



FEMISE ANNUAL CONFERENCE 2018

Neighbours of Neighbours: Relations and Cooperation of the EU-MED towards Africa¹

Valetta, Malta
On February 7th (evening), 8 and 9 2018

Concept Note

I. Context. Extensive cooperation between EU-Med and Sub-Saharan Africa: a necessity and opportunity

Extensive collaboration between the Euro-Med region and sub-Saharan Africa is made necessary by the common economic, demographic, migratory and climate challenges. Such collaboration could be of great benefit to all stakeholders.

- Africa is the continent with strong future growth potentials. Its population is young (the average age is 18 years old) and still in full expansion (by 2050, the number of inhabitants will double and, by itself, West Africa would amount to nearly one billion people). Over the past decade, growth rates have consistently been close to 5%-7%. In 2014, five African countries were among the ten countries with the highest economic growth worldwide. Despite these relatively high growth rates, population growth is such that, so far, the average per capita income is decreasing.
- For its part, Europe will be in a better position to solve its problems of growth and competitiveness, of aging populations and in managing future migration (related to climate change, to continued conflicts in the South and to poverty), when it moves forward towards a closer cooperation and a fuller integration with its Neighbourhood extended to the entire African continent.

The economists that participated at the FEMISE 2016 Conference (Athens) had already stressed that the objectives of the Barcelona Process were still topical, that we must work to improve shared prosperity on the basis of North-South and South-South relations and that it was necessary to highlight political innovation as a new paradigm of cooperation. **A further openness and collaboration with the rest of the African continent could be this long-awaited innovation that could boost the EuroMed integration.** Fostering partnerships and agreements between the Euro-Mediterranean region and sub-Saharan Africa could help accelerate growth in Africa by developing inter-regional and intra-regional relations, whether commercial, technological, or even cultural. Meanwhile, Europe could contribute by bringing know-how and financing for the development of infrastructures and activities with higher added value and to develop a common strategy, particularly on the energy sector. The Mediterranean countries, whose industries have partly diversified, are engaging more and more politically, diplomatically and economically in sub-Saharan Africa, and could participate in knowledge transfer regarding new technologies and infrastructures.



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It is in this context that the FEMISE annual conference of 2018 will aim to provide a platform for discussion and debate among the various stakeholders. The debates will help to find effective tools and policies. They will be organized around the following 3 axes presented in three main plenaries:

- **Plenary I.** Where are we in terms of EuroMed-African cooperation? : State of play of existing agreements and projects
- **Plenary II.** Where do we want to go and how? : The choice of a new paradigm for EuroMed Cooperation towards Africa and Priorities to target
- **Plenary III.** An imperative issue on the Cooperation agenda: Preserving the natural heritage and cooperating in the energy sector

I. Plenary Sessions

Plenary I. Where are we in terms of EuroMed-African cooperation? : State of play of existing agreements and projects

What is the situation that is currently emerging ? We will already note that:

- **At the local African level,** there are now eight regional economic communities recognized by the African Union². However, despite existing trade agreements, intra-regional trade remains weak. The latter ranks second to last among the world's regions (17.7% in 2015), which means it is a major source of still untapped growth. This is largely due to a combination of trade policies which focus primarily on access to developed economies, and regional integration efforts that have not been well designed or have not been fully implemented³.
- **At the multilateral level,** the Joint Africa-EU Strategy (JAES) was launched at the Africa-EU Summit in Lisbon in 2007 highlighting the intention of both continents to move beyond the donor / beneficiary relationship model towards long-term cooperation. To date, this multilateral strategy has not been able to fully exploit its potential, as illustrated by the low level of FDI of the European Union to sub-Saharan Africa. It will also be important to clarify the political orientations and decisions that will have been adopted during the 5th African Union - European Union Summit, which will be held in Abidjan (Côte d'Ivoire) on 29 and 30 November 2017.
- **At the bilateral level, the European Union has been negotiating Economic Partnership Agreements with Sub-Saharan Africa,** in particular with the EU-West Africa EPA with ECOWAS members and Mauritania, the EU-East Africa EPA with members of the East African Community, and the EPA EU-Southern Africa with members of the Southern African Customs Union and Mozambique. Pending final ratifications, African states benefit from different preferential regimes, including the GSP "Everything But Arms" for LDCs, the GSP for more developed states, an application of a bilateral temporary EPA (with Côte d'Ivoire, Ghana, Kenya, Rwanda and Southern African Customs Union countries). In addition, there exists different trade deals between the EU and African members of the COMESA (The Common Market for Eastern and Southern Africa). These agreements are asymmetrical insofar as they provide for the protection of sensitive tariff lines for African countries, in particular foodstuffs such as meat, dairy or agricultural products, certain industrial products and manufactured products. A fear shared by many African countries is the likelihood that certain strategic sectors will not be able to compete in Europe.
- **Mediterranean Partner Countries (MPs) are also involved in sub-Saharan Africa.** Indeed, we are witnessing a proliferation of bilateral agreements and an increase

² Namely the East African Community, COMESA, the Arab Maghreb Union (AMU), the Community of Sahel-Saharan States (CEN-SAD), the Economic Community of Central African States (ECCAS), the Intergovernmental Authority on Development (IGAD), the Southern African Development Community (SADC) and ECOWAS.

³ Some economic groupings continue to lag behind in achieving greater trade integration among members - probably because the overlap of their country groupings significantly reduces their effectiveness. This is the case of IGAD, the Economic Community of Central African States (ECCAS) and COMESA.



in exports to the rest of the continent. Public and private companies from these countries have established themselves throughout Africa. For example, Morocco has invested in banking and insurance, real estate and telecommunications, and companies such as Royal Air Maroc and Attijariwafa bank are present in many sub-Saharan African countries. Algeria, although less present than Morocco, has instead invested in energy and infrastructure.

- An EU-Med-Africa cooperation has been initiated on specific axes. **At the infrastructure level**, integrated transport networks are being planned between the two shores of the Mediterranean on the one hand, and between North Africa and Sub-Saharan Africa on the other. A trans-Mediterranean transport network is being planned, and a trans-Saharan road linking Algiers to Lagos is due to enter service in 2018. A gas pipeline project linking Nigeria and Morocco is also under consideration. **On the migration issue**, the EU is conducting a dialogue with the countries of the African continent with the Global Approach to Migration and Mobility as a global framework. Initiatives at the regional level have also emerged: the Rabat Process for the Western Road and the Khartoum Process for the Eastern Road.

More broadly, given the geographical position of the Mediterranean countries, which places them at Africa's "gateway" to the EU, these Med countries are often referred to as "hubs" for the African continent. What exactly does this idea of hub mean? What concrete forms can it take, even though the current customs duties applied by African countries are lower vis-à-vis Europe than towards the Mediterranean countries?

In addition to this inventory, the main objective of this first session will be to determine exactly where the EU, Mediterranean and Africa cooperation is standing.

Plenary II. Where do we want to go and how? : The choice of a new paradigm for EuroMed Cooperation towards Africa and priorities to be targeted

After the state of play of the first plenary session, we should ask ourselves the following question: How to enhance the value of EU-Mediterranean relations for a Deep Cooperation with Africa in an operational Partnership? More specifically, how and why a new form of cooperation initiated by the EU could allow everyone to take advantage of this new opportunity?

The central question of this session is defining a general vision of this Euro-Med-Africa cooperation (EMA) and priorities to be targeted. This cooperation should focus on initiatives and strategies of a common agenda that benefits both continents, while helping to reduce poverty in Africa and accelerate the process of convergence of living standards. The following two points seem essential to us as needing to be addressed in the agenda of this EMA cooperation:

- **The need for Re-industrialization:** the development of the manufacturing industry is essential to create jobs, to create wealth and to allow the growth of middle classes. The complementarity of comparative advantages between Europe, the Mediterranean countries and the countries of sub-Saharan Africa, as well as the skills acquired by Mediterranean companies (knowledge of European markets, improvement of the quality of products and productive systems, implementation of ecosystems in certain sectors, etc.) offer the opportunity to build co-production systems, ie "regional" value chains that will help all southern countries to move upmarket and to create added value.
- **The need for a more inclusive territorial development:** in both Mediterranean and African countries, coastal and urban areas are generally overpopulated, while rural areas remain marginalized. The prospects for cooperation in this area are numerous and extend to a very wide range of areas: infrastructure, agricultural land development, rational management of resources, particularly in agriculture, development of agro-food chains, education, etc.



Structuring projects in the fields of transport and energy resources involving Europe, the Mediterranean countries and sub-Saharan Africa would improve infrastructure and facilitate trade. The question of financing this cooperation must also be raised. Would it not be necessary to set up an intercontinental development bank (eg, such as the Inter-American Bank or the Asian Bank for Investments and Infrastructure) to ensure the mobility of capital and guarantee the security of long-term investments? Does solidarity finance have its place to finance EMA projects? Such questions deserve to be asked to give rise to a real reflection on setting concrete tools.

Plenary III. An imperative on the agenda: Preserving the natural heritage and cooperating in the energy sector

Natural heritage is very fragile in the greater EMA region and with global warming, harmful consequences are expected to multiply. It will be noted that:

- The first FEMISE estimates indicate that a 1°C increase in temperatures would cause a decrease in GDP per capita of around 8% on average in MPs. In Africa the situation is similar, even more worrying. It is therefore essential to anticipate all the effects of climate change, to evaluate their costs and to plan a rapid adaptation.
- However, in addition to the anticipation component, the environment can be a real opportunity. By making it necessary to develop new activities and new sectors, the environmental question can contribute to job creation, an acceleration of technology transfers and the emergence of new forms of learning and training, particularly for the youth.
- The problem of water and its scarcity in Africa remain one of the continent's' biggest challenges that needs to be tackled with innovative ways in a context of cooperation with their neighbours.
- Conscious of such realities, FEMISE, Institut de la Méditerranée and ENERGIES 2050 co-publish a report, updated on an annual basis, which deals with climate issues in the Mediterranean, putting into perspective the economic realities of the countries of the South shore and suggesting courses of action and recommendations in terms of both anticipation and action. This report was presented to COP23, opening a dialogue with the actors present at the event.

It seems clear that within the framework of a common EMA agenda it is necessary to tackle water stress, energy transition and water management. The exceptional opportunities that the environment presents in terms of growth, investment, job creation and social cohesion must also be taken into account. This plenary session will discuss such issues and illustrate the feedback that FEMISE and its partners obtained at COP23 by interacting with African civil society actors and policymakers.

II. Structure of the Conference

The conference consists of three main parts:

- (1) Three plenary sessions on the main theme of the Conference,
- (2) Three thematic sessions, including presentations of preliminary drafts of research projects funded by FEMISE (through the European Commission grant) and
- (3) The General Assembly for members of the network.