

1. Trade and investment flows and a perspective for analysing trade policy in Africa

Jamie MacLeod and David Luke

When a country participates in the global economy, it does so on the basis of foreign exchange inflows and outflows. Even the flow of ideas, in the form of intellectual property rights, entail services trade and foreign exchange. The extent to which exports dominate the inflows of foreign exchange into African countries may be surprising: at \$421 billion in 2019, they eclipsed official development assistance (\$31 billion), foreign direct investment inflows (\$40 billion) and remittances (\$84 billion) (Luke 2020).

Africa's trade, unfortunately, underperforms both in volume and content. Despite having grown in the last couple of decades, it continues to represent an undersized share of world trade. And it remains overly concentrated in fuels, metals and ores. This concentration phenomenon is the case for all but a few African countries. The form of investment inflows into African countries perpetuates these concentrations, which do little to serve the aspirations of structural transformation and industrialisation held by African leaders. That is the story, at least, for most of African trade. Trade within the continent, between African countries, is different. It comprises an unusually large share of manufactures. It is hoped that it is exactly this trade that can be boosted with initiatives like the African Continental Free Trade Area (AfCFTA), and in turn contribute to sustainable economic transformation in the continent.

This chapter elaborates the status of trade in Africa, looking at how much Africa trades, of what and with whom. Trade policy is the principal vehicle through which the role of trade can be improved as a driver for African development. Accordingly, the chapter concludes with an elaboration of the analytical perspective that grounds the approach used to assess trade policy in Africa throughout the book.

How to cite this book chapter:

MacLeod, Jamie and Luke, David (2013) 'Trade and investment flows and a perspective for analysing trade policy in Africa', in: Luke, David (ed) *How Africa Trades*, London: LSE Press, pp. 1–21. <https://doi.org/10.31389/lsepress.hat.a>
License: CC-BY-NC 4.0

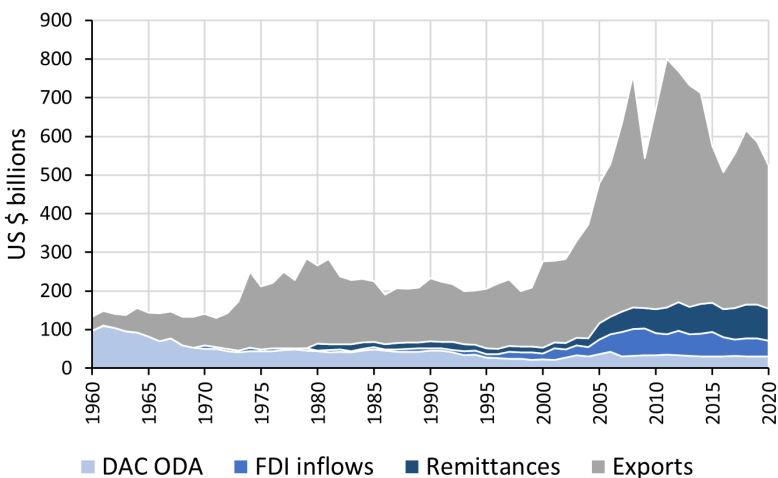
1.1 Why African trade matters, but underperforms

Exports dwarf remittances, investment inflows and overseas development assistance from Development Assistance Committee countries – a group of 24 advanced economies – as a source of foreign exchange inflows into African countries. Since the independence of African countries in the 1960s, exports have grown more rapidly than these alternative flows. From 2018 to 2020, exports were worth more than two-and-a-half times as much as the value of remittances, investment inflows and overseas development assistance combined.

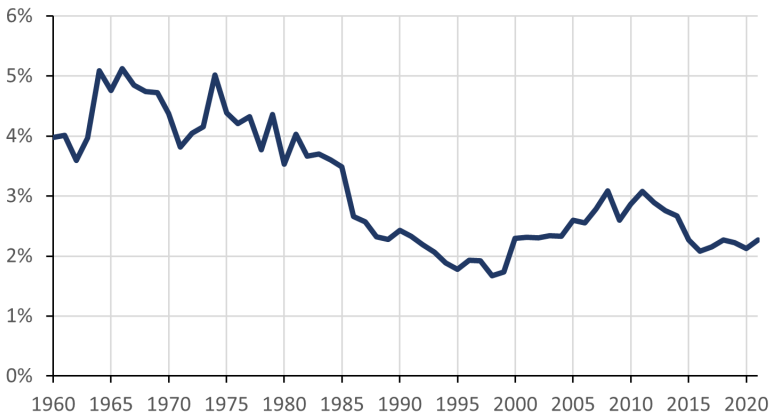
Beyond their monetary value, these trade flows are thought to be embedded with continually emerging forms of technology – needed to compete on world markets – and lead to upskilling, capital investments and technological upgrading in the up- and downstream parts of the domestic supply chains that feed into exports. The firms behind these exports are in turn more likely to be more productive, offer higher wages and grant employment opportunities in the formal sector.

Yet, notwithstanding recent growth, Africa's export volumes continue to underperform and fail to live up to their developmental potential. Africa's exports amount to just 2.3 per cent of world trade (Figure 1.2). This world trade share has stagnated for over three and a half decades, before which time it fell from a height of 5 per cent of world trade in the 1970s. Even while Africa's exports soared in the late 1990s and through the early 2000s (as shown in Figure 1.1), they were only keeping pace with a broader worldwide expansion

Figure 1.1: Sources of African foreign exchange flows: exports, FDI inflows, remittances and DAC overseas development assistance (ODA), constant 2020 US\$



Sources: Authors' calculations based on IMF (2022), UNCTAD (2022), OECD DAC-ODA (2022), Knomad (2022).¹

Figure 1.2: Africa's exports as a share of world trade: 1960 to 2020

Source: Authors' calculations based on IMF Direction of Trade Statistics (2022).

in trade bolstered by global phenomena such as the accelerated integration of China and other emerging market economies into global trade flows.

What Africa exports also matters. In the most important aspects of concern for policymakers, such as jobs creation and poverty alleviation, not all trade is worth the same. Fuels, ores and basic metals tend to be more capital-intensive and less labour-intensive to produce, and so create fewer jobs. These products are usually more reliant upon foreign capital and expertise and are particularly prone to their extracted value being undermined by illicit financial flows (ECA 2015). Their prices tend to be volatile, exacerbating budgetary planning, and their rents susceptible to elite capture. These much-researched phenomena are well known and have led such goods to be regarded throughout the developmental discourse as the seeds of so-called 'resource-curses'.

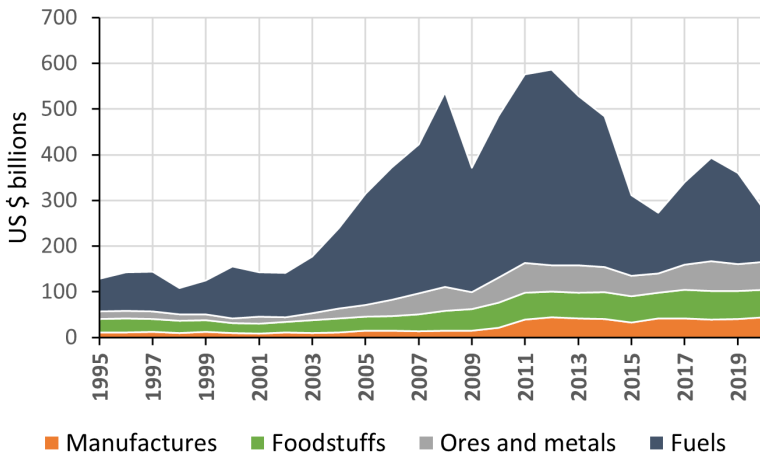
Unfortunately, Africa's exports have remained stubbornly concentrated in fuels, ores and metals. The value of exports of these products fluctuates substantially with their prices but has accounted for no less than 60 per cent of Africa's exports in any year since at least 1995, and as much as 89 per cent at its relative height in 2008. Figure 1.3 shows three main 'humps' in Africa's exports over the last 20 years, each coinciding tellingly with heights in global petroleum prices. It also shows that exports of manufactures and foodstuffs have grown too, yet they have done so by only about 1 per cent, on average, in each year over the last decade. That does not nearly suffice for a continent with an economy growing at over 3 per cent and a population increasing at almost 2.5 per cent a year, according to IMF and UN estimates, over this period.

Nevertheless, what Africa exports has considerable strategic significance. Access to fuels and industrial metals is a necessity for the functioning of modern industrial economies elsewhere in the world. Five of the top 30 oil-producing countries in the world are African and the continent has accounted for a little under 10 per cent of the world's supply of petroleum

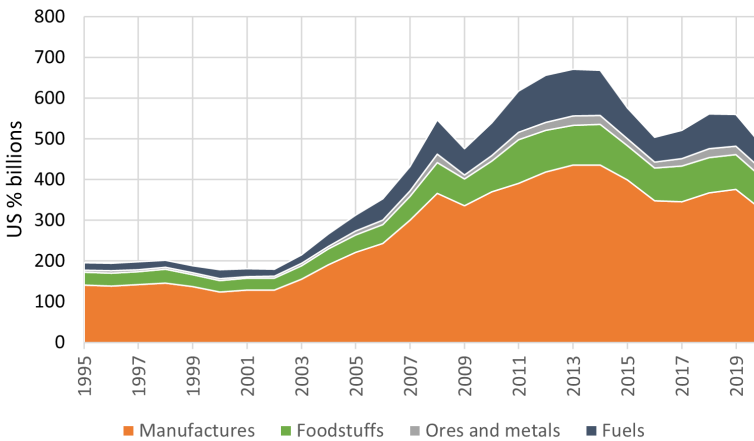
oils in recent years. Two of the top 10 largest exporters of liquified natural gas were African in 2021, with the continent considered to be well positioned to replace Russian gas sources in Europe following the war in Ukraine if infra-structural capacities can be upgraded (Gbadamosi 2022). Africa is also home to many critical minerals increasingly required of emerging digital and green technologies, such as cobalt (which is needed for batteries) and caesium and rubidium (used in mobile cellular global positioning systems). An estimated 42 of the 63 elements used by low-carbon technologies and the so-called Fourth Industrial Revolution are found in Africa (United Nations University – Institute for Natural Resources in Africa 2019).

The other side of trade, besides exports, is of course imports. Though access to imports is important, it attracts less policy attention than exports. Policy-makers tend to care more about boosting exports and the foreign exchange earned by them than about increasing the imports on which that foreign exchange is spent. Imports are seen more as an expression of what a country needs but cannot source domestically, such as refined fuels or stable foods, than the economic structure of that country. As Africa's exports of fuels increased from 2003, so too did Africa's import bill for manufactures. The three ascending 'humps' seen in Africa's exports (Figure 1.3) are replicated in the shape of three softer humps of imports in this period (Figure 1.4). Though admittedly an oversimplification, compounded by other balance of payment flows, Africa's trade represents in general an exchange with the rest of the world of primary fuels, ores and metals in exchange for manufactures, and to a lesser extent foodstuffs.

Figure 1.3: Composition of Africa's exports, constant 2020 US\$



Source: Authors' calculations based on UNCTAD (2022).²

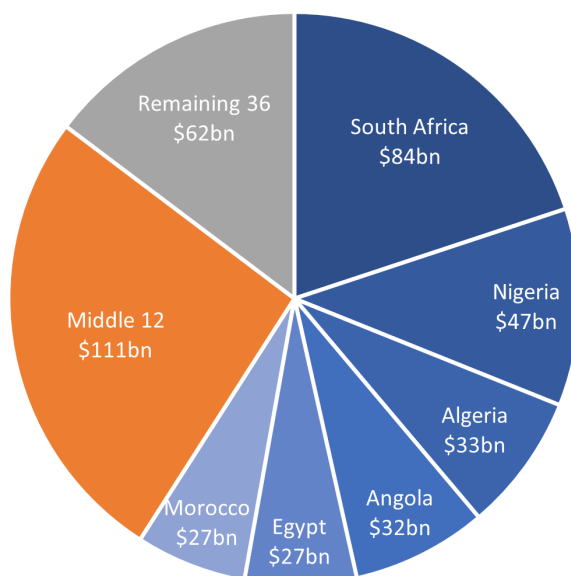
Figure 1.4: Composition of Africa's imports, constant 2020 US\$

Source: Authors' calculations based on UNCTAD (2022).³

1.2 Unpacking how individual African countries trade

African countries differ, and this is true in trade too. In unpacking how we think of Africa's trade, two prevailing features stand out. First, the trade of African countries is dominated by a small number of major economies. The five largest African exporters, between 2016 and 2020, exported more than the next 49 African countries combined. We can think of the economies behind Africa's export volumes in three size categories. The 'big 6' each accounts for a sizeable slice of Africa's exports and at least \$25 billion in annual exports. This includes South Africa, Nigeria, Algeria, Angola, Egypt and Morocco. These are denoted in shades of blue in Figure 1.5. Following this, there is a 'middle 12' of medium-sized trading economies, including countries such as Kenya, Ghana, Tunisia and Gabon. These have annual exports greater than \$5 billion and collectively represent an important share of exports from the continent but are individually relatively small economies. The 'remaining 36' reflects the nature of most African countries: low trade volumes, and in many instances also small populations with small market economies. Examples of countries within this basket include Chad, Uganda, Niger, Malawi and Comoros.

The second prevailing feature of African trade is its concentration. Most African countries possess an export portfolio heavily concentrated within a single sector. Table 1.1 splits African countries into four types on the basis of the largest economic sector accounting for at least 35 per cent of their exports over the 2016 to 2020 period. Twelve African countries are heavily concentrated in fuels – in half of these, since 2016 more than 90 per cent of

Figure 1.5: Africa's exports, by country, \$ billions

Source: Authors' calculations based on UNCTAD (2022).

Table 1.1: Economic concentration of Africa's exports, by country

Economic concentration	Number of countries	Average annual export value
Foodstuffs	17	\$2.1bn
Ores and metals	17	\$4.0bn
Fuels	12	\$13.3bn
Manufactures	8	\$19.9bn

Source: Authors' calculations based on UNCTAD (2022).

their exports have been fuels. This category comprises several large exporters, including Nigeria, Algeria and Angola, but also smaller oil-dependent exporters, such as Chad, South Sudan and Equatorial Guinea. Seventeen African countries have export portfolios concentrated in ores and metals and another 17 in foodstuffs. These non-oil-exporting countries tend to account for much smaller values of exports, and include most of the 'remaining 36' countries mentioned in Figure 1.5. A final eight African countries have achieved a degree of industrialisation, allowing manufacturing to represent the largest economic sector in their exports. This latter category comprises a mix of large industrial economies – such as South Africa, Egypt, Morocco and Tunisia – but also smaller ones that have managed to develop export bases or integrate

into the industrial value chains of their larger neighbours, including Lesotho, Eswatini, Mauritius and Djibouti.

Industrialisation remains the exception for African countries, but also a prevailing goal. Unfortunately, the picture of over-concentration found in Africa's aggregate trade is reflected at the disaggregated level for most African countries. Too many have export portfolios that are highly concentrated in the primary sectors, though in different instances these comprise not just the fuel sector but also ores and metals, and foodstuffs too. The largest African exporters tend to be those that have achieved a degree of industrialisation, or merely found themselves host to large stocks of hydrocarbons.

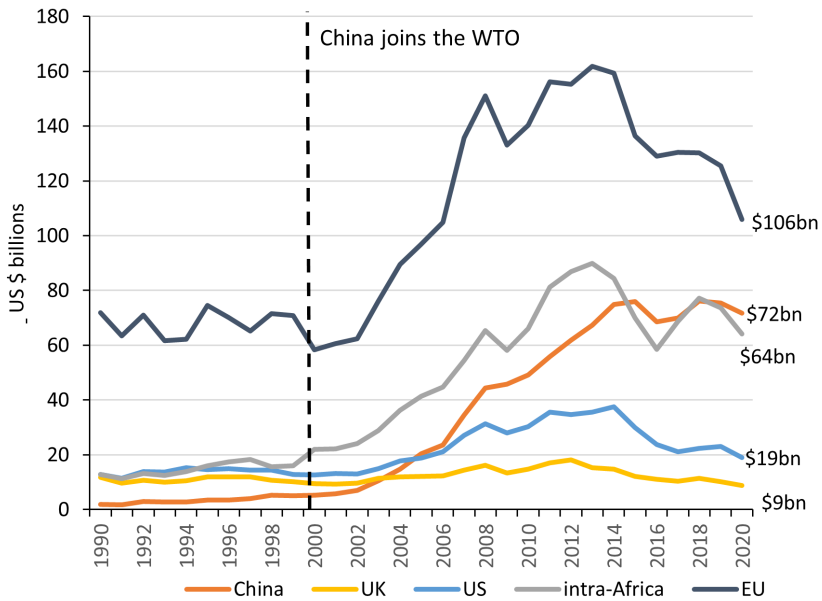
1.3 Trade with whom?

The trade that flows into and out of a country flow to or from somewhere. In the aggregation of total trade flows, some countries and regions are better represented than others; they account for a larger share of total trade flows. Yet some countries are important because of *what* they trade, too. For instance, African countries are a known source of rare earth minerals and supply chain inputs, including metals, agricultural commodities and petroleum oils.

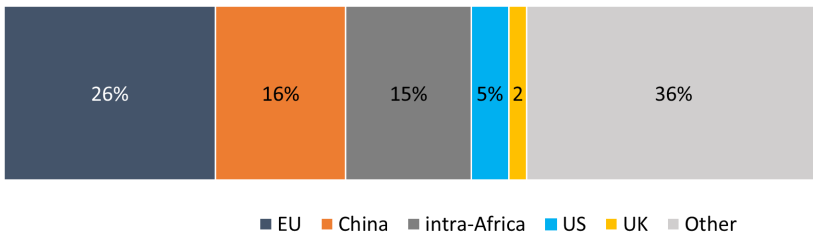
The relative significance of partner markets evolves over time. While world trade has grown in general terms in recent decades, much of this growth owes to certain countries and regions. As Figures 1.6 and 1.7 demonstrate, the EU is Africa's most important source of imports, accounting for 26 per cent of all imports into African countries, followed by China (16 per cent) and intra-African trade (15 per cent), on average between 2018 and 2020. The US (5 per cent) and the UK (2 per cent) are important, but much less significant sources of imports into African countries (Figure 1.6). For the UK, its relatively small share in Africa's total imports in recent years is the result of a long relative (though not absolute) decline in importance since the 1990s, a period in which the UK accounted for a far greater share of the continent's trade (Figure 1.6). Africa's imports from the EU, China and other African countries ballooned from the early 2000s. This was a period marked by rapidly rising commodity prices – granting African countries increasing foreign reserves with which to fund such imports. This was also, notably, the period in which China joined the WTO, allowing its gradual – but spectacular – integration into world supply chains.

The destination of Africa's bilateral exports closely mirrors, in order of economic importance, Africa's imports. The EU is Africa's most important destination for exports – accounting for 26 per cent of all African exports in terms of value, followed by intra-African trade (18 per cent) and China (15 per cent), between 2018 and 2020 (Figure 1.9). The US (5 per cent) and the UK (3 per cent) are smaller export destinations.

Though the general rising trend in Africa's imports follows that of Africa's exports, it is much less 'smooth'. The total of Africa's exports experienced

Figure 1.6: Origin of Africa's imports, constant 2020 US\$

Source: IMF (2022).

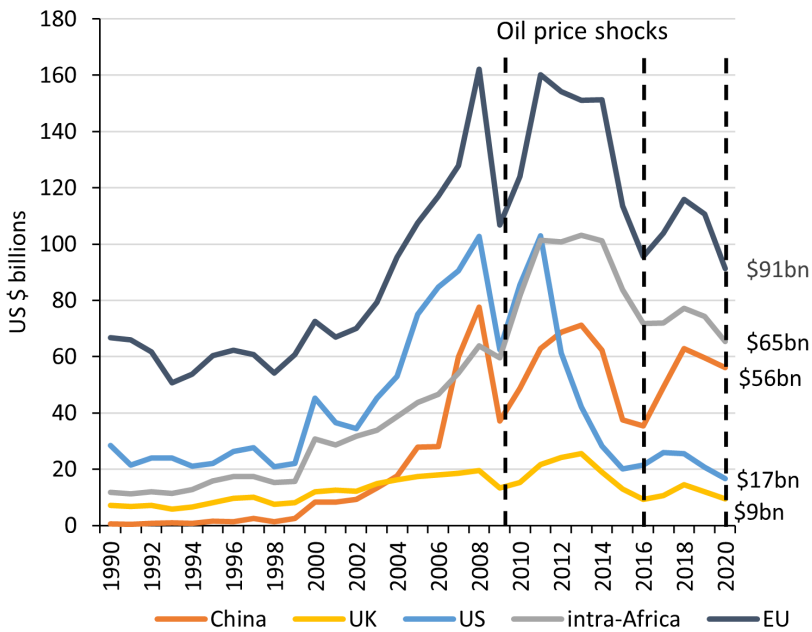
Figure 1.7: Share of Africa's imports, three-year average (2018–2020)

Source: IMF (2022).

repeated shocks, notably in 2009, 2015 and 2020 (Figure 1.8). These correspond with oil price shocks and belie the heavy concentration of African exports in petroleum fuels. This explains, too, the declining share of African exports destined for the US, which, since the early 2010s, have been replaced by domestic US sources of shale oil.

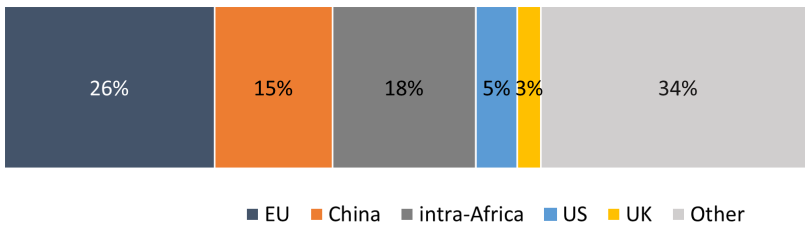
Despite accounting for around 17 per cent of the total world population, only about 3 per cent of global GDP occurs in the African continent. Africa is, economically, a small portion of the global economy. Accordingly, in few partner markets is Africa a major export destination or import supplier. Africa accounts for just 3.9 per cent of China's trade, 2.2 per cent of the EU's trade, 2.2 per cent of the UK's trade and 1.1 per cent of US trade (Figure 1.10).

Figure 1.8: Destination of Africa’s exports, constant 2020 US\$



Source: IMF (2022).

Figure 1.9: Share of Africa’s exports, three-year average (2018–2020)

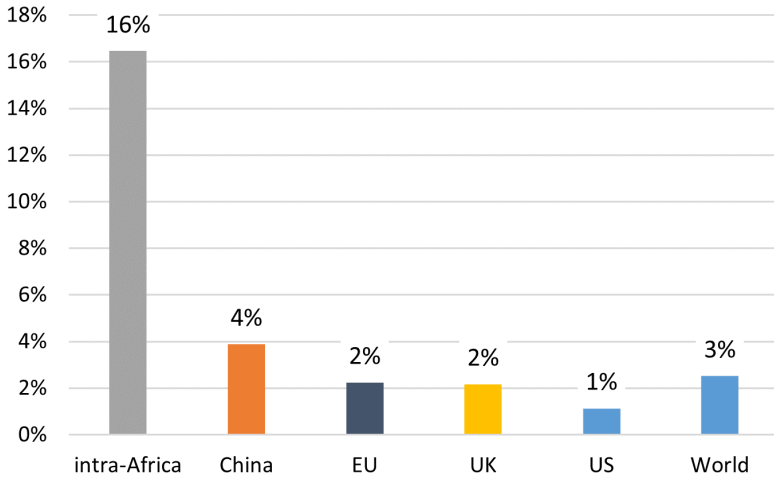


Source: IMF (2022).

1.4 Investment: a mirror of trade

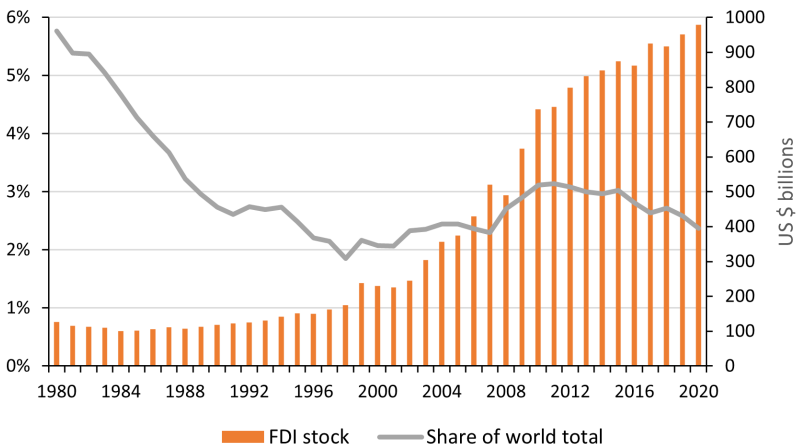
Africa’s investment story in general holds a mirror up to that of its trade. Though the total foreign direct investment (FDI) stock in African countries has increased considerably since the early 2000s, this has not substantially exceeded rising global trends, leaving Africa’s share of the world stock of FDI relatively stable since the early 1990s (Figure 1.11). This experience closely matches that seen of Africa’s total trade in Figures 1.2 and 1.3, in which recent growth has kept pace with broader global trends, rather than representing a ‘catch-up’ with the rest of the world.

Figure 1.10: Relative importance of Africa to its top trading partners, share of Africa in total trade, by partner



Source: IMF (2022).

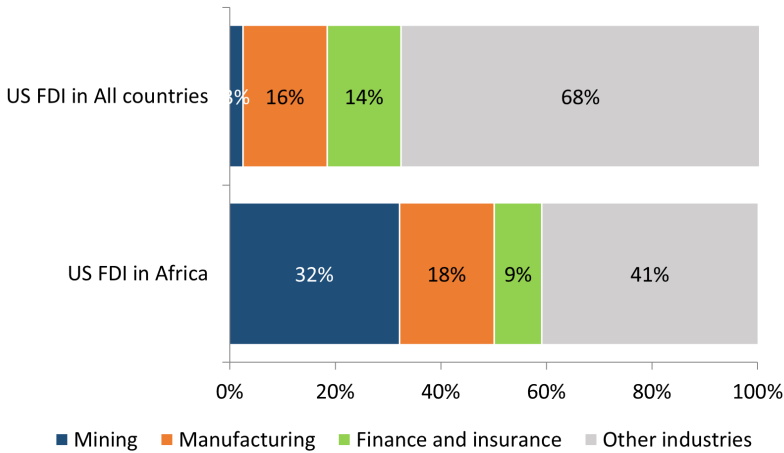
Figure 1.11: Africa's inward foreign direct investment stock, constant 2020 US\$



Source: Authors' calculations based on UNCTAD (2022).

Though comprehensive investment data from all sources does not exist, a demonstrative vignette can be seen through three large economies, the US, the EU and China, which issue bilateral and sectorally disaggregated FDI stock and net flows data. Investment stocks, in the case of African countries, mirror trade statistics, reflecting a concentration in the mining and extractive

Figure 1.12: US outward foreign direct investment stock in Africa as compared to US investment stock in all countries, by sector, 2020



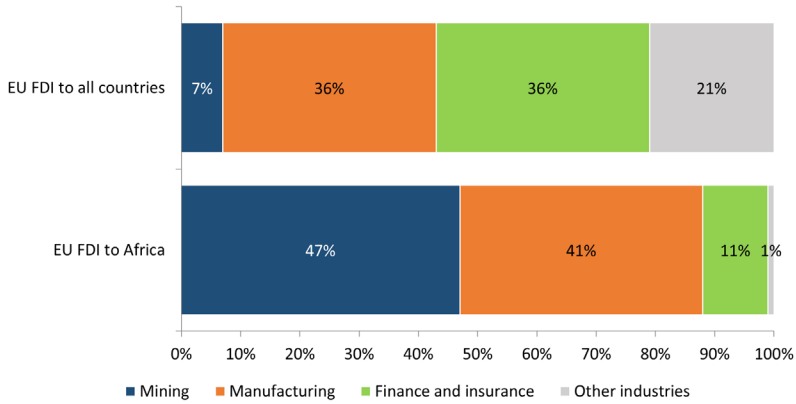
Source: Authors' calculations based on Bureau of Economic Analysis US Department of Commerce (2022).

sectors, associated with fuels and metals. The mining sector is the main sectoral destination for US investments in Africa, accounting for 32 per cent of all US investments in the continent, despite mining accounting for only 3 per cent of outward US investments in all countries (Figure 1.12). In most instances, investment stock is also concentrated in just a small number of African countries. Egypt, Nigeria and South Africa alone account for 59 per cent of US investment stock on the continent.

EU investments into Africa are similarly concentrated in the mining sector, which accounted for almost half of all EU net direct investments abroad in Africa between 2013 and 2020 (Figure 1.13). By comparison, just 7 per cent of EU investments in all other countries are in the mining sector. EU investments into African countries are, however, relatively better represented than investments from the US in Africa's manufacturing sector, which accounted for 41 per cent of all EU net direct investments abroad in Africa between 2013 and 2020. The vignette expressed by Chinese outward foreign direct investment data in sub-Saharan Africa is similar, being heavily concentrated in the energy and metals sectors, but also transport (Figure 1.14).

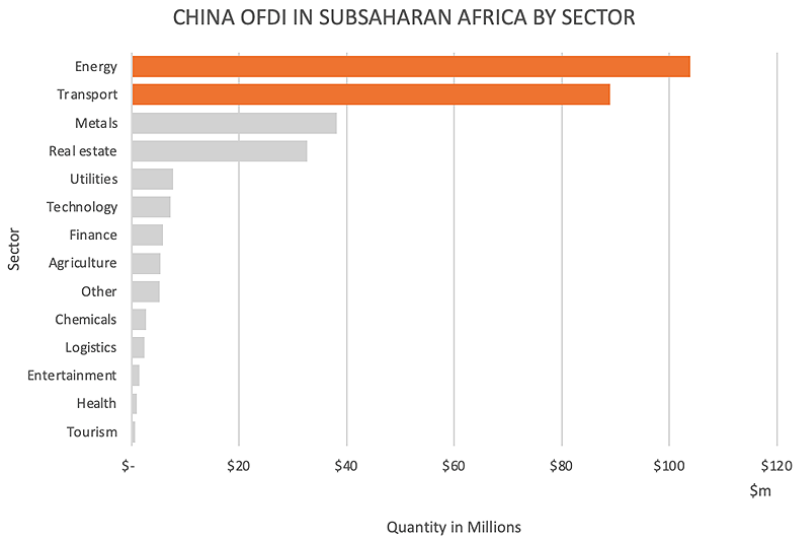
Africa's share of world investment stocks continues to be undersized and concentrated in the extractive primary sectors. As such, prevailing investment flows in general reinforce Africa's commodity dependency rather than contribute to its structural transformation and sustainable development. This is also reflected in evidence that suggests that the impact of FDI in the extractive sector on the number of jobs created is on a downward trajectory, which is mainly due to the capital-intensity of the investments (Keppel 2021).

Figure 1.13: EU net direct investments abroad in Africa as compared to EU investments in all countries, by sector, 2013–2020



Source: Authors’ calculations based on Eurostat (2022).

Figure 1.14: China outward foreign direct investment in sub-Saharan Africa, by sector



Source: Yu (2021).

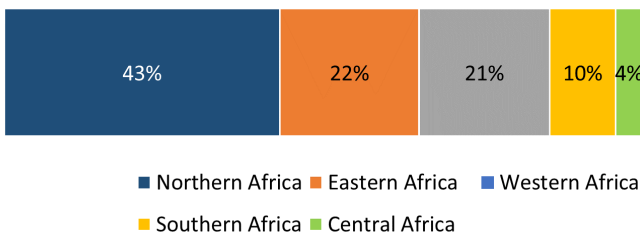
1.5 Africa’s trade in services

Services account for around two-thirds of the global economy but when it comes to trade they are worth less than a third of the value of trade in goods.

In many respects, finding ways to facilitate trade in services is the ‘promised land’ of the future of trade. Until the Covid-19 crisis, global trade in services had been growing at a faster pace than trade in goods for at least 15 years. In Africa, too, exports of services had been growing twice as fast as had exports of goods since 2005, doubling from \$62 billion to \$124 billion in 2019 (Figure 1.16). While impressive, this slightly lagged behind the global growth in services exports, with Africa’s share of total world services exports falling from 2.3 per cent to 2 per cent over this period. This is smaller than the share of Africa’s exports in the world goods trade, which itself is small at 2.5 per cent in 2019. To put services trade into perspective, the ratio of African services to goods exports was just over a quarter in 2019. Northern Africa is the biggest regional exporter of services in Africa, accounting for about 43 per cent of Africa’s services exports, followed by Eastern Africa (22 per cent), Western Africa (21 per cent), Southern Africa (10 per cent) and Central Africa (4 per cent) (Figure 1.15). However, services exports have been growing fastest in Western and Eastern Africa in recent years, while they have stagnated in Southern Africa.

In usual years, travel services, including business travel and tourism, account for the largest share of Africa’s services exports, followed by transport services, such as sea and air passenger and freight transport. In 2019, African exports in these two sectors were worth a combined \$82 billion and accounted for two-thirds of all African services exports (Figure 1.17). Though Africa’s travel and transport services grew steadily from 2005 to 2019, they were surpassed by growth in the more indefinite categories (which derive from the IMF’s classification system for international cross-border transactions) of ‘other business services’ and ‘other’ services. Within these categories there has been impressive growth in African financial services, telecommunication services, computer services, research and development, professional and management consulting services, and cultural and technical services exports. At the end of Figure 1.17 is an unmistakably sharp drop in African services exports, corresponding to the impact of the Covid-19 pandemic – a subject further interrogated in Chapters 6 and 7 of this book.

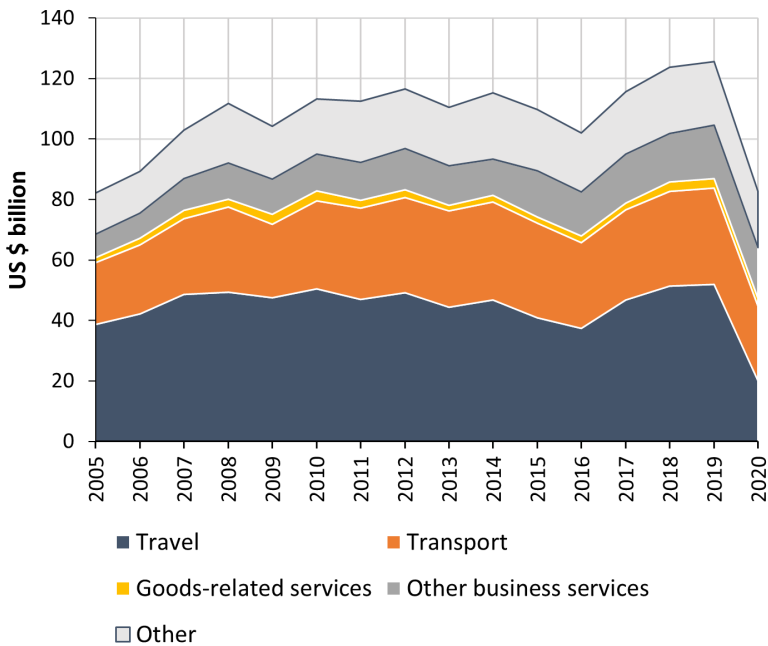
Figure 1.15: Regional contribution to Africa’s services exports, 2020



Source: Authors’ calculations based on UNCTAD (2022).

Figure 1.16: Africa's services exports over time, 2005–2020

Source: Authors' calculations based on UNCTAD (2022).

Figure 1.17: Composition of Africa's services exports, constant 2020 US\$

Source: Authors' calculations based on UNCTAD (2022).

1.6 Intra-African trade is different

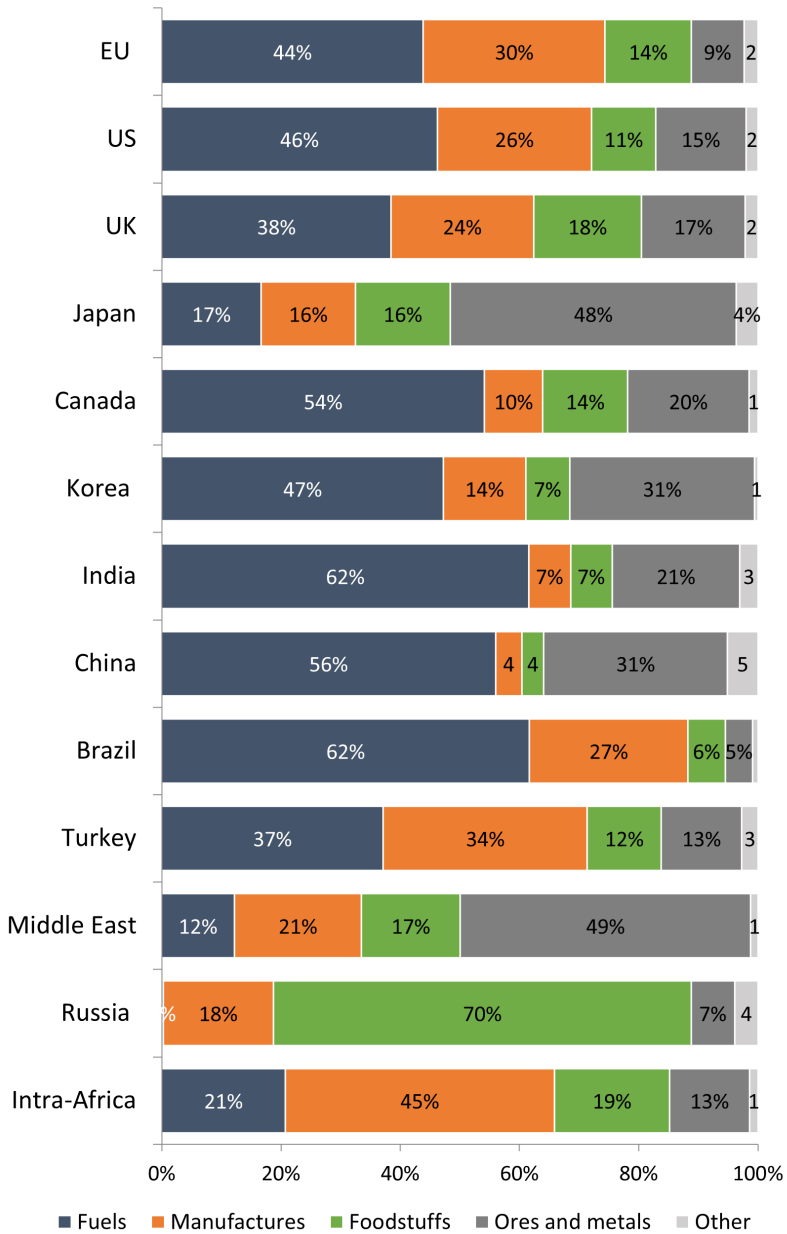
The exact contours of Africa's exports differ depending on their destination. For Africa's exports to many of its larger and more developed markets, such as the EU, the US and the UK, exports are concentrated in fuels, followed by manufactures (Figure 1.18). Africa's exports to emerging market economies like China and India tend to be even more strongly concentrated in fuels, ores and metals, with these products collectively accounting for 87 per cent of African exports to China between 2016 and 2020, for instance. Yet the demarcations are not always clear-cut and vary considerably when considering several smaller export destinations. Canada, Korea and Japan, although in the 'most developed' bracket of export destinations, import mostly fuels, ores and metals from Africa. Similarly, the share of manufactures is relatively high in African exports to several emerging market economies, such as Turkey and Brazil. To large fuel exporters, such as countries of the Middle East and Russia, Africa exports few fuels.

Intra-African trade is different, however. Within the continent, manufactures are the largest type of export – accounting for 45 per cent of all formal intra-African trade. Foodstuff exports are also more significant, amounting to a fifth of trade between African countries. These 'formal' figures furthermore miss much African trade that flows across contiguous borders informally and unrecorded. Recent estimates are that such informal trade flows account for the equivalent of between 7 and 16 per cent of formal intra-African trade flows (ECA 2021). Much of that comprises foods and basic consumer goods. It is for this reason that intra-African trade is so interesting for African trade policymakers. If initiatives like the African Continental Free Trade Area (AfCFTA) can be used to boost intra-African trade, and even encourage the formalisation of informal trade between African countries, then it can contribute to Africa's sustainable economic transformation better than Africa's prevailing trade flows can.

1.7 Analytical perspective for understanding trade policy in Africa

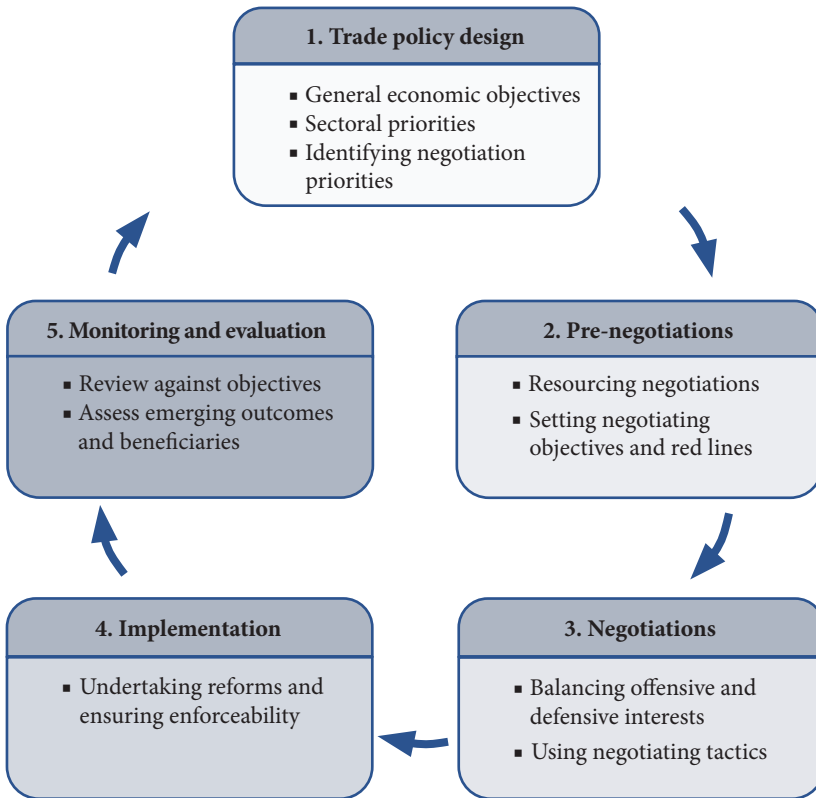
The chapters that follow assess new developments in African trade policy. It is these trade policies that would seek to improve the trade flows so far discussed so that they might better contribute to sustainable economic development. They aspire to bring out insights and information that would be less accessible from only publicly available sources, while casting an analytical lens on these developments to identify political economy and strategic considerations. In so doing, it gives special attention to developments in trade policy instigated or catalysed by the emergence of, and reactions to, Covid-19. If this book were a camera, it would begin with a zoom lens, focusing in on regional topics close to home, including the status of the AfCFTA and

Figure 1.18: Composition of Africa's exports, by destination, five-year average (2016–2020)



Source: UNCTAD (2022).⁴

Figure 1.19: Phases of the negotiations cycle within the context of trade policy

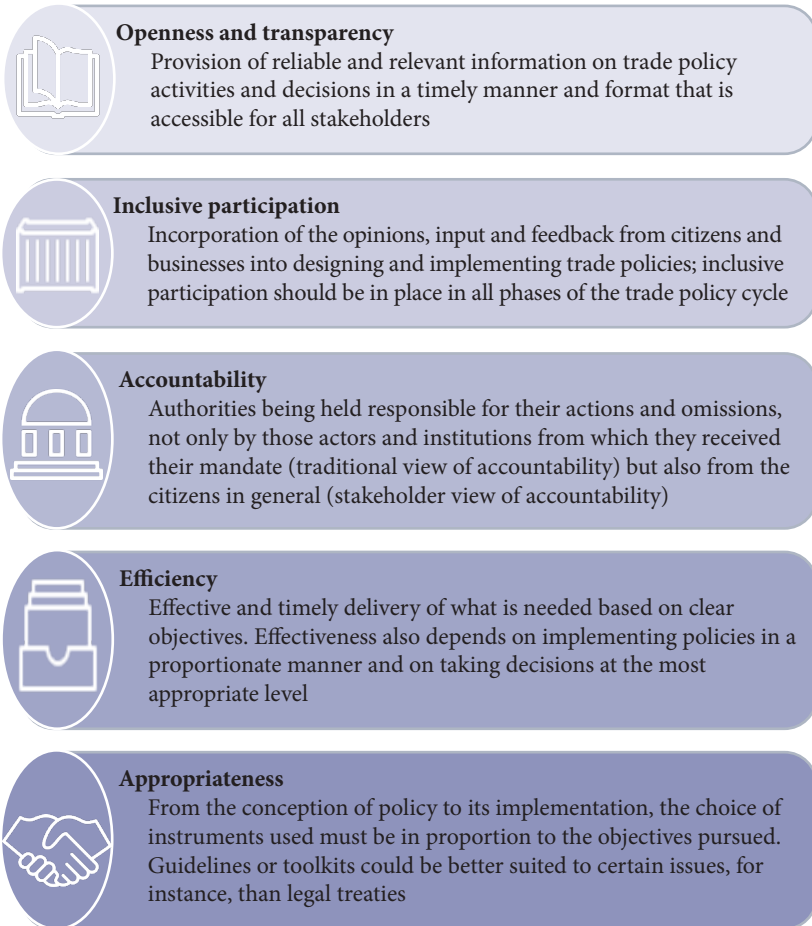


Source: Authors' elaboration.

trade policy developments within Africa's regional economic communities. It would then scan out to bilateral trade developments with a selection of significant African trading partners – the EU, China, the US and the UK. Finally, it would deploy a wide-angle lens to bring in developments in multilateral trade policy issues, and particularly developments at the World Trade Organization. Any photographer knows that it takes more than focus alone to produce a picture. At each level of focus, the book applies a deliberate analytical perspective to analyse key issues as they pertain to stages within the trade policy cycle (Figure 1.19). This perspective is less about theoretical approaches and more about agency and policy.

In many instances, African trade policy remains in the design phase – clarifying objectives and identifying priorities. This would include, for instance, efforts in coordinating African trade policy with respect to China. In more advanced areas, implementation or monitoring and evaluation are

Figure 1.20: Good governance principles for trade policymaking



Source: Based on De Lombaerde, Estevadeordal and Suominen (2008).⁵

the issues of significance. As discussed in following chapters, a topic like the AfCFTA finds itself in limbo between the negotiations and implementation phases of the trade policy cycle. An appreciation of the phase within the trade policy cycle helps to concentrate analysis on the pressing issues at each stage, which can vary from aspirational vision setting and policy cohering to reflective evaluation and policy adjustments.

In unpacking how Africa trades, this book aims to go beyond merely describing African trade policy, however; it aspires to provide a normative assessment in relation to pro-development and equitable outcomes. Figure 1.20 outlines the evaluative standards against which African trade policy is considered. These are the principles that can best help guide trade policymaking towards sustainable and inclusive development outcomes while

identifying red flags. To begin with, the trade policymaking process must be open and transparent to allow stakeholders – such as businesses, civil society organisations, researchers and other areas of government – to understand the issues at stake and the decisions being made on their behalf. Inclusiveness ensures that, once they are aware of trade policy issues, the opinions of stakeholders are integrated into each phase of trade policy, while accountability anchors decisions made by authorities therein onto the interests of those stakeholders. Trade policy, and particularly trade negotiations, are prone to delays; efficiency demands promptness in achieving trade outcomes. Finally, the appropriateness of instruments used to realise trade policy is important. Badly chosen tools – such as a binding treaty when guidelines would have suited – can result in poorly performing trade policy outcomes.

Finally, the analytical perspective deployed in the book also strives to provide a performative assessment of African trade policy. Here the focus moves from the normative perspective of what *should* be the policy orientation to the effectiveness in *how* policy is delivered. Figure 1.21 provides a demonstrative array of stratagems that might be used in effectively delivering the negotiations part of trade policy. When African trade policy is performing well, it shapes and influences outcomes such as impactful decisions and treaties or, for that matter, deflects away from unhelpful trivialities and distractions. Doing so skilfully, however, requires considerable negotiating resources and capacities that are lacking in most least-developed and even developing countries. In practice, owing to their level of development and available resources, African countries can often find themselves on the back foot, fielding trade policy priorities advanced by other partners rather than articulating and achieving their own.

Figure 1.21: Negotiation stratagems for effective trade policy

1. *Organising to influence*: creating, staffing, funding, and directing institutions in ways that influence the trade negotiation process.
2. *Selecting the forum*: identifying the most promising forum in which to pursue one's objectives and then ensuring that negotiation take place there.
3. *Shaping the agenda*: adding or removing issues from the agenda, dividing the larger agenda into modules for parallel negotiations, and establishing some high-level principles to govern the process.
4. *Building coalitions*: identifying potential winning and blocking coalitions and then devising plans for building supportive coalitions and breaking or forestalling opposing ones.
5. *Leveraging linkages*: linking and de-linking issues or sets of negotiations to create and claim value.
6. *Playing the frame game*: crafting and promulgating a favourable framing of 'the problem' and 'the options'.
7. *Creating momentum*: channelling the flow of the negotiation process in promising directions by establishing appropriate stages to demarcate the process, as well as by instigating or taking advantage of action-forcing events.

Summary

Though trade can be a powerful economic tool, it underperforms in the African continent in contributing to development. Africa's share of world trade continues to be undersized, despite growing in recent years. It critically remains concentrated in the primary sectors, and particularly fuels, and as such struggles to contribute to structural transformation and sustainable development in the continent. This scenario is mirrored by foreign direct investments into Africa, which are similarly undersized and concentrated in the mining and fuel industries. African trade flows must change, and it is trade policy that can be the instrument of this change. This chapter concluded by introducing the analytical perspective for trade policy analysis used throughout the rest of the book to identify what is working, and what is not, in African trade policy. By better understanding African trade policy, its interactions with the policies of trading partners, and its successes and failures, we hope to lead to improvements in it to better service African development.

Notes

- ¹ FDI inflow data is available, and so presented, only from 1970 and remittance data from 1980.
- ² Foodstuffs is SITC 0 + 1 + 22 + 4, ores and metals is SITC 27 + 28 + 68 + 667 + 971, manufactures is SITC 5 to 8 less 667 and 68, and fuels is SITC 3.
- ³ Foodstuffs is SITC 0 + 1 + 22 + 4, ores and metals is SITC 27 + 28 + 68 + 667 + 971, manufactures is SITC 5 to 8 less 667 and 68, and fuels is SITC 3.
- ⁴ Foodstuffs is SITC 0 + 1 + 22 + 4, ores and metals is SITC 27 + 28 + 68 + 667 + 971, manufactures is SITC 5 to 8 less 667 and 68, and fuels is SITC 3.
- ⁵ As cited in Gerout (2022).

References

- Bureau of Economic Analysis US Department of Commerce (2022) 'U.S. Direct Investment Abroad: Balance of Payments and Direct Investment Position Data'. <https://perma.cc/T5QK-Y42E>
- De Lombaerde, Philippe; Estevadeordal, Antoni; and Suominen, Kati (2008) *Governing Regional Integration for Development*, London: Routledge.
- Devereau, Charan; Lawrence, Robert; and Watkins, Michael (2006) 'Negotiating Trade Agreements', in *Case Studies in US Trade Negotiations: Making the Rules*, Institute for International Economics. <https://perma.cc/2R67-N2JJ>

- ECA (2015) *Illicit Financial Flows: Report of the High Level Panel on Illicit Financial Flows from Africa*, Addis Ababa: ECA Publications.
<https://perma.cc/R38E-9NDZ>
- ECA (2021) 'Assessing Regional Integration in Africa X: Africa's Services Trade Liberalization & Integration under the AfCFTA', Addis Ababa: Economic Commission for Africa. <https://perma.cc/MVE4-V7KY>
- Eurostat (2022) 'European Union direct investments (BPM6)'.
<https://ec.europa.eu/eurostat/web/economic-globalisation/globalisation-in-business-statistics/foreign-direct-investments>
- Gbadamosi, Nosmot (2022) 'Can African Oil and Gas Replace Russia's?', *Foreign Policy*, 16 March. <https://perma.cc/NG78-9JF3>
- Gerout, G. (2022) *Negotiating Institutions: Putting in the Right Foundations*, Addis Ababa: Economic Commission for Africa Publications.
- IMF (2022) 'Direction of Trade Statistics'. <https://perma.cc/ZNL3-PSWX>
- Keppel, Robert (2021) 'Africa's Employment Challenges: The Ever-Widening Gaps', Friedrich Ebert Stiftung, 9 September.
<https://perma.cc/4NF2-6GZZ>
- Knomad (2022) 'Remittances Data'. <https://perma.cc/V2J9-4B22>
- Luke, David (2020) 'Why Trade Matters for African Development', Africa at LSE, 27 July. <https://perma.cc/H3ZX-NSMV>
- OECD DAC-ODA (2022) 'Development Finance Data'.
<https://perma.cc/G6Y9-FN5N>
- UNCTAD (2022) 'UNCTAD Statistics'. <https://perma.cc/R6RN-JT9R>
- United Nations University – Institute for Natural Resources in Africa (2019) 'Africa's Development in the Age of Stranded Assets', Discussion Paper.
<https://perma.cc/N9F2-WCBC>
- Yu, Shirley (2021) 'Why Substantial Chinese FDI Is Flowing into Africa', Africa at LSE, 2 April. <https://perma.cc/2EHF-VNCA>