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## **EBCAM POSITION PAPER ON NEW EU TRADE STRATEGY**

The European Business Council for Africa and the Mediterranean (EBCAM) welcomes the new EU Trade Strategy communicated by the European Commission on 18 February 2021 in the document “Trade Policy Review” and agrees with the essential need for open, rules-based trade to restore growth and job creation post COVID-19. Equally welcomed also is the emphasis on a green and digital transformation of the economy. The Commission rightly focuses on getting the tools to defend the legitimate European Union interests when we face unfair trade practices. An open, strategic and assertive trade policy emphasizing the EU's ability to make its own choices and shape the world around it through leadership and engagement, reflecting our strategic interests and values.

To be successful in its green and digital transformation the EU needs to create further trade and investment opportunities for companies in third countries markets. It should also ensure continuous and unlimited access to key resources – raw materials, goods, services, investments. This will be key for the EU's resilience and leadership in a more competitive world.

To ensure universal standards on trade, more should be done to address the issue of injurious subsidization of their industries, especially those emanating from state capitalist systems. In this light, unfair trade practices in Africa and elsewhere from China, Russia, Turkey and other countries need to be addressed further by the Commission. Highlighting the urgency of the matter, EBCAM welcomes EU leadership efforts on crucial WTO reform efforts including new roles for digital trade, reinforced rules to tackle competitive distortions and restoring the dispute settlement system.

EBCAM welcomes the recognition of a stronger focus on Africa as crucial for the EU's ability to shape global change. This recognition comes in a monumental crucial time for trade in Africa. The AfCFTA ratification signifies the first time there is great political commitment in Africa for a single set of rules for investment and the ability to solve disputes on a special court based on international practice. The AfCFTA presents vast potential for the European private sector. Together with its opportunities the AfCFTA also presents challenges that need to be addressed.

For EBCAM members and their African private sector partners, the AfCFTA is indeed an important step forward towards the creation of regional supply chains, which have been important drivers of economic transformation in many countries. From this point of view, this future continental single market is a great opportunity for new national investments and will encourage the arrival of more foreign investments.

In the eyes of both European and African enterprises, the AfCFTA alone will have no effect if it is not accompanied by measures aimed primarily at:

1. Synchronization of existing regional blocks
2. A significant reduction in non-tariff trade costs faced by African importing and exporting companies
3. A common definition of the rules of origin and that of sensitive products that each country will have the opportunity to protect (10%)



4. Taking into account the external trade agreements already in force, in particular the interim bilateral EPAs concluded between the EU and certain countries (Côte d'Ivoire, Ghana, Cameroon, etc.) which are currently liberalizing their imports of EU products to the tune of 75% of tariff lines (against 90% provided for by the CFTA)

The negotiation and then the implementation of these measures has little chance of achieving concrete results without the effective participation of the African private sector in each country, within the framework of a process of public private dialogue which, beyond the discourse, must now be systematic and not sporadic on the basis of binding action matrices in terms of results, responsibilities and deadlines.

For the EU to be able to cooperate better with its African partners and take maximum advantage of the AfCFTA, EBCAM believes that there is a need for a new trade regime between Europe and the whole African continent. Instead of several trade agreements running in parallel and the contended Post-Cotonou agreement, a new set of agreements is needed that does justice to our African partners and aims at a free trade area between the EU and the African continent. The perspective of an African-European Free Trade Area would accelerate the process of increasing intra-African trade started by the AfCFTA and could be a direct follow-up to the AfCFTA. Such an agreement could intensify trade and investments, and create the much-needed jobs in Africa, leading to economic growth and prosperity. In addition, and with the right design, an African-European Free Trade Area could play an important role in supporting African countries to diversify their industrial base and become truly integrated into regional and global value chains could reduce Africa's dependence and the associated costs of imports for essential goods such as food, pharmaceuticals and medical devices.

At the same time, African countries could benefit from the creation of regional value chains, driven by improved African production capacity and transborder trade and investments. In the implementation of AfCFTA, fast-track homologation efforts for instance in the pharmaceutical or automotive sector could be supported. And finally, reducing trading costs will open up opportunities for improving Africa's economic resilience to future external shocks.

In this new world environment that makes this new strategy so crucial, the EU must make sure to promote its own business interests against state subsidized companies that do not respect human rights and often maliciously disregard the sovereignty of third nations. Therefore, instead of imposing obligations on companies which affects the jurisdiction of, amongst others, African countries in a paternalistic way, policymakers should find multilateral solutions together with African partners to safeguard human rights in the respective countries. We therefore advocate that African partners should be involved in the shaping of this legislation, or to jointly find other means to enable an improved human rights due diligence.