

# **LONG WALK TO REALISM: CLIMATE COOPERATION TO RESET EU-SOUTH AFRICA RELATIONS**

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## **SUMMARY**

- South Africa’s blend of economic weight, regional influence and democratic resilience means the country remains a crucial partner for the EU in the global south.
- Despite longstanding trade ties, political divergences—over Ukraine, BRICS and Israel, for example—have strained EU-South Africa relations.
- South Africa’s coal dependence makes its energy transition both vital and challenging, while Europe urgently needs to boost its competitiveness and build resilient supply chains—making climate action an ideal platform for resetting their relationship.
- As such, the EU should move beyond seeking full political alignment and instead pursue a more pragmatic relationship with South Africa, focused on shared priorities like clean trade and green energy.
- Both sides should use structured platforms as well as multilateral forums such as the G20—hosted by South Africa this year—to foster targeted cooperation even amid broader political disagreements. If successful, this approach with South Africa could serve as a model for the EU to engage with other developing countries.

# Beyond alignment

Few countries in the global south today balance economic weight, regional influence and political stability like South Africa. It is Africa's most industrialised economy and its most dynamic democracy. It leads conflict resolution in the region, from Mozambique to Ethiopia, and often heads African Union peace missions. As such, South Africa can bridge divides between the West and the global south, championing multilateralism and human rights while embracing a multipolar order and defending national sovereignty.

For the EU, strengthening its partnership with South Africa is no longer a matter of expanding influence in the global south—it is a strategic necessity. Amid a shifting transatlantic alliance, economic decoupling from China, and the urgent need to achieve green industrial competitiveness, the EU faces mounting pressure to diversify its relationships. As a key regional player, South Africa is a vital potential partner in building more resilient, diversified and sustainable supply chains. Its abundant natural resources—including critical minerals essential for the energy transition and the defence sector—coupled with its robust legal frameworks and manufacturing capacity position South Africa as a uniquely valuable partner in Africa to support Europe's ambitions for green reindustrialisation and economic security.

The moment is particularly ripe for the EU and South Africa to fully refresh their ties. The 2025 EU-South Africa summit held in March signalled a shift after years of lukewarm relations, with the EU announcing key investments through the Global Gateway initiative and a pioneering new partnership model designed to integrate climate finance, green trade and industrial policy. South Africa's hosting of the G20 offers another pivotal moment in 2025 to push forward shared agendas, from energy transition to global economic governance reform.

However, beneath these promising developments lie unresolved tensions. Political divergences—on South Africa's stance on Russia's invasion of Ukraine, its BRICS orientation and its legal action against Israel at the International Court of Justice (ICJ)—continue to strain diplomatic rapport. At the same time, EU trade policies such as the Carbon Border Adjustment Mechanism (CBAM) threaten to undercut South African exports, highlighting a disconnect between Europe's ambitions and the development imperatives of its partners.

Energy and climate issues stand at the heart of this relationship's contradictions and potential, central as they are to the geopolitical and economic dynamics shaping both actors' futures. For South Africa, transitioning away from coal is an urgent developmental necessity, but also a formidable challenge with profound social and economic implications. For Europe, securing stable access to critical minerals and green technology partnerships is essential to maintain industrial edge amid global competition.

This paper argues that the future of EU–South Africa relations hinges on recognising and effectively managing these complexities. Rather than seeking political alignment as a prerequisite for cooperation, the EU and South Africa must pursue a pragmatic partnership that accepts political divergences while deepening economic and climate collaboration. South Africa’s energy transition is the most tangible arena where this balance can be tested. Achieving the above requires a critical reassessment of existing policies, a willingness to develop flexible mechanisms, and a commitment to mutual respect and co-development.

In the following sections, this paper unpacks the political and economic tensions shaping the EU–South Africa relationship. It argues that energy and climate cooperation is the most promising area to test a new, pragmatic approach. It also identifies the key challenges blocking progress in this area and proposes practical recommendations for moving forward.

## Tracing political divides

At the core of EU–South Africa relations lies a structural paradox: the two maintain a long-standing cooperation in trade, peacebuilding and multilateral diplomacy, while diverging politically, particularly in foreign policy. These tensions have grown more visible in recent years: from the war in Ukraine to South Africa’s participation in BRICS and its position on the Israel-Palestine conflict, the two sides often find themselves on opposite ends of key diplomatic debates. This raises questions about the sustainability and depth of their partnership. In order to build a more resilient and realistic partnership, it’s essential that each side comes to understand these differences not as obstacles but as structural features of a multipolar world.

Since the end of apartheid in 1994, South Africa’s foreign policy has been a balancing act between its liberation-era loyalties, the global liberal order and the domestic imperative of economic transformation. During Nelson Mandela’s presidency, which lasted from 1994 until 1999, South Africa re-entered the international system as a champion of liberal democratic values, embracing market reforms and building strong ties with the West. The Growth, Employment and Redistribution strategy of 1996 reflected a commitment to fiscal discipline, attracting investment and opening markets. However, these policies also exposed structural weaknesses in the South African economy, leading to job losses in manufacturing and exacerbating inequality.

Under Thabo Mbeki, president from 1999 until 2008, South Africa began to recalibrate its strategy. The Accelerated and Shared Growth Initiative for South Africa sought to address unemployment and skills shortages through increased public investment. But implementation faltered and South Africa remained vulnerable to external shocks, particularly during the 2008–09 global recession. Disillusionment with the Western economic paradigm grew as it failed to deliver inclusive growth.

This paved the way for a more assertive pivot under Jacob Zuma, president from 2009 to 2018, who reoriented South Africa's external engagement toward south-to-south cooperation and deepened relations with China and Russia. Joining the BRICS group in 2010 was emblematic of this shift. Zuma's foreign policy was aimed not at ideological realignment per se, but at diversifying partnerships to better serve South Africa's developmental agenda. Unlike Europe, China offered infrastructure investment without political conditions and a state-led model of growth. However, this recalibration came at a price: relations with Europe cooled, and Zuma's confrontational rhetoric—often accusing Europe of lecturing Africa—further strained ties.

These tensions occurred even while Europe remained South Africa's largest trading partner and the main buyer of South African manufactured goods. On the other hand, China primarily imported raw materials in a trend that persists today. Despite political strains, both sides retained a degree of pragmatism, sustained through trade and diplomacy. However, the perception that South Africa was drifting from the West, combined with mounting allegations of state capture and corruption under Zuma, eroded trust. His eventual ousting in 2018 reflected both domestic frustration and external pressure for reform.

The succession of Cyril Ramaphosa in 2019 raised hopes in Europe and among investors that Pretoria would reorient towards greater transparency, institutional reform and revived cooperation with Western partners. However, Ramaphosa inherited a deeply damaged state apparatus. The lingering effects of state capture in South Africa—compounded by erratic industrial planning, a downgraded credit rating and entrenched populist rhetoric in public discourse—undermined business and investor confidence. Despite promises of growth, policy inconsistency and slow reform have limited his ability to reset the relationship with Europe in substantive terms.

The 2024 national elections were a watershed. For the first time since the end of apartheid, the African National Congress (ANC) lost its parliamentary majority and was forced into a coalition government of national unity (GNU). While the ANC retained control of key ministries, including foreign affairs, the new political configuration intensified scrutiny of South Africa's international alignments. Observers began to question the effectiveness of its foreign policy, whether toward the West, China, or the BRICS, in delivering tangible domestic

benefits (also reflecting a broader trend of viewing foreign policy transactionally, with expectations of clear economic and social returns).

This domestic political uncertainty coincides with increasing geopolitical volatility. Soon after taking office in the United States, President Donald Trump lashed out against South Africa's land reform law, likely influenced by his close advisor Elon Musk, the South Africa-born billionaire CEO of Tesla and SpaceX. The Trump administration has even threatened to revoke South Africa's eligibility for duty-free, quota-free access to the US market for certain goods under the African Growth and Opportunity Act. This would be a major blow to South Africa, considering that the country is the biggest beneficiary under the scheme, exporting almost \$56bn in goods to the US in 2022.

Europe, dealing with its own challenges with the US on security and trade, quickly showed support for South Africa with messages from European ambassadors on X, which were warmly welcomed in the country. A visit by Ukrainian president Volodymyr Zelensky to Pretoria in late April further boosted South Africa's standing in Europe.

However, deep political divergences between Europe and South Africa remain, not least due to the latter's muted stance on Russia's invasion of Ukraine (evidenced by its abstention on key UN resolutions). Conversely, South Africa sees the EU's response to its genocide case against Israel in the ICJ as evidence of double standards, exposing cracks in Europe's values-based foreign policy that often links trade, aid and investment to human rights and democracy. Europeans remain divided on the Gaza war—Belgium, Ireland and Spain have officially backed South Africa's case, while Germany and the UK have publicly criticised it. But this inconsistency is enough for South Africa and other African partners to question the credibility of Europe's model and to call for a more nuanced engagement that respects their historical contexts and domestic priorities.

As such, political divergences can quickly become amplified unless carefully managed. The danger lies in allowing these differences to overshadow shared interests, particularly in areas where cooperation is both possible and necessary—such as green industrialisation, climate finance and infrastructure development. Rather than seeking political convergence, the EU and South Africa must learn to manage strategic disagreement through structured engagement. This means building institutional frameworks that tolerate differences on issues like Ukraine or BRICS, while doubling down on cooperation where interests clearly align. It also means recognising that South Africa's political pluralism and the unpredictability of its coalition government will require greater diplomatic patience and nuance from Brussels.

There are signs that a more collaborative approach is emerging. The 2025 EU–South Africa summit marked a shift from symbolic diplomacy to more targeted investment in clean energy and sustainable trade. The upcoming G20 summit hosted by South Africa offers further opportunities to demonstrate how shared leadership on global economic reform, climate finance and energy transition can move ahead despite political tensions and declining trust in multilateral institutions.

## Seizing the green opportunity

Energy is not merely a technical issue in the EU–South Africa relationship: it is the single most consequential site where economic cooperation, developmental needs, geopolitical strategy and climate ambition intersect.

For Europe, cooperation in this domain is a strategic imperative. As the continent strives for greater industrial autonomy and green competitiveness, it needs trusted partners which can supply critical raw materials, host clean industrial value chains and co-lead in shaping inclusive climate governance.

For South Africa, the energy transition is both a developmental necessity and a monumental political challenge. Its economy remains heavily dependent on coal, which provides roughly 87% of electricity generation. At the same time, the country faces chronic power shortages due to an ageing and undermaintained grid, compounded by the long-running mismanagement crisis at Eskom, the state-owned utility. Load shedding, while suspended since Eskom began using diesel-fuelled gas turbines, became for a time a persistent feature of daily life, undermining productivity and investor confidence. Even with recent state efforts to expand private access to solar power to homes and businesses, trust in the government remains low.

Against this backdrop, the transition to renewable energy is seen not only as an environmental priority but essential to achieve economic stability, job creation and global competitiveness. At the same time, moving away from coal spells economic and social disaster for miners and local communities dependent on coal mining. And with much of the investment in renewable energy taking place off-grid, the future financial sustainability of Eskom also remains a concern.

It is in this context that South Africa launched the Just Energy Transition Investment Plan (JET-IP) in 2021, backed by a coalition of international partners—most notably the EU,

alongside Germany, France, the UK and the US, which collectively pledged \$12.8bn (although the US has since withdrawn its contributions). The plan sets ambitious targets: by 2030, renewables are expected to constitute 37% of the country's electricity mix, including 21.5% wind, 9% solar, 3.1% battery storage, and 3.7% hydropower. These goals are paired with social objectives: the transition must be just, meaning that workers in carbon-heavy industries and historically marginalised communities must not be left behind.

With Europe pledging substantial financial and technical support to the JET-IP, this initiative has become the centrepiece of EU–South Africa climate cooperation and a defining test case for EU engagement with transitioning economies in the global south.

While the JET-IP focuses primarily on domestic energy transition, it also opens the door to a larger economic realignment—one where South Africa is not only a recipient of climate finance but a partner in building new green value chains. Here, the EU's Clean Trade and Investment Partnership (CTIP), announced at the 2025 EU-South Africa summit, is critical. Although details remain limited, CTIP—with South Africa being its pilot country—aims to create a more structured framework for aligning green trade and industrial policy with external partnerships. In principle, it provides a platform to connect investments in green infrastructure, such as those envisioned in the JET-IP, to trade incentives, standards and market access. CTIP is thus meant not to replace the JET-IP, but to embed the energy transition within a broader economic and industrial strategy that includes export competitiveness and supply chain integration with Europe.

This connection is particularly significant as South Africa seeks to move beyond coal not only as a power source, but as a fundamental component of its export economy. CTIP, if coherently implemented, could help facilitate this shift—enabling South Africa to enter European green value chains, meet emerging environmental standards and develop its own manufacturing capacity in strategic sectors like green hydrogen, battery storage and renewable energy components. South Africa's government is already pushing to locate potential energy projects in the country's Special Economic Zones (SEZ) and increase foreign investment and jobs through tax incentives and building allowances.

Yet realising this potential requires more than signing memorandums of understanding. European funding needs to go beyond guarantees and focus on direct capital for grid rehabilitation and expansion, transmission and distribution network infrastructure, and vocational skills programmes. South African authorities, in turn, must ensure greater clarity and consistency in industrial planning. The opportunity is promising but also fragile. Despite this ambitious vision, significant obstacles persist—domestic constraints, geopolitical tensions, and a mutual misreading of each other's priorities contribute to the gap between ambition and implementation.

## Roadblocks to a green future

While the EU–South Africa relationship shows renewed strategic potential, the path forward is neither smooth nor guaranteed. Beneath the ambitious goals of the JET-IP and the CTIP lie a host of barriers that need to be addressed directly.

### South Africa’s structural constraints

South Africa’s domestic energy system is under immense strain. Eskom, the state-owned power utility, remains burdened by debt, corruption and ageing infrastructure, while power outages continue to disrupt the economy, undermine investor confidence and erode public trust in government capacity. Even as the JET-IP sets out renewable targets and climate objectives, grid instability remains a fundamental bottleneck: without robust investment in transmission and distribution infrastructure, large-scale renewables deployment cannot happen.

Moreover, the political economy of South Africa’s energy sector complicates the transition. The country’s coal dependence is not merely technical—it is deeply social and regional. The coal value chain supports entire municipalities where unemployment is already high. Labour unions, particularly those representing workers in coal mining and related industries, remain powerful actors with significant influence over the ANC. For these groups, the green transition may appear as an abstract environmental imperative that threatens their livelihoods, identity and political relevance.

South Africa’s broader fiscal and institutional fragility exacerbates these dynamics. Public debt is high, inflation remains volatile, and the government’s fiscal space to finance large-scale reforms is increasingly constrained. While the GNU has signalled a commitment to industrial revitalisation and just transition, its capacity to deliver coherent, long-term planning across ministries and political interests is still untested.

### Mismatch in expectations and policy instruments

On the European side, the approach to climate and trade policy often lacks the flexibility and responsiveness required by partner countries. This is particularly evident in the rollout of the CBAM, which sets climate compliance standards for selected sectors that countries must meet

to trade with the EU. CBAM addresses competition from major exporters such as China, Singapore, South Korea and the United Arab Emirates, whose products are made using high carbon-emission energy sources.

While Brussels frames the measure as an environmental policy, its trade implications are inescapable. Critics argue CBAM creates a vicious cycle, particularly in developing countries, as it hinders their capacity to invest in green industries despite being the least responsible for the climate crisis. In response, some of these countries are taking action: Brazil, for example, recently passed an “economic reciprocity” law, allowing the government to impose retaliatory trade measures against foreign policies and environmental restrictions it deems unfair or discriminatory. This move is specifically designed to counteract CBAM.

For South Africa, where coal still provides 87% of electricity generation, CBAM is a concern as it could pose a significant threat to export competitiveness in key sectors such as cement, fertilisers, iron, steel and aluminium, all of which are emission-intensive. With chemicals expected to be added to CBAM this year, the measure is likely to further reduce South African exporters’ access to the European market. CBAM’s application across all sectors could lead to a reduction in total exports to the EU of 4% by 2030, resulting in a 0.02% reduction in South Africa’s GDP compared to a scenario without CBAM, according to the World Bank Carbon Pricing Dashboard. While this may appear modest on paper, the symbolic and cumulative effect—especially when layered onto broader developmental constraints—could be significant.

Unlike Brazil, South Africa is unlikely to retaliate against CBAM. Officials have stated they will opt for diplomatic and political solutions, such as engagement with the European Council during CBAM’s biennial reporting phases or by starting negotiations with partner countries to reform the WTO to better integrate environmental concerns. Key to this effort would be revisiting principles such as the United Nations Framework Convention on Climate Change (UNFCCC)’s “Common but Differentiated Responsibilities and Respective Capabilities” or the WTO’s “Special and Differentiated Treatment”.

## The case for a pragmatic and inclusive partnership

Normative conditionality—the assumption that deeper cooperation must follow from convergence on global political positions—is central to EU foreign policy. In many contexts, it has played a useful role in promoting transparency, environmental standards and democratic reform. But in a multipolar and politically diverse world, applying conditionality as a default strategy risks undermining relationships with countries like South Africa.

For the EU–South Africa relationship to shift from symbolic to pragmatic, the EU must move beyond the assumption of normative convergence. Instead, the focus should be on co-ownership, flexibility and joint action in areas where strategic priorities overlap—beginning with green industrialisation and energy transition.

As previously discussed, South Africa’s foreign policy reflects a distinct tradition of active non-alignment, rooted in its liberation-era alliances, sovereignty doctrine and a desire to navigate multipolar competition without becoming beholden to any one bloc. The EU does not need to endorse this approach, but it does need to work with it. A pragmatic partnership accepts that divergence on global issues—such as those relating to the war in Ukraine or diplomatic voting patterns— does not preclude meaningful collaboration on shared priorities such as decarbonisation, trade and industrial development.

## How to accomplish it

### The EU should apply CBAM flexibly

As South Africa undertakes the complex task of greening its manufacturing base, it will require flexible timelines and dedicated support to meet new environmental trade requirements like the EU’s CBAM. If applied rigidly, CBAM will penalise exports in key South African sectors such as steel, aluminium and chemicals—all of which are emissions-intensive due to the country’s coal-based energy mix.

Rather than waivers or exemptions which could trigger domestic political backlash in Europe, a more pragmatic approach would integrate phased compliance pathways into CBAM’s implementation. These could be negotiated bilaterally with strategic partners such as South Africa during CBAM’s biennial review periods.

In return, the EU should provide enhanced access to finance, facilitate technology transfer and provide advisory support to assist South Africa in meeting emissions standards. This approach would balance the EU’s competitiveness concerns with a more equitable treatment of developing economies undergoing energy transition.

### South Africa needs to strengthen implementation credibility

From South Africa’s side, signs of political reform are no longer enough to attract capital. The GNU must deliver greater regulatory clarity and consistent implementation: it should build internal coalitions to protect and prioritise green industrial policy, particularly as the 2026 local elections approach and political attention shifts from long-term planning to short-term electoral gains.

## Both sides should embrace structured co-development

The two parties should establish a joint implementation platform that links CTIP trade preferences to progress on JET-IP energy investments—ensuring material support to decarbonisation efforts in South Africa. This coordination must extend to labour unions, provincial governments and civil society to build the legitimacy needed for long-term success.

In parallel, both parties should use multilateral forums—particularly the G20, the WTO and the UNFCCC’s annual COP meeting—to advance climate-trade rules that reflect development needs. This includes advocating for the revival and modernisation of WTO principles like “special and differential treatment,” and ensuring that emissions-related trade measures account for the relative capacities of different economies. South Africa’s G20 presidency provides a rare opportunity to lead this conversation from the global south, which the EU should support.

Finally, the foundation of a pragmatic partnership must be trust through delivery. Both sides must recognise that energy transition is not a linear nor technocratic process. It is messy, political and contested. But it is also the most strategic and consequential area for long-term cooperation. Moving away from abstract alignment and toward co-developed, inclusive and flexible action plans will be key to building a durable partnership.

## A new model for cooperation

In a fractured world marked by geopolitical shifts and climate crisis, the EU-South Africa partnership offers a unique opportunity to model a new kind of international cooperation grounded not in uniform alignment but in pragmatic co-development. Energy and green industrialisation sit at the centre of this opportunity.

South Africa's energy transition is also a test case for the EU's ability to turn rhetoric on just partnerships into real, inclusive action. It challenges South Africa to deliver the political and institutional coordination required to turn external commitments into domestic transformation. Initiatives like the JET-IP and CTIP represent important starting points. But their success depends on full integration, political ownership and social responsiveness. Without those, they risk falling into the familiar trap of fragmented delivery and unrealised expectations.

This moment demands a recalibration of how both sides approach their partnership. For the EU, this means moving away from conditionality-driven diplomacy toward a model that accommodates political divergence while focusing on long-term strategic alignment. For South Africa, it means seizing the opportunity to lead not just in continental diplomacy or climate justice rhetoric, but in shaping what inclusive green development looks like in practice for a developing economy.

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