



**20-22 MARCH 2017
MAURITIUS**

AEP BROCHURE

THEME 2: EXPANDING OPPORTUNITIES FOR INTRA AFRICAN TRADE

What would it take for African countries to stop exporting the bulk of their oil, diamonds and maize to foreign countries rather than to other African countries?

Trade creates linkages that are essential to the integration agenda. Although intra- African trade is not a panacea for development, it is quite important. Small & Medium Scale Enterprises (SMEs) could become more competitive by creating economies of scale across their respective regions. As they grow, SMEs can strengthen product value chains and facilitate the development of technology and knowledge.

Trade incentivises and spurs infrastructure development and attracts foreign direct investment thus expanding intra-African trade. This is key to accelerating economic growth on the continent. Especially important for the continent's many small, non-coastal countries that face tremendous challenges trading internationally.

Unfortunately, Africa's current internal trade is challenged by the fact that most of its exports go to the world's more advanced economies like the US, UK and China, and most of its imports come from those same advanced economies. In this respect, the African Economic Platform ought to reflect on:

- Economic diversification in order to encourage many African countries to specialise in complementary goods to exchange with each other;
- Conflict, as it diminishes the capacity for African states to engage in intra-continental trade. These factors lead to low levels of economic growth, destroy needed export infrastructure, and slows and reverses regional integration;
- Infrastructure is and has always been a major issue for Africa. Like conflict, infrastructural deficiencies reduce economic growth and productivity, and raise transportation costs.
- The unnecessary delays, harassments and massive graft associated with corruption among those engaged in intraregional trade in Africa needs to be addressed in order to increase trade. This will require a coordinated and



**20-22 MARCH 2017
MAURITIUS**

- harmonised implementation of stringent protocols on the free movement of goods and people across the region by, in particular, dismantling the numerous security outposts and checkpoints along the borders. This process will facilitate trade, reduce smuggling activities and promote regional investments in trade.
- To reduce trade diversion, a supranational body or the region's more prosperous countries should fill any vacuum created by the stepping back from non-African trading partners. Regional innovation and technology policies should be crafted to ensure the diffusion of technology, and a comprehensive competition policy outlining the rules of the game in the form of rewards and sanctions for the conduct of national economies in intraregional trade could also be designed. There is a need for greater efficiency in the delivery of trade-related services by banks and other financial institutions in the region. Adequately capitalized export-import banks should be encouraged to support trade within African countries by facilitating the painless and swift transfer of export receipts and import payments.
 - To effectively stimulate growth across sectors and among nations in the region, significant efforts must be undertaken to address these challenges if the benefits of intra-Africa trade are to be truly realised.