

IS INTRA-AFRICAN TRADE LOW?

At the African Union Summit in Malabo (Equatorial Guinea) in June 2014, African governments adopted the *Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods*, a set of concrete

agricultural goals to be reached by 2025. Among these goals is

the resolution "to triple, by the year 2025, intra-African trade in agricultural commodities and services."

Is regional trade in Africa (i.e. trade within Africa, which is the stated objective of the Malabo Declaration) low? Points of view differ.

On one side, many international institutions agree on Africa's relatively low level of regional trade. UNECA and AdB (2010)¹ conclude that "more than 80 per cent of African countries' exports are still destined for markets outside the continent, with the EU and the United States accounting for more than 50

per cent of this total. On average, over the past decades, only about 10 to 12 per cent of African trade takes place among other African nations. [...] About 40 per cent of Northern American trade occurs with other Northern American countries. Similarly,

The use of trade shares as an indicator of regional trade is clearly misleading.

about 63 per cent of Western European trade takes place with other Western European nations". In 2012, the World Bank² cited Africa's low level of intra-regional trade, as well as fragmentation of the continent. The African Development Bank underlined that in 2009 "..., intra-African trade (i.e. trade among African countries) accounted for about 10 percent of the continent's total trade... This is far below the levels of intraregional trade achieved in Latin America and Asia (22 percent and 50 percent, respectively)".³

AGRODEP is a Modeling

Consortium of African researchers living and working in Africa with research interests ranging from economic modeling to regional integration and development to climate change, gender, poverty, and inequality.

There are currently 183 members from 27 countries; our members work at top research institutions and universities in their own countries as well as various government agencies and non-profit organizations.

The benefits of being an AGRODEP member include opportunities for research grants, free access to cutting-edge economic research tools, data, and training. Members also gain access and exposure to large global networks of economic researchers and experts. [Click here to learn more.](#)

¹ UNECA, AfDB, and AU. 2010. *Assessing Regional Integration in Africa IV: Enhancing Intra-African Trade*, Volume 4. United Nations Publications.

² Brenton, P. and G. Isik. 2012. "De-fragmenting Africa." Washington DC: World Bank.

³ Barka, H. B. 2012. "Border posts, checkpoints, and intra-African trade: challenges and solutions." African Development Bank.

However, the academic literature⁴ (including a forthcoming discussion paper by Antoine Bouët and Lionel Cosnard⁵) concludes differently.

According to Bouët and Cosnard, the use of trade shares as an indicator of regional trade integration is clearly misleading, both for cross-region comparisons and for time-series comparisons, since trade shares depend not only on the degree of integration but also on other factors such as geography, competitiveness, or economic activity.

First, an increase of intra-regional trade shares can be due to closer regional integration, but it can also be the result of either a loss of competitiveness on international markets or more dynamic activity within the region than outside the region (procyclical bias).

Second, the interpretation of trade shares in cross-region comparisons is also misleading since trade shares are highly influenced by geography. For a given total regional space and a given amount of trade, this ratio increases with the number of states within the region.

Third, trade shares also depend on the size of countries within the region. For a given total regional space, a given amount of trade, and a given number of states within the region, trade shares will differ if countries are of equal size or if $n-1$ countries are small and one is large. Putting this differently, the more fragmented a region is, the more intra-regional trade is recorded and the more trade share rises.

Fourth, for a given space and number of states, trade shares will decrease with increasing trade with the rest of the world.

The main argument here is certainly the lack of benchmark. The share of regional trade in a region's total trade is not based on a benchmark. Say that regional trade in Africa represents $x\%$ of Africa's total trade; we do not know if this level is high or low or if this level comes from a lack of integration, a fragmentation of space, or a lack of competitiveness of African products on world markets. Considering potential benchmarks for this share leads the authors to conclude that Africa's intra-regional trade intensity is relatively high. This does not mean that the objective of tripling intra-Africa agricultural trade is not a good objective; it only means that designing the proper policy to reach this objective has to be based on sound economic analysis and proper statistical indicators.

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AGRODEP MEMBERS PARTICIPATE IN NAIP CLINICS

Ongoing Meetings in Dakar

More than 25 AGRODEP members are currently participating in a series of technical clinics on the methodologies and tools to be used for the appraisal and design of National Agricultural Investment Plans (NAIPs). The clinics are being held in Dakar, Senegal from September 19-30.

The series includes clinics on gender, climate-smart agriculture (CSA), foresight tools, regional trade, public agricultural expenditure analysis, and overarching agricultural growth and poverty reduction goals.

At the end of the trainings, participants will become members of a NAIP Experts Group and will be involved in the appraisal of current NAIPs and the design of the next iteration of the NAIPs in line with the commitments set forth by the Malabo Declaration and the new CAADP Results framework.

⁴ See for example Rodrik, D. 1998. "Trade Policy and Economic Performance in Sub-Saharan Africa." NBER Working Paper Series (6562) or Iapadre, L. and F. Luchetti.

2009. "Trade Regionalisation and Openness in Africa." European Report on Development..

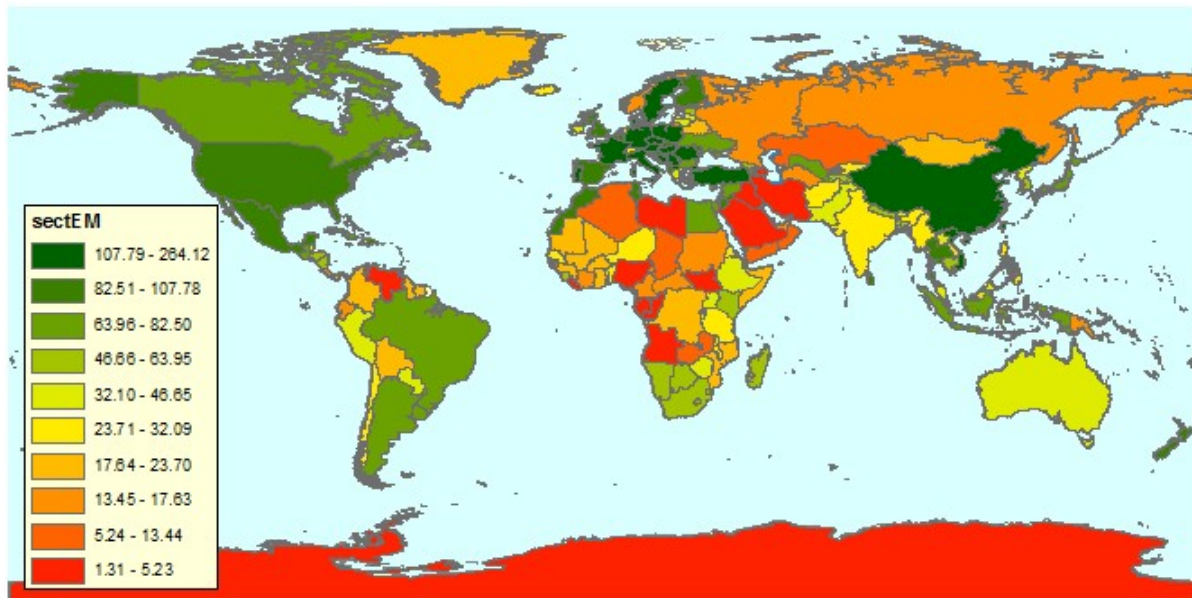
⁵ Bouët, A., and L., Cosnard, 2016. Measuring Trade Integration in Africa, IFPRI Discussion Paper, forthcoming.

DATA

Recent statistics about Africa

Studying the sectoral diversification of a country's trade enables us to know whether that country is highly dependent on exports of a more or less limited number of products. One interesting indicator is the number of Equivalent Sectoral Markets, which measures the number of equivalent products of the same size that would give the same degree of diversification in products as that actually observed in a country's exports. Diversification is assessed by an indicator based on the Herfindahl concentration index. Figure 1 shows the Average Global Geographic index of national exports. In the case of Africa, this figure clearly reveals a relatively low number of sectors in which African countries are specialized.

Figure 1. World map of Sectoral Number of Equivalent Markets by Continent (2009-2013)



Source: Bouet and Cosnard, 2016, forthcoming.

FOOD AND NUTRITION SECURITY UNDER CAADP

New Poll on Africa South of the Sahara Food Security Portal

Research shows that CAADP has been effective in improving agricultural policymaking throughout Africa. However, there remains a lack of research into the program's impact on important development and welfare indicators, including food and nutrition security.

The [Africa south of the Sahara Food Security Portal](#) is currently conducting an [online poll](#) on the topic of food and nutrition security under CAADP. The poll aims to identify prioritized research gaps that exist regarding FNS under CAADP implementation. The results will inform an upcoming panel on the topic at the 2016 ReSAKSS Conference in October.

NEW AGRODEP WORKING PAPER

Working Paper Series Grows to 33

AGRODEP has released one new paper in its **working paper series**, making a total of 33 papers. In **“Trade Performance and Potential of North African Countries: An Application of a Stochastic Frontier Gravity Model”**, authors Lota D. Tamini, Houssein Eddine Chebbi, and Abdesslem Abbassi find that trade efficiency for agricultural products in North Africa is relatively low, pointing to the need to improve domestic policies to encourage entrepreneurial development in the region.

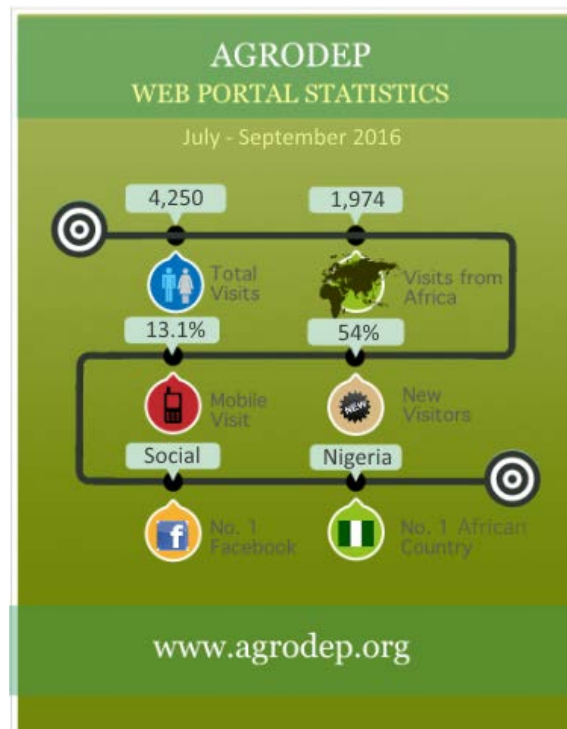
UPCOMING AGRODEP TRAININGS

Training Course Series Continues

AGRODEP has announced a new training course on **“Multi-country, Multi-sector General Equilibrium Analysis: MIRAGRODEP AEZ.”** The course will be held in Dakar, Senegal from November 28-30 and will be instructed by David Laborde and Fousseini Traore of IFPRI’s Markets, Trade and Institutions Division. The course will focus on IFPRI’s new, customized model based on the MIRAGRODEP model; MIRAGRODEP AEZ is used to assess how technological innovations impact agricultural growth and food security at the sub-national level using agro-ecological zones. The model was built at IFPRI under the Program of Accompanying Research for Agricultural Innovation (PARI), in partnership with the Center for Development Research (ZEF)-University of Bonn.

The three-day course will introduce participants to the new model, taking them through the methodology step by step and utilizing real examples from Ghana. Participants should have an advanced understanding of microeconomic theory and should ideally be experienced in CGE modeling with GAMS. **Applications** are due October 7.

Please also note that the AGRODEP training course on **“Losses along Food Value Chains”** was rescheduled and its location moved, from its original dates of October 5-7 in Dakar, Senegal to October 17-19 in Accra, Ghana. The course will provide participants with an understanding of the key concepts and issues related to food loss and waste along agricultural value chains, as well as the latest methodological approaches employed in measuring FLW. The course is sponsored by the CGIAR Research Program on Policies, Institutions and Markets (PIM) as part of the AGRODEP Value Chain Analysis Virtual Hub.



WHAT IS AGRODEP?

The African Growth and Development Policy (AGRODEP) Modeling Consortium is an initiative led by the International Food Policy Research Institute (IFPRI). The goal of AGRODEP is to position African experts to take a leading role in both (1) the study of strategic development questions facing African countries as a group and (2) the broader agricultural growth and policy debate, which traditionally has been dominated by external actors and concerns.

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