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

San Bilal (ECDPM), Bernard Hoekman (EUI and CEPR) and
Dominique Njinkeu (African Trade and Sustainable Development)

RESPECT working paper

17 August 2020

1. Introduction

The economic relationship between the European Union (EU) and African countries has its roots in geographical proximity, historical legacy and cultural ties between the two continents. It continues to be marked by a heavy dependence on trade in raw commodities, which has shaped African exports to the EU and European foreign direct investment (FDI) flows to Africa. European economic policy towards Africa has centred around aid and trade preferences, complemented by dialogues with a view to improve domestic policies, governance and the investment climate in partner countries. The EU has also placed great emphasis on fostering regional integration processes on the continent, providing dedicated financial envelopes to support regional economic communities (RECs) and tailoring its trade policy accordingly, engaging in the negotiation of preferential trade agreements (PTAs) with African regional groupings. These economic partnership agreements (EPAs) have been pursued 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, there has been significant evolution over the years, marked by tensions in the relationships (most notably around EPAs). The EU approach has been shaped by changes on the external environment. It has moved from a more benevolent and often perceived as somewhat paternalistic style of engagement, telling Africans what's best for them, to more business-like types of interaction, focused on both commercial interests, promotion of European values and pursuit of sustainable development objectives. One driver of this shift has been the economic growth of emerging economies in Asia, notably China, India and the UAE, which led to a significant shift in trade shares in recent decades. Although the EU remains Africa's main partner in terms of trade and investment and continues to be the main provider of official development assistance (ODA), including aid for trade, the relative weight of the EU as an external partner for Africa has been declining.

[1] This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement no. 770680.

A premise of the discussion that follows is that for European trade and investment relations with Africa to achieve some of their intended economic, geostrategic and developmental objectives, reflecting the interest of both continents, 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 strategic coalitions to assist in leveraging trade and investment opportunities to realize African development objectives, the purported goal of EU economic cooperation and trade policy vis-à-vis Africa.

The paper 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 EU internal dynamics and new initiatives underlying its engagement in Africa. Section 4 reflects on changes in the African economic policy landscape and their implications for the economic relations between the two continents. Section 5 concludes with some recommendations.

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 and the associated expansion of multilateral rules to cover trade in services and protection of intellectual property, and the subsequent accession of China to the WTO by China in 2001, made the multilateral trade regime a more central focus of policy attention. Concurrently, starting in the 2000s, many OECD countries expanded existing or negotiated new PTAs that were "deeper" than traditional PTAs limited to liberalizing trade in goods on a preferential basis. The EU was a market leader in this regard, putting increasing emphasis on using preferential access to the European market as a tool to pursue nontrade policy objectives in areas such as labour standards, environmental regulation, and civil, political and human rights – matters that were not part of the WTO. This effort was largely directed towards smaller developing countries, as most large emerging economies were not inclined to make nontrade policy commitments in return for (better) preferential access to the EU.[2] As these emerging economies, particularly China, sustained very high rates of economic growth in the period after the WTO was established, the position, perception and interaction of Europe in Africa changed substantially. China and India offer an alternative form of engagement with Africa, based notably on a win-win narrative and devoid of attention to governance issues and nontrade policy issues.

The creation of the WTO in 1995 and successive WTO initiatives have significantly influenced the EU trade policy, including towards Africa. The trade and development agenda slowly gain prominence with the WTO. The recognition that the Uruguay Round (1986-1993) had not benefited much poorer

[2] The EU has yet to conclude a PTA with China or India.

countries, the massive protests by labour and nongovernmental organizations (NGOs) against the 1999 WTO Ministerial Conference in Seattle, and the delayed launch of a new round of multilateral negotiations, all contributed to emphasise the need for trade to better serve development objectives, and for the multilateral trading system to do more to take account of the interests of developing countries. These aspirations were somewhat captured in the Doha *Development* agenda, the first round of multilateral trade negotiations launched under WTO auspices in September 2001, and in the Aid for Trade initiative launched at the 2005 WTO Hong Kong Ministerial Conference. Discussion on special and differential treatment (SDT) gained prominence in the 2000s. Some progress was made in negotiating new agreements on subjects of importance for economic development, notably the Trade Facilitation Agreement. This agreement, concluded in 2013, embodies a new approach towards recognizing and addressing differences across WTO members in priorities and the implementation capacity. On the traditional market access-related issues the Doha round failed to deliver concrete results, however.

The WTO agenda and initiatives, notably the Doha round, contributed to shape the EU trade relations with Africa. The establishment of the WTO led to increased pressures on the preferential trade regime applied by the EU to the ACP countries. 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, including specific commodity regimes for ACP bananas, beef, sugar and rum. These preferences, in particular for sugar and bananas, were challenged under the GATT because they entailed discrimination in the treatment of different developing countries, which was against GATT rules. The EU, as a main architect of the WTO and now subject to an enforceable dispute settlement system under the WTO, decided to make its trade regime with ACP countries compatible with the WTO multilateral trading system. In essence, this meant ceasing to request a specific WTO waiver for its unilateral ACP trade preference program. Under the Cotonou Agreement (2000-2020), the EU committed to have WTO-compatible trade regimes with the ACP countries as of 2008. In parallel, it sought and obtained a WTO waiver in 2001 (at the same time as the launch of the Doha Round) for its ACP preferences until the end of 2007. The ACP countries only reluctantly agreed to this clause in the Cotonou Agreement, and many kept asking for an extension of the Lomé-type of preferences under an extended WTO waiver, referring to the 2000 US preferential regime for Africa – the Africa Growth and Opportunity Act (AGOA) – as a precedent that illustrated it was feasible to obtain a waiver from WTO members for such programs. They also stressed the commitment made by the EU under the Cotonou Agreement that no ACP country should be worse off from the loss of Lomé preferences, a pledge that the EU has not been able to fulfil.

The upshot was that instead of pursuing the WTO waiver route, the EU sought WTO compatibility primarily by negotiating reciprocal trade agreements – the EPAs – with ACP groups of countries. The EPAs basically 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. PTAs are generally negotiated on a mercantilist basis, through exchanges of 'concessions' in terms of reciprocal market opening. Having already opened 97% of its market to ACP products, the EU had little more to offer to reach the 100% which the EU later branded as the best offer ever made, whereas the ACP countries were asked to liberalise at least 80% of their imports from the EU. The EU characterised the deal as highly asymmetric and allowing the ACP to protect a substantial part of their economy. Many ACP countries were not convinced and 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 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. Only a few ACP countries, mostly among the Caribbean negotiators and Mauritius, could see in the proposed EPA framework an opportunity to harness reforms of their economies, as advocated by the EU. 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. The perceived EU push for its regulatory norms, framed under a development rhetoric, partly explained the protracted and often tense EPA negotiations.

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. The Brussels Programme of Action (BPOA) adopted at the Third United Nations Conference of the Least Developed Countries (LDC-III) in May 2001 in Brussels, and in particular its Commitment 5 focused on enhancing the role of trade in development, paved the way for the commitment at the WTO Ministerial Conference in Doha in November 2001 to "the objective of duty-free, quota-free (DFQF) market access for products originating from LDCs" and "to improving their effective participation in the multilateral trading system." This ultimately led to the 2005 Hong Kong WTO Ministerial decision on DFQF market access in favour of all products originating in LDCs.[3] These international initiatives in favour of LDCs were strongly pushed by the EU, which in March 2001, just prior to the LDC-III conference, adopted the 'Everything-But-Arms' (EBA) initiative granting 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.

[3] See for instance WTO (2017).

This evolution of the EU unilateral trade preferential regime, triggered by WTO compatibility considerations, provided African LDCs – accounting for the majority of LDCs and African countries – with an alternative to the Lomé-type of preferences, which the EU was committed to remove by the end of 2007, and an alternative to negotiating PTAs with the EU to safeguard preferential access to the EU market. The EBA initiative stirred some controversies,[4] including claims that its rules of origins were too restrictive (they were revised in 2011) and that EBA increased competition for ACP exporters from non-ACP LDCs products in the EU market. It was also no substitute for the Commodity Protocol of the ACP-EU partnership. Another source of concern was that the EBA initiative resulted from a unilateral decision by the EU, and therefore could be withdrawn at will, unlike the Lomé-type of preferences that the ACP countries benefited from under a contractual agreement with the EU. The DFQF initiative for LDCs in the WTO was a partial response to this concern. On the whole, the EBA initiative proved to be an acceptable alternative to the Lomé-type of preferences for most African LDCs.

This alternative was not available to non-LDCs, causing the EBA initiative to become a divisive factor in the EPA negotiations, as it split African countries between LDCs and non-LDCs (Bilal, 2007). For non-LDC ACP countries, an EPA became the only alternative to keep their preferential access to the EU market, which they deemed essential for some of their key exports (typically bananas for countries such as Cameroon, Cote d'Ivoire and Ghana; or beef for Botswana and Namibia) (Bilal and Stevens, 2019). As EPA negotiations were conducted with regional groupings, the split in treatment of LDCs and non-LDCs resulted in diverging incentives for African countries that were part of the same regional grouping. This has been an important factor in the tensed and delayed EPA negotiations. It also explains why some countries concluded on an individual basis an interim EPA with the EU by the end of 2007, while their partners in a regional grouping did not. The EBA, while a generous trade preference regime in line with UN and WTO initiatives towards LDCs, 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 an important evolution on the global scene, which significantly influenced the EU-Africa economic relations. The 2030 Agenda is a truly global one, universally applied, requiring actions from all actors, industrialised, emerging and poorer countries. This interdependence around global objectives became increasingly relevant in shaping the EU-Africa relationship, including trade and economic prosperity. 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 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

[4] See the collection of essays in Faber and Orbie eds. (2007).

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" 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 that private sector engagement and finance play in development, including in the EU-Africa relations.

The EU remains Africa's largest trading partner, accounting for about 30% of both exports from and imports into Africa as a whole. The relative importance of the EU as a trade partner has been falling steadily over time, however. In 1995 the EU accounted for 50 percent of African exports. The EU accounts for a greater share of total trade for North African countries than in sub-Saharan Africa. Growth in the share of China, India and other developing and emerging economies has increased the importance of economic relations with these countries. Trade with China accounted for some 17% of total trade in 2018. India and the UAE accounted for another 10% (UNCTAD data). These trade dynamics have been accompanied by inflows of FDI from the major emerging economy trade partners, with China playing a prominent role as an investor in infrastructure and natural resource projects. Thus, while the EU is a major partner for Africa, it is less dominant than it was in the 1990s.

Intra-regional trade has also been growing, standing at 18 percent of total trade for sub-Saharan Africa, with the share for trade in agricultural products (27 percent)[5] higher than for manufacturing (15 percent) (WTO, 2016). This is below the shares observed in more closely integrated regions, implying that the potential for increasing intra-African regional trade remains significant.[6] An important change in recent years is that this potential is now being pursued with greater seriousness by African leaders and, critically, the private sector (Brenton and Hoffman, 2016). A concerted effort by many African countries to deepen regional trade and economic integration has been pursued through RECs and the establishment of the African Continental Free Trade Agreement (AfCFTA). We return to the implications of the regional economic integration agenda for EU relations in Section 4.

3. European trade and development policy towards Africa

In Europe, the successive EU enlargements to countries with no colonial past and little relationship with Africa have 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.

[5] See Cissokho et al. (2013) for an analysis why this is the case in West Africa.

[6] See, e.g., de Melo and Tsikata (2015) or Geda and Kibret (2008). Official trade statistics understate actual intra-African trade by not capturing informal trade and, in some instances, smuggling.

The dilution of EU countries overall stakes in Africa arguably also provided an opportunity to the European Commission to play a stronger role and more actively steer Europe's trade and development engagement with Africa. The trade dimension of the relationship with Africa expanded as a result of the institutional evolution of the EU and an internal restructuring within the European Commission. In the early 2000s trade relations with sub-Saharan African countries (and ACP countries overall), until then falling under the competences of the Directorate-General (DG) for development (now DG DEVCO) of the European Commission, shifted to DG Trade. EPA negotiations were therefore led by DG Trade, with a conventional trade policy focus, while the development dimension remained in DG DEVCO, more in an accompanying mode to the negotiations.

The Lisbon Treaty, and establishment of the European External Action Service, also had implications for external economic relations with Africa, including at the level of EU Delegations, as the political dimensions of the economic and trade relationship with Africa gained prominence. EPAs gained particularly high political attention in 2007, as the looming end of Lomé-type trade preferences and the failure to conclude most of the EPA negotiations generated pressures that threatened to derail the EU-Africa Summit in Lisbon in December 2007. Subsequent years continued to be characterized by political tensions between the EU and some African countries associated with the EPAs. 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.

France and Germany were at the origin of the proposal by the EU to negotiate EPAs at the regional level with ACP countries and played a significant role in shaping the EPA negotiating process. The UK and a group of Nordic countries – Sweden, Denmark and Finland – also expressed a strong interest in strengthening the trade and development dimensions of the EPAs, together with other countries like the Netherlands, Belgium and Ireland. These active EU member states formed an informal loose coalition, calling themselves the 'Friends of EPAs'. The Friends of EPAs had regular informal meetings to assess the dynamics of the EPA negotiations, the key trade and developmental issues at stake, and occasionally to attempt to forge common positions. Most EU member states supported the stance taken by the European Commission, but political pressure by France and the UK, and to a lesser extent by Germany and the Netherlands, was exerted to find a compromise with African countries when the EPA negotiations threatened to disrupt the broader European relationship with Africa.

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 corners, 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 European Commission to negotiate the EPAs, it seemed that negotiations followed a more 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 both a lack of flexibility and agility of the EU in recognising the difficulties encountered, and incorporate the political and strategic dimension of its economic relations with Africa and the historical imbalance in the relationship between Europe and Africa. The EU did not feel constrained in exerting pressure on e African countries, as was the case with EU Trade Commissioner Peter Mendelson (2004-2008). Though at times undiplomatic, many European capitals and DG Trade officials gave him credit for concluding some EPAs, even if incomplete and in the form of interim agreements with African countries.

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 PTAs more generally. However, the purported rationale for pursuit of deeper integration with non-European nations differed for EU trade policy in general and for the EU trade policy towards the ACP and Africa. The generic 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. Although the EU, as a regional entity itself, has long been keen to support regional integration elsewhere in the world, the focus of the EPA negotiations on groups of African countries is a distinctive feature of EU trade policy relations with Africa. EU development policy was also tailored to support African regional integration. The European Development Fund (EDF) dedicated to ACP countries entails a significant regional aid envelope and programmatic exercise (the Regional Indicative Programme), next to the national ones (National Indicative Programmes).

Unfortunately, notwithstanding the significant investment of both human and financial resources, EU support for 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 major extant RECs in Africa. Within regional communities, countries have often failed to adopt a common position on the signing and ratifications of the EPA, as in the case of the EAC, ECOWAS and CEMAC. 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. But it illustrates the limits of the EU's ability to push through its agenda in Africa. Only the wrongly named SADC-EPA, which does not cover all SADC countries, includes a coherent regional community, the members of SACU (plus Mozambique).

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 has 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. While in practice the EU did not explicitly link preferential market access to democratic reforms, it 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 in many sub-Saharan African countries, the DCFTAs are perceived by a part of the political establishment in Africa 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. While many of these fears may not materialise, they illustrate again the difficulties that the EU has encountered when trying to push a trade and reform agenda not owned by African domestic consistencies, and divorced from broader political and strategic considerations.

The EU has tried to move beyond the troublesome EPA process. 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.[7] In line with its overall partnership with Africa, it has stressed the need to establish a more equal relationship with Africa, less focused on EU special treatment and support to Africa, and more based on shared economic and political interests. Moving from the rhetoric to the practice has not been easy. But the EU has increasingly recognised African own development initiatives and the potential to develop strong economic ties among the private sectors of both continents. This evolution also follows from the 2030 Agenda, which recognises the critical economic dimensions, and hence the role of the private actors, in achieving the SDGs (Bilal at el. 2014).

A number of EU policies reflect this new paradigm, with direct effects on Africa. 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. In particular, it emphasised a win-win approach to development, where domestic and international private sector profits and economic development can be mutually reinforcing with the help of development cooperation (Byiers, et al. 2014; Große-Puppendahl et al. 2016). This new approach pursued three main objectives: (i) developing the private sector in partner countries (targeting the business environment, SMEs, entrepreneurship, access to finance), (ii) mainstreaming private sector engagement in specific sectors (energy, agriculture and agribusiness, infrastructures, green sectors, and the social sectors), and (iii) catalysing private sector engagement for development, including by promoting corporate social responsibility (CSR), networks and platforms, and facilitating multi-stakeholder alliances.

Second, the adoption of the 2015 EU *Trade for All* Strategy aimed at ensuring that the European private sector more effectively take advantage of the opportunities provided by the EU trade policy to deliver growth, employment and innovation. In practice, this means that the EU has placed a greater emphasis on the economic interests of private actors, including in its relations with developing countries, and the trade policy implementations issues. The EU *Trade for All* Strategy also aimed at promoting greater sustainability and benefits for all, including the EU developing partners and the poor. In particular, the EU trade policy should contribute to promote European and international values, fostering free and fair trade, social justice, human rights and high labour and environmental standards.

The attention to human rights and sustainability preceded the EU *Trade for All* Strategy. Human rights are a core value of the EU. Sustainability has been an explicit core element of the EU internal policy since 2001 – with the European Commission Communication on '*A Sustainable Europe for a Better World: A European Union Strategy for Sustainable Development*' – and of the EU external policy since

[7] See the European Commission President Jean-Claude Juncker State of the Union 2018: Towards a new 'Africa - Europe Alliance' to deepen economic relations and boost investment and jobs, 12 September 2018.

2002 – with the Communication '*Towards a global partnership for sustainable development*'. Later, with the 2005 European Consensus on Development, sustainable development became an overarching objective for the EU and its member states. The 2009 Lisbon Treaty on European Union further elaborated what those principles should be and enshrined human rights and the three traditional dimensions of sustainable development (economic, social and environmental) as guiding principles for the EU external relations. The EU has an obligation to comply with human rights in its external policy, as well as to the entirety of international law. In fact, human rights clauses in EU policy have found some of their origins in the EU partnerships with the ACP, as articulated in the Lomé Conventions and the succeeding Cotonou Agreement signed in 2000.

In the context of EU trade policy, human rights and sustainability dimensions have taken different forms and evolved over time, shaped by particular circumstances in partner countries or specific policy areas that were subject to challenges. Trade policy is part of the arsenal of EU tools (e.g. initiatives, policies, institutional frameworks) to achieve these nontrade objectives and thus should operate in close coordination and synergy with these other approaches. Trade agreements signed after the Lisbon Treaty have specific clauses on 'sustainable development' where the general contours of what parties understand by the term are defined. Human rights (Zamfir, 2019) and sustainability clauses have thus increasingly been introduced in the EU trade policy regime, mainly its GSP and PTAs. Reference is often made to internationally agreed declarations, principles and agreements such as UN Charters and Conventions, the Cotonou Agreement, the MDGs, the SDGs, and standards set by the International Labour Organization (ILO). The Trade for All Strategy reflected this evolution and the implications of the 2030 Agenda for EU trade policy.

The EU approach to human rights and sustainability in its trade agreements includes:

- the 'human rights clause' – also called essential elements – in its international trade and cooperation agreements;
- social issues and labour rights, which have received increasing attention;
- environmental sustainability provisions, also increasingly more prominent in EU PTAs;
- economic sustainability, which is salient to trade agreements with developing countries, such as EPAs;
- additional EU commitments to promote responsible business conduct through CSR and other voluntary schemes towards sustainability, including the promotion of fair and ethical trade, as outlined in the EU *Trade for All* Strategy;
- the institutional setting of EU PTAs also provides important channels for dialogues and constructive engagement on sustainability dimensions, as well as possible remedies: an innovative feature of recent EU PTAs (including most EPAs, except the SADC EPA) is the

establishment of a formal platform for non-state actors dialogue (generally referred to as Domestic Advisory Group, and in EPAs as Consultative Committee), to foster multi-stakeholder engagements of the parties, and feed into the formal mechanism of the implementation of the agreement; and

- EU PTAs with developing countries, as in EPAs, are also accompanied by development cooperation and capacity building support to facilitate the implementation of the agreement.

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 (Randoo and Bilal, 2016).

These implementation and sustainability dimensions were further reinforced with the July 2020 von der Leyen Commission decision to appoint a Chief Trade Enforcement Officer (CTEO), at the level of Deputy Director-General at DG Trade. As stated by the European Commission, "[t]he appointment of the CTEO is an important step in strengthening the EU's implementation and enforcement agenda, both inside the EU and globally. The CTEO will also help EU exporters gain more value from partner markets and will also strengthen the enforcement of sustainable development commitments, notably in relation to the climate agenda and labour rights" (European Commission, 2020b).

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 is also the vehicle framing the EU investment response to the 2030 Agenda and the AAAA on financing for development, in particular the call for moving 'from billions to trillions' in developmental resource flows (AfDB et al., 2015). 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. It aims to do so mainly by fostering greater engagement of development finance institutions, and improving the investment climate and business environment in developing countries.

In practice, the EU focus is to combine and expand already existing tools. Thus, the *European Fund for Sustainable Development (EFSD)* 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, 2020c). Perhaps even more significantly, the EU set up the *EFSD guarantee*, a new risk-mitigating mechanism open to 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 move is significant in seeking to provide an EU guarantee for European private investment in Africa, a long-standing demand by European investors, who are often reluctant to invest in Africa on the ground it is too risky. Besides commercial risks, in often underdeveloped and weak markets, European investors also fear political risks in a continent they often do not know well and subject to political instability. There is also the perception that European private investments in Africa are at a disadvantage compared to investments from emerging countries, and in particular China, that often are perceived to benefit from some form of state backing. Guarantees may prove an effective way to stimulate investment, in particular insofar perceived risk by European investors is higher than the actual risk, e.g., as revealed by DFIs investment projects in Africa. If so the cost of the guarantee may not be very substantial in practice while serving to demonstrate the commercial viability of different types of sustainable investment (the so-called *demonstration effect* of blended finance).

Some EU member states provide some forms of guarantees, directly to private investors, as in the case of export credit agencies, or indirectly, through national DFIs. At the EU level, a guarantee for operations outside the EU was only available to the European Investment Bank (EIB), under the EU External Lending Mandate (ELM) and for the ACP countries under the Cotonou Agreement. The EFSD guarantee opens the EU guarantee mechanism to other DFIs, beyond the EIB, thereby fostering a more open EU financial architecture for external investment. The principles of the EFSD are extended in the new long-term budget of the EU for the period 2021-2027, with the EFSD+ and the EU External Action Guarantee (EAG), which will cover all developing countries and will benefit from higher budget allocation.[8] While the effectiveness of the EFSD and guarantees remain to be seen,[9] it demonstrates the EU commitment to mobilise more and better private finance for sustainable development.

The European External Investment Plan also puts emphasis on improving the investment climate in partner countries (European Commission, 2019). On this front the aim of the EU is to engage in a political dialogue with its developing countries on regulatory and policy issues affecting investment. This reinforces the political engagement by the EU in the context of its budget support to some developing countries. This structured dialogue is to be pursued with private sector, labour

[8] See Bilal (2019) and Gavas and Timmis (2018).

[9] For a preliminary assessment of the EFSD, see BKP (2020).

representatives and NGOs. In particular, the EU seeks to foster greater interactions among European businesses in partner countries (Elliott, 2016), as well as between European and local private sector in African countries. To that effect, the EU has initiated a Sustainable Business for Africa (SB4A) platform operating to identify reform needs and stimulate relationships at country, sector and strategic levels.

Under the EIP investment initiatives are complemented by dedicated technical assistance, notably to help improve investment projects 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, including aid for trade and private sector development. It also reflects an underlying ambition to better harness EU development cooperation to EU trade policy, private sector promotion and geostrategic ambitions, including in terms of EU economic diplomacy. These ambitions are clearly at play in Africa, with increasing linkages between PTA - and in particular EPA - implementation, business engagement, and improving the investment climate so as to leverage investment flows.[10]

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 lead provided (or not) at the level of the 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 EPA, as in Nigeria and Tanzania. The EU still struggles to improve its internal coordination, as approaches and services often remain very segmented, hindering 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.[11] Yet, on the whole, efforts are made toward greater coherence and coordination of the EU, as nicely illustrated by the *Team Europe* approach adopted by the EU in its external response to the COVID-19 crisis.[12]

[10] A focal point for cooperation is the development of value chains, at the local, regional and international level between Africa and the EU. A value chain approach encompasses the various dimensions of the EIP, private sector engagement and PTAs/EPAs. These are reflected in *Jobs and Growth Compacts* that the EU has been identifying in its developing cooperation engagement with African countries, following the strategy outline in the 2018 EC *Communication on a new Africa – Europe Alliance for Sustainable Investment and Jobs: Taking our partnership for investment and jobs to the next level*.

[11] See for instance the remarks and recommendations of Wieser et al. (2019) as well as European Commission (2018; 2020a).

[12] See European Commission and HRVP (2020) and Bilal (2020).

Perhaps the biggest challenge of the EU remains to better anchor its trade and investment engagement with Africa on African priorities, to build on African initiatives, and supporting African institutions. While the EU claims to do so, and arguably has internalized lessons from its experience with EPA negotiations, its engagement has mainly been driven by European priorities and institutional considerations, rather than consultative and partnership processes with African stakeholders and counterparts.

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. African countries' trade policy has changed substantially compared to the situation described in surveys published in the late 1990s and early 2000s (Lyakurwa et al. 1997; Oyejide et al. 1999; Ackah and Morrissey, 2005). Many African economies are relatively open to trade in goods and services, although the average most-favoured-nation (MFN) tariff remains higher than in many other regions and a number of countries use import and/or export bans for sensitive products. Simple average MFN tariffs are in the 12 to 18 percent range for many sub-Saharan African nations/RECs, with average rates of protection for agricultural products exceeding rates for non-agricultural goods by 30 to 100 percent.[13] Although higher tariffs often protect specific domestic industries, a feature of the tariff schedules of most African countries is that there are relatively few tariff peaks—tariffs that are more than three times higher than the average rate.[14] The stylized fact that African borders are "thick" remains salient, however (Brenton and Isik, 2012), reflecting both tariffs and nontariff barriers. From a policy perspective the regional integration agenda revolves around removing the MFN tariffs that apply to inter-bloc trade and reducing the trade-restricting effects of (differences in) regulatory policies affecting the cross-border movement of goods, services, capital (investment; knowledge) and people.

The associated policy reform agenda has been pursued in piecemeal fashion by RECs and individual African nations, but gradually became a more central focus for African leaders working jointly through the African Union (AU). The launch of the AU in 2002 to replace the Organisation of the African Unity (OAU) 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

[13] Tariff data are from WTO, ITC and UNCTAD (2017).

[14] The South African Customs Union is an exception in this regard, with 9.5 percent of tariff lines incurring tariffs that are more than three times the average of 7.7 percent. However, the average SACU tariff rate is less than that applying in other RECs in Africa.

adoption of the AfCFTA. These initiatives crystallize Africans' development and transformative ambitions, based on a pan-Africanist vision.

The EU adopted an ambivalent position towards the African Union, at least initially. While strongly supporting the establishment of the AU and its institutions from the start, the European Commission rejected the request from the AU Commission to be the lead coordinator to the EPA negotiations in Africa, preferring instead to engage directly with the regional organisations or groupings (whether RECs or non-RECs) that were willing to negotiate an EPA at the regional level, as identified by the concerned African countries. Bypassing the AU, which was still in its infancy and thus a weak institution, might have been a rational choice for the EU,[15] but it undermined an institution that could (should) have helped African regional groupings to coordinate their positions. A consequence was to bolster perceptions of the EU as trying to divide and rule the continent and failing to appreciate the political implications of its stance on trade matters.

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."[16] 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 "apex" institutional framework to support this is the African Continental Free Trade Area, supported by an African Union initiative 'Boosting Intra-Africa Trade' (BIAT). The latter defines seven priority areas for action: trade facilitation, trade policy, productive capacities, trade related infrastructure, trade finance, trade information and factor market integration.[17]

Many of these areas are important independent of regional integration efforts and do not require that they be pursued under the umbrella of the extant RECs or the AfCFTA. Variable geometry-based projects and programs among subsets of countries belonging to one or multiple RECs may be more effective and appropriate in terms on internalizing incentives for international cooperation, in areas such as joint infrastructure, for example. One challenge for policymakers is to determine the value added of

[15] Having agreed to open the EPA negotiations in September 2002 with a first-phase at all-ACP level for a one-year period, the EU was keen to move into a substantive phase of negotiations directly with the regional grouping concerned, and feared that involving the AU would simply delayed, if not derailed the EPA negotiation process.

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

[17] The AU, AfDB and UNECA (2016) develops and reports an index monitoring progress in achieving regional integration objectives for the eight main RECs in Africa. Noteworthy however is that the index does not cover NTMs or services trade barriers – in our view, as discussed in what follows, key dimensions of effectively integrating Africa. See Afesorgbor (2017) for a meta-analysis of the empirical literature estimating the effects of African RECs in fostering intra-regional trade.

pursuing cooperation under the umbrella of regional integration agreements as opposed to unilateral reforms and engaging plurilaterally on an issue-specific basis, a question on which there has been relatively little research in an African context (Hoekman and Njinkeu, 2017).[18]

Integrating Africa will require deepening and rationalizing the disparate regional integration initiatives in Africa. Steps in this direction have been taken over time, including the agreement in 2015 to consolidate the East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA) and the Southern Africa Development Community (SADC) into the Tri-Partite Free Trade Area (TFTA). As the integration of African RECs proceeds, a clear implication for the EU's EPAs is to ensure that these are coherent with priorities and processes that are pursued under the umbrella of the AfCFTA.

Realizing the ambitious intra-regional trade agenda that is 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. 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. Thus, fully liberalizing all intra-regional 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 the potential benefits – greater investment and employment creation – can be identified. A continuing factor here are weak governance and regulatory frameworks for nurturing the nexus between trade, economic growth and development and limited efforts by national and regional policy-research organizations, business groups, labour organizations and NGOs to work effectively together. A multiplicity of trade capacity building programs that often are too much aligned with donor agency priorities, or programs that target specific and narrow aspects of the trade agenda may reduce the effectiveness of trade assistance provided to the AU, RECs and individual countries.

Njinkeu (2019) discusses desirable attributes of external support for African economic integration and trade with third countries. First, the approach should centre on evidence-informed offensive and defensive positions. African trade policy discourse is heavily focused on the challenge of reform and negotiation positions are limited to defensive positions. There is a need for a balanced examination of the offensive and defensive interests such as to give adequate attention to opportunities that could be created and how these can be harnessed to compensate for the negative impacts eventually. The

[18] As noted by de Melo and Tsikata (2015), the pursuit of the linear model of regional integration (from free trade areas to customs unions and common markets to economic and monetary union) historically has been a brake on implementation of needed policy reforms, including many that should have been pursued autonomously. See also Karingi and Davis (2016).

exposure to international trade shocks, notably the variation of the price of traditional exports which lead to revenue volatility must be a major part of the assessment of the offensive and defensive positions. While these are not directly connected to the trade regime, they need to be considered in designing the sequencing of trade liberalization episodes. The request for reciprocal trade regimes in the post-2020 period with stronger and more competitive partners should materialize after the regional integration process has matured. Priority must be put on developing national and regional AfCFTA implementation programs, taking due account of sub-regional reform programs, trade commitments at the multilateral level and trade arrangements with non-African partner countries. Overall, the AfCFTA should be implemented and if needed adjusted, before entry into force of tariff reduction part of the reciprocal trade regime with the EU (and other non-African trading partners).

A second element is a framework for mobilizing action to overcome policy fragmentation. African trade stakeholders do not understand how and the extent to which the trade in goods and the trade in services agendas are intertwined. As a result, opportunities for services export trade are not capitalized upon. Manufacturing companies have a major stake in services policy reforms but may not fully understand the importance of services for their business. Fragmentation materializes itself in a disconnect between the different frameworks to articulate trade policy. In the post-2020 period, African trade growth will call for engagement at three levels: (i) domestic policy reform undertaken at the national or regional level; (ii) bilateral trade regimes with foreign partners; and (iii) multilateral agreements. These levels cannot be considered in isolation but need to be part and parcel of the AfCFTA agenda. To date, the three levels have largely focused on trade in goods. Policymakers need to think in terms of goods and services. One implication is an adjustment in trade policymaking institutional settings to consider the fact of servicification and digitization of economic activity and the implications (potential) for fostering growth and economic development. A greater understanding, fuelled by policy research, of the realities of servicification and its implications – on companies, the business environment, and society more broadly, as well as for trade and regulatory policy, is a priority in adapting African trade policy to the new industrial revolution.

Third, and related to the previous element, 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 distribution, finance, and professional services that increasingly determine the competitiveness of firms. The digitization of economic activities and associated trade in services dynamics have implications for the cross-border trade facilitation agenda, which to date has focused primarily on facilitating trade in goods. Doing so entails engaging with one of the dimensions of the EPA process that was a source of tension between the EU and African negotiators: regulatory norms and standards. 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. This is something that lies at the heart of

European integration and where there is much to learned from the European experience. This does not necessarily mean convergence towards to specific EU norms, but 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 capacity-enhancing 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 important 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 to align the trade agenda with national development processes and donor cycles.

5. Conclusion

The COVID-19 crisis has revealed the need to strengthen and deepen the economic relations between Europe and Africa, as the fate of the two continents is closely intertwined. The EU Global response to the COVID-19 has put great emphasis on Africa, to address both the health and socio-economic unprecedented challenges resulting from the pandemic. It does so by adopting a Team Europe approach, seeking coordination and synergy among European actors, as well as with international efforts. The EU can also draw on its experiences over the last decade, which has stressed the private sector dimensions of its relations with Africa, supporting the development of value chains, job creations, commercial relations, enabling business environments and regional integration to achieve sustainable development objectives in a way that reflects economic interests.

The EU approach has too often been centred on its own policies and instruments, as in the case of the EPAs, initiated mainly at the instigation of the EU. This is also the case of the European External Investment Plan, which has been mainly a European affair. Its setup was the result of intense intra-EU negotiations (within the European Commission, and with the European External Action Service, the Council and the European Parliament, without forgetting DFIs, and in particular the European Investment Bank. 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. Yet, the COVID-19 crisis has limited direct interactions between the two continents. For their trade and investment partnerships, it is important that joint initiatives be developed, building on joint 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 most relevant political anchor to harness the relations between the two continents. The AfCFTA is not only about intra-Africa trade, but also about productive capacity for economic transformation. On trade issues, it is the high-political platform to address trade-related issues in Africa. The EU aid for trade agenda can be tailored to most effectively support the AfCFTA broad agenda, including in terms of localisation of production and development of value chains, including towards Europe. More attention should be given to the synergies and complementarities between the continental integration with the AfCFTA, 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.

Building on the EU EIP initiative, the 2018 EU's *Africa-Europe Alliance for Sustainable Investments and Jobs* and the 2020 European Communication *Towards a comprehensive Strategy with Africa*, as well as national initiatives such as the *German Marshall Plan with Africa* and the *French Choose Africa initiative*, and international ones such as the *G20 Compact with Africa*, the EU should devote greater efforts to stimulate investment based on African initiatives, with African actors and through African public and private institutions. Joint initiatives and platforms could be established, for instance to bring together European, international and African development finance institutions. The EU engagement in Africa could contribute to more effectively build local financial markets and institutions. The COVID-19 crisis provides ample opportunities for the EU to accompany and strengthen African own initiatives to respond to the socio-economic challenges of the pandemic, as is already the case in several countries. The EU Green Deal can also help promote a green recovery through sustainable investment (Hege, 2020).

References

Ackah, C. and O. Morrissey. 2005. "Trade policy and performance in Sub-Saharan Africa since the 1980s," CREDIT Research Paper, No. 05/13.

Afesorgbor, S. 2017. "Revisiting the Effect of Regional Integration on African Trade: Evidence from Meta-Analysis and Gravity Model," *Journal of International Trade and Economic Development*, 26(2): 133-53.

African Union Commission, 2015, *Agenda 2063: The Africa We Want*. At http://www.un.org/en/africa/osaa/pdf/au/agenda2063.pdf.

African Union, AfDB and UNECA, 2016, *Africa Regional Integration Index Report 2016.*

AfDB, ADB, EBRD, EIB, IDB, IMF and WBG. 2015. From Billions to Trillions: Transforming Development Finance Post-2015 Financing for Development: Multilateral Development Finance. Development Committee Discussion Note. April.

Bilal, S. 2007. ACP-EU negotiations on Economic Partnership Agreements and EBA: a dual relationship. In Faber, G. and J. Orbie eds., *European Union Trade Politics and Development: 'Everything but Arms' Unravelled*. Routledge. Ch. 11.

Bilal, S. 2019. Leveraging the next EU budget for sustainable development finance: The European Fund for Sustainable Development Plus (EFSD+), ECDPM Discussion Paper 243, February.

Bilal, S. (2020). Towards an EU global COVID-19 response 2.0: Boosting smarter finance. ECDPM Discussion Paper 273. June.

Bilal, S., Stevens, C. (Eds.) 2009. The interim Economic Partnership Agreements between the EU and African States: Contents, challenges and prospects. ECDPM Policy Management Report 17. Maastricht: ECDPM.

Bilal et al. 2014. De-coding Public-Private Partnerships for Development. ECDPM Discussion Paper 161. Maastricht: ECDPM.

BKP. 2020. Implementation Report of the EFSD and the EFSD Guarantee Fund. Final Report. European Commission. 14 January.

Brenton, P. and B. Hoffman (Eds.). 2016. *Political Economy of Regional Integration in Sub-Saharan Africa*. Washington, DC: World Bank.

Brenton, P. and G. Isik (Eds.), 2012, *De-Fragmenting Africa: Deepening Regional Trade Integration in Goods and Services*, World Bank, Washington DC.

Byiers, B., Krätke, F., Rosengren, A. 2014. EU engagement with the private sector for development: Setting up a one-stop-shop?. ECDPM Briefing Note 69. Maastricht: ECDPM.

De Melo, J. and Y. Tsikata, 2015. “Regional integration in Africa: challenges and prospects,” in C. Monga and J. Lin (eds.), *The Oxford Handbook of Africa and Economics, Volume 2: Policies and Practices*. Oxford: Oxford University Press.

Elliot, A. 2016. European Investment in Tanzania: How European investment contributes to industrialization and development in Tanzania. European Commission, Dar es Salaam.

European Commission (2018), Towards a more efficient financial architecture for investment outside the European Union. Communication from the Commission to the European Parliament, the European Council, the Council and the European Investment Bank. COM(2018) 644 final.

European Commission. 2019. Handbook on improving the Investment Climate through EU action: Implementation of Pillar 3 in the integrated approach of the External Investment Plan. May 2019.

European Commission, 2020a, Report from the Commission to the Council on the Recommendations of the High-Level Group of Wise Persons on the European Financial Architecture for Development. COM(2020) 43 final.

European Commission. 2020b. European Commission appoints its first Chief Trade Enforcement Officer, Press Release 24 July.

European Commission. 2020c. Report from the Commission to the European Parliament and the Council on the implementation of the European Fund for Sustainable Development. COM(2020) 224 final. 6 June.

European Commission and HRVP (2020), Communication on the Global EU response to COVID-19. Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. European Commission and High Representative of the Union for Foreign Affairs and Security Policy. JOIN(2020) 11 final. 8 April.

Faber, G. and J. Orbie eds. (2007), European Union Trade Politics and Development: 'Everything but Arms' Unravelled. Routledge.

Gavas, M. and H. Timmis (2019), The EU's Financial Architecture for External Investment: Progress, Challenges, and Options, CGD Policy Paper 136.

Geda, A. and E. Seid, 2015, "The potential for internal trade and regional integration in Africa," *Journal of African Trade* 2(1-2): 19–50.

Geda, A. and H. Kibret, 2008. "Regional integration in Africa: a review of problems and prospects with a case study of COMESA," *Journal of African Economies*, 17 (3), 357–94.

Große-Puppendahl, S., B. Byiers and S. Bilal. 2016. Matching businesses, public support and sustainability ambitions. ECDPM Briefing Note 69. Maastricht: ECDPM.

Hege, E. (2020), Can the Green Deal be the core of the EU's project for its external partnerships?, 24 March

Hoekman, B. and D. Njinkeu. 2017. "Integrating Africa: Some Trade Policy Research Priorities and Challenges," *Journal of African Economies,* 26 (AERC Supplement 2), 12–39.

Karingi, S. and W. Davis, 2016, "Towards a Transformative African Integration Process: Rethinking the Conventional Approaches," presented at the AERC research workshop on 'Integrating African Markets: The Way Forward', May 29-June 2, Nairobi, Kenya.

Lyakurwa, W., McKay, A., Ng'eno, N., Kennes, W., 1997. "Regional integration in Sub-Saharan Africa: a review of experiences and issues," in A. Oyejide, I. Elbadawi and P. Collier (Eds.), *Regional Integration and Trade Liberalization in Sub-Saharan Africa*. London: Macmillan.

Njinkeu, D. 2019. "Africa – EU Post-2020 Trade Regimes: Welcome to the Past and Back to the Future," in S. Bilal and B. Hoekman (eds.) *Perspectives on the Soft Power of EU Trade Policy,* London: CEPR Press

Oyejide, T. A., B. Ndulu, and D. Greenaway (eds.). 1999. *Regional Integration and Trade Liberalization in sub-Saharan Africa. Volume 4. Synthesis and Review*. New York: Macmillan.

Pesce, O., S. Karingi and I. Gebretensaye, 2015, "Trade growth prospects: An African perspective," in B. Hoekman (ed.), *The Global Trade Slowdown: A New Normal?* London: CEPR.

Ramdoo, I. and S. Bilal. 2016. Sustainability and human rights in EPAs: A comparative analysis between the Caribbean and African EPAs. ECDPM Discussion Paper 198. Maastricht: ECDPM

Wieser et al. 2019. Europe in the World: The future of the European financial architecture for development. An independent report by the High-Level Group of Wise Persons on the European financial architecture for development. General Secretariat of the Council of the EU. October.

WTO (2017), Harnessing trade for development in least-developed countries, Geneva: WTO.

WTO, ITC and UNCTAD. 2017. *World Tariff Profiles.* Geneva: WTO.

Zamfir, I. 2019. Human rights in EU trade agreements: The human rights clause and its application. EPRS Briefing. Brussels: European Parliamentary Research Service.