THE AfCFTA AND TRANSFORMATIVE INDUSTRIALISATION SERIES

REIMAGINING COOPERATION ON TRADE AND SUSTAINABILITY: INSIGHTS AND PERSPECTIVES

CONFERENCE REPORT

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THE NELSON MANDELA SCHOOL of Public Governance

UNIVERSITY OF CAPE TOWN
IYUNIVESITHI YASEKAPA • UNIVERSITEIT VAN KAAPSTAD

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About the Conference

The global economy is navigating a period of heightened geopolitical uncertainty, climate-driven disruptions, and deepening economic disparities. In addition, the weaponisation of trade, debt vulnerabilities, and evolving multilateral frameworks are reshaping international economic cooperation. These dynamics present both challenges and opportunities for Africa, a continent with immense natural resources, growing markets, and strategic geopolitical importance.

As South Africa assumes the G20 Presidency, it is critical to amplify Africa's voice in global trade governance and ensure that trade policies are more inclusive, demand-driven, and responsive to the needs of developing nations. To this end, the Nelson Mandela School of Public Governance, in collaboration with the Remaking Trade Project, Forum on Trade, Environment & the SDGs (TESS), and the German Institute of Development and Sustainability (IDOS), hosted a two-day conference on 26–27 May 2025 in Cape Town, South Africa titled **Reimagining Cooperation on Trade and Sustainability: An African Perspective**. The event explored critical aspects of trade and sustainable development governance, with a focus on industrialisation, value chain development, new sources of finance, and Africa's positioning in global trade reforms.

Fruitful discussions were held on how best to strengthen trade as a source of sustainable development, the potential for regional integration that includes the African Continental Free Trade Area (AfCFTA), and new sources of finance that will support economic development and investments from both international and domestic sources.

This Insights and Perspectives document highlights key ideas, proposals, and questions from the conference. Its purpose is to a provide a foundation for ongoing discussions and dialogue beyond the event, across all our networks.

About the Authors

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Foreword to the Series

Dr Noncedo Vutula, Chief Research Officer: AfCFTA and Regional Integration, Nelson Mandela School of Public Governance

The Reimagining Trade Outcomes Policy Paper Series emerges at a defining moment for Africa and the Global South, as nations re-evaluate how trade, investment, and industrial policy may be harnessed to drive inclusive, climate-resilient development. Conceived as part of an ongoing dialogue on Africa's evolving role in global economic governance, this five-part series brings together diverse voices from across the continent and beyond, each offering a distinct perspective on how to build a fairer and more transformative trade system.

The series explores critical themes including green industrialisation, digital inclusion, World Trade Organization reform, and regional value chain development – issues that lie at the heart of Africa's pursuit of structural transformation. While each paper stands independently, together they contribute to a deeper understanding of how developing economies can strengthen cooperation, preserve policy space, and leverage platforms such as the AfCFTA and G20 to advance shared prosperity.

The views expressed in these papers are those of the individual authors and do not necessarily represent those of the Nelson Mandela School of Public Governance or its co-organising institutions. Nonetheless, they offer valuable insights that enrich the discourse on how trade can serve as a vehicle for equitable and sustainable development across Africa and the wider Global South.

As global trade systems continue to evolve amid shifting geopolitical and environmental realities, this series invites policymakers, researchers, and development partners to engage critically with new ideas for shaping a just, inclusive, and climate-conscious future. Our shared aim is to position Africa not at the margins, but at the centre of global transformation.

Dr Noncedo Vutula is a senior policy strategist and thought leader with over two decades' experience in shaping trade and development agendas across national, continental, and multilateral platforms. A seasoned trade policy expert with extensive experience in Africa and the World Trade Organization, she brings deep insight into how global and regional trade frameworks may be leveraged to advance Africa's sustainable development priorities. In her role as Chief Research Officer for Regional Integration and the AfCFTA at the Nelson Mandela School of Public Governance, Dr Vutula leads research and strategic initiatives that connect policy innovation with Africa's evolving trade landscape.

1. The AfCFTA Pan-African Payment and Settlement System (PAPSS): A Game Changer for African Trade

by Noncedo Vutula and Thembekile Mlangeni

Introduction

The first five years of the African Continental Free Trade Area (AfCFTA) have focused on the development of the AfCFTA protocols, institutional infrastructure building, tariff liberalisation, the development of regional value chains, and trade facilitation (Trade Unions in AfCFTA, 2024). While still at an early stage, the implementation of these measures has contributed to some positive achievements. Intra-African trade growth peaked at 7.2% in 2022, rebounding from the pandemic-related decline. By 2023, intra-African trade had increased from US$69 billion in 2019 to approximately US$81 billion (Trade Unions in AfCFTA, 2024).

Trade facilitation tools implemented during this period include the e-Tariff Book, the non-tariff barrier resolution platform, corridor dashboards, and the Pan-African Payment and Settlement System (PAPSS). These tools, initiated as pilot projects, resulted in foreign exchange savings ranging from US$5 million to US$8 million over a two-year period (Trade Unions in AfCFTA, 2024). This article argues that expanding the role of such mechanisms, along with the implementation of PAPSS, are indispensable to the further advancement of the AfCFTA after its midterm evaluation.

Why PAPSS is a true game changer

The development and implementation of PAPSS represents a potentially significant milestone in the economic integration of the African continent. It seeks to provide a centralised financial market infrastructure that facilitates instant and secure cross-border payments in local currencies, thereby eliminating the traditional dependence on external currencies such as the US dollar or euro (Afreximbank & AfCFTA, 2021; PAPSS, 2022).

PAPSS was officially adopted at the AU Summit in July 2019 and commercially introduced on January 13, 2022 in Accra, following a successful pilot in the West African Monetary Zone (WAMZ). PAPSS was developed by African Export-Import Bank, in collaboration with the AfCFTA Secretariat. It is estimated that by 2025, the scheme had reduced transaction costs from as high as 30% of the total value of a sale to approximately 1%, potentially saving participants up to US$5 billion annually (Reuters, June 2025). The programme has already expanded to at least 15 countries and has over 150 banking participants. Through three interconnected mechanisms (instant payment, pre-funding, and multilateral net settlement), PAPSS guarantees that transactions are settled within minutes and that the liquidity risk is mitigated through centralised clearing among participating central banks (IATP, 2022; Ghana Shippers Authority, 2022). PAPSS, a homegrown alternative to conventional correspondent banking, is thus on the brink of considerably enhancing intra-African trade by reducing its costs, strengthening financial integration, and thereby supporting the African Continental Free Trade Area's aspiration to achieve a seamless pan-African single market.

Local currency settlement reducing dependency on the dollar/euro

PAPSS reduces the reliance of intraAfrican trade on thirdparty currencies, which add costs and exposure to currency risk. PAPSS enables traders to pay in their own local currency and receive funds in the counterparty's currency. For example, a supplier in Nigeria can receive naira for goods sold in Ghana, where the buyer pays in cedis. This eliminates foreign exchange conversion chains, reduces costs, and strengthens value retention within the continent (International Trade Administration, 2024).

Speed and liquidity in settling payments instantly

PAPSS processes transactions within 120 seconds. When PAPSS was initially piloted in the West African Monetary Zone (WAMZ), covering West African countries such as Nigeria, Ghana, Liberia, Sierra Leone and Guinea, all live transactions met this target consistently. The first formal PAPSS transaction occurred in October 2022, following the completion of WAMZ pilot tests. A Ghanaian importer paid a Nigerian supplier through Ghana Commercial Bank to First Bank Nigeria Plc, with the transaction completed in their respective native currencies. This method of payment took only a few minutes, eliminating the need for third-party currency conversion (United Nations Africa Renewal, 2021).

The financial inclusion for SMEs and informal traders

Traditional crossborder payments typically require costly bank accounts or access to "hard" foreign currencies such as dollars or euros. PAPSS allows digital innovators such as mobile money providers and financial technology companies (Fintechs) that provide payment, lending, and financial services using technology to participate, thus lowering transaction thresholds. A pilot between PAPSS and Onafriq (a panAfrican digital payments network, now spanning 43 African countries) in Ghana, approved by the Bank of Ghana, enables SMEs and individual traders to send and receive payments directly to mobile wallets across borders, vastly improving access (Connecting Africa, 2025). This demonstrates that PAPSS is not just about banks and central banks. It is about making crossborder trade payments easier and more inclusive for all kinds of traders.

Cross-border payments in Africa have historically been costly, slow, and available only to individuals with bank accounts or access to dollars and euros. PAPSS is altering that. By bringing in mobile money providers and fintechs, it lowers trade barriers and makes trade more accessible to millions of small enterprises and individuals. PAPSS has gone a long way to making African trade quicker, fairer, and truly inclusive.

Addressing currency inconvertibility via PACM

PAPSS and Interstellar established the African Currency Marketplace (PACM) in mid-2025. This order book-driven platform facilitates the matching of local currency requirements among counterparties, eliminating the necessity for hard currency intermediation. For example, an airline that offers tickets priced in naira in Nigeria can directly exchange the naira for Kenyan shillings through matching trades, with PAPSS net-settling the positions.

PACM functions as a transparent, order book-driven platform that facilitates peer-to-peer exchange of African assets. The platform was developed through the blockchain-agnostic STARGATE infrastructure, and is now facilitating near-instant, institutional-grade settlements across states in Africa. The system is highly scalable, and adheres to strict regulatory compliance across the various jurisdictions in which it operates (Afreximbank, 2025). It has been used successfully in several realworld examples.

Challenges experienced with PAPSS

Despite its successes, PAPSS faces challenges. These include:

Limited adoption and uneven coverage

Despite many gains, PAPSS coverage remains uneven. Many central banks and commercial banks have yet to integrate it into their systems. Without full adoption, fragmentation will persist, weakening the network effect.

Regulatory and legal harmonisation gaps

Country-specific regulations on currency controls, anti-money laundering and cross-border payment laws remain misaligned, creating friction and unpredictability.

Connecting Africa: Awareness and trust deficits

Many informal and small traders remain unaware of PAPSS. Trust is low in parts of the continent where systems have failed or where charges are hidden. Unless stakeholders build comfort through education, uptake will remain limited.

Infrastructure and digital access disparities

With patchy internet, limited mobile smartphone penetration, and unreliable electricity in rural areas, many potential users remain excluded from PAPSS's benefits.

Cybersecurity and fraud mitigation

As PAPSS becomes more central, it must guard against cyber risks. Despite adhering to global standards for privacy, fraud controls remain essential, along with information management systems, certifications, ongoing vigilance, and Artificial Intelligence monitoring, especially as more informal traders engage with the system.

Strengthening and scaling PAPSS: The road ahead

For PAPSS to function optimally across Africa, certain conditions will have to be fulfilled. These include the following:

- **Accelerate political commitment and adoption.** National governments and central banks should commit urgently to integrate PAPSS into their operating systems. Regional policymakers should harmonise centralbank regulations and expedite the onboarding of all African central banks and large commercial banks.
- **Integrate mobile money and promote fintech widely.** Scaling through partnerships with fintechs and mobile money operators as demonstrated with Onafriq could expand access and usage across the formal and informal sectors.
- **Boost awareness and build trust.** Ministries of trade, chambers of commerce, and academia should conduct outreach campaigns. Case studies should be integrated into university curricula and extension programmes. Trust will grow when ordinary traders see real cost savings and reliable service.

- **Invest in digital infrastructure.** Governments should prioritise rural broadband, digital literacy, and off-grid power solutions. PAPSS is digital, and its impact depends on enabling infrastructure.
- **Ensure robust cybersecurity and consumer protection.** Continued adherence to global standards, real-time anomaly detection, and transparent grievance redress mechanisms will help sustain confidence, particularly for micro and informal traders.
- **Refine the PACM segment and expand liquidity pools.** The newly launched African Currency Marketplace should be continuously refined, with more currency pairs and counterparties added, liquidity deepened, and inconvertibility issues addressed across smaller currency corridors.

Conclusion and call to action

The PanAfrican Payment and Settlement System constitutes a transformative infrastructure that has the power to change the way business is done in Africa. For policymakers, ordinary traders, and academics, PAPSS offers a practical pathway toward intra-African trade at scale, leveraging our own currencies and systems.

The authors of this paper make the following call to action to African stakeholders:

- **Approve frameworks.** Policymakers should approve frameworks, coordinate legislation, integrate financial institutions, and invest in digital infrastructure.
- **Become familiar with PAPSS-enabled services.** Traders and SMEs should get familiar with PAPSS-enabled services, demand access through banks and mobile wallets, and participate in test use cases to demonstrate their benefits.
- **Boost involvement by academia.** Academia and research institutions should investigate PAPSS's impact, gather evidence of cost savings and efficiencies, and provide training modules to raise awareness across the continent.

Africa loses approximately US$5 billion yearly due to foreign exchange costs and inefficiencies. PAPSS and the African Currency Marketplace aim to reduce these costs while charting a new path for economic autonomy. PAPSS can assist in making the AfCFTA a reality for every African trader, household, and economy.

Food for thought

1. What explains the persistent gap between ambitious African strategies and their execution, and how can these bottlenecks be unblocked?
2. Can PAPSS become the catalyst that overcomes fragmented national payment systems and that demonstrates the power of regional coordination? Or will entrenched domestic financial interests hold back Africa's integration?
3. Does PAPSS show how Africa can lead in deploying homegrown, tech-enabled solutions for trade, or is there a risk that it becomes another platform dependent on external infrastructure and standards?

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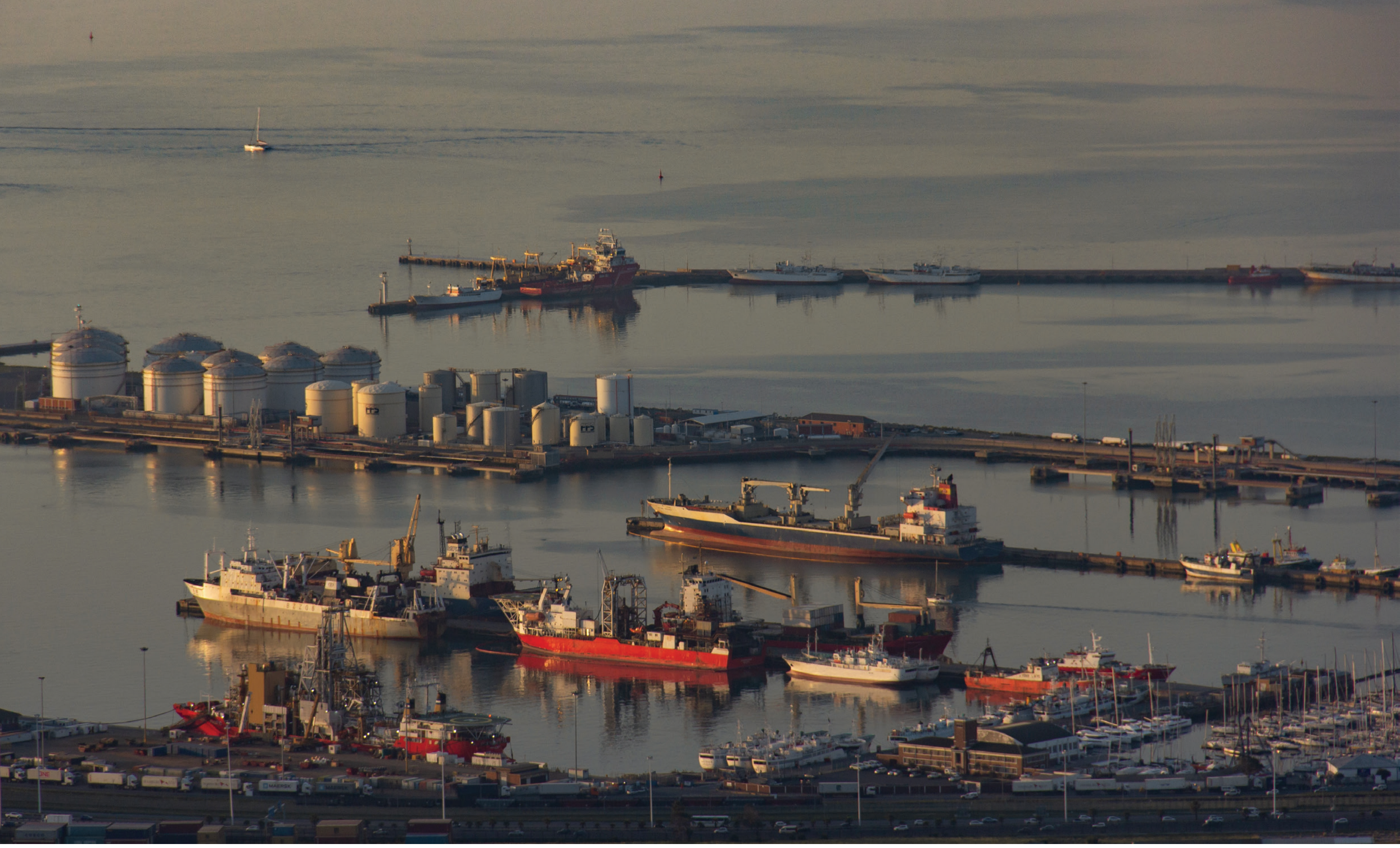

2. Climate and Trade in Africa: Understanding the Implications of Climate Change and Trade Policy

by Seutame Maimele

Climate change has been a longstanding concern for African countries. Despite contributing less than 4% to historical global greenhouse gas (GHG) emissions, Africa remains the most vulnerable of all continents to the impacts of climate change. Droughts, floods, and other extreme events disproportionately affect African economies, communities, and ecosystems (African Union Commission, 2023).

While African leaders have consistently raised these concerns on global platforms, particularly in efforts to secure climate finance, the continent's calls for support, particularly for adaptation, continue to go largely unheeded.
As the global transition toward sustainable development accelerates, its ripple effects are reshaping trade, industrial policy, and value chain dynamics. At the heart of this transition, climate and trade policies, such as border carbon adjustments (BCAs), deforestation regulations (green standards), and green subsidies, are becoming central to global economic relations.

A prime example is the European Green Deal (EGD), introduced in 2019, which encompasses a far-reaching suite of measures impacting nearly every sector: agriculture, forestry, fossil fuels, energy, manufacturing, water, transport, and waste. Instruments such as the EU Carbon Border Adjustment Mechanism (CBAM), the EU Deforestation Regulation, the Farm to Fork Strategy, and the phasing out of internal combustion engine vehicles will significantly affect African trade, particularly as the EU accelerates implementation toward its 2050 climate neutrality target (European Commission, 2019)

Estimates suggest that around US$135 billion worth of African exports, representing 84% of all African exports to the EU, 25% of Africa's total global exports, and about 5% of the continent's GDP, are at risk as a result of these policy shifts.

Yet Africa remains on the margins of these debates, struggling to define its role as climate and trade policies evolve at pace (Monaisa & Maimele, 2024).

Key issues for Africa at the climate–trade nexus

Most African countries lack coherent climate–trade policy frameworks and the foundational infrastructure, such as carbon certification systems, that are necessary to align with emerging global trade norms. Measurement, reporting, and verification (MRV) systems remain underdeveloped, emissions data is scarce, and carbon pricing frameworks are either weak or entirely absent. In many cases, governments rely heavily on external consultants for GHG monitoring and compliance planning, leaving them unprepared for mechanisms such as the EU and UK CBAMs.

At the same time, global clean technology supply chains are being rapidly reconfigured by industrial policies such as the EGD, the US Inflation Reduction Act, and China's domestic subsidy programmes. These shifts are consolidating trade partnerships around select blocs of "preferred partners". Africa, largely excluded from these arrangements and lacking the industrial base for downstream processing, remains locked into a low-value role as an exporter of raw materials, such as cobalt, lithium, and manganese. In addition, it still does not participate in high-value activities such as the manufacture of batteries, electric vehicles, or solar panels. These dynamics further entrench Africa's peripheral position in the global green economy.

As the world transitions to more sustainable forms of development, there are risks to Africa that extend beyond trade. Without robust social protection systems and proactive just transition planning, workers in high-emission sectors, such as coal, steel, agriculture, and deforestation-linked industries, face significant socioeconomic threats, including job losses and community dislocation. A stark misalignment exists between the rapid pace of global policy implementation and the slower, often fragmented capacity of African countries to manage the socioeconomic impacts of decarbonisation. The result is deepening inequality and vulnerability in already fragile development contexts.

Compounding these challenges is a widespread lack of awareness across the continent about the implications of emerging climate–trade policies such as the EGD. These issues are often poorly understood at both national and regional levels, resulting in fragmented and reactive responses. While climate adaptation remains a priority, the trade-related dimensions of climate policy are frequently overlooked. Coordination across government departments, industries, and labour is limited, further weakening national response strategies.

Since the 1980s, Africa's manufacturing sector has experienced a steady decline, especially in East, North, and Southern Africa. Structural barriers such as inadequate infrastructure, energy insecurity, and limited investment continue to constrain industrial development and reduce competitiveness. As a result, many African economies are ill-equipped to respond to the structural changes driven by green industrial policy in developed countries.

In terms of risk mitigation, only South Africa has introduced a national carbon tax (in 2019), with a handful of other countries, including Botswana, Morocco, Côte d'Ivoire, Nigeria and Senegal, exploring similar instruments. However, carbon pricing remains underdeveloped across the continent, and where it exists, price levels are typically too low to offer meaningful protection against external measures like the EU CBAM.

Finally, Africa's fiscal capacity to respond to these challenges is severely constrained. The continent's external debt reached US$645 billion in 2023, approximately 24% of its GDP. With annual debt servicing costs nearing US$70 billion, governments have limited fiscal space to invest in climate adaptation, green infrastructure, or industrial upgrading. This exacerbates Africa's exposure to both climate and trade-related shocks, reinforcing structural dependency and undermining long-term resilience (United Nations Office of the Special Adviser on Africa, 2025).

Strategic opportunities for Africa

Despite these challenges, several strategic pathways exist for Africa to reposition itself in the evolving climate–trade landscape:

- **First, Africa can lead in green industrialisation by building regional value chains in green hydrogen, battery production, and mineral beneficiation.** Leveraging the African Continental Free Trade Area (AfCFTA), countries can develop continent-wide green industrial policies that align with both decarbonisation and development goals.
- **Second, to enhance readiness, African countries should jointly invest in compliance infrastructure**, including harmonised MRV systems and carbon registries, nationally appropriate carbon pricing tools, due diligence frameworks for supply chain integrity, and advocacy for revenue recycling (e.g., from BCA revenues), and just transition financing.
- **Third, Africa should actively engage in multilateral forums** like the UNFCCC, WTO, and G20, with key demands including: upholding equity principles (common but differentiated responsibilities-respective capabilities and special and differential treatment), inclusion in environmental goods and services negotiations, introducing a time-bound waiver or "peace clause" on climate-related trade measures, the reactivation of the WTO Appellate Body, and the creation of a Trade and Environment Fund for developing countries.
- Fourth, with mounting debt burdens, **structured debt-for-climate swaps** could provide fiscal space for climate investments. With debt for climate swaps, creditor countries could waive a portion of sovereign debt in exchange for commitments from debtor governments to invest the freed-up resources in climate mitigation or adaptation efforts. These arrangements should recognise Africa's low historical emissions and the failure of developed countries to deliver on climate finance commitments. If well designed, such swaps could support a just transition and build long-term resilience.
- Lastly, Africa possesses vast critical mineral reserves but remains heavily reliant on raw ore exports. Countries like South Africa, the DRC, Ghana, and Guinea have a unique opportunity to **lead in processing and value addition**. Developing a high-standards buyers' club and aligning with G7+ green supply chain efforts could expand markets for African-processed minerals and strengthen economic sovereignty.

The global green transition presents both risks and opportunities for Africa. While climate and trade policies such as the EGD and BCAs introduce new challenges, they also signal a strategic inflection point. Africa must leverage its resources and position itself as a proactive actor in global green value chains. With coordinated action and institutional reform the continent can shape a more equitable climate-trade future – one that advances both economic transformation and climate resilience.

Food for thought

1. How do climate and trade policies intersect, and why are they important for Africa?
2. What role can the African Continental Free Trade Area (AfCFTA) play in supporting green industrialisation?
3. Why is active engagement in multilateral forums like the UNFCCC, G20 and WTO important for Africa's climate-trade strategy?

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3. Africa's Green Minerals at a Crossroads: A Call for Regional Coordination in Minerals and Extended Value Chain Trading

by Marit Kitaw and Yasmin Ismail

In the race to triple renewable energy capacities by 2030, the global demand for critical minerals is surging. Copper, cobalt, nickel, lithium, rare earth elements, and platinum group metals are essential to renewable energy systems, electric vehicles (EVs), green hydrogen, and other technologies that enable decarbonisation. The International Energy Agency (IEA) predicts that EVs and the associated production of batteries will be responsible for about half of the demand growth for critical minerals over the next two decades (IEA, 2021). Africa is home to over 30% of the world's known reserves of these minerals, and numerous major economies are competing to secure access to the continent's reserves (Andreoni & Roberts, 2022; ECA, 2024; Tucker, 2025).

Harnessing the surge: Africa's trade dilemma in a new era of critical minerals

In their quest to secure access to critical minerals to meet a range of net zero, national security and competitiveness priorities, major economies are deploying various diplomatic strategies and types of economic arrangement with African countries. The United States, for instance, has signed a joint Memorandum of Understanding (MoU) with the Democratic Republic of the Congo (DRC) and Zambia for the development of value chains for battery-grade materials, and is seeking to deepen its cooperation on minerals supply with other African countries through its Minerals Security Partnership (MSP) Forum (US Department of State, n.d.; Tucker, 2025; Neema, 2023).

The European Union has also signed separate MoUs with the DRC and Zambia and is exploring critical raw materials partnerships with a number of African countries, through its Global Gateway Initiative, which seeks to secure supply and improve governance and sustainability (Neema, 2024). The EU has also introduced a new trade approach in the form of clean trade and investment partnerships (CTIP), through which it seeks partnerships on critical minerals supply and green energy transition. It has already initiated talks on this with South Africa (Ven der Ven et al., 2025).

In addition, China, long a dominant player in Africa's mining sector, continues to secure off-take agreements and infrastructure-for-resources deals, especially in the cobalt-rich DRC and in lithium projects in Zimbabwe (Benabdallah, 2024). Saudi Arabia and other Arab Gulf countries have also stepped up their engagement with African countries to secure access to critical minerals for renewable energy projects.

Together, these developments underscore the fact that the African continent finds itself at a critical juncture: it is poised between continuing to be locked into raw materials extraction, on the one hand, and realising the transformative sustainable development opportunities available from a green industrial revolution, on the other. African and international policy experts, academics and civil society activists attending the Reimagining Cooperation on Trade and Sustainability: An African Perspective conference hosted by the Nelson Mandela School of Public Governance in May 2025 concurred that the opportunities for African development cannot be confined to supplying critical minerals to support producers of value-added products outside the continent. Instead, Africa must develop regional and extended value chains that are capable of transforming Africa into a hub for green industrialisation and supporting regional economic diversification (ECA, 2024).

Zooming in: Institutional coordination and the Africa green minerals strategy

At the institutional level, Africa has made commendable progress in articulating a shared vision for leveraging the continent's mineral endowment to support green industrialisation. The Africa Green Minerals Strategy (AGMS), developed by the African Union's African Minerals Development Centre (AMDC) in collaboration with the African Development Bank, the United Nations Economic Commission for Africa (UNECA) and the African Legal Support Facility (ALSF), serves as a blueprint for harnessing Africa's mineral wealth to advance sustainable development, value addition, and climate goals (AMDC, 2024). It builds on the Africa Mining Vision (AMV), adopted in 2009, which aligns mineral development with the continent's aspirations for structural transformation (African Union, 2009).

The AGMS identifies shared priorities at both national and regional levels, including responsible sourcing, beneficiation, value addition, use of local content, harmonisation of regulatory frameworks, and capacity building. It calls for the integrated planning of infrastructure and regional industrial corridors to support mineral processing and green manufacturing. Moreover, the strategy highlights the importance of cross-cutting issues such as gender inclusion, the role of artisanal and small-scale mining (ASM), and environmental sustainability (AMDC, 2024). These recommendations were echoed in the seven principles and the five actionable recommendations of the 2024 UN Secretary-General's Panel on Critical Energy Transition Minerals.

As the AGMS was adopted only recently, in February 2025, implementation is still in its infancy. While some African countries and regional economic communities (RECs) have begun aligning their national mineral strategies with the AGMS, there is still no consolidated platform for collective engagement with external actors. This results in fragmented negotiations with both governments and the private sector, which may weaken Africa's leverage on critical issues, including technology transfer, mineral pricing, and commitments for beneficiation and value addition.

To overcome this challenge, Africa needs a regionally coordinated approach or strategy for external engagement on critical green minerals, built around the AGMS. Central to such a strategy could be a shared negotiating framework for supply agreements and investment arrangements. This would need to promote:

- value addition;
- effective legal instruments with harmonised approaches;
- co-development of and affordable access to needed technologies;
- the establishment of required infrastructure; and
- the advancement of social and economic development for local communities (Andreoni & Roberts, 2022; UN, 2023).

A way forward: Leveraging institutions and communities of practice for a coordinated approach to external engagement on critical green minerals

To ensure that Africa's green minerals benefit the continent first, a clear set of regional principles for external engagement is needed, anchored in transparency, shared benefits, value retention and addition, environmental justice, and technology transfer. These principles, agreed upon by African countries, particularly resource-intensive countries, can serve as a framework in bilateral, regional and multilateral negotiations on critical green minerals. Africa should adopt a common stance on value addition, benefit sharing, pricing models, contract terms, traceability, and ESG standards. This would ensure that no African country engages in isolated agreements. Drawing lessons from OPEC's collective approach to oil governance, an African platform for critical green minerals diplomacy could enhance negotiation power, avoid underpricing, and align external partnerships with the continent's industrialisation goals (Kozak, 2025).

From a vision and strategy perspective, the Africa Mining Vision (AMV) and the African Green Minerals Strategy (AGMS) already provide policy alignment. What is needed now, however, is a fast-tracked coordination and implementation mechanism that leverages existing bodies. The African Union Commission, the African Continental Free Trade Agreement (AfCFTA) Secretariat, the UNECA, and other relevant institutions could co-host a continental coordination task force on green mineral diplomacy (African Union, 2025).

In addition, through the AfCFTA and RECs, African states could define minimum negotiation standards and incentives for responsible investors, harmonise ESG standards, and promote regional mineral corridors. Institutions such as the African Development Bank, Afreximbank, and the African Legal Support Facility (ALSF) could support these efforts through policy coordination, investment de-risking, and industrial policy innovation.

These institutions and coordination efforts should be actively engaged with and informed by communities of practice across the continent. A pan-African critical minerals negotiations advisory group – comprising miners, trade policy experts, trade lawyers, industrial policy experts, and ESG specialists – could be established to offer negotiators from member countries strategic insights on relevant stakeholders' needs and concerns, as well as emerging global and regional trends in green minerals value chains.

Conclusion: Reclaiming the narrative

Africa's critical minerals offer both a path to economic development and a historic opportunity to recalibrate the continent's role in global trade and green industrialisation. African countries should aim to leverage growing competition among their international partners to unlock expanded development opportunities across the continent (Andreoni & Roberts, 2022).

To achieve this, it is urgent that we shift from fragmented national engagements with powerful global players to a concerted and purposeful regional approach to trade diplomacy in green critical minerals. The AGMS provides a foundation. What we need now is collective ambition, institutional innovation, and an empowered African-led knowledge community.

As one participant in the Cape Town conference noted:

"Africa does not lack vision – it lacks alignment."

Food for thought

1. What institutional and knowledge gaps must be addressed to support coordinated action that strengthens African bargaining power in critical minerals trade while respecting diverse national interests?

2. How can African governments, businesses, and civil society jointly shape international ESG and traceability standards to reflect regional industrialisation priorities, development realities, and sustainability goals?

3. What positive trade incentives and cooperation measures can African countries pursue through multilateral, regional, or bilateral processes to support critical minerals-based industrialisation and sustainable development?

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4. Beyond the formal–informal dichotomy: Centring people and not just procedures

by Penny Parenzee and Agisanang Magooa

The Reimagining Cooperation and Sustainability: An African Perspective conference included a session that focused on trade governance and the social dimensions of trade. With each speaker's input that touched on strategies to amplify marginalised voices in trade, two nagging questions persisted: "For whom?" and "For what purpose?". As the discussion unfolded, it became apparent that these questions arose because throughout the discussion, the underlying issue around power was not being addressed.

Such an omission is troublesome for two key reasons. First, in our current geopolitical environment, we are observing a rise in support for populist, right-wing political parties and governments, especially in Europe and the US. Our reality is a world in which autocracy is "fashionable" – where certain states form a centre of wealth accumulation for an elite who hold power and do not want to relinquish this power. Second, the pace at which this rise of a right-leaning world has occurred seems unprecedented. This has negative consequences for those who have no power – globally, regionally and locally. These negative impacts are most harshly experienced among those most marginalised in our society, which in the trade arena, comprise women and youth.

When we fail to engage these questions – for whom and for what purpose – we become locked in a way of thinking and doing that further entrenches the powerlessness of the most marginalised. It creates a sense of inevitability or paralysis, with the prospect of alternative pathways becoming more and more inconceivable, since most procedures in trade policy were not genuinely designed with these groups in mind. Our challenge is to push against this paralysis, make explicit the underlying ideas, and deliberately shape policy responses that are inclusive.

This change in emphasis can be achieved. In the trade space, for example, we can challenge why formalisation should be framed as the preferred response to informality in trade. Women and youth make up the majority of informal trade, occupying the most precarious jobs in the region (Ncube, 2022). They also experience the most difficulties in accessing financial services, transportation and related capacity-building assistance. Furthermore, women, particularly young women in cross-border trading, confront an array of violations and misconduct, including physical and sexual assault (Larouche-Maltais, 2022; UNCTAD, 2022). There is an underlying assumption that in order to increase trade, improve market access, and address precarity, mechanisms that enable formalisation are the best option. This is grounded in the belief that formalisation offers protection against discrimination and allows women and youth to access previously unavailable opportunities. It is true that formalisation provides some benefits, such as access to improved infrastructure, which facilitates ease of trading. However, formalisation as a policy response simultaneously creates disadvantages for some and can further entrench inequalities. For example, most women-led small-scale traders operating informally across borders earn subsistence-level incomes and cannot afford the high fees that are incurred as part of the formalisation process.

Assuming formalisation alone will eliminate discrimination fails to account for the realities of the current environment. A one-size-fits-all strategy in which formality is "good" and informality is "bad" is inadequate in the African context. In the tendency to formalise trade, the history of informality on the continent cannot be ignored. Informal trade has been a key way for many individuals, particularly women and youth in precarious work, to make vital contributions to their families. This practice dates back to colonial times.

If we want to implement measures that genuinely address the challenges faced by women and youth, we must move beyond the formal–informal dichotomy (Guah-Khasnobis et al., 2006). Instead, the focus should be on how structural transformation can address the policies, conditions, and institutions that perpetuate precarity in both the formal and informal economies (Ossome, 2015). We should be asking questions that help us frame practical approaches; for example, "How can we design interventions that mitigate the disproportionate impact of trade liberalisation while safeguarding women and youth from being positioned primarily as sources of cheap labour?" The conversation should be about tackling the structural conditions that produce inequalities across both formal and informal trade.

The AfCFTA faces the challenge of navigating this formal–informal dichotomy (Guah-Khasnobis et al., 2006). It must ensure inclusive socioeconomic development and eliminate discrimination in trade, while recognising that informal trade is a critical part of addressing the marginalisation of women and youth. The AfCFTA offers a unique opportunity to drive meaningful change on the continent, in the context of the added challenge of climate change. For the vision of the AfCFTA to be realised, it is incumbent upon us to examine the power dynamics we may inadvertently be perpetuating.

Therefore, it is essential that the questions of "For whom?" and "For what purpose?" be woven into all the policy engagements and implementation processes of the AfCFTA.

Food for thought

1. In what ways can African trade policy processes, such as the AfCFTA, meaningfully confront power imbalances to ensure that women and youth are not merely included, but empowered as agents of transformation?
2. How can we rethink the narrative of formalisation to reflect the lived realities, resilience, and contributions of those operating in the informal economy?
3. What would a truly inclusive vision of trade look like if we continuously asked, "For whom?" and "For what purpose?" at every stage of policy design and implementation?

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5. Why Trade Matters: The Path toward a Reconfigured Trade System that Supports Sustainable Development

by Daniel C. Etsy

The year 2025 will be remembered as the most challenging year in a century for international commerce. The return of Donald Trump to the White House resulted in a radical shift in US policies away from international cooperation and the Bretton Woods economic system, which has delivered relative peace and prosperity to much of the world for many decades. With a bombastic personal style, disregard for longstanding principles of comity, disparagement of international cooperation, and a willingness to use American economic muscle in ways never before seen, President Trump has upended the international order created at the end of World War II.

Does this aggressive posture make sense for the United States, even if it does not make sense for the rest of the world? Decidedly not. The Trump administration's actions threaten not only to disrupt international commerce but also to inflict pervasive damage to a large portion of US citizens. The Trump tariffs will likely cause a spike in consumer prices in the United States, imperil US industries that have global supply chains, and create chaos in the business world that translates into reduced investment and job creation. All of this might ultimately provoke a worldwide recession.

Beyond the economic impacts, President Trump's pugnacious approach to foreign relations could well provoke a response in kind, leading to difficulties for the US in addressing other matters where interdependence across national borders is essential. Examples of such matters are a shared global response to climate change, deterring aggression of the sort Russia has inflicted on Ukraine, and creating collaborative strategies to address future pandemics and other global health threats (Milanovic, 2016).

Trade has proven over many decades to be a powerful engine of economic opportunity for nations of the Global South as well as the Global North. South Africa, for example, saw exports rise to more than US$150 billion in 2024. With a trade to GDP ratio of 65%, South Africa is one of the continent's biggest trade success stories, although quite a number of other African countries have also seen trade rise in prominence and become larger contributors to their economies. The same spirit of openness has seen many African consumers benefit from participation in international markets, which ensures a wider choice of goods at more attractive prices than ever before (Hull, 1940s; 1945).

Trade delivers more than economic growth and marketplace efficiency. It also offers a way to create a sense of shared economic destiny that gives nations a reason to cooperate and find ways to bridge differences. In this regard, it offers a pathway to peace and security rather than conflict and war. This logic seems to have escaped President Trump and others who are prepared to under-invest in the trade system or even let it fall apart. Indeed, these leaders seem unfamiliar with or in disregard of the legacy of the first half of the 20th century, with its two world wars and a Great Depression that was exacerbated by non-cooperative international relations.

Perhaps it is time for these lessons to be re-learned. In this regard, Trump could learn from the ideas of Cordell Hull. Born in a log cabin in Tennessee, Hull spent 25 years as a US congressman and then senator before becoming America's 47th and longest-serving Secretary of State. He is the primary architect of the international trade system that emerged from the ashes of World War II, and which has now evolved into the World Trade Organization. Writing in the 1940s, Hull argued for a commitment to economic cooperation as a foundation for the post-war international order. He recognised that "if we could get a freer flow of trade … so that one country would not be deadly jealous of another and the living standards of all countries might rise … we might have a reasonable chance for lasting peace" (Hull, 1940s).

Hull saw that economic benefits would accrue to all with a carefully structured trade system in which countries derive optimum benefits by selling what they produce not only within their own borders, but beyond them. He was not primarily seeking to advance opportunities for comparative advantage and greater economic efficiency; instead, he envisioned a flexible framework of trade rules that encouraged nations to open their markets and expand trade while maintaining their ability to address domestic priorities such as jobs and inequality. For the structure of cooperation he inspired, Hull won the 1945 Nobel Peace Prize (Hull, 1945).

Hull's insights are powerful and still highly relevant. An international marketplace that creates a foundation for shared economic progress provides a platform for broad-based peace and national security. Countries with mutually beneficial trade relationships have significant incentives to work together rather than engage in warfare. While Vladimir Putin has dented this theory by attacking a major trade partner, the evidence from the past 80 years compared to the first half of the 20th century makes a strong case for Hull's argument. Unfortunately, an appreciation of the value of trade and economic cooperation has disappeared from recent political discourse in America and other parts of the world (Milanovic, 2016).

The benefits of international cooperation and trade are plain for all to see – albeit with some downsides that must be addressed. For decades after Hull's vision emerged as a cornerstone of the Bretton Woods international order, trade helped to knit countries together and contributed to extraordinary economic gains across the world. In the fifty years after the end of WWII, US GDP rose more than 30-fold, from $228 billion to $7.6 trillion. Global growth followed a similar trajectory, with many nations in both the developed and developing world achieving unprecedented levels of prosperity.

Critics of the trade system, however, are correct in asserting that things went off track in the 1980s and '90s, inflected by the prevailing neoliberalism of that time. The push to open markets without regard to broad social and economic impacts delivered huge benefits to multinational corporations but resulted in serious dislocation for many companies, communities, and workers. The track record across the world varies in terms of how widely the benefits of trade were shared and the effects of trade on inequality. Careful analysis of the winners and losers from expanded trade in recent decades undertaken by former World Bank economist Branko Milanovic reveals an "elephant curve". This refers to a graph shaped like an elephant's back, indicating uneven global income growth. The highest point on this graph represents the middle classes in developing countries, who saw substantial income growth between 1988 and 2008. In both the Global North and the Global South, the wealthiest segments of society have gained the most and the most economically disadvantaged have gained the least. Milanovic also finds that the working classes in the developed world have suffered from income stagnation, which in part explains the backlash against globalisation and the rise of nationalism in many Global North countries (Milanovic, 2016).

It must also be acknowledged that expanded trade has created environmental stress as well as social strains. Indeed, as new industrial powerhouses have emerged (particularly in Asia), their lax regulations have led to increased air and water pollution and other harms (notably a spike in greenhouse gas emissions). These effects reflect the fact that the polluters causing the harm were not required to pay for the damage they inflicted on others.

For decades, the trade system let these "uninternalised externalities" (as economists would call the spillovers of harm) go unchecked, disrupting fair competition in global markets, damaging ecosystems in many nations, and harming the shared resources of the Global Commons (such as the oceans and atmosphere). The failure of member nations of the World Trade Organization to work together to hold companies and countries to agreed-upon standards, including their commitments to reduced greenhouse gas emissions, has been a major reason for the limited global progress in addressing climate change. It has also prevented the preservation of biodiversity and delayed progress in attaining a number of other sustainability goals.

The harmful effects and unsustainable nature of today's international commerce gives reason for pause. But rather than shatter the trade system, the better path forward for critics (including President Trump) would be to rebuild it on new foundations.

We must remember Cordell Hull's core insight: that trade can deliver *positive-sum* results, in which all parties come out ahead. The potential pay-offs include not only material gains but also broader benefits such as strengthened national security, reduced inequality, and deeper levels of cooperation in managing the natural environment. To assume that all trade relationships present zero-sum structures where fierce bargaining is the key to success is a fundamental mistake. The goal should be win–win outcomes (Hull, 1940s; Hull, 1945).

President Trump has highlighted the need for reciprocity as a core principle of the trade system. This principle is easily understood; countries should give as much as they take to ensure that trade generates widely shared benefits. But reciprocity should not be judged at the individual product level, nor in terms of the balance of trade between any two nations. What really matters is whether a nation runs a global trade surplus in relation to other countries. Persistent overall surpluses signal that a nation is taking more from the system than it is giving, and may be engaged in what trade policymakers call "beggar-thy-neighbour" actions. These include currency manipulation to improve competitiveness, the provision of hidden subsidies to their own producers, or the imposition of non-tariff barriers to trade that block foreign competition. This sort of non-cooperative behaviour should be a central focus of trade policy, and would justify punitive tariffs to induce change (Milanovic, 2016).

In addition, there is a need to bear in mind the bigger picture. There are security benefits to ensuring peaceful and economically vibrant neighbours; for the US, economically thriving neighbours may well be far more valuable than any policy leverage or other gains to be anticipated from the tariffs currently being imposed on Canada and Mexico. A similar logic exists for a strong commitment to regional trade initiatives all over the world. The African Continental Free Trade Area (AfCFTA) is a good example of the sort of foundation on which greater degrees of cooperation may be built.

To achieve the required structural reform and rebalanced global reciprocity, the United States should not pull back from trade and pummel friend and foe alike with punitive tariffs. Rather, it should contribute constructively to global negotiations about how best to remake the international trade system with new economic underpinnings. It, along with all other nations, should be actively involved in recasting rules that promote overarching reciprocity and fairness, discipline those who violate agreed-upon standards, and advance the commitment to sustainable development found in the Marrakesh Agreement that launched the WTO in 1995. A reframed and reinvigorated WTO would offer a mechanism for encouraging international cooperation and delivering the prosperity, peace, and security Cordell Hull imagined (Hull, 1940s; Hull, 1945).

As efforts to reconfigure the international trade system gain momentum, it has become clear that the United States has backed away from its traditional leadership role on the global stage. Thus any effort to revitalise international commerce and to ensure that trade continues to provide an engine for sustainable development will require new leadership. African nations, with their growing workforces, dynamic economies, and natural sustainability advantages, are well positioned to take up the mantle.

If the international trade system is allowed to fracture and collapse, no region of the world will suffer more than Africa as the momentum for sustainable development begins to falter (Milanovic, 2016).

Food for thought

1. How can aggressive unilateral trade policies, such as those implemented by the Trump administration, affect both domestic economic stability and global cooperation on issues like climate change and pandemic preparedness?

   This question pertains to Trump's tariffs, the disruption of global supply chains, and possible international retaliation (Milanovic, 2016).

2. In what ways does trade act as a mechanism for fostering peace, security, and shared prosperity among nations, particularly in the context of Africa's integration into global markets? This question is inspired by Cordell Hull's insights about trade as a foundation for post-World War II peace and economic cooperation, as well as South Africa's trade success story.

3. How can modern trade policy reconcile the dual goals of maximising economic gains while addressing environmental externalities, inequality, and the broader social impacts of globalisation?

   This question emerges from the discussion on the limitations of the 1980s–1990s neoliberal trade policies, the "elephant curve" illustrating unequal gains (Milanovic, 2016), and the failure of WTO member nations to internalise the fact of the environmental harm they do.

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