EUROPEAN CLUSTER COLLABORATION PLATFORM

EU-Africa Cluster Collaboration

Input Paper on Clusters in South Africa, Senegal, and Kenya: Prospects for EU27 Collaboration

An initiative of the European Union

Content

01

Economic profiles of Sub-Sahara African countries: South Africa, Senegal, Kenya

EUROPEAN CLUSTER COLLABORATION PLATFORM

Strengthening the European economy through collaboration

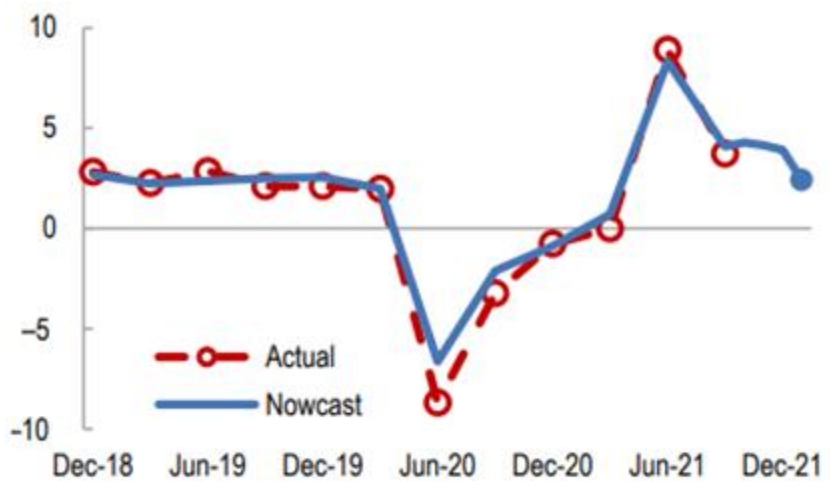
1. Economic profiles of Sub-Saharan African countries: South Africa, Senegal, Kenya

This paper presents observations on Sub-Saharan African countries' cluster ecosystems economic outlook, and initiatives that foster growth and innovation. Here we further reference some of the most relevant economic structures as well as sectors in said region with a focus on the countries of **South Africa, Senegal, and Kenya.** Said countries have been selected because of their long-term trajectories in building green, digital and resilient economies. Each of the economies have a predominantly different sectoral focus, which enables this input paper to investigate the variety in opportunities for potential linkages with EU-based companies and organisations.

1.1 Economy of Sub-Saharan Africa as a whole

In the context of development projects across diverse regions in Africa, it is important to consider the unique complexity of its respective economies. While the African continent further represents more than 20% of the world population, its share in the global economy accounts for 2-3%, with the Sub-Saharan countries standing out as a particularly significant zone. In comparison to other developing countries, Sub-Saharan African countries' GDP, and GDP per capita performs relatively low.

Figure 1: Sub-Saharan Africa: Real GDP Growth (Rolling quarterly growth, year-on-year, %)

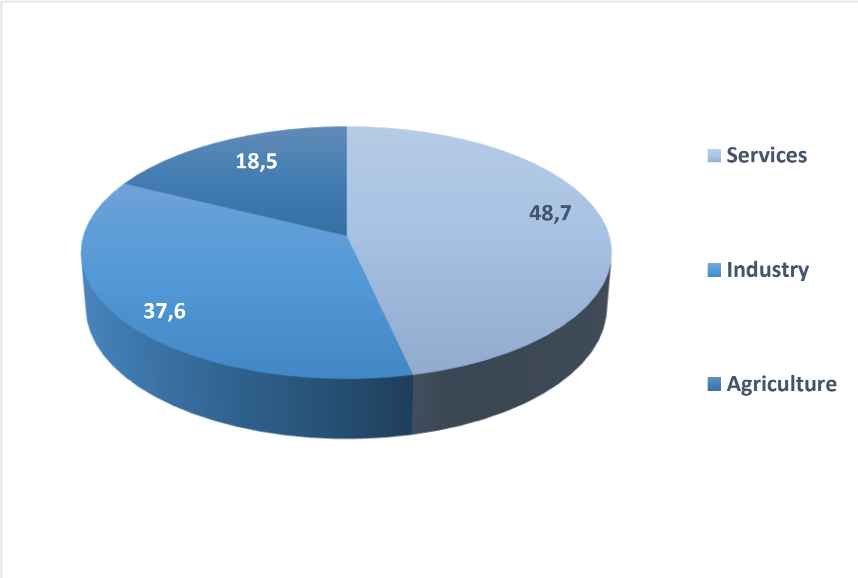


Source: ECCP (2022), based on *Haver Analytics; IMF (2022)*

Nevertheless, the size of Sub-Saharan economies has grown significantly in the past decade, accounting for $1.437,8B GDP in 2010 and $1.705,4B GDP in 2020. Drawing on the International Monetary Fund (IMF) report of 2022, GDP output in the third quarter of 2021 were high, even proving to be relatively resilient to the COVID-19 Omicron variant spread (Figure 1).

With many countries in this region having an economy predominantly oriented around the services sector and industry, agricultural sectors appear to be less established. Particularly the industrial sector has been a considerable driver of economic growth in recent years, with human capital emerging as a crucial factor in accelerating the growth in this sector. As Figure 2 same can be said for agriculture, growing from 15.7% of the Sub-Saharan African GDP in 2010 to 18.5% of the 2020 Sub-Saharan African GDP (see Figure 20 in annex for 2010 pie chart).

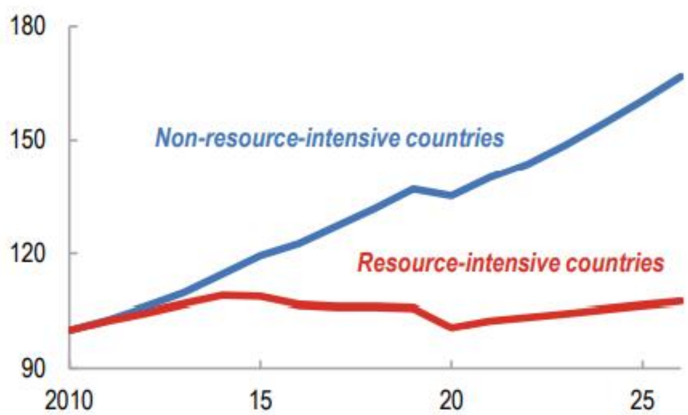
Figure 2: Structure and % of GDP output, Sub-Saharan Africa 2020



Source: ECCP (2022), based *The World Bank (2022)*

In the context of safeguarding and increasing macroeconomic growth on a sustainable basis, the IMF report of 2022 showcased how **resource-intensive countries tend to yield lower levels of economic growth**, in comparison to non-resource-intensive (Figure 3). On overreliance on certain commodities, especially natural resources tend to be less sustainable and resilient. This calls for the promotion of diversifying and developing innovation-driven capabilities, particularly for commodity exporters. Writers in the IMF 2022 report further advocate for "credible macroeconomic policies" and investments in the private sector to enable Sub-Saharan African regions to be on the forefront of and take advantage of new opportunities. In the following we will provide specific country-level outlook on the three selected Sub-Sahara African countries, South Africa, Senegal, and Kenya.

Figure 3: Sub-Saharan Africa: Real GDP per Capita, 2010–26 (Index, 2010 = 100)

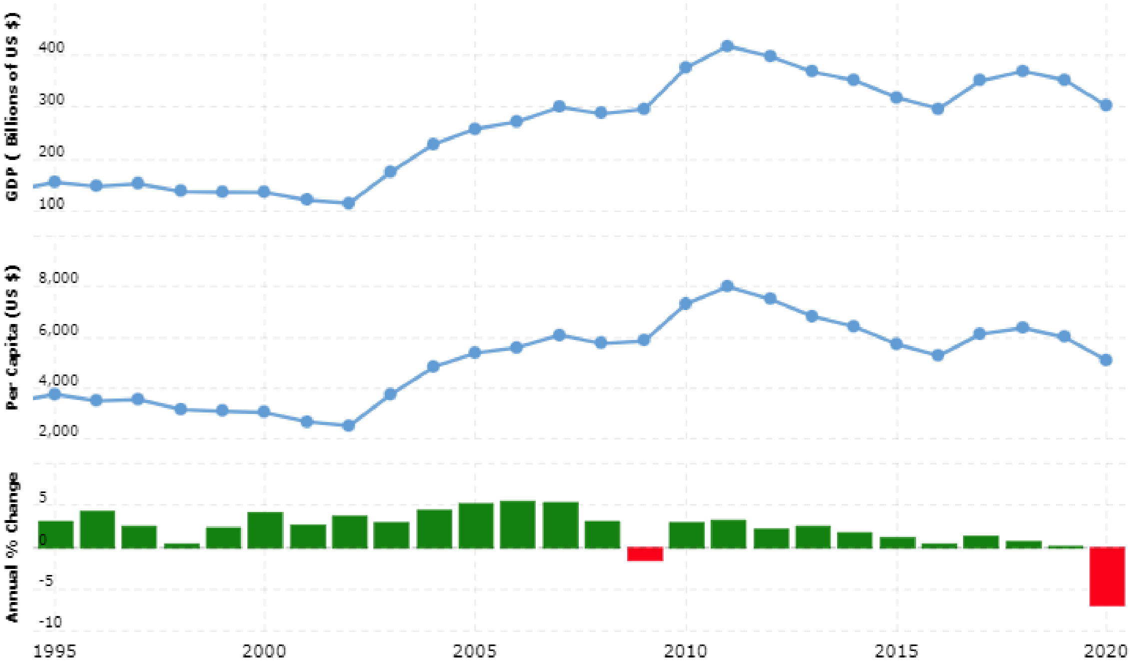


Source: ECCP (2022) based IMF, World Economic Outlook database (2022)

1.2 South Africa: Economy and key industrial sectors

South Africa stands out in not only the Sub-Saharan African region, but also the whole African continent for its developed economy, advanced economic infrastructure as well as high level of diversity among its sectors. Since the mid-90s, South Africa has enjoyed consistent economic growth, which in-turn has contributed to South Africa growing as an "**upper-middle-income economy**". Generally, private freedom, centralised economic planning and government regulation constitute the **mixed economy** of South Africa. This is reflected in the graph(s) below (Figure 4), in which a mostly consistent growth in GDP can be seen, particularly between the years 2002 and 2018. Furthermore, the high increase in GDP per capita reflects the income level classification as mentioned afore. Nevertheless, the financial crisis of 2008 and the recent impact of the COVID-19 pandemic have disrupted the growth of South Africa's economy, as seen in the fall in the "Annual % Change".

Figure 4: South Africa GDP 1995-2020



Source: World Bank (2022)

The **services sector** is considerably the most important sector in South Africa, contributing to **61.4% of its GDP whilst employing 72.3%** of the active working population[1]. This mostly represents *finance, real estate, business services* as well as *general government services*. Particularly the former has enabled the financial structure, with the active stock exchange ranking "among the world's top 20 in terms of market capitalisation".

The **industrial sector** is also of significance to the South African economy, as it accounts for **25.2% of GDP, whilst employing 22%** of the active workforce. Hereby, South Africa possesses over a rich diversity in manufacturing industries, specifically

[1] Crédit Agricole Group (2022). South Africa: Economic and Political Overview. Available under: [Economic and political overview in South Africa (groupecreditagricole.com).](groupecreditagricole.com)

encompassing *railway rolling stock, synthetic fuels, mining equipment* and *machinery*.

Meanwhile, the **agricultural sector** represents a considerably smaller share of South Africa's **GDP (2.4%) and employment (5%)**, especially in comparison to other African countries with larger agricultural capacities. Nevertheless, the agricultural sector in South Africa has a rich diversity and market-oriented structure, encompassing large capacities in *wine, corn, and sugar*, as well as *other grains and cereals*. Drawing on the 2021-2030 Agricultural outlook projections report by the Bureau for Food and Agricultural Policy (BFAP), South Africa's agricultural sector is expected to grow by 14% by 2030.

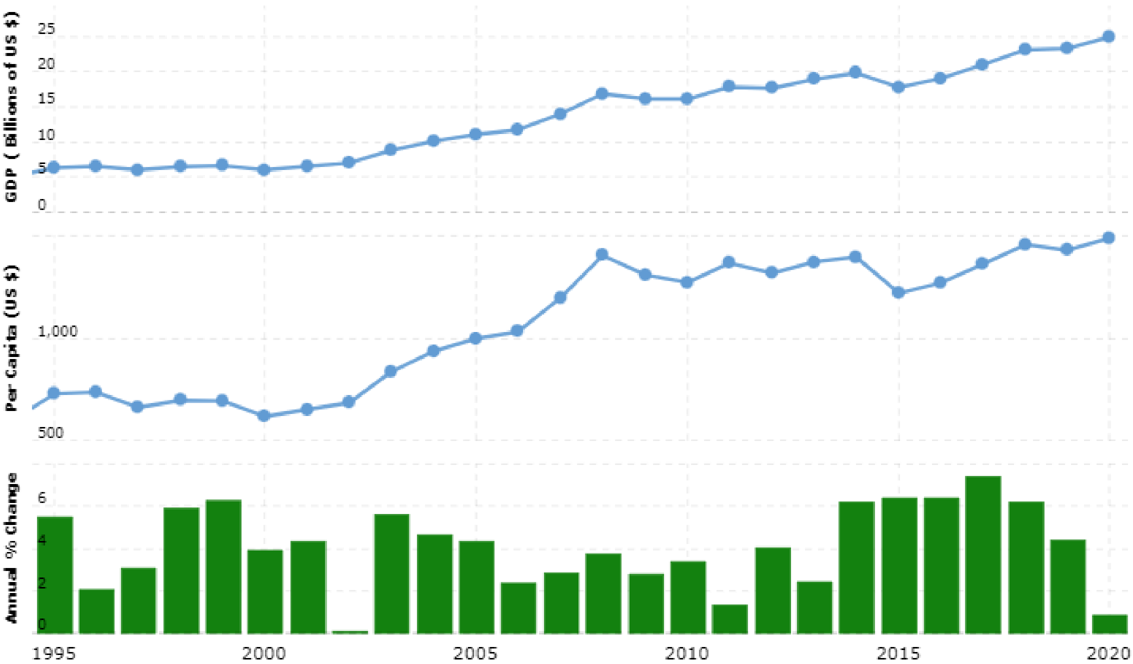
The example of South Africa demonstrates key characteristics of a diverse economy in Sub-Saharan Africa, from which the EU could benefit from in both trade opportunities as well as a shared outlook on the future.

1.3 Senegal: Economy and key industrial sectors

The case of Senegal's economic structure and key industrial sectors also makes for an interesting example within the Sub-Sahara African region. Situated on the coast of the Atlantic Ocean with increasingly growing business activity, Senegal has optimal circumstances to take advantages of investment and trade opportunities. As the economy is open, Senegal further serves as an entry point to large regional markets in the Sub-Sahara African region, enabling trade agreements with diverse economies (EU, China, and the United States of America).

As seen in Figure 5, Senegal has enjoyed relatively consistent economic growth since the late 1990s / early 2000s. While the COVID-19 pandemic negatively impacted the economy (as seen in the Annual % Change), GDP growth rebounded to 4.7% in 2021 and is anticipated to grow by 5.5% and 10.8% in 2022 and 2023, respectively.

Figure 5: Senegal GDP 1995-2020



Source: World Bank (2022)

Like South Africa, Senegal's **services sector** makes up the biggest growth and productivity share**,** accounting for **49.9% of the GDP** and **employing 57%** of the population[2]. A significant segment of this sector is made up of the *information and communication technologies*, in which an efficient infrastructure has fostered investment in *tele-services* and the *internet*. Nevertheless, the *tourism sector* is the most prominent among services in Senegal.

The **industrial sector** is the second largest in Senegal, representing **23.2% of the GDP, whilst employing 13%** of the active population. While the foundation of the industry is based on *fertiliser and phosphoric acid production, food production, textiles and chemical industries* are considered the most important. Looking forward, the Senegalese government has prioritised building out the capacities and diversity in industry (e.g., biomedicals & pharmaceuticals) particularly through the establishment of an integrated park. The motivations and investments that are driving the development of said park will later be elucidated on in greater detail in Chapter 3.

On another note, the **agricultural sector** makes up **17% of Senegal's GDP**, whilst **employing 30%** of the active population. Here it is also important to mention that 16.62% of land is reported to be arable, whilst also being vulnerable to shocks such as climatic hazards and locust threats[3]. Nevertheless, Senegal's main agricultural output encompasses *crops* ranging from peanuts, cassava, watermelons, millet, rice, to corn. In a bid to improve the capacities and enhance the processing of agricultural produce, the Senegalese government is establishing a total of **four "agropoles"** (agriculture-focused hubs)[4]. This will be discussed in more detail in Chapter 4.

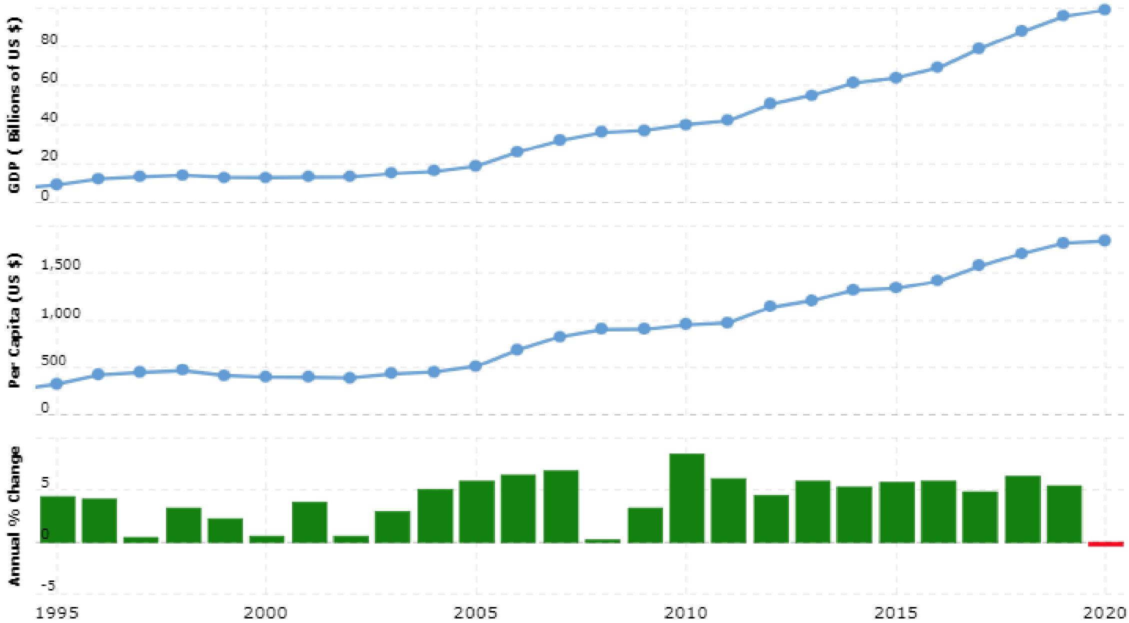
All in all, Senegal's forward-thinking directive in further developing its sectoral economies sets it apart from other Sub Saharan as well as African nations. The diverse sectors and exposure to environmental shocks has further conditioned the economy to adopt structures based on resilience and digitalisation, principles mirrored in the EU's long-term directives.

1.4 Kenya: Economy and key industrial sectors

The economy of Kenya is known for not only being the largest in the East African region but having a rich diversity in its output. Upon gaining independence in 1963, Kenya has been subject to economic growth, in part due to investment from both private and public funds in diverse sectors ranging from agriculture to industries[5]. Since 2016, Kenya has gained the classification status of a middle-income country, with one of the most rapidly growing economies in Sub-Saharan Africa. Nevertheless, it was negatively impacted by the COVID-19 pandemic[6]. The consistent growth of Kenya's economy is illustrated in Figure 6. Kenya is further defined as an open economy, with liberal trade policies underpinned by its membership in organisations like the WTO, the COMES (Common Market for Eastern and Southern Africa) as well as the EAC (East African Community).

[2] Crédit Agricole Group (2022). Senegal: Economic and Political Overview. Available under: Economic and political overview in Senegal (groupecreditagricole.com)
[3] United Nations News (2020). East Africa locusts threaten food security across subregion, alerts UN agriculture agency. Available under: East Africa locusts threaten food security across subregion, alerts UN agriculture agency | Africa Renewal
[4] UNIDO (2018). UNIDO and Senegal to establish integrated agropole in the country's rural centre. Available under: UNIDO and Senegal to establish integrated agropole in the country's rural centre | UNIDO
[5] National Treasury & Planning (2021). The Kenyan Economy. Available under: Kenyan Economy – The National Treasury
[6] Mauritius Trade Easy (2022). Kenya: Economic and Political Overview. Available under: Economic and Political Overview of Kenya - Mauritius Trade Easy - Expanding markets and Facilitating compliance

Figure 6: Kenya GDP (1995-2022)



Source: World Bank (2022)

Predominantly centred around services, Kenya's advanced capacities in this sector has enabled plentiful innovation in the past decades. On a specific note, the services sector accounts for **53.6% of the GDP, whilst employing 39%** of the active population. Hereby *tourism* dominates this sector, albeit *ICT* and *communication services* growing in recent years. Otherwise, the financial services sector in Kenya is considered one of the largest in the Sub-Saharan African region, contributing significantly to economic growth and fostering employment opportunities[7].

As a great producer of **agricultural products** such as tea, beans and coffee, Kenya is known for its agricultural output. Accounting for **23% of the GDP and employing 54%** of the active workforce, the agricultural sector is one of great importance to the Kenyan economy. The diverse output further encompasses produce such as *wheat, sugarcane, fruits, vegetables,* and diverse *meat*.

On a final note, it is important to mention the **industrial sector** in the Kenyan economy, as it makes up **17.4% of the GDP whilst employing 6%** of the working population. The industrial sector is considerably smaller in size than the services or agricultural sectors, as it mainly consists of mining & oil production, cement industries, as well as automobile parts production[8].

In conclusion, Kenya's diverse economy with a solid establishment in agricultural and services sectors shows promise. While the COVID-19 pandemic had a significant negative impact on said sectors (specifically in tourism, real estate, financial services), Kenya's economy has shown remarkable signs of a swift recovery[9]. Thus, the government has set out plans (Vision 2030) to make the Kenyan economy more inclusive and resilient in the future, which will be elaborated on in greater detail in Chapter 3[10].

[7] KenInvest (2022). Financial Services. Available under: [Financial Services - Kenya Investment Authority]
[8] WorldAtlas (2018). The Biggest Industries in Kenya. Available under: [The Biggest Industries In Kenya - WorldAtlas]
[9] The World Bank (2021). Kenya's Economy is Showing Resilience as Output Rises Above Pre-Pandemic Levels Driven by a Rebound in the Services Sector.
[10] Molonko, B.N. (2017). GOVERNMENT EXPENDITURE AND SECTORAL ECONOMIC GROWTH IN KENYA. Available under: [Government expenditure......pdf (ku.ac.ke)]

02

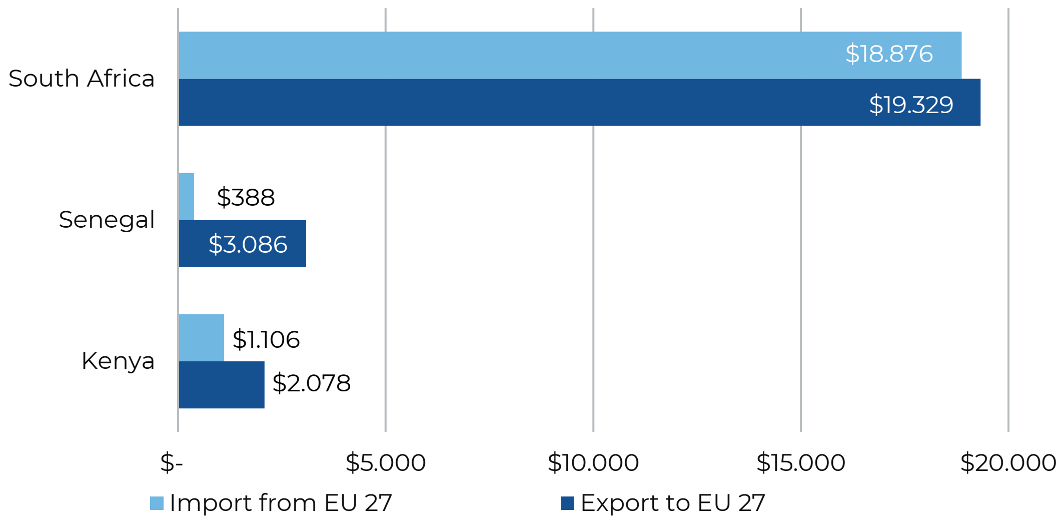
EU27 Trade relations: South Africa, Kenya, Senegal

2. EU27 – South Africa, Kenya, and Senegal trade routes

This section provides a broad account on South Africa's, Senegal's, and Kenya's trade flows to and from the EU. Hereby we will further underline the most important information and perspectives on the different sectors that dominate in the respective economy and how different goods and services are allocated to different EU members.

Overall, South Africa showcases the greatest trade balance, with a considerably high level of imports and exports, with Kenya and Senegal paling in comparison (see Figure 7). The imports of the EU27 from South Africa amounted to almost $18.9 billion in 2020 exports to around $19.3 billion, which amounts to a **trade balance of around $450 million (export surplus).** Regarding Senegal, the imports of the EU27 totalled $388 million and the exports to more than $3 billion in 2020. This leaves the highest **trade balance** of the countries under consideration with around **$2.7 billion**. Meanwhile relations between Kenya and the EU27 showcased imports from the EU totalling approximately €1.1 billion, and exports to the EU amounting to approximately €2. billion. This results in a 2020 **trade balance of €972 million**.

Figure 7: Trade balance between EU27 and South Africa, Senegal & Kenya Imports to the EU27 as well as Exports from to EU27 in 2020, values in Million USD



Source: ECCP (2022), own calculation based on UN Comtrade Database

In the following sub-sections, we will investigate the **foreign trade structures** between the EU27 and the select Sub-Saharan African countries of this report. Here we take a closer look at the particular trade structures in the individual Sub-Saharan African countries, highlighting which commodities and goods are most important to the respective economies. Hereby we refer to commodities as raw materials used in production processes to manufacture goods, whilst they are also traded in their physical states[11]. Meanwhile, goods are processed / finished, as they are sold on the market for consumption by individual consumers. In this regard the UN Comtrade

[11] Investopedia (2022): Commodity vs. Product: What's the Difference? Available under: [Commodities Definition (investopedia.com)]

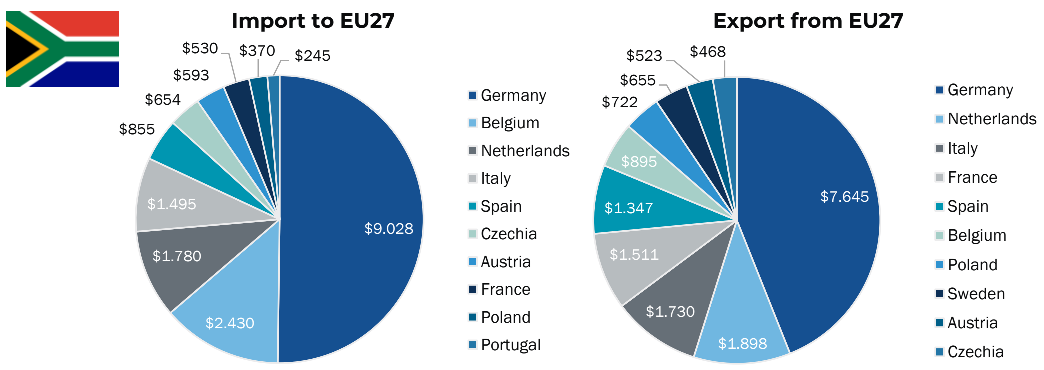
Database[12] as a repository of official international trade statistics will be used. Thereby, the traded goods refer to the 1-digit level of the Standard International Trade Classification (SITC) whereas the commodities refer to specific goods on the lowest level of aggregation (4-digit) of the SITC.

2.1 South Africa: foreign trade structure and value chain linkages

South Africa's economy is the most established and diverse of the select Sub-Saharan African countries, which can also be seen in their **total trade volume** to the EU27 that amounts to **$28.205 billion**. Hereby one can investigate how this made up across the different EU Member states. Figure 8 provides an overview of the **ten most important EU27 trading partners** for South Africa. In 2020 the EU27 Member State that accounted by far for the **most imports** in terms of value from South Africa was Germany with around $9 billion which stands for almost 50% of the total imports from South Africa to the EU. Belgium, the Netherlands, and Italy together account for around 30% of the total imports from South Africa in 2020. Thereby, Belgium imported goods with a value of around $2.4 billion, the Netherlands imported goods from South Africa totalling almost $1.8 billion and Italy accounted for imports of $1.5 billion.

On the **export side**, Germany as well accounts for the majority of the exports from the EU27 to South Africa in 2020. However, with around $7.6 billion the German exports to South Africa are exceeded by the German imports from South Africa. The Netherlands exported goods with a value of $1.9 billion in 2020 followed by Italy with exports of around $1.7 billion. The exports of France and Spain to South Africa amounted to $1.5 billion and $1.3 respectively in 2020.

Figure 8: Overview of the 10 most important EU27 trading partners for South Africa, by Import to the EU27 / Export from the EU27 in 2020, values in Million USD



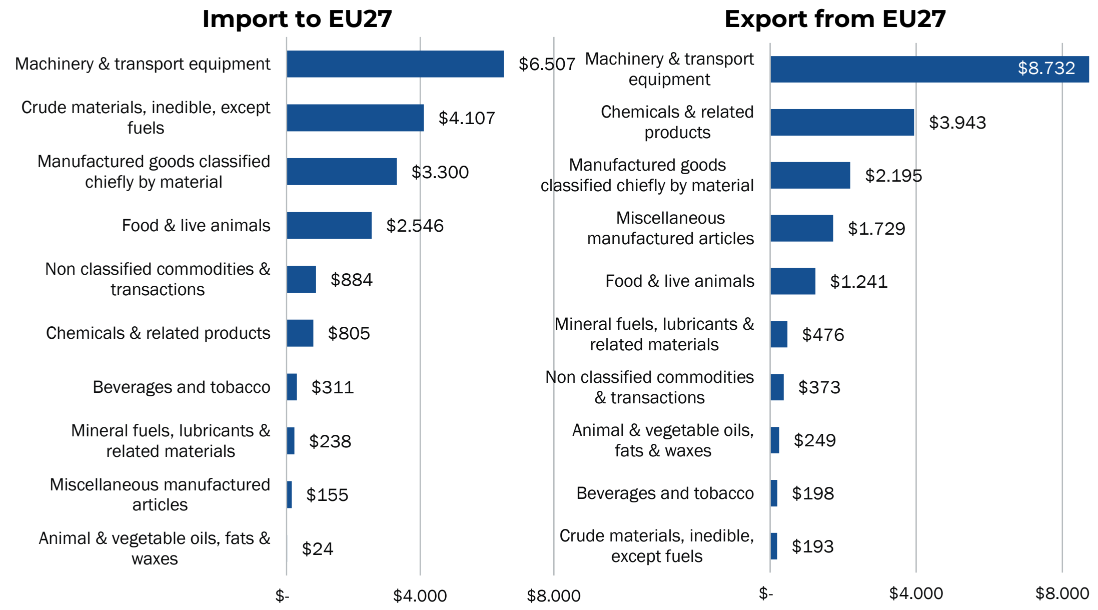
Source: ECCP (2022), own calculation based on UN Comtrade Database

A further examination of the **imports and exports by traded goods** (Figure 9) shows that in 2020 the most important goods imported from South Africa to the EU27 were machinery and transport equipment followed by crude materials. Other relevant goods are manufactured goods ($3.3 billion) and food & live animals ($2.5 billion). These four traded goods accounted for almost 90% of all imports of the EU27 Member States from South Africa in 2020.

[12] see https://comtrade.un.org/ (last access 10.06.2022)

The importance of machinery and transport equipment ($8.7 billion) also comes to light when examining the exported goods from the EU27 to South Africa. Among the other five most important goods exported from the EU27 to South Africa are chemicals & related products ($3.9 billion), manufactured goods ($3.9 billion) and food & live animals ($1.2 billion).

Figure 9: Overview of traded goods between the EU27 & South Africa, by Import to the EU27 / Export from the EU27 in 2020, values in Million USD (top 10)



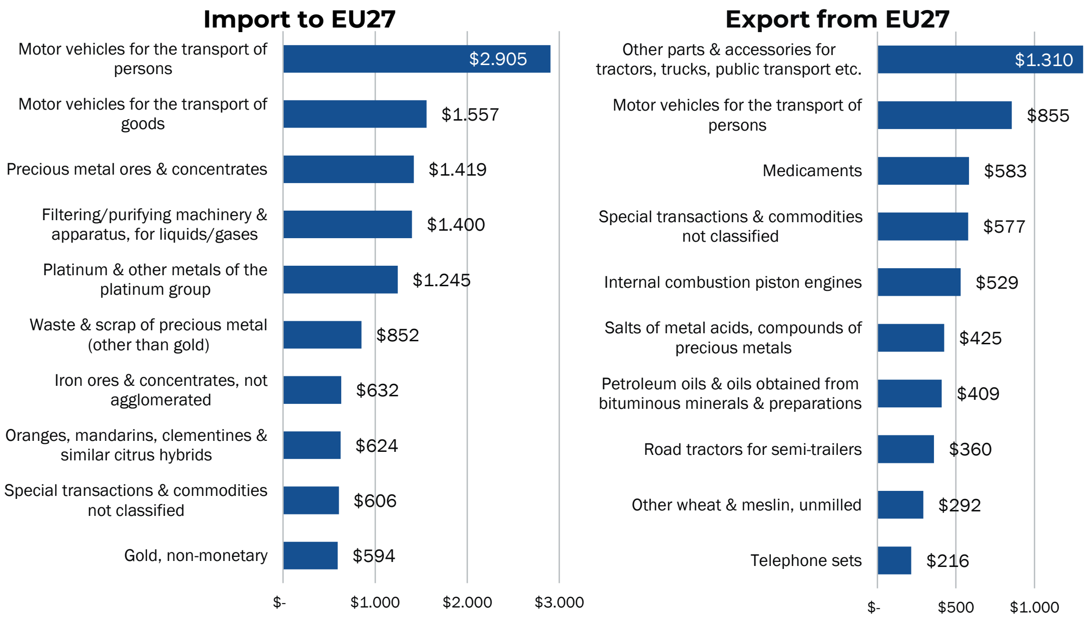
Source: ECCP (2022), own calculation based on UN Comtrade Database

The previously shown analysis of the traded classes of goods between the EU27 and South Africa is deepened by an examination of **specific traded commodities**. Figure 10 provides an overview of the 10 most important commodities traded between the EU27 and South Africa. Corresponding to the previously demonstrated relevance of the traded machinery and transport equipment, especially *motor vehicles* for the transport of persons and goods as well as *parts for motor vehicles* are among the most important traded commodities between the EU27 and South Africa. This can be explained by the strength of the automotive industry in South Africa where almost all major European car manufacturers are present.[13] Regarding the crude materials imported to the EU27 the relevance of *precious metals and platinum* for the EU27 from South Africa emerges in this analysis. Out of these precious metals, especially palladium which is used for emission reduction in engine exhausts is important for the automotive sector and following the Russian aggression in Ukraine supply from South Africa has been considered a viable alternative.[14] Considering that platinum is also among the most important commodities imported from Russia (see Figure 19 in the Annex) South African supply of this commodity could potentially contribute to reducing imports from Russia. In this regard it can also be pointed out that *coal supply* from South Africa can potentially help in reducing imports from Russia. However, corruption and the status of the South African infrastructure pose impediments for

[13] DW (2021). Africa begins to emerge as car industry hub. Available under: https://www.dw.com/en/africa-begins-to-emerge-as-car-industry-hub/a-59500532
[14] Reuters (2022). Australia, South Africa miners eye options as Europe makes desperate calls. Available under: https://www.reuters.com/business/australia-south-africa-miners-eye-options-europe-makes-desperate-calls-2022-03-09/

increasing South African coal exports.[15] Moreover, with South Africa being the 5th largest exporter of *iron ores* the country can potentially contribute in substituting imports of this commodity from Ukraine (see also Figure 19 in the Annex). Nonetheless, it needs to be noted that in 2020 most South African iron ore was exported to China[16]. Otherwise, one can also see how *other parts & accessories; Motor vehicles;* and *internal combustion piston engines* underline a significant number of commodities geared towards Transportation vehicles. Otherwise, *Medicaments* as well as *Special transactions & commodities not classified* mark other good that make up a significant market share of Exports from South Africa.

Figure 10: Overview of the 10 most important commodities traded between the EU27 & South Africa by Import to the EU27 / Export from the EU27 in 2020, values in Million USD



Source: ECCP (2022), own calculation based on UN Comtrade Database

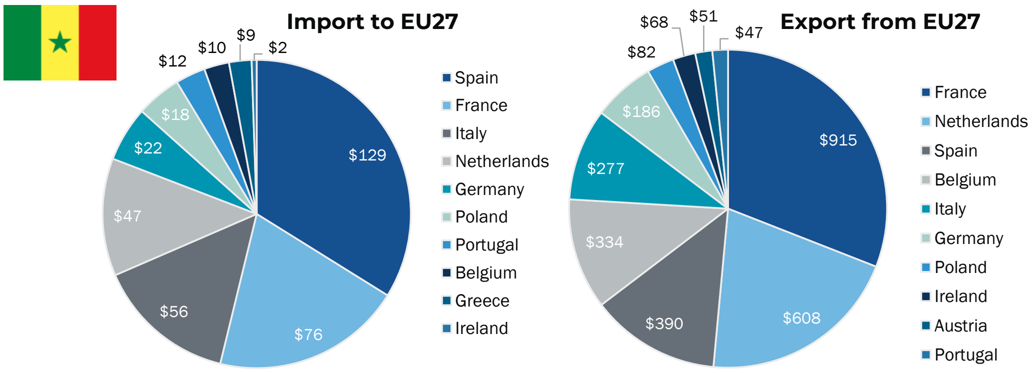
[15] Financial Times (2022). South Africa's coal miners struggle to cash in on Russia sanctions. Available under: https://www.ft.com/content/2c97f4d6-5712-4d46-bb38-d774d2619a9e
[16] OEC (2022). Iron Ore in South Africa. Available under: https://oec.world/en/profile/bilateral-product/iron-ore/reporter/zaf?redirect=true

2.2 Senegal: foreign trade structure and value chain linkages

Similar to South Africa, the economy in Senegal is services-heavy and has a well-connected trade flow with the EU27, with their total trade volume mounting to $3.474B. Nevertheless, their trade structure is more heterogeneous to that of South Africa, in n their **10 most important EU27 trading partners** (Figure 11). Regarding the imports, it can be constituted that Spain ($129 million) and France ($76 million) together account for the majority of the EU27 imports from Senegal. The imports of Italy and the Netherlands totalled $56 million and $47 million respectively in 2020.

With respect to the exports from the EU27 to Senegal, the positive trade balances of both France and the Netherlands need to be highlighted which account for $915 million and $608 million respectively of the EU27 exports. Among the five most important EU27 Member States in terms of exports in 2020 are Spain ($390 million), Belgium ($334 million) and Italy ($277 million).

Figure 11: Overview of the 10 most important EU27 trading partners for Senegal, by Import to the EU27 / Export from the EU27 in 2020, values in Million USD

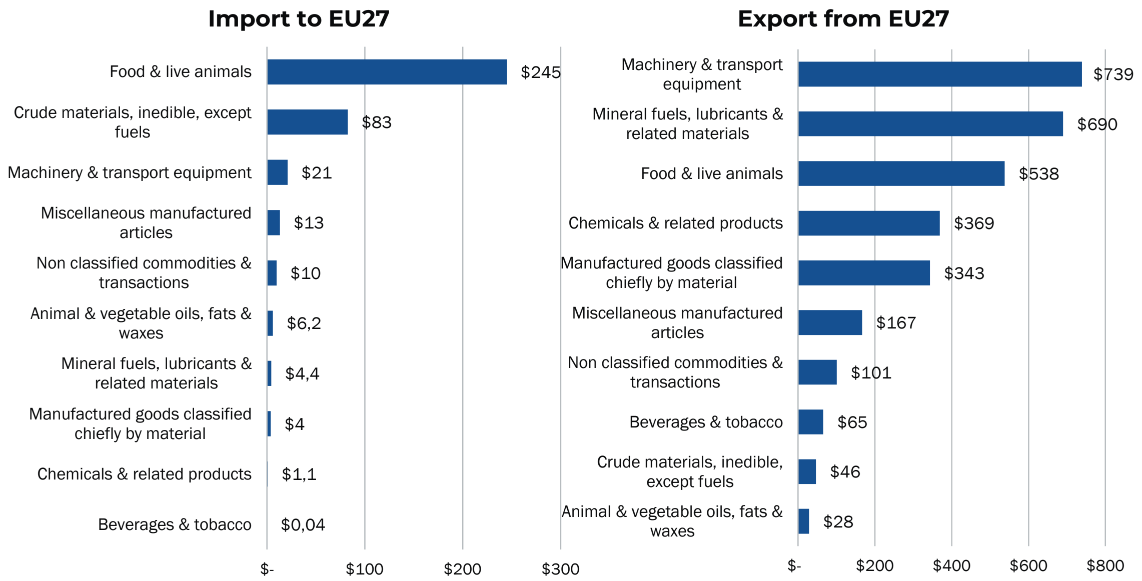


Source: ECCP (2022), own calculation based on UN Comtrade Database

Regarding the **imported goods** from Senegal to the EU27, the relevance of food and live animals with $245 million stands out followed by crude material which accounts for $83 million. The majority of the food and live animal imports in 2020 can be linked to Spain, where $90 million worth of said goods were imported in 2020 followed by France and Italy which both imported around $38 million. The values of the other imported goods range between $21 million (machinery & transport equipment) and $0.04 million (beverages & tobacco) in 2020. The exports of the EU27 to Senegal are based on various goods.

As seen in Figure 12, the **most important goods exported** to Senegal in 2020 from the EU27 were machinery and transport equipment ($739 million) and mineral fuels, lubricants & related materials ($690 million). Food and live animals account for around $540 million. Among the five most important goods exported to Senegal from the EU27 are also chemicals ($369 million) and manufactured goods ($343 million).

Figure 12: Overview of the top 10 traded goods between the EU27 & Senegal, by Import to the EU27 / Export from the EU27 in 2020, values in Million USD

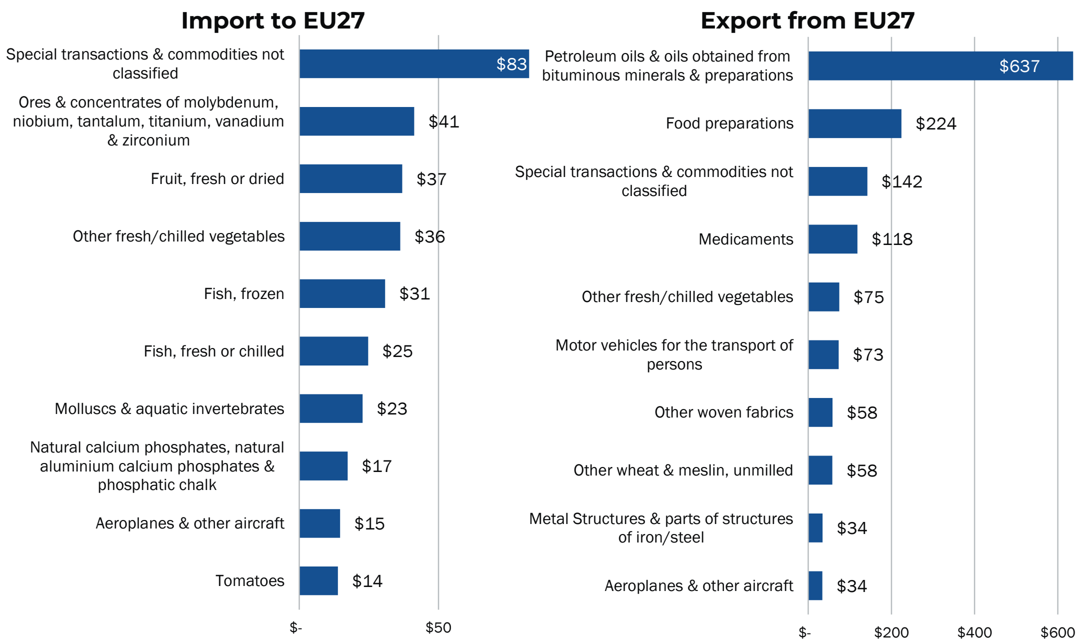


Source: ECCP (2022), own calculation based on UN Comtrade Database

Figure 13 provides a detailed breakdown of the **ten most important commodities** traded between the EU27 and Senegal in 2020. Thereby, it complements the information provided before in Figure 11. With regards to the most important traded class of goods “Food & live animals” it is demonstrated that especially fruit, vegetables and fish are important commodities imported from Senegal to the EU27. Among the most important imported commodities are also ores and concentrates of molybdenum, niobium, tantalum, titanium, vanadium, and zirconium. These ores and concentrates are mostly used in the production of electronic components and the production of steel.[17] The by far most important commodity exported from the EU27 to Senegal in 2020 was petroleum oil with a value of almost $640 million.

[17] OEC (2022). Niobium, tantalum and vanadium ores and concentrates. Available under: https://oec.world/en/profile/hs/niobium-tantalum-and-vanadium-ores-and-concentrates

Figure 13: Overview of the 10 most important commodities traded between the EU27 & Senegal, by Import to the EU27 / Export from the EU27 in 2020, values in Million USD



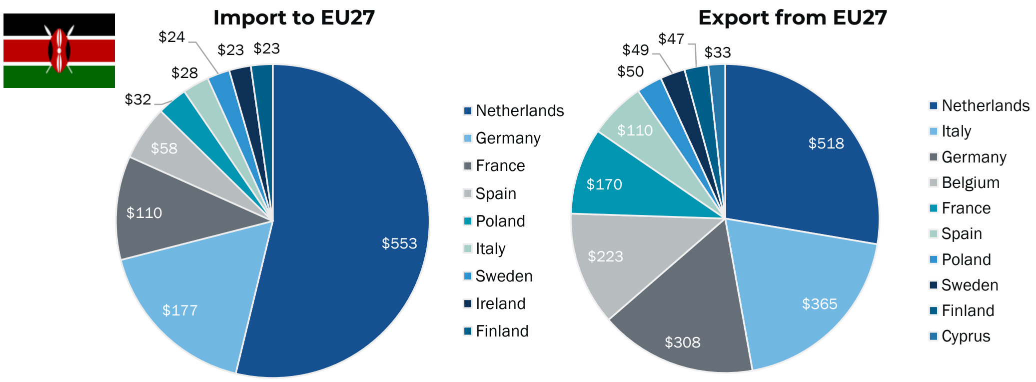
Source: ECCP (2022), own calculation based on UN Comtrade Database

2.3 Kenya: foreign trade structure and value chain linkages

Like the foreign trade structure in South Africa most of the **imports** from Kenya can be predominantly linked to various EU27 countries (Figure 14), with a **total trade volume** accounting for **$3.185 billion**. With $553 million of imported goods in 2020 around half of all imports from Kenya were reported by the Netherlands. Among the three most important countries in terms of imports are also Germany ($177 million) and France ($110 million). The other EU27 countries reported significantly fewer imports from Kenya in 2020 which implies for rather a small number of EU countries Kenya played a relevant role in their value chains.

A different picture emerges regarding the **exports** of the EU27 countries in 2020. Here, the exports of the Netherlands ($518 million) account for only a quarter of the exports of the 10 most important EU27 countries to Kenya. Although imports from Kenya played a rather subordinate role for Italy this EU country has exported goods with a value of $365 million in 2020. German exports to Kenya account for $308 million and Belgian exports for $223 million.

Figure 14: Overview of 10 most important EU27 trading partners for Kenya, by Import to the EU27 / Export from the EU27 in 2020, values in Million USD

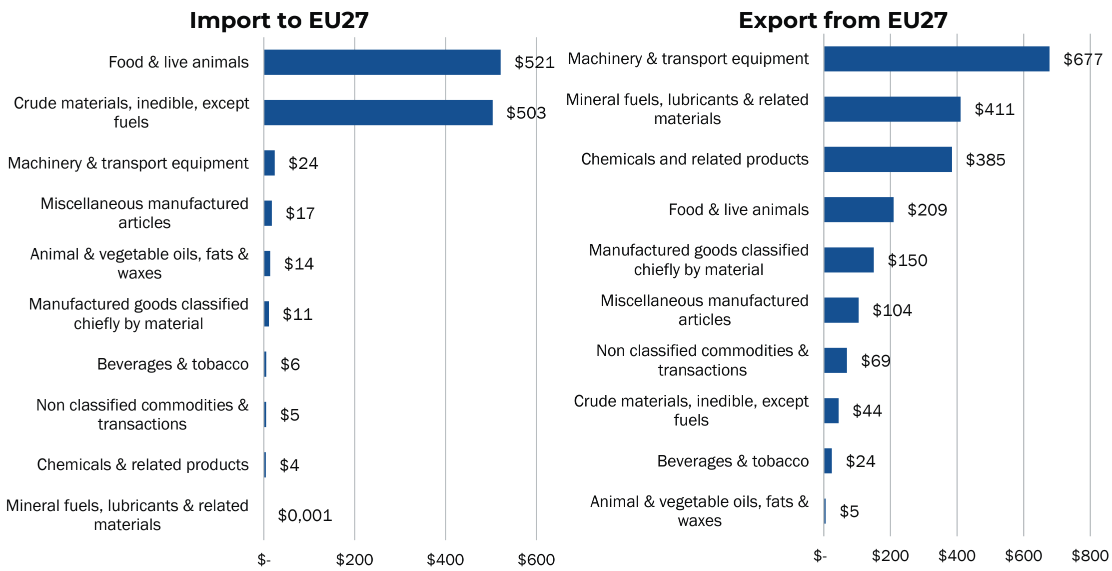


Source: ECCP (2022), own calculation based on UN Comtrade Database

Regarding the **imported goods** from Kenya to the EU27 in 2020 the dominance of *food and live animals* as well as *crude materials* needs to be pointed out (Figure 15). These goods account for $521 million and $503 million respectively and hence for almost all imports to the EU27.

On the **export side**, *machinery, and transport equipment* ($677 million) were the most important goods exported from the EU27 to Kenya in 2020. These goods are followed by *mineral fuels, lubricants, and related materials* ($411 million) as well as chemicals ($385 million). *Food and live animals* account for $209 million of the exports followed by the *manufactured goods and articles* with together $254 million.

Figure 15: Overview of traded goods between the EU27 & Kenya, by Import to the EU27 / Export from the EU27 in 2020, values in Million USD (top 10)



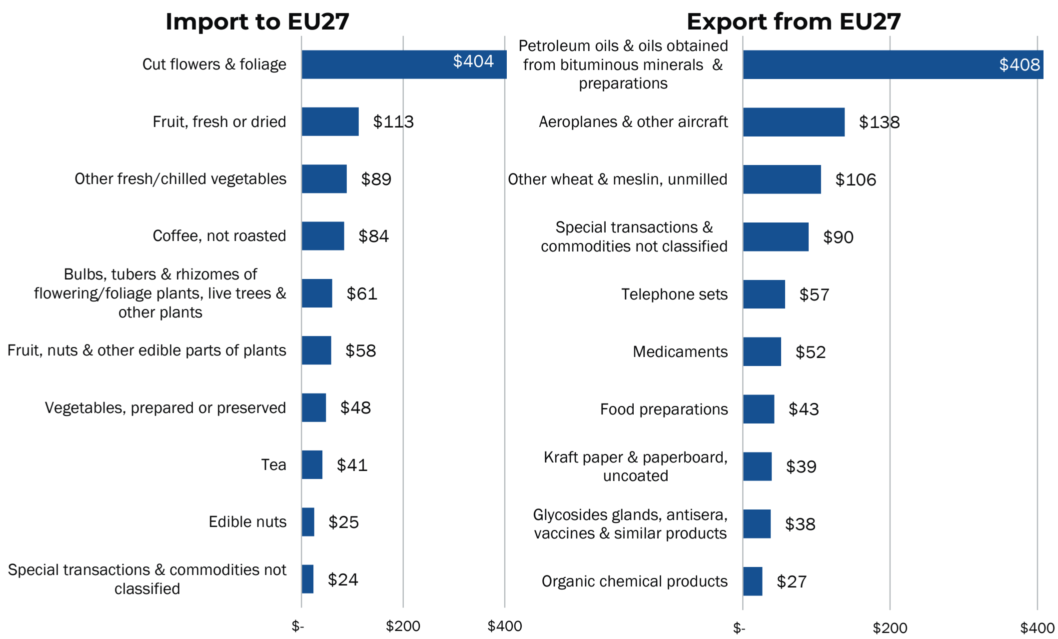
Source: ECCP (2022), own calculation based on UN Comtrade Database

Figure 16 further underlines the dominance of the previously mentioned food and live animals since the majority of the **ten most important commodities** imported to the

EU27 from Kenya can be linked to this type of goods. Out of all commodities cut *flowers and foliage* with an import value of around $400 million stand out.

Similar to Senegal, the most important exported commodity from the EU27 to Kenya was by far *petroleum oils* in 2020. This commodity is followed by aeroplanes and other aircraft with a trading volume of around $140 million. In this regard, it can be highlighted that Kenya is considered the largest and most developed aviation hub in eastern and central Africa.[18] The logistical importance of Kenya is also linked to the increasing importance of the food exports mentioned before as well as the tourism sector.

Figure 16: Overview of the 10 most important commodities traded between the EU27 & Kenya by Import to the EU27 / Export from the EU27 in 2020, values in Million USD



Source: ECCP (2022), own calculation based on UN Comtrade Database

[18] Privacy Shield Framework (2022). Kenya – Aircraft and Aircraft Parts. Available under: https://www.privacyshield.gov/article?id=Kenya-Aircraft-and-Aircraft-Parts (last access 30.05.2022)

03

Cluster Policy Landscape of South Africa, Senegal, Kenya: Collaboration with EU27

EUROPEAN CLUSTER
COLLABORATION PLATFORM

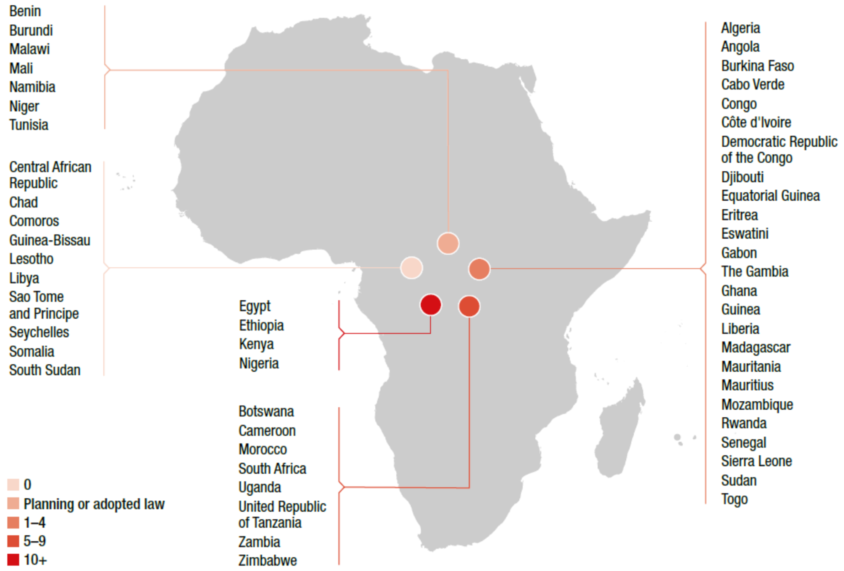
Strengthening the European economy through collaboration

3. Cluster Policy Landscape of South Africa, Senegal, Kenya: Collaboration with EU27

The case of the Sub-Saharan African region showcases broad-ranging policies and programmes that were put in place to support growth over the past decades. While nowadays many Sub-Saharan African countries operate "Special Economic Zone" (SEZ) programmes, many countries had not developed these until the 1990s. Before that, many countries had tested export processing zone (EPZ) models. SEZ models, as similar forms to industrial clusters, appear to be more flexible and less traditional than EPZs, whilst prioritising integration in the context of national trade and industrial strategies. This has further opened the space to build the capacities and efficiency of core trade, social infrastructure, domestic supplier capacities and local labour markets. However, drawing on the "Comparing Performance and Learning from Global Experience" report, Thomas Farole outlines that the Sub-Saharan African SEZ programmes attracted too few investors and ended up spreading them across a wide range of manufacturing sectors[19] - weaking potential benefits from industrial clusters.

On a more case-to-case basis, our select countries also showcase interesting cluster policies and development programmes. A handful operate within Special Economic Zone frameworks, which set the foundation for multiple geographically designated areas that target specific economic activities. These can further consist of an IDZ (Industrial Development Zone), Free Port, FTZ (Free Trade Zone) and / or SDZ (Sector Development Zone). The distribution of SEZs across African countries can be seen in Figure 17.

Figure 17: Number of SEZs by Country



Source: UNCTAD (2021)[20]

[19] Thomas Farole, The World Bank (2011). Special Economic Zones in Africa, Comparing Performance and Learning from Global Experience. Available under: [Special Economic Zones in Africa: Comparing Performance and Learning from Global Experience (worldbank.org)]

[20] UNCTAD (2022). Handbook on special economic zones in Africa - Towards economic diversification across the continent (UNCTAD/DIAE/IA/2021/3). Available under: https://unctad.org/webflyer/handbook-special-economic-zones-africa

In the context of opportunities that emerge through SEZs, the UNCTAD conducted a post-programme evaluation report in regard to a myriad of indicators. Next to attracting firm establishment, SEZs are mainly geared toward to creating employment. Thus, employment growth through SEZs can be measured through the specific jobs that derive from the business activities within the respective zone, or indirect contributions that support industries in the zone.

When analysing job creation, their sample of 12 African countries also included our select Sub-Saharan African cases: South Africa, Senegal, and Kenya. Here UNCTAD further emphasises the importance of relating the numbers to the proportionate population size. The contribution of national SEZs in selected countries can be seen in Table 1, where the case of Senegal appears to have yielded the lowest number of SEZ direct benefit growth of the sample. Meanwhile, Kenya has one of the higher numbers (4) of SEZ employment as share of national industrial employment. South Africa has a fairly high amount of SEZ direct employment of the given sample, totalling 110,000.

Table 1: Employment contribution of national SEZs in selected countries

Country	*SEZ direct employment, 2019 or most recent estimate*	*SEZ employment as share of national industrial employment, 2019*
African countries		
Angola	*5,000*	*1*
Djibouti	*27,000*	*48*
Egypt	*400,000*	*5*
Ethiopia	*200,000*	*4*
Ghana	*30,000*	*1*
Kenya	***60,000***	***4***
Morocco	*150,000*	*5*
Rwanda	*13,000*	*2*
Senegal	***4,500***	***1***
South Africa	***110,000***	***2***
Tanzania, United republic of	*45,000*	*3*
Togo	*15,000*	*3*

Source: ECCP (2022), based on UNCTAD (2022)
Note: Definition of SEZ employment may vary across countries. Number for SEZ direct employment are indicative and reflect UNCTAD's classification of SEZs.

According to the UNCTAD report, the **Diamniadio park** in Senegal, for example, has contributed to the creation of 4,000 jobs since its establishment in 2018 and is projected to generate up to 20,000 down the line. This also encompasses knock-on effects through foreign companies geared toward labour-intensive industries like garments (textile & textiles)[21]. On another note, the sectoral focus can have a positive impact on the employment contributions of the respective zone, with labour-intensive industries and job creation showcasing a positive correlation. Hereby, South Africa stands out to have generated 20,000 jobs in said sector within the **Coega SEZ**.

[21] UNIDO (2018). Senegal's new industrial park open for business. Available under [Senegal's new industrial park open for business | UNIDO]

3.1 South Africa: Cluster Policy Landscape

As mentioned in the section pertaining to the key sectors of the South African economy, diverse sectors form the foundation for the cluster landscape. As a means of developing new clusters as well as expanding on already established clusters, several development zones have fostered growth. Given the considerable degree of industrial output in South Africa, IDZs in South Africa accelerated industrial growth. Standout zones are the Coega IDZ, Richard Bay IDZ, East London IDZ, Saldanha Bay IDZ, and the Dube Trade Port IDZ[22].

Set into motion in 2001, the **Coega IDZ** is known as the largest IDZ in South Africa as it leverages **public sector investment in export-driven manufacturing**. The outlook of said investment is diverse, attracting funds for *agro-processing, automotive, aquaculture, energy, metal logistics and business process service sectors*. With a focus on fostering long-term growth, priorities are set on skills development, technology transfers and job creation[23]. This mirrors the capacity of manufactured goods, as they are ranked in the top 3 of exports and imports to the EU (see Chapter 2).

The **Richard Bay IDZ** is built in connection with two ports in Durban and Richards Bay as it enables the *storage and manufacturing of products and minerals*. The zone benefits from a sophisticated infrastructure and is oriented toward fostering skills development as well as stimulating export-driven manufacturing investment[24].

The **East London IDZ** is centred around goals attributed to *Innovation, Efficiency, Growth and Sustainability*, as the South African government aims to enhance industrial competitiveness and economic growth. As one of the most specialised zones in South Africa, East London enables investors to gain access to major markets on a global and local level[25]. They further specialise in diverse industries ranging from automotive, to agro-processing and aquaculture[26]

The **Saldanha Bay IDZ** is characterised by its focus on *natural resources (oil and gas)* and providing logistical services. Established in 2013, this zone is also situated in a port and therefore enables investor procedures to be streamlined effectively[27]. In linkage, the **Dube Trade Port IDZ** is crucial to the port-driven zones in the South African development landscape as it fuses an international airport, cargo terminal, warehousing, a retail sector as well as an agricultural area. This IDZ is further subcategorised under the Dube TradeZone and Dube AgriZone, with the former centred around *automotive, electronics and fashion garments manufacturing* and the latter focussing on *agricultural as well as horticultural products (flowers and plants)*[28]. In linkage with the trade flows to the EU, where crude materials rank among the top 2 of most imported goods in the EU, the Saldanha Bay IDZ could play a pivotal

[22] DTIC – Department Trade, Industry and Competition: REPUBLIC OF SOUTH AFRICA (2022). Special Economic Zones. Available under: Special Economic Zones – The Department of Trade Industry and Competition (thedtic.gov.za)
[23] Mall & Guardian, Supplement A (2021). Coega can help fast track the country's infrastructure programme through its 21-year expertise in mega infrastructure development & facilities maintenance in South Africa.
[24] RBIDZ Special Economic Zone (2022). Discover RBIDZ. Available under: Richards Bay Industrial Development Zone (rbidz.co.za)
[25] East London IDZ: Business Streamlined. (2021). EAST LONDON IDZ ANNOUNCES 16 INVESTORS WORTH R3.3 BILLION. Available under: East-London-IDZ-Announces-16-Investors-Worth-R3.3-Billion.pdf (thedtic.gov.za)
[26] IASP. East London IDZ SOC. Available under: IASP global directory of science & technology park & innovation district – IASP
[27] CAPE Business News (2021). Saldanha Bay Industrial Development Zone attracts investments. Available under: Saldanha Bay Industrial Development Zone attracts investments - Cape Business News (cbn.co.za)
[28] dube tradeport: SPECIAL ECONOMIC ZONE (2022). OUR BUSINESS DIVISIONS. Available under: http://www.dubetradeport.co.za/

role in improving upon this partnership. On a further note, one could reference the Nelson Mandela Bay Maritime Cluster, which utilises a Quadruple Helix Innovation model in the realms of ocean sciences. By integrating the ocean business community, government, and its agencies as well as civil society, this cluster fosters improved work relations and effective collaboration between government, academia, business, and civil society[29].

3.2 Senegal: Cluster Policy Landscape

In the former sectoral economy breakdown in Senegal this paper reiterated its rich human capital and future-driven directive underpinning development plans. While being one of the first African countries to operationalise cluster / zone programmes before the 1990s or 2000s (1974), Senegal's experience in zone programmes has been marred by a lack of strategic long-term planning and poor infrastructure. Nevertheless, the Senegalese government has prioritised structural transformation in ambitious plans to make the country an emerging market by 2035, for instance through increased public and private investment.

An example that illustrates these ambitions is the **"Plan for an Emerging Senegal"** framework, which lays out mid to long-term economic and social policies. It is further defined under three policies, namely

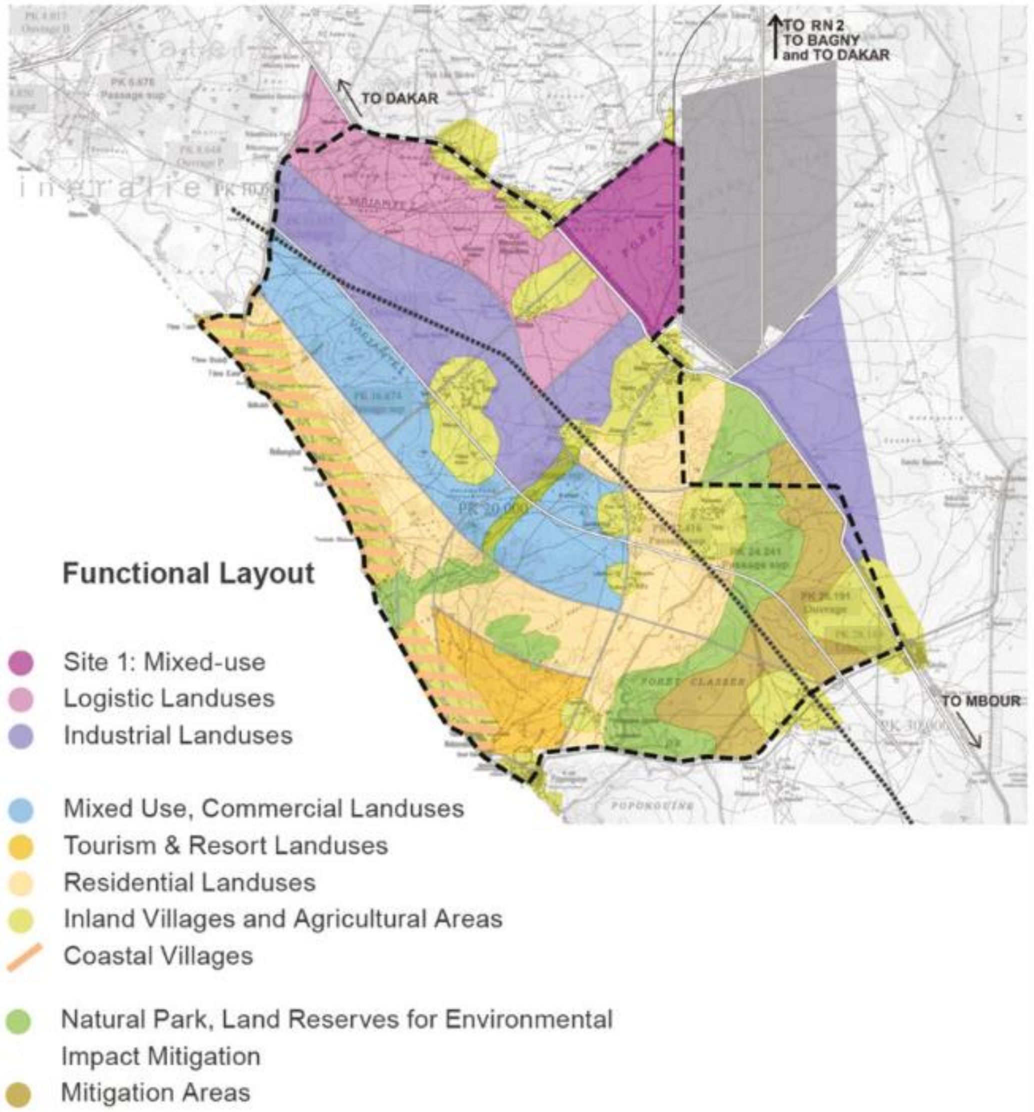
1. Bringing about a structural transformation of the economy
2. Promoting human capital
3. Enabling good governance

The **Diamniadio park** forms the heart of this development project, with the government of Senegal investing US$44 million and private sector companies allocating funds to help in its construction and equip the respective factories[30]. Hereby an array of production and manufacturing lines in different fields are to provide not only employment opportunities to local citizens but also build out Senegal's export capacities. In linkage with the US African Growth and Opportunity Act, *diverse textiles, goods, and apparel* from Senegal makes it a promising investment opportunity for the United States. Given the industrial sector's lower export capacities to the EU (as seen in the previous chapter), increased capacities in this realm could facilitate the diversification process of Senegal's economy.

On a further note, one can reference the **Dakar Integrated Economic Zone** a government-initiated project developed in partnership with the Economic Zones World, which draws from both local and global investors. Developed between 2007 and 2009, the so-called "masterplan", is centred within an enclosed site that comprises industrial, logistics, residencies, office complex areas, as well as tourist resorts (see Figure 18).

[29] ECCP (2022). Nelson Mandela Bay Maritime Cluster. Available under: Nelson Mandela Bay Maritime Cluster | European Cluster Collaboration Platform
[30] UNIDO (2018). Senegal's new industrial park open for business. Available under: Senegal's new industrial park open for business | UNIDO

Figure 18: Functional Layout of Dakar Integrated SEZ



Source: Oneworks[31]

Through the **Dakar Free Zone Masterplan**, Senegal can streamline its efforts in transforming its capital Dakar into an international hub that attracts businesses and service industries. Nevertheless, this project has been subject to great involvement of international players, with reportedly China investing $100 million and the UAE investing $800 million into the project, respectively[32].

[31] Oneworks. DAKAR FREE ZONE STRATEGIC MASTERPLAN: ENGINEERING GROWTH. Available under: Dakar Free Zone Strategic Masterplan - One Works (one-works.com)

[32] Jake Thomas, Varemeng (2021). The Dakar Integrated Economic Zone Project. Available under: The Dakar Integrated Special Economic Zone Project (varemeng.com)

3.3 Kenya: Cluster Policy Landscape

Kenya has mostly enjoyed consistent growth in GDP in the past years, guided by Kenya's sectoral economy primarily oriented around services and agriculture, broadly oriented projects have also benefited the industrial sector in Kenya's economy. As an example of this, the "Silicon Savannah", stands out as an ICT Services-driven cluster / innovation hub[33]. By further placing the foundation for Business to Business, Business to Consumer and Business to Government segments, this cluster aims to link private & public sector actors to build local ICT services talent pipelines through start-up growth in Kenya [34] [35].

On another note, Kenya has grown as a space housing many clusters, in part due to the government's various trade and market policies in a bid to shift the country to more industrialisation. The **Vision 2030 programme** is the most recent of ambitious, long-term frameworks that envisions the development of economic clusters and "SME parks"[36]. This is intended to form the basis for further industrial growth in Kenya, with the manufacturing sector a driver of said growth. The **Vision 2030** is a long-term plan phased over **three Medium Term Plans (MTP)**, each consisting of five years. The *first MTP* ranged from 2008 to 2012 and directed efforts to *revamping infrastructure*. The *second MTP* (2013-2017) prioritised the further modernisation of infrastructure, as well as *diversification of its commerce-driven sectors* in agriculture and manufacturing. Here, it was important to integrate Kenya into wider African and global markets, whilst enhancing education, health care as well as job creation to Kenyan citizens. The *third MTP* (2017-2021) builds on the former two MTP by *broadening economic growth* to make it more inclusive, whilst increasing manufacturing and industrial output.

In alignment with the Vision 2030 strategies, the Kenya government has further set up a **"Big Four" agenda**, tailored to support the social and economic pillars that are fundamental to the development project. In linkage with the previous section on Kenya's predominant sectoral focus, novel EU-collaboration projects could offer opportunities to businesses in both territories and in particular help Kenya grow in its export capacities. This is particularly important, as Kenya's imports from the EU are largely found in machinery, materials, and chemical products, whilst their exports to the EU are found in food and crude materials.

In contrast to South Africa and Senegal where SEZs are mostly practised, Kenya in the has relied on **Export Processing Zones** (EPZ) in the past. These are geared toward fostering and facilitating export-driven investments. As of now, Kenya possesses over 40 gazetted zones from Nairobi to Kilifi, supported by private as well as public zone developers. A significant EPZ considered not only the leading but also one of the oldest partner in export processing in Kenya is the **Sameer Industrial Park**, which primarily focuses on assisting ventures in establishing businesses with diverse tools, equipment, and intermediate goods.[37] The **Athi River EPZ** is also an in 2004 founded

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[33] Chirchietti, N. (2017). The role of Innovation Hubs taking start-ups from idea to business. The case of Nairobi, Kenya. Bonn-Rhein-Sieg University of Applied Sciences. International Centre for Sustainable Development (IZNE). Available under: [The role of Innovation Hubs taking start-ups from idea to business: the case of Nairobi, Kenya | Request PDF (researchgate.net)]

[34] Akamanzi, Deutscher, Guerich, Lobelle, Ooko-Ombaka (2016). Silicon Savannah: The Kenya ICT Services Cluster. Available under: [Kenya ITC Services 2016.pdf (hbs.edu)]

[35] Lorenzon, M. (2019) The role of Industrial Clusters in the development of African countries, http://dspace.unive.it/bitstream/handle/10579/16758/869973-1234577.pdf?sequence=2

[36] The Sameer Group (2022). Sameer Industrial Park. Available under: [Sameer Industrial Park | SAMEER GROUP (sameer-group.com)]

zone that focuses on oils, underpinned by guiding values like quality, ethical fair-trade principles and sustainable growing. Driven to enhance rural farming through organic and sustainable practices, the Athi River promotes agroecological and sustainable sourcing for personal care as well as food industries.

4. Outlook: Potential for future EU – Sub-Saharan African cluster collaboration

The case of Sub-Saharan Africa and the specific nations of South Africa, Senegal and Kenya illustrates the great opportunities in building out their diverse industrial ecosystems.

4.1 Overview of EU-Sub-Saharan Africa collaborative programmes

Given the established linkages with EU Member States, one could also build on existing partnerships with focused sector-specific projects to foster cross-national cluster-based collaborations, as well as innovation and development. Table 2 provides an overview of EU-Africa collaborative projects and programmes and how the growing partnership has evolved into over the years, with the African-EU partnership alongside the Joint Africa-EU strategy (JAES), established in 2000 marking the earliest partnership.

Table 2: Overview of EU – Africa collaborative projects & programmes

Programme Name	Establishment Year
EU-Africa Partnership	2000
EU-Africa Business Forum (EABF)	2006
Joint Africa-EU Strategy (JAES)	2007
EU-Africa Infrastructure Trust Fund (EU-AITF)	2007-19 **(concluded)**
Pan-African Programme (PanAf)	2014-20 **(concluded)**
Africa Investment Platform (AIP)	2015
European Union Emergency Trust Fund (EUETF)	2016
Africa-Europe Alliance	2018

Source: ECCP (2022)

Nevertheless, the **EU-Africa Business Forum** (EABF) starting in 2006, organised by the European Commission, African Union, and business organisations, is considered the stand-out event regarding AU-EU Summits[38]. Hereby, a variety of actors from the private and public sector of both the AU and EU come together every three years, to engineer major deals that are geared towards fostering sustainable growth and job creation in Africa[39]. The most recent event took place earlier 2022, on the 16th and 17th of February, in parallel to the Africa-Europe Week and African Union-European Union Summit, where pledges of over €590 million were raised. In this year's event, one of the most significant contributions came from the French development bank AFD and German development Bank KFW, supporting the development of local production capacities in the realms of vaccines and medical products (€312 million). A further focus area was geared toward agriculture, in which €98 million including further resources are allocated to the EU-backed AgriFI programme, aimed at **boosting Africa's sustainable agriculture.**

[38] EABF EU-AFRICA BUSINESS FORUM (2022). About EABF. Available under: About EABF | EU-Africa Business Forum (euafrica-businessforum.com)
[39] European Commission (2022). EU-Africa Business Forum 2022: private and public actors conclude agreements to accelerate Africa's growth. Available under: EU-Africa Business Forum 2022: private and public actors conclude agreements to accelerate Africa's growth | International Partnerships (europa.eu)

On a further note, numerous stakeholders placed their focus on supporting a variety of developments in the following themes:

- clean energy (€73 million)
- youth and entrepreneurship (€58 million)
- automotive (€12 million)
- finance (€10 million)
- digitalisation (€0.7 million)

This agreement further encompasses two other EU agreements of €65 million within the frame of the European Fund for Sustainable Development Plus (EFSD+), fostering financing access for African entrepreneurs and local governments[40]. The development field in automotives is reflected in South Africa's **Coega IDZ**, whilst the sustainable agriculture ambitions matches the goals of Kenya's Vision 2030 & Athi River EPZ strategies.

The **Joint Africa-EU Strategy (JAES),** adopted in 2007 can be described as a general political framework, that is implemented through multiannual roadmaps and action plans. Since its inception, priorities and goals have been consistently recontextualised and redefined, with the 2020 joint Communication 'Towards a Comprehensive Strategy with Africa' serving as the most recent strategic agenda for Africa in the years to come. On a specific note, the strategy aligns with ambitions outlined in the European Green Deal, focussing on critical aspects such as:

1. Green Transition and Energy Access
2. Digital Transformation
3. Sustainable Growth and Jobs
4. Peace and Governance
5. Migration and Mobility

This plan however operates on sub-regional and bilateral relations with African countries under separate legal frameworks, with the Sub-Saharan African countries functioning under the **Partnership Agreement** with the ACP (African, Caribbean and Pacific States). The aspect of Sustainable Growth and Jobs (2nd) Peace and Governance (3rd) mirrors Senegal's "Plan for an Emerging Senegal", as its policies focus on Promoting human capital as well as enabling good governance.

EU-Africa Infrastructure Trust Fund (EU-AITF) is a project that has been concluded since 2019, having approved over 123 grant operations amounting to over €763 million[41]. Hereby funds were allocated to operations in four distinct sectors, namely :

1. Energy
2. Water
3. Transport
4. ICT

Nearly 700.000 households gained access to safe drinking water, 4.000.000 households receiving electricity access and lastly, 10.262 individuals receiving operations and maintenance-based employment.

In alignment with the goals and framework of the JAES, the **Pan-African Programme** of 2014-2020 is a complementary EU instrument & programme that tackled priority

[40] European Commission (2022). International Issues, Bilteratal and regional cooperation. Available under: [Africa - International Issues - Environment - European Commission (europa.eu)]
[41] European Union Africa Infrastructure Trust Fund. Available under: https://www.eu-africa-infrastructure-tf.net

areas of the EU development policy in the African continent. This programme was also structured through a roadmap for the 2014-17 period and funded with €845 million with priorities set on the following aspects:

1. Peace and Security
2. Democracy, Good Governance and Human Rights
3. Human Development
4. Sustainable and Inclusive Development and Growth and Continental Integration
5. Global and Cross-Cutting Issues

This was the first EU development and cooperation programme to encompass the whole continent of Africa with also a trans-regional, continental, and global efforts-approach. This was considered to foster development in pan-African governance, education, and continental economic integration. As mentioned in the previous sub-section, aspect pertaining to 'Human Development' and 'Good Governance' reflect those of Senegal's "Plan for an Emerging Senegal"

Drawing on the **Africa-Europe Alliance** that was initiated in 2018, sustainable investment and job creation were set as central goals, which would translate into improved trade relations, strategic investment as well as job creation. On a further note, the business environment should be strengthened for instance through increased economic integration and trade. This has further set the foundation for former and current programmes to thrive.

On a recent note, the **EU-Africa pharma and healthcare marketplace & matchmaking events** from 18 May until 6 June have addressed challenges pertaining to industrial development, regulatory situation, and trade facilitation in the health care sector. Hereby a focus was placed on improving the relations between the EU and Africa, whilst conceiving of new collaborative efforts to support organisations working with value chains of pharma and medical technology industry[42].

[42] EU-AFRICA BUSINESS FORUM (2022). EU-Africa pharma and healthcare marketplace & matchmaking events. Available under: EU-Africa pharma and healthcare marketplace & matchmaking events - Info (b2match.io)

4.1 Prospects for EU-Sub Saharan Africa cluster collaborations

Based on the aforementioned projects and cluster partnerships that are already in place, one could develop more cooperation projects with a combined strategy that aids SMEs in both Europe and the Sub-Saharan African region through business agreements. Details worth mentioning are for example the strong reliance on EU trading partners for South Africa and Kenya, in which Germany and Netherlands each make up half of the country's exports to the EU. The diversification of these trade flows could emerge through cluster-based initiatives, enabling a more resilient export-structure to individual partners in the EU.

An example that could inspire further efforts in this regard is the European Cluster Collaboration Platform possesses of the **European Sustainable Energy Custer partnership for Africa (ESECA)**. This partnership is geared toward intensifying business network collaboration among European companies from sectors like renewable energy and smart grids[43]. It further demonstrates how a cluster partnership for Africa has been in place since September 2021. Table 3 displays the partnerships that cover various European clusters.

Table 3: ESECA Partnership composition

Profile Name	Location
Basque Energy Cluster	Spain
Metaindustry, Cluster of Advanced Manufacturing of Metal Industry in Asturias	Spain
Lombardy Energy Cleantech Cluster	Italy
Power Electronics Cluster within ECPE e.V.	Germany
MEDEE	France

Source: ECCP (2022)

On a further note, the partnerships target Sub-Saharan Africa countries such as Rwanda, Ghana, United Republic of Tanzania, and especially the two countries of relevance to this input paper: Senegal and Kenya. As underlined in its name, European **Sustainable Energy Cluster partnership for Africa** (ESECA), the goal of this cluster linkage is to intensify business network collaboration among European companies from sectors like renewable energy and smart grids. These are further directed at said African countries in a bid to develop internationalisation strategies toward the Sub-Saharan African markets. In terms of its sectorial and industrial focus, the ESECA prioritises electricity, gas, steam, and conditioning supply whilst creating a renewable energy ecosystem that falls in line with the sustainable energy & renewables of the S3 EU priority areas.

[43] ECCP (2022). European Sustainable Energy Cluster partnership for Africa ESECA. Available under: European Sustainable Energy Cluster partnership for Africa | European Cluster Collaboration Platform

Annex

Table 4: Special Economic Zones / cluster structures currently in operation in Sub-Saharan Africa – Selected Countries for Input Paper

Countries with online information on operational SEZs	New Zones (Year established)	Main Incentives
Kenya	**EPZs* (52 in total) (1990)** Activities: Textile & apparels, Business Process Outsourcing, IT Enabled Services **Athi River EPZ** Activities: Garments, Cotton yarn, Pharmaceuticals, Gemstones, Computers, Food processing, Tanning products, Electrical goods, Construction & lease of industrial buildings **Sameer Industrial Park EPZ (1990)** Activities: Garments & Apparel, Agro-processing, Call centre, Relief supplies, Gemstones, Macadamia **Ammar EPZ (1993),** **Kipevu Zone (1996),** **Pwani Industrial Park EPZ (2000),** **Balaji EPZ (2001),** **Mazeras Kenya EPZ (2002),** **Mvita Industrial Park EPZ (2004)** All zones specialize in garments	- 10-year tax holiday - Duty, Stamp Duty & VAT Exemption - Exemption from withholding tax for 10 years - 25% corporate tax for 10 years following the first 10 years - 100% investment deduction on initial investment applied over 20 years
	Vision 2030 Activities: Building SME parks **Big Four Agenda**	1. Revamp infrastructure 2. Diversification of commerce-driven sectors 3. Broaden economic growth
Senegal	**Plan for an Emerging Senegal (2014)** Activities: Structural Transformation; Promotion of building human capital, Creating **Diamniadio park** **Dakar Integrated SEZ (2007)** Activities: Industrial, Offices, Tourist resorts, Commerce & Services	- 100% foreign ownership - One single authority for all licenses, permits and authorisation - Availability of serviced land and pre-built units for

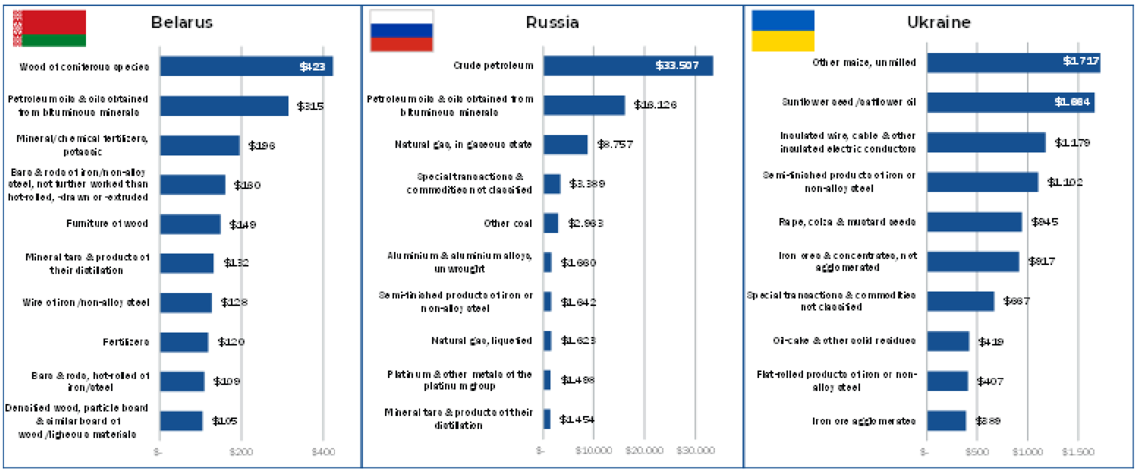
		industrial, commercial, logistics and services uses - A relaxed foreign labour regime - Freedom to obtain foreign currency - Protection of property rights - Exemption from customs duties and taxes on all imported goods - Exemption from payment of any direct income taxes - A flat 2% rate tax applicable on sales on local market - Full repatriation of profits and capital
South Africa	**Coega IDZ** (1999)** Activities: Agro-processing, Automotive, Business Process Outsourcing, Chemicals, Energy, Logistics, Manufacturing, Metals, Textiles East **London IDZ (2003)** Activities: Automotive, Agro-processing, Pharmaceuticals, ICT & BPO, Renewable Energy, Logistics, Aqua-culture, General manufacturing **Saldanha Bay IDZ (2013)** Activities: Oil & Gas, Marine engineering **Richards Bay IDZ** Activities: Agro-processing, Metals beneficiation **Dube Trade Port IDZ (2014)** Activities: Aerospace and aviation linked manufacturing, Agriculture and agro-processing, Electronics manufacturing and assembly, Medical and pharmaceutical production and distribution, Clothing & textiles	**For IDZs:** - Duty free import of production related materials - Zero VAT on materials sourced from South Africa - Right to sell in South Africa upon payment of normal import duties on finished goods **For SEZs:** - Reduction in corporate tax from 28% to 15% - Dedicated in-house Customs Controlled Area that expedites clearing - Duty free in imports for production related raw materials and machinery - VAT exemptions under specific conditions for supplies procured in South Africa - Employment tax incentive-businesses may be eligible for tax relief including the employment tax incentive subject to requirements

	- Accelerate depreciation allowance on capital equipment and assets.

***EPZ** = *Export Processing Zones*
**** ***IDZ*** *= Industrial Development Zones*

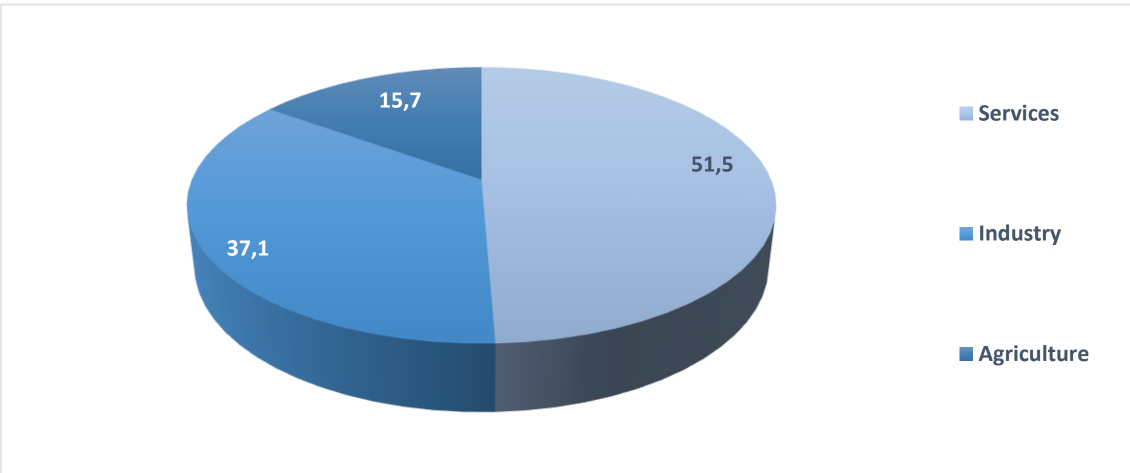
Source: ECCP (2022) based on Newman (2017)

Figure 19: 10 most important commodities imported by the EU27 from Ukraine, Russia and Belarus, in 2020, values in Million USD



Source: ECCP (2022), own calculation based on UN Comtrade Database

Figure 20: Structure and % of GDP Output, Sub-Saharan Africa 2010



Source: ECCP (2022) based on The World Bank (2022)

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