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Trade Relations between Central and Eastern European and Sub-Saharan African Countries

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Economic Research Institute at BAS

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TRADE RELATIONS BETWEEN CENTRAL AND EAST EUROPEAN AND SUB-SAHARAN AFRICAN COUNTRIES

Eduard MARINOV, PhD *

Abstract

The paper presents the main features of trade relations between Central and East Europe (CEE) and Sub-Saharan Africa (SSA). The main focus is on trade with countries within the Economic Partnership Agreements (EPA) framework. The timeframe under review is 2003-2013. The first section presents the main features of EU trade relations with African EPA regions, summarizing trade dynamics and commodity structure. Section two analyses trade relations between CEE EU Member States and African EPA countries and regions, discussing the dynamics, commodity structure and direction of trade. Finally some conclusions are drawn on the trends in trade relations with SSA regarding both the EU in general, as well as some specifics in the development of trade flows of CEE countries with a special attention paid on Bulgaria's participation.

Keywords: International trade, Central and East Europe (CEE), Sub-Saharan Africa (SSA), Economic Partnership Agreements (EPA).

JEL Classification: F10, O25, O55

1. Introduction

Europe and Africa are neighbors – two continents linked by common history, culture and geographical proximity, as well as by active economic and political exchange. Cooperation between Europe and Africa reflects the rich and diverse nature of relations between the two continents depending on the current economic and political realities. Africa is beyond the traditional EU trade policy, especially because almost all countries of the continent are developing ones.

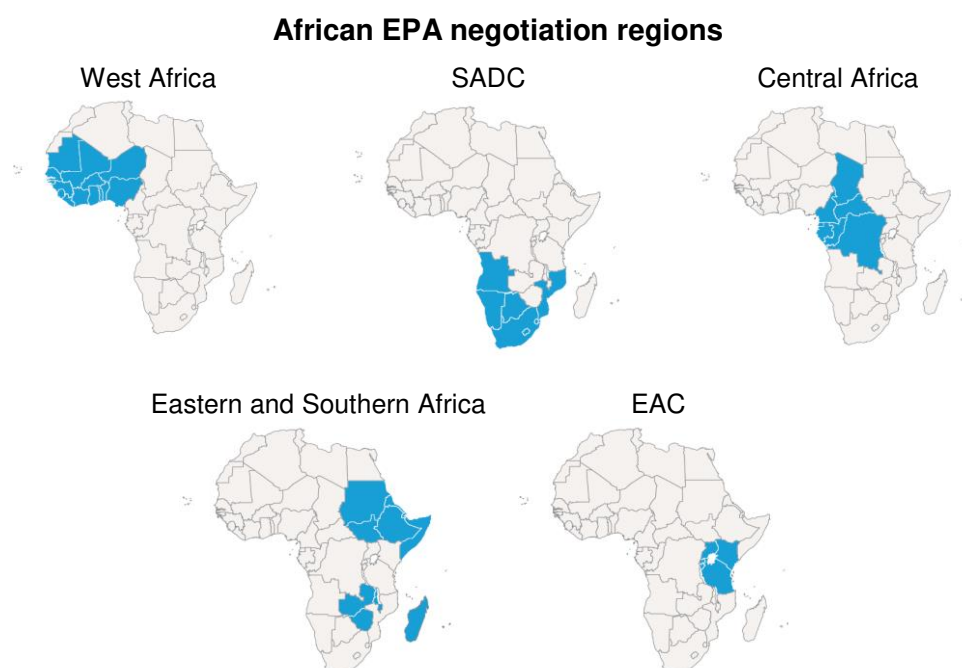
Preferential trade arrangements which the EU applies to developing countries rely on two main pillars. The first is the Generalized System of Preferences – a separate trade regime through which the EU provides preferential access to its market for certain foreign goods without requiring reciprocity in the form of reduced or zero duties. The second pillar are the Economic Partnership Agreements with the regions of African, Caribbean and Pacific countries.

EPAs are trade and cooperation agreements establishing a new trade regime between the EU and the ACP countries. They are designed to create WTO-compatible, development oriented reciprocal trading arrangements between Europe and its traditional developing country trading partners, while encouraging regional integration and drawing improved trade capacity building and other aid interventions into the developing partner regions since the benefits for economic effectiveness from integration prove to be positive (Stefanova, 2014). The agreements aim at

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covering not only trade in goods but also in services and other trade-related areas. EPAs were initially designed to create an entirely new framework for the flow of trade and investment between the EU and the ACP countries, encouraging, amongst other positive factors, regional integration between ACP countries. The ACP EPA countries group themselves into seven regions: five in Sub-Saharan Africa (see Figure 1), one in the Caribbean and one in the Pacific.

Figure 1



Source: EC, 2015.

EU is a vital destination for African exports. Moreover, the Union is not only a major source of foreign investment, but also an essential factor for the integration of the continent into the global economy (Mbeki, 2011). Although many of the African countries are small and underdeveloped, these with which the EU negotiates EPAs together occupy one of the leading places like trading partner – in 2013 they rank fifth in overall volume of trade flows with a share of 4.8% and a value of 165 Billion Euro. From this perspective African countries are sixth in EU imports after China, Russia, USA, Switzerland and Norway with a share of 5.1% (86 Billion Euro), while in exports they rank fifth after the US, China, Switzerland and Russia with 4.6% (79 Billion).

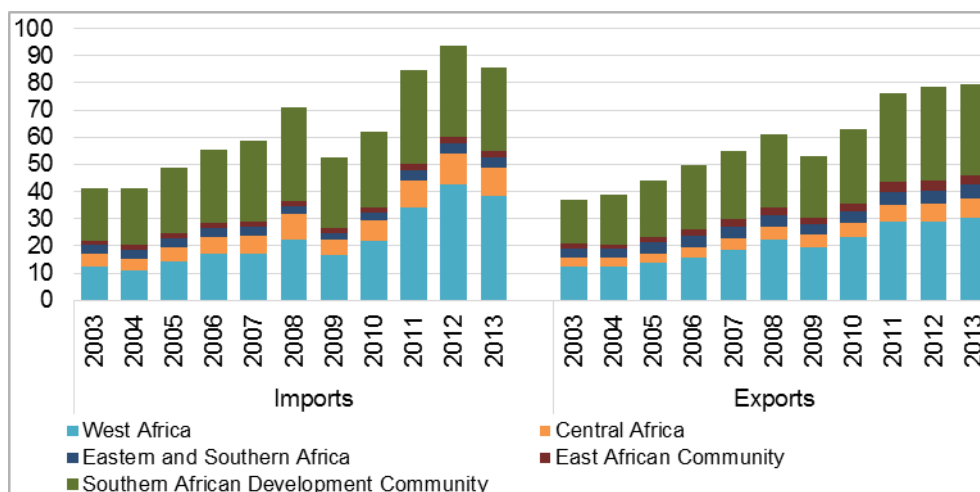
2. Trends in international trade between EU and Sub-Saharan Africa

2.1. Dynamics of EU trade with Sub-Saharan Africa

In 2013 African countries participating in the Cotonou Agreement are responsible for just over half of the continent's trade with the EU (51.4%). For the same year, the Union's imports from them is nearly 86 Billion, while exports are 79 Billion Euro (see Figure 2). Both indicators are close as shares of EU trade with Africa – 51 and 52%. For the period 2003-2013, exports grew faster than imports both as a share, as well as in value – by 41 Billion Euro (2.1 times) and 42 Billion Euro (just over 2.15 times).

Figure 2

EU – Trade flows between the EU and African EPA regions (Billion Euro) (Million Euro)



Source: Eurostat – EU trade since 1988 by SITC database (DS-018995) and own calculations.

In 2009 a decline is observed in both indicators (respectively with 19 Billion Euro in imports and 11 Billion in exports), which could be explained with the impact of the global crisis, especially in terms of EU imports from the countries in Sub-Saharan Africa. In subsequent years, however, this decline was compensated - for exports in 2010, and for imports – in 2011. At the end of the period the value of exports remained relatively stable, rising at a slower pace than before 2009 – with nearly 3 Billion Euro (4%) from 2011 to 2013. There is a serious increase in imports in 2012 over the previous year (9 Billion), but in 2013 the volume of trade returned to the levels of 2011 which could be seen as a post-effect of the Eurozone crisis.

The trends are similar to those in these in EU's total trade, although in comparison with the Union trade flows to Sub-Saharan Africa increase slightly faster – by 29% for imports and 14% of exports. This leads to an increased share of African countries covered by the Cotonou Agreement in EU's total trade – from 4.3 percent in 2003 to 4.8% in 2013. The increase in imports is more significant as a share than the one in exports – respectively by 0.7 and 0.4 percentage points. This could be explained by the fact that, unlike imports from African countries, after the increase in 2012 in 2013 EU's total imports decreased below 2011 levels.

In 2013, the largest trade partner of EU in the regions negotiating Economic Partnership Agreements (see Figure 2) is that of West Africa – 69 Billion Euro (2% of EU's total trade), followed by SADC – 64 Billion (1.9%). Significantly lower are the values of trade flows with the regions of Central Africa – 17 Billion (0.5%), Eastern and Southern Africa – 9 Billion (0.3%) and the East African Community – nearly 6 Billion (0.2%).

For the period 2003-2013, the volume of EU trade with the countries of the region of West Africa has increased almost three times. The increase is highest compared to all other regions and with over 30% more than the average for Africa, and 2.1 times higher than the average for the countries of the continent within the EPA negotiation framework. The volume of total trade in 2013 is nearly 69 Billion Euro,

of which a large part is in imports - 38 Billion. Within the period under review this region replaces SADC as a leading trade partner of the EU – mainly because the almost double increase in the value of imports from 2010 to 2012 (from 21.7 to 42.4 Billion Euro). For the entire period of EU imports increased significantly (over three times) – from 12.5 to 38 Billion Euro, while exports increased less (2.5 times) – from 12.5 to 30 Billion Euro). Both indicators have a slight decline in 2009, but it is compensated in the following year, and in 2011 a significant increase is observed (55% import and 22% export). The region occupies 2% of the total trade flows of the EU (2.3% in imports and 1.7% in exports) and just over one fifth (21.4%) of EU's trade with Africa (respectively 22.7% of imports and 19.9% of exports). For the entire period studied the trade balance of the EU remains negative – it grows from 44 Million in 2003 to 7.8 Billion in 2013, being highest in 2012 - more than 13.5 Billion Euro. EU's trade with the region of West Africa is dominated by Nigeria (59%), followed by Ghana (11%) and Côte d'Ivoire (8%). These are the three countries which realize more than 90% of the value of imports (respectively 75, 9 and 9%), while in exports leader, albeit with a lower share is Nigeria (39%), followed by Togo, Ghana and Senegal (with 11% each).

Second place as trade partner of EU among the EPA regions in 2013 occupies the region of the Southern African Development Community – 64.3 Billion Euro, or 39% of EU trade with them (36% in imports and 42% in exports). The share of the region of EU trade is 1.9% of the total volume of extra-Community trade. At the beginning of the period SADC is the leader among the other ACP regions (35.1 Billion Euro in 2003), but as already mentioned in 2012 it was replaced by West Africa. In 2003, imports exceeded exports by about 20% - respectively 19 and 16 Billion Euro, while in 2013 the values of the two indicators are almost equal (though with a slight preponderance of exports) – respectively 31 and 33 Billion Euro. It is obvious that while by 2011 the trade balance was negative, in the last two years of the period it becomes positive, mainly due to the decrease in imports in 2012 and 2013 (respectively by 1 and 3 Billion Euro). The region retains its leading position as an export destination for the EU throughout the period (in 2013 – 1.9% of extra-Community exports, 21.7% of exports to the African ACP regions), but as a source of imports in recent years it has been overtaken again by West Africa. In 2009, both in imports and exports is observed the characteristic for all ACP regions decline in trade with the EU (by 8 and 4 Billion Euro), which was compensated for both indicators in 2011. The overall increase in the volume of trade for the entire period studied was 1.8 times, but due to the marked drop in imports in recent years, they have increased in 2013 compared to 2003 by 1.6 times, while the increase in exports is more than double. The undisputed leader in the trade of EU with the Southern African Development Community is South Africa, which accounts for approximately two thirds of its total value – nearly 3/4 of exports and half of the imports. Another country with a strong presence in EU trade is Angola (24% of trade, 30% of imports and 19% of exports).

During the 2003-2013 period trade of the European Union with the region of Central Africa grows by 2.2 times, reaching 17.4 Billion Euro. Here too EU imports increased faster than exports – respectively 2.4 and 2 times. In 2013 the volume of trade amounted to 17.4 Billion Euro, with imports exceeding exports by about 50% (respectively 10.4 and 7 Billion Euro). Exports grew gradually through all the years of the period (3.5 Billion Euro in 2003), while in 2009 imports decreased by almost half (to 5.2 Billion Euro), which was compensated in 2011. Throughout the period the negative balance of trade balance increased and in 2013 it reached 3.5 Billion Euro. In the same year Central Africa is third among

other regions for EPAs with 10.5% of the volume of EU trade with African ACP countries (respectively - 12.2% of imports and 8.8% of exports). The share of the region in EU extra-Community trade is small - 0.5%. The major trade partners of EU here are Equatorial Guinea (26%), Cameroon (24%), Gabon (17%) and Congo (16%). Their ranking in imports is the same (respectively with 39, 23, 14 and 13%), while in exports leader is Cameroon (25%), followed by Gabon (21%), Congo (20%) and DR Congo (15%).

The region of Eastern and Southern Africa occupies a modest place in the trade of EU – only 0.3% from extra-Community and 5.5% of African ACP regions trade. In 2013 the volume of trade is 9.1 Billion Euro, and here trade flows increased the least during the period - 1.3 times (from 6.8 Billion Euro in 2003). Unlike most other regions in Eastern and Southern Africa exports exceed imports during the reference period (except for the first two years), the positive value of the trade balance reaching 1.3 Billion Euro in 2013, when exports exceed imports by more than 25% (respectively 5.2 and 3.9 Billion Euro). The trend is reinforced by the fact that exports grew significantly faster (0.6 times for the entire period) of exports, which almost retain their 2003 value (3.4 Billion Euro). EU trade with the region of Eastern and Southern Africa is distributed across multiple countries. The largest trading partners are Mauritius (21%) and Ethiopia (19%), followed by Madagascar (14%), Sudan (12%) and Zambia (11%). The main sources of imports are again Mauritius (28%), Madagascar (19%) and Ethiopia (14%) and exports are mainly directed to Ethiopia (23%), Sudan (18%) and Mauritius (17%).

The size of the smallest among the EPA regions – the East African Community ranks it last as a trading partner of the EU with a trade volume of 5.7 Billion Euro in 2013, which represents 3.4% of EU trade with African ACP regions and only 0.2% of the total volume of extra-Community trade. Exports prevail throughout the period with the exception of the two years in the beginning. In 2013 it significantly exceeds imports (respectively 3.5 and 2.1 Billion Euro), and its increase compared to 2003 is over 2.2 times. Imports increased less – 1.2 times. Thus, in 2013 the trade balance is positive by 1.4 Billion Euro. Both indicators observed the characteristic for the ACP regions decline in 2009, but here it was in minimal terms (about 4%), and was caught up in 2010. Trade with EAC is dominated by Kenya (53%) which occupies more than half of both imports and exports in the region, followed by Tanzania (26%) and Uganda (16%).

2.3. Commodity structure of EU trade with Sub-Saharan Africa¹

In 2013 EU trade with Africa consists mainly of fuels (41%, 130 Billion Euro), followed by machinery (21%, 66 Billion), other manufactures (11%, 36 Billion), food (8%, 27 Billion) and chemicals (7%, 23 Billion). Imports are mainly concentrated in primary products – dominated by fuels (64%, 107 Billion Euro), followed by other manufactures and food (8% each). Exports are relatively

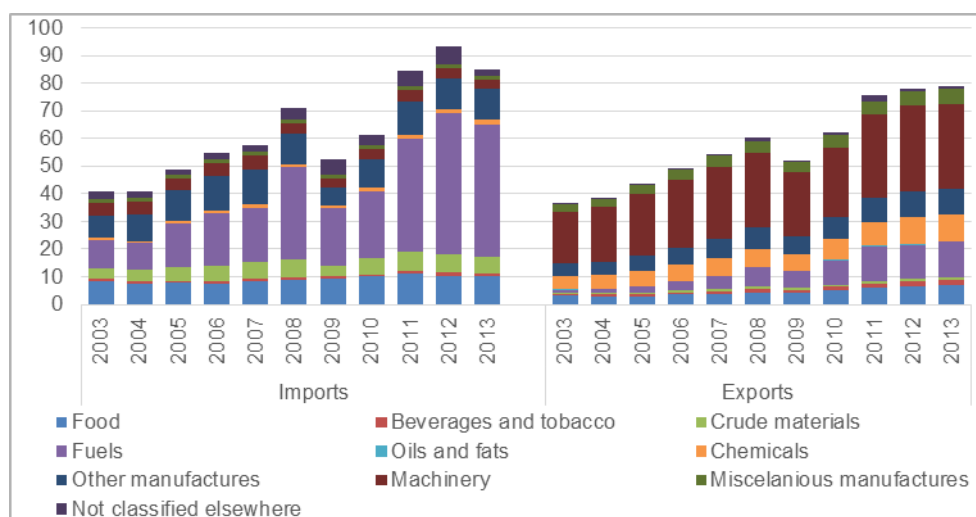
¹ Further in the paper the respective commodity groups (according to SITC, rev. 4) are presented in an abbreviated form, as follows: food and live animals – **food**; crude materials, inedible, except fuels - **crude materials**; mineral fuels, lubricants and related materials – **fuels**; animal and vegetable oils, fats and waxes – **oils and fats**; chemicals and related products – **chemicals**; manufactured goods classified chiefly by material – **other manufactures**; machinery and transport equipment – **machinery**; miscellaneous manufactured articles – **miscellaneous manufactures**.

diversified – leading is machinery (36%, 56 Billion Euro), followed by fuels and other manufactures (15%), chemicals (12%), food (9%) and miscellaneous manufactures (7 %).

Similar is the commodity structure of trade of EU with the EPA negotiating countries of Africa (see Figure 3) – the first place is for fuels (37%, 60 Billion Euro), followed by machinery (21%, 34 Billion), other manufactures (12%, 21 Billion), food (11%, 17 Billion) and chemicals (7%, 11 Billion). Fuel imports have a slightly lower share of total imports of the EU (56%) at the expense of the more significant share of other manufactures and food (13% each), while the export structure is identical to that trade with the entire continent –specific product groups' share differs with 1-2 percentage points.

Figure 3

EU – Sub-Saharan Africa international trade commodity structure (Billion Euro)



Source: Eurostat – EU trade since 1988 by SITC database (DS-018995) and own calculations.

Total trade with the ACP countries is little more than half of that of the whole of Africa (51%), but there are significant differences in individual commodity groups – largest share in African trade have unclassified elsewhere goods (86%), beverages and tobacco (81%), crude materials and foods (64% each) and lowest – fats and oils and miscellaneous manufactures (37% each). These variations are more pronounced in imports where beverages and tobacco and unclassified elsewhere goods coming from Sub-Saharan Africa occupy almost the entire volume of imports from Africa (98 and 96%). Higher is the share of crude materials and other manufactures (84% each) and food (77%), while oils and fats take only 20% and miscellaneous manufactures – 15%. Only three product groups deviate seriously from the total share of exports – the largest share is for beverages and tobacco (73%) and unclassified elsewhere goods (67%), while the smallest share have crude materials (30%).

Sub-Saharan Africa occupies a significant place in the total extra-Community trade in food (11%), fuels (10%) and beverages and tobacco (8%). These are the leading commodity groups in this indicator in imports (12%, 14% and 10%), followed by crude materials (9%) and other manufactures (7%), while fuels (10%), food (9%) and oils and fats (8%) have a more significant share in exports.

Although the total volume of EU imports and exports to African ACP countries is almost equal in 2013 (respectively 86 and 80 Billion Euro), there are serious differences in the trade balance the in individual commodity groups – the balance is highly positive for machinery (27 Billion Euro), chemicals (8 Billion) and miscellaneous manufactures (4 Billion) but has a significant negative expression in fuels (35 Billion), food (6 Billion) and crude materials (5 Billion).

For the 2003-2013 period the highest increase is observed in trade with fuels – 49% annual average growth (a.a.g.), a total increase of 49 Billion Euro. In all other commodity groups increase is much less (15-20% a.a.g.), the slowest growth is in machines and miscellaneous manufactures (13% a.a.g.). However, the growth is substantial as a value in machinery (11 Billion), crude materials (8 Billion), food and chemicals (6 Billion each). The fuels are the product group in which there is the greatest increase in both import and export (respectively 5 and 13 times). The more serious change in exports could be explained by the lower value in the early years of the period – less than 1 Billion Euro, while for imports it is just over 10 Billion. The great increase in the value of trade in fuels can be explained partly by the dramatic rise in prices of these raw materials on global markets, but is also influenced by the long-term concessions and contracts between some countries in the EU and those in Sub-Saharan Africa. For all other products the growth in exports for the period is 2-2.5 times, and in terms of value it is significant in machinery (12 Billion Euro), chemicals and other manufactures (5 Billion each) and food (4 Billion). The increase in imports is weaker – about 11-13% annually for all products except fuels (43% a.a.g., 37 Billion Euro), other processed products (25%, 3 Billion) and food (19%, 2 Billion), while imports of machinery, and miscellaneous manufactures and unclassified elsewhere goods fall by 0.5-1 Billion Euro each for the period.

3. Trade between CEE and SSA countries

3.1. SSE trade with Africa

The Central and East Europe (CEE) countries have a relatively small share in EU's trade with Africa – 3.7% in 2013 (11.8 Billion Euro), with it being significantly higher in exports (5.9%) than in imports (1.6 %). Exports have a much larger value as well exceeding imports over 3 times - respectively 9 billion and 2.7 Billion Euro in 2013.

Most active in trade with Africa are Poland (24.4% of CEE volume of trade), Romania (20.5%) and the Czech Republic (13.7%), while Bulgaria is fourth with 10.3 percent. Undisputed leader in imports is Poland (33.1%), followed by Romania, the Czech Republic and Slovenia (with 13%) and Bulgaria (8.6%), and among the largest export destinations are Romania (22.7%) and Poland (21.8 %), followed by the Czech Republic (13.9%), Hungary (11.9%) and Bulgaria (10.8%). The only CEE country, which has a strong presence (over 1%) in the value of EU trade with African countries is Poland (1.1%) with 0.8% of imports and 1.4% of EU exports to the continent.

There are significant differences in the dynamics of trade of Central and East Europe countries with Africa – the volume of trade increased almost three times faster than the EU-28 annual average (respectively 28 and 10%), but the process does not occur evenly – there are systemic significant differences for individual countries. Fastest rising is trade of Bulgaria (70% on average, a total increase of nearly 1.1 Billion Euro), and the largest in terms of value is the increase in Poland (2 Billion Euro), where, however, the growth rate is much lower (22 % a.a.g.), and

Romania (2 Billion Euro) where the increase is quite significant (43% a.a.g.). Following are the Czech Republic (1.2 Billion Euro, 26% on a.a.g.) and Hungary and Slovenia (0.8 and 0.7 Billion Euro, 20 and 35% a.a.g.). There is no significant change in the volume of trade resulting from the global financial crisis in the CEE countries. There has been a minimal decrease (300 Million Euro) only with regard to imports only in 2009, but it is offset next year by significantly greater increase (1.2 Billion Euro, 18% compared to 2009).

There are severe differences in exports and imports as well – starting from almost the same value of around 1.5 Billion Euro in 2003, the first indicator grew nearly 6 times, the second – only 2 times during the period, which reflects on their value in 2013. There are serious differences between CEE countries - the fastest increase in exports is observed in Lithuania (83% average), followed by Bulgaria (73%), Slovenia (67%) and Slovakia (60%), and the slowest – in Poland (32%), Estonia and Hungary (by 39% each). The value of the increase is greatest for Romania (1.7 Billion Euro), Poland (1.6 bn.), the Czech Republic (1.1 Billion) and Bulgaria (0.9 Billion). Bulgaria is the only country where there is a serious increase in imports – 58% a.a.g. In most other countries the growth is about 15-20% annually, in Poland and the Czech Republic – about 7% annually, while imports of Hungary and Estonia from Africa even decreased – respectively with 1 and 26% for the whole period. The value highest growth has again Poland (425 Million Euro), followed by Romania, Slovenia and Bulgaria (respectively 240, 230 and 200 Million Euro).

The traded products between the countries of CEE and Africa in 2013 are machinery (39%), followed by food (15%), crude materials and other manufactures (12%). Machinery dominate exports (42%) and imports (29%), while in exports second are food (16%), followed by crude materials (13%), while in imports the second place is for crude materials (23%) followed by food (12%), other manufactures, fuels and chemicals (9% each). The balance for 2013 is positive in all commodity groups except beverages and tobacco, reaching 1 Billion Euro in food and 3 Billion in machinery. CEE countries have a more serious presence EU-28 trade with Africa in crude materials (11 % of total EU trade with Africa, 14% of exports and 9% of imports), food (10%, 12% of exports and 6% of imports) and beverages and tobacco (7%, 4% of exports and 14% of imports). The largest growth during the period under review is observed in oils and fats (22 times compared to 2003), machinery and fuels (5 times), chemicals and food (4 times each).

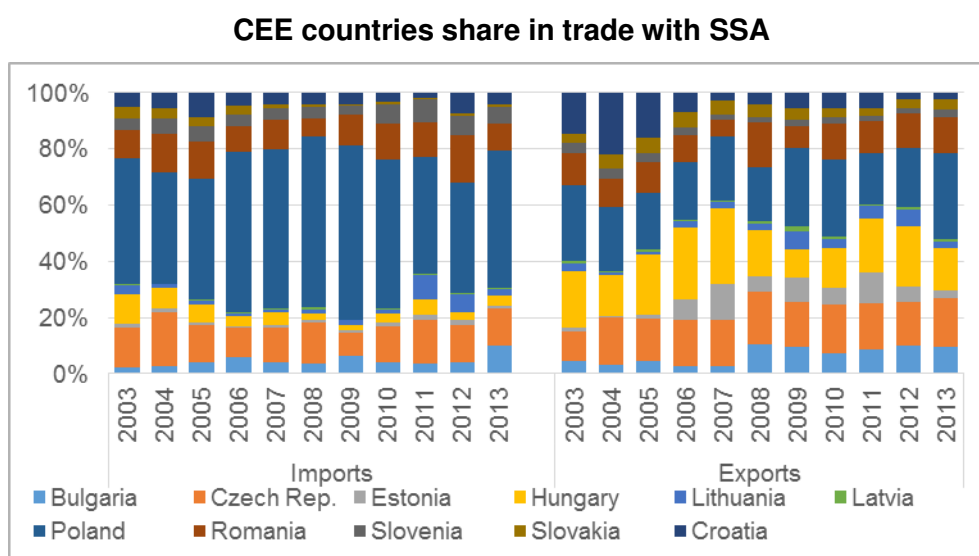
3.2. SSE trade with Sub-Saharan Africa

In 2013 trade of CEE countries with those from Sub-Saharan Africa was worth 5.2 Billion Euro, with exports exceeding imports almost triple – respectively 3.8 and 1.4 Billion Euro. Here the share of Central and East Europe in EU trade is relatively low as well – 3.2%, being much higher in exports than in imports – respectively 4.7 and 1.7% of EU-28. It should be noted that the share of African ACP countries in the total trade with Africa is much lower in CEE countries, than in the EU-28 - respectively 44 and 51%.

The leader here (see Figure 4) is again Poland (36%, 1.9 Billion Euro in 2013), followed by the Czech Republic (16%), Romania and Hungary (12%) and Bulgaria (10%) while the other countries occupy a relatively small share of trade – 1–3%. Poland is the only country that has a substantial share of EU-28 trade with the countries of Sub-Saharan Africa – 1.1% in 2013. The situation is similar in terms of export while in imports the domination of Poland is even more obvious (49%).

Other countries with a significant share in imports are the Czech Republic (13%), Bulgaria and Romania (10%), while for all other countries in 2013 imports are less than 85 Million Euro.

Figure 4



Source: Eurostat – EU trade since 1988 by SITC database (DS-018995) and own calculations.

As already indicated, the CEE countries share of trade with Sub-Saharan Africa compared to that with the entire continent is much lower than the EU-28 average. Here, however, the differences between countries are enormous – in some CEE countries ACP countries account for only 20-30% of trade with Africa (Slovenia, Latvia, Romania, Slovakia, Lithuania), in other the share is close to the EU-28 average (Czech republic, Hungary), reaching 65% in Poland and 75% in Estonia. For Bulgaria the ratio is close to the CEE average – 42%. Similar is the situation in exports – in most countries its share is 2-5 percentage points lower, except in the leaders Estonia (77%), Poland (57%) and Bulgaria (36%). Slightly different is the situation in imports where the highest share of trade in Sub-Saharan Africa compared to that of the entire continent was observed in Poland (79%) and Bulgaria (64%), followed by Hungary and Estonia (by 60%) and the Czech Republic (54%), while in Slovakia this share is only 10%. These trends arise as to maintain the past trade relations with specific African countries and the attempt of some CEE countries to diversify their foreign trade relations, especially regarding their exports.

Trade of CEE countries with those in SSA increased much faster than of the EU-28 (respectively 2.1 and 3.5 times for the period 2003-2013). Leader here again is Bulgaria with an average annual growth of 85%, followed by Latvia (46%), Estonia (36%) and the Czech Republic (32%). The leading position in value is occupied by Poland (1.3 Billion Euro), followed by the Czech Republic (650 Million Euro), Romania (460 Million) and Bulgaria (400 Million). It is important to note that the enormous growth that was observed in Bulgaria, but also in some other countries of CEE, is due largely to the very low base volumes in 2003.

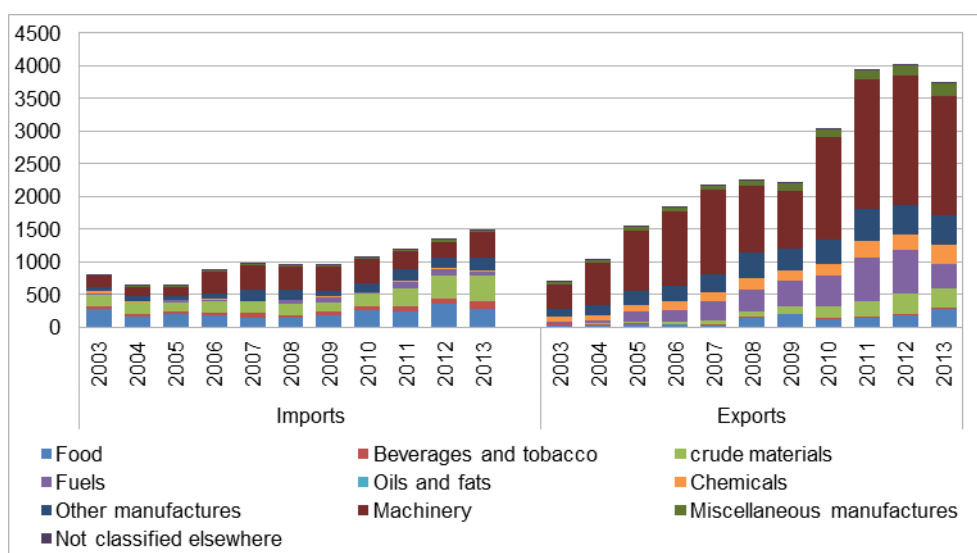
Similar to trade with Africa, the significant increase on this indicator is mainly due to the increase in the value of exports. In 2003, imports and exports are at relatively the same levels – 0.8 and 0.7 Billion Euro, but while the first indicator grew by only 0.7 Billion Euro (8% a.a.g.), the second increased with more than 3 Billion (40% a.a.g.).

On both indicators leader as a share is Bulgaria (respectively 73 and 91% a.a.g.), and in value – Poland (respectively 360 and 950 Million Euro). But while nearly all exports from CEE countries recorded a strong average annual growth (Hungary, Lithuania, Slovenia - by 25-30%; Romania, Poland, Slovakia - by 45-50% Latvia - 60%, Czech Republic - 74%, Estonia - 81%), the only countries except Bulgaria, where there is a sizeable increase in imports are Latvia (18%), Slovenia (14%) and Poland (10%), while in Estonia, Hungary and Slovakia one observes a decrease (by 18, 35 and 53% for 2013 compared to 2003). The impact of the global crisis on trade with the ACP countries is even less obvious – in 2009 its volume decreased by just 60 Million Euro. There is however a minimal decrease in the last year of the period due mainly to a decrease in trade of Estonia (150 Million Euro), Hungary (280 Million Euro), Lithuania (190 Million Euro) and Romania (90 Million Euro), which is somewhat offset by the growth of trade of Poland (480 Million) and Bulgaria (50 Million).

CEE countries trade with those from Sub-Saharan Africa (see Figure 5) is dominated by machinery (42%, 1.5 Billion Euro), followed by other manufactures (13%, 690 Million Euro), other commodities (12%, 640 Million) and food (11%, 560 Million). Crude materials and beverages and tobacco are the only groups with a relatively significant share in total EU trade – respectively 5.3 and 5.1%, while in the latter CEE has a share of 14.2% of EU imports. That is the product group where the share of trade with ACP countries to that of the continent is largest – 77% (99.9% of imports), followed by oils and fats (55%, 64% of exports) and crude materials and machinery (48% each). In this regard, a significant share in imports have food (83%), other manufactures (73%) and crude materials (64%). As in trade with the continent, the most serious increase is observed in oils and fats (over 100 times), followed by fuels (over 10 times) and machinery (over 4 times), this growth being concentrated mainly in exports.

Figure 5

Commodity structure of CEE countries trade with SSA (Million Euro)



Source: Eurostat – EU trade since 1988 by SITC database (DS-018995) and own calculations.

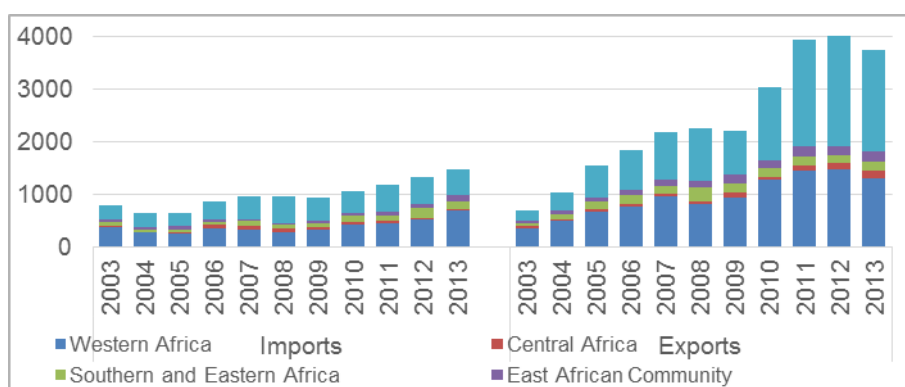
The main trading partners of CEE countries among EPA regions in 2013 (see Figure 6) are the South African Development Community Development (46%, 2.4

Billion Euro) and the West Africa region (38%, 1.9 Billion), followed by Southern and Eastern Africa and the East African Community (6%, 320 Million Euro each) and Central Africa (3.5%, 180 Million). The share of the leaders is even higher in exports – 51 and 34%, while in imports their positions are reversed – West Africa is with 46% and the South African Development Community Development – with 33%.

The highest increase during the period under review is observed in trade with the South African Development Community (45% average) and the East African Community (38%), this trend being even more pronounced in exports (respectively 84 and 56% average annual growth). The most significant increase in imports is in the East African Community (26% a.a.g.), the lowest – in Central Africa (11% a.a.g.), while in the other regions it is about 15% annually. At the beginning of the period (2003-2005) leading trade partner of CEE countries (as for the whole EU) is the region of West Africa, then it became equal to that of trade with the South African Development Community (2006-2010), which continues to occupy the leading position in recent years, mainly due to a significant increase in exports to this region.

Figure 6

CEE countries trade with African EPA regions (Million Euro)



Source: Eurostat – EU trade since 1988 by SITC database (DS-018995) and own calculations.

4. Conclusions

The analysis of the dynamics of the EU's trade with African EPA regions shows that its value grew slightly faster than that of the total extra-Community trade flows. Trade dynamics in different regions are different because of their specific characteristics, but the countries which have signed interim EPAs are taking more significant share of trade of the EU with the corresponding regions – although they have not become regional leaders yet, trade with them is growing faster compared to other countries in the regions. This trend is more obvious in terms of EU imports from these countries, as interim EPAs allow these countries to export almost all goods duty-free without restrictions.

The analysis of the commodity structure of EU trade with EPA regions in Africa once again underlines the strong dependence of Sub-Saharan Africa on primary sector exports and processed products imports. This is a clear indicator of the potential opportunities that are available to the industrialized countries to the export processed products to this part of the world. This trend is characteristic of EU trade both with the region and with each of the existing EPA blocks. Different trends are observed in trade flows with the individual EPA regions, with the growing current account deficit

in trade with West and Central Africa being only partly compensated by the reverse trend in the other three regions. The volume of trade in all commodity groups has a clear upward trend, with the exception of 2009, when there is a decline in the value of trade in all products as a result of the global financial crisis. Decrease is observed in 2013 as well, but only in imports of certain product groups.

The volume of trade of CEE countries with Africa in general, and with the African ACP countries shows significantly greater growth than the EU-28 average. This is mainly due to a much more rapid increase in exports (4-5 times faster than in the EU-28), while imports increased close to the average EU rate. Trade of CEE countries demonstrates the EU-wide trends regarding its commodity structure – trade is concentrated in relatively few product groups, as well as its geographical distribution – leaders are the regions of South African Development Community and West Africa, which exchanged their places through the period. Unlike trade EU's trade both with Africa and the ACP countries, however, one does not observe not seen serious declines in CEE trade as a result of the global financial crisis and the Eurozone crisis. Another significant difference in CEE countries trade with Sub-Saharan Africa is the much larger increase in exports during the period compared to the EU average.

Despite the lower volume of trade compared to Poland, which as the biggest economy under review is the undisputed leader, and to Romania and the Czech Republic, Bulgaria occupies one of leading positions in trade with Africa on all indicators. The country is among the leaders in Central and East Europe in trade with EPAs framework countries, and is the undisputed leader in terms of growth rates of both imports and exports.

Sub-Saharan Africa countries have a growing importance in Bulgaria's trade relations – the value of trade with them increased more than 3 times faster than Bulgaria's overall extra-EU trade flows. The potential trade with the countries opens before our country is even greater considering the increasing strongly positive balance of trade.

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