Trade Integration, Export Patterns, and Growth in Sub-Saharan Africa

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International trade integration has deepened over the past decades, not

Zooming in on the volume of trade, this paper al

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where x

20 years. Trade in primary goods includes exports and imports of agricultural raw materials, food, fuel, mineral ores and metals. Trade in manufacturing goods comprises exports and imports in SITC sections 5 (chemicals), 6 (basic manufactures), 7 (machinery and transport equipment), and 8 (miscellaneous manufactured goods), excluding division 68 (non-ferrous metals). Trade in primary and manufacturing goods is expressed as a percentage of GDP and the data are collect

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in 1990-94 to 31.4 percent of GDP in 2010-14) while intra-regi growth per worker accelerates between **1.1** and **2.4** percentage points per year.

Table 2. Trade, diversification and growth: Baseline specification.
Dependent variable, Growth of real GDP per worker (5-year non-overlapping averages)

variables are included in the growth regression. This finding suggests that diversification of export products fosters economic growth. Economically, if the Herfindahl index of export products were to be reduced in half, growth per worker would accelerate between **1.3** and **2.6** percentage points per year.

effect on growth per worker through the TFP growth channel. Third, growth-enhancing effects of lower government burden are also transmitted through the TFP growth channel. Finally, the impact of growth volatility on growth per worker is

Table 3. Trade, diversification, and growth: Transmission channels

Dependent variable normalized by per worker (5-year non-overlapping averages)

3.3 International trade integration and econo

economic impact of trade in primary goods is to estimate the potential growth effects of reducing this share to the median level of industrial countries. Under this scenario, growth per worker would increase by 0.3 percentage point. On the other hand, doubling the ratio of exports and imports of manufacturing goods (as a percentage of GDP) in Sub-Saharan Africa would lead to higher growth per worker of about 1.5 percentage points per year. If manufacturing trade in Sub-Saharan Africa were to increase to the levels of the median level of industrial countries, economic growth would increase by 0.7 percentage point per year.

Table 5 estimates the impact of trade in primary and manufacturing goods (proxied by either

 Table 5. Trade, diversification and sources of growth: Primary vs. Manufacturing I

other industries and sect

Table 6. Trade, diversification, and growth: Inter- and intra-regional trade

East Asia and the Pacific (EAP) region. Computing the growth benefits of closing the gap relative to a specific benchmark uses the values of the different dimensions of trade integration over the last five-year period (2010-14) using the following formula:

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productivity (TFP) growth. Panel B in Table 8 shows the sensitivity of physical capital accumulation to manufacturing trade (0.061 as reported in column [5]

[redacted]

[redacted]

[redacted]

[redacted]

5 Policy Discussion

The econometric analysis and comparative statics exercises conducted in sections 3 and 4 reveal important messages on the relationship between trade integration and long-term growth: first, there is evidence of a causal relationship from trade openness (i.e. export and import volumes) to long-term growth. This relationship is robust to the inclusion of variables that measure diversified export baskets distinct patterns of geographical trade. Second,

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have become important trading partners of the Africa region over the past quarter-century. Although China million in 1995-98 respectively.[7] On the other hand, the two main groups of products imported from China

5.3.1 Patterns of intra-regional trade

Intra-regional trade in Afri

Figure 5. Regional Economic Communities in Africa

Source: Acharya et al. (2011, Figure 2.18); WTO Secretariat.
Note: CFA, French Colonies of Africa (Colonies françaises d'Afrique); CMA, Common Monetary Area; CEMAC, Economic and Monetary

Figure 7. The African Continental Free Trade Agreement

instance, reduced tariffs will yield welfare gains of 0.2 percent for AfCFTA country members. Cutting NTBs in half would increase welfare gains by 1.6 percent while the full implementation of the WTO's Trade Facilitation agreement would lead to overall welfare gains of 5 percent by 2035 (World Bank 2019b).[15]

6 Conclusions

The goal of this pll thid tproviradevirance tioths that matters for long-term growth. It

significantly through faster capital accumulation a

References

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