

DIVERSIFYING TRADE IN AFRICA

NEW STRATEGY APPROACHES FOR THE
AFRICAN CONTINENTAL FREE TRADE AREA



Diversifying Trade in Africa

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Continental Free Trade Area

About the paper

Africa's Continental Free Trade Area agreement, one of the most ambitious regional integration efforts of the 21st century, is requiring policymakers to align a wide range of complex and divergent trade strategies across the continent.

If the agreement is to foster economic transformation, its strategic focus may have to deviate from previous efforts. Existing trade strategies focus on trade promotion, finance and small businesses but very little on innovation. While many strategies focus on agriculture and services, few of them focus on manufacturing. To achieve robust regional integration, an increased emphasis on innovation and on higher-value added sectors may be necessary.

Publisher: International Trade Centre

Title: Diversifying Trade in Africa: New strategy approaches for the African Continental Free Trade Area

Publication date and place: Geneva, November 2019

Page count: 49

Language: English

ITC Document Number: RSE-19-126.E

Citation: International Trade Centre (2019). *Diversifying Trade in Africa: New strategy approaches for the African Continental Free Trade Area*. ITC, Geneva.

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Foreword

With Africa's Continental Free Trade Area (AfCFTA) agreement, the continent is embarking on an ambitious initiative focused on integration, cooperation and partnerships. The regional integration effort addresses competitiveness on a continental scale. The free movement of people, capital, goods and services will bring greater trade and investments among African countries and a single African market will generate opportunities for the continent's wealth of young and female entrepreneurs.

The AfCFTA takes place at a complex time for multilateralism and global cooperation. Three on-going revolutions – digital, environmental and social – are generating anxiety and protectionist tendencies, which affect the world economy. In addition, a growing geo-political rivalry between the United States and China is putting to the test multilateral cooperation frameworks. Against this backdrop, it is positive that African governments and businesses see closer regional cooperation as essential to create more jobs, greater value addition and to reduce poverty.

Negotiating any trade agreement requires intensive analysis and consultations. Without a shared vision around a common destination, shared rules and priority sectors, a trade agreement can easily become a theoretical exercise. If not designed properly and used by the private sector, the agreement will foster little economic benefits. This is why investing in the 'design phase' will be essential for African policymakers to align often complex and even divergent national trade strategies across the continent.

Using the International Trade Centre's Trade Strategy Map dataset, this report is a tool for policymakers that provides an analysis of existing African trade strategies at national and sub-regional levels. It will allow policymakers to have a common understanding of the status quo when embarking on AfCFTA negotiations. The analysis also allows policymakers to identify where national strategic objectives are aligned and where they are not, signalling to negotiators areas that may require specific attention.

This report demonstrates that the current strategic focus of the continent is on a narrow range of agricultural and primary products. This focus may need to be better aligned with the continent's ambitions to add value in the agricultural sector, expand its manufacturing base sustainably, and develop a thriving services sector.

The AfCFTA is the opportunity to change the strategic direction of the continent and to focus more on innovation and the development of higher value-added sectors. The International Trade Centre stands ready to continue in contributing to this process.

Arancha González

Executive Director
International Trade Centre

Acknowledgements

The paper was prepared by Alberto Amurgo Pacheco, Economic Affairs Officer, Research Strategies for Export Strategy at the International Trade Centre (ITC).

The author thanks Marion Jansen, Anton Said and other ITC staff member for valuable comments and feedback on earlier drafts. Special thanks to Ferran Barceló i Heras for updating the Trade Strategy Map database and providing valuable research assistance.

Cheryl Rosebush edited the report. Thanks also goes to ITC colleagues Natalie Domeisen and Evelyn Seltier, who provided editorial support, and oversaw production and quality control, and Serge Adeagbo and Franco Iacovino, who provided graphic and printing support.

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