The Economist Intelligence Unit
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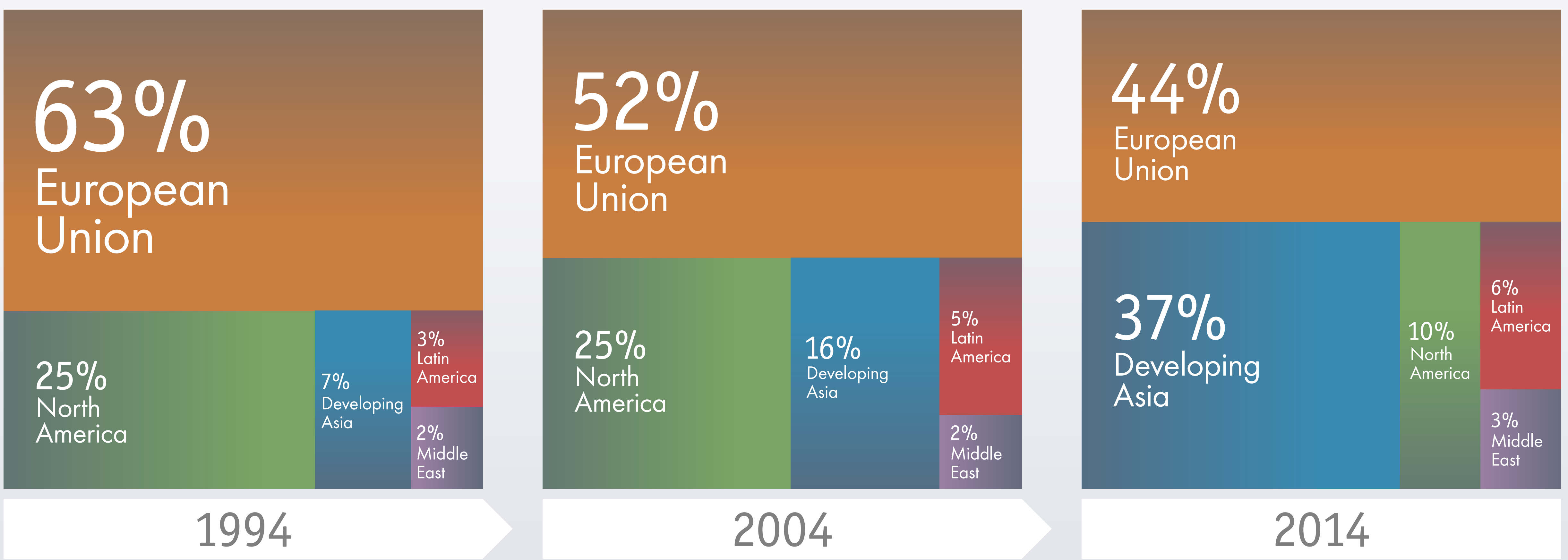
Africa: Trade diversification needed

As China shifts from an economy based on high investment to a more consumer-driven model, African countries that rely on exports to China of agricultural commodities rather than minerals or fossil fuels are in a stronger position to weather this change. For African economies dependent on exports of fossil fuels or mineral resources, diversification would reduce their vulnerability to external shocks, but would also boost their ability to participate in – and invigorate – intra-African trade.

Pivot to Asia

Africa's exports by destination, % of total.

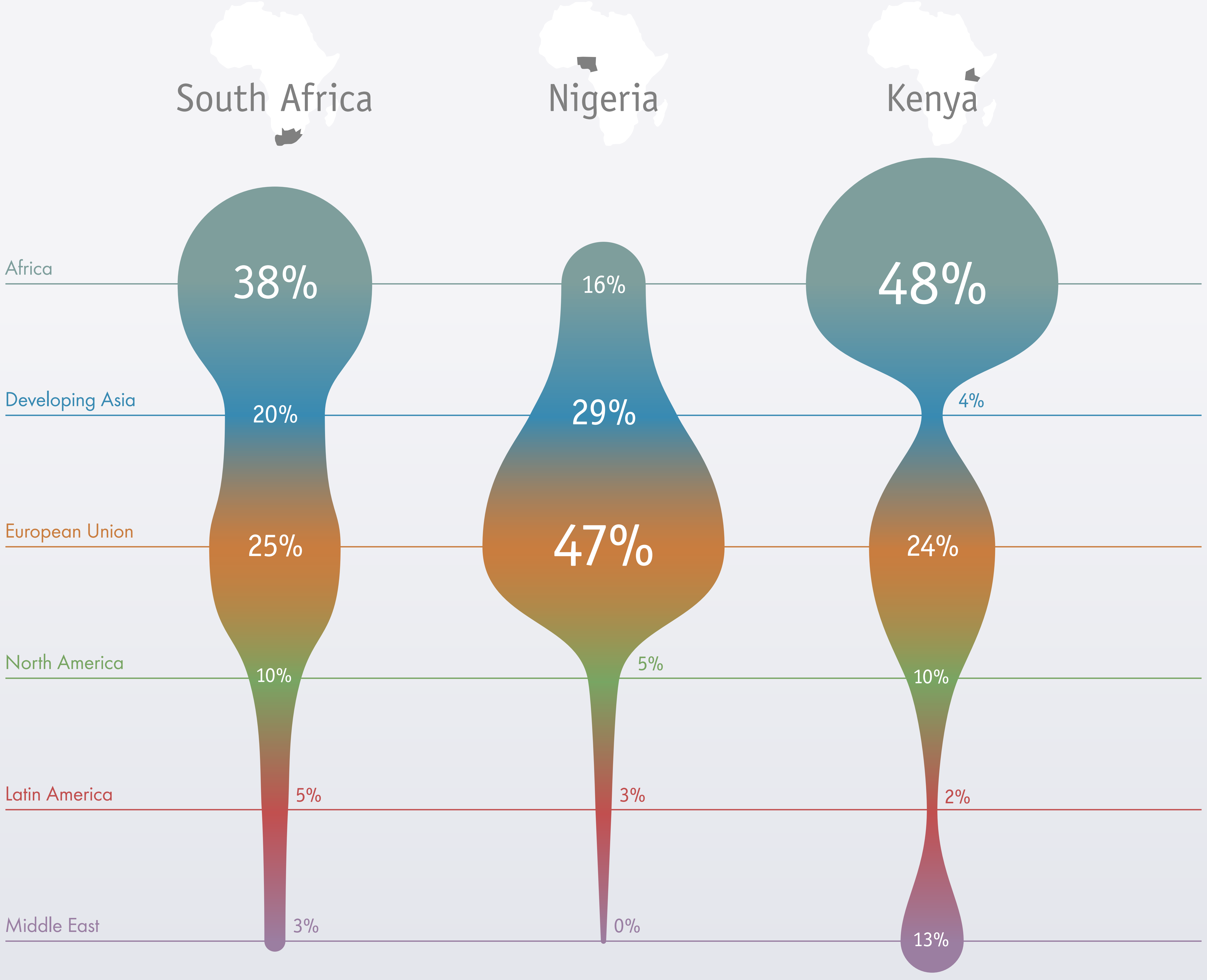
Africa's share of exports headed to developing Asia has expanded from 7% to 37% over the past 20 years.



Who's feeling exposed?

Oil and mineral-dependent economies are most vulnerable to sluggish demand in Asia and Europe.

Share of exports by destination for Kenya, Nigeria and South Africa in 2014.

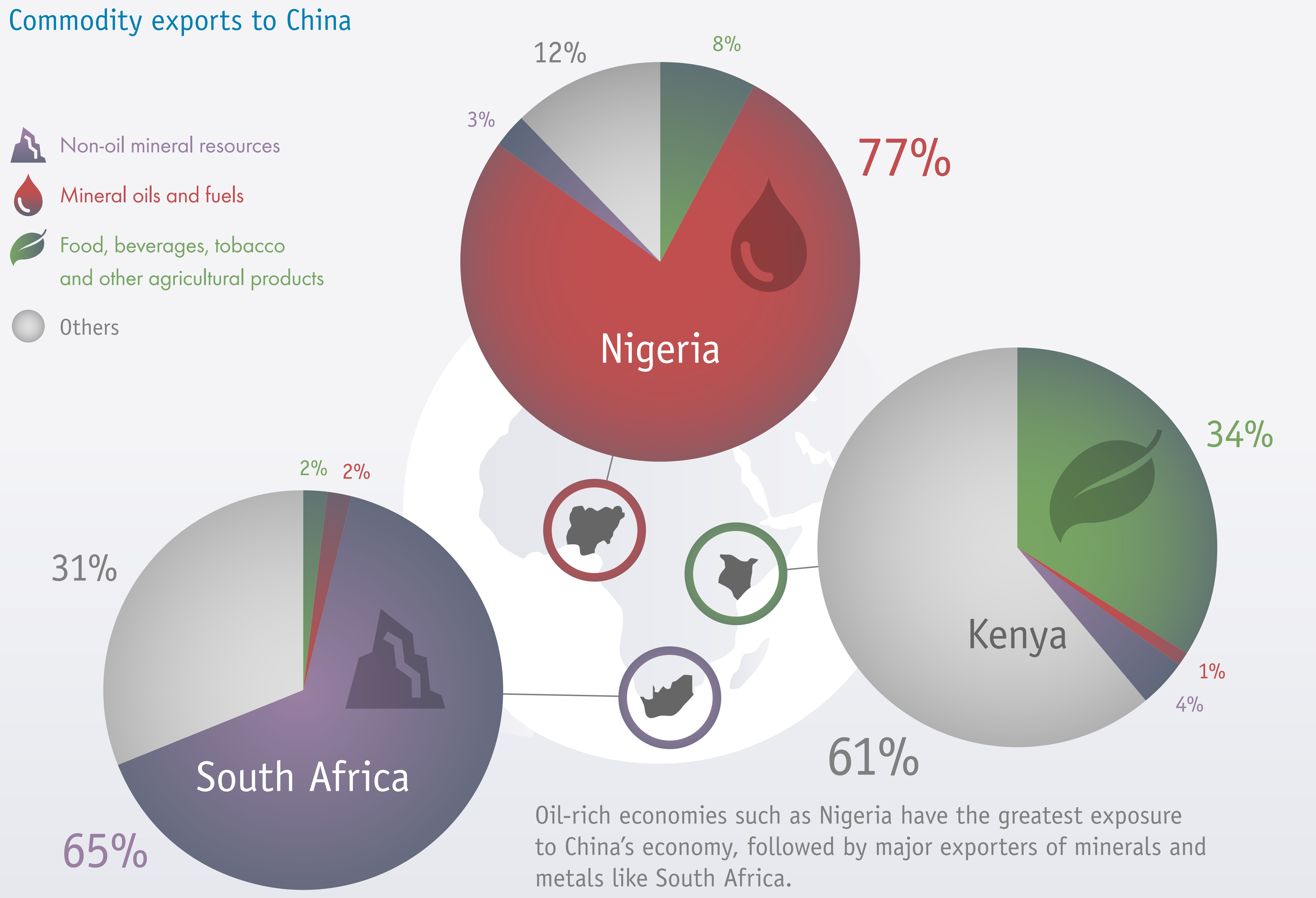


South Africa represents the continent's most advanced economy and remains well-positioned to gain from growth in middle class populations.

Nigeria's dependence on exports to Europe and developing Asia leaves it vulnerable to disappointing demand.

Kenya only has relatively small exposure to developing Asian economies, and it is poised to benefit if trade between African countries picks up.

Commodity exports to China



Oil-rich economies such as Nigeria have the greatest exposure to China's economy, followed by major exporters of minerals and metals like South Africa.

Note: Latest available data from the UN Comtrade database is used. For South Africa, data is from 2014. For Kenya and Nigeria, it is from 2013.

Sources
ADB Asia Regional Integration Center; IMF Direction of Trade Statistics; UN Comtrade; EIU calculations.

Notes
Africa refers to all countries on the continent and Madagascar, excluding Egypt, Libya, Morocco and Somalia.
Developing Asia consists of Asia excluding Australia, Japan and New Zealand.
North America consists of Canada and the United States.
Latin America consists of the Caribbean, South and Central America.

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