

Mega-deals: What Consequences for sub-Saharan Africa?

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Highlights

- The implementation of mega-deals (trade agreements between EU-USA, EU-Japan, China-Japan-South Korea...) would negatively impact SSA countries.
- An ambitious and global African trade integration can counterbalance those effects.
- Openness of African countries towards Asia could be a potential solution to avoid trade diversion.
- Potential externalities due to non-tariff measure packages can also be welfare improving for SSA countries.



Abstract

The sub-Saharan African (SSA) countries are excluded from the mega-deals (EU-USA, EU-Japan, China-Japan-Korea...) under negotiations: they might however undergo important economic impacts, as their exports remain dependant from those large markets. Using a dynamic Computable General Equilibrium Model (CGEM), this paper find that mega-deals would have a negative impact on the welfare of SSA countries. Regional integration (the "Tripartite" FTA, a potential trade agreement gathering 26 African countries) in Africa might limit these losses but cannot overcome them. A continental RTA involving all SSA countries would slightly counterbalance the negative impact of the Mega deals. We also show that openness of African countries towards Asia could be a potential solution to avoid trade diversion.

Keywords

International trade, Mega Deals, Africa.

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F13, F15, O55.

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