South–South Cooperation and Africa’s Opportunities

September 10, 2025

Brief

South–South cooperation (SSC) has grown into a core engine of global integration. UNCTAD estimates that South–South merchandise trade reached about US$5.6 trillion in 2023, growing faster on average than trade among advanced economies over 2018–2023. For Africa, intra-African trade proved resilient in 2023—expanding 3.2% to roughly US$192.2 billion—even as the continent’s overall trade contracted by 6.3%. At the same time, foreign direct investment (FDI) into Africa rebounded sharply in 2024 to US$97 billion (+75% y/y). Together with policy shifts—such as China’s move toward zero tariffs on African imports and the AfCFTA’s gradual implementation—these trends create tangible opportunities for Africa to build regional value chains, diversify exports, and scale industrialization.

Key Takeaways

- South–South trade is large and dynamic, totalling US$5.6 trillion in 2023, and grew at 5.5% per year on average during 2018–2023.

- The composition of SSC varies by region; for Africa in 2023, around 15% of its total trade was intra-African, 10% was with other developing regions (excluding China), and 18% was with China.

- Intra-African trade rose to US$192.2 billion in 2023 and its share of Africa’s trade increased from 13.6% (2022) to 14.9% (2023).

- Africa’s overall trade fell 6.3% in 2023, underscoring the countercyclical potential of regional integration under AfCFTA.

- Africa’s FDI inflows surged to US$97 billion in 2024 (+75% y/y), increasing its share of global FDI from ~4% to ~6%.

- UNECA projects that, with full AfCFTA implementation, intra-African trade could expand by about 35% by 2045, lifting regional value chains.

Policy Levers for Africa to Maximize SSC Benefits

1. Accelerate AfCFTA implementation: finalize tariff schedules, services commitments, and rules of origin; operationalize dispute settlement; scale trade facilitation.

2. Build regional value chains in agrifood, automotive, pharmaceuticals, green minerals, and clean-tech components leveraging preferential access across SSC partners.

3. Mobilize FDI for manufacturing and logistics (ports, rail, cold chains) through investment promotion and de-risking (PPP pipelines, credit guarantees).

4. Deploy standards and quality infrastructure (SQI): labs, metrology, and conformity assessment to meet SSC market requirements and lift non-tariff barriers.

5. Industrial financing and export credit: catalyze blended finance, working capital, and export guarantees to scale SMEs into regional suppliers.

6. Digital trade and payments: adopt e-certificates of origin, electronic SPS/TBT documentation, and cross-border payment rails to cut transaction costs.

Notable Figures: Trends, Patterns, and Projections

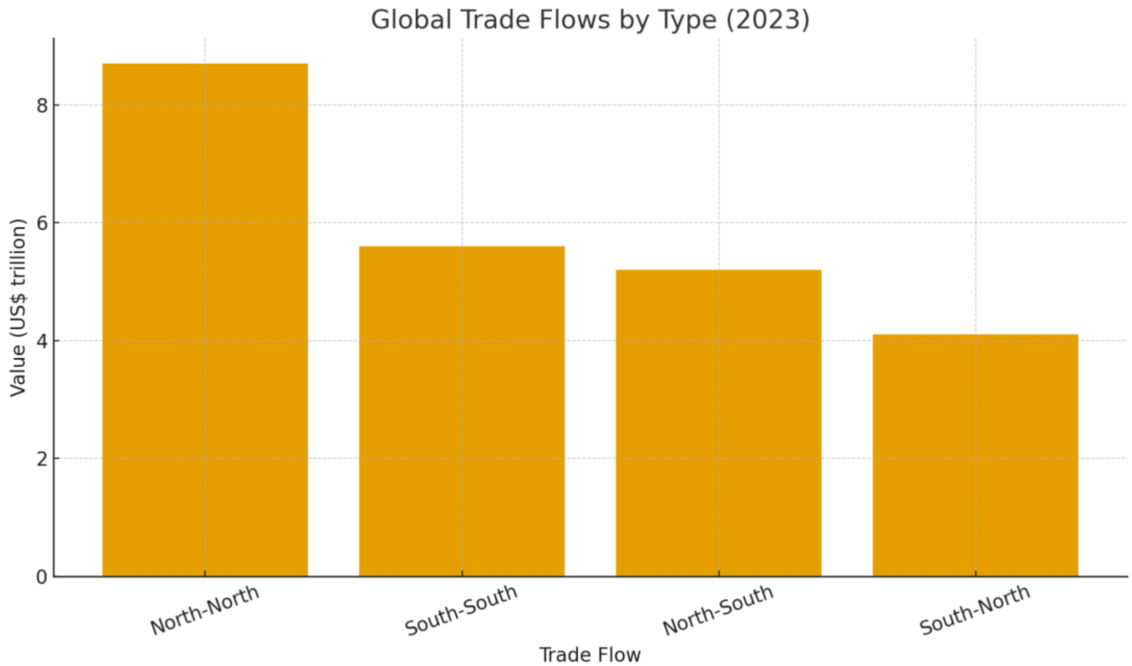

Figure 1. Global merchandise trade flows by type (2023).

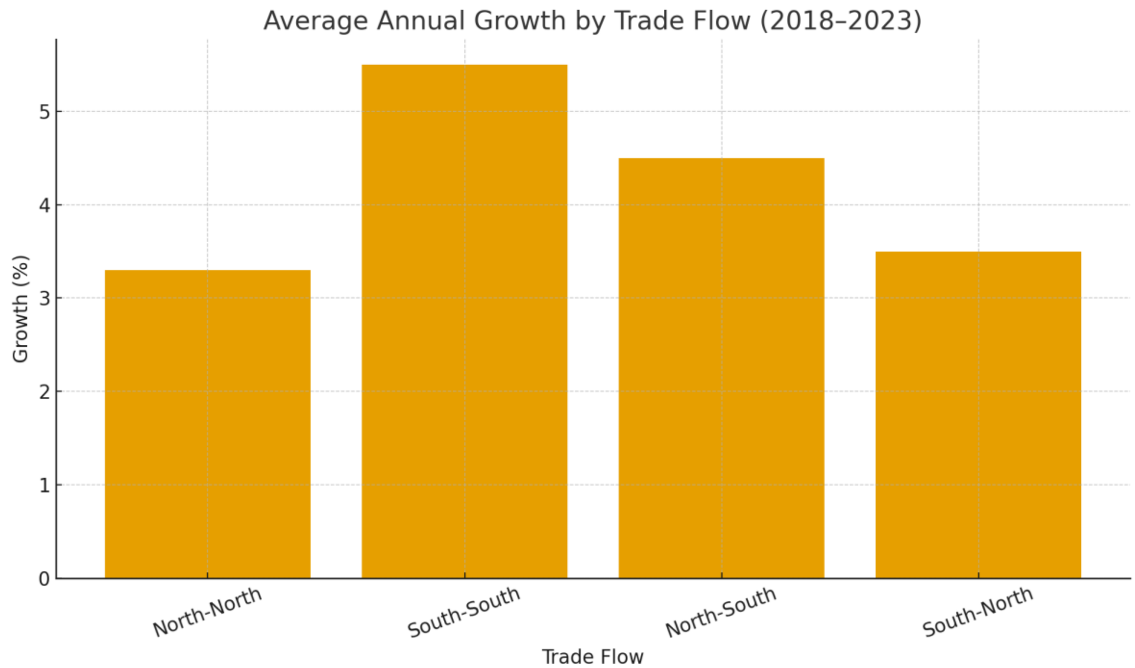

Figure 2. Average annual growth (2018–2023) by trade flow.

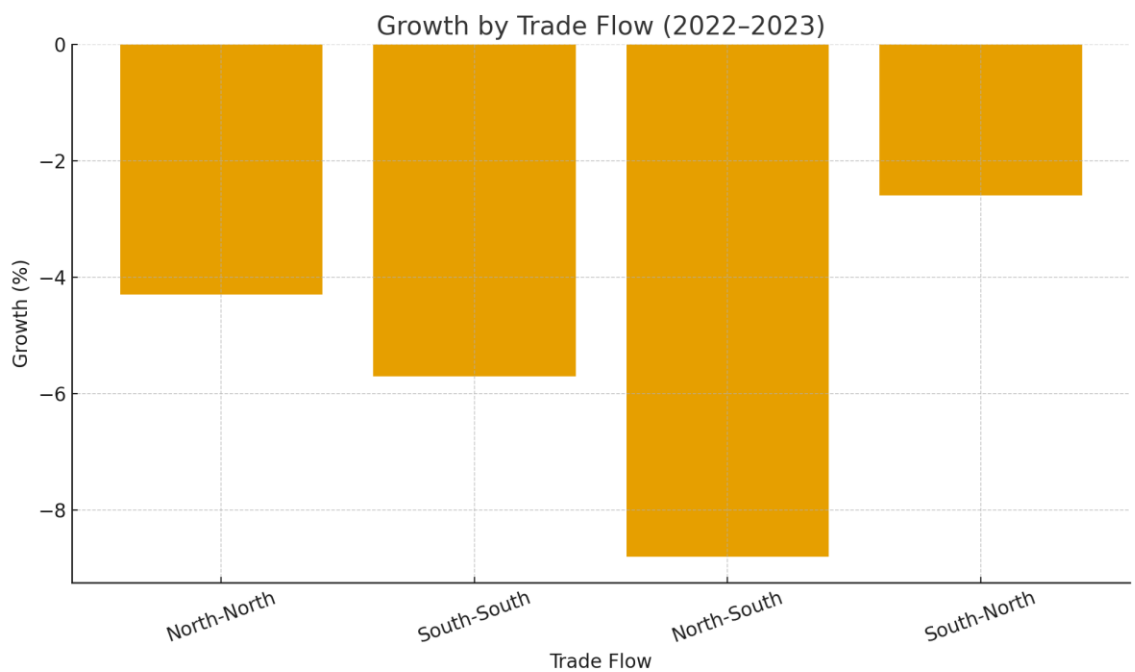

Figure 3. Growth (2022–2023) by trade flow.

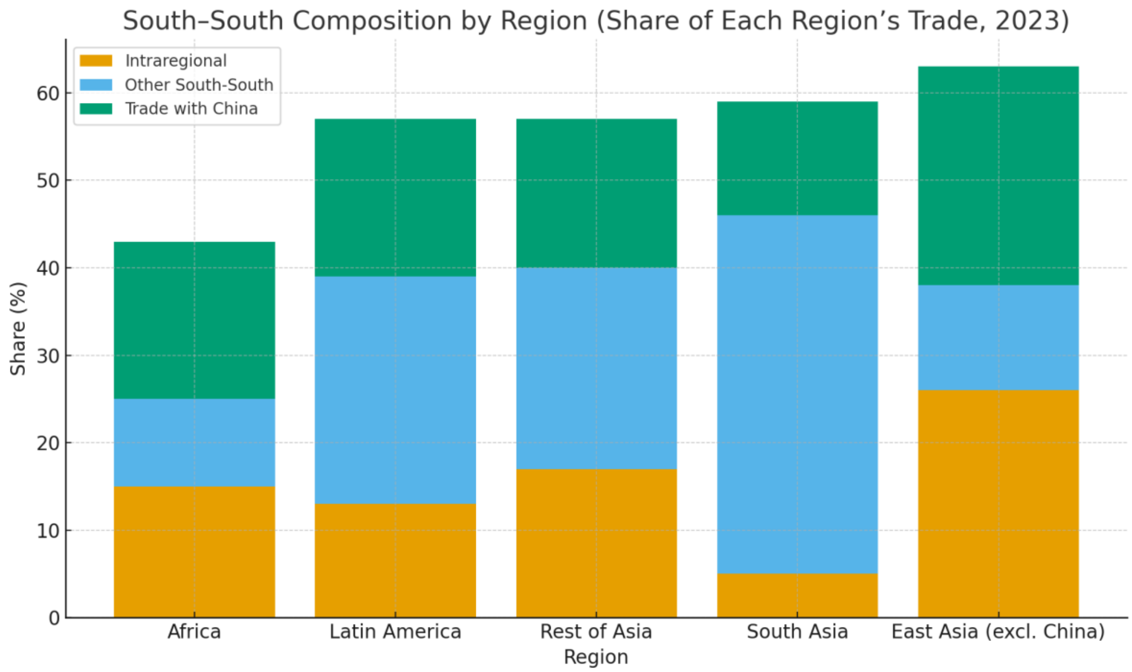

Figure 4. South–South composition by region (share of each region's trade, 2023).

Figure 5. Intra-African trade value (2022 vs 2023).

Figure 6. Intra-African trade share of Africa's trade (%).

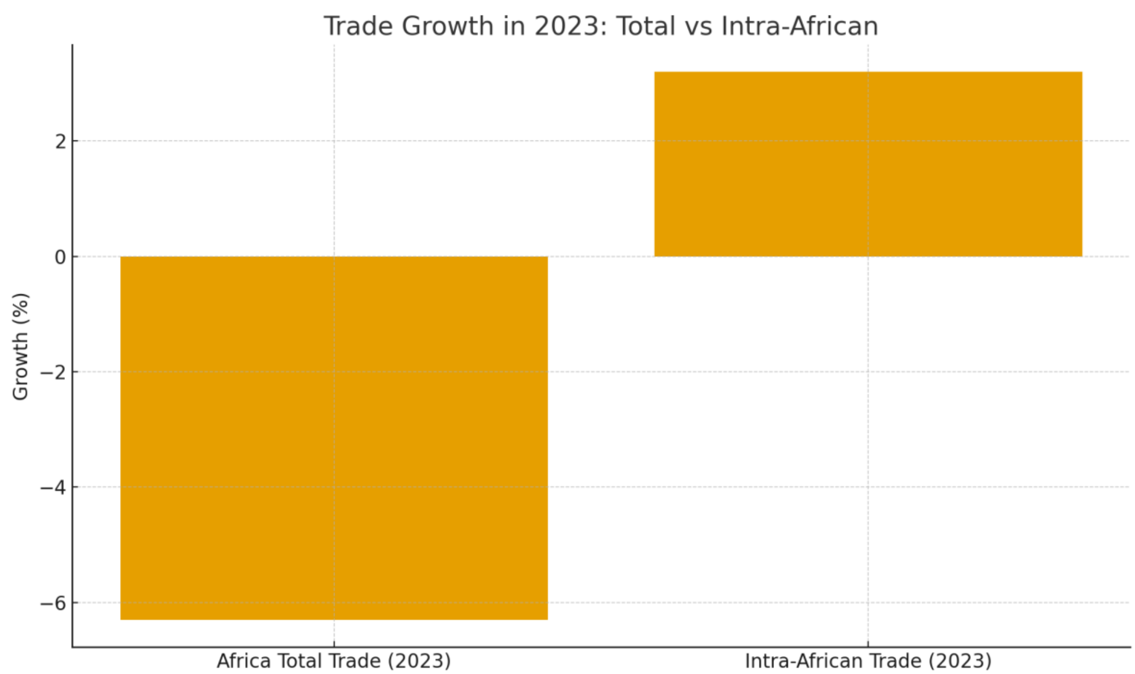

Figure 7. Trade growth in 2023: Africa total vs intra-African.

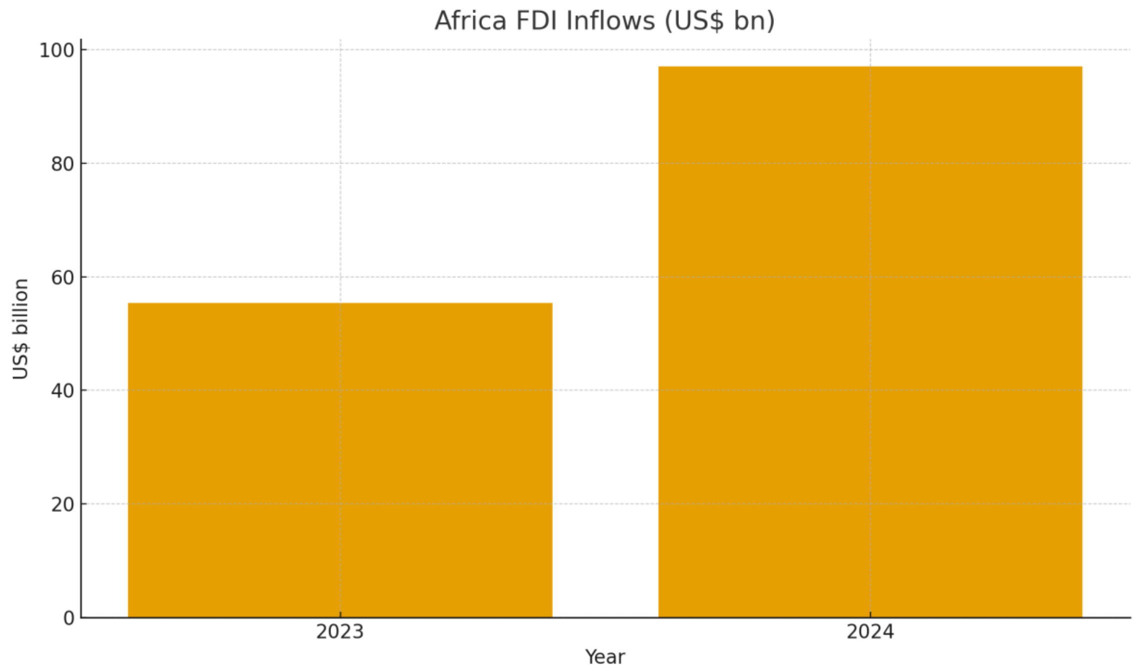

Figure 8. Africa FDI inflows (2023 vs 2024).

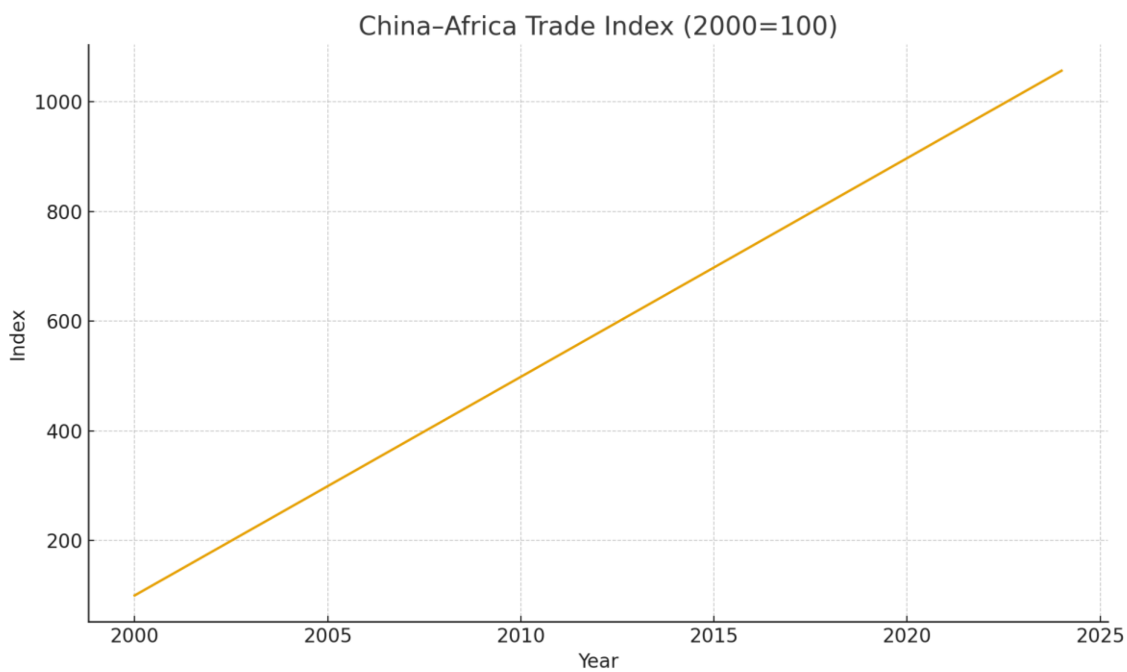

Figure 9. China–Africa trade index (2000=100).

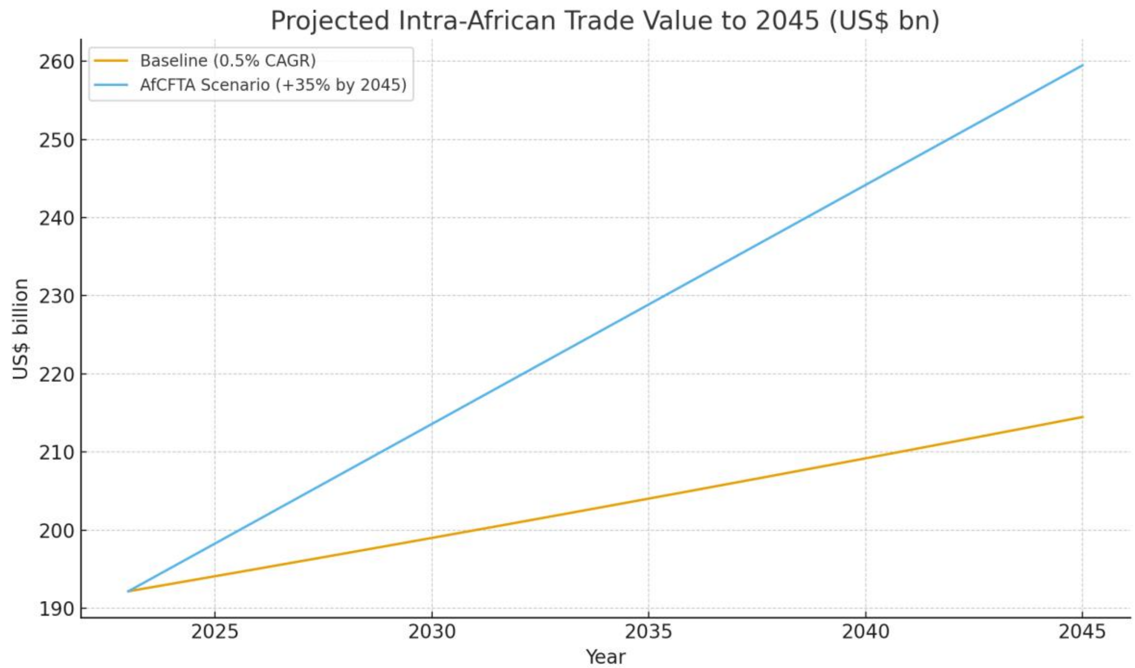

Figure 10. Projected intra-African trade under AfCFTA versus baseline (to 2045).

Opportunities for Africa Across Key South–South Corridors

• China and broader Asia: zero-tariff market access expansion, scale effects for agrifood, apparel, EV-related inputs, and solar components; localization via industrial parks.

• India and the Gulf (UAE, Saudi Arabia): pharmaceuticals, petrochemicals, jewelry, ICT services, aviation logistics; diaspora and fintech rails facilitate trade and investment.

• Latin America: agri-tech collaboration (soy, sugar, coffee/cocoa processing), biofuels, and South Atlantic shipping routes.

• Intra-African: regional value chains in automotive (SADC, North Africa), pharmaceuticals (ECOWAS/EAC), fertilizers and agrifood (COMESA/ECOWAS), and green minerals.

Risk Map and Mitigants

• Commodity dependence and price volatility — build downstream processing and hedging programs; diversify export baskets.

• Non-tariff barriers and standards — invest in SQI, mutual recognition, and conformity assessment capacity; digitize border processes.

• Debt and macro-financial risks — use blended finance and state-contingent instruments; strengthen project preparation and PPP governance.

• Geoeconomic fragmentation — maintain non-aligned, multi-regional trade posture; use AfCFTA as anchor for resilient supply chains.