



AfCFTA
Secretariat

Operationalising AfCFTA in North
Africa: New Opportunities For
MSMES Growth and Integration -
30.03.2021 -Rabat, MOROCCO

Current Status of the AfCFTA Implementation

Mohamed Ali

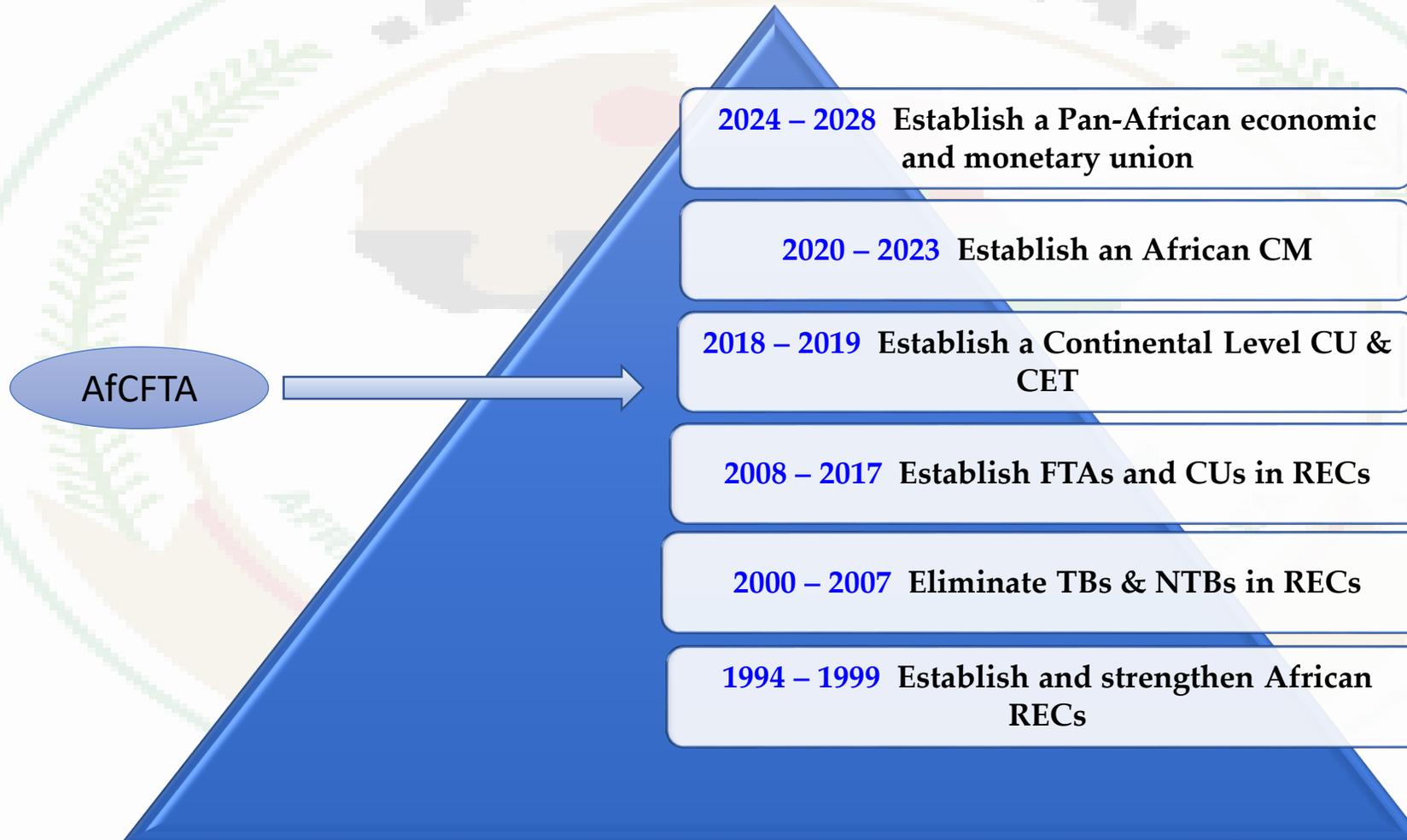
Director of Trade in Goods and Competition - AfCFTA Secretariat

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Creating One African Market

1. Rationale, Main Objectives and Opportunities



The 'Treaty Establishing the African Economic Community (AEC)' (The Abuja Treaty) lays out a detailed time-bound schedule for African economic and political integration through 6 stages

Objectives of the AfCFTA

- ❑ To overcome dependence on exportation of primary products and promote social and economic transformation for economic growth, industrialization and sustainable development in line with Agenda 2063.
- ❑ AfCFTA is a flagship project of the AU blueprint and Masterplan ie Agenda 2063 – The Africa We Want, which was signed during the Golden Jubilee of May 2013.
- ❑ Achieve a comprehensive and mutually beneficial trade agreement among the AU MSs.
- ❑ Boosting intra-Africa trade.
- ❑ To create a freer market for goods and services, building upon the trade agreements within the RECs and associated commitments and thus pave the way for accelerating deeper integration and achieving AEC according to Abuja Treaty (1994).
- ❑ The AfCFTA seeks to combine the economies of 55 African states under a pan-African FTA comprising 1.35 billion people in a market with a combined GDP of \$3.4 trillion.



Opportunities of the AfCFTA

Largest FTA: 55 economies, 1.3 Bn people, GDP US\$ 2.6 Tn (IMF)

Human and Natural Resources: World Second largest and second most populous continent (2 Bn people by 2050, 70% youth, 26% workforce in the world) (UNECA)

30% of the earth's remaining mineral resources: over 40% of the gold reserves, over 60% of cobalt, and 90% of platinum reserves

TBs & NTBs Elimination: Current average tariff 6.1%, intra-Africa trade to increase by more than 52% by eliminating TBs and to double by eliminating NTBs (UNECA)

Structural transformation of Intra-trade: (70% Africa exports to world are raw materials)-high value-added exports - deepening industrialization, sustainable development, job creation, welfare (from US\$ 16 to US\$ 24 Bn) (UNECA)

SMEs Development: SMEs representing 80% in Africa, 40% of national income, foreign markets penetration, cumulative RoO, Developing RVCs.

Formal Cross-borders trade: overcoming various forms of violence African Small Traders facing, especially women.

Comprehensive Agreement: not only for liberalizing trade in goods and services; Investment, Competition, IPR, E-commerce, Dispute Settlement Mechanism

2. Current State of the AfCFTA Implementation

- 54/55 Signatories - 36 State Parties - 41 Tariff Offers - 34 Services Offers (5 Priority Sectors: Financial, Telecommunication, Transport, Tourism, and Business Services)
- CEMAC (6 SPs “Cameroon-CAR-Chad-Congo Republic-Equatorial Guinea-Gabon”), besides, 6 SPs, namely; Egypt, Mauritius, Malawi, Sao Tome and Principe, Mauritania, and Zambia, are considering the pioneering group to implement the AfCFTA.
- Main instruments have been launched and operationalized (Online Tariff Negotiations Tool - Online Mechanism for NTBs – ATO)
- Around 82% of Rules of Origin have been concluded (75.2% of intra-Africa trade)
- The AfCFTA Member States have already established the Sub-Committees on different areas of trade in goods including ROO, TF, Customs, SPS, TBT, NTBS, Trade Remedies
- Trading commenced on 1 January 2021, as per the 13th Extra-ordinary Summit (5 Dec 2020)
- Outstanding negotiations to be finalized – on phase I by **June 2021**, on phase II and e-commerce by **December 2021**

3. Work progress activities, Challenges and Way forward

RoO

- ❑ Continuation of RoO Negotiations
- ❑ Designated Authorities Specimen and Signatures
- ❑ Producing Appendix 4 of RoO in all 4 AU languages
- ❑ Electronic RoO Certificate
- ❑ SEZs Regulation

Customs

- ❑ RoO Certificate Operational Details
- ❑ Trading Documents
- ❑ RoO Users/Operational Manual
- ❑ Trade Documents on Transit
- ❑ Develop Program for Harmonisation of Customs Procedures
- ❑ Simplified Trade Regime Form

- ❑ Different speed and priorities and overlapping membership in different RECs, convergence between different RECs should be made compatible with the goals and timelines set for the CFTA.
- ❑ Multitude and varied trade commitments undertaken by African countries.
- ❑ Institutional, organizational, and productive Capacities.
- ❑ Sensitive issues such as RoO, Level of ambition, Services Regulations, etc.

Way Forward

- ✓ Capacity Building and awareness
- ✓ Concluding Outstanding Work
 - ✓ Digital platforms
- ✓ Trade finance initiatives
- ✓ Women in trade protocol

4. How does AfCFTA benefit MSMEs in Africa?

Challenges facing MSMEs in Africa:

- ❑ Capacity
- ❑ Access to Finance & Power
- ❑ Network Infrastructure
- ❑ Foreign Competition
- ❑ Intellectual property rights

Building MSMEs Capacities is Fundamental to AfCFTA Success

II. Scope of the AfCFTA Agreement

GVCs and Penetrating Foreign Markets through Regional Markets

RVCs and Accumulation amongst Industries

I. Development of GVCs and RVCs

Wide Scope of the AfCFTA Agreement

Formalizing Trade, Benefiting Small Traders and Informal Sector

PAPSS

MANSA Platform

Online Mechanism for NTBs

ATO Dashboard

III. Initiatives and operational digital tools



AfCFTA
Secretariat



Thank You

Mohamed Ali

Director of Trade in Goods and Competition - AfCFTA Secretariat

Creating One African Market



International
Trade
Centre

TRADE IMPACT
FOR GOOD

AfCFTA and E-commerce, opportunities to increase intra-African trade

One Trade Africa

James Howe, Senior Adviser ITC

**OPERATIONALISING THE AFCFTA IN NORTH AFRICA:
NEW OPPORTUNITIES FOR MSMEs GROWTH AND INTEGRATION**

Rabat, 30th March 2021



Agenda: looking at ecommerce opportunity in Africa

Introduction

1. Cross-border e-commerce for SMEs and the opportunity of the AfCFTA
2. African e-commerce B2C marketplaces – understanding the trends
3. Examples of what African entrepreneurs tell us
4. Introducing the ecomConnect Programme?

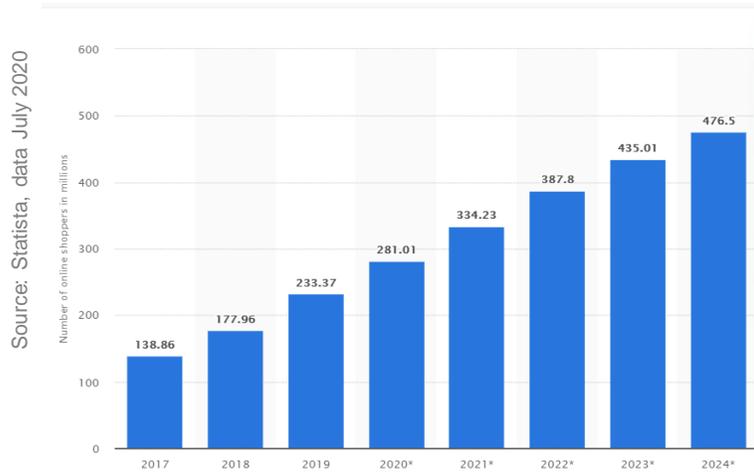


SMEs are transforming the way they do business... digitally!



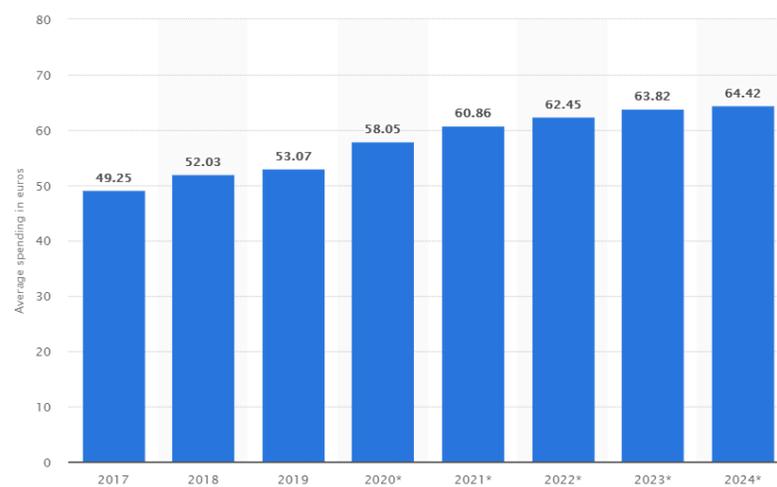
An ecommerce snapshot of Africa

More and more Africans shop online..



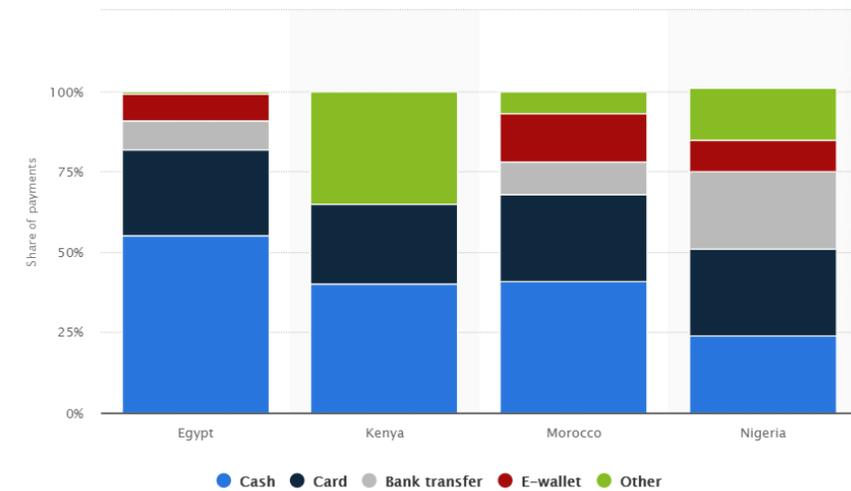
B2C online shoppers in Africa (millions), 2019-19, forecast 2020 to 2024

... and start to spend more per head



B2C online spending per shopper in Africa, 2019-19, forecast 2020 to 2024

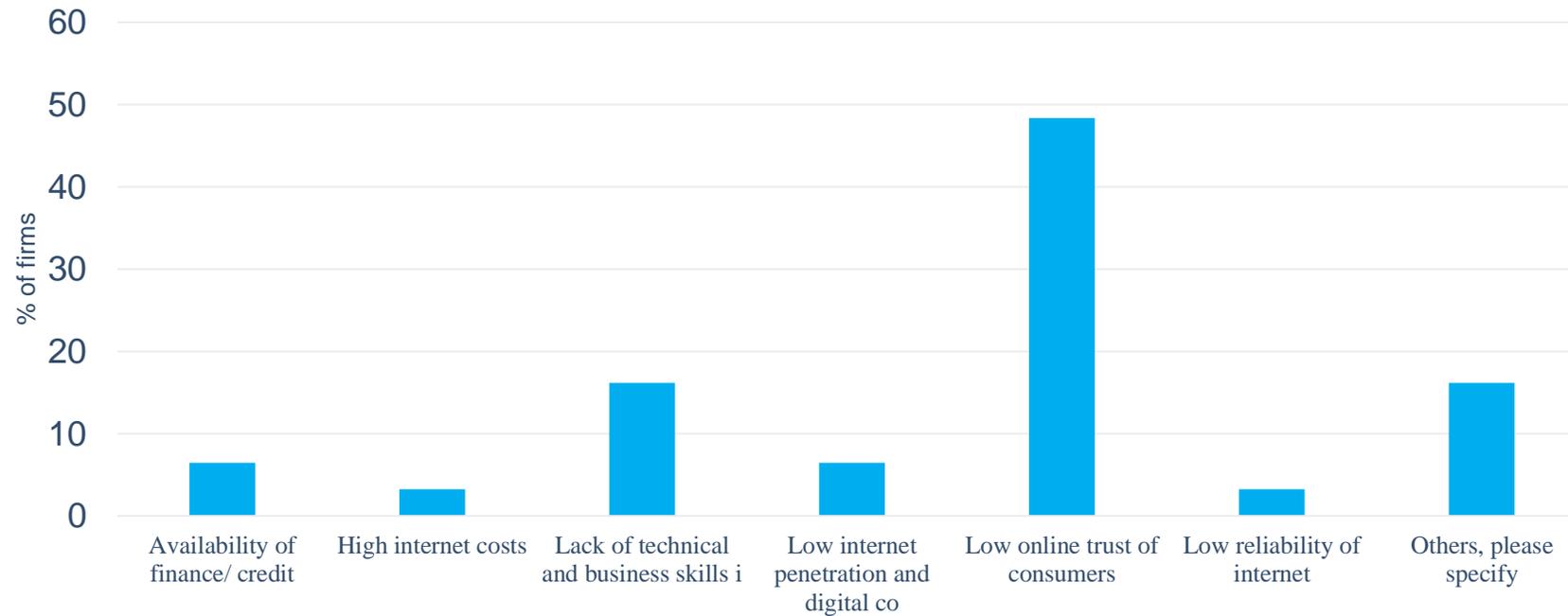
Cash is king (and sometimes mobile money)



Source: Statista, data Jan 2020

Trust is signaled by SMEs as a major barrier

Source: ODI survey for UNECA, October 2020, N=31, 5 countries – Kenya, Liberia, Nigeria, Rwanda, South Africa

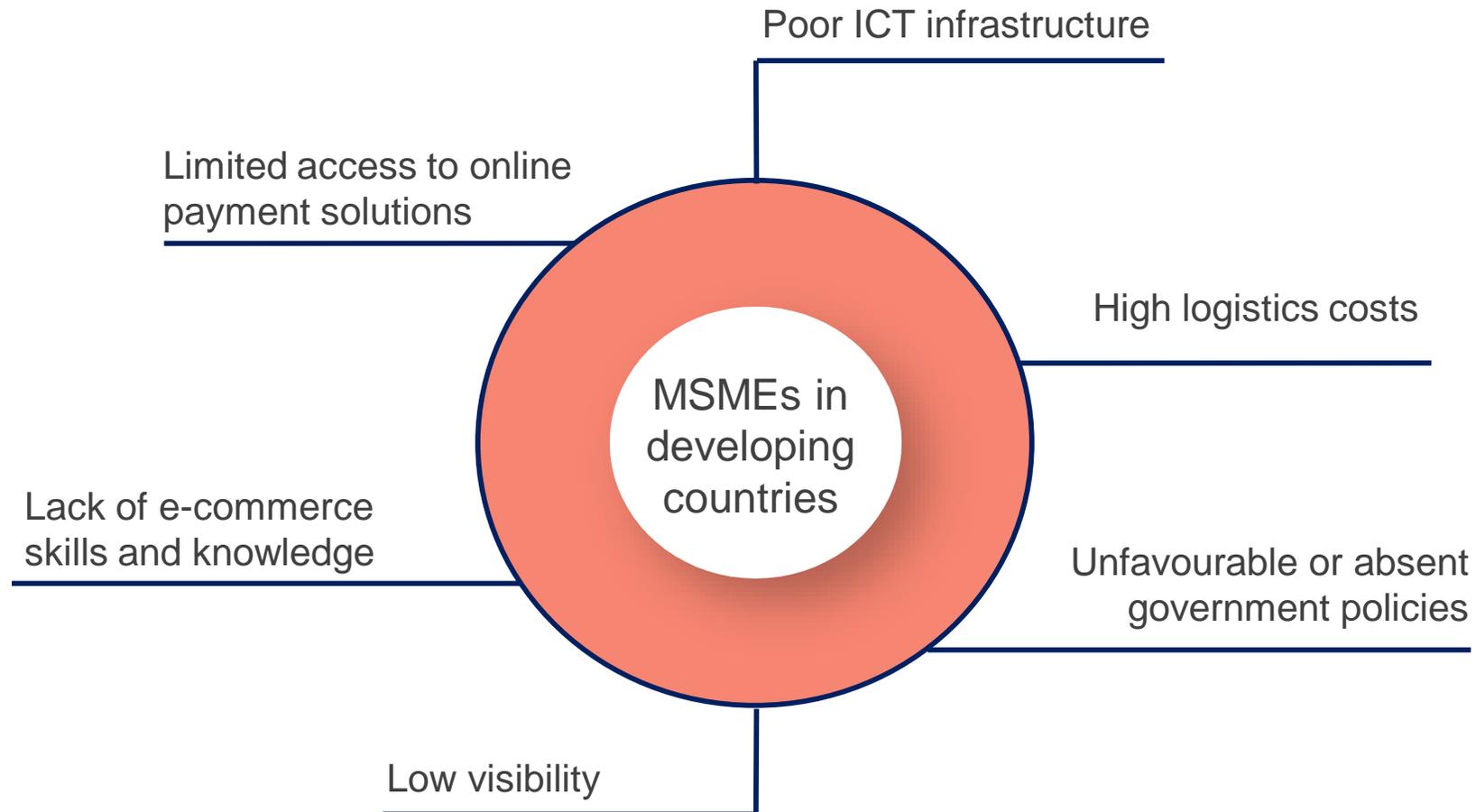


Consumer trust as a barrier

Example: Rwanda survey 2018



...a number of well known barriers holds back growth in Africa of ecommerce



Cross-border e-commerce for SMEs and the opportunity of the AfCFTA

Cross-border e-commerce

Cross-border e-commerce keeps growing

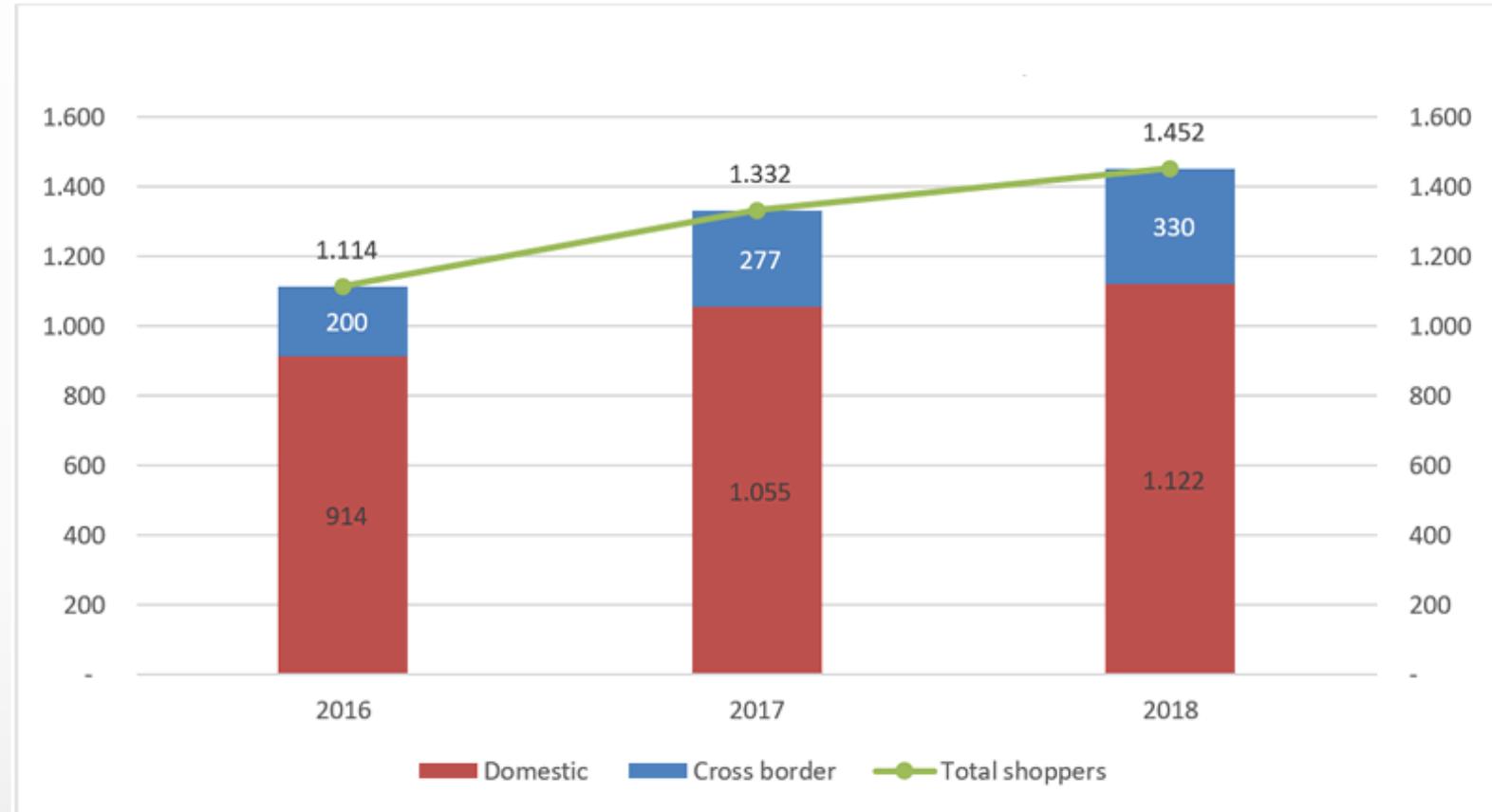
Share of cross-border
online shoppers

17% in 2016

to

23% in 2018

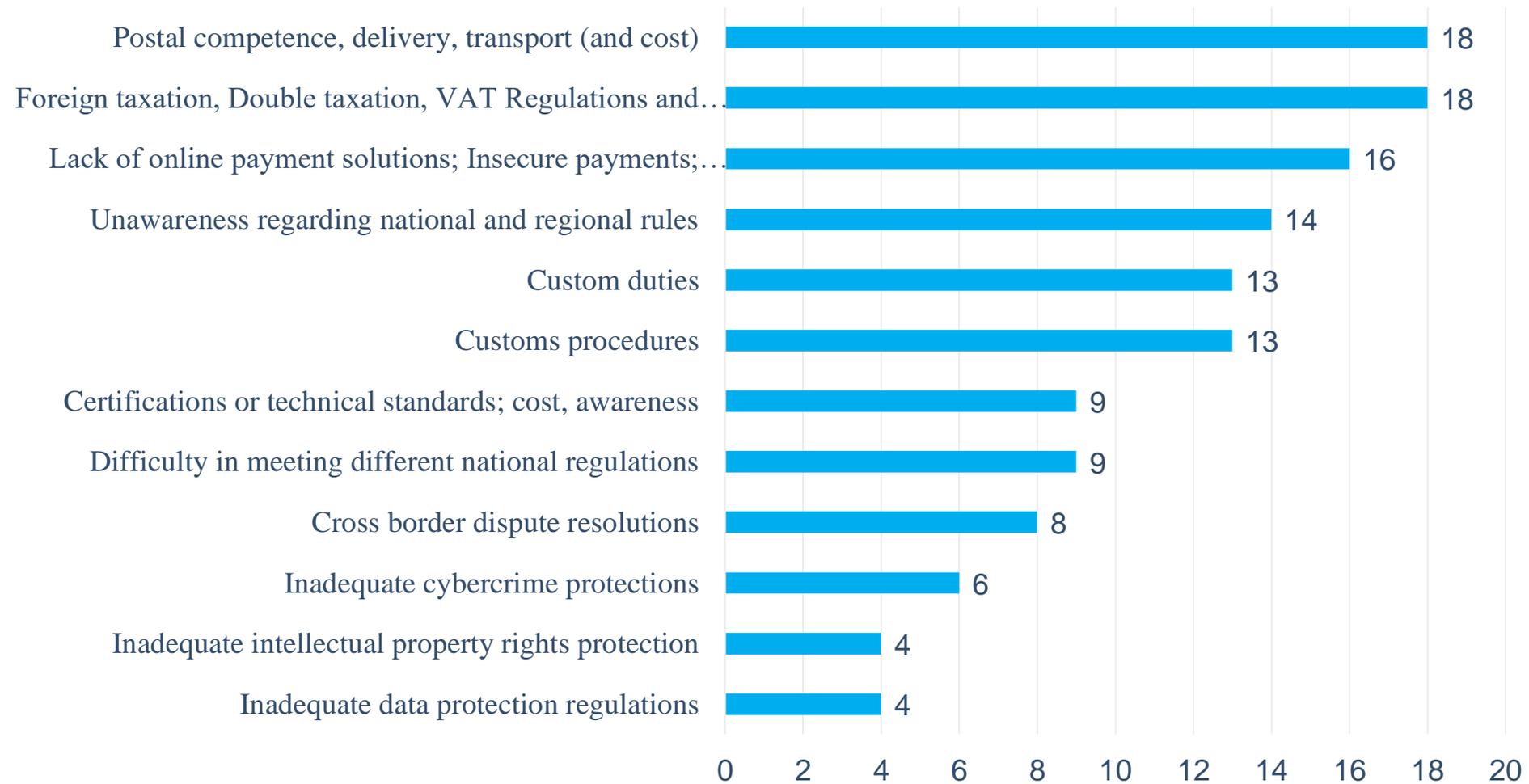
Global online shoppers (million), 2016-2018



Source: UNCTAD, based on national data

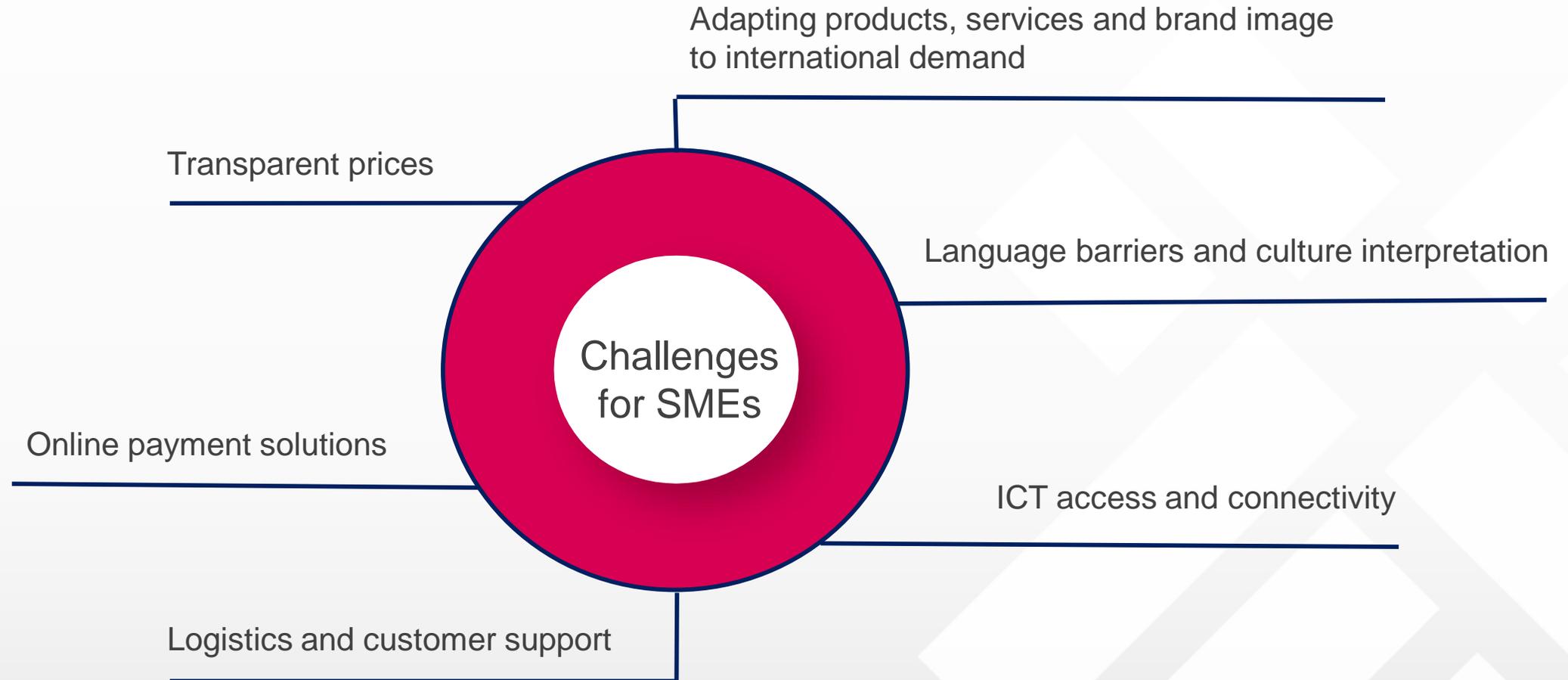
Obstacles signaled by African firms in conducting cross border ecommerce

Source: ODI survey for UNECA, October 2020, N=31, 5 countries – Kenya, Liberia, Nigeria, Rwanda, South Africa



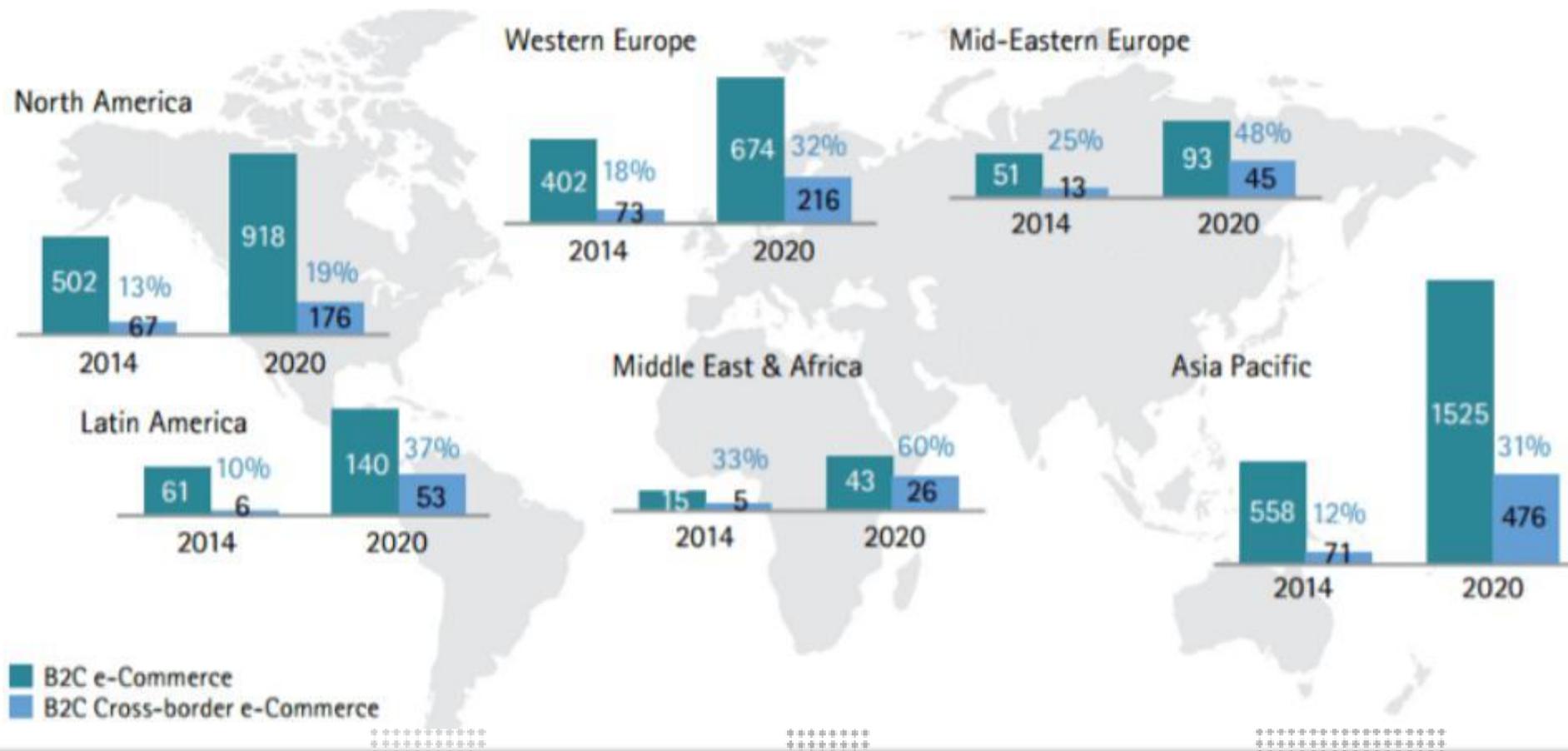
Cross-border e-commerce

What does it take for small businesses?



E-commerce market potential in Africa

B2C sales (2014-2020) in Billions of USD

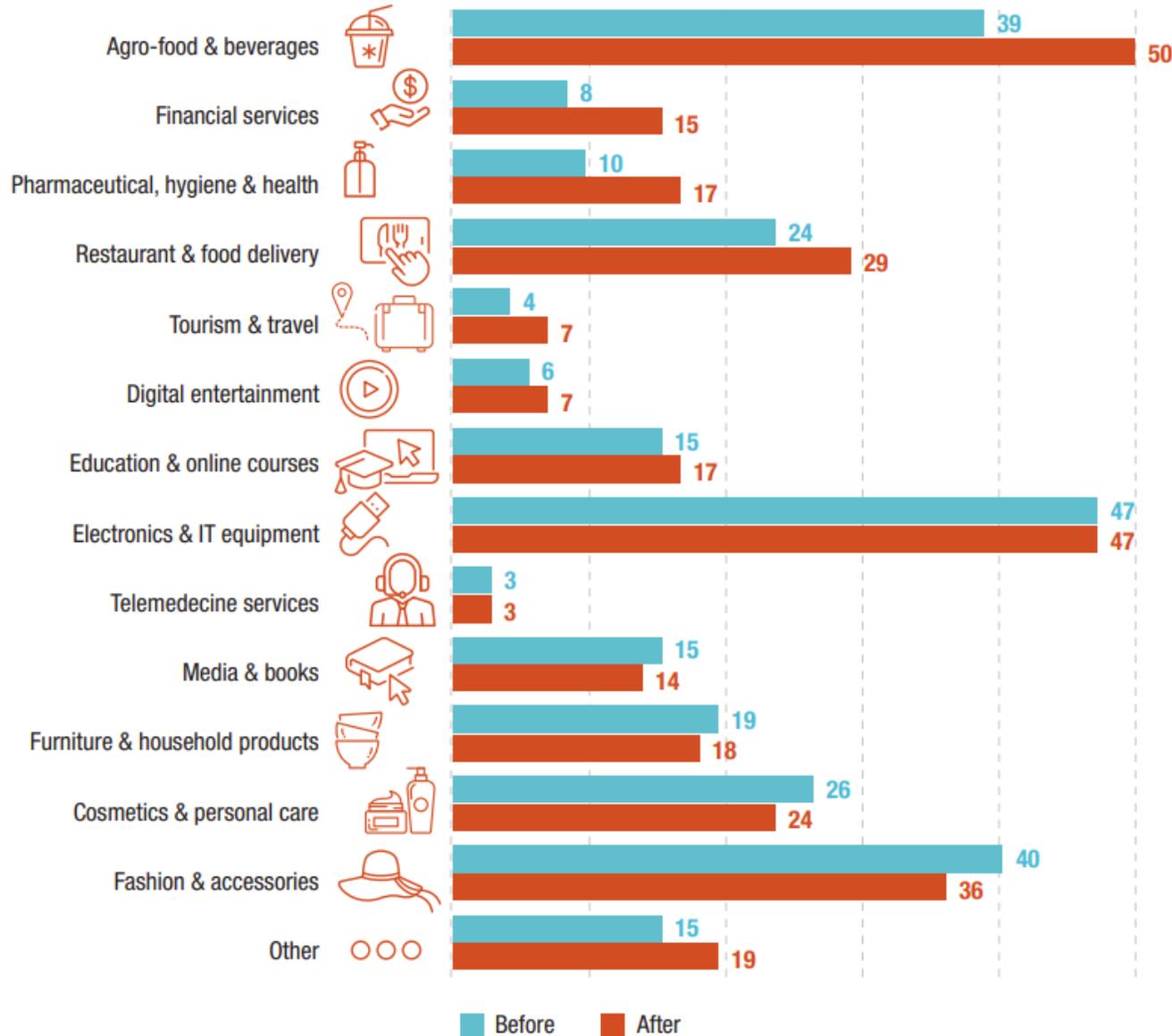


Source: Accenture (2018)

The AfCFTA seeks to create an integrated African market of 1.27 billion people, expected to reach 1.7 billion by 2030. In some African countries, <18% of households have access to the Internet throughout the continent and <5% of the population currently buys online.

Top 5 sales categories before and after COVID-19 (%)

Third-party marketplaces



African e-commerce B2C marketplaces – understanding the trends

Africa e-commerce B2C markets - Example

A valuable tool for African businesses

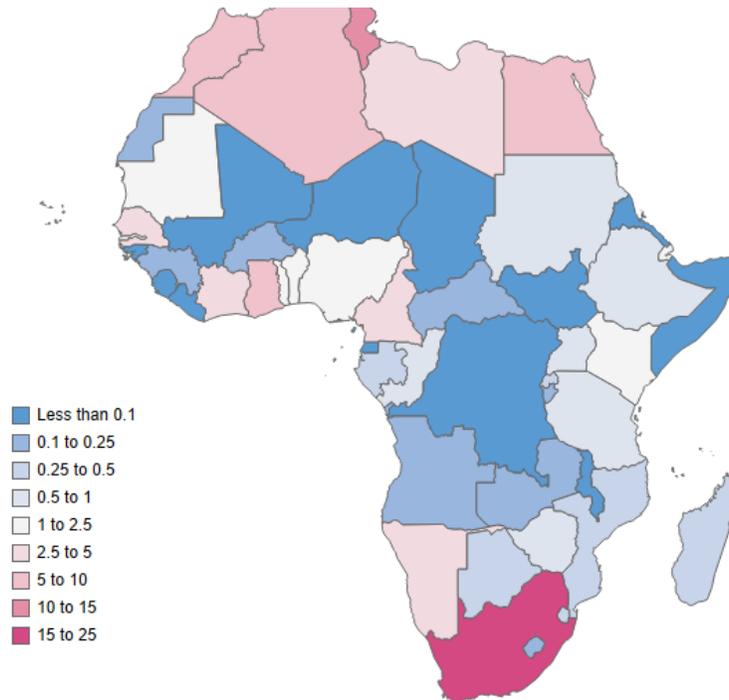
Uncover valuable marketplaces

Country statistics

Benchmarking

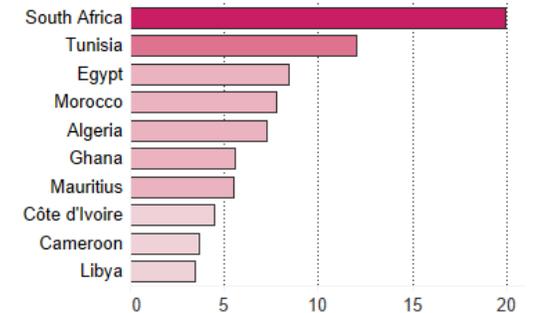
Explain performance

Uncover trends



In 2019 Africa had at least **631** business-to-consumer **online marketplaces** for physical goods. Those marketplaces had in total **1,902 websites** (urls) in the 58 countries and territories of Africa. Although online marketplaces can be found in every African country, there are only few countries with relatively much marketplace activity.

Top 10 countries by Marketplace popularity index, 2019



About the indicator

The marketplace popularity index is the total number of non-unique Web visitors of all business-to-consumer product marketplaces divided by the total number of Internet users per country in 2019.

Map shows territorial boundaries according to OpenStreet Map.

Africa e-commerce B2C markets - Example

A valuable tool for African businesses

About 28% of the marketplaces in Africa offer foreign sellers the possibility to trade on their platform(s). Marketplaces that are open to sellers from other countries are most likely global players, focussing on used products only, or retailer owned. Marketplaces that do not open their platforms for foreign traders are most often operating in multiple African countries and are non-transactional.

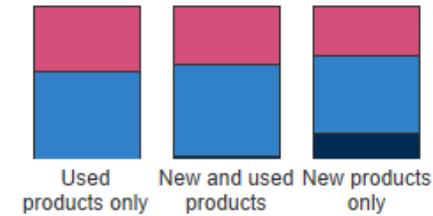
Characteristics by:
openness to foreign sellers

Legend for all graphs:
■ Yes
■ No
■ Unclear

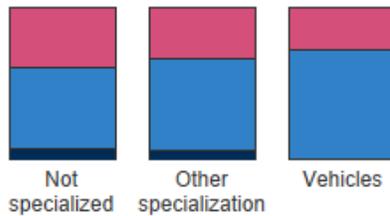
Marketplace type
by openness to foreign sellers



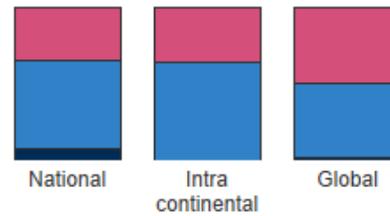
Products offered
by openness to foreign sellers



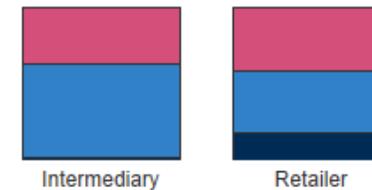
Marketplace specialization
by openness to foreign sellers



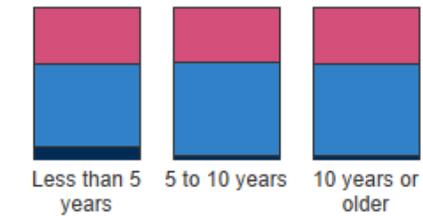
Geographical focus
by openness to foreign sellers



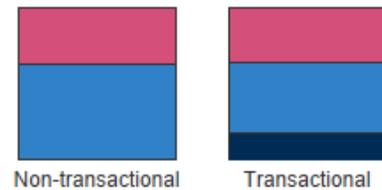
Owner type
by openness to foreign sellers



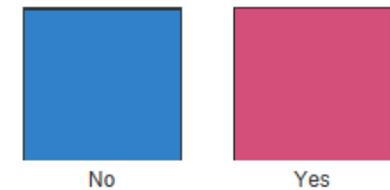
Marketplace age group
by openness to foreign sellers



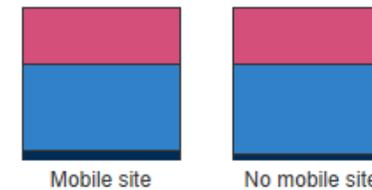
Possibility to make a transaction
by openness to foreign sellers



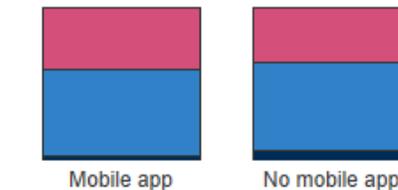
Openness to foreign sellers
by openness to foreign sellers



Mobile site usage
by openness to foreign sellers



App usage
by openness to foreign sellers

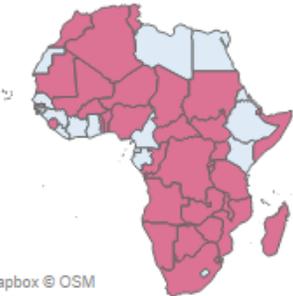


Africa e-commerce B2C markets - Example

A valuable tool for African businesses

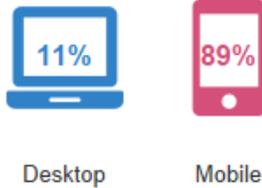
Afribaba

Marketplace type:	Classified site
Age marketplace**:	11.0
Start year marketplace**:	2008
Ownership type:	Intermediary
Specialization:	Not specialized
Product types:	New and used products
Open for foreign sellers:	No
Transactional:	No
Mobile website:	Responsive site
Mobile apps:	Android app
Geographical scope:	Intra continental
No. of countries:	39
No. of African countries:	39

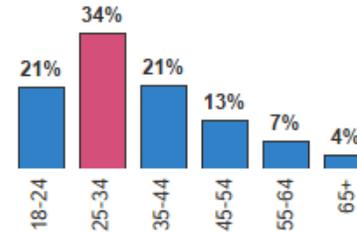


© Mapbox © OSM

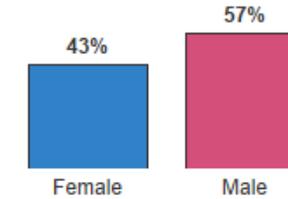
Estimated Web visitor share by device



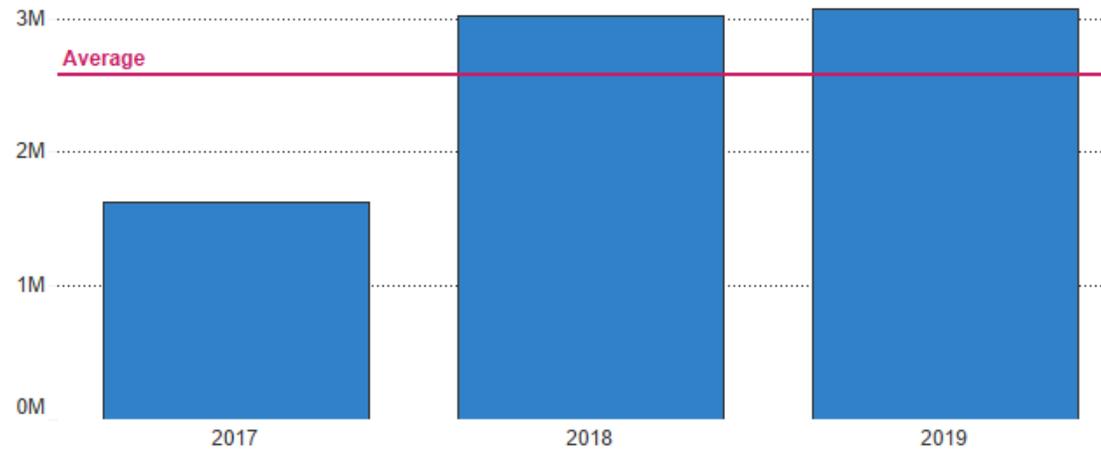
Estimated Web visitor share by age



Estimated Web visitor share by gender



Estimated number of Web visitors for Afribaba per Year



* Only marketplaces with an average Web traffic of more than 20,000 between 2017 and 2019 are displayed.
 ** Estimated age and start year based on domain name registration.

Africa e-commerce B2C markets - Example

A valuable tool for African businesses

Nigeria

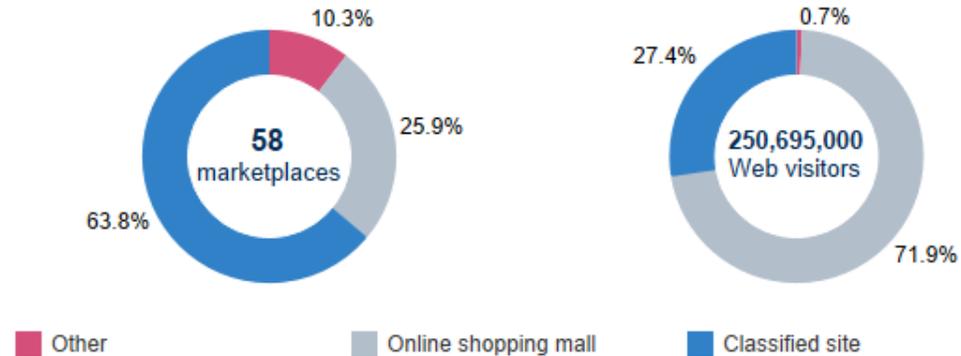
Nigeria not only has the largest population in Africa with over 200 million people, it also boasts the largest economy with a GDP of \$446.5 billion. Nigeria is home to Africa's most popular online marketplace: Jumia. The majority of the marketplace traffic comes from online shopping malls. Between 2017 and 2019 marketplace traffic grew with 9% in Nigeria.

Gross Domestic Product	\$ 446.543 billion	i
No. of inhabitants	195,875,000	i
Urban population share	50.3%	i
Number of Internet users	80,172,000	i
Internet penetration	42.0%	i
Credit card penetration	2.6%	i
Mobile money account penetration	5.6%	i
Financial institution account penetration	40.0%	i

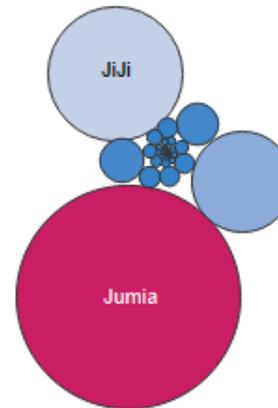


Tip!
Go to the tab 'Figures per marketplace' to learn more about individual marketplaces in Nigeria.

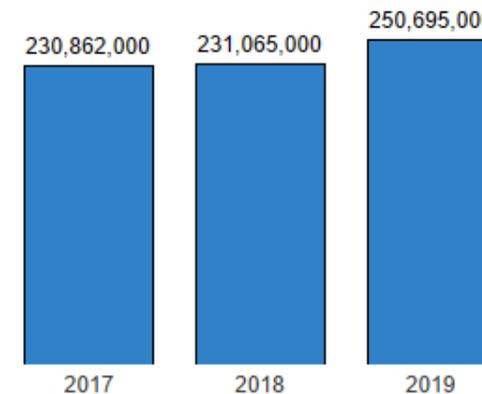
Distribution of marketplaces in Nigeria by number and Web visitors, 2019



Marketplaces in Nigeria by number of Web visitors, 2019

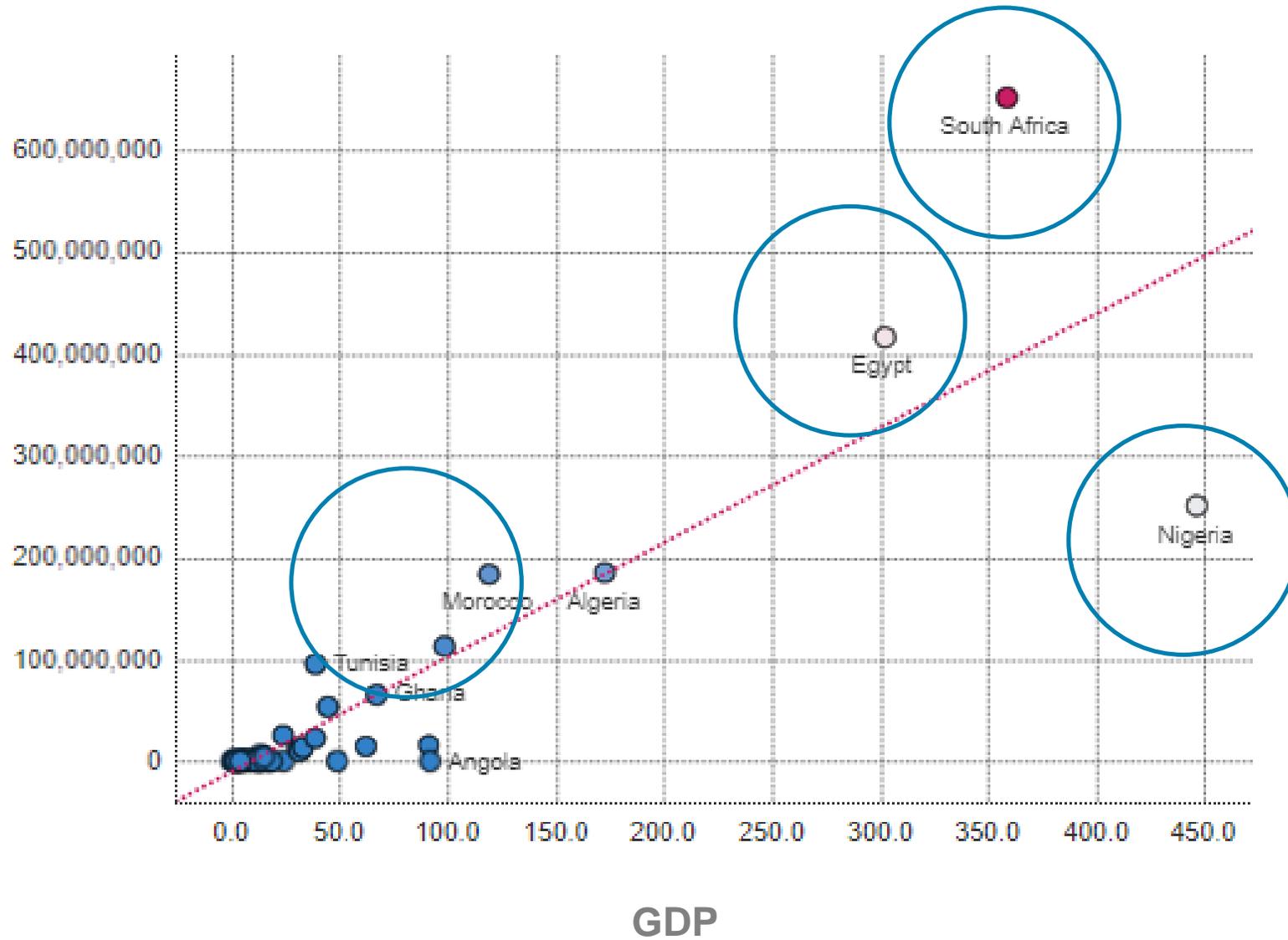


Total number of Web visitors of all marketplaces present in Nigeria, 2017-2019



Relative size of ecommerce market places in Africa

Marketplace
traffic
(visits)

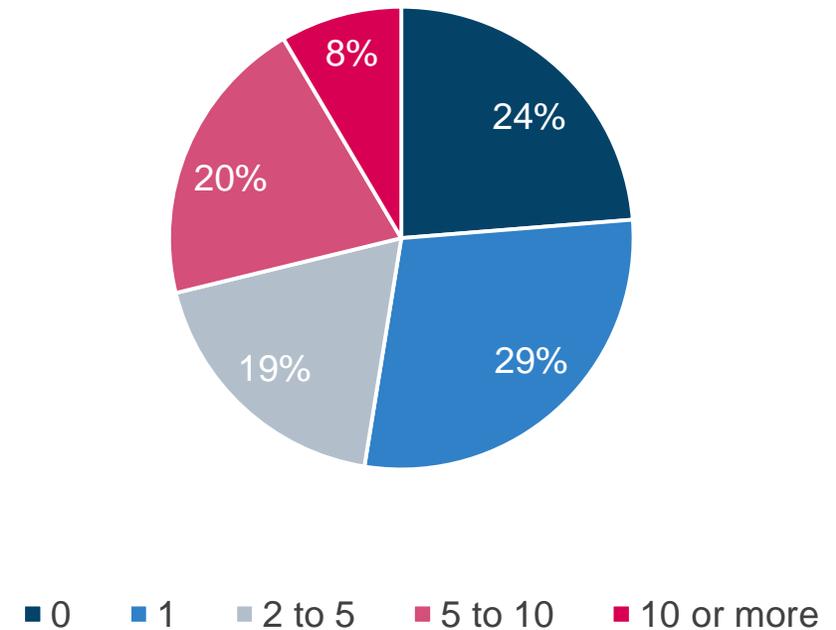


Africa e-commerce B2C markets - Example

Some results: Possibility to directly sell on marketplace websites in Africa

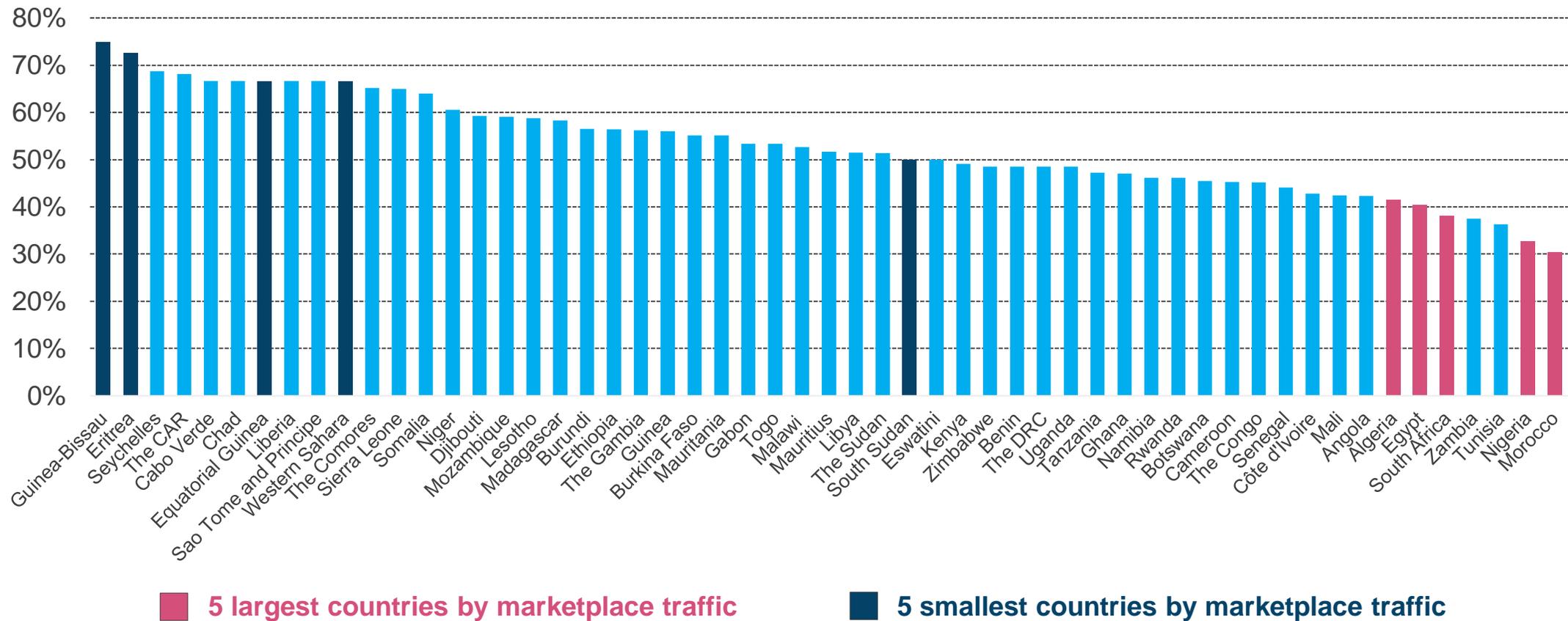
Only 11% of the marketplace websites are transactional

African countries by number of transactional marketplace websites



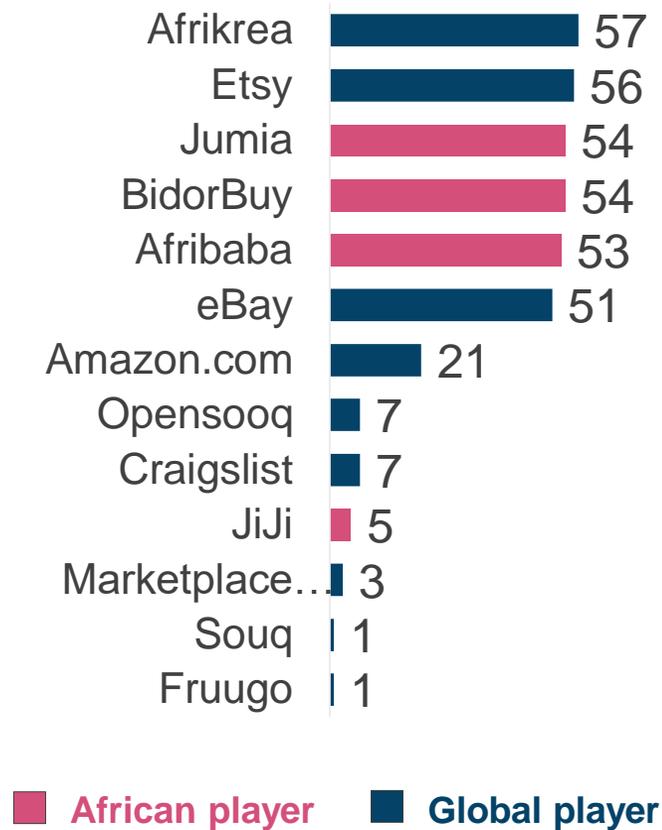
Africa e-commerce B2C markets - Example

Some results: 49% of the African marketplace websites are open to foreign sellers



Africa e-commerce B2C markets - Example

Some results: Comparing major Global and African marketplaces by permitted African origin of sellers



Conclusion: reasons for success and failure need exploring – and factors for success promoted

Success in marketplaces in Africa is hard

- Total B2C marketplace traffic declined by 3% in Africa 2017-2019 (3 years)

Africans are opting for newer technologies and business models

- Older technologies (classified sites) decline the most rapidly (by 20%).
- Marketplaces selling only second hand goods declined over 30%

Pan-African business is growing – but fragile and restricted to only a few

- Marketplaces open to sellers from other countries experienced an increase visitors by 7%
- Those not open to foreign sellers had a decrease of more than 13%
- But only half of all African marketplaces are open to other Africans, very few “transactional”

- **Promote technologies and newer business models**
- **Reduce restrictions on cross border business**
- **Facilitate payment solutions**

Examples of what African entrepreneurs are telling us

Accessing international ecommerce markets is possible and can be lucrative

Kemi Tijani, Founder of Wow Braids (Nigeria)

“ In 2015 I started a beauty brand. By 2017 we were **exporting over 80% of our products on e-commerce platforms** such as Amazon, eBay, Etsy and our own B2C website and have earned over \$1m in 3 years while bootstrapping the business.

Thanks to accessing international consumers through global marketplaces **we have been able to continue selling during COVID-19 and create 300 new jobs for women in Nigeria.**

We are now looking to expand that model to other industries and countries and provide access to international consumers through digital channels. **Our goal is to create sustainable incomes for over 20,000 young people in the next 5 years.**

”





Entrepreneurs need to be equipped with new digital skills to compete

Eya Zannad, Founder at ZANNAD Womenswear (Tunisia)

“ ZANNAD is experiencing exponential growth each year thanks to the loyalty of its first customers and to the visibility gained on social media.

Our continuous growth could lead to **youth job creation In Tunisia at two levels**: in the **factory** and in the **digital communication** department for digital marketing activities.

However, we are struggling to find our target customer online. We need **good quality training on e-commerce**, especially on market research to find potential customers and digital marketing techniques to improve visibility and foster a relationship of trust with our customers. ”



Better access to finance and lower shipping costs could boost cross border native ecommerce platforms

Nafy Diagne, Founder of Awalebiz (Senegal)

“ We have designed a multivendor e-commerce site offering a wide selection of products that are made by African artisans and sold to local, regional and international buyers.

However, **raising funds to grow our business is a major challenge:** available “micro finance” is not suitable for our next phase of expansion.

We have a challenge to be known among customers inside and outside Africa and develop participation of additional African merchants.

We hope the African Continental Free Trade Area decreases shipping costs of products between African countries and contribute to the development of intra-regional trade.”

Harmonisation of standards can be a source of opportunity to expand across borders

Vaolah Amumpaire, Founder of WENA Hardware (Uganda)

“ We would be able to offer more attractive prices with **better integration of global payment platforms across different countries.**

Transferring money from online payment platforms like PayPal to a local bank is difficult (almost impossible!).

It would certainly make it easier for us to build an international business in Africa if all had the **same rules on standard terms and conditions/policies.** We struggle to understand and plan for taxation across borders.

”



Introducing the ecomConnect Programme

Vision 2030

- Network of hubs and partnerships
- 100,000+ SMEs supported to make sales
- Impact on 100+ million people otherwise excluded

Domains of action



E-commerce training & coaching for SMEs

Product and service digitization

Visibility campaigns

Market research



Partnerships with local and international marketplaces, logistics and payments providers

Collaboration with business incubators

Digitization facilities

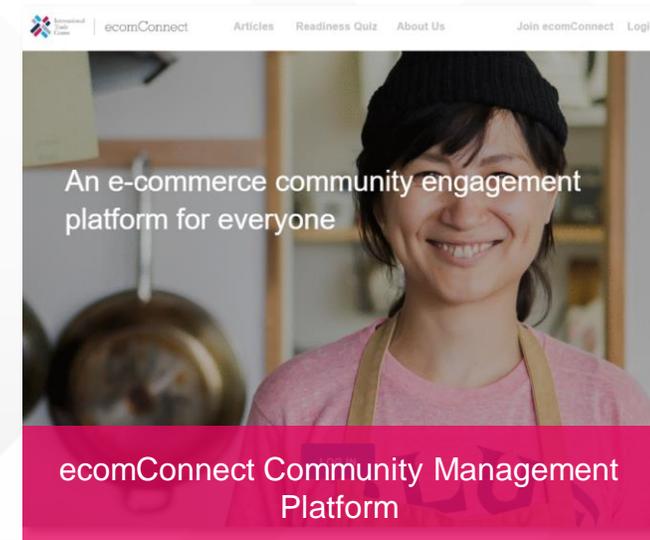
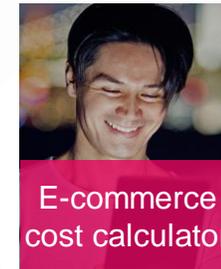


Community building

Peer-to-peer network & value creation

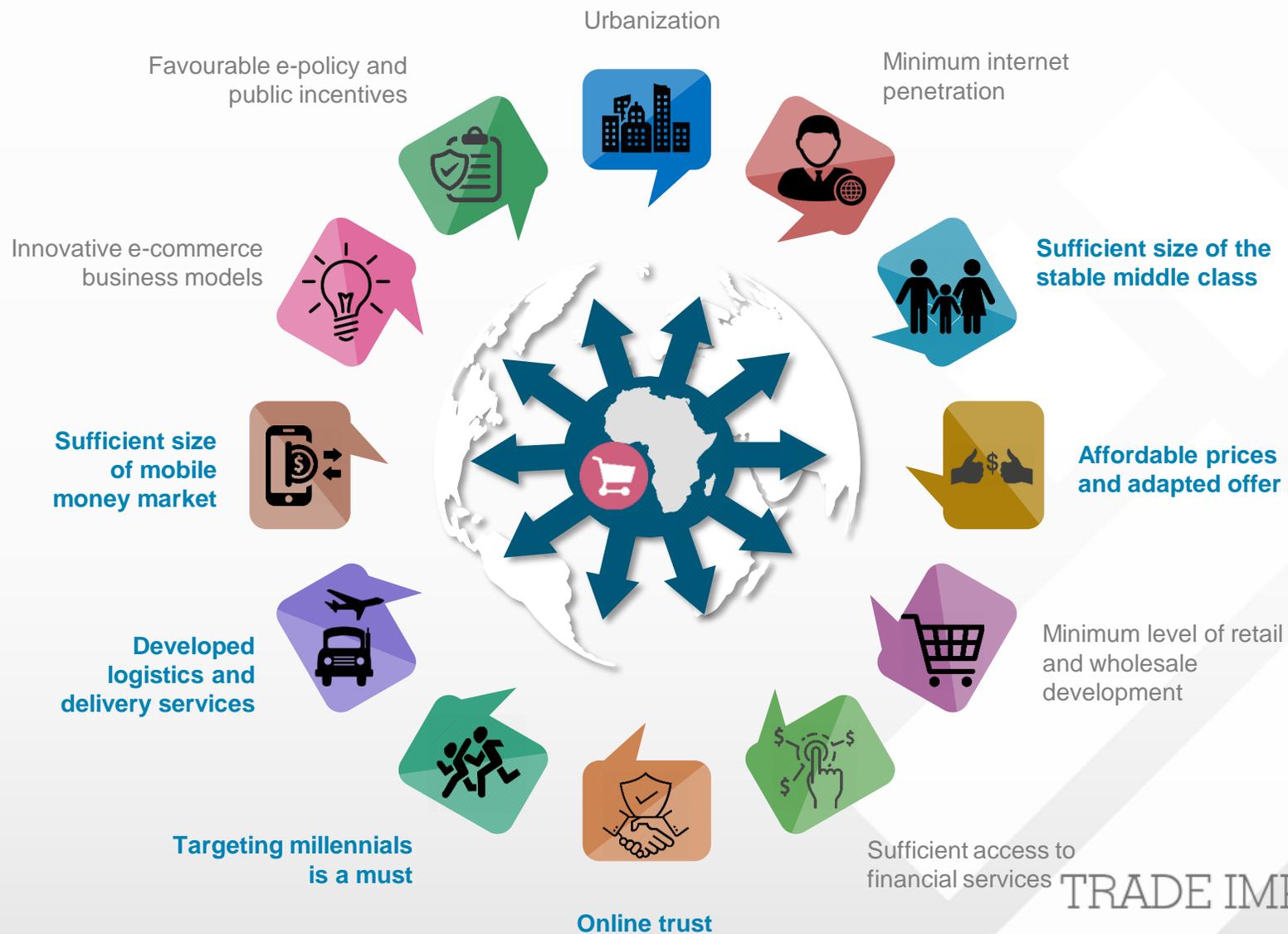
Partnerships with connectivity innovators

Innovation



Recommendations

12 success factors e-commerce in Africa



Thank you!

Join #ecomConnect – The online engagement community for
e-commerce entrepreneurs

<https://ecomconnect.org/>

ecomconnect@intracen.org

www.intracen.org/ecomconnect



How to Export with the AfCFTA

What is the How to Export with the AfCFTA project ?

Afreximbank-funded project to promote intra-African trade for SME Exporters with the AfCFTA

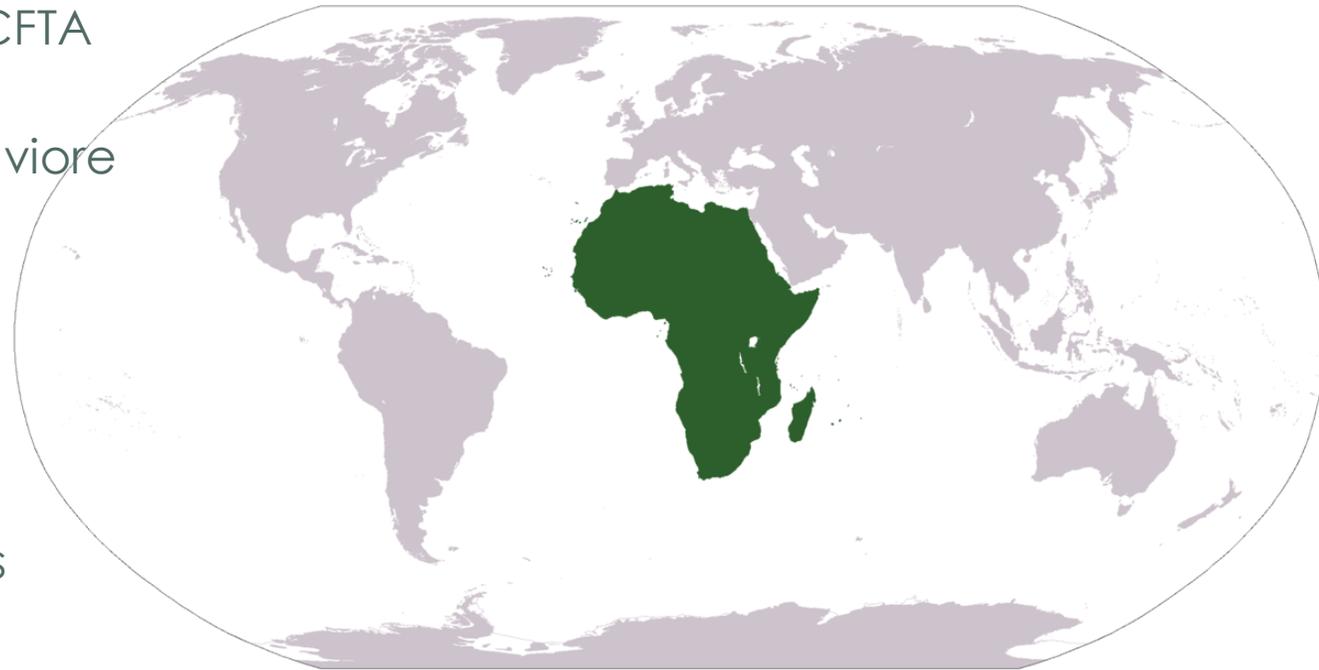
3 pilot countries: Nigeria, Rwanda, Cote d'Ivoire

Objectives:

- Increase awareness of the opportunities brought by the AfCFTA
- Improve export skills of SME Exporters
- Promote the use of trade support services

Woman Participation so far:

- 43% (676)



How to Export with the AfCFTA curriculum

7 core modules

Applicable across Africa and the AfCFTA



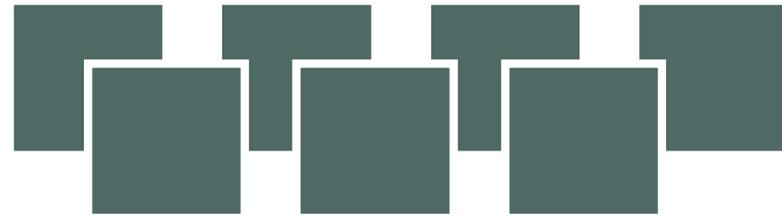
Modules

The Opportunity of Intra-African Trade	Getting Your Business Ready for Export	Researching African Markets	Developing an African Market
African Market Access Conditions	Financing Intra-African Trade	Intra-African Logistics	

How to Export with the AfCFTA Curriculum

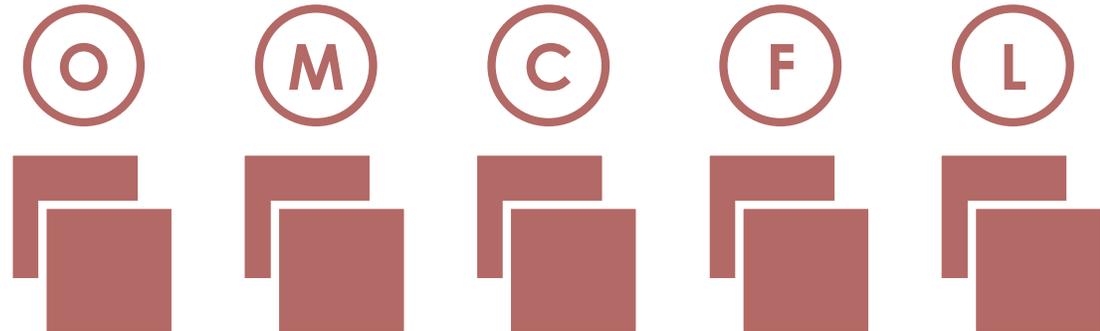
7 core modules

Applicable across Africa and the AfCFTA

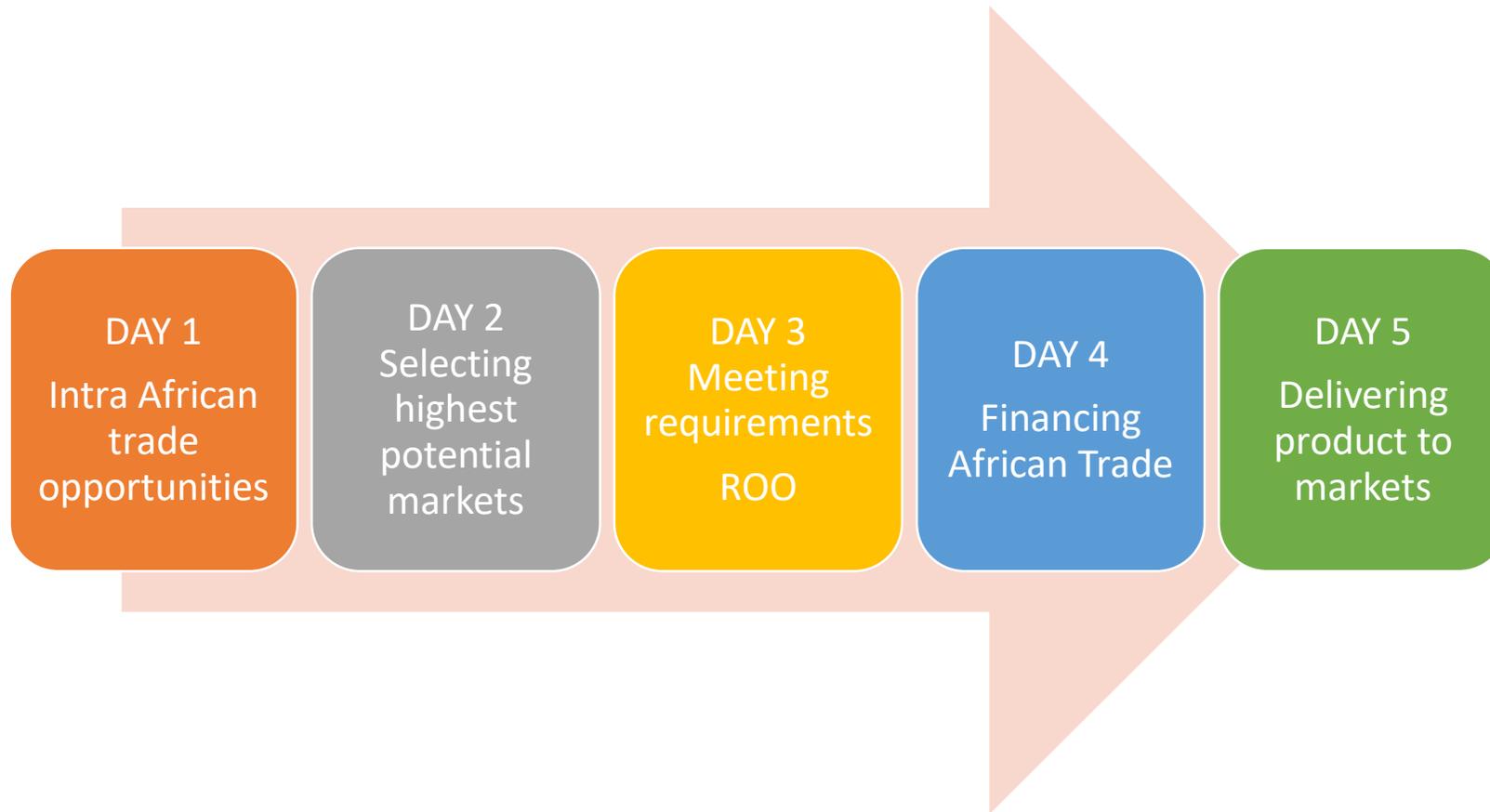


National Workshops

Workshops designed to address national priorities in relation to the AfCFTA



National Workshops



National Workshops

Online

Continental

Concepts

Case studies

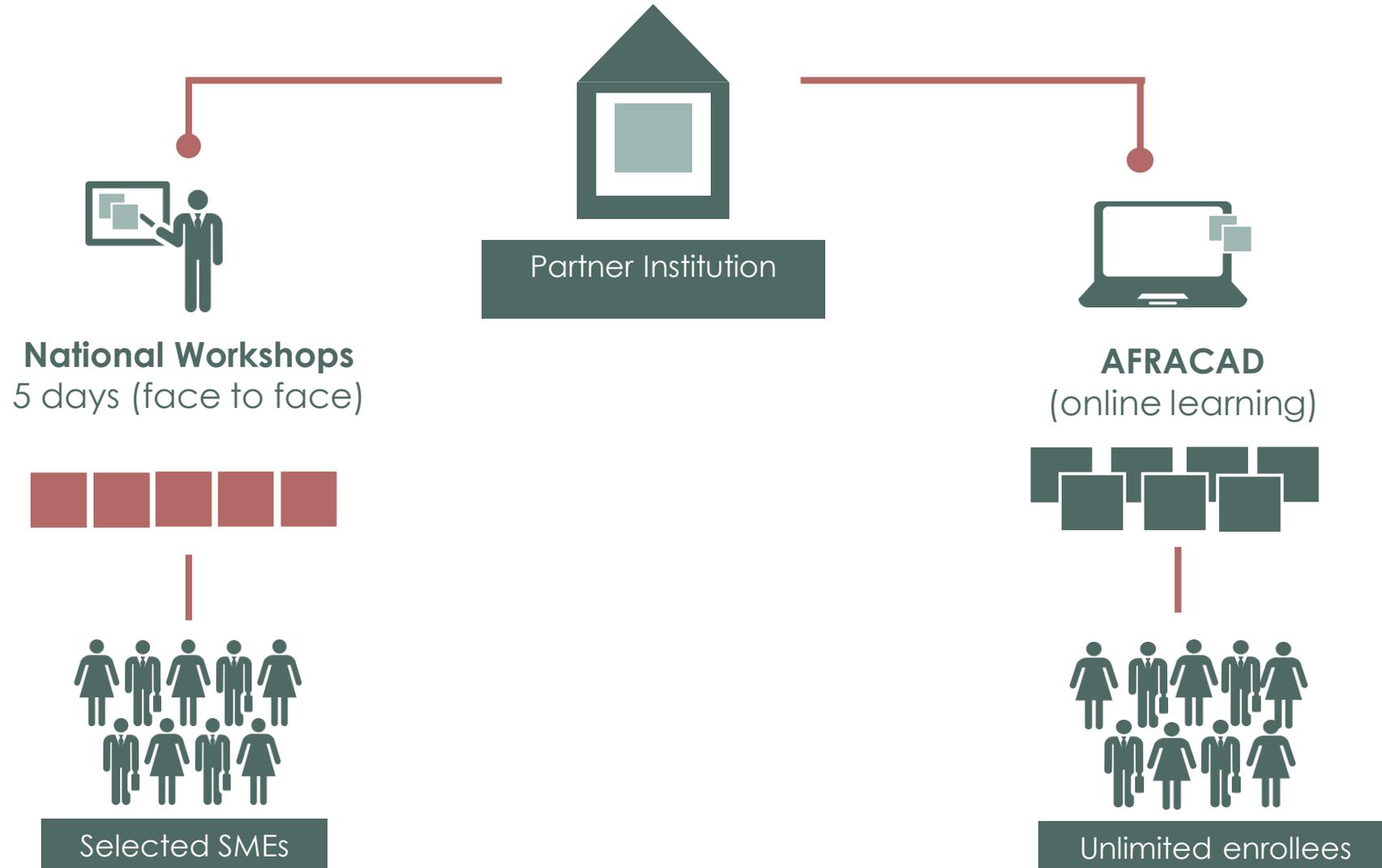
Workshop

Local/sectors

Exercises

Service
providers/Policy

How will it be delivered?



Roles and responsibilities



develop contents



Curriculum

design workshops
train trainers



Partner's trainers

set up AFRACAD



AFRACAD

Promotional materials



Promotion to SMEs

localize contents



assign trainers,
organize workshops



enroll learners



Promote



Partner Institutions

Module 1: The Opportunity of Intra African Trade

Low intra African trade

- Why?
- AfCFTA initiatives

Non tariff barriers

- Why?
- AfCFTA initiatives

Infrastructure

- Why?
- AfCFTA initiatives

Information

- Why?
- AfCFTA initiatives

Module 2: Getting Your Business Ready for Export

Export mindset

- Importance of management commitment
- Challenges

Meeting the need

- Product readiness/comparative advantage
- Product adaptation

Access to finance

- Where are resources needed
- Where to get finance

Skills and knowledge

- Consequences of mistakes
- What skills are needed

Module 3: Researching African Markets

Short listing

- Secondary market research/scanning/compare
- Identify a shortlist using indicators

Market selection

- Market access conditions
- Ease of exporting/highest export potential

Market analysis

- Primary research
- Market report

Module 4: Developing an African Market

Market Entry Strategies

- Unique nature of African markets
- Identify channels of distribution
- Selecting a channel

Contracting a Distributor

- Types of distributors
- Distributor contracting
- Model contract

Module 5: African Market Access Conditions

Standards

- Mandatory Standards
- Procedures and documentation

Rules of Origin

- Requirements
- Procedures and documentation

Customs

- Customs requirements
- Procedures and documentation

Module 6: Financing African Trade

Trade Finance

- Trade Finance options
- Procedures and documentation

Payment and Risk

- Payment methods
- Managing payment risk
- Procedures and documentation

Services

- Service providers (Afreximbank)
- Meeting requirements

Module 7: Intra-African Logistics

Transport Options

- Transport routes
- Types of transport
- Packing and labelling

Planning

- Hiring a Freight Forwarder
- Procedures and documents
- Cargo insurance

Costing

- Use of Incoterms
- Costing for different modes

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How To Export With the AfCFTA?

Community

Catalogue

Profile

Courses in English



Preparing for Intra-African Trade

☆☆☆☆☆ (0)



Developing your African Markets

☆☆☆☆☆ (0)



Export Operations

☆☆☆☆☆ (0)

Demonstration of AFRACAD

How to Export with the AfCFTA

Expansion of Programme

Online Course

All 55 countries

Local counterpart

National Workshops

12 Selected countries

National Partner

Four languages

AFRACAD

Expansion of curriculum

Community

Thank you

How to Export with the AfCFTA



International
Trade
Centre

TRADE IMPACT
FOR GOOD

OPERATIONALISING THE AFCFTA FOR GROWTH AND INTEGRATION: NEW OPPORTUNITIES FOR MSMES IN NORTH AFRICA

How and what to export successfully across Africa?

Mondher Mimouni
ITC, March 2021

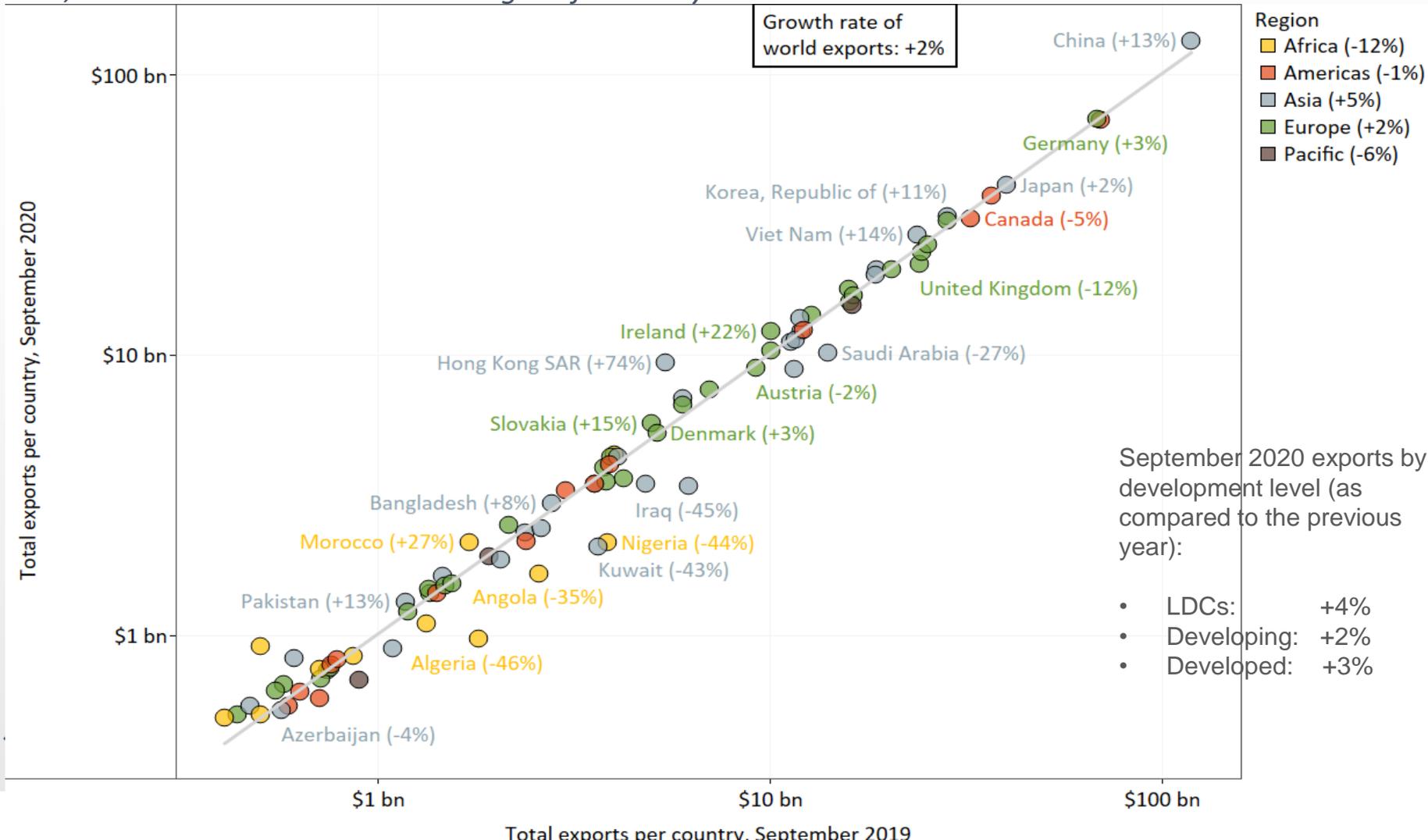


Roadmap of the presentation

- Global State of Trade & recent trends
- The African context: what role the AfCFTA can play?
- Focus on Northern Africa
- What about the VC ?

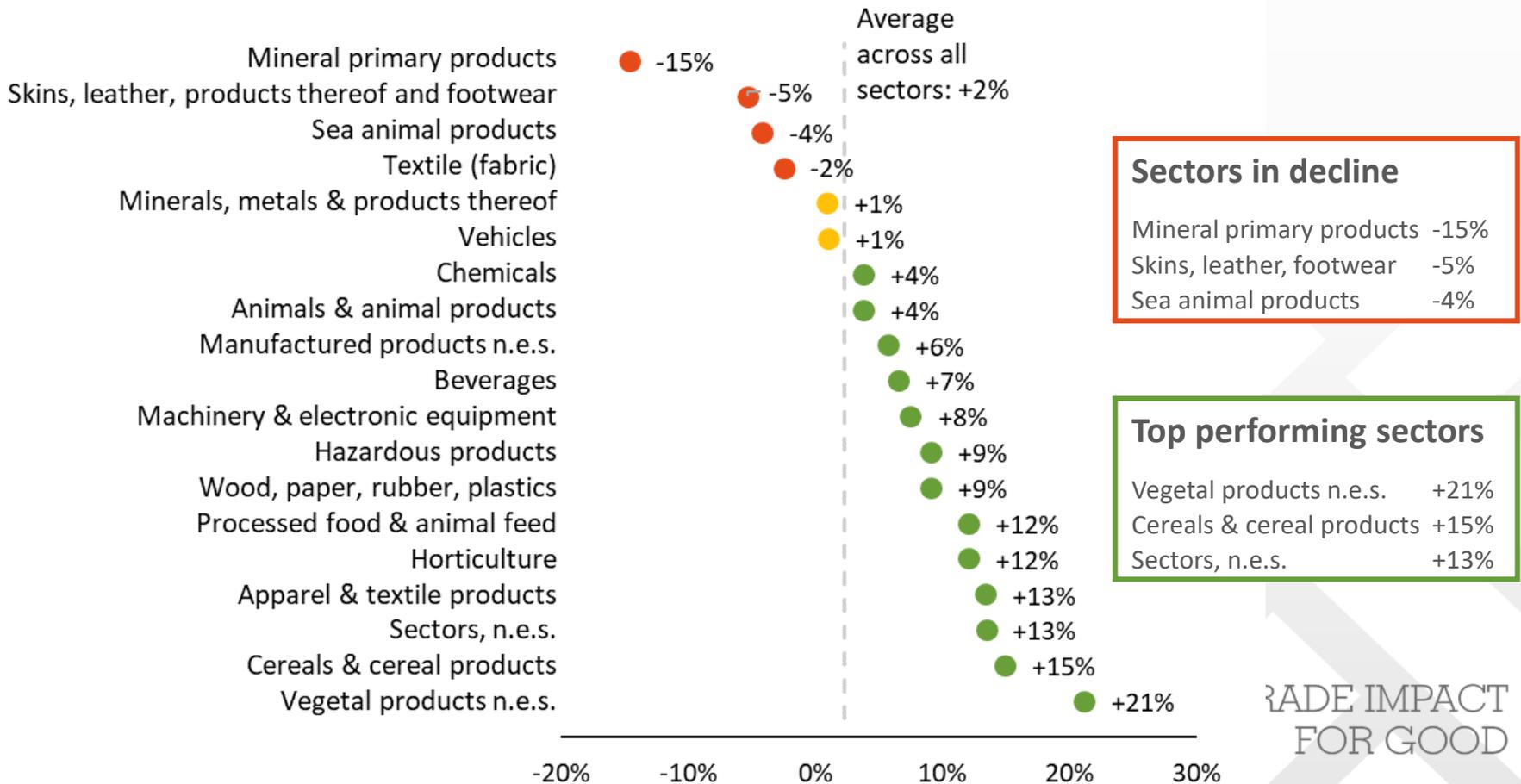
Global State of Trade & recent trends

In September 2020, Africa's exports were 12% down from the previous year while in Asia, some countries showed clear signs of recovery



The Global State of Trade & recent trends

The trade recovery in September 2020 is driven by vegetal and cereal sectors, but exports of the crisis-hit apparel sector have increased as well

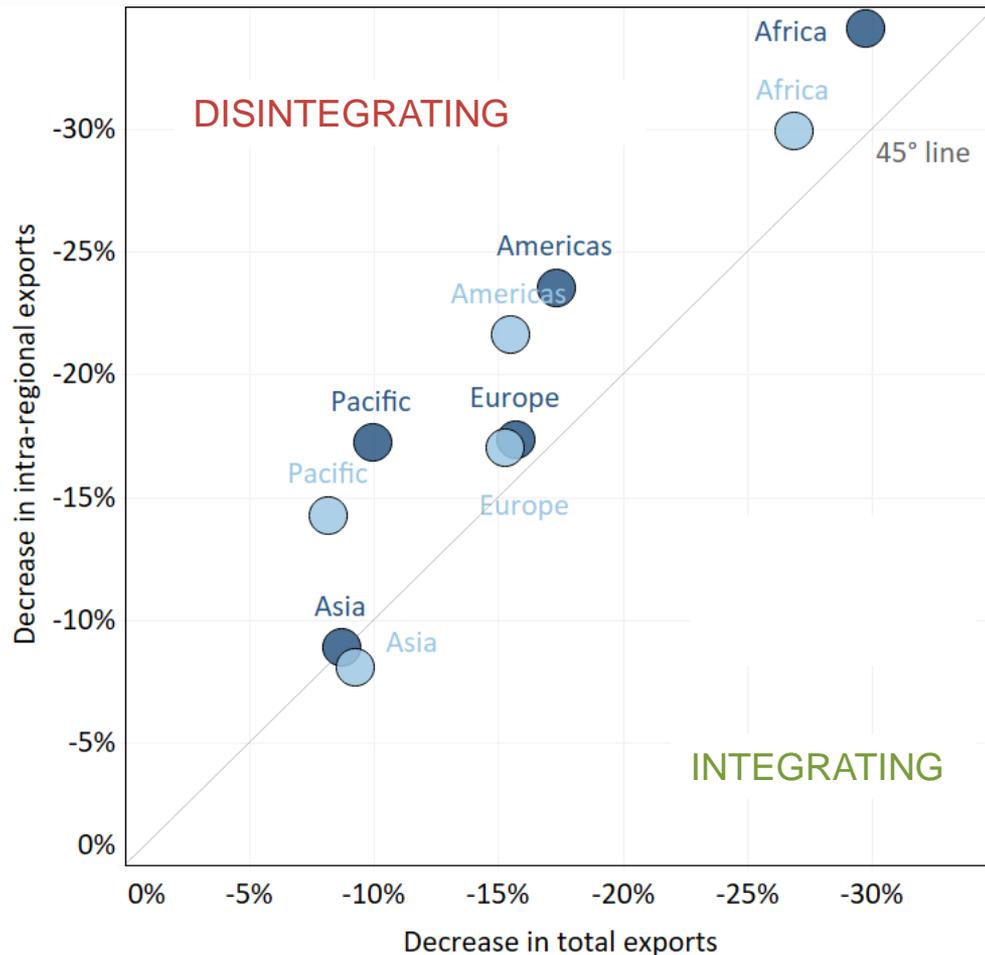


TRADE IMPACT
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Notes: year-on-year growth rates for September 2020, based on reports from 39 countries that have reported their trade data in September 2020, accounting for 63% of world trade.

The Global State of Trade & recent trends

Intra-regional trade has been hit stronger than total trade during the pandemic

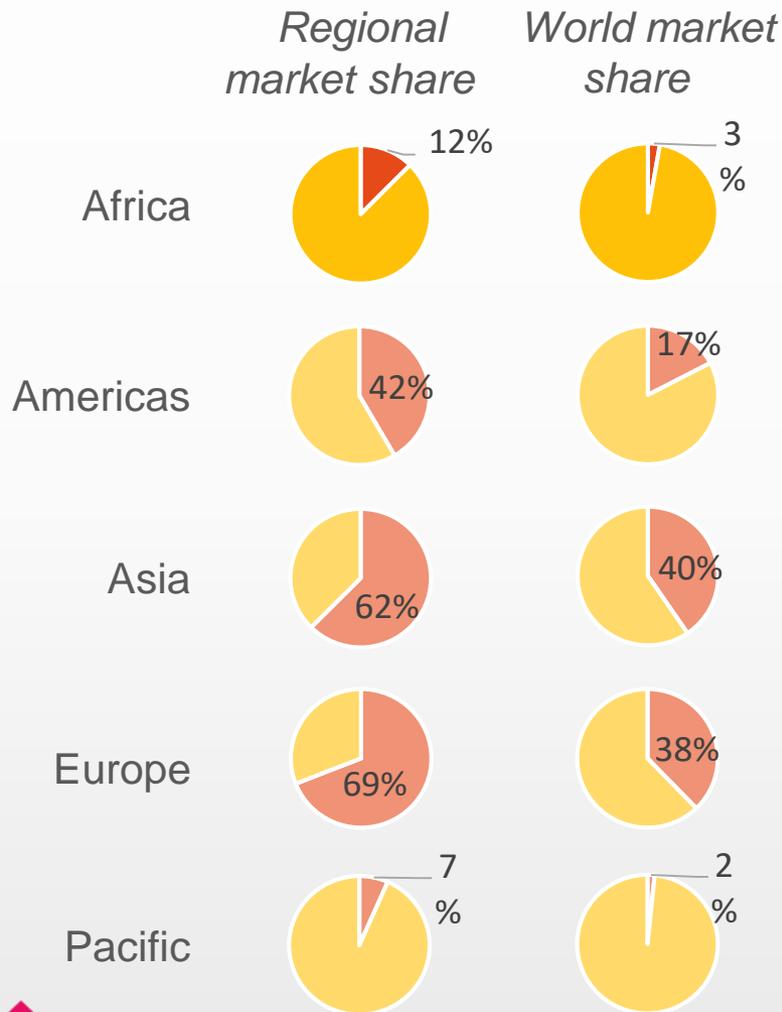


- Exports in Feb-Jul 2020 vs same period last year
- Exports in Mar-Aug 2020 vs same period last year

TRADE IMPACT
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Notes: year-on-year growth rates for March-August 2020, based on reports from 55 countries that have reported their trade data in August 2020, accounting for 66% of world trade.

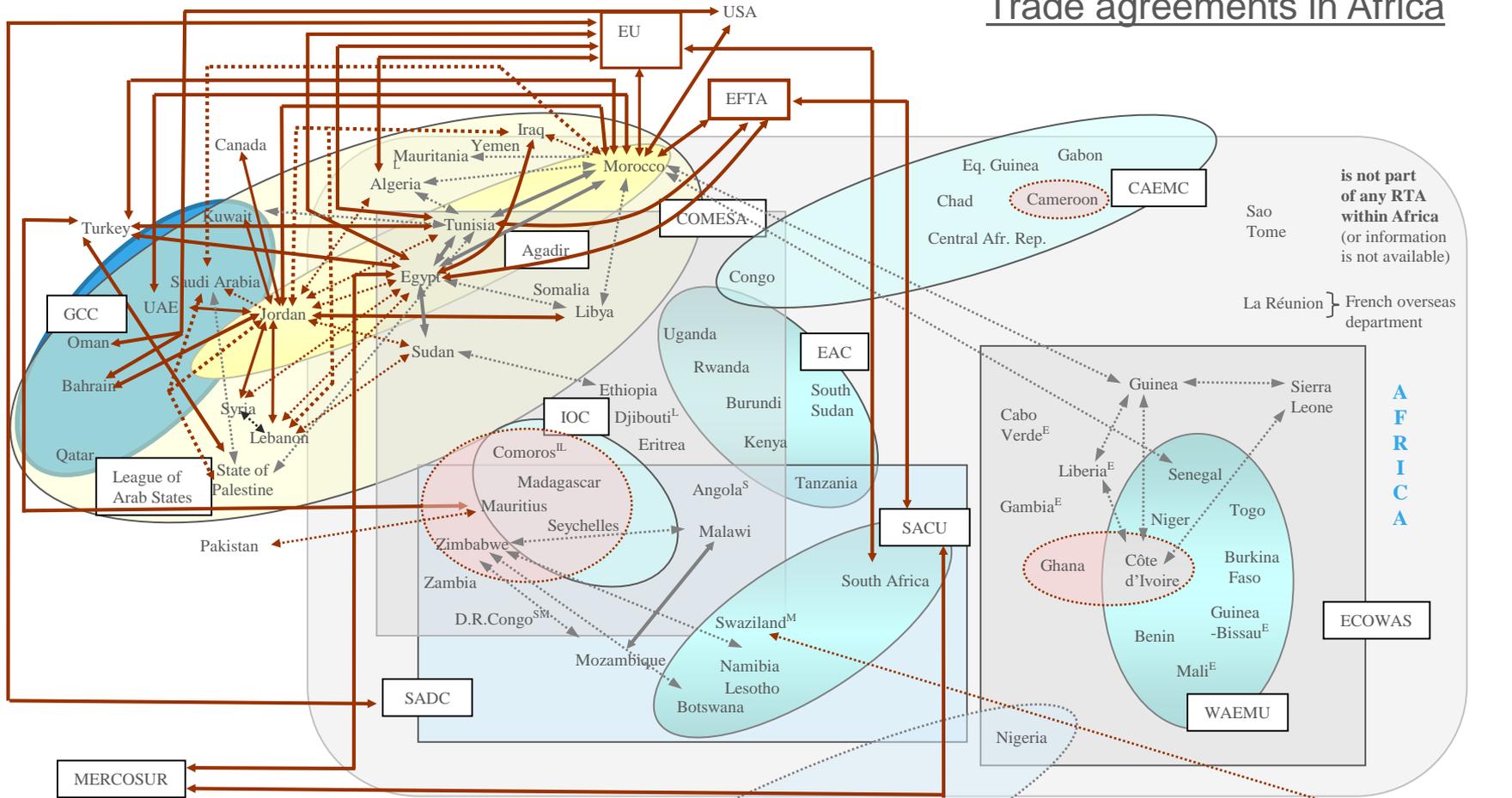
Africa's intra-regional trade



- **Intra-African imports** account for ca. **12% of total African imports**, Asia and Europe import more than 60% from the region.
- Africa's world market share however is very small as well, implying that intra-regional trade still represents an **important source of export revenues**.

→ Africa needs a general **boost in export performance** and AfCFTA can support this.

Trade agreements in Africa



is not part of any RTA within Africa (or information is not available)

La Réunion } French overseas department

A
F
R
I
C
A

- CAEMC** Central African Economic and Monetary Community
- IOC** Indian Ocean Commission
- SACU** Southern African Customs Union
- WAEMU** West African Economic and Monetary Union
- EAC** East African Community
- COMESA** Common Market for Eastern and Southern Africa
- SADC** Southern African Development Community
- ECOWAS** Economic Community of West African States
- MERCOSUR** Southern Common Market

M	indicates that the country is a party to COMESA but not yet applying preferential tariff	
I	-- // --	IOC
S	-- // --	SADC
E	-- // --	ECOWAS
L	-- // --	League of Arab States

Group of eight partial scope agreement

- ⋯ Partial scope agreements
- Free Trade agreements
- Agreements with countries outside Africa

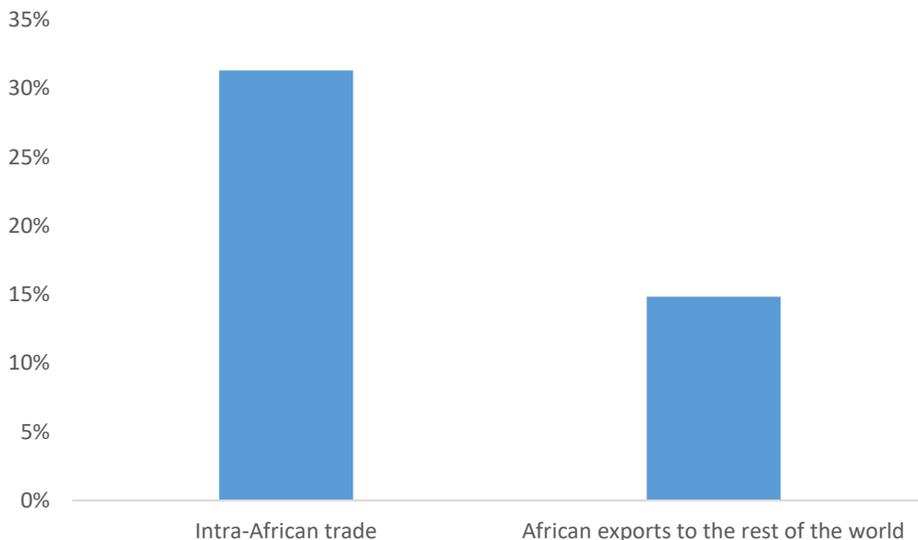
⊖ EPA with EU

Chinese Taipei

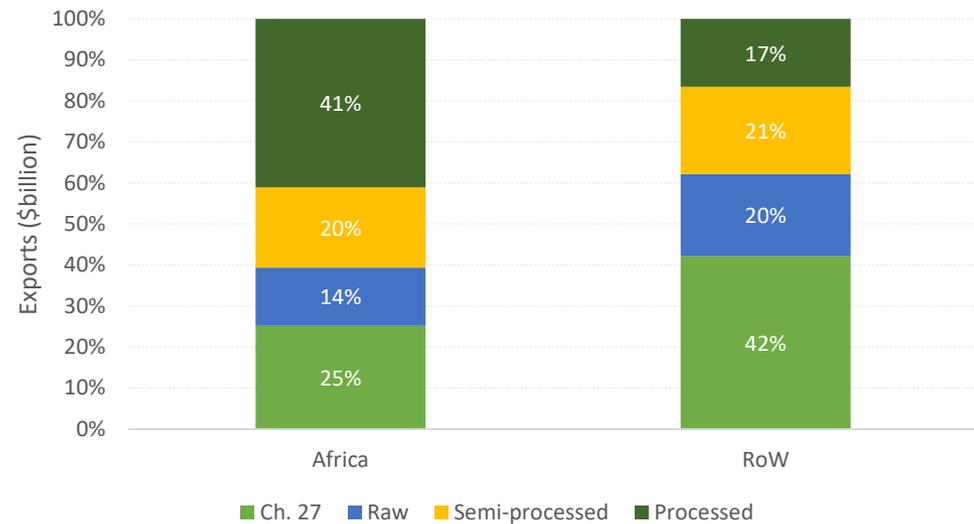
Structural assessment of Africa's trade (1/2)

- The **share of processed goods is substantially higher in intra-African trade** than in exports to other countries (41% vs. 17%).
- Africa's exports to the rest of the world are dominated by mineral fuels and raw products.

Share of technologically advanced* trade in African exports, by market



Level of processing, by market



- **Intra-regional trade offers more opportunities to climb the technological ladder: 31% of intra-African exports are technologically advanced as compared to 15% of exports to the RoW.**

TRADE IMPACT
FOR GOOD

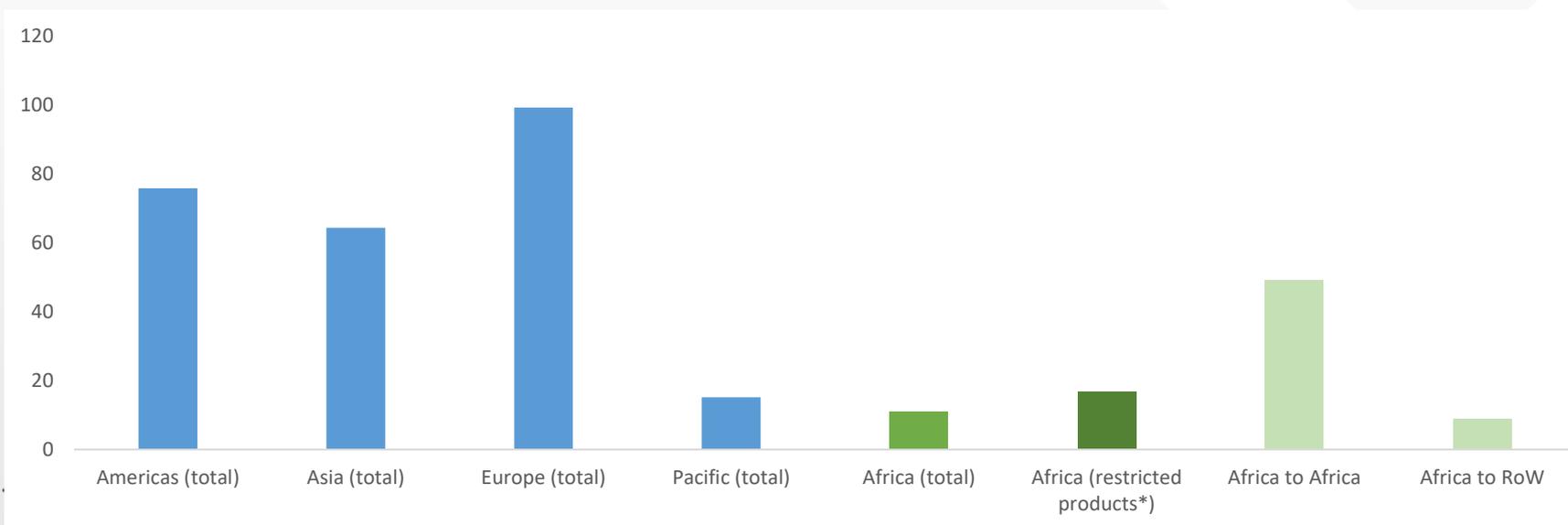
*"Technologically advanced" – transformed products successfully exported by countries with a GDP per capita at least as high as the exporter's GDP per capita.

Structural assessment of Africa's trade (2/2)

- The inverse Herfindahl-Hirschman index indicates that **Africa exports only 11 equivalent products**,⁺ much less than America, Asia and Europe (76, 64 and 99 equivalent products, respectively). When looking beyond natural resource trade, the value increases to 17 equivalent products.
- While Africa's exports to other countries are highly concentrated (9), **intra-African trade** is much **more diversified** (49).

⁺Level of export diversification as high as it would be if the continent was exporting each product at equal shares.

Export diversification (inverse Herfindahl-Hirschman index)

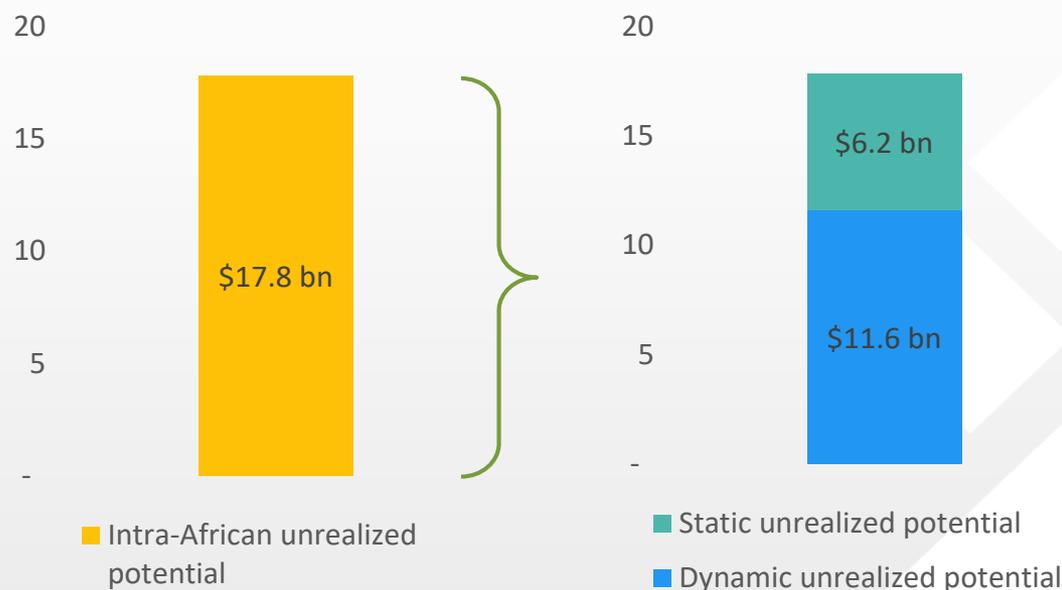


*Excluding products from Chapters 24-27, 93, as well as waste and products not suitable for export promotion (such as antiques).

Africa's export potential (1/3)

- African exporters hold an **unrealized potential of \$18 bn in African markets**
 - ~1/3 of the export growth potential (\$6.2 bn) is due to market frictions
 - ~2/3 (\$11.6 bn) are due to expected growth dynamics

Intra-African export growth potential

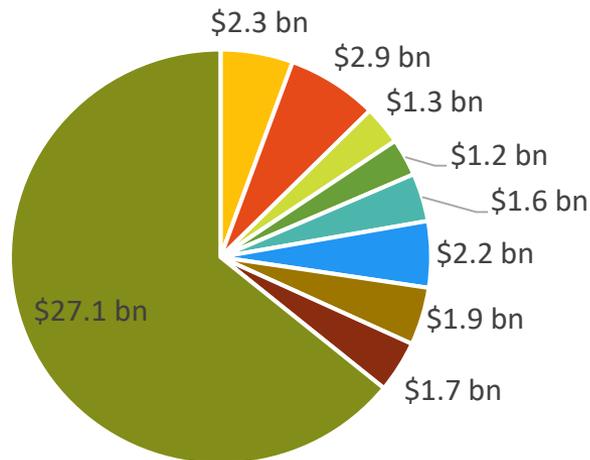


Africa's export potential (2/3)

Current exports are largest in the **machinery sector** (\$2.9 bn), followed by vehicles (\$2.3 bn) and plastics (\$2.2 bn).

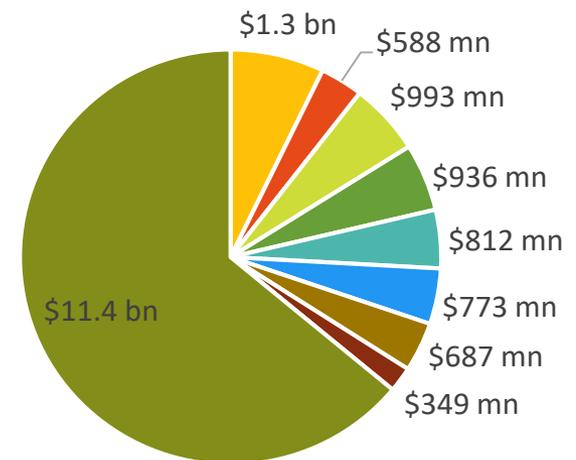
The **vehicles sector** has the largest **unrealized export potential** (\$1.3 bn), followed by sugar (\$993 mn) and fish (\$936 mn).

Current exports*



- 87-Vehicles other ...
- 84-Machinery, mech...
- 17-Sugars and suga...
- 03-Fish and crusta...
- 33-Essential oils ...
- 39-Plastics and ar...
- 85-Electrical mach...
- 72-Iron and steel...
- Other sectors

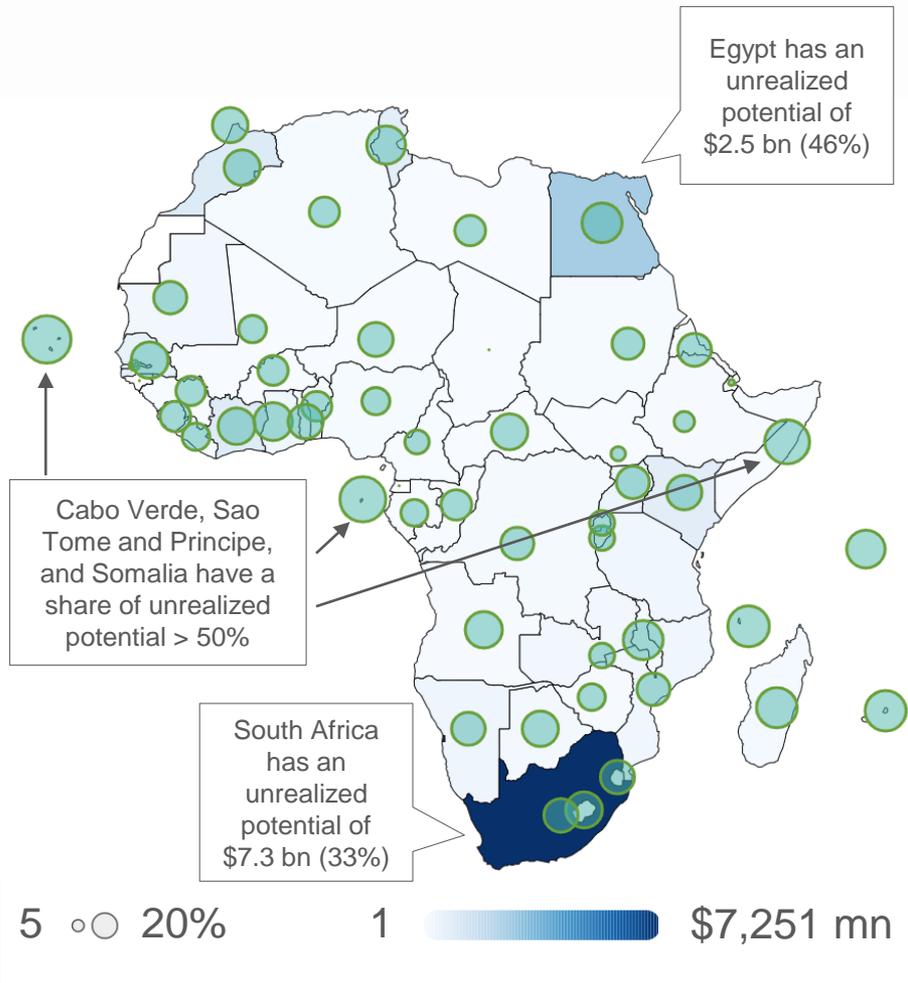
Unrealized potential*



- 87-Vehicles other ...
- 84-Machinery, mech...
- 17-Sugars and suga...
- 03-Fish and crusta...
- 33-Essential oils ...
- 39-Plastics and ar...
- 85-Electrical mach...
- 72-Iron and steel...
- Other sectors

*Excluding products from Chapters 24-27, 93, as well as waste and products not suitable for export promotion (such as antiques).

Africa's export potential (3/3)

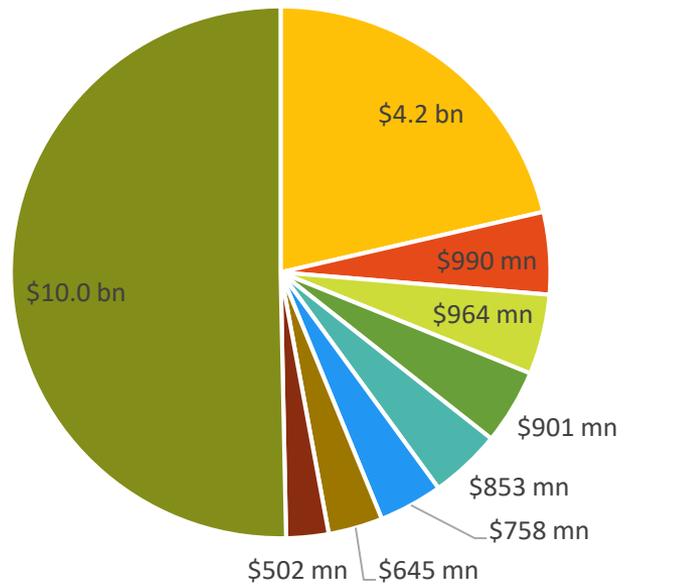


- In absolute terms, **South Africa and Egypt** have the most export growth potential.
- In relative terms, **Cabo Verde, Sao Tome and Principe, and Somalia** could gain the most from removing market frictions and targeted investments with **shares of unrealized in total export potential > 50%**.

AfCFTA gains

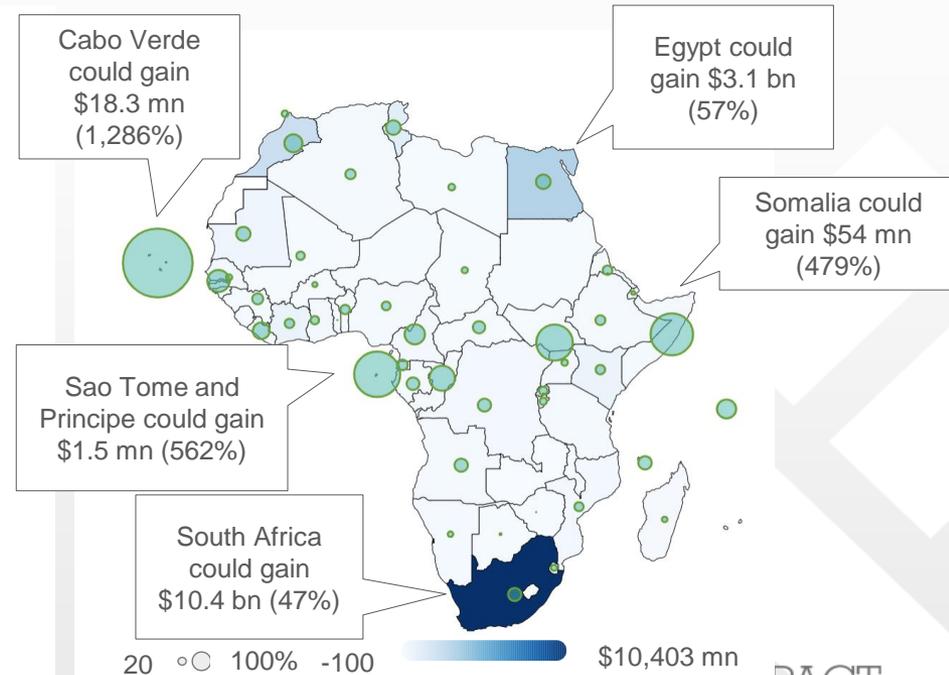
- Assuming a scenario where developing countries reduce their tariffs by 100% and LDCs by 50% over 5 years, additional opportunities worth \$9.2 bn would become available (+18%)
- With **full tariff liberalization**, this gain would increase to **\$19.8 bn (+39%)**

AfCFTA gains, by sector



- 87-Vehicles other ...
- 17-Sugars and suga...
- 39-Plastics and ar...
- 34-Soap, organic s...
- 85-Electrical mach...
- 03-Fish and crusta...
- 72-Iron and steel...
- 73-Articles of iro...
- Other sectors

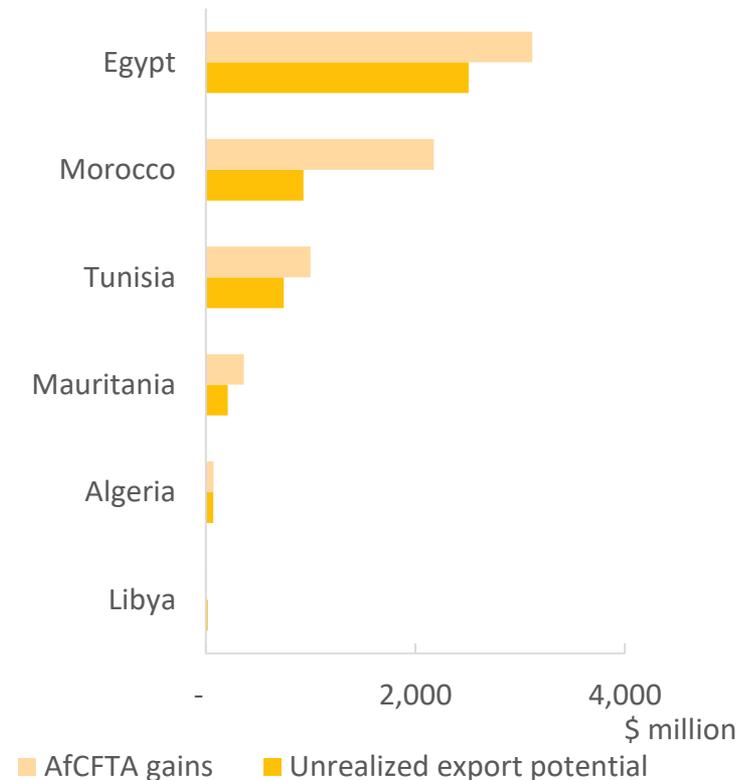
AfCFTA gains, by country



Focus on Northern Africa (1/2)

- **Northern Africa accounts for one quarter (\$4.4 bn) of the total intra-African untapped export potential, and one third (\$6.7 bn) of the AfCFTA-related gains** in additional exports.
- More than half of Egypt's export potential remains unrealized, potentially giving rise to \$2.5 bn in additional exports subject to the removal of market frictions and investments.
- **Egypt also could become the biggest winner from the AfCFTA** with tariff cuts making additional exports worth \$1.1 bn possible.

Northern Africa's intra-African trade opportunities, by country

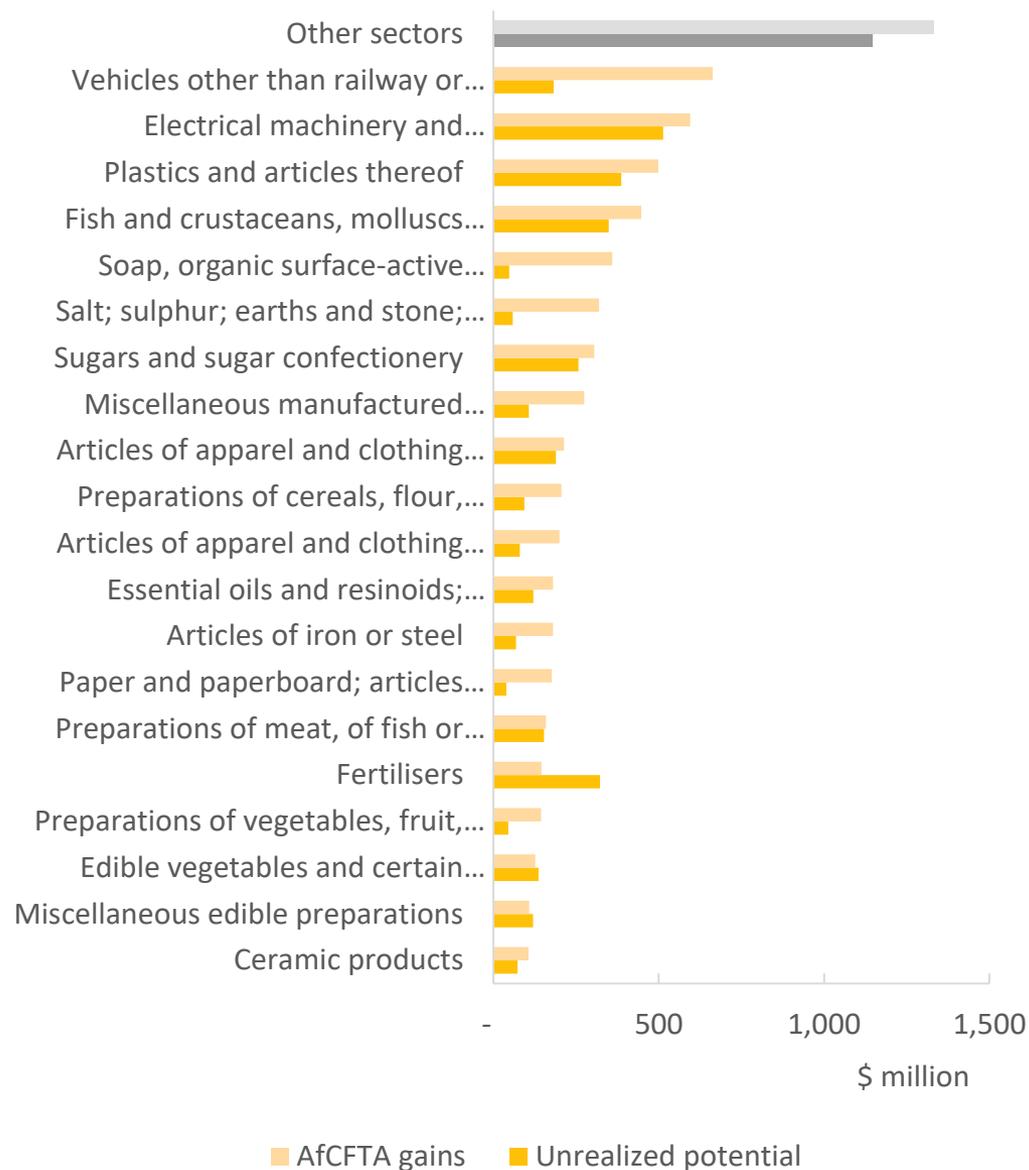


Focus on Northern Africa (2/2)

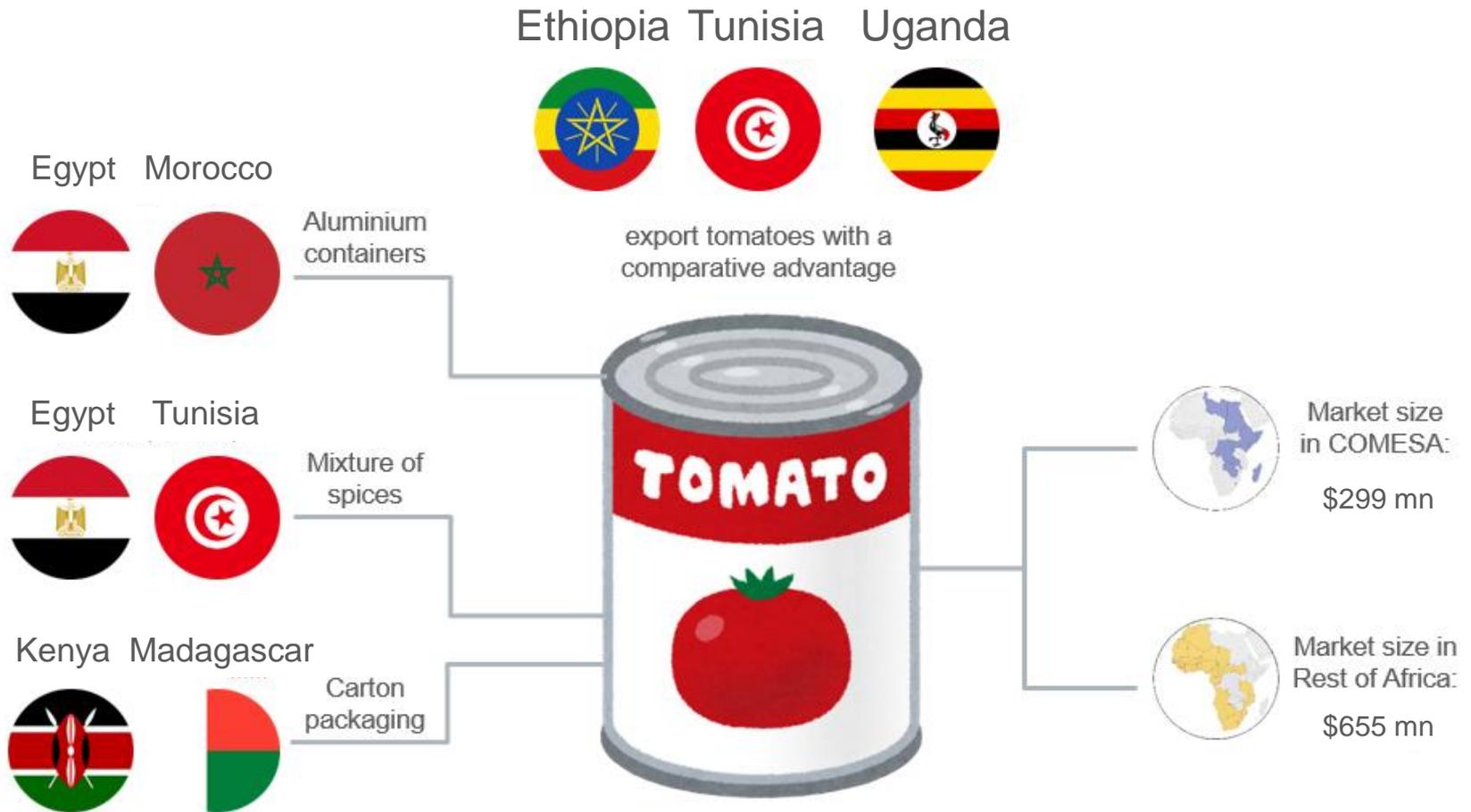
- The **electrical machinery** sector could **gain the most from removing market frictions and making targeted investments** (\$514 mn).
- The **vehicles** sector is expected to **gain the most from a full liberalization of tariffs** under the AfCFTA (\$663 mn).
- Other sectors with good prospects to increase intra-African trade comprise plastics and fish.



Northern Africa's intra-African trade opportunities, by sector



Example of value chain opportunities in Africa

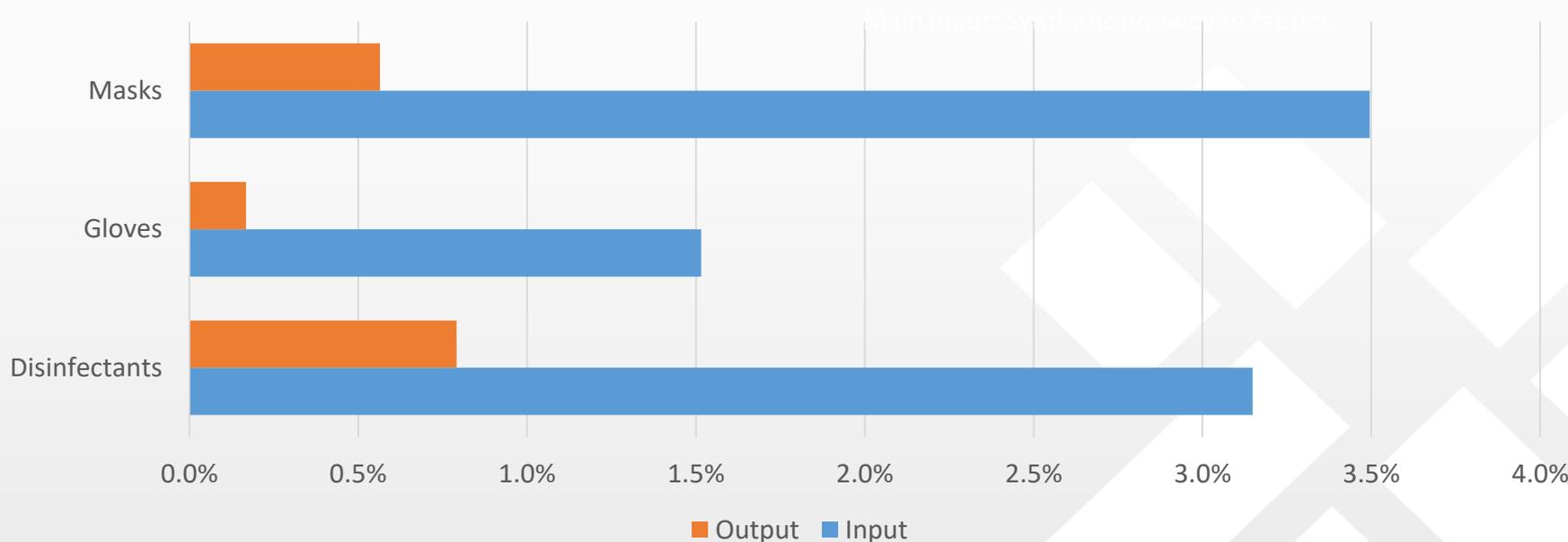


→ See ITC report: *"Products and Markets with Export Growth Potential in COMESA"*

Example of value chain opportunities in Africa – Medical supplies (1/2)

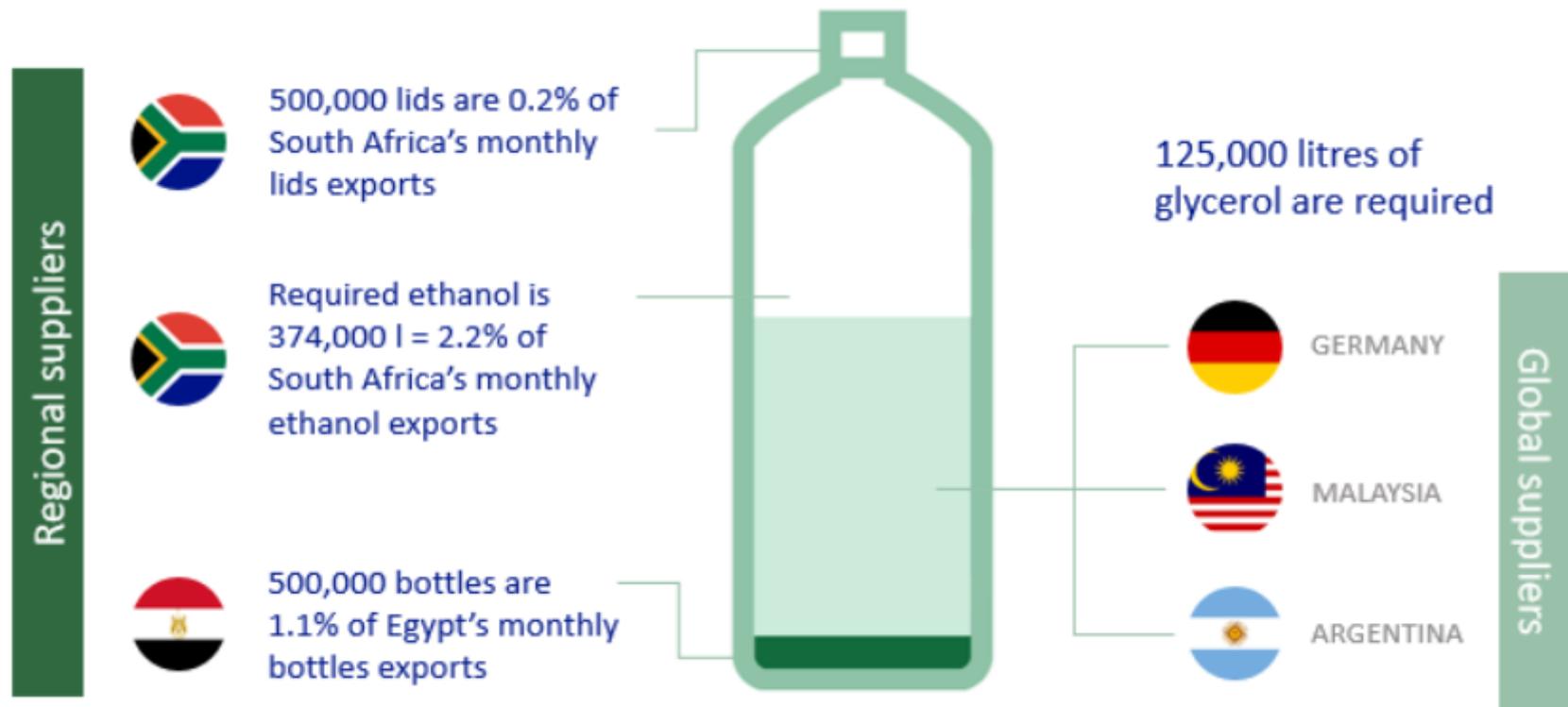
While Africa accounts for a small share of world exports of PPE, the continent holds a significant share of world exports of certain inputs into these products

Share of African in world exports in selected health-related products and their main input



Example of value chain opportunities in Africa – Medical supplies (2/2)

- WHO* estimates that Africa would need 500,000 litres of disinfectants each month to fight the pandemic
- Through regional and global cooperation, Africa could produce sufficient amounts of disinfectants to meet its own requirement



→ See ITC Technical Paper: *“Medical Industries in Africa: A Regional Response to Supply Shortages”*

. *ITC regional breakdown of WHO global estimates.

For more information



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