

How can Africa's trade Agreements, AfCFTA in particular, support service sector development that is relevant to energy transition?

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Africa's energy transition strategy, the AfCFTA and Regional Economic Communities – supporting services sectors relevant for energy transition

The African Energy Commission (AFREC) is a continental specialised energy agency of the African Union (AU), under the Commission for Infrastructure and Energy, in charge of coordinating, harmonising, protecting, conserving, developing, rational exploitation, commercialising and integrating energy resources on the African continent.



African Energy Transition Programme

- Accelerate Africa's energy transition and transformation
- Driven by AU Agenda 2063, SDGs and Paris Agreement

LINKS to trade agenda (in services and goods)

7 Strategic Objectives

- Building the energy infrastructure for economic and social development, starting with agriculture, which employs the largest share of the population but remains at a near subsistence level of production in most parts of the continent;
- Development of the renewable energy sector in alignment with the Paris Agreement, to exploit Africa's great potential for solar, wind, hydropower and other renewable sources, and build African capacity for developing these technologies;
- Energy efficiency programs for buildings, industry and transport. Such a program should include local manufacturing of efficient equipment, as well as regulatory and behavioural interventions;
- Careful consideration of the possible role of national, regional and inter-continental gas pipelines, where this can be justified from a long-term climate and economic perspective, with recognition of risks of stranded assets and the global need to rapidly move away from fossil fuels;
- Development of an integrated African electricity network, which would greatly decrease average electricity costs across the continent and increase energy sustainability and security;
- Decarbonisation of the energy and other sectors, to put countries firmly on a low- to zero-carbon energy trajectory as well as fulfil national commitments under the Paris Agreement;
- Implementation of a systematic, continent-wide approach to innovation to harness the research and development capacities required to meet all the above objectives.



**PRESIDENTIAL
CLIMATE COMMISSION**
TOWARDS A JUST TRANSITION

Energy transition at national level: case of South Africa

About the Presidential Climate Commission

The Presidential Climate Commission is an independent, multistakeholder body established by President Cyril Ramaphosa. Our purpose is to oversee and facilitate a just and equitable transition towards a low-emissions and climate-resilient economy.

Achieving a Just Energy Transition

The just energy transition focuses on the transition of South Africa's energy sector as the country navigates the shift away from coal towards cleaner sources of energy.

Resourcing and Climate Finance

Climate finance refers to local, national, or international financing mechanisms and fiscal flows drawn from public, private sources to address large-scale investments required to significantly reduce emissions as well as the significant financial resources for communities to adapt to the adverse effects and minimise the impacts of climate change.

RECs are building blocks of the AfCFTA – case of SADC's trade in services agenda



SADC: Priority Sectors in the first round of negotiations

Communication services	Postal, courier, telecommunications, audio-visual
Financial services	Insurance, banking and other financial services
Tourism services	Hotel and restaurant services, travel agency and tour operator services, tourist guides
Transport services	Maritime, inland waterway, air, space, rail, road, pipeline and auxiliary services
Construction services	Including related architectural and engineering services, including integrated engineering, urban planning and landscape architectural services
Energy-related services	Wide range of support services drawn from business services (services related to energy distribution, technical testing, site remediation, consultancy services), construction (power plants), distribution, environmental services, transportation of fuels

SADC: trade in services cont'd

Sectoral coverage in construction and energy sectors

(Sub-sectors)	Construction (5)	Related professional (4)	Energy-related services
Angola	No offer submitted		
Botswana	Construction of power lines	Architectural, engineering, quantity surveying	Services incidental to exploration; Coal refining services; Wholesale services for fuels; Leasing of distribution and storage facilities
DRC	All	All	Wide range of open services
Eswatini	General construction of buildings and civil engineering projects	Engineering	Business support services for the energy sector
Lesotho	All, except "other"	All	Testing and analysis services; Site remediation services
Madagascar	No offer submitted		
Malawi	All	All	Energy-related business services; wholesale distribution services; site remediation services
Mauritius	All	All	Energy-related business services; wholesale distribution services

SADC: trade in services cont'd

Sectoral coverage in construction and energy sectors

(Sub-sectors)	Construction (5)	Related professional (4)	Energy-related services
Mozambique	All	All	Business support services for the energy sector
Namibia	All	Engineering	Business support services for the energy sector
Seychelles	All, except "other"	All	R&D services; other business services for the energy sector
South Africa	All	All	Business services for the energy sector; distribution services; environmental consultancy services
Tanzania	All	All except urban planning and landscaping	Construction services; engineering services; business services, for the energy sector
Zambia	All	Architectural and engineering	Business support services and wholesale trade services for the energy sector; pipeline transportation of fuels
Zimbabwe	General construction of buildings and civil engineering projects	Architectural and engineering	Construction of power lines; business services for the energy sector; petroleum refining; support services for electricity transmission and distribution

Completing first round ... potential for energy transition agenda

- Remaining offers in construction and energy-related services
- Outstanding requests from first round

Sectors not covered during first round:

- Services linked to industrialisation and value chains, especially business services and distribution services
- Other services, i.e. educational services, environmental services, health and social services, recreational cultural and sporting services
- Sectoral annexes of trade-related regulatory principles

Built-in agenda

- A. Mutual recognition framework
- B. Domestic regulation principles

African Continental Free Trade Area (AfCFTA) – trade in services supporting energy transition

AfCFTA is more than a free trade area agreement

An objective of the AfCFTA is to “promote and attain **sustainable** and inclusive socio-economic development, gender equality and structural transformation of the State Parties” - Art 3 (e) AfCFTA Agreement

It is a flagship project of the African Union’s Agenda 2063, which includes the objective of achieving “**Environmentally sustainable and climate resilient** economies and communities” - Goal 7

Supporting energy transition through the AfCFTA

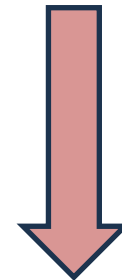
- Comprehensive broad-based references to climate and sustainability across the legal compact: Protocols: trade in goods, trade in services, investment, intellectual property, competition policy, digital trade, women and youth in trade
- Synergies with Agenda 2063: AfCFTA is a Flagship project of the African Union – providing links to the AU’s energy transition strategy
- AfCFTA - a Framework for Africa’s industrialization
- AfCFTA trade facilitation agenda (e.g. green corridor development programme) – links directly to trade in services agenda (Note: sectoral coverage and modes of supply (e.g. modes 3 and 4))

AfCFTA Trade in Services Agenda - opportunities to support energy transition?

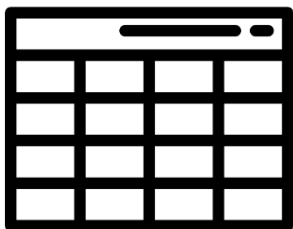
FIVE Priority Sectors (First Phase) –
State Parties will add others e.g.
distribution

- Financial Services
- Communication Services
- Transport Services
- Tourism
- Business services

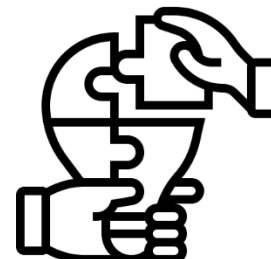
- Financial Services
- Communication Services



Schedules of commitments



Regulatory Frameworks



Conclusion: Supporting energy transition: leveraging trade in services linkages across the AfCFTA

- Trade in goods (environmental goods, tariffs....., standards (TBT))
- Investment – mode 3 connections (e.g. infrastructure: generation, transmission and distribution - transformation)
- Competition Policy (energy transition - Public Interest matter)
- Intellectual Property Rights (technology development and transfer)
- Trade facilitation (financial services, transport incl green corridor developments, professional services – capacity building and technology development: links directly to trade in services)
- Industrialisation Agenda: energy transition for sustainable industrial, agricultural development