

There are no translations available.

A new [publication from the World Bank](#) describes the trade dynamics in the various Sub-Saharan Africa's subregions since 2010. The study shows that except from 2015 to 2019, Sub-Saharan Africa's trade has, by and large, grown faster than other parts of the world. Specifically, the growth in exports has been particularly high for capital goods than for consumer or intermediate goods. Capital goods are durable goods that are used in producing other goods and services and include machinery, tools and other equipment used to produce goods for consumption. In terms of regional areas, East Africa's takes the lead, with exports and imports of both goods and services that have grown systematically faster than other regions in Africa. By contrast, Southern Africa's exports of goods have been growing in line with the world average.

The World Bank study also highlights that despite Sub-Saharan Africa exports are mainly directed to Europe and North America, over the past decade the continent has embarked on a path of diversification of destination markets. In particular, goods exports to East Asian economies has steadily increased, with a sharp rise in intra-industry trade of intermediate goods.

The publication also analyses two of the main preferential trade arrangements of which most of African countries are beneficiaries: the African Growth and Opportunity Act (AGOA) of the United States (supposed to expire in 2025) and the Everything but Arms (EBA) initiative of the European Union. Launched in 2000, the African Growth and Opportunity Act (AGOA), is a non-reciprocal (unilateral) sub-arrangement within the US Generalized System of Preferences that is aimed at [eligible Sub-Saharan African countries](#). A year later its adoption, the European Union (EU) launched the Everything but Arms (EBA), another sub-arrangement under the EU Generalized System of Preferences addressed to all those economies (not only African) with a Least Developed Country (LDC) status. Considering the size of these two regional blocks, there were strong expectations for both the AGOA and EBA to have a considerable impact on trade and growth in Africa, as it was believed that they would have helped to expand and diversify African exports to the United States and the EU. This is not what happened. Indeed, the utilization rates of both preferential schemes show a systematical low use of such arrangements.

However, both the EU and the US are transitioning from non-reciprocal to reciprocal trade agreements in their trade dealings with low and medium income countries, including those in Africa. The EU is negotiating Economic Partnership Agreements (EPAs) with African countries, grouped into five regional entities to streamline negotiations with them (1. ECOWAS–EU EPA; 2. CEMAC–EU EPA; 3. ESA–EU EPA; 4. EAC–EU EPA; 5. SADC–EU

EPA). Similarly, US are considering a similar path by developing free trade agreements with selected African countries. In February 2020, the United States and the Republic of Kenya announced the launch of negotiations to conclude a comprehensive and reciprocal [free trade agreement](#)

with a view to having this agreement serve as a model for U.S. FTAs with other African countries.

The World Bank publication suggests that African countries should try to maximize gains from the above preferential schemes, but also warns that bold domestic structural reforms are needed to scale up their supply capacity. Moreover, considering the rise of Asia as a solid third global market after the EU and US, export opportunities should be explored especially in China, India, and in the ASEAN (Association of Southeast Asian Nations) countries.

Given the generally small size of Sub-Saharan African economies, deeper regional integration is a prerequisite. To that end, the situation seems promising, considering that since 2009, Africa has witnessed a continuous rise in intraregional trade - even though from 2014 to 2016 this trade has decreased, as shown in the figure below - and the African Continental Free Trade Area (AfCFTA) could accelerate this process.

**Figure O.2 Trends in Sub-Saharan Africa's Exports of Goods to Regional Markets, 2005–17**

