

A common theme underlying the recommendations that are usually addressed to African countries to stimulate the structural transformation of their economies and increase resilience is the need for export diversification. A [study](#) published by UNCTAD in 2022 argued that Africa is the second least diversified geographical region in the world (after Oceania), hosting economies such as Guinea-Bissau that exports only 178 product lines in total. A

[new paper](#)

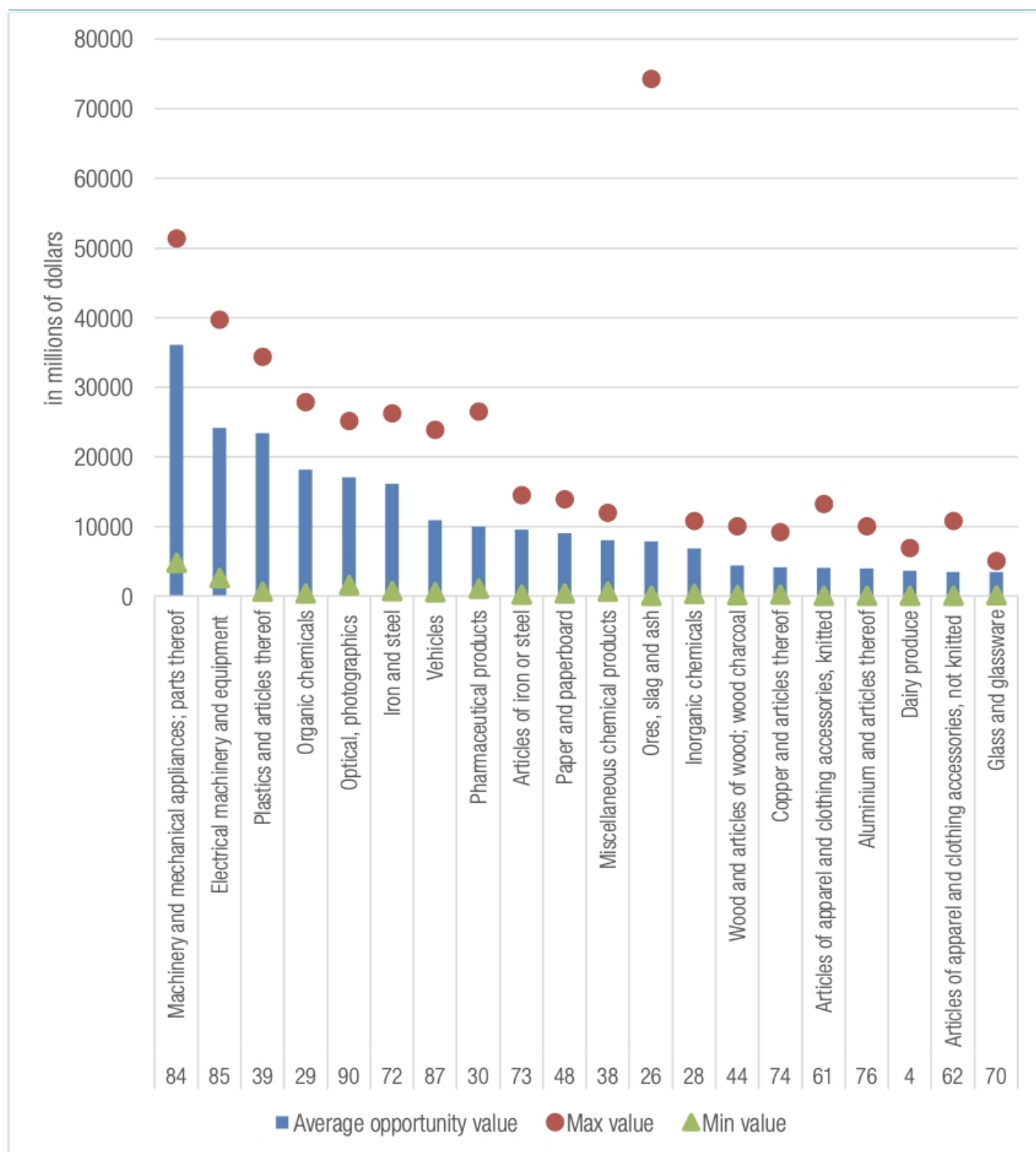
, always from UNCTAD, identifies the sectors offering the greatest opportunities for export diversification and that can therefore drive productivity and production growth in the continent. The study argues that the establishment of the African Continental Free Trade Area (AfCFTA) gives new momentum to promote export diversification at the continental level by providing a larger market and reducing trade costs, revealing that the product diversification potential greatly varies from country to country, but with some commonalities.

South Africa, for instance, has niche product diversification opportunities mainly in high value-added sectors, such as machinery and mechanical appliances, while others like Guinea-Bissau have diversification potential mainly in low value-added agrarian sectors (e.g. crustaceans, maize, seeds). However, the study also notes that beyond these specificities, there are also sectors with vast export diversification opportunities and potential for building regional value chains that are common to almost all African States. These are all sectors for which the market demand is high, as illustrated in the figure below. At the top of the list there are machinery and mechanical appliances, followed by plastics and articles thereof and articles of iron and steel.

Figure 1: Product diversification export opportunities to the world, by top 20 sectors, country average, maximum and minimum values in millions of dollars

Which opportunities for product diversification in Africa?

Thursday, 31 August 2023 11:15



Source: UNCTAD, 2022.

Market for High Value Goods in Africa: Opportunities for Diversification