

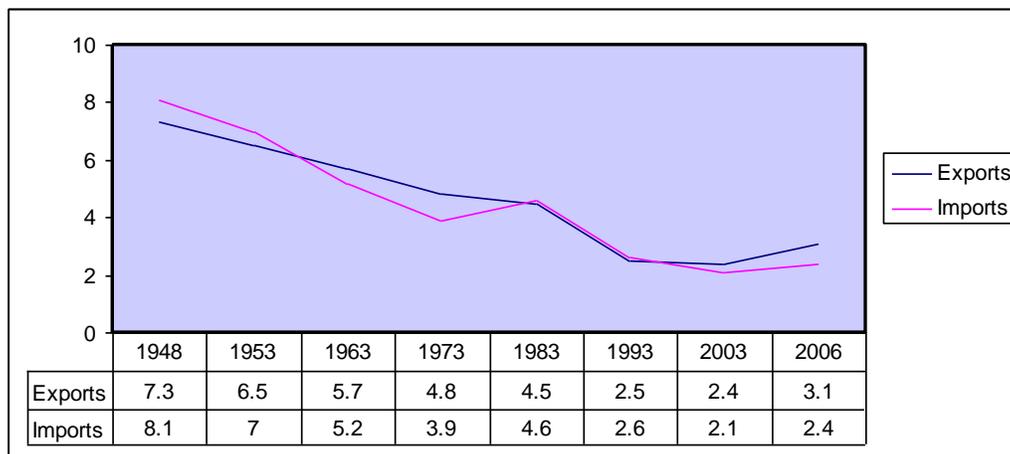
Africa and world trade

Sub-Saharan Africa's falling share of world trade

Increasing participation in the world economy has been a vital strategy for countries that have developed. It will also be crucial for Africa's development. Africa's relative performance in the global market has reached drastically low levels in the past thirty years. Although total levels of merchandise trade have increased for all African countries, sub-Saharan Africa's share of world trade has been in decline for a long time, most markedly since the 1980s (see chart 1). Compare this with the performance of the Asian region, where shares of world trade have doubled over the same period reaching 27.8 percent in 2006, and Africa's increased marginalisation in the world economy becomes even more apparent. In other words, Africa's overall growth in trade is below – even far below – the growth for other developing regions.

Deteriorating world trade performance means opportunities lost. The World Bank estimates that Africa's decline in trade represents a loss equivalent to \$70 billion annually – five times the \$13 billion received in aid and 21 percent of GDP.

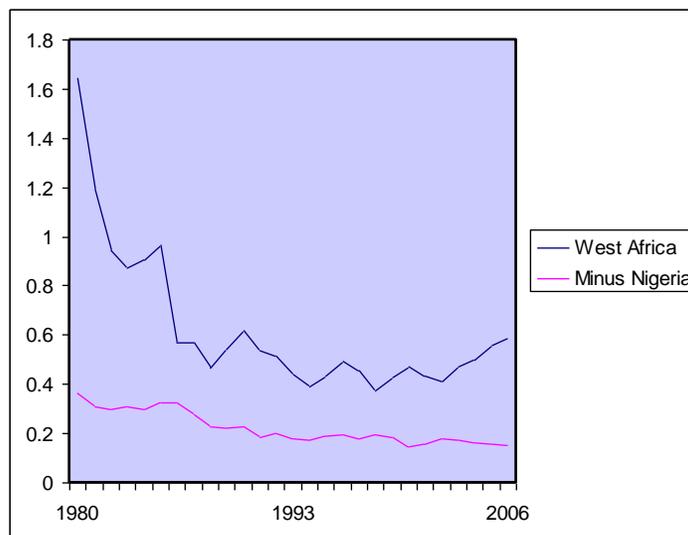
Chart 1: Africa's Share of World Trade



But is not Africa's share of world trade increasing?

Yes, it is. But the slight upswing in the past three years mostly reflects rising oil prices. Exports of raw material pushes development if the gains are properly managed, and with key commodities projected to be in high demand for the foreseeable future African exports of commodities can stay at high levels. However, the upswing is only confined to a handful of countries. While this has been a positive development for oil producers, most African countries have continued to experience deterioration of their role in world trade. For example, removing Nigeria from the aggregated West African trade data shows a different picture for Africa's non-oil producers (chart 2). Outside of the energy market, trends have been less dramatic in nature, but the value of Africa's trade has continued in steady decline.

Chart 2: West Africa's Share of World Exports, 1980-2006



Zimbabwe and world trade

Africa clearly needs every opportunity it can get to rectify this situation. Unfortunately in the run up to the Lisbon summit, it is Zimbabwe that is the issue looming largest, rather than Africa's overall participation in the world economy and EU-Africa trade policy. This current preoccupation is somewhat ironic as Zimbabwe is economically now one of the countries in Africa that can least afford to miss this opportunity to talk trade. In the last ten years, Zimbabwean exports have fallen by 19 percent, and in 2006 real GDP fell by a further 5 percent according to the WTO.

During a chaotic ten years of trading since 1996, exports and imports have fluctuated in absolute terms, and are still lower than 1990's levels. Zimbabwe is rapidly slipping down all world rankings and the threatening humanitarian crisis has been widely reported, demonstrating the importance of good governance and how lack thereof adversely affects trade performance.

Chart 3: Zimbabwe's Absolute Trade 1996-2006 (\$millions)

