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Africa-to-Europe value chains: How nearshoring can mitigate Europe's migration crisis and aid energy transition

by Michael Tanchum

Africa-to-Europe value chains in manufacturing and agri-food production can mitigate factors driving current migration patterns by employing Africans in local value-added production and boosting African GDP growth, reorienting Africa-Europe relations towards mutual economic benefit and dignity.

As global supply chains continue to unwind, Europe will become more economically bound with North Africa and adjacent regions in Sub-Saharan Africa. How this economic relationship is managed will significantly impact the scale and manner of African migration to Europe. By 2030, [42% of the world's young people](#) will live in Africa, making the continent home to the largest supply of available labour globally. This resource, as well as inexpensive land and energy, is spurring the relocation of manufacturing and agri-food production to Africa to service European end-markets. Buoyed by conducive business conditions, the shift has occurred especially in North Africa (primarily Morocco), as well as a handful of countries across sub-Saharan Africa. This 'nearshoring' also holds the potential to markedly reduce African migration to Europe.

Africa's super-abundance of renewable energy means that nearshoring could also accelerate the global energy transition, where manufacturing and agri-food production in Africa is cost-effectively powered by locally produced green energy. Africa-to-Europe manufacturing value chains that employ Africans locally in value-added production can reset Euro-Africa relations by promoting win-win cooperation, contributing to African GDP growth, and mitigating many of the drivers driving current migration patterns. In parallel with implementing important measures discussed at [Vienna Migration Conference \(VMC\) 2023](#), therefore, European migration policy should aim to better facilitate and coordinate the creation of Africa-to-Europe value chains.

Africa-to-Europe manufacturing value chains can address migration drivers

The transformative promise of establishing Africa-to-Europe value chains is illustrated by Morocco's rapidly growing automotive manufacturing ecosystem. As the centrepiece of

[Morocco's embryonic Africa-to-Europe economic corridor](#), the automotive industry now accounts for about [25%](#) of the Kingdom's GDP and [employs one-quarter of a million](#) Moroccans. The sector produces more than [700,000 vehicles](#) every year, a figure slated to reach more than 1 million by 2025, with at least a quarter of these to be [electric vehicles](#).

The rise of Morocco's automotive sector has been facilitated by Rabat's development of high-speed, high-volume capacity transportation combined with a business-sensitive posture and its [Industrial Acceleration Plan](#). This favourable business climate encouraged the European automakers Groupe Renault and Groupe PSA (now part of the Stellantis conglomerate) to open manufacturing plants in the country. These factories, in turn, are now anchoring around 250 international firms from the United States, Europe, Japan, China, and elsewhere, each operating their own local manufacturing plants to supply automotive components.

Among the several German firms participating in Morocco's automotive manufacturing ecosystem, Leoni, a global leader in manufacturing automotive wiring systems, has [invested](#) over €60 million in Morocco to create [ten production sites](#) that employ around 17,400 Moroccans. Italian automotive companies, meanwhile, constitute about [10%](#) of firms operating in Morocco's automotive sector. The robust ecosystem has also prompted Chinese enterprises to integrate into this Morocco-European-led value chain. For example, CITIC Dicastal, the global leader in aluminium cast parts, built a [\\$400 million plant](#) that can produce 6 million pieces annually to supply Peugeot and two additional manufacturing facilities in Morocco. As a result of Chinese integration into the value chain, [Europe's two best-selling car models](#) – the Peugeot 208 and Renault's Dacia Sandero – are now produced in Morocco with Chinese components, also made in Morocco.

Automotive manufacturing is also a budding industry across Sub-Saharan Africa, [described](#) by *Bloomberg News* as the "last frontier for car makers on the hunt for growth." Nigeria alone has a driving-age population of over [99 million](#). In 2019, meanwhile, Nigeria imported [1.3 million vehicles](#), while assembling [only 14,000](#) locally. Chinese, Japanese, and South Korean automakers have [established automotive plants in Sub-Saharan Africa](#), with Volkswagen leading the way among European carmakers. The German automaker is launching its e-Golf model, [the first Volkswagen electric car produced in Africa](#), at its \$20 million automobile assembly plant in Rwanda. As the former chair of Volkswagen's Africa division [explained](#), the company is eyeing a pan-African end-market: "the big game will be to connect ... Kenya,

Rwanda, Nigeria, South Africa and create an African market. Because then you [are] talking a billion people.”

By 2025, Africa will boast [over 100 cities with more than a million inhabitants](#) – one third more than the EU. Türkiye’s efforts to establish [commercial architecture in the central Maghreb and West Africa](#) indeed underscores the competition to capture this expanding African market share. Türkiye has, for instance, established itself as Algeria’s largest foreign employer through the development of steel manufacturing facilities and [Africa’s largest textile production plant](#).

In Senegal, Türkiye opened a steel plant and a [furniture factory](#), which will satisfy growing consumer demand for sofa beds and other furniture in West Africa’s burgeoning urban population centres. The investments are also expected to bolster the competitive advantage of Türkiye’s furniture exporters, to the detriment of Poland, Germany, Italy, and the Czech Republic, which currently all [export more furniture](#) than Türkiye. Better servicing of Africa’s rapidly expanding urban markets with affordable consumer items can, furthermore, help ease migration pull factors.

China is similarly developing a manufacturing base in Egypt through the appliance manufacturing sector, with Chinese home appliance giant Haier’s newly constructed Egyptian manufacturing complex slated to begin producing televisions, washing machines, and air conditioners in 2024. With additional planned production lines for refrigerators and freezers, Haier expects to produce [1 million home appliances per year](#) in Egypt for sale in Europe, Africa, and the Middle East.

Africa-to-Europe agri-food production value chains can reduce forced migration

The geopolitical future of African migration to Europe, in large measure, depends on the state of agri-food production in Africa. Agriculture currently accounts for [30% of Africa's GDP and 55%](#) of the continent’s workforce. Home to most of the world’s uncultivated arable land, vast untapped energy resources, and the world’s fastest growing workforce, the relocation of agri-food production to Africa will not only help better feed the continent and prevent famine-driven migration, but will become an increasingly vital component of European food security. Again, Morocco is the trailblazing exemplar. In parallel with the establishment of its automotive manufacturing ecosystem, Morocco has been developing high value-added, agri-food production value chains. Through its 2010-2020 Green Morocco Plan (Plan Maroc Vert), Rabat overhauled Morocco’s agriculture sector, reorienting it towards higher value

exports. By 2020, the value of Morocco's agricultural exports rose by [117%](#) to roughly \$3.5 billion, creating [342,000 new jobs](#).

Rabat's 10-year successor plan, [Green Generation 2020-2030](#), is focused on enhancing the resilience and sustainability of the country's agricultural production through green energy and climate-smart, agri-tech to raise the value of exports and bolster domestic food security through greater self-sufficiency. In 2021, Morocco was the world's fourth [largest tomato exporter](#), expanding in key markets in Europe, and in 2022, virtually tied for third with Spain. Meanwhile, in 2021, Morocco became the United Kingdom's [second largest supplier of tomatoes](#), with the UK reducing its tomato purchases from Spain by about 24% while tomato imports from Morocco rose by almost 34%. A similar phenomenon occurred with Moroccan tomato, citrus, and berry exports across various EU countries. Water is the primary limiting factor on Morocco's agricultural output – Rabat is, therefore, now engaged in an ambitious infrastructure build-out to construct sufficient water desalination facilities powered by the country's abundant solar and wind energy resources.

Similar agricultural modernisation efforts are underway in [Nigeria](#), [Ethiopia](#), and elsewhere across sub-Saharan Africa – many to be powered by Africa's substantial renewable energy resources in the near future. The ten countries of North Africa and the Sahel region situated in the Sahara Desert possess the world's largest solar resources – this combined solar energy is [7,000 times greater](#) than the power requirements of the EU at any given moment. Likewise, the Namib Desert, stretching across southwestern Africa's entire coastline, receives [solar irradiation](#) close to Saharan levels. Africa's enormous solar resources are supplemented by vast wind power resources. For example, Namibia's wind power capacity factor is [over 50% greater](#) than Australia's.

In addition to being able to power water desalination and irrigation through renewable energy, Africa has the [potential](#) to produce \$1.06 trillion worth of green hydrogen and its derivative green ammonia by 2035. Africa is already emerging as a [global hub for green ammonia production](#) that will supply the manufacture of low-carbon synthetic fertilizers, a [gatekeeper requirement](#) for boosting African agricultural production.

Conclusions

As European Commission Vice-President Margaritis Schinas emphasised in his keynote address at VMC2023, a comprehensive solution to Europe's migration problems must be grounded in European values that prioritise protecting Europe's borders and saving lives.

To this end, VMC2023’s “A new era for labour migration” panel focused on the positive impacts that well-managed labour migration and cross-regional economic cooperation can have in terms of addressing demographic transition in Europe, but also in terms of reducing migration pressures in African countries. This requires a mutual commitment to balanced partnerships and joint agendas but also the readiness to overcome institutional silos within the EU system, Member State bureaucracies, and public and private sector domains. Coordinated approaches towards addressing labour demands across the Union would support these efforts, as would the establishment of cooperative platforms to promote European business investment in manufacturing and agri-food production in Africa.

Africa-to-Europe manufacturing and agri-food production value chains can create jobs for millions of young Africans and free them from the need to take the risk of an irregular and dangerous crossing to Europe. They also hold great potential in aiding the green transition by powering African production from locally produced green energy. Instead of an asymmetrical relationship where Africa serves as a pool of human resources and a reservoir for raw materials and energy to be sent to Europe in exchange for finished consumer products and development aid, Africa-to-Europe value chains can redefine Africa-Europe relations on the basis of mutual economic benefit and dignity. Nearshoring employs Africans locally in value-added production, contributing to African GDP growth. In turn, investment in Africa-to-Europe value chains certainly cannot replace the development of comprehensive and future-oriented labour migration governance in Europe, but it can become an important part of Europe’s migration policy set.

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