



Y12

3 | Trends in trade in Africa

African trade in goods and services

African trade in goods and services fluctuated in value terms over the 2005-19 period and gradually rose (see Figure 2 on following page). Despite this increase, however, its global share has remained relatively constant at about 3 per cent of both global exports and imports.

African trade is tied closely to macroeconomic and external events. For example, African exports dipped sharply during the 2008-09 financial crisis, and declined again in 2012-16 as oil prices and trade in mineral products dropped. African exports are primarily upstream products; in the context of the COVID-19 pandemic, this means that African exports have been negatively affected by decreased demand from major emerging and developed economies, and that the continent's recovery is dependent on the recovery of production and trade in its major partners, like China and the European Union.

North Africa had a disproportionate share of African trade over the 2005-19 period, accounting for about one-third of all African goods and services trade even though the region comprises only five countries. However, sub-Saharan Africa's share of exports has been increasing steadily since 2010, especially with rising growth in commercial services exports, and it now accounts for 70 per cent of all African goods and services exports.

In terms of merchandise trade, in 2019 the region recorded exports and imports amounting to US\$ 462 billion and

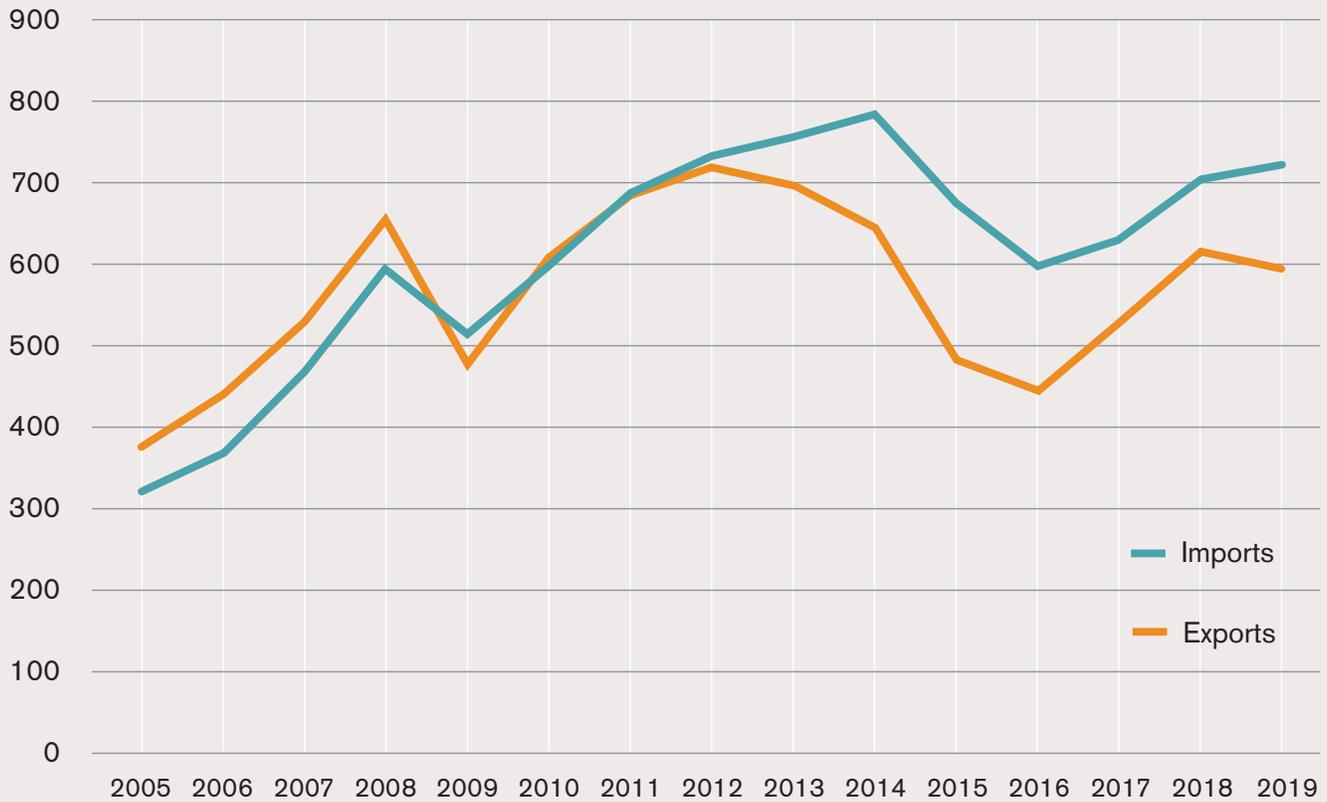
US\$ 569 billion, respectively, an average drop of 3 per cent compared to 2018. The last 10 years have shown moderate growth for the region, with 2019 exports amounting to 17 per cent more than the corresponding value in 2009. Intra-African trade is estimated to average 15 per cent of total African exports, and Africa represents 6 per cent of developing economies' total merchandise exports. Over half of the region's exports are estimated to be fuel and mining products; about a quarter of them, manufactured goods; and 15 per cent, agricultural products (see Figure 3). About 40 per cent of intra-African exports consists of manufactures, a large part of which are iron and steel, chemicals, and other semi-manufactures.

Among the region's leading players are Algeria, Angola, Egypt, Libya, Morocco, Nigeria and South Africa. Together, these countries accounted for over 60 per cent of the region's total trade in 2019 and an estimated 85 per cent of the region's fuel exports in 2018.

In general, all of Africa's commercial services exports have nearly doubled, from US\$ 57.7 billion in 2005 to more than US\$ 100 billion in 2019. Commercial services, comprised mostly of exports of travel services (about 50 per cent), accounted for one-fifth of African goods and services exports in 2019, although other business services, including exports of engineering and trade-related services, also increased over this period.

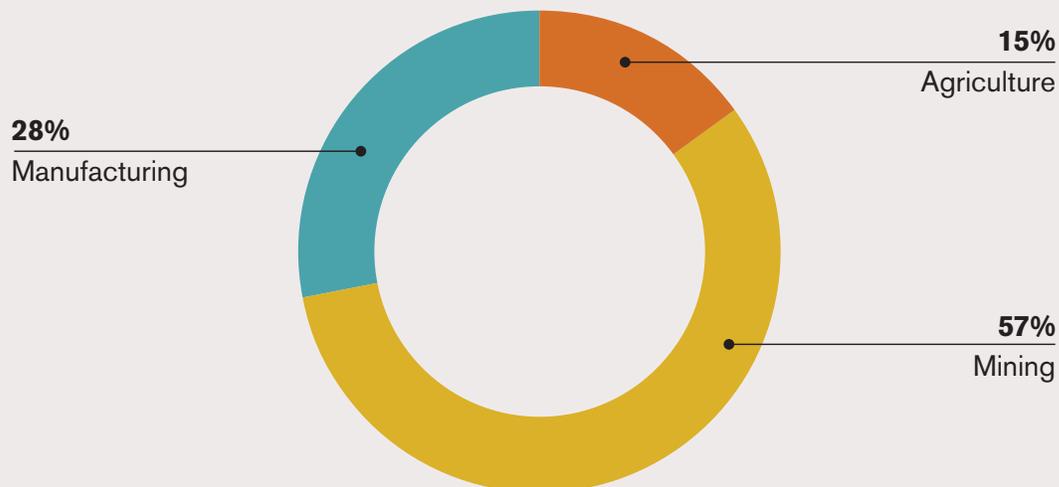
The last 10 years have shown moderate growth in African trade.

Figure 2: Trade in goods and services of Africa, 2005-19
(US\$ billion)



Source: WTO-UNCTAD-ITC Trade Statistics.

Figure 3: Merchandise trade of Africa by major product group, 2018
(% share)



Source: WTO Secretariat estimates.
Note: Estimate for product break-down.

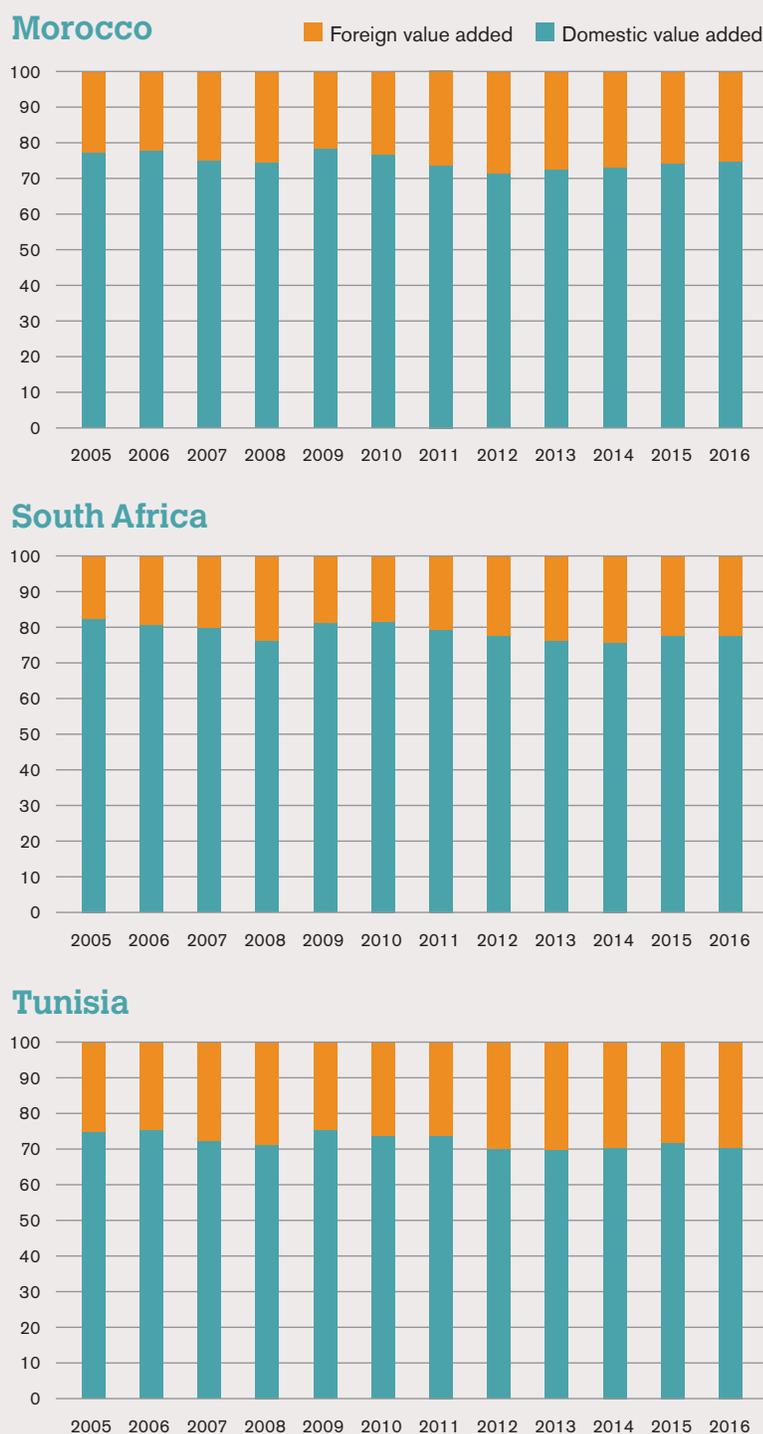
Insights into the value-added content of African exports

The value-added approach of trade enables the separation of conventional gross exports of goods and services into their domestic and foreign value-added components. While the share of domestic content in exports informs the actual contribution of trade to an economy, the foreign value-added content in exports, or vertical specialization, refers to intermediate goods and services that are imported from supply chains' partners to produce their exports.

The domestically produced value-added in exports of Morocco, South Africa and Tunisia is estimated at between 70 per cent and 80 per cent (see Figure 4). The foreign content of these exports increased slightly between 2005 and 2016, highlighting their increased engagement in global value chains (GVCs). The highest rate of foreign inputs in exports was observed for Tunisia (30 per cent in 2016), especially for its textile, electrical equipment and chemical industries. Morocco, with similar production networks, saw the share of foreign value-added in its exports reach 25 per cent. South Africa's rate of vertical specialization was estimated at 22.5 per cent in 2016, with major imports of inputs for its production and subsequent exports of coke, petroleum and motor vehicles.

The limited coverage of African economies in the Organisation for Economic Co-operation and Development (OECD)'s Trade in Value-Added (TiVA) database does not favour insights into value-added exports and GVC participation from the region. As a result, the WTO has launched a project (2019-22) in cooperation with the OECD and UNECA, titled "Developing statistical capacity in Africa for integration into trade in value-added (TiVA) databases". The goal of the project is to provide statistical capacity-building in five African economies (Cameroon, Egypt, Côte d'Ivoire, Nigeria and Senegal) for their inclusion in the TiVA database.

Figure 4: Shares of domestic and foreign value-added content in total exports of Morocco, South Africa and Tunisia, 2005-16 (% of total gross exports)



Source: OECD TiVA database.