



TRADE & INDUSTRIAL POLICY STRATEGIES

**HOW CAN SOUTH AFRICA ENGAGE THE EU
(AND OTHER G20 MEMBERS) ON CBAM AND
ADVANCE A 'JUST TRANSITION' IN AFRICA
DURING ITS G20 PRESIDENCY AND BEYOND**

WORKING PAPER

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ABBREVIATIONS

ACCTS	Agreement on Climate Change, Trade and Sustainability
AfCFTA	African Continental Free Trade Area
ACS	Africa Climate Summit
AGII	African Green Industrialisation Initiative
AI	Artificial Intelligence
AU	African Union
BCAs	Border Carbon Adjustments
BRICS	Brazil, Russia, India, China and South Africa
CRD	Climate Resilient Development
CBAM	Carbon Border Adjustment Mechanism
CTE	Committee on Trade and Environment (WTO)
CBDR-RC	Common But Differentiated Responsibilities and Respective Capabilities
COP	Conference of the Parties
CATL	Contemporary Amperex Technology
ESG	Environmental, Social, and Governance
EU ETS	EU Emissions Trading Scheme
EU	European Union
EU CBAM	EU Carbon Border Adjustment Mechanism
FTA	Free Trade Agreement
FPFA	Foreign Pollution Fee Act
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GHG	GreenHouse Gas
IFCMA	Inclusive Forum on Carbon Mitigation Approaches (OECD)
IRA	Inflation Reduction Act
IPCC	Intergovernmental Panel on Climate Change
JETP	Just Energy Transition Partnerships
LDCs	Least Developed Countries
MFN	Most-Favoured Nation
SA	South Africa
S&DT	Special and Differential Treatment
SDGs	Sustainable Development Goals
TCTF	Temporary Crisis and Transition Framework
TRIPS	Trade Related Aspects of Intellectual Property Rights
TESSD	Trade and Environmental Sustainability Structured Discussions
UN	United Nations
UK	United Kingdom
UNFCCC	United Nations Framework Convention on Climate Change
US	United States of America
WTO	World Trade Organization

1. INTRODUCTION

Two of the most consequential trade policy developments in recent years, the European Union's Carbon Border Adjustment Mechanism (CBAM) and the United States' "Liberation Day" measures, including the steel and aluminium tariffs, are reshaping the global trading landscape. These policies present significant challenges to the multilateral, rules-based trading system and carry potential implications for developing countries, particularly small and vulnerable economies in Africa that are heavily reliant on these markets.

While both measures are designed to alter market dynamics and reinforce the competitive positions of their respective economies, their underlying objectives differ. The US tariffs primarily seek to protect domestic industries and address trade imbalances in favour of the United States. In contrast, the EU's CBAM aims to curb carbon emissions, influence global supply chains, and enhance the EU's domestic competitiveness (Choudhry, 2025).

Both measures have emerged in response to shifting patterns of global manufacturing competitiveness and the imperative to foster new, climate-smart and digital technologies to reduce carbon footprints. At the same time, both the US and the EU are engaged in a strategic contest with China to secure critical minerals essential for the development of these emerging digital and climate technologies.

This paper is intended to contribute to the discussion on how to build a broader framework to respond to the EU CBAM and engage in diplomacy with the EU to support South Africa and Africa's "just energy transition" (see Section 6). With South Africa being the Presidency of the G20 in 2025, this also provides African countries with an excellent opportunity to engage with all G20 members (including the United States (US)) on how to restore the integrity of the multilateral trading system and advance a just transition for African countries that also advances their economic development and social transformation.

This paper is organised as follows: Section two discusses the geoeconomics and geopolitics of critical minerals and green technologies. Section three discusses the EU CBAM and its impacts on African countries and also discusses the key climate bills in the US. Section four outlines some of the trade and climate measures taken by President Donald Trump in his first 100 days in office (Trump 2.0) and the EU's interim response to these measures. Section five discusses emerging global approaches to international cooperation to climate and trade issues. Section six discusses the case and opportunity for a just transition for Africa. Section seven discusses South Africa's G20 Presidency and the opportunity it offers for Africa to engage the EU and other potential allies to advance a just transition for Africa and other developing countries. Section eight provides policy recommendations for South Africa and the African Union (AU)/African Continental Free Trade Area (AfCFTA) to engage the EU on the reform of the global trade, finance and climate architecture.

These recommendations are structured across three levels:

- a) Bilateral level – focused on South Africa's engagement with the European Union (EU) within the framework of the SA-EU Strategic Partnership.
- b) Regional level – aimed at advancing AU-EU cooperation in the context of the forthcoming AU-EU Summit; and
- c) Multilateral level – proposing reforms to reimagine and strengthen global governance on trade, finance, and climate change, particularly through platforms such as the G20.

2. GEOECONOMICS AND GEOPOLITICS OF CRITICAL MINERALS AND GREEN TECHNOLOGIES

Climate change and the need for the major economies to decarbonise and dematerialise their production systems has caused a race to develop new technologies, utilising the power of the fourth industrial revolution innovations in digitalisation, the internet of things and AI, and the transition to new energy sources, such as solar and wind and building electric batteries and storage facilities. This has caused a major race by the major economies to secure the critical raw materials and rare earth minerals required to build these new technologies, securitising trade, and reversing the earlier trend towards global value chains as countries seek new alternatives to secure their control of supply chains through “reshoring” and “friendshoring.” In his first Presidency, President Donald Trump called on US multinationals abroad to return their manufacturing operations in the US (“reshoring”). The US Biden Administration supported this policy and US multinationals were encouraged to locate in countries considered “friendly” to the United States (“friendshoring”) or closer to the US, such as Mexico and Vietnam (“near-shoring”) (Yellen, 2022).

The transition to a lower carbon economy (driven by the imperative to act against the existential threat of catastrophic climate change) coincides with the revival of industrial policy in the richer countries. China developed an early technological lead in an increasing range of low carbon products and technologies. Within the Global North, countries and regions have made significant industrial interventions to support their own industries in “catching up”. Thus, the narrative of more open trade and trade liberalisation, which has been the mantra of the developed world in the General Agreement on Tariffs and Trade (GATT) since 1947, has changed to that of support for industrial policy revival to rebuild their competitiveness and compete against rivals such as China.

Many countries have developed critical minerals strategies to prioritise decision-making, guide investment and strengthen supply chains. These strategies often overlap among nations like the US, Canada, the EU, the United Kingdom, South Korea and Japan, and share a common aim: to address perceived risks from supply chain disruptions and security from an overreliance on China as a key player in critical mineral supply chains. The COVID-19 pandemic and the Russian invasion of Ukraine have drawn attention to issues of dependence in commodity supply chains that are critical to health, food and energy security, highlighting the need for greater risk management.

This section sets out the critical minerals strategies of the US, EU, and the UK to illustrate the global race underway to secure these minerals for ongoing green and digital industrial revolutions. It also provides a brief account of China’s strategy on critical minerals, electric batteries and new energy vehicles. In closing, it contextualises the challenges and opportunities facing African countries as they pursue industrialisation in these new green or sustainable technologies.

US and the ‘Bidenomics Bills’: EU and Chinese responses

The US Critical Materials and Minerals Strategy focuses on diversifying supply, developing substitutes and improving reuse and recycling to secure the supply of critical materials for national security and economic purposes (Ismail, 2025). Recent legislation, called the “Bidenomics Bills”, have reinforced this strategy. These bills include the 2021 Infrastructure, Investment and Jobs Act; the 2022 Inflation Reduction Act (IRA); and the 2022 CHIPS and Science Act. Respectively, they form the “backbone”, “engine” and “brains” of the US approach and were designed to maintain the US economy as the biggest economy post-COVID and drive their green industrial revolution (Gabor et al, 2023).

Boasting an estimated worth of US\$369 billion up to 2032, the IRA approach to decarbonisation focuses on domestic production and investment subsidies, rather than regulation or emission targets as the EU has done (Franco-German Economic Council, 2023). This approach drew criticism from the EU and other countries for allegedly contradicting World Trade Organization (WTO) principles (Franco-German Economic Council, 2023). The massive subsidies provided by the IRA to US-based manufacturers and multinational companies led to the EU Commission formally expressing “serious concerns”, even considering “retaliatory measures” or filing a complaint with the WTO on provisions that violate their rules. The EU further stated that there was a very real risk of the IRA “luring some EU businesses into moving investments to the US” and incentivising EU automakers to relocate production across the Atlantic (Henley and Rankin, 2023). However, a statement by the Franco-German Economic Council argued this could be futile and proposed that cooperating with the US on subsidy rules, deepening trade cooperation, and establishing a shared framework would be more efficient (Franco-German Economic Council, 2023).

European Commission President Ursula von der Leyen emphasised that: “without secure and sustainable access to the necessary raw materials, our ambition to become the first climate neutral continent is at risk” (EU, 2022). This sentiment was echoed by the current European Commissioner for Internal Market, Thierry Breton, who stressed the strategic importance of critical minerals in the EU’s digital and defence capabilities (Breton, 2022). Subsequently, the EU launched the Critical Raw Materials Act in March 2023 towards securing green and digital supply chains.

In response to the US IRA, the EU announced its new Green Deal Industrial Plan, allocating €510 billion (US\$550 billion) to bolster its own sectors such as wind and solar, heat pumps, clean hydrogen, and energy storage. This plan includes funding from the NextGenerationEU plan and REPowerEU fund and relaxes state aid rules for member states like France and Germany to subsidise domestic manufacturing (Franco-German Economic Council, 2023). However, it lacks additional funds for smaller EU member states with limited financial capacity to support their home industries (Andreoni and Roberts, 2023). Furthermore, the EU Temporary Crisis and Transition Framework (TCTF), adopted in March 2023, intends to boost and retain clean tech investments in Europe. To match US subsidies, the TCTF provides public support in strategic sectors (such as clean and digital technologies) and tax credits. This scheme complements existing EU programmes like REPowerEU for renewables and the European Chips Act for states supporting semiconductor value chains. (Franco-German Economic Council, 2023). Consequently, subsidy announcements by individual member states have soared in the EU (Franco-German Economic Council, 2023).

In addition to the US and the EU, the other major northern economies have rallied together in their efforts to diversify their sources of critical minerals away from China and its allies. In June 2022, Canada hosted several countries at the Prospectors & Developers Association of Canada Conference in Toronto and, led by the US, established the Minerals Security Partnership (Barrera, 2022). The current members of this strategic alliance include Australia, Canada, Estonia, EU, Finland, France, Germany, India, Italy, Japan, Norway, South Korea, Sweden, the US and the UK. The partnership aims to stimulate investment into critical mineral supply chains, incentivising market diversification. Its efforts focus on four pillars: information sharing and cooperation; investment network; elevation of environmental, social, and governance (ESG) standards; and recycling and reuse (Barrera, 2022).

China holds a pivotal position in several critical mineral supply chains. Of the 18 minerals identified as critical, China is the largest producer of 12, either in raw material form or as refined products (UK Government, 2023). The country also dominates the lithium-ion battery industry, accounting for nearly three-quarters of global production capacity, with companies such as Contemporary Amperex Technology (CATL) among the leading producers. In the cell manufacturing segment, Chinese firms

like BYD Auto are also key players (Montmasson-Clair, Moshikaro, and Monaisa, 2021). According to the Financial Times, CATL and BYD Auto are projected to be the world's largest electric battery producers by 2026 (White, 2023).

G20 responses

To address these new trends and develop a pathway towards “trade and inclusive growth”, South Africa in its Presidency of the G20 has called for a more sustainable approach to the global economy based on the principles of solidarity, equality and sustainable development. A more sustainable approach is called for under the South African G20 Presidency theme “Fostering Solidarity, Equality and Sustainable Development”. This would recognise and acknowledge the realities of inequality and inequity and systematically seek to promote greater inclusivity in participation in global trade, and more importantly support the claims and efforts of developing countries to transition to higher value-added production and trade. Initiatives like the AfCFTA, which are seeking to use trade integration as a tool to support the development of regional value chains, merit support through investment in activities that support industrialisation.

The revival of industrial policy across the world needs to be recognised as a process that requires an enlargement of policy space to support nascent low carbon industries. This demand for additional policy space, moreover, needs to be recognised as something not unique to those now carving out this space unilaterally. This points to an imperative for a reform agenda to look honestly and objectively at the new realities being created by the transition to a lower carbon economy, and then propose pathways that enable new policy instruments to be broadly available to all, with special and differential treatment built in for Least Developed Countries (LDCs) and developing countries.

3. THE EU CBAM AND US CLIMATE BILLS

The European Commission published its Fit for 55 policy packages in 2019 (i.e. 55% reduction in carbon emissions by 2030 and net zero emissions by 2050), which includes its proposal for a CBAM (European Commission, 2019; 2020a; 2020b; 2021).

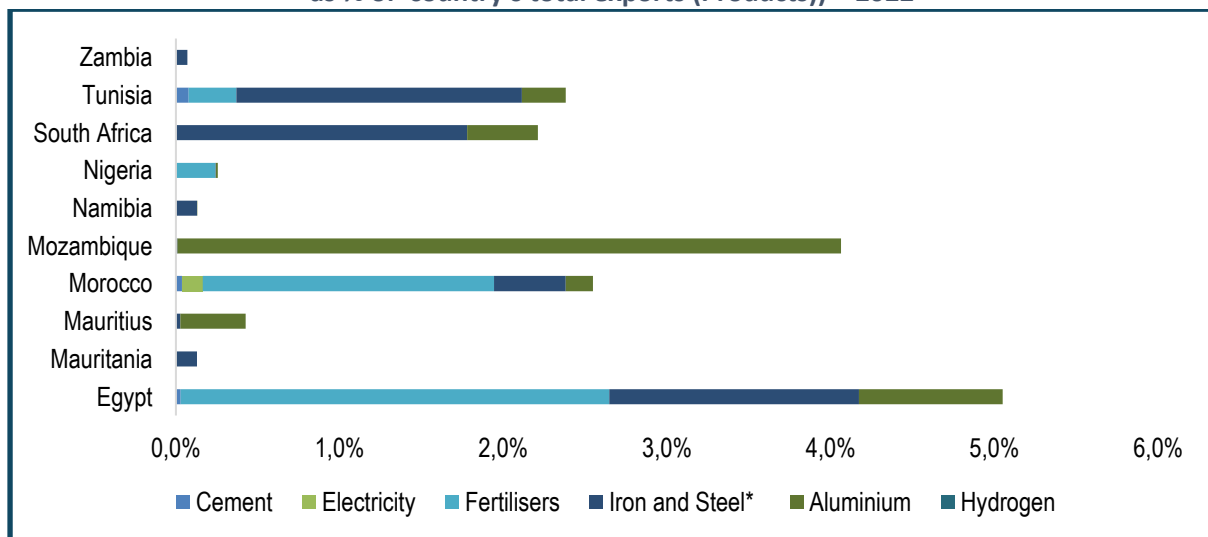
This section focusses on the impact of the EU CBAM on Africa, critically discussing this in the context of the need for reform of the multilateral trading system. This section also examines key climate Bills introduced during the Biden administration, some of which have been reintroduced in the current Trump administration.

Although action on climate change will require cooperation on trade, there is no regular high-level process or institutional anchor for intergovernmental dialogue, coordination, and action on trade and climate linkages. There is no official “climate and trade” agenda at either the WTO or in the United Nations Framework Convention on Climate Change (UNFCCC) (Deere-Birkbeck et al., 2020). While it has been recognised that “the multilateral trade system offers a wide range of entry points for members to address issues at the intersection between trade and climate change mitigation and adaptation”, the specific trade measures adopted by members to advance climate change are controversial (Ismail, 2025). Climate relevant trade negotiations in the WTO are mostly addressed through discussions around the liberalisation of environmental goods and services. In addition, the trade and climate change debate in the WTO has received renewed impetus in the form of a series of member-led initiatives bringing together a subset of like-minded members interested in a particular topic. These initiatives have been operating through issuing joint statements in areas such as fossil fuel subsidy reform or environmental sustainability (Bellmann, 2022). However, these initiatives have failed to build consensus in the WTO.

The European Commission has made the EU CBAM a high political priority under the European Green Deal (European Commission, 2019; 2020a; 2020b; 2021). The EU CBAM is a climate measure that aims to prevent the risk of carbon leakage and support the EU’s increased ambition on climate mitigation. Carbon leakage occurs when industries relocate to jurisdictions with weaker climate change policies over concerns that they stay in their domestic market and lose domestic and foreign market share due to increased carbon prices. The measure aims to reduce the risk of carbon leakage by requiring exporters to the EU to pay a carbon price at the EU border equivalent to that faced by EU producers under the EU Emissions Trading Scheme (ETS). The EU ETS is a greenhouse gas cap and trade scheme that contributes towards emissions reduction targets by setting a cap on the maximum level of emissions for several sectors and allows the trading of emission permits at a market-generated price (Monaisa, 2021). The EU has until now granted allowances under the EU ETS to energy-intensive industries in the EU for free. The EU CBAM will have a transitional period between 2023 and 2025. During the transitional period, the burden on exporters will be administrative rather than financial. Exporters will have to declare their emissions but will not be required to pay the tax. Once the transitional period is over, importers will have to purchase digital EU CBAM certificates (Monaisa, 2021). Once the EU CBAM is implemented, free allowances will be phased out progressively by 2035 (Monaisa, 2021).

The EU CBAM, as proposed by the European Commission, covers imported goods from six industries: cement, electricity, fertilisers, iron and steel, chemicals and aluminium (European Commission, 2021). Climate vulnerable countries in Africa that will be directly impacted include Mozambique (aluminium); Tunisia (fertilisers, aluminium, cement); South Africa (iron and steel, aluminium); Zambia (iron and steel); Namibia (iron and steel); Morocco (electricity, iron and steel, fertilisers, aluminium); Mauritania (Iron ore) and Egypt (fertilisers, iron and steel, and aluminium). (Figure 1)

Figure 1. Africa’s sectoral vulnerability to the EU CBAM (CBAM goods as % of country’s total exports (Products)) – 2022



Source: Authors, based on Trade Map, 2023. Bilateral trade between Africa and European Union (EU 27). Note: *Iron and steel include input materials (also known as precursors, i.e., iron ore) and articles of iron and steel.

Figure 1 presents the EU CBAM impact on selected African countries. A total of US\$7.3 billion of African exports (based on 2022 Trade Map data) is at risk in the short term. This is based on the finalised list of goods covered by the EU CBAM, as per the text adopted in May 2023. This is about 3.2% of African exports to the EU, and about 1.1% of African exports to the world, and around 0.4% of Africa’s gross domestic product (GDP). Based on a study by the African Climate Foundation (ACF, 2023), about US\$25

billion worth of Africa’s GDP is expected to be lost annually when the EU CBAM is fully implemented, from 2034.

The EU CBAM has received several criticisms from developing countries. The criticism has focused on at least two issues: the inconsistency of the measures with multilateralism, the UNFCCC and WTO principles, and the negative impact of the EU CBAM on production and employment in developing countries and increased inequality. These reactions have criticised the measure as “green trade protectionism”, and for being inconsistent with the UNFCCC principle of Common But Differentiated Responsibilities and Respective Capabilities (CBDR-RC). Leuker (2022) argues that the EU policy violates the UNFCCC principles by establishing an incentive to enact carbon prices equivalent to the ones paid in the EU, a region, which is among the most affluent and historically most responsible for climate change. Cosbey et al. (2019) consider the legal compatibility of the EU CBAM with the WTO rules as “restrictions on imports based on the carbon intensity of products may violate provisions on non-discrimination, and policy relief or exemptions for European producers could be seen as a prohibited subsidy under the WTO’s Agreement on Subsidies and Countervailing Measures”. The negative impact of the EU CBAM, a measure ostensibly initiated by the EU to address its commitment to climate change, on developing countries is an example of the asymmetry and inequity of the multilateral trading system that will be discussed in Section 6.

In addition to provisions on critical minerals, the Biden administration's economic agenda – commonly referred to as “Bidenomics” – included several climate-focused legislative measures. The US has positioned itself as a proponent of carbon clubs, particularly through initiatives within the G7 (Ramos, 2023). However, it has not yet implemented a formal border carbon adjustment (BCA). While certain policies align with the objectives of a BCA, they remain in developmental stages (with others reintroduced in the Trump administration) (Rasool et al., 2024). Rising global energy and goods prices, alongside declining US market share due to the limited competitiveness of clean technologies, have fuelled debate over a potential US CBAM. US Presidential Envoy John Kerry has criticised BCAs for their potential negative impact on free trade and allied industries (Ramos, 2023). Although no clear decision has been made, several US legislative proposals (See Table 1) advocate for carbon pricing, including the PROVE IT Act, Energy Innovation and Carbon Dividend Act, Foreign Pollution Fee Act (FPFA), Clean Competition Act, MARKET CHOICE Act, and FAIR Transition and Competition Act (Rasool et al., 2024). Table 1 below provides an overview, with further explanation in the subsequent sections.

Table 1. Overview of the US BCA linked Bills

BCA RELATED POLICY	CARBON PRICE COVERAGE	STAGE IN POLICY DEVELOPMENT	SECTOR COVERAGE	REVENUE RECYCLING MECHANISM
PROVE IT Act	Implicit carbon pricing	Introduced in June 2023 and received bipartisan support in January 2024	Aluminium, cement, glass and iron and steel, natural gas, crude oil, lithium-ion batteries, solar cells and panels, copper, cobalt, graphite, and lithium	No revenue recycling mechanism
Energy Innovation and Carbon Dividend Act	Explicit carbon pricing – US\$15 per tonne of CO2 equivalent (2023 prices) for polluters in the fossil fuel	Introduced in September 2023	Coal, crude oil, natural gas and fossil fuel derivatives	Supporting technology development and funding US citizens with grants through the creation of a Carbon Dividend Fund

BCA RELATED POLICY	CARBON PRICE COVERAGE	STAGE IN POLICY DEVELOPMENT	SECTOR COVERAGE	REVENUE RECYCLING MECHANISM
	space; to increase by US\$10 yearly			
Foreign Pollution Fee Act	Implicit carbon pricing	Introduced in November 2023 and reintroduced in April 2025 (Under Trump)	Same as the PROVE IT Act	No revenue recycling mechanism
Clean Competition Act	Explicit carbon pricing – US\$55 per tonne of CO2 equivalent – Increases linked to inflation annually	Introduced in June 2022	Fossil fuels, refined petroleum products and petrochemicals	Support decarbonisation programmes in the US and developing countries
MARKET CHOICE Act	Explicit carbon pricing – US\$35 per tonne of CO2 equivalent (2023 prices) – Increases linked to inflation annually	Introduced in May 2021	Fossil fuels, industrial processes and certain product use	Supporting low-income communities and adaptation infrastructure in the US through the creation of a RISE Trust Fund
FAIR Transition and Competition Act	Implicit carbon pricing	Introduced in July 2021	Aluminium, cement and iron and steel	Decarbonisation and clean technology support as well as providing relief to US climate vulnerable communities

Source: Authors, adapted from Rasool, et al., 2024; USA Congress 2023.

The PROVE IT Act aims to generate detailed emissions data for products from the US, G7 nations, free trade agreement (FTA) partners, and other key trading partners (Rasool et al., 2024). It covers materials such as aluminium, cement, glass, energy products (e.g., natural gas, solar panels), and critical minerals (e.g., lithium, cobalt), and received bipartisan support in January 2024.

The Energy Innovation and Carbon Dividend Act promotes clean energy by penalising fossil fuel use. It proposes the creation of a carbon dividend fund to return revenues to US citizens and offers rebates to firms adopting technologies such as carbon capture. Covered products include coal, oil, gas, and their derivatives; however, the bill remains under debate.

The Foreign Pollution Fee Act, reintroduced in April 2025, would impose a tax on imported goods with higher greenhouse gas (GHG) intensity than their US equivalents, though it favours certain trade partners. While aligned with the PROVE IT Act, it may violate WTO non-discrimination rules (Rasool et al., 2024).

The Clean Competition Act, introduced in June 2022, proposes a US\$55/tonne carbon price on both domestic and imported goods, with revenues directed toward decarbonisation efforts in the US and developing countries.

The MARKET CHOICE Act also supports carbon pricing across fossil fuels and industrial sectors. It proposes a RISE Trust Fund to support infrastructure development and low-income households, and it aligns with the EU and UK CBAMs as well as the Energy Innovation Act.

The FAIR Transition and Competition Act suggests an implicit carbon tax on products such as aluminium, cement, and steel, with plans to expand coverage to fossil fuels. It exempts LDCs and allocates revenues to support US clean technology initiatives and community programmes. Although these bills mainly target fossil fuels and carbon-intensive sectors, broader coverage, including agriculture and construction may follow, especially under the GHG accounting provisions of the IRA (Rasool et al., 2024). These bills have been suspended under the Trump administration, with the Foreign Pollution Fee Act being the only one reintroduced at the time of writing this paper.

4. THE FIRST 100 DAYS OF TRUMP 2.0 AND THE EU RESPONSE: TARIFFS, FPFA AND CBAM

The first 100 days of the second Trump Administration (Trump 2.0) has been disruptive for trade and climate change advances that were achieved by the multilateral trading system, UNFCCC and other UN institutions. In his first one hundred days, President Trump has reversed US policies on a raft of issues disrupting the progress made in the United Nations (UN) and other global governance institutions. In March 2025, the US representative to the UN in New York voted against a UN Resolution that sought to reaffirm the commitment of the UN to the Sustainable Development Goals (SDGs) and Agenda 2030 (Migini, 2025). The goals to be advanced by the SDGs by the end of this decade include sustainable development, poverty reduction, biodiversity conservation, gender equality, and quality education. Trump has pledged with his campaign slogan “drill baby drill” to make the US a “manufacturing nation” by using the country’s vast fossil fuel reserves.

One of the US President’s first executive orders was to withdraw from the Paris Climate Agreement that he described as an “unfair, one-sided ... rip-off” (Igini, 2025) and to reverse his predecessors efforts to advance climate action and environmental protection, freezing unspent funding under Biden’s Inflation Reduction Act. Thousands of workers and officials were dismissed from key institutions implementing environmental policies, including USAID, the Environmental Protection Agency, the National Science Foundation, the Forest Service, and the National Oceanic and Atmospheric Administration, during Trump’s first 100 days in office (Igini, 2025).

Trump withdrew the US from the board of the UN’s Loss and Damage Fund, that developing countries fought for and succeeded in instituting at the COP27 Summit in 2022 that was held on African soil in Sharm el-Sheikh, Egypt. The US president also withdrew (about US\$1.5 billion of commercial loans and grants) from the Just Energy Transition Partnership (JETP) established at COP 26 in Glasgow in 2021 – the first International Partners Group to support the energy transition in the World (Creamer, 2025). In addition to these changes the Trump Administration led a once-in-a-century dramatic shift in its trade policies, implementing the most protectionist tariffs since the 1930s on about 122 countries around the world through an Executive Order that was criticized as being unilateral and in total violation of the letter and spirit of the multilateral rules based system (WTO) that the US was the main architect in creating after the Second World War.

On the 2nd of April, Trump issued his Liberation Day tariffs with a general tariff of 10% on all countries and a higher reciprocal tariff that targeted specific countries. The reciprocal tariffs included a large number of African countries, such as South Africa (30%) and Lesotho (50%). The EU had a 20% reciprocal tariff imposed on it. On April 9th, the US President decided to pause the reciprocal tariffs for a period of 90 days after the US stock and bond markets took a dramatic downturn in response. Trump, however, imposed and maintained an astronomical 145% tariff on China (this has come down to 30% after a truce in May to reduce the tariffs for a 90-day period). In retaliation China responded with a 125% tariff on all US imports (this has come down to 10% after a truce in May to reduce the

tariffs for a 90-day period). Trump later exempted some sectors from these tariffs including smartphones (for Apple).

Although the United States has in place 14 FTAs with 20 countries, these countries will face 10% duties. The new tariffs will raise the US effective rates from approximately 2.5% to almost 25% (from the lowest in the world to the highest). The US reinstated Section 232 tariffs on all steel imports and increased the aluminium tariff from 10 to 25%, with no exceptions. Argentina, Australia, Brazil, Canada, Japan, Mexico, the Republic of Korea, the EU, Ukraine, and the UK had previously received exemptions to the Section 232 tariff (UNCTAD, 2025). In addition, all automobiles and auto parts (starting May 3, 2025) are subject to 25% duties based on Section 232. Beneficiaries of United States unilateral preferences, such as the Africa Growth Opportunity Act (AGOA), are not exempt from reciprocity tariffs, meaning imports from these countries are now subject to additional 10% tariffs across the board. Reciprocal tariffs considerably above 10% that would also have applied to AGOA beneficiaries have been paused on 9th April for a period of 90 days (UNCTAD, 2025).

The EU response to Trump tariffs

On the 2nd of April Trump announced his Liberation Day tariffs that included a 20% tariff on the EU. Trump's 9 April announcement of a 90-day pause on full implementation of some of these tariffs has reduced the rate on most products from the EU to 10%. Tariffs on steel, aluminium and vehicles, of 25% will remain in place (Da Rocha et al., 2025). The EU and US do not have a free trade agreement and have traded under the WTO most-favoured nation tariffs rates applied to all WTO members. Some observers estimate that the astronomical Trump tariffs on China could lead to diversion of Chinese goods from the US to the EU, placing domestic industries under a lot of pressure (Da Rocha et al., 2025). The European Commission has said, "The EU considers US tariffs unjustified and damaging, risking economic harm to both sides, as well as the global economy." EU Trade Commissioner Maros Sefcovic travelled to Washington to engage with the Trump team to avoid a trade war with the US. He said the EU remains "constructive, and ready for a fair deal – including reciprocity through zero-for-zero tariff offer on industrial goods and the work on non-tariff barriers". (Da Roch et al., 2025).

The EU's climate change measures are being challenged by the Trump tariffs and domestic industries, including automakers and chemical producers that are presenting climate regulation as the root cause of their competitiveness problems. While the EU has embarked on an energy transition, with measures to reshore energy production into the EU, the Trump Administration has made proposals for about US\$350 billion in US fossil fuel purchases as a condition for tariff relief. Trump is quoted as stating: "We have a deficit with the European Union of US\$350 billion, and it's going to disappear fast. One of the ways that can disappear easily and quickly is they're going to have to buy our energy from us." (Sheftalovich, 2025).

Valentin Lautier observes that the EU CBAM – designed to protect European industries from foreign competitors operating under looser environmental rules – is being challenged at the WTO and condemned by key trading partners in Asia, Africa, and Latin America. Lautier argues that what was meant as a tool of climate diplomacy is now being framed as green protectionism (Lautier, 2025).

President Donald Trump's administration has also argued that the EU CBAM, among other environmental regulations on carbon-intensive imports, is "unfair trade practice" that justified his Liberation Day tariffs (Sheftalovich, 2025). The Trump administration estimates US\$4.7 billion/yr of US exports would be affected by the EU CBAM, which is set to take effect in 2026.

Thus, the EU climate policies and environmental regulations are in crisis as there is push-back from various forces causing the EU to “pause” or “rethink” the Green Deal (Choudhry, 2025). In addition, this domestic pressure on industries and workers is fuelling the far-right political parties across Europe (the Alternative for Germany (AfD) in Germany, the Rassemblement National (RN) in France and the Fratelli d'Italia (Fdi) in Italy, among others). Climate policy is increasingly painted as an elite agenda, out of touch with the struggles of ordinary citizens and small businesses (Choudhry, 2025).

5. EMERGING APPROACHES TO INTERNATIONAL COOPERATION ON CLIMATE AND TRADE

Globally, several international initiatives have emerged to foster cooperation on climate and trade, primarily led by Global North countries, with limited participation from selected Global South nations. These platforms serve as forums to discuss key issues such as BCAs, green industrial policies, and environmental standards.

Table 2 outlines key initiatives, including the Agreement on Climate Change, Trade and Sustainability (ACCTS), the Climate Club, the WTO Committee on Trade and Environment (CTE), the OECD Inclusive Forum on Carbon Mitigation Approaches (IFCMA), and BRICS-led efforts on trade, climate change, and sustainable development.

Table 2. Emerging approaches to international cooperation

APPROACH	#MEMBERS (COUNTRIES)	AFRICAN COUNTRIES INCLUDED	NAMES OF AFRICAN COUNTRIES INCLUDED
Agreement on Climate Change, Trade and Sustainability (ACCTS)	Four (Costa Rica, Iceland, New Zealand, and Switzerland)	None	None
Climate Club	46 members	Four countries	Egypt, Kenya, Morocco, Mozambique
WTO Committee on Trade and Environment (CTE)	166 members	Almost all are represented (with other African countries being observers)	All
OECD Inclusive Forum on Carbon Mitigation Approaches (IFCMA)	60 members	Six	Mauritius, South Africa, Morocco, Cameroon, Nigeria, Zambia
BRICS initiatives on trade, climate change, and sustainable development	Nine	Three	South Africa, Egypt, Ethiopia

Source: Authors' representation.

ACCTS is an international initiative aimed at aligning trade and environmental policy. Signed by Costa Rica, Iceland, New Zealand, and Switzerland, it addresses fossil fuel subsidies, promotes trade in environmental goods and services, and advances eco-labelling standards.

The Climate Club is a high-ambition intergovernmental forum focused on industrial decarbonisation and enhanced collective action. It includes 46 member states, with African representation from Egypt, Kenya, Morocco, and Mozambique.

The OECD's IFCMA supports global emissions reduction through data sharing, mutual learning, and inclusive dialogue. It brings together countries on equal footing to assess the effectiveness and comparability of carbon mitigation strategies, including carbon intensity metrics. Six African countries, Mauritius, South Africa, Morocco, Cameroon, Nigeria and Zambia, participate.

The WTO’s CTE remains a central forum for discussions on BCAs and climate-related trade measures, ensuring consistency with WTO rules and climate commitments. Informal WTO venues like the Trade and Environmental Sustainability Structured Discussions (TESSD) have advanced technical debates. In February 2024, TESSD’s working group on trade-related climate measures released a key document summarising member practices on BCAs (Bonnet and Barsauskaite, 2025).

BRICS has launched various initiatives linking trade, climate action, and sustainable development. These efforts reflect an alternative framework rooted in the principles of Special and Differential Treatment (S&DT) under the GATT and CBDR-RC under the Paris Agreement. Major EU trading partners such as Brazil, South Africa, China, and India have strongly opposed unilateral measures like the EU CBAM, arguing they violate principles of equity and fairness. These tensions have culminated in WTO disputes.

Overall, Global South inclusion in these forums remains limited, with BRICS offering a counterweight to Global North-led initiatives. African participation is selective, contributing to a fragmented response from the continent on climate-trade issues.

6. THE CASE AND OPPORTUNITY FOR A JUST TRANSITION FOR AFRICA

The Kenyan President, William Ruto, speaking at the Africa Climate Summit in Nairobi on 5 September 2023 – in preparation for CO28 – made several insightful remarks. President Ruto argued that the negative impacts of climate change are costing developing countries about 5%-15% of their gross GDP per year due to extreme weather patterns, including droughts, cyclones, flooding, and sea rises in coastal areas (Ruto, 2023a). In addition, poverty in these countries was the cause of deforestation and biodiversity loss, leading to migration and social conflict. This vicious cycle created a debt spiral in several African countries being debt distressed, high risk or moderate risk debtors (Table 3).

Table 3. African countries debt and climate vulnerability ranking

COUNTRY	RISK OF EXTERNAL DEBT DISTRESS*	RANK ON CLIMATE VULNERABILITY RANK (2021)	RANK ON CLIMATE READINESS (2021)	RANK ON GAIN (2021)	SHARE OF CLIMATE RELATED DEVELOPMENT FINANCE	SHARE OF ADAPTATION RELATED DEVELOPMENT FINANCE	SHARE OF REGIONAL POPULATION
Chad	High	2	52	53	0.71	1.32	1.23
Guinea-Bissau	High	4	15	49	0.21	0.21	0.15
Sudan	In distress	6	45	48	0.65	1.26	3.28
Central African Republic	High	9	53	52	0.34	0.21	0.39
Sierra Leone	High	12	30	38	0.33	0.58	0.61
Burundi	High	13	41	40	1.00	0.89	0.90
Ethiopia	High	18	31	37	7.50	8.81	8.64
Malawi	In distress	19	34	36	1.83	2.74	1.43
The Gambia	High	22	22	27	0.40	0.33	0.19
Congo Republic	In distress	23	48	44	0.31	0.27	0.42
Comoros	High	24	37	32	0.18	0.29	0.06
São Tomé and Príncipe	In distress	26	9	15	0.10	0.16	0.02
Kenya	High	27	29	28	7.21	7.32	3.81

COUNTRY	RISK OF EXTERNAL DEBT DISTRESS*	RANK ON CLIMATE VULNERABILITY RANK (2021)	RANK ON CLIMATE READINESS (2021)	RANK ON GAIN (2021)	SHARE OF CLIMATE RELATED DEVELOPMENT FINANCE	SHARE OF ADAPTATION RELATED DEVELOPMENT FINANCE	SHARE OF REGIONAL POPULATION
Zimbabwe	In distress	29	50	39	0.73	0.83	1.15
Mozambique	High	32	11	30	4.14	4.59	2.30
Zambia	In distress	35	20	18	1.34	0.05	1.40
Djibouti	High	38	21	16	0.41	0.53	0.08
Cameroon	High	40	44	24	1.61	1.94	1.95
Ghana	In distress	42	16	12	2.49	2.03	2.36

Source: Awuah, forthcoming. *As of April 30, 2024. Note: Ranking is based on 53 African countries – South Sudan is excluded.

The resultant loss of fiscal space creates challenges for these countries to invest in climate mitigation, adaptation or resilience. To make matters worse, Ruto argues many African countries were faced with an inequitable global financial architecture that required them to pay up to five times more for development finance than OECD countries (Ruto, 2023a). In addition, markets in OECD countries for Africa’s agricultural products are often closed due to non-tariff barriers. African countries were also locked in commodity dependence and were at the lowest end of the value chain of global value chains. President Ruto thus called for a fair and equitable global financial architecture and a global trading system. Ruto therefore called for justice and equity – in international finance and trade, and called for structural transformation of African economies so that they can reap a fairer share of the value of their products (such as cocoa, coffee, minerals) (Ruto, 2023a; 2023b).

President Ruto further identified several opportunities, where African countries could leapfrog, take advantage of the new technologies in digital and green technologies and advance their climate agendas, and, at the same time, advance towards meeting the SDGs. President Ruto argued that African countries cannot succeed in this mission on their own but required the effective partnerships with the North – as historically the main emitters of GHG emissions – with African countries contributing the least (about 3%-4%). The least that OECD countries were required to do, Ruto argued, was enable a fair and equitable international financial architecture, a fair and balanced multilateral trading system and provide developing countries with a fairer share of the value of Africa’s resources.

How the just transition is interpreted by the major players and implemented by developing countries will determine if these asymmetries, imbalances and inequities are reinforced or significantly reduced. However, as President Ruto argued at the Africa Climate Summit, these structural asymmetries could become an opportunity for developing countries to transform their economies in a just transition that also enables pathways towards transformative change, including sustainable industrialisation and climate resilient development in developing countries (Ruto, 2023a).

The concept of the “just transition” needs a clearer definition from an African perspective. The concept originated from discussions among US trade unions regarding the energy transition and has been adopted by climate activists in developing countries, among others. These activists have focused on the energy specific issues of the just transition, particularly on the importance of the move away from the use of fossil fuels for energy, as this is largely seen as causing climate change. However, the challenges faced by these countries extend far beyond just an energy transition. They encompass broader development challenges specific to the region, such as adaptation and resilience building (Ismail, 2022).

Furthermore, a just transition in developing countries must address multiple systemic and structural challenges and inequities plaguing their communities. These stem from their insertion into the global

economy and the unjust, imbalanced nature of its governance regimes that disadvantage developing countries. Redressing these imbalances should include reducing Africa's commodity dependence, as well as the inequitable and asymmetrical structure of the global trade and financial architecture. In the African context, climate response measures must acknowledge that nearly 600 million people in Africa lack access to clean energy or electricity. Therefore, in taking forward a just transition, energy access would need to be prioritised for African countries to access affordable energy infrastructure.

The Fifth Intergovernmental Panel on Climate Change (IPCC) Assessment Report identifies climate change as a threat to sustainable development (Denton et al., 2014). The report argues that achieving climate-resilient pathways likely requires "transformational changes." These encompass "both transformational adaptations and transformations of social processes that make such transformational adaptations feasible." The authors define climate resilient development (CRD) as "development trajectories that combine adaptation and mitigation to realise the goal of sustainable development" (Denton et al., 2014). Thus, the concept of CRD offers a valuable framework to understand the transition underway in developing countries due to climate change (Ismail, 2022).

This definition of CRD requires mainstreaming climate change responses and integrating Nationally Determined Contributions into national development strategies, in support of the transformation of economic and social systems. CRD necessitates an "all of government" approach that strengthens institutional coordination and integration through inclusive governance processes and integrates development goals with climate action (Ismail, 2022).

African countries are also able to implement the AfCFTA in a way that leverages regional integration for their transformative industrialisation and transition to a low carbon economy (Ismail, 2022; 2023). To achieve this, African countries would need to adopt a "developmental regionalism" approach to the AfCFTA that advances their CRD pathways, namely "climate resilient developmental regionalism" (Ismail, 2022; 2023).

7. SOUTH AFRICA'S G20 PRESIDENCY: OPPORTUNITY TO ENGAGE THE OECD COUNTRIES AND BUILD ALLIANCES WITH NORTH AND SOUTH ON A JUST TRANSITION FOR AFRICA

On 1 December 2024, South Africa assumed the Presidency of the G20, a global forum comprising the world's largest economies, originally convened in 2008 to address the financial crisis that began in the United States. President Cyril Ramaphosa has affirmed that advancing the interests of the African continent will be a central priority during South Africa's G20 leadership. He aims to strengthen solidarity among Global South nations while fostering constructive convergence with the more advanced Northern economies, guided by the principles of multilateralism, equity, social justice, respect for diversity, and sustainable development. President Ramaphosa is also mindful of the historic significance of this moment, as it marks the first G20 summit to be hosted on African soil and the first time that both the AU and the continent as a whole will participate as full members.

South Africa has a unique opportunity in its G20 Presidency to build on the significant contributions of previous developing-country presidencies to the G20 agenda and work programme. This includes:

- Aligning global systemic challenges, such as trade, agriculture, and infrastructure, with the UN SDGs, as championed by Indonesia.
- Amplifying the voice of the Global South across G20 working groups on trade and investment, digital transformation, and the just energy transition, as advanced by India.
- Driving commitments towards a sustainable planet, strengthening global climate action, and establishing a Global Alliance against hunger and poverty, as emphasised by Brazil.

In recent years, G20 presidencies have increasingly addressed climate change and finance-related issues, requiring close alignment with the outcomes of UNFCCC COP meetings. For South Africa, it will be important to build on these linkages by looking ahead to the next COP in Brazil, particularly on climate change and development finance. The climate crisis demands innovative financing models to meet urgent needs in mitigation, adaptation, resilience, and loss and damage, especially for developing countries and Africa. This will require mobilising new, creative mechanisms to finance sustainable development and the just energy transition.

At the official handover on 17 November 2024, President Cyril Ramaphosa outlined three high-level priorities for South Africa's G20 Presidency, which will guide the work of both the Sherpa and Finance Tracks:

- Inclusive Economic Growth, Industrialisation, Employment, and Inequality.
- Food Security.
- Artificial Intelligence (AI) and Innovation for Sustainable Development.

To advance these cross-cutting priorities, three dedicated G20 task forces have been established. In addition, President Ramaphosa highlighted South Africa's focus on strengthening disaster resilience, ensuring debt sustainability for low-income countries, mobilising finance for a just energy transition, and leveraging Africa's critical minerals for inclusive growth.

By adopting the motto "Solidarity, Equality, and Sustainable Development", South Africa recalls the legacy of Nelson Mandela, who strongly advocated for a fair, rules-based multilateral trading system. During his presidency, Mandela underscored South Africa's commitment to reforming the global trading system for the benefit of all nations, calling for a system that is just, balanced, inclusive, and responsive to the needs of developing countries.

This vision stands in stark contrast to the approach of US President Donald Trump, whose previous administration adopted a mercantilist, transactional strategy under the slogan "Make America Great Again (MAGA)". His administration withdrew from the Paris Agreement, further weakened the multilateral trading system by blocking appointments to the WTO Appellate Body, and pursued unilateral trade measures against several major economies, including Canada, Mexico, the EU, and China. The second Trump administration (2.0) has once again withdrawn from the UNFCCC Paris Agreement, exacerbating the challenges facing multilateralism.

The urgency of global climate action is underscored by the IPCC's Sixth Assessment Report (IPCC, 2022), which highlights that Africa has contributed the least to greenhouse gas emissions, yet its key development sectors are already experiencing widespread loss and damage, including biodiversity decline, water shortages, reduced agricultural yields, economic stagnation, and loss of lives, attributable to anthropogenic climate change.

For Africa, the current systemic crises present a critical opportunity to leapfrog technologically and build climate-resilient economies. However, this will not be possible unless the current imbalanced, asymmetrical, and inequitable framework of global governance in finance, trade, and technology is reformed. Developed countries bear both a moral and legal responsibility to provide adequate climate finance, for mitigation, adaptation, and resilience. To unlock the current impasse in WTO negotiations and support progress in UNFCCC climate talks, G20 members must champion incremental reforms in the global trading system that enable a just transition and climate-resilient development for developing countries (See Section 8C).

8. POLICY RECOMMENDATIONS ON SA/AU/AFCF TA ENGAGEMENT WITH THE EU ON CBAM

This paper has argued that the current systemic crises offer developing countries an opportunity to leapfrog technologically and transform their economies. Thus, developed countries have a responsibility and an obligation to provide developing countries with adequate climate finance, for mitigation, adaptation and resilience. However, this cannot be achieved if the existing imbalanced, asymmetrical and inequitable framework of the global governance architecture in finance, trade and technology remains the same.

This paper offers three levels of policy recommendations; a) bilateral recommendations for South Africa (SA) with the EU in the context of the SA-EU Strategic Partnership; b) region to region recommendations for the AU and EU in the context of the upcoming AU-EU Summit; and c) recommendations at the multilateral level for reform of global governance on trade, finance and climate change, particularly through platforms such as the G20.

A) Recommendations for SA-EU bilateral engagement

In the wake of the Trump 2.0 presidency and his administration's most far-reaching dismantling of the post-Second World War multilateral institutions and trade rules, South African and EU leaders met at their 8th Summit in Cape Town, South Africa, on 13 March 2025 (EU, 2025). The President of the European Council, António Costa, together with European Commission President Ursula von der Leyen, represented the EU, and South Africa was represented by President Cyril Ramaphosa. The leaders discussed the crisis in governance in both climate and trade that was evident before the second Trump Presidency.

South Africa is the EU's largest trading partner in Sub-Saharan Africa, with €49 billion worth of trade in goods in 2023 and the EU is South Africa's top source of foreign direct investment, accounting for approximately 47%. The EU recognised that South Africa is the EU's largest trading partner in Sub-Saharan Africa and the SA-EU Strategic Partnership has been in place since 2007, and the country is the only strategic partner in Africa with bilateral summit level meetings held since 2008. In addition, among the EU's 10 bilateral strategic partnerships with nations worldwide, South Africa is the sole African partner.

In a powerful declaration the leaders were unequivocal in reaffirming "their unwavering commitment to multilateralism, a consistent approach to the rules-based order, and the centrality of the United Nations Charter". They also committed to a) advancing the UN SDGs; b) the Paris Agreement, and keeping 1.5°C within reach; c) pursuing just transition pathways towards global net zero emissions, and d) helping developing countries to close the digital gap. Importantly for South Africa the EU expressed its full support for South Africa's G20 presidency, including its theme of solidarity, equality and sustainable development. The EU also explicitly committed to "a partnership that supports economic growth, sustainable development, industrialisation, beneficiation of critical minerals at source, partnerships with local industries and decarbonisation in a manner consistent with their respective needs and concerns at different levels of economic development".

The EU also announced a global gateway investment package of €4.7 billion, based on three building blocks: a) expanding South African vaccine production and boosting local pharmaceutical value chains; b) support for the just energy transition through the development of critical raw materials, safe and sustainable low carbon hydrogen value chains and energy infrastructure; and c) the connectivity infrastructure, including transport and digital.

The SA-EU Strategic Partnership is an excellent foundation to build on in strengthening their mutual interest and political commitment to multilateralism, sustainability and equity. Thus, the cooperation at the G20 between the two players can contribute to building solidarity and reaffirming the need for a strengthened global governance in climate, trade and finance.

B) Recommendations to build and strengthen the AU-EU strategic partnership

While there has been a great deal of attrition in the EU-Africa trade and climate relationship during the past decade, reflected in the failure to achieve an agreement on a post-2020 Cotonou Agreement. The current crisis of multilateral trade and climate governance, exacerbated by the Trump tariffs create an opportunity for the EU and Africa to reset their trade and investment and climate relationship. This year will be the 25th anniversary of the EU-Africa summits that began in 2000. The 7th African Union Summit will be hosted in Africa later this year and will advance four themes in the strategic partnership. These themes include:

- i) Prosperity, a Prosperous and Sustainable Africa and Europe: The EU has pledged that the Global Gateway Africa-Europe Investment Package will mobilise at least €150 billion for investment by 2027 to support regional economic integration and sustainable growth in Africa.
- ii) Peace, Security and Governance: Partnering for Stability: The EU is committed to a joint approach to peace and security and governance recognizing the importance of the rule of law and democratic governance.
- iii) People – Investing in Human Development: The EU is committed to joint initiatives on migration and mobility, education, culture and social inclusion especially of women and youth to build inclusive societies.
- iv) Planet – A Global Force for Multilateralism and Sustainability: The EU recognises that together with the AU they represent 40% of the UN’s membership and need to be a strong force for multilateralism and environmental sustainability.

African leaders have taken a number of initiatives to address the impact of climate change, build their renewable energy infrastructure, develop programmes to advance green industrialisation and create a conducive environment for sustainable investment. This includes at least three significant initiatives:

First, African leaders made a far-reaching commitment to address the challenges of climate change at an Africa Climate Summit (ACS) in Nairobi, Kenya, from 4th to 6th September 2023. They agreed:

- i. To advance Africa's economic growth and job creation in a manner that reflects their commitments to the Paris Agreement and also aids global decarbonisation efforts, by leapfrogging the traditional progression of industrial development and fostering green production and supply chains on a global scale (AU, 2023; para 24).
- ii. To focus their economic development plans on climate-positive growth, including expansion of just energy transitions and renewable energy generation for industrial activity, climate smart and restorative agricultural practices, and essential protection and enhancement of nature and biodiversity (AU, 2023; para 25).
- iii. To strengthen continental collaboration to enable and advance green growth, further accelerating the operationalisation of the AfCFTA (AU, 2023, para. 28).

Second, at the COP28 UN Climate Change Conference, held in Dubai, United Arab Emirates, from November 30 to December 13, 2023, the African Green Industrialisation Initiative (AGII) was formally launched. The AGII’s main goals are to develop renewable energy infrastructure, promote eco-friendly industries and reduce Africa’s reliance on fossil fuels (Zalk et al., 2024).

Third, the AfCFTA Protocol on Investment adopted at the February 2023 African Union Heads of State meeting aims to create a conducive investment climate in AfCFTA State Parties by providing additional measures around investor protection and facilitation. The Protocol balances the right of State Parties to regulate, and investors' protection by including obligations on investors in relation to sustainable development. The Protocol advocates for investments that support actions to mitigate greenhouse gas emissions and measures to adapt to the negative impacts of climate change. The Protocol is expected to lead to more and higher-quality intra-African investment, given the expansion of the market coupled with a more predictable rules framework (Ayele et al., 2022; Zalk et al, 2024).

How can Africa engage the EU to leverage this strategic partnership?

First, for both the AU and the EU there is potentially a strong foundation to build on and strengthen their strategic partnership. In particular, the AU and the AfCFTA should engage the EU on its pledge to support regional integration and sustainable development with a package of €150 billion by 2027. This partnership can also be advanced by the strong programme of support that was provided by the G20 Compact with Africa platform created by the German Presidency of the G20 to promote private sector-led development and improve the investment environment.

Second, the JETPs launched with global partners to assist their transitions to low-carbon, sustainable energy systems with South Africa (2021) and Senegal (2023) can play an important role in supporting Africa's energy transition. South Africa's JETP is a joint effort with France, Germany, the UK, the US (withdrawn) and the EU, which committed to mobilise US\$11.5 billion to advance the country's energy transition goals. This programme was aimed at a) decarbonising the electricity sector by accelerating the retirement of coal-fired plants and scaling up renewable energy; b) building the development of the green hydrogen and electric vehicles industries; and c) supporting workers and communities affected by the move from coal to renewables. Senegal's JETP (with France, Germany, the UK Canada, and the EU) committed to €2.5 billion to support Senegal's renewable energy transition. The programme committed to a) increase Senegal's renewable energy share of the electricity mix to 40% by 2030; and b) improve its energy access and reliability for the population.

Third, The AfCFTA has an agenda to facilitate the building of sustainable industrialisation (green manufacturing) and regional value chains on the continent, supported by strategic inputs from the AfCFTA Advisory Council to the Secretariat and Secretary General. African Ministers of Trade are discussing how to add value to the many critical minerals that African countries are endowed with, and how to transform these into electric batteries and other technologies to advance decarbonisation. The general objectives of the AfCFTA include the promotion of sustainable development, the enhancement of its economies' competitiveness, and the promotion of industrial development. Diversification and regional value chain development, agricultural development and food security are recognised within its goals (Zalk et al, 2024).

In this context African leaders can leverage the AU-EU strategic partnership by taking a coordinated approach to ensure that the ambition of the AU/AfCFTA and its policy space is not undermined by new unilateral climate policy measures. The African Group has argued that EU CBAM is unilateral and is contrary to the WTO rules and should be discussed in the WTO to consider the interests of African countries (ACF, 2023). In the event that the EU insists on maintaining a reformed CBAM, African countries should use the upcoming EU-Africa Summit to introduce an arrangement for a revenue recycling mechanism to support decarbonisation and redistribution of CBAM revenues. The position of many African countries is that any CBAM revenues recycled to Africa should be clearly delineated as trade and industrialisation financial support (Zalk, et al, 2024).

C) Policy recommendations for the G20

To overcome the current impasse in WTO trade negotiations and contribute meaningfully to advancing the UNFCCC COP climate negotiations, G20 members could endorse incremental reforms in the global trading system that support a just transition and climate-resilient development for developing countries.

First, developed countries should reaffirm and operationalise the principles of S&DT and CBDR-RC, as agreed in various WTO agreements and UNFCCC conferences. Trade and climate agreements negotiated at the multilateral level must provide adequate policy and fiscal space for developing countries to design integrated trade-environment-development strategies.

Second, the ongoing Environmental Goods and Services Agreement negotiations at the WTO should be inclusive and multilateral, rather than plurilateral and exclusionary.

Third, the WTO could build on the precedent set by the Doha Ministerial Declaration on the TRIPS (Trade-Related Aspects of Intellectual Property Rights) Agreement and Public Health by expanding TRIPS flexibilities for developing countries to enable access to climate-related goods and services. To strengthen this policy space, the WTO could also consider a time-bound climate waiver accompanied by a “peace clause” to shield developing countries from disputes over climate-related measures.

Fourth, instead of applying BCAs on imports from developing countries, advanced economies such as the EU and the US should support a positive trade agenda that assists these countries in implementing their mitigation and adaptation strategies.

Fifth, the establishment of a Trade and Environment Fund, under the auspices of the WTO and other multilateral institutions, could provide targeted financial resources for developing countries to acquire critical green technologies and build climate-smart trade infrastructure.

Sixth, all G20 members should commit to the immediate reinstatement of the WTO Appellate Body, which has been instrumental in upholding a rules-based trading system since the creation of the GATT in 1947.

Seventh, G20 members should collectively refrain from unilateral trade measures and work to restore the integrity and legitimacy of the multilateral trading system.

During South Africa’s G20 Presidency, developing countries should leverage the moment to engage major powers, strengthen South-South coalitions, and push for reform of global trade, finance, environmental, and UN institutions, fostering greater coherence in global governance. This presidency presents an opportunity to build on the achievements of the past three developing-country G20 presidencies, Indonesia, India, and Brazil.

For developing countries, and indeed for all humanity, this may be one of the last opportunities to fundamentally shift our values, from prioritising profit, wealth, and power for the few, toward a model rooted in inclusiveness, cooperation, solidarity, social justice, equity, and a harmonious relationship with nature. As proposed by UNCTAD, this vision is best captured by the call for a Green New Deal.

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