



Africa-EU trade in agriculture products – setting the scene

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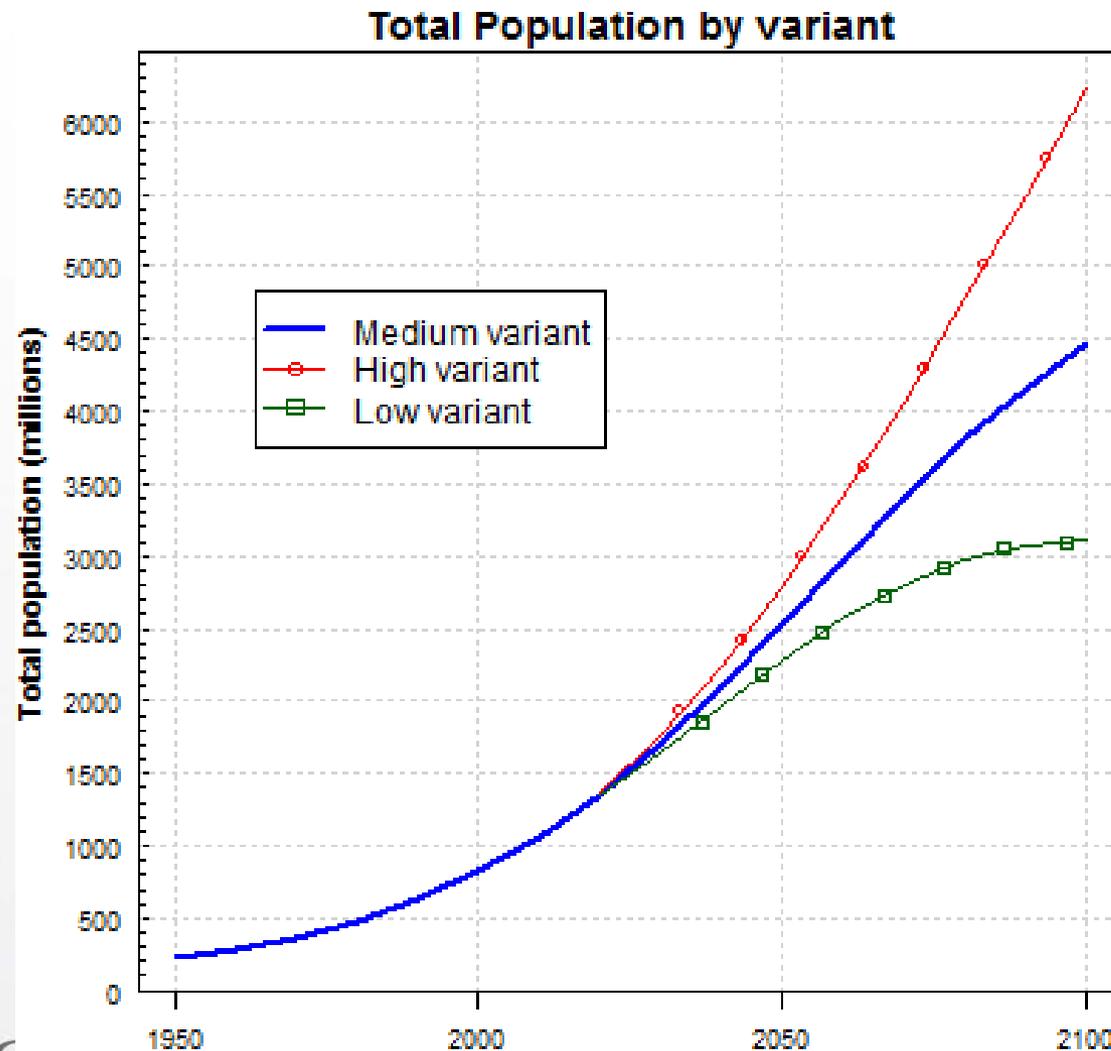
A Poll

What is the share of total exports from Africa that goes to the EU?

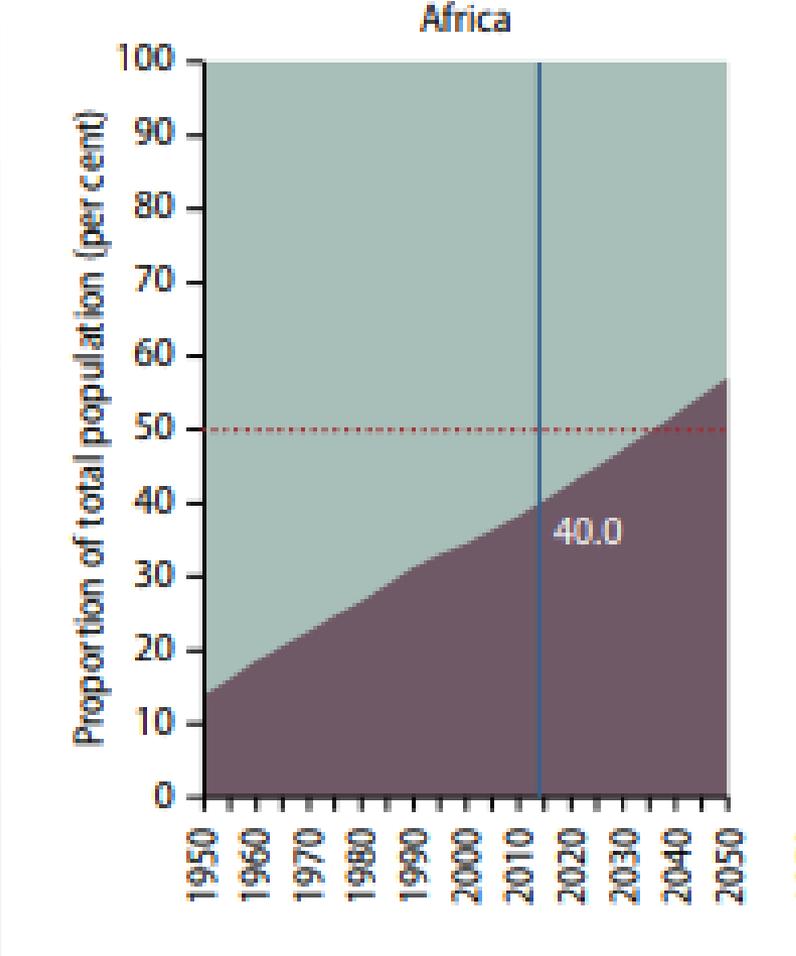
- Less than 20%
- 20%-30%
- 30%-40%
- More than 40%

Population Growth, Urbanization and Structural Change in Africa

Total Population Africa 1950-2100



Africa: Urban and Rural Population as Proportion of Total Population, 1950–2050



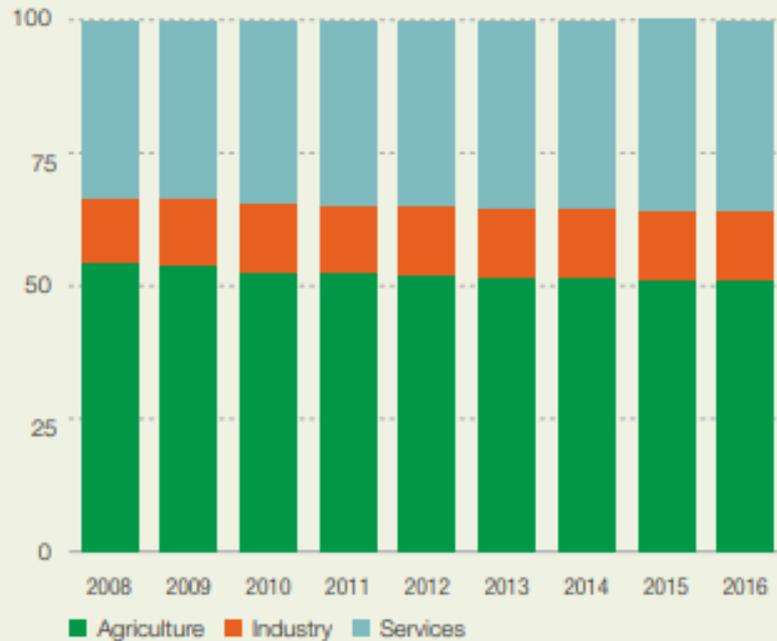
Legend:
Purple: Urban
Blue: Rural



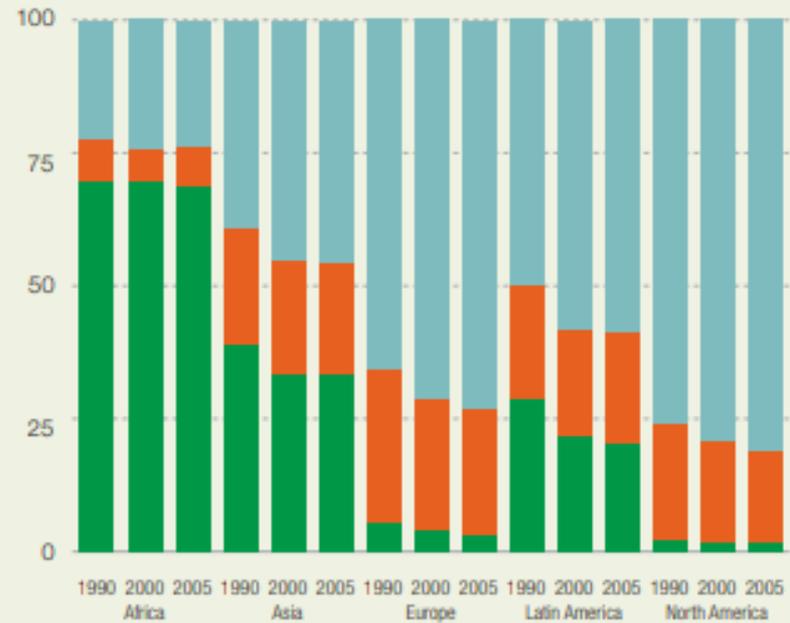
Source: World Urbanization Prospects, United Nations, 2015

Sectoral Employment Shares in Africa & Other World Regions

Percent **a. Sectoral employment in Africa, 2008–16**



b. Sectoral employment by world region, 1990–2005



Source: AfDB statistics.

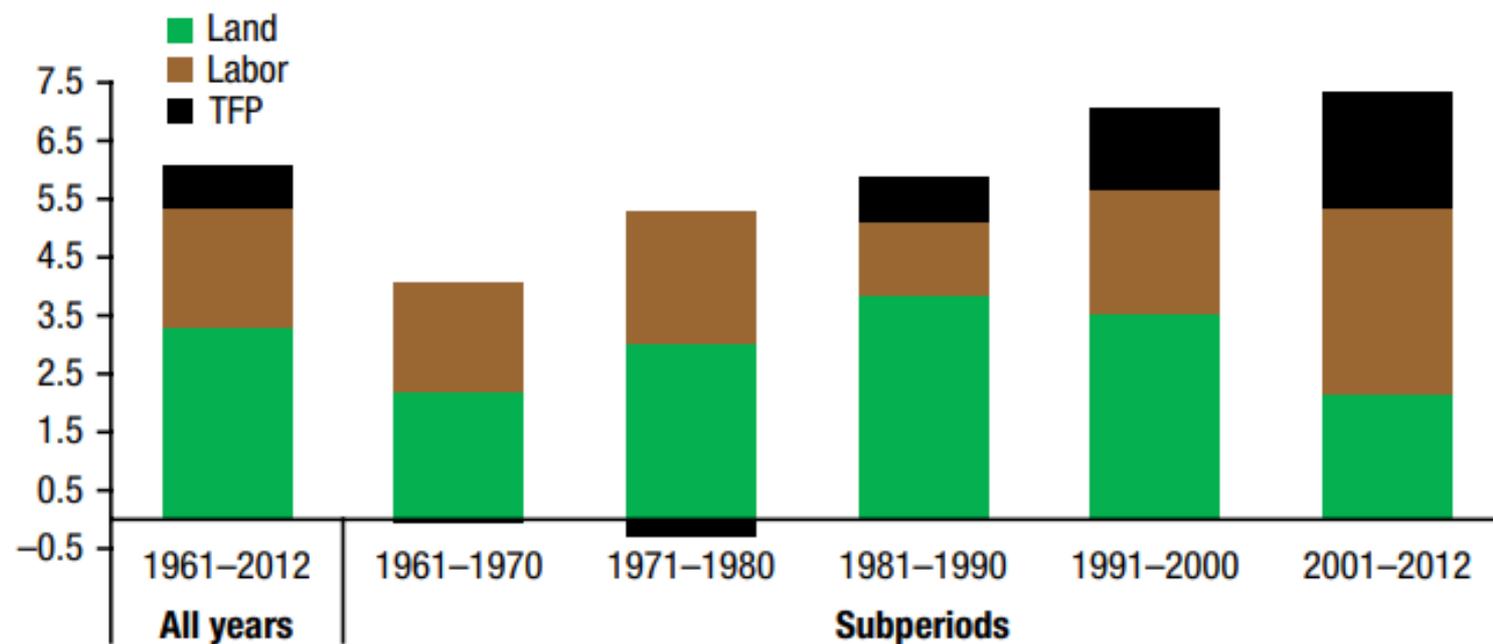
Note: Industry includes extractives.

African Agricultural Production and Trade

Quick Facts About African Agriculture

1. Agriculture provides around 50% of total employment in Africa
2. The average African farmer is 60 years old - while 60 percent of SSA's population is under 24 years old
3. Approximately half of the farmers are women
4. The average African farm size is 2.4 hectares
5. Small plots and low productivity have lead to poverty. About three quarters of the African population live of less than \$2, half of the population of less than \$1.25 per day. People in rural areas are more often struck by poverty.
6. The poorest 20 per cent of the population benefit most from agricultural GDP growth.

Africa's Agricultural Productivity Growth Rate (%)



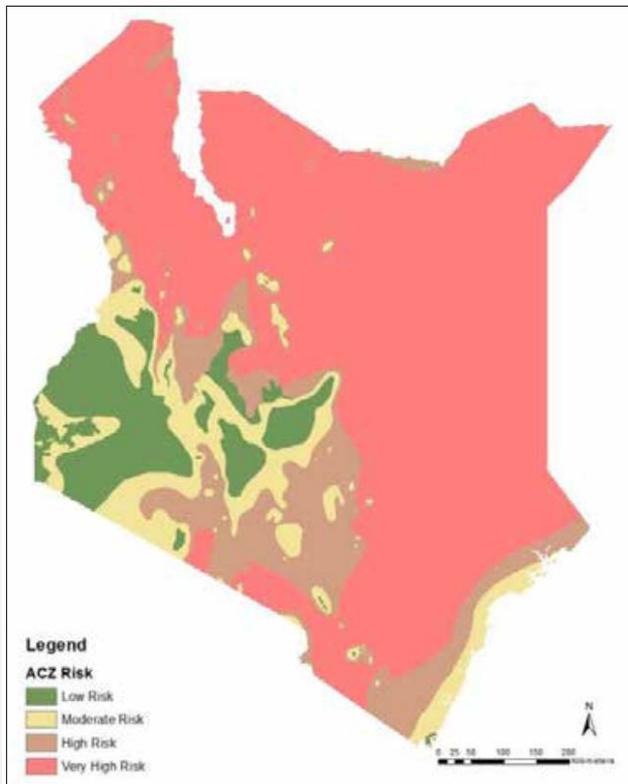
Source: IFPRI Agricultural Productivity in Africa: Trends, Patterns, and Determinants

African Agricultural Production Trends

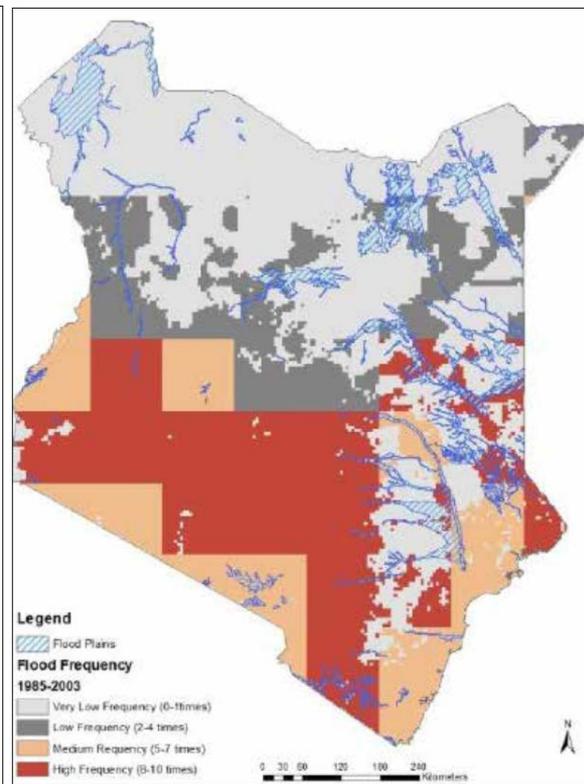
1. Cereal production has increased by 125%, yields by 32%, and cultivated land by 70% in 30 years
2. In the last 30 years, productivity per agricultural worker has increased by a factor of 1.6 in Africa, and by a factor of 2.5 in Asia
3. Large agricultural productivity gap between African countries. The most productive African countries are around 10 times more productive than the least productive (for maize and cassava)
4. Agricultural production in Africa has not kept pace with population growth
5. Climate variations and water access severely influence the performance of the agricultural sector

Climate Change Risks Impact Agriculture

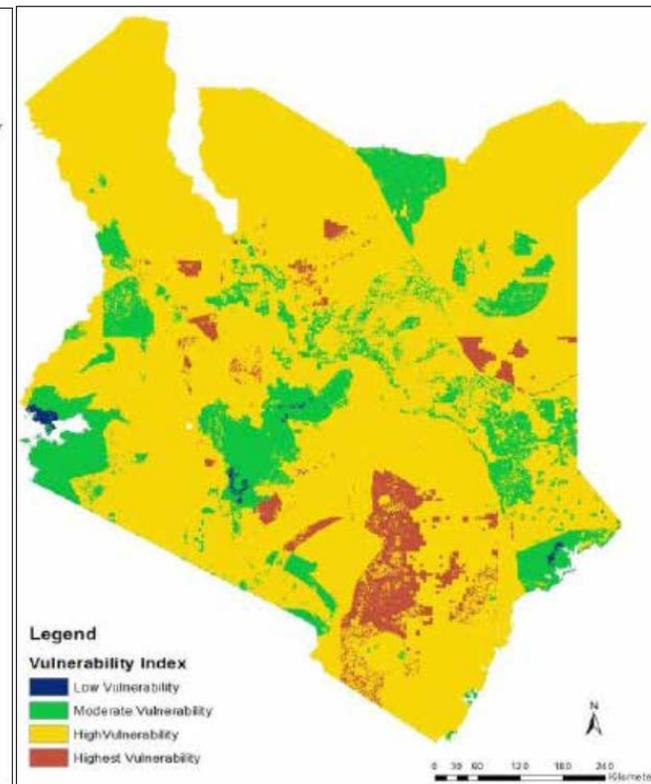
Climate change risk for agro-climatic zones



Flood frequency



Vulnerability



Africa's Overall Trade with the EU

Europe is overall Africa's largest export market. 35% of total exports from Africa go to the EU: food & beverages, manufacturers and raw materials

Most African countries have duty-free and quota-free access to the EU markets

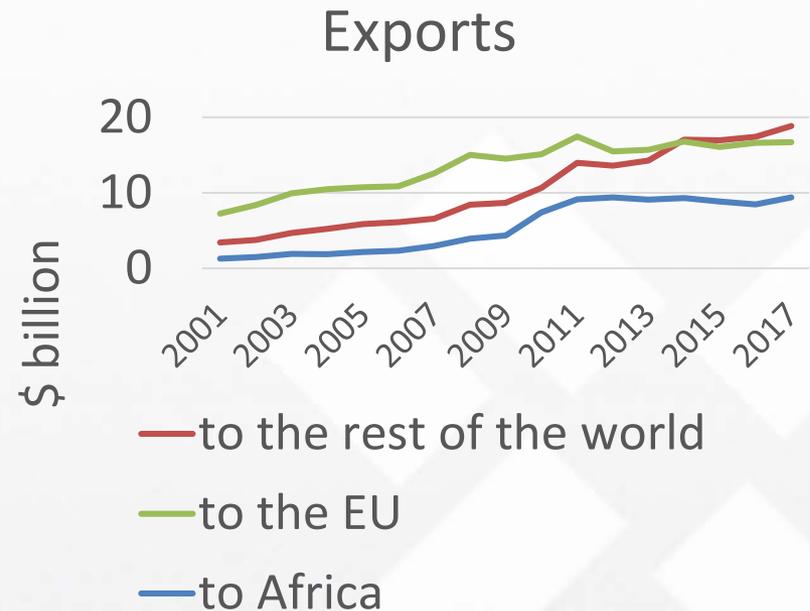
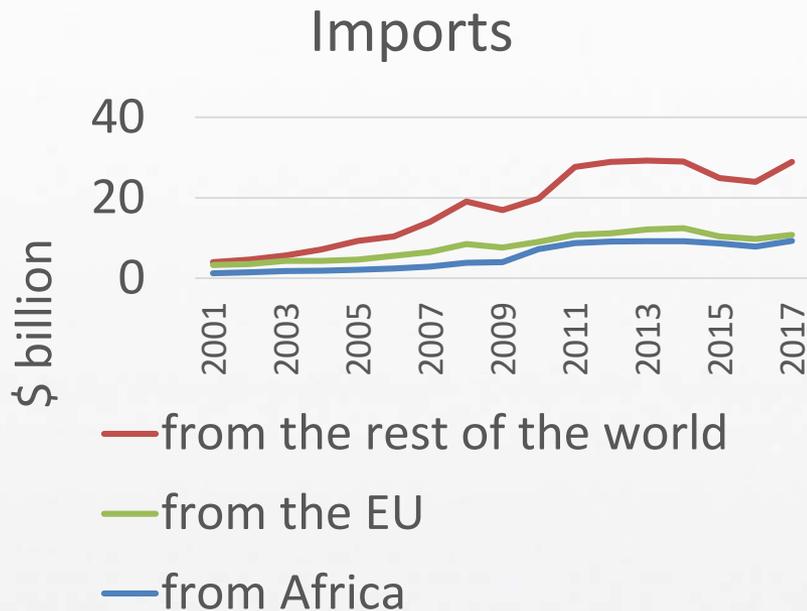
African exports to the EU are regulated by five trade agreements:

- 1) Economic Partnership Agreements (EPAs): 12 SSA countries
- 2) Everything-But-Arms (EBA): 32 LDCs
- 3) Trade Agreements with North Africa: 4 North African countries
- 4) Generalised Scheme of Preferences Plus (GSP+): 1 country
- 5) Generalised Scheme of Preferences (GSP): 2 countries

Source: European Commission: *EU trade policy and Africa's exports*, Dec. 2017

Evolution of Africa's Agro-food Trade

- ✓ The growth of Africa's agro-food imports has outpaced the growth of its exports
- ✓ With trade with the Rest of the World surging, the EU has lost its position as the main destination market for Africa's agro-food exports



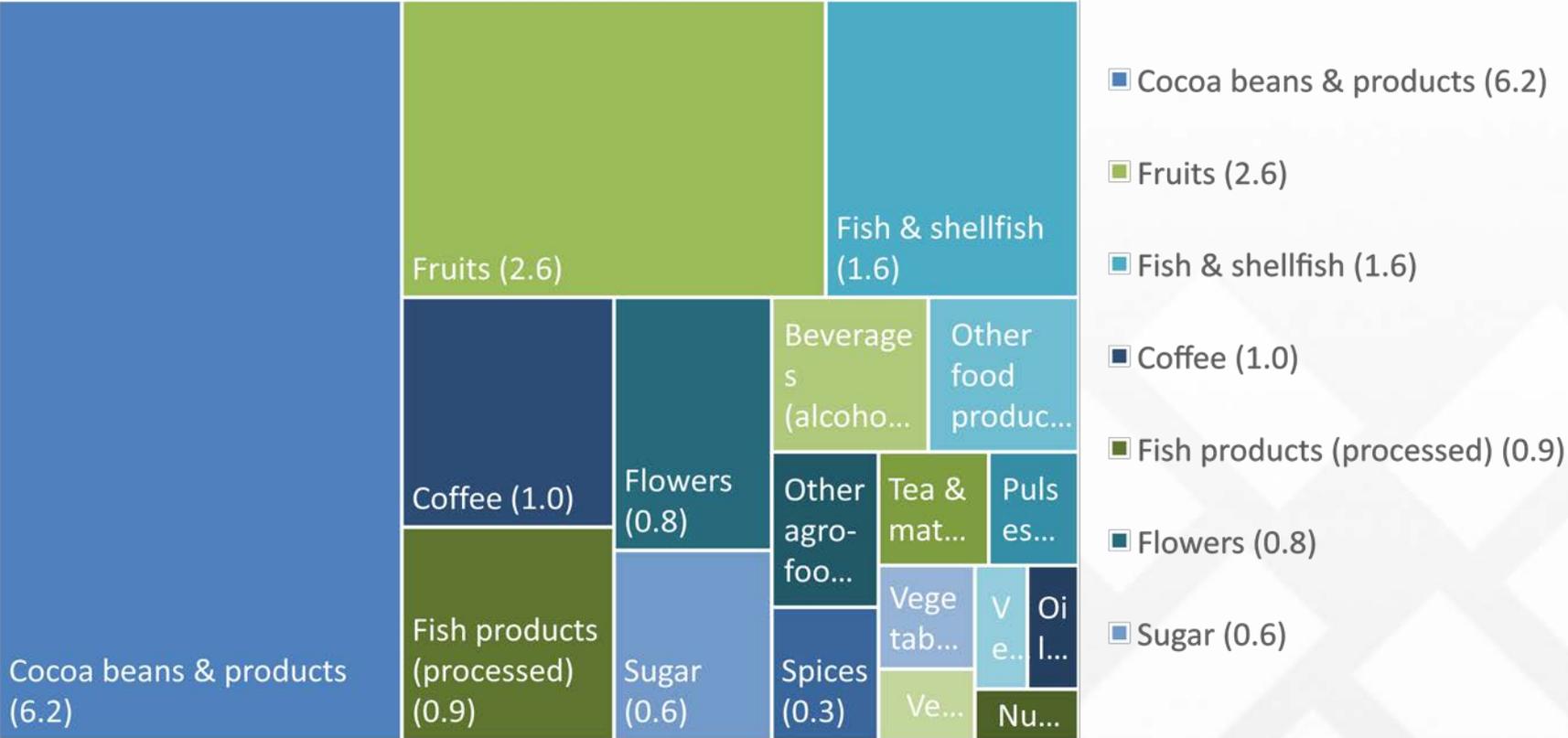
Africa's Trade Balance in Agro-food



✓ With imports growing faster than exports, the trade deficit has widened, turning Africa into a net importer of agro-food products

✓ While Africa has a surplus in agro-food trade with the EU, it runs a \$10 billion deficit with the Rest of the World.

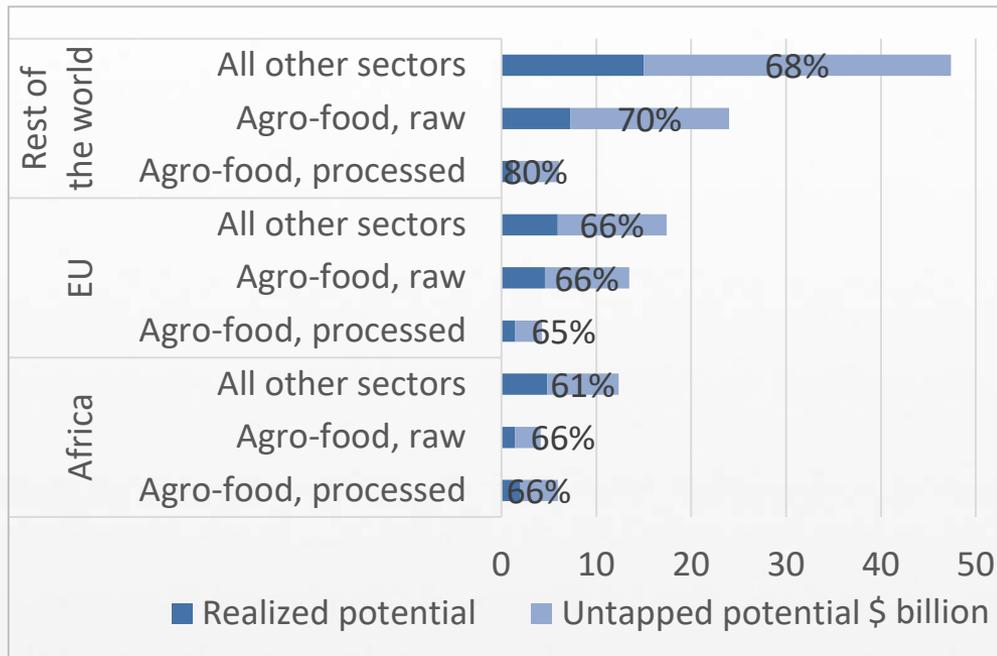
Africa's Agro-food Exports to the EU, by Sector



*Values in USD billion ITC Calculations: EPM trade dataset using 2013-2017 weighted averages of reliable direct and mirror reports



Untapped potential in agro-food, by partner region and sub-sector



*Percentages correspond to the share of untapped in total export potential

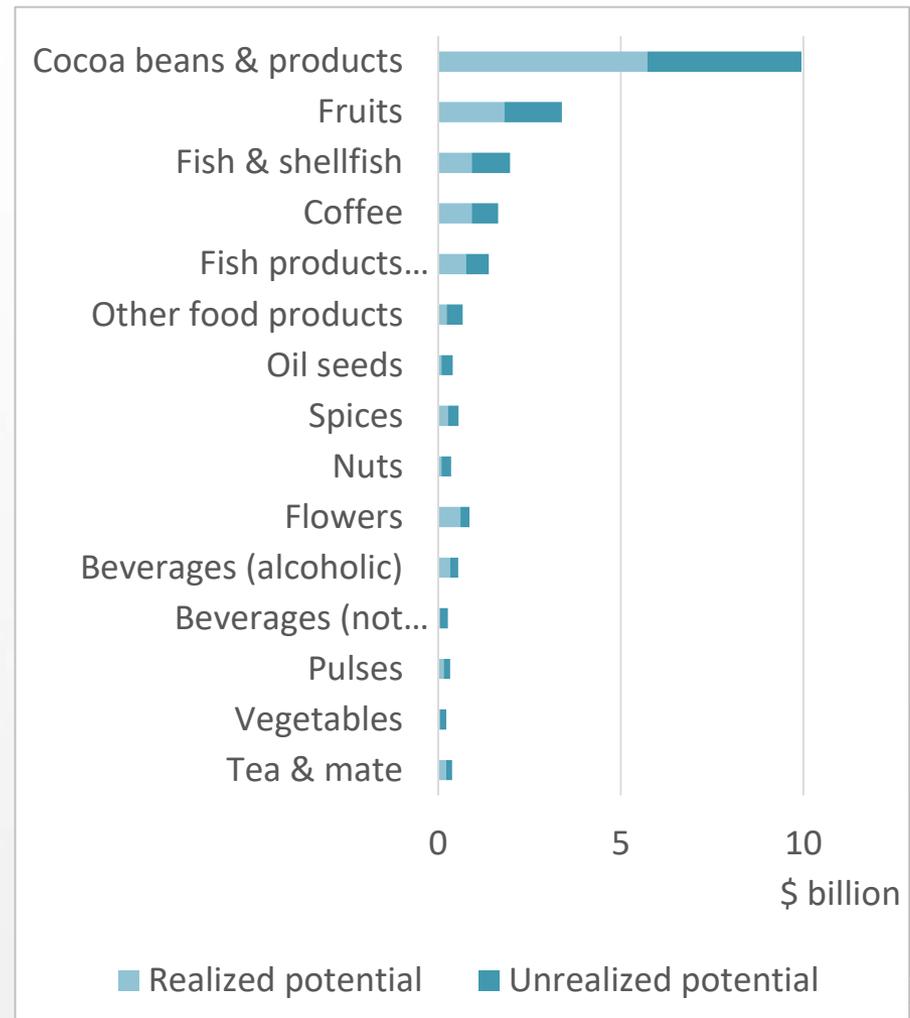
Source: ITC calculations



- ✓ ITC estimates an additional \$40 billion in agro-food exports to be possible by 2022, should growth develop in line with forecasts and market frictions be fully removed.
- ✓ \$28 billion of these additional exports could be realized in commodities, but \$12 billion would be possible in processed and value-added agro-food products, like cocoa paste and butter (HS 180310 & 180400) or prepared tunas (HS 160414).
- ✓ In fact, relative to the size of the sector, export growth opportunities are highest in value-added products, especially in markets other than the EU.

Top African agro-food sectors with untapped potential to the EU

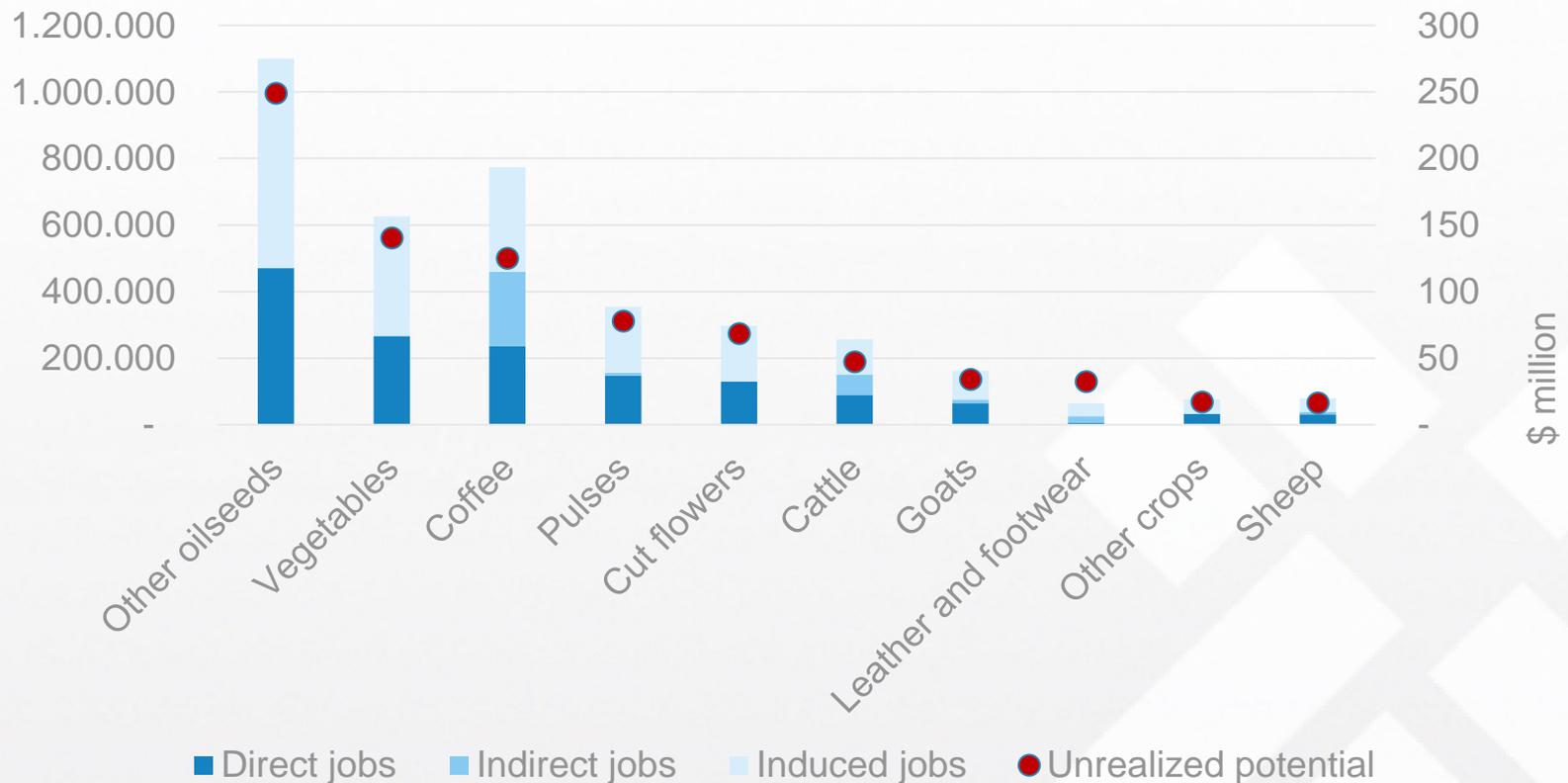
- ✓ Cocoa beans & products, currently already the largest export sector to the EU, offers another \$4.2 billion in room for export growth.
- ✓ Other sectors, including beverages, oil seeds, vegetables and nuts have shares of unrealized potential > 70%, indicating that stepping up production capacities and removing market frictions could significantly boost export growth.



Source: ITC calculations

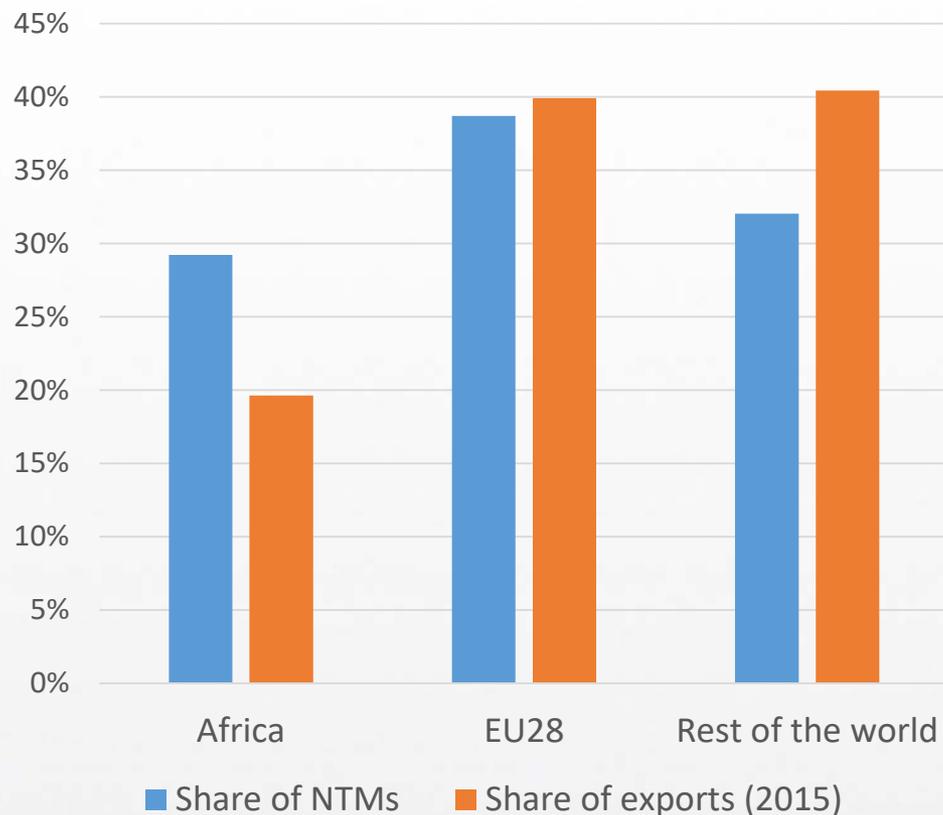
Export Potential and Job Creation in Ethiopia

- ✓ In Ethiopia 3.9 million jobs (1.6 million jobs for women) could be created if the country fully realized its export potential of \$800 million across agro-food sectors.





Exporting to EU Generates Comparatively Less Obstacles than Exporting to Africa



- African surveyed countries exported around 20% of their value within Africa.
- At the same time, it was the source of 29% of the NTMs
- When exporting from Africa to EU, 40% of the trade is related to 39% of the NTMs

Thank You



EXPORT IMPACT
FOR GOOD