

# EXPANDING TRADE BETWEEN AFRICA AND COLOMBIA



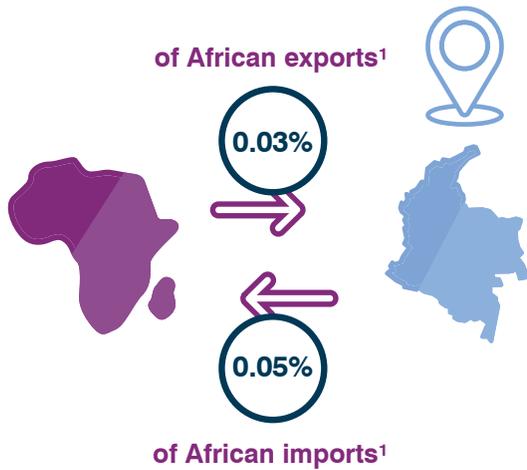
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TRADE IMPACT  
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# Current trade landscape

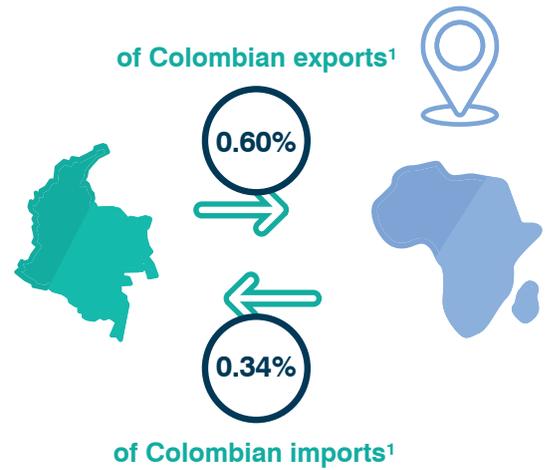
## Small but growing exports from Africa to Colombia

→ Colombia has so far been a small trade partner for Africa.



## Above average export performance from Colombia to Africa

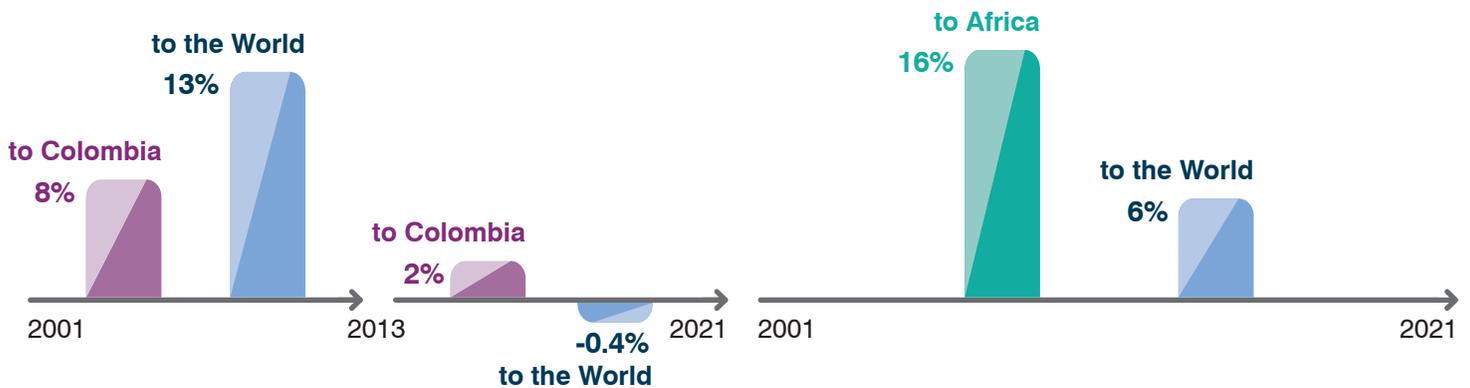
→ Africa's importance as a trade partner for Colombia has been limited but growing.



→ The growth of African exports slowed down after 2013, but less so to Colombia than to the world.

→ Over the past two decades, Colombian exports to Africa have grown more than its total exports.

## Annual export growth



→ In 2022, Africa's exports to Colombia reached \$255 million, **73%** higher than in 2021.

→ In 2022, exports from Colombia to Africa reached \$907 million, **126%** higher than in 2021.

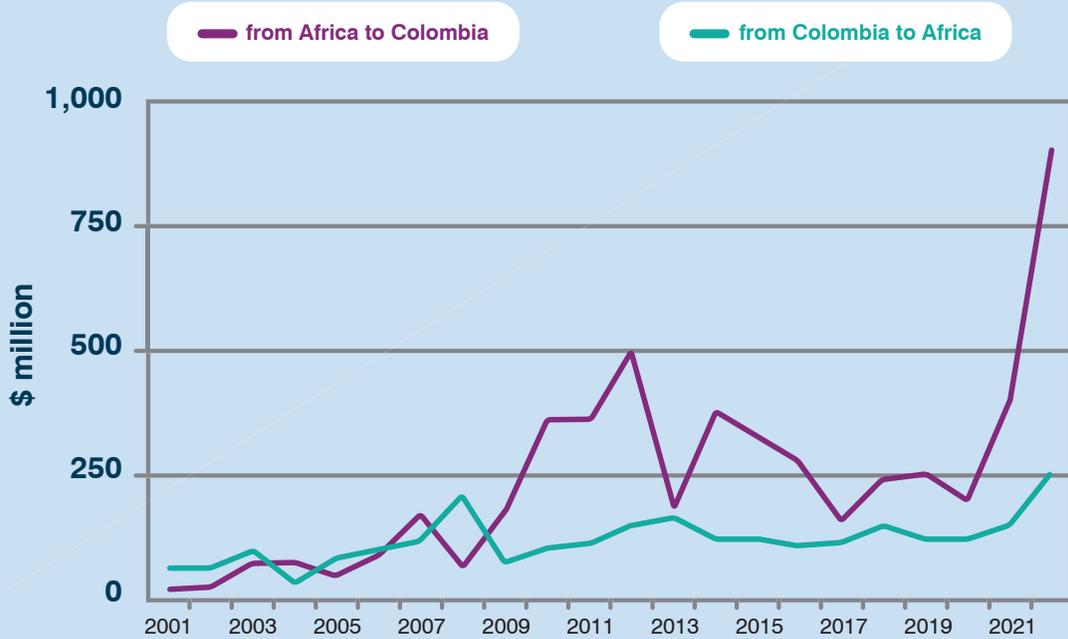
→ The large growth rates in export values between 2021 and 2022 are likely driven by **price increases** in minerals and fertilizers.

→ Since 2009, Colombia has enjoyed a trade surplus with Africa, reaching \$652 million in 2022. This implies that **Colombian exports to Africa** are more than **3.5 times higher than African exports to Colombia**.

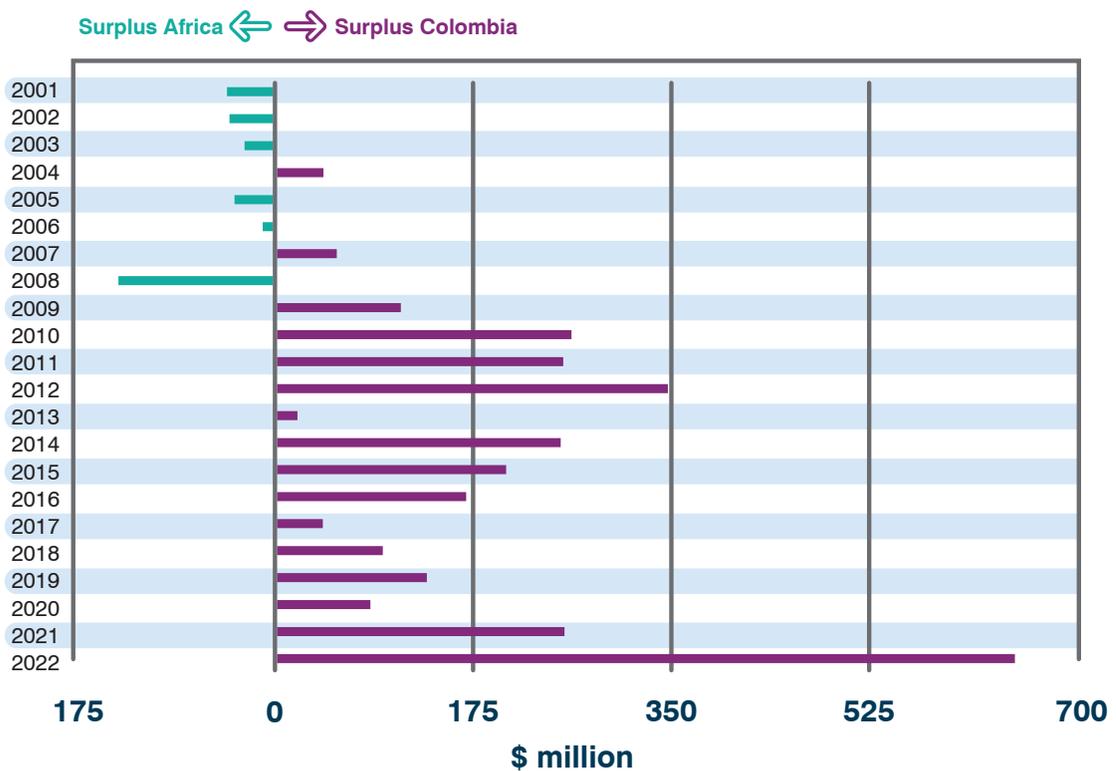
Note: The trade data used in this brief is a combination of direct and mirror reports. All analysis relies on information from the ITC market analysis tools: [marketanalysis.intracen.org](https://marketanalysis.intracen.org).  
<sup>1</sup> Shares reflect an average between 2001 and 2021/2022. For reference, during the same period, 0.25% of world exports were destined to Colombia on average, and 2.93% to Africa.

After several years without export growth from Africa to Colombia and fluctuating exports from Colombia to Africa, trade values surged in 2021 in response to price hikes, with a growing surplus for Colombia

### Evolution of exports



### Trade balance

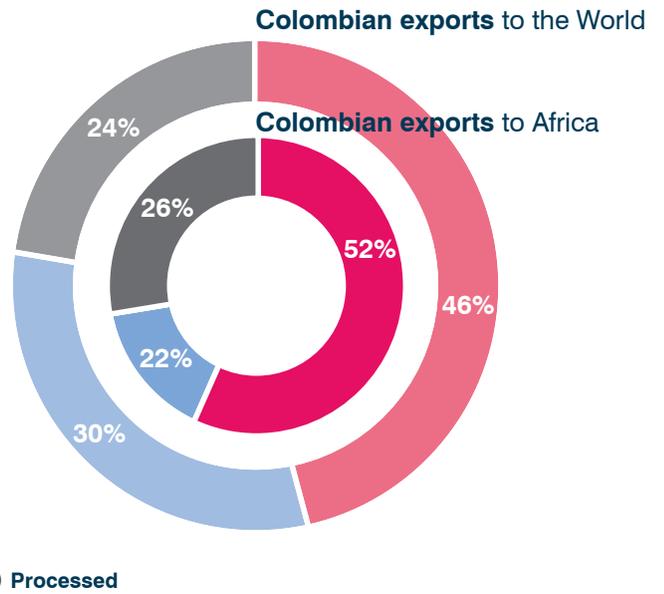
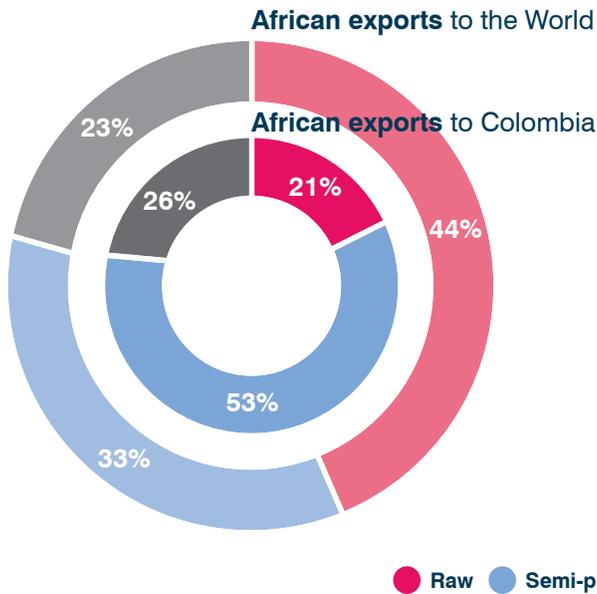


African exports to Colombia are diverse but only a few countries are exporters

Colombian exports to Africa are focused on few sectors and markets

→ A larger share of **African exports to Colombia** consists of **transformed goods** than African exports to the world.<sup>2</sup>

→ **Colombian exports to Africa** are driven by **raw products**.

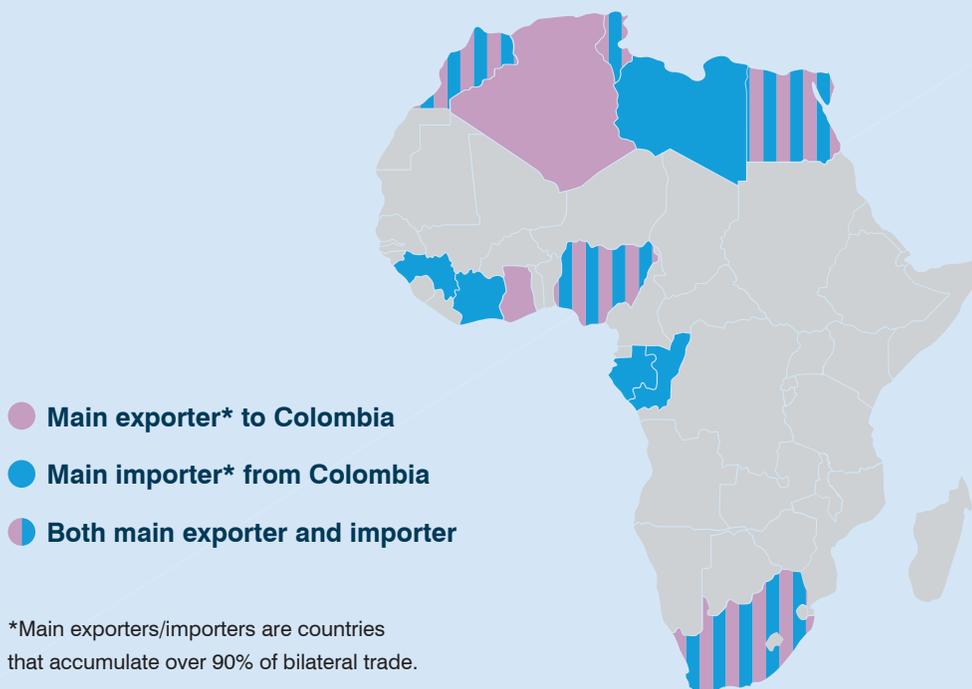


→ With less focus on fossil fuels and precious metals, and more on fertilisers, fish and shellfish, and apparel, African exports to Colombia are more **diversified** than its total exports.

→ Colombian exports to Africa are **concentrated**: the top three subsectors (fossil fuels, live animals and food products) account for 73% of exports.

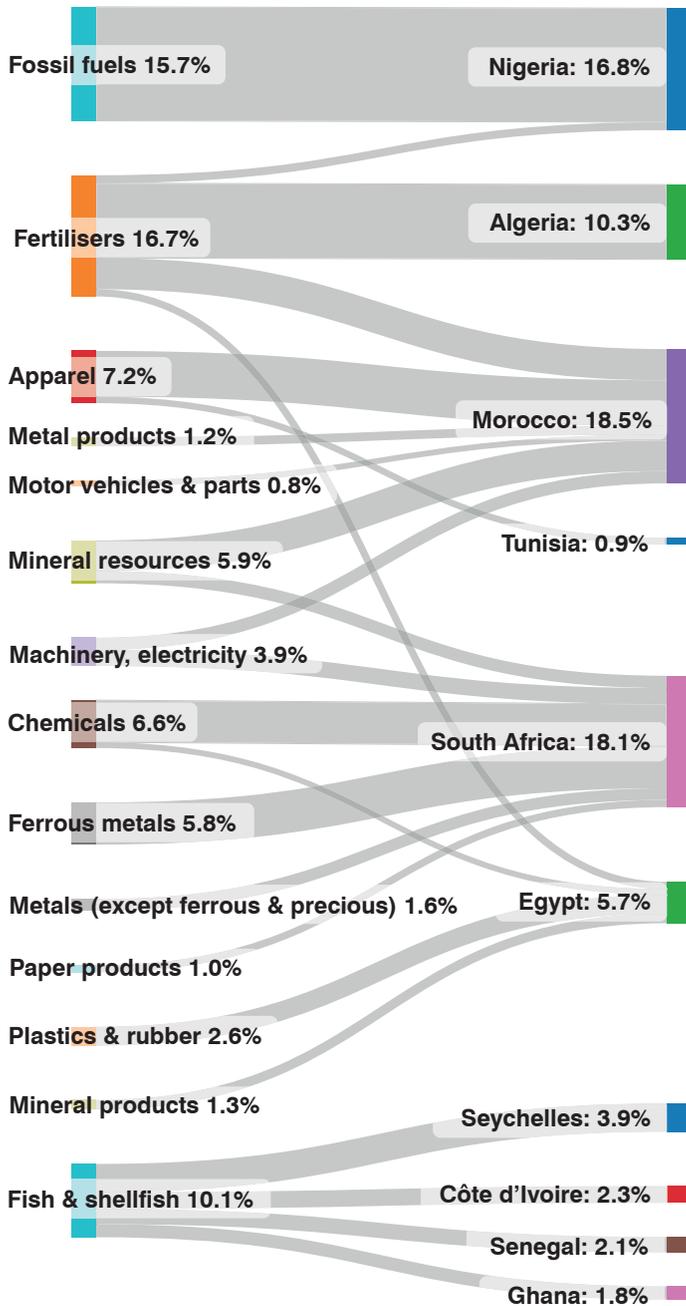
→ However, **92% of African exports to Colombia originate in eight** out of the continent's 54 **countries**.

→ Additionally, **91% of Colombian exports to Africa are destined to nine** out of the continent's 54 **countries**.



<sup>2</sup> "Transformed" products are semi-processed or processed products.

Fertilisers, fossil fuels, fish and apparel from Northern and Western Africa represent half of African exports to Colombia



Fossil fuels, followed by live animals dominate Colombian exports to Africa, destined largely for Western or Northern

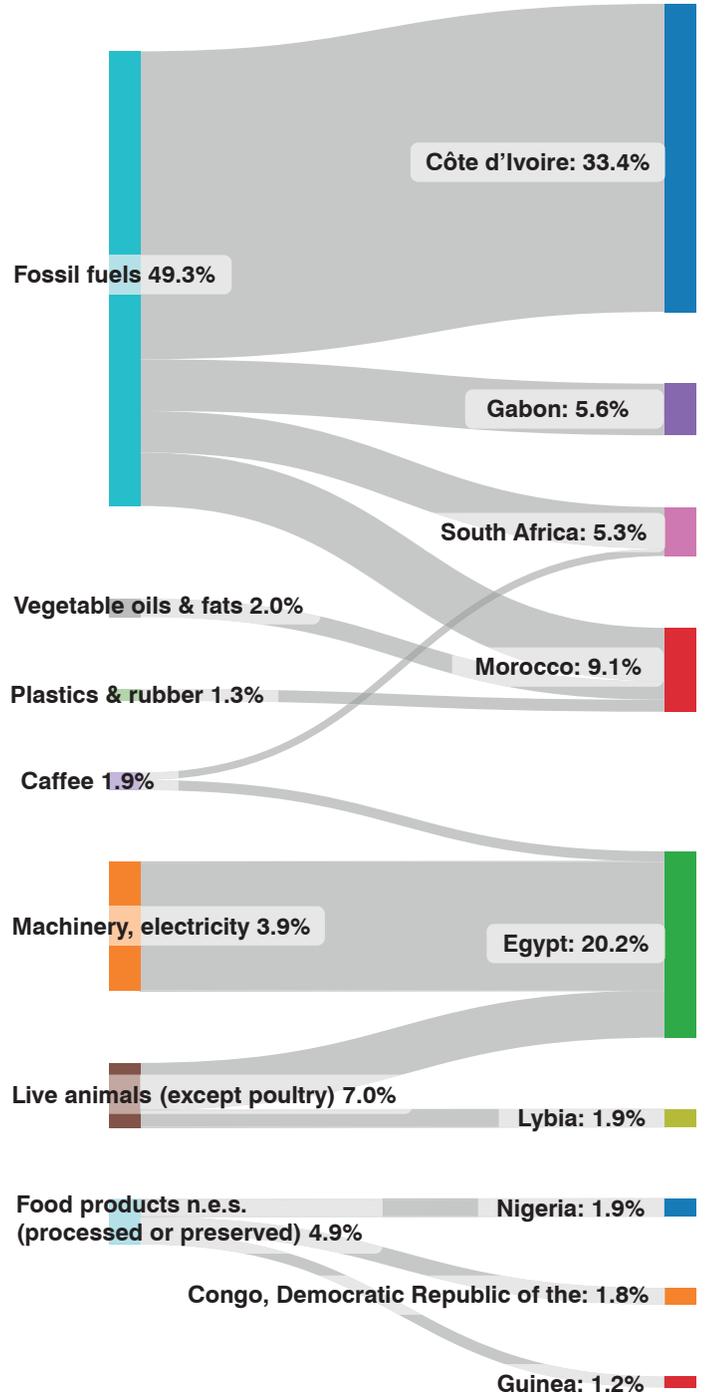


Chart: It represents the largest sector-exporter and sector-market combinations that accumulate 80% of bilateral trade. Labels show share in bilateral exports.

# Opportunities for trade growth

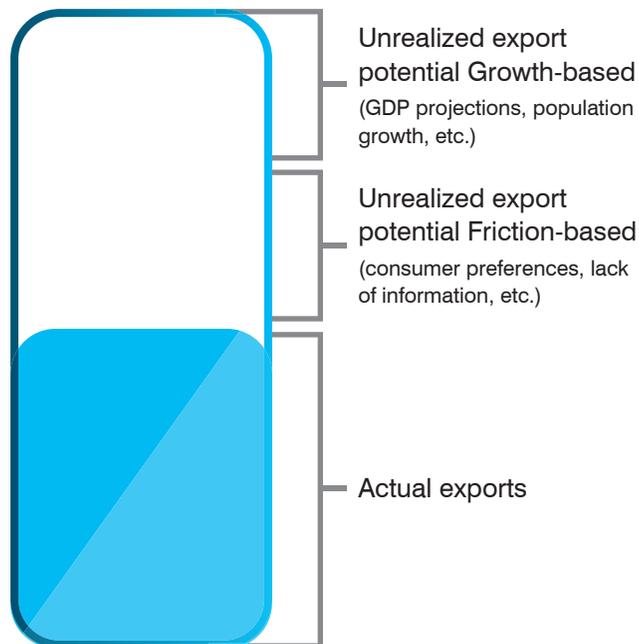
## The concept of export potential

- ITC's methodology quantifies export potential based on import demand conditions, the ease of trade between countries, and supply capacities. Results are for 2027, allowing time for action.

### Components of the export potential

- **Unrealized Export Potential:** The difference between the export potential and actual exports—that is the space for export growth.
- **Growth Factors:** Unrealized export potential can arise from anticipated changes, such as GDP growth, or population growth—this is the dynamic or growth-based unrealized export potential.
- **Trade Friction Factors:** Unrealized export potential can also result from existing trade frictions, including limited market research, regulatory compliance difficulties, and lack of business contacts—this is the static or friction-based export potential.
- Not all products are considered in the export potential methodology.
  - The export potential can only be computed for products a country already exports.
  - The methodology excludes products that are hazardous or unappealing for export promotion. It does not cover services.<sup>3</sup>

Export potential in 2027 (\$)



## Africa realizes only one-fifth of its export potential in the Colombian market

- Africa has space to grow its exports to Colombia by \$160 million per year by 2027 in existing export sectors.
- Trade friction factors **explain \$93 million of Africa's unrealized export potential** to Colombia, emphasizing the need for trade advisory services.
- Growth factors explain the remaining \$67 million in unrealized export potential.

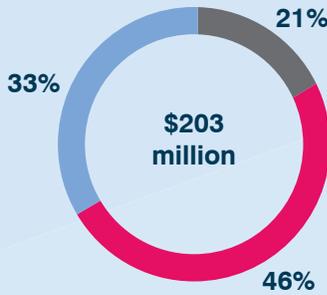
## Colombia realizes less than 15% of its export potential to Africa

- Colombia has space to grow its exports to Africa by \$237 million per year by in existing export sectors.
- Trade **friction factors explain \$128 million of Colombia's unrealized export potential** to Africa, emphasizing the need for trade advisory.
- Growth factors explain the remaining \$109 million in unrealized export potential.

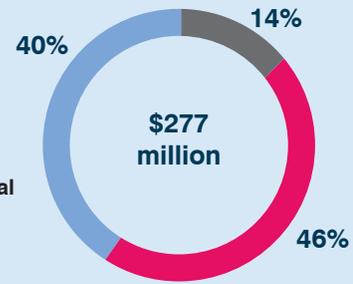
<sup>3</sup> To explore the methodology further, and see a full list of excluded products, please visit ITC's Export Potential Map, at [exportpotential.intracen.org](http://exportpotential.intracen.org).

## Trade potential

from Africa to Colombia



from Colombia to Africa

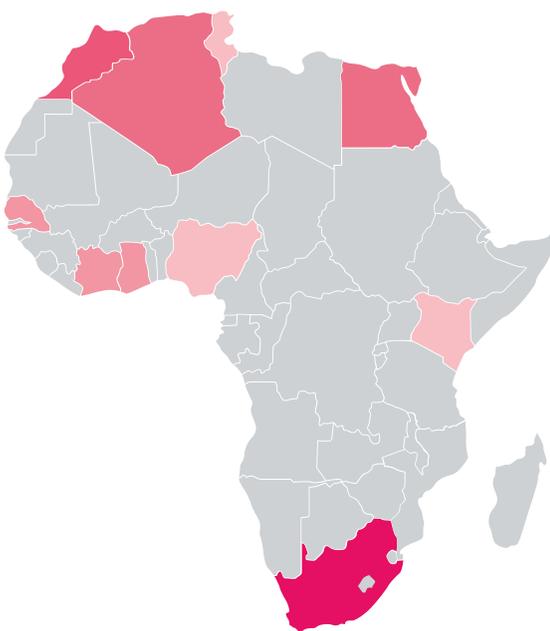


- Realized export potential
- Unrealized static export potential (friction-based)
- Unrealized dynamic export potential (growth-based)

Few African countries are poised to take advantage of unrealized export potential to Colombia

- Africa's \$160 million in unrealized export potential to Colombia is concentrated in Northern Africa (55%), Western Africa (23%) and South Africa (23%).
- **Only 10 African countries** (out of the continent's 54) **have more than \$1 million unrealized export potential to Colombia.**

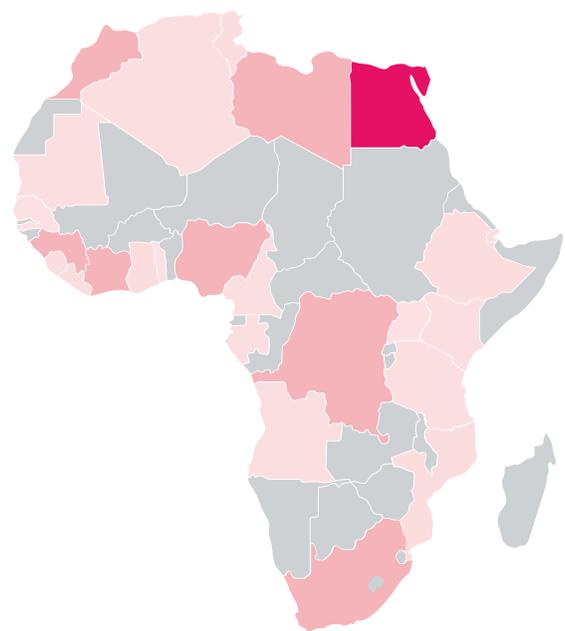
African countries with unrealized export potential to Colombia



Colombia could diversify its exports to Africa by tapping into the potential it holds in 25 markets

- Colombia's \$237 million in unrealized export potential to Africa is concentrated in Northern Africa (62%) and Western Africa (19%), with still significant opportunities in other regions (8% in Southern Africa, 6% in Central Africa, and 4% in Eastern Africa).
- Although 43% (\$102 million) of the unrealized potential is to Egypt, in total **25 African markets offer over \$1 million in export growth potential** for Colombian exporters.

African markets with unrealized import potential from Colombia



\$3 million

\$37 million

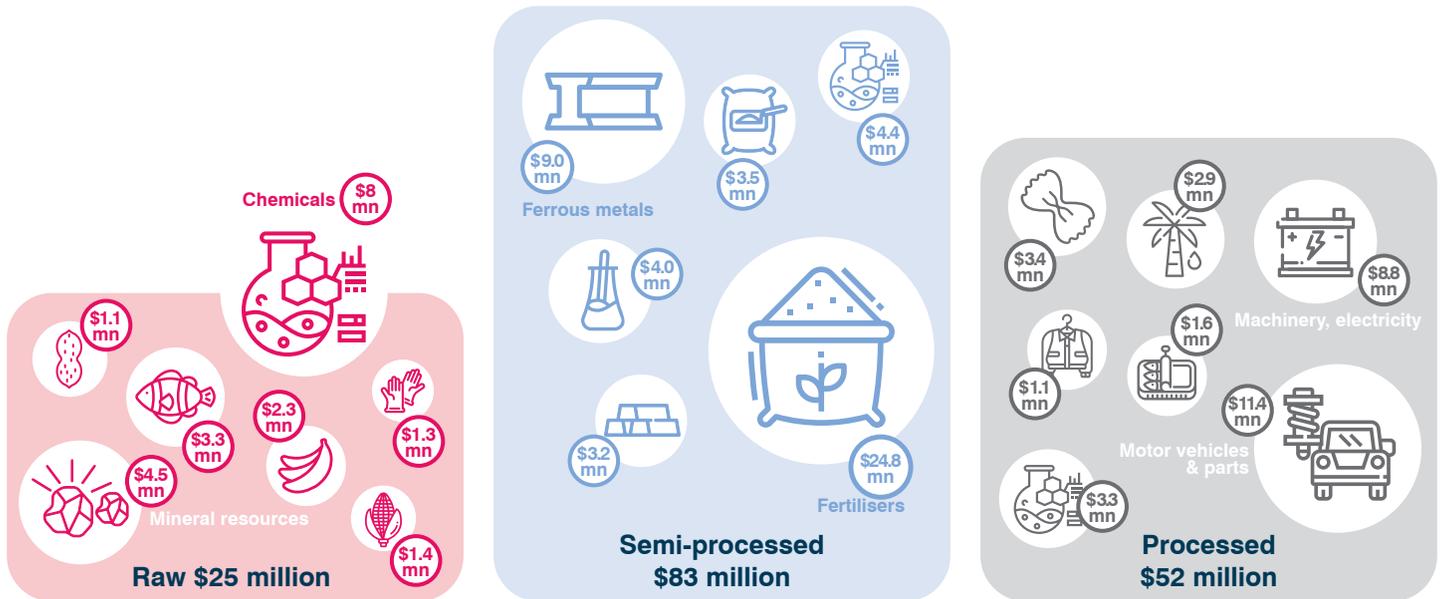
\$1 million

\$102 million

## Transformed products offer the most room for African export growth to the Colombian market

- 84.5% of Africa's export growth potential to Colombia is in transformed (semi-processed or fully processed) products).
- The most important transformed sectors with unrealized export potential include fertilizers (\$49 million), motor vehicles and parts (\$11 million) and ferrous metals (\$9.1 million).

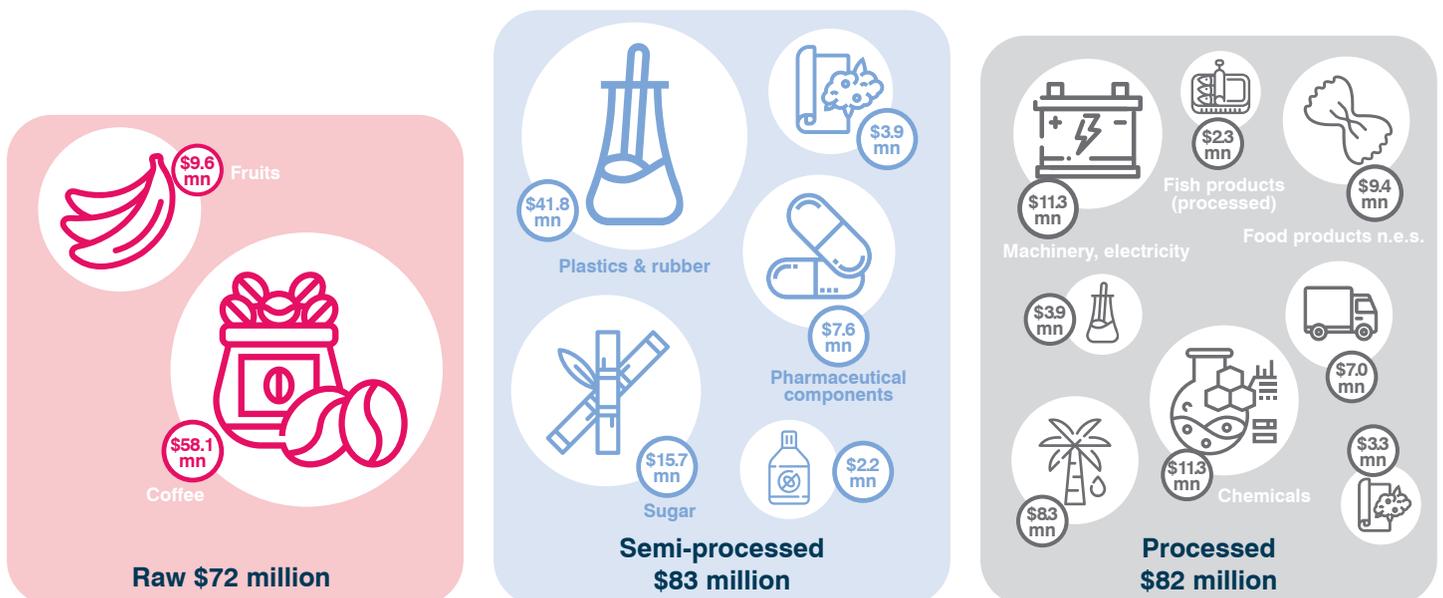
### Sectors with export growth potential from Africa to Colombia



## An important share of Colombia's export potential in transformed product exports to Africa remains unrealized

- While coffee is the sector with most opportunities for additional exports from Colombia to Africa, transformed products like chemicals used in fire extinguishers, sugar products and batteries together hold more than twice as much export growth potential than raw commodities.
- A relatively high share of the export potential of transformed products remains unrealized (88%, relative to 80% for raw products).

### Sectors with export growth potential from Colombia to Africa



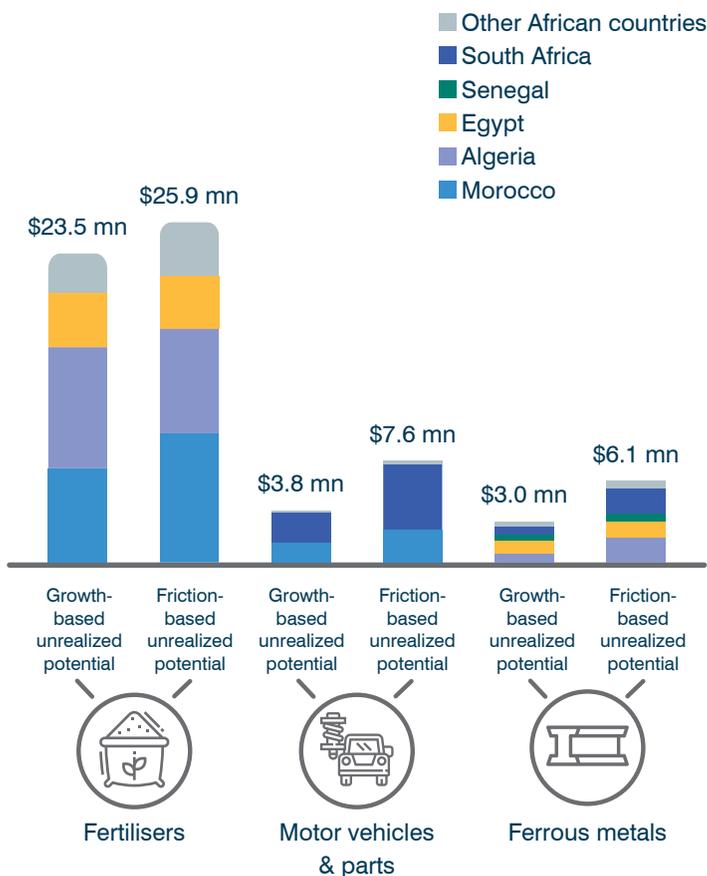
Increasing transformed product exports to Colombia requires investment to build up production capacities in Africa's growth sectors, trade advisory to overcome frictions, and strengthened logistics and commercial ties with additional African players

- The top three transformed sectors with unrealized export potential from Africa to Colombia are **fertilizers, motor vehicles & parts, and ferrous metals**.
- While for motor vehicles & parts and ferrous metals, frictions explain much of the untapped potential, for fertilizers, growth factors are almost as important as frictions. Investment to increase production capacity to be able to cater the growing demand for fertilizers is therefore as important as targeted trade advisory to unlock the remaining potential for trade.
- Few African countries dominate the continent's export growth potential to Colombia – notably, North Africa for fertilizers, Morocco and South Africa for motor vehicles & parts, and North and South Africa, plus Senegal for ferrous metals. General investments into trade infrastructure could boost both regions' trade in general and stimulate exports from other African countries to Colombia. These would also benefit from a strengthening of commercial ties.

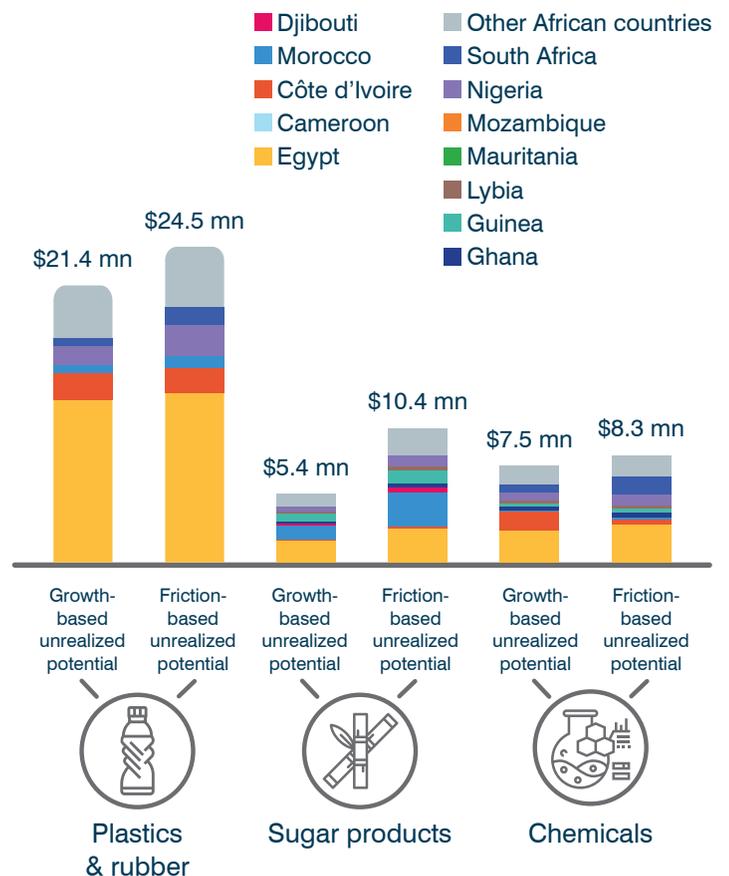
Unlocking the potential in transformed products will diversify Colombia's trade with Africa – if frictions can be overcome and investments are channelled into growth sectors

- Colombia has potential to increase exports in three main transformed sectors — **plastics & rubber, sugar products and chemicals** — to several African markets, including in South, East, West and North Africa.
- Tapping into this potential will allow Colombia to diversify its export destinations in Africa. Egypt, Côte d'Ivoire and Nigeria would be new markets for plastics & rubber exports. Likewise, Colombia current hardly exports chemicals to Egypt, Ghana and Guinea — all markets with significant potential. For sugar products, Egypt and Morocco hold millions in untapped potential.
- Whereas in plastics & rubber and in chemical products, growth factors and friction factors explain the gap between potential and actual exports, in sugar products, frictions dominate and should be addressed through targeted trade advisory.

**African countries with export growth potential to Colombia for selected transformed sectors**



**African markets with export growth potential from Colombia for selected transformed sectors**



# Summary of current and potential trade

## Africa to Colombia

- Although small compared to total exports, African exports to Colombia are more diversified than its imports from Colombia.
- Africa has run a consistent and growing trade deficit with Colombia since 2009. This has been driven mainly by imports of fossil fuels that are often subject to price fluctuations.
- Exports to Colombia have been growing at a faster pace than exports to the world in recent years.
- Exports to Colombia are more transformed and diversified than exports to the world. However, only few African countries export to Colombia.
- The share of the export potential that remains unrealized is high (79%). This is mostly explained by friction-based factors.
- Semi-processed products, such as fertilizers offer the most room for additional exports to Colombia.

## Colombia to Africa

- Over the past two decades, Colombian exports to Africa have been growing faster than Colombian exports to the world. Colombian exports are now 3.5 times higher than vice versa.
- Colombian exports to Africa are concentrated on raw products. Fossil fuels account for almost half of the exports.
- Export destinations are in North and West Africa, and South Africa. However, potential markets for Colombia's exports also exist in Central and East Africa.
- The share of the export potential that remains unrealized is very high (86%). This is mostly explained by friction factors.
- Transformed products in the plastics & rubber, sugar and chemicals sectors offer substantial room for export growth.

# The Barriers to African-Colombian Trade

## What factors are standing in the way of greater trade between Africa and Colombia?

### Tariffs

Colombia and countries in Africa do not have any bilateral or regional free trade agreements with each other. This lack of preferential market access makes the two regions less likely to import goods from one other, relative to suppliers from

- Africa faces a 5.8% average tariff rate in the Colombian market while other exporters to Colombia are charged a 4.7% average tariff rate.
- In some of Africa's main export sectors, this leads to important tariff disadvantages in the Colombian market, for example in fruits or in cocoa beans and products.

countries that may have signed such agreements.

When trading with each other, Africa and Colombia face MFN tariffs, and hence less favourable market access conditions than competitors with trade agreements:

- Colombia faces a 12.6% average tariff rate in the African market while other exporters to Africa are charged a 11.7% average tariff rate.
- In some of Colombia's main export sectors, this leads to important tariff disadvantages in the African market, for example in apparel or in beauty products & perfumes.

### Non-tariff measures

Tariff conditions partly explain the low trade integration and the concentration on sectors with preferential rates. Non-tariff measures could also curtail bilateral trade. Regulatory requirements affecting both exports and imports can hinder trade because they are plentiful and often imply high fees

and charges for traders. The effects of these requirements are more pronounced when exporting to relatively small markets as the fixed cost to overcome the obstacles is high compared to the potential gains.

## Transport and logistics costs

Transport costs, long recognized as a critical determinant of trade flows, are often more burdensome than tariffs. Many factors can influence transport costs, including the distance to trade partners, the mode of transport used, the type of products traded, economies of scale, infrastructure, the expediency of customs and the market structure and regulation of logistics services.

In the case of Africa, ports are also among the factors pushing up the transportation costs from and to the region – the African Development Bank reports handling costs in African ports to be 50% higher than in other parts of the world. However, in Africa **shortcomings in land freight** take centre stage. Despite the need to transport goods over vast distances to reach ports, the rail network has hardly developed away from the colonial extractive model linking mines to ports.

→ After consistently performing worse than the average for its region and income group in almost all dimensions of the LPI in 2007, 2010, 2012, 2014, 2016, and 2018, in 2023 Colombia outperformed the LPI for Latin America and the Caribbean and of upper-middle-income countries in all dimensions of the index.

On average, goods traded between Africa and Colombia travel more than 9,000 kilometres (km). This is 1,097 km more than the average distance of other suppliers to Colombia and 2,133 km more than the average distance of other suppliers to Africa. While these differences certainly constitute a disadvantage, both Africa and Colombia trade

Most cargo is transported by road, but roads are scarce and not strategically located. Bear in mind that this refers not only to domestic transportation, but also to intra-African costs, with several large landlocked countries in the region. In this setting, the problem of cargo imbalances strikes land freight as well, pushing up transportation costs. This likely explains why Colombia-African trade only involves North and West African countries and South Africa.

This combination of shortcomings and hurdles in transport in Colombia and in Africa is well reflected in the Logistics Performance Index. This index, developed and published by the World Bank, captures different aspects of transport costs, among them the quality of trade- and transport-related infrastructure, the quality of logistics services, the ease of arranging competitively priced shipments, the efficiency of customs, etc.

→ However, Colombia continues to rank 66 out of 139 countries included in the LPI index

→ The LPI covers 30 African countries. In 2023, South Africa ranked 19th out of 139 countries in the index, other African countries covered ranked between 57 and 139. The average for Middle East and North Africa ranks 87th, and the one for Sub-Saharan Africa 116th.

frequently with other regions with which they face similar or larger distance disadvantages. For example, Africa's distance disadvantage when exporting to North America is above 4,000 km, and Colombia's distance disadvantage in Europe is 2,499 km.

In sum, market access conditions — including tariffs, non-tariff measures and transportation costs — as well as a lack of economic complementarities can partially explain the low level and heavy concentration of trade between Colombia and the African continent. These factors suggest neither region is likely to become a priority partner for the other.

Still, specific **bilateral opportunities do exist and can be tapped**. Continued support to trade facilitation and regional integration initiatives, even if not specifically directed to trade between Africa and Colombia, can certainly also improve bilateral trade. For example, ongoing AfCFTA-related efforts to improve intra-African trade, can decrease logistics costs to reach ports in the region in general, improving the chances of fruitful exchanges with other regions as well.

# Unlocking South-South Trade Potential

International trade follows historical patterns of consumer tastes, market forces and shipping lanes, which for many developing countries have been oriented towards former colonial powers or large, developed country markets. Re-orienting the driving forces of trade towards greater

South-South trade, including African countries and Colombia, requires a concerted push to transform trading patterns that are deeply rooted in history and, as a consequence, often resistant to change.

## Three lessons from ITC work

The International Trade Centre has promoted South-South programmes since its creation, gradually expanding its trade-only focus to include investment. In the 1970s, ITC pioneered initiatives for regional trade expansion in Asia and Latin America. Although ITC has refined its tools since then, its fundamental approach has not changed: facilitating South-South business links primarily by addressing perception asymmetries and providing the information companies need to do business in new markets.

In 2020, ITC published *Designing for Impact: South-South Trade and Investment*, a compilation of lessons learned from previous South-South projects, many of which have direct relevance to the African/Colombian setting. Drawing from ITC's nearly six decades of work on South-South trade, there are three clear lessons for policymakers, firms and international organizations on both sides of the Atlantic.

### Lesson #1: Create a market intelligence ecosystem that focuses efforts, fills data gaps and overcomes misperceptions

Misperceptions and information asymmetries/gaps are often more pronounced in South-South partnerships. Limited market information, lack of experience or exposure, linguistic barriers and existing biases are among the causes. This holds true for both exporting and importing countries. For example, traders and investors may have misperceptions about risks, opportunities, social and political contexts, or ease of doing business in the recipient country. Specifically for trading relationships, lack of understanding or trust may

exist between buyers and sellers, or on specific issues such as suitable packaging and delivery time.

Overcoming initial hesitations and misperceptions in the African and Colombian context requires a clear effort by governments, trade/investment promotion organizations and international organizations to provide transparency and focus for market opportunities. This effort should:

→ **Create easily accessible, business-friendly tools to make African-Colombian trade more transparent.** These tools should enable business actors to identify export and import opportunities, compare market access requirements, monitor national trade performance and make well-informed trade decisions. The tools should cover topics such as trade statistics, tariff data and rules of origin related to applicable free trade agreements, as well export potential estimations, market price information and regional trade/investment data.

→ **Identify a long list of sectors as a starting point for trade promotion,** on the basis of these market intelligence tools and export potential analyses. Use a mix of quantitative and qualitative data — important given that data availability and information asymmetry are particular challenges in many developing countries — to narrow down bi-regional efforts to a short list of priority sectors.

→ **Identify a clear list of institutional partners to target for early buy-in.** This list should include, at a minimum, relevant government agencies, industry associations, investors/buyers and micro, small and medium-sized enterprises at the lower end of the production scale. For each priority sector, develop joint sector strategies and roadmaps between prospective African and Colombian stakeholders so institutional partners, governments and industry clearly understand priorities, expectations and actions over a fixed time horizon.

## Lesson #2: Build relationships through platforms

African and Colombian firms must attend business-to-business meetings and trade fairs to create visibility and promote the sustainability of trade links. It will depend on the firms and sectors in question, but in many cases, attendance by an African or Colombian business delegation at a trade fair or business-to-business meeting hosted by the other region could be a novelty. This can lead to trial orders and inquiries.

Reaching a point where buyers and sellers conduct regular business requires a level of trust that can only be established after several interactions. Initiatives that aim to create sustainable business linkages therefore must plan for repeated attendance, ideally over several years.

To promote upgrading and value addition, African and Colombian businesses should exchange best practices, technologies and skills. Trade fairs and business-to-business

meetings in other developing countries are excellent learning opportunities that complement exposure activities. The learning effect can be particularly effective in a South-South context, because the technologies adopted and business challenges in one developing country are often both similar and relevant to others.

Diplomatic representations are also an important channel for trade and investment in new South-South markets. At present, there are relatively few African countries that have permanent diplomatic representation in Colombia (and vice-versa). Another useful channel for breaking down trade/investment barriers is via regional development banks (e.g., the African Development Bank and the Inter-American Development Bank), which can play a key role in promoting inter-regional trade, particularly in non-traditional sectors.

## Lesson #3: Tackle high tariffs and non-tariff barriers, building on regional integration initiatives

A bilateral or regional trade agreement would be a major step towards strengthening and diversifying trade ties in accordance with each region's comparative advantages. Any sort of region-to-region free trade accord would, naturally, need to be carefully crafted to ensure that the resulting tariff schedules, rules of origin and regulatory requirements were harmonized with the African Continental Free Trade Area and Colombia's multiple regional trade agreements.

Non-tariff barriers, however, pose the most prohibitive obstacle to trade. Frictions, such as complex regulatory requirements or sector-specific logistical problems, block nearly half of the growth opportunities identified in this report. This finding is especially true for smaller firms and sectors,

as compliance with regulations incurs high fixed costs compared to the potential gains. Policymakers should consider harmonizing or mutually recognizing regulatory requirements, incorporating mechanisms to report and identify challenges encountered by traders.

One of the most insurmountable barriers to African-Colombian trade is transport costs. Critically, this report finds that costs are not necessarily related to distance: both Africa and the Colombia trade frequently with other regions with which they face similar or larger distance disadvantages. Reducing transport costs means investing in better port and land freight infrastructure as well as better logistics and customs services.