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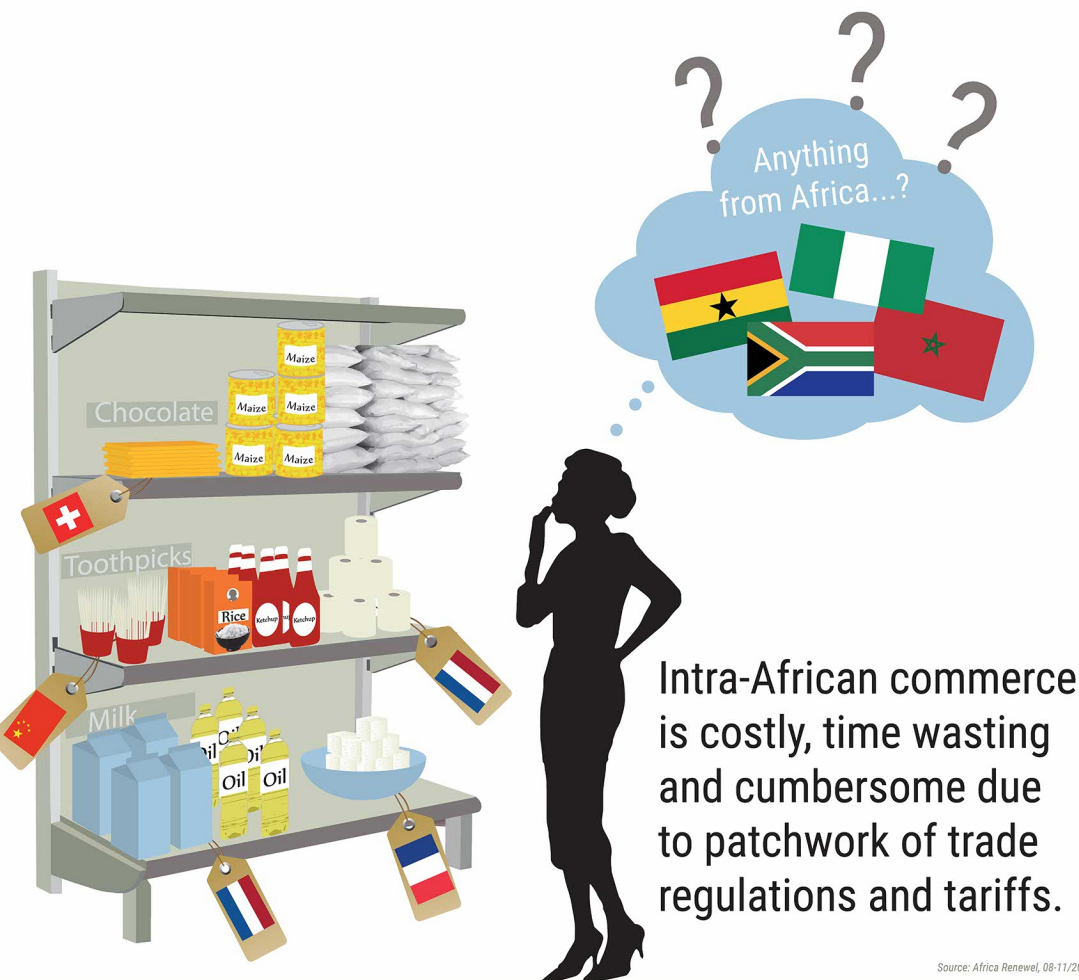
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Goods in African supermarkets

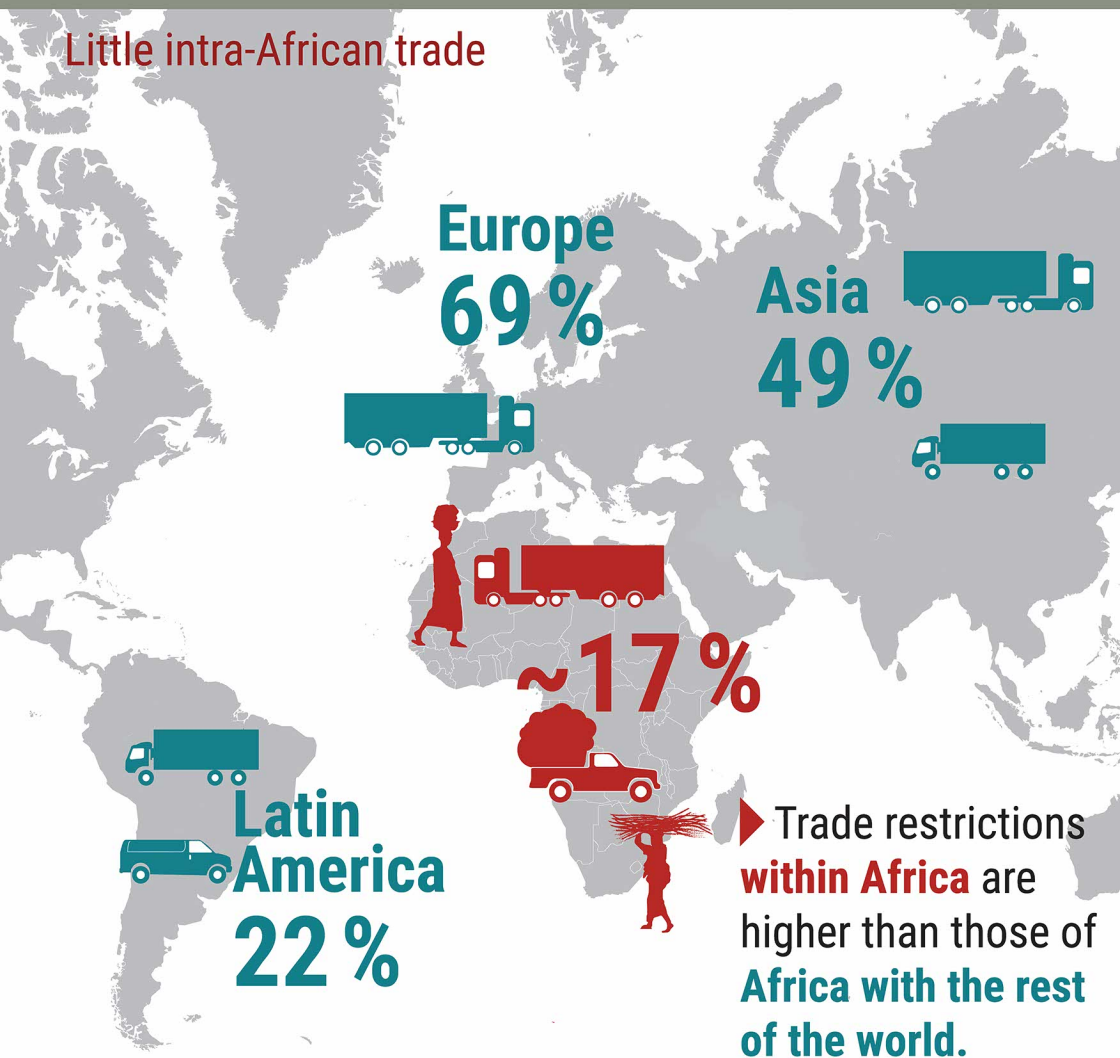


Intra-African commerce is costly, time wasting and cumbersome due to patchwork of trade regulations and tariffs.

Source: Africa Renewal, 08-11/2018

Intra-regional exports – a comparison

Little intra-African trade



Source: WTO 2017

Constraining challenges

Low level of Intra-African trade for example due to ...



Poor
infrastructure



Cumbersome
custom
procedures



Multiple
clearing
stages



Inadequate
IT infrastructure



Limited
information
exchange

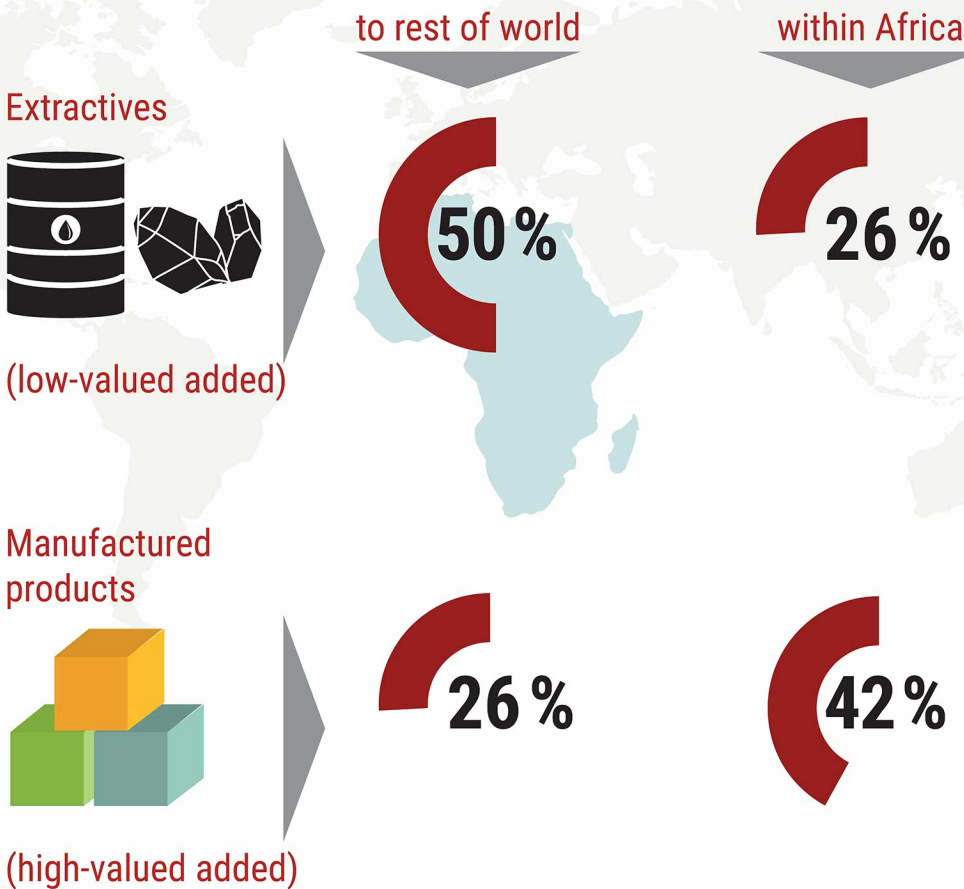


Corruption

Source: Boosting Intra-African Trade, au.int/en/au/bia/ab/about

Intra-African trade: more value-added

As % of African exports, 2017



Source: WTO 2017

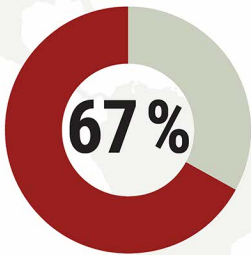
Trade in services



Restrictions on trade in services within Africa are 4x higher than in OECD countries



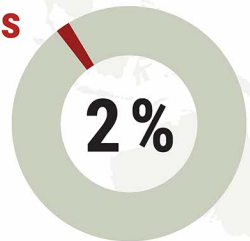
Source: World Bank Services Trade Restrictions Index (STRI)



of African countries require a visa before departure for most arrivals

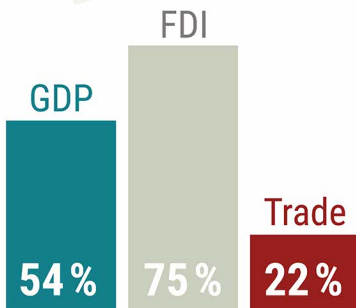
Source: based on Assessing Regional Integration in Africa VIII Report, UNECA, p. 24, own calculations

World service exports from Africa



Source: TRALAC Guidebook

Services as share of... ..



Services are a key part of African economies, but trade in services has a huge potential to grow.

Source: UNCTAD (GDP, Trade), AfDB (FDI)



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Connecting Africa

Potential for the 15 landlocked countries – maritime transport makes up 80% of total international trade volume.

Access for landlocked countries to maritime transport should be developed.

Source: AfDB African Development Report 2010



Transport costs are
63% higher in African
countries compared with
the average in developed
countries.



Source: UNECA policy brief



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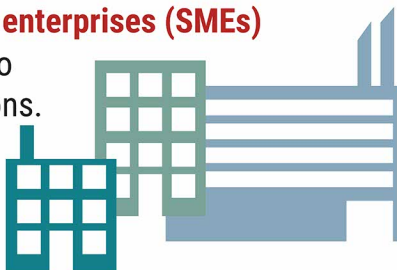


Economies of scale

Small and medium-sized enterprises (SMEs)

Well positioned to tap into regional export destinations.

Representing more than 90 % of African businesses



Can use regional markets as **stepping stones** for expanding into overseas markets.

Source: ITC (International Trade Center)

Tariff-free access to a huge and unified market will encourage manufacturers and service providers to **leverage economies of scale.**



Source: International Monetary Fund, 'A competitive Africa', 2018

Consumers will pay less for products and services ...



... as business expand operations ...



... and hire additional employees.



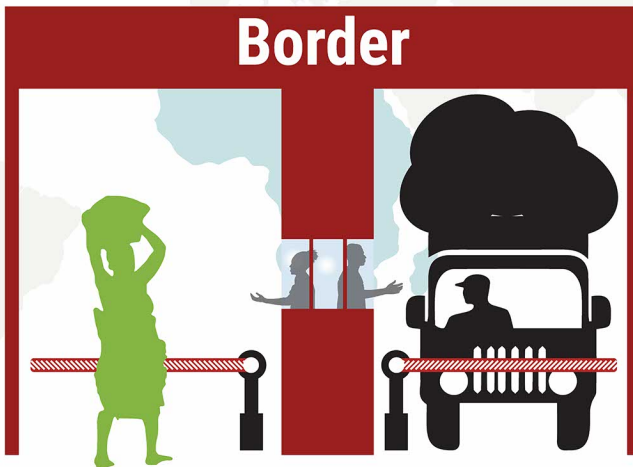
Source: International Monetary Fund, 'A competitive Africa', 2018

Crossing borders: within **Africa** vs. **EU**

Average **97 (8)**
waiting
time at the
border in hours

Average **7.5 (4.1)**
number
of documents
to be processed

Number
of days
required
to
import*
37 (10)



Average
number
of hours
spent with
import
documents
104 (1)

Cost in US\$
to export
one container
2037 (1042)

Cost in US\$
to import
one container
2702 (1079)



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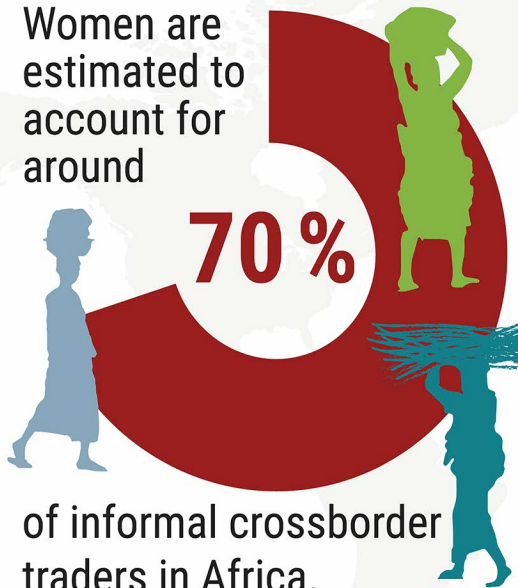
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Informal cross-border trade

Women are estimated to account for around

70%



of informal crossborder traders in Africa.

Thus, women are particularly vulnerable to ...

... violence



... confiscation of goods



... harassment



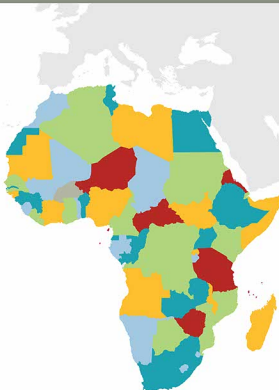
... imprisonment



Challenges to intra-African trade (1)

Small states

Many small countries,
populations of
< 20 million



GDP of < 10 billion USD



National
markets
too small to
attract large
investments



Sources: List of African countries by GDB, wikipedia
World Economic Outlook Database, International Monetary Fund, 17 April 2018

Multiple memberships



AfCFTA addresses
many countries'
multiple and
overlapping
memberships in
Regional Economic
Communities (RECs)

Complicates
integration
efforts

Kenya,
for example,
belongs to
5 RECs

Source: African Union (AU)

Challenges to intra-African trade (2)

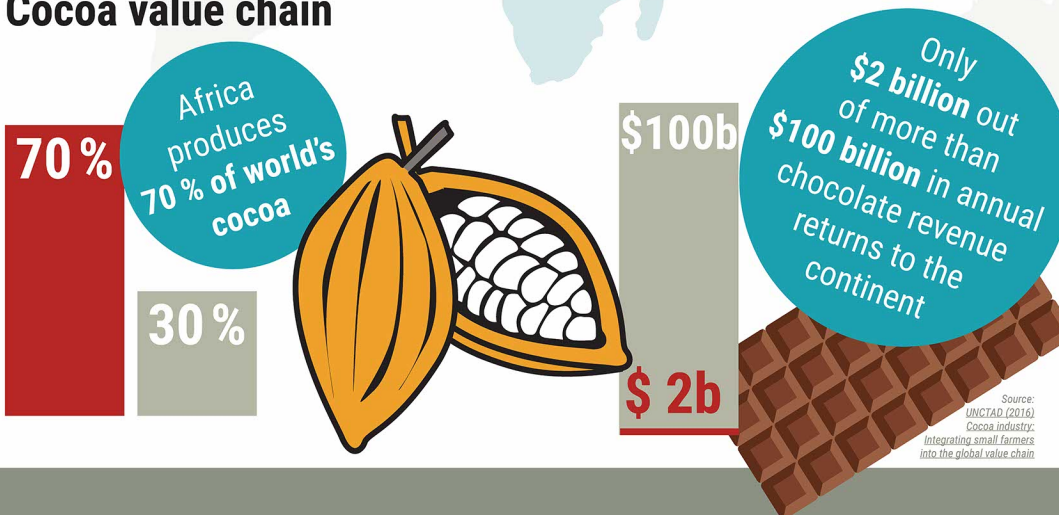
Low value addition

Africa earns a mere
10% of total value
of its agro-value chains

Coffee value chain



Cocoa value chain





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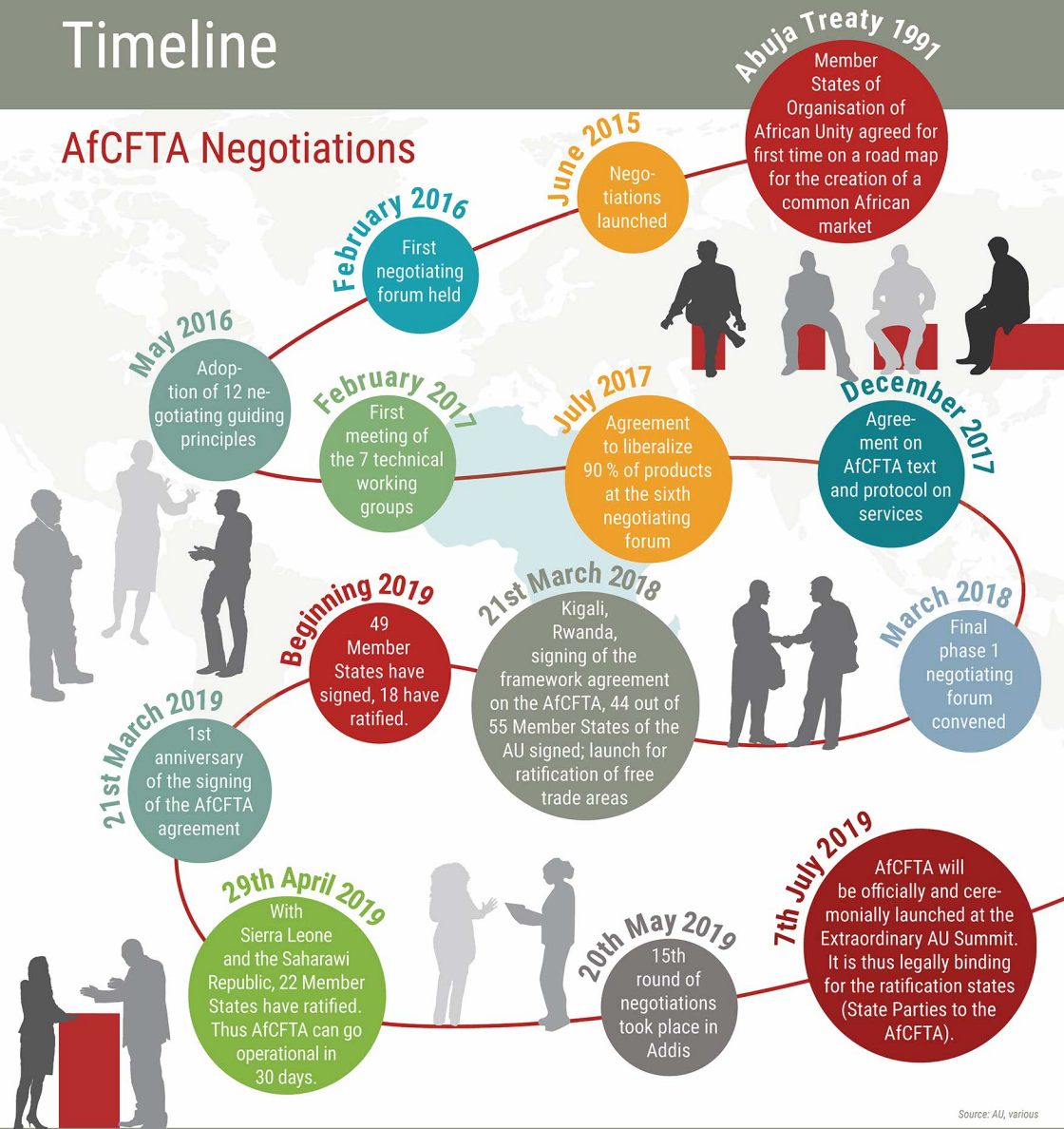
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Timeline

AfCFTA Negotiations



Source: AU, various

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Timeline

1st phase **Protocols**

Trade in
goods



Trade in
services



**Rules and
procedures
for settlement
of disputes**



2nd phase **Negotiations**



- Competition policy
- Investment
- Intellectual property rights

Source: African Union (AU)



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Commodities at a glance

Coffee Sector in East Africa

Over **5 million people** are coffee growers and work in the coffee sector in Africa

Provides primary livelihood to about **25 million people**

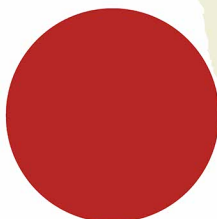
Consumption in non-traditional markets has **doubled in last 20 years** and is yet to double in **next 10 years**



1998

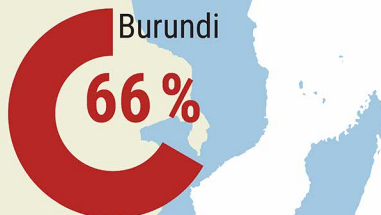


2018



2028

Over **25 countries** in Africa **grow coffee**; for many of these countries, coffee is a major export product and vital source of foreign exchange.



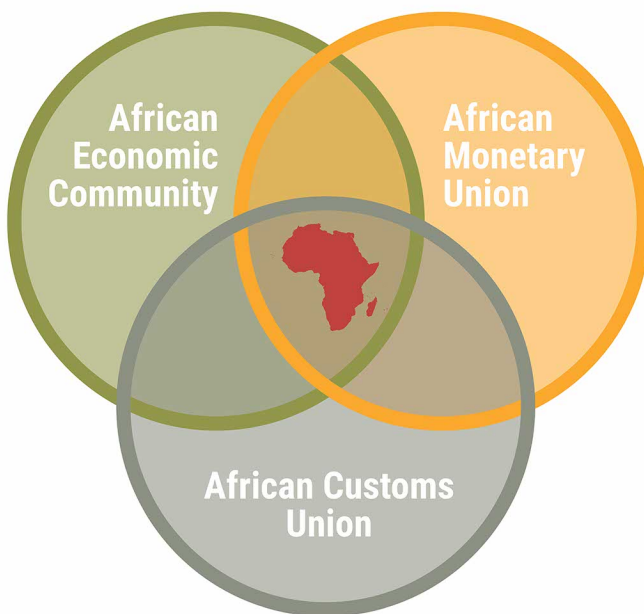
Source: UNCTAD 2018: Commodities at a Glance: Special Issue on Coffee in East Africa

Economic integration ambition

If the AfCFTA
is successfully
implemented,



it could inch **Africa** towards
its age-long **economic
integration** ambition



Source: *Africa Renewal Information programme*