

DISCUSSION PAPER No. 306

The future for Africa's trade with Europe: FACTORS AFFECTING THE LONG-TERM RELEVANCE OF THE EUROPEAN MARKET FOR AFRICAN EXPORTS

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The European Union (EU) and its member states seek to use the attractiveness of the EU market to encourage developing country trade partners to adopt more socially and environmentally sustainable practices. However, such a strategy depends on the EU market continuing to be an important market for developing country exports. Recent developments and trends, both in the EU and globally, bring this into question.

We have analysed developments and trends affecting Africa's exports to the EU, focusing on African exports as a subset of developing country exports. We looked in particular at developments and trends in the EU market, increasing demand from emerging markets and African initiatives to boost intra-African trade.

We find that the EU is likely to remain an important market for African exports, including for niche, higher-value products with potential for value addition and for promoting sustainability. Nonetheless, European measures to promote sustainability are a double-edged sword. While they promote sustainable outcomes, they also make exporting to the EU harder, especially for smaller firms. This provides a strong rationale for efforts to help small- and medium-sized enterprises in developing countries comply with European measures to promote sustainability.

We also find that while Africa's trade with emerging markets is increasing, it does not provide significant opportunities to generate local value addition and promote sustainable outcomes, at least not yet. By contrast, boosting intra-African trade offers great potential for generating sustainable outcomes, particularly in terms of boosting local value addition and creating opportunities for Africa's many small firms, and for its women.

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Acronyms

ACP	African, Caribbean and Pacific
AfCFTA	African Continental Free Trade Area
CBAM	Carbon Border Adjustment Mechanism
CBI	Centre for Promotion of Imports
DCFTA	Deep and comprehensive free trade agreement
DFQF	Duty-free quota free
DRC	Democratic Republic of the Congo
EBA	Everything But Arms
EC	European Commission
ECDPM	European Centre for Development Policy Management
EPA	Economic partnership agreement
ESA	Eastern and Southern Africa
EU	European Union
EUTR	European Union Timber Regulation
GDP	Gross domestic product
GI	Geographical indication
GVC	Global value chain
ICSA	Intra Commonwealth SME Association
IAFS	India-Africa Forum Summit
IEA	International Energy Agency
IFOAM	International Federation of Organic Agriculture Movements
IFPRI	International Food Policy Research Institute
ITC	International Trade Centre
LDC	Least developed country
REC	Regional economic community
RoO	Rules of origin
RoW	Rest of the World
SITA	Supporting Indian Trade and Investment for Africa
SME	Small and medium-sized enterprise
TSD	Trade and sustainable development
UAE	United Arab Emirates
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
USDA	United States Department of Agriculture
WTO	World Trade Organization

1. Introduction

With its large internal market and a long history of political and commercial ties to the developing world, Europe has traditionally been one of the most important markets for exports from developing countries. In recent years, the European Union (EU) and EU member states have sought to use the ‘pull’ of the EU market to promote more sustainable production and trade by developing country exporters to the EU.

Indeed, the recent European Commission Communication on the Trade Policy Review notes that the EU must use the attractiveness of its market to “ensure adherence to universal values, notably the promotion and protection of human rights. This includes core labour standards, and social protection in line with the European Pillar of Social Rights, gender equality, and the fight against climate change and biodiversity loss” (EC 2021). The success of such efforts depends on the continued attractiveness of the EU market to developing country exporters. Recent developments and trends, both in Europe and globally, raise questions about the future attractiveness of the EU market for developing country exporters.

In late 2019, the Centre for Promotion of Imports from developing countries (CBI), a part of the Netherlands Enterprise Agency, asked the European Centre for Development Policy Management (ECDPM) to analyse major trends and developments affecting - or likely to affect - the relevance of the European market for developing country exports, to draw implications for efforts to use the EU’s market pull as a means to promote sustainable outcomes such as decent employment, gender equality and more environmentally responsible production practices.

This paper presents the main findings of this analysis, which is based on a review of relevant literature carried out between December 2019 and February 2020. Some quantitative analysis of relevant trade data has been included to contextualise this qualitative analysis.¹ The paper focuses on African exports as a subset of developing country exports.² It highlights developments and trends in overall African exports, before analysing the impact of the proliferation of potentially trade-restricting sustainability-related standards and regulations in the European market, the growing importance of China and other emerging markets as destinations for African exports, and the opportunities (for promoting trade and sustainable outcomes) arising from efforts to integrate the African continent economically and boost intra-African trade.

2. Africa’s exports in context

The value of Africa’s merchandise exports has increased substantially over the last two decades, but its overall contribution to global trade remains small. Africa’s total exports were valued at US\$ 504 billion in 2018, up from about US\$ 112 billion in 2001. But African exports accounted for just 2.6% of global exports in 2018 (up from 1.8% in 2001). If Africa were a country, it would have been the world’s 10th biggest exporter in 2018, behind Italy (US\$ 549 billion) and ahead of the UK (US\$ 490 billion).³

¹ Unless otherwise specified all the quantitative trade analysis in this paper is based on data from ITC Trademap: <http://www.trademap.org/>.

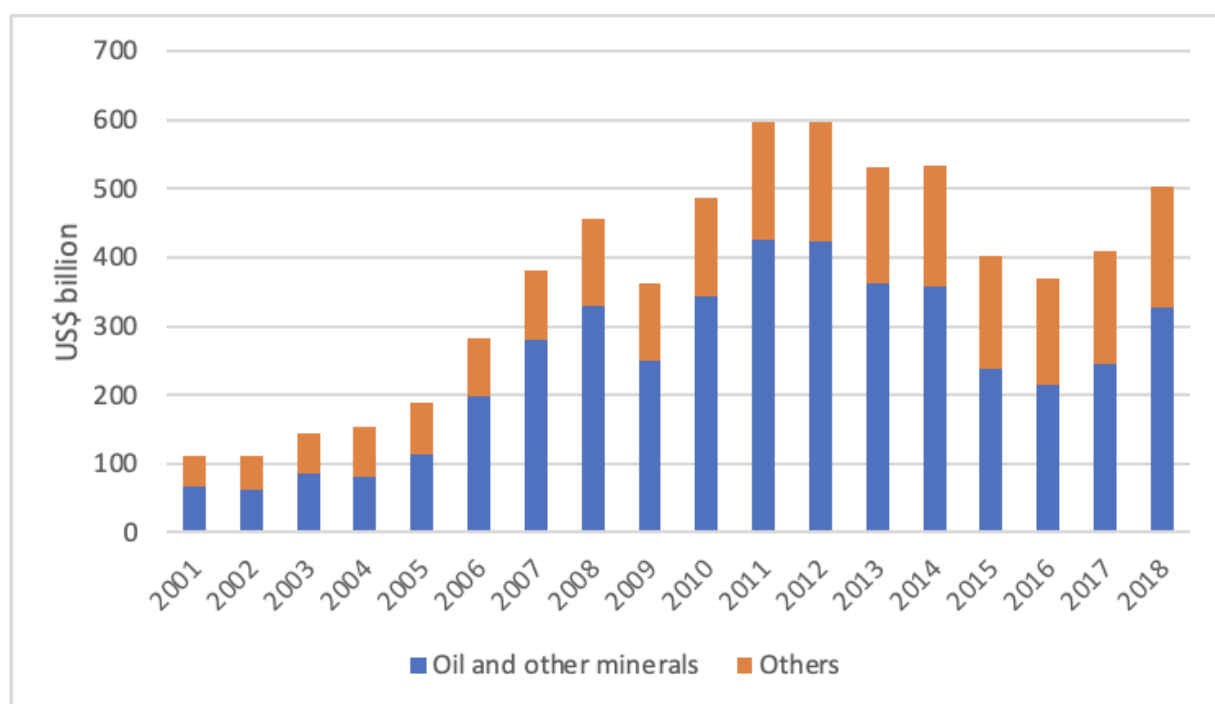
² This focus aligns with the EC’s recent emphasis on reinforcing Europe’s relationship with the African continent (see e.g. EC 2021).

³ Africa also exports less than the Netherlands (US\$ 586 billion), the world’s 6th biggest exporter.

2.1. What does Africa export?

African exports are dominated by primary commodities, particularly oil and other minerals, leaving African economies vulnerable to global price shocks. Oil and other minerals accounted for about two-thirds of Africa's exports in 2018 (Figure 1). Between 2014 and 2015, the value of African exports declined by almost 30% largely due to the slump in global prices for oil and other commodities like iron ore and copper. This vulnerability to global commodity prices shocks is exacerbated by the fact that a large proportion of African countries depend on either one or a limited number of commodities for their export earnings (Afreximbank 2018).

Figure 1: African exports, 2001-2018 (current US\$)



Source: [ITC Trademap](#)

Agricultural and food products make up a significant proportion of Africa's non-oil and non-mineral exports, reflecting African countries' comparative advantage in agricultural production. Agriculture and food exports, notably fruits and nuts, cocoa beans, fish, coffee, vegetables and oilseeds, accounted for about a third of Africa's non-oil and mineral exports in 2018.⁴ Other major non-oil and non-mineral exports from Africa include motor vehicles, electrical machinery and equipment and clothing and textiles.

Africa's exports involve relatively low levels of local value addition. According to the ITC (2012), 34% of Sub-Saharan African non-oil exports in 2010 were in raw products that did not involve any transformation. This is higher than other parts of the world (e.g. 23% in developing Latin America and 5% in the EU).⁵ Inefficient marketing systems, poor infrastructure and logistics, lack of access to inputs and fragmented value chains make it difficult for Africa's agricultural sectors to add value to export crops, leading them to export them raw to global markets (Global Trade

⁴ According to ITC Trademap data.

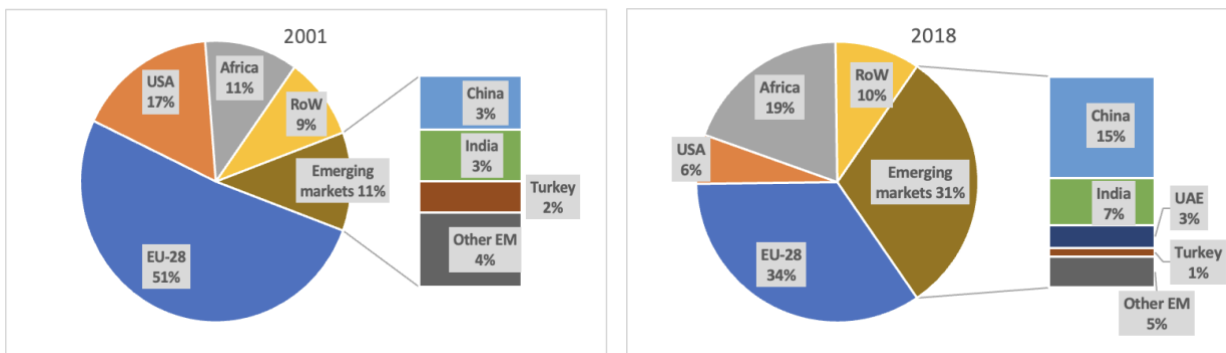
⁵ Though processing levels in Africa as a region may be low, even unprocessed agricultural products can involve value-added activities like washing, packaging and storage.

Review 2019). For example, among Africa’s major export crops, 74% of cocoa exports are exported in the form of raw beans, while 95% of cashew nuts are exported unprocessed (ibid.).

2.2. Where does Africa export to?

The EU remains the biggest market for African exports, but emerging markets, particularly China, and Africa itself have emerged as increasingly important markets for African products, eating into the EU’s share of African exports. The value of Africa’s exports to the EU more than doubled between 2001 and 2018, growing from US\$66 billion to US\$153 billion.⁶ However, African exports to China and other emerging markets grew at an even faster rate during this period. As a result, the share of African exports going to the EU actually decreased, from just over a half in 2001 to around a third in 2018 (see Figure 2). During this period, the share of African exports going to China and other emerging markets increased substantially, from about 11% to almost a third. Intra-African exports increased too, from 11% to 19%.

Figure 2: African exports by destination, 2001 and 2018



Source: ITC Trademap

2.3. Exports by African SMEs

Few African small and medium-sized enterprises (SMEs) export.⁷ There is limited available data on African SME exports, but a recent survey of African SMEs by ITC (2018) found only a small proportion of them (13%) export. This is largely due to the difficulties SMEs face in meeting export requirements such as acquiring necessary, but costly, certification. While the corresponding proportion in the EU is 36%, those exporting outside the regional market is lower at 24%. Nevertheless, this is twice as much as in Africa (Fedex 2015).

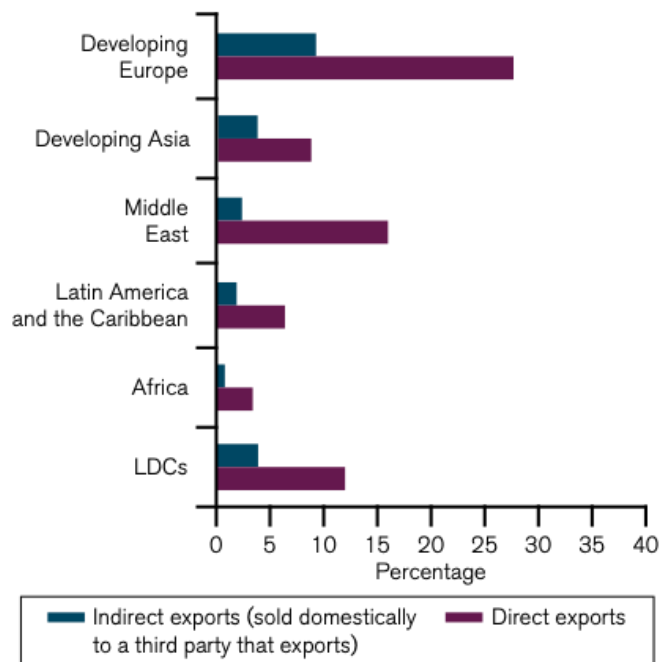
The share of African SMEs involved in ‘indirect exports’ is also small. More than two-thirds [of international trade today is conducted through global value chains \(GVCs\)](#), and many SMEs engage in ‘indirect exports’ through GVCs by supplying inputs to locally-based firms who export (WTO 2016; OECD 2018).⁸ However, according to World Trade Organization (WTO) estimates based on World Bank Enterprise Surveys, both direct and indirect exports by African SMEs through GVCs are low (as a percentage of total sales) compared to other regions (Figure 3).

⁶ According to ITC data.

⁷ This section examines various studies which may use different definitions of small and medium enterprises. However, in these studies the upper limit for what constitutes an SME tends to be 500 employees.

⁸ Integrating into GVCs in this way can help SMEs overcome some of the challenges they face in trying to internationalise, including knowledge gaps, finding customers and mitigating risks and uncertainties (WTO 2016).

Figure 3: SMEs' shares of indirect exports in total sales in the manufacturing sector (by developing region and in LDCs (percentage of total sales))⁹



Source: WTO 2016

3. The European market

3.1. Africa's trade with Europe

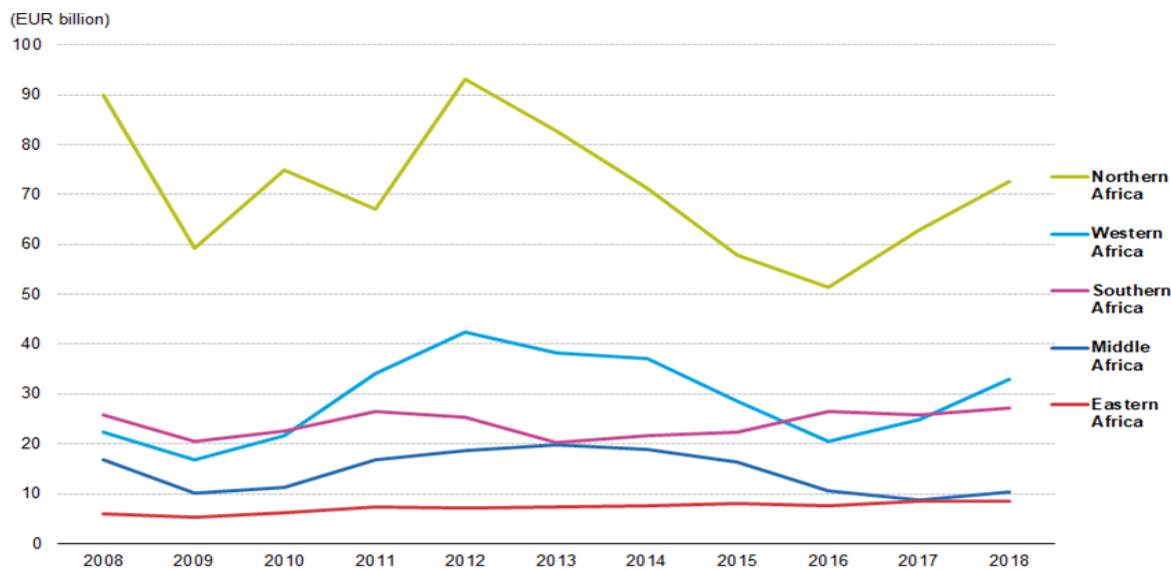
The EU is the biggest market for African exports, accounting for around a third of Africa's merchandise exports in 2018.¹⁰ The top six destination countries in the EU for African exports in 2018 - France, Germany, Italy, Netherlands, Spain and the United Kingdom¹¹ - accounted for 85% of Africa's exports to the EU (Afreximbank 2019). Among African regions, North Africa is by far the biggest exporter to the EU, followed by West and Southern Africa. The size of the EU market, historical and colonial ties between European countries and Africa and, particularly in the case of North Africa, geographical proximity, are all factors that have contributed to Europe's continued importance as a trade partner for African countries.

⁹ Developing Europe - Albania, Bosnia and Herzegovina, Montenegro, Serbia, Former Yugoslav Republic of Macedonia and Turkey; Developing Asia - all members of the WTO's Asia region minus Australia, Japan and New Zealand.

¹⁰ According to ITC Trademap data.

¹¹ As of January 2020, the UK is no longer a member of the EU, and as of January 2021 it is no longer participating in the EU single market.

Figure 4: EU-28 imports of goods from African regions, 2008-2018

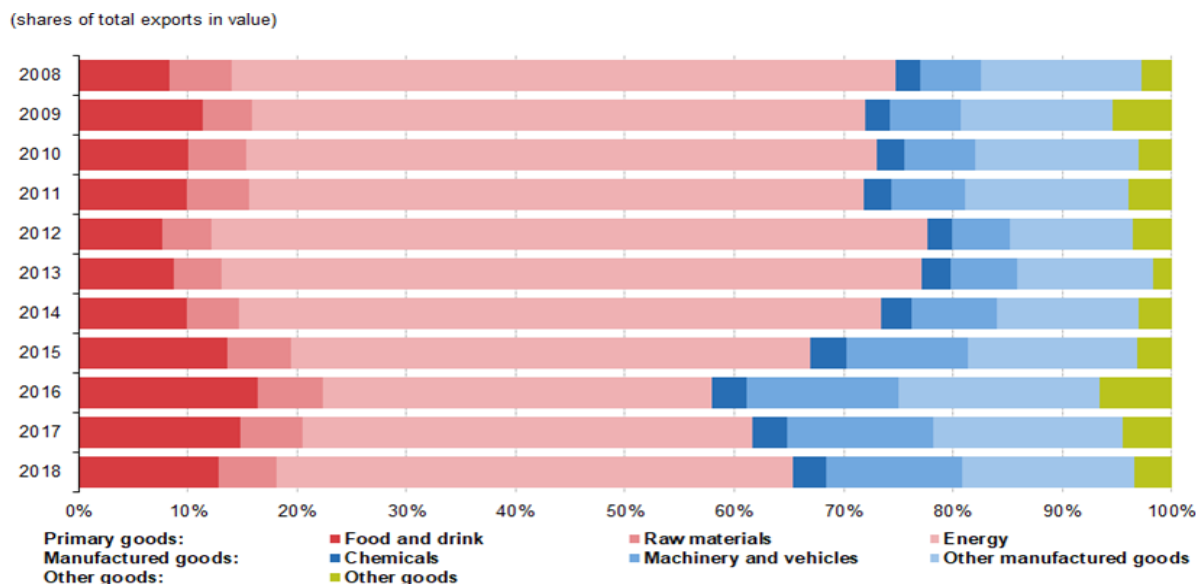


Source: Eurostat (online data code: Comext data code : DS-018995)



African exports to the EU are dominated by primary goods, including food and drink products. However, the share of primary goods in African exports to the EU declined from 75% to 65% between 2008 and 2018 (largely due to lower oil prices), while the share of manufactured goods rose from 23% to 31% over the same period.

Figure 5: EU-28 imports of goods from Africa by main product groups, 2018



Source: Eurostat (online data code: Comext data code : DS-018995)



3.2. Trade agreements between the EU and African countries

The EU’s preferential trading arrangements with African countries provide excellent access to the European market. Almost all African countries¹² benefit from duty-free and quota-free access to the EU market, either under free trade agreements (Economic Partnership Agreements in the case of Sub-Saharan African countries and Association Agreements for North African countries) or through the EU’s unilateral, non-reciprocal preference schemes such as the Everything But Arms (EBA) initiative for least developed countries (LDCs). Although the protracted Economic Partnership Agreement (EPA) negotiations created uncertainty for some African countries regarding their access to the European market, the EU’s suite of trade agreements and preferential trading arrangements offer relatively predictable and transparent access for African exporters.

Figure 6: Percentage of African products (tariff lines) that can be imported duty-free

% of African products (tariff lines) that can be imported duty-free				
	EU	USA	China	India
Schemes for least-developed countries	100% except arms	82%	97%	94%
Schemes for developing countries (GSP)	57% (+reduced rates for most other products)	68%	No schemes	
Other unilateral schemes: GSP+ (EU), African Growth and Opportunity Act (USA)	89%	84%		
Bilateral agreements (EPA/FTA)	100% except arms + few exceptions for South Africa & North African countries	Almost no agreements in place (only US-Morocco)		

Source: (European Commission 2017)

3.2.1. The impact of the EU’s preferential trade regimes

The EU’s existing trade agreements with North African countries (‘Association Agreements’) are “seen as having delivered disappointing results” for North African countries, stimulating limited growth in North African exports to the EU and limited diversification (Dadush and Myachenkova 2018). This is attributed to the fact that European tariffs were already low (and volumes of North African exports to Europe high) prior to these agreements, and to the fact that the agreements did not significantly liberalise tariffs on agricultural products (where European tariffs remain relatively high), or address services trade and ‘behind the border’ trade impediments (Ibid.).

Ex-post evaluations of the EPAs with Sub-Saharan African countries and regions are scarce given that these agreements have only been applied in recent years (mostly between 2012 and 2019). Furthermore, these agreements provide long implementation periods (up to 25 years) for the African parties. With these important caveats, Stender et al. (2020) find that the EPAs have not led to an increase in African exports to Europe. This is unsurprising given that African countries already enjoyed largely duty-free access to the European market prior to the EPAs. However, the study also finds that exports of manufactures from Eastern and Southern African countries to the EU have actually declined since these countries signed EPAs with the EU (Ibid.).

¹² Gabon and Libya do not benefit from preferential access to the EU market.

With regard to the EU's non-reciprocal trade preferences, Persson and Wilhelmsson (2015) note that these regimes have boosted exports from African and other developing countries to the EU, but have not promoted export diversification in exporting countries. They find that while non-reciprocal preferences provided to African, Caribbean and Pacific (ACP) countries initially correlated with increased export diversification by those countries, later on they appear to have had a negative effect on export diversification. In other words, over time, at least some ACP countries responded to these preference regimes by specialising in a narrower range of exports, possibly those with the most significant preference margins (Persson & Wilhelmsson 2015). The authors speculate that this pattern of increasing and then decreasing diversification may reflect preference erosion over time.

3.3. Trends and developments in the European market

Various, often interrelated, trends and developments in Europe affect the attractiveness and accessibility (either positively or negatively) of the European market for African exporters. Some key ones are analysed briefly here.

3.3.1. Reshoring and nearshoring in European supply chains

Due to technological advances in production processes, manufacturing supply chains are becoming more regionally concentrated, with lead firms in Europe and other advanced economies increasingly (re)establishing production close to demand. This trend is reflected in the 'reshoring', 'onshoring' or 'nearshoring' of manufacturing activities that had previously been 'offshored' from advanced to developing countries to take advantage of cheaper labour there (see McKinsey 2019).¹³ Evidence suggests that the significance of reshoring varies by industry, with appliances, electronics, apparel and toys being particularly affected. (Vanchan et al. 2018). Data from the [European Reshoring Monitor](#) suggests that the reshoring trend is more of a threat to manufacturing hubs in Asia than to African production, possibly because of Africa's marginal position in global manufacturing supply chains. In fact, the growing importance of nearshoring for European companies - [particularly in apparel and textiles](#) - could provide an opportunity for North African producers, who are particularly well placed (geographically) to integrate into supply chains focused on the European market (McKinsey, 2019).

3.3.2. Shifting consumer preferences

European consumers are increasingly concerned about social and environmental sustainability and this contributes to growing demand for sustainable and ethical products. Retailers in Europe respond by "greening" their supply chains, adopting fair and ethical trade criteria and applying sustainability standards" (ITC 2019). Doing so protects retailers from reputational risks and helps them comply with government or EU regulations (ibid.). European retailers implement sustainable sourcing commitments through voluntary sustainability standards or corporate codes of conduct. Where suppliers can comply with these standards or codes they can find potentially profitable niches, especially given that 92% of retailers in five major European economies "expect sustainable product sales to increase in the next five years" (ibid.).

European consumers increasingly demand safe, sustainable, ethical, healthy, convenient and organic foods as well as foods free from certain ingredients (EC 2019a). This creates significant opportunities for African suppliers to tap into potentially lucrative market niches. For example, the European market for organic foods, valued at 39.6 billion US dollars (EUR 34.3 billion), is the second-largest in the world, after the United States,¹⁴ and is expected to grow in coming years (EC 2019a). Organic trade fairs like [BioFach](#) in Germany provide African and other developing country producers with a window into the European market for organic products.

¹³ One example is Adidas building new "Speedfactories" in Germany and the United States to 3-D print shoes that were traditionally hand-stitched in Southeast Asia (McKinsey 2019).

¹⁴ See 'Global Organic Area Continues to Grow' at <https://www.ifoam.bio/global-organic-area-continues-grow>.

While organic agriculture in Africa is still relatively marginal, it is gaining momentum and recognition from policymakers¹⁵ and growth projections point to a substantial increase in organic production in Africa (IFOAM 2019). Provided production increases, there is significant scope for increased organic agri-food exports from Africa to Europe. Tunisia is currently Africa's biggest exporter of organic agri-food products to the EU,¹⁶ but is only the 19th biggest source of such products for the EU, accounting for just 1.2% of total EU organic agri-food imports in 2018. Organic olive oil accounts for about three-quarters of Tunisia's organic agri-food exports to the EU. Other organic agri-food products that African countries currently export to the EU include tropical fruit, nuts and spices (Côte d'Ivoire, Ghana), cocoa beans (DRC, Sierra Leone, Uganda), fresh fruit (Morocco) and coffee and tea (Ethiopia, Uganda) (See EC 2019a).

Changing dietary preferences (e.g. growing number of flexitarians and increased popularity of pulses-rich 'ethnic' diets) are leading to a protein transition in Europe as consumers shift from animal to plant proteins (EC 2018).¹⁷ This shift from animal to plant proteins, in particular chickpeas, lentils and broad beans, is expected to continue (EC 2019a). In response, European production of plant proteins for food is also increasing. Pulses production almost tripled in the EU between 2013 and 2018 (EC 2018). A number of European countries are also promoting the production of protein crops. Germany, France and Poland have established national plans to support the cultivation of protein crops, and Denmark, Austria, and the Netherlands have introduced initiatives to promote locally produced plant proteins. The European Commission is also exploring ways to support plant protein production at the European level (EC 2018).

While the protein transition in Europe could mean reduced demand for meat (and other animal protein) imports from African countries (significant only for a few suppliers such as beef exporters from Botswana and Namibia), it could create opportunities for African exporters of pulses, especially in the short term as the European supply response is expected to lag behind growing demand (EC 2019b).¹⁸ This could be an important opportunity for African producers, given the high profit margins and agronomic and environmental benefits of pulses crops. However, although Africa - particularly Sub-Saharan Africa - is a big producer of pulses, significant local consumption means the region is currently a net importer of pulses (FAO 2019).

European consumers favour locally-sourced products (EC 2019a).¹⁹ A recent survey (IRI 2018) found that over 7 out of 10 European shoppers have a preference for buying locally sourced products²⁰ - largely due to perceptions of quality and taste and a desire to support local producers.²¹ Such preferences have contributed to the flourishing of short food supply chains and local markets - where farmers sell directly to consumers or with a minimal involvement of intermediaries - in all European countries (EP 2016). This preference for buying locally/regionally, presents a potential barrier for exports from African and other developing countries, especially as between [about half](#) and [two-thirds](#) of European consumers report being willing to pay slightly more for local products ([which are also perceived as being more expensive](#)).

¹⁵ For example, [South Africa's Industrial Policy Action Plan earmarked the organic sector for promotion due to its job creation potential](#).

¹⁶ Tunisia has [benefitted from the recognition of equivalence with the EU for the export of organic products](#), which has stimulated growth in its organic exports.

¹⁷ The food market for plant proteins in Europe is growing at double digit rates, with the markets for meat and dairy alternatives, having grown by 14% and 11% respectively in recent years (EC 2018).

¹⁸ In 2017, almost 3 million tonnes of plant proteins were consumed in the EU, of which about a third was imported (particularly chickpeas and lentils) (EC 2018).

¹⁹ In the case of fisheries and aquaculture products, most EU consumers prefer consuming products from their own country or region.

²⁰ The survey focused on fresh, frozen and packaged food and drink as well as personal beauty products.

²¹ Environmental sustainability was only the fourth most common reason given for a preference for local products - with less than a third of those surveyed indicating this as a reason.

For food products, European consumers also prefer products that reflect quality and local tradition and ‘know-how’ and which come from a known geographic area (EC 2018).²² In this regard, the EU’s system for the registration of geographical indications (GIs) and the protection of GIs provided under European trade agreements such as the EPA with Southern African countries offer opportunities for African producers of eligible food (and other) products to use GIs as instruments to respond to consumer preferences in Europe. The African Union’s [Continental Strategy for Geographical Indications](#), notes the potential for the development of many African GIs in both food products and handicrafts.

3.4. Proliferation of sustainability-related standards and regulations

3.4.1. Voluntary standards

European countries have been at the forefront of the proliferation of public and private standards over the past two decades, with these standards acting as barriers to the EU market in some cases. While other developed and developing countries are increasingly using such standards (UNCTAD 2018), Europe remains the (consuming) region where the largest number of standards apply according to ITC’s Sustainability Map.²³ Studies on the impact of standards applied by European countries and firms on African exports are difficult to find, but there is a large body of literature on the impact of standards on developing country exports more generally. Reviewing this literature, Timmis (2017) notes that:

“[T]he overarching finding of the reviewed literature is that the impact of standards on developing country trade is highly context specific. Even studies that sample similar countries, sectors and types of standards draw diverse conclusions on whether standards’ net trade effect is positive, negative or neutral... Even within the same sub-sector, there is evidence to support standards acting as a barrier to developing country exports and evidence to support standards acting as a catalyst, rendering cross-sector comparisons difficult.”

Timmis finds that the major causal pathways identified by the literature as leading standards to “act as barriers to exports in certain contexts and catalysts in others” include: i) the cost of compliance and/or conformity assessments; ii) capacity and supply side constraints - with access to technical assistance, skills, credit and other inputs being an important determinant of whether a country or firm benefits; iii) availability of information on standards and markets; and iv) availability of credible conformity assessment infrastructure (ibid.).

Assessing the impact of sustainability-related standards on developing countries, Kaplinsky and Morris (2017) find that while standards compliance can promote developing country firms’ integration into GVCs, generating higher wages, improved working conditions and better environmental outcomes, there is evidence that standards can also act as absolute barriers to entry into GVCs and can “[exclude marginal and disadvantaged producers and workers](#)”. In this regard, Redden (2017) notes that in many developing countries, women-run SMEs are the least able to comply with sustainability standards due to prevailing inequalities (in access to information, finance, etc.) in the local context.

Focusing on Africa, some studies find evidence that African suppliers that attain certification to meet voluntary standards like Global G.A.P., Fairtrade and Rainforest Alliance can benefit from stronger demand for their products and earn greater profits (Henson et al. 2010), and that workers benefit from improved conditions (Asfaw et al. 2010).

²² 77% of European consumers say a respect for local tradition and know-how’ is an important factor in their decision to buy food products, 76% say having a specific label ensuring quality is important while 75% say coming from a known geographic area is important in their decision to buy food products (EC 2018).

²³ See <https://www.sustainabilitymap.org/>

On the other hand, Wickerham and D'Hollander (2017) find that with some exceptions - notably for cocoa in West Africa - African producers find it difficult to use sustainability standards to their advantage and to fully capitalise on growing demand for sustainably produced goods and services. This suggests a need for efforts to help build the capacity of African firms to meet sustainability standards.

The [African Economic Outlook 2014](#), notes that the “high costs associated with stringent European standards” have contributed to a diversification of African agricultural exports away from Europe in favour of regional and emerging markets where standards are less stringent, cover fewer elements and tend to be less expensive and time consuming to comply with. According to Barrientos and Visser (2012) South African producers are often able to secure equivalent margins in African and emerging markets that pay lower prices than European markets, once the lower costs of inputs, audits and monitoring of less stringent standards are taken into account.

In an analysis of firm-level data covering exporting firms from 20 developing countries,²⁴ including nine from Africa, Fernandes et al. (2014) find that “more restrictive product standards in the importing country relative to the exporting country lead to a lower probability of firm export participation”, that the relative restrictiveness of importing countries’ standards deters exporting firms from entering a new product-destination market and leads to higher exit rates of exporting firms from product destination markets (once firm size is controlled for)” and that “smaller exporters are less likely to enter a product-destination market due to restrictive standards”.

3.4.2. Mandatory and voluntary measures on due diligence in supply chains

Legislation and regulations forcing European companies to do (elements of) human rights and environmental due diligence are popping up in different EU member states and at the European level. For example, France’s [‘Loi de Vigilance’](#) requires companies (with headquarters or large subsidiaries in France) to assess, report on and mitigate human rights and environmental risks in their supply chains. Similarly, the Netherlands recently adopted the [‘Child Labour Due Diligence Law’](#) that requires companies to examine whether child labour occurs in their supply chains and to take steps to address it where it does take place.

At the European level, the EU has developed sector-specific regulations such as the EU Timber Regulation (EUTR) and the EU Conflict Minerals Regulation to enforce due diligence practices by European companies. The EUTR seeks to prevent imports of illegally harvested timber into the EU. It requires European buyers to establish due diligence practices within their supply chains to assess risks associated with timber sources outside the EU (Kettunen et al. 2020). To access the EU market, supplying countries need to ensure their timber logging standards align with the EUTR (Ibid.). This is expected to generate benefits for livelihoods, biodiversity and environmental protection in those countries (Ibid.). Similarly, the EU Conflict Minerals Regulation aims to prevent trade in minerals extracted through forced labour or which finance armed conflict (Ibid.). It also restricts access to the EU market to compliant suppliers, thereby encouraging socially sustainable practices in producing countries (Ibid.). The EU is now in the process to also develop ‘horizontal’ (i.e. applying to all sectors) human rights and environmental due diligence legislation.

While these laws apply to (certain) companies in the EU and in EU member states, they will likely have implications all along their supply chains, including for suppliers in Africa and other developing countries. An unintended, but not unlikely, effect may be that European companies increasingly avoid areas which present high risks. Where they act in accordance with these types of regulations, European companies will seek to mitigate social and environmental risks. So there will be more pressure on producers in Africa to raise their social and environmental standards. Purchasing practices are a key factor here. Certain purchasing practices (e.g. low prices, late orders) may make it difficult for producers to meet the standards, and thus reduce their market access opportunities.

²⁴ Burkina Faso, Bangladesh, Botswana, Chile, Cameroon, Colombia, Dominican Republic, Ecuador, Kenya, Cambodia, Morocco, Mexico, Nicaragua, Pakistan, Peru, Senegal, El Salvador, Tanzania, Uganda and South Africa.

Voluntary measures and initiatives to promote human rights and environmental due diligence have also been established in some EU member states. Such initiatives may also have positive or negative effects on developing country suppliers, particularly where they include commitments of companies to do due diligence and report on it, such as in the case of the Dutch Agreement on Sustainable Garments and Textiles²⁵ and Germany’s Partnership for Sustainable Textiles²⁶. However, such voluntary initiatives have been criticised for not leading to sufficient progress sufficiently fast. The [midterm evaluation](#) of the textile agreement in the Netherlands indicates that it has contributed to companies adapting their due diligence processes internally, but that it has not really led so far to actual impact on the ground (e.g. improvements in factories they (indirectly) source from).

3.5. ‘Greening’ the EU economy

3.5.1. The European Green Deal and the promotion of sustainability through trade

The EU’s new growth strategy, the European Green Deal, seeks to decouple Europe’s economic growth from resource use and to ensure zero net emissions of greenhouse gases in the EU by 2050. To support the objectives of the European Green Deal, the European Commission has indicated its intention to use trade policy to promote greater sustainability in the EU and in its supply chains (EC, 2021). The European Commission intends to use various trade instruments and measures to support the global transition to a climate neutral economy, to promote supply chains that are “circular, responsible and sustainable” and to promote “responsible business conduct and the respect of environmental, human rights and labour standards” (Ibid.). One such measure is the introduction of a Carbon Border Adjustment Mechanism (CBAM), which the Commission hopes will avoid its own climate policies being undermined by carbon leakage (Ibid.). Analysis by UNCTAD (2021) finds that the CBAM will negatively affect developing country exports to the EU.

The European Commission will also include increasingly ambitious trade and sustainability chapters and provisions in its trade agreements and preference schemes. The EC already uses its trade agreements to promote sustainable development goals, particularly in the areas of social justice, human rights and labour and environmental standards. The EU’s recently concluded agreements contain chapters with rules on trade and sustainable development (TSD) that are meant to promote more sustainable practices in partner countries.²⁷ In future trade agreements, the Commission will propose a chapter on sustainable food systems, make respect of the Paris Agreement an essential element and prioritise effective implementation of the Convention on Biological Diversity (Ibid.). The European Commission has also taken steps to strengthen the enforcement of trade and sustainable development commitments in its trade agreements (Ashraf et al 2020).

While existing EPAs and Association Agreements do not contain TSD chapters (as these represent a previous generation of EU trade agreements), the EU has been negotiating new, deeper and comprehensive free trade agreements (DCFTA) with certain North African countries and has proposed including a TSD chapter in DCFTAs with [Tunisia](#) and [Morocco](#). Similarly, the EU is engaging in new negotiations with the East and Southern Africa (ESA) group of countries to revise and extend their existing EPAs, with the aim of including a greater focus on trade and sustainable development (EC 2019b). Sustainability concerns are also being addressed in the context of the review of the EU-SADC EPA, which takes place in 2021.²⁸

²⁵ See: <https://www.imvoconvenanten.nl/en/garments-textile/agreement>

²⁶ See: <https://www.textilbuendnis.com/en/>

²⁷ These chapters have been criticised for lacking effective enforcement mechanisms (Prevost 2018).

²⁸ Interview with a European Commission official.

The EU's non-reciprocal preference regimes are also used to promote sustainable development objectives. For example, preferences under the EBA can be suspended in cases of "[serious violation of principles](#)" set out in international human rights and labour rights conventions. Although such suspensions are rare, [the EU removed EBA preferences on some products from Cambodia](#) due to human rights violations in the country.

3.5.2. Shift to a circular economy

The EU relies heavily on resource-rich developing countries for imports of raw materials for the production of goods and services, but EU demand for such imports is likely to decline in the long term, as the adoption of the EU Circular Economy Action Plan in 2015 has "set the EU firmly on the path towards the circular economy with a view to reduce the EU's dependency on primary raw materials" (Kettunen et al. 2019). The EU's new Circular Economy Action Plan adopted in 2020 continues on this path (Ashraf et al. 2020). The EU's transition to a circular economy and reduced demand for raw materials will lead to decreased imports of such materials, including from developing countries (Kettunen et al. 2020). Reduced demand from the EU could have negative implications in terms of economic development in supplying countries, particularly if they depend on exports of raw materials to the EU market. On the other hand, reduced demand from the EU could generate increased pressures and incentives in those countries to diversify production and exports away from extractives and raw materials, with potentially beneficial impacts in terms of industrialisation and environmental sustainability (ibid.)

4. Increasing demand from emerging markets

Africa's exports to emerging markets have increased significantly, driven particularly by exports to China and India. The value of the continent's exports to China [has grown almost 20% a year over the past two decades](#), as China has become Africa's second largest trading partner after the EU. The value of Africa's exports to India has grown about 14% a year over the same period, with India becoming Africa's third largest export market (Afrieximbank and EXIM India 2018). Other important emerging market destinations for African exports include the United Arab Emirates (UAE) and Turkey. In 2018, China, India, UAE and Turkey accounted for almost a quarter of Africa's exports. The majority of these exports originated in Angola, Nigeria and South Africa.

Around three-quarters of Africa's exports to emerging markets are oil and mineral products. Significant growth in Africa exports to emerging markets has therefore not alleviated Africa's reliance on commodity exports. In fact, the overall export basket of major Sub-Saharan African economies became more concentrated over the course of the 2000s as commodity prices rose in line with the increase in demand from Asia due to that region's export-led growth boom (Mania and Rieber 2019). However, the restructuring of the Chinese economy is likely to lead to declining demand for (oil and mineral) resources and is expected to continue to decline as the country graduates from an investment-led to a consumption-driven economy (WEF and Bain & Company 2018).

A number of initiatives have been established to help African firms overcome barriers to exporting to emerging markets. Platforms to connect exporters from African countries to buyers in emerging markets include the [Intra Commonwealth SME Association](#) (ICSA), which meets regularly to build awareness of existing global standards, as well as to encourage investments in areas where there is competitiveness but supply capacity constraints (Commonwealth 2017). New e-commerce platforms are also bringing emerging market buyers and African sellers closer together at an unprecedented pace. The recent launch of the [electronic World Trade Platform](#), a Chinese private sector led multi-stakeholder initiative, is already facilitating the sales of certain products from African countries like [Rwanda and Ethiopia](#).

4.1. Drivers of increasing demand from emerging markets

Rapid economic growth has been the primary reason for increased emerging market demand for African exports.

Economic growth in China and India in particular has ensured strong demand for Africa's oil, metals and other raw materials to drive local energy, construction, transportation (e.g. Afrodad 2016) and [manufacturing sectors](#) (ITC 2013). Given a global shift away from fossil fuels, particularly by rich countries, much of the future growth in global demand for Africa's fossil fuels will come from China, India and other emerging markets in Asia (IEA 2021).

Rising incomes and consumption levels, coupled with limitations on local production, are also propelling demand from emerging markets for agricultural and food imports from Africa. For instance, China, the [largest food importer in the world](#), currently feeds a fifth of the world's population on a tenth of the world's arable land (Deloitte 2017). Africa's exports of agricultural goods to China increased by an annual average of [over 17%](#) between 2003 and 2018, reaching almost US\$7 billion. China is expected to increasingly turn to Africa for food imports, given not just that the region has some 60% of the world's arable land, but also that China aims to [diversify its sources of food imports](#) to avoid overdependence on one particular country. Africa's agricultural exports to India have also been growing steadily over the years, surpassing US\$5 billion in 2017 (Vishwanathan and Mishra 2017). Middle Eastern countries like Qatar, Saudi Arabia and UAE have invested in African agriculture and agribusinesses with a view to ensuring their food security by sourcing food from Africa, especially from North Africa and East Africa (Walsh 2018; Crawford 2019).

Opportunities are emerging for Africa to export agricultural products as inputs for local industries in emerging markets.

For instance, China is the [largest importer of cassava](#), accounting for about three quarters of the global trade of about 22 million metric tonnes in 2017. Cassava chips are used as animal feed. As traditional suppliers to the Chinese market like Thailand and Vietnam [shift production to other crops](#), it may provide a window of opportunity for African cassava producers. Similarly, with rising incomes and evolving tastes, emerging markets demand for products like cocoa (from West Africa) and coffee (from East Africa) is also on the rise. Cocoa for instance can be used in Asia's emerging chocolate industry. On the other hand, as they source from West Africa, some processors are thinking of [moving the processing plant closer to where cocoa is produced](#).

The absence of comprehensive trade arrangements between African countries and emerging markets impedes African exports to these markets. Sandrey and Edinger (2009) identify the lack of a free trade agreement between the two parties as a constraint for the penetration of South African fruits exports to China. Even when emerging markets provide unilateral preference schemes, stringent requirements in terms of rules of origin and sanitary and phytosanitary measures hinder their usage. For instance, while China agreed to allow imports from least developed countries (LDCs) under a duty-free quota free scheme (DFQF), preferences are under-utilised mainly due to complex rules of origin (ROOs), market access challenges and [direct transportation requirements](#) (Development Reimagined 2021).

4.2. Sustainability dimensions of Africa's trade with emerging markets

Emerging markets are investing in Africa in ways that support job creation and promote local value addition and value-added exports.

China has developed an [action plan](#) to increase value-added agricultural and industrial goods imports from African countries into the country and seeks to support efforts to boost African exports in sectors like apparel and leather through initiatives like "[Made in Africa](#)" among several others (e.g. [China-UK partnership with the ITC](#) to promote investment-led exports and growth). India has partnered with the ITC for the project Supporting Indian Trade and Investment for Africa (SITA) in order to promote value-added African exports by harnessing the pull of the large Indian market. Exports of products like chilli have since risen, not only to the Indian, but also to

[other markets](#) including the EU. The Government of India is also partnering with its African counterparts to set up agribusiness incubation centres announced under the aegis of the India-Africa Forum Summit (IAFS) (Vishwanathan and Mishra 2017).

Rising income levels are leading to changing consumer preferences in emerging markets, with health and environmental concerns increasingly influencing consumer choices. This is true not just in [China](#), which has become one of the top markets globally for organic products,²⁹ but also in other developing countries, like in the [Middle East](#). Emerging market consumers are increasingly seeking information on product sustainability and [sales of 'green' products in emerging markets continue to increase](#). There is also [evidence of rising interest in sustainable sourcing](#) of soy, livestock and other agricultural products. In the Middle East, consumers are increasingly willing to pay a premium for products that offer a mix of “freshness, quality, flavor, safety and convenience”, and for healthy foods (PMA Research 2017). These trends create opportunities for African producers to tap into niche markets. For example, 5% of [Tunisia's olive oil exports go to Saudi Arabia](#). Similarly, there are also reports of [increasing exports](#) of specialty coffee from Africa to markets like [China](#) and [Saudi Arabia](#). Furthermore, Africa produces a number of agricultural products that are likely to benefit from growing demand in emerging markets for organic products, including coffee, olives, cocoa, nuts, oilseeds, and cotton (FiBL and IFOAM 2021).

Consumers in emerging markets are increasingly concerned with food safety. In China, various scandals have increased attention on food safety. Following the introduction of the 2015 Food Safety Law, the Chinese government has begun to enforce a higher level of food safety in the country (Appels and Koijmans 2019). Nonetheless, trust in the country's food safety system remains weak (USDA 2020). Chinese consumers demand greater information on food safety from producers and exporters, and are willing to pay more for products viewed as safe and nutritious. This increased willingness to pay for safe food products is also observed in [other](#) emerging markets (e.g. Wongprawmas and Canavari 2017).

5. Growing intra-African trade

Intra-African trade has been growing rapidly over the past couple of decades. The value of recorded goods trade between African countries has grown from US\$ 14.3 billion in 2001 to US\$ 91.3 billion in 2018.³⁰ The share of intra-African exports in total African exports has also increased over this period, from 13% in 2001 to 18% in 2018.³¹ South Africa is by far the biggest contributor to intra-African trade, accounting for 28% of intra-African exports in 2018, followed by the Democratic Republic of Congo (15%), Nigeria (8%) and Egypt (5%). Unlike Africa's trade with the rest of the world, intra-African trade is not dominated by primary commodities. Oil and mineral products account for only around a third of intra-African exports, with manufactures, including motor vehicles, electrical machinery and plastics, accounting for around 45% of intra-African exports (UNCTAD 2019). Agricultural products account for around 17% of recorded intra-African trade.

Persistent non-tariff barriers and poor infrastructure impede intra-African trade. While tariffs on intra-African trade have been significantly reduced in recent years, the poor quality of trade and transport infrastructure across

²⁹ Organic retail sales in China in 2017 stood at Euro 8.5 billion, more than double that of Italy at Euro 3.6 billion (FiBL and IFOAM 2021). There is increasing evidence that the demand for organic foods is increasing in many parts of the developing world (e.g. Ramalingam 2021; Safdar et al. 2015). Demand from countries like China, India, Brazil and Indonesia are poised to grow fast, with an added impulse from the COVID-19 pandemic, though these markets still remain small - e.g. sales in India, Brazil, and Saudi Arabia together compared to the sales in the Netherlands (FiBL and IFOAM 2021).

³⁰ Official statistics underestimate actual intra-African trade flows, as they do not capture widespread informal cross-border trade on the continent.

³¹ ITC TradeMap data.

the continent and the high cost of transport services continue to be major barriers to intra-African trade (Bouët & Odjo, 2019). Other barriers include burdensome customs clearance procedures, which greatly increase the time (and therefore cost) of moving goods across borders in Africa (Ibid.). This problem is particularly acute for perishable products. A host of non-tariff measures, including the use of sanitary and phytosanitary standards and technical barriers to trade (Viljoen 2018), and the imposition of ad-hoc trade bans and other restrictions for public policy goals also hamper intra-African trade (FAO & ECDPM 2018). The lack of harmonisation of standards is another key constraint on (especially agricultural) trade between African countries (Keyser 2012). These challenges are compounded by a [lack of access for traders to information on trade regulations and opportunities in African markets](#).

5.1. Drivers of growing intra-African trade

Economic growth and regional integration have contributed to growing intra-African trade over the past couple of decades. High real economic growth rates in a number of African countries during the 2000s contributed to rising real incomes, the emergence of a vibrant African middle class and strong demand, particularly in urban areas. Meanwhile, trade integration through the establishment of free trade areas and customs unions by Africa's regional economic communities (RECs), particularly those in East, Southern and West Africa, has reduced tariffs and other barriers to intra-REC trade (which accounts for the majority of intra African trade).

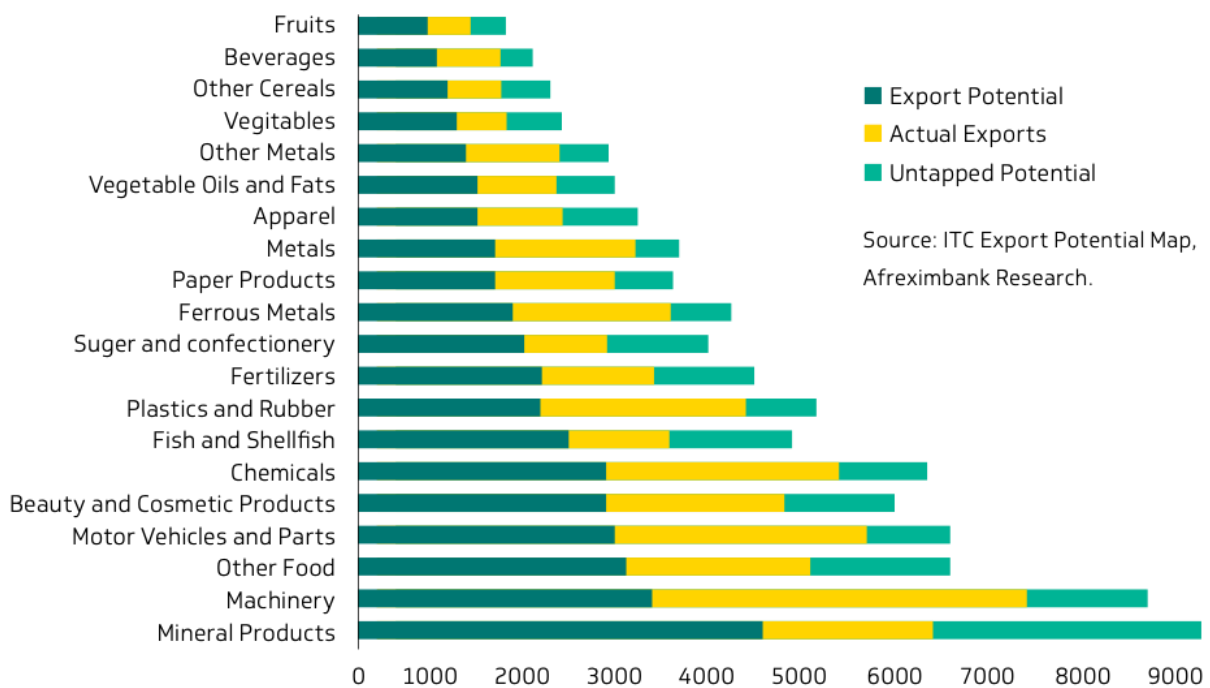
Full implementation of the African Continental Free Trade Area (AfCFTA) is predicted to increase intra-African trade significantly, particularly intra-African trade in manufactures. The AfCFTA aims to build on trade liberalisation already achieved through Africa's RECs to create a single continental market of 1.3 billion people and a combined gross domestic product (GDP) of US\$ 3.4 trillion (World Bank 2020). Econometric modelling by the World Bank (2020) suggests that full implementation of the AfCFTA, coupled with trade facilitation measures, would lead to intra-African exports growing by around 81% by 2035, relative to business as usual. Intra-African exports would grow particularly rapidly for Cameroon, Egypt, Ghana, Morocco and Tunisia, with exports "doubling or tripling with respect to the baseline" (World Bank 2020). Intra-African trade in manufactures would grow particularly fast, increasing by 110%, creating new opportunities for Africa's firms and workers (World Bank 2020). Intra-African agriculture trade would grow by 49%. In this scenario, the AfCFTA would generate real income gains of 7% (US\$ 445 billion), and would help lift 30 million people in Africa out of extreme poverty (ibid.).

5.2. Sustainability dimensions of intra-African trade

5.2.1. Greater local processing and value addition

Increased intra-African trade is expected to catalyse value addition, industrialisation and economic transformation in Africa. This is because intra-African trade is more diversified, comprises a higher share of manufactured and processed goods and "has higher skill and technology content" than Africa's exports to the rest of the world (Saygili et al. 2019; IMF 2019). Exports of manufactured products account for around 45% of intra-African exports, but only 20% of exports from Africa to the rest of the world (UNCTAD 2019). Intra-African trade is also less primary commodity-dependent than Africa's external exports - oil and mineral products account for between two-thirds and three-quarters of the total value of African exports, but only around a third of the value of intra-African exports (UNCTAD 2019). Moreover, among product categories with the greatest export potential in intra-African trade, there are a number that offer the potential for significant value addition, including various food products, beauty and cosmetic products, machinery and motor vehicles and parts (Afreximbank 2019).

Figure 7: Products with greatest intra-African export potential (US\$ millions)



Source: ITC Export Potential Map, Afreximbank Research.

Source: Afreximbank 2019

The “relative degree of sophistication” of products traded within Africa, compared with those exported to the rest of the world, suggest that increasing intra-African trade can support structural transformation, including the growth of manufacturing and agro-processing industries, which in turn should generate ‘decent’ jobs for Africa’s citizens (UNCTAD 2019). Furthermore, the relatively lower share of extractives in intra-African trade suggests that such trade may have less harmful impacts in terms of environmental sustainability. However, in the long term, as African countries increasingly require raw commodities to fuel their economic development processes and local manufacturing industries, intra-African trade may become similar to Africa’s extra-regional trade in terms of its impact on environmental sustainability, at least from the point of view of products traded.

5.2.2. Regional value chains as stepping stones to international trade

Removing barriers to intra-African trade can facilitate the growth of regional value chains, which can serve as a more feasible path for African SMEs to internationalise. Most international trade today takes place through GVCs, and structural factors such as market size, industrial structure and level of development play a large role in determining participation in GVCs (Conde et al. 2015). For this reason, Africa’s many small economies with low levels of economic development find it hard to integrate into GVCs, other than as suppliers of raw materials to foreign companies. For these economies, closer economic ties with larger and more developed African economies through regional value chains can be an important conduit for boosting trade and economic development (Ibid.). Indeed, for African firms, and particularly African SMEs, participating in regional trade - which typically has lower entry barriers - and integrating into regional value chains, provides opportunities for learning by doing and building capacity and know-how for eventual entry into more competitive global markets (Conde et al. 2015). African SMEs are more likely to be successful in regional markets as they tend to have better knowledge of African markets, to be more familiar with regional requirements on standards and to have better access to lead firms in neighbouring countries (Conde et al. 2015).

5.2.3. Benefits to women, youth and smallholders

Intra-African trade is particularly relevant for more vulnerable sections of the African population, including women, youth and the rural poor (especially smallholder farmers). A significant share of intra-African trade takes place in the form of informal cross-border trade,³² and the majority of informal trade is carried out by women (Brenton and Soprano 2018). Women therefore bear a disproportionate burden in terms of the challenges faced by informal cross-border traders. Women traders often suffer from poor working conditions, violence, sexual harassment, verbal abuse, and confiscation of their possessions (Bouët and Odjo 2019). Facilitating intra-regional and intra-African trade, including by empowering women traders and entrepreneurs, addressing specific constraints to cross border trade and creating greater opportunities in formal intra-regional trade can help address the vulnerability of women and reduce the incentive to engage in informal cross border trade (Ibid.).

Economic and demographic growth, coupled with rapid urbanisation is fueling increased demand for imports of food products in Africa (Bouët and Odjo 2019). While these largely come from outside Africa, studies show significant potential for increased intra-African trade in agricultural and food products (Songwe 2019). Growing intra-African trade in agriculture and food products would create significant economic opportunities in African agriculture and food processing sectors, which are dominated by women (and by smallholders).³³ Promoting intra-African trade in agricultural and food products can contribute to women's economic empowerment and boost incomes for rural smallholders and create employment opportunities for the youth (Bouët and Odjo 2019).

6. Conclusions and implications

6.1. The EU remains an important and attractive market for African exports, but its measures to promote sustainability through trade could hurt some African exporters

Despite receiving a declining share of Africa's overall exports, the EU remains an important market for African exports. Moreover, there is high demand in Europe for niche products which are being - or could be - supplied by African producers, and which are relevant from the point of view of promoting local value addition or greater social and environmental sustainability. European demand for these products is also projected to grow or at least remain high in the long term. This suggests that the European market will continue to be a potentially lucrative market for African exporters that are able to access it. The relatively predictable and transparent nature of European trade policy and regulations and the preferential access it provides to African (and many other developing) countries through trade agreements and unilateral preference schemes is another factor that should continue to ensure the European market's relevance and attractiveness to African exporters over the coming decade.

In general, standards for accessing the European market are higher than for accessing emerging markets or African markets, and the prominence and importance (for consumers) of voluntary sustainability standards and associated certification appears greater in Europe than in emerging and African markets. High levels of awareness about sustainability issues among European citizens and pressure for sustainable policies is also leading European policymakers to adopt sustainability-related regulations (e.g. to green the European economy or to promote human rights due diligence in supply chains) and incorporate sustainability-related provisions into trade agreements and other policy instruments.

³² 30%-40% according to estimates (UNCTAD 2019).

³³ <https://www.brookings.edu/research/intra-african-trade-a-path-to-economic-diversification-and-inclusion/>

The increasingly pervasive sustainability regime in Europe has important implications for efforts to use trade with the EU as a lever to promote sustainability. On the one hand, while the impact of standards on developing country trade is highly context specific, the difficulty of complying with high European standards prevents many developing country firms - and particularly small firms - from being able to export to the EU. Measures such as regulations forcing European companies to do more on due diligence could have a similar 'restricting' effect on developing country exports. Similarly, the CBAM is projected to depress exports from at least some African countries. On the other hand, compliance with high EU standards generates significant sustainability benefits, beyond the direct economic benefit of selling to European consumers. Also, once a company has the capacity to comply with relatively stringent European standards, it will likely be better equipped to be able to comply with relevant standards in other markets. This suggests there is a strong rationale for supporting developing country SMEs to overcome the difficulties they face in complying with high EU standards.

6.2. Africa's trade with emerging markets is increasing, but does not yet provide significant opportunities to promote sustainability

Booming African exports to China and other emerging markets in recent years underlines the growing importance of these markets for African exporters even in the absence of trade agreements between African countries and these emerging markets. For the most part, Africa's trade with emerging markets is dominated by low value-added commodity exports that offer little potential for promoting sustainability. However, growing consumption and shifting dietary patterns in these markets are creating new and niche opportunities for exporters, including in value-added food and agriculture products. While emerging markets do not generally apply the same level of sustainability-related standards and regulations as in Europe, growing concerns about food safety and environmental sustainability in these markets suggest that higher standards may be introduced in the future. As in the case of the EU, these higher standards could serve to incentivise more sustainable practices by African exporters seeking to access these emerging markets.

6.3. There is great potential for boosting intra-African trade, and for promoting sustainable development through such trade

There is great potential for increasing intra-African trade and generating sustainable outcomes through increased regional trade. Studies show that, if effectively implemented and complemented with efforts to boost trade-related infrastructure, the AfCFTA is likely to significantly boost intra-African trade. Given that intra-African trade involves a higher share of manufactures and processed products (than Africa's trade with the rest of the world), growing such trade can create new opportunities for Africa's manufacturing and processing industries, and in turn generate high numbers of decent jobs, including for Africa's rapidly growing young population.

Intra-African trade is also attractive for Africa's SMEs, which make up the vast majority of Africa's firms. SMEs typically face lower barriers to entry into regional markets than into international ones. Engaging in regional trade and integrating into regional value chains is easier for such firms, but also provides them with opportunities for learning (how to export) by doing. Integrating into regional value chains can be a stepping stone for African SMEs (and larger firms) to internationalise their business.

Africa is characterised by high levels of informal cross-border trade in Africa, which is to a large degree carried out by women. Women also play a major role in the continent's agriculture sector and food processing industries. Boosting intra-African trade in food products and making this trade safer and more profitable by removing various impediments that currently exist, represents a highly promising avenue for generating economic opportunities for Africa's women and improving gender equality across the continent.

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