Current Status of the AfCFTA Implementation

Mohamed Ali

Director of Trade in Goods and Competition - AfCFTA Secretariat
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1. Rationale, Main Objectives and Opportunities
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4. How does AfCFTA benefit MSMEs in Africa?
The ‘Treaty Establishing the African Economic Community (AEC)’ (The Abuja Treaty) lays out a detailed time-bound schedule for African economic and political integration through 6 stages:  

- **1994 – 1999**: Establish and strengthen African RECs
- **2000 – 2007**: Eliminate TBs & NTBs in RECs
- **2008 – 2017**: Establish FTAs and CUs in RECs
- **2018 – 2019**: Establish a Continental Level CU & CET
- **2020 – 2023**: Establish an African CM
- **2024 – 2028**: Establish a Pan-African economic and monetary union
Objectives of the AfCFTA

- To overcome dependence on exportation of primary products and promote social and economic transformation for economic growth, industrialization and sustainable development in line with Agenda 2063.

- AfCFTA is a flagship project of the AU blueprint and Masterplan ie Agenda 2063 – The Africa We Want, which was signed during the Golden Jubilee of May 2013.

- Achieve a comprehensive and mutually beneficial trade agreement among the AU MSs.

- Boosting intra-Africa trade.

- To create a freer market for goods and services, building upon the trade agreements within the RECs and associated commitments and thus pave the way for accelerating deeper integration and achieving AEC according to Abuja Treaty (1994).

- The AfCFTA seeks to combine the economies of 55 African states under a pan-African FTA comprising 1.35 billion people in a market with a combined GDP of $3.4 trillion.
### Opportunities of the AfCFTA

<table>
<thead>
<tr>
<th><strong>Largest FTA:</strong></th>
<th>55 economies, 1.3 Bn people, GDP US$ 2.6 Tn (IMF)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Human and Natural Resources:</strong></td>
<td>World Second largest and second most populous continent (2 Bn people by 2050, 70% youth, 26% workforce in the world) (UNECA)</td>
</tr>
<tr>
<td></td>
<td>30% of the earth’s remaining mineral resources: over 40% of the gold reserves, over 60% of cobalt, and 90% of platinum reserves</td>
</tr>
<tr>
<td><strong>TBs &amp; NTBs Elimination:</strong></td>
<td>Current average tariff 6.1%, intra-Africa trade to increase by more than 52% by eliminating TBs and to double by eliminating NTBs (UNECA)</td>
</tr>
<tr>
<td><strong>Structural transformation of Intra-trade:</strong></td>
<td>(70% Africa exports to world are raw materials)-high value-added exports - deepening industrialization, sustainable development, job creation, welfare (from US$ 16 to US$ 24 Bn) (UNECA)</td>
</tr>
<tr>
<td><strong>SMEs Development:</strong></td>
<td>SMEs representing 80% in Africa, 40% of national income, foreign markets penetration, cumulative RoO, Developing RVCs.</td>
</tr>
<tr>
<td><strong>Formal Cross-borders trade:</strong></td>
<td>Overcoming various forms of violence African Small Traders facing, especially women.</td>
</tr>
<tr>
<td><strong>Comprehensive Agreement:</strong></td>
<td>Not only for liberalizing trade in goods and services; Investment, Competition, IPR, E-commerce, Dispute Settlement Mechanism</td>
</tr>
</tbody>
</table>
2. Current State of the AfCFTA Implementation

- 54/55 Signatories - 36 State Parties - 41 Tariff Offers - 34 Services Offers (5 Priority Sectors: Financial, Telecommunication, Transport, Tourism, and Business Services)

- CEMAC (6 SPs “Cameroon-CAR-Chad-Congo Republic-Equatorial Guinea-Gabon”), besides, 6 SPs, namely; Egypt, Mauritius, Malawi, Sao Tome and Principe, Mauritania, and Zambia, are considering the pioneering group to implement the AfCFTA.

- Main instruments have been launched and operationalized (Online Tariff Negotiations Tool - Online Mechanism for NTBs – ATO)

- Around 82% of Rules of Origin have been concluded (75.2% of intra-Africa trade)

- The AfCFTA Member States have already established the Sub-Committees on different areas of trade in goods including ROO, TF, Customs, SPS, TBT, NTBS, Trade Remedies

- Trading commenced on 1 January 2021, as per the 13th Extra-ordinary Summit (5 Dec 2020)

- Outstanding negotiations to be finalized – on phase I by June 2021, on phase II and e-commerce by December 2021
3. Work progress activities, Challenges and Way forward

**RoO**
- Continuation of RoO Negotiations
- Designated Authorities Specimen and Signatures
- Producing Appendix 4 of RoO in all 4 AU languages
- Electronic RoO Certificate
- SEZs Regulation

**Customs**
- RoO Certificate Operational Details
- Trading Documents
- RoO Users/Operational Manual
- Trade Documents on Transit
- Develop Program for Harmonisation of Customs Procedures
- Simplified Trade Regime Form

- Different speed and priorities and overlapping membership in different RECs, convergence between different RECs should be made compatible with the goals and timelines set for the CFTA.
- Multitude and varied trade commitments undertaken by African countries.
- Institutional, organizational, and productive Capacities.
- Sensitive issues such as RoO, Level of ambition, Services Regulations, etc.

**Way Forward**
- Capacity Building and awareness
- Concluding Outstanding Work
- Digital platforms
- Trade finance initiatives
- Women in trade protocol
4. How does AfCFTA benefit MSMEs in Africa?

Challenges facing MSMEs in Africa:
- Capacity
- Access to Finance & Power
- Network Infrastructure
- Foreign Competition
- Intellectual property rights

I. Development of GVCs and RVCs
- GVCs and Penetrating Foreign Markets through Regional Markets
- RVCs and Accumulation amongst Industries

II. Scope of the AfCFTA Agreement
- Wide Scope of the AfCFTA Agreement
- Formalizing Trade, Benefiting Small Traders and Informal Sector

III. Initiatives and operational digital tools
- Online Mechanism for NTBs
- ATO Dashboard
- PAPSS
- MANSA Platform

Building MSMEs Capacities is Fundamental to AfCFTA Success

Challenges facing MSMEs in Africa:
- Capacity
- Access to Finance & Power
- Network Infrastructure
- Foreign Competition
- Intellectual property rights
Thank You

Mohamed Ali

Director of Trade in Goods and Competition - AfCFTA Secretariat
AfCFTA and E-commerce, opportunities to increase intra-African trade
One Trade Africa

James Howe, Senior Adviser ITC

OPERATIONALISING THE AFCFTA IN NORTH AFRICA:
NEW OPPORTUNITIES FOR MSMEs GROWTH AND INTEGRATION
Rabat, 30th March 2021
Agenda: looking at ecommerce opportunity in Africa

Introduction
1. Cross-border e-commerce for SMEs and the opportunity of the AfCFTA
3. Examples of what African entrepreneurs tell us
4. Introducing the ecomConnect Programme?
SMEs are transforming the way they do business… digitally!
An ecommerce snapshot of Africa

More and more Africans shop online.

Cash is king (and sometimes mobile money)

… and start to spend more per head
Trust is signaled by SMEs as a major barrier

Source: ODI survey for UNECA, October 2020, N=31, 5 countries – Kenya, Liberia, Nigeria, Rwanda, South Africa
Consumer trust as a barrier
Example: Rwanda survey 2018

- I don’t know about online shopping: 41%
- Online sites are expensive: 18%
- I doubt the authenticity of the merchandise available online: 16%
- Delivery times are very long: 16%
- Online shopping requires technical skills: 15%
- I cannot check the quality/ authenticity of products online: 15%
- I don’t have a credit/debit card: 14%
- I have no guarantee that what I order is what I will get: 13%
- I do not trust Internet: 11%
- It is difficult to return or exchange a product once you have...: 11%
- It is not safe to put your personal information online: 8%
- I do not trust the safety of payment transactions: 8%
- It is difficult to get a refund once you have made a purchase: 5%
- I cannot touch/feel the product before I buy it: 5%
- Payment with credit/debit card is difficult: 4%
- I can’t find the product online: 3%
- Customer service is not adequate: 3%
- I am not connected to Internet: 0%

Source: ITC (2018)
...a number of well known barriers holds back growth in Africa of ecommerce

- Limited access to online payment solutions
- High logistics costs
- Unfavourable or absent government policies
- Lack of e-commerce skills and knowledge
- Low visibility
- Poor ICT infrastructure

MSMEs in developing countries
Cross-border e-commerce for SMEs and the opportunity of the AfCFTA
Cross-border e-commerce keeps growing

Share of cross-border online shoppers

17% in 2016 to 23% in 2018

Source: UNCTAD, based on national data
Obstacles signaled by African firms in conducting cross border ecommerce

- Inadequate data protection regulations
- Inadequate intellectual property rights protection
- Inadequate cybercrime protections
- Cross border dispute resolutions
- Custom duties
- Customs procedures
- Certifications or technical standards; cost, awareness
- Foreign taxation, Double taxation, VAT Regulations and…
- Lack of online payment solutions; Insecure payments;
- Unawareness regarding national and regional rules
- Difficulty in meeting different national regulations
- Postal competence, delivery, transport (and cost)

Source: ODI survey for UNECA, October 2020, N=31, 5 countries – Kenya, Liberia, Nigeria, Rwanda, South Africa
Cross-border e-commerce

What does it take for small businesses?

Challenges for SMEs

- Transparent prices
- Online payment solutions
- Logistics and customer support
- Language barriers and culture interpretation
- ICT access and connectivity
- Adapting products, services and brand image to international demand
The AfCFTA seeks to create an integrated African market of 1.27 billion people, expected to reach 1.7 billion by 2030. In some African countries, <18% of households have access to the Internet throughout the continent and <5% of the population currently buys online.
Top 5 sales categories before and after COVID-19 (%)

Third-party marketplaces

- Agro-food & beverages: Before 39%, After 50%
- Financial services: Before 8%, After 15%
- Pharmaceutical, hygiene & health: Before 10%, After 17%
- Restaurant & food delivery: Before 4%, After 24%
- Tourism & travel: Before 7%, After 29%
- Digital entertainment: Before 6%, After 7%
- Education & online courses: Before 15%, After 17%
- Electronics & IT equipment: Before 17%, After 47%
- Telemedicine services: Before 3%, After 3%
- Media & books: Before 15%, After 14%
- Furniture & household products: Before 14%, After 18%
- Cosmetics & personal care: Before 18%, After 26%
- Fashion & accessories: Before 24%, After 40%
- Other: Before 15%, After 19%
African e-commerce B2C marketplaces – understanding the trends
Africa e-commerce B2C markets - Example

www.intracen.org/ecomafrica

- 58 Countries
- 631 Marketplaces
- 1,902 Marketplace websites
Africa e-commerce B2C markets - Example

A valuable tool for African businesses

- Uncover valuable marketplaces
- Country statistics
- Benchmarking
- Explain performance
- Uncover trends

Map shows territorial boundaries according to OpenStreet Map.

In 2019 Africa had at least 631 business-to-consumer online marketplaces for physical goods. Those marketplaces had in total 4,922 websites (urls) in the 58 countries and territories of Africa. Although online marketplaces can be found in every African country, there are only few countries with relatively much marketplace activity.
Africa e-commerce B2C markets - Example

A valuable tool for African businesses
Africa e-commerce B2C markets - Example

A valuable tool for African businesses

Afribaba

- Marketplace type: Classified site
- Age marketplace: 11.0
- Start year marketplace: 2008
- Ownership type: Intermediate
- Specialization: Not specialized
- Product types: New and used products
- Open for foreign sellers: No
- Transactional: No
- Mobile website: Responsive site
- Mobile apps: Android app
- Geographical scope: Intra continental
- No. of countries: 39
- No. of African countries: 39

Estimated Web visitor share by device:
- Desktop: 11%
- Mobile: 89%

Estimated Web visitor share by age:
- 18-24: 21%
- 25-34: 34%
- 35-44: 21%
- 45-54: 13%
- 55-64: 7%
- 65+: 4%

Estimated Web visitor share by gender:
- Female: 43%
- Male: 57%

Estimated number of Web visitors for Afribaba per Year:
- 2017: 1M
- 2018: 2M
- 2019: 3M

* Only marketplaces with an average Web traffic of more than 20,000 between 2017 and 2019 are displayed.
* Estimated age and shelf year based on domain name registration.
Africa e-commerce B2C markets - Example

A valuable tool for African businesses

**Nigeria**

Nigeria not only has the largest population in Africa with over 200 million people, it also boasts the largest economy with a GDP of $446.5 billion. Nigeria is home to Africa's most popular online marketplace: Jumia. The majority of the marketplace traffic comes from online shopping malls. Between 2017 and 2019 marketplace traffic grew with 9% in Nigeria.

<table>
<thead>
<tr>
<th>Gross Domestic Product</th>
<th>5,446,543 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of inhabitants</td>
<td>195,875,000</td>
</tr>
<tr>
<td>Urban population share</td>
<td>50.3%</td>
</tr>
<tr>
<td>Number of Internet users</td>
<td>80,172,000</td>
</tr>
<tr>
<td>Internet penetration</td>
<td>42.0%</td>
</tr>
<tr>
<td>Credit card penetration</td>
<td>2.6%</td>
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<tr>
<td>Mobile money account penetration</td>
<td>5.6%</td>
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<tr>
<td>Financial institution account penetration</td>
<td>40.0%</td>
</tr>
</tbody>
</table>

**Distribution of marketplaces in Nigeria by number and Web visitors, 2019**

- 58 marketplaces
- 25.9% 10.3% 27.4%
- 63.8% 27.4% 0.7%

**Marketplaces in Nigeria by number of Web visitors, 2019**

- 230,862,000
- 231,065,000
- 250,695,000

**Total number of Web visitors of all marketplaces present in Nigeria, 2017-2019**

- 2017
- 2018
- 2019

Tip:
Go to the tab Figures per marketplace to learn more about individual marketplaces in Nigeria.
Relative size of ecommerce market places in Africa
Africa e-commerce B2C markets - Example

Some results: Possibility to directly sell on marketplace websites in Africa

Only 11% of the marketplace websites are transactional
Africa e-commerce B2C markets - Example

Some results: 49% of the African marketplace websites are open to foreign sellers
Africa e-commerce B2C markets - Example

Some results: Comparing major Global and African marketplaces by permitted African origin of sellers

<table>
<thead>
<tr>
<th>Marketplace</th>
<th>African player</th>
<th>Global player</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afrikrea</td>
<td>57</td>
<td></td>
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<tr>
<td>Etsy</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>Jumia</td>
<td>54</td>
<td></td>
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<tr>
<td>BidorBuy</td>
<td>54</td>
<td></td>
</tr>
<tr>
<td>Afribaba</td>
<td>53</td>
<td></td>
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<tr>
<td>eBay</td>
<td>51</td>
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<tr>
<td>Amazon.com</td>
<td>21</td>
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<td>Opensooq</td>
<td>7</td>
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<tr>
<td>Craigslist</td>
<td>7</td>
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<tr>
<td>Jiji</td>
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<tr>
<td>Marketplace...</td>
<td>3</td>
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<td>Souq</td>
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<tr>
<td>Fruugo</td>
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</tbody>
</table>

- [African player]
- [Global player]
Conclusion: reasons for success and failure need exploring – and factors for success promoted

Success in marketplaces in Africa is hard
• Total B2C marketplace traffic declined by 3% in Africa 2017-2019 (3 years)

Africans are opting for newer technologies and business models
• Older technologies (classified sites) decline the most rapidly (by 20%).
• Marketplaces selling only second hand goods declined over 30%

Pan-African business is growing – but fragile and restricted to only a few
• Marketplaces open to sellers from other countries experienced an increase visitors by 7%
• Those not open to foreign sellers had a decrease of more than 13%
• But only half of all African marketplaces are open to other Africans, very few “transactional”

➢ Promote technologies and newer business models
➢ Reduce restrictions on cross border business
➢ Facilitate payment solutions
Examples of what African entrepreneurs are telling us
Kemi Tijani, Founder of Wow Braids (Nigeria)

In 2015 I started a beauty brand. By 2017 we were exporting over 80% of our products on e-commerce platforms such as Amazon, eBay, Etsy and our own B2C website and have earned over $1m in 3 years while bootstrapping the business.

Thanks to accessing international consumers through global marketplaces we have been able to continue selling during COVID-19 and create 300 new jobs for women in Nigeria.

We are now looking to expand that model to other industries and countries and provide access to international consumers through digital channels. Our goal is to create sustainable incomes for over 20,000 young people in the next 5 years.

Accessing international ecommerce markets is possible and can be lucrative
Eya Zannad, Founder at ZANNAD Womenswear (Tunisia)

ZANNAD is experiencing exponential growth each year thanks to the loyalty of its first customers and to the visibility gained on social media.

Our continuous growth could lead to youth job creation in Tunisia at two levels: in the factory and in the digital communication department for digital marketing activities.

However, we are struggling to find our target customer online. We need good quality training on e-commerce, especially on market research to find potential customers and digital marketing techniques to improve visibility and foster a relationship of trust with our customers.

Entrepreneurs need to be equipped with new digital skills to compete
Better access to finance and lower shipping costs could boost cross border native ecommerce platforms

Nafy Diagne, Founder of Awalebiz (Senegal)

We have designed a multivendor e-commerce site offering a wide selection of products that are made by African artisans and sold to local, regional and international buyers.

However, raising funds to grow our business is a major challenge: available “micro finance” is not suitable for our next phase of expansion.

We have a challenge to be known among customers inside and outside Africa and develop participation of additional African merchants.

We hope the African Continental Free Trade Area decreases shipping costs of products between African countries and contribute to the development of intra-regional trade.
Harmonisation of standards can be a source of opportunity to expand across borders

Vaolah Amumpaire, Founder of WENA Hardware (Uganda)

“We would be able to offer more attractive prices with better integration of global payment platforms across different countries.

Transferring money from online payment platforms like PayPal to a local bank is difficult (almost impossible!).

It would certainly make it easier for us to build an international business in Africa if all had the same rules on standard terms and conditions/policies. We struggle to understand and plan for taxation across borders.”
Introducing the ecomConnect Programme
**Vision 2030**

- Network of hubs and partnerships
- 100,000+ SMEs supported to make sales
- Impact on 100+ million people otherwise excluded

**Domains of action**

- **Boost digital capabilities**
  - E-commerce training & coaching for SMEs
  - Product and service digitization
  - Visibility campaigns
  - Market research

- **Upgrade the Ecosystem**
  - Partnerships with local and international marketplaces, logistics and payments providers
  - Collaboration with business incubators
  - Digitization facilities

- **Connect the Unconnected**
  - Community building
  - Peer-to-peer network & value creation
  - Partnerships with connectivity innovators

**Innovation**

- E-commerce Marketplace Africa
- E-commerce cost calculator
- E-commerce Readiness Quiz

**ecomConnect**

An e-commerce community engagement platform for everyone
Recommendations
12 success factors e-commerce in Africa

- Favourable e-policy and public incentives
- Urbanization
- Minimum internet penetration
- Sufficient size of the stable middle class
- Affordable prices and adapted offer
- Minimum level of retail and wholesale development
- Sufficient size of mobile money market
- Innovative e-commerce business models
- Developed logistics and delivery services
- Targeting millennials is a must
- Online trust
- Sufficient access to financial services

Source: ITC (2019)
Thank you!

Join #ecomConnect – The online engagement community for e-commerce entrepreneurs

https://ecomconnect.org/
ecomconnect@intracen.org
www.intracen.org/ecomconnect
How to Export with the AfCFTA
Afreximbank-funded project to promote intra-African trade for SME Exporters with the AfCFTA

3 pilot countries: Nigeria, Rwanda, Cote d'Ivoire

Objectives:
• Increase awareness of the opportunities brought by the AfCFTA
• Improve export skills of SME Exporters
• Promote the use of trade support services

Woman Participation so far:
• 43% (676)
How to Export with the AfCFTA curriculum

7 core modules
Applicable across Africa and the AfCFTA

Modules

- The Opportunity of Intra-African Trade
- Getting Your Business Ready for Export
- Researching African Markets
- Developing an African Market
- African Market Access Conditions
- Financing Intra-African Trade
- Intra-African Logistics
How to Export with the AfCFTA Curriculum

7 core modules
Applicable across Africa and the AfCFTA

National Workshops
Workshops designed to address national priorities in relation to the AfCFTA
National Workshops

DAY 1
Intra African trade opportunities

DAY 2
Selecting highest potential markets

DAY 3
Meeting requirements ROO

DAY 4
Financing African Trade

DAY 5
Delivering product to markets
National Workshops

Online
- Continental
- Concepts
- Case studies

Workshop
- Local/sectors
- Exercises
- Service providers/Policy
How will it be delivered?

- **National Workshops**
  - 5 days (face to face)
  - Selected SMEs

- **AFRACAD**
  - (online learning)
  - Unlimited enrollees

Partner Institution
Roles and responsibilities

- develop contents
- design workshops
- train trainers
- set up AFRACAD
- Promotional materials
- Curriculum
- Partner’s trainers
- AFRACAD
- Promotion to SMEs
- localize contents
- enroll learners
- assign trainers, organize workshops
- Partner Institutions
- Promote
<table>
<thead>
<tr>
<th>Module 1: The Opportunity of Intra African Trade</th>
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<tbody>
<tr>
<td><strong>Low intra African trade</strong></td>
</tr>
<tr>
<td>- Why?</td>
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<tr>
<td>- AfCFTA initiatives</td>
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<tr>
<td><strong>Non tariff barriers</strong></td>
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<tr>
<td>- Why?</td>
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<td><strong>Infrastructure</strong></td>
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<td><strong>Information</strong></td>
</tr>
<tr>
<td>- Why?</td>
</tr>
<tr>
<td>- AfCFTA initiatives</td>
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</tbody>
</table>
Module 2: Getting Your Business Ready for Export

| Export mindset                  | • Importance of management commitment  
|                                | • Challenges                           |
| Meeting the need               | • Product readiness/comparative advantage  
|                                | • Product adaptation                    |
| Access to finance              | • Where are resources needed            
|                                | • Where to get finance                  |
| Skills and knowledge           | • Consequences of mistakes              
|                                | • What skills are needed                 |
Module 3: Researching African Markets

Short listing
- Secondary market research/scanning/compare
- Identify a shortlist using indicators

Market selection
- Market access conditions
- Ease of exporting/highest export potential

Market analysis
- Primary research
- Market report
Module 4: Developing an African Market

Market Entry Strategies
- Unique nature of African markets
- Identify channels of distribution
- Selecting a channel

Contracting a Distributor
- Types of distributors
- Distributor contracting
- Model contract
Module 5: African Market Access Conditions

- Standards
  - Mandatory Standards
  - Procedures and documentation

- Rules of Origin
  - Requirements
  - Procedures and documentation

- Customs
  - Customs requirements
  - Procedures and documentation
Module 6: Financing African Trade

- Trade Finance options
- Procedures and documentation

- Payment methods
- Managing payment risk
- Procedures and documentation

- Service providers (Afreximbank)
- Meeting requirements
Module 7: Intra-African Logistics

Transport Options
- Transport routes
- Types of transport
- Packing and labelling

Planning
- Hiring a Freight Forwarder
- Procedures and documents
- Cargo insurance

Costing
- Use of Incoterms
- Costing for different modes
AFRACAD

How To Export With the AfCFTA?

Courses in English

Preparing for Intra-African Trade

Developing your African Markets

Export Operations
Demonstration of AFRACAD

How to Export with the AfCFTA
Online Course
- All 55 countries
- Local counterpart

National Workshops
- 12 Selected countries
- National Partner
- Four languages

AFRACAD
- Expansion of curriculum
- Community

Expansion of Programme
Thank you

How to Export with the AfCFTA
OPERATIONALISING THE AFCFTA FOR GROWTH AND INTEGRATION: NEW OPPORTUNITIES FOR MSMES IN NORTH AFRICA

How and what to export successfully across Africa?

Mondher Mimouni
ITC, March 2021
Roadmap of the presentation

- Global State of Trade & recent trends
- The African context: what role the AfCFTA can play?
- Focus on Northern Africa
- What about the VC?
Global State of Trade & recent trends

In September 2020, Africa’s exports were 12% down from the previous year while in Asia, some countries showed clear signs of recovery.

Notes: year-on-year growth rates for September 2020, based on reports from 39 countries that have reported their trade data in September 2020, accounting for 63% of world trade.

September 2020 exports by development level (as compared to the previous year):

- LDCs: +4%
- Developing: +2%
- Developed: +3%
The trade recovery in September 2020 is driven by vegetal and cereal sectors, but exports of the crisis-hit apparel sector have increased as well.

**Notes:** year-on-year growth rates for September 2020, based on reports from 39 countries that have reported their trade data in September 2020, accounting for 63% of world trade.

**Top performing sectors**
- Vegetal products n.e.s. +21%
- Cereals & cereal products +15%
- Sectors, n.e.s. +13%

**Sectors in decline**
- Mineral primary products -15%
- Skins, leather, footwear -5%
- Sea animal products -4%

### Sectors

- Mineral primary products
- Skins, leather, products thereof and footwear
- Sea animal products
- Textile (fabric)
- Minerals, metals & products thereof
- Vehicles
- Chemicals
- Animals & animal products
- Manufactured products n.e.s.
- Beverages
- Machinery & electronic equipment
- Hazardous products
- Wood, paper, rubber, plastics
- Processed food & animal feed
- Horticulture
- Apparel & textile products
- Sectors, n.e.s.
- Cereals & cereal products
- Vegetal products n.e.s.
Intra-regional trade has been hit stronger than total trade during the pandemic.

Notes: year-on-year growth rates for March-August 2020, based on reports from 55 countries that have reported their trade data in August 2020, accounting for 66% of world trade.
Africa’s intra-regional trade

- Intra-African imports account for ca. 12% of total African imports, Asia and Europe import more than 60% from the region.

- Africa’s world market share however is very small as well, implying that intra-regional trade still represents an important source of export revenues.

→ Africa needs a general boost in export performance and AfCFTA can support this.
Trade agreements in Africa

CAEMC Central African Economic and Monetary Community
IOC Indian Ocean Commission
SACU Southern African Customs Union
WAEMU West African Economic and Monetary Union
EAC East African Community
COMESA Common Market for Eastern and Southern Africa
SADC Southern African Development Community
ECOWAS Economic Community of West African States
MERCOSUR Southern Common Market

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M indicates that the country is a party to COMESA but not yet applying preferential tariff
I -- / --
S -- / --
E -- / --
L -- / --

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Partial scope agreements
Free Trade agreements
EPA with EU
Agreements with countries outside Africa

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ECOWAS
COMESA
WAEMU
SACU
IOC
CAEMC
SADC
Algeria
Egypt
Morocco
Tunisia
Libya
Mali
South Africa
Cabo Verde
Eq. Guinea
Eritrea
Guinea
Guinea-Bissau
La Réunion
French overseas department

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Is not part of any RTA within Africa (or information is not available)

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USA
Turkmenistan
Equatorial Guinea
Ghana
Chad
Gabon
Cameroon
Sao Tome

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EAU
UAE
Iraq
La Réunion

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Chinese Taipei

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Pakistan

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Group of eight partial scope agreements

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Economic Community of West African States (ECOWAS)
Common Market for Eastern and Southern Africa (COMESA)
South African Customs Union (SACU)
Indian Ocean Commission (IOC)
Central African Economic and Monetary Community (CAEMC)
Southern African Development Community (SADC)
Southern Common Market (MERCOSUR)
East African Community (EAC)
West African Economic and Monetary Union (WAEMU)
EAU (United Arab Emirates)
UAE (United Arab Emirates)
Iraq
Djibouti
Eritrea
Senegal
Togo
Ghana
Côte d’Ivoire
Burkina Faso
Guinea
Benin
Niger
Equatorial Guinea
Ghana
Chad
Gabon
Cameroon
Sao Tome

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Sudan
is not part of any RTA within Africa (or information is not available)

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League of Arab States

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State of Palestine

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Madagascar
Mauritius
Seychelles
Comoros
D.R. Congo
Zambia
Zimbabwe
Namibia
Lesotho
Botswana
Swaziland
Mozambique
South Africa

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Tanzania
Gambia
Angola
Malawi
Namibia
Lesotho
Botswana
Swaziland
Mozambique
South Africa

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Central African Economic and Monetary Community (CAEMC)
Indian Ocean Commission (IOC)
Southern African Development Community (SADC)
Economic Community of West African States (ECOWAS)
League of Arab States

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Jordan

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Sudan
Sierra Leone

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Guyana

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Equatorial Guinea

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South Sudan

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Mauritania

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North Korea

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South Korea

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China

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Pakistan

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Malaysia

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Indonesia

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Group of eight partial scope agreements

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Partial scope agreements
Free Trade agreements
EPA with EU
Agreements with countries outside Africa

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Turkey

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League of Arab States

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Sudan

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La Réunion

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French overseas department
Structural assessment of Africa’s trade (1/2)

- The **share of processed goods is substantially higher in intra-African trade** than in exports to other countries (41% vs. 17%).
- Africa’s exports to the rest of the world are dominated by mineral fuels and raw products.

**Share of technologically advanced* trade in African exports, by market**

- **Intra-regional trade offers more opportunities to climb the technological ladder**: 31% of intra-African exports are technologically advanced as compared to 15% of exports to the RoW.

*“Technologically advanced” – transformed products successfully exported by countries with a GDP per capita at least as high as the exporter’s GDP per capita.*
Structural assessment of Africa’s trade (2/2)

- The inverse Herfindahl-Hirschman index indicates that Africa exports only 11 equivalent products, much less than America, Asia and Europe (76, 64 and 99 equivalent products, respectively). When looking beyond natural resource trade, the value increases to 17 equivalent products.
- While Africa’s exports to other countries are highly concentrated (9), intra-African trade is much more diversified (49).

*Level of export diversification as high as it would be if the continent was exporting each product at equal shares.

Export diversification (inverse Herfindahl-Hirschman index)

*Excluding products from Chapters 24-27, 93, as well as waste and products not suitable for export promotion (such as antiques).
Africa’s export potential (1/3)

- African exporters hold an **unrealized potential of $18 bn in African markets**
  - ~1/3 of the export growth potential ($6.2 bn) is due to market frictions
  - ~2/3 ($11.6 bn) are due to expected growth dynamics

**Intra-African export growth potential**

- **$17.8 bn**
  - Intra-African unrealized potential
- **$6.2 bn**
  - Static unrealized potential
- **$11.6 bn**
  - Dynamic unrealized potential
Africa’s export potential (2/3)

Current exports are largest in the machinery sector ($2.9 bn), followed by vehicles ($2.3 bn) and plastics ($2.2 bn).

The vehicles sector has the largest unrealized export potential ($1.3 bn), followed by sugar ($993 mn) and fish ($936 mn).

*Excluding products from Chapters 24-27, 93, as well as waste and products not suitable for export promotion (such as antiques).
Africa’s export potential (3/3)

- In absolute terms, South Africa and Egypt have the most export growth potential.
- In relative terms, Cabo Verde, Sao Tome and Principe, and Somalia could gain the most from removing market frictions and targeted investments with shares of unrealized in total export potential > 50%.
AfCFTA gains

- Assuming a scenario where developing countries reduce their tariffs by 100% and LDCs by 50% over 5 years, additional opportunities worth $9.2 bn would become available (+18%)
- With **full tariff liberalization**, this gain would increase to $19.8 bn (+39%)
Focus on Northern Africa (1/2)

- **Northern Africa accounts for one quarter** ($4.4 bn) **of the total intra-African untapped export potential**, and **one third** ($6.7 bn) **of the AfCFTA-related gains** in additional exports.

- More than half of Egypt’s export potential remains unrealized, potentially giving rise to $2.5 bn in additional exports subject to the removal of market frictions and investments.

- Egypt also **could become the biggest winner from the AfCFTA** with tariff cuts making additional exports worth $1.1 bn possible.
Focus on Northern Africa (2/2)

• The **electrical machinery** sector could **gain** the most from removing market frictions and making targeted investments ($514 mn).

• The **vehicles** sector is expected to **gain** the most from a full liberalization of tariffs under the AfCFTA ($663 mn).

• Other sectors with good prospects to increase intra-African trade comprise plastics and fish.

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**Northern Africa’s intra-African trade opportunities, by sector**

- Other sectors
  - Vehicles other than railway or...
  - Electrical machinery and...
  - Plastics and articles thereof
  - Fish and crustaceans, molluscs...
  - Soap, organic surface-active...
  - Salt; sulphur; earths and stone;...
  - Sugars and sugar confectionery
  - Miscellaneous manufactured...
  - Articles of apparel and clothing...
  - Preparations of cereals, flour,...
  - Articles of apparel and clothing...
  - Essential oils and resinoids;...
  - Articles of iron or steel
  - Paper and paperboard; articles...
  - Preparations of meat, of fish or...
  - Fertilisers
  - Preparations of vegetables, fruit,...
  - Edible vegetables and certain...
  - Miscellaneous edible preparations
  - Ceramic products

-$ million

AfCFTA gains  Unrealized potential
Example of value chain opportunities in Africa

Egypt, Tunisia, Uganda

- Aluminium containers
- Mixture of spices
- Carton packaging

Export tomatoes with a comparative advantage

Market size in COMESA: $299 mn
Market size in Rest of Africa: $655 mn

See ITC report: “Products and Markets with Export Growth Potential in COMESA”
Example of value chain opportunities in Africa – Medical supplies (1/2)

While Africa accounts for a small share of world exports of PPE, the continent holds a significant share of world exports of certain inputs into these products.

Share of African in world exports in selected health-related products and their main input

- **Masks**: Main input: Synthetic nonwoven fabrics
- **Gloves**: Main input: Synthetic nonwoven fabrics
- **Disinfectants**: Main input: Synthetic nonwoven fabrics

Output and Input values range from 0.0% to 4.0%.
WHO estimates that Africa would need 500,000 litres of disinfectants each month to fight the pandemic. Through regional and global cooperation, Africa could produce sufficient amounts of disinfectants to meet its own requirements. See ITC Technical Paper: “Medical Industries in Africa: A Regional Response to Supply Shortages” for more details.