

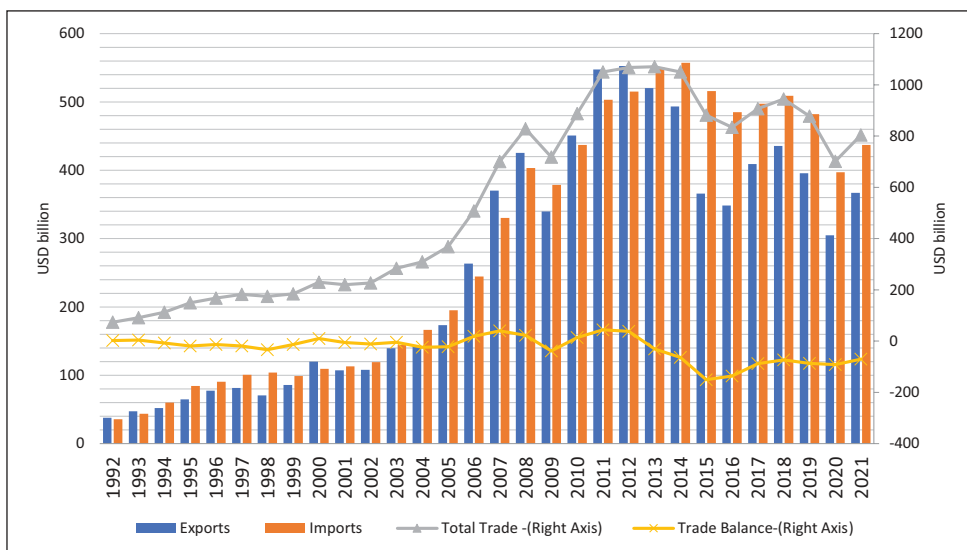
An Analysis of the Intra-Regional Trade in Africa

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On 21 March 2018 in Kigali, 44 member States of the African Union signed the Agreement Establishing the African Continental Free Trade Area. This was a major historical landmark for Africa. It can arguably be a game changer for the continent's economy (UNCTAD, 2019). It brings together 1.27 billion people constituting 16.73 per cent of the world population and combined GDP of USD 2488.69 billion¹. Nigeria is the largest economy in the region, accounting for 18.86 per cent of the region's economy, followed by South Africa (17.25 per cent), and Egypt (11.49 per cent).

Africa's total trade has risen more than tenfold, from USD 73.5 billion in 1992 to USD 803.9 billion in 2021, growing a compound annual growth rate of 8.59 per cent over the period. In the case of exports, Africa's total exports have risen from USD 37.9 billion in 1992 to 366.9 billion in 2021. As regards imports, Africa's total imports rose to USD 437 billion in 2021 from USD 35.6 billion in 1992 (see figure 1).

Figure 1: Trends in Africa's Merchandise Trade between 1992-2021



Source: Estimated from UN Comtrade database

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Intra-Regional Trade (IRT) in Africa has increased from USD 4.07 billion in 1992 to USD 107.88 billion in 2021. Intra-Africa trade as a share of total Africa's trade has grown from 5.5 per cent in 1992 to 16.2 per cent in 2021 (Fig. 2). The United Nations Economic Commission for Africa estimates that the African Continental Free Trade Area (AfCFTA) has the potential to boost intra-African trade by 52.3 per cent by eliminating import duties, and to double this trade if non-tariff barriers are also reduced.

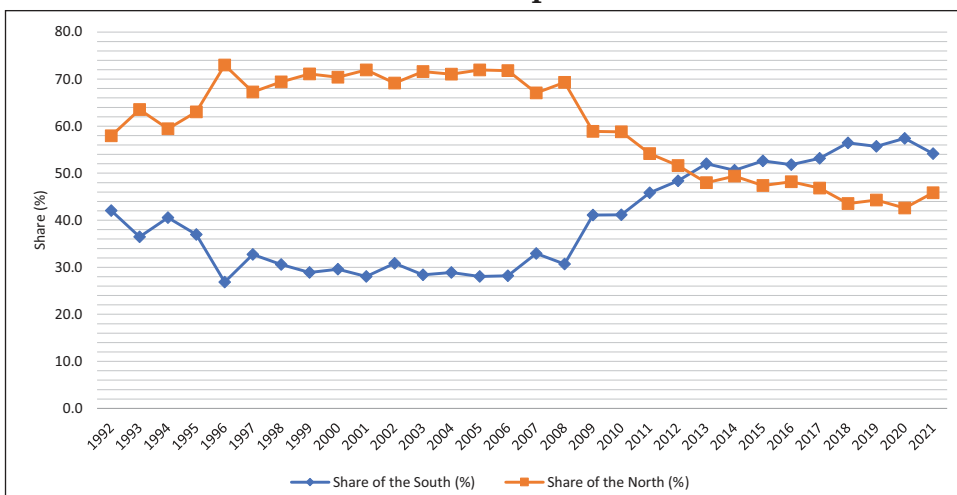
Figure 2: Intra -Africa Trade as Share of Total Africa's Trade (%)



Source: Estimated from UN Comtrade database

Africa's total exports as a percentage of total exports with the South (all countries who are not members of the OECD) climbed from 42 per cent in 1992 to 54.2 per cent in 2021, while exports with the North declined from 57.9 per cent in 1992 to 45.8 per cent in 2021 (see figure 3).

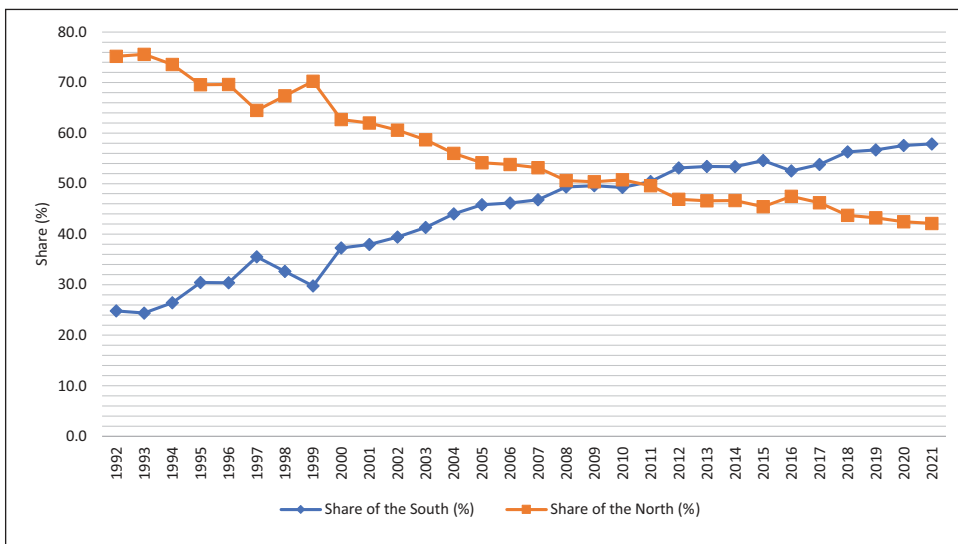
Figure 3: Africa's Exports to South and North as a per centage of its Total Exports



Source: Estimated from UN Comtrade database

It is also important to note that the share of Africa's imports from the South increased from 24.8 per cent in 1992 to 57.9 per cent in 2021 while the share of the North has declined from 75.2 per cent in 1992 to 42.1 per cent in 2021 (see figure 4).

Figure 4 Africa's Imports to South and North as a per centage of its Total Imports



Source: Estimated from UN Comtrade database

Reference

UNCTAD (2019). Made in Africa – Rules of Origin for Enhanced Intra-African Trade. Available at https://unctad.org/en/PublicationsLibrary/aldcafrica2019_en.pdf.