

Wioletta Nowak

Uniwersytet Wrocławski

## North–South trade competition in Africa’s least developed countries

The paper presents merchandise trade between the North and Africa’s 34 least developed countries (LDCs), and between the South and Africa’s LDCs over the period from 2000 to 2014. The North is represented by the European Union and the United States. The South denotes four emerging economies: Brazil, South Africa, India, and China (BASIC). The analysis is based on the data retrieved from the UN Comtrade Database. The EU is a major trading partner for Africa, and the US was the second important trading partner for the African continent until 2008. However, their role in the trade with all African countries, and specially with Africa’s LDCs, has been declining since the beginning of the global crisis. On the other hand, a significant increase in BASIC–Africa trade has been observed in the recent years. Since 2010, the value of bilateral trade of the BASIC countries with Africa’s LDCs has been surpassing the EU and US’s trade with those African countries. In the years 2009–2014, the BASIC countries dominated the bilateral trade with 16 of Africa’s least developed countries.

Keywords: merchandise trade, least developed countries, foreign aid, BASIC countries

JEL classification: F10, F13, F35, O55

## Rywalizacja handlowa Północ–Południe w najsłabiej rozwiniętych krajach Afryki

W artykule ukazano skalę i trendy w handlu dobrami pomiędzy Północą a 34 najsłabiej rozwiniętymi krajami Afryki oraz pomiędzy Południem a tymi krajami w latach 2000–2014. Przez Północ rozumie się Unię Europejską i Stany Zjednoczone, natomiast Południe oznacza cztery gospodarki wschodzące: Brazylię, Republikę Południowej Afryki, Indie i Chiny (kraje BASIC). Handel pomiędzy stronami zbadano na podstawie danych UN Comtrade Database. Unia Europejska jest głównym partnerem handlowym Afryki, natomiast Stany Zjednoczone były drugim najważniejszym partnerem dla kontynentu afrykańskiego do 2008 roku. Jednakże znaczenie UE i USA w handlu z Afryką, a w szczególności z najsłabiej rozwiniętymi krajami afrykańskimi, od wybuchu kryzysu finansowego systematycznie się zmniejsza. Z drugiej strony, w ostatnich latach obserwuje się szybki wzrost wymiany towarowej pomiędzy krajami BASIC i Afryką. Od 2010 roku wartość handlu bilateralnego pomiędzy krajami BASIC i najsłabiej rozwiniętymi krajami Afryki przewyższa wartość wymiany UE i USA z tą grupą krajów. W latach 2009–2014 kraje BASIC były ważniejszymi partnerami handlowymi niż Unia Europejska i Stany Zjednoczone dla 16 najsłabiej rozwiniętych krajów w Afryce.

Słowa kluczowe: handel dobrami, najsłabiej rozwinięte kraje, pomoc zagraniczna, kraje BASIC

Klasyfikacja JEL: F10, F13, F35, O55

## Introduction

The European Union is a major trading partner for Africa, and the United States was the second important trading partner for the African continent until 2008. However, their role in the trade with all African countries, and specially with Africa's 34 least developed countries (LDCs)<sup>1</sup>, has been declining since the beginning of the global crisis. On the other hand, a significant increase in trade between four emerging economies (Brazil, South Africa, India, and China – BASIC) and African countries has been observed in recent years. Since 2010, the value of bilateral trade of BASIC countries with Africa's LDCs has been surpassing the EU and US trade with the poorest African countries.

The aim of the paper is to show the scale of and trends in merchandise trade of the North (the European Union and the United States) and South (Brazil, China, India, and South Africa) with Africa's 34 least developed countries in the years from 2000 to 2014. The analysis is based on the data retrieved from the UN Comtrade Database. As the trade data for South Sudan are available from 2012, they were combined with the data for Sudan in the following study.

### 1. Development of the North's commercial relations with Africa's LDCs in the 21<sup>st</sup> century

The European Union implemented a trade preference programme directed towards the least developed countries – Everything But Arms (EBA) – in 2001. The EBA programme is a part of the EU Generalised System of Preferences (GSP) which provides tariff reductions for developing countries. Under the programme, the least developed countries have duty-free and quota-free access to the EU markets for all their export products with the exception of arms and ammunitions<sup>2</sup>. Contrary to GSP preferences, the special arrangements for the least developed countries under the EBA are in force for an unlimited period of time. However, the

---

<sup>1</sup> As of February 16, 2016, the following African countries are classified as LDCs: Angola, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Somalia, South Sudan, Sudan, Tanzania, Togo, Uganda, and Zambia [UN, 2016].

<sup>2</sup> The EBA imposed longer transition periods for banana, sugar and rice imports into the EU. Duties on fresh bananas were reduced by 20% annually between January 1, 2002, and January 1, 2006. Duties on sugar dropped by 20% on July 1, 2006, by 50% a year later, by 80% in 2008, and completely on July 1, 2009. Duties on rice were likewise reduced over the period between September 1, 2006, and September 1, 2009 [Lincoln, 2008].

EU introduced restrictive rules of origin for products from the LDCs which link the implied definition of substantial transformation to the sourcing of raw materials.

All Africa's LDCs benefit from the EBA. What is more, the EU has been negotiating Economic Partnership Agreements (EPAs)<sup>3</sup> with African LDCs. In 2009, interim EPA was signed by Madagascar. Five years later, the EU concluded negotiations on EPA with the Southern African Development Community (SADC). The SADC EPA Group comprises two LDCs, Lesotho and Mozambique. In 2014, the East African Community (Burundi, Rwanda, Tanzania, Uganda, and non-LDC Kenya) finalised the negotiations for a region-to-region EPA [EC, 2016].

The EU–Africa's LDCs commercial relations are strengthened by trade-related development assistance (Aid for Trade) provided by the EU Institutions and Member States to support trade policy and regulations, trade development, trade-related infrastructure, building productive capacity, trade-related adjustments, and other trade-related needs in beneficiary countries.

The main non-reciprocal trade preference programme of the US for Africa's LDCs is the African Growth and Opportunity Act (AGOA), implemented in 2000. The AGOA was initially directed to 34 Sub-Saharan African countries. The programme has been extended a number of times, most recently to 2025 [Naumann, 2016]. The AGOA provides trade preferences for quota- and duty-free entry into the United States for eligible countries. A country is deemed eligible to benefit from the US AGOA if it has established or is making progress toward establishing the following: market-based economy, elimination of barriers to US trade and investment, protection of intellectual properties, protection of human rights and worker rights, elimination of child labour practices, policy to reduce poverty, increasing availability of health care and educational opportunities, the rule of law and political pluralism, and efforts to combat corruption [ITA, 2016].

In 2015, 27 African least developed countries were eligible for trade benefits of the AGOA<sup>4</sup>. Each year the president of the United States evaluates and decides which country is eligible for the AGOA. In the years 2000–2015, several African LDCs were declared ineligible: Mauritania (2006–2009), Guinea (2009–2011), Niger (2009–2011), Madagascar (2009–2014), and Mali (2012–2014).

Non-AGOA African LDCs benefit from the US Generalised System of Preferences<sup>5</sup>. The GSP scheme grants duty-free entry for approximately 5,000<sup>6</sup> American

---

<sup>3</sup> EPAs are trade and development agreements negotiated between the EU and ACP countries (African, Caribbean, and Pacific Group of States). The main aim of EPAs is to create a free trade area between the EU and ACP countries.

<sup>4</sup> The following African LDCs were not beneficiaries of the AGOA: Central African Republic (removed from the list of eligible countries in 2004), Democratic Republic of Congo (2011), Equatorial Guinea, Eritrea (2004), Guinea-Bissau (2012), Somalia, and Sudan [ITA, 2016].

<sup>5</sup> The AGOA includes additional eligibility criteria beyond those in GSP. A country must be GSP eligible to receive benefits under the AGOA; however, GSP eligibility does not imply AGOA eligibility.

<sup>6</sup> The number fluctuates over time. In 2000, it was approximately 4,600 tariff lines.

tariff line items. The AGOA expands benefits under GSP. It provides duty-free market access on more than 1,800 tariff line items in addition to the standard GSP list. The AGOA expands market access for textile and apparel goods for eligible countries.

The US government provides assistance to the AGOA beneficiaries to increase and diversify their exports to the United States. Moreover, the AGOA Forum (the United States–Sub Saharan Africa Trade and Economic Cooperation Forum) was established to foster close economic ties between the US and Sub-Saharan Africa. It is an annual high-level meeting between appropriate officials of the US government and officials of the governments of Sub-Saharan African countries.

In 2013, during his trip to Africa president Barack Obama announced a new initiative, Trade Africa. It will focus on the member states of the East African Community (EAC). The main aim of Trade Africa is to increase EAC exports to the US by 40%.

## 2. Development of the South's commercial relations with Africa's LDCs

Since 2000, China has been developing its commercial relations with African countries during Ministerial Conferences of the Forum on China–Africa Cooperation (FOCAC). One of the results of the first FOCAC, held in 2000, was China's cancellation of RMB 10 billion of debts of heavily indebted poor countries and Africa's LDCs. In 2003, during the 2<sup>nd</sup> Ministerial Conference of FOCAC, China announced a further increase in its aid to African countries and a zero-tariff treatment for the goods imported from selected Africa's LDCs. Three years later, it established the China–Africa Development Fund and declared US\$ 2 billion in concessional loans and US\$ 3 billion in preferential export credits to African countries over the period 2007–2009. During Ministerial Conferences of FOCAC in 2009 and 2013, China declared to provide US\$ 10 billion in concessional/preferential credits to Africa in the years 2010–2012 and US\$ 20 billion of credit line from 2013. The main outcome of the FOCAC in 2015 was a new Declaration and Plan of Action (2016–2018) and a further US\$ 60 billion for African countries [Nowak, 2016].

Furthermore, in 2010 China implemented duty-free, quota-free (DFQF) market access programme for the least developed countries. It granted zero-tariff treatment to nearly 60% of Chinese total tariffs lines. However, the goods imported from the LDCs had to abide by restrictive rules of origin. The rules required goods to originate entirely in the country which exports them or to undergo substantial transformation (the change of tariff heading or the value of non-originating inputs used in the production of the good does not exceed 60% of the value of final product). Initially, Chinese DFQF programme was accessible to 27 African LDCs

which had diplomatic relations with China. The list of African beneficiaries was extended to 30 in 2011<sup>7</sup>. The preferential trade from Africa's LDCs mainly consists of imports of non-agricultural primary products: ores and petroleum [SMP, 2015].

India began to develop intensively its trade relations with Africa in the late 2000s. For that purpose, in 2008 it initiated the India–Africa Forum. The Second India–Africa Forum Summit was held in 2011 and the Third in 2015. During the First Summit, India announced the Duty Free Tariff Preference Scheme (DFTP) for the least developed countries. It granted unilateral tariff preferences for goods originating in LDCs and imported into India. The DFTP scheme of 2008 provided duty-free market access on 85% of India's total tariff lines, 9% tariff lines enjoyed a Margin of Preference (MOP) ranging from 10% to 100%, and 6% of Indian tariff lines retained in the Exclusion List with no duty preferences. To enjoy tariff preference under the DFTP, the product should be wholly produced or obtained in a LDC, or should meet the requirement of change in tariff heading and 30% of local value added [Kallummal et al., 2013]. In 2014, the Government of India amended the Exclusion List and the MOP list. The DFTP scheme of 2014 provides duty-free or preferential market access on 98.2% of India's total tariff lines. Remaining 1.8% of the tariff lines have been retained in the Exclusion List [ITC, 2015].

The Indian DFTP scheme is open to all LDCs. However, India has received Letters of Intent only from 21 African LDCs<sup>8</sup>. The DFTP scheme includes several key export products of African LDCs such as cocoa, cotton, cane sugar, fish fillets, garments, and non-industrial diamonds [Ancharaz, Ghisu, 2014]. At the same time, it excludes a number of products of export interest to Africa's LDCs such as cashew nuts, coffee, tea, bananas, milk, cream (with sugar), whole milk powder, wheat flour, spices, oilseeds, wine and spirits, beer, tobacco and cigarettes [ITC, 2015].

India, like China, uses foreign assistance to develop its commercial relations with African countries. In the 2000s, India extended lines of credit and grants for Africa. Since 2004, African countries have been beneficiaries of Indian Development and Economic Assistance Scheme. India also committed to them US\$ 5.4 billion at the First Summit, and US\$ 5 billion at the Second. During the Third Summit, India promised to provide further US\$ 10.6 billion in concessional loans and grants to Africa [Nowak, 2016].

Since the end of apartheid, South Africa has been intensively building its trade relations with African countries. It joined SADC<sup>9</sup> in 1994. SADC aims to promote

---

<sup>7</sup> Burkina Faso, Gambia, and São Tomé and Príncipe were excluded from China's DFQF programme [WTO, 2011].

<sup>8</sup> Tanzania, Ethiopia, Mozambique, Malawi, Uganda, Rwanda, and Madagascar signed Letters of Intent in 2008. Since 2009, Benin, Eritrea, Burkina Faso, Gambia, Sudan, Senegal, Lesotho, and Mali have been beneficiaries of the Indian DFTP scheme. Somalia, Burundi, Zambia, and Central African Republic signed Letters of Intent in 2010, and Comoros and Liberia in 2012 [Kallummal et al., 2013].

<sup>9</sup> In 2015, 8 out of 15 SADC members were LDCs (Angola, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mozambique, Tanzania, and Zambia).

regional cooperation in socio-economic development and security affairs. A free trade area (FTA) was established in the SADC region in 2008. Before the launch of the SADC FTA, 85% of intra-regional trade among the partner countries attained zero duty. Maximum tariff liberalisation was achieved by January 2012 [SADC, 2016]. Since then, trade in goods between South Africa and 6 African LDCs<sup>10</sup> has been duty-free. It is also worth noting that South Africa and Lesotho are members of SACU (Southern African Customs Union).

South Africa provides multilateral development assistance to African LDCs. It's also a founding member of the New Partnership for Africa's Development. Furthermore, it supports Africa's least developed countries through its bilateral aid programmes. The biggest beneficiaries of South Africa's development assistance are Burundi, Democratic Republic of Congo, Comoros, and South Sudan [Nowak, 2015].

Trade between Brazil and Africa expanded significantly under the leadership of President Luiz Inácio Lula da Silva (2003–2010). Lula visited 23 African countries in twelve trips. Among the visited countries were 10 African LDCs<sup>11</sup>. During his official visits, Lula da Silva developed diplomatic, economic, and commercial relations with African countries.

Brazil signed an agreement on technical cooperation with the African Union in 2007. Brazilian–African technical cooperation facilitates exports of Brazilian commodities to African countries. It has been regularly strengthened by development assistance. In 2010, Brazil directed 39.5% of its technical assistance to Africa [Nowak, 2015]. Moreover, Brazil has been intensively developing its economic cooperation with ECOWAS (Economic Community of West African States)<sup>12</sup> since 2010. Brazil also has strong connections with the Lusophone African least developed countries: Angola, Equatorial Guinea, Guinea-Bissau, Mozambique, and São Tomé and Príncipe, which are members of CPLP (Comunidade de Países de Língua Portuguesa – Community of Portuguese-Speaking Countries)<sup>13</sup>.

Brazil has not yet implemented a preferential scheme in favour of the least developed countries. Among African LDCs, only Lesotho has a preferential access to the Brazilian market<sup>14</sup>.

---

<sup>10</sup> Angola and Democratic Republic of Congo remain outside the SADC FTA [SADC, 2016].

<sup>11</sup> Lula da Silva visited: Angola (2003, 2007), Benin (2006), Burkina Faso (2007), Guinea-Bissau (2015), Equatorial Guinea (2010), Mozambique (2003, 2008, 2010), São Tomé and Príncipe (2003, 2004), Senegal (2005), Tanzania (2010), and Zambia (2010) [TWB, 2011].

<sup>12</sup> The following Africa's LDCs are members of ECOWAS: Benin, Burkina Faso, Gambia, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Senegal, Sierra Leone, and Togo.

<sup>13</sup> Senegal obtained the associate observer status in 2008.

<sup>14</sup> Lesotho is a beneficiary of preferential trade agreement signed between MERCOSUR (Mercado Común del Sur – the Common Market of the South) and SACU in 2008.

### 3. The North's and the South's trade with Africa's LDCs in the years 2000–2014

The European Union is the biggest trading partner for Africa. In the years 2000–2014 the value of the bilateral trade between the EU and 54 African countries increased about 3 times, from US\$ 139.3 billion to US\$ 407.5 billion. During the analysed 15 years, the US–Africa bilateral trade rose from US\$ 40 billion to US\$ 73.4 billion. The United States were the second important trading partner for the African continent until 2008. Since 2009, China's total trade in goods with Africa has been surpassing that of the US. Over the period 2000–2014, the Sino-African total trade increased 21 times, from US\$ 10.6 billion to US\$ 221.5 billion. At the same time, the Indo-African merchandise trade rose more than 13 times, from US\$ 5.6 billion to US\$ 74.9 billion. In 2014, the value of India's trade with Africa surpassed the value of the US–Africa exchange of goods. South Africa increased its trade with African countries about 9 times (from US\$ 4.6 billion to US\$ 40.6 billion), while Brazil – over 6 times (from US\$ 4.3 billion to US\$ 26.8 billion). In the years 2000–2014, the value of the EU's and US's merchandise trade with Africa surpassed the value of the BASIC–Africa trade. Nevertheless, the differences in the North–Africa and the South–Africa trade have been steadily decreasing since 2009 (Figure 1).

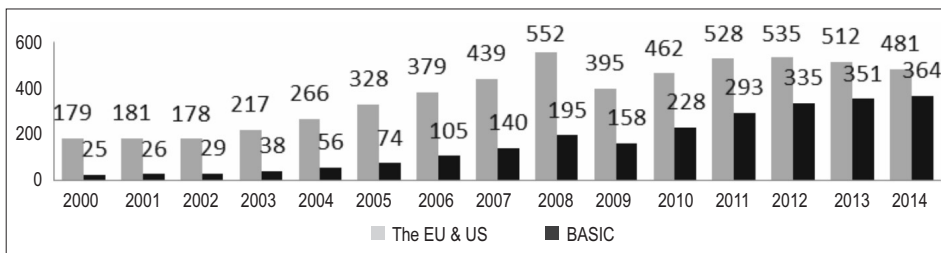


Figure 1. Total merchandise trade of the EU, US, and BASIC countries with Africa, 2000–2014 (US\$ billion)

Source: Own calculations based on data retrieved from: [UNCD].

The North trades mainly with the richest countries in Africa. In 2014, the EU's and US's bilateral trade with Africa's 34 LDCs accounted for 17.9% of their total trade with Africa. The share of the African LDCs in the total trade of the BASIC countries with Africa was 36.4% (Table 1).

The North is a major trading partner for 54 African countries, but not for Africa's 34 LDCs. The trends in merchandise trade between the North and African

least developed countries and between the South and Africa's LDCs over the period 2000–2014 are presented in Figure 2.

Table 1. Total trade with Africa's LDCs as percent of total trade with Africa

Year	Africa's LDCs trading partner							
	EU and US	BASIC	EU	US	Brazil	South Africa	India	China
2000	12.9	32.9	12.3	15.0	7.3	55.0	17.5	41.9
2014	17.9	36.4	16.6	25.6	16.7	38.5	31.9	40.0

Source: Own calculations based on data retrieved from: [UNCD].

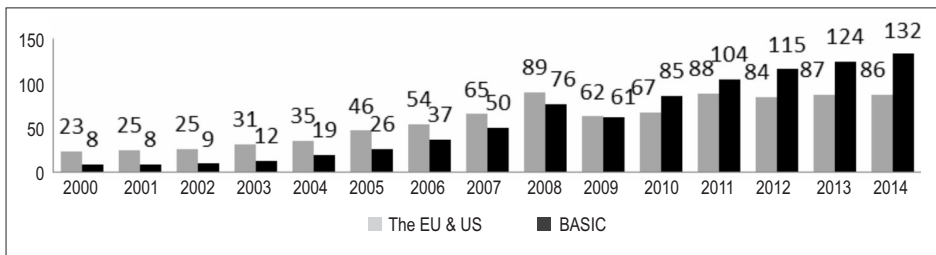


Figure 2. Total merchandise trade of the EU, US, and BASIC countries with Africa's 34 LDCs, 2000–2014 (US\$ billion)

Source: Own calculations based on data retrieved from: [UNCD].

Since the beginning of the 21<sup>st</sup> century, the value of the bilateral trade between the North and Africa's least developed countries increased 3.7 times, from US\$ 23.1 billion in 2000 to US\$ 86.3 billion in 2014, growing annually by 9.2% (Table 2). The highest level of the bilateral exchange of goods between those trading partners was recorded in 2008 and amounted to US\$ 89.4 billion. After the outbreak of the global financial crisis, the North decreased the volume of its trade with African LDCs by 30% and during the following five years it didn't reach the level of exchange from 2008. The lower level of the North–Africa's LDCs trade in the years 2009–2014 reflects the US's low trade with that group of African countries (Figure 3a).

During the analysed 15 years, the BASIC countries increased their bilateral trade in goods with African LDCs over 16 times. The value of the South–Africa's LDCs trade jumped from US\$ 8.2 billion in 2000 to US\$ 132.5 billion in 2014. It grew annually by 20.3%. In 2009, the BASIC's trade with Africa's least developed countries declined by nearly 20% compared to 2008. However, in 2010, the trade between those partners reached a higher value than in 2008. Among the BASIC countries, China is the most important trading partner for Africa's LDCs (Figure 3b).



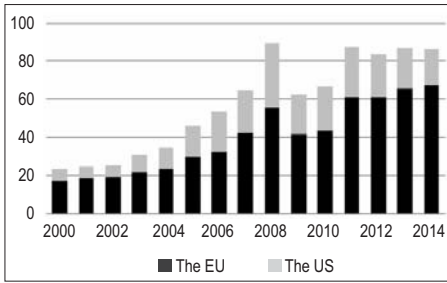


Figure 3a. Total trade of the North with Africa's LDCs, 2000–2014 (US\$ billion)

Source: Own calculations based on data retrieved from: [UNCD].

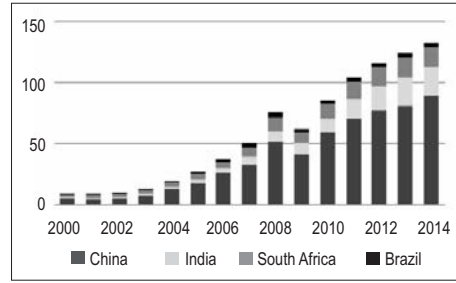


Figure 3b. Total trade of the South with Africa's LDCs, 2000–2014 (US\$ billion)

Source: Own calculations based on data retrieved from: [UNCD].

Both the North and the South imported more goods from African least developed countries than they exported there. The North experienced a positive trade balance in the years 2013–2014, while the BASIC countries from 2000 to 2003. During the considered 15 years, the exports of the North increased from US\$ 10.5 billion in 2000 to US\$ 34.1 billion in 2008 and US\$ 46.9 billion in 2014. The EU's and US's imports of goods jumped from US\$ 12.6 in 2000 to US\$ 55.3 in 2008 and then declined to US\$ 39.3 billion in 2014 (Figure 4a). The average annual growth rate of the North's exports was higher than that of imports (Table 2).

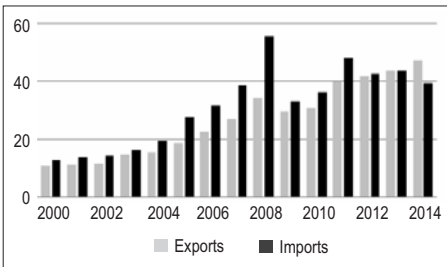


Figure 4a. Trade of the EU and US with Africa's LDCs, 2000–2014 (US\$ billion)

Source: Own calculations based on data retrieved from: [UNCD].

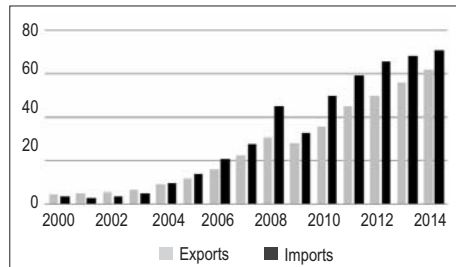


Figure 4b. Trade of the BASIC countries with Africa's LDCs, 2000–2014 (US\$ billion)

Source: Own calculations based on data retrieved from: [UNCD].

In the years 2000–2014, the BASIC countries increased their exports of goods to Africa's LDCs 13.6 times and their merchandise imports from that group of African countries 19.2 times. The South's exports of goods rose from US\$ 4.5 billion in

2000 to US\$ 30.9 in 2008 and reached US\$ 61.7 billion in 2014. The South's imports increased from US\$ 3.7 billion in 2000 to US\$ 45.2 billion in 2008 and US\$ 70.8 billion in 2014 (Figure 4b). Contrary to the North, the average annual growth rate of the South's imports was higher than that of exports (Table 2).

Table 2. Average annual growth rate of the trade with Africa's LDCs, 2000–2014, %

Trade	Trading partner of Africa's LDCs							
	EU and US	BASIC	EU	US	Brazil	South Africa	India	China
Bilateral trade	9.2	20.3	9.6	7.9	19.4	12.9	23.7	22.1
Exports	10.5	19.0	9.8	14.5	17.6	11.0	22.7	24.0
Imports	7.9	21.8	9.2	5.1	21.8	24.0	25.1	21.1

Source: Own calculations based on data retrieved from: [UNCD].

The EU, US, and BASIC countries traded principally with several LDCs in Africa. In the years 2000–2014, the North's top five trading partners accounted for 57.3% of its total trade with Africa's LDCs, and the South's top five trading partners accounted for 65.5% of its bilateral trade with that group of African countries (Table 3).

Table 3. The share of top trading partners in the North's and the South's total trade with Africa's LDCs, 2000–2014, %

Number of top African trading partners	EU and US	BASIC	EU	US	Brazil	South Africa	India	China
Five	57.3	65.5	51.8	81.5	78.0	79.3	63.9	69.8
Ten	74.5	82.9	71.6	89.6	89.3	93.6	81.0	86.7

Source: Own calculations based on data retrieved from: [UNCD].

Both the North and the South trade mainly with resource-rich Africa's LDCs. Their most important trading partner was Angola (Table 4).

In the years 2000–2014, the EU traded mostly with Angola (US\$ 158.7 billion), Equatorial Guinea (55.3), Senegal (43.0), Liberia (27.2), and Democratic Republic of Congo (26.9). The most important bilateral trading partners for the US were: Angola (150.7), Chad (26.2), Equatorial Guinea (25.8), Ethiopia (9.3), and Lesotho (5.5). China traded mainly with Angola (249.5), Sudan (74.9), Benin (26.8), Equatorial Guinea (24.0), and Democratic Republic of Congo (24.0). India's most important trading partners among Africa's LDCs were: Angola (41.6), Tanzania (19.5), Sudan (10.0), Mozambique (8.6), and Senegal (5.8). South Africa traded with Mozambique (29.0), Angola (27.0), Zambia (25.5), Democratic Republic of Congo (9.9),

and Lesotho (8.5), and Brazil's were Angola (19.5), Equatorial Guinea (5.1), Senegal (1.6), Mauritania (1.2), and Benin (1.2).

Table 4. The North's and the South's top five trading partners, 2000–2014 (US\$ billion)

Rank	Exports of goods to LDCs		Imports of goods from LDCs		Bilateral trade with LDCs	
	trading partner	value	trading partner	value	trading partner	value
The North						
1	Angola	89.7	Angola	219.7	Angola	309.4
2	Senegal	38.5	Equatorial Guinea	66.8	Equatorial Guinea	81.1
3	Togo	27.1	Chad	27.0	Senegal	45.4
4	Ethiopia	21.5	Mozambique	19.3	Chad	32.2
5	Benin	21.3	Democratic Rep. of Congo	17.9	Democratic Rep. of Congo	31.9
The South						
1	Angola	54.2	Angola	283.4	Angola	337.6
2	Tanzania	37.7	Sudan	58.1	Sudan	86.5
3	Mozambique	36.9	Equatorial Guinea	28.8	Zambia	50.3
4	Benin	30.4	Zambia	22.3	Mozambique	48.6
5	Sudan	28.4	Democratic Rep. of Congo	19.7	Tanzania	45.6

Source: Own calculations based on data retrieved from: [UNCD].

The BASIC countries have been gaining more and more significance as trading partners for Africa's LDCs. In the years 2000–2008, the value of the South's bilateral trade was higher than the North's in the case of 7 countries (Sudan, Zambia, Benin, Somalia, Djibouti, Gambia, and Mozambique). Over the period from 2009 to 2014, the BASIC countries already dominated the trade with 16 of Africa's least developed countries: Angola, Sudan, Zambia, Tanzania, Mozambique, Democratic Republic of Congo, Liberia, Benin, Lesotho, Djibouti, Sierra Leone, Somalia, Gambia, Malawi, Eritrea, and Guinea-Bissau (Figures 5a and 5b).

It is worth noting that in the years 2009–2014, the North increased its significance in bilateral trade only with Togo.

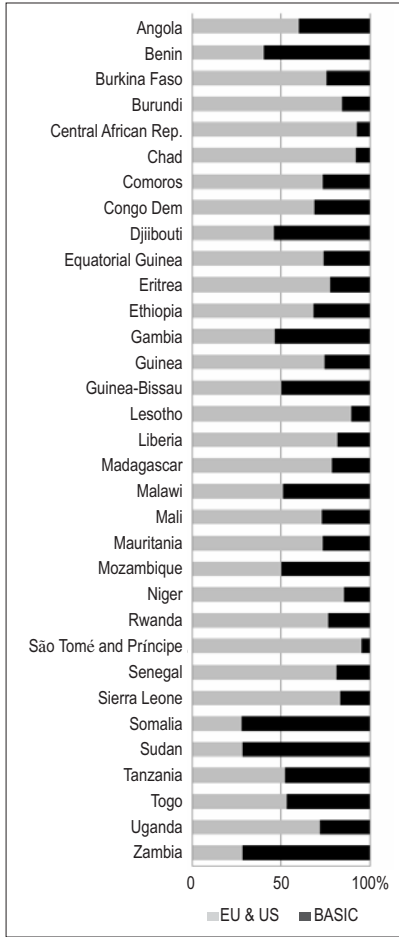


Figure 5a. Total trade in goods with Africa's LDCs, 2000–2008

Source: Own calculations based on data retrieved from: [UNCD].

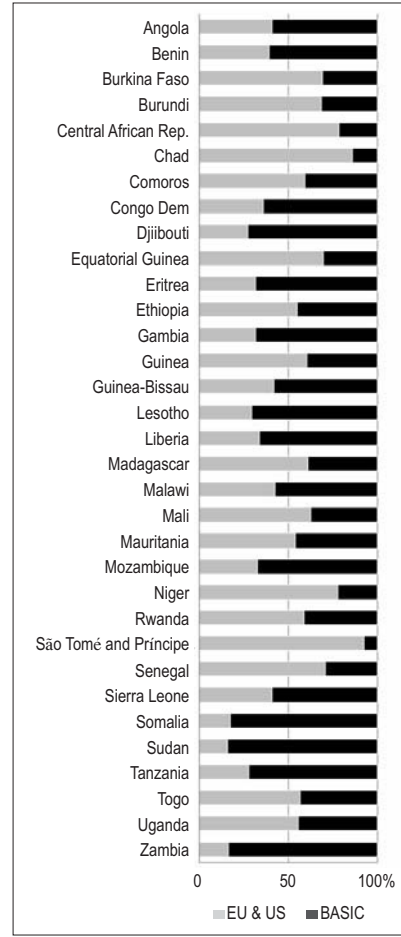


Figure 5b. Total trade in goods with Africa's LDCs, 2009–2014

Source: Own calculations based on data retrieved from: [UNCD].

## Conclusions

In the years from 2000 to 2008, the advantage of the EU and US over the BASIC countries in total merchandise trade with all African countries was constantly increasing. However, since the beginning of the global crisis, the opposite phenomenon has been observed. The differences in the North–Africa and the South–Africa bilateral trade in goods have been decreasing. The BASIC countries not only have been steadily increasing their position in trade with Africa; since 2010, they have

become more important trading partners for Africa's 34 least developed countries than the EU and US. What's more, they have been systematically increasing their advantage over the North in the trade with the poorest African countries. In the years 2009–2014, the BASIC countries dominated the bilateral trade with 16 of Africa's least developed countries.

## References

- Ancharaz V., Ghisu P., 2014, *Deepening India's Engagement with the Least Developed Countries: An in-depth Analysis of India's Duty-free Tariff Preference Scheme*, International Centre for Trade and Sustainable Development, Geneva, Issue Paper no. 31, [http://www.eabc.info/uploads/Deepening\\_Indias\\_Engagement\\_with\\_the\\_LDCs\\_-\\_An\\_in-depth\\_Analysis\\_of\\_Indias\\_Duty-free\\_Tariff\\_Preference\\_Scheme.pdf](http://www.eabc.info/uploads/Deepening_Indias_Engagement_with_the_LDCs_-_An_in-depth_Analysis_of_Indias_Duty-free_Tariff_Preference_Scheme.pdf) [access: 16.06.2016].
- EC, 2016, European Commission, *Economic partnerships*, <http://ec.europa.eu/trade/policy/countries-and-regions/development/economic-partnerships/> [access: 16.06.2016].
- ITC, 2015, International Trade Centre, *India's Duty Free Tariff Preference Scheme For LDCs: A Business Guide*, Geneva, <http://www.intracen.org/publication/Indias-Duty-Free-Tariff-Preference-Scheme-for-LDCs-A-Business-Guide/> [access: 16.06.2016].
- ITA, 2016, International Trade Administration, Department of Commerce United States of America, *General Country Eligibility Provisions*, <http://trade.gov/agoa/eligibility/> [access: 16.06.2016].
- Kallummal M., Gupta A., Das A., 2013, *Utilising India's Duty Free Preference Scheme for LDCs: Analysis of the Trade Trends*, Centre for WTO Studies, Indian Institute of Foreign Trade, Working Paper CWS/WP/200/10, <http://wtocentre.iift.ac.in/workingpaper/DFTP%20Report%205%20September%20Final%20ICTSD.pdf> [access: 16.06.2016].
- Lincoln D., 2008, *Drawing the EBA (Everything but Arms) Map: Least Developed Country Classification and the Case of EBA Sugar, Area, no. 2*.
- Naumann E., 2016, *South Africa and AGOA: Recent Developments 2015–2016 and Possible Suspension*, Trade Law Centre, tralac Working Paper, no. US16WP02/2016.
- Nowak W., 2015, *Pomoc rozwojowa krajów BASIC*, *Ekonomia XXI Wieku*. Economics of the 21<sup>st</sup> Century, no. 7.
- Nowak W., 2016, *Trade Competition between Asia and the European Union in Africa*, Proceedings of the 17<sup>th</sup> Eurasia Business and Economic Society Conference, eds. M. H. Bilgin, H. Danis [forthcoming].
- SADC, 2016, Southern African Development Community, *Towards a Common Future*, <http://www.sadc.int/about-sadc/integration-milestones/free-trade-area/> [access: 16.06.2016].
- SMP, 2015, Support Measures Portal for Least Developed Countries, *Overview of China's Duty-Free, Quota-Free Market Access Programme for LDCs*, <http://esango.un.org/ldcportal/web/10447> [access: 16.06.2016].
- TWB, 2011, The World Bank – Instituto de Pesquisa Econômica Aplicada IPEA Report, *Bridging the Atlantic. Brazil and Sub-Saharan Africa. South-South Partnering for Growth*, <http://siteresources.worldbank.org/AFRICAEXT/Resources/africa-brazil-bridging-final.pdf> [access: 16.06.2016].
- UN, 2016, The United Nations, Department of Economic and Social Affairs, Development Policy and Analysis Division, Committee for development Policy, *List of Least Develo-*

*ped Countries (as of 16 February 2016)*, [http://www.un.org/en/development/desa/policy/cdp/ldc/ldc\\_list.pdf](http://www.un.org/en/development/desa/policy/cdp/ldc/ldc_list.pdf) [access: 16.06.2016].

UNCD, UN Comtrade Database, <http://comtrade.un.org/data/> [access: 16.06.2016].

WTO, 2011, World Trade Organization, *Notification of Preferential Trade Agreement*, WT/COMTD/N/39.