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Matching green industrialization ambitions in Africa and Europe: 3 proposals in the run-up to the AU-EU Summit

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On 24-25 November, African and European leaders will meet for the 7th African Union-European Union Summit (AU-EU) in Luanda, Angola. In parallel, private sector representatives will discuss new avenues for investment and cooperation at the AU-EU Business Summit. A lot is happening on both continents with regard to green industrial policies, with a particular appetite for the mobility, minerals and agro-food sectors which are of strategic interest for countries in Africa and Europe. Policy and investment environments are evolving thanks to the ambitious commitments made recently during the 2nd Africa Climate Summit or within the EU's Clean Industrial Deal and energy and climate vision. But those commitments are not always aligned, and the global trade war and the race to competitiveness in green sectors are not always playing towards long-term strategic partnerships and positive sum games. This blog post makes 3 proposals to

foster such a long-term vision and successful new trade and investment partnership tools which could help Africa and Europe both gain in competitiveness.

Note: This blog posts builds on discussions facilitated by the [Ukama Africa-Europe network](#) during a policy-business dialogue held on 17 October, 2025: "Forging green industrial partnerships between Europe and Africa: new momentum, opportunities and barriers."

Proposal #1: Moving from transactional trade to strategic interdependence

The global demand for Africa's critical minerals and vast renewable energy resources is soaring, yet this presents an existential risk, i.e. replicating the old extractive model or creating "green enclaves" large-scale projects that generate wealth but remain largely disconnected from local economies and fail to catalyze wider transformation. Africa's partnerships must therefore target a growing degree of downstream value addition. In this context, increased green industrial activity can be designed to serve both export markets and domestic needs.

Africa could for example export green hydrogen, but a lot of potential sits in further value creation. Green hydrogen can indeed play a key role in high-value, energy-intensive products: green HBI (Hot Briquetted Iron) and green steel are prime examples for export, leveraging Africa's low-cost renewables to create competitively priced, low-carbon intermediary goods for traditional European industrial sectors; in parallel, green fertilizers for domestic use immediately address a continental challenge, reducing reliance on expensive imports and strengthening food security; and the production of alternative green fuels for transport could soon open new export and domestic bunkering markets.

However, investment and subsequent development at scale will not happen in the absence of viable business cases. For green HBI/steel, viability relies on a durable global cost competitiveness and needs to be underpinned by enabling policy and securing massive, long-term, low-cost power and ensuring predictable off-take agreements with global consumers to de-risk the investment. As for green fertilizers, viability arises when local production results in lower costs and higher predictable availability than import, which—given the global fertilizer market structure and high African import dependency—is a viable near-term prospect.

A strategic approach de-risks investment by linking export revenue with domestic development, ensuring that green growth is genuinely inclusive and creates the thousands of jobs possible in well-structured industrial parks. Africa can become a global green manufacturing hub, but only if policymakers, investors, and industrial leaders embrace a new era of competitive interdependence by building production capacity where it makes most economic, climate, and developmental sense.

Proposal #2: Aligning capital with pan-African initiatives and regional clusters

The ambition of Africa's Green Industrialization Initiative (AGII) has been solidified by recent commitments at the 2nd Africa Climate Summit ([IDDRI, 2025](#)) providing crucial strategic direction for the continent's green economic shift. This intent was powerfully underlined by African financial institutions, including the African Development Bank and Afreximbank, who signed the cooperation framework, pledging to mobilize over \$100 billion for large-scale AGII projects, which could act as a strong signaling mechanism for global investors.

To realize this vision, the African Continental Free Trade Area (AfCFTA) is a key piece of the puzzle, as it transforms Africa into a single, vast market, which is essential for achieving the scale and integration necessary for cluster industrial investment. This allows for the critical shift to invest across the entire value chain, from mine to product. For instance, the Southern Africa EV metals cluster requires integrated investment in mining, refining, and component manufacturing, which the AfCFTA's unified market helps to sustain. This framework encourages coordinated policies that make these pan-African, full-value-chain projects globally competitive, accelerating the strategic goal of moving beyond simple extraction and into resilient green industry.

AGII's financial backing signals a clear commitment to building competitive green industrial corridors. International partners are now invited to align their capital with this African-led direction. Purposeful integration into global supply chains and capitalizing on Africa's inherent potential for climate competitiveness can drive commercially viable investment cases that unlock a globally competitive, sustainable manufacturing base for shared prosperity.

Proposal #3: Facilitating investments and removing trade barriers: new partnership models

Both the AU and the EU advance their respective industrial strategies, and the 7th AU-EU Summit is a timely opportunity to reassess how trade and investment tools can be mobilized to drive clean industrial development while deepening cooperation between the two regions. Aligning domestic policy objectives and economic foreign policy requires moving beyond traditional approaches. This means identifying and removing barriers to trade and investment in clean supply chains while exploring new approaches to international cooperation suited to today's geopolitical context, where both sides face pressures to decarbonize, diversify supply chains, and attract investment in strategic sectors.

There is already much to build on. In recent years, new partnership models between the EU and African economies have emerged blending traditional trade and investment tools with more targeted, industrial-policy-oriented instruments. The Sustainable Investment Facilitation Agreement (SIFA) is one example. The first agreement of this kind was concluded between the EU and Angola in 2024 seeking to attract, expand, and retain foreign direct investment (FDI). It blends traditional investment facilitation disciplines—aimed at simplifying administrative procedures, enhancing transparency, and improving predictability for foreign investors—with provisions designed to steer investments towards sustainable development objectives. Although it is too early to assess its impact on investment flows, the SIFA offers a promising framework for a country like Angola, whose economy remains highly dependent on fossil fuels, to attract more diversified and sustainable investment. Building on this experience, the EU is currently negotiating a SIFA with Côte d'Ivoire, with plans to launch negotiations with Egypt, Nigeria and Ghana. The real test will be whether this tool can be flexibly adapted to the very different economic contexts, investment needs, profiles, and domestic priorities of African partners and what kind of investment it ultimately attracts.

Another illustration of merging old and new is the first-ever EU Clean Trade and Investment Partnership (CTIP) with South Africa, expected to be concluded at the G20 Summit in Johannesburg. The CTIP targets higher-value sectors such as electric vehicles (EVs), batteries, green hydrogen, and sustainable aviation fuels, supported by a dedicated Global Gateway investment package, integrating trade, investment, sustainable development, and industrial policy under a single framework. Interestingly, the CTIP has provided a space to rethink rules of origin (ROOs) for EVs, which have long been identified as a barrier to the transition from internal combustion engine vehicles to EVs, as per the European Commission's *ex post* evaluation of the EU-SADC Economic Partnership Agreement (EPA). With three out of every four vehicles produced in South Africa exported to the EU, current ROOs—which determine the economic nationality of a product—could prevent EVs from qualifying for preferential zero-tariff treatment, given the

reliance on batteries sourced from Asia, which account for a large share of the vehicle's value. Designing EV-specific ROOs tailored to EU-SADC supply chains could facilitate EV trade while also incentivizing investment in battery manufacturing in both regions. This example illustrates the trade and investment barriers that must be addressed and highlights the need for innovative, context-specific solutions to drive clean industrial development across both regions.

The AU-EU Summit will take place in a complex geopolitical moment marked by shifting priorities and alliances. Green industrialization ambitions must however resonate on both continents. The EU remains Africa's leading trade (EU-Africa trade flows reached approximately €355 billion in 2024)¹, investment, and development partner with recent announcement at the Global Gateway Forum² to back up the Africa-Europe Green Energy Initiative (AEGEI) launched at the last AU-EU Summit (2022) with an additional €618 million package to scale up renewables in Africa.

In the fast-evolving context of industrial policy initiatives on both continents and the diversification of partnerships and alliances, the three proposals developed above could help anchor partnerships in a longer term and more mutually beneficial vision of competitiveness and prioritize sustainable investments in economic diversification and regional manufacturing hubs.

¹

[Mo Ibrahim Foundation \(2025\)](#).

²

https://global-gateway-forum.ec.europa.eu/index_en

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AFRIQUE

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