

Africa's Trade and Green Transition: A Continentally Coordinated Approach

Date: 4 December 2023

Preferred Time: 11:00 – 12:30

Africa Pavilion

Organizers: UNECA

Background and Context

The relationship between trade and the environment is bi-directional. Trade can lead to innovation, promote green initiatives, and help facilitate the transfer of knowledge needed to set in motion sustainable and inclusive development. Yet simultaneously, trade can contribute to climate change, environmental degradation, and increase GHG emissions. The modality through which this happens is simple. The more that goods are traded the more they must move, both domestically and across borders, which requires more transport mechanisms including trucks, railcars, airplanes and maritime vessels, all of which increase emissions.

Having a better understanding of this relationships is critical for helping countries implement policies that will both minimize their contributions to climate change and simultaneously help them adapt to its effects. In this sense, trade in Africa is set to grow, especially given existing continental initiatives like the African Continental Free Trade Area (AfCFTA), which is expected to be a game changer for Africa. In fact, the latest joint modelling results from ECA and the *Centre d'Etudes Prospectives et d'Informations Internationales* (CEPII) show that in the year 2045, as compared to the situation without the Agreement, intra-African trade will increase by 34.6% (USD 204.3 billion) and some of the most critical sectors like agrifood, services, and industry will see the largest impacts.

Given this context, it is imperative that Africa is well informed of the ways in which trade under the AfCFTA can become environmentally sensitive and support the continent's sustainable future. To shed light on this topic, ECA and CEPII have undertaken work with multiple objectives. First, this work seeks to model the effects the AfCFTA will have on GHG emissions in Africa. It further seeks to assess the impact that meeting climate policy milestones, through implementation of nationally determined contributions, will

have on African emissions. Third, and finally, this work seeks to explore and understand whether establishing African carbon market(s) can help abate GHG emissions foreseen through NDCs in a more efficient manner. In sum, results across several scenarios show that if Africa takes a coordinated approach to carbon markets it can effectively reduce emissions while preserving most of the economic benefits, including increased intra-African trade, from the implementation of the AfCFTA.

This session will seek to explore these results through a background presentation of ECA and CEP II research, followed by a panel discussion of experts, and answer questions that arise, like those on Africa's ability to realize its emissions reductions goals, the resources needed to meet nationally determined contributions, and the feasibility of instituting and establishing African carbon markets.

Objectives of the event

The overarching objective of this session is to raise awareness of the climatic implications of increased trade under the AfCFTA and initiate a conversation on how best to meet Africa's climate goals.

The specific objectives are to:

1. Raise awareness on the feasibility for Africa, as a continent, to meet its climate ambitions under multiple scenarios.
2. To promote understanding of the relationship between trade and the environment, both from a perspective of how more trade can exacerbate environmental problems as well as contribute to their mitigation.
3. To better understand the resources needed to drive Africa's sustainable transition.
4. To help support the idea of a continental carbon market and enhance understanding thereof.

Draft Programme

Moderator: Melaku Desta, Coordinator, African Trade Policy Centre (ATPC), UNECA

Welcoming remarks (5 minutes): Moderator

Opening remarks (10 minutes): Executive Secretary, UNECA (tbc)

Presentation (25 minutes): Simon Mevel, ATPC, UNECA

Panel Discussion (25 minutes):

Panelists:

Mr. Rashid Kaukab, International Institute for Sustainable Development

Ms. Faten Aggad, African Climate Foundation

Questions & Answers (20 minutes)

Draft Questions:

- 1. Intra-African trade can be a powerful driving force for sustainable development. That is why the AfCFTA Agreement is considered a game changer for Africa's development ambitions. However, the implementation of the AfCFTA Agreement will also have potential adverse implications for the environment, including for climate change. Yet, to this day, no decision has been taken to negotiate a specific commitment or protocol relating climate change or the environment under the auspices of the AfCFTA. How do African countries balance their need to increase intra-African trade and industrialization with their climate ambitions as contained in their respective NDCs? What is the implication of this balancing exercise for countries' fiscal challenges?*
- 2. Sustainable agriculture can provide multiple benefits; it can help increase crop yields and availability, and help build resilience to external shocks. Encouragingly, the agri-food sector is amongst those sectors expected to see the largest benefits from the AfCFTA. But Africa must ensure that increasing its agriculture production does not simultaneously increase GHG emissions and lead to further losses in bio-diversity. How can countries reconcile this tension and what investments are needed to build sustainable agriculture in Africa?*
- 3. Most of us tend to think of trade and environment separately, but awareness is on the rise about the relationship between these two. However, sometimes it's not the obvious factors from trade that have the largest impact on the environment. For example, we typically think of emissions from trucks increasing as trade increases but there is also a production component that generates waste, pollutes ecosystems, and destroys natural habitats. What issues should African policymakers consider to limit the environmental cost of increased production and trade?*
- 4. As sustainability becomes an increasingly important part of the global conversation, competition for green minerals is set to rise. But just because a mineral is labeled 'green' doesn't mean that the process of extraction, refinement, beneficiation, export, and consumption is in fact green. To truly have resilient and environmentally regenerative technology, policymakers must consider the impact of different activities along the mining value chain on GHG emissions. How can these processes become more environmentally friendly and*

contribute to a sustainable future? Can green minerals policies also be integrated into concepts like carbon markets?

Closing remarks (5 minutes): Moderator