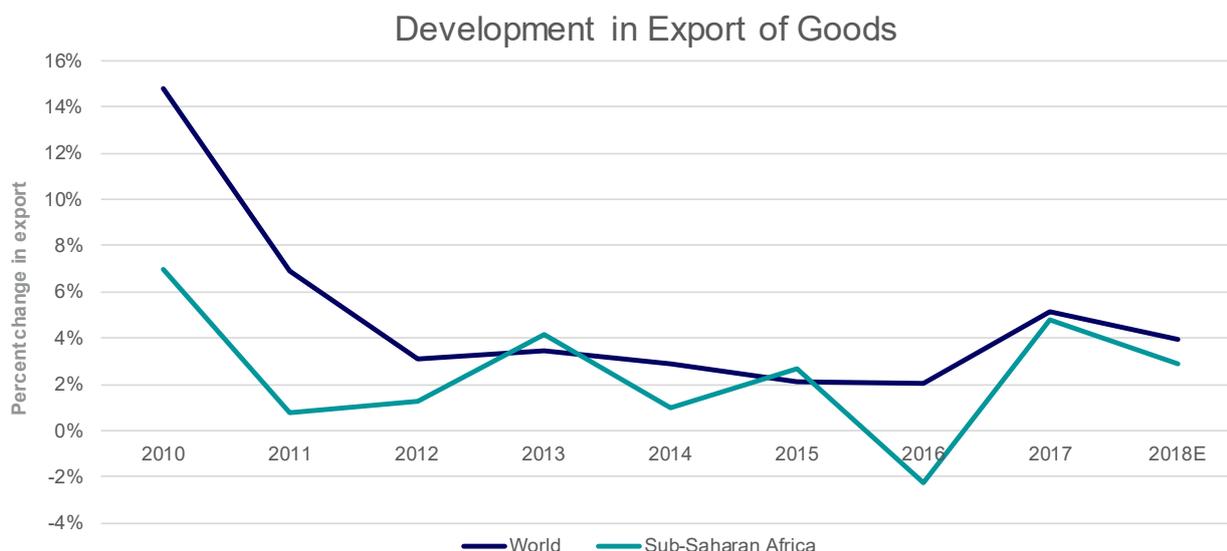


Ultraflash – Africa & the Unredeemed Potential

Today, the mantra for Africa has moved towards “trade not aid”. However, it begs the question – are the prerequisites for such a transition in place? There is a distinct need for the African countries to improve trade facilitation, in order to make the case for poverty reduction through economic growth even stronger.

- Despite being a continent of developing countries, the African economy grew slowly by 2,75 pct. on average in 2017.¹ Trade is a driver for economic growth, but bureaucracy and inefficiencies challenges further development in African trade.
- The OECD measures bureaucracy and inefficient procedures through a trade facilitation index. 87 pct. of all African nations’ trade facilitation performances are below the global average.²
- Trade in Africa covers a wide range of goods and commodities. Today, Africa is a net exporter of commodities like iron ore and crude oil, while being a net importer of processed goods like product oil and consumer goods.³ Hence, Africa is exporting goods in the low end of the value chain while importing goods in the higher end of the value chain.
- Processed goods are often carried by container vessels. For each container loaded in Africa, two and half containers were discharged in 2018. Moreover, between 2009 and 2015 African container import grew faster than African container export.⁴
- The negative trend is confirmed when comparing Africa to the rest of the world. Export of goods from countries in Sub-Saharan Africa has grown slower than the rest of the world in six of the last eight years.⁵
- Today, 9 pct. of Danish shipping companies’ activities are related to Africa. In comparison the same figure for China is 15 pct. even though the population in numbers are almost similar. For African trade to grow faster improvement of trade facilitation is necessary.



¹ IMF, World Economic Outlook October 2018

² OECD, Trade Facilitation Index & Danish Shipping

³ Thomson Reuters & Danish Shipping

⁴ Clarkson Intelligence & Danish Shipping

⁵ IMF, World Economic Outlook October 2018