There are no translations available.

Recently, there is no study on Africa’s economy that does not mention the share of intraregional trade in the continent, noting that such a share is significantly lower than in other regions of the world. The latest edition of Africa’s Pulse , the bi-annual publication of the Office of the Chief Economist in the World Bank Africa Region is not an exception. The report clarifies that the average share of trade within Sub-Saharan Africa was only 16 percent in the period between 2013 and 2017, noting that such a share is substantially lower compared to that in North America (56 percent in 2013–17), Asia (60 percent), and Europe (68 percent). However, these statistics in Africa must be taken with a pinch of salt, given the highly informal and predominantly cash-based nature of its economy, where formal and informal transactions are largely mediated by intermediaries.

What is interesting to know is that Intra-Africa trade is more diversified and has greater technological content than Africa’s exports to the rest of the world that, instead, are dominated by primary commodities. Natural resources accounted for about 75 percent of total African exports to the rest of the world, as opposed to 16 percent of manufactured goods over the considered period. Intraregional exports include higher value-added products, with manufactured goods accounting for about 40 percent of intraregional trade on average during 2007–17. The share of minerals is also surprising high (equal to 44 percent), while agricultural products represent only 16 percent of intra-African trade.

Such figures should make analysts and African policymaker to think. How is it possible that a largely agrarian economy like Africa (especially sub-Saharan Africa), has such low levels of intra-regional trade in agricultural goods? In our view, this is an indicator of the existence of significant barriers to the cross-border trade of this kind of products (both in terms of higher trade taxes, and of Non-Tariff Barriers, compared to manufactured products), and that agricultural regional value chains are particularly weak. The last edition of the UNCTAD publication ‘ Key statistics and trends in Trade Policy ’, published in March 2023, shows in this regard that agricultural goods in Africa experience tariff peaks of more than 15 percent when compared with the less than 10 percent globally.

This should suggest that there is an urgent need for African government to review their trade protection policies, which despite justified with the need to help domestic industries, risk to direct elsewhere the much-desired investments that are necessary to promote Africa's industrialisation. After all, also the World Bank report itself argues (mentioning as a source the Economist Intelligence Unit ‘ Risk Tracker’ 2022 ), that in sub-Saharan Africa that excessive trade protection, together with weak competition, unfair competition practices, and vested interests, are among the key factors that keep investors away from the continent.