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# Driving Growth Through Exports: Snapshot of Export Strategies for Africa

## Research Report

## Thematic Area: Trade, Investment, and Resilient Supply Chains

***Introduction***

The global economic landscape is in a state of flux, with rising uncertainties because of escalating geopolitical and trade tensions. The year 2024 witnessed intensification of the geopolitical conflict between Russia and Ukraine, in addition, to the conflict in the Middle East. Despite uncertainties, global nominal Gross Domestic Product (GDP) increased by 3.87% from USD 106.43 trillion in 2023 to USD 110.55 trillion in 2024. Exports, on the other hand, expanded by 0.88% from USD 23.66 trillion to USD 23.87 trillion over the same period.

Given the current economic setting, the International Monetary Fund’s (IMF’s) World Economic Outlook April 2025 Report projects global growth at 2.8% in 2025, which is expected to improve to 3.0% in 2026. While growth rates in advanced economies are projected to moderate at 1.4% in 2025 and 1.5% in 2026, economic activity in emerging market and developing economies is expected to rebound from 3.7% in 2025 to 3.9% in 2026.

**Table 1: IMF's Real GDP Forecasts (April 2025)**

| Regions | 2025 | 2026 |
|---|---|---|
| World | 2.8 | 3.0 |
| Emerging Market and Developing Economies | 3.7 | 3.9 |
| Advanced Economies | 1.4 | 1.5 |
| Africa | 3.9 | 4.1 |

Source: IMF Datamapper, World Economic Outlook (April 2025)

To propel stronger economic activity, there is an urgent need for collaborative action among major economies to address current economic challenges. This policy brief outlines the two-way relationship between exports and GDP, with a focus on the African continent. The brief also highlights the importance of adopting export-led growth strategies to enhance economic resilience.

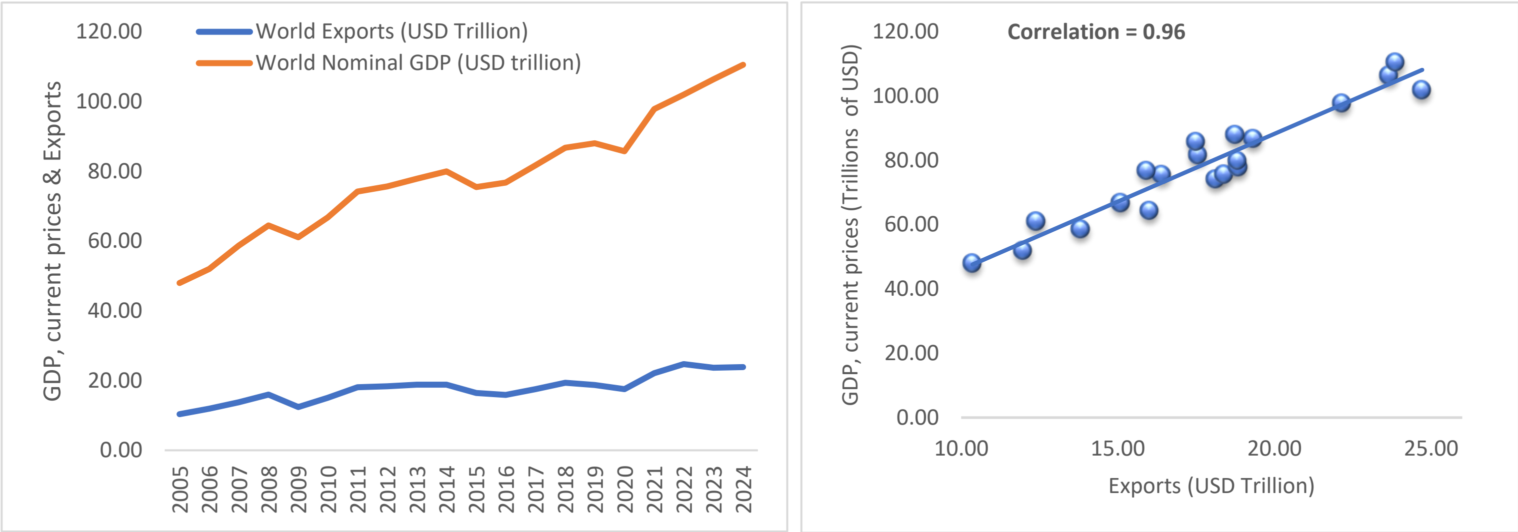
***Impact of Exports on Economy***

*World*

An economy's exports not only reflect its manufacturing prowess, but it is also an indication of the efficiency of a nation's logistical ecosystem, which in turn leads to further investments across sectors. It also generates a multiplier impact across the economy, creating greater employment, enhancing income growth, and bolstering domestic demand for goods and services.

Historical data from 2005 to 2024 suggests that exports are positively correlated with nominal GDP. During this period, global GDP grew from USD 47.98 trillion to USD 110.55 trillion, while exports increased from USD 10.36 trillion to USD 23.88 trillion. With a correlation of 0.96, there is a strong and positive relationship between nominal GDP and exports, as captured by the upward sloping trendline below.

**Figure 1: Relationship between World's Nominal GDP and World's Exports, USD Trillion, 2005-2024**




Source: IMF Datamapper (World's Nominal GDP) and ITC Trademap (World's Exports)

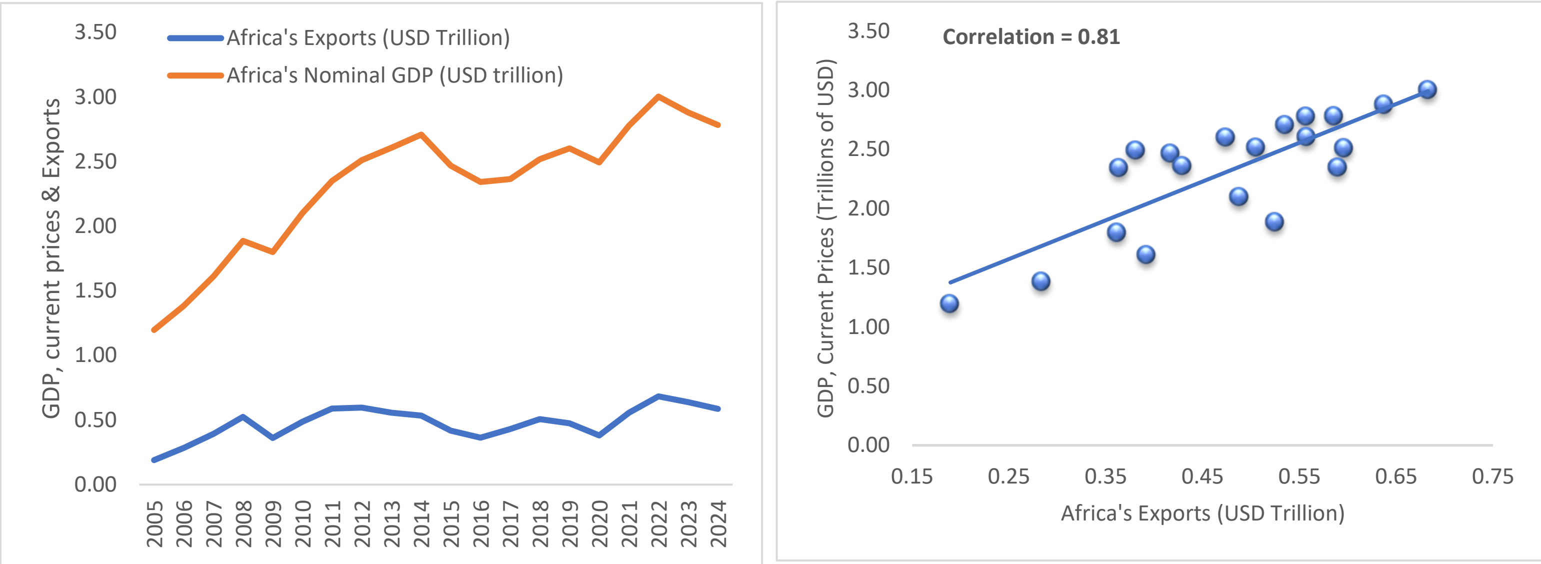
This strong correlation lends credibility to the export-led growth strategy, suggesting that a focus on export-oriented policies can lead to higher nominal GDP. This growth, in turn, generates spillover effects across various sectors. Exports contribute to the development of strong forward linkages, promoting downstream industries and enhancing a country's participation in global value chains. These economic developments create incentives for producers to increase output, which further fuels export growth. Overall, strategies aimed at advancing economic development create a circular impact, driving exports and thereby creating incentives for further economic development.

The next section focuses on Africa where the role of exports in impacting growth of the region is briefly explored. Some policy actions are also suggested for boosting exports in the Africa region.

*Africa*

The continent accounts for nearly 18% of the world's population but only 2.5% of global nominal GDP. Africa's exports declined from USD 0.64 trillion in 2023 to USD 0.59 trillion in 2024, alongside a fall in nominal GDP from USD 2.88 trillion to USD 2.78 trillion over the same period. While both exports and GDP contracted, the historically strong correlation between the two highlights the critical role exports play in driving economic output.

**Figure 2: Relationship between Africa's Nominal GDP and Africa's Exports, USD Trillion, 2005-2024**




Source: IMF Datamapper (Nominal GDP) and ITC Trademap (Exports)

A study by Şahin (et al., 2021) uses empirical data to examine the relationship between high-tech exports and economic growth, with data of 20 high-tech exporters during 2017-2018. These countries include Belgium, Canada, China, the UK, the USA, among others. The paper studies the importance of high technology exports in enhancing economic growth. Therefore, investments in high-tech sectors such as aircraft, helicopters, nuclear reactors, spacecraft, automobile is the need of the hour.

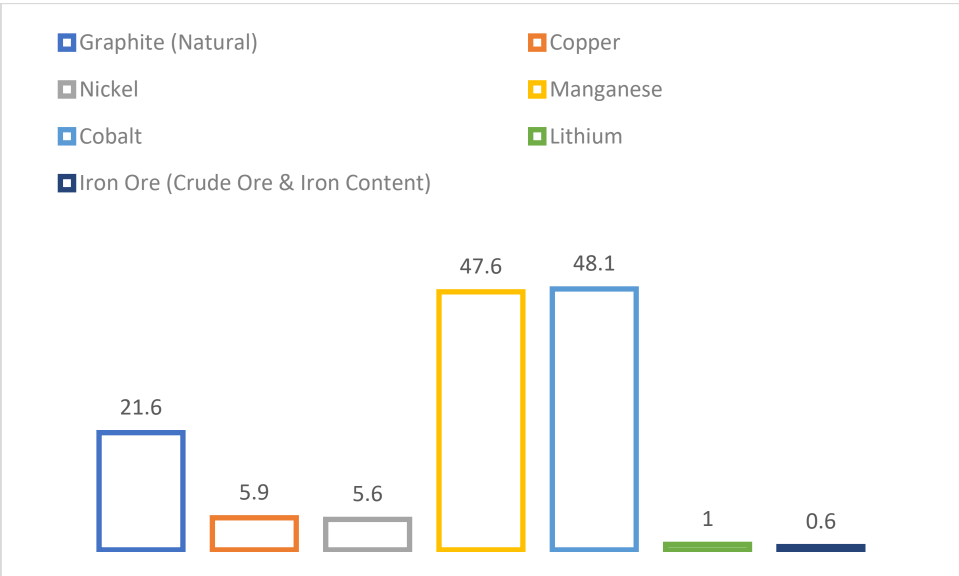
Another study by Carrasco et al., (2020) analyses the relationship between trade and economic growth by using a sample of 19 developing countries and by applying a dynamic panel data model. Among other productive results, the study not only concludes that growth in developing economies benefits from high tech imports but possibly also from industrial policy development that boosts domestic production of inputs for the export sector. Such localised production of inputs for high-tech products will further reduce reliance on imports and strengthens the domestic manufacturing prowess of a country. Nouira et al., (2021) studied the relation between economic growth and export upgrading, highlighting that only after meeting prerequisite threshold in terms of initial income level, human capital, and institutional quality, does export upgrading enhances economic growth.

In this context, leveraging the strength of Africa's vast critical mineral reserves, improved logistical infrastructure, enhanced use of emerging technology, and sustainable growth policies are cohesive strategies to boost manufacturing, which in turn leads to greater exports. Increased foreign exchange earnings from exports leads to an improved balance of payments, a stable exchange rate and minimises the need for external borrowing, while boosting forward linkages in the economy. It incentivises producers to increase production, and venture into diverse businesses.

To further strengthen Africa's manufacturing exports, four brief strategies are highlighted below.

**Increased use of critical minerals as inputs**: To build greater economic diversification, investments can be focused on boosting local manufacturing by leveraging the region's abundant natural reserves. Africa is home to 30% of world's critical minerals and accounts for 48% of cobalt and manganese reserves, as well as 22% of natural graphite, among other minerals that are essential for electric vehicles manufacturing. Optimum use of such minerals coupled with higher expenditure on research and development will generate multiplier impact on other sectors, generating employment opportunities and sustained supply of inputs. An intra-regional value chain in the automobile sector will advance the region's capabilities to manufacture high-value electronics products, leading to greater value-addition in global value chains.

**Figure 3: Africa's Share of Global Reserves (%)**




Source: UNCTAD calculations, based on data from the Knoema database, 2023

**Enhanced investments in building logistical infrastructure**: Africa's road infrastructure is a key driver for unlocking trade, economic opportunities and deeper regional integration. The focus can shift toward completing key regional corridors like those under the Programme for Infrastructure Development in Africa (PIDA) and the Trans-African Highway and aligning them with trade routes to maximize impact. Investments should deliver tangible outcomes by connecting producers to markets and reducing transport costs. Strong and sustainable intra-regional air, road, and sea connectivity will facilitate seamless exchange of goods and services, attracting foreign investments in Africa.

**Building a robust Digital Public Infrastructure (DPI)**: There is a need for comprehensive investments in Africa's DPI. International collaboration with other G20 economies such as India can boost the continent's digital infrastructure, leading to real-time payment processing technology. Further, legal and regulatory frameworks; infrastructure and ancillary services such as connectivity, mobile phone penetration, and financial market infrastructure; and governance and coordination are three pillars of DPI in financial services around which Africa can build its digital financial ecosystem.

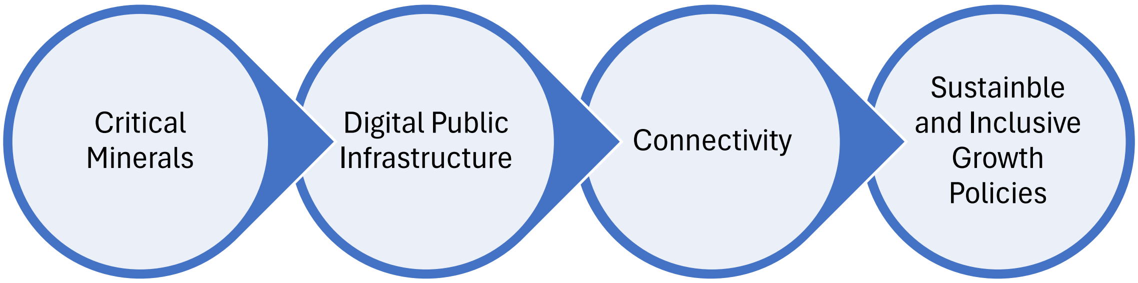
Adoption of the African Union Continental AI Strategy in 2024 reflects Africa's commitment in integrating the use of AI across sectors such as agriculture, education, healthcare, public service delivery, climate change, and peace and security. Private investments must be promoted as it creates incentives for wider adoption of AI across the continent.

**Adoption of sustainable and inclusive growth strategies**: Strong sustainable and inclusive growth strategies are also critical imperatives for enhancing growth prospects. African countries are vulnerable to extreme weather events such as droughts, rising sea levels, and climate change related agriculture cycle. While optimal growth strategies can be adopted to boost sustainability, international collaboration fostering transfer of technology and provisions for enhanced trade in environmental goods in Free Trade Agreements can also be promoted.

***Conclusion***

The export-led growth strategy can create a virtuous cycle where exports propel stronger economic growth, which in turn attracts further investments and deepens Africa's integration into the global economy. Targeted investments in Africa's vast critical mineral reserves, digital public infrastructure, connectivity, and sustainability offers a unique opportunity to not only boost exports but also catalyse industrial development and enhance value addition in the region.

**Figure 4: Four Pillars of Africa's Development Strategy**




Strong macroeconomic fundamentals such as maintaining stable inflation, promoting higher employment, encouraging trade openness, and ensuring sustainable debt levels should complement strategic investments in strengthening downstream industries in infrastructure and technology. Together, these efforts create an enabling environment for export-led growth.

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