
TOGETHER TOWARDS SUSTAINABILITY

# AFRICA-EUROPE ECONOMIC COOPERATION

## Using the Opportunities for Reorientation


**Robert Kappel**


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The paper examines the current status of EU-African economic relations and the EU's Joint Communication »Towards a Comprehensive Strategy with Africa« (CSA) in this pivotal year 2020.

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The renewal between the European Union and the African continent has been overshadowed by the global coronavirus crisis. The consequences of the pandemic for the African continent are so far-reaching that economic cooperation between Africa and the EU must be readjusted.

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The CSA needs to be fundamentally revised above all to overcome the asymmetrical dependence and power relations between Africa and the European Union.


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TOGETHER TOWARDS JUSTAINABILITY

# AFRICA-EUROPE ECONOMIC COOPERATION

Using the Opportunities for Reorientation

The European Union's relations with the African continent face particular challenges. Unexpectedly, the negotiations between the partners are now being put through a special rehearsal. The global spread of COVID-19 has led to economic crises in Europe, China and the USA, as well as on the African continent. This economic crisis also affects the EU's external trade relations with Africa. The EU-African Union Summit, scheduled for October 2020, will be overshadowed by the global coronavirus crisis. Both EU and African institutions consider the economic and health crisis to be more serious than the 2008/2009 financial crisis. The consequences of the crisis for the African continent are so far-reaching that cooperation between Africa and the EU must also be readjusted.

The EU and African countries are in the process of negotiating two major strategic partnerships. One is the Towards a Comprehensive Strategy with Africa (CSA) document presented by the EU Commission for the negotiations with African countries. The other is what is referred to as the »post-Cotonou process«. It is not yet known when the negotiations between the ACP (African, Caribbean and Pacific Group of States) and the European Union will be concluded. Originally, it was planned that the Cotonou Agreement would be transformed into a revised accord by mid-2020.

## THE EU'S ECONOMIC RELATIONS WITH AFRICA

The EU and African countries are at different stages of economic development, with European GDP more than ten times the size of sub-Saharan Africa's. Africa's average annual GDP growth rate for the last 20 years has been 4.6 per cent, but growth has been uneven across the African continent. Nigeria and South Africa have been languishing for a long time and as a result are depressing the continent's average economic growth. Other countries such as Ethiopia or Rwanda, on the other hand, showed very high growth. Although average per capita income has been on the increase for the last 15 years, the current trends suggest that by 2030, there will still be more than 400 million poor Africans. Most African countries do not converge. One consequence of these factors is that the problem of unemployment cannot be solved by higher economic growth, but only by focusing economic policy measures on endogenous development. This is the only way of creating the required 20 million jobs a year.

Africa's exports have remained below three per cent of global trade and been dominated by low value-added commodities. The continent's poor trade performance is both a consequence and a cause of its persistent low level of development. Growth remains volatile, informality is widespread, most enterprises are small and informal, high-quality jobs are scarce, and productivity and digitalisation lag behind other regions.

The EU is Africa's largest trade and investment partner. In 2018, trade in goods between the 27 EU Member States and Africa reached a total value of 235 billion euros (32 per cent of Africa's total trade). Trade relations between the EU and African countries, while very close, remain extremely asymmetric: almost 30 per cent of all African exports go to the EU, while Africa is a relatively insignificant market for the EU. The share of imports from Europe has stagnated at around 0.5 per cent, depending on the African region. Moreover, the structure of exports and imports is unequal: Africa mostly exports unprocessed raw materials and agricultural products, while EU exports to Africa mainly comprise capital and consumer goods. European foreign direct investment (FDI) in 2017 stood at 222 billion euros, more than five times the figure for either of the other two major world powers China and the US. Companies from the UK, France, the Netherlands and Italy are the most important European investors on the African continent. Chinese FDI has surged and ranks fourth in terms of inflows, behind the US, UK and France. But China's FDI stock in Africa, accounting for just five per cent of the total, remains low compared to that of European countries.

## EUROPEAN COOPERATION WITH AFRICA: FROM COTONOU TOWARDS A COMPREHENSIVE STRATEGY WITH AFRICA

European-African relations are facing serious challenges. The aim in 2020 is to transform the existing cooperation into a strategic partnership. For this to happen, fundamental decisions must be taken. The EU political leadership claim that 2020 will be a »pivotal year« for EU-Africa relations. European Commission President von der Leyen called for a »partnership of equals« that would move away from the donor-recipient relationship that has long characterised EU-Africa relations.

In recent years, the European Union and the EU member states have developed numerous new strategies for Africa. With the Cotonou Agreement of 2000 and, in particular, the Joint Africa-EU Strategy of 2007, a change in EU-Africa relations gradually began to take place. There were four main reasons for this development. Firstly, China's strategic approach made it a major competitor for the EU in terms of trade and investment. The second reason was that, for some 15 years now, African countries have been enjoying relatively high economic growth. The third reason was the increase in migration due to crises and conflicts. Fourthly, numerous new African initiatives, such as the African Union's Agenda 2063 or the African Continental Free Trade Area (AfCFTA), which was adopted in 2019, show that African states are increasingly acting strategically and exploring the opportunities for cooperation with all actors.

Over many years, African and European countries negotiated what were referred to as Economic Partnership Agreements (EPAs) without ever reaching a comprehensive agreement with all African regions. The Eastern/Southern Africa EPA, and the EU-Southern African Development Community EPA are the only regional trade agreements to be fully in force. For some years after the EPAs, measures focused on the containment of migration and flight. Because emerging powers were gaining increasing influence on the continent, the EU and its member states also began to consider the geostrategic role of Europe on the African continent. The Africa-Europe Alliance for Sustainable Investment and Jobs (AEA) presented by European Commission President Jean-Claude Juncker in 2018 was intended to reposition African cooperation. The AEA contained ten actions, including increasing and diversifying trade between the EU and Africa, lending support to the AfCFTA via more Aid for Trade (AfT), and enhancing intra- and inter-regional connectivity. The AEA disappeared from the discussion very quickly, but came back on the agenda in a somewhat vaguer form as it was eventually replaced by the EU Commission's Joint Communication Towards a Comprehensive Strategy with Africa (CSA) in March 2020. It is interesting to note that the AEA document with an economic focus develops much clearer ideas for Africa-Europe cooperation than the CSA does.

## EVALUATION OF THE CSA— »SUSTAINABLE INVESTMENTS AND JOBS«

The EU's CSA is a strategy document that summarises the various challenges facing the African continent. In doing so, it also makes the interests of the EU more explicit. These include a green growth model; improving the business environment and investment climate; boosting education, research and innovation, the creation of decent jobs and value addition through sustainable investments; maximising the benefits of regional economic integration and trade; ensuring food security and rural development; and combatting climate change.

The EU Commission further states that the CSA is built on five partnerships, including: partnerships for green transition and energy access, for digital transformation, for sustainable growth and employment. This covers many aspects, from recycling, sustainable value chains and food systems, to the promotion of renewable energies, the reduction of emissions, the protection of ecosystems and fostering green and sustainable urbanisation models. The CSA envisages boosting trade and sustainable investment in Africa, promoting reforms to improve the business environment and investment climate, improving access to high-quality education, skills, research, innovation, health and social rights, and advancing economic integration. In doing so, the EU Commission explicitly refers to the AEA. The AEA had the goal of creating ten million jobs within five years.

The CSA formulates its goals for the development of economic opportunities and decent job creation in Africa. Proposed actions include substantially increasing environmentally, socially and financially sustainable investments that are resilient to the impacts of climate change and promoting investment opportunities by scaling up the use of innovative financing mechanisms. A further aspect deals with regional and continental economic integration, particularly through the AfCFTA. The CSA also intends to help increase the number of European investors by supporting African states in adopting policies and regulatory reforms that improve the business environment and investment climate. It also considers training and research and innovation capacities to be important, particularly for women and youth.

Despite this collection of laudable objectives, the lasting impression is that it is more of a selection of desirable measures, many of which we have already seen in the numerous documents from the World Bank, the G20 (Compact with Africa) and other institutions. It is, however, evident that the CSA raises several questions 1. Due to the lack of focused conceptual criteria, it is not clear through which channels the CSA intends to make contributions to alleviating unemployment and poverty. Should this be done by fostering agricultural development, industrial promotion, industrial clusters, the start-up scene or special economic zones? Nor is the role of local entrepreneurship and foreign companies adequately analysed. Here the CSA remains rather vague. 2. A second question that arises is what role should institutions, including joint European-African ones, play? Should they simply serve to guarantee a good business environment or should they actively implement targeted support measures? 3. The final question to be addressed is what financial resources the EU wants to make available in order to achieve the stated employment effects. Since the aim is to create two million additional jobs per year, the funding is just as important a component of the measures as their quality.

It is apparent that the EU Commission has developed many plans in recent years, which sound good on paper but show clear weaknesses in their implementation. The External Investment Plan (EIP), set up in 2017, is no exception here. By offering investors various risk-sharing products, including subsidies and guarantees, the EIP aims to mobilise 44 billion euros in additional project finance by 2020. The capital is complemented by technical assistance and policy dialogue aimed at improving the business environment in African countries. The EU Commission is fully aware that projects in poor and fragile African countries are chronically underfinanced by European Development Finance Institutions (DFI). The shortfall of finance is particularly acute in low-income countries and fragile African states, where the demographics are challenging, environmental degradation is rapid, financial markets are nascent and institutions are weak.

The EIP has two important components: (1) a guarantee mechanism to European and non-European DFIs and private investors; and (2) a unique »three pillar« approach to investment support which complements financial tools (pillar 1) with non-financial technical assistance aimed at building a project pipeline (pillar 2) and improving the business environment in partner countries through policy dialogue (pillar 3). The EIP's financial arm, the European Fund for Sustainable Development (EFSD), comprises a guarantee fund and blended finance facilities.

The EIP seeks to leverage private finance, focus on jobs and growth, reach the poorest and most vulnerable, improve the investment climate, encourage innovation and demonstrate impact to foster sustainable and inclusive economic and social development and growth. Further EIP objectives are to create decent jobs, to eradicate poverty and to foster entrepreneurship. The objectives pursued by the EIP partially dovetail with the current EU Strategy towards Africa. The EIP has a high level of funding, and this alone could mean a fundamental change in cooperation with Africa. Some projects, such as the *Women in Business Programme*, *Boost Africa*, *Climate Investor One*, *Resilient City Development* and the *Sanad Fund* have been launched with budgets of several million euros to support SMEs, for example. These measures correspond to the concepts of the World Bank or the G20. What must be made clear, however, is that not only more financial resources and a better economic environment are needed for Africa's development, but also a proactive policy.

The challenge of the COVID-19 pandemic requires a significant readjustment of measures. This is because Africa's social and economic situation has deteriorated considerably—not least as a result of the economic crises in the EU, China and the US. The crisis in Africa also reveals the shortcomings of Europe's cooperation with Africa in the past. And it also highlights Africa's great burden of responsibility.

The readjustment of the CSA measures should above all take the following into account: 1. FDI from Europe must be employment-intensive and guarantee decent work. It must also strengthen the link with local businesses. 2. Green transformation should be an essential part of the CSA and EIP.

In this respect, a revision of the EIP and the CSA is needed. Readjusting the two concepts in this way would provide a more viable basis for negotiations with the African states.

## EFFECTS OF THE COVID-19 PANDEMIC ON THE AFRICAN ECONOMIES AND THE IMPLICATIONS FOR EU COOPERATION WITH AFRICA

The pandemic and the global recession are affecting every sector of every African economy. A year ago, the World Bank's Africa's Pulse report forecast that sub-Saharan economies would grow by around 2.8 per cent in 2019 and 2020. Now, however, the United Nations Economic Commission for Africa (UNECA) expects the growth of African economies to drop significantly from a possible 3.2 per cent to 1.8 per cent in 2020, which is below population growth. Depending on the duration of the pandemic and related policy measures, the socio-economic situation too will deteriorate to a greater or lesser extent. In the worst-case scenario, Africa will face negative growth of minus four per cent (or even minus five per cent).

The ILO anticipates a loss of 19–22 million jobs. This is particularly worrying, because only 18 per cent of African workers are covered by social protection schemes. UNECA further estimates that the impact on African economies will result in up to 110 million people being pushed into poverty (living on less than 1.90 US dollars a day), a 25 per cent increase, cancelling out the gains made in reducing poverty over many years. The situation is further exacerbated by the fact that 17 per cent of households affected by COVID-19 in Africa will face at least transient poverty. Informal workers are at greater risk of falling into poverty. Millions of women's jobs have already disappeared.

The changes brought about by the pandemic have led to a reduction in economic activity within countries and the emergence of trade barriers. The demand for raw materials and agricultural products has fallen significantly. Tourism has come to a standstill. The crisis mode currently prevailing in Europe, the US and China is affecting Africa's economic development in various ways: the impact is being felt when it comes to exports of oil, garments, flowers, fruits and vegetables, textiles, tea and tourism. According to the World Bank, COVID-19 has reduced foreign financing flows and encouraged more capital flight from African countries. Remittances remain the single most important source of external finance in Africa with 64 billion US dollars coming from this in 2015. Remittances too will now be down significantly. Low-income and fragile countries will be hard hit as many of them depend on this source of finance. The global crisis is also affecting Africa's tax revenues. The lockdown and economic crisis are threatening food security by disrupting access to food and further reducing agricultural production. Corona-related lockdowns will also slow down infrastructure and construction works, and many of the promising start-ups and small and medium-sized enterprises across Africa will be confronted with closures of business and loss of jobs.

## MEASURES FOR A STRATEGIC PARTNERSHIP REQUIRED. RECOMMENDATIONS FOR ACTION

In view of the major challenges faced by the African continent, challenges that have been exacerbated or created by the pandemic, the question arises as to how a future partnership should be structured and how this can contribute to growth and structural change, industrial and agricultural development, economic diversification, job generation and poverty reduction. Are the measures envisaged by the AEA and CSA appropriate to meet the challenges and contribute to inclusive and sustainable development?

It must be acknowledged that European investment on the African continent is declining and trade between the EU and Africa has collapsed. European capital has withdrawn from Africa. The remittances to Africa from Africans living in Europe have also fallen, which means that Africa's employment situation will deteriorate even further. In view of these challenges, we must ask ourselves how significantly the measures envisaged in the CSA need to be revised. A fundamental change of direction is needed to address the problem.

Europe needs to find the courage to adopt a substantially new Africa policy, which is also self-critical of the agendas since the Cotonou Agreement of 2000. A change of course is urgently needed. In making this change, it is essential to take into account a) that African countries are undergoing a major transformation, b) that African countries and their institutions are pursuing their own agenda, c) that the dynamics on the continent, the global power shifts, are recognised and d) that the age of post-colonial cooperation has come to an end.

In other words, it is not only about financial flows. It is not just about restructuring trade. Nor is it only about resolving crises and pandemics, or ensuring good governance and good institutions. It is about a fundamental change of direction, to which the Africa-EU Cooperation Pact must contribute. On the one hand, it should help to facilitate joint implementation of multilateral decisions (as is also provided for by the AEA), and, on the other, it should help to balance the respective interests. It is about moving in a different direction, i.e. putting an end to the traditional Europe-Africa dependency beyond aid-driven arrangements. Europe is called upon to anticipate the great transformation on the African continent. If it manages to do this, Europe can continue to play a major role. However, this role must no longer be characterised by dominance and asymmetry. Successful European involvement would also be clearly distinguished from geostrategic action by the US, China, Russia and other emerging countries.

## COMBATING THE PANDEMIC

The EU and its member states have taken various initiatives to help Africa face the outbreak of the coronavirus. These involve immediate aid measures such as procuring tests and laboratory equipment, followed by longer-term pandemic prevention through the development of a laboratory infrastructure, financing of training measures, information campaigns and national pandemic response plans. It is essential to support Africa's health systems in order that they can tackle the unprecedented challenges of the coronavirus. The global pandemic could add to the existing economic and social crisis. However, this should also be long-term support that helps to strengthen the public health sector.

## NEW AGRICULTURAL POLICY

A common agricultural policy involving the main African and European players must be developed in cooperation with the African countries. One area of focus should comprise measures to ensure »food security«.

The European agricultural sector is superior to African agriculture in every respect, thanks to its extremely high productivity and billions in subsidies. The EU's Common Agricultural Policy operates through what is known as the export and import mechanism: if the EU, as the world's largest agricultural exporter, increases its exports, world market prices fall. They may also fall in developing countries, undermining their competitiveness and displacing local products. Not least because of the high compensation payments to farmers, the EU has become the largest food exporter. African farmers suffer a clear competitive disadvantage in every respect. In addition, the non-tariff trade barriers of the EU (and also of other OECD countries and China) and high trade and transport costs constrain African agricultural exports. The consequence of these two conditions is Africa's longstanding high dependence on food imports. It is therefore crucial for trade and agricultural issues be discussed together in the forthcoming EU-Africa negotiations. The ultimate aim must be to ensure that African agriculture is not further disadvantaged. The European Commission should accelerate plans to eliminate the EU's harmful agricultural subsidies.

## SUPPORTING TRANSFORMATION PROCESSES

What is needed is a proactive policy for economic and social transformation. Creating more productive jobs for the rapidly growing population in Africa is of central importance. Investment in urban agglomerations can be an important driver of structural change. Especially in the cities, actors in the informal sector are the key basis for the survival of the majority of the population.

Many African countries are pursuing structural change with industrial concepts. Policies that deepen the complementarity between infrastructure development, foreign and domestic investment should be promoted to ensure inclusive growth. In addition, agriculture and small and medium-sized enterprises (SMEs) should be at the centre of strategic cooperation, because this is where millions of future jobs will be created. It is the modernisation of agriculture that can induce employment-intensive growth and improve the food supply. The removal of market entry barriers for SMEs can stimulate economic growth and thus increase employment and income.

## COMBINING FOREIGN DIRECT INVESTMENT WITH LOCAL ENTREPRENEURSHIP

Africa's economic development can be promoted through FDI, provided this does not merely constitute exploiting raw materials. Investment in agriculture and the manufacturing industry, but also in the service sector, can contribute to creating highly qualified jobs, technology and knowledge transfer and thus boost Africa's productivity. African large and medium-sized enterprises are developing—but only slowly, so that they are hardly in a position to drive forward the transformation of the continent on their own. FDI can generate economies of scale and specialisation. However, the decisive changes must take place within Africa. The contributions of FDI to reducing poverty and high youth unemployment are at best small. For example, all foreign investment over the past ten years has created an average of just 100,000 new jobs per year. Jobs for 20 million people a year will have to be created largely by local businesses and farmers. It is the task of national governments to promote rather than hinder local entrepreneurship. European support measures can help, as can employment-intensive FDI.

The CSA stresses the importance of SMEs but does not indicate how they can be helped to flourish. It also lacks a concept for linking FDI with companies in industrial clusters and special economic zones. Like the Compact with Africa (CwA), the CSA focuses on the business environment and subsidies for FDI, but how linkages can be created remains unclear. One possibility would be to grant tax relief if FDI were to carry out targeted subcontracting with SMEs in Africa in order to transfer technology, ensure decent work and carry out training measures. A programme that also involves research institutions and universities could give a boost to knowledge transfer and the development of start-up entrepreneurs and African SMEs. These local companies could, in turn, provide a new stimulus to industrialisation, empower local and regional value chains in agriculture and industry, and create jobs.

Europe could make a useful contribution to this ambition by supporting the development of a sustainable endogenous economy in Africa. Endogenous development through industrialisation and the empowerment of entrepreneurship, which also creates jobs, is not only useful for Africa's development but ultimately in Europe's interests too.

## RE-ESTABLISHING TRADE RELATIONS

Since 1997, the EU has concluded agreements with North African countries and five Economic Partnership Agreements with regional groupings of sub-Saharan countries. Critics argue that these agreements may hold back the continent's structural transformation by undermining intra-regional trade and integration. Lowering tariffs on EU imports to African markets is predicted to divert the region's trade in favour of European producers and away from local or more efficient suppliers. Moreover, because EU free trade agreements have been negotiated with regional blocs rather than the continent as a whole, they have increased the heterogeneity of African countries' liberalisation commitments, adding to the challenge of rationalising the continent's trade regimes under AfCFTA. The limited anticipated benefits of free trade agreements is one reason why many, particularly low-income African countries have refused to join them.

The EU should help improve the regulatory environment for African producers and exporters. Although the EU has facilitated access to European markets under the Everything but Arms scheme, there are still numerous restrictions imposed by the EU. Non-tariff trade barriers limit Africa's export options. The EU's rules of origin are widely criticised for being overly complex and restrictive, especially rules on minimum domestic content and cumulation. To be eligible for reduced tariffs, a developing country export must have a minimum domestic content of 30 per cent. Moreover, exporters cannot easily »cumulate« inputs from other countries. There is evidence that these restrictions have limited African exporters' use of tariff preferences and may also have undermined regional value chain creation.

To what extent should the CSA be complemented by trade measures? In view of the developments described above, it is useful to focus on the following aspects:

– The EU should continue to liberalise its remaining tariffs on imports from Africa and improve the impact of these preferences by reforming the rules of origin. The European Commission should work towards providing duty-free access to EU markets for all African countries, irrespective of geography or income level.

– The EU should also reform its rules of origin in line with the WTO Ministerial Declaration for Least Developed Countries. This would involve lowering minimum domestic content requirements from 30 to 25 per cent and providing for extended cumulation. As a minimum, the EU should allow African country exporters to cumulate inputs from other countries in the region.

– Improve the effectiveness and impact of EU Aid for Trade in Africa.

– Support of AfCFTA, expertise, capacity building, support for infrastructural measures, customs etc.

## PUSH DIGITALISATION

The digital transformation of Africa is an important goal of African countries. The EU made a strong plea in its Africa strategy »to support the African aspirations to build a single African digital market«, as a way to boost growth across all economic sectors. However, the digital agenda could also be a double-edged sword, as it could create more inequalities if the poor populations are not given access. Issues like taxation, already a challenge in the real economy, would require renewed efforts to adapt to the digital economy. It should become a key priority for the EU-Africa partnership to tackle these types of threats by developing appropriate regulatory and legal frameworks. By calling for further expansion of the digital economy, the EU's Africa strategy raises some important points. But the individual measures are not adequately linked to the needs of African development agenda: One of the most important prerequisites for participating in the digital transformation is having a reliable energy supply, something which is not guaranteed for 60 per cent of the African population.

## OTHER IMPORTANT ISSUES

Some other key considerations that should not be neglected are:

– *Economies should be rebuilt in a climate-friendly manner:* The economic crisis provides an opportunity to make a giant leap towards a low-carbon and climate-resilient future across both continents. The envisaged stimulus measures for economic recovery should be »equitable and environmentally sustainable«. The EU has made a »low-carbon, resource-efficient and climate-resilient future« the key priority in its strategy proposal. It also intends to support African efforts on climate change mitigation and resilience as well as adequate adaptation measures, while carefully monitoring the social implications.

– *Debt reductions for some African countries must be supported.*

– *Illicit trade issues must be addressed.*

– *Tax evasion by multinational corporations must be tackled*, which the UN Economic Commission for Africa puts at 100 billion US dollars annually.

## CONCLUSION: TOWARDS A NEW PARTNERSHIP BETWEEN AFRICA AND EUROPE

Europe has its interests and so too do the individual countries on the European continent. Also, African countries, African institutions (such as the AU and AfDB) have interests that they have clearly formulated in recent years. African countries are no longer in a post-colonial phase but have increasingly distanced themselves from the donor-recipient model. They have started to establish the AfCFTA; they are strengthening cooperation among themselves and with others in order to pursue their own development trajectory. They have developed industrialisation and agricultural strategies. While their development process is not straightforward and there are always challenges, there is also progress. Globalisation has given the African continent opportunities to play a role in the international division of labour. But the concept of pure world market integration has not brought the expected success. Poverty and unemployment remain widespread. The climate catastrophe is hitting Africa particularly hard, although the causes are largely rooted in the US, the EU and China with their unsustainable economic model. The strategies pursued by African countries in recent years are less reliant on external support and foreign investment. They are more focused on local and regional development. It is time for the EU to move away from the post-colonial model and also from outdated paternalistic behaviour. The EU must develop new modes of engagement that better reflect the African continent's changing reality.

The Corona crisis could be a unique incentive for Africa to present its own proactive strategic vision on the partnership with the EU and its other global partners. A prosperous African continent is in the EU's interest. Future cooperation is based on the respective interests of both sides and should therefore be fair, equal, supportive, environmentally friendly and civil. The comprehensive strategy with Africa seems to be a step forward and to herald a new era of relations, but it does not meet the challenges in all respects. The EU has presented a plan to the African states, which will be discussed jointly with a view to producing a final concept. However, the plan needs to be fundamentally revised—not only because of the consequences of the pandemic, but above all to reduce asymmetrical dependence and power relations. The concept is a continuation of many well-known ideas but does not pave the way for adequate cooperation. This plan does not overcome the existing asymmetries. This will lead to more countries turning away from Europe. As the European Think Tanks Group (ETTP) declares in a statement of May 2020: »Put an end to traditional North-South dependency relations. This crisis provides a unique incentive for Africa and Europe to break with the power imbalances of the past.«

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# AFRICA-EUROPE ECONOMIC COOPERATION

## Using the Opportunities for Reorientation

The European Union's relations with the African continent face particular challenges. Unexpectedly, the negotiations between the partners are being put through a special rehearsal. The global spread of COVID-19 has led to economic crises in Europe, China and the USA, as well as on the African continent. The EU-African Union Summit, scheduled for October 2020, will be overshadowed by the global coronavirus crisis. Both EU and African institutions consider the economic and health crisis to be more serious than the 2008/2009 financial crisis. The consequences of the crisis for the African continent are so far-reaching that cooperation between Africa and the EU must also be readjusted.

The aim in 2020 is to transform the existing cooperation into a strategic partnership. For this to happen, fundamental decisions must be taken. The EU's political leadership claims that 2020 will be a »pivotal year« for EU-Africa relations. European Commission President von der Leyen called for a »partnership of equals« that would move away from the donor-recipient relationship that has long characterised EU-Africa relations. With its communication »Towards a Comprehensive Strategy with Africa« (CSA), the EU has presented a plan to the African states, which will be discussed jointly with a view to producing a final concept. The CSA is a continuation of many well-known ideas but it does not pave the way for adequate cooperation. One part of the CSA is the External Investment Plan (EIP), an instrument used by the EU to foster investment and improve business environments. While the EIP's substantial financial resources are remarkable, it cannot replace the proactive policy that contributes to Africa's development.

The Corona crisis could be a unique incentive for Africa to present its own proactive strategic vision on the partnership with the EU and its other global partners. A prosperous African continent is in the EU's interest. Future cooperation is based on the interests of both sides and should therefore be fair, equal, supportive, environmentally friendly and civil. The comprehensive strategy with Africa seems to be a step forward and to herald a new era of relations, but it does not meet the challenges in all respects. The strategy needs to be fundamentally revised—not only because of the consequences of the pandemic, but above all to reduce asymmetrical dependence and power relations. As declared by the European Think Tanks Group (ETTP) in a statement of May 2020 »Put an end to traditional North-South dependency relations. This crisis provides a unique incentive for Africa and Europe to break with the power imbalances of the past.«

Further information on the topic can be found here:
**https://www.fes.de/en/together-towards-justainability**

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