PTAs, including the EPAs, as a way to promote both the EU regulatory model with its partners and to benefit its private sector. The vast majority of ACP countries resented the EU ambitions, viewed as a push through the backdoor, with the EPAs, of a WTO-plus agenda, for which the EU could not get buy in at the multilateral level.

In conjunction with the decision to pursue reciprocal PTAs with ACP countries, the EU sought to put in place a preferential market access program for least developed countries (LDCs) that would be consistent with WTO rules. In 2001 the EU adopted the ‘Everything-But-Arms’ (EBA) initiative granting duty-free and quota-free (DFQF) for all products (except arms, and during transition periods for bananas, sugar and rice) to all LDCs, as part of the EU GSP regime. EU efforts to get other developed nations to emulate this program ultimately led to the 2005 Hong Kong WTO Ministerial decision on DFQF market access in favour of all products originating in LDCs.

The EBA program meant that LDCs need not negotiate PTAs with the EU to safeguard preferential access to the EU market, but increased competition from non-ACP LDCs products in the EU market. While beneficial to LDCs, the EBA initiative became a divisive factor in the EPA negotiations as these were conducted with regional groupings in Africa, which encompassed both LDCs and non-LDCs. The split in treatment of LDCs and non-LDCs created tensions with the EU and was an important factor impeding negotiation of EPAs. One result was that some non-LDC countries concluded on an individual basis an interim EPA with the EU before the end of 2007 (the date when a WTO waiver for the EU preference program expired), while their partners in a regional grouping did not. Even in countries that signed an interim EPA this was not the result of a national consensus. Within governments the decision was based on fear for short-term impact not on conviction for structural transformation. The EBA, while a generous trade preference regime undermined the EPA negotiation process and weakened the coherence of EU trade policy towards Africa.

The adoption in 2015 of the 2030 Agenda for sustainable development marked another important evolution in the global policy framework that influenced the EU-Africa economic relations. The 2030 Agenda extended the objectives set under the Millennium Development Goals (MDGs), going beyond important poverty reduction and human development objectives, to include broader sustainable development goals (SDGs) also encompassing sustainable economic transformation and growth dimensions. Together with the African Union (AU) Agenda 2063 (see below), the SDGs justified a greater attention to the economic dimension of the EU-Africa relations. The Addis Ababa Action Agenda (AAAA) on financing for development, part of the 2030 Agenda, highlighted the need to mobilise more domestic resources for achieving the SDGs, as well as more private finance. Recognising the need to move beyond traditional aid, multilateral development finance institutions called for moving "from billions to trillions" (AfDB et al. 2015) in mobilising financial flows to achieve the SDGs, emphasising the catalytic role that aid can play. These international developments contributed to highlight the critical roles private sector engagement and finance play in development, including in the EU-Africa relations.

3. European trade and development policy towards Africa

In Europe, successive EU enlargements to include countries with no colonial past and little relationship with Africa shifted the EU internal balance of power on economic relations with Africa. Greater emphasis was put on the EU neighbourhood, primarily in the East, but by extension also in the South, with North Africa benefiting from the enhanced EU neighbourhood policy. Enlargement arguably provided an opportunity to the European Commission to play a stronger role in steering EU trade and development engagement with Africa. DG Trade was keen to protect its prerogatives regarding EU trade policy, and resisted a more political and geostrategic approach to the EPA negotiations. As a result, the EU's approach emphasized trade issues, with the Commission stressing the view that trade and trade reforms would promote economic development. The emphasis on trade policy was complemented by an increasing focus on aid-for-trade projects in the broader context of ODA programs.

A characteristic of the EPA process was that it was relatively apolitical in the sense that the European Commission arguably demonstrated insufficient appreciation of the political and strategic implications of the deep resentment generated by the EPA process in many African countries, at the highest political level. The absence of a geostrategic approach by Europe to EPAs and in its trade relationship with Africa has been striking. Once the mandate was given to the Commission to negotiate the EPAs, it seemed that negotiations followed a technocratic track, with no clear political steering from EU member states. The EU took the position that there was no alternative to EPAs, and that with enough pressure, notably the prospect of losing Lomé-type preferences, most ACP countries would ultimately accept to conclude an EPA with the EU. This illustrates a lack of flexibility in recognising the difficulties encountered and a lack of sensitivity to the political and strategic dimensions of EU economic relations with Africa. Moreover, it failed to nurture the structural transformation needed to create vibrant markets for boosting European exports to the continent.

The emphasis on negotiation of deeper trade agreements spanning goods, services and regulatory policies was observed in both the EPA/ACP context and in the EU's approach to preferential trade agreements (PTA)s more generally. However, the purported rationale for pursuit of deeper integration with non-European nations differed. The general argument to expand the ambit of trade policy has been to address a range of border and behind-the-border measures that impede trade flows. Market access considerations – reducing trade costs for European firms in foreign markets – dominated, with the increasing focus on nontariff policies reflecting a recognition that such policies were an increasingly important source of trade costs. Efforts by the EU to get partner countries adopt EU standards and regulatory approaches (or internationally recognized good practices) would reduce trade costs for EU firms.

In the case of the ACP, the EU framed its approach in terms of a development discourse, as opposed to the market access focus of its broader trade policy strategy. EPAs were meant to help ACP countries reform their economies. Past EU unilateral trade preferences and development assistance had failed to diversify ACP exports, which remained heavily concentrated in natural resource-based products and commodities. It was argued that the national markets of ACP countries remained too distorted and were too small to attract the domestic and international investments needed to spur significant economic growth and development. The EPAs were meant to help address these constraints by supporting both pro-investment domestic economic policy reforms and strengthening regional integration of African markets, supported by the European Development Fund (EDF), through which significant aid was provided to ACP countries. In part this focused explicitly on regions (the Regional Indicative Programme), complementing National Indicative Programmes.

Unfortunately, the significant investment of both human and financial resources by the EU to support regional integration in Africa has not been very successful. Indeed, many have argued that the EPAs had adverse consequences for the regional integration process in Africa. In part this has been because of the differential incentives created by the EBA initiative for LDCs vs. non-LDCs, as mentioned above. Another problem was that the EPA regional negotiating groupings did not always overlap with the extant regional economic communities (RECs) in Africa.[2] As a result, none of the EPAs in place today correspond to the existing RECs, hence *de facto* undermining their integration dynamics. This is arguably not only the EU's fault, as African countries have a responsibility in this outcome as well.

In North Africa, the EU also pursued an agenda centred around support for domestic reforms and alignment to the EU regulatory framework. While the regional dimension was more difficult to pursue, due to tensions between North African countries, the EU concluded trade agreements with Tunisia (1998), Morocco (2000), Algeria (2002) and Egypt (2004). These agreements are part of the Barcelona Process and the Euro-Mediterranean Partnership (Euromed) that in turn became part of the European Neighbourhood Policy. Following the Arab Spring, the EU proposed a 'more for more' policy, linking trade, aid and democratic reforms and started talks on a deep and comprehensive free trade agreement (DCFTA) with Tunisia, Morocco and Egypt. These DCFTAs aim to improve partner country access to the EU market by encompassing a range of beyond-the-border regulatory policy areas. Talks on DCFTAs, initially meant to exemplify the 'more for more' EU approach, have stalled, partly due to resistance from the countries concerned. As with the EPAs in many sub-Saharan African countries, the DCFTAs are perceived by a part of the political establishment as an endeavour by the EU to increase its foothold and influence on domestic markets, opening up partner economies to very competitive products from the EU, thereby undermining local development. The DCFTA experience illustrates again the difficulties that the EU has encountered when trying to push a trade and reform agenda not owned by partner countries and divorced from broader political and strategic considerations.

Some 20 years after launching the EPA process, the EU has opened the perspective of a continent-to-continent free trade agreement between the EU and Africa,[3] recognizing the need to establish a more equal relationship with Africa, less focused on EU special treatment and aid, and based more on shared economic and political interests. Moving from the rhetoric to the practice has not been easy but the EU has increasingly recognised African development initiatives and the potential to develop strong economic ties among the private sectors of both continents. This evolution is consistent with the 2030 Agenda.

[2] Only the wrongly named SADC-EPA, which does not cover all SADC countries, includes a coherent regional community, the members of SACU (plus Mozambique).

[3] See the 2018 State of the Union address: *Towards a new 'Africa - Europe Alliance' to deepen economic relations and boost investment and jobs*, 12 September 2018.

A number of EU policies reflect this new paradigm. Three new initiatives stand out. The first, in chronological order, is the 2014 European Communication on *A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries*. Building on the 2011 EU *Development Policy the Agenda for Change*, it reflected the political will to be more focused and effective in tailoring development support to private sector as a mean for achieving sustainable development. This new approach seeks to leverage the private sector in partner countries, expand private investment in specific sectors (energy, agriculture and agribusiness, infrastructure, and 'green' and social sectors), and catalyse private sector engagement through promoting corporate social responsibility (CSR) and multi-stakeholder alliances, networks and platforms.

Second, the 2015 EU *Trade for All* strategy also placed a greater emphasis on the economic interests of private actors, including in EU relations with developing countries, and the promotion greater sustainability to benefit both the EU and developing country partners. A key feature of the 2015 strategy, in line with the Lisbon Treaty, is to task EU trade policy with contributing to promote European and international values, fostering free and fair trade, social justice, human rights and high labour and environmental standards.

Trade policy is regarded as part of the arsenal of EU tools (e.g. initiatives, policies, institutional frameworks) to achieve these nontrade objectives. Overall, the greater attention in the EU trade policy to human rights, labour, social and environmental sustainability issues, and increasingly, gender dimensions, has gained political traction in Europe. The EPAs have been criticised in that respect, notably by NGOs and members of parliaments from the European Parliament and some EU member states' parliaments. The Cotonou Agreement, which underlined the EPAs, is quite explicit about human rights dimensions; yet, the provisions in most of the EPAs are couched in a language much weaker than in more recent EU PTAs (Ramdoo and Bilal 2016).

The third EU initiative with significant implications for shaping EU trade and investment policy towards Africa is the 2017 EU External Investment Plan (EIP). The EIP is a systemic effort by the EU to pursue a more coherent and coordinated approach to stimulate sustainable investment in Africa and European Neighbourhood countries. It was politically framed as part of the EU response to the perceived migration crisis and need to address the root causes of illegal migration to Europe by promoting investment and job creation, notably in poorer and fragile countries, in a way conducive to achieving the SDGs. The EIP proposes an integrated framework combining complementary means to more effectively leverage more private finance for greater sustainable development impact in countries most in need.

The *European Fund for Sustainable Development (EFSD)*, as the first pillar of the EIP, is an enhanced tool to more significantly pursue blended finance opportunities in priority areas defined by the EU (including agriculture, sustainable energy, access to finance to small-and-medium sized enterprises, urbanisation). In essence, it takes a more structured and strategic approach to existing EU blending facilities, and seek to strengthen the private dimension of blended finance, beyond public infrastructure, to non-sovereign entities (i.e. private sector) (European Commission 2020). Perhaps even more significantly, the EU set up the *EFSD guarantee*, a new risk-mitigating mechanism open to development finance institutions (DFIs) - with a preference to European ones - that have been vetted by the EU to be entrusted to manage EU funds (i.e. *pillar-assessed* in the EU jargon), so that they can pass on the guarantee to their clients (private investors and financing institutions) in developing countries. The latter provides an EU guarantee for European private investment in Africa and offers an instrument to both address political risk and perceptions that European private investments in Africa are at a disadvantage compared to investments from emerging countries, notably China, because the latter have benefit from some form of state backing. While the effectiveness of the EFSD and guarantees remain to be seen, they demonstrate EU commitment to mobilise more and better private finance for sustainable development.

The EIP also puts emphasis on improving the investment climate in partner countries (European Commission 2019) through a political dialogue with developing countries on regulatory and policy issues affecting investment. This structured dialogue is to be pursued with private sector, labour representatives and NGOs. EIP investment initiatives are complemented by dedicated technical assistance, notably to help improve investment project preparation and implementation in the EFSD, and to enable policy reforms and structure dialogues. The design of the EIP is meant to broaden and better integrate different dimensions of EU development cooperation, as well as to better integrate EU aid with EU trade interests and private sector promotion to support geostrategic ambitions. Yet, the establishment of the EIP has been a very Euro-centric process, driven by European considerations, with no consultation with Africa.

While the EU approach to trade and investment in Africa arguably is becoming more coherent in its design, in practice putting together the various pieces of the EU puzzle, in terms of policies, tools and initiatives, remains a challenge. Approaches and implementation vary greatly from county to country, often depending on the leadership provided (or not) by in-country EU Delegations. The EPA legacy continues to affect the dynamics of engagement in some countries – more positively in those countries that have now engaged in negotiations to deepen the EPA, notably in services (with Comoros, Madagascar, Mauritius, Seychelles and Zimbabwe), and more negatively in countries that are resisting ratifying their regional EPA, as in Nigeria and Tanzania. The EU still struggles to improve its internal coordination to realize coherent implementation and potential synergies. Competition among EU institutions and EU member states, including among DFIs, also tend to reduce the effectiveness of the EU external action (Wieser et al. 2019). While substantial efforts have been made to improve coherence and coordination of EU external engagement with Africa, perhaps the biggest challenge for the EU remains to better anchor its trade and investment engagement with Africa on

African priorities and initiatives, and supporting African institutions and trade stakeholders more broadly.

4. African trade policy priorities

Trade and investment policy reforms, in part undertaken to integrate subsets of African markets, have led to a steady reduction in trade barriers resulting in a trade policy landscape that is quite different from that prevailing in the late 1990s and early 2000s (Oyejide et al. 1999). Many African economies are relatively open to trade in goods and services, although the average most-favoured-nation (MFN) tariff (in the 10-15 percent range) remains higher than in many other regions (WTO, ITC and UNCTAD, 2017). Intra-regional trade has been growing, standing at 18 percent of total trade for sub-Saharan Africa, but the stylized fact that African borders are "thick" (Brenton and Isik 2012) remains salient, suggesting significant potential for increasing intra-African trade (De Melo and Tsikata 2015).

As mentioned, an important policy change in recent years is that this potential is being pursued with greater seriousness by African leaders as well as the private sector (Brenton and Hoffman 2016). The launch of the African Union in 2002 to replace the Organisation of the African Unity proved to be a decisive step for African own ambitions. This is illustrated in the adoption in 2015 of the AU's Agenda 2063 as a systemic transformative agenda for Africa, and most recently the establishment of the African Continental Free Trade Agreement (AfCFTA). These initiatives crystallize Africans' development and transformative ambitions, based on a pan-Africanist vision.

A clear implication for the EU is to ensure that its external engagement is designed and perceived to be supportive of priorities and processes pursued under the umbrella of the AfCFTA. The establishment of the AfCFTA provides an overarching focal point for cooperation on trade policy matters between the EU and Africa.[4] The AU's Agenda 2063 provides a vision for "the Africa we want" (African Union Commission 2015): "an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena."[5] It is a blueprint for a prosperous Africa, based on inclusive growth and sustainable development, with structural transformation creating shared growth, decent jobs and economic opportunities for all. The agenda envisages a continent where there is free movement of people, capital, goods and services and a substantial increase in trade and investment among African countries. The AfCFTA is the 'apex' institutional framework to support this, with the AU initiative 'Boosting Intra-Africa Trade' (BIAT) defining seven priority areas for action: trade facilitation, trade policy, productive capacities, trade related infrastructure, trade finance, trade information and factor market integration.

[4] Whether the AfCFTA will have a major impact on Africa's trade performance and structure is an empirical question we do not address in this chapter. See Akokpari (2020) for an assessment.

[5] African Union website at: https://au.int/en/about/vision.

Realizing the ambitious intra-regional trade agenda embodied in the AfCFTA is a multidimensional challenge. It will require confronting several key attributes of African trade policymaking, notably the political economy forces that have long impeded regional integration in Africa (Hoekman and Njinkeu, 2017). Although trade barriers have been reduced in recent decades, exports between African countries that are in different RECs often face the highest tariffs. Likewise, nontariff restrictions are highest for neighbouring countries that are not members of the same REC. Fully liberalizing intra-African trade will give rise to adjustment costs for protected sectors that may induce successful lobbying against liberalization. Research to identify where and how large such adjustment costs are likely to be is important, as are mechanisms through which to determine the incidence of the potential benefits in terms of greater investment and employment creation. Building a broad-based consensus on the agenda for exploiting these benefits would also be essential.

As argued in Njinkeu (2019), a factor impeding progress on African trade integration is that stakeholders do not understand the extent to which the trade in goods and services are intertwined. Manufacturing companies have a major stake in services policy reforms but may not fully understand the importance of services for their business. The AFCFTA and the RECs now include the services agenda in their work programs; some REC's such as ECOWAS have also identified priority regional value-chains. African trade stakeholders increasingly appreciate the impact on competitiveness of transactions costs induced by inefficient services, including in transportation, finance, communications, or professional services. What is lacking is an appreciation of how and the extent to which these are interconnected and undermine Africa transformation. EU and African policymakers need to think in terms of goods and services given the trends towards servicification and digitization of economic activity, and the need to consider their implications (potential) for fostering growth and economic development. Much of the trade policymaking challenge in Africa in the post-2020 period will centre on non-tariff policies such as regulatory standards, connectivity to networks of land, air and maritime transport, and other core services such as distribution, finance, and professional services. The digitization of economic activities and associated trade in services dynamics has implications for the cross-border trade facilitation agenda, which to date has focused primarily on facilitating trade in goods.

This regulatory/services/digital policy agenda entails engaging with one of the dimensions of the EPA process that was a major source of tension between the EU and African negotiators. Facilitating trade in services and associated data flows and cross-border movement of services providers (often natural persons) requires a focus on reducing the costs of regulatory heterogeneity. In many instances there will be benefits from adopting international standards, pursuing regulatory equivalence initiatives and putting in place appropriate certification or conformity assessment systems. What will make sense should be determined on a case by case basis. The main point is that technical assistance and capacityenhancing programs be designed and implemented to support the increasingly important agenda centred around trade and investment in services and the shift towards the digital economy.

An implication of ongoing technical changes and structural transformation of the economy towards services, e-commerce and associated digital platforms is that this requires a focus on policy areas that were emphasized by the EU in EPA and PTA discussions and the WTO in the early 2000s. Although this agenda was not supported by most African partner countries, in a sense the EU was ‘ahead of the times. Looking forward the regulatory, behind-the-border policy agenda is of great importance for African countries individually and jointly, as it is critical in establishing a supportive investment climate for the services firms and activities that will constitute an ever increasing share of the economy. What was missing in the early 2000s was an understanding of the importance of addressing this regulatory agenda. This suggests there is likely to be much more convergence in views regarding the salience of regulatory cooperation and efforts to bolster related institutions. While necessary, this is not a sufficient basis for constructive engagement between Africa and the EU. Equally important is to approach this agenda by focusing on the objectives, concerns and priorities as defined by African counterparts and not taking the view that EU norms, standards and approaches are *ipso facto* the model to be adopted.

These considerations suggest a greater focus by the EU on understanding African priorities in different areas of policies and appropriately sequencing support activities. This in turn requires mechanisms that go beyond engagement with different policymakers and stakeholder communities in African states to address what was arguably a key factor leading to the problems that characterized the EPA negotiations: a lack of ‘ownership” and joint understanding of how regulatory cooperation would benefit Africa. Devoting support for the creation and operation of an epistemic community of trade policy researcher and practitioners to engage in evidence-based policy dialogue and advocate for sustainable development-enhancing trade reforms could help to bridge the gap between political vision and implementation of policy reforms. An Africa-wide network of analysts (academics, consultants), policy officials, and representatives of business associations, labour organizations and NGOs who have credibility in Africa could do much to cultivate demand at the policy-making level for research-informed inputs by fostering sustainable relationships with national governments and RECs, and empower strategic change agents and mobilize institutions willing and able to champion the African transformation agenda. Such networks could complement analysis and recommendations with policy implementation support, e.g. by facilitating dialogue and interaction among stakeholders affected by trade reform projects and those charged with their implementation. One benefit of a broad-based epistemic trade policy community would be to provide a framework for information exchange on implementation progress and on monitoring and assessment of reform programs.

Combining such an effort with training and capacity development programs for practitioners would leverage its potential impact. This could focus on peer-to-peer learning among government officials, businesses, labour organizations and NGOs, connecting line ministries to the trade integration process, exposing officials of these ministries to good practices and tools to enable ministerial departments to work towards a common goal and overcome sectoral biases. agencies. A basic aim would be to align the trade agenda with national development processes and donor cycles.

5. Conclusion

The EU approach has too often been centred on its own policies and instruments, as in the case of the EPAs, initiated at the instigation of the EU. This remains the case with the European External Investment Plan, which has been mainly a European affair. The 2018 *Africa – Europe Alliance for Sustainable Investment and Jobs* was also elaborated without consultation with Africa. The von der Leyen Commission has adopted a more collaborative approach, engaging in more intense consultations with its African partners to develop joint initiatives building on shared strategic priorities and interests. Africa should become more vocal about its ambitions and expectations from Europe. In particular, the African Union should pro-actively articulate its priorities towards its economic relations with the EU and avoid a reactive attitude towards EU positions.

For trade and investment, the AfCFTA offers a relevant political anchor for cooperation between the two continents. Whether it eventually will be successful in substantially expanding intra-African trade remains to be seen – as discussed by Akokpari in this volume, valid questions can be posed in this regard. However, if proper lessons can be drawn from past experience, a mutually beneficial cooperation is possible. It is important in this regard to consider that AfCFTA is not only about intra-Africa trade, but also about productive capacity for economic transformation. On trade issues, it is the high-level political platform to address trade and investment policy-related issues in Africa. It is for this reason that we argue the EU trade and aid agenda be tailored to support the broad AfCFTA policy agenda. This can build on the EU EIP initiative, the EU's 2018 *Africa-Europe* and the 2020 European Communication *Towards a comprehensive Strategy with Africa*, which seek to stimulate investment in Africa. The key need is for cooperation to support African initiatives and be implemented with African actors and through African public and private institutions.

Given the centrality of the AfCFTA looking forward, more attention should be given to the synergies and complementarities between the continental and sub-regional integration processes centred around the RECs and the implementation of EPAs. Deepening of the EPAs, as currently negotiated with five East and Southern African countries (Comoros, Madagascar, Mauritius, Seychelles and Zimbabwe) should be conducted in coherence with the AfCFTA, so as to strengthen it. Similarly, the long-term prospect of a continent-to-continent free trade agreement could start with technical alignment of the EPAs and the EU PTAs with north African countries to the AfCFTA, to simultaneously facilitate intra- and inter-continental trade. The essential element is that the trade agenda be commonly designed by the EU and Africa, reflecting their own interests and political dynamics.

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