Executive summary

The multilateral trading system overseen by the WTO has helped to spur economic development for both developing and developed economies by creating a more predictable, fair and transparent trading system that encourages investment and industrialization.

However, in recent times, this progress has been slowed by crises such as that triggered by the COVID-19 pandemic. This new health and economic crisis has caused major disruptions to trade. In its October 2020 forecast, the WTO predicted that the volume of world merchandise trade would decline by 9.2 per cent in 2020, followed by a 7.2 per cent rise in 2021. In its October 2020 World Economic Outlook, the International Monetary Fund (IMF) forecast negative growth of -4.4 per cent for the world in 2020, with a rebound to 5.2 per cent in 2021. For sub-Saharan Africa, these figures are -8.0 per cent and 3.0 per cent, respectively.

In Africa specifically, the high prevalence of informal employment has been particularly affected by the social distancing measures implemented in an effort to control the spread of COVID-19 and by the disruptions to trade, particularly in services such as tourism and travel, which are important sources of revenues for African countries. The World Bank's April 2020 "Africa's Pulse" report (World Bank, 2020a) projected that, as a result of the pandemic, economic growth in sub-Saharan Africa would decline from 2.4 per cent in 2019 to between -2.1 per cent and -5.1 per cent in 2020. The October 2020 "Africa's Pulse" report (World Bank, 2020b) confirmed that growth in sub-Saharan Africa is predicted to fall to -3.3 per cent in 2020, pushing the region into its first recession in 25 years, driving up to 40 million people into extreme poverty across the continent and erasing at least five years of progress in fighting poverty.

The downturn in economic activity will cost the region at least US$ 115 billion in output losses in 2020. These numbers have been driven to an extent by resource-intensive countries, particularly metal and oil exporters. Diversified economies expect more moderate declines.

Forty-four out of the 55 member states of the African Union are members of the WTO. These economies are supported by the Development Division of the WTO Secretariat through the work of the African Group. African countries also benefit from other forms of support from the WTO, as well as capacity-building activities run by other divisions of the WTO or by WTO-sponsored facilities and initiatives. This report also outlines collaborative efforts undertaken in 2019 by the WTO with the African Union in African countries in order to increase the continent's industrial and manufacturing capacity.

African trade in goods and services has amounted to around 3 per cent of global exports and imports on average. In 2019, African countries recorded exports of US$ 462 billion and imports of US$ 569 billion in merchandise trade. This constituted a fall of 3 per cent on average compared to 2018. Between 2005 and 2019, Africa's commercial services exports nearly doubled in value. However, this picture is incomplete; the continent's exports are dominated by one region. North Africa has accounted for about a third of all African goods and services trade, despite comprising only five of the continent's 55 countries. However, the share of exports contributed by sub-Saharan Africa has been steadily increasing and accounts for 70 per cent of all African goods and services exports.

The WTO has made broad and diverse efforts to support trade development in Africa over the last 10 years. For example, WTO members, through the different bodies that comprise the organization, and the WTO Secretariat have implemented a broad range of agreements, decisions and technical assistance programmes, ranging from trade facilitation to government procurement regulations. Through technical assistance programmes and support for economic diversification and industrialization on the African continent, the WTO has played a role in fostering economic transformation.

The WTO has supported trade development in Africa through its leadership on Aid for Trade. Since the launch of the initiative in 2006, donors have disbursed US$ 451 billion in official development assistance to help developing countries build trade capacity and infrastructure. US$ 163 billion of this amount has gone to African countries, with US$ 16.9 billion being disbursed in 2018, representing a 180 per cent increase from the 2006 baseline.

The Aid for Trade initiative focuses on economic diversification as being key to development; in the 2019 Aid for Trade monitoring exercise, 97 per cent of African respondents pointed to economic diversification as a priority. The Aid for Trade Work Programme for 2020-21 reiterates the importance of investments in digital connectivity, which have become more important as a result of the COVID-19 pandemic. Development financiers have also introduced new aid programmes, including a US$ 160 billion World Bank fund to address the economic impacts of the COVID-19 pandemic and a US$ 10 billion COVID-19 Response Facility from the African Development Bank (AfDB).

The Trade Facilitation Agreement (TFA) expedites the movement, release and clearance of goods and establishes measures for effective cooperation between economies to establish customs compliance. The TFA entered into force on 22 February 2017 after two-thirds of the WTO membership completed their domestic ratification processes. Studies show that full implementation of the TFA could reduce trade costs by an average of 14.3 per cent and boost global trade by up to US$ 1 trillion per year, with the largest gains in the poorest countries. For the African region, the reduction in trade costs would average 16.5 per cent, with many countries facing reductions of between

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15.8 and 23.1 per cent. Across coastal and landlocked Africa, reductions would average 16.8 per cent and 15.7 per cent, respectively.[1] This is significant, since the central African region has some of the highest trade costs in the world.

As the cost of implementing trade agreements is significant for many economies, the WTO created the Trade Facilitation Agreement Facility (TFAF) to support implementation of the TFA. The TFAF has, for instance, funded the participation of African representatives at meetings and workshops focusing on capacity-building and utilization of the TFA.

The WTO also provides support for developing economies and least-developed countries (LDCs) through the Standards and Trade Development Facility (STDF), which helps imports and exports to meet sanitary and phytosanitary (SPS) requirements for trade based on international standards. The STDF has provided support for the implementation of Africa's SPS policy framework and has helped to strengthen sanitary capacity in many industries.

The African Group[2] has taken an active role in the implementation of another WTO agreement, the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement). While Article 66.1 of the TRIPS Agreement provides that the Agreement is not immediately binding for LDCs, TRIPS Agreement rules have served as the basis for intellectual property regulations that have helped innovators to market their goods and limit the spread of counterfeit goods. An amendment to the TRIPS Agreement, which took effect in 2017, establishes a secure and legal pathway for developing countries to obtain affordable medicine from generic suppliers. For example, a national workshop held in Dakar, Senegal in July 2019 covered the use of the TRIPS Agreement's special compulsory licence system to obtain affordable intellectual property for the advancement of public health. Transfers of technology to African LDCs, facilitated by the TRIPS Agreement, have played a significant role in the plan to enhance cotton production and processing in Benin, Burkina Faso, Chad and Mali.

Closely related to WTO development initiatives, the Agreement on Government Procurement (GPA) recognizes the importance of government procurement in ensuring sustainable consumption and production patterns. While no African country is currently a party to the GPA, adopting GPA disciplines such as the Article IV principle of non-discrimination can help members to attract foreign direct investment. GPA initiatives to increase competition and develop e-procurement capacity are designed to help reduce the costs of procuring vital foreign-sourced goods and services.

The Enhanced Integrated Framework (EIF), an Aid for Trade facility purely dedicated to supporting trade development in LDCs, has successfully supported African LDCs in building trade-related institutional and productive capacity. One example is an EIF project in Burkina Faso that has helped to increase the production and export of cashew nuts and dried mangoes to create jobs and increase profits for producers. Another example is the Benin Agricultural Development Company which, with the help of the EIF, has increased its production by 25 per cent and generated new exports to West Africa. Both projects provide concrete examples of the WTO's successful combination of development aid and technical expertise at the service of LDCs.

African countries continue to be major beneficiaries of several other WTO technical assistance initiatives: 16 per cent of all technical assistance activities in 2019 were focused on African countries. This includes the Netherlands Trainee Programme, which sponsors junior public officials and provides them with the opportunity to learn about matters dealt with within the WTO, under the direction of staff members of the WTO, with particular attention given to African countries. The French and Irish Mission Internship Programme also sponsors the attachment of officials to their countries' Geneva resident missions, with priority given to African members and LDCs. The WTO Secretariat has also continued to provide technical support with regard to the implementation of regional trade agreements between WTO members in Africa.

The WTO Secretariat also works in cooperation with other regional bodies, including the Economic Community of West African States (ECOWAS). The WTO has organized virtual training activities on trade in services, trade facilitation and market access for officials of ECOWAS institutions in both English and in French since mid-2020. Likewise, the WTO collaborated with the Union économique et monétaire ouest-africaine (UEMOA) on a sub-regional training activity on intellectual property in 2019, and it cooperates directly with many African WTO members to collect information on their services policy regimes in the context of the Integrated Trade Intelligence Portal (I-TIP) database.

A stable multilateral trading system and access to international markets has had positive effects on the development and industrialization of Africa, and efforts to build capacity, to enable African countries to take fuller advantage of the benefits that trade brings, are continuing. In recent times, the COVID-19 pandemic has slowed these efforts and reduced the developmental gains of recent years. African countries are particularly vulnerable to the effects of the pandemic because of several factors that affect large swathes of their populations, such as informal employment, weak health systems, few social safety nets, and difficulties in mobilizing resources not only to fight the pandemic directly, but also to summon the fiscal and monetary resources needed to contain its economic impact. Keeping markets open and predictable, as well as fostering a more generally favourable business environment, will be critical to spur the renewed investment that is needed for a swift recovery. The multilateral trading system and the WTO stand ready to continue providing the necessary framework for this to happen.

1 WTO Secretariat calculations using disaggregated estimates from Moïsé and Sorescu (2013) based on Organisation for Economic Co-operation and Development (OECD) trade facilitation indicators.

2 The African Group is the coordinating informal body comprised of African members and observers. Currently this group comprises Angola, Benin, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Central African Republic, Chad, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Djibouti, Egypt, Eswatini, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Seychelles, Sierra Leone, South Africa, Tanzania, Togo, Tunisia, Uganda, Zambia and Zimbabwe.