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Evolution of the international trading system and its trends from the perspective of Africa

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11 September 2017
Geneva

UNCTAD Trade Development Board



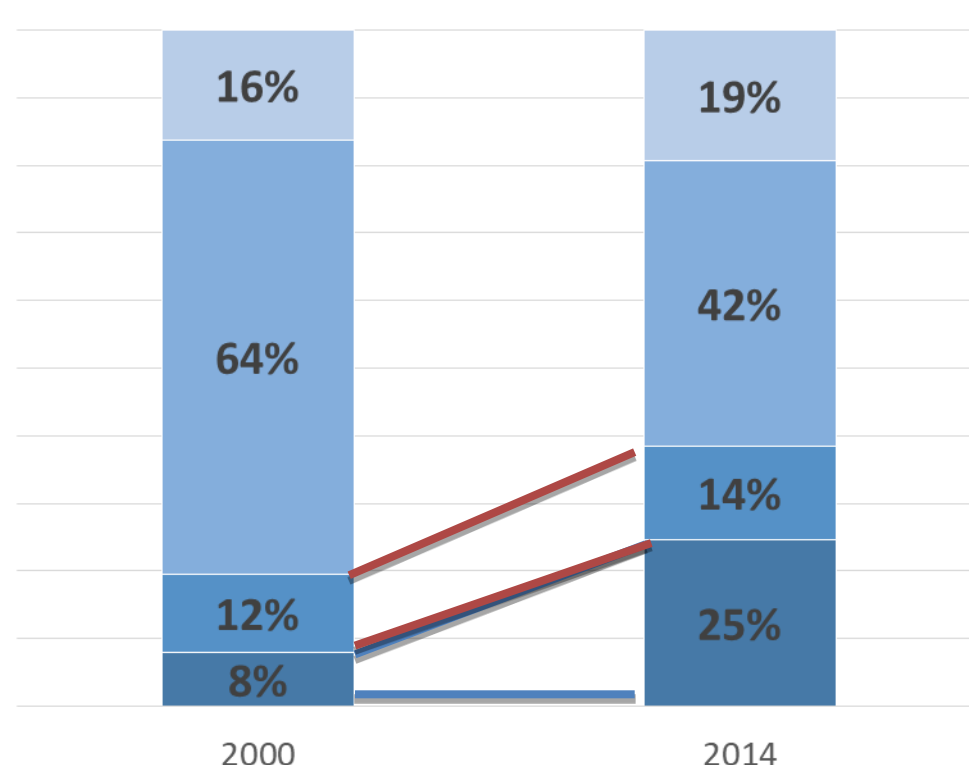
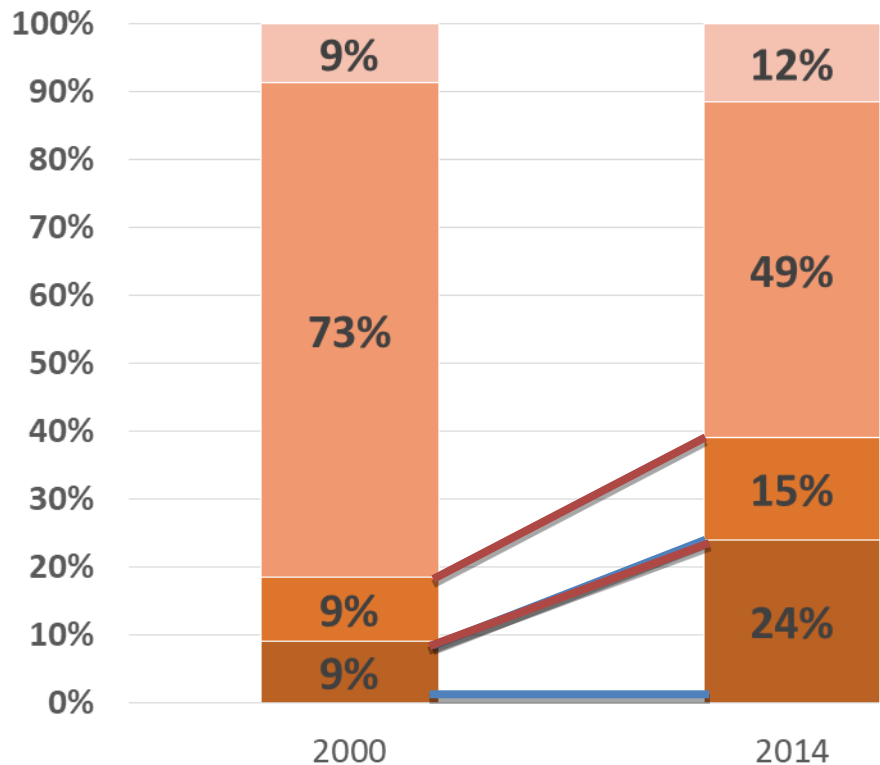
What are the key developments in Africa's trade?

TRENDS IN AFRICA'S TRADE AND THE CFTA



The biggest story in Africa's trade has been the growth of the emerging market economies (EMEs) (especially China)

Destination of Africa's Exports Source of Africa's Imports

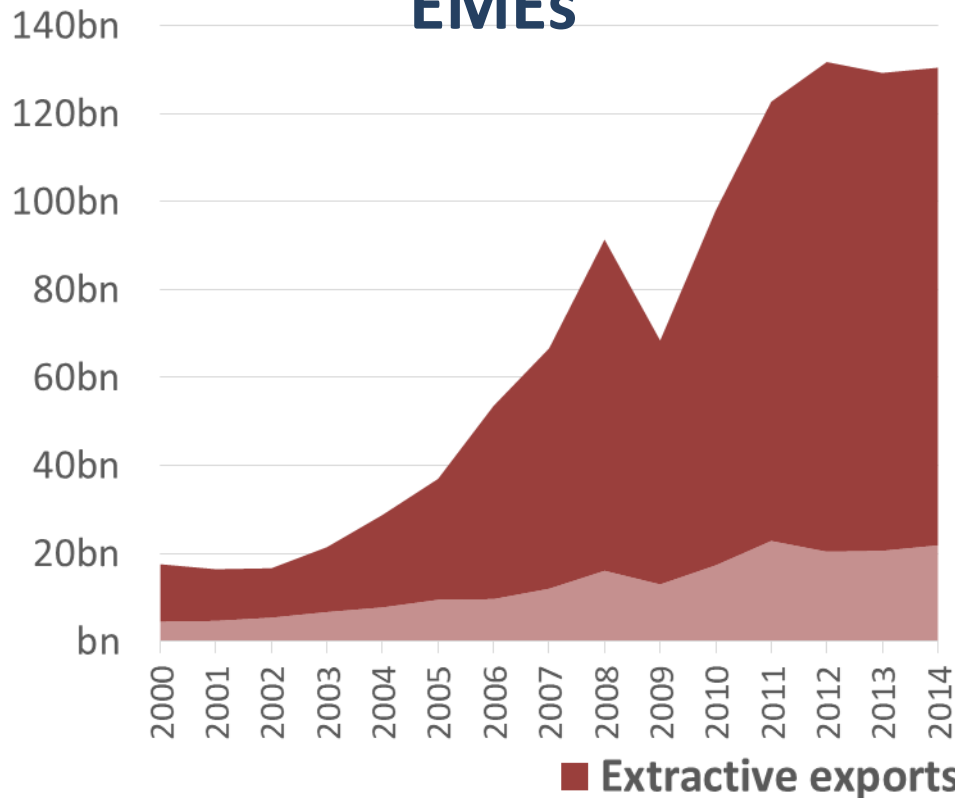


■ Other developing markets
 ■ Developed markets
 ■ Intra-Africa
 ■ EME markets

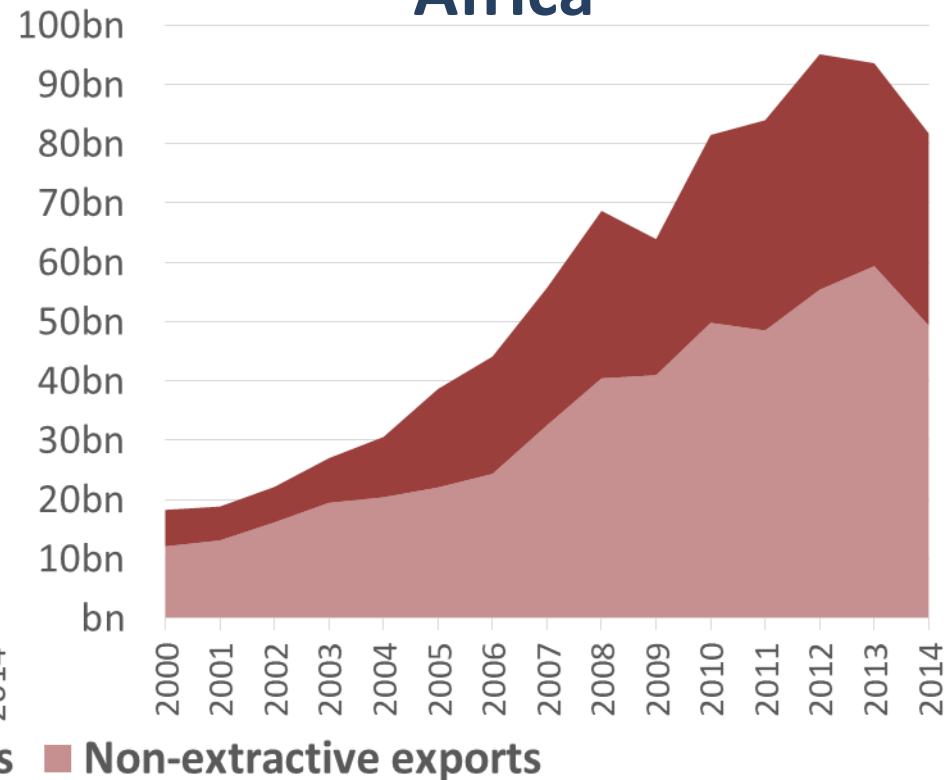
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But most of this growth has been in extractive exports... in contrast, *intra-African* exports are mostly non-extractive

Africa's extractive exports to EMEs



Africa's extractive exports to Africa



Moreover, intra-African exports have contributed most to the growth in Africa's *value-added and industrialized exports*

Share of Africa's export growth in non-extractive export categories, by destination market

Export category		EMEs	Intra-Africa	Developed markets	Other developing markets
Food and beverages	Primary	14	18	31	36
	Processed	3	51	30	15
Industrial supplies	Primary	43	15	6	36
	Processed	15	44	27	13
	Capital goods	3	57	28	12
	Transport equipment	5	45	45	6
	Consumer goods	5	46	30	19

This underpins the rationale for the Continental Free Trade Area (CFTA)

- Importance of intra-African trade in contributing to Africa's industrialization underpins logic behind the CFTA: Over long-run helps contribute to economic restructuring towards more productive industrialized export sectors
- Mevel & Karingi (2013) estimate 52.3% boost to intra-African trade and Africa's industrial exports to enjoy highest gains
- Important to complement with policies beyond tariff reduction: NTBs, investments in productive capacities, trade facilitation, trade information, trade finance, etc
- CFTA Update: negotiations progressing fast - goods (90% level of ambition) and services modalities agreed, substantive text being refined, good level of political commitment across Africa



What are the key developments in Africa's external trading arrangements?

AFRICA'S EXTERNAL TRADING ARRANGEMENTS



AGOA Renewal and Beyond 2025

- Valuable for Africa's textile and auto exports to US
- Beyond AGOA 2025, US will likely pursue FTAs with individual 'can do' African countries
- Risk to the African integration agenda as could pick apart regional groupings (See US in Latin America). Priority for African trade is an arrangement that contributes to its regional agenda.

Brexit and the EPAs

- UK is an important market for some African countries, and for certain products: accounts for 67% of Africa's exports of beef to EU, 31% of tea and spices, 31% wine, 22% fruit, 10% sugar and 10% banana
- Brexit means the EU has slightly less weight to push the EPAs (Tanzania withdrawal from EAC-EPA cites Brexit)
- Priorities are: smooth continued access to UK market throughout Brexit, opportunities for improving some aspects of trade with UK

WTO Ministerial Conference, Dec

- Precautionary approach to big push for e-commerce rules
- E-commerce increasingly important, but implications in Africa need to be better evaluated before rushing into binding rules that will affect trade for decades
- Distraction from DDA topics that can most benefit Africa: Agriculture subsidies, cotton, IUU Fishing, S&D Treatment

Mega-Regional Trade Agreements

- TPP, TTIP, RCEP etc
- Risks of preference erosion and that rules are developed and multilateralized in fora in which Africa does not have a voice
- Withdrawal of USA from TPP reduces some concerns (eg preference erosion w.r.t. highly competitive East Asian textile manufacturers)



 **AFRICA**
FIRST

THANK YOU!