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After US elections, Africa and Europe should strengthen partnership for green industrialization

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A mutually beneficial industrial partnership between Europe and Africa has long been recognized as essential for effective climate action and achieving net-zero ambition in the two continents. However, despite several initiatives, it has been challenging to find practical measures to satisfy this aspiration. Furthermore, the re-election of Donald Trump as President of the United States brings renewed uncertainty to U.S. leadership on green industrialization, particularly in renewable energy and the future of fossil fuels. Europe

and Africa should together seize this as an opportunity to lead together on green industrialization.

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The new Clean Industrial Deal promised in the first 100 days of the new EU Commission's mandate and building on the recommendations of the Draghi report provides an opportunity to rethink the philosophy and steps to achieve a stronger partnership for Africa for green industrialization for both continents. Improving EU competitiveness in a context of increasing global competition is indeed at the heart of the report and will be the priority of a new Commission. However, while the focus of the report is mostly internal, the Clean Industrial Deal should rethink strategic partnerships with Africa. There is a certain recognition of this necessity as EU Commission President Ursula von der Leyen has promised an external dimension of the Clean Industrial Deal by announcing [new clean trade and investment partnerships](#). Maroš Šef?ovi?, Commissioner-designate for Trade and Economic Security is to lead on these new partnerships in synergy with Jozef Síkela Commissioner-designate for International Partnerships DG and the Global Gateway Program. But how this new context and political cycle will impact Africa-Europe relations remains unclear.

Crucially, it is not clear to what extent these new partnerships will offer new terms compared to the various existing partnerships that have been launched in the past years with African partners around just transitions, green investments or critical raw materials. We argue that there is potential to step up collaboration for building joint industrial policy and industrial ecosystems with African partners.

African countries can offer climate competitiveness; Europe needs it

A starting point for a new industrial partnership would be to acknowledge that some of the challenges currently debated in Europe resonate with African priorities. These include the need to industrialize while decarbonizing, the need to bring down the cost of sustainable energy, and the necessity to build green skills and jobs. These points were made by several African leaders at the inaugural [Africa Green Industrialization Initiative, spearheaded by Kenya's President Ruto](#). Green industrialization is hence an excellent basis for stepping up the Africa-Europe partnership. The starting points and means to handle these challenges are, however, quite different. These differences need to be acknowledged to forge alliances where Europe and Africa become complementary partners in building green industrial value chains.

Second, the references made to Africa in the Draghi report point to the continent as a potential but instable supplier of raw materials that will be critical in the race to clean tech competitiveness. Such a language is not helpful, being too much a reminder of post-colonial hasty and unjust deals that have benefited elites and European companies, leaving little added value to the population. It falls short of envisioning the importance of building up relationships of long-term trust, in particular about the possibility of a fair share of value and industrial jobs, if the only concern is security of supply. It also only feeds public opinions in African countries already angry about the historical (climate) debt of Europe vis-à-vis Africa. Finally, it falls short of recognizing future market opportunities in Africa for intermediary or final products from Europe and a scenario where African countries not only supply critical raw materials ([30% of global reserves of critical raw materials are estimated to be located in sub-Saharan Africa](#)) but also add value to them and supply intermediary products. As an example, green iron imports for steel production rooted in comparative advantages of for example Namibia and South Africa would actually [not only be technically feasible but also economically sound](#).

This leads us to third: Europe is energy scarce and will not be able to achieve its green industrialization goals via onshoring. Many African countries can offer the climate competitiveness that an energy-scarce EU lacks. It makes more sense to process industrial goods with high energy intensity processes in countries where energy is going to be cheap and renewable (e.g. solar PV in Southern Africa for steel production) than to produce it in Europe with a high cost of energy, and where other stages of the processing can occur. As an example, primary steel production in Europe is predominantly manufactured with mainly imported iron ore. Thanks to technological innovation, global announcements of the commercial deployment of 22 hydrogen direct reduced iron (HDMI) furnaces could transform value chains. Due to policy support, most of these innovative furnaces will be in the EU while there would be an opportunity to locate them in countries with competitive green energy. Hydrogen embodied in hot briquetted iron (HBI) is easier to import and store than pure hydrogen and carriers such as ammonia.

The US and China have deployed massive state aid policies that support technology development in their own markets with the perspective to use their size to lower rapidly the cost of technology (as China did on PV), and then disseminate globally In the United States. While some state and local governments may continue advancing clean energy projects, the broader national commitment to climate action is expected to waver. Trump's stance, as expressed in his campaign, indicates a rollback of Biden-era clean energy policies, including withdrawing from the Paris Climate Agreement and prioritizing fossil fuel expansion over renewable energy development. These shifts underscore the importance of a robust and strategically coordinated green industrial partnership between Europe and Africa. Such collaboration would allow both continents to pursue their industrial and climate goals more effectively, ensuring stable progress in the face of shifting U.S. policies and reinforcing mutual benefits in sustainable development, competitive markets, and energy security.

There is a window of opportunity for the EU to develop an even stronger approach to green industrialization, around an integrated industrial ecosystem between the EU and Africa where innovation occurs on both sides.

The need to negotiate investment partnerships

There is a lot of potential but also a few challenges to such an approach. There might be concern from the public opinion in the EU on where the jobs will be located. One could argue that given the amplitude of investments and innovations needed to build global a net-zero economy, there is enough room to build a positive-sum game, in which different countries find niches in global production networks (e.g. for battery design, assembly, mining, processing minerals, sustainable aviation fuels etc.). And if we stay within the example of green steel value chains, a transformation of value chains where the EU imports already transformed inputs could result in lower prices for EU industrial actors and an enhanced competitiveness of the EU steel sector in a way that negative impacts on jobs and investments in the primary iron stage in the steel production chain could be outweighed by the benefits of such a reorganization of value chains also for the EU steel sector and downstream industries. Difficulties in creating/keeping jobs might also stem more from digital and automation rapidly reducing the labor intensity of industries than from competition between the two continents who could be complementary.

There are persistent roadblocks to the capturing of local added value in African countries. Some are inherent to the nature of the existing partnership deals by the EU but also other partners that still too often favor the buyer. African countries need to be clearer about their conditions when selling access to critical raw materials. Others are inherent to the business and investment environment in African countries that face difficulties such as high cost of borrowing, difficulty to access upfront investment, need of investment in the development of local skills and knowledge systems. And while we need more business-to-business conversations and partnerships, all these challenges cannot be resolved by market mechanisms/private finance alone. Hence the useful mention that what needs to be built is also an investment partnership between European and African governments. Negotiating the fair conditions of process

and outcome for such an investment agreement is critical, given past history of very asymmetrical negotiations. And both sides need to come back to this negotiation.

Investing in green industrial policies and knowledge & innovation systems

If African countries want to attract EU investments in the context of the new clean trade and investment partnerships that have been announced, they could invest in national industrialization pathways developed by local national expertise and debated in the national policy context (country owned, country led – leading to sectorial investment plans). Just Energy Transition Investment Plans need to be designed in conjunction with industrialization plans, as one reinforces the credibility of the other for investors. As announcement around the Clean Industrial Deal will come quickly (the pressure is higher on the internal dimension than on the external), there might be an issue of readiness for African partners who would like to engage on strategic dialogue and proposals.

The EU could support before investing in such plans. When doing so, the EU should not only foster industrialization pathways built on export but also domestic and regional markets (green industrialization can also mean food processing, e-mobility for African markets, textile, etc.). That is where a close collaboration between the DGs on economic security and trade and the DG for International Partnerships will be crucial.

Also, when looking for strategic partners, the EU should have in mind that countries' competitive advantages can come from their renewable energy potential, or their critical raw materials resources, but can also be based on existing qualification of the workforce or existing industrial clusters or innovation systems. Investing in skills is as important as investing in infrastructures. Building joint industrial ecosystems also starts with Innovation and technology transfer. Chinese technologies are going to be cheap. There is no necessity to try and substitute them by EU technologies. The specific advantage of the EU is more in the deployment of technologies and sharing of good practices of financial and organizational models of public service utilities, for instance.

There are lots of potential and concrete opportunities for dialogue and partnership agreements, with the inauguration of the Green Industrialization Initiative on the African side, a new African Union presidency coming up and a new EU commission focused on green industrialization and competitiveness. Lots to discuss at the AU-EU Summit announced for 2025.

Picture credit: Canva

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