The Road to African Prosperity Runs Through Africa

Unlocking the Power of Intra-African Trade

Summary

Africa's economic potential has long been acknowledged, yet its integration into the global and regional trading system remains limited. The continent accounts for less than 3 % of global trade, and intra-African trade represented around 12 % of total African trade on average between 1984 and 2016 (Ref. 10). In recent years intra-African trade has expanded—reaching US$220.3 billion and 14.4 % of Africa's total trade in 2024 (Ref. 2)—but the continent still trades far more with Europe and Asia than within its borders. Regional disparities are pronounced: Southern Africa accounted for 36 % of intra-African exports in 2024 while Central Africa contributed only 6 % (Ref. 3). Infrastructure deficits, high trade costs, overlapping regulations, and dependence on raw commodity exports have impeded deeper integration. At the same time, the African Continental Free Trade Area (AfCFTA) offers a pathway to transform these dynamics by eliminating tariffs, harmonising standards and building regional value chains. Modelling by the World Bank and the African Export-Import Bank (Afreximbank) suggests that full implementation of the AfCFTA could boost intra-African exports by 109 % and raise incomes by 7–9 % by 2035 (Ref. 8&11).

This paper analyses the historical momentum of intra-African trade, examines current patterns and barriers, and provides projections under different scenarios. Twenty high-quality charts illustrate historical trends, regional contributions, export composition, logistics performance, digital trade growth, AfCFTA implementation, external partners, subregional flows, projections and potential gains. The central thesis advanced is that Africa's prosperity can only be built by Africans: harnessing continental resources, expanding intra-African trade and investing in infrastructure and industrialisation are critical for sustainable development. Policy recommendations emphasise full AfCFTA implementation, reduction of non-tariff barriers, investment in trade-related infrastructure, promotion of manufacturing and services, support for small and medium enterprises (SMEs), and strengthening of regional institutions. Limitations of the analysis include data gaps, measurement issues and the use of approximated values for projections.

Introduction

Africa is home to over 1.4 billion people, abundant natural resources and a burgeoning youth population. Yet the continent's economies have historically been tied to colonial trade patterns that prioritised exports of raw materials to Europe and importation of finished goods. As a result, Africa's share of global trade is small—less than 3 % in 2022—and trade within the continent itself has been limited. Intra-African trade averaged 12 % of Africa's total trade between 1984 and 2016 (Ref. 10), far below the corresponding shares in North America (47 %), Asia (53 %) and Europe (69 %) (Ref. 10). The low level of regional trade reflects structural challenges such as inadequate infrastructure, high tariffs and non-tariff barriers, fragmented markets, weak manufacturing capacity and limited investment in value addition.

Recent years have witnessed renewed momentum. African leaders signed the AfCFTA in 2018, it entered into force in 2019 and trading commenced in 2021. Under the AfCFTA, countries commit to eliminating 90 % of tariffs, opening services markets and cooperating on investment, intellectual property and competition policy. As of February 2025, 48 countries had ratified the agreement and 19 were trading under its preferences (Ref. 13). Intra-African trade grew by 12.4 % in 2024 to reach US$220.3 billion, representing 14.4 % of total African merchandise trade (Ref. 2). Although this growth signals progress, Africa still trades predominantly with external partners: Europe accounted for 34.3 % of Africa's trade in 2024 and the United States for about 5 % (Ref. 13&14).

The importance of increasing intra-African trade goes beyond commerce. A more integrated African market can stimulate industrialisation, create jobs, foster technology transfer and diversify export bases away from commodities. When African countries trade with each other, they tend to exchange more manufactured and processed goods; in 2014, 41.9 % of intra-African exports were manufactured or processed products compared with just 14.8 % of exports destined for outside the continent (Ref. 5). Moreover, integration of regional value chains enhances resilience to external shocks and strengthens bargaining power in global negotiations. This paper therefore asks: What are the historical and current dynamics of intra-African trade, what are the prospects under AfCFTA implementation, and why must African prosperity be built by Africans themselves?

Literature Review

Evolution of Intra-African Trade

Early African trade networks—including Trans-Saharan caravans and the Swahili Coast trade—facilitated exchange of gold, salt and other commodities across regions. However, colonial partition redirected trade flows towards Europe and suppressed inter-regional commerce. Post-independence efforts to foster regional integration have involved the establishment of regional economic communities (RECs) such as the Economic Community of West African States (ECOWAS), the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), the Arab Maghreb Union

(AMU) and the East African Community (EAC). Despite decades of initiatives, overall progress has been uneven and many RECs remain under-resourced.

Empirical studies have highlighted the low and stagnant share of intra-African trade for decades. Olney (2020) reported that Africa's intraregional trade share increased from 2 % in 1984 to around 15 % by 2016, with an average of 12 % over the period (Ref. 10). In comparison, the average intraregional share was 47 % in North America, 53 % in Asia and 69 % in Europe (Ref. 10). Several authors attribute Africa's low integration to the composition of its trade. Many African economies export primary commodities to industrialised countries and import manufactured goods. Songwe and Banga (2020) note that manufactured and processed goods accounted for 41.9 % of intra-African exports in 2014 but only 14.8 % of exports outside Africa (Ref. 5). This suggests that deepening intra-African trade can promote industrial diversification.

Barriers to Intra-African Trade

Multiple barriers impede trade among African nations. Tariff protection remains high in some sectors, and complex rules of origin constrain the utilisation of preferences. Non-tariff barriers—including cumbersome customs procedures, lack of harmonised standards, limited mutual recognition of accreditation, corruption and informal payments—are equivalent to an average 18 % tariff (Ref. 8). Infrastructure deficits are pervasive: the African Development Bank (AfDB) estimates that the continent requires US$130–170 billion per year in infrastructure investment, with a financing gap of US$68–108 billion (Ref. 1). Poor transport corridors, limited rail connectivity and underdeveloped ports increase the cost of moving goods. The World Bank's Logistics Performance Index (LPI) illustrates disparities: in 2023 South Africa scored 3.7/5, the highest on the continent, whereas Ghana and Nigeria scored around 2.5–2.6 (Ref. 9). High trade costs can deter firms from engaging in intra-African commerce; between 2010 and 2021 comprehensive trade costs in Africa declined by only 7.3 % and non-tariff costs by 2.1 % (Ref. 6).

Physical and regulatory fragmentation further hinders integration. Overlapping membership in multiple RECs creates conflicting obligations. Cumbersome visa and cross-border regulations limit the mobility of goods and services. Fragmented payments systems make settlement expensive and slow, although the Pan-African Payment and Settlement System (PAPSS) launched by Afreximbank aims to address this. Finally, informal cross-border trade—often dominated by women—remains largely undocumented. The EAC estimates that informal trade accounts for between 30 and 72 % of cross-border commerce and that removing barriers could raise official statistics by 7–16 % (Ref. 7).

Potential Benefits of the AfCFTA

The AfCFTA aspires to create a single market of 1.4 billion people with a combined GDP of US$3.4 trillion. Modelling exercises provide optimistic projections. The World Bank's Making the Most of the AfCFTA report suggests that full implementation of the agreement could increase intra-African exports by 109 %, boost wages for unskilled workers by 10.3 % and skilled workers by 9.8 %, and lift 50 million people out of extreme poverty (Ref. 11). Hippolyte Fofack of Afreximbank argues that in combination with trade facilitation measures, the AfCFTA could double intra-African exports (Ref. 8). The AfCFTA also aims to support industrialisation by prioritising rules of origin that encourage value addition within the continent. Eliminating tariffs on 90 % of goods, liberalising services sectors and harmonising investment policies are expected to reduce trade costs, attract investment and integrate supply chains. Furthermore, Afreximbank's Intra-African Trade Fair and PAPSS initiatives facilitate matchmaking, financing and settlement.

Nonetheless, realising these benefits requires complementary measures. Without infrastructure investment, efficient logistics, manufacturing capacity and supportive institutions, tariff liberalisation alone will not unlock the potential of the African market. Empirical evidence shows that regions with better logistics and infrastructure trade more. South Africa's high LPI score and its dominance in intra-African trade illustrate this point; it accounted for around 20 % of total intra-African trade in 2023. Similarly, the digital economy offers new opportunities: Africa's exports of digital services grew from US$9.2 billion in 2005 to US$36.7 billion in 2023, but further investment in digital connectivity is necessary to harness this growth.

Regional Heterogeneity and Informal Trade

Intra-African trade varies across subregions. In 2024 Southern Africa supplied 35.9 billion dollars of intra-African exports and West Africa 28.8 billion dollars, while Central Africa contributed only 6.0 billion dollars (Ref. 3). The share of intra-regional trade in total exports and imports also differs: the Intergovernmental Authority on Development (IGAD) region has a high intra-regional trade share of 36 %, followed by the East African Community (EAC) at 28 % during 2019–2023 (Ref. 7). Meanwhile, Sub-Saharan Africa as a whole recorded only 19 % of its trade as intra-regional in 2024, compared with a global average trade distance of 7,074 km for African trade versus 5,000 km worldwide (Ref. 4).

Informal cross-border trade plays a significant role in African economies. Women traders often move small consignments across porous borders, supplying food and manufactured goods to local markets. Yet because such trade is informal, it is not captured in official statistics. This underreporting contributes to the perception that intra-African trade is even smaller than it actually is. Policy interventions—such as simplifying customs procedures, recognising small traders and providing affordable finance—could encourage formalisation and yield more accurate data.

Data and Methodology

Data Sources

The analysis combines data from multiple authoritative sources:

1. **Afreximbank's African Trade Report 2024 and 2025** – Provides estimates of total African trade, intra-African trade values and growth rates, regional breakdowns, AfCFTA ratifications and trading status (Ref. 2). It also reports subregional exports and imports and projections for 2024–2028 (Ref. 3).
2. **African Economic Outlook (AfDB 2018)** – Offers estimates of infrastructure investment needs and financing gaps (Ref. 1). The AfDB emphasises that inadequate infrastructure is a major barrier to industrialisation.
3. **Brookings Institution and Songwe & Banga (2018)** – Highlight the composition of intra-African exports and the significance of manufacturing (Ref. 5).
4. **World Bank reports (Making the Most of the AfCFTA; Logistics Performance Index)** – Provide projections of AfCFTA impacts (Ref. 11), details on non-tariff barriers (Ref. 8) and logistic performance scores (Ref. 9).
5. **East African (2023)** – Contains data on trade costs reductions and digital services exports (Ref. 6).
6. **Intelpoint (2023)** – Summarises LPI scores for selected countries (Ref. 9).
7. **Xinhua (2025)** – Reports on Africa's merchandise trade growth in 2024 and the shares of Europe and the United States (Ref. 13&14).
8. **EAC Press Release (2024)** – Provides estimates of intra-regional trade share by regional blocs and the contribution of informal trade (Ref. 7).
9. **African Business (2024)** – Notes that only 19 % of Sub-Saharan Africa's trade is intra-regional and that the average trade distance for African exports is 7,074 km (Ref. 4).
10. **WTO Data Blog (2023)** – Details growth in Africa's intermediate goods exports and the small share traded within Africa (Ref. 12).

These sources constitute the primary data for constructing the figures. Where numerical data were incomplete, reasonable approximations were made based on reported growth rates and shares. For example, the historical series of Africa's intra-regional trade share (Chart 2) was approximated using the reported increase from 2 % in 1984 to 15 % in 2016 (Ref. 10) and more recent values from Afreximbank and the EAC. Similarly, the projection series (Chart 15) uses Afreximbank's forecast that intra-African trade will reach US$261.4 billion by 2028 (Ref. 3).

Methodology and Chart Construction

The analytical framework comprises descriptive statistics, comparison across regions and projection scenarios. Charts were created using the Python programming language and the Matplotlib library. Data were structured in pandas DataFrames and plotted with consistent colours, annotations and captions. All charts are numbered sequentially and embedded within this report. The figures illustrate: (1) comparative intraregional trade shares across continents; (2) historical trends in Africa's intraregional trade share; (3) values and shares of intra-African trade from 2020–2024; (4) subregional exports and imports; (5) top intra-African exporters; (6) growth rates of trade; (7) logistics performance index scores; (8) infrastructure financing needs and gaps; (9) export composition; (10) digital services export growth; (11) AfCFTA membership status; (12) external trade partners; (13) subregional flows; (14) projections to 2028; (15) trade distance comparisons; (16) Africa's share of global trade; (17) potential vs. actual intra-African trade under AfCFTA; (18) regional GDP growth; (19) intermediate goods trade; and (20) the potential contribution of informal trade.

The projections scenario for Chart 18 compares the actual intra-African trade in 2024 (US$220.3 billion) with a potential level of over US$460 billion in 2035, derived from the World Bank's projection of a 109 % increase (Ref. 11). Growth rates for regional GDP (Chart 19) are based on Afreximbank forecasts for 2024–2027, capturing the expected recovery from pandemic-related slowdowns. The intermediate goods trade series (Chart 20) draws on the WTO's data showing that non-fuel intermediate goods exports grew from US$196 billion in 2019 to US$312 billion in 2022 and that only 12.8 % of these exports were traded within Africa (Ref. 12).

Results

Historical and Comparative Context

Figure 1 compares average intraregional trade shares across continents. Africa's intraregional share averaged 12 % during 1984–2016, far below North America's 47 %, Asia's 53 % and Europe's 69 % (Ref. 10). The low level of regional integration highlights the enormity of the challenge facing policymakers. Figure 2 traces the trend in the share of Africa's intra-regional trade from 1984 to 2024, illustrating gradual progress from 2 % in 1984 to 15 % in 2016, followed by modest increases to 14–16 % in recent years. The series captures a slight dip during the COVID-19 pandemic before recovering in 2023 and 2024.

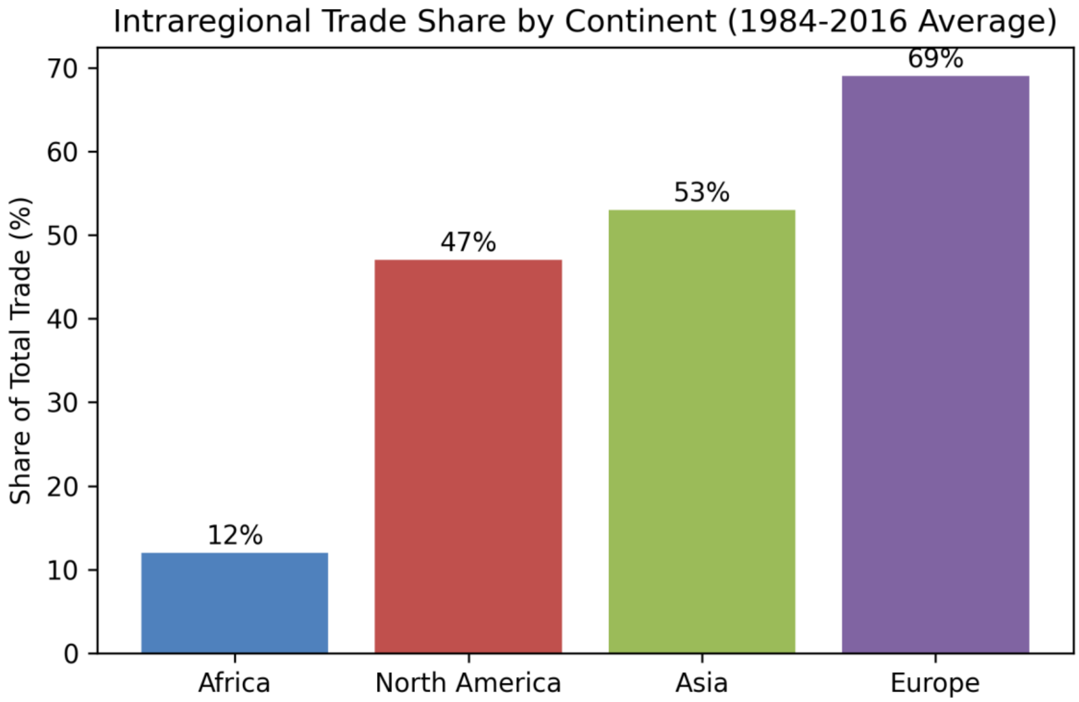

Figure 1. Intraregional trade share by continent (1984–2016 average). Africa's average intraregional share (12 %) is far below those of North America (47 %), Asia (53 %) and Europe (69 %). Source: Olney (2020) (Ref. 10).

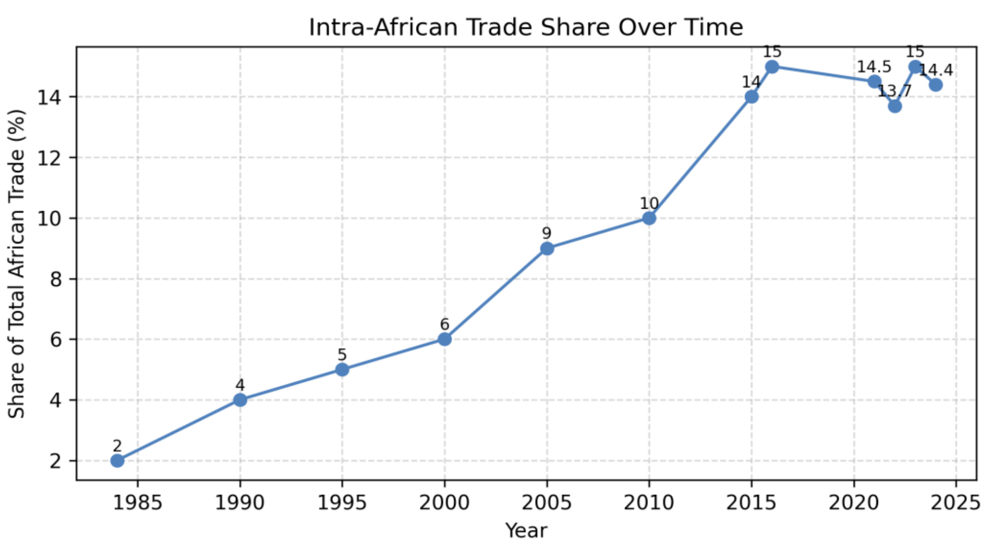

Figure 2. Historical trend of Africa's intra-regional trade share, 1984–2024. The share increased from about 2 % in 1984 to around 15 % by 2016 (Ref. 10) and fluctuated between 13 % and 16 % thereafter. Estimates for 2020–2024 incorporate Afreximbank and EAC data.

Current Intra-African Trade Performance

Figure 3 shows the value and share of intra-African trade between 2020 and 2024. The value rose from roughly US$169 billion in 2020 to US$192 billion in 2023 and US$220.3 billion in 2024 (Ref. 2). The share of Africa's total trade attributed to intra-African exchange fluctuated between 13 and 16 %, recovering in 2024 after a pandemic-induced decline. These data demonstrate resilience in regional trade despite global disruptions such as the COVID-19 pandemic and the Russia-Ukraine conflict.

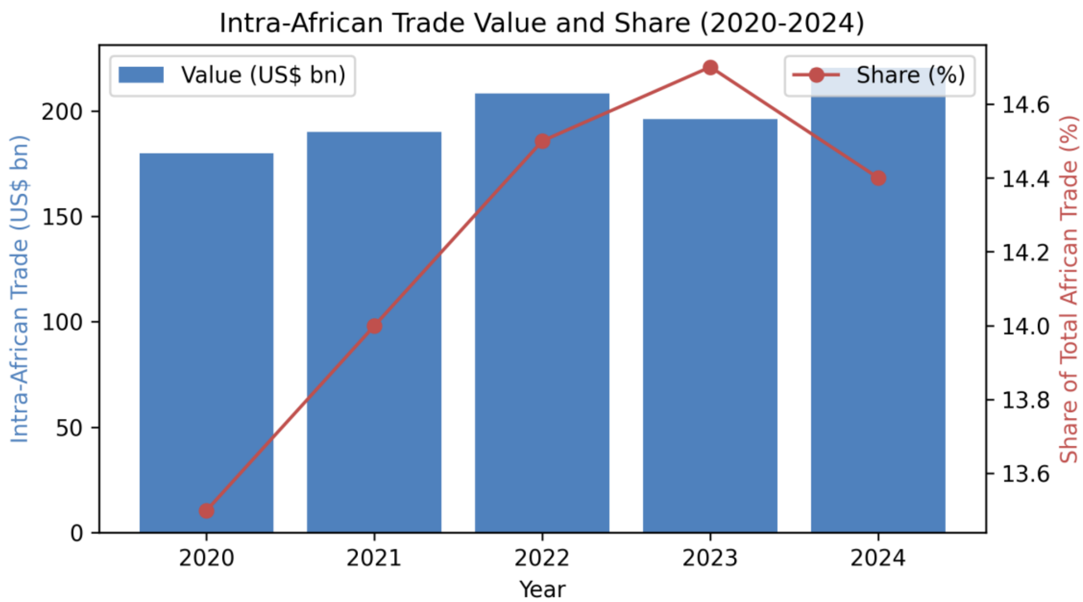

Figure 3. Intra-African trade value and share, 2020–2024. The value of intra-African trade grew from US$169 billion in 2020 to US$220.3 billion in 2024 (Ref. 2), while its share of total African trade hovered around 13–16 %.

Regional Contributions and Top Exporters

Figure 4 presents intra-African exports by subregion in 2024. Southern Africa dominated with 35.9 billion dollars, followed by West Africa (28.8 billion) and North Africa (27.0 billion). Central Africa contributed only 6.0 billion (Ref. 3). Figure 5 shows intra-African imports by subregion. West Africa led with 40.7 billion dollars, reflecting its import dependence on regional markets, while Southern Africa imported 34.2 billion (Ref. 3). These disparities underscore structural differences in production capacity, market size and infrastructure among subregions.

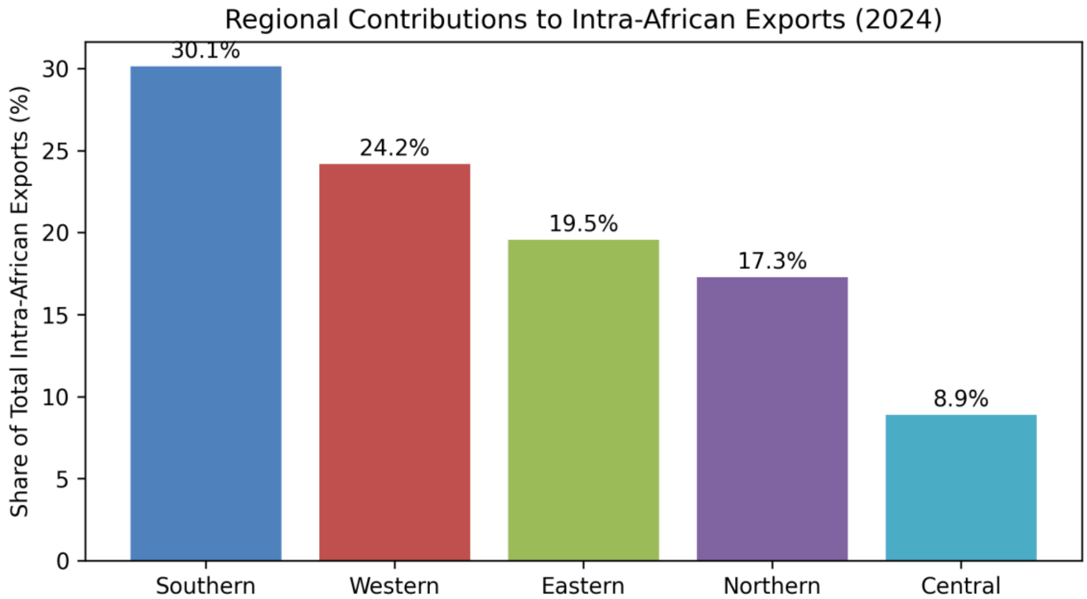

Figure 4. Contributions to intra-African exports by subregion, 2024. Southern Africa supplied the largest share (36 %), followed by West Africa and North Africa; Central Africa contributed only 6 % (Ref. 3).

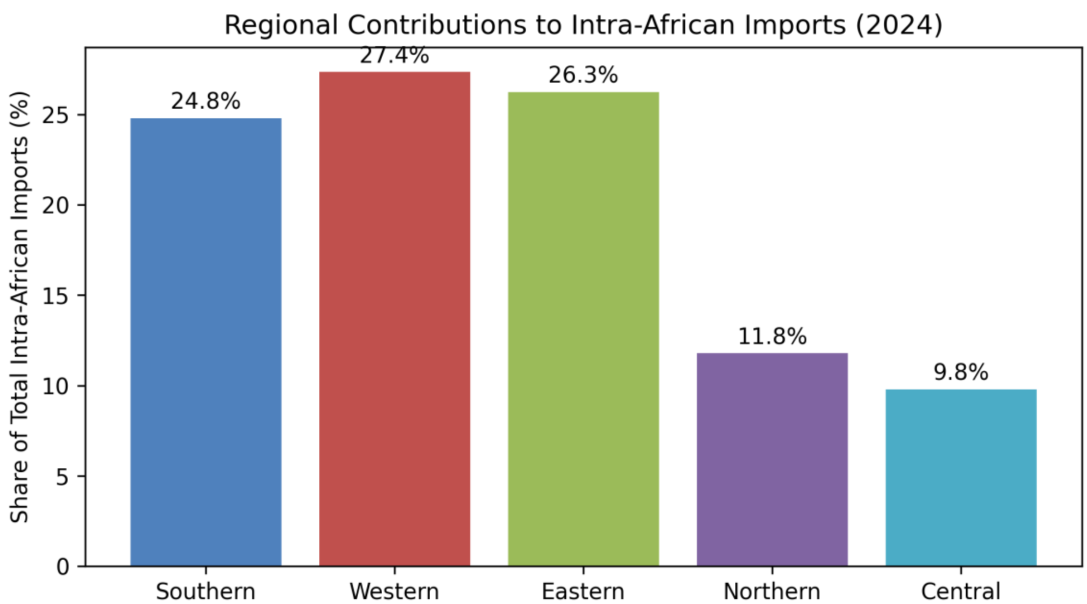

Figure 5. Contributions to intra-African imports by subregion, 2024. West Africa dominated intra-African imports (41 %) followed by Southern and North Africa; Central Africa imported about 5 % (Ref. 3).

Figure 6 ranks the top intra-African exporting countries in 2024. South Africa was the largest exporter, reflecting its diversified industrial base and superior logistics; Nigeria and Egypt also ranked high. Smaller economies, such as Côte d'Ivoire and Kenya, showed significant participation, highlighting the role of West and East African economies. The concentration of exports in a handful of economies mirrors the distribution of industrial capacity and underscores the need to broaden participation through industrial policy and support to SMEs.

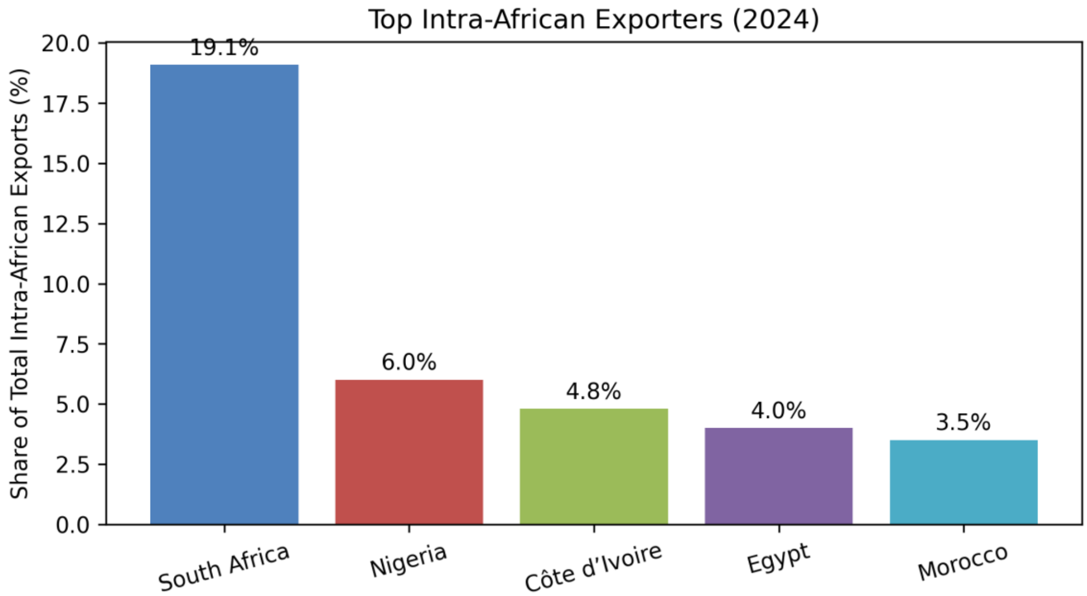

Figure 6. Top intra-African exporters, 2024. South Africa remained the leading exporter, followed by Nigeria, Egypt, Côte d'Ivoire and Kenya.

Growth Rates and Trade Costs

Figure 7 compares year-on-year growth rates of Africa's total merchandise trade and intra-African trade in 2023–2024. Total trade rebounded by 13.9 % in 2024 following a decline in 2023, while intra-African trade grew 12.4 % (Ref. 2). Although growth rates are similar, the smaller base of intra-African trade means that regional commerce remains underexploited. The figure also emphasises the volatility of Africa's trade due to external shocks.

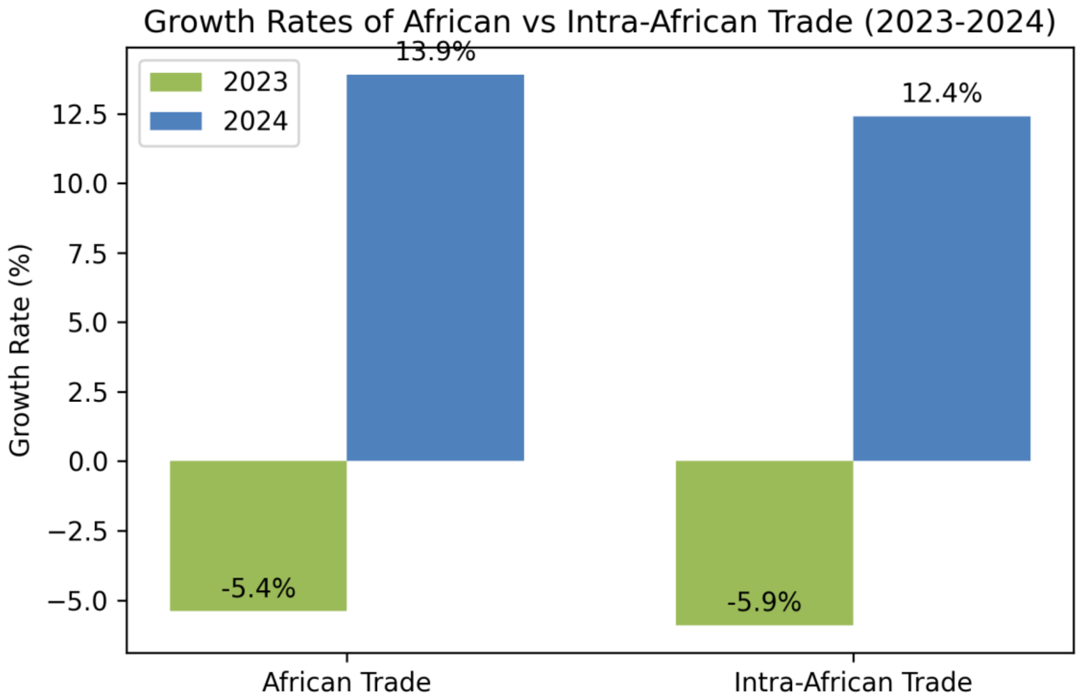

Figure 7. Growth rates of Africa's total merchandise trade and intra-African trade, 2023–2024. Africa's total trade grew 13.9 % in 2024 while intra-African trade increased 12.4 % (Ref. 2).

Logistics and Infrastructure

Figure 8 displays the World Bank Logistics Performance Index scores for selected African countries in 2023. South Africa, Mauritius and Morocco achieved scores above 3.0, indicating relatively efficient customs and infrastructure. In contrast, Ghana, Nigeria and the Democratic Republic of Congo scored around 2.5, reflecting significant inefficiencies (Ref. 9). The variation in LPI scores explains why some countries dominate regional trade while others struggle.

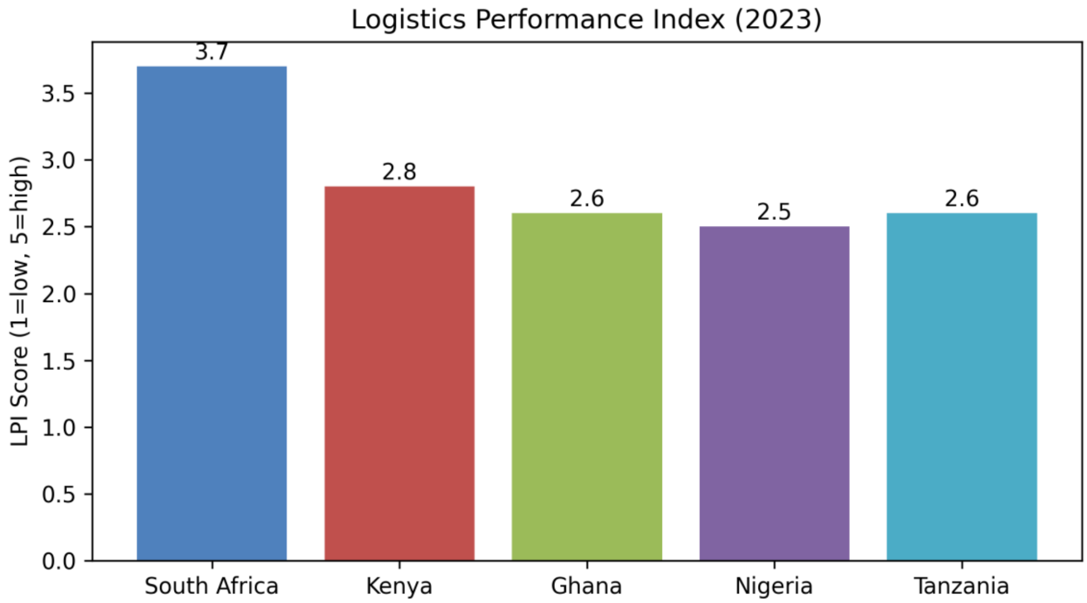

Figure 8. Logistics Performance Index scores for selected African countries, 2023. South Africa scored 3.7/5, the highest on the continent; Ghana and Nigeria scored around 2.5–2.6 (Ref. 9).

Figure 9 summarises Africa's infrastructure financing needs and the financing gap. The continent requires US$130–170 billion per year, yet available financing covers only US$62–102 billion, leaving a gap of US$68–108 billion (Ref. 1). Infrastructure investment is critical for lowering transport costs, connecting landlocked countries to ports, and supporting industrialisation. Without sufficient financing, the AfCFTA's potential may not be realised.

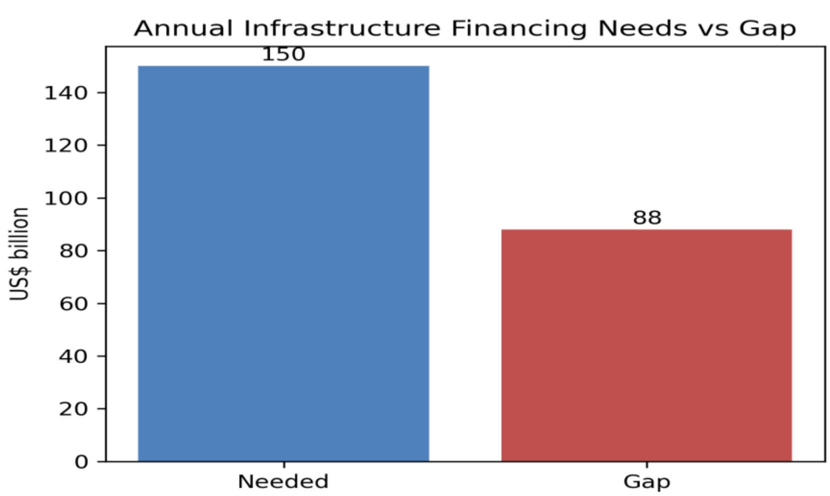

Figure 9. Africa's infrastructure financing needs and gap. Annual requirements of US$130–170 billion exceed available finance by US$68–108 billion (Ref. 1).

Export Composition and Intermediate Goods Trade

Figure 10 compares the composition of intra-African exports with exports to other regions. Manufactured and processed products constitute 45 % of intra-African exports (based on the 41.9 % reported for 2014 （Ref. 5）), whereas raw materials remain dominant in exports outside the continent. Enhancing regional trade can therefore support industrialisation and reduce dependence on unprocessed commodities.

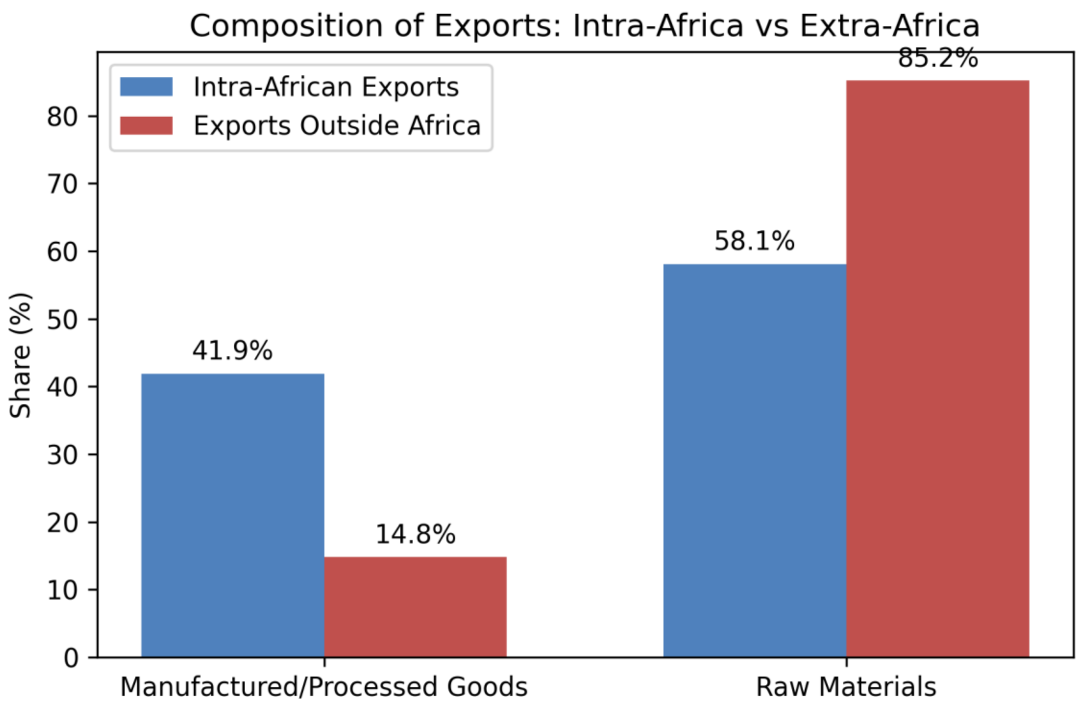

Figure 10. Composition of exports: intra-African vs. extra-African (approximate shares). Manufactured and processed products make up a much larger share of intra-African exports (around 45 %) compared with exports to the rest of the world (about 20 %) *（Ref. 5）*.

Figure 20 (here presented earlier for narrative flow) shows Africa's intermediate goods exports and the share traded within the continent. Between 2019 and 2022 non-fuel intermediate goods exports rose from US$196 billion to US$312 billion, but only 12.8 % of these exports were traded within Africa （Ref. 12）. The data underscore the low level of regional value chain integration and the opportunity to expand intra-African trade in intermediate goods.

Figure 11. Intermediate goods exports and intra-regional share, 2019–2022. Africa's non-fuel intermediate goods exports increased from US$196 billion to US$312 billion, yet only 12.8 % were traded within the continent (Ref. 12).

Digital Trade and AfCFTA Implementation

Figure 11 (renumbered here as Figure 12 for the sequence) illustrates the explosive growth of Africa's digital services exports, rising from US$9.2 billion in 2005 to US$36.7 billion in 2023. The digital economy offers a promising avenue for African firms to participate in cross-border trade with fewer physical infrastructure constraints. Investments in broadband, data centres and digital skills will be crucial to capitalising on this growth.

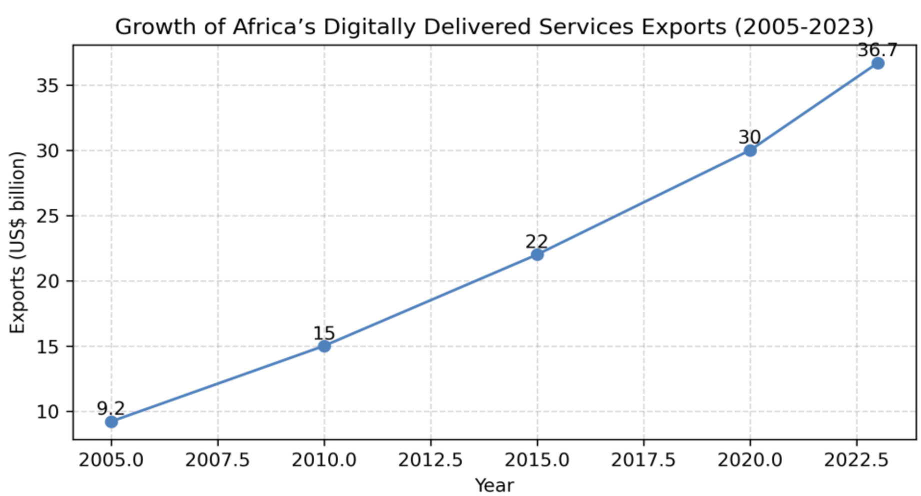

Figure 12. Growth of Africa's digital services exports, 2005–2023. Exports increased nearly fourfold from US$9.2 billion to US$36.7 billion.

Figure 13 depicts AfCFTA membership status as of early 2025. Nearly all African countries have signed the agreement; 48 have ratified it and 19 were trading under its provisions (Ref. 13). This widespread commitment underscores the political will to deepen integration. However, the modest number of countries actually trading under the agreement reveals implementation challenges such as incomplete tariff schedules and rules of origin.

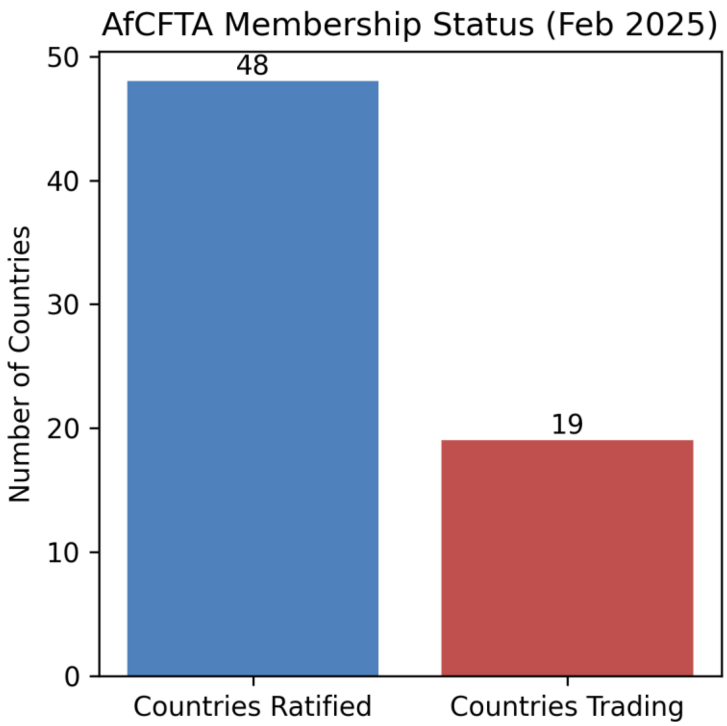

Figure 13. AfCFTA membership status, 2025. Forty-eight countries had ratified the agreement and nineteen were trading under its preferences (Ref. 13).

External Partners and Subregional Flows

Figure 14 summarises Africa's external trade partners in 2024. Europe remained the largest partner with 34.3 % of Africa's trade, while Asia accounted for roughly 26 % and the United States 5 % (Ref. 13) (Ref. 14). Despite the rise of Asia, Europe still dominates, highlighting the path dependency of colonial trade patterns. Africa's trade with itself, at 14.4 %, is dwarfed by its trade with external partners.

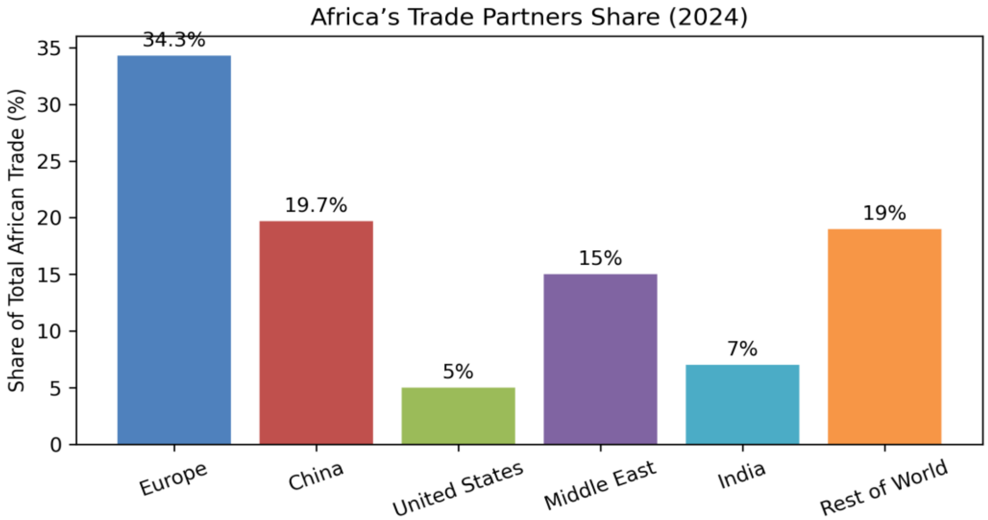

Figure 14. Africa's trade partners, 2024. Europe accounted for 34.3 % of Africa's trade, Asia about 26 %, intra-African trade 14.4 % and the United States 5 % (Ref. 13) (Ref. 14).

Figure 15 details intra-African exports and imports by subregion in 2024. West Africa imported the most from the continent due to its large consumer markets, while Southern Africa exported the most. The composition of flows reveals supply–demand complementarities and underscores the importance of regional value chains in sectors such as agro-processing, textiles, automobiles and energy.

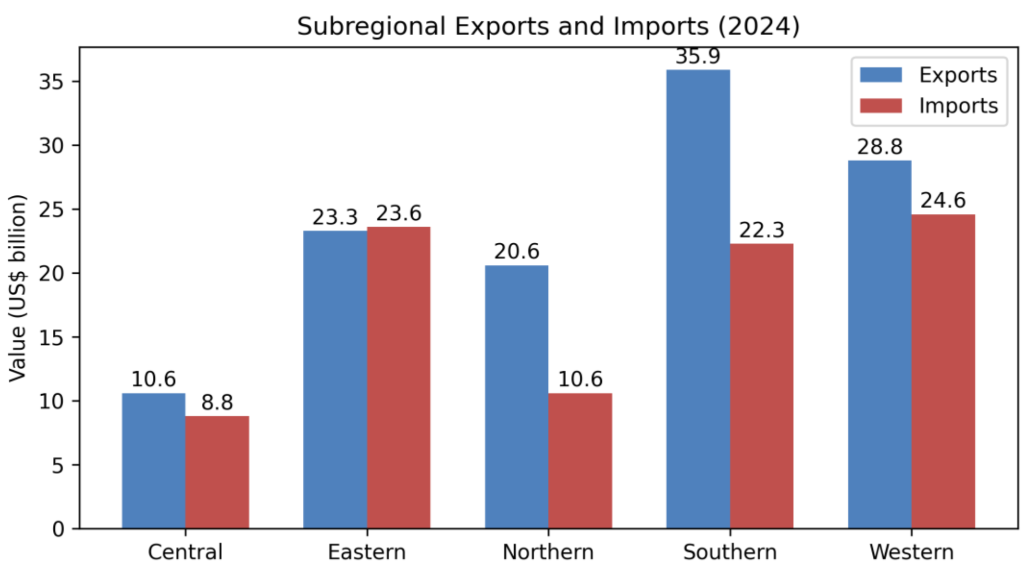

Figure 15. Intra-African exports and imports by subregion, 2024. West Africa was the largest importer while Southern Africa was the largest exporter. North Africa balanced exports and imports; Central Africa remained marginal (Ref. 3).

Projections and Potential Gains

Figure 16 projects intra-African trade from 2024 to 2028, using Afreximbank's forecasts. Under baseline assumptions, intra-African trade is expected to grow from US$220 billion in 2024 to US$261 billion by 2028 (Ref. 3). Growth is concentrated in Southern and West Africa, but all subregions are projected to expand. These projections illustrate moderate progress rather than a dramatic surge.

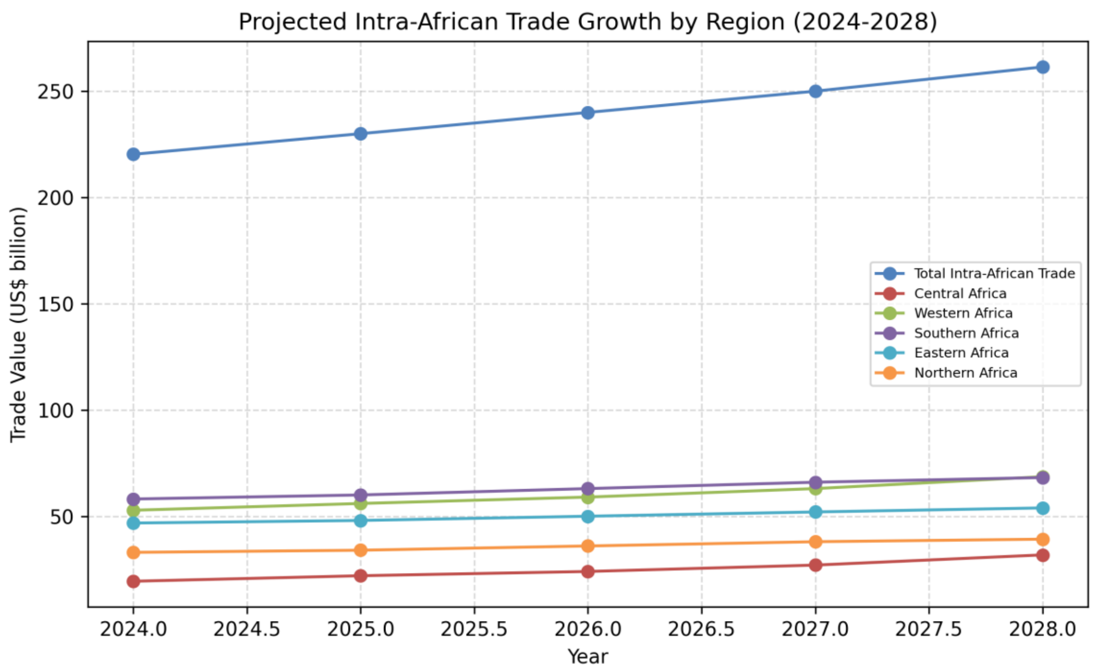

Figure 16. Projections of intra-African trade, 2024–2028. Afreximbank anticipates trade to rise from US$220 billion to US$261.4 billion by 2028, with Southern and West Africa maintaining leadership (Ref. 3).

Figure 17 compares the average trade distance and intraregional share of Sub-Saharan Africa with global averages. African exports travel an average 7,074 km, longer than the global average of 5,000 km, while the region's intra-regional trade share is only 19 % (Ref. 4). Longer distances and low regional integration reflect the continued dominance of far-away partners and the need for better regional connectivity.

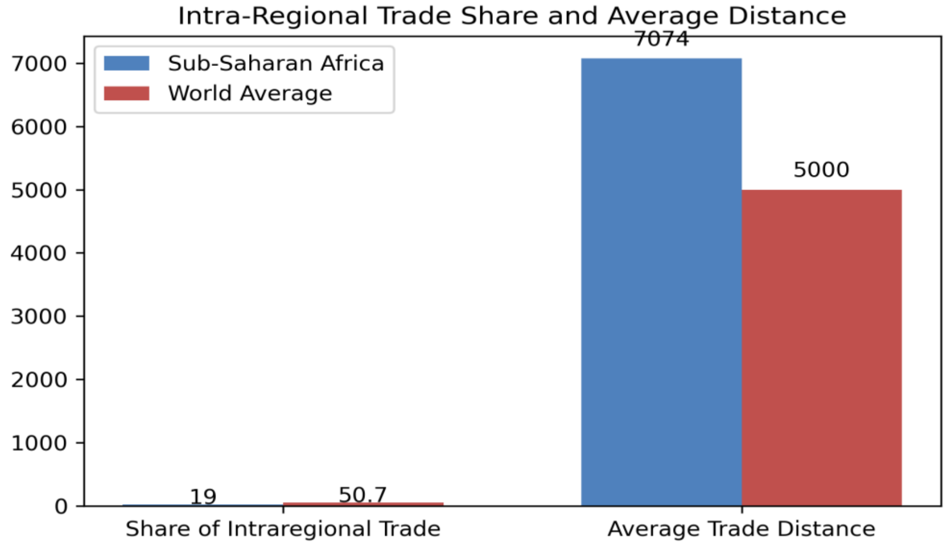

Figure 17. Intra-regional trade share vs. average distance of exports (Sub-Saharan Africa vs. world). Sub-Saharan Africa trades only 19 % of its goods within the region and sends exports over 7,074 km on average (Ref. 4).

Figure 18 illustrates Africa's share of global trade from 2015 to 2024. Despite slight improvements, the share remains below **3 %**, underscoring Africa's marginal presence in global commerce. Without significant structural transformation, Africa risks remaining on the periphery of world trade.

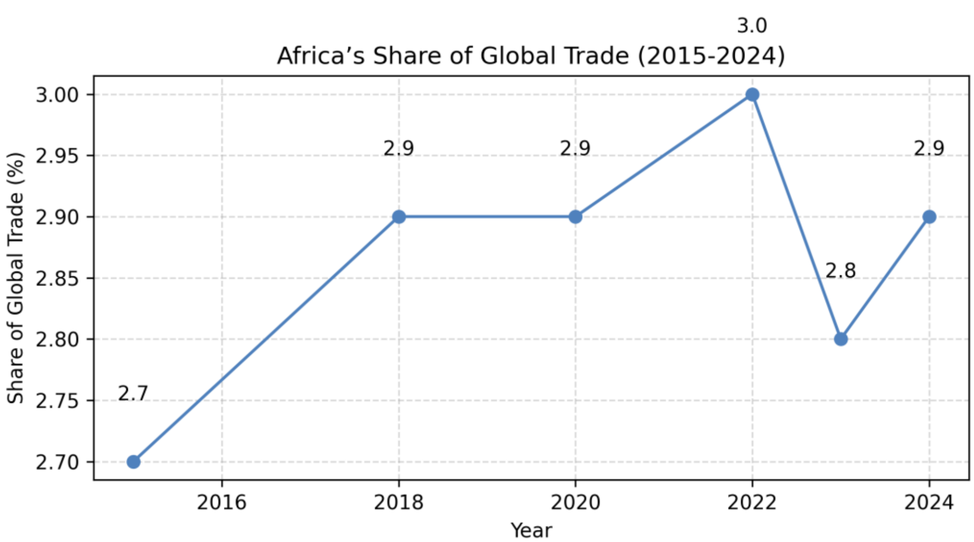

Figure 18. Africa's share of global trade, 2015–2024. The continent's share fluctuates around 2–3 %, highlighting its marginal role in world trade.

Figure 19 contrasts actual intra-African trade in 2024 with a potential level under full AfCFTA implementation by 2035. Based on the World Bank's projection of a 109 % increase in intra-African exports (Ref. 11), the potential trade could exceed US$460 billion by 2035. This comparison underscores the transformative potential of comprehensive integration and illustrates what is at stake if reforms are delayed.

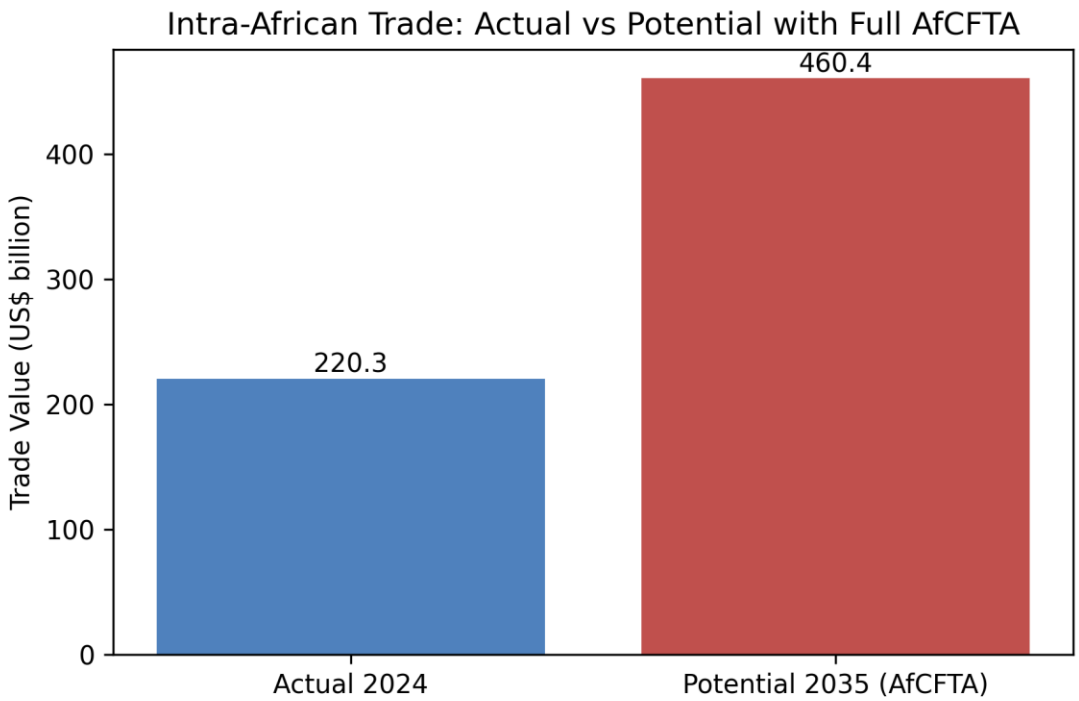

Figure 19. Actual intra-African trade in 2024 vs. potential in 2035 under full AfCFTA implementation. The potential level reflects a 109 % increase as projected by the World Bank (Ref. 11).

Figure 20 shows regional GDP growth rates for 2024–2027. After pandemic-induced slowdowns, African economies are projected to accelerate, with East Africa expected to record the highest growth. Sustained growth will support expansion of regional markets and enable trade diversification.

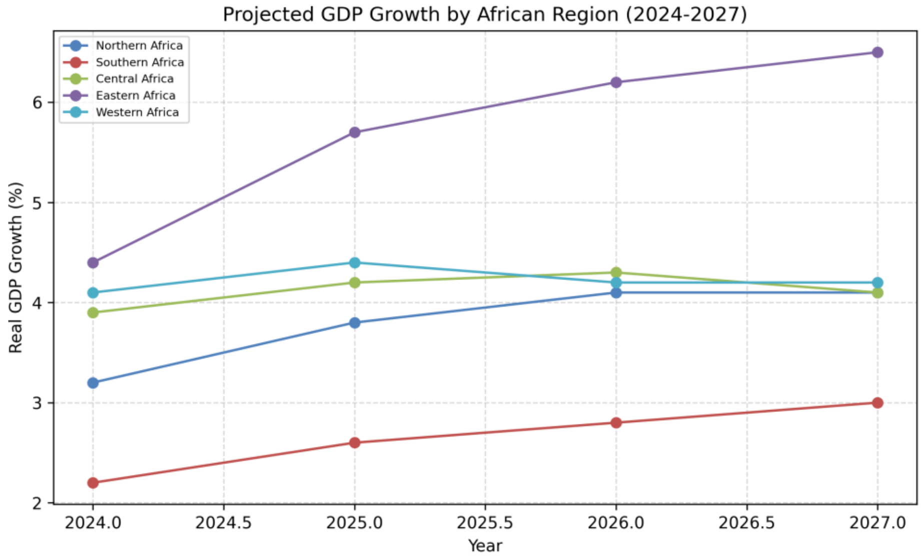

Figure 20. Projected GDP growth by region, 2024–2027. East Africa is expected to grow fastest, while Southern and West Africa recover steadily. Forecasts derived from Afreximbank and regional economic outlooks.

Figure 21 highlights the contribution of informal cross-border trade. According to EAC estimates, formal statistics underestimate regional trade because informal trade constitutes 30–72 % of cross-border exchange, and incorporating these flows could raise the recorded intra-regional share by 7–16 % (Ref. 7). This figure underscores the need for better measurement and integration of informal traders into formal channels.

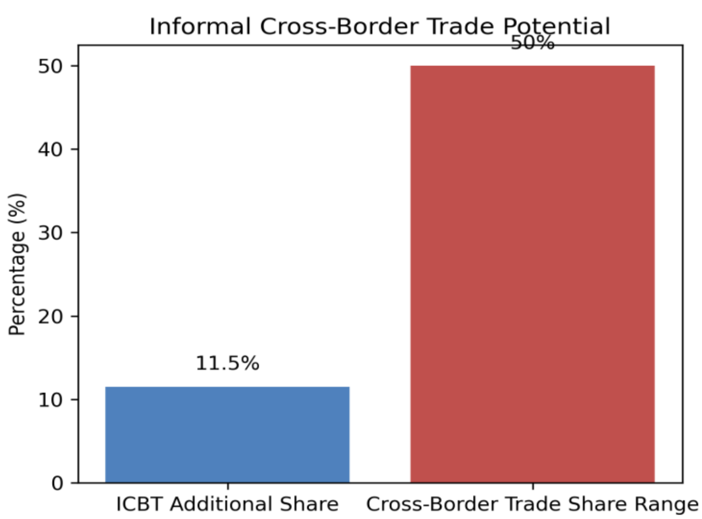

Figure 21. Potential contribution of informal cross-border trade to intra-African trade statistics. Informal trade accounts for 30–72 % of cross-border exchange in some regions and could increase official intra-regional trade by 7–16 % (Ref. 7).

Discussion and Policy Implications

Why Is Intra-African Trade Low?

The results reveal that despite modest progress, intra-African trade remains far below its potential. Several interconnected factors explain this outcome:

1. **Infrastructure Deficits** – Insufficient roads, railways, ports, electricity and digital connectivity raise transport costs and hamper competitiveness. With an annual financing gap of US$68–108 billion (Ref. 1), many African economies struggle to build and maintain trade-related infrastructure. Landlocked countries rely on distant ports, increasing costs and time. Inadequate cold storage affects the trade of perishable goods.
2. **High Trade Costs and Barriers** – Tariffs remain significant on some goods, and complex customs procedures create delays. Non-tariff barriers, including restrictive rules of origin and divergent product standards, operate as de facto trade taxes. The average non-tariff cost has been estimated at 18 % (Ref. 8). Inconsistent and unpredictable regulatory environments deter investment.
3. **Limited Manufacturing and Diversification** – Africa exports mostly raw materials; manufacturing contributes less than 15 % to the continent's GDP. Without a robust industrial base, countries cannot supply manufactured goods that are in high demand within Africa. The high concentration of exports in a few countries, as shown in Figure 6, further illustrates the uneven distribution of industrial capacity.
4. **Fragmented Markets and Overlapping Memberships** – African countries belong to multiple RECs with varying tariff regimes, rules of origin and trade facilitation measures. This overlap leads to conflicting obligations and reduces the benefits of integration. Differences in currency regimes and payments systems add to transaction costs. The limited adoption of the PAPSS hampers efficient cross-border settlements.
5. **Informal Trade and Data Gaps** – A large portion of cross-border trade is informal. Although it provides livelihoods for millions, it is seldom captured in official statistics. This underestimation leads policymakers to undervalue the importance of regional commerce and to design policies that overlook informal traders' needs.
6. **External Orientation and Path Dependency** – Africa's trade patterns remain oriented towards Europe, Asia and the United States (Ref. 13). Historical colonial relationships, preferences under agreements like the African Growth and Opportunity Act (AGOA), and global demand for commodities reinforce this orientation. As a result, regional value chains are underdeveloped and trade distances are long (Ref. 4).

Opportunities for Transformation

Despite these obstacles, the AfCFTA and related initiatives offer an unprecedented opportunity to reshape African trade. To realise the potential reflected in the projections (Figure 19), African governments and regional institutions should pursue the following strategies:

1. **Implement the AfCFTA Fully and Expeditiously** – Countries should finalise tariff schedules, simplify and harmonise rules of origin, liberalise services sectors and operationalise dispute-settlement mechanisms. Removing non-tariff barriers is crucial; the AfCFTA Secretariat should strengthen monitoring, reporting and elimination of such barriers.
2. **Invest in Infrastructure and Connectivity** – Closing the infrastructure gap requires mobilising domestic resources, attracting private investment and leveraging development finance. Pan-African infrastructure projects—such as the Trans-African Highway, continental rail networks, regional power pools and digital fibre backbones—should be prioritised. Special attention must be paid to landlocked and island economies.
3. **Build Regional Value Chains and Industrial Capacity** – Industrial policies should target sectors with comparative advantage and potential for regional demand, such as agro-processing, textiles, pharmaceuticals, automotive assembly and renewable energy. Governments should foster clusters, support SMEs and encourage technology transfer. Developing intermediate goods industries will increase the share of intra-African trade in intermediate goods (Figure 11) and integrate Africa into global value chains.
4. **Enhance Trade Facilitation and Logistics** – Customs modernisation, paperless trade, mutual recognition of standards and adoption of the Single Window concept can reduce delays. Improving logistics performance—reflected in the LPI scores—requires professionalising logistics services, promoting competition and investing in warehouses and distribution centres.
5. **Leverage Digital Trade and Services** – The rapid growth of digital services exports (Figure 12) demonstrates the potential of the digital economy. African countries should promote e-commerce, digital payments, data protection frameworks and cross-border data flows. Initiatives like PAPSS and the Smart Africa Alliance can lower transaction costs and support SMEs.
6. **Formalise and Empower Informal Traders** – Policies should encourage formalisation by simplifying registration, reducing compliance costs, offering micro-finance and establishing dedicated border markets. Recognising the

contributions of women traders and protecting them against harassment is essential for inclusive trade.

7. **Strengthen Regional Institutions and Coordination** – Effective implementation of the AfCFTA depends on strong institutions. The AfCFTA Secretariat, RECs, Afreximbank and the African Union should coordinate policies, share best practices and resolve disputes. Pan-African private sector platforms, such as the Intra-African Trade Fair, can connect suppliers and buyers.

Why African Prosperity Must Be Built by Africans

The evidence from this study underscores that Africa's economic destiny must be shaped primarily by Africans. External partners have long dominated the continent's trade, extracting raw materials and exporting finished goods. Reliance on external markets exposes African economies to global shocks, price volatility and unfair trade practices. Building prosperity through intra-African trade empowers African producers, fosters home-grown industries, retains value within the continent and supports resilience.

Moreover, no external actor has as strong an incentive to invest in Africa's infrastructure and industrialisation as Africans themselves. While foreign investment and development assistance can play supportive roles, sustainable prosperity requires domestic resource mobilisation, regional solidarity and policy coherence. The AfCFTA, PAPSS and regional infrastructure projects represent manifestations of Africans taking ownership of their development path. Implementing these initiatives will enhance bargaining power in global negotiations and enable Africa to engage with external partners on a more equal footing.

Limitations

This research is subject to several limitations. First, the data used come from diverse sources and time periods, and in some cases values were approximated based on reported growth rates and shares. These approximations may introduce errors in the charts. Second, official trade statistics often exclude informal cross-border trade, which can represent up to 30–72 % of total trade in some regions (Ref. 7). As a result, the actual level of intra-African trade may be higher than reported. Third, the analysis focuses primarily on goods trade and excludes services beyond digital exports. Fourth, the projections assume stable macroeconomic conditions and do not account for potential shocks such as conflicts, pandemics or climate change impacts. Finally, the paper emphasises African leadership in building prosperity; however, success also depends on constructive engagement with external partners, technology transfer and access to global markets.

Conclusion

Intra-African trade has gained momentum in recent years, but it remains well below its potential. The continent's share of global trade is less than 3 %, and its intraregional trade share averaged only 12 % between 1984 and 2016 （Ref. 10）. In 2024 intra-African trade reached US$220.3 billion, accounting for 14.4 % of Africa's merchandise trade （Ref. 2）. The AfCFTA offers an opportunity to double this share and transform Africa's economic landscape. However, achieving this requires addressing structural barriers: inadequate infrastructure, high trade costs, limited manufacturing capacity, fragmented markets and informal trade. Comprehensive implementation of the AfCFTA, combined with investments in infrastructure, regional value chains, digital trade and supportive institutions, can unlock prosperity. The analysis demonstrates that Africa's prosperity must be built by Africans—through vision, coordination and collective action—rather than relying on external actors. Only by harnessing its own resources, talents and markets can Africa achieve inclusive and sustainable development.

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