

# 1. INTRODUCTION

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Trade provides the potential for improving consumer welfare and producer incomes, boosting overall economic growth, and reducing poverty. In Africa, greater and more diversified agricultural trade at global and regional levels could leverage efforts to raise productivity at all stages along the value chain, thereby facilitating the transformation of African agriculture into a high-productivity sector, providing adequate incomes for producers and stimulating growth throughout the economy. Increasing agricultural trade also has the potential to improve food security and contribute to stabilizing local and regional food markets by making them less vulnerable to shocks.

In addition to the benefits of global trade, intra-regional trade has been increasingly recognized as a key element of efforts to increase food security and agricultural development across Africa. The 18th African Union Summit in 2012 took the theme of “Boosting Intra-African Trade,” then in 2014—as one of a limited number of commitments in the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods—African leaders committed to tripling intra-African trade in agricultural commodities and services by 2025. The trade commitment included accelerating the establishment of a continental free trade area and a continental common external tariff, as well as taking measures to increase investments in trade infrastructure and enhance Africa’s position in international trade negotiations.

Despite longstanding recognition of the benefits of trade and the importance of improving competitiveness, Africa is performing beneath its potential in global and regional agricultural markets. Recent growth in exports has been offset by even larger growth in imports, leading to a deterioration of Africa’s trade balance. Intra-regional trade in Africa is growing, but it remains significantly below the levels seen in other parts of the world. These challenges result from a host of factors, including historical

trends and more recent developments both within and beyond Africa. Action is needed on many fronts to remove constraints to improving the competitiveness of Africa’s producers.

In 2013, the Regional Strategic Analysis and Knowledge Support System (ReSAKSS), the official monitoring and evaluation body of CAADP, published its *Annual Trends and Outlook Report (ATOR)* under the theme of “Promoting Agricultural Trade to Enhance Resilience in Africa.” The report reviewed patterns in Africa’s global and regional agricultural trade, and examined the relationship between agricultural trade and the resilience of African countries and regions to shocks, including food price volatility and weather shocks. The report detailed the significant progress that has been made in improving Africa’s trade performance in recent years, as well as the challenges that remain at global and regional levels.

*The Africa Agriculture Trade Monitor (AATM)* builds on the analyses presented in ReSAKSS’s 2013 ATOR by providing detailed descriptive assessments of the status and recent trends in Africa’s trade performance and competitiveness at the continental and regional levels, as well as more in-depth investigations of the determinants of trade performance and the relative importance of different drivers and constraints. The report represents the first in a series of yearly publications examining the status, trends, and outlook of Africa’s trade performance, the goal of which is to provide comprehensive and timely evidence and analysis to inform policy discussions on measures to enhance trade performance at global and regional levels.

Chapter 2, by Fousseini Traore and Daniel Sakyi, examines trends and patterns in Africa’s global agricultural trade during the 1998–2013 period. The study assesses trends in overall trade volumes and values, and in the trade of key agricultural commodities. The chapter then analyzes the direction of agricultural exports and imports, changes in market shares,

and changes in the composition of Africa's exports and imports, to provide a comprehensive overview of Africa's agricultural trade with the rest of the world.

Chapter 3, by Anatole Goundan and Cheickh Sadibou Fall, addresses regional trade, discussing Africa-wide and regional trade patterns. The chapter reviews intra-regional trade performance for the continent as a whole and for its major regional economic communities (RECs). It then proceeds to analyze the direction of trade, examine the role of individual RECs and countries in intra-regional trade, and discuss the key commodities in intra-regional trade.

Chapter 4, by Sunday Pierre Odjo and Ousmane Badiane, presents a detailed analysis of the competitiveness of African agricultural exports in global and regional markets. The chapter aims to shed light on the factors behind recent improvements in trade performance in order to further accelerate gains and reduce trade deficits. The study ranks countries and commodities according to their competitiveness in export markets at the global, continental, and REC levels. The chapter then summarizes an econometric analysis of the drivers of changes in competitiveness at different levels, and presents recommendations for further improving competitiveness.

Chapter 5, by Getaw Tadesse and Ousmane Badiane, provides an in-depth examination of the determinants of African agricultural trade performance. The chapter reviews broad categories of trade determinants, including production capacity, the cost of trade, trade policies, domestic agricultural supports, and global market shocks. The chapter then develops a gravity model to assess the relative importance of determinants of African trade and of different trade constraints, discussing how these constraints have changed over time and vary across countries.

Agricultural trade performance is also affected by a host of other factors unrelated to agriculture and by the broader global context. Chapter 6, by Nicholas Sabwa and Julia Collins, presents a review of these broader determinants and a discussion of their effects on African trade and other potential future impacts. Trends affecting trade include developments within Africa—such as increasing urbanization and the rise of a middle class, the growing agro-processing sector, and the surge in the use of information and communications technologies in agriculture and finance—and changes at the global level—such as climate change, oil shocks, and biotechnology. The chapter also focuses on recent regional integration efforts within Africa, and major multilateral and bilateral agreements with global trade partners. The chapter presents recommendations on managing current and likely future developments in order to maximize benefits and minimize threats to food security and trade performance.

Chapter 7, by Sunday Pierre Odjo and Ousmane Badiane, focuses on the outlook for expanding intra-regional trade within West Africa, the focus region of this issue, and the potential effects of expanded trade on regional food markets. The chapter reviews recent trends in intra-regional trade and examines the possibilities for increased regional trade to reduce food price volatility. The study then evaluates the scope for increasing trade within the region. A simulation model is used to examine the effects of alternative policy scenarios on regional trade and on the stability of regional food markets.

Chapter 8, by Ousmane Badiane, Sunday Pierre Odjo, and Julia Collins, provides a brief summary of the findings of the preceding chapters, synthesizing the results and policy implications of addressing the constraints to improving Africa's agricultural trade performance.