

# Africa's Agricultural Trade: Recent Trends Leading up to the African Continental Free Trade Area

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## What Is the Issue?

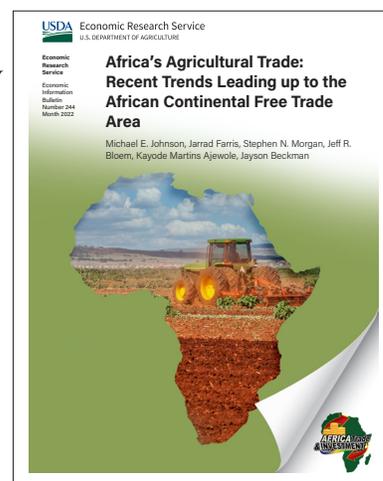
The African Continental Free Trade Area (AfCFTA) began operating on January 1, 2021, and when fully implemented will be among the largest free trade areas in the world. This free trade area could, particularly, influence African agricultural trade as growth in member economies could increase the demand for agricultural products—offering expanding opportunities for agriculture and agribusiness growth in the region. Already, agricultural demand outpaces production in the region to the extent that Africa remains a net agricultural importer. While external partners, including the United States, are not currently part of the free trade area, AfCFTA may present immediate opportunities for new investments and future opportunities for further trade liberalization with outside partners.

## What Did the Study Find?

Results of the study highlight important emerging trends:

- Africa continues to rely heavily on agricultural imports. The real value of Africa's external agricultural imports grew by 7.4 percent annually over 1999–2019, surpassing the annual growth rate of its external agricultural exports and intra-agricultural trade. Major external agricultural imports include bulk commodities and processed foods, such as cereals (including prepared cereals), dairy (mostly fresh and condensed milk), meats (especially poultry), and animal and vegetable oils. Cereals, especially wheat, rice, and corn (maize), account for more than one third of Africa's external agricultural imports by value. High urban population growth rates suggest that these trends of growth in agricultural imports could continue.
- Historically, European partners have accounted for a significant share of Africa's agricultural trade (exports plus imports) with partners outside the continent; however, trade with others has been growing over the past two decades. For example, China and Brazil have increased their share of Africa's agricultural trade, respectively from about 0.9 percent and 1.3 percent (1999–2001) to 5.1 percent and 6.3 percent more recently

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(2017–19). In contrast, the European Union’s shares declined from a high of 34 percent to 25 percent over the same period.

- U.S. agricultural exports to Africa have been more volatile than imports from the region but slowly shifted in composition from bulk cereals to higher value agricultural products such as poultry meat and prepared cereals. Consumer-oriented and intermediate agricultural goods made up 44 percent of U.S. agricultural exports to Africa in 2017–19, up from 29 percent in 1999–2001. While the United States continues to hold a firm lead among exporters of soybeans to Africa, it faces competition from the European Union and Brazil for poultry meat.
- There is evidence of a growing share of intra-Africa trade in high value agricultural commodities. Consumer-oriented agricultural goods account for about half of intra-Africa agricultural trade in the 2017–19 period and much of the growth in agricultural trade within the region over the last two decades. Consumer-oriented agricultural goods accounted for about 43 percent of intra-Africa agricultural trade in 1999–2001. Intra-Africa agricultural trade is greatest among members of the more deeply integrated regional free trade areas in the region (the East African Community (EAC) and Southern African Development Community (SADC)).

## How Was the Study Conducted?

This report examines past and emerging trends of Africa’s agricultural trade leading up to the implementation of the AfCFTA. A primary source of data is the international trade data (BACI) compiled by the French Center for Research and Expertise on the World Economy (CEPII) using United Nations International Trade Statistics Database (UN COMTRADE) data for 1996 to 2019, with values converted to constant 2015 U.S. dollars.<sup>1</sup> For the section focusing on U.S. trade with Africa, authors relied on official U.S. Census Bureau Trade Data. To examine agricultural trade between the United States and Africa in more detail, authors used official data from U.S. Department of Agriculture (USDA), Foreign Agricultural Service (FAS) General Agricultural Trade System (GATS).

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<sup>1</sup> See Gaulier and Zignago (2010) for further details on BACI international trade data. CEPII is the Institute for Research on the International Economy located in France.