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African Trade Report 2026

Leveraging Geopolitics for Trade and Industrialisation in Global Africa

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@afreximbank African Export-Import Bank

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Foreword

The 2026 African Trade Report, themed "Leveraging Geopolitics for Trade and Industrialisation in Global Africa," is published at a pivotal moment for Africa and the global economy. Across the world, shifting geopolitical dynamics, evolving supply chains, technological transformation, and changing patterns of trade and investment are redefining the international economic landscape. For Africa, these changes present not only challenges, but also a historic opportunity to reposition the continent as a dynamic centre of production, trade, innovation, and growth.

The findings of this report highlight the growing resilience and potential of African economies. Africa's real GDP growth accelerated from 3.4 percent in 2024 to 4.5 percent in 2025, outpacing global growth and reaffirming the strength and adaptability of the continent. While aggregate inflation moderated significantly from 21.6 percent to 13.1 percent – with some countries recording as low as 3 percent inflation rate, merchandise trade expanded by 6.1 percent to approximately US$1.5 trillion, and intra-African trade grew by 5.5 percent to about US$213.8 billion. These outcomes reflect improving macroeconomic management, strengthening institutions, expanding regional cooperation, and the determination of African countries to sustain growth despite a complex global environment.

At the same time, this report recognises that important structural challenges remain. Africa continues to face significant trade finance constraints, infrastructure gaps, and limited value addition across many sectors. Yet these challenges also underscore the scale of the opportunity before us. As global supply chains diversify and the search for resilient production hubs intensifies, Africa is increasingly well-positioned to emerge as a competitive destination for investment, manufacturing, digital innovation, and green industrialisation.

The imperative now is to act with ambition and urgency. This would require accelerating the implementation of the African Continental Free Trade Area (AfCFTA), expanding intra-African trade finance, strengthening transport and logistics infrastructure, and deepening digital payment systems through the Pan-African Payment and Settlement System (PAPSS).

The stakes, however, extend far beyond trade statistics and macroeconomic indicators. The choices Africa makes today will shape the opportunities available to its young and rapidly growing population, determine the competitiveness of African enterprises, and define the continent's position within the industries and value chains of the future. Industrialisation, regional integration, beneficiation, and value addition are therefore not merely economic policy priorities; they are central to building prosperity, resilience, dignity, and economic sovereignty for Africans everywhere.

As I remarked during my investiture as President of African Export-Import Bank, Africa's underdevelopment is not destiny, nor should it ever be accepted as permanent. Our continent possesses extraordinary natural resources, entrepreneurial talent, creativity, and human capital. The story of Africa has always been one of resilience, ingenuity, and renewal. The responsibility before us is to harness these strengths to build competitive industries, create quality jobs, expand opportunities for our people, and restore Africa to its rightful place in the global economy.

This vision also extends beyond the continent itself. The growing idea of a "Global Africa," — one that deepens economic and cultural ties between Africa and its diaspora across the Caribbean, the Americas, Europe, and beyond — represents a powerful force for trade, investment, innovation, and shared progress. By deepening these connections, Africans across the world can help build a more integrated, influential, and globally competitive Africa.

The African Export-Import Bank remains firmly committed to advancing this transformation. Under its Strategic Plan VI, the Bank disbursed US$17.5 billion in 2024 and is working towards doubling intra-African trade finance to US$40 billion by 2026. Through its countercyclical interventions, industrial parks and special economic zones, its expanding network of African Trade Centres, and innovative financial and payment platforms, the Bank continues to mobilise capital, support industrial development, facilitate trade, and strengthen economic integration across the continent.

I recommend this report to policymakers, business leaders, investors, researchers, development practitioners, and all stakeholders committed to Africa's transformation. The years ahead hold immense promise. With visionary leadership, appropriate mindset shift particularly within the civil service and public sector with focus on execution, strategic partnerships, and collective resolve, Africa can turn the pressures of a turbulent global era into the foundations of a more integrated, industrialised, prosperous, and globally competitive future.

At the African Export-Import Bank, we believe that Africa's future should no longer be defined by the narratives and limitations of the past, but by ambition, innovation, and a strong focus on execution. These will be built confidently, boldly, and collectively by Global Africans, for a Global Africa.

George Elombi

President and Chairman of the Board of Directors

African Export–Import Bank

Cairo, Egypt
June 2026

"The choices Africa makes today will shape the opportunities available to its young and rapidly growing population, determine the competitiveness of African enterprises, and define the continent's position within industries and value chains of the future."

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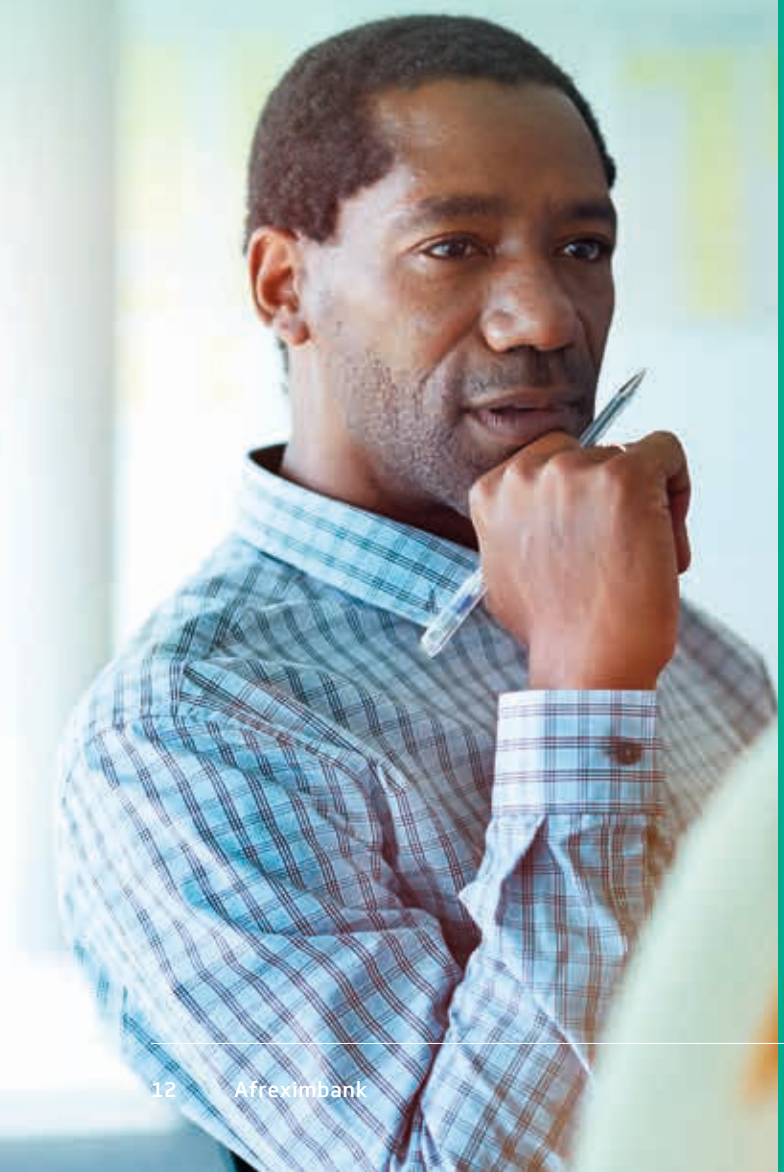
List of Abbreviations

AACI	Afreximbank African Commodity Index
AfCFTA	African Continental Free Trade Area
AI	Artificial Intelligence
Bbl	Barrel
Bpd	Barrels per day
DFI	Development Finance Institutions
ETD	Exchange-traded Derivatives
JSE	Johannesburg Stock Exchange
LNG	Liquified Natural Gas
NGX	Nigeria Exchange
PAPSS	Pan-African Payment and Settlement System
WTO	World Trade Organization

Chapter One

Introduction and Executive Summary



This 2026 edition of the African Trade Report, published by the African Export-Import Bank (Afreximbank), examines trade and economic developments in Africa and across the world during 2025. The report provides both policy and financing perspectives on how Global Africa can leverage rising geopolitical tensions to promote trade and accelerate industrialisation. It does so against the backdrop of the ongoing conflict in the Middle East, which has disrupted global supplies of oil and fertilisers and contributed to higher energy and food prices. The report is released at a time when protectionist tariff measures and trade disputes continue to heighten global uncertainty.

The report indicates that global GDP grew by 3.4 percent in 2025 and is projected to slow modestly to 3.1 percent in 2026. Although the global economy has remained resilient, growth prospects remain fragile due to intensifying geopolitical tensions, worsening economic fragmentation, renewed trade disputes, market volatility, rising public debt concerns, and declining institutional credibility.

Despite external shocks linked to shifts in global trade and financial conditions, Africa's real GDP growth accelerated sharply from 3.4 percent in 2024 to 4.5 percent in 2025. This reflected strong performances by several of the continent's largest economies, including Egypt, Nigeria, and South Africa, where industrial manufacturing, tourism, and information technology recorded solid growth. Structural reforms boosted private sector participation and major investments, while favourable domestic conditions—including higher oil production, improved investor confidence, and accommodative fiscal policies—also supported growth.

The combined effect of tighter monetary policy, the normalisation of supply chains, and softer energy prices contributed to a decline in global inflation from 5.8 percent in 2024 to 4.1 percent in 2025. Africa's aggregate inflation also eased significantly, falling to 13.1 percent in 2025 as tighter monetary policy, improved food supply conditions, and greater currency stability eased price pressures across the continent.

Notwithstanding a challenging global environment marked by prolonged geopolitical tensions, trade wars, regional conflicts, and persistent trade policy uncertainty, global trade remained resilient in 2025 and expanded faster than expected. The volume of global merchandise trade grew by an estimated 4.6 percent, up from 2.7 percent in 2024. This performance was supported by several factors, including importers' frontloading orders ahead of anticipated tariff increases, rising demand for artificial intelligence (AI)-related goods, and sustained disinflation.

Despite marginal easing in policy rates, financial conditions remained tight throughout the year, constraining private sector credit, investment, and trade financing. This divergence between policy rates and lending rates underscores a structural disconnect within African financial systems, where monetary policy transmission remains weak. Although global credit markets experienced slight easing, reflected in modest adjustments to lending conditions, the financing environment in Africa remained restrictive relative to global benchmarks. These developments highlight the need for coordinated macroeconomic management and deeper financial sector reforms to improve credit access and support sustainable growth.

The global trade environment was shaped by a complex interplay of geopolitical tensions, geoeconomic fragmentation, and structural shifts, all of which contributed to a more uncertain and risk-laden trade landscape. These developments affected global trade flows through their impacts on supply chains, trade costs, and market stability. At the same time, technological advancements, particularly in AI, emerged as critical drivers of change, transforming trade logistics, customs administration, and the organisation of global value chains.

The 2026 report, **Leveraging Geopolitics for Trade and Industrialisation in Global Africa**, finds Africa at a crossroads. Continued geoeconomic fragmentation, shifting alliances, intensifying geopolitical conflicts, and evolving global trade routes are reshaping the international economic landscape. At the same time, Africa's merchandise exports remain constrained by several factors, most notably a persistent trade finance gap driven by low foreign exchange liquidity and limited correspondent banking relationships. These constraints continue to undermine the ability of African exporters to secure the financing they need. According to the African Development Bank's annual survey, Africa's trade finance gap remained about US$74 billion in 2025.

6 percent

Africa's merchandise imports grew to US$781.5 billion in 2025

6.2 percent

Africa's merchandise exports grew to US$685.2 billion in 2025

Africa's merchandise trade balance posted a deficit of

US$96.3

Introduction and Executive Summary

The evolving geopolitical landscape is undergoing rapid transformation, driven by rising economic nationalism, trade protectionism, and shifting global power dynamics. These changes are particularly significant for Africa, which has historically relied on global trade to support economic development. Shipping routes that once took approximately 14 days between Asia and Europe are increasingly being rerouted around the Cape of Good Hope, extending transit times to between 21 and 24 days. This has significant implications for global supply chains, freight costs, and delivery reliability. Disruptions along these routes have cascading effects, particularly for Africa and developing regions that depend heavily on imported goods.

Geopolitical tensions are reshaping global trade, investment flows, energy markets, and supply chains in ways that present both risks and opportunities for Africa. While the continent remains vulnerable to external shocks because of commodity dependence, import reliance, and limited industrial depth, current global realignments also create opportunities for Africa to reposition itself within regional and global value chains.

To transform geopolitical risk into a driver of sustainable trade and industrialisation, African countries will require proactive, coordinated, and forward-looking policy responses. This calls for stronger regional cooperation, improved domestic competitiveness, expanded infrastructure, innovative financing mechanisms, and strategic support from development finance institutions, particularly Afreximbank. The Bank holds the key to closing Africa's trade and industrialisation gap. The scale of current geopolitical tensions and their aftermath underscore the urgent need for proactive, collaborative strategies that can convert geopolitical risk into opportunities for structural transformation. This includes navigating fragmented and high-cost supply chains, investing in infrastructure, enhancing trade facilitation, promoting "Made in Africa" products, diversifying partnerships to enhance market access and resilience; leveraging green energy and innovative financing, strengthening local financial institutions, and enhancing Afreximbank's capacity to meet growing demand for trade support.

Gradually, but promisingly, Africa's financial architecture is adapting to new economic realities. Members of the Alliance of African Multilateral Financial Institutions and regional development banks are scaling up counter-cyclical lending. Afreximbank, a founding member of the Alliance, disbursed US$17.5 billion in 2024 and aims to double intra-African trade finance by 2026. The Pan-African Payment and Settlement System (PAPSS) is also gaining traction, with more than a dozen central banks now connected to the platform, helping reduce transaction costs and dependence on the US dollar and euro.

The report's central message is clear: Africa must act urgently to convert global fragmentation into an engine for resilient, inclusive growth and value-added sustainable trade. This will require: (a) strengthening African development finance institutions through increased capitalization and fairer global regulation; (b) accelerating implementation of the African Continental Free Trade Area (AfCFTA), particularly in relation to tariff schedules, rules of origin, and national coordination; (c) expanding digital payment infrastructure to reduce currency and logistics bottlenecks; and (d) using every available opportunity to advocate for reforms to the global financial system, including changes to international rulemaking and debt restructuring frameworks.

As geopolitical tensions continue to reshape global supply chains and trade patterns, Africa's ability to leverage these shifts will depend on strengthening industrial ecosystems, expanding intra-African trade, and sustaining coordinated financial support. Ultimately, a combination of adaptive policy frameworks, strategic trade positioning, and robust direct foreign investment interventions will be central to driving a resilient, inclusive, and sustainable industrialisation pathway for Global Africa.

Chapter Two

Leveraging Geopolitics for Trade and Industrialisation in Global Africa

2.1. Introduction

Since the mid-2010s, the global economic order has undergone profound transformation, marked by a gradual shift away from liberal multilateralism toward nationalism, strategic rivalry, and protectionist policies. Early signs of this transition emerged in 2016, when the United Kingdom voted to exit the European Union, introducing prolonged uncertainty into European markets and global supply chains. The same year, the election of Donald Trump in the United States ushered in a more confrontational trade policy stance, with the U.S. administration imposing new tariffs on Chinese goods and escalating a trade war with the Asian giant. Rather than resulting in large-scale reshoring, these measures contributed to the reconfiguration of global production networks, with manufacturing shifting toward alternative Asian countries, including Vietnam and Malaysia.

These structural tensions were further amplified by the outbreak of the COVID-19 pandemic, which exposed the fragility of highly integrated global value chains. Governments responded with inward-looking policies, including export restrictions on critical medical supplies and strategic goods. The pandemic not only disrupted production and logistics but also triggered a broader reassessment of supply chain resilience, prompting firms and governments to prioritise security and redundancy over efficiency.

Subsequent geopolitical shocks reinforced this trend. Russia's invasion of Ukraine disrupted global energy markets, leading to sharp increases in oil and gas prices and exposing Europe's dependence on Russian energy supplies. The conflict has underscored the strategic vulnerabilities embedded in global trade networks, particularly for energy-intensive industries, and accelerated policy responses aimed at energy diversification and industrial protection.

More recently, escalating tensions involving the United States, Israel, and Iran have introduced another highly consequential layer of geopolitical risk. The Strait of Hormuz, the Red Sea, and the Bab EL-Mandeb Strait—critical maritime corridors linking Asia, Europe, and Africa—have become increasingly volatile because of security threats and military activity associated with the broader conflict. Disruptions along these routes have forced major shipping lines to reroute vessels around the Cape of Good Hope, significantly increasing transit times, fuel consumption, freight costs, and insurance premiums. These developments represent more than logistical disruptions; they signal a structural shift in global trade dynamics, where geopolitical instability directly increases transaction costs and reduces efficiency in international commerce.

A defining feature of these overlapping crises has been the gradual erosion of the traditional global value chain model, which for decades relied on predictability, cost minimisation, and deep cross-border integration. In its place, a more fragmented and risk-sensitive system is emerging, characterised by "friend-shoring," regionalisation, and strategic decoupling. Firms are increasingly redesigning supply chains to mitigate geopolitical risks, even at the expense of higher operational costs.

Despite the growing importance of these developments, academic and policy literature is yet to fully consolidate geopolitical disruptions as a distinct category of supply chain risk. Existing studies often focus on discrete shocks such as terrorism, natural disasters, or financial crises, with greater emphasis on firm-level resilience strategies. The current wave of geopolitical tensions, particularly those involving major global powers and critical trade corridors, represents a more systemic and persistent form of disruption, with far-reaching implications for global trade, investment flows, and economic stability.

In this context there is urgent need to develop a more integrated understanding of how geopolitical dynamics are reshaping trade systems and supply chains, particularly for vulnerable regions such as Africa. The continent's heavy dependence on external trade routes, imported inputs, and global commodity markets makes it particularly exposed. At the same time, these developments create opportunities for Africa to rethink and reposition its role within a rapidly evolving global economy.

Afreximbank's flagship publications have consistently provided strategic perspectives on Africa's economic and financial transformation (Kyereboah-Coleman et al. 2025). Against the backdrop of rising geopolitical tensions associated with the ongoing conflict involving the United States, Israel, and Iran, a critical question emerges: how can Global Africa leverage these developments to promote trade and accelerated industrialisation? Although Africa's trade has expanded significantly over the past two decades, intra-African trade remains low compared with other regions, limiting the continent's ability to fully harness regional integration and value chain development. This underscores the urgency of repositioning Africa within an evolving global economic order characterised by trade and technology rivalries, fragmented supply chains, and shifting geopolitical alliances.

While geopolitical tensions continue to intensify cost pressures and expose structural weaknesses, they also create a strategic imperative for Africa to deepen regional trade, strengthen industrial capacity, and close critical financing gaps in pursuit of sustainable trade and industrialisation.

Against this backdrop, this study examines how the global African community can leverage ongoing structural shifts to deepen trade and accelerate industrial transformation. Anchored by this overarching objective,

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the report provides both policy and financial perspectives, with particular emphasis on the strategic role of development finance institutions (DFIs) such as Afreximbank in advancing Global Africa's agenda of promoting trade and industrialisation.

2.2. The New Global Geopolitical Order and Africa's Vulnerabilities

2.2.1 The Emerging Global Geopolitical Order

The contemporary global geopolitical order is increasingly characterised by a system of decentred globalism, in which power is no longer concentrated in a single hegemonic state but distributed across multiple competing centres of economic and political influence. Rather than converging toward a uniform model of capitalism, the global economy is evolving into a landscape of diverse and competing forms of capitalist governance, including liberal market economies, state-led systems, and hybrid institutional arrangements. This divergence reflects the persistence of structural, institutional, and ideological differences among major economies and suggests that global economic governance will be shaped by competition as much as cooperation.

A defining feature of this emerging order is the growing interaction between geopolitics and geo-economics. Traditional geopolitics, centred on territorial control and military dominance, has not disappeared. However, it is increasingly complemented, and in some cases overshadowed, by geo-economic competition, in which states deploy economic instruments such as trade policy, industrial subsidies, technology controls, and financial systems to secure strategic advantage. In this environment, global interactions are best understood not as purely zero-sum contests, but as a combination of competition and cooperation, where states simultaneously pursue national interests while remaining deeply interdependent within global markets.

Recent geopolitical developments have intensified the risks associated with global economic integration. Rising tensions among major powers, together with conflicts in strategically important regions, have exposed vulnerabilities within global trade and production systems. In particular, escalating tensions involving the United States, Israel, and Iran have increased instability along key maritime corridors such as the Strait of Hormuz— a critical route that carries about 20 percent of the world's petroleum supply (which is about 25 percent of global seaborne oil trade). These disruptions reinforce the reality that global supply chains are no longer insulated from geopolitical shocks but are instead deeply embedded within them.

Nevertheless, the global economy has not reverted to the extreme fragmentation that characterized earlier historical periods. Unlike the 1930s, when ideological divisions, imperial ambitions, and the absence of institutional coordination contributed to systemic breakdown, the current global order remains underpinned by shared economic institutions, interdependence, and a common interest in preserving global markets. Even competing powers recognise the importance of maintaining trade, financial flows, and production networks that sustain economic growth. As a result, the likelihood of outright systemic collapse or large-scale conflict among major powers remains limited. Instead, the emerging order reflects a more nuanced form of interaction often described as "soft geopolitics" and "soft geo-economics," where rivalry persists but is managed within a framework of economic interdependence.

For Africa, this evolving geopolitical landscape presents both significant risks and strategic opportunities. On the one hand, the continent remains highly exposed to external shocks because of its dependence on global trade routes, imported inputs, and commodity exports. Disruptions arising from conflict, protectionism, or financial instability translate directly into higher trade costs, inflationary pressures, debt risks, and constrained economic growth. On the other hand, the fragmentation of globalisation and the reconfiguration of supply chains create space for Africa to reposition itself within the global economy.

In particular, the shift toward regionalisation, diversification, and supply chain resilience presents an opportunity to advance sustainable trade and industrialisation across the continent. By strengthening intra-African trade, promoting value addition, and developing regional value chains, African economies can reduce their vulnerability to external shocks while enhancing domestic productive capacity. In addition, the growing global emphasis on resilience and sustainability aligns with Africa's potential to leverage its abundant renewable energy resources, thereby supporting a transition toward competitive and environmentally sustainable green industrialisation.

Importantly, the emerging global geopolitical order is not defined by the collapse of globalisation, but rather by its transformation into a more fragmented, competitive, and risk-conscious system. In this evolving environment, sustainable trade and industrialisation in Africa will depend on the continent's ability to navigate geopolitical complexity, harness emerging economic opportunities, and implement coordinated policy and investment strategies that build resilience, diversify production, and integrate African economies more effectively into evolving regional and global value chains.

2.2.2 Escalation of Middle East Conflict

In recent years, the Red Sea has emerged as a persistent geopolitical flashpoint due to the ongoing crisis triggered by attacks on commercial vessels, particularly those carried out by Houthi forces since late 2023. These developments have significantly disrupted one of the world's most critical maritime corridors, which links Europe, Asia, and Africa through the Suez Canal. As the crisis escalated into 2026, the ongoing conflict involving Iran, the United States, and Israel increasingly affected the security of this vital waterway. What initially emerged as localised tensions in the Persian Gulf has expanded beyond land-based confrontations into major maritime trade routes, generating ripple effects that threaten global trade, energy supply, and geopolitical stability.

2.2.2.1 Disruptions in the Red Sea–Suez Canal Corridor

The Red Sea–Suez Canal corridor is one of the most important arteries of global trade, linking Asian manufacturing hubs with European and transatlantic markets. A substantial share of global containerised trade, energy shipments, and intermediate goods passes through the Suez Canal, making it central to the efficiency and predictability of global supply chains. As highlighted in Chien Wen Yu and Yihong Xiao's "Strategic Trade Corridors: The Suez Canal and Emerging Maritime and Overland Alternatives in Global Supply Chains," the corridor's strategic value is not only economic but also geopolitical, given its location at the intersection of major regional tensions and global shipping routes.

Box 2.1 The Red Sea–Suez Crisis and Africa's Strategic Repositioning in Global Trade

Houthi militant attacks on international commercial shipping in the Red Sea and the consequent disruption of the Suez Canal trade corridor has created one of the most significant shocks to global maritime trade in recent years. The Red Sea–Suez route accounts for approximately 12 to 15 percent of international trade and nearly 30 percent of global container traffic. Since 2023, when militant groups first launched the attacks as a response to the conflict in Gaza, rising security concerns have forced major shipping companies to reroute vessels around the Cape of Good Hope, increasing shipping distances by approximately 6,000 to 11,000 nautical miles and extending delivery times by 10 to 14 days. The rerouting caused costs of freight, insurance premiums, and energy to increase sharply, exposing the vulnerabilities of highly concentrated global supply chains.

Although the crisis has generated substantial disruptions to global trade, it has also created strategic opportunities for Africa. The rerouting of maritime traffic around Southern Africa increased the strategic relevance of African ports and logistics corridors, particularly in South Africa, Kenya, Djibouti, Ghana, and Morocco. Countries with relatively developed port infrastructure have experienced increased shipping activity, warehousing demand, and transshipment opportunities. At the same time, the disruption has highlighted the importance of regional production systems and shorter supply chains, creating incentives for multinational firms to diversify sourcing away from highly concentrated Asian production hubs.

This shift presents Africa with an opportunity to reposition itself within global value chains through industrialisation and regional integration. Resource-rich African economies can leverage rising global demand for critical minerals, agricultural commodities, and energy resources to expand local processing and manufacturing activities rather than exporting raw materials. For example, growing global demand for batteries and renewable energy technologies has increased the strategic importance of African lithium, cobalt, manganese, and copper reserves. Similarly, rising food security concerns have strengthened demand for African cocoa, coffee, tea, and agro-processed products.

Geopolitical fragmentation has also increased interest in "friend-shoring" and supply chain diversification, creating opportunities for African economies to attract investment to manufacturing, logistics, agricultural processing, and renewable energy. Institutions such as Afreximbank have responded by expanding trade finance facilities and supporting industrial parks, export manufacturing zones, and cross-border financial infrastructure such as the PAPSS (Pan-African Payment and Settlement System). PAPSS enables businesses and individuals to send and receive instant, cross-border payments across Africa in local currencies. These developments demonstrate how geopolitical crises, while disruptive, can create opportunities for Africa to strengthen economic resilience, deepen industrial capacity, and foster sustainable trade-led transformation.

Leveraging Geopolitics for Trade and Industrialisation in Global Africa

Recent geopolitical escalations, particularly those associated with the conflict involving the United States, Israel, and Iran, have heightened instability in the Red Sea and adjacent chokepoints such as the Bab El-Mandeb Strait. Security threats, including attacks on commercial vessels and increased militarisation, have significantly raised the risk profile of the corridor. As a result, major global shipping companies have increasingly rerouted vessels away from the Red Sea, opting instead for longer and more costly routes around the Cape of Good Hope.

These disruptions highlight the vulnerability of highly concentrated trade corridors to geopolitical shocks. Unlike isolated logistical disruptions, instability along the Red Sea–Suez axis carries systemic implications because of the corridor's central role in global commerce. More broadly, the situation reflects a shift in the global trade environment in which strategic chokepoints are no longer viewed as neutral conduits of trade, but as contested spaces shaped by geopolitical rivalry and security considerations.

2.2.2.2 Supply Chain Disruptions and Implications for Global Maritime Trade Flows

The disruption of the Red Sea–Suez corridor has triggered significant adjustments in global maritime trade flows, with wide-ranging implications for supply chain efficiency, cost structures, and trade dynamics. The rerouting of vessels around the Cape of Good Hope adds substantial distance—often between 6,000 and 11,000 nautical miles—and extends transit times by approximately 10 to 14 days. This has increased fuel consumption, freight charges, and insurance premiums, thereby raising the overall cost of global trade.

From a supply chain perspective, these developments have disrupted the just-in-time production systems that underpin modern manufacturing. Delays in the delivery of intermediate goods have created bottlenecks across industries, particularly those dependent on tightly coordinated supply networks, including the automotive, electronics, and chemicals sectors. Growing unpredictability of shipping schedules has also forced firms to reassess inventory strategies, leading many to maintain higher buffer stocks and more diversified sourcing arrangements.

The effects extend beyond logistics to broader macroeconomic outcomes. Rising shipping costs and delivery delays contribute to inflationary pressures, particularly in import-dependent economies. Energy markets have also been affected, given the corridors strategic role in transporting oil and liquefied natural gas. Disruptions along these routes have cascading effects on global energy prices, industrial production, and consumer costs.

In response, interest has grown in alternative trade corridors, including overland routes and multimodal transport systems that bypass traditional maritime chokepoints. However, these alternatives remain limited in both scale and capacity relative to the Suez Canal and are unlikely to fully replace its role in the near term. Instead, the emerging trend is one of route diversification, with firms and shipping companies adopting more flexible strategies to reduce risk while maintaining access to global markets.

Overall, the disruptions in the Red Sea–Suez corridor point to a structural shift in global maritime trade, where resilience and security considerations are increasingly prioritised alongside efficiency. This evolving landscape reinforces the need for countries and firms to invest in more robust and diversified supply chain systems capable of withstanding geopolitical shocks.

2.2.3 Global Production Trends and Implications

The structure of global production has evolved into a highly interconnected system in which countries specialise in distinct commodities and stages of production, linked through complex maritime supply chains. At the centre of this system lies the Suez Canal, a strategic corridor connecting the industrial economies of Europe with the manufacturing hubs of Asia and the resource-rich regions of the Middle East and Africa.

Table 1 presents global production trends of Suez dependence based on specific commodities and sectoral specialisations that shape countries' integration into the global trade system through the Suez Canal. A key insight is that dependence on the corridor varies not only by geography but also by the nature of the commodities traded. While some countries are deeply integrated into the Suez-centred trade architecture, others operate largely outside its sphere. This uneven dependence has profound implications for global trade efficiency, vulnerability, and resilience.

Sectors associated with energy (particularly crude oil), staple foods (such as wheat and rice), and manufactured goods (including electronics and machinery) exhibit the highest reliance on the Suez Canal because of strong intercontinental trade flows. By contrast, minerals such as iron ore, coal, and copper are more regionally concentrated. This creates a clear hierarchy of exposure in which manufacturing and energy sectors are most vulnerable, agriculture is selectively exposed, and mineral trade remains comparatively insulated.

Table 2.1 Trend in Commodities and Sectoral Dependence on the Suez Corridor

Country	Commodity	Global Role	Suez Dependence	Reason
Energy Sector				
Saudi Arabia	Crude oil	Top global exporter	High	Ships to Europe via the Red Sea
UAE	Crude oil	Major exporter	High	Gulf > Suez > Europe
Iraq	Crude oil	Major exporter	High	Middle East–Europe route
Russia	Oil & gas	Top exporter	Moderate	Mix of pipelines + Suez
USA	Oil	Largest producer	Low	Atlantic/Pacific routes dominate
Nigeria	Crude oil	Key African exporter	Moderate	Some flows to Asia via Suez
Agriculture Sector				
Russia	Wheat	Largest exporter	High	Black Sea > Suez > Africa/Asia
Ukraine	Wheat	Major exporter	High	Same corridor
USA	Wheat, corn	Major exporter	Low	Atlantic/Pacific routes
Brazil	Soybeans, corn	Leading exporter	Moderate	Some Europe/Asia via Suez
India	Rice	Major exporter	High	India–Europe/Africa trade
Australia	Wheat	Key exporter	Moderate	Asia-focused, some via Suez
Manufacturing Sector				
China	Electronics, machinery	Global factory	Very High	Asia Europe via Suez
Germany	Machinery, autos	EU industrial hub	Very High	Exports to Asia
South Korea	Electronics, ships	Major exporter	High	Europe-bound trade
Japan	Autos, electronics	Advanced manufacturing	Moderate	Mix of Pacific + Suez
Vietnam	Electronics	Emerging hub	High	EU trade via Suez
Minerals Sector				
Australia	Iron ore, coal	Top exporter	Low	Asia-focused trade
Chile	Copper	Global leader	Low	Pacific routes
South Africa	Platinum, minerals	Key exporter	Moderate	Some Europe/Asia via Suez
Indonesia	Coal	Major exporter	Low	Asia-centered trade

Sources: Authors' construction based on data obtained from Suez Canal Authority (SCA), Global Maritime Hub, 2026.

2.3. Leveraging Disruptions for Trade and Industrialisation

Over the past decade, global trade has been marked by significant disruptions to output arising from multiple shocks, all which have adversely affected productivity across key sectors, including the trade environment (Divergences 2023; International Monetary Fund 2023). Weak productivity growth in tradable sectors has contributed to real exchange rate depreciation and a deterioration in the terms of trade globally (Cai et al. 2026). Nevertheless, the subsequent recovery has been supported by sustained output growth, underpinned by increased policy support and trade facilitation measures throughout the global economy.

2.3.1 Africa's Trade and Industrialisation

Promoting trade and resilient industrial systems have emerged as critical priorities for countries confronting unprecedented global disruptions. The ongoing conflict involving Iran, the United States, and Israel extends far beyond land-based confrontations and broader geopolitical vulnerabilities, carrying significant implications for sustainable trade and industrialisation. The conflict has exposed weaknesses in global supply chains, industrial stability, and energy security (Hauge et al. 2025). Without meaningful de-escalation and sustained diplomatic engagement, risks to international trade and regional security are likely to persist. This underscores the need for a deliberate shift toward more adaptive, inclusive, and environmentally sustainable trade and industrial strategies that not only enhance competitiveness but also support economic stability and shared prosperity.

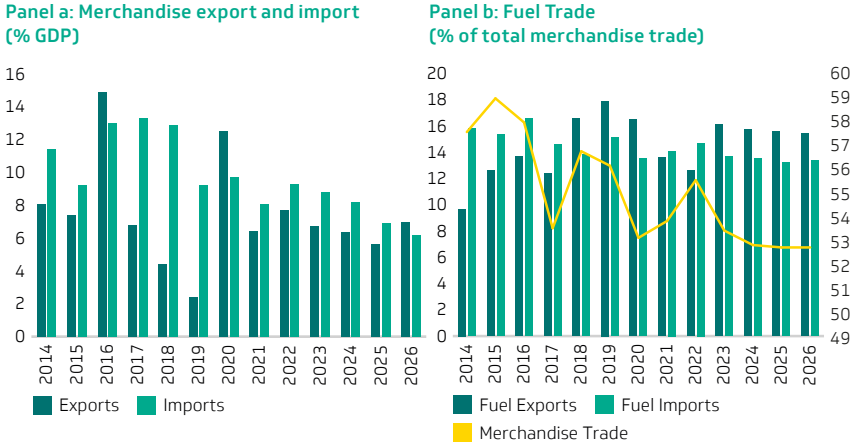
Leveraging Geopolitics for Trade and Industrialisation in Global Africa

Prior to the recent disruptions intensified by the ongoing conflict, approximately 10 to 15 percent of global seaborne trade, including substantial share of global oil shipments and container traffic, passed through the red Sea-Suez corridor. Any disruption to this route carries immediate and far-reaching implications for African trade and regional stability. In this context, Africa's growing interest in deepening intra-regional trade presents an important opportunity to reduce dependence on vulnerable external supply chains and strengthen economic resilience (African Trade Report 2022).

This trend is reflected in Figure 2.1, which shows the performance of intra-regional merchandise trade based on Africa's exports and imports from partner countries. Intra-African export performance was relatively strong in earlier years, peaking in 2016, but weakened significantly during the COVID-19 pandemic in 2019 and 2020. Export performance declined from an average of 6.77 percent of GDP in 2023 to 5.8 percent in early 2026 (Figure 2.1., panel a). Similarly, imports declined by about 8 percent between 2024 and early 2026, falling from 8.2 percent of GDP in 2024 to 7.6 percent in 2026 (Figure 2.1, panel a).

These trends suggest that risks to the near-term outlook remain tilted to the downside because of heightened geopolitical shocks and trade disruptions. As a result, the share of fuel exports and imports in total merchandise trade is projected to decline. Although fuel exports fluctuated during the period 2014-2026, they are estimated to fall from 16.14 percent of total merchandise exports in 2023 to 15.48 percent in 2026 (Figure 2.1, panel b). Fuel imports are projected to follow a similar pattern, declining from approximately 13.77 percent of total merchandise imports in 2023 to 13.53 percent in 2026. This slowdown reflects the broader effects of the ongoing conflict on global trade and energy markets.

Figure 2.1 Fuel and Merchandise Trade



Sources: Authors' construction based on consolidated data from the World Bank's World Development Indicators; International Monetary Fund World Economic Outlook databases; and Afreximbank Research 2026.

Afreximbank's African Trade Report 2023 outlines a long-term plan to support intra-African trade, industrialisation, and export growth. But with geopolitical tensions intensifying, the evolving global economic picture underscores the need for a more deliberate effort to leverage the African Continental Free Trade Area (AfCFTA) to promote intra-African trade (African Economic Outlook 2023). The AfCFTA represents an important step toward addressing long-standing barriers to regional trade, including fragmented markets and weak productive integration. The ongoing war between Iran and the United States and Israel reinforce the need to accelerate implementation of the AfCFTA to deepen intra-African trade, strengthen industrialisation and value addition, build strategic partnerships, and enhance regional energy leadership.

2.3.2 Implications for Africa

2.3.2.1 Promoting Intra-African trade through the AfCFTA

The current wave of global disruptions should be viewed not only as a constraint but as a strategic opportunity for Africa to reorient its trade architecture toward regional markets. The AfCFTA provides a critical institutional framework for deepening intra-African trade, which remains comparatively low relative to other regions. By reducing tariff and non-tariff barriers, harmonising standards, improving customs procedures, and integrating fragmented markets, African economies can strengthen regional value chains and enhance production linkages.

More importantly, leveraging the AfCFTA in the current context would enable African countries to reduce excessive dependence on volatile external markets, particularly in Europe, Asia, and North America. Disruptions in global shipping routes, rising freight costs, and weakening external demand underscore the urgency of building more self-sustaining regional markets. In practical terms, this requires prioritising trade in intermediate goods, strengthening cross-border transport infrastructure, and enhancing regional payment systems and settlement platforms to facilitate seamless transactions.

2.3.2.2 Accelerated Industrialisation

Historically, Africa's export structure has been dominated by primary commodities with limited value addition. This dependence has exposed African economies to commodity price volatility while constraining employment creation and industrial development. The current global environment reinforces the urgency of shifting from raw commodity exports toward value-added production and processing.

Accelerated industrialization will require African countries to develop local processing industries in sectors such as agriculture, minerals, and energy; adopt technologies and skills that strengthen manufacturing capabilities; and promote industrial clusters and special economic zones linked to regional value chains under the AfCFTA. Building on the momentum toward deeper intra-African trade and industrial integration, strategic partnerships, and robust energy leadership in the region will also be essential to fully leverage current disruptions for sustainable trade and industrialisation. By expanding value addition within the continent, African economies can capture greater economic value, improve export competitiveness, and reduce vulnerability to external shocks. For example, instead of exporting raw cocoa, crude oil, or unprocessed minerals, countries can expand downstream industries such as agricultural processing, petrochemicals, and metal fabrication.

Box 2.2 Leveraging the African Continental Free Trade Area for Resilient Regional Value Chains Amidst Global Geopolitical Fragmentation

Escalating geopolitical tensions of recent years have exposed the fragility of highly globalised supply chains. Fuelling these tensions are the war between Russia and Ukraine, the heated strategic rivalry between the United States and China, and disruptions to major shipping routes such as the Red Sea. These shocks have disrupted trade flows, increased production costs due to the imposition of sanctions, caused significant energy price volatility, and underscored the risks associated with excessive dependence on distant markets and fragmented supply networks. For African economies, these vulnerabilities are particularly acute because many countries remain heavily reliant on imported manufactured goods, external financing, and commodity exports.

Against this backdrop, the African Continental Free Trade Area (AfCFTA) has emerged as a strategic policy framework to strengthen Africa's economic resilience and reduce dependence on volatile external markets. By creating a unified continental market, the AfCFTA can stimulate intra-African trade, deepen industrial linkages, and encourage investment in regional value chains. By reducing tariffs, harmonising regulations, improving trade facilitation, and investing in cross-border infrastructure, the agreement can help African firms increase production, access new markets, and compete more effectively in global markets.

The need for the transformation offered by the pact is urgent. Since 2023, disruptions in global supply chains and rising import costs have amplified Africa's vulnerability to external shocks. The continent continues to depend heavily on imported manufactured goods, processed food, pharmaceuticals, fertilizers, and energy products. In sectors such as agriculture, pharmaceuticals, automotive assembly, textiles, energy, and mineral processing, Africa continues to export raw materials to external markets and import finished goods. This structural imbalance constrains industrial development, weakens job creation, and exposes economies to fluctuations in foreign demand and currency volatility.

The AfCFTA provides an institutional mechanism for African countries to upend this system by developing regional value chains. For example, cocoa-producing countries such as Côte d'Ivoire and Ghana could leverage the agreement to expand regional chocolate and agro-processing industries. Countries rich in critical minerals, including the Democratic Republic of Congo, Zambia, and Zimbabwe, could collaborate to develop regional supply chains for battery and electric vehicle production. The agreement also supports the development of regional logistics systems, digital trade infrastructure, and cross-border payment platforms such as PAPSS to reduce transaction costs and dependence on foreign currencies.

More than a trade agreement, the AfCFTA increasingly is becoming a pathway to economic sovereignty. In a challenging world characterised by protectionism, geopolitical rivalries, and fragmented supply chains, deeper regional integration offers Africa opportunities to build resilient production systems, diversify export markets, strengthen industrial capacity, and achieve inclusive economic transformation for sustainable long-term growth.

Leveraging Geopolitics for Trade and Industrialisation in Global Africa

2.3.2.3 Building Strategic Partnerships

Recent global disruptions also reinforce the compelling need for African governments to build strategic partnerships and recalibrate external trade and investment relationships. Institutions such as Afreximbank, have emphasised the importance of diversifying trade alliances across regions, creating opportunities for African nations to negotiate more balanced and mutually beneficial partnerships with both Eastern and Western economies.

African governments must prioritise partnerships anchored in technology transfer, industrial upgrading, and skills development rather than maintaining traditional extractive trade relationships. This includes embedding local content requirements in trade and investment agreements; promoting joint ventures and co-production arrangements that build domestic capabilities; leveraging foreign direct investment to support industrial clusters and manufacturing ecosystems; and negotiating access to advanced technologies, particularly in manufacturing, digital trade, and green production systems.

In this context, Africa's engagement with global partners should shift from a commodity-export model toward a value chain integration model in which the continent participates more actively in higher segments of global production networks. Such strategic repositioning can strengthen resilience by reducing dependence on individual markets while ensuring that external partnerships contribute meaningfully to long-term industrial transformation.

2.3.3 Regional Energy Leadership for Green Industrialisation

Africa's transition toward sustainable trade and industrialisation will increasingly depend on how effectively it leverages its vast renewable energy potential. The continent possesses impressive solar, wind, hydro, and geothermal resources, yet remains heavily dependent on imported fossil fuels and energy-intensive production systems.

Global disruptions, particularly energy price volatility and supply uncertainties, reinforce the urgency of harnessing Africa's renewable energy potential to power industrial growth. Expanding renewable energy infrastructure can address energy security, lower production costs, and strengthen industrial competitiveness while aligning African economies with global sustainability standards.

Central to this transformation is the need to develop more renewable energy systems capable of powering industrial zones and manufacturing hubs. Reliable and affordable energy from renewable sources such as solar, wind, hydro, and geothermal systems can reduce production costs, improve efficiency, attract investment, and support industrial expansion across the continent.

This effort should be complemented by green industrial policies that incentivise low-carbon production processes. By embedding sustainability within industrial policy frameworks, governments can encourage firms to adopt cleaner technologies, improve resource efficiency, and align production systems with evolving global environmental standards. This would not only improve competitiveness in international markets but also support long-term environmental sustainability.

At the regional level, integrated energy markets and regional power pools will be critical to addressing disparities in energy access and optimising resource use across countries. Strengthening cross-border electricity trade and harmonizing regulatory frameworks can improve energy reliability, reduce costs, and support the expansion of regional value chains under initiatives such as the AfCFTA.

Africa must also position itself strategically within emerging global green value chains, including electric vehicles, green hydrogen, battery technologies, and sustainable agriculture. This would enable the continent to move beyond its traditional role as a supplier of raw materials and participate more an actively in high-value, future-oriented industries.

Importantly, renewable energy can also serve as a catalyst for decentralised industrialization by enabling smaller economies and rural regions to participate in manufacturing and processing activities. This can reduce spatial inequalities, strengthen regional value chains, and promote more inclusive industrial development under frameworks such as the AfCFTA.

Africa's pathway to sustainable trade and industrialisation increasingly hinges on how effectively it leverages its vast renewable energy potential. In the context of global disruptions, energy security and industrial competitiveness are becoming deeply intertwined, making it imperative for African economies to adopt forward-looking, green-oriented development strategies. Prioritizing renewable energy and green industrialisation offers a coherent pathway for Africa to achieve resilient, competitive, and environmentally sustainable industrial growth in an increasingly uncertain global economic environment.

2.4. The Role of Development Finance Institutions in Trade Promotion and Industrialisation

The dynamics of intra-African trade and its effect on overall trade promotion and industrialisation have fluctuated over the past decade. Despite the challenges confronting the global economy, intra-African trade finance has witnessed considerable resilience amidst ongoing disruptions. Africa's growing interest in deepening intra-regional trade offers tremendous benefits as a mechanism for mitigating adverse external shocks.

Sustaining and deepening this momentum will require DFIs to play a catalytic role in advancing sustainable trade and industrialisation across the continent.

By scaling up intra-African trade finance, investing in industrial ecosystems, fostering export development, strengthening digital trade and payments, providing risk management and financing instruments, and improving countercyclical operations, DFIs help bridge persistent financing gaps that continue to constrain Africa's trade and industrialisation (Oramah and Abor 2026; Abor and Ofori-Sasu 2024; Abor 2023).

2.4.1 Scaling up Intra-African Trade Finance

Beyond the modest but steady recovery in intra-African trade, a critical priority for advancing sustainable trade and industrialisation in Global Africa lies in scaling up intra-African trade finance. Despite the resilience demonstrated during recent geopolitical conflicts and disruptions, the continent continues to face a significant trade finance gap, estimated at between US$80 billion and US$120 billion annually. This gap is driven by structural weaknesses within domestic financial systems, including limited risk-bearing capacity, high transaction costs, weak credit information systems, and elevated sovereign and counterparty risks.

By acting as countercyclical financiers and risk mitigators, DFIs play a pivotal role in closing this gap, particularly during periods of global uncertainty and geopolitical fragmentation. Institutions such as Afreximbank, the African Development Bank, and regional DFIs increasingly deploy targeted instruments—including trade credit guarantees, export development facilities, and structured trade finance solutions—to crowd in private capital and improve liquidity in cross-border transactions. These interventions are particularly important for small and medium enterprises, which account for a substantial share of intra-African trade but remain disproportionately constrained by limited access to finance.

Scaling up intra-African trade finance also requires strengthening financial market infrastructure and payment systems. The Pan-African Payment and Settlement System (PAPSS), first launched by Afreximbank in 2022, is reducing reliance on hard currencies and lowers transaction costs, thereby improving the efficiency of intra-regional trade settlements. DFIs can further accelerate this process by investing in digital financial infrastructure, promoting interoperability across banking systems, and supporting regulatory harmonisation under the AfCFTA framework.

DFIs are also uniquely positioned to further environmental sustainability by aligning trade finance with green industrialisation objectives. By integrating environmental, social, and governance criteria into trade finance instruments, DFIs can incentivise low-carbon production, support climate-resilient supply chains, and facilitate the development of green value chains across the continent. This includes financing renewable energy inputs for manufacturing, supporting sustainable agricultural exports, and promoting circular economy practices in industrial production systems.

Blended finance mechanisms, which combine concessional funding from DFIs with private sector investment, offer a viable pathway to de-risking investments and mobilising large-scale capital for industrial transformation. Beyond providing liquidity, they help de-risk cross-border transactions, crowd in private investment, and support participation of small and medium enterprises in regional value chains. Importantly, they also align financing with sustainability objectives by promoting green industrial projects, climate-resilient infrastructure, and low-carbon production systems. In doing so, they serve as strategic enablers of both trade expansion and sustainable industrial transformation within the AfCFTA framework.

2.4.2 Closing Intra-African Trade and Infrastructure Financing Gap

One of the central challenges underpinning Africa's trade and infrastructure deficits is the mobilisation of adequate and sustainable financing. This challenge has been further exacerbated by rising geopolitical tensions and fragmentation within the global economy. Africa's persistent trade and infrastructure financing gap reflects structural constraints such as limited fiscal space, weak private sector participation, and underdeveloped financial markets.

At the same time, the current geopolitical environment, marked by supply chain disruptions, financial market volatility, and the increasing weaponisation of global payment systems, also presents strategic opportunities for DFIs, particularly Afreximbank, to reposition Africa within the evolving global trade architecture. Afreximbank plays a catalytic role in this context by mobilising long-term capital, de-risking investments, and supporting trade-enabling infrastructure. Through interventions in trade finance, infrastructure financing, and regional integration, the Bank helps transform geopolitical risks into opportunities for strengthening Africa's economic resilience and trade sovereignty.

Leveraging Geopolitics for Trade and Industrialisation in Global Africa

A key channel through which Afreximbank addresses these challenges is by bridging the mismatch between long-term infrastructure financing needs and the short-term orientation of many domestic financial systems. Investments in transport corridors, logistics networks, energy systems, and digital platforms are essential for reducing trade costs and enhancing competitiveness, yet they remain underfunded across the continent. In response, Afreximbank deploys innovative financing instruments, including structured trade finance, project finance, guarantees, and blended finance mechanisms to crowd in private capital and improve project bankability.

In addition, the Bank's support for capital market development, particularly local currency financing, helps mitigate exchange rate risks often amplified during periods of global instability. In providing such support, Afreximbank not only fills critical financing gaps but also strengthens Africa's capacity to withstand external shocks arising from geopolitical conflicts.

Afreximbank has also leveraged geopolitical tensions to accelerate the development of Africa's financial infrastructure, most notably through the PAPSS. As global payment systems become increasingly fragmented and subject to external control, the PAPSS provides a strategic alternative by enabling real-time cross-border payments in local currencies across the continent. This reduces reliance on foreign intermediary currencies, lowers transaction costs, and improves liquidity within African markets.

In the context of ongoing geopolitical conflicts, the PAPSS provides a mechanism for insulating intra-African trade from external financial disruptions, including sanctions, currency volatility, and payment delays. By addressing inefficient payment systems—a major non-tariff barrier—the PAPSS directly supports implementation of the AfCFTA and strengthens regional trade integration.

Afreximbank's interventions also extend to addressing the persistent trade finance gap affecting small and medium enterprises) which are frequently excluded from international trade because of limited access to credit and foreign exchange. By providing trade credit, guarantees, and risk mitigation instruments, the Bank improves access to finance and enables firms to participate more effectively in regional and global value chains. In an era of heightened geopolitical uncertainty, such support is essential for maintaining trade flows and ensuring that African businesses remain competitive.

At the same time, Afreximbank's coordination of large-scale initiatives such as industrial parks, special economic zones, and trade corridors demonstrates how DFIs can align infrastructure development with trade expansion in ways that maximise economic returns.

2.4.3 Investing in Industrial Ecosystems

An important dimension of the role of DFIs in sustainable trade and industrialisation lies in investing in industrial ecosystems, particularly through industrial parks, special economic zones, and integrated value chain financing mechanisms. Rather than financing isolated projects, DFIs increasingly adopt cluster-based approaches that support the co-development of infrastructure, production capabilities, logistics systems, and market access within defined geographic areas.

Industrial parks and special economic zones promoted by Afreximbank exemplify this model by creating production hubs where firms benefit from shared services, reliable energy supply, efficient transport linkages, and proximity to both input and output markets. This significantly reduces transaction costs, improves productivity, and facilitates the development of regional value chains critical for Africa's industrial transformation under the AfCFTA.

From a financing perspective, DFIs complement infrastructure investments with value chain financing mechanisms that provide liquidity across all stages of production and trade. These include pre-shipment and post-shipment finance, supplier and buyer credit, and structured trade finance instruments linking upstream sectors such as agriculture and raw materials to downstream processing and export activities.

For example, export trading companies help aggregate production from firms operating within industrial parks, thereby improving market access and reducing fragmentation. Similarly, African Quality Assurance Centres help address compliance and standards challenges that frequently limit African exports in international markets.

Afreximbank's industrialisation strategy under its Plan VI dubbed Impact 2026 provides a compelling illustration of how DFIs can accelerate sustainable trade and industrialisation through integrated industrial ecosystems. A notable example is the Bank's partnership with ARISE Integrated Industrial Platforms, through which large-scale financing supports industrial parks and special economic zones in countries such as Benin, Togo, and Côte d'Ivoire, linking production hubs with logistics and export systems.

In Kenya, Afreximbank's support for the Dongo Kundu, Naivasha, and Vipingo special economic zones demonstrates how DFIs can connect industrial zones to regional trade corridors while financing firms within those ecosystems to sustain value chain liquidity. Complementing these efforts, the Bank's Project Preparation Facility in Uganda addresses upstream constraints by financing feasibility studies and de-risking industrial projects, helping create a pipeline of bankable investments.

Beyond infrastructure, Afreximbank deploys structured trade finance instruments, including pre-shipment and post-shipment finance and credit facilities, to support firms across the production–export cycle. Collectively, these interventions reflect a scalable and programmatic approach that integrates infrastructure, finance, and market access.

For policymakers, the implication is clear: sustainable industrialisation in Africa requires coordinated investments that simultaneously develop industrial clusters and strengthen value chain financing to enhance competitiveness, resilience, and intra-African trade under the AfCFTA.

In the context of ongoing geopolitical realignments and supply chain restructuring, DFI-led industrial ecosystems can position Africa as a more competitive and resilient production base. By integrating finance, infrastructure, standards, and market access within a single framework, DFIs not only expand trade capacity but also help ensure that industrialisation is inclusive and environmentally sustainable.

2.4.4 Fostering Export Development

DFIs also play critical roles in fostering export development by channelling finance into agricultural processing, light manufacturing, and service exports, all sectors central to value addition and structural transformation in Africa. Expanding export development is not simply about increasing export volumes. It also requires improving the quality, sophistication, and strategic orientation of exports. This entails prioritising sectors with strong value-added potential, including agricultural processing, pharmaceuticals, digital services, and green manufacturing, while ensuring that export financing structures remain inclusive and accessible. In agricultural processing, for example, Afreximbank has supported value chains such as cocoa and cashew cultivation and processing through structured trade finance and export development facilities. This has enabled countries to move from simply exporting raw commodities to providing processed products with higher value to external markets.

A notable example is the Bank's financing support to agro-industrial zones under initiatives such as the Glo-Djigbé Industrial Zone in Benin, which has strengthened local processing capacity and enhanced export competitiveness.

In light manufacturing, Afreximbank's interventions through its programmes and facilities contribute to building productive capacity while at the same time providing firms with working capital, export credit, and access to regional markets. In addition to the creation of special economic zones and industrial across the continent, these interventions have helped integrate African producers into regional and global value chains while reducing dependence on imports.

In addition, Afreximbank's active support in helping to finance export trading companies is serving as a vital mechanism for boosting African trade. Specifically, such companies act as aggregators, allowing small and medium enterprises to pool their products and access global markets by facilitating the marketing and cross-border distribution of manufactured goods. DFIs are also increasingly supporting the export of services, including digital platforms, logistics, and creative industries, through investments in infrastructure and improvements in cross-border payment systems such as the PAPSS.

Collectively, these interventions demonstrate how DFIs act as catalysts for export diversification, economic resilience, and sustainable industrialisation under the AfCFTA framework.

2.4.5 Strengthening Digital Trade and Payments

Africa's ongoing economic transformation and the push toward deeper regional integration under the AfCFTA underscore the urgency of addressing inefficiencies in cross-border payment and settlement systems (Adedokun 2024). In this context, DFIs are playing an increasingly strategic role in strengthening digital trade and payment systems as foundations for sustainable trade and industrialisation.

A prominent example is the PAPSS, developed by Afreximbank in collaboration with the AfCFTA Secretariat to facilitate seamless intra-African trade payments in local currencies (Oloveze et al., 2023a, 2023b). By enabling direct settlement without routing transactions through external foreign exchange markets, PAPSS significantly reduces transaction costs, improves payment efficiency, and addresses the fragmentation of Africa's financial systems.

Importantly, PAPSS helps reduce Africa's longstanding dependence on hard currencies such as the US dollar, thereby reducing exposure to exchange rate volatility and foreign exchange risks (Wapmuk 2021). This is particularly critical for firms engaged in cross-border trade because it improves liquidity, shortens settlement cycles, and enhances cash flow predictability. For small and medium enterprises operating within regional value chains and industrial ecosystems, these efficiencies lower barriers to market participation and improve export competitiveness.

Leveraging Geopolitics for Trade and Industrialisation in Global Africa

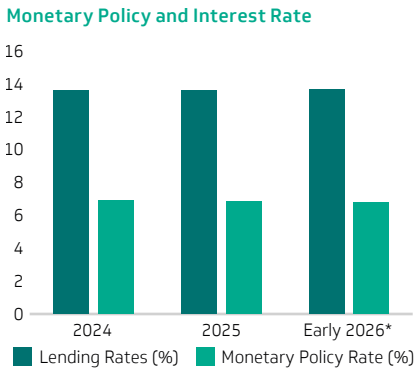
By addressing currency convertibility challenges and enabling real-time cross-border payments, PAPSS strengthens the financial infrastructure necessary for industrial expansion and trade integration. Although the establishment of a full monetary union across Africa remains complex and politically sensitive, PAPSS provides a pragmatic and scalable alternative that delivers many of the same benefits, particularly lower trade costs and deeper financial integration.

Through digital innovations such as PAPSS, DFIs are not only facilitating trade but also supporting the emergence of a more resilient, inclusive, and industrialised African economy.

2.4.6 Risk Management and Financing Instruments

Africa's monetary policy environment has broadly mirrored global dynamics, reflecting a high degree of alignment in responses to persistent inflationary pressures. Across the continent, central banks implemented aggressive monetary tightening measures between 2024 and 2025 to stabilise exchange rates and contain inflation. As illustrated in Figure 2.2, Africa's average monetary policy rate declined marginally from 6.89 percent in 2024 to 6.8 percent in early 2026, signalling a gradual easing stance as inflationary pressures began to moderate. However, lending rates remained persistently high, increasing from 13.5 percent in 2024 to 13.7 percent in early 2026. This reflected entrenched structural constraints, including elevated sovereign risk, shallow financial markets, and high-risk premia.

Figure 2.2 Financial Conditions



Sources: Authors' construction based on consolidated data from the World Bank's World Development Indicators; International Monetary Fund World Economic Outlook databases; and Afreximbank Research 2026.

Despite the modest easing in policy rates, financial conditions remained tight throughout 2025, constraining private sector credit, investment, and trade financing. This divergence between policy rates and lending rates underscores a structural disconnect within many African financial systems, where monetary policy transmission mechanisms remain weak. Although global credit markets experienced slight easing through modest adjustments to lending conditions, the overall financing environment in Africa remained restrictive relative to global benchmarks. These dynamics highlight the need for coordinated macroeconomic management and deeper financial sector reforms to enhance credit access and support sustainable growth.

In this environment, DFIs play a critical role in risk management and the provision of tailored financing instruments that sustain trade and industrialisation. In periods characterised by high interest rates, exchange rate volatility, and tightening global liquidity, DFIs act as countercyclical financiers by providing liquidity when private capital retreats. This role is particularly important for African firms, especially small and medium enterprises, which face elevated borrowing costs and limited access to affordable credit, thereby constraining their participation in cross-border trade and regional value chains.

Institutions such as Afreximbank deploy a broad range of risk-mitigation instruments, including letters of credit, guarantees, forfaiting arrangements, and structured trade finance facilities. These instruments help reduce counterparty risk, improve creditworthiness, and facilitate access to international markets despite heightened uncertainty. Afreximbank's credit lines to domestic financial institutions enable on lending to firms at more stable and predictable rates, thereby cushioning the adverse effects of global monetary tightening.

DFIs also play a key role in absorbing and mitigating investment risk. Through blended finance mechanisms, political risk insurance, and co-financing arrangements, they help crowd in private investment by lowering perceived risks in frontier markets. This is especially important for long-term industrial investments, where uncertainty related to exchange rates, inflation, and policy instability can deter private participation.

Increasingly, DFIs are also aligning financing instruments with sustainability objectives by supporting green trade, climate-resilient infrastructure, and environmentally sustainable production systems. In doing so, they not only help stabilise trade flows during periods of uncertainty but also ensure that Africa's industrialisation trajectory remains resilient, inclusive, and aligned with long-term development goals.

2.4.7 Countercyclical Operations

A defining feature of DFIs in Africa is their ability to deploy a broad variety of countercyclical financing mechanisms to stabilise trade and industrial activity during periods of global economic stress. Afreximbank has repeatedly demonstrated this adaptability through the creation of targeted finance and liquidity support mechanisms designed to sustain trade flows, preserve industrial activity, sustain regional trade and economic resilience during major global shocks..

During the 2015–2016 commodity price crisis, the Bank introduced the Countercyclical Trade Liquidity Facility to assist countries affected by declining export revenues, foreign exchange shortages, and balance of payment pressures. The facility disbursed more than $10 billion to African central banks and commercial institutions to support critical imports and maintain access to trade finance. The emergency liquidity assistance was designed to inject liquidity into African markets, particularly commodity price collapses and global credit tightening. By providing short-term trade finance and credit lines to banks and corporations, the facility helped prevent trade payment defaults, sustain import capacity for essential goods, and stabilise foreign exchange balances.

During the COVID-19 pandemic, Afreximbank launched the Pandemic Trade Impact Mitigation Facility to address severe disruptions caused by worldwide shutdowns to global supply chains, export revenues, and fiscal space. The facility disbursed more than US$7 billion to governments, central banks, and private sector firms. It also financed medical imports, supported vaccine procurement, stabilized foreign exchange markets, and provided trade liquidity to businesses. To member countries, the facility provided emergency trade finance, budget support, and foreign exchange liquidity, enabling them to maintain critical imports, support public health responses, and sustain productive sectors. The Facility demonstrated how DFIs can integrate trade finance with broader macroeconomic stabilization measures during times of crisis.

More recently, in response to geopolitical tensions triggered by the Russia–Ukraine war, Afreximbank launched the Ukraine Crisis Adjustment Trade Financing Programme for Africa. The US$4 billion facility was designed to cushion African economies against rising food, fertilizer, commodities, and fuel import costs. The programme provides import financing, commodity-backed facilities, and balance-of-payments support to help African economies manage rising cost and supply disruptions created by the conflict. The programme also includes instruments such as import cost adjustment financing, commodity revenue stabilisation facilities, and export revenue acceleration mechanisms, all aimed at maintaining trade flows and supporting macroeconomic stability.

Together, these interventions demonstrate how Afreximbank has used distinct crisis response facilities to address different forms of external vulnerability, finely recalibrating its financing instruments to respond to evolving geopolitical shocks. In the face of ongoing global conflicts, such facilities, varying in focus and structure, can be expanded or modified to stabilise trade and industrial activity, support energy-importing economies, bolster food supply chains, preserve trade flows, and provide liquidity to firms exposed to volatile input prices and exchange rate fluctuations during periods of global stress.

These instruments also highlight how Afreximbank functions as a countercyclical stabiliser, using innovative financing tools to sustain trade flows, protect industrial activity, and strengthen resilience in an increasingly uncertain global environment. More broadly, these interventions underscore the strategic role of DFIs as shock absorbers within the international financial system, ensuring continuity of trade finance, protecting industrial capacity, and supporting Africa's long-term industrialisation agenda amidst geopolitical uncertainty.

2.5. Conclusion and Policy Recommendations

2.5.1 Conclusion

Africa's trade and industrialisation trajectory reflects a cautious yet meaningful recovery in recent years. However, rising geopolitical risks continue to pose significant threats to the continent's long-term sustainable development prospects. The evolving geopolitical landscape is being reshaped by rising economic nationalism, trade protectionism, and shifting global power dynamics. These developments are particularly significant for Africa, given the continent's long-standing reliance on global trade as a driver of economic growth and development.

Attacks on shipping mean maritime cargo that previously required approximately 14 days to transit between Asia and Europe are increasingly being rerouted around the Cape of Good Hope, extending transit times to between 21 and 24 days. This has important implications for global supply chains, freight costs, and delivery reliability. Disruptions along these routes generate cascading effects, particularly for Africa and other developing regions that depend heavily on imported goods and intermediate inputs.

Leveraging Geopolitics for Trade and Industrialisation in Global Africa

Against this backdrop, African governments require in-depth knowledge and understanding to negotiate a maze of interconnected global risks to sustain trade and industrialisation. Leveraging geopolitics for sustainable trade and industrial development in Africa therefore requires the strategic alignment of external opportunities with stronger domestic resilience mechanisms.

The continued strength of African trade reflects not only favourable developments in global commodity markets but also a deliberate shift toward geopolitical diversification, stronger South–South trade linkages, and deeper regional integration under the AfCFTA. This resilience has been reinforced by the proactive role of DFIs, particularly Afreximbank, through countercyclical financing, risk mitigation instruments, and trade facilitation frameworks to cushion the continent against global shocks.

As geopolitical tensions continue to shape global supply chains and trade patterns, Africa's ability to benefit—rather than suffer—from these shifts will depend on strengthening industrial ecosystems, scaling up intra-African trade, and sustaining coordinated financial support. Ultimately, adaptive policy frameworks, strategic trade positioning, and robust DFI interventions will be central to building a resilient, inclusive, and sustainable industrialisation pathway for Global Africa.

2.5.2 Policy Recommendations

Geopolitical tensions are reshaping global trade, investment flows, energy markets, and supply chain configurations in ways that present both risks and opportunities for Africa. Although the continent remains vulnerable to external shocks because of commodity dependence, import reliance, and limited industrial depth, the ongoing reconfiguration of the global economy also creates opportunities for Africa to reposition itself within regional and global value chains.

Transforming geopolitical risk into a driver of sustainable trade and industrialisation will require proactive, coordinated, and forward-looking policy responses. This includes strengthening regional cooperation, improving domestic competitiveness, expanding infrastructure, developing innovative financing mechanisms, and reinforcing the strategic role of DFIs, particularly Afreximbank., in supporting trade and industrial transformation.

The Bank holds the key to closing Africa's trade and industrialisation gap. The scope of current geopolitical tensions and their economic implications underscores the urgency of implementing proactive, collaborative strategies capable of transforming geopolitical uncertainty into structural transformation. Priorities include navigating fragmented and high-cost supply chains, investing in infrastructure, enhancing trade facilitation, promoting "Made in Africa" products, diversifying trade partnerships, leveraging green energy, strengthening local financial institutions, and expanding Afreximbank's capacity to support increased demand for trade and industrial finance.

2.5.2.1 Geopolitical Risk Transformation

African countries should adopt proactive and collaborative strategies that convert geopolitical uncertainty into opportunities for industrial upgrading and trade expansion. Rather than responding passively to external shocks, governments should strengthen regional industrial policies, coordinate trade and investment strategies, and develop early-warning and response systems for geopolitical and supply chain disruptions.

Greater collaboration among governments, regional economic communities, DFIs, and private sector actors will be essential to build resilience and advance structural transformation.

2.5.2.2 Economic Sovereignty and Diversification

A key policy priority is to strengthen Africa's economic sovereignty by reducing dependence on a narrow set of external markets, suppliers, currencies, and financing sources. African economies should diversify trade and investment partnerships while improving the domestic business climate through regulatory reforms, customs modernisation, stronger contract enforcement, and more transparent investment regimes. Improving the ease of doing business will help African countries attract quality investment, support domestic enterprise growth, and capture opportunities arising from the reorganisation of global trade and production systems.

2.5.2.3 Supply Chain Resilience

Fragmented and high-cost supply chains continue to undermine Africa's trade competitiveness and industrial development. Governments should promote regional sourcing, support local input production, and reduce logistics and border inefficiencies that raise transaction costs. Strengthening regional value chains under the AfCFTA framework will help African economies reduce exposure to external bottlenecks while improving supply reliability, production linkages, and regional market integration.

2.5.2.4 Made-in-Africa Industrial Drive

Accelerating sustainable industrialisation will require major investments in transport, energy, digital, and logistics infrastructure to lower production and trade costs. At the same time, trade facilitation reforms,

such as efficient customs systems, harmonised standards, and digital border processes will be needed to improve the movement of goods across the continent. African governments should also actively promote "Made in Africa" products through local content policies, quality upgrading initiatives, branding support, and export promotion measures that strengthen value addition and reduce dependence on imported finished goods.

2.5.2.5 Diversified Trade Partnerships

Africa should pursue a broader and more strategic partnership agenda that expands access to export markets, technology, finance, and industrial expertise. Diversifying external partnerships will reduce concentration risks and strengthen resilience in an increasingly polarised global economy. This approach should be complemented by stronger South–South cooperation, deeper intra-African trade, and targeted engagement with emerging markets that support industrial upgrading rather than commodity extraction alone.

2.5.2.6 Diversifying Export Destinations and Products

Export diversification and stronger domestic production capabilities are closely linked to the broader challenge of managing fragmented global supply chains. Although strengthening economic sovereignty can improve internal resilience, it does not remove susceptibility to external systems when key trade flows remain dependent on strategic global corridors. Recent evidence on global production patterns shows that dependence on key trade routes, particularly the Red Sea-Suez Canal corridor, is uneven across sectors but especially pronounced in energy, food, and manufactured goods. These sectors form the backbone of Africa's import systems and its integration into global markets. Consequently, disruptions along these corridors have immediate and magnified effects on African economies.

For example, the global energy system remains heavily dependent on the flow of crude oil and gas from the Middle East to Europe via the Suez route, making the corridor strategically important for energy security. Similarly, staple food commodities such as wheat and rice—on which many African countries rely—are transported through the same corridor, linking food security directly to geopolitical stability in this region. In manufacturing, the Asia–Europe trade corridor, dominated by electronics, machinery, and intermediate goods, further amplifies the importance of the Suez Canal to global value chains.

These dynamics underscore the importance of diversifying export destinations, expanding domestic production capacity, and strengthening regional value chains to reduce exposure to concentrated global trade risks.

2.5.2.7 Green Finance and Financial Deepening

Sustainable trade and industrialisation will depend on scaling up innovative financing mechanisms that support productive investment, industrial parks, trade corridors, small and medium enterprises, and regional value chains. African countries should expand blended finance, green finance, local-currency financing, and risk-sharing instruments to reduce vulnerability to global financial tightening. Green energy investment should also be prioritised as a strategic driver of industrial competitiveness, particularly in manufacturing, agricultural processing, and logistics (Abor and Ofori-Sasu 2026). At the same time, local financial institutions must be strengthened to mobilise domestic resources, expand credit to productive sectors, and support resilient industrial development.

2.5.2.8 Strengthening Afreximbank Operations

Given rising geopolitical uncertainty and growing demand for trade and industrial finance, the operational and financial capacity of Afreximbank should be strengthened. As Africa's leading trade-focused DFI, the Bank is well positioned to play an even more transformative role by expanding countercyclical trade finance, supporting industrial parks and special economic zones, scaling up the PAPSS, deepening value chain financing, and de-risking cross-border investment. Strengthening the Bank's capital base, strategic partnerships, and financing instruments will improve its ability to cushion African economies against external shocks while advancing intra-African trade, industrial resilience, and sustainable structural transformation.

Chapter Three

The Operating Environment

3.1 Global Economic Environment

3.1.1 Global Output Developments

Amidst escalating geopolitical tensions, the global economic environment in 2025 remained highly fluid, characterised by policy uncertainty, tariff escalation, trade and technology disputes, market volatility, and rising public debt concerns, particularly among developing market economies (International Monetary Fund 2026). These developments were driven largely by the reordering of policy priorities under the new United States administration and the corresponding policy responses across the global economy.

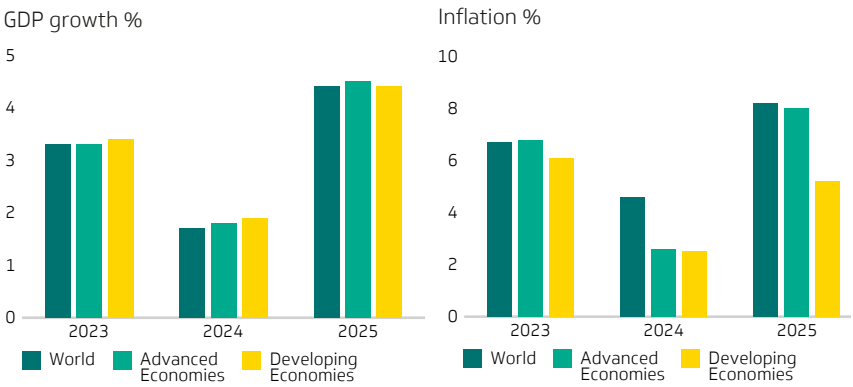
Despite these headwinds, the global economy recorded growth of 3.4 percent in 2025, unchanged from the previous year (Table 3.1 and Figure 3.1a).

Table 3.1 Developments in Global Output, 2023–2025

	Real GDP growth (annual percent change)			Inflation rate (annual percent change)		
	2023	**2024**	2025	**2023**	**2024**	2025
WORLD	3.3	3.4	3.4	6.7	5.8	4.1
DEVELOPED ECONOMIES	1.7	1.8	1.9	4.6	2.6	2.5
US	2.9	2.8	2.1	4.1	3.0	2.7
UK	0.3	1.1	1.3	7.3	2.5	3.4
France	1.6	1.1	0.9	5.7	2.3	0.9
Japan	0.7	0.2	1.2	3.3	2.7	3.2
Italy	0.9	0.8	0.5	5.9	1.1	1.6
Canada	2.0	2.0	1.7	3.9	2.4	2.1
Germany	0.9	0.5	0.2	6.0	2.5	2.3
EU	0.6	1.2	1.6	6.3	2.5	2.5
EMERGING AND DEVELOPING ECONOMIES	**4.4**	**4.5**	4.4	**8.2**	**8.0**	5.2
Africa	3.5	3.4	4.5	19.3	21.6	13.1
Emerging and Developing Asia	5.6	5.4	5.5	2.3	1.9	1.1
Latin America and the Caribbean	2.3	2.4	2.4	14.8	16.6	7.6
Emerging and Developing Europe	3.6	3.8	2.0	17.4	17.2	13.5

Sources: International Monetary Fund World Economic Database, April 2026.

Figure 3.1a Global output and inflation, 2023–2025 (%)



Sources: International Monetary Fund 2026; World Economic Outlook April 2026; Afreximbank research.

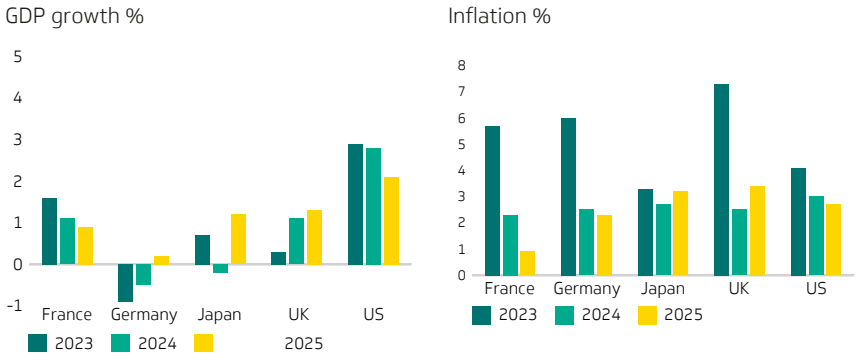
This relative resilience reflected several supportive factors, including less restrictive financial conditions in many developing economies following interest rate cuts by major central banks, a surge in artificial intelligence (AI)-related investment, robust services trade, and improvements in merchandise trade driven partly by front-loading of shipments ahead of anticipated tariff increases. Strong consumer spending and easing inflation in major economies also supported global activity.

The Operating Environment

Consistent with trends observed over the past two decades, developing and emerging market economies continued to shape global growth dynamics and influence trade and investment flows. Emerging Asia remained the principal driver of global growth, supported by steady domestic consumption, large-scale infrastructure investments, and rapid technological advancement, particularly in digital transformation. Over time, these economies have steadily increased their share of global output. This shift, together with disruptions in global supply chains, signals a broader reconfiguration of global trade and investment flows, with multinational corporations and investors increasingly pivoting toward high-growth emerging and developing markets. Global growth, however, masked considerable variation across countries and regions.

Advanced economies recorded modest growth of 1.9 percent in 2025, up slightly from 1.8 percent in 2024. In the United States, growth slowed to an estimated 2.1 percent in 2025, compared with 2.8 percent in the previous year (Table 3.1 and Figure 3.1b).

Figure 3.1b: Output and inflation in key advanced economies, 2023–2025 (%)



Sources: International Monetary Fund 2026; World Economic Outlook April 2026; Afreximbank research.

The slowdown in the was driven by a combination of factors, including high-impact tariffs, weakening consumer demand, a cooling labour market, declining purchasing power, high debt levels, policy uncertainty, and lower net immigration.

The United States economy also continued to face long-term fiscal sustainability concerns. Rising public debt and persistent budget deficits—estimated at approximately US$1.9 trillion in 2025 and projected to reach US$2.7 trillion by 2035—pose increasing risks to macroeconomic stability. According to projections by the U.S. Congressional Budget Office, federal debt is expected to reach 118 percent of GDP by 2035. These fiscal imbalances could limit the government's ability to respond effectively to future economic downturns, potentially exacerbating economic volatility and constraining long-term growth prospects.

Although several advanced economies, including Canada, Japan, and the United Kingdom, recorded positive surprises in real GDP outturn in 2025, the steep slowdown in the United States economy more than offset the gains made by other economies, weighing heavily on overall regional GDP outturn.

Economic performance across Europe remained mixed, reflecting varying levels of economic resilience and differing policy responses to global challenges. Germany continued to experience stagnation, with GDP growth recovering only marginally to 0.2 percent in 2025 following a contraction of 0.5 percent in 2024. The weak rebound reflected persistent structural bottlenecks, declining competitiveness, rising corporate insolvencies, labour market pressures marked by rising unemployment, and sluggish private consumption. Slower growth in France, Italy, and Spain also weighed on the region's broader output performance.

By contrast, the United Kingdom recorded moderate growth of 1.3 percent in 2025 from 1.1 percent in the previous year. The modest upturn was supported by higher public expenditures and a recovery in services activity, despite ongoing productivity challenges and weakness in the construction sector. Economic activity was further bolstered by a major trade agreement with the United States announced in May. With inflation easing, interest rates were cut, improving disposable income and increasing consumer spending. Notwithstanding these developments, weak productivity growth, construction sector sluggishness, and heightened trade policy uncertainty continued to pose risks to the United Kingdom's long-term economic outlook.

Japan, the world's third-largest economy, experienced a sharp rebound in growth in 2025, with output expanding by an estimated 1.1 percent following a contraction of 0.2 percent in the previous year. The recovery reflected stronger real wage growth, which supported private consumption despite elevated trade policy uncertainty and weakening external demand.

Developing economies grew by an average of 4.4 percent 2025, slightly below the 4.5 percent record in 2024. Growth remained significantly above the global average, supported by fiscal stimulus measures, additional policy-

bank lending for investment, and lower effective tariffs on Chinese imports following the year-long trade truce between the United States and China. Although India recorded strong growth of approximately 7.5 percent, up from 6.5 percent in 2024, slower growth in China—estimated at 5 percent—weighed on overall regional expansion.

While the growth in developing economies remains below pre-pandemic levels of more than 5 percent, output continues to outpace the global average, underscoring the relative resilience of emerging markets amidst ongoing geopolitical and financial uncertainty.

As they have over the past decade, Asia's developing economies continued to drive global growth, with regional GDP expanding by 5.5 percent in 2025, slightly above the 5.4 percent recorded in 2024 (International Monetary Fund 2026). Despite escalating geopolitical tensions and trade policy uncertainty, the observed output expansion reflected accommodative financial conditions, adaptability of the private sector, fiscal and monetary support measures, increased investment in technology and AI, and continued strong GDP growth in India.

The region's sustained contribution to global growth underscores the strong influence of India and China in shaping global trade, investment, and technological transformation.

3.1.2 Price Developments

Global inflationary pressures continued to ease in 2025, extending the disinflationary trend that began in 2023. The moderation reflected the cumulative effects of tighter monetary policy, the normalisation of supply chains, and softer energy prices. Global inflation declined to 4.1 percent in 2025, down from 5.8 percent in 2024 and 6.7 percent in 2023.

Advanced economies moved closer to central bank targets, with average inflation easing marginally to 2.5 percent in 2025 from 2.6 percent in 2024. The relative price decline reflected stabilising energy prices, improved supply conditions, and the lagged effects of aggressive monetary tightening implemented during 2022–2023. However, notable exceptions persisted. Inflation in the United Kingdom rose to 3.4 percent in 2025 from 2.7 percent in 2024, while inflation in Japan remained elevated at 3.2 percent, reflecting yen depreciation and the gradual pass-through of wage increases into prices.

In the United States, inflation eased to 2.7 percent in 2025 from 3.0 percent the previous year. Inflation in the Eurozone remained unchanged at 2.5 percent, while Germany recorded a modest decline to 2.3 percent from 2.5 percent in 2024 (Table 3.1 and Figure 3.1b).

Disinflation also continued across developing economies, where average inflation fell to 5.2 percent in 2025,from 8.0 percent in 2024 and 8.2 percent in 2023. This moderation was underpinned by cooling food prices, partial reversals in currency depreciation, and tighter monetary policy across several economies.

Inflation in developing Asia declined to 1.1 percent in 2025 from 1.9 percent in 2024, while inflation in Latin America and the Caribbean fell sharply to 7.6 percent from 16.6 percent the previous year. Although inflation in Africa also declined sharply, from 21.6 percent in 2024 to 13.1 percent in 2025, it remained substantially above the global average. Price across the continent reflected tighter monetary policy, improved agricultural production in several subregions, and partial currency stabilization, particularly in Zimbabwe (Table 3.1 and Figure 3.1b).

The broad-based moderation in inflation, alongside continued output growth, suggests that monetary tightening succeeded in containing global price pressures without triggering a severe global slowdown. However, adjustment patterns remained asymmetric across regions: Advanced economies moved closer to inflation targets, and emerging Asia largely returned to pre-pandemic levels, parts of Africa and Europe continue to grapple with elevated prices.

As inflation eased across most major economies, c central banks—including the U.S. Federal Reserve, the European Central Bank, and the Bank of England moved further into monetary easing cycles during 2025, creating space for monetary policy divergence and a more supportive environment for financing developing market economies.

3.2 The African Economic Environment

3.2.1 Output Developments

Africa's real GDP growth increased sharply from 3.4 percent in 2024 to 4.5 percent in 2025 (International Monetary Fund World Economic Outlook 2026) (Table 3.1). This improvement occurred despite heightened geopolitical tensions, shifts in global trade patterns, and tighter international financial conditions, underscoring the continent's relative resilience amidst an increasingly uncertain global environment. Growth was supported primarily by stronger performance in several of the continent 's largest economies, including Egypt, Nigeria, and South Africa.

Egypt recorded robust growth of 4.4 percent in 2025, up from 2.4 percent in 2024, reflecting strong performance in industrial manufacturing, tourism, and information technology. Structural reforms increased private sector participation, while major investments—including the Grand Egyptian Museum project—also contributed to economic expansion.

The Operating Environment

In Nigeria, favourable domestic conditions, including higher oil production, improved investor confidence, and an accommodative fiscal stance, helped sustain growth at 4.0 percent in 2025. South Africa, emerging from a prolonged period of stagnation, recorded modest expansion of 1.1 percent in 2025, from 0.5 percent in 2024.

Despite outperforming the global average, Africa's growth remained below its historical average of approximately 5 percent recorded between 2011 and 2019.

3.2.2 Regional Variations

Africa's economic performance improved markedly in 2025, with real GDP growth expanding to 4.5 percent from 3.4 percent posted in the previous year. Growth dynamics, however, continued to vary considerably across the continent's five subregions, reflecting differences in commodity dependence, political stability, and the pace of structural reforms (Table 3.1).

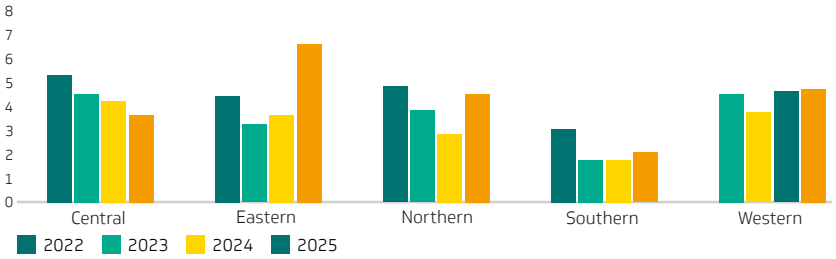
Northern Africa's real GDP growth rebounded strongly to 4.6 percent in 2025, up from 2.9 percent in 2024 and 3.9 percent in 2023. The recovery was driven primarily by the strong rebound in Libya, where output expanded by 15.9 percent following the normalisation of oil production, and stronger growth in Egypt, where GDP growth accelerated to 4.4 percent from 2.4 percent in 2024. The stabilisation of the Egyptian pound, improved tourism receipts, and renewed capital inflows bolstered economic activity. Key economies in the region also recorded strong growth in 2025, including Morocco (4.9 percent), Mauritania (4.2 percent), Algeria (3.8 percent), and Tunisia (2.5 percent), despite persistent fiscal imbalances and weak external demand (Table 3.2 and Figure 3.3).

Table 3.2 Africa: Real GDP Growth, Annual Percent Change, 2022–2025

Country	2022	2023	2024	2025
Algeria	3.6	4.1	3.7	3.8
Angola	4.2	1.3	5.0	3.1
Benin	6.3	6.4	7.5	7.5
Botswana	5.5	3.2	-3.0	-0.9
Burkina Faso	1.6	3.0	4.8	5.0
Burundi	1.8	2.7	4.1	3.9
Cabo Verde	15.8	4.8	7.2	5.5
Cameroon	3.7	3.3	3.5	3.1
Central African Republic	0.8	0.1	3.1	4.8
Chad	4.7	5.0	5.0	5.6
Comoros, Union of the	2.6	3.0	3.3	3.8
Congo, Democratic Republic of the	9.3	8.5	6.1	5.7
Congo, Republic of	1.8	2.0	2.1	2.4
Côte d'Ivoire	6.4	6.6	6.0	6.5
Djibouti	5.2	6.8	7.0	6.0
Egypt, Arab Republic of	6.7	3.8	2.4	4.4
Equatorial Guinea, Republic of	3.2	-5.1	0.9	-6.4
Eswatini, Kingdom of	0.4	3.5	3.0	3.6
Ethiopia, The Federal Democratic Republic of	6.4	7.2	8.1	9.2
Gabon	3.0	2.4	3.4	2.5
Gambia, The	5.5	5.9	5.6	6.0
Ghana	3.8	3.1	5.8	6.0
Guinea	4.0	6.2	6.1	6.7
Guinea-Bissau	4.6	5.2	4.8	5.5
Kenya	4.9	5.7	4.7	4.9
Lesotho, Kingdom of	1.6	2.5	4.9	1.4
Liberia	4.8	4.6	4.0	5.1
Libya	-8.6	10.5	4.2	15.9
Madagascar, Republic of	4.1	4.2	4.3	2.8
Malawi	0.9	1.9	1.7	2.1
Mali	3.7	4.7	5.0	4.9
Mauritania, Islamic Republic of	6.8	6.8	6.3	4.2
Mauritius	8.7	5.0	4.9	3.1
Morocco	1.8	3.7	3.8	4.9
Mozambique, Republic of	4.4	5.5	2.1	-0.5
Namibia	5.4	4.4	3.7	2.4
Niger	11.9	2.4	10.3	6.9
Nigeria	4.3	3.3	4.1	4.0
Rwanda	9.8	8.6	7.2	7.0
São Tomé and Príncipe, Democratic Republic of	0.2	0.4	1.1	2.1
Senegal	3.9	4.3	6.1	7.9
Seychelles	9.9	5.2	3.4	5.1
Sierra Leone	5.3	5.7	4.3	4.4
Somalia	2.7	4.2	4.1	3.0
South Africa	2.1	0.8	0.5	1.1
South Sudan, Republic of	-5.2	3.0	-26.1	46.1
Sudan	-2.5	-20.8	-23.4	3.2
Tanzania, United Republic of	4.7	5.2	5.5	5.9
Togo	6.3	6.2	6.3	5.9
Tunisia	2.7	0.2	1.6	2.5
Uganda	6.2	5.0	6.0	6.7
Zambia	5.2	5.4	3.8	3.8
Zimbabwe	6.1	5.3	1.7	7.5

Sources: International Monetary Fund World Economic Outlook Database, April 2026; Afreximbank research.

Figure 3.2: Real GDP Growth by Region 2022–2025



Sources: International Monetary Fund 2026; World Economic Outlook April 2026; Afreximbank research.

Central Africa's growth moderated slightly to 3.7 percent in 2025 from 4.3 percent in 2024, reflecting headwinds in several resource-dependent economies. Strong growth in the Democratic Republic of Congo (5.7 percent), Chad (5.6 percent), and the Central African Republic (4.8 percent) was partially offset by a deepening contraction in Equatorial Guinea (-6.4 percent), where declining hydrocarbon production continued to weigh on economic activity. Cameroon, the subregion's second-largest economy, recorded growth of 3.1 percent, while the Republic of Congo expanded by 2.4 percent (Table 3.2 and Figure 3.2).

Western Africa maintained relatively strong growth, with regional GDP expanding by 4.8 percent in 2025 from 4.7 percent in 2024. The subregion's economic dynamism was broad-based, led by Senegal (7.9 percent growth), reflecting gains from the first full year of offshore oil and gas production, alongside Benin (7.5 percent), Niger (6.9 percent), Guinea (6.7 percent), and Côte d'Ivoire (6.5 percent). Ghana's growth increased modestly to 6.0 percent, while Nigeria, the subregion's largest economy, continued its measured recovery, with real GDP posting a flat expansion of 4.0 percent supported by improved oil output, stronger non-oil activity, and the stabilisation of its currency, the naira (Table 3.2 and Figure 3.2).

Eastern Africa continued to lead the continent's growth performance, with sub-regional real output accelerating sharply to 6.7 percent in 2025 from 3.7 percent in 2024. This reflected a strong rebound in South Sudan (46.1 percent) from a low base and the recovery of Sudan (3.2 percent) after two consecutive years of contraction. Ethiopia recorded particularly strong growth of 9.2 percent, the fastest in the subregion among large economies, supported by industrial expansion and ongoing macroeconomic reforms. Other economies posting solid growth included Rwanda (7.0 percent), Uganda (6.7 percent), Djibouti (6.0 percent), Tanzania (5.9 percent), and Kenya (4.9 percent). Even excluding the statistical rebound in South Sudan, underlying growth momentum in Eastern Africa remained well above the continental average (Table 3.2 and Figure 3.2).

Southern Africa remained the slowest-growing subregion, with growth increasing modestly to 2.1 percent in 2025 from 1.8 percent in 2024. The weak performance reflected persistent structural constraints in South Africa, including logistics bottlenecks, episodic power shortages, and low private investment, despite growth increasing to 1.1 percent from 0.5 percent in the previous year.

Zimbabwe, by contrast, rebounded strongly to 7.5 percent as agricultural production recovered following a drought. Mozambique slipped into contraction (-0.5 percent) amidst fiscal stress and post-election uncertainty. Botswana remained in recession (-0.9 percent) because of weakness in global diamond markets. Angola's growth decelerated to 3.1 percent from 5.0 percent in 2024 as softer oil prices reduced export revenues (Table 3.2 and Figure 3.2).

3.2.3 Price developments

After peaking at 21.6 percent in 2024, Africa's aggregate inflation eased significantly to 13.1 percent in 2025, as monetary policy, improved food supply conditions, and the stabilisation of several major currencies helped relieve price pressures (Table 3.1). The disinflationary trend was broad-based across subregions, although inflation remained elevated in several economies because of structural and institutional constraints. Key drivers of the decline included the appreciation of the Egyptian pound and Nigerian naira from their 2024 troughs, improved harvests across East and Southern Africa, and aggressive monetary tightening by central banks in Angola, Nigeria, and Ethiopia.

Despite this improvement, significant disparities remained across countries and subregions. Southern Africa recorded the sharpest decline, with inflation falling to 13.7 percent in 2025 from 61.6 percent in 2024, driven largely by the dramatic moderation in Zimbabwe, where inflation receded from 736.1 percent to 15.0 percent following the introduction of the gold-backed ZiG currency and tighter monetary discipline. Central Africa recorded the lowest inflation rate at 4.0 percent, benefiting from the continued stability associated with the CFA franc's peg to the euro (Table 3.3 and Figure 3.3).

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Inflation in West Africa eased to 16.8 percent in 2025 from 25.3 percent in 2024, reflecting significant progress in Nigeria, where inflation fell to 23.0 percent from 33.2 percent following tighter monetary policy and a more stable exchange rate. Ghana's inflation also declined sharply to 14.2 percent from 22.9 percent, supported by disciplined fiscal policy under the International Monetary Fund-supported programme and a firmer cedi. Sierra Leone (7.6 percent, down from 28.4 percent) and The Gambia (7.9 percent) posted substantial moderation, while Burkina Faso returned to mild deflation (-0.6 percent). Niger recorded deflation of -4.6 percent amidst disruptions to trade flows (Table 3.3 and Figure 3.3).

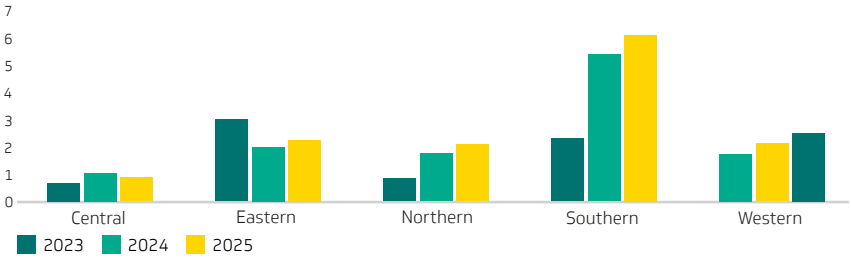
Northern Africa also recorded a sharp moderation in inflation, to 12.7 percent in 2025 from 21.0 percent in 2024. Egypt continued to drive the regional disinflation trend, with inflation falling to 20.4 percent from 33.3 percent as currency stabilisation and lower import-cost pressures took effect. Tunisia's inflation eased to 5.3 percent, Morocco recorded near-price stability at 0.8 percent, and Algeria's inflation fell to 1.4 percent. Libya also maintained modest inflation of 1.8 percent (Table 3.3 and Figure 3.3).

Table 3.3 Africa: Inflation, Annual Percent Change, 2022–2025

Country	2022	2023	2024	2025
Algeria	9.3	9.3	4.0	1.4
Angola	21.4	13.6	28.2	20.2
Benin	1.4	2.7	1.2	1.1
Botswana	12.2	5.1	2.8	2.8
Burkina Faso	13.8	0.9	4.2	-0.6
Burundi	18.9	27.1	20.2	34.2
Cabo Verde	7.9	3.7	1.1	2.3
Cameroon	6.3	7.4	4.5	3.4
Central African Republic	5.6	3.0	1.5	1.0
Chad	5.8	4.1	5.7	-2.6
Comoros, Union of the	12.4	8.5	5.0	3.2
Congo, Democratic Republic of the	9.3	19.9	17.7	7.4
Congo, Republic of	3.0	4.3	3.1	2.6
Côte d'Ivoire	5.2	4.4	3.4	0.1
Djibouti	5.2	1.4	2.1	-0.3
Egypt, Arab Republic of	8.5	24.4	33.3	20.4
Equatorial Guinea, Republic of	4.9	2.4	3.4	2.8
Eswatini, Kingdom of	4.8	4.9	4.0	3.1
Ethiopia, The Federal Democratic Republic of	33.9	30.2	21.0	13.2
Gabon	4.3	3.6	1.2	2.0
Gambia, The	11.5	17.0	11.6	7.9
Ghana	31.9	39.2	22.9	14.2
Guinea	10.5	5.4	4.5	3.1
Guinea-Bissau	7.9	7.2	3.7	0.9
Kenya	7.6	7.7	4.5	4.1
Lesotho, Kingdom of	8.2	6.5	5.2	4.4
Liberia	7.6	10.1	8.2	8.3
Libya	4.5	2.4	2.1	1.8
Madagascar, Republic of	8.2	9.9	7.6	8.0
Malawi	20.8	28.8	32.2	28.4
Mali	9.7	2.1	3.2	2.3
Mauritania, Islamic Republic of	9.6	4.9	2.5	1.6
Mauritius	10.8	7.0	3.6	3.7
Morocco	6.6	6.1	0.9	0.8
Mozambique, Republic of	10.4	7.0	3.2	4.4
Namibia	6.1	5.9	4.2	3.5
Niger	4.2	3.7	9.1	-4.6
Nigeria	18.8	24.7	33.2	23.0
Rwanda	13.9	14.0	4.8	7.0
São Tomé and Príncipe, Democratic Republic of	18.1	21.1	14.4	0.9
Senegal	9.7	5.9	0.8	1.4
Seychelles	2.6	-1.0	0.3	0.3
Sierra Leone	27.2	47.7	28.4	7.6
Somalia	6.8	6.2	5.5	3.7
South Africa	6.9	5.9	4.4	3.2
South Sudan, Republic of	-3.2	39.7	99.8	97.6
Sudan	138.8	77.2	185.7	100.2
Tanzania, United Republic of	4.4	3.8	3.1	3.3
Togo	7.6	5.3	2.9	0.4
Tunisia	8.3	9.3	7.0	5.3
Uganda	7.2	5.4	3.3	3.6
Zambia	11.0	10.9	15.0	13.9
Zimbabwe	193.4	667.4	736.1	15.0

Sources: International Monetary Fund World Economic Outlook Database, April 2026; Afreximbank research.

Figure 3.3: Inflation by Region 2022–2025



Sources: International Monetary Fund 2026; World Economic Outlook April 2026; Afreximbank research.

Central Africa retained its position as Africa's lowest-inflation subregion, with inflation declining to 4.0 percent in 2025 from 8.8 percent in 2024. The CFA franc's peg to the euro helped contain price pressures across the Central African Economic and Monetary Community. Inflation in the Democratic Republic of Congo declined to 7.4 percent from 17.7 percent as the Congolese franc stabilised, while Cameroon (3.4 percent), the Republic of Congo (2.6 percent), and Equatorial Guinea (2.8 percent) all maintained low single-digit inflation rates. Chad was an outlier, entering mild deflation (-2.6 percent) due to improved food supply conditions.

Eastern Africa's inflation declined to 14.6 percent in 2025 from 22.7 percent in 2024. Ethiopia's inflation fell to 13.2 percent from 21.0 percent as the devaluation-related pass-through effects faded and monetary policy remained tight. Kenya's inflation stayed low at 4.1 percent, while Uganda (3.6 percent) and Tanzania (3.3 percent) maintained relatively stable prices, reflecting sound macroeconomic management across the East African Community. Burundi, however, experienced rising inflation, which accelerated to 34.2 percent amidst continued foreign exchange shortages.

South Sudan (97.6 percent) and Sudan (100.2 percent) remained severe outliers, reflecting the compound effects of conflict, fiscal stress, and currency collapse (Table 3.3 and Figure 3.3).

Southern Africa's inflation fell sharply to 13.7 percent in 2025 from 61.6 percent in 2024, driven overwhelmingly by the sharp decline in Zimbabwe. Inflation in Angola moderated to 20.2 percent from 28.2 percent, Malawi's inflation declined to 28.4 percent from 32.2 percent, and Zambia's inflation fell to 13.9 percent from 15.0 percent. South Africa continued to enjoy relative price stability, with inflation easing to 3.2 percent from 4.4 percent, comfortably within the South African Reserve Bank's target range. Mozambique (4.4 percent), Namibia (3.5 percent), and Botswana (2.8 percent) also recorded subdued inflation (Table 3.3 and Figure 3.3).

Overall, Africa's inflationary dynamics in 2025 reflected the complex interaction of macroeconomic management, structural vulnerabilities, exchange-rate dynamics, and climate-related supply shocks. Although the broad-based disinflation observed across the continent is encouraging, persistent pockets of high inflation—particularly in conflict-affected states and commodity-dependent economies—continue to post risks. Sustaining the disinflation will require continued policy discipline, deeper financial sector reforms, and coordinated regional efforts to promote macroeconomic stability.

3.3 International Financial Markets and Financing Conditions

3.3.1 Financial Markets

Global equity markets maintained more resilience than expected in early 2025 amidst multiple shocks. As the world's largest economy, developments in the United States continued to exert a strong influence on global financial markets. Following widespread negative returns during earlier periods of volatility, major equity markets recovered strongly in 2024 and maintained that momentum in 2025, supported by improved investor confidence and expectations of monetary easing by major central banks.

United States equity indices recorded strong performances in 2025, bolstered largely by expectations of Federal Reserve interest-rate cuts. The Dow Jones Industrial Average was projected to end the year 2025 at 10.8 percent, following a decline of 12.9 percent in 2024, while the Standard & Poor's 500 index was projected to gain 15.8 percent after ending 2024 with a 25 percent gain. The NASDAQ Composite Index also delivered strong gains of approximately 20.3 percent in 2025, compared with a 29.8 percent increase in 2024. By contrast, the Morgan Stanley Capital International World Index recorded a loss of 3.4 percent in 2025 after gains of 19.2 percent in 2024.

European equity markets recorded more modest and uneven gains, continuing to underperform relative to the United States. While equities recovered from earlier losses, market performance remained volatile, reflecting negative shocks in major continental markets such as Germany and France. In contrast, the United Kingdom market delivered steadier returns, underscoring divergent performance across European exchanges amidst weaker growth momentum and persistent uncertainty.

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The evolving global financial environment between 2023 and 2025, provides an important backdrop for understanding both the opportunities and limitations facing African financial markets. Despite substantial development needs, Africa's progress in deepening domestic financial markets and enhancing the role of financial capital remains a paradox. Although global financial markets steadily stabilised following earlier volatility, access to long-term, affordable capital in many African economies remained constrained.

African equity markets are maintaining cautious momentum in 2026, supported by easing inflation, gradual improvements in macroeconomic stability, and continued reform efforts in key economies. However, performance is likely to remain uneven across countries, reflecting differences in policy credibility, exchange rate stability, and exposure to global financial conditions. Progress in deepening domestic capital markets and sustaining investor confidence will be critical in translating improved sentiment into durable market gains.

These expectations build on the resilience demonstrated in 2024 and 2025, when African stock markets benefited from improving macroeconomic conditions and stronger global commodity demand. South Africa's Johannesburg Stock Exchange (JSE), the continent's largest exchange, recorded returns of approximately 10 percent in 2024 compared with 9 percent the year previous, reflecting stable domestic economic conditions and renewed investor interest, particularly in commodity-linked sectors. Other major exchanges, including the Nigeria Exchange (NGX), also recorded notable gains as commodity demand recovered and macroeconomic conditions stabilised.

Fixed-income markets also benefited from improving investor sentiment, although capital allocation remained increasingly selective, favouring economies with stronger policy credibility and more resilient macroeconomic frameworks. Major global bond markets experienced declining yields through 2024 and into early 2025, although the decline was not consistent throughout the year.

Looking ahead, global bond markets are expected to remain broadly supportive as inflation eases inflation and major advanced economies move gradually toward monetary policy normalisation. Bond yields continued to decline into early 2025 before stabilising, as central banks adopted more cautious, data-dependent approaches to policy easing. These conditions are expected to support fixed-income valuations, particularly for high-quality sovereign and investment-grade corporate bonds, although yield volatility may persist amidst fiscal pressures, elevated sovereign issuance, and geopolitical uncertainty.

These developments build on the marked improvement observed in 2024 and 2025 in global bond markets. After modest returns in 2024, when core bond benchmarks posted only low single-digit gains, fixed-income performance strengthened significantly in 2025. Broad U.S. investment-grade bonds, as measured by the Bloomberg U.S. Aggregate Bond Index, delivered total returns of approximately 7.3 percent in 2025, compared with only 1.25 percent return in 2024, supported by falling yields and continued central bank accommodation. Global bond indices also showed stronger performance, as declining interest rates and tighter spreads increased investor demand.

Sovereign and corporate fixed-income instruments regained appeal after earlier volatility, highlighting the sensitivity of bond markets remain to macroeconomic conditions, inflation expectations, and monetary policy. As interest-rate differentials between advanced and developing economies narrowed, investor interest in emerging and frontier markets improved. However, capital flows remained selective and uneven, with economies facing elevated debt burdens and weaker macroeconomic fundamentals continuing to encounter constrained market access. These dynamics underscored the importance of policy credibility, debt sustainability, and sound macroeconomic management in sustaining investor confidence.

Global exchange-traded derivatives (ETD) markets continued to grow in 2024, with total worldwide ETD volumes reaching approximately 205.34 billion contracts, representing an increase of about 51 percent compared with 2023. Growth was driven largely by substantial increases in options trading, which rose nearly 64 percent year-on-year, while futures trading recorded more modest gains. However, ETD volumes moderated significantly in 2025. Monthly and year-to-date trading volumes remained substantially below 2024 levels. For example, worldwide ETD volumes in October 2025 were about 43 percent lower than October 2024, and year-to-date volumes through October were down approximately 45 percent from the same period in 2024, reflecting a slowdown in derivative trading activity after the sharp expansion of the prior year.

Stock index options were the standout ETD product category in 2024, accounting for 41.8 percent of total contracts and expanding by more than 117 percent year-on-year. Regional growth was led by the Asia-Pacific, market, where ETD activity increased by 67.4% increase, reflecting rapid financial market deepening in China, Korea, and India. This momentum, however, weakened markedly in 2025 as global ETD trading activity slowed.

African derivatives markets continued to develop gradually, although progress remained uneven. Activity remained heavily concentrated in South Africa's JSE, which continued to dominate trading in equity index futures, options, and commodity contracts, while most other African exchanges maintained very limited or pilot-level derivatives activity. From 2024 to 2025, easing volatility and improving currency stability reduced hedging pressure. Demand remained strong in 2024 for FX forwards, commodity derivatives, and index futures, but slowed in 2025 as inflation and rate expectations became more predictable.

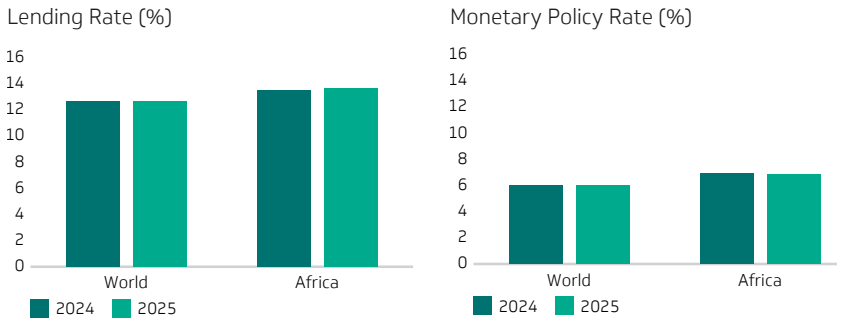
Currency market developments across Africa further illustrated this divergence. While major global currencies fluctuated in response to shifting interest rate expectations between 2024 and 2025, many African currencies remained under sustained depreciation pressure because of weak external balances, inflationary pressures, and limited foreign exchange buffers. Although policy adjustments and external support helped stabilise conditions in some economies, exchange rate volatility continued to pose significant macro-financial risks in 2025.

Against this backdrop, strengthening the depth, resilience, and inclusiveness of Africa's financial markets remains essential to narrowing the persistent gap between improving global financial conditions and the continent's development financing needs. Bolstering domestic capital markets, enhancing policy credibility, and expanding access to long-term, development finance will be critical to mobilising sustainable investment and reducing vulnerability to external shocks. Within this evolving landscape, Afreximbank's role in crowding in private capital, supporting trade and industrial value chains, and facilitating intra-African trade under the African Continental Free Trade Area (AfCFTA) framework remains increasingly critical to anchoring financial stability and converting global financial recovery into durable, broad-based growth across the continent.

3.3.2 Financing Conditions

Global monetary conditions eased modestly in 2025, with average lending rates declining marginally from 12.7 percent in 2024 to 12.6 percent in 2025, while average policy rates remained broadly stable at around 6 percent. In Africa, however, financing conditions remained comparatively tight. Lending rates increased slightly from 13.5 percent in 2024 to 13.6 percent in 2025 even as average monetary policy rates eased marginally from 6.89 percent to 6.83 percent (Figure 3.4). Persistently high lending costs reflected elevated inflation expectations, exchange-rate pressures, sovereign risk premia, and structural constraints on credit expansion and investment within domestic financial systems across the continent.

Figure 3.4: Lending Rate and Monetary Policy Rate



Sources: Authors' construction based on consolidated data from the World Bank's World Development Indicators; International Monetary Fund World Economic Outlook databases; and Afreximbank Research 2026.

Monetary policy in advanced economies remained generally restrictive through much of 2024 amidst moderated but persistent inflation. In the United States, the Federal Reserve maintained the federal funds rate at elevated levels of 5.50 percent, contributing to tighter financial conditions that dampened borrowing and investment. By 2025, markets anticipated a gradual easing, although the Federal Reserve maintained a cautious and data dependent stance, with rates ending the year within the 3.5–3.75 percent range.

The European Central Bank maintained a restrictive bias in 2024, keeping the deposit facility rate at a historic 4.0 percent. Other central banks, including the Bank of England, Norges Bank, and the Swiss National Bank, also maintained elevated policy rates to anchor inflation expectations. In Japan, the Bank of Japan raised its policy rate from zero to 0.25 percent in 2024, reflecting confidence in achieving its 2 percent inflation target.

Overall, the average global policy rate declined only marginally from 6.00 percent in 2024 to 5.99 percent in 2025, while global lending rates eased from 12.7 percent to 12.6 percent over the same period.

Africa's financial markets continue to adjust with relative stability as many countries begin or expand their interest-rate tightening cycle. In several African economies, inflationary pressures, although persistent in some countries,

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have been more contained than initially anticipated, easing concerns about aggressive policy hikes. As a result, investors and market participants are increasingly shifting their attention towards the durability of the region's economic recovery and how evolving domestic and global conditions may influence interest-rate trends, sovereign risk, and asset valuations.

Developments in Africa broadly mirrored global monetary policy dynamics in 2025, with many central banks maintaining tight policy stances between 2023 and 2025 to contain inflation and stabilise exchange rates. These developments reflected a high degree of alignment in policy responses to inflationary pressures. The parallel movement in policy rates between Africa and the global economy points to a broad convergence in the direction of monetary policy actions, even as the levels of interest rates diverged. Africa's persistently higher lending rates reflect elevated inflation expectations, exchange rate pressures, and sovereign risk premia, which continue to constrain credit growth and private investment. These dynamics highlight the structural challenges facing African financial markets and underscore the importance of complementary reforms—particularly in financial market deepening, macroeconomic credibility, and risk mitigation—to enhance the effectiveness of monetary policy transmission.

Across Africa, monetary authorities largely mirrored global tightening trends between 2023 and 2024, raising policy rates aggressively to combat inflation and stabilise exchange rates. However, high lending rates and tight financial conditions persisted into 2025, constraining private sector credit and investment. While some moderation in policy rates began to emerge as inflation eased, financing conditions remained restrictive relative to global benchmarks.

These dynamics highlight the structural challenges facing African economies, including shallow financial markets and high-risk premia, and underscore the importance of coordinated macroeconomic management and financial sector deepening to support sustainable growth.

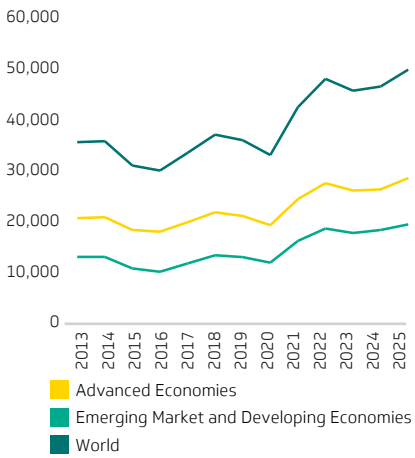
Chapter Four

Global Trade and Trading Environment

4.1 Global Trade

Global trade showed resilience in 2025, expanding faster than expected, despite prolonged geopolitical tensions, trade wars, and extended regional conflicts, with consequent trade policy uncertainty. Several factors contributed to this performance. Importers frontloaded orders to escape announced tariff escalation, demand for artificial intelligence (AI)-related goods increased, and sustained disinflation boosted households' purchasing power and consumer confidence, which enabled central banks to maintain low interest rate and improve access to financing. As a result, the most recent estimates from the World Trade Organization (WTO) (2026) showed that growth in the volume of global merchandise trade expanded by an estimated 4.6 percent in 2025, from 2.7 percent in 2024 after contracting by 0.9 percent in 2023. Trade in current US dollar terms is estimated to have increased to about US$51.7 trillion in 2025, from about US$48.4 trillion recorded in 2024.

Figure 4.1 Trends in Global Merchandise Trade (US$ billion)



Sources: International Monetary Fund Direction of Trade Statistics 2026; Afreximbank research.

However, the resilience of global trade masks significant variations across regions. According to the WTO (2026), the volume of merchandise exports in developed economies contracted by 1.2 percent in 2025, from 0.4 percent and 0.3 percent growth recorded in 2023 and 2024, respectively. Merchandise imports also contracted by about 1.3 percent in 2025, after recovering by 1.2 percent in 2024 from a contraction of 3.6 percent in 2023. In North America, the volume of merchandise exports lost steam, declining by 3.1 percent in 2025. This was a marked reversal from two consecutive years of positive performance, with exports growing by 3.6 percent in 2023 and 2.3 percent in 2024. Merchandise imports followed a similar trend, contracting by 4.9 percent in 2025 after a strong recovery with 4.7 percent growth in 2024. In Europe, however, merchandise exports recovered (albeit marginally), growing by 0.7 percent in 2025 from a decline of 1.7 percent in 2024. Imports saw a firmer recovery, rebounding by an impressive 2.4 percent in 2025 from a contraction of 2.3 percent the previous year.

In contrast to developed economies, developing economies were the major drivers of global growth and trade in 2025. They maintained a positive trend, significantly improving the volume of their merchandise trade. Growth in their exports strengthened during the review period. Growth in the volume of their merchandise exports gained traction, accelerating to about 2.9 percent in 2025, significantly up from the modest expansion of about 1.4 percent recorded in 2024. Their merchandise imports grew by 6.5 percent in 2025, slightly up from 6.1 percent in 2024, although they remained much lower than the 7.2 percent achieved in 2023. Asia's performance was notable, with merchandise exports expanding by 5.3 percent in 2025, even though that growth was lower than the impressive 8 percent recorded in 2024. Imports also maintained their upward trajectory for the second consecutive year, expanding to 5.7 percent in 2025, from 5.1 percent in 2024, after contracting by 0.7 percent in 2023.

In South America, merchandise imports accelerated by 8.8 percent in 2025, sustaining their 6 percent upward momentum in 2024 after contracting by 4 percent in 2023. The region's merchandise exports followed a similar trend, strengthening by 5.1 percent in 2025, from 4.4 percent the previous year. Improved export performance in several countries, including Brazil, Colombia, Bolivia, and Paraguay, underpinned this growth, reversing the contractions experienced the previous year. At the same time, increased demand from South America's major trading partners, including China, the United States, and the European Union, significantly contributed to boost the region's overall export performance during the review period (Inter-American Development Bank 2026).

4.2 Global Trade Environment

The complex interplay of geopolitical tensions, geo-economic fragmentation, and structural shifts in the global economy shaped the global trade environment in 2025, contributing to an increasingly uncertain and risky trade landscape. These developments influenced global trade flows through their effects on supply chains, trade costs, and market stability. Technological advances, particularly in AI, emerged as a critical driver of change, transforming trade logistics, customs administration, and the organisation of global value chains. Artificial intelligence (AI) is increasingly being deployed in trade-related systems to improve efficiency and reduce transaction costs.

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In China, AI-enabled systems have been integrated into automated port operations at major hubs such as Shanghai, optimising container handling and reducing vessel turnaround times. Singapore has similarly embedded AI within its Networked Trade Platform, enabling real-time data exchange and streamlining customs clearance processes. Within Africa, adoption of AI remains nascent but is increasingly evident in trade-related applications. In South Africa, AI is being introduced in port and logistics operations to improve cargo tracking and reduce congestion, while Kenya has integrated AI-driven analytics into customs and revenue systems to enhance risk assessment and facilitate faster clearance of goods. These developments point to the growing role of digital technologies in shaping trade efficiency. However, the benefits remain unevenly distributed, as limited access to digital infrastructure and technical capabilities continue to constrain the ability of many developing economies to fully participate in AI-driven trade.

Notwithstanding these technological advances, the increasing use of tariffs, sanctions, and trade restrictions further constrained global trade relations, while environmental disruptions affected infrastructure, logistics, and production systems. Climate-induced low water levels in the Panama Canal constrained vessel transits, reducing global shipping capacity and increasing freight costs. These developments placed pressure on supply chains, increased trade costs, and contributed to delays in global trade flows. Ongoing conflicts, including the Ukraine conflict and the Israel–Hamas conflict, further disrupted key shipping routes and energy markets, reinforcing volatility in global trade.

Disputes within the WTO reflected a marked intensification of trade tensions across multiple jurisdictions. A defining feature of the dispute landscape was the growing use of trade policy instruments in strategic sectors such as renewable energy, automotive manufacturing, steel, and digital technologies, highlighting the increasing intersection between trade policy and industrial strategy. A central driver of these tensions was the continued escalation of trade frictions between major economies, particularly between the United States and China. Notably, in DS633 (United States – Additional Tariff Measures on Goods from China), China challenged additional tariffs imposed by the United States, initially set at 10 percent and subsequently increased to 20 percent, arguing that these measures were inconsistent with core obligations under the General Agreement on Tariffs and Trade 1994, including most-favoured-nation treatment and tariff bindings. The United States justified these measures on national security grounds, raising broader concerns regarding the expanding use of security exceptions and their implications for the rules-based multilateral trading system.

Beyond bilateral tensions between the United States and China, dispute activity in 2025 also highlighted increasing frictions arising from industrial and climate-related policy measures. These disputes reflect a growing trend in which governments are using trade policy not only to regulate trade, but also to support domestic industries and pursue environmental objectives, often creating tensions with existing multilateral trade rules. Through DS639 (European Union — Carbon Border Adjustment Mechanism), the Russian Federation challenged the European Union's Carbon Border Adjustment Mechanism. The mechanism imposes carbon-related charges on certain imported goods to ensure that foreign producers incur similar carbon costs to those imposed on European producers under the European Union's climate policies. Russia argued that these charges act as trade restrictions by increasing the cost of imports. They raised concerns about whether the measure is consistent with WTO rules, particularly regarding non-discrimination and fair market access.

Similarly, disputes involving India's industrial policies, including DS642 (India – Measures Concerning Trade in the Automotive and Renewable Energy Technology Sectors) and DS644 (India – Solar Cell, Solar Module, and Information Technology Sectors), illustrate tensions linked to government support for strategic industries. In these cases, China challenged India's use of incentives and domestic content requirements, which favour locally produced goods over imports. China argued that such measures distort competition and limit market access for foreign firms, particularly in key sectors such as clean energy and technology.

At the sectoral level, trade friction in traditional industries also remained prominent. Disputes involving steel and aluminium reflected persistent tensions in global metals markets, particularly in sectors characterised by overcapacity and strategic importance. For example, in DS635 (United States – Duties on Steel and Aluminium from Canada), Canada challenged additional duties imposed by the United States on its steel and aluminium exports, arguing that these measures restricted market access and were inconsistent with WTO rules. DS641 (Canada – Tariff Measures on Steel and Aluminium) involved concerns over Canada's use of tariffs and quota measures on metals imports, which were contested on the basis that they distorted competition and limited access to its domestic market.

Likewise, disputes such as DS636 (China – Duties on Agricultural and Fishery Products from Canada) and DS640 (United States – Tariffs on Brazilian Exports) demonstrate that agriculture and resource-based sectors were also exposed to trade tensions. In DS636, Canada challenged duties imposed by China on agricultural and fishery products, arguing that these measures disrupted trade flows and constrained export opportunities. In DS640, tariff measures imposed by the United States on exports from Brazil raised concerns

regarding the use of trade restrictions in commodity markets.

Beyond disputes in merchandise trade, trade tensions in 2025 increasingly extended into areas of intellectual property and digital trade. In DS632 (China – Licensing Terms for Standard Essential Patents), the European Union challenged policies implemented by China that allow domestic courts to determine global licensing conditions for standard essential patents. The European Union argued that these measures undermine intellectual property protections and distort competition in high-technology markets. This dispute highlights the growing importance of digital and innovation-related issues within the WTO framework, as trade tensions expand beyond traditional goods trade into areas such as services, data governance, and technology standards.

Despite the rise in dispute activity, the effectiveness of the WTO dispute settlement system remained significantly constrained due to the continued paralysis of the Appellate Body. In the absence of a functioning appellate mechanism, members retained the ability to appeal panel rulings "into the void," preventing their adoption and limiting enforceability. This institutional limitation has weakened the credibility and predictability of the multilateral trading system, particularly in the context of rising trade tensions and increased recourse to unilateral trade measures.

Amidst rising trade tensions and continued constraints within the multilateral trading system, African countries continued to advance the implementation of the African Continental Free Trade Area (AfCFTA) as a strategic response aimed at strengthening intra-African trade and enhancing resilience to external shocks. At the continental level, participation in the agreement approached universality. As of July 2025, 49 out of 54 African Union member states had deposited their instruments of ratification, with Eritrea remaining the only country yet to sign the agreement. Benin, Libya, Somalia, South Sudan, and Sudan have yet to complete ratification, indicating that while participation is nearly universal, full legal implementation remains incomplete.

Market access negotiations also recorded substantial progress. Forty-nine provisional schedules of tariff concessions had been submitted, 48 of which were adopted. However, only 17 countries had submitted full tariff schedules covering all tariff categories, highlighting that tariff liberalisation remains uneven despite overall advancement. Progress on rules of origin negotiations reached approximately 92.43 percent of tariff lines. Outstanding issues remain concentrated in sensitive sectors such as textiles and automotive products. These products are critical for countries with more developed manufacturing bases, including Egypt, Morocco, and South Africa. These sectors also present opportunities for other countries to participate in regional value chains, particularly in agro-processing and light manufacturing.

At the national level, progress was reflected in the domestication of the agreement. By 2025, 24 countries, including Cameroon, Côte d'Ivoire, Egypt, Ghana, Kenya, Malawi, and Rwanda, had aligned national trade frameworks and gazetted AfCFTA provisions to support its rollout. Building on these developments, progress increasingly translated into actual trade activity at the operational level, particularly through the expansion of the AfCFTA Guided Trade Initiative. From an initial group of participating countries, the initiative expanded to more than 39 countries by 2025, reflecting growing readiness among countries to engage in preferential intra-African trade. Trade under the initiative includes processed foods, tea, coffee, and manufactured goods, providing early evidence of practical implementation and the strengthening of regional value chains.

Progress was also observed across key sectors of the agreement. In the services sector, countries adopted commitments under the Protocol on Trade in Services across priority areas, including business, communication, financial, tourism, and transport services. Egypt, Kenya, Mauritius, and South Africa were particularly active in advancing services liberalisation. These developments support the gradual expansion of cross-border services trade under the AfCFTA framework. Complementing these efforts, trade facilitation, and customs cooperation advanced, with progress toward the establishment of a Continental Transit Guarantee System and the development of a Continental Electronic Certificate of Origin, alongside broader efforts to digitalise trade processes and strengthen customs coordination. These measures are expected to reduce trade costs and improve the efficiency of cross-border trade, particularly along key corridors such as the Abidjan–Lagos Corridor, the Northern and Central Corridors, and the North–South Corridor. Digital trade also emerged as an important pillar of implementation. Following the adoption of annexes under the Protocol on Digital Trade, a continental implementation strategy was developed, with pilot initiatives expected to support the rollout of digital trade systems and enhance connectivity across African markets.

Despite this progress, several challenges remain. A number of countries have not yet submitted full tariff schedules, negotiations on rules of origin remain incomplete in key sectors, and capacity constraints continue to affect implementation at the national level. In addition, effective coordination between the AfCFTA Secretariat, member states, and Regional Economic Communities remains critical to ensuring consistent and timely implementation.

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Beyond the AfCFTA framework, regional cooperation developments in Africa focused primarily on functional, financial, and institutional areas rather than the establishment of new trade agreements. The Common Market for Eastern and Southern Africa launched a Digital Retail Payments Platform in October 2025. The platform enables cross-border transactions in local currencies, eliminating the need for US dollar conversion and reducing transaction costs to approximately 3 percent. The initiative represents a shift toward financial cooperation as a mechanism to facilitate trade, particularly for small and medium enterprises. Efforts under the Common Market for Eastern and Southern Africa—East African Community–Southern African Development Community Tripartite framework focused on accelerating implementation and operationalisation. It urged member states to fast-track ratification and align policies related to transport, customs, and trade systems.

Regional developments faced setbacks in West Africa, where Burkina Faso, Mali, and Niger formally exited the Economic Community of West African States in January 2025 following a prolonged dispute over governance and sanctions. Regional progress was further supported through planning and policy coordination. The Southern African Development Community adopted its Annual Corporate Plan 2025/26 and a Communication, Awareness and Visibility Strategy (2025–2030), aimed at strengthening institutional coordination and aligning national development priorities. Progress was also observed in areas such as visa openness and mobility, with several Regional Economic Communities, including the East African Community, Economic Community of Central African States, Intergovernmental Authority on Development, and the Common Market for Eastern and Southern Africa, improving the movement of people across borders.

Afreximbank strengthened its role as a central trade-enabling institution through a combination of trade finance, trade facilitation, and market development interventions. A key area of intervention remained support for the implementation of the AfCFTA, where the Bank advanced the US$10 billion AfCFTA Adjustment Fund, designed to support member states in managing revenue losses and adjustment costs associated with tariff liberalisation. Targeted capacity-building and training programmes were added in 2025, aimed at enabling African businesses to effectively utilise AfCFTA trading opportunities. In addition, Afreximbank continued to scale up trade-enabling financial infrastructure, particularly through the expansion of the Pan-African Payment and Settlement System. The addition of countries such as Morocco and Algeria in 2025 broadened the system's reach, facilitating cross-border payments in local currencies and reducing reliance on external currencies. These developments are expected to lower transaction costs, improve liquidity conditions, and enhance the efficiency of intra-African trade.

Beyond financing and payment systems, Afreximbank played a direct role in facilitating trade flows and strengthening market linkages. The organisation of the Intra-African Trade Fair provided a platform for connecting buyers and sellers, promoting industrial products, and supporting the conclusion of trade deals across the continent. In addition, the Bank deepened Africa–Caribbean trade and investment relations through the 2025 Africa–Caribbean Trade and Investment Forum, supporting the diversification of Africa's external trade partnerships. The Bank also expanded its interventions in strategic sectors, including energy, through initiatives such as a US$3 billion revolving facility for fuel trade. This facility aims to strengthen intra-African energy supply chains, improve energy security, and reduce exposure to external shocks in global fuel markets. By combining financing, payment infrastructure, policy support, and market platforms, the Bank is addressing structural constraints that have hindered intra-African trade for decades.

4.3 African External Reserves and Exchange Rate Developments

Foreign exchange reserves continue to serve as a critical macroeconomic buffer for Africa, underpinning exchange rate stability and providing central banks with the policy space to manage excessive currency volatility. In 2025, reserves remained resilient, though sustaining that resilience will depend on sustained macroeconomic stability, strengthened external balances, and reforms that enhance competitiveness and attract durable inflows.

Reflecting this resilience and stability, Africa's foreign exchange reserve holdings showed positive momentum, expanding to US$505.5 billion in 2025, from US$468.2 billion in 2024, up around 7.0 percent from the previous year, despite ongoing global uncertainties. This development reflects the combined effects of stabilising commodity prices, stronger exports in some economies, and policy measures aimed at improving investment inflows. Economies with stronger export performance and credible macro frameworks tended to preserve or build buffers, while those facing debt-service pressures and tight external financing conditions continued to grapple with rebuilding reserves at scale.

Table 4.1 Reserve Position of African Countries, 2021–2025 (US$ billions, unless otherwise indicated)

	Reserves (US$ billion)					Growth (%)				Months of Import Cover (Months)				
Country	**2021**	**2022**	**2023**	**2024**	**2025**	**2022**	**2023**	**2024**	**2025**	**2021**	**2022**	**2023**	**2024**	**2025**
Algeria	46.3	62.0	70.0	68.7	52.0	33.9	12.9	-1.8	-24.4	12.6	16.0	16.4	15.1	10.0
Angola	15.6	14.7	15.2	15.8	16.1	-5.3	2.9	4.2	1.9	9.9	6.2	7.7	8.4	8.0
Benin	1.7	1.3	0.5	0.3	1.1	-19.5	-65.7	-33.0	271.5	4.0	3.0	0.9	0.6	2.0
Botswana	4.8	4.3	4.8	3.5	3.4	-10.9	11.1	-27.3	-1.6	6.2	5.8	7.9	5.1	5.1
Burkina Faso	1.8	0.3	0.9	0.3	2.0	-84.7	220.4	-66.6	578.7	3.7	0.5	1.6	0.5	3.2
Burundi	0.3	0.2	0.1	0.1	0.1	-40.5	-43.0	51.7	-19.0	2.7	1.3	0.8	1.2	1.0
Cabo Verde	0.8	0.7	0.8	0.8	1.3	-9.1	14.9	-2.7	60.8	8.3	6.4	6.8	6.4	9.6
Cameroon	4.4	5.2	4.9	5.8	6.0	18.9	-4.9	18.2	2.3	5.8	6.4	5.8	6.9	6.5
Central African Republic	0.5	0.4	0.5	0.4	0.5	-21.7	21.6	-7.7	4.6	7.7	5.5	7.0	6.3	6.8
Chad	0.2	1.0	1.1	1.1	1.1	346.2	3.5	2.8	2.3	0.5	2.3	2.1	2.1	2.1
Comoros	0.3	0.3	0.3	0.3	0.3	-13.9	14.4	-0.3	-3.9	9.5	7.1	7.7	7.4	6.9
Congo Dem. Rep. of	3.5	4.4	5.1	6.1	7.7	26.5	17.1	19.5	25.6	1.9	1.7	1.8	2.0	2.3
Congo Republic	0.8	0.9	0.7	0.8	0.7	0.8	-13.7	1.9	-2.1	2.3	1.8	1.5	1.5	1.4
Côte d'Ivoire	0.00	0.00	8.34	10.43	9.40	-	-	25.1	-9.9	0.0	0.0	4.7	5.7	4.6
Djibouti	0.6	0.6	0.5	0.3	0.5	0.5	-14.7	-31.9	37.1	1.3	1.4	1.1	0.8	1.1
Egypt	39.3	32.2	33.1	44.9	51.4	-18.2	3.1	35.6	14.4	5.0	4.0	4.8	5.4	5.5
Equatorial Guinea	0.0	1.5	1.5	1.1	0.7	3241.5	5.6	-30.0	-35.0	0.2	4.6	5.5	3.7	2.4
Eritrea	0.3	0.3	0.3	0.4	0.4	-1.5	1.8	11.1	1.7	5.6	4.6	4.7	4.9	4.9
Eswatini	0.6	0.5	0.5	0.5	0.5	-21.0	5.9	12.0	-1.0	3.2	2.4	2.4	2.5	2.2
Ethiopia	1.6	1.2	2.0	3.8	6.8	-27.5	70.2	86.6	79.7	0.9	0.6	1.1	1.8	3.0
Gabon	1.3	1.4	1.5	1.1	1.0	8.5	2.7	-23.9	-8.5	2.7	2.7	2.8	2.1	2.1
Gambia	0.7	0.6	0.6	0.9	0.6	-12.9	1.5	61.2	-34.4	10.8	8.2	5.1	7.2	4.4
Ghana	9.7	6.3	5.9	9.0	13.8	-35.5	-5.5	52.1	53.1	4.6	2.9	2.8	4.0	5.0
Guinea	2.1	2.0	1.8	1.0	3.4	-3.7	-9.6	-43.7	235.3	4.7	4.2	2.6	1.2	3.4
Guinea, Bissau	0.4	0.3	0.3	0.3	0.4	-28.4	6.3	3.4	6.2	9.7	6.2	6.5	6.4	6.6
Kenya	9.5	8.0	7.3	10.1	12.1	-16.0	-7.9	37.1	20.2	4.7	3.4	3.4	4.3	4.8
Lesotho	0.8	0.8	0.9	1.0	1.1	-3.4	10.7	18.0	9.1	4.3	4.1	4.9	5.8	6.1
Liberia	0.7	0.6	0.5	0.5	0.6	-14.4	-24.8	5.6	17.6	5.3	3.9	2.5	3.2	2.8
Libya	75.6	80.0	84.8	82.7	87.9	5.9	5.9	-2.5	6.3	35.7	34.5	30.6	31.0	31.1
Madagascar	2.3	2.2	2.6	2.8	2.8	-7.5	21.9	6.9	-2.0	5.9	4.3	6.0	6.2	5.8
Malawi	0.4	0.3	0.2	0.3	0.3	-29.0	-21.5	8.9	0.9	1.4	1.0	0.7	0.8	0.8
Mali	0.0	0.0	0.0	0.5	0.6	-	-	-	17.9	0.0	0.0	0.0	0.8	0.9
Mauritania	2.1	1.9	2.1	2.0	2.1	-7.8	8.2	-4.0	7.6	5.7	4.0	4.7	4.4	4.5
Mauritius	8.6	7.8	7.3	8.5	10.3	-9.0	-7.0	17.3	21.0	16.9	11.6	10.8	11.9	11.0
Morocco	35.6	32.3	36.3	37.1	48.6	-9.3	12.4	2.2	30.8	7.1	5.3	5.9	5.5	6.2
Mozambique	3.8	2.9	3.6	3.8	4.6	-22.2	23.7	5.7	20.4	4.3	2.2	3.9	4.4	5.0
Namibia	2.8	2.8	3.0	3.4	3.1	1.4	5.5	13.5	-7.5	5.1	4.5	4.2	4.4	3.8
Niger	1.9	1.5	1.1	1.0	1.5	-19.2	-24.3	-8.5	43.8	5.5	4.3	3.6	4.1	5.7
Nigeria	41.7	36.8	33.5	40.4	46.0	-11.8	-9.1	20.8	13.8	7.4	5.7	6.1	8.4	9.4
Rwanda	1.9	1.7	1.8	2.4	1.9	-7.6	6.3	31.2	-21.1	5.8	4.2	3.8	4.4	3.9
São Tomé and Príncipe	0.1	0.1	0.0	0.1	0.1	-14.0	-28.3	27.1	-15.0	4.5	2.4	2.2	3.0	2.3
Senegal	0.0	0.0	0.0	4.7	5.0	-	-	-	7.5	0.0	0.0	0.0	4.0	4.3
Seychelles	0.7	0.6	0.7	0.8	0.9	-9.0	6.8	13.4	16.3	4.6	3.3	3.3	3.9	4.4
Sierra Leone	0.9	0.6	0.5	0.5	0.5	-34.0	-20.6	-3.0	12.0	5.9	3.6	2.7	2.0	2.1
Somalia	-	-	-	-	-	-	-	-	-	-	-	-	-	-
South Africa	57.6	60.6	62.5	65.5	75.9	5.2	3.2	4.7	15.9	6.6	5.7	6.1	6.6	7.2
South Sudan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sudan	1.0	0.5	0.2	0.2	0.2	-48.6	-61.6	-10.2	-6.1	1.2	0.5	0.5	0.4	0.4
Tanzania	6.4	5.2	5.5	5.5	6.3	-18.9	5.3	0.9	15.2	6.6	3.7	4.1	3.9	4.3
Togo	2.4	2.1	1.9	1.6	1.7	-10.6	-9.0	-15.7	4.7	10.0	8.1	6.8	5.4	5.3
Tunisia	8.7	7.9	9.1	9.1	8.8	-9.2	15.5	0.8	-4.2	4.3	3.4	3.9	3.8	3.3
Uganda	4.3	3.6	3.7	3.3	6.0	-17.8	4.8	-11.5	81.4	4.9	3.9	3.4	2.5	3.4
Zambia	2.8	3.0	3.2	3.1	4.2	7.8	6.9	-1.9	34.9	4.3	3.6	3.5	3.1	4.0
Zimbabwe	0.8	0.6	0.1	0.5	1.2	-28.8	-81.6	341.1	143.6	1.2	0.7	0.1	0.6	1.3
Total	**410.8**	**406.7**	**433.7**	**469.2**	**515.2**	**-1.0**	**6.6**	**8.2**	**9.8**	**-**	**-**	**-**	**-**	**-**
Average	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5.6**	**4.6**	**4.6**	**4.8**	**4.9**

Sources: Economist Intelligence Unit; Fitch Solutions.
Note: Growth rates are Afreximbank staff calculations. Blank cells indicate data unavailability.

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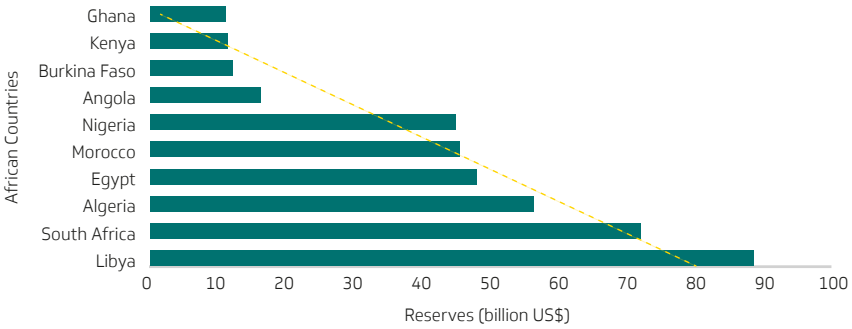
Reserve adequacy continued to improve between 2024 and 2025. The region's average import cover rose to around 4.5–4.9 months, well above the IMF's commonly used adequacy threshold of 3 months. The elevated import cover seen during the review period suggests that short-term external resilience remained strong, although outcomes varied significantly across countries. In 2025, Africa's foreign exchange reserves remained concentrated in a few countries. For instance, Libya led with US$87.9 billion, followed by South Africa at US$71.4 billion, Algeria at US$55.9 billion, Egypt with US$47.5 billion, Morocco at US$45.0 billion, and Nigeria at US$44.5 billion. Other countries with smaller stock of reserves include Angola (US$16.1 billion), Burkina Faso (US$12.0 billion), Kenya (US$11.3 billion), and Ghana (US$11.0 billion). This uneven distribution underscores regional disparities and highlights the importance of targeted macroeconomic policies and strengthened external engagement in countries with smaller buffers to enhance resilience against global shocks.

Commodity dynamics remained a key driver of reserve performance. In 2025, strong commodity receipts and improved export performance supported reserve accumulation across African economies. Among oil exporters, Nigeria's foreign exchange reserves rose by about 10 percent, from US$40.4 billion to an estimated US$44.5 billion, driven by higher crude production, still favourable oil prices, and inflows from remittances and portfolio investment. According to the 2026 Economic Intelligence Unit database, Libya maintained one of Africa's largest reserves (US$87.9 billion), while Algeria held around US$55.9 billion, reflecting continued energy exports.

Figure 4.2 Foreign Reserves – Top Ten African Countries, 2025



Sources: Construction based on consolidated data from World Development Indicators of the World Bank; IMF World Economic Outlook databases; Afreximbank research 2026.

In non-oil exporting countries, higher commodity prices and diversified exports bolstered external balances. South Africa's reserves reached about US$71.4 billion, supported by coal, minerals, and services, while Morocco recorded US$45.0 billion, driven by tourism and phosphates. Egypt and Tunisia also maintained credible reserve balances, underpinned by tourism, remittances, and agricultural exports. Overall, export revenue strength from energy and non-energy commodities helped many African economies sustain external buffers, even as vulnerabilities and external financing pressures persisted in more fragile markets.

Currency performance in 2025 showed a mixed and uneven landscape across African economies. In several cases, exchange rates improved or stabilised amidst better foreign exchange liquidity and supportive policy measures. For example, Ghana, Kenya, and Zimbabwe saw relative stability, supported by stronger foreign exchange reserves and policy measures, with the Ghanaian cedi appreciating by about 25.7 percent. The South African rand strengthened by roughly 12.1 percent, aided by firm commodity prices, while the Moroccan dirham remained broadly stable. Algeria's dinar also held steady, benefiting from hydrocarbon export receipts. Despite these improvements, depreciation pressures persisted in economies with low reserves, high external debt, and widening fiscal deficits, reflecting uneven external adjustment across the continent and highlighting vulnerabilities in markets with limited buffers.

Table 4.2 Africa: Exchange Rate Developments, 2021–2025 (per US$, unless otherwise indicated)

Country-Currency	2021	2022	2023	2024	2025				
	(1)	(2)	(3)	(4)	(5)	(1) & (2)	(2) & (3)	(3) & (4)	(4) & (5)
Algeria – dinar	135.1	142.0	135.8	134.1	131.6	5.13	(4.33)	(1.32)	(1.83)
Angola – kwanza	631.4	460.6	685.0	869.8	912.0	(27.06)	48.73	26.98	4.85
Benin – CFA franc	554.5	623.8	606.6	606.3	581.9	12.48	(2.76)	(0.04)	(4.03)
Botswana – pula	11.1	12.4	13.6	13.6	13.5	11.56	9.92	(0.24)	(0.45)
Burkina Faso – CFA franc	554.5	623.8	606.6	606.3	581.9	12.48	(2.76)	(0.04)	(4.03)
Burundi – Burundian franc	1,976.0	2,034.3	2,574.1	2,885.2	2,936.9	2.95	26.53	12.09	1.79
Cabo Verde – escudos	93.2	104.9	101.8	101.9	97.9	12.49	(2.92)	0.12	(3.98)
Cameroon – CFA franc	554.5	623.8	606.6	606.3	581.9	12.48	(2.76)	(0.04)	(4.03)
Central African Republic – CFA franc	554.5	623.8	606.6	606.3	581.9	12.48	(2.76)	(0.04)	(4.03)
Chad – CFA franc	554.5	623.8	606.6	606.3	581.9	12.48	(2.76)	(0.04)	(4.03)
Comoros – Comorian franc	415.9	467.8	454.9	454.8	436.4	12.48	(2.76)	(0.04)	(4.03)
Congo, Dem. Rep. of – Congolese franc	1,989.4	2,006.5	2,333.2	2,792.7	2,694.4	0.86	16.28	19.69	(3.52)
Congo, Rep. of – CFA franc	554.5	623.8	606.6	606.3	581.9	12.48	(2.76)	(0.04)	(4.03)
Côte d'Ivoire – CFA franc	554.5	623.8	606.6	606.3	581.9	12.48	(2.76)	(0.04)	(4.03)
Djibouti – Djiboutian franc	177.7	177.7	177.7	177.7	177.7	–	–	–	–
Egypt – Egyptian pound	15.6	19.2	30.6	45.3	49.2	22.47	59.84	47.91	8.67
Equatorial Guinea – CFA franc	554.5	623.8	606.6	606.3	581.9	12.48	(2.76)	(0.04)	(4.03)
Eritrea – nakfa	15.1	15.1	15.1	15.1	15.1	–	–	–	–
Eswatini – lilangeni	14.8	16.4	18.5	18.3	17.9	10.67	12.80	(0.66)	(2.40)
Ethiopia – birr	43.7	51.8	54.6	83.1	138.4	18.34	5.50	52.28	66.45
Gabon – CFA franc	554.5	623.8	606.6	606.3	581.9	12.48	(2.76)	(0.04)	(4.03)
Gambia – dalasi	51.5	54.9	61.1	67.7	71.3	6.68	11.24	10.75	5.36
Ghana – cedi	5.8	8.3	11.0	14.2	12.6	42.49	33.22	28.69	(11.46)
Guinea – Guinean franc	9,763.0	8,694.8	8,510.7	8,539.3	8,368.6	(10.94)	(2.12)	0.34	(2.00)
Guinea-Bissau – CFA franc	554.5	623.8	606.6	606.3	581.9	12.48	(2.76)	(0.04)	(4.03)
Kenya – shilling	109.6	117.9	139.8	134.8	129.3	7.50	18.65	(3.59)	(4.09)
Lesotho – loti	14.8	16.4	18.5	18.3	17.9	10.67	12.80	(0.66)	(2.40)
Liberia – Liberia dollar	166.2	153.6	175.0	191.3	184.8	(7.54)	13.88	9.35	(3.39)
Libya – Libyan dinar	4.5	4.8	4.8	4.8	5.3	6.62	(0.01)	0.40	9.76
Madagascar – ariary	3,830.0	4,096.1	4,429.6	4,525.4	4,535.0	6.95	8.14	2.16	0.21
Malawi – kwacha	805.9	949.0	1,161.1	1,738.3	1,750.2	17.76	22.34	49.72	0.68
Mali – CFA franc	554.5	623.8	606.6	606.3	581.9	12.48	(2.76)	(0.04)	(4.03)
Mauritania – ouguiyas	36.1	36.9	36.5	39.6	39.8	2.42	(1.21)	8.63	0.31
Mauritius – rupee	41.7	44.2	45.3	46.4	46.0	5.97	2.45	2.53	(0.90)
Morocco – dirham	9.0	10.2	10.1	9.9	9.4	13.04	(0.29)	(1.87)	(5.96)
Mozambique – meticals	65.5	63.9	63.9	63.9	63.9	(2.47)	0.05	0.03	(0.01)
Namibia – namibian dollar	14.8	16.4	18.5	18.3	17.9	10.67	12.80	(0.66)	(2.40)
Niger – CFA franc	554.5	623.8	606.6	606.3	581.9	12.48	(2.76)	(0.04)	(4.03)
Nigeria – naira	401.2	426.0	645.2	1,479.0	1,518.4	6.19	51.46	129.23	2.67
Rwanda – Rwanda franc	988.6	1,030.3	1,160.1	1,318.1	1,428.4	4.22	12.60	13.62	8.37
São Tomé and Príncipe – dobra	20.7	21.1	22.7	21.8	21.2	1.82	7.45	(3.91)	(2.72)
Senegal – CFA franc	554.5	623.8	606.6	606.3	581.9	12.48	(2.76)	(0.04)	(4.03)
Seychelles – rupee	16.9	14.3	14.0	14.5	14.7	(15.65)	(1.78)	3.65	1.39
Sierra Leone – leone	10.4	14.0	21.3	22.6	23.0	34.56	51.66	6.04	1.95
Somalia – Somali shilling	26,039.1	26,667.8	27,152.3	28,185.4	30,590.0	2.41	1.82	3.80	8.53
South Africa – rand	14.8	16.4	18.5	18.3	17.9	10.67	12.80	(0.66)	(2.40)
South Sudan – South sudanese pound	306.4	534.5	930.3	2,163.1	4,502.8	74.47	74.05	132.51	108.16
Sudan – Sudanese pound	370.8	546.8	700.0	1,300.0	2,275.0	47.46	28.03	85.71	75.00
Tanzania – Tanzanian shilling	2,297.8	2,303.0	2,383.0	2,597.9	2,540.0	0.23	3.47	9.02	(2.23)
Togo – franc	554.5	623.8	606.6	606.3	581.9	12.48	(2.76)	(0.04)	(4.03)
Tunisia – Tunisian dinar	2.8	3.1	3.1	3.1	3.0	11.06	0.08	0.04	(3.46)
Uganda – Uganda shilling	3,587.1	3,689.8	3,726.1	3,757.3	3,603.0	2.86	0.98	0.84	(4.11)
Zambia – kwacha	20.0	16.9	20.2	26.2	25.1	(15.39)	19.33	29.46	(3.98)
Zimbabwe – Zimbabwean Gold (*)	88.6	375.0	3,509.2	3,545.4	26.6	323.43	835.89	1.03	(99.25)

Sources: International Financial Statistics; Fitch Solutions, 2026.
"Notes: Growth rates are Afreximbank staff calculations.
(*) Zimbabwe Gold became the local currency in April 2024, replacing the Zimbabwean Dollar."

Global Trade and Trading Environment

Overall, the review period highlights a dual reality for Africa's external position. While the year saw gradual improvement in aggregate reserve buffers and import cover, exchange rate pressures driven by structural constraints and financing conditions remained. Consolidating reserve gains beyond 2025 will require strengthening export competitiveness, improving debt sustainability, deepening domestic financial markets, and sustaining credible macroeconomic policy framework measures that reduce vulnerability to shocks and enhance resilience in foreign exchange markets.

4.4 Africa's Trade

Despite the challenging global economic environment characterised by geopolitical tensions, trade wars, and regional conflicts, Africa's merchandise trade remained resilient for the second consecutive year, strengthening by about 6.1 percent to about US$1.5 trillion in 2025 after recovering by 4.6 percent to about US$ 1.4 trillion in 2024, from a contraction of 5.3 percent in 2023 (figure 4.3 and table 4.3). Gains (albeit modest) in prices of several agricultural commodities and impressive price performance of minerals/metals, especially precious metals, were the main contributors to the sustained increase in the region's total merchandise trade during the review period.

> "Reflecting this resilience and stability, Africa's foreign exchange reserve holdings showed positive momentum, expanding to US$505.5 billion in 2025, from US$468.2 billion in 2024, up around 7.0 percent from the previous year, despite ongoing global uncertainties"

Global Trade and Trading Environment

Table 4.3 Merchandise Trade, 2021-25 (in US$ billion unless otherwise indicated)

	Merchandise Exports					Growth Rate (%)				Share of Merchandise Exports (%)				
Country	**2021**	**2022**	**2023**	**2024**	**2025**	**2022**	**2023**	**2024**	**2025**	**2021**	**2022**	**2023**	**2024**	**2025**
Algeria	38.43	60.32	54.77	51.44	42.60	56.93	-9.19	-6.08	-17.19	6.84	8.71	8.92	7.97	6.22
Angola	35.12	50.80	38.71	39.31	32.39	44.66	-23.81	1.57	-17.61	6.25	7.34	6.31	6.09	4.73
Benin	1.03	0.91	1.05	1.11	1.07	-11.44	15.94	5.65	-3.62	0.18	0.13	0.17	0.17	0.16
Botswana	6.99	8.14	5.25	3.44	3.27	16.40	-35.53	-34.41	-4.84	1.24	1.18	0.85	0.53	0.48
Burkina Faso	5.04	4.54	4.45	5.29	9.24	-9.87	-2.13	19.02	74.66	0.90	0.66	0.72	0.82	1.35
Burundi	0.12	0.16	0.13	0.08	0.12	33.16	-17.21	-40.99	63.93	0.02	0.02	0.02	0.01	0.02
Cabo Verde	1.37	0.52	0.56	0.30	0.31	-62.30	8.65	-46.24	3.21	0.24	0.07	0.09	0.05	0.05
Cameroon	4.30	5.62	4.97	5.36	4.96	30.91	-11.64	7.88	-7.43	0.76	0.81	0.81	0.83	0.72
Central African Republic	0.06	0.12	0.12	0.15	0.08	95.96	-1.11	32.60	-45.70	0.01	0.02	0.02	0.02	0.01
Chad	2.87	4.58	4.23	4.53	4.05	59.47	-7.55	7.05	-10.66	0.51	0.66	0.69	0.70	0.59
Comoros	0.03	0.05	0.03	0.01	0.01	59.70	-47.77	-47.70	-7.13	0.01	0.01	0.00	0.00	0.00
Congo Dem. Rep. of	23.33	25.37	26.13	31.14	37.92	8.74	2.97	19.18	21.78	4.15	3.67	4.26	4.82	5.53
Congo Republic	2.37	8.88	9.47	8.93	8.02	274.32	6.65	-5.77	-10.15	0.42	1.28	1.54	1.38	1.17
Côte d'Ivoire	29.27	34.73	18.85	21.10	27.82	18.68	-45.72	11.92	31.83	5.21	5.02	3.07	3.27	4.06
Djibouti	3.83	4.61	4.79	3.83	5.28	20.42	3.74	-20.09	38.07	0.68	0.67	0.78	0.59	0.77
Egypt	40.70	48.40	39.86	44.39	50.19	18.93	-17.65	11.37	13.05	7.25	6.99	6.49	6.88	7.32
Equatorial Guinea	4.80	7.55	4.64	4.07	3.35	57.28	-38.50	-12.34	-17.72	0.85	1.09	0.76	0.63	0.49
Eritrea	0.50	0.60	0.48	0.57	0.81	19.89	-19.32	18.77	41.28	0.09	0.09	0.08	0.09	0.12
Eswatini	2.07	1.99	2.10	2.35	2.41	-3.81	5.31	11.86	2.74	0.37	0.29	0.34	0.36	0.35
Ethiopia	3.06	3.09	2.86	3.53	5.36	0.91	-7.32	23.55	51.58	0.54	0.45	0.47	0.55	0.78
Gabon	8.03	10.47	12.68	10.99	10.73	30.26	21.10	-13.30	-2.39	1.43	1.51	2.06	1.70	1.57
Gambia	0.03	0.06	2.83	0.05	0.06	101.34	4687.16	-98.13	11.76	0.01	0.01	0.46	0.01	0.01
Ghana	14.82	17.56	16.83	24.07	18.42	18.47	-4.14	43.01	-23.48	2.64	2.54	2.74	3.73	2.69
Guinea	6.23	6.22	5.11	4.93	7.33	-0.05	-17.95	-3.57	48.91	1.11	0.90	0.83	0.76	1.07
Guinea, Bissau	0.48	0.51	0.43	0.50	0.59	4.89	-15.68	16.24	19.29	0.09	0.07	0.07	0.08	0.09
Kenya	6.75	7.37	7.17	8.12	8.86	9.24	-2.79	13.25	9.14	1.20	1.07	1.17	1.26	1.29
Lesotho	1.07	1.05	0.96	0.96	0.85	-1.32	-9.04	0.25	-11.46	0.19	0.15	0.16	0.15	0.12
Liberia	0.17	0.20	0.15	0.13	0.15	18.19	-24.24	-16.65	20.93	0.03	0.03	0.03	0.02	0.02
Libya	30.97	39.20	33.08	30.19	29.01	26.55	-15.60	-8.73	-3.92	5.51	5.66	5.39	4.68	4.23
Madagascar	2.71	3.55	3.10	2.56	2.46	30.99	-12.72	-17.39	-3.86	0.48	0.51	0.50	0.40	0.36
Malawi	1.01	0.90	0.97	0.96	1.00	-10.66	7.31	-0.73	4.09	0.18	0.13	0.16	0.15	0.15
Mali	2.57	2.39	2.19	1.65	1.46	-7.12	-8.32	-24.49	-11.51	0.46	0.34	0.36	0.26	0.21
Mauritania	3.29	3.81	4.09	4.17	4.88	15.62	7.41	2.07	16.89	0.59	0.55	0.67	0.65	0.71
Mauritius	1.67	1.65	1.63	1.59	1.48	-1.51	-1.05	-2.33	-6.94	0.30	0.24	0.27	0.25	0.22
Morocco	36.53	42.00	42.43	72.45	86.83	14.97	1.02	70.76	19.84	6.50	6.07	6.91	11.23	12.67
Mozambique	5.70	8.30	8.28	8.21	9.26	45.48	-0.28	-0.78	12.83	1.02	1.20	1.35	1.27	1.35
Namibia	5.48	4.89	5.69	6.53	7.26	-10.77	16.42	14.60	11.19	0.98	0.71	0.93	1.01	1.06
Niger	0.74	0.42	0.47	0.75	1.98	-42.44	10.46	60.07	163.78	0.13	0.06	0.08	0.12	0.29
Nigeria	46.93	84.78	63.22	53.32	49.17	80.64	-25.42	-15.67	-7.79	8.36	12.25	10.30	8.26	7.18
Rwanda	1.20	1.56	1.61	2.07	1.44	30.57	2.89	28.74	-30.47	0.21	0.23	0.26	0.32	0.21
São Tomé and Príncipe	0.02	0.02	0.02	0.00	0.00	13.78	-25.52	-82.06	-30.12	0.00	0.00	0.00	0.00	0.00
Senegal	5.19	5.71	5.32	6.36	8.88	9.92	-6.90	19.60	39.58	0.92	0.82	0.87	0.99	1.30
Seychelles	0.62	0.60	0.55	0.59	0.76	-3.45	-8.74	8.11	27.48	0.11	0.09	0.09	0.09	0.11
Sierra Leone	0.41	0.48	0.35	0.40	0.47	15.81	-27.18	14.30	18.97	0.07	0.07	0.06	0.06	0.07
Somalia	0.50	0.73	0.99	1.12	1.11	45.81	35.52	12.92	-0.80	0.09	0.11	0.16	0.17	0.16
South Africa	122.35	123.39	110.53	111.47	116.39	0.84	-10.42	0.85	4.41	21.79	17.83	18.00	17.27	16.99
South Sudan	0.52	0.53	0.65	0.53	0.81	2.09	22.57	-18.12	52.49	0.09	0.08	0.11	0.08	0.12
Sudan	5.03	4.36	6.48	3.13	2.16	-13.33	48.64	-51.60	-31.07	0.90	0.63	1.06	0.49	0.32
Tanzania	6.39	6.82	7.27	8.70	10.74	6.79	6.59	19.63	23.47	1.14	0.99	1.18	1.35	1.57
Togo	1.06	1.35	1.46	1.37	1.60	27.02	8.13	-5.69	16.60	0.19	0.19	0.24	0.21	0.23
Tunisia	16.68	18.56	20.06	19.87	20.66	11.30	8.06	-0.96	4.02	2.97	2.68	3.27	3.08	3.02
Uganda	3.97	3.53	6.19	8.05	12.48	-11.10	75.40	29.98	54.95	0.71	0.51	1.01	1.25	1.82
Zambia	11.14	11.65	10.44	11.28	18.08	4.54	-10.38	8.02	60.34	1.98	1.68	1.70	1.75	2.64
Zimbabwe	6.04	6.59	7.23	7.43	8.56	9.10	9.71	2.89	15.21	1.07	0.95	1.18	1.15	1.25
Total	**561.61**	**692.18**	**613.87**	**645.46**	**685.20**	**23.25**	**-11.31**	**5.15**	**6.16**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Sources: Afreximbank Research, International Trade in Goods (by partner country), 2026.

Merchandise Imports					Growth Rate (%)				Share of Merchandise Imports (%)					Total Merchandise Trade				
2021	2022	2023	2024	2025	2022	2023	2024	2025	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
39.43	40.18	42.65	47.54	56.39	1.90	6.13	11.47	18.63	6.52	5.71	6.02	6.45	7.22	77.87	100.50	97.42	98.98	98.99
11.52	16.23	15.69	13.95	12.57	40.80	-3.30	-11.12	-9.89	1.91	2.31	2.22	1.89	1.61	46.64	67.03	54.40	53.26	44.96
3.19	3.65	3.91	3.37	4.23	14.39	7.07	-13.79	25.61	0.53	0.52	0.55	0.46	0.54	4.21	4.56	4.96	4.48	5.30
7.54	7.90	6.37	7.44	7.04	4.76	-19.45	16.83	-5.31	1.25	1.12	0.90	1.01	0.90	14.53	16.04	11.61	10.88	10.32
4.61	5.54	5.88	6.43	7.15	20.11	6.14	9.36	11.25	0.76	0.79	0.83	0.87	0.91	9.65	10.08	10.32	11.72	16.39
0.90	1.12	1.04	0.88	0.81	24.79	-7.64	-15.23	-7.22	0.15	0.16	0.15	0.12	0.10	1.02	1.28	1.16	0.95	0.94
1.26	1.76	1.74	0.90	0.76	39.55	-0.88	-48.40	-15.12	0.21	0.25	0.25	0.12	0.10	2.63	2.27	2.30	1.20	1.07
6.94	7.91	8.29	8.25	8.68	14.04	4.76	-0.46	5.21	1.15	1.12	1.17	1.12	1.11	11.24	13.54	13.26	13.61	13.64
0.49	0.62	0.74	0.78	0.86	28.47	18.09	5.88	9.93	0.08	0.09	0.10	0.11	0.11	0.55	0.74	0.85	0.93	0.94
1.10	1.18	1.45	1.61	2.18	6.76	23.32	10.97	34.97	0.18	0.17	0.21	0.22	0.28	3.98	5.76	5.69	6.14	6.23
0.33	0.23	0.27	0.38	0.31	-29.93	19.45	37.84	-17.31	0.05	0.03	0.04	0.05	0.04	0.36	0.28	0.30	0.39	0.33
7.21	11.44	25.53	24.07	25.47	58.55	123.21	-5.73	5.83	1.19	1.63	3.61	3.26	3.26	30.55	36.81	51.66	55.21	63.39
2.35	3.63	4.70	4.38	6.78	54.43	29.36	-6.77	54.85	0.39	0.52	0.66	0.59	0.87	4.72	12.51	14.17	13.31	14.80
13.99	18.09	18.84	17.13	19.02	29.33	4.13	-9.04	11.04	2.31	2.57	2.66	2.32	2.43	43.26	52.82	37.69	38.23	46.84
4.02	5.12	5.32	4.47	4.75	27.34	3.95	-16.08	6.38	0.66	0.73	0.75	0.61	0.61	7.85	9.74	10.11	8.29	10.03
73.78	80.14	73.94	103.30	97.96	8.62	-7.73	39.69	-5.17	12.20	11.39	10.44	14.01	12.54	114.48	128.54	113.80	147.69	148.15
1.06	1.02	1.11	1.20	1.52	-3.78	8.86	8.12	27.44	0.17	0.14	0.16	0.16	0.20	5.86	8.57	5.75	5.27	4.87
0.32	0.44	0.42	0.48	0.48	37.02	-4.64	14.58	-0.21	0.05	0.06	0.06	0.07	0.06	0.82	1.04	0.90	1.05	1.29
2.12	2.12	2.04	2.60	3.10	0.04	-4.01	27.47	19.48	0.35	0.30	0.29	0.35	0.40	4.19	4.12	4.14	4.95	5.52
15.28	16.54	17.05	17.99	20.17	8.20	3.10	5.48	12.15	2.53	2.35	2.41	2.44	2.58	18.34	19.62	19.91	21.52	25.53
3.57	3.96	4.10	3.85	3.83	11.07	3.36	-6.13	-0.42	0.59	0.56	0.58	0.52	0.49	11.60	14.43	16.77	14.83	14.56
0.71	0.91	2.45	0.97	0.78	29.16	167.40	-60.38	-19.15	0.12	0.13	0.35	0.13	0.10	0.74	0.97	5.28	1.02	0.84
17.84	18.32	16.39	18.62	19.25	2.69	-10.57	13.65	3.36	2.95	2.60	2.31	2.53	2.46	32.67	35.89	33.22	42.70	37.67
4.13	5.12	5.42	5.60	7.18	24.01	6.04	3.27	28.13	0.68	0.73	0.77	0.76	0.92	10.35	11.34	10.53	10.53	14.51
0.25	0.25	0.32	0.32	0.33	-0.05	30.36	-0.93	4.87	0.04	0.04	0.05	0.04	0.04	0.73	0.75	0.75	0.82	0.93
19.57	21.12	18.60	20.18	22.84	7.89	-11.89	8.45	13.22	3.24	3.00	2.63	2.74	2.92	26.32	28.49	25.77	28.29	31.70
1.83	1.80	1.64	1.66	1.76	-1.65	-8.58	1.19	5.78	0.30	0.26	0.23	0.23	0.23	2.90	2.85	2.60	2.62	2.61
1.48	1.72	2.17	1.93	2.00	16.27	26.04	-10.85	3.63	0.24	0.24	0.31	0.26	0.26	1.65	1.92	2.32	2.06	2.16
14.96	16.13	18.20	18.55	19.22	7.83	12.82	1.94	3.60	2.47	2.29	2.57	2.52	2.46	45.93	55.32	51.27	48.74	48.23
4.37	5.51	4.79	4.80	4.98	26.18	-13.04	0.21	3.66	0.72	0.78	0.68	0.65	0.64	7.08	9.06	7.89	7.36	7.44
3.08	1.59	3.14	3.31	3.63	-48.43	98.00	5.54	9.62	0.51	0.23	0.44	0.45	0.46	4.08	2.49	4.11	4.27	4.63
5.76	6.45	6.42	6.47	7.22	11.92	-0.55	0.80	11.58	0.95	0.92	0.91	0.88	0.92	8.33	8.84	8.60	8.12	8.68
3.86	5.12	4.82	4.82	5.40	32.62	-5.90	0.00	12.06	0.64	0.73	0.68	0.65	0.69	7.15	8.93	8.91	8.99	10.28
5.15	4.78	4.52	4.80	4.60	-7.12	-5.40	6.24	-4.25	0.85	0.68	0.64	0.65	0.59	6.82	6.43	6.15	6.40	6.08
58.63	72.65	70.64	97.98	122.08	23.90	-2.76	38.71	24.59	9.69	10.33	9.98	13.29	15.62	95.16	114.64	113.07	170.43	208.91
8.76	14.67	10.09	9.22	8.20	67.51	-31.21	-8.69	-10.98	1.45	2.09	1.43	1.25	1.05	14.46	22.97	18.37	17.43	17.47
7.53	6.83	7.43	8.84	8.62	-9.31	8.70	19.10	-2.60	1.25	0.97	1.05	1.20	1.10	13.01	11.72	13.12	15.37	15.87
2.77	3.78	3.15	1.50	1.90	36.64	-16.71	-52.30	26.33	0.46	0.54	0.44	0.20	0.24	3.50	4.20	3.62	2.25	3.88
51.92	60.46	64.31	41.26	22.74	16.45	6.36	-35.83	-44.88	8.58	8.59	9.08	5.60	2.91	98.85	145.24	127.53	94.58	71.91
3.34	3.74	4.01	4.02	3.73	12.03	7.37	0.28	-7.26	0.55	0.53	0.57	0.55	0.48	4.53	5.30	5.62	6.09	5.17
0.17	0.19	0.18	0.32	0.32	14.66	-5.57	75.96	-0.04	0.03	0.03	0.03	0.04	0.04	0.19	0.21	0.20	0.32	0.32
9.68	12.06	11.89	11.38	10.98	24.67	-1.48	-4.26	-3.51	1.60	1.71	1.68	1.54	1.41	14.87	17.77	17.20	17.74	19.86
1.85	2.12	1.46	1.50	1.55	14.81	-30.86	2.55	2.86	0.31	0.30	0.21	0.20	0.20	2.47	2.72	2.01	2.10	2.30
1.69	1.88	1.82	1.88	2.00	11.40	-3.37	3.28	6.16	0.28	0.27	0.26	0.25	0.26	2.10	2.36	2.17	2.28	2.47
3.84	4.15	4.02	3.99	4.04	8.20	-3.23	-0.71	1.28	0.63	0.59	0.57	0.54	0.52	4.34	4.89	5.01	5.11	5.15
98.44	117.27	113.23	106.49	111.06	19.13	-3.45	-5.95	4.30	16.27	16.67	15.99	14.44	14.21	220.79	240.66	223.75	217.96	227.45
1.12	1.29	1.33	1.31	1.39	14.86	3.12	-1.85	6.56	0.19	0.18	0.19	0.18	0.18	1.64	1.82	1.98	1.84	2.21
9.86	11.05	7.89	4.83	8.66	12.13	-28.63	-38.72	79.15	1.63	1.57	1.11	0.66	1.11	14.89	15.41	14.37	7.97	10.82
10.83	15.65	15.12	15.68	15.90	44.48	-3.42	3.75	1.39	1.79	2.23	2.14	2.13	2.03	17.22	22.48	22.39	24.39	26.65
2.55	2.79	3.05	2.97	4.04	9.37	9.35	-2.70	36.19	0.42	0.40	0.43	0.40	0.52	3.61	4.14	4.51	4.34	5.64
22.47	26.66	25.92	25.94	28.67	18.63	-2.75	0.07	10.53	3.71	3.79	3.66	3.52	3.67	39.15	45.22	45.98	45.81	49.34
9.49	9.96	12.00	13.84	18.57	4.91	20.47	15.35	34.18	1.57	1.42	1.69	1.88	2.38	13.46	13.49	18.19	21.89	31.04
7.10	9.04	10.13	11.25	12.50	27.43	12.00	11.12	11.05	1.17	1.29	1.43	1.53	1.60	18.24	20.69	20.57	22.53	30.58
8.89	9.61	10.37	10.10	11.23	8.13	7.87	-2.56	11.19	1.47	1.37	1.46	1.37	1.44	14.93	16.20	17.59	17.54	19.80
604.91	**703.50**	**707.97**	**737.33**	**781.47**	**16.30**	**0.64**	**4.15**	**5.99**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**1,166.52**	**1,395.68**	**1,321.84**	**1,382.78**	**1,466.67**

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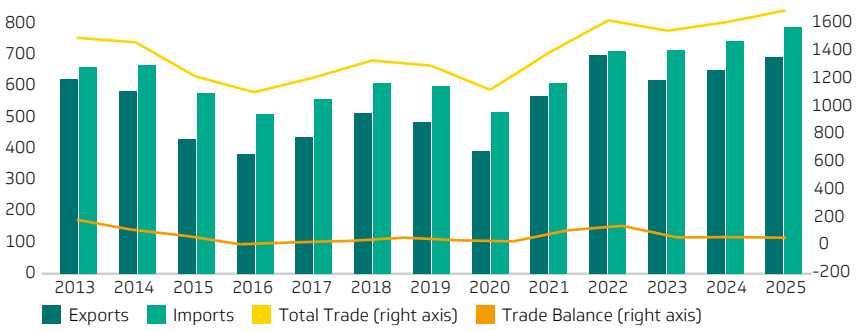
Table 4.3 Merchandise Trade, 2021-25 (in US$ billion unless otherwise indicated) (Continued)

	Merchandise Exports				Share of Total Merchandise Trade (%)					Total Balance Value (exports-imports)				
Country	**2022**	**2023**	**2024**	**2025**	**2021**	**2022**	**2023**	**2024**	**2025**	**2021**	**2022**	**2023**	**2024**	**2025**
Algeria	29.06	-3.06	1.60	0.01	6.68	7.20	7.37	7.16	6.75	-1.00	20.13	12.13	3.90	-13.80
Angola	43.71	-18.84	-2.09	-15.59	4.00	4.80	4.12	3.85	3.07	23.59	34.57	23.02	25.37	19.83
Benin	8.10	8.84	-9.66	18.35	0.36	0.33	0.38	0.32	0.36	-2.16	-2.74	-2.85	-2.25	-3.16
Botswana	10.36	-27.61	-6.32	-5.16	1.25	1.15	0.88	0.79	0.70	-0.55	0.23	-1.12	-4.00	-3.77
Burkina Faso	4.45	2.41	13.52	39.88	0.83	0.72	0.78	0.85	1.12	0.43	-0.99	-1.43	-1.14	2.09
Burundi	25.75	-8.81	-18.08	-1.56	0.09	0.09	0.09	0.07	0.06	-0.78	-0.97	-0.91	-0.80	-0.69
Cabo Verde	-13.51	1.29	-47.88	-10.51	0.23	0.16	0.17	0.09	0.07	0.11	-1.24	-1.18	-0.60	-0.45
Cameroon	20.49	-2.06	2.67	0.23	0.96	0.97	1.00	0.98	0.93	-2.64	-2.29	-3.32	-2.89	-3.72
Central African Republic	35.91	15.04	9.53	0.73	0.05	0.05	0.06	0.07	0.06	-0.43	-0.51	-0.62	-0.63	-0.77
Chad	44.82	-1.22	8.05	1.33	0.34	0.41	0.43	0.44	0.42	1.77	3.40	2.78	2.92	1.87
Comoros	-21.42	6.49	29.75	-16.92	0.03	0.02	0.02	0.03	0.02	-0.29	-0.17	-0.24	-0.36	-0.30
Congo Dem. Rep. of	20.50	40.33	6.87	14.83	2.62	2.64	3.91	3.99	4.32	16.12	13.94	0.60	7.08	12.45
Congo Republic	164.85	13.24	-6.10	11.25	0.41	0.90	1.07	0.96	1.01	0.02	5.25	4.77	4.55	1.24
Côte d'Ivoire	22.12	-28.65	1.44	22.51	3.71	3.78	2.85	2.76	3.19	15.28	16.65	0.02	3.97	8.79
Djibouti	23.96	3.85	-17.98	21.00	0.67	0.70	0.76	0.60	0.68	-0.19	-0.51	-0.54	-0.64	0.53
Egypt	12.28	-11.46	29.77	0.31	9.81	9.21	8.61	10.68	10.10	-33.08	-31.74	-34.09	-58.90	-47.77
Equatorial Guinea	46.27	-32.88	-8.40	-7.46	0.50	0.61	0.43	0.38	0.33	3.74	6.53	3.54	2.87	1.82
Eritrea	26.65	-13.05	16.81	22.23	0.07	0.07	0.07	0.08	0.09	0.17	0.15	0.06	0.09	0.32
Eswatini	-1.86	0.50	19.55	11.53	0.36	0.29	0.31	0.36	0.38	-0.05	-0.13	0.06	-0.25	-0.69
Ethiopia	6.98	1.46	8.08	18.63	1.57	1.41	1.51	1.56	1.74	-12.23	-13.45	-14.19	-14.45	-14.82
Gabon	24.36	16.23	-11.55	-1.88	0.99	1.03	1.27	1.07	0.99	4.47	6.50	8.58	7.14	6.90
Gambia	32.03	441.90	-80.64	-17.55	0.06	0.07	0.40	0.07	0.06	-0.68	-0.86	0.39	-0.92	-0.72
Ghana	9.85	-7.42	28.53	-11.78	2.80	2.57	2.51	3.09	2.57	-3.02	-0.76	0.45	5.45	-0.83
Guinea	9.54	-7.13	-0.04	37.85	0.89	0.81	0.80	0.76	0.99	2.10	1.11	-0.32	-0.68	0.16
Guinea, Bissau	3.22	-0.60	8.86	13.65	0.06	0.05	0.06	0.06	0.06	0.24	0.26	0.11	0.18	0.26
Kenya	8.24	-9.53	9.79	12.05	2.26	2.04	1.95	2.05	2.16	-12.82	-13.74	-11.44	-12.06	-13.99
Lesotho	-1.53	-8.75	0.85	-0.53	0.25	0.20	0.20	0.19	0.18	-0.76	-0.75	-0.69	-0.70	-0.91
Liberia	16.47	20.73	-11.24	4.71	0.14	0.14	0.18	0.15	0.15	-1.31	-1.52	-2.01	-1.80	-1.85
Libya	20.46	-7.32	-4.95	-1.05	3.94	3.96	3.88	3.52	3.29	16.02	23.07	14.88	11.64	9.79
Madagascar	28.02	-12.92	-6.69	1.04	0.61	0.65	0.60	0.53	0.51	-1.66	-1.97	-1.70	-2.25	-2.52
Malawi	-39.12	65.17	4.07	8.38	0.35	0.18	0.31	0.31	0.32	-2.07	-0.69	-2.18	-2.36	-2.64
Mali	6.05	-2.64	-5.63	6.88	0.71	0.63	0.65	0.59	0.59	-3.20	-4.07	-4.23	-4.82	-5.76
Mauritania	24.80	-0.23	0.95	14.30	0.61	0.64	0.67	0.65	0.70	-0.57	-1.31	-0.73	-0.65	-0.52
Mauritius	-5.75	-4.29	3.97	-4.92	0.58	0.46	0.47	0.46	0.41	-3.48	-3.13	-2.89	-3.21	-3.12
Morocco	20.47	-1.38	50.74	22.57	8.16	8.21	8.55	12.33	14.24	-22.10	-30.65	-28.21	-25.53	-35.25
Mozambique	58.82	-20.04	-5.12	0.24	1.24	1.65	1.39	1.26	1.19	-3.05	-6.37	-1.82	-1.00	1.06
Namibia	-9.92	11.92	17.14	3.25	1.12	0.84	0.99	1.11	1.08	-2.05	-1.94	-1.73	-2.32	-1.36
Niger	19.99	-13.96	-37.73	72.13	0.30	0.30	0.27	0.16	0.26	-2.03	-3.35	-2.68	-0.75	0.08
Nigeria	46.93	-12.19	-25.84	-23.97	8.47	10.41	9.65	6.84	4.90	-4.98	24.32	-1.08	12.06	26.42
Rwanda	16.93	6.05	8.42	-15.14	0.39	0.38	0.43	0.44	0.35	-2.14	-2.17	-2.41	-1.95	-2.29
São Tomé and Príncipe	14.57	-7.62	62.93	-0.31	0.02	0.02	0.01	0.02	0.02	-0.15	-0.17	-0.17	-0.32	-0.32
Senegal	19.51	-3.22	3.11	11.94	1.27	1.27	1.30	1.28	1.35	-4.48	-6.35	-6.57	-5.02	-2.11
Seychelles	10.19	-25.96	4.07	9.84	0.21	0.19	0.15	0.15	0.16	-1.22	-1.52	-0.91	-0.91	-0.79
Sierra Leone	12.27	-8.20	5.05	8.41	0.18	0.17	0.16	0.16	0.17	-1.28	-1.40	-1.47	-1.48	-1.52
Somalia	12.55	2.58	1.99	0.82	0.37	0.35	0.38	0.37	0.35	-3.34	-3.42	-3.03	-2.87	-2.93
South Africa	9.00	-7.02	-2.59	4.35	18.93	17.24	16.93	15.76	15.51	23.92	6.12	-2.70	4.98	5.33
South Sudan	10.81	8.80	-7.20	19.89	0.14	0.13	0.15	0.13	0.15	-0.60	-0.76	-0.68	-0.77	-0.58
Sudan	3.53	-6.79	-44.53	35.80	1.28	1.10	1.09	0.58	0.74	-4.83	-6.70	-1.41	-1.70	-6.50
Tanzania	30.50	-0.38	8.91	9.27	1.48	1.61	1.69	1.76	1.82	-4.44	-8.83	-7.84	-6.98	-5.16
Togo	14.55	8.96	-3.67	30.00	0.31	0.30	0.34	0.31	0.38	-1.49	-1.44	-1.60	-1.60	-2.44
Tunisia	15.51	1.69	-0.38	7.70	3.36	3.24	3.48	3.31	3.36	-5.79	-8.09	-5.87	-6.08	-8.01
Uganda	0.19	34.85	20.33	41.82	1.15	0.97	1.38	1.58	2.12	-5.52	-6.43	-5.80	-5.79	-6.09
Zambia	13.45	-0.59	9.55	35.72	1.56	1.48	1.56	1.63	2.08	4.05	2.60	0.31	0.02	5.58
Zimbabwe	8.52	8.62	-0.32	12.89	1.28	1.16	1.33	1.27	1.35	-2.85	-3.03	-3.14	-2.67	-2.67
Total	**19.64**	**-5.29**	**4.61**	**6.07**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**-43.30**	**-11.31**	**-94.10**	**-91.87**	**-96.27**

Sources: Afreximbank Research, International Trade in Goods (by partner country), 2026.

Figure 4.3 Trends in Africa's Merchandise Trade (US$ billion), 2013–2025



Sources: International Monetary Fund Direction of Trade Statistics 2026, Afreximbank research.

The good performance of the prices of several non-energy commodities, including those monitored by the Bank, had significant positive impact on Africa's trade. The continent's exports, which recovered by about 5.2 percent to US$645.6 billion in 2024 from a sharp contraction of 11.3 percent in 2023, maintained its upward trajectory, strengthening by about 6.2 percent to US$685.2 billion in 2025. The increase in the prices of non-energy commodities arose largely from the slight improvement in the growth rates of a number of advanced economies, notably Australia, Germany, Japan, the Netherlands, and the United Kingdom, as well as developing Europe. Structural demand arising from scaling of the automotive industry, especially electric vehicles and renewable energy infrastructure, supported the sturdy prices of base metals and minerals. The impressive surge in gold prices arose from increased demand for safe-haven assets as global headwinds undermine macroeconomic stability and put pressure on the US dollar. These developments significantly contributed to sustaining the upward trend of Africa's merchandise exports during the year.

While several small to medium economies recorded robust export growth, the export performance of three of Africa's five largest economies, namely Egypt (13.1 percent), Morocco (19.8 percent), and South Africa (4.4 percent), contributed significantly to expand the region's exports. These countries accounted for about 37 percent of the continent's exports in 2025.

Notwithstanding, several factors constrained Africa's merchandise exports, especially the protracted trade finance gap. This was reflected in part by low foreign exchange liquidity and limited correspondent banking relationships, which continued to adversely affect the ability of African exporters to secure needed financing. According to the African Development Bank's annual survey, the shortage in trade finance in Africa hovered around US$74 billion in 2025.

Africa's total merchandise imports also grew, accelerating by about 6 percent to US$781.5 billion from US$737.3 billion in 2024. High import bills impacted African trade. These were driven largely by the high cost of fertilisers and food, increased demand for capital goods such as construction machinery, and equipment for the development of large infrastructure projects, alongside increased imports of solar panels to reduce the electricity gap. While the import performance of oil exporters was disappointing, strong growth in the import of a number of major oil exporters such as Algeria (18.6 percent), Congo (54.9 percent), and Equatorial Guinea (27.4 percent), and the recovery in the import of Libya (3.6 percent) contributed to Africa's overall imports.

Net oil importers contributed the most to Africa's imports during the year. Imports from that group increased (albeit slightly lower than the previous year) by about 8.5 percent to US$658.4 billion in 2025 from US$606.6 billion in 2024. The group's overall performance was driven mainly by import growth recovery in South Africa (4.3 percent), the continent's largest economy, and by impressive growth among several medium-sized economies, including Côte d'Ivoire (11 percent), Ethiopia (12.2 percent), Kenya (13.2 percent), Morocco (24.6 percent), and Uganda (34.2 percent). While merchandise imports growth strengthened to about 6 percent, exports performed slightly better, accelerating to 6.2 percent. This widened the continent's trade deficit to an estimated US$96.3 billion in 2025 from about US$91.9 billion the previous year (table 4.3 and figure 4.3).

Notwithstanding the remarkable resilience of African trade, which accelerated by about 6.1 percent in 2025, the continent remained a marginal player on the global stage. Its share of global trade hovered around 3.1 percent in 2025. While that figure was a slight improvement over the 2.9 percent achieved in 2024, it remained dismally low compared with other developing regions. This suggests the need for bold policies and initiatives at the national and continental levels to accelerate industrialisation with the view to scaling value addition, diversifying the sources of growth, and enhancing Africa's integration into global value chains.

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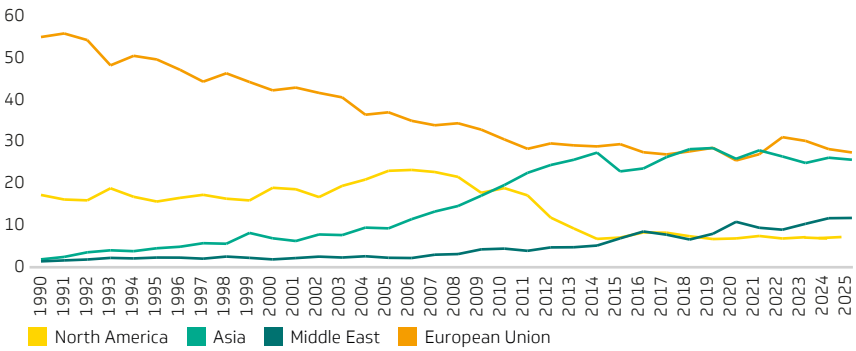
This is particularly true a world where processed and manufactured goods with high technological content increasingly dominate global trade. The AfCFTA provides the platform for accelerating Africa's industrialisation and scaling of value addition.

Regarding export destinations, African countries have historically traded more with Europe, especially with members of the European Union, than any other region in the world. Over the years, however, that trend has been gradually shifting toward increased trade with developing countries, led by China and India. This shift is enabling African countries to expand the geographical diversification of their trading partner across the Global South (Afreximbank 2025). Simultaneously, growth stagnation in Western Europe, triggered by the 2008-2009 financial crisis, the sovereign crisis, and increasing geopolitical tensions, have significantly dampened Europe's demand capacity for Africa's commodities. Accordingly, the share of Africa's merchandise exports to the European Union, which averaged around 49.3 percent during the 1990s, has steadily declined, averaging around 31 percent in the decade 2006-2015, and 27.8 percent in 2016-2025. In contrast, Asia's share has been on the rise, with impressive acceleration from just about 4.5 percent to about 19.7 percent and more than 26.2 percent, respectively, in the same period (figure 4.4).

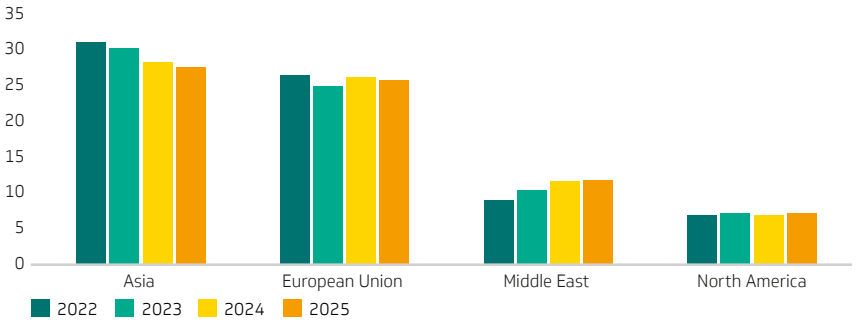
Figure 4.4 Africa's Export Destinations (percent)



Sources: International Monetary Fund Direction of Trade Statistics 2026; Afreximbank research.

The growing trade ties between Africa and the Global South, particularly Asia, reached a historic turning point in 2018. That year, Asia's share of Africa's exports reached more than 28 percent, exceeding for the first time the share of Africa's merchandise exports to Europe–27.5 percent. Asia consolidated that position with a deepening of its trade ties with Africa. Asia's share averaged around 27.3 percent between 2019 and 2021, while the European Union's share hovered around 26.9 percent during the same period. However, during 2022-2025, the European Union took the lead, with its share of Africa's exports averaging about 29.1 percent, compared with 25.7 percent for Asia over the same period (figure 4.5). This turnaround for the European Union arose as the breakout of the Ukraine conflict and the Western-led targeted sanctions against Russia compelled several European Union member countries to turn to Africa as an alternative source of energy supply. At the same time, weaknesses in China's property sector, deflationary pressures, and trade tensions with the United States, which had significant adverse effects on China's economy, dampened Asia's demand for Africa's commodities.

Figure 4.5 Africa's Export Destinations, by Region (%)

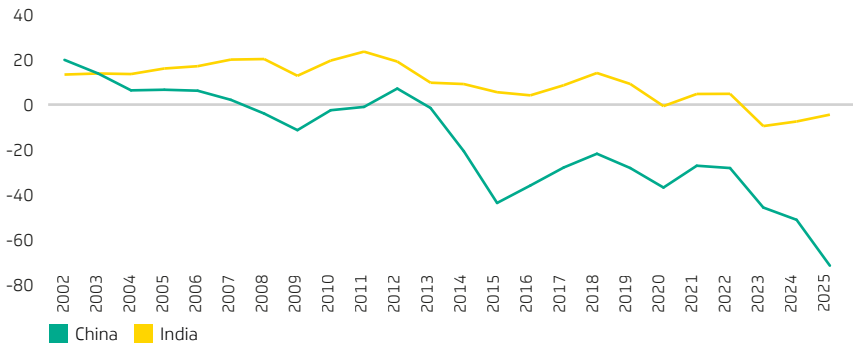


Sources: International Monetary Fund Direction of Trade Statistics 2026, Afreximbank research.

China and India have been the leading drivers of the growing trade ties between Africa and Asia. Africa's merchandise exports to Asia increased to US$195.1 billion in 2025, from US$186.3 billion in 2024. Of these, the share to China has remained significantly high, averaging around 63.1 percent during the last three years. At the same time, China's share of Africa's aggregate merchandise exports to the world expanded by about 17.8 percent in 2025, consolidating its position as Africa's single largest trading partner (figure 4.5). Despite the increase in Africa's exports to China, its imports from the country grew faster than its exports. This put pressure on its current account deficit, which widened to US$71.3 billion in 2025, up from US$53.1 in 2024 (figure 4.6).

India's share of Africa's exports to Asia has also remained strong in the last few years, increasing to about 22.6 percent in 2025 from 21.8 percent in 2023, though down from 26.5 percent achieved in 2022. Its share of Africa's total merchandise exports to the world remained firm, maintaining an upward trend to 6.4 percent in 2025, from about 6.3 percent in 2024 and about 6.1 percent in 2023. The increase in Africa's exports to India reduced pressure on the continent's current account, with the deficit narrowing to US$11.4 billion in 2025 from US$14.1 billion in 2024 (figure 4.6). China and India's combined share in Africa's total merchandise exports to Asia remained significantly high, increasing slightly to 85.5 percent in 2025, from 84.6 percent in 2024. Likewise, their combined share in Africa's total exports to the world remained substantial, stabilising around 24.3 percent in 2024 and 2025, from 23.8 percent in 2023, consolidating their position as Africa's largest trading partners.

Figure 4.6 Africa's Trade Balance with China and India (US$ billion)

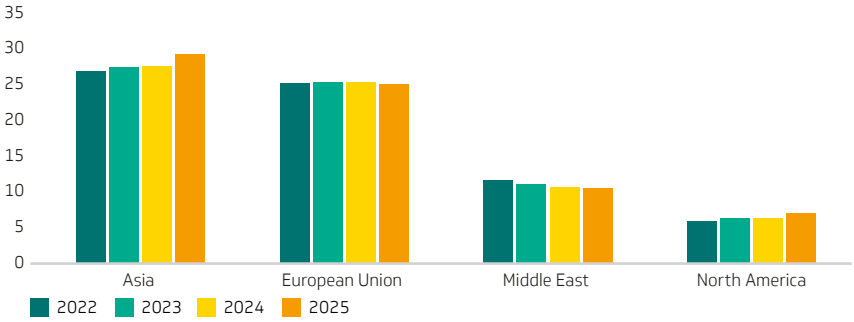


Sources: International Monetary Fund Direction Trade Statistics 2026; Afreximbank research.

The sourcing of imports of African countries follows a similar trend. Although the European Union has historically been Africa's largest import market, its share of total African imports has been declining steadily over the years, while Asia's share has sustained an upward trajectory. Reflecting these contrasting trends, the gap between the European Union and Asia had been narrowing until it closed in 2020, when Asia's share of Africa's imports reached 27.4 percent. That year, for the first time, it exceeded the European Union's share, which stood at 26.8 percent, slightly down from about 27.6 in 2014. Asia, which has been Africa's largest import market since 2020, consolidated its position as the primary source of goods for the continent. The gap between Asia and the European Union has been widening, with Asia's share trending gradually but steadily to about 29.1 percent in 2025, up from 27.3 percent in 2024. The European Union's share has been trending down to 24.8 percent from 25.1 percent during the same period (figure 4.7).

The gradual geographical shift in Africa's sources of imports is due largely to prolonged economic difficulties within the European Union. These include stagnating growth and a sustained decline in industrial production and manufacturing output, exacerbated by the eruption of numerous counter shocks in recent years, including the Ukraine conflict. At the same time, strong economic growth in Asia, boosted by rapid technological advancement and expanding manufacturing output, has transformed the region into an industrial powerhouse and the world's factory. Mineral fuels and oils, machinery, electrical appliances, and vehicles increasingly dominate Africa's imports from Asia, with a combined share of about 60.8 percent in 2025, up from 50.8 percent in 2024 (figure 4.8).

Figure 4.7 Africa's import sources, by regions (%)



Sources: International Monetary Fund Direction Trade Statistics 2026; Afreximbank research.

Despite its declining shares of Africa's imports over the years, the European Union has remained an important source of machinery and equipment, mineral fuels and oils, vehicles and parts, and pharmaceuticals for the African continent. In the last few years, Africa's imports from the European Union have been lower than its exports, enabling Africa to enjoy a trade surplus of US$14.1 billion in 2025, down from US$16.1 billion in 2024.

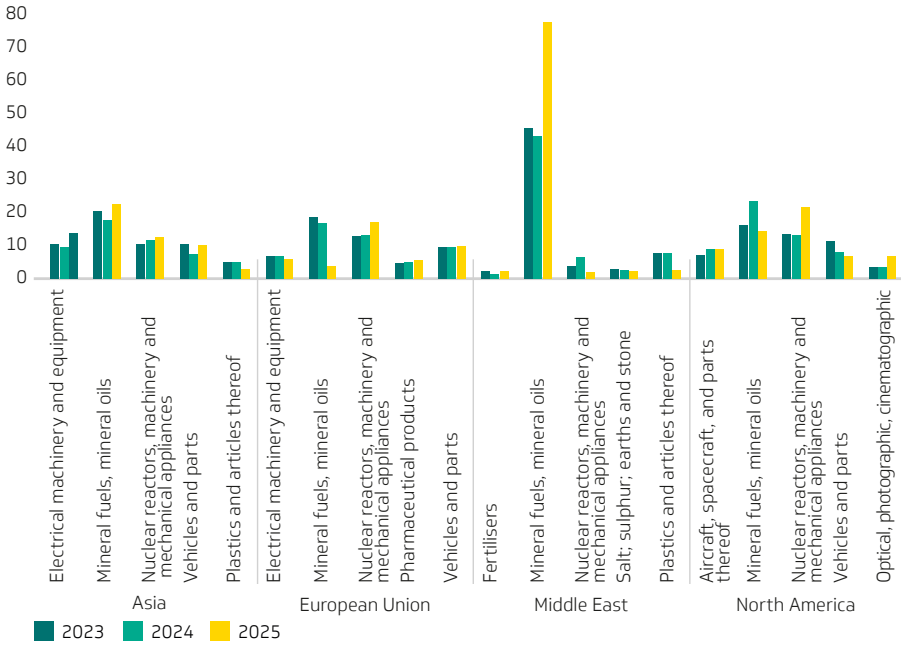
North America, historically Africa's third-largest export destination, had lost its position for several years. Since 2019, the Middle East has been Africa's third-largest export destination. Its share has expanded steadily to 11.7 percent in 2025 from 11.6 percent in 2024, representing values of around US$89.4 billion and US$83.4 billion, respectively. While the share of North America increased to 7.2 percent from 6.9 percent, representing values of about US$59.8 billion and US$ 49.5 billion, respectively, over the same period, it remained significantly lower than that of the Middle East. Strengthening trade and economic cooperation between Africa and the Middle East, especially with members of the Gulf Cooperation Council, has contributed to strengthening the Middle East's position.

Regarding imports, the Middle East maintained its position as the third largest import market for Africa, with its share expanding by 10.5 percent in 2025 to US$81.9 billion, from US$78.3 billion in 2024. Hence, the Middle East remained the leading source for Africa's imported products related to mineral fuels and oils, fertilisers, plastics, and mechanical appliances. In the last two years, Africa's exports to the Middle East exceeded its imports, resulting in trade surpluses of US$5.1 billion in 2024 and US$7.5 billion in 2025, from a deficit of US$6.4 billion in 2023. North America's share of Africa's imports increased by 6.9 percent in 2025, to US$54.5 billion in 2024. Machinery and mechanical appliances, vehicles, and parts, mineral fuels and oils, and aircraft and parts (figure 4.8) dominate Africa's imports from North America. During the last few years, Africa's exports to North America have exceeded its imports, enabling the region to generate trade surpluses of US$0.3 billion in 2025, from US$3.4 billion in 2024.

Amid the challenging global economic and trading environment characterised by lingering geopolitical tensions, regional conflicts, and trade wars, total African merchandise trade showed resilience, sustaining its upward trajectory with 6.1 percent growth in 2025. Global trade expanded by 4.6 percent, supported largely by frontloading of imports, increased demand for AI-related goods, and easing inflationary pressures.

However, forecasts point to a let-up of global trade, projected to slide to about 1.9 percent in 2026 before reversing to about 2.6 in 2027. Protracted geopolitical tensions and Middle East conflicts, with a resultant surge in oil prices, are key drivers of global trade deceleration, potentially dampening global demand and growth. These developments could weigh on African trade.

Figure 4.8 Africa's Imports Sources by Regions and by Product Group (percent)



Sources: International Trade Centre 2026; Afreximbank research.

Chapter Five

Developments in Commodity Markets

5.1 Dynamics in Commodity Markets

Commodity markets faced persistent downward pressure throughout 2025, primarily driven by escalating trade tensions and a noticeable deceleration in global economic momentum. Energy sectors bore the brunt of this slowdown, as softer oil demand growth and robust supply, bolstered by revised OPEC+ production targets, forced prices lower despite a brief spike late in the year. According to World Bank data (WDI 2026), commodity prices declined by around 7 percent in 2025, leaving most benchmarks below 2024 levels. Conversely, precious metals emerged as outliers. Gold prices surged as investors sought refuge from macroeconomic instability and a softening US dollar, cementing the metal's status as a premier safe-haven asset. Base metals also ended the year on a firmer footing, supported by structural demand linked to electric vehicles and renewable energy infrastructure, with prices generally closing the year higher. Overall, the combination of weak cyclical demand, ample supply in key markets, and lingering geopolitical risks led to muted performance in commodity markets throughout the year.

The crude oil market was generally weaker in 2025, with Brent oil prices falling from an average price of US$81/barrel (bbl) in 2024 to an average of US$69/bbl in 2025. The decline was particularly sharp in the first half of the year and as much as US$15/bbl in April 2025 as the threat of a retaliatory tariff war initiated by the United States led to fears of a global recession and lower demand for energy. The International Energy Agency subsequently cut its 2025 global oil demand forecast in H1-2025 noting that the deteriorating outlook for the global economy was adversely affecting consumption. Global supply fundamentals also contributed to weakness in oil markets as output grew to 104.7 million barrels per day (m/bpd) compared with 102.6m/bpd in 2024. The increase in output was largely accounted for by the United States, Brazil, and Guyana which together added an additional 1 m/bpd to the market. Correspondingly, while global demand rose to around 105 m/bpd according to OPEC, this growth was increasingly offset by structural shifts like China's rapid adoption of electric vehicles and liquefied natural gas (LNG) trucking.

Overall, 2025 saw a marginal uptick in closing stock levels in Organisation of Economic Co-operation and Development countries, mostly due to an expansion in strategic petroleum reserves. Against this global backdrop, oil output rose in African countries. Libya achieved a decade-high average of 1.37 m/bpd as infrastructure stabilised, and Angola focused on ambitious reinvestment to keep output near 1.1 m/bpd. Output in Nigeria, Algeria, and the Republic of Congo also ticked higher in 2025, to 1.453 m/bpd, 936k/bpd, and 269k/bpd, respectively, from 1.345m/bp, 0.907 m/bpd and 0.260 m/bpd, respectively, in the prior year.

In 2025, natural gas markets continued to rebalance following the historic supply shock of 2022/23, triggered by the Ukraine conflict, which severed major pipeline flows. Despite this, fundamental supply conditions remained tight, which kept prices significantly higher than historical norms. Much like the geopolitical volatility influencing oil markets, global appetite for gas slowed markedly, particularly across price-sensitive regions in Asia. Statistics from the International Energy Agency reveal a slight increase in gas utilisation, rising by 0.5 percent year-on-year through the third quarter of 2025, with the marginal growth primarily concentrated within European and North America. This stands in sharp contrast to the robust 2.8 percent increase in 2024. Regarding production, LNG availability climbed by more than 5 percent during the first nine months, although dwindling pipeline deliveries into Europe from Norway and Russia undermined these gains.

In Africa, emerging regional leadership and key infrastructure breakthroughs marked developments in the sector. The Greater Tortue Ahmeyim project achieved its first LNG exports from the shared maritime zone of Senegal and Mauritania in mid-2025, while Mozambique reached a major milestone later in the year when the Coral North LNG project secured its final investment decision in October.

Despite broader economic headwinds, 2025 was a landmark year for investment, with the second-highest volume of LNG liquefaction capacity ever sanctioned. More than 90 billion cubic meters per year were approved. This substantial new wave of projects, heavily concentrated in the United States, looks to cement America's dominance as the premier global supplier, potentially providing one-third of the world's LNG by 2030, compared with 20 percent share in the prior year.

Gold performed exceptionally well in 2025, with prices rising by more than 65 percent year-on-year, compared with the more moderate gains recorded in 2024. A combination of heightened geopolitical risk, macroeconomic uncertainty, and strong investment demand drove the rally. Concerns over the prospect of US import tariffs triggered precautionary bullion shipments to the United States, reinforcing investor perceptions of potential tightness in physical supply. Meanwhile, a weaker US dollar and expectations of a more dovish Federal Reserve stance boosted gold's appeal as a natural hedge. Structurally, central bank accumulation remained historically elevated at 863 tonnes in 2025, albeit at a slightly slower pace than in 2024. Total gold demand exceeded 5,000 tonnes for the first time, rising materially from 2024 levels, led by an 801-tonne increase in global exchange-trade fund holdings and record inflows across countries such as China and India. Although jewelry volumes declined in response to successive record prices, value demand rose by 18 percent to a record US$172 billion, reflecting higher prices rather than increased physical consumption. Technology demand held steady, supported by AI-related applications.

Developments in Commodity Markets

Box 5.1 Reciprocal Tariffs, the World Trade Organization, and Implications for Global Africa

Overview of Reciprocal Tariffs and the World Trade Organization

During the first half of 2025, the executive branch of the United States government implemented wide-ranging import tariffs on its trading partners under existing legal authorities, including the International Emergency Economic Powers Act. These tariffs, set at a minimum rate of 10 percent, were grounded in the administration's "America First" trade policy, which prioritised domestic industrial competitiveness and broader economic interests. Central to this approach was the Presidential Memorandum on Reciprocal Trade and Tariffs, which introduced what it termed a "fair and reciprocal" tariff framework. This framework sought to calculate equivalent tariff levels for each trading partner by assessing factors such as subsidies, exchange-rate practices, discriminatory taxation, and non-tariff barriers.

The rationale underpinning this framework was that such distortions had contributed to structural asymmetries in global trade, reflected in the United States' large and persistent annual goods trade deficit. The plan outlined a country-specific approach that departed from the most-favoured-nation tariff system, a foundational principle of the World Trade Organization (WTO). Under this principle, countries are required to treat all trading partners equally and to avoid discrimination between domestic and foreign goods, services, and economic actors. By imposing varying country-specific tariff rates, the measures threatened to weaken the WTO's rules-based system of cooperation. In response, the WTO warned that the resulting uncertainty could act as a significant brake on global growth, with particularly severe consequences for the world's most vulnerable economies.

However, the legal status of these tariff measures subsequently became uncertain. In 2026, the U.S. Court of International Trade ruled that the administration's 10 percent global tariffs imposed under Section 122 of the Trade Act of 1974 were unlawful and unauthorised. The administration has contested the ruling and sought alternative legal avenues to maintain elements of the tariff regime, but the long-term status and scope of the proposed tariffs remain unclear. As a result, the analysis below should be understood in the context of an evolving and contested trade policy environment.

Implications for Global Africa

As the United States pursued its reciprocal tariff policy, countries across Global Africa are expected to experience significant economic effects. Fifty-seven countries in Global Africa became subject to elevated tariff rates, with duties reaching as high as 50 percent on goods from Lesotho. Other heavily affected economies included Madagascar (47 percent), Mauritius (40 percent), Guyana (38 percent), Botswana (37 percent), Angola (32 percent), Libya (31 percent), Algeria (30 percent) and South Africa (30 percent).

These tariffs were expected to exert downward pressure on demand in several key industries, including textiles and apparel, which are critical sources of export earnings and household income in countries such as Ethiopia and Lesotho. The agricultural sector was also expected to face reduced demand, potentially leading to lower output and exports. Across much of rural Africa, agriculture remains a major source of export revenue, employment, and household stability. The effects were expected to be particularly pronounced in countries such as Guyana, where agricultural exports— including fish and molasses—play an important role in both foreign-exchange earnings and local livelihoods. More broadly, the tariffs risked weakening African economies through job losses, pressures on current accounts and balance-of-payment positions, and slower economic growth, creating additional macroeconomic management challenges.

Within the framework of the reciprocal tariff regime, beneficiaries of the African Growth and Opportunity Act were not exempt from additional duties, and many exports became subject to a baseline tariff of 10 percent. These measures reduced the trade advantages previously afforded through duty-free access to the U.S. market. As a result, African exporters that had relied on preferences under the Act were likely to experience declining export volumes relative to levels achieved under the previous tariff-free framework.

Although the reciprocal tariffs created a disruptive trade environment with potentially significant socioeconomic consequences for African economies, they also highlighted opportunities for African countries to diversify their exports. In particular, they reinforced the importance of South–South cooperation and expanding trade with BRICS countries (Brazil, Russia, India, China, South Africa, and newer members Egypt, Ethiopia, Iran, the Indonesia, and the United Arab Emirates). Such partnerships provide a pathway for African economies to reduce dependence on traditional markets such as the United States, while diversifying sources of growth anchored in regional integration and industrial expansion.

Trade with China, already Africa's single largest trading partner, and India has increasingly evolved beyond extractive industries, with growing demand for processed agricultural products, intermediate goods, and consumer products. Markets such as Brazil and the United Arab Emirates also offer important opportunities for expanding food exports, logistics services, and re-export activities.

Nigeria's experience illustrates this broader shift. In the first quarter of 2025, Nigeria's trade with BRICS countries reached approximately US$3.54 billion, compared with about US$1.01 billion in trade with the United States during the same period. This trend underscores the growing importance of South–South trade corridors in reshaping Africa's external c trade orientation. Strategically, such partnerships may provide a degree of insulation from U.S. protectionist policies while creating new opportunities for investment-led trade expansion in sectors such as refining, petrochemicals, fertilisers, and agricultural processing, where greater value addition can increasingly be retained within the continent.

Table 5.1 U.S. Tariff Announcements Between 1 February 2025 and 27 February 2026*

(%)	Tariffs Imposed Under Section 122 of the Trade Act of 1974
10	On all countries, except for goods listed under Annexes I and II to the Proclamation of 20 February 2026
%	**Sector-Specific National Security Tariffs, Section 232 (Exempt from Section 122 Tariffs)**
50	On iron, steel, and steel derivatives of steel, except for the United Kingdom (25 percent)
50	On aluminium and aluminium derivatives, except for the United Kingdom (25 percent) and Russian Federation (200 percent)
50	On copper and copper derivatives
25	On automobiles and automobile parts, except for the United Kingdom (up to 10 percent) and the European Union, Japan, and South Korea (up to15 percent)
25	On semiconductors and their derivative products
10-25	On timber, lumber, and derivative products, except for the United Kingdom (10 percent) and the European Union, Japan, and South Korea (up to 15 percent)
10-25	On medium- and heavy-duty vehicles, vehicle parts, and buses

Sources: United Nations Trade and Development; Afreximbank Research 2026.
*Excludes tariffs imposed before January 2025.

The tariff announcements coincided with a period of expanding U.S.-Africa trade. Nevertheless, this trade represented only a small share of total African merchandise trade, accounting for approximately 5.1 percent in 2025, from 4.9 percent in 2024. Consequently, the tariffs were expected to have a limited aggregate effect on African economies because of the relatively low level of trade between the two regions.

From an African perspective, the economic rationale underpinning the reciprocal tariff measures appeared weak. Many of the targeted African and least-developed countries accounted for a negligible share of the U.S. trade deficit. Twenty-eight of the affected partners each contributed less than 0.1 percent and represented limited export market potential for U.S. goods. Consequently, the tariffs were unlikely to generate substantial additional revenue for the United States, even if import volumes remained unchanged, while disproportionately constraining the export capacity of affected countries. In this context, the policy could be interpreted as punitive of structurally vulnerable economies.

Moreover, although the executive order was justified on the basis of rising trade deficits, the U.S.-Africa deficit itself was unsurprising. African exports largely consist of commodities not produced domestically in the United States, including oil, precious stones and metals, minerals, rubber, cocoa, and nuts. Many of these products were exempt from tariffs under Annex II of the executive order. This exemption provided partial insulation for resource-rich economies, such as Angola, the Democratic Republic of Congo, Nigeria, South Africa, and Zambia against both universal and country-specific tariffs, thereby mitigating some of potential adverse effects on trade flows.

Table 5.2 Selected Tariffs on Global African Economies and Mineral Resources Announced Between 1 February 2025 and 27 February 2026*

Country	Reciprocal Tariff (%) Section 122 of the Trade Act of 1974	U.S. Share of Total Exports (%), 2023	Mineral Resource
Lesotho	50	18.7	Diamonds
Madagascar	**47**	14.7	Nickel, cobalt, titanium
Mauritius	40	11	Diamonds
Guyana	38	34.6	Gold, bauxite, diamonds
South Africa	30	6.9	Platinum, gold, iron ore, ferroalloys
Côte d'Ivoire	21	4.9	Gold, refined petroleum

Sources: Observatory of Economic Complexity; World Integrated Trade Solution; Afreximbank research 2026.

Potential Policy Responses

In response to the reciprocal tariff regime, African countries should accelerate industrialisation and deepen intraregional trade under the African Continental Free Trade Area (AfCFTA). Afreximbank is supporting this process by expanding interventions aimed at reducing external vulnerabilities across African economies. Key initiatives include the Intra-African Trade Fair; the Pan-African Payment and Settlement System, which facilitates local-currency transactions; and support for countries experiencing transition shocks through the US$10 billion African Continental Free Trade Area Adjustment Fund.

In addition, the Bank is investing in industrial parks and special economic zones to strengthen regional value chains, particularly in the automotive, battery manufacturing, and pharmaceutical sectors. It is also expanding support for small and medium enterprises through trade finance, export training, and accelerator programmes.

Global Africa should also strongly consider strengthening trade diversification through South–South partnerships and deeper engagement with BRICS economies, where significant untapped potential remains in value-added exports. Such partnerships would enable African economies to reduce dependence on traditional markets such as the United States and to build more resilient, diversified growth models anchored in regional integration and industrial expansion. Over time, these efforts could strengthen the continent's economic sovereignty..

Developments in Commodity Markets

On the supply side, global mine output remained relatively constrained compared with demand growth, despite a price-driven response in parts of Africa. Ghana's production rose by 6.25 percent to 5.1 million ounces, maintaining its position as the continent's largest producer. Mali reported strong activity in artisanal mining, where the sector accounts for an estimated 70–80 percent of output. Nevertheless, these incremental gains were insufficient to materially loosen the global balance. In all, the interaction of robust investment flows, resilient official-sector buying, and inelastic supply conditions pushed gold to 53 new all-time highs in 2025, reinforcing its role as a strategic hedge in volatile markets.

The copper market rose sharply from slightly more than US$4.0 per pound at the end of 2024 to US$5.68/pound by December 2025, propelled by higher trade policy shocks, supply disruptions, and improving industrial Purchasing Managers' Indices. Anticipatory hedging against potential US copper import tariffs drove early momentum, pushing prices to a then-record US$5.37/pound in March before escalating trade tensions briefly induced a corrective phase. However, acute supply-side contractions helped keep prices elevated. For example, the Kamoa-Kakula complex in the Democratic Republic of Congo–the world's second largest producer–originally slated to produce more than 500,000 tonnes in 2025, saw its output guidance slashed by nearly 28 percent following a series of seismic events and flooding in May that restricted access to high-grade ore zones and left output closer to 388,800 tonnes. This was in addition to force majeure at Indonesia's Grasberg mine following a fatal mudslide. Copper demand improved in the second half of the year, especially supported by a recovery in Chinese manufacturing activity. The market's performance indicated that prices remain sensitive to short-term policy risk but are supported by copper's critical role in electric vehicle production and grid modernisation.

Zinc prices recorded strong performance in 2025, rebounding from a fragile first half of the year when prices fell to around US$2,560/tonne, to close the year above US$3,080/tonne. The weakness observed at the start of the year was on account of soft Chinese construction activity and lingering pessimism from 2024, while the second-half recovery was driven primarily by a severe inventory squeeze in Organisation for Economic Co-operation and Development markets. London Metal Exchange-registered stocks fell from roughly 230,000 tonnes in January 2025 to below 50,000 tonnes by October 2025. This pushed the market into deep backwardation and highlighted the structural disconnect between rising mine output and constrained refined supply. Although global mine production increased by 6.5 percent in 2025, smelter bottlenecks limited the conversion of concentrates into refined zinc. Permanent closures, including Toho Zinc's Annaka plant in Japan, combined with capacity reductions at Glencore's European operations, compounded by high energy costs and stricter environmental regulations, led to a 2.2 percent decline in Western refined output. On the demand side, China's collapse in property sales dampened galvanised steel consumption, which was only partly offset by strong demand from India. Overall, the zinc rally in 2025 was fundamentally supply-driven.

Aluminium prices followed a similar trajectory to other base metals in 2025, starting the year with a slump before rebounding strongly in the latter half. Prices rose by more than 15 percent, from US$2,500/t in January to nearly US$2,900/t by December. The impact of US tariffs on consumption largely drove early-year weakness. However, this effect gradually dissipated, and prices gained momentum due to robust structural demand and a growing premium for low-carbon aluminium. Demand was underpinned by aluminium's pivotal role in renewable energy technologies, including solar and wind, expanding electricity grid infrastructure, and the accelerating adoption of electric vehicles and automotive electronics.

On the supply side, global primary aluminium production reached approximately 73.8 million tonnes, up from 73.1 million tonnes the year before, but surpluses remained tight. Several factors increasingly constrained supply growth, particularly in China, which accounts for around 60 percent of global output and is approaching its mandatory 45 million tonne capacity ceiling introduced in 2017 to limit emissions. In Europe, smelting contracted by 2.2 percent as high energy costs, carbon regulations, and limited scrap availability kept output below pre-crisis (2019–21) levels. Meanwhile, in Africa, the launch of new alumina refineries in Guinea and Cameroon signals a strategic shift towards industrial beneficiation, aiming to tap into the growing demand for low-carbon metal, especially after Guinea alone exported an estimated 182.8 million tonnes of bauxite to China during the period.

Cocoa prices corrected in 2025 after an extraordinary rally in 2024, when the market was propelled by a historically large supply deficit of around 462,000 tonnes in the season ending September 2024. Cocoa futures declined sharply as market focus shifted toward improving supply and emerging signs of demand destruction as chocolate manufacturers reduced processing volume. Prices nonetheless remained elevated early in the year, with nearby New York futures frequently trading above US$9,000/tonne, as lingering fears of structural supply tightness, rising trade-related costs and speculative buying continued to shape sentiment. Renewed concerns over mid-crop quality in top producer Côte d'Ivoire and fears of a return to acute supply deficits triggered a strong rally in May 2025, with nearby New York futures rising more than 20 percent to around US$10,920/tonnes during the month. Low reported arrivals and

inventory drawdowns further supported the momentum. However, improved rainfall across West Africa, strengthening expectations for the 2025/26 main crop, and rising output from non-traditional origins, particularly Ecuador, helped allay market concerns. As the year progressed, better weather conditions in Côte d'Ivoire and Ghana, expectations of output recovery and regulatory developments, most notably the postponement of the EU Deforestation Regulation, further eased supply-side pressures and dampened prices.

Coffee prices were extremely volatile throughout 2025, with the market fundamentally undersupplied relative to demand for much of the year. During the first quarter of 2025, the combination of historically low certified exchange inventories and extended dry weather in Brazil's main Arabica-producing regions created bullish pressure, with critically tight global stocks providing broad market support. By mid-year, however, the market encountered intermittent bearish headwinds as forecasts of a modest global production recovery began to emerge, signaling a potential move toward acceptable levels of exportable supplies for the October 2024–September 2025 cycle. According to the US Department of Agriculture, world coffee output for the 2025/26 year was projected at a record 178.7 million 60-kg bags, reflecting mixed developments across producing regions.

In Africa, output in Uganda improved, as it did in Vietnam, but poor weather negatively affected Brazil's Arabica crop, increasing the risk for a significant global Arabica deficit for 2025/26. These fundamental tensions helped drive prices back into a strong bullish territory in the second half of 2025, with Arabica futures reaching multi-decade highs near US$4.24 per pound on US ICE Futures in September and remaining structurally elevated through the last quarter of 2025. Robusta prices similarly tracked historic gains as certified inventories stayed near cyclical lows and demand remained resilient across key consuming regions. In all, extreme weather patterns increased supply-side risks and forced the market to reassess production prospects for the 2025/26 crop.

Wheat prices were relatively flat in 2025, after a steep decline from 2024 levels, with benchmark Chicago Board of Trade wheat futures finding a floor near US$5.50 per bushel (approximately US$200–210 per tonne) for much of the year, supported by tight supplies in the Black Sea region and adverse weather in key EU producers. Major suppliers such as Russia experienced suboptimal yields, which squeezed exportable surpluses by an estimated 8–10 million tonnes. Similar poor weather conditions affected France and Germany, reducing the European Union's contribution to global exports, particularly to North African importers such as Morocco and Egypt. In contrast, Australia and the United States experienced strong production growth, with Australian output rebounding from a poor year prior to achieve a robust recovery of more than 20 percent year-on-year.

On the demand side, global wheat consumption remained strong. Key importers such as Egypt, Indonesia, and Turkey continued to source aggressively to meet growing population and industrial needs, even as Egyptian imports were constrained by a weaker currency. Overall, global consumption growth marginally outstripped production in 2025, sustaining a tight supply–demand balance and underpinning prices. Meanwhile, ongoing geopolitical tensions, particularly the Ukraine conflict, remained a central risk for global wheat markets.

Cotton prices were largely flat in 2025, trading in a narrow range between 64–67 cents per pound, reflecting relatively soft demand. Global cotton production for the 2024/25 season was robust, reaching around 120–121 million bales, up from approximately 116 million bales in the previous season. Productivity gains were observed in several producing countries, although adverse weather conditions constrained output elsewhere. China harvested approximately 32.5 million bales, marking its largest cotton crop since the 2013/14 season. Brazil continued to expand both planted area and export volumes, while improved yields in the United States also contributed to stronger global availability. In West Africa, exports from producers such as Benin and Mali increased, although overall African output remained mixed due to uneven weather patterns across the region. On the demand side, global cotton consumption in 2025 was modest: mill use edged higher in key textile hubs including Bangladesh, Pakistan, and Vietnam, while demand in China remained subdued amid macroeconomic headwinds. Intensifying competition from man-made fibres, which continued to gain structural market share, further tempered demand growth, and softer apparel orders reflected subdued consumer spending.

5.2 Afreximbank African Commodity Index and its Dynamics

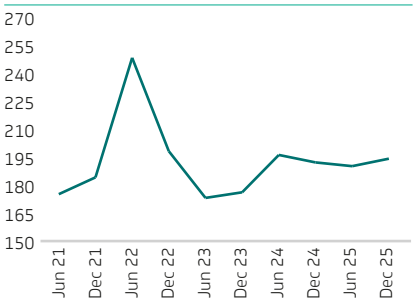
Recurring adverse commodity terms-of-trade shocks have significantly constrained economic growth in most African economies, many of which remain heavily dependent on primary commodities and natural resources. Despite ongoing efforts to diversify export bases, structural reliance on raw commodity exports continues to expose these economies to external market fluctuations, undermining macroeconomic stability and long-term development prospects. Volatility in commodity prices not only affects fiscal revenues but also disrupts investment planning, foreign exchange earnings, and industrialisation efforts, further entrenching economic vulnerability. These trends highlight a persistent structural paradox for Africa: while the continent dominates global raw material production, it captures only limited

Developments in Commodity Markets

value from these resources. For example, gains in commodities such as copper, cobalt, and bauxite largely accrue to refiners outside the continent, reflecting constrained domestic processing capacity.

Reflecting the continued importance of commodities for African trade and growth, the Bank has developed the Afreximbank African Commodity Index (AACI). The AACI tracks the dynamics of 14 key commodities of export interest to Africa and serves as a tool for monitoring price movements, with a view to better anticipating and mitigating risks associated with volatility. The commodity list is divided into three main categories: seven agricultural (cocoa, coffee, corn, cotton, palm oil, sugar, and wheat), five metal (aluminium, cobalt, copper, gold, and zinc), and two energy commodities (crude oil and natural gas). The AACI composite index in Figure 5.1 shows aggregate price movements on commodity markets since 2016.

Figure 5.1 AACI Composite Index

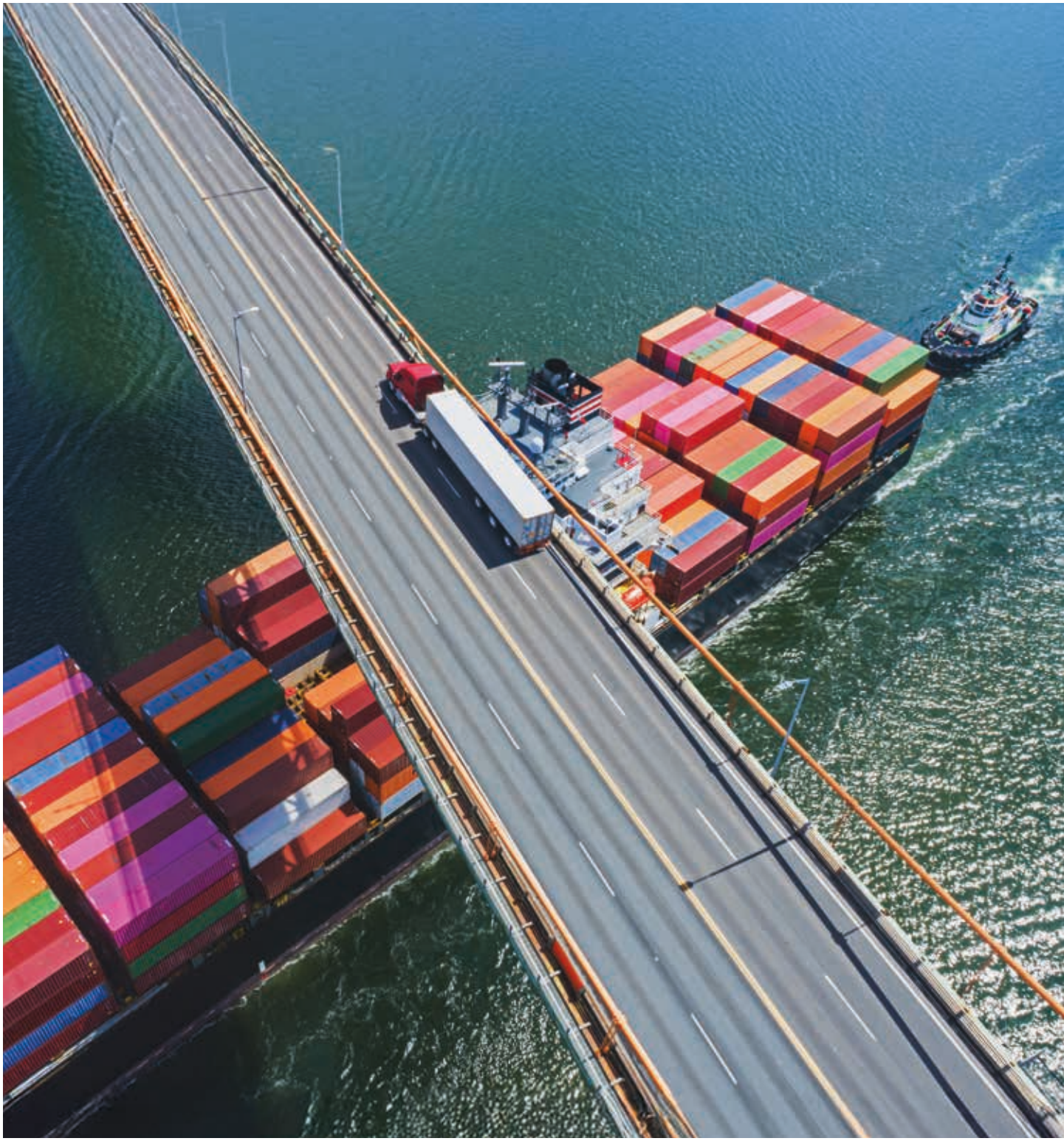


Sources: Afreximbank research; Bloomberg 2026.

By the end of December 2025, the AACI stood at 195.5, marking a 2.3 percent increase from 191.1 in June. Beneath this modest overall gain is a stark divergence in sector performance. While the broader commodity market faced headwinds from a decelerating global economy and trade tensions, the AACI was bolstered by the impressive performance of specific sub-indices. Precious metals emerged as the clear standout, with the sub-index soaring from 293.9 in June to 389.5 by end-December 2025. Gold reached multiple all-time highs, cementing its role as a premier safe-haven asset amidst a softening US dollar and heightened geopolitical anxiety. Simultaneously, cobalt surged by 58 percent, transitioning from a period of oversupply to extreme tightness following the Democratic Republic of Congo's implementation of a strict export quota system.

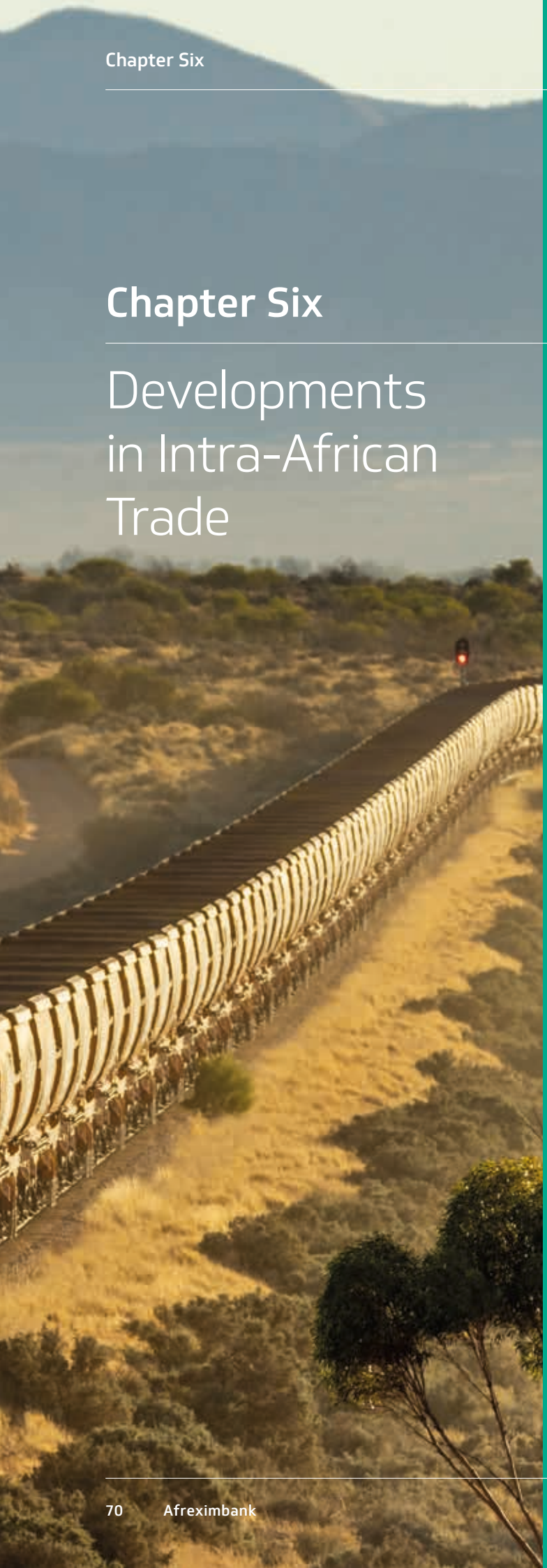
Base metals continued their upward trajectory, as the sub-index advanced from 223.3 to 241.9. Copper primarily drove the gains, climbing to a record US$5.68/pound as acute supply contractions, most notably at the Kamoa-Kakula complex in the Democratic Republic of Congo, met robust structural demand for green energy infrastructure and electric vehicles. Aluminium and zinc also moved higher, bolstered by low carbon industrial shifts and an inventory squeeze in Organisation of Economic Co-operation and Development markets, which helped offset broader global economic headwinds.

Agricultural commodities faced a significant correction, with the sub-index declining from 162.0 to 146.0. The primary drag on the index was cocoa, which saw its component value plunge from 51.6 to 31.0 as improved West African rainfall and the postponement of EU deforestation regulations eased supply-side pressures. While wheat and sugar recorded modest gains due to resilient import demand and localised tightness, these were insufficient to offset the sharp retreats in the cocoa and coffee markets. The energy sub-index maintained a bearish trend, retreating from 175.1 to 168.7 in the second half of the year. A softening crude oil market dominated performance. Brent prices remained depressed due to a global supply glut exacerbated by China's accelerating structural shift toward electric vehicles. Resilient African supply contributed additional bearish pressure to energy markets, with Libya and Nigeria reaching multi-year production highs alongside a modest recovery in natural gas.



Chapter Six

Developments in Intra-African Trade

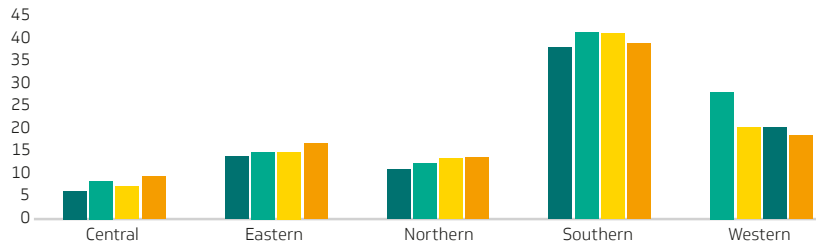


6.1 Intra-African Trade Champions

The African Export-Import Bank (Afreximbank) continued in 2025 to play a pivotal role in advancing intra-African trade and the implementation of the African Continental Free Trade Area (AfCFTA) through a range of strategic initiatives designed to reduce barriers, build institutional capacity, and increase continental commerce. A cornerstone of this effort was Afreximbank's support for the 2025 Intra-African Trade Fair in Algiers, organised jointly with the African Union Commission and the AfCFTA Secretariat, which showcased African goods, services, and investment opportunities. In parallel, Afreximbank renewed and expanded its partnership with the International Trade Centre to promote competitiveness of small and medium enterprises, enhance capacity building on AfCFTA regulatory frameworks, and strengthen South–South cooperation, with a particular focus on increasing access to trade finance for small businesses and supporting creative and industrial sectors across the continent.

The estimated value of total intra-African trade rose by 5.47 percent in 2025 to US$213.8 billion, up from US$202.7 billion the previous year. Robust growth in several countries, including Ethiopia, Uganda, the Democratic Republic of Congo, and Zambia, supported the improvement in the value of intra-African trade. South Africa retained its position as the largest contributor to intra-African trade, accounting for a 19.2 percent share, although this was marginally lower compared with its 20.8 percent share in 2024. While US$10.04 billion of South Africa's imports came from other African countries, its exports to the continent were considerably higher at US$31.1 billion, the same as the previous year. South Africa's key imports from the region included mineral products such as crude oil, coal, petroleum, and electricity, along with precious metals, textiles, and prepared foodstuffs, particularly sugar and confectionery from Eswatini, Zambia, and Mozambique. Its exports to African markets were more diverse, spanning fuel and fuel products, machinery, electrical equipment, vehicles, plastics, iron and steel, and agricultural goods, including cereals.

Figure 6.1 Contribution of the Five Regions to Intra-African Trade (percent)



Sources: International Monetary Fund Direction of Trade Statistics 2026; Afreximbank research.

During the year, South Africa strengthened its position as a leading participant in Intra-African trade by scaling up its engagement under the AfCFTA Guided Trade Initiative, moving beyond the initial pilot shipments launched in 2024 into more regularised preferential trade. It recorded continued progress during the year on outstanding AfCFTA technical negotiations, including advanced discussions on rules of origin for strategically important sectors such as automotive and clothing and textiles which are important to South Africa's industrial base.

South Africa also expanded the scope of its preferential trade relationships, deepening commercial exchanges with a growing group of African partners that had gazetted tariff schedules, including large economies such as Nigeria, Egypt, Kenya, Algeria, and Ethiopia. It also broadened exports beyond early pilot products into more value-added categories such as machinery, processed foods, and chemicals. Complementing these efforts, South Africa actively prepared and participated in the Bank's Intra-African Trade Fair, solidifying its role as a regional anchor for AfCFTA implementation.

In West Africa, Côte d'Ivoire retained a sizeable amount of intra-African trade in 2025, at 4.83 percent. Côte d'Ivoire established itself as a key hub of West African trade, with strong integration into both the West African Economic and Monetary Union and Economic Community of West African States frameworks. While it remains a major global exporter of commodities such as cocoa, cashew nuts, rubber, and palm oil, there is a visible shift toward greater value addition through domestic processing, particularly in the cocoa and cashew sectors. This transition is gradually strengthening its role as an agro-industrial base within the region. Its core regional trade relationships remained anchored with neighbouring economies such as Mali, Burkina Faso, Ghana, and Nigeria, while South Africa and Morocco provided important gateways to Southern and North African markets. On the import side, Côte d'Ivoire sourced a wide range of goods from across the continent, including refined petroleum products, machinery, cement, cereals, and manufactured food products. Key suppliers include Egypt, Nigeria, Ghana, Morocco, Nigeria, and South Africa.

Developments in Intra-African Trade

Table 6.1 Intra-African Trade (in US$ billion unless otherwise indicated), 2023–25

	Intra-African Exports					Growth Rate (%)				Country Share of Total Intra-African Exports (%)				
Country	2021	2022	2023	2024	2025	2022	2023	2024	2025	2021	2022	2023	2024	2025
Algeria	1.95	2.33	2.70	2.71	2.33	19.79	15.65	0.30	-14.03	2.01	1.90	2.55	2.36	1.95
Angola	1.41	0.68	2.13	1.96	1.21	-51.90	213.45	-7.72	-38.26	1.46	0.55	2.01	1.71	1.01
Benin	0.16	0.19	0.20	0.17	0.16	13.27	7.28	-16.10	-6.06	0.17	0.15	0.19	0.15	0.13
Botswana	0.76	1.07	0.79	0.74	0.71	39.30	-25.55	-6.98	-4.13	0.79	0.87	0.75	0.64	0.59
Burkina Faso	0.44	0.63	0.67	0.57	0.75	42.57	5.55	-14.46	31.66	0.46	0.51	0.63	0.50	0.63
Burundi	0.03	0.04	0.04	0.03	0.08	30.31	-7.95	-16.71	134.97	0.03	0.04	0.04	0.03	0.07
Cabo Verde	0.02	0.03	0.02	0.00	0.00	54.63	-41.61	-100.00		0.02	0.02	0.02	0.00	0.00
Cameroon	0.42	0.56	0.64	0.54	0.58	31.52	14.20	-16.06	8.75	0.44	0.46	0.60	0.47	0.49
Central African Republic	0.01	0.01	0.01	0.06	0.05	65.50	-35.28	667.63	-14.04	0.01	0.01	0.01	0.05	0.04
Chad	0.01	0.01	0.02	0.02	0.02	18.69	94.56	-7.67	-7.48	0.01	0.01	0.02	0.02	0.02
Comoros	0.01	0.01	0.00	0.00	0.00	-15.97	-91.10	-34.34	-3.85	0.01	0.01	0.00	0.00	0.00
Congo Dem. Rep. of	6.56	3.63	5.72	5.20	9.84	-44.58	57.48	-9.04	89.11	6.76	2.96	5.40	4.53	8.23
Congo Republic	0.72	1.62	0.85	0.84	0.77	124.28	-47.25	-1.84	-7.92	0.74	1.32	0.81	0.73	0.64
Côte d'Ivoire	6.19	9.00	4.95	4.71	5.91	45.54	-45.04	-4.84	25.58	6.38	7.34	4.67	4.10	4.94
Djibouti	3.25	4.06	4.10	3.27	4.70	24.73	0.98	-20.26	43.75	3.36	3.31	3.87	2.85	3.93
Egypt	5.13	5.57	6.66	7.60	7.73	8.57	19.57	13.99	1.82	5.29	4.54	6.29	6.62	6.46
Equatorial Guinea	0.13	0.11	0.07	0.15	0.15	-15.68	-38.46	109.59	2.34	0.14	0.09	0.07	0.13	0.12
Eritrea	0.00	0.00	0.04	0.00	0.00	-3.53	1494.79	-93.34	-37.31	0.00	0.00	0.04	0.00	0.00
Eswatini	1.92	1.86	1.90	2.19	2.29	-3.01	1.83	15.42	4.56	1.98	1.52	1.79	1.91	1.92
Ethiopia	0.58	0.47	0.40	0.54	0.94	-18.80	-15.61	36.18	73.44	0.60	0.39	0.38	0.47	0.79
Gabon	1.91	1.15	1.25	1.04	1.03	-40.02	9.02	-16.67	-1.15	1.97	0.94	1.18	0.91	0.86
Gambia	0.02	0.03	0.07	0.03	0.03	61.61	164.63	-62.50	31.77	0.02	0.02	0.07	0.02	0.03
Ghana	3.95	3.54	3.50	8.40	2.01	-10.27	-1.28	140.33	-76.12	4.07	2.89	3.30	7.32	1.68
Guinea	1.43	1.42	1.40	1.40	1.44	-0.17	-1.35	0.06	2.51	1.47	1.16	1.32	1.22	1.20
Guinea, Bissau	0.02	0.01	0.01	0.00	0.01	-46.08	-21.39	-87.08	363.97	0.02	0.01	0.01	0.00	0.00
Kenya	2.79	2.99	3.07	3.13	3.43	7.40	2.61	2.05	9.61	2.87	2.44	2.90	2.73	2.87
Lesotho	0.45	0.47	0.39	0.54	0.61	5.09	-16.06	35.69	14.19	0.46	0.38	0.37	0.47	0.51
Liberia	0.01	0.02	0.03	0.02	0.02	66.22	21.51	-27.16	16.38	0.01	0.02	0.03	0.02	0.02
Libya	0.11	0.15	0.06	0.08	0.00	30.51	-58.93	28.84	-100.00	0.12	0.12	0.06	0.07	0.00
Madagascar	0.16	0.22	0.19	0.20	0.25	32.22	-11.01	3.74	26.34	0.17	0.18	0.18	0.17	0.21
Malawi	0.38	0.38	0.37	0.32	0.40	-0.95	-2.56	-12.48	22.84	0.39	0.31	0.35	0.28	0.33
Mali	0.41	0.25	0.52	0.68	0.50	-40.08	110.00	30.29	-25.88	0.43	0.20	0.49	0.59	0.42
Mauritania	0.26	0.57	0.65	0.61	0.71	120.93	14.23	-5.68	15.87	0.26	0.46	0.61	0.53	0.59
Mauritius	0.47	0.53	0.43	0.49	0.46	13.55	-19.02	13.78	-5.44	0.48	0.43	0.40	0.42	0.39
Morocco	2.88	3.52	3.19	5.11	6.17	22.18	-9.26	60.21	20.78	2.97	2.87	3.01	4.45	5.16
Mozambique	1.48	1.71	1.62	1.70	1.54	16.15	-5.40	4.80	-9.18	1.52	1.40	1.53	1.48	1.29
Namibia	2.07	2.61	3.15	3.25	3.38	25.81	20.56	3.14	4.15	2.14	2.13	2.97	2.83	2.82
Niger	0.47	0.23	0.15	0.32	0.81	-50.06	-36.53	112.60	155.05	0.48	0.19	0.14	0.28	0.68
Nigeria	6.02	23.41	6.50	6.00	6.71	289.00	-72.24	-7.70	11.94	6.20	19.09	6.13	5.22	5.61
Rwanda	0.75	0.80	1.01	1.38	0.96	5.68	26.63	36.23	-30.49	0.78	0.65	0.95	1.20	0.80
São Tomé and Príncipe	0.00	0.00	0.00	0.00	0.00	-3.76	-67.88	-94.10	-62.52	0.00	0.00	0.00	0.00	0.00
Senegal	2.07	2.25	2.32	2.33	2.62	8.41	3.49	0.40	12.42	2.14	1.83	2.19	2.03	2.19
Seychelles	0.03	0.03	0.01	0.01	0.01	4.88	-49.73	-19.74	-5.20	0.03	0.02	0.01	0.01	0.01
Sierra Leone	0.07	0.05	0.04	0.06	0.06	-23.63	-23.56	40.37	9.68	0.07	0.04	0.04	0.05	0.05
Somalia	0.02	0.03	0.09	0.07	0.07	68.27	175.91	-17.67	0.91	0.02	0.03	0.08	0.06	0.06
South Africa	25.98	30.01	29.61	31.12	31.11	15.52	-1.34	5.11	-0.04	26.78	24.47	27.94	27.10	26.00
South Sudan	0.00	0.00	0.00	0.04	0.07	9.74	160.88	788.48	95.89	0.00	0.00	0.00	0.03	0.06
Sudan	0.59	0.68	0.56	0.34	0.18	15.75	-17.41	-39.38	-46.41	0.61	0.55	0.53	0.30	0.15
Tanzania	2.51	2.64	2.66	3.95	3.83	5.15	0.60	48.37	-3.00	2.59	2.16	2.51	3.44	3.20
Togo	0.76	0.76	0.72	0.77	0.77	0.37	-5.87	8.06	-0.21	0.78	0.62	0.68	0.67	0.65
Tunisia	1.70	1.96	2.08	2.06	2.12	15.56	6.04	-1.11	3.11	1.75	1.60	1.97	1.79	1.78
Uganda	1.78	2.23	2.42	2.40	3.45	25.61	8.69	-0.93	43.63	1.83	1.82	2.29	2.09	2.88
Zambia	2.15	2.89	3.08	2.84	4.26	34.57	6.53	-7.83	50.10	2.22	2.36	2.91	2.47	3.56
Zimbabwe	3.57	3.18	2.90	2.84	2.37	-11.02	-8.64	-2.23	-16.31	3.68	2.59	2.74	2.47	1.98
Total	**96.99**	**122.62**	**105.97**	**114.82**	**119.66**	**26.43**	**-13.58**	**8.35**	**4.22**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Sources: Afreximbank Research, International Trade in Goods (by partner country), 2026.

Intra-African Imports					Growth Rate (%)				Country Share of Total (Intra-African Imports)				
2021	2022	2023	2024	2025	2022	2023	2024	2025	2021	2022	2023	2024	2025
1.15	1.63	1.96	2.14	2.55	41.40	20.08	9.17	19.37	1.61	1.99	2.33	2.43	2.71
1.22	0.84	1.51	1.01	0.80	-30.54	78.92	-33.02	-21.34	1.70	1.03	1.80	1.15	0.84
0.50	0.56	0.74	0.64	0.82	11.30	31.68	-12.97	28.19	0.71	0.68	0.88	0.73	0.88
4.74	5.66	4.96	5.57	5.93	19.48	-12.47	12.40	6.42	6.64	6.90	5.89	6.34	6.30
1.21	1.47	1.84	2.17	2.28	21.28	25.76	17.79	5.13	1.69	1.79	2.19	2.47	2.42
0.31	0.34	0.35	0.38	0.48	9.29	3.88	9.74	24.73	0.43	0.41	0.42	0.44	0.51
0.04	0.08	0.02	0.07	0.07	104.57	-71.61	198.87	9.20	0.05	0.09	0.03	0.07	0.08
0.79	0.97	0.79	0.68	0.64	22.23	-18.60	-13.75	-5.66	1.11	1.18	0.94	0.77	0.68
0.23	0.31	0.25	0.26	0.24	33.26	-19.16	5.99	-8.88	0.32	0.38	0.30	0.30	0.26
0.27	0.29	0.38	0.51	0.88	6.44	32.69	31.43	73.50	0.38	0.35	0.46	0.57	0.93
0.02	0.03	0.03	0.04	0.03	24.61	-2.19	30.75	-24.22	0.03	0.03	0.03	0.04	0.03
1.67	2.98	5.04	4.40	4.56	78.68	69.20	-12.59	3.58	2.34	3.63	5.99	5.01	4.84
0.46	0.96	1.01	0.85	0.89	108.35	5.35	-15.68	3.69	0.65	1.17	1.21	0.97	0.94
2.71	4.07	4.44	3.78	4.42	50.27	9.03	-14.75	16.90	3.80	4.96	5.28	4.30	4.70
0.27	0.30	0.36	0.40	0.28	14.32	17.64	11.32	-30.52	0.37	0.37	0.42	0.45	0.29
1.44	1.87	1.62	1.99	1.57	29.79	-13.13	22.57	-21.06	2.02	2.28	1.93	2.26	1.67
0.31	0.10	0.14	0.28	0.62	-68.93	44.79	101.30	122.64	0.43	0.12	0.16	0.31	0.65
0.03	0.02	0.03	0.02	0.02	-21.95	29.39	-11.34	4.08	0.04	0.02	0.03	0.03	0.02
1.60	1.63	1.56	1.65	1.77	1.62	-4.15	5.79	7.15	2.25	1.99	1.86	1.88	1.88
1.03	2.01	1.64	1.15	1.19	95.08	-18.32	-30.17	3.56	1.44	2.45	1.95	1.30	1.26
0.30	0.27	0.23	0.26	0.27	-10.55	-14.46	11.98	3.89	0.42	0.33	0.27	0.29	0.28
0.31	0.39	0.26	0.40	0.30	23.06	-32.88	52.63	-24.06	0.44	0.47	0.31	0.45	0.32
1.57	1.94	1.62	1.12	1.21	23.26	-16.24	-31.01	8.35	2.20	2.36	1.93	1.27	1.29
0.29	0.39	0.41	0.39	0.50	32.51	5.13	-4.26	26.35	0.41	0.47	0.49	0.45	0.53
0.09	0.09	0.15	0.11	0.13	4.87	57.03	-26.62	21.12	0.12	0.11	0.17	0.12	0.14
2.08	2.30	1.96	2.01	2.17	10.35	-14.82	2.71	8.15	2.92	2.80	2.33	2.28	2.31
1.46	1.55	1.40	1.47	1.52	6.36	-9.91	4.83	3.61	2.04	1.89	1.66	1.67	1.61
0.25	0.55	0.78	0.70	0.76	118.33	40.79	-10.47	8.76	0.36	0.67	0.93	0.79	0.81
0.73	0.08	0.01	0.08	0.01	-88.43	-84.61	486.94	-91.90	1.02	0.10	0.02	0.09	0.01
0.49	0.56	0.52	0.58	0.52	13.43	-7.03	11.27	-9.81	0.69	0.68	0.62	0.66	0.56
0.90	0.42	1.06	1.15	1.19	-53.15	150.22	9.13	3.24	1.26	0.51	1.26	1.31	1.26
2.31	3.72	3.40	3.47	3.60	60.70	-8.53	2.01	3.95	3.24	4.53	4.04	3.94	3.83
0.44	0.49	0.45	0.49	0.48	12.36	-8.97	8.16	-0.91	0.62	0.60	0.53	0.55	0.51
0.63	0.81	0.79	0.71	0.68	29.95	-3.11	-10.20	-3.83	0.88	0.99	0.94	0.81	0.72
2.21	2.54	1.98	2.76	3.36	14.99	-22.02	39.28	21.98	3.10	3.09	2.35	3.14	3.57
2.68	2.72	2.68	2.62	2.08	1.19	-1.20	-2.56	-20.63	3.76	3.31	3.19	2.97	2.20
4.79	3.32	3.12	3.93	4.01	-30.68	-6.21	26.14	2.01	6.72	4.05	3.71	4.47	4.26
0.61	0.61	0.43	0.40	0.50	-1.27	-29.18	-5.88	24.01	0.86	0.74	0.51	0.46	0.53
1.37	1.65	1.62	1.47	2.30	20.17	-1.82	-8.98	56.29	1.92	2.01	1.92	1.68	2.45
0.91	1.15	1.00	1.09	1.02	25.95	-13.17	8.96	-6.64	1.28	1.40	1.19	1.24	1.08
0.04	0.07	0.06	0.17	0.19	62.42	-5.21	166.53	16.02	0.06	0.08	0.07	0.19	0.21
1.30	1.42	2.00	1.38	0.99	9.07	41.03	-31.02	-28.00	1.82	1.73	2.38	1.57	1.05
0.40	0.17	0.18	0.21	0.21	-57.95	4.94	16.40	2.99	0.56	0.21	0.21	0.24	0.23
0.15	0.20	0.26	0.17	0.18	37.30	27.03	-32.51	1.72	0.21	0.25	0.30	0.20	0.19
0.66	0.56	0.47	0.52	0.64	-14.72	-16.10	11.26	22.57	0.92	0.68	0.56	0.59	0.68
9.08	9.86	9.59	11.02	10.04	8.57	-2.78	14.95	-8.91	12.73	12.02	11.40	12.53	10.66
0.75	0.90	0.90	0.91	1.04	19.92	0.23	1.50	13.65	1.05	1.10	1.07	1.04	1.10
1.30	2.01	0.86	0.83	2.43	54.03	-57.16	-3.57	192.89	1.83	2.45	1.02	0.94	2.58
1.21	1.61	1.51	1.42	1.46	32.67	-5.90	-6.15	3.03	1.70	1.96	1.80	1.61	1.55
0.41	0.50	0.62	0.57	0.98	20.40	25.14	-8.33	70.96	0.58	0.61	0.74	0.65	1.04
1.34	2.34	2.56	2.66	2.80	74.00	9.59	3.97	5.37	1.88	2.85	3.04	3.03	2.98
2.54	1.71	3.48	4.96	6.14	-32.82	103.93	42.62	23.69	3.56	2.08	4.14	5.64	6.52
3.17	4.16	3.82	4.60	5.00	31.29	-8.28	20.58	8.68	4.45	5.07	4.54	5.24	5.31
4.53	4.90	5.29	5.31	5.42	8.13	7.87	0.53	1.96	6.35	5.97	6.28	6.04	5.75
71.33	**82.05**	**84.11**	**87.92**	**94.17**	**15.02**	**2.51**	**4.54**	**7.11**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Developments in Intra-African Trade

Table 6.1 Intra-African Trade (in US$ billion unless otherwise indicated), 2023–25 (Continued)

	Total Intra-African Trade				Share of Total Merchandise Trade (%)					Total Balance Value (exports-imports)				
Country	**2022**	**2023**	**2024**	**2025**	**2021**	**2022**	**2023**	**2024**	**2025**	**2021**	**2022**	**2023**	**2024**	**2025**
Algeria	3.10	3.96	4.66	4.84	4.88	27.82	17.47	4.03	0.70	1.84	1.94	2.45	2.39	2.28
Angola	2.63	1.52	3.64	2.98	2.01	-42.02	138.90	-18.22	-32.51	1.56	0.74	1.91	1.47	0.94
Benin	0.67	0.75	0.94	0.81	0.98	11.79	25.59	-13.63	21.09	0.40	0.37	0.49	0.40	0.46
Botswana	5.50	6.73	5.75	6.31	6.64	22.24	-14.54	9.73	5.19	3.27	3.29	3.02	3.11	3.10
Burkina Faso	1.65	2.10	2.51	2.74	3.03	26.99	19.67	9.23	10.65	0.98	1.02	1.32	1.35	1.42
Burundi	0.34	0.38	0.39	0.42	0.56	11.34	2.52	7.02	33.55	0.20	0.19	0.21	0.21	0.26
Cabo Verde	0.06	0.11	0.04	0.07	0.07	88.53	-63.71	72.20	9.20	0.03	0.05	0.02	0.03	0.03
Cameroon	1.22	1.52	1.42	1.21	1.22	25.47	-6.60	-14.78	0.69	0.72	0.75	0.75	0.60	0.57
Central African Republic	0.24	0.32	0.26	0.32	0.29	34.20	-19.74	25.21	-9.80	0.14	0.16	0.13	0.16	0.14
Chad	0.28	0.30	0.41	0.53	0.90	6.87	35.15	29.19	70.19	0.17	0.15	0.21	0.26	0.42
Comoros	0.03	0.04	0.03	0.04	0.03	11.84	-23.20	28.96	-23.93	0.02	0.02	0.02	0.02	0.01
Congo Dem. Rep. of	8.22	6.61	10.76	9.61	14.40	-19.60	62.76	-10.70	49.92	4.88	3.23	5.66	4.74	6.74
Congo Republic	1.18	2.58	1.87	1.69	1.66	118.06	-27.63	-9.36	-2.06	0.70	1.26	0.98	0.83	0.78
Côte d'Ivoire	8.90	13.07	9.39	8.49	10.34	46.98	-28.21	-9.52	21.71	5.29	6.39	4.94	4.19	4.83
Djibouti	3.52	4.36	4.46	3.67	4.97	23.94	2.14	-17.73	35.70	2.09	2.13	2.34	1.81	2.33
Egypt	6.57	7.44	8.29	9.59	9.31	13.22	11.36	15.67	-2.93	3.91	3.64	4.36	4.73	4.35
Equatorial Guinea	0.44	0.21	0.21	0.42	0.77	-52.69	-0.46	104.08	81.12	0.26	0.10	0.11	0.21	0.36
Eritrea	0.03	0.02	0.07	0.03	0.03	-20.19	198.83	-61.94	-0.39	0.02	0.01	0.03	0.01	0.01
Eswatini	3.53	3.49	3.46	3.84	4.06	-0.91	-0.96	11.08	5.67	2.09	1.71	1.82	1.90	1.90
Ethiopia	1.61	2.48	2.04	1.69	2.13	53.89	-17.80	-17.17	26.07	0.96	1.21	1.07	0.83	1.00
Gabon	2.21	1.42	1.48	1.30	1.30	-36.02	4.56	-12.22	-0.15	1.32	0.69	0.78	0.64	0.61
Gambia	0.33	0.41	0.33	0.42	0.34	24.96	-20.26	28.23	-20.60	0.20	0.20	0.17	0.21	0.16
Ghana	5.52	5.48	5.12	9.52	3.22	-0.72	-6.57	86.03	-66.19	3.28	2.68	2.69	4.70	1.51
Guinea	1.72	1.81	1.81	1.80	1.94	5.41	0.04	-0.92	7.71	1.02	0.89	0.95	0.89	0.91
Guinea, Bissau	0.11	0.10	0.16	0.11	0.14	-4.68	48.72	-30.01	24.66	0.07	0.05	0.08	0.05	0.06
Kenya	4.87	5.29	5.03	5.14	5.61	8.66	-4.96	2.31	9.04	2.89	2.58	2.64	2.54	2.62
Lesotho	1.91	2.02	1.79	2.00	2.13	6.06	-11.34	11.62	6.44	1.13	0.99	0.94	0.99	1.00
Liberia	0.27	0.58	0.81	0.72	0.78	115.62	40.02	-11.05	8.97	0.16	0.28	0.42	0.35	0.37
Libya	0.84	0.23	0.07	0.15	0.01	-72.38	-68.23	109.22	-96.01	0.50	0.11	0.04	0.08	0.00
Madagascar	0.66	0.78	0.71	0.78	0.78	18.09	-8.13	9.25	-0.57	0.39	0.38	0.38	0.38	0.36
Malawi	1.28	0.80	1.42	1.48	1.59	-37.64	78.12	3.55	7.52	0.76	0.39	0.75	0.73	0.74
Mali	2.73	3.96	3.92	4.14	4.11	45.41	-1.12	5.77	-0.93	1.62	1.94	2.06	2.04	1.92
Mauritania	0.70	1.06	1.10	1.10	1.19	52.34	3.42	0.00	8.43	0.41	0.52	0.58	0.54	0.56
Mauritius	1.09	1.34	1.22	1.20	1.14	22.95	-9.38	-1.75	-4.49	0.65	0.66	0.64	0.59	0.53
Morocco	5.09	6.06	5.17	7.87	9.54	19.06	-14.61	52.19	21.20	3.02	2.96	2.72	3.88	4.46
Mozambique	4.16	4.43	4.31	4.31	3.62	6.49	-2.83	0.21	-16.12	2.47	2.16	2.27	2.13	1.69
Namibia	6.87	5.93	6.26	7.18	7.39	-13.62	5.57	14.58	2.98	4.08	2.90	3.29	3.54	3.46
Niger	1.09	0.84	0.58	0.72	1.31	-22.41	-31.23	24.63	81.57	0.64	0.41	0.30	0.36	0.61
Nigeria	7.39	25.05	8.12	7.47	9.02	239.08	-67.61	-7.96	20.69	4.39	12.24	4.27	3.68	4.22
Rwanda	1.67	1.95	2.01	2.46	1.97	16.78	3.12	22.67	-19.96	0.99	0.95	1.06	1.22	0.92
São Tomé and Príncipe	0.04	0.07	0.06	0.17	0.19	59.90	-6.65	164.47	16.01	0.03	0.03	0.03	0.08	0.09
Senegal	3.37	3.66	4.32	3.71	3.62	8.67	18.02	-14.13	-2.59	2.00	1.79	2.27	1.83	1.69
Seychelles	0.43	0.20	0.19	0.22	0.22	-54.18	-2.56	13.84	2.58	0.25	0.10	0.10	0.11	0.10
Sierra Leone	0.22	0.26	0.30	0.23	0.24	17.28	16.20	-22.26	3.74	0.13	0.13	0.16	0.11	0.11
Somalia	0.67	0.59	0.56	0.59	0.71	-12.36	-5.63	6.65	19.90	0.40	0.29	0.29	0.29	0.33
South Africa	35.06	39.87	39.19	42.14	41.15	13.72	-1.69	7.52	-2.36	20.83	19.48	20.62	20.79	19.24
South Sudan	0.75	0.90	0.91	0.95	1.11	19.90	0.52	5.10	16.83	0.45	0.44	0.48	0.47	0.52
Sudan	1.89	2.69	1.42	1.17	2.61	42.14	-47.11	-17.72	123.25	1.12	1.31	0.75	0.58	1.22
Tanzania	3.72	4.25	4.17	5.36	5.29	14.09	-1.85	28.62	-1.40	2.21	2.08	2.19	2.65	2.47
Togo	1.17	1.26	1.34	1.35	1.75	7.45	6.41	0.43	30.02	0.70	0.62	0.71	0.66	0.82
Tunisia	3.04	4.30	4.64	4.72	4.93	41.34	7.97	1.69	4.38	1.81	2.10	2.44	2.33	2.30
Uganda	4.32	3.94	5.90	7.36	9.59	-8.77	49.96	24.73	30.19	2.56	1.92	3.11	3.63	4.48
Zambia	5.32	7.06	6.90	7.45	9.27	32.62	-2.21	7.89	24.48	3.16	3.45	3.63	3.67	4.33
Zimbabwe	8.10	8.08	8.19	8.15	7.79	-0.31	1.38	-0.45	-4.40	4.81	3.95	4.31	4.02	3.64
Total	**168.32**	**204.67**	**190.08**	**202.74**	**213.83**	**21.60**	**-7.13**	**6.66**	**5.47**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

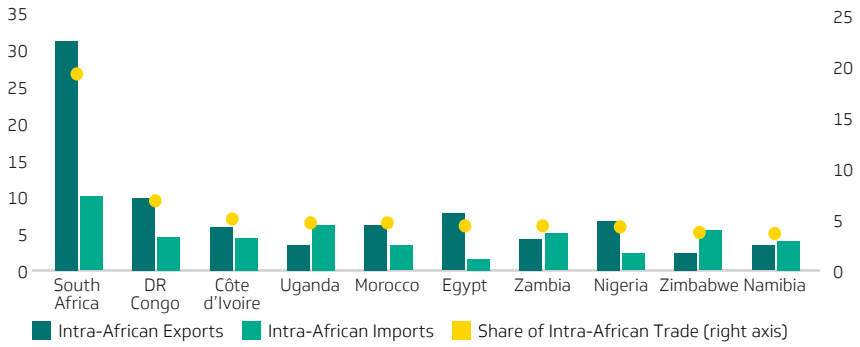
Sources: Afreximbank Research, International Trade in Goods (by partner country), 2026.

Elsewhere in West Africa, the value of Nigeria's trade with the continent grew from US$7.47 billion to US$9.02 billion. Crude oil was a dominant feature in Nigeria's exports to Africa. Other key exports included nonoil manufactured goods such as chemicals, plastics, and rubber products, processed agricultural goods and foodstuffs, urea, and cement. Nigeria intensified its focus on trade with other African countries, leveraging the AfCFTA to expand market access and lower trade costs for domestic exporters. Key milestones achieved during the year included the gazetting of Nigeria's Provisional Schedule of Tariff Concessions in April, which enabled Nigerian goods to qualify for preferential tariffs across AfCFTA member states while granting reciprocal access for African imports. Additionally, new logistics initiatives such as a dedicated air cargo corridor to East and Southern Africa are reducing transportation costs for Nigerian intra-African trade.

In Central Africa, the Democratic Republic of Congo was a major player in intra-African trade, ranking third largest as a share of total intra-African trade in 2025. Its significance is partly attributed to its vast size, its large population of more than 100 million, and its strategic geography. The Democratic Republic of Congo is Africa's second-largest country by area. It shares a border of more than 10,481 kilometres with several countries, including Rwanda, Burundi, Tanzania, Uganda, and South Sudan to the east; Zambia and Angola to the south; the Republic of Congo to the west; and the Central African Republic and South Sudan to the north. Its share of total intra-African trade rose to 6.74 percent in 2025, up from 4.74 percent in 2024. South Africa remained its primary bilateral trade partner within the region, accounting for the bulk of the Democratic Republic of Congo's imports from the continent.

As Africa's largest producer of copper and the world's top producer of cobalt, the Democratic Republic of Congo exported significant volumes of refined copper to South Africa, primarily transported via the National Railway Company network to the port of Durban. But as of 2025, country was pivoting its mineral logistics strategy toward the Lobito Corridor, targeting an annual export capacity of 1.5 million tonnes of copper and cobalt to bypass historic bottlenecks at eastern ports and accelerate intra-African industrial integration.

Figure 6.2 Top Ten Contributors to intra-African Trade (percent), 2025



Sources: International Monetary Fund, Direction of Trade Statistics; Afreximbank research.

In North Africa, Egypt accounted for 4.35 percent of intra-African trade, reaching US$9.31 billion in 2025. Egypt's core export markets included Algeria, Libya, Morocco, Sudan, and Tunisia, while principal import sources included the Democratic Republic of Congo, Kenya, Nigeria, and South Africa. The dominant Egyptian exports to the continent were cement and construction materials, plastics, and milled products such as flour and starch, while the main imports were copper and copper products, fuel and mineral oils, coffee, tea, and other agricultural commodities. According to official reports, African economic integration remained a central pillar of Egypt's policy with the continent, with strategic connectivity projects such as the Egypt–Libya–Chad corridor enjoying policymaker support to enhance cooperation between North and Central Africa. These efforts are part of a larger push under the AfCFTA to deepen trade ties, improve logistics, and expand Egypt's role in continental value chains. Egypt aspires to double bilateral trade with countries such as Chad through enhanced infrastructure and logistics cooperation, including potential logistics zones and improved trans-Saharan road links. These initiatives could significantly cut transportation costs and open new markets.

6.2 Drivers of Intra-African Trade

As is evident in table 6.1, intra-African trade volumes expanded by around 5.5 percent in 2025, supported by improved implementation of the AfCFTA, rising regional demand, and enhanced trade facilitation. Mineral fuels, metals, and primary commodities continued to account for a dominant share of intra-regional trade value, highlighting persistent constraints to industrialisation. Nonetheless, manufactured and semi-processed goods accounted for a greater share of in intra-African trade in 2025, consistent with a gradual structural shift away from commodity dependence toward greater diversification. There was also evidence of deepening regional value chains, particularly in agro-processing, cement,

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fertilisers, and light manufacturing. Data from UNCTAD suggest that intra-African trade in manufactured goods grew faster than total trade in 2025, albeit from a low base.

In Southern Africa, imports remained concentrated in mineral fuels amid persistent energy constraints, precious metals, textiles, and processed foods from countries such as Mozambique, Zambia, and Eswatini. On the export side, South Africa's exports continued to grow robustly, with data from International Trade Centre showing that machinery, vehicles, electrical equipment, and processed materials are the main exports to the rest of the continent. Processed food products and chemicals are two important growth sectors for South African exports and reflect expanding regional consumer markets, particularly within the Southern African Development Community.

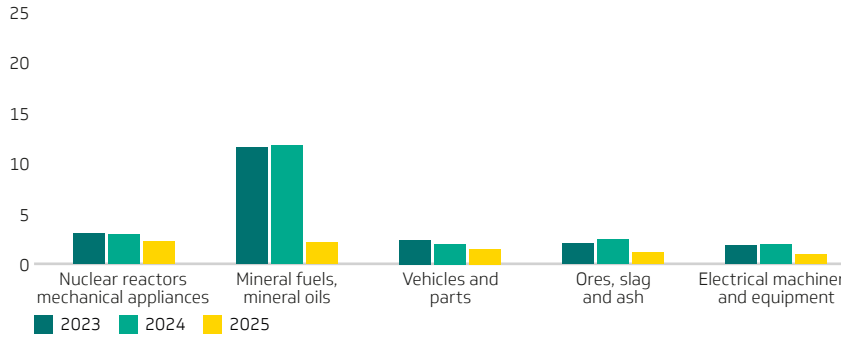
In West Africa, Côte d'Ivoire remained the main regional trade hub. Its exports were heavily concentrated in petroleum products underpinned by its role in refining imported crude, primarily from Nigeria, and re-exporting across the region. The country is increasing its diversification into processed agricultural goods, including edible oils, cocoa derivatives, and packaged food products, driven by growing urbanisation and rising demand for higher-value food imports from an expanding middle class. Meanwhile, Nigeria increased its share of intra-African trade, partly by increasing its exports of refined petroleum products to regional markets, including Cameroon, Ghana, and Togo, facilitated by the Dangote refinery operating at near-full capacity.

Cobalt and copper were the principal drivers of intra-continental trade in Central Africa. These commodities anchored trade volumes from the Democratic Republic of Congo, one of the leading contributors to intra-African trade. Trade data reveal that in 2025, exports of refined copper and cobalt intermediates to regional partners, including South Africa, remained robust, supported by sustained global demand. Given the profile of its exports, transport corridors remained critical. Rail links to South Africa and port routes through Durban, Dar es Salaam, and Mombasa continued to underpin trade flows, although infrastructure bottlenecks persist. According to UNCTAD, logistics costs in Central Africa remained among the highest globally, constraining deeper regional integration.

Against this backdrop, the Lobito Corridor connecting the Port of Lobito on Angola's Atlantic coast to inland production zones linked to the Copperbelt across southern Democratic Republic of the Congo and northern Zambia has the potential to function as a durable component of regional economic infrastructure. Import demand from the Democratic Republic of Congo was heavily skewed toward manufactured goods, particularly machinery, transport equipment, and pharmaceuticals, with suppliers from Africa accounting for a growing share. This trend highlights the opportunity for expanding regional industrial supply chains.

In North Africa, Egypt consolidated its position as a leading exporter of manufactured goods to the African continent in 2025. Official data indicate continued growth in exports of cement, fertilisers, plastics, chemicals, and processed food products. Libya, Sudan, Kenya, Morocco, and Algeria remained key markets, but Egypt also expanded its footprint into West and East Africa. Egypt's trade strategy continued to be highly proactive. Government-led trade missions, logistics investments, and export financing mechanisms strengthened commercial ties across the continent. The expansion of logistics hubs and trade facilitation platforms has improved supply chain efficiency, supporting higher trade volumes. On the import side, Egypt continued to source raw materials and agricultural commodities, including copper, coffee, tea, and live animals, from African partners, underscoring the country's role as both an industrial exporter and a processing hub for the continent.

Figure 6.3 Top Five intra-African Exports (US$ billion), 2025



Sources: International Trade Centre Trade Map 2026; Afreximbank research.

6.3 Developments in the AfCFTA

The AfCFTA continued to build momentum in 2025, consolidating earlier gains and advancing the transition from initial operationalisation toward broader and more systematised implementation across the continent. In 2025, 49 signatories to the agreement deposited their instruments of AfCFTA ratification. Nearly half of all countries on the continent have now completed the additional requirements necessary to trade under AfCFTA preferences, namely, finalising tariff schedules, securing approval from the AfCFTA Secretariat, and incorporating these commitments into domestic legal frameworks. The inclusion of major economies such as Nigeria and South Africa in active preferential trading marked a critical inflection point, bringing significant industrial and market weight into the agreement and reinforcing its commercial relevance.

Implementation efforts deepened across a growing number of member states in 2025, with evidence of increased consignments traded under AfCFTA tariff schedules and rules of origin frameworks. Countries with relatively stronger industrial and agricultural bases, notably South Africa and Egypt, emerged as early leaders, accounting for a substantial share of certificates of origin issued for intra-African shipments. The Guided Trade Initiative, introduced in 2022 as a pilot mechanism to test operational readiness, evolved in 2025 to serve as a real-world laboratory for stress-testing trade protocols. The lessons learnt during its initial implementation will inform broader system improvements within the AfCFTA.

Building on the adoption of the Digital Trade Protocol in 2024, progress in 2025 focused on negotiating its annexes, particularly around data governance, cross-border data flows, cybersecurity, digital payments, and e-commerce. A number of countries, including Kenya, Nigeria, and Rwanda, began aligning domestic frameworks with these emerging rules. In parallel, initial steps to operationalise the Protocol on Women and Youth in Trade progressed through national consultations and pilot programmes in Ghana and South Africa. The protocol aims to improve access to finance, market information, and skills development for underrepresented groups.

Afreximbank continues to play a pivotal role in advancing intra-African trade and the implementation of the AfCFTA through a range of strategic initiatives designed to reduce barriers, build institutional capacity, and increase continental commerce. A cornerstone of this effort was Afreximbank's support for the 2025 Intra-African Trade Fair in Algiers, organised jointly with the African Union Commission and the AfCFTA Secretariat, which showcased African goods, services, and investment opportunities. In parallel, Afreximbank renewed and expanded its partnership with the International Trade Centre to promote the competitiveness of small and medium enterprises, enhance capacity building on AfCFTA regulatory frameworks, and strengthen South–South cooperation, with a particular focus on increasing access to trade finance for small businesses and supporting creative and industrial sectors across the continent.

Beyond trade exhibitions and partnerships, the Bank continues to champion the Pan-African Payment and Settlement System, developed with the African Union and AfCFTA Secretariat. It enables instant cross-border payments in local currencies, significantly reducing reliance on foreign currencies and lowering transaction costs for businesses. Additionally, the Bank implemented specialised AfCFTA training programmes for African businesses to enhance understanding of its commercial implications, covering key products such as the Pan-African Payment and Settlement System and other trade facilitation platforms, and launched border trade facilitation strategies aimed at modernising infrastructure and reducing bureaucratic delays at key transit points.

Intra-African services trade gained significant momentum in 2025 through the strategic rollout of Afreximbank's African Trade Centres. The first centre was officially commissioned in Abuja, Nigeria, in April 2025, serving as a multifunctional hub for trade facilitation, a Digital Trade Gateway, small and medium enterprise incubation, technology services, and trade information, all designed to deepen regional integration and strengthen business linkages across the continent. Later in the year, the Bank broke ground on the Cairo African Trade Centre in Egypt's New Administrative Capital, which will also house its new global headquarters and provide expanded services, including trade intelligence, innovation support, and digital payments infrastructure, to bolster North African and continental commerce.

These centres are part of a broader network planned across strategic cities, including Kampala, Harare, Yaoundé, Tunis, Kigali, Abidjan, and notably Bridgetown in Barbados. The Bridgetown centre is the first African Trade Centre outside Africa under Afreximbank's Global Africa initiative, aimed at connecting African and Caribbean markets. Collectively, the centres function as integrated ecosystems linking buyers, sellers, governments, financial institutions, and service providers, while supporting trade finance, capacity building, and digital platforms such as the Pan-African Payment and Settlement System to enable faster, lower cost cross-border transactions and accelerate intra-African trade growth.

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6.4 Estimating Intra-African Trade Potential

The International Trade Centre devised an export potential and diversification assessment methodology to meet countries' demands for identifying and leveraging export opportunities. This method, grounded in the exporting nation's supply conditions and the demand and market access conditions of target markets, enhances transparency and supports informed decision making in selecting projects for export-promotion activities. It focuses on products already competitively exported by a country through the Export Potential Index or on products with potential for diversification via the Product Diversification Index. Export potential assessments, conceptually structured around country-product, product-market, and country-market factors, provide a nuanced understanding to formulate effective policy recommendations. These assessments resemble a gravity equation at the product level but allow for detailed interpretation. Leveraging meticulously treated data to mitigate the influence of misreported trade flows, measurement errors, or misattribution ensures the robustness of the analysis.

Empirical validation underscores the efficacy of the export potential indicator. It serves as a predictive tool, indicating the likelihood and volume of future trade in both established and prospective markets. Overall, the performance of the indicator demonstrates its capacity to effectively pinpoint markets and sectors ripe for additional exports. This section applies the International Trade Centre's export potential assessment methodology to evaluate products with significant export potential within intra-African trade, discerning sectors poised for growth under existing tariff conditions and those set to benefit from opportunities arising from tariff reductions under the AfCFTA. The assessment, spanning a four-to-five-year timeframe, accounts for both current and anticipated tariff structures, with differentiated liberalisation schedules for African economies, distinguishing between least-developed countries and others.

Scenario 1: Current tariff conditions

- Tariffs
- No further liberalisation within five years.

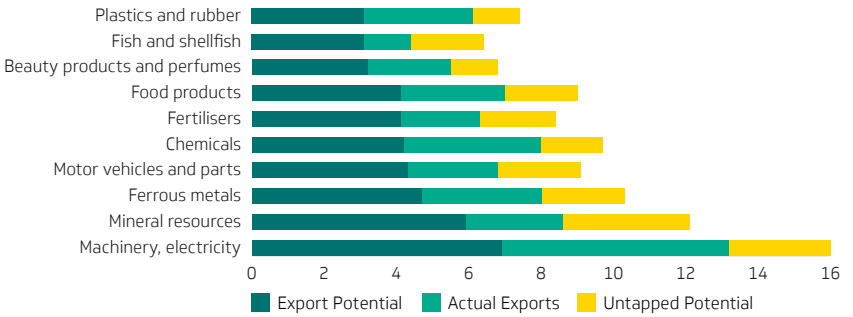
Scenario 2: Differential liberalisation according to LDC status

- Liberalisation according to LDC status of the country or its regional economic community non-LDC status: full liberalisation within 5 years LDC status: 50 percent liberalisation within 5 years. Countries liberalise tariffs on all products equally.

Scenario 3: Full liberalisation within 5 years

- Full liberalisation regardless of LDC status. Countries liberalise tariffs on all products equally.

Figure 6.4 Products with Greatest Intra-African Export Potential (US$ billion), 2025



Sources: International Trade Centre Export Potential Map 2026; Afreximbank research.

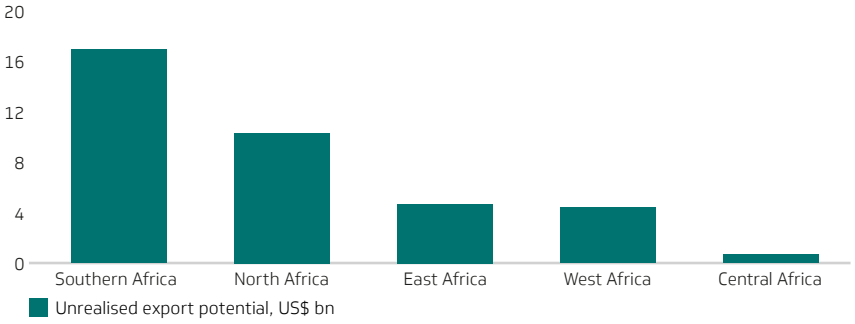
In light of the export potential assessment and considering both established export capabilities and products with promising prospects for intra-African trade, the estimated export potential for intra-African trade surpassed US$83 billion as of 2025. This projection holds the potential to elevate the current level of intra-African trade to US$292 billion. The products exhibiting the greatest export potential from Africa to Africa encompass machinery, electricity, motor vehicles and parts, food products, minerals, beauty products, chemicals, plastic and rubber, ferrous metals, pearls and precious stones, and fertilisers. Among these, mineral resources, machinery, and electricity and ferrous metals have the largest absolute difference between potential and actual exports in terms of value, indicating considerable room for realising additional exports worth US$8.6 billion. Collectively, the top 10 product categories with the greatest intra-African export potential accounted for US$43.6 billion of total intra-African export potential (see figure 6.4). This analysis underscores the untapped opportunities within intra-African trade, highlighting key sectors where strategic interventions could yield significant economic benefits and foster regional integration and development.

An analysis of more than 40 product categories showcasing the highest intra-African export potential, selected based on each subregion's demonstrated international competitiveness and favourable prospects for export success, finds varying degrees of export potential across the continent. Southern Africa emerged as the subregion with the most substantial unrealised potential, estimated at US$15 billion. East and West Africa followed, boasting an unrealised potential for intra-African trade of US$8.2 billion and US$8 billion, respectively. North Africa was found to have an unrealised export potential of approximately US$5.5 billion, while Central Africa's unrealised potential was found to be around US$2.4 billion

(see figure 6.5). The industrial complexity and economic sophistication of South Africa largely drive Southern Africa's strong export potential.

Industrial and manufactured goods predominate in the region's formal cross-border trade, emphasising the importance of industrialisation and economic diversification in realising broader export capabilities. Significant opportunities exist in sectors such as machinery, motor vehicles and parts, chemical products, ferrous metals, plastics, and rubber. Much of this potential is rooted within the region itself, underscoring the strong prospects for intra-regional trade. These trends highlight the critical role of regional cooperation and integration initiatives in supporting economic growth and expanding trade across the African continent.

Figure 6.5 Intra-African Unrealised Export Potential, by Subregion (US$ billion), 2025

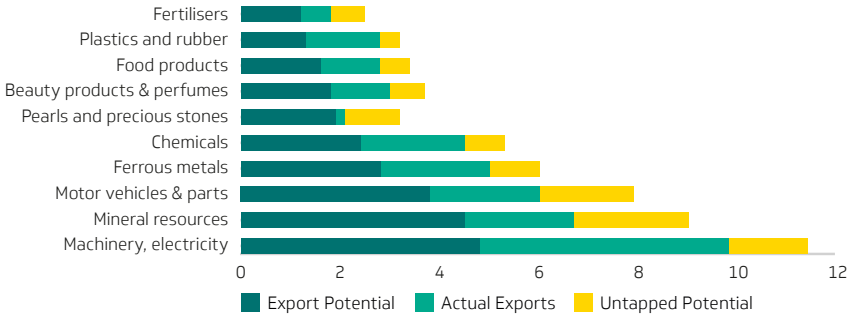


Sources: International Trade Centre Export Potential Map 2026; Afreximbank research.

6.4.1 Southern Africa's Export Potential

In 2025, Southern Africa's unrealised potential to export to the rest of the continent stood at an estimated US$15 billion. US$12.4 billion, or 83 percent of this unrealised potential was concentrated in ten product categories. Among the most prominent sectors with unrealised export potential were mineral resources (US$3.3 billion), motor vehicle parts (US$1.8 billion), machinery and electricity (US$1.6 billion), and ferrous metals (US$1.3 billion). These industrial goods alone accounted for more than 50 percent of the unrealised potential, reinforcing the importance of regional value chain development and supply-side capacity building. The total export potential for these ten selected product groups reached US$27.7 billion in 2025, or 63 percent of the region's total identified export potential (figure 6.6).

Figure 6.6 Southern Africa's Export Potential, Leading Products (US$ billion), 2025

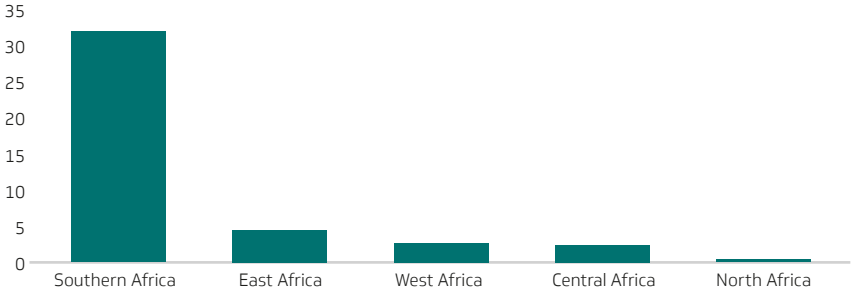


Sources: International Trade Centre Export Potential Map 2026; Afreximbank research.

Developments in Intra-African Trade

South Africa continues to dominate trade patterns in Southern Africa in 2025, accounting for the bulk of both realised and untapped export potential. The country's diversified industrial base, relatively advanced infrastructure, and strong integration into regional value chains, particularly in automotive, agro-processing, and chemicals, have deepened its position as the regional trade hub. Unlocking further potential, will hinge on deeper cross-border investment, stronger industrial linkages, and improved market access for small and medium enterprises, especially in neighbouring economies such as Zambia, Zimbabwe, and Mozambique, which serve as key suppliers of raw materials and intermediate goods. Strengthening commercial ties with East, West and North Africa, notably through investments in vibrant markets such as Nigeria, Egypt, Kenya and Ghana, offers opportunity for diversification, particularly in consumer-oriented sectors including apparel, processed foods, seafood, and personal care products (figure 6.7).

Figure 6.7 Southern Africa's Export Potential, by Subregion (US$ billion), 2025

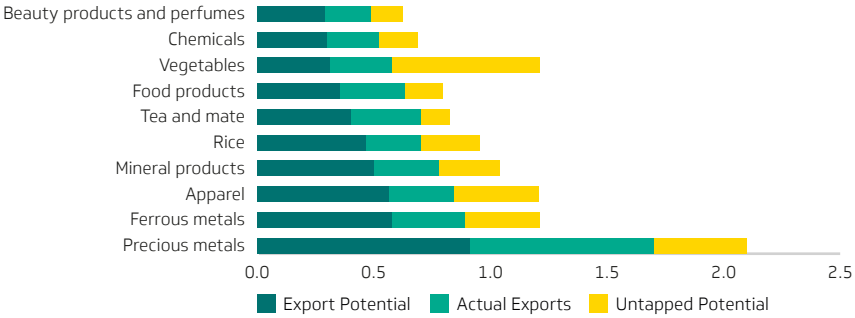


Sources: International Trade Centre Export Potential Map 2026, Afreximbank research.

6.4.2 East Africa's Export Potential

East Africa's unrealised intra-African export potential stood at an estimated US$8.2 billion in 2025. Of this amount, US$2.6 billion, approximately 32 percent, was concentrated in ten-product categories, including precious and ferrous metals, apparel, mineral products, and agro-based products such as processed food and vegetables. The most prominent unrealised trade opportunities were in precious metals (US$0.5 billion) and ferrous metals (US$0.4 billion). Combined, these ten products accounted for US$5.3 billion in total intra-African export potential for East Africa in 2025, representing 65 percent of the region's overall US$8.2 billion potential. The processed food and beauty products sectors, each with US$0.2 billion in unrealised potential, point to persistent but addressable gaps in trade infrastructure, quality standards, and logistics. East Africa already produces many of these goods, suggesting that addressing barriers to market access, improving regional freight connectivity, and investing in productive capacity and trade facilitation could unlock the region's unrealised export potential (figure 6.8).

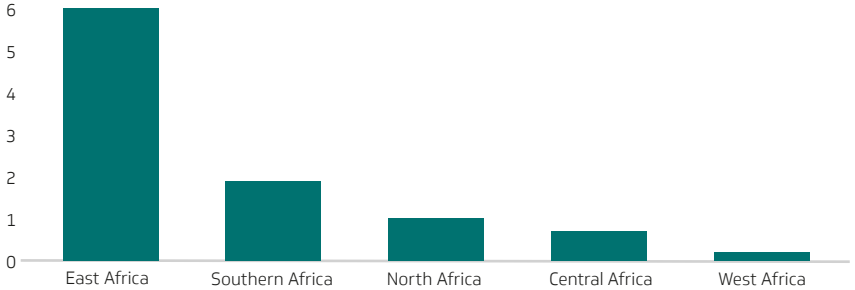
Figure 6.8 East Africa's Export Potential, Leading Products (US$ billion), 2025



Sources: International Trade Centre Export Potential Map 2026; Afreximbank research.

More than US$2.7 billion, equivalent to roughly one-third of East Africa's total unrealised export potential, remains concentrated within the region itself, underscoring the strength of subregional trade linkages, particularly within the East African Community. Southern Africa represents the next most significant opportunity, with an estimated US$2.5 billion in untapped export potential, reflecting strong complementarities in industrial supply chains and consumer demand. North Africa follows, accounting for approximately US$2.1 billion in unrealised potential, while more modest opportunities persist in Central and West Africa, contributing around US$0.4 billion and US$0.2 billion, respectively. These trends point to East Africa's strong regional foundations but also highlight the need to expand trade outreach and product offerings across other African markets under the AfCFTA. Looking ahead, East Africa benefits from a youthful population, an increasingly dynamic manufacturing sector, and an established network of trade agreements and logistics corridors. Targeted policy measures, such as improved trade finance and support for youth and women-led enterprises, could substantially increase intra-African trade (figure 6.9).

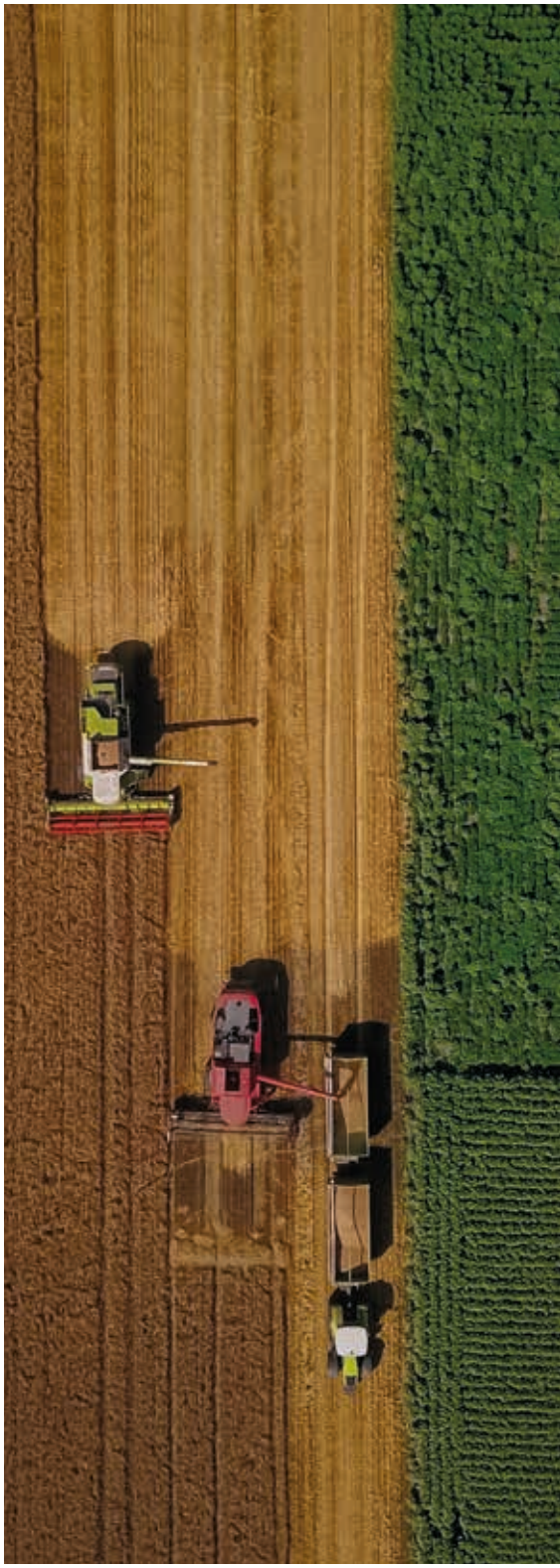
Figure 6.9 East Africa's Export Potential, by Subregion (US$ billion), 2025



Sources: International Trade Centre Export Potential Map 2026; Afreximbank research.

6.4.3 West Africa's Export Potential

West Africa's unrealised intra-African export potential remained substantial in 2025, estimated at slightly more than US$7 billion out of a total export potential of approximately US$13 billion. Ten key product categories account for a combined unrealised potential of around US$3.1 billion, including processed food products (US$0.7 billion), fish and



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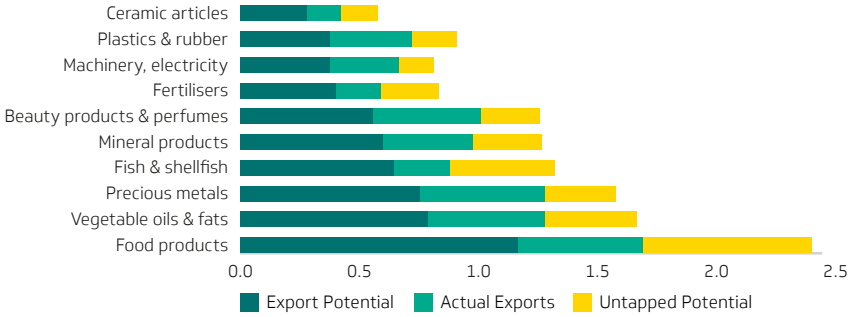
shellfish (US$0.5 billion), vegetable oils and fats (US$0.4 billion), precious metals and mineral products (each at US$0.3 billion). Collectively, these sectors highlight the region's comparative advantage in agro-processing and semi-industrial production, alongside a gradual shift toward more value-added trade (figure 6.10).

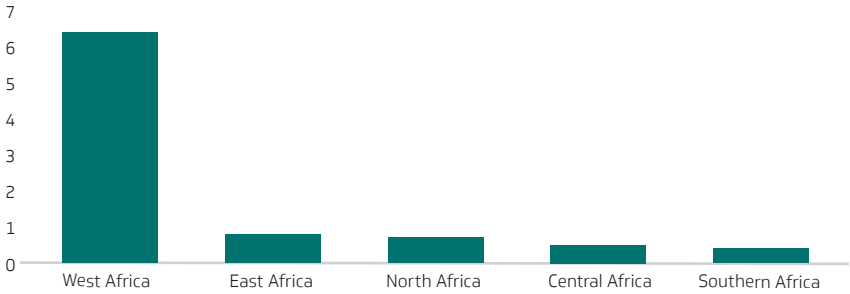
Figure 6.10 West Africa's Export Potential, Leading Products (US$ million), 2025



Sources: International Trade Centre Export Potential Map 2026; Afreximbank research.

Despite this potential, significant gaps persist between export capacity and actual trade performance. This is particularly true in the processed foods and fisheries sector, where constraints in cold chain infrastructure, packaging, quality standards, and logistics continue to limit scale. Regional trade dynamics remain anchored within the Economic Community of West African States, with approximately US$3.1 billion of unrealised potential concentrated within West Africa itself, reinforcing the importance of subregional integration. Beyond this, North and Southern Africa present important growth markets, with an estimated US$2.3 billion and US$1.6 billion in untapped potential, respectively, while opportunities in East and Central Africa remain comparatively modest but gradually expanding. Taking together, these trends point to early signs of cross-regional diversification under the AfCFTA, while highlighting the need for continued investment in trade facilitation, infrastructure, and value chain development to unlock West Africa's full export potential (figure 6.11).

Figure 6.11 West Africa's Export Potential, by Subregion (US$ billion), 2025

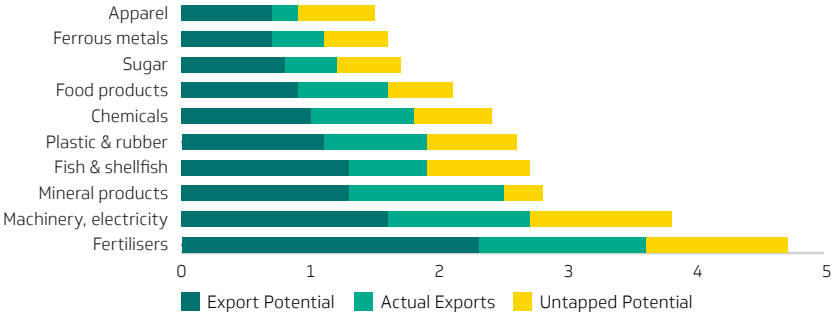


Sources: International Trade Centre Export Potential Map 2026, Afreximbank research.

6.4.4 North Africa's Export Potential

North Africa's unrealised intra-African export potential remained substantial in 2025, reflecting the region's still underexploited role within continental trade flows despite its relatively diversified industrial base. Ten key product categories accounted for a significant share of this opportunity, with combined untapped potential concentrated in fertilisers (US$1.0 billion), machinery and electricity (US$1.0 billion), fish and shellfish (US$0.7 billion), plastics and rubber (US$0.6 billion), chemicals (US$0.5 billion), ferrous metals (US$0.5 billion), sugar (US$0.5 billion), apparel (US$0.5 billion), processed food products (US$0.4 billion), and mineral products (US$0.3 billion). Collectively, these sectors highlight the region's strong industrial base and point to its potential role as a supplier of intermediate and capital goods to the rest of the continent (figure 6.12).

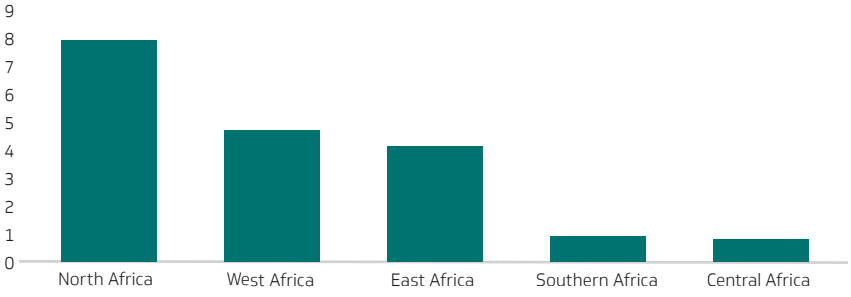
Figure 6.12 North Africa's Export Potential, Leading Products (US$ billion), 2025



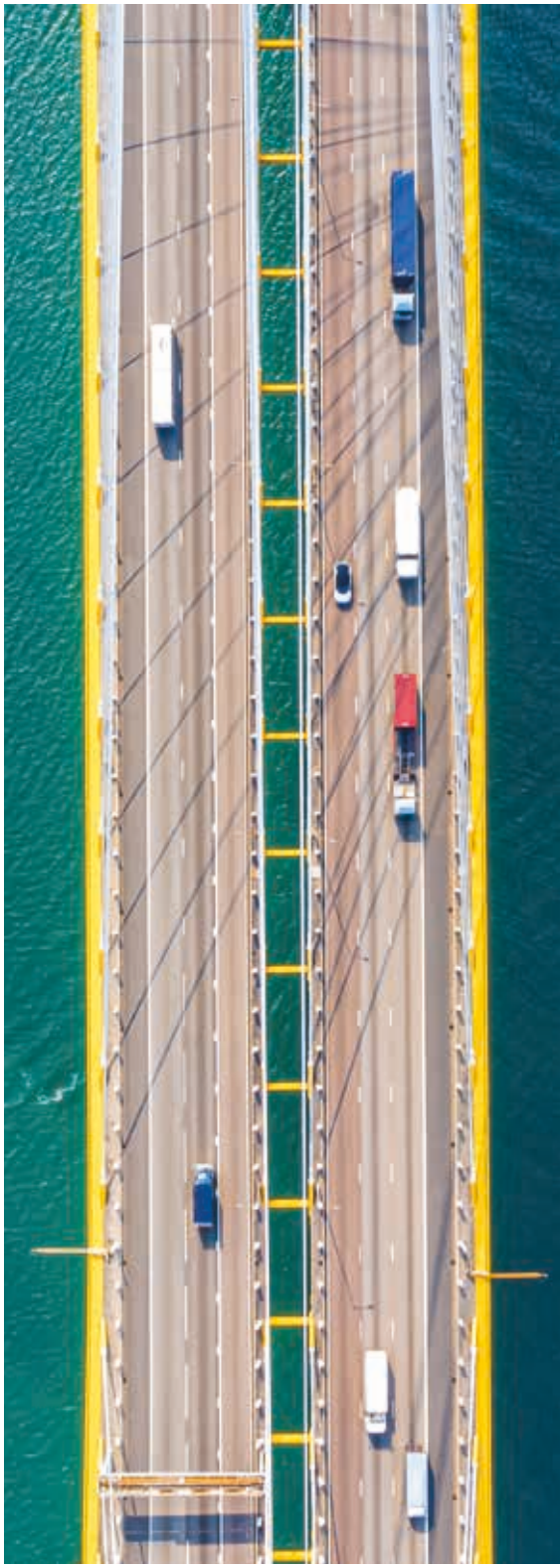
Sources: International Trade Centre Export Potential Map 2026, Afreximbank research.

Despite relatively strong production capabilities in countries such as Egypt and Morocco, a sizeable gap persists between export capacity and realised trade, particularly in fertilisers, machinery, and processed food products, where structural constraints in logistics, market connectivity, and regulatory harmonisation continue to limit full utilisation of potential. Regionally, North Africa's strongest external trade linkages lie with East and West Africa, particularly in machinery, fertilisers, food-related goods, plastics, and chemical inputs. At the same time, intra-regional trade within North Africa itself remains underexploited, reinforcing the scope for deeper integration in sectors such as food processing, energy-related goods, and light manufacturing under the AfCFTA framework (figure 6.13).

Figure 6.13 North Africa's Export Potential, by Subregion (US$ billion)



Sources: International Trade Centre Export Potential Map 2026; Afreximbank research.



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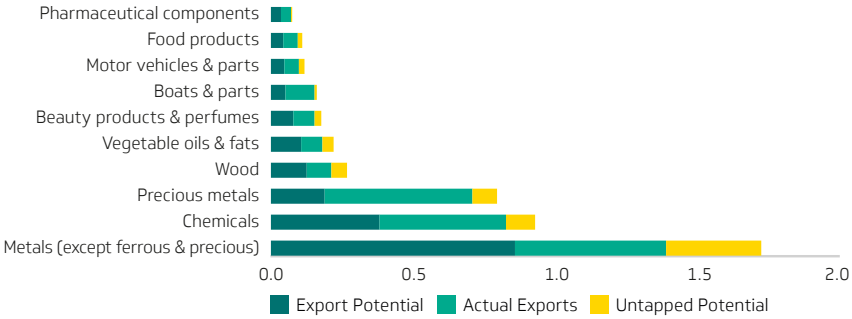
6.5.5 Central Africa Export Potential

Central Africa's unrealised intra-African export potential in 2025 was estimated at around US$2.4 billion, underscoring the region's still-embryonic integration into continental value chains. There were notable opportunities in metals at US$0.4 billion, chemicals at US$0.1 billion, food products (processed or preserved) at US$0.2 billion, and strategically important contributions from wood, vegetable oils and fats, beauty products, and perfumes. While individually modest in scale, these categories highlighted gradual diversification beyond extractives, even though mineral resources remained largely export-constrained due to limited processing and weak value addition (figure 6.14).

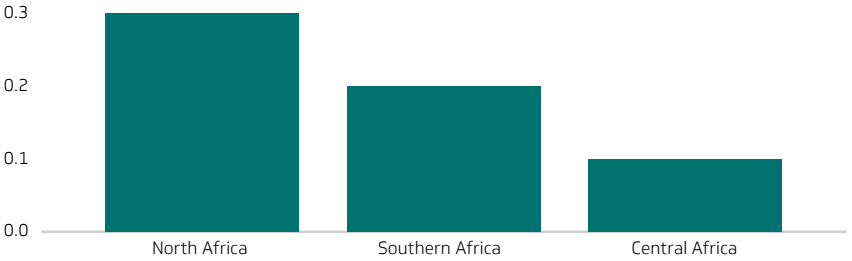
Figure 6.14 Central Africa's Export Potential, Leading Products (US$ billion), 2025



Sources: International Trade Centre Export Potential Map 2026, Afreximbank research.

Despite this breadth of potential, actual export performance remained heavily concentrated in primary and semi-processed commodities, particularly metals and mineral-based products, reflecting persistent structural constraints in industrial capacity, infrastructure, and trade facilitation. Regionally, Central Africa's strongest external opportunities lay in North and Southern Africa, while intra-regional trade remained relatively limited, pointing to still-evolving trade corridors and suboptimal intra-bloc integration. Overall, the region continued to play a critical role as a supplier of raw materials to the rest of Africa, particularly to emerging manufacturing hubs. There is still room to deepen value addition by strengthening cross-border infrastructure to be better connected within AfCFTA-driven regional value chains (figure 6.15).

Figure 6.15 Central Africa's Export Potential, by Subregion (US$ billion), 2025



Sources: International Trade Centre Export Potential Map 2026; Afreximbank research.

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Chapter Seven

Prospects

7.1 Growth

The global economy has exhibited resilience amidst myriad global shocks in recent years. Notwithstanding higher trade barriers, market volatility and policy uncertainty, output expansion remained flat in 2025, at 3.4 percent. This relative resilience reflects a combination of factors, including less restrictive financial conditions in most developing economies after interest rate cuts by major central banks, a surge in investment in artificial intelligence (AI), robust services trade and improvements in overall trade due to front-loading of shipment of goods ahead of tariff increases, strong consumer spending, and easing inflation in key economies. However, the global economy faces a major test in the shape of intensification of geopolitical tension, especially the ongoing conflict in the Middle East. In this regard, the outlook for 2026 is projected to be resilient but fragile with global output forecast to slow to 3.1 percent in 2026, before picking up marginally at 3.2 percent in 2027.

The ongoing conflict in the Middle East is having a dampening effect on growth in advanced economies. Accordingly, notwithstanding positive terms-of-trade effects in the United States and stronger growth momentum and offsetting government measures in Japan, growth in advanced economies as a group is forecast at 1.8 percent in 2026 and 1.7 percent in 2027, down from 1.9 percent in 2025. The projected muted growth reflects the large negative impact of the conflict on net energy-importing economies, including the euro area and the United Kingdom. The US economy is projected to expand by 2.3 percent in 2026, with growth supported by fiscal policy and the lagged impact of monetary policy rate cuts in 2025, even as the rise in trade barriers since April 2025 continues to weigh on the level of economic activity.

Despite being the key driver of global growth, output expansion is projected to decelerate from 4.4 percent in 2025 to 3.9 percent in 2026, before recovering at 4.2 percent in 2027 in developing economies. The conflict in the Middle East is expected to have a varied impact on growth on account of differential exposure. Channels of impact include geographic proximity, financial flows, remittances, and energy dependencies. However, it will have a larger net impact on growth in developing economies compared to advanced economies. Growth in developing Asia, which usually anchors growth in the region, is expected to decline from 5.5 percent in 2025 to 4.9 percent in 2026 and to 4.8 percent in 2027.

China and India will continue to drive growth across the region. For instance, growth in China is projected at 4.4 percent in 2026, reflecting lower US effective tariff rates on Chinese goods and government stimulus measures offsetting the negative impact of the effect of the Middle East conflict. On the back of headwinds including a slowdown in the housing sector, a declining labour force, decreasing returns on investment, and slower productivity growth, GDP growth is expected to decline to 4 percent in 2027. India will continue to exhibit resilience, with a strong growth projection. India's growth is forecast at 6.5 percent in 2026, from 7.6 percent posted in 2025. This reflects the carryover effect of the strong 2025 outturn as well as the decline in additional US tariffs on Indian goods from 50 to 10 percent, which outweigh the negative impact of the conflict.

Africa's operating environment in the first quarter of 2026 remained challenging, shaped by the economic effects of the Middle East conflict, still-tight global financial conditions, persistent debt vulnerabilities, and uneven external adjustment across countries. More than 60 percent of African countries exhibit medium or high exposure to oil and gas imports, while roughly half of the economies face significant external financing constraints. Average external financing needs exceed 10 percent of GDP, and average reserves cover less than three months of imports. Higher energy, fertiliser, freight, and insurance costs have amplified pressure on inflation, fiscal balances, and current accounts, especially for oil-importing and non-resource-intensive economies. Notwithstanding these headwinds, Africa continues to show resilience. Growth is projected at 4.2 percent in 2026 and 4.4 percent in 2027, as key economies on the continent continue to benefit from past macroeconomic stabilisation and reform efforts.

In Nigeria, growth momentum is sustained at 4.1 percent in 2026, supported by improved macroeconomic stability and positive terms-of-trade effects, while higher goods and transport costs are headwinds. Growth is expected to strengthen in 2027 to 4.3 percent as these headwinds ease. In South Africa, disruptions from the Middle East conflict are projected to slow growth slightly to 1.0 percent in 2026. The economy is expected to bounce back in 2027, growing at 1.3 percent, supported by a gradual resumption of structural-reform-driven private investment as disruptions from the conflict subside. Despite its proximity, growth in Egypt is projected to slow to 4.2 percent in 2026 but recover to 4.8 percent in 2027. The outlook remains uneven across sub-regions: East Africa is expected to lead with 6.2 percent growth in 2026, followed by West Africa at 4.5 percent, North Africa at 4.2 percent, Central Africa at 4.1 percent, and Southern Africa at 2.0 percent.

Prospects

The global economy has, to date, withstood a series of shocks, yet another one—this time a military conflict engulfing the Middle East since the end of February—is testing this resilience. The conflict has already inflicted humanitarian costs, damaged critical infrastructure, and severely disrupted maritime and air traffic, especially in the region. Accordingly, the main downside risk to the outlook is the duration of the ongoing conflict.

7.2 Trade

Amidst escalating geopolitical tensions and heightening policy uncertainty, global merchandise trade is set to come under significant strain in 2026. While earlier forecasts already pointed to world merchandise trade decelerating sharply to 1.9 percent in 2026, the latest forecasts show sharper downward revision, pointing to a stark loss of pace with a growth of just about 1.4 percent. This is significantly down from the impressive 4.6 percent recorded in 2025. Several factors are driving the considerable deceleration of global trade. These include rising energy costs, shipping disruptions, persistent inflationary pressures, and growing geoeconomic fragmentation, weighing on global demand and output, investment, and supply-chain efficiency.

Consistent with the broader global trend of moderating trade growth, African trade is also expected to face a challenging external environment in 2026. Nonetheless, the continent is projected to show resilience and remain among the fastest-growing regions globally, with World Trade Organization estimates showing that Africa will post a real GDP growth of 4.3 percent in 2026, the highest amongst major regions. Africa's merchandise imports are also projected to expand by 3.2 percent, reflecting continued demand for industrial inputs, capital equipment, and consumer goods, while merchandise exports are projected to grow by 1.2 percent despite softer external demand and moderating commodity prices.

Several structural and cyclical factors underpin the resilience of African trade. First, the continued expansion of digital trade, AI-related investment, and technology-intensive manufacturing is expected to remain an important source of global trade dynamism. AI-related trade accounted for a substantial share of global merchandise trade growth in 2025 and could contribute an additional 0.5 percentage points to global trade growth in 2026 should current investment momentum persist. At the same time, strong growth in electronics, semiconductors, information and communication technology equipment, and other high-value manufactures will also support trade. These trends reflect the continued restructuring of global value chains around digital technologies. As global investment increasingly shifts toward technology-intensive sectors, new opportunities may emerge for African economies seeking to deepen participation in strategic mineral, energy, and digital value chains.

Second, resilient demand across emerging and developing economies, together with continued expansion of South–South trade, is expected to support African trade performance in 2026. Trade among developing economies continued to outperform overall global trade growth in 2025, reinforcing the growing importance of South–South trade as a source of resilience, diversification, and demand at a time when traditional markets continue to face slower growth and heightened policy uncertainty. This trend underscores the growing role of emerging markets as major drivers of global consumption, industrial demand, and cross-border investment.

The robust growth outlook in Asia remains particularly important for Africa. Given the sustained industrial activity across major Asian economies, Asia is now the continent's largest trading partner and a major destination for African commodities, manufactured products, and strategic minerals. This, alongside stable growth in China, Africa's single largest trading partner, constitute strong bases for Africa's trade resilience.

Furthermore, improving macroeconomic conditions across several major economies, characterised by moderating inflation, expansionary fiscal policies, continued investment in productive sectors, and a gradual shift toward monetary policy easing by major central banks, are expected to support global import demand and improve financing conditions in 2026. This could enhance access to trade finance, investment flows, and working capital across emerging and frontier markets, including Africa.

African DFIs will remain important anchors of trade and investment across the African continent. This is particularly important at a time when heightened market volatility, tighter global liquidity conditions, and elevated risk perceptions continue to constrain access to commercial funding in many emerging and frontier markets. In this context, the African Export-Import Bank (Afreximbank) is positioned to further scale its support for trade and industrial development following the successful mobilisation of US$2 billion through its largest-ever syndicated term loan facility involving 31 international lenders, reinforcing its liquidity position and capacity to expand strategic interventions across member countries. The Bank remains on course to double intra-African trade financing to US$40 billion by 2026, while deepening support for trade digitisation, innovation, and regional value chains through initiatives such as its Accelerator Programme. These interventions are expected to strengthen payment infrastructure, enhance supply-chain resilience, and accelerate the expansion of export-oriented industries across the continent.

Ongoing implementation of the AfCFTA is expected to further drive regional market integration, supply-chain diversification, and the deepening of intra-African trade. Afreximbank is directly supporting AfCFTA implementation through its major trade facilitation programme, including development of industrial parks and special economic zones, to help its member countries take advantage of growth opportunities arising from geopolitical realignment.

Notwithstanding these positive developments, the outlook for global and African trade in 2026 remains subject to significant downside risks. The most immediate risk arises from the ongoing conflict in the Middle East and associated disruptions in the Strait of Hormuz, which continue to place upward pressure on oil, liquefied natural gas, fertiliser, shipping, and insurance costs. Additional risks include persistent uncertainty surrounding US trade policy, the expansion of export controls, industrial subsidy regimes, and other trade-restrictive measures, as well as rising debt pressures across developing economies. Hence, further escalation of geopolitical tensions, renewed supply-chain disruptions, tighter global financial conditions, or extreme climate-related events could increase transaction costs, re-ignite inflation, and constrain trade financing conditions, with significant dampening effects on global demand, output, and trade.

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