

Africans urged to trade more with each other

African countries continue to trade more with the outside world than among themselves, according to findings of the UN Economic Commission for Africa (ECA) assessment report on progress made on regional integration in the context of the Covid-19 pandemic.



Trucks loaded with goods had been waiting for weeks to cross the Côte d'Ivoire-Ghana borders at Elubo/Nbe. © Franck Kuw'onu/Africa Renewal

The report was presented during the 39th ECA Committee of Experts of the Conference of African Ministers of Finance, Planning and Economic Development in Addis Ababa, Ethiopia.

The European Union, the report says, is taking the largest share of the market, accounting for 29.8% of total trade in 2018. The trend is, however, changing following Brexit and also due to increasing trade between China and Africa.

Stephen Karingi, the director of the Regional Integration and Trade Division at the ECA, while presenting the report findings, said Covid-19 had severely disrupted the implementation of regional integration initiatives, including the African Continental Free Trade Area (AfCFTA), particularly trade through national border closures.



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Importance of digitalisation

“Implementation of regional integration continues to be hampered by governance, peace and security challenges,” said Karingi, adding: “Digitalisation is key in maintaining trade competitiveness and enabling effective participation in cross border e-commerce.”

The report shows that in 2018, Africa accounted for only 2.6% of global trade, which is a slight increase from

0.2% from 2017.

Intra-African trade increased to 16.1% in 2018 (\$159.1bn), up from 15.5% in 2017. Globally, output slightly decreased to 3.6% in 2018 from 3.8% in 2017.

While progress continues to be made in pursuit of the continent's regional integration agenda throughout the eight regional economic communities (RECs), challenges to the achievement of deeper integration remained. In particular, most RECs and member states are struggling to achieve progress in the area of productive integration.

Karingi noted that before the Covid-19 pandemic there was a rise in intra-trade in Africa, but compared to other regions, it remained low.



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Key pillars of regional integration

"Trade, economic movement of people and services, infrastructure, governance, peace and security are the key pillars of regional integration," he noted, adding that many countries were doing a lot to implement the AfCFTA.

Karingi said peace and security "create environments conducive to the pursuit of regional integration and the attainment of broader continental development objectives", noting that progress on integration was uneven, adding that the free movement of people was critical for the realisation of the AfCFTA.

The report presents an assessment of progress on regional integration in Africa with a particular focus on progress made by RECs in key dimensions of regional integration, including macroeconomic integration; productive integration; trade integration; infrastructure integration; the free movement of people; and governance, peace and security.

In all the RECs, Karingi said, productive integration was their poorest performing dimension of regional integration. "Most of the communities are lagging in terms of intra-regional intermediate exports and imports and are recording a very low merchandise trade complementarity index," he said, adding that productive integration was central to enhancing industrialisation and trade. "Productive integration is also critical to integrating African economies into regional value chains and global value chains, as envisioned in Agenda 2063."



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AMU and EAC taking the lead

According to the report, the Arab Maghreb Union (AMU) and East African Community (EAC) are taking the lead in productive integration, with index scores of 0.449 and 0.434, respectively, while Ecowas is the least integrated regional bloc in the productive integration dimension, with an index score of 0.220.

Despite the low performance of the majority of the RECs on productive integration, there were several initiatives being carried out to improve the situation, including some that are supported by ECA.

Economic Community of Central African States (ECCAS) and EAC are the highest-performing communities in terms of macroeconomic integration, with scores of 0.684 and 0.660, respectively, on the index.

Karingi said the ECA would continue to support RECs in mainstreaming and boosting intra-African trade in their programmes and policies, building on the collaborative work on regional industrialisation, as has already been initiated in SADC and Ecowas; broaden its capacity-building programme on the use of macroeconomic and forecasting models in economic planning and development, to empower member states and RECs; support the AfCFTA ratification drive and implementation, including through awareness-raising programmes and developing national implementation strategies.

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