1 Introduction

The multilateral trading system overseen by the WTO has contributed significantly to the unprecedented economic development that has taken place over the last decades across the world. Trade has allowed many developing countries to benefit from the opportunities created by emerging new markets by enabling them to integrate into the world market through global value chains. Moreover, the unbiased, predictable and non-discriminatory regime maintained by the multilateral trading system places all economies – developing and developed, small and large – on an equal footing.

Greater certainty in terms of trade policies creates predictability, which allows for long-term business planning and incentivizes investment, which are crucial components for industrialization. Trade also plays a key role in the dissemination of new technologies. Trade, technology and innovation have a synergistic relationship that can lead to a virtuous circle that favours industrialization when countries have access to open markets.

The COVID-19 crisis has caused shocks of an unprecedented magnitude to supply and demand in the global economy. This has inevitably resulted in major disruptions to trade, particularly in services such as tourism and travel, which are important sources of revenues for African countries. The WTO’s October forecast predicted a drop of 9.2 per cent in the volume of world merchandise trade, followed by a 7.2 per cent rise in 2021.¹ This weak predicted growth in 2021 suggests that trade is likely to remain below the pre-pandemic trend for growth in world merchandise trade for some time.

The introduction by several governments of fiscal and monetary measures to forestall large-scale business failure and job losses is positive. Many developing and least-developed countries will also need external financing support as export revenues and remittances decline. In May 2020, international finance institutions and development banks announced that they would mobilize emergency financing, debt relief flexibilities, and trade development and adjustment measures to support developing and least-developed countries.² Alongside these measures, maintaining open trade and investment flows will be critical to protect jobs, prevent the breakdown of supply chains, and ensure that vital products remain available and affordable for consumers. Once recovery begins to take hold, trade will play a central role in restoring economies.

While governments across the world are taking steps to mitigate the impact of the COVID-19 pandemic, there is a critical need for governments in Africa to make trade and economic policy decisions that will, to a large extent, determine the pace of economic
recovery and growth, protecting jobs, ensuring steady incomes and improving standards of living. In this context, the African Group is a key constituency in the WTO. It takes an active interest and plays a prominent role in all areas of the WTO’s work. The African Group’s overall directives in the WTO come from declarations of African Ministers of Trade. The African Group is actively pursuing concrete multilateral outcomes that will foster the diversification of Africa’s export base, structural transformation and industrialization, particularly in the context of special and differential treatment negotiations, to accommodate the objectives of the African Union’s “Africa 2063: The Africa We Want” Agenda.

This report examines the situation with respect to trade in Africa and looks at trade in value-added products in the African countries for which data is available, as this is an indicator of trade-induced industrialization. The report also looks at different activities and projects the WTO is implementing in the continent to support industrialization and structural economic transformation, including in the areas of trade facilitation, compliance with sanitary and phytosanitary regulations, and capacity-building for trade and production. Finally, the report outlines projects aimed at mainstreaming trade into the national development strategies of African countries.

Developed largely before the COVID-19 outbreak, this report presents a pre-pandemic snapshot of African economies, as well as of the new and existing mechanisms that African countries can use to alleviate the economic effects of the pandemic and take advantage of a trade-led economic recovery.

---

1 See the WTO press release of 6 October 2020 “Trade shows signs of rebound from COVID-19, recovery still uncertain”.

2 See, for example, the World Bank factsheet on “Debt Service Suspension and COVID-19” of 11 May 2020.

3 The granting of permanent observer status to the African Union in the WTO has been a longstanding request of the African Group. The request remains under consideration by WTO members. In the meantime, some WTO members have reiterated their commitment to work with African countries individually.

4 See https://au.int/en/agenda2063/overview.