



Promoting sustainable and inclusive trade in a digital era by exploring untapped intra-regional trade opportunities in Africa

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AGENDA

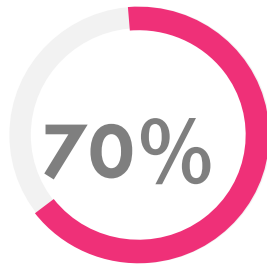
- Introduction
- Opportunities: identifying untapped intra-regional trade opportunities in Africa
- Challenges: barriers to intra-regional trade in Africa
- Conclusion and recommendations: How ICT can help?



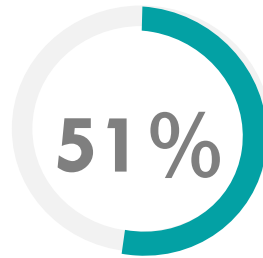
INTRODUCTION

- Intra-African trade is the lowest in the world at only 10%.

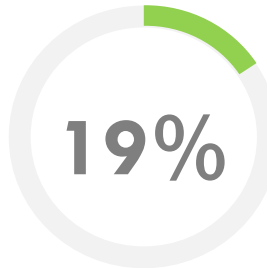
INTRA-REGIONAL TRADE PER REGION



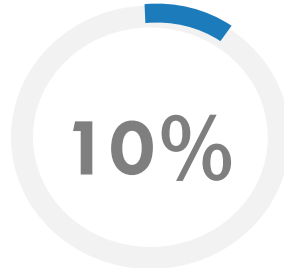
EUROPE



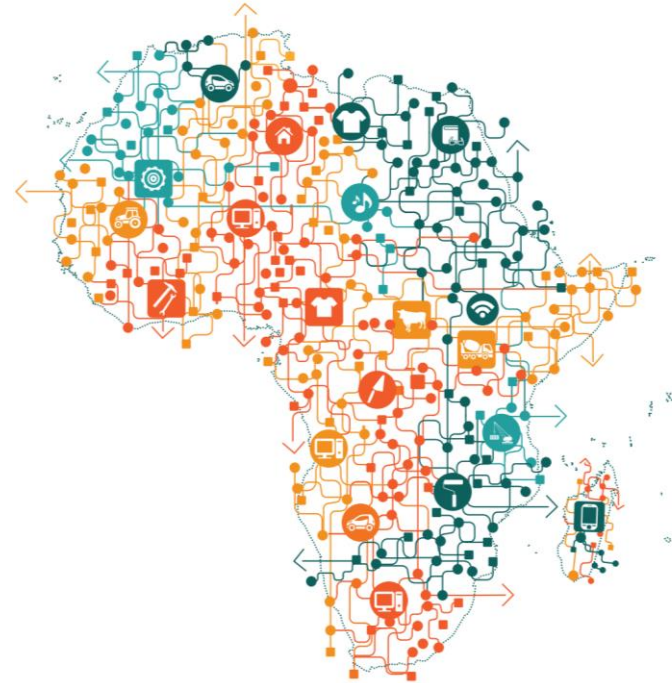
ASIA



LATIN AMERICA



AFRICA



INTRODUCTION

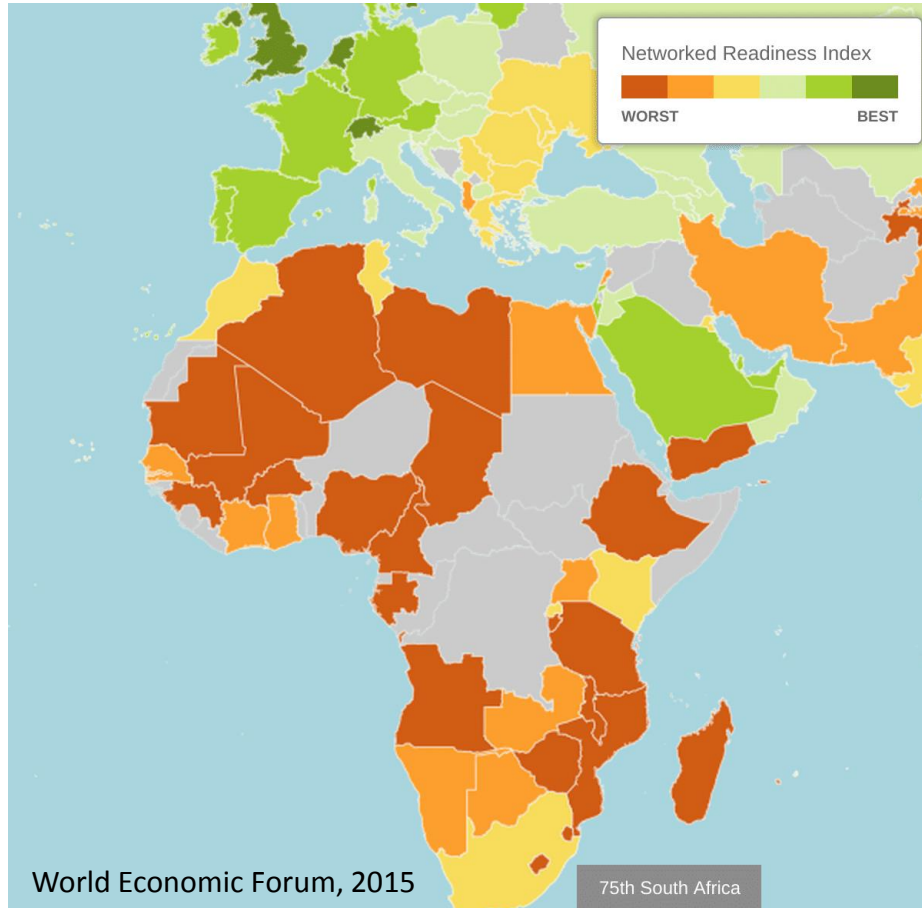


Obstacles to intra-regional trade in Africa include:

- Border inefficiency
- High trade cost
- Many delays
- Infrastructure deficiencies – including physical and communication infrastructure
 - Diverse network readiness
- Insufficient information about trade opportunities.



WEF network readiness index



Trade can be a powerful driver for the region's inclusive and sustainable development

SDG 8: increase productivity and create quality jobs in value-added sectors

SDG 9: spearheading industrialisation and promoting innovation



- Specifically developing countries have immense potential for industrialisation in the food and beverages and textiles and clothing industries.
- Good prospects for sustained employment generation and higher productivity.
- In developing countries barely 30% of agricultural production undergoes industrial processing
- In contrast to 98% in high-income countries (UNCTAD 2016; UN, 2016).

INTRODUCTION

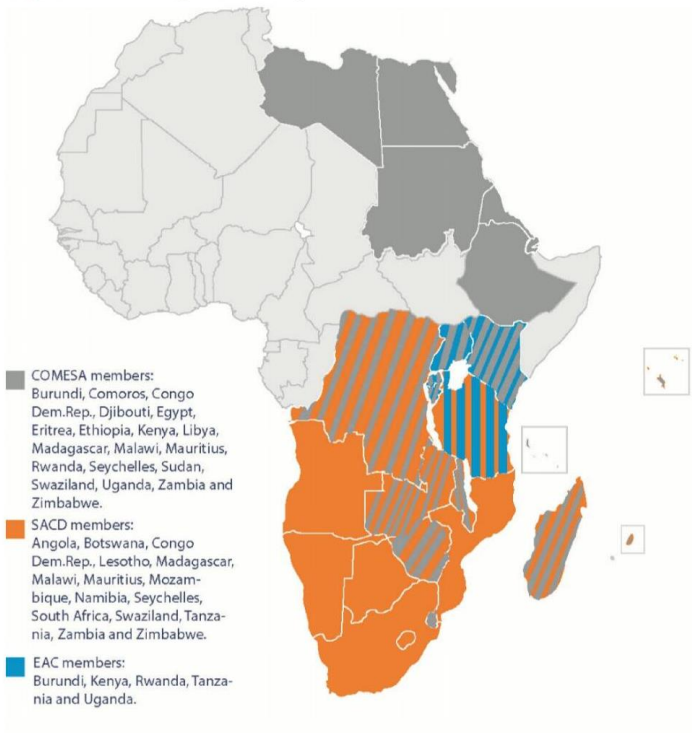
- There is a need to address on-the-ground constraints that disrupt the daily operations of traders and to focus on actions that would make an immediate difference (World Bank, 2012).





OPPORTUNITIES

- In this study, the point of departure is the dearth of information on trade opportunities in Africa.
- We identify untapped intra-regional trade opportunities among the 26 member states of the TFTA using a blend of recognised methodologies.
- Show that overcoming information constraints does not have to be costly or complex.



Identifying trade OPPORTUNITIES



Consistently large
and growing
import demand

=

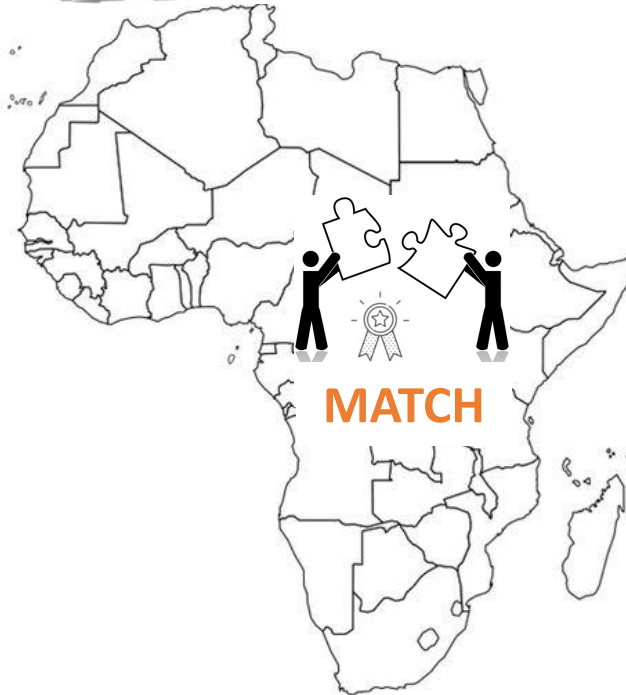
*Import value > 2% of world
imports for the product*

&

*Import growth > world
average for the product*

for 5 consecutive years

SUPPLY →
← **DEMAND**



MATCH



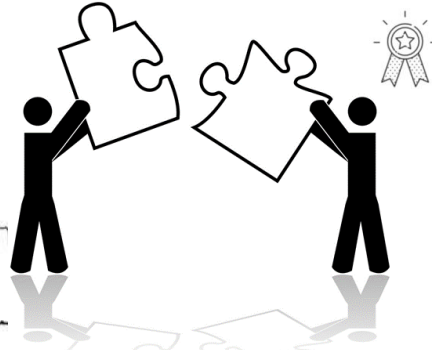
Consistently
competitive
export supply

=

$$RCA_j = \left(\frac{X_{n,j}}{XW,j} \right) / \left(\frac{X_{n,tot}}{XW,tot} \right)$$

for 5 consecutive years

Evaluate actual trade: Identify untapped trade OPPORTUNITIES

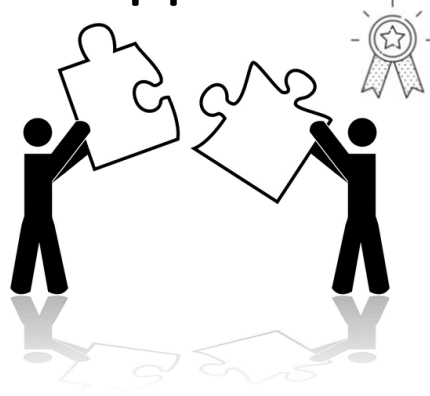


Match = exporter-product-importer combinations

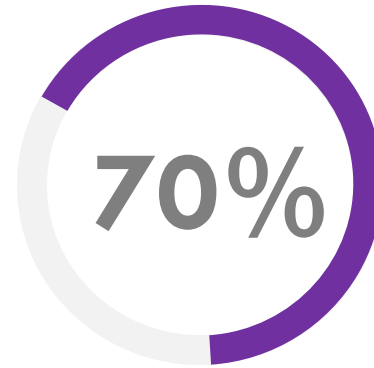
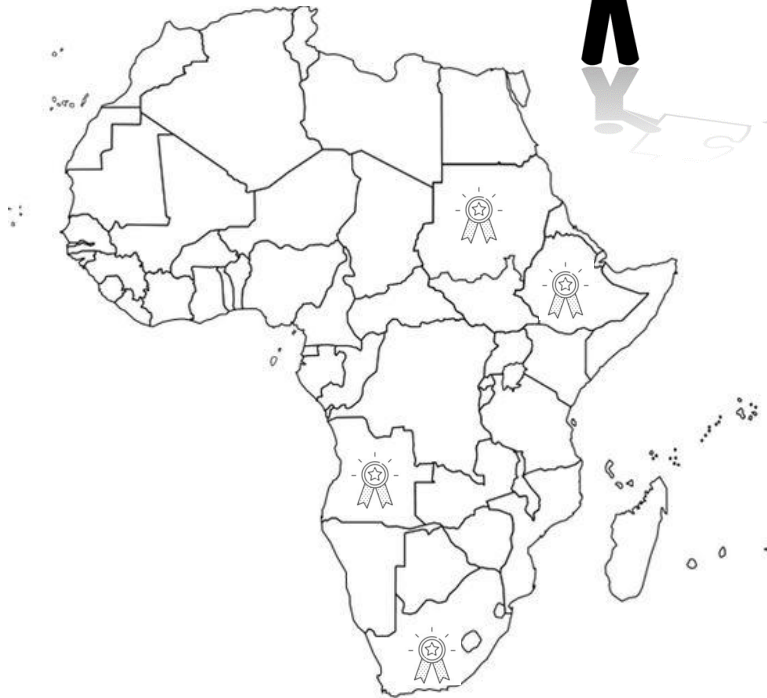
Increase	Trade value in year 5 > Trade value in year 1
Decline	Trade value in year 5 < Trade value in year 1
Extinct	Trade value in year 1 > 0 & Trade value in year 5 = 0
Zero	Trade value = 0



Evaluate actual trade: Identify untapped trade **OPPORTUNITIES**



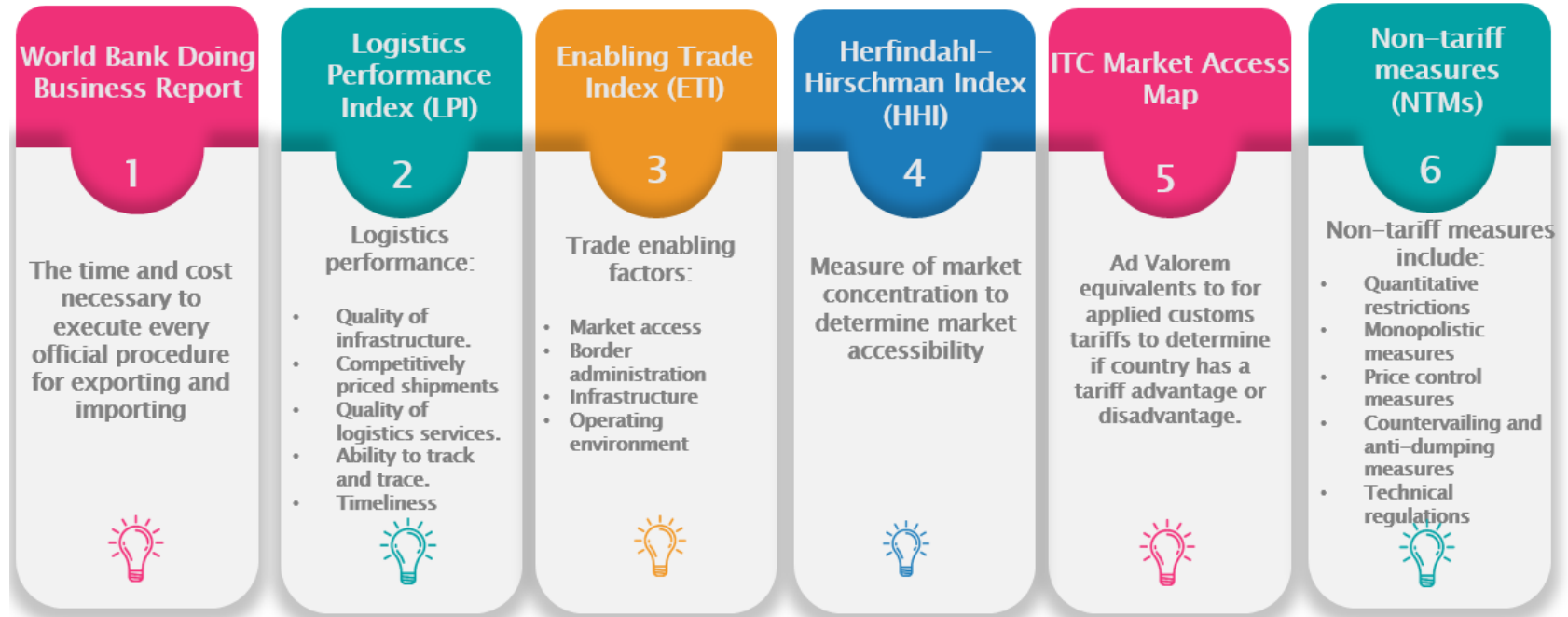
Match =
exporter-product-importer combinations



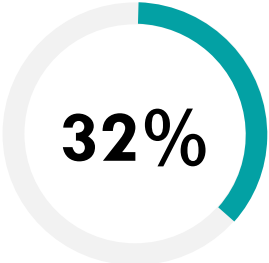
**UNTAPPED /
ZERO ACTUAL TRADE**

CHALLENGES

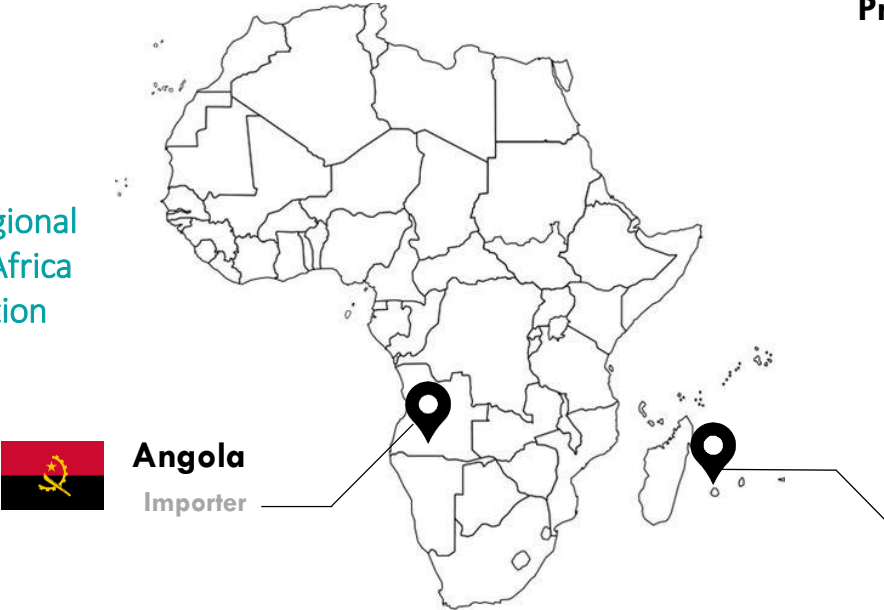
We investigated trade barriers that can possibly cause these opportunities being unexploited...



CHALLENGES: High market concentration (Competitors)



Of unexploited intra-regional trade opportunities in Africa show high concentration



Product
Textiles



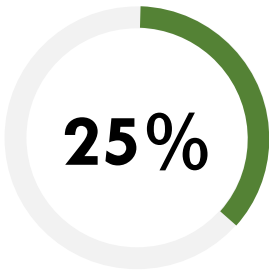
China
Competitor



Mauritius
Matched exporter



CHALLENGES: Tariffs



Of the untapped trade opportunities impose tariffs of 20% or higher, peaking at 60%.



Product
Pineapple



Kenya
Matched exporter



20% tariff

Mozambique
Importer



CHALLENGES: Lack of information



No specific barriers prohibiting trade
=
possibly overlooked opportunities



One of the biggest impediments to intra-African trade is limited knowledge about trade opportunities in Africa (executive vice-president of the African Export-Import Bank).



Egypt
Matched exporter



Zambia
Importer



Product
Women/ girls' blouses and shirts

WHAT CAN BE DONE?



This study has shown that a startling 70% of matched trade opportunities between TFTA member countries are untapped.



Many of these untapped trade opportunities could however be seized through new possibilities offered by digitalisation.



If these opportunities could be effectively pursued it can be assisted by more reliable market information that can be disseminated by means of digital platforms, and a stronger commitment among governments (to wean themselves off tariffs and to address the damaging effects of NTMs).



Africa could fast-track its development, even in the face of a legacy of production- and infrastructure-related weaknesses.



For Africa to truly live up to its name as a rising continent, policymakers and decision-makers at many levels must also be able to adapt to rapid and relentless change, specifically in this digital era.



Extending and strengthening regional relationships and integration is an important step in that direction.

HOW CAN ICT HELP?

Information systems



Enables and simplifies trade

Shared information platforms



Information systems

To enhance border and customs efficiency, reduce delays and trade cost.

Shared info platforms

Where traders can get information about trade opportunities in Africa (hosted by export promotion organisations).

Enable and simplify trade

Eases, enables and simplifies connecting and communicating with potential trading partners.



THANK YOU

ANY QUESTIONS?

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