



EU – AFRICA Towards a renewal of the relationship?

1 Africa - massive potential and opportunities

The continent is home to:

**54
COUNTRIES**



Majority of the population below 25 years old by 2050

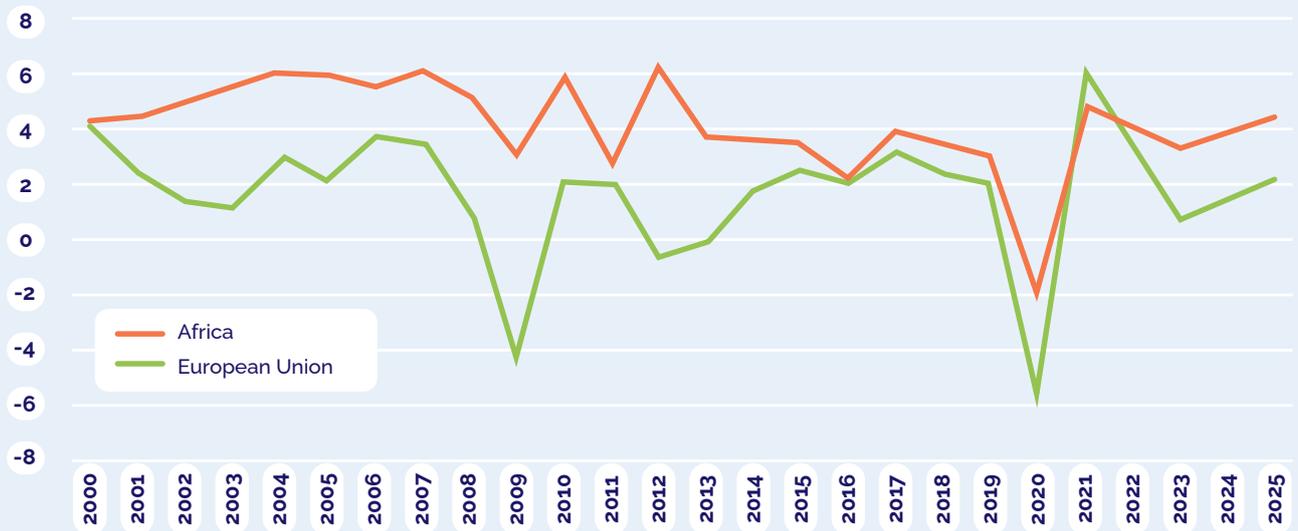
Inhabitants
1.3 billion
2.4 billion
by 2050

**BEGINNING
OF THE
2000s**

The continent have been characterized by transformative long term trends.

GDP Growth (%)

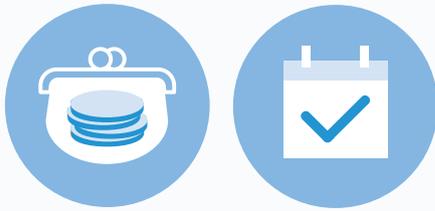
Growth has been amongst the most dynamic in the world, contrasting with the EUs.



Source: IMF



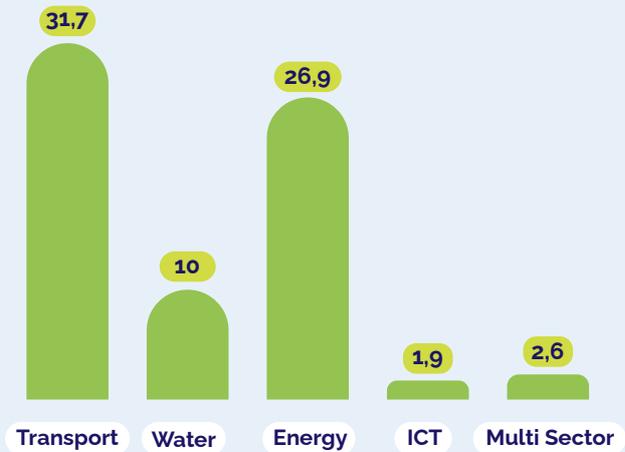
Economies are shifting progressively away from raw material – export orientated economies towards consumption economies.



First and foremost infrastructure have been improving very significantly, although needs remain massive.

In the last two decades the sectoral composition of the economies are profoundly shifting, with a major shift to services, while industries are moving up the value chain.

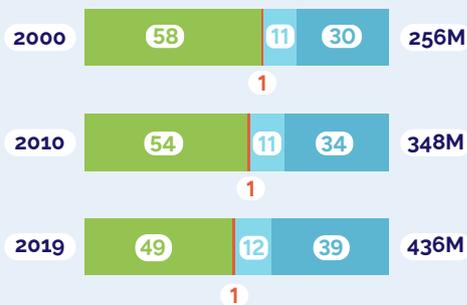
Average annual total infrastructure financing by sector 2012-2016 (\$Bn)



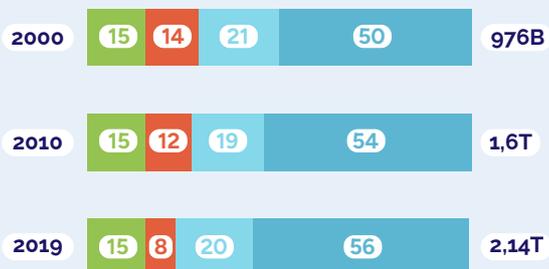
Source: ICA Report, Infrastructure Financing Trends in Africa – 2016.

Africa is undergoing a fundamental structural shift to services

Employment by sector, % and total jobs



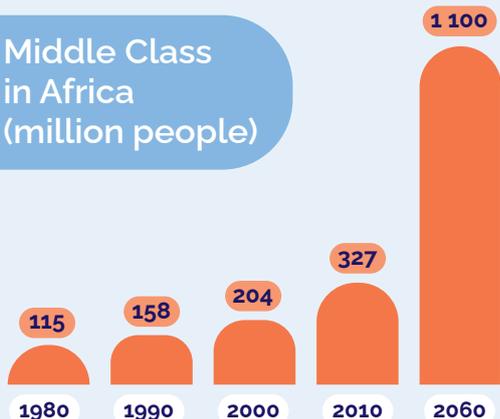
Gross value added, % with total \$



● Agriculture ● Extraction ● Industry¹ ● Services

¹Includes manufacturing, construction, and utilities.
Note: Figures do not sum to 100 percent due to rounding.
Source: MGI Africa Productivity Model

Middle Class in Africa (million people)



Source: AfDB 2011 - 2014

On the back of continent growth and as it urbanises, the middle class keeps increasing, and it is estimated that by 2030 some 130m people could be added to the consuming class.

Consumption in Africa :

Source: McKinsey





Africa is also going to be key in the next "revolutions" the world will be facing:



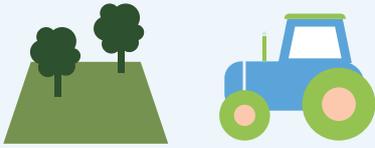
Of the world's uncultivated arable land are in Africa. At a time where the conflict in Ukraine is having international repercussions in terms of food security, the continent is far from having unleashed its full agricultural potential.



The continent imports close to **\$80bn** of food every year



of it production comes from small scale-farmers



the potential to increase production and productivity is massive, along the whole value chain, from yield improvement to related infrastructure and the development of agri-processing: according to AfDB, Africa's food and agriculture market could increase from :

2023

US\$280 billion a year

2030

US\$1 trillion a year

Source: Atlantic Council

2 EU-Africa current relationship : on a downward trend ?



Deep changes in Africa's position on the international scene



Major provider of all sorts of commodities, from oil and gas to critical metals

► Wide interest and growing interest allowed the continent to diversify its relationships.



COMMODITIES SUPER CYCLE

- exponential growth of emerging markets particularly of China
- Africa became increasingly central



While Europe has remained the first commercial partner of Africa, its share has been consistently eroding in the last two decades: imports have been increasing again since the Covid crisis and the war in Ukraine as Europe needs alternatives sources of commodities.

Minerals, Mineral fuels oils and distillates, % of imports



1990

45% of exports

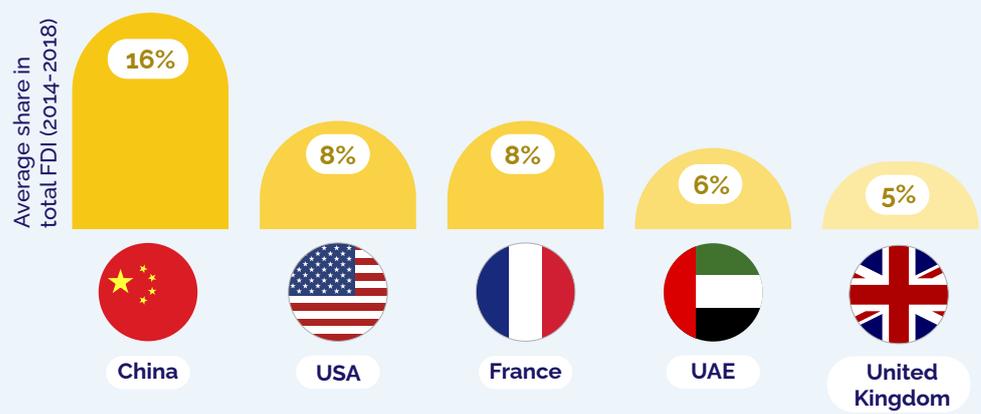
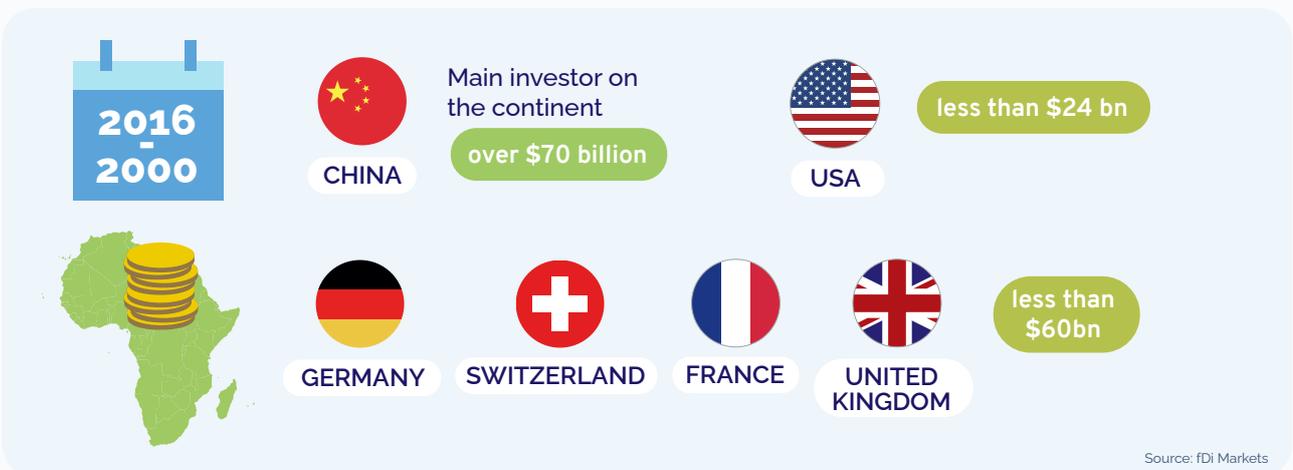
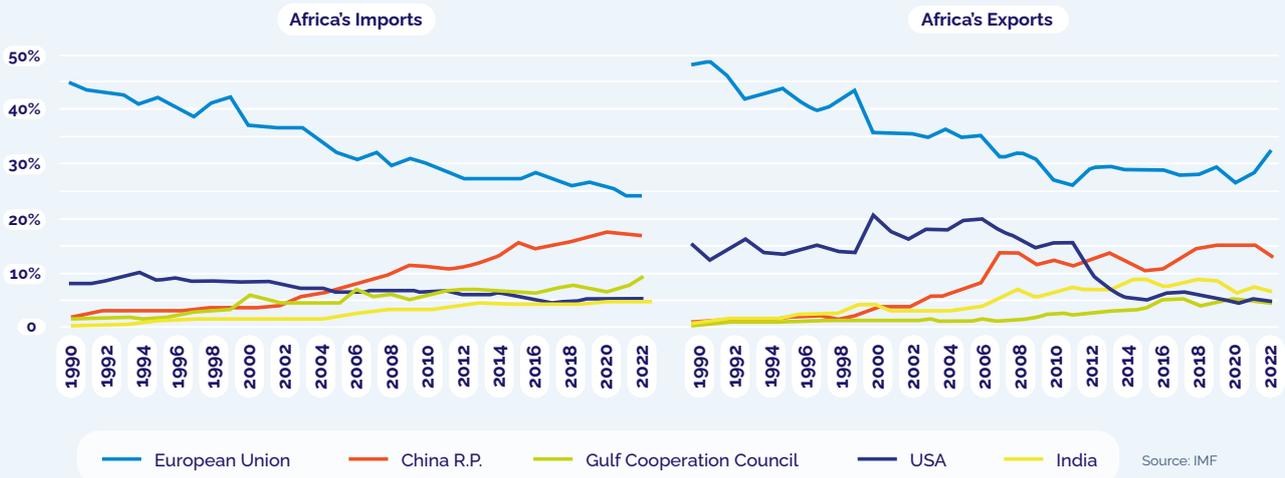
2022

- than 25 % of exports

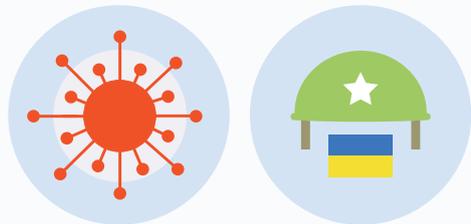
► On the export side, European share of the market has almost halved mainly to benefit of China and India.



Source: International Trade Center



3 When opportunities match necessities



Since the Covid crisis and the war in Ukraine, sovereignty in strategic supplies have come back at the forefront of European challenges, while accelerating the tech space development at a time where the US and China have gained a step ahead has become essential.



Looking for Alternative Energy Sources

► First and foremost alternatives to Russian energy supplies had to be found.



15% of the gas supply still originates from Russia

► divided by more than three in the last years



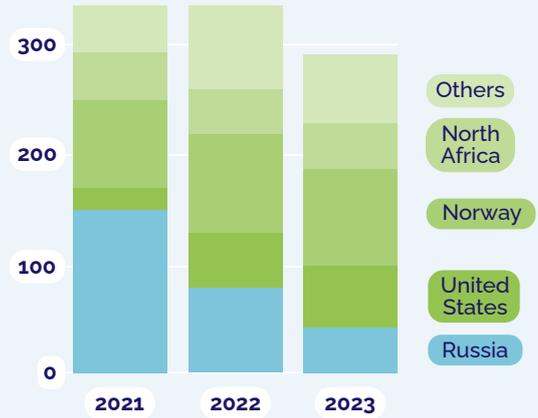
The US provided for most of the substitution, as import grew from:

2021 18.9 bcm

2023 56.2 bcm

North Africa has reinforced its strategic position thanks to its connectivity to Europe.

Source: Commission européenne, sur la base de REGRT-G et Refinitiv



With massive gas discoveries whether in Mozambique, Namibia Senegal or Mauritania

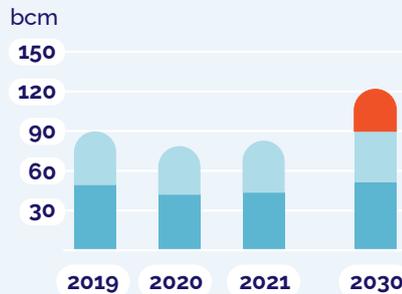
► countries could become privileged partners thanks to their vicinity and play a key role in the diversification of the supply.

Based on the assumption that Africa could fulfill 20% of the EU needs by 2030, African gas supply could increase by

30bcm



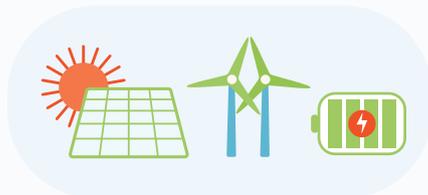
North gas exports from Africa and potential for additional export to the European Union in the SAS



● Potential for exports to EU
● Sub-Saharan Africa (including South)
● North Africa

Source: IEA

CLIMATE



To face climate challenges, the EU has also come to terms with necessity to diversify and secure its access to the critical mineral, whether to produce batteries, solar plants or wind farms.

Africa has vast reserves of critical minerals for the energy transition:

≈ 19% of those needed for electric cars



► Including :



Lithium



Manganese



Cobalt

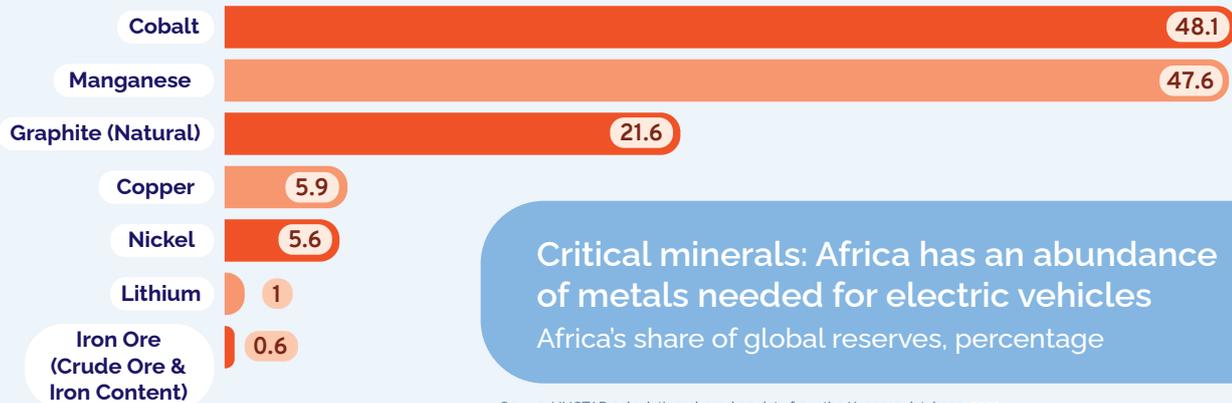


Aluminium



Copper

needed for high-tech and green products like smartphones and solar panels.

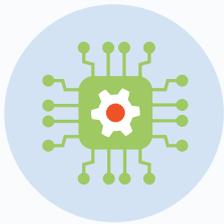


Critical minerals: Africa has an abundance of metals needed for electric vehicles
Africa's share of global reserves, percentage

Source: UNCTAD calculations, based on data from the Knoema database, 2023

TECH

Africa is the continent of Leapfrogging, the most emblematic example being the direct shift towards cell phones:



Source: GSMA



Africa is also the home of the most advanced mobile banking solutions, in which Kenya has been paving the way, while in the Fintech space six unicorns can be counted in countries like Nigeria, Senegal or Egypt.



Next Telco revolution is underway

- deployment of galaxies of Low Earth Orbit satellites that will allow the deployment of broadband internet access in underserved areas.



4 "Joint vision for 2030": a new beginning in the EU-Africa relationship?



The EU cooperation with African countries started with the ACP partnerships agreements initiated in 1957, when Treaty of Rome established the European Community, and a first "Regime of Association" was created.

It kept evolving over the decades, as the European Community was growing with new members was progressively moving towards what would become the European Union.



The latest step, the Samoa Agreement, was taken with countries part of the Organisation of African, Caribbean and Pacific States (OACPS):

- focused in priority on democracy and human rights, sustainable economic growth and development, climate change, human and social development, peace and security, migration and mobility.

Most of EU's development programmes are channeled through the **Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI)**



The European Development Fund (EDF), which was funded by direct contributions from the member states, ceases to exist.



The 2022 6th EU-AU Summit could be in landmark the relationship between the two long-standing partners:

- ▶ The signing of a "Joint Vision for 2030" by the EU and Africa Union, with a willingness "to move beyond the donor-recipient relationship", as urged by the European Parliament.

Channeled through the Global Gateway Africa – Europe Investment Package to implement the strategy around the following axis :



Energy, transport and digital infrastructure



Green transition



Fair and equitable energy transition, taking into account the specific of African countries with regards to access to electricity



Digital transformation



Sustainable growth and decent job creation



Mobility and employability



Transport facilitation and efficiency



Financing Gap in Africa:

≈ \$100 billion per year for infrastructures only

- ▶ It will be adamant, to successfully implement the package, that the EU and the AU achieve their objective **leveraging public funds to stimulate private investments** by mobilising innovative financing instruments.