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Item 4 of the provisional agenda*

High-level round-table discussions

Round table 3: green trade and the future of Africa: navigating climate action, the African Continental Free Trade Area and global supply chains in the transition to sustainability

Concept note

I. Background

1. Africa holds a unique place in global trade. Its endowment of natural resources, including traditional commodities, such as oil and natural gas, and minerals used in innovative technologies, such as rare earths and other minerals used to support the green transition of economies, is unparalleled when compared to the natural resources found in other global regions. Despite that natural wealth, however, Africa has struggled to exploit its resources effectively and drive forward its sustainable industrialization agenda. The continent has, instead, remained overdependent on the extraction and exportation of raw commodities – an economic model that has hampered efforts by African countries to build resilience to global shocks and move up global value chains.

2. The series of crises that have undermined the global economy in recent years have presented both challenges and opportunities for African countries. At the peak of the coronavirus (COVID-19) pandemic, Africa found itself reliant on the import of critical products, including personal protective equipment and vaccines. In the wake of the pandemic, however, global demand for African goods skyrocketed: the continent's total trade grew by 32 per cent, year on year, in 2021 and by a further 17 per cent in 2022, when it reached nearly \$1.4 trillion.¹ Simultaneously, however, the continent's share of global trade has remained low when compared to that of other regions. Furthermore,

* E/ECA/CM/56/1.

¹ International Monetary Fund, "Direction of trade statistics", IMF Data. Available at: <https://data.imf.org/?sk=9d6028d4-f14a-464c-a2f2-59b2cd424b85> (accessed in December 2022). Total trade is defined as the sum of imports and exports.



trade within the continent itself has stagnated, with intra-African exports accounting for only 16 per cent of the continent's global exports in 2022.²

3. To support the African continent's sustainable transition, the Economic Commission for Africa (ECA) continues to promote intra-African cooperation and trade. ECA has also facilitated the formulation and implementation of a number of key trade agreements, including the Agreement Establishing the African Continental Free Trade Area, the implementation of which is expected to have a positive impact on African growth, output and trade. To a large extent, the continent's sustainable future depends on the pace of implementation of its commitments and the strengthening of regional cooperation mechanisms. Furthermore, by moving forward on trade and strengthening its partnerships, Africa will be able to ensure that its voice is heard in the global conversation on trade and development.

4. Climate change, the green industrial revolution and environmental sustainability have become pressing issues. At the twenty-eighth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, held in December 2023, the parties emphasized that climate change was already a matter of global concern and noted that global temperatures were already significantly higher than pre-industrial levels.³ Moving forward, concerted efforts must be made to mitigate the negative repercussions of the world's changing climate. For African countries, climate change presents a juxtaposition that is difficult to ignore: on the one hand, by generating less than 4 per cent of total global greenhouse gas emissions, Africa bears significantly less responsibility for climate change than other global regions.⁴ On the other hand, many African countries are particularly vulnerable to the negative repercussions of the changing climate.

5. Trade can, however, play a critical role in addressing the climate ambitions of African countries, in particular within the context of continental trade initiatives, including the Agreement Establishing the African Continental Free Trade Area. Furthermore, by creating an integrated market that facilitates the unrestricted flow of goods and services across borders, the Agreement Establishing the African Continental Free Trade Area, which entered into force in May 2019, offers significant opportunities for regional integration, industrialization, economic diversification, and sustainable and inclusive development.⁵ The potential benefits for African countries stemming from the entry into force of the Agreement are significant, with ECA estimating that intra-African trade could be as much as 35.6 per cent higher in 2045 than it would be in the absence of the African Continental Free Trade Area, with some of the most significant growth occurring in the agrifood, industry and service sectors.⁶

6. The relationship between trade and the environment is bi-directional, however. On the one hand, increased trade can affect the environment by increasing demand for natural resources and for workers to transport goods to their intended destinations and is likely to increase land, maritime and air traffic. At the same time, climate change can affect trade by re-routing supply chains and changing production and trade modalities. It should be underscored, however, that climate and trade do not necessarily stand in opposition to each

² Ibid.

³ See, for example, the outcome of the first global stocktake of the Conference of the Parties (FCCC/PA/CMA/2023/L.17), available at: https://unfccc.int/sites/default/files/resource/cma2023_L17_ad_v.pdf.

⁴ Statista, "Africa's share in global carbon dioxide (CO₂) emissions from 2000 to 2021", Emissions database. Available at: www.statista.com/statistics/1287508/africa-share-in-global-co2-emissions/.

⁵ Secretariat of the African Continental Free Trade Area, "What is the AfCFTA?". Available at: au-afcfta.org/purpose-the-afcfta/.

⁶ ECA and Centre d'Études Prospectives et d'Informations Internationales (CEPII), *Greening the implementation of the African Continental Free Trade Area Agreement* (forthcoming).

other. In fact, research by ECA has confirmed the complementarity of increased trade under the terms of the Agreement Establishing the African Continental Free Trade Area and the continent's climate ambitions. Modelling by ECA has, for example, determined that implementation by African countries of the Agreement, together with implementation of 100 per cent of their nationally determined contributions to the global response to climate change under the Paris Agreement, and of 25 per cent of their conditional nationally determined contributions will result in greenhouse gas emissions that are 17.7 per cent lower in 2045 than they would be in the absence of the African Continental Free Trade Area and the continent's climate mitigation policies, while intra-African trade will still increase by 33.4 per cent.⁷

7. Thus, as the demand for critical minerals increases and global trade dynamics develop in line with changing priorities, Africa has an opportunity to harness its natural resource endowment, build resilience and push forward its sustainable industrialization agenda.

8. Africa has an abundance of the mineral resources for which there is increasing global demand, including aluminum, cobalt, copper, lithium and manganese, and is ideally placed to produce high-tech green products, the demand for which is also increasing rapidly. Africa also has enormous solar, hydropower, wind and geothermal potential, all of which will prove critical in the green energy transition ahead. Attracting investment, strengthening cooperation and building partnerships, both within the continent and with external stakeholders, to advance the interests of Africa and its partners, will also prove critical if African countries are to achieve their climate goals.

II. Objectives of the round table

9. Panellists in the round table will discuss key issues relevant to trade, the environment and Africa's sustainable transition. The panel will also seek to formulate policy recommendations relevant to the nexus between climate and the environment, taking into consideration the potential impact of trade liberalization under the terms of the Agreement Establishing the African Continental Free Trade Area and changing global trade dynamics. In particular, they will seek to answer the following questions:

(a) How can Africa build environmentally sensitive regional and global value chains that facilitate African efforts to retain a larger proportion of the wealth generated from the continent's natural resources?

(b) How can the Agreement Establishing the African Continental Free Trade Area be leveraged to advance the African continent's sustainable industrialization agenda?

(c) As countries increasingly focus on the development of green technologies, demand for the critical minerals used in those technologies will rise. How will shifts in the demand for key minerals affect Africa? How can African countries ensure that they remain at the forefront of efforts to develop green value chains?

(d) To achieve its climate ambitions, African countries must establish and sustain strong partnerships with its international trading partners. Historically, however, the continent's partnerships have benefited trading partners outside Africa more than they have benefited African countries themselves. What must Africa do to forge strong international partnerships that allow it to reap the benefits stemming from the exploitation of its natural resources?

⁷ Ibid.

(e) The protocols to the Agreement Establishing the African Continental Free Trade Area do not include a protocol on the environment. How can implementation of the existing protocols to the Agreement support green growth and development across the continent and strengthen the position of African countries in regional and global value chains?

(f) Historically, Africa has emitted a much lower proportion of global greenhouse gas emissions than other continents. Nonetheless, the negative repercussions of greenhouse gas-led climate change are likely to be much more serious for Africa than for other global regions. In the light of the role that African countries can play in the green transition, what steps can Africa take to mitigate and adapt to the changing climate?

III. Target audience of the round table

10. It is envisaged that the round table will stimulate debate on trade, climate action, and the transition to sustainability among a wide range of stakeholders, including:

- (a) Government officials;
- (b) ECA partners;
- (c) Representatives of civil society and youth organizations;
- (d) Private sector stakeholders.

IV. Round table focal points

11. The following focal points are available to answer questions and provide further information regarding the round table:

Lead focal point:

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