

## An Empirical Insight into Inter-Africa Trade Benefits

**Ngonidzashe Chiranga (PhD)**

Lecturer of Economics: Tshwane University of Technology (TUT), Faculty of Economics and Finance, Department of Economics, 109 Market Street, 0700 Polokwane, South Africa

### **Abstract:**

Background: Inter-African trade has been identified in International Economics as one of the engines of economic growth that motivated the birth of the African Continental Free Trade Area (AfCFTA) in Kigali in 2018. However, AfCFTA only began trading in 2021 and there is still little empirical evidence to adequately appraise its impact. As such, most African countries have largely continued trading with the rest of the world. However, a pessimistic and repetitive narrative has portrayed the South-South trade outcomes as not yielding meaningful net trade benefits for African countries.

Research questions: This study addresses the following research questions. Firstly, what is the empirical situation regarding net exports to GDP (trade openness) of inter-African trade for the time (2015-2023)? Also, using probability, are there any notable variances between the expected trade openness from an Inter-African ex-ante perspective and the Inter-African ex-post scenario?

Methodology: This study attempts to answer these questions using expected trade openness to GDP data and stylized African trade facts from 2015-2023 which has proven to be a useful tool in analysing trade outcomes. Also, modeling the probability of success and failure from a Binomial distribution using machine learning tools to measure expectations.

Contribution/ Study Novelty: The novelty of this study hinges on these contributions. Firstly, debunking the misconstrued narrative without empirical evidence that repeatedly emphasises that inter-African trade ex-ante will fail against the narrative that it does not fail ex-post as the two are mutually exclusive events. Secondly, the contribution to the stock of empirical evidence on the progress of Inter-African trade regarding the net exports to gross domestic product (trade openness)

### **Keywords:**

AfCFTA; Intra-African Trade; Trade challenges; Trade prospects.