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**Statistical programme of the Economic Commission
for Africa: statutory issues****Overview of the participation of African countries in
global and regional value chains: policy insights from
the African continental input-output table****I. Introduction: why value-chain analysis matters for
Africa**

1. Gross trade statistics show the value of goods and services traded across borders, but not where that value is created or used. They do not reveal which domestic inputs add value to exports, which imported inputs support domestic production, how domestic inputs add value to the exports of other countries, or whether added value produced in one African country is absorbed in another African country. Those are important considerations for governments when deciding whether to build productive capacity, remove supply constraints or prepare for shocks propagated through production networks.

2. Value-chain analysis starts with a simple observation: the country that exports a product is not necessarily the country in which the added value of that product is produced, and the country that imports the product is not necessarily the country where the added value is absorbed. Domestic workers, imported machinery, foreign intermediate goods and transport and distribution services may be used to produce the good or service and the final product may then be used by firms, governments, investors or households in another market. Gross trade statistics do not, by themselves, show the value added at each stage of production or the final use of the value embodied in the transaction.

3. This distinction is especially relevant for Africa. Governments are pursuing diversification, regional integration and more resilient production systems while managing exposure to shocks affecting products such as food, fuel, fertilizer and machinery, as well as specific sectors. A country may have modest direct imports from an economy in which a shock originates yet still be exposed if inputs from that economy reach it through suppliers in third countries. Similarly, a country may record strong exports while retaining only a limited share of their value if its production is heavily dependent on imported inputs. Conventional statistics therefore need to be supplemented by evidence of value creation, production linkages and final demand.

4. The African continental input-output table adds this information by linking industries, economies, intermediate use and final demand. It addresses several policy questions, including: how much domestic value is retained in

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exports and how much foreign input goes into domestic value; how much domestic value goes into the production and exports of another country; how much value created in Africa reaches African markets; and how much foreign value added is absorbed in domestic demand.

II. What the African continental input-output table adds

5. The African continental input-output table adds a value-added and final demand perspective to conventional trade evidence. Rather than treating an export solely as a shipment from one border to another, it shows the domestic and foreign value embodied in that export and the routes through which value reaches other economies. Rather than treating an import solely as a purchase from a direct country, it traces foreign value added that reaches domestic demand through indirect supply chains. This perspective helps policymakers to shift their focus from questions about trade volumes to questions about value retention, supplier dependence, market linkages and risks of shock transmission.

Table 1

Core measures used in the analysis

<i>Measure</i>	<i>What it shows</i>
Domestic value-added content of exports	The Value of a country's exports that reflects value created inside the country, including the contribution of domestic labour, firms and services.
Foreign value-added content of exports	The foreign value added inputs embodied in a country's exports. This measure captures imported materials, equipment or services used in export production.
Domestic value added embodied in other countries' exports	Value created in the source economy that enters production abroad and is subsequently embodied in exports from another economy. This measure indicates forward participation in production networks.
Domestic value added absorbed in other African economies	Value created in one African economy and ultimately absorbed by households, firms, governments or investors in another African economy. This measure makes regional economic linkages visible.
Foreign value added embodied in domestic demand	Value created abroad that reaches domestic households, firms, governments or investors through direct imports and indirect supply chains.
Imported intermediates embodied in exports	Imported goods and services used directly or indirectly in domestic production and subsequently embodied in exports. Imported intermediates differ from re-exports because the inputs pass through domestic production.

Source: Author's compilation.

6. Table 1 shows the distinction between domestic contribution, use of imported inputs, upstream supply, regional absorption and indirect exposure. These measures indicate where development, logistics, access to competitive inputs or market integration in relation to a supplier country may warrant attention and are not meant to reflect a performance ranking.

7. Determining foreign value embodied in domestic demand is particularly useful for exposure analysis. It can show that households, businesses or investment entities can depend on foreign production even when direct import data show different immediate suppliers. This is useful for policy analysis in that it helps in identifying concentrated dependencies, assessing scope for diversification and distinguishing essential inputs from those for which there may be viable regional or domestic alternatives.

8. The African continental input-output table enables sectoral and partner relationships to be examined within the same framework. Through policy analysis, a national export strategy can therefore be established to connect industries that generate value, the partners that absorb such value, the inputs on which those industries depend and final-demand markets.

9. Consider the example of a Kenyan food processing company that exports packaged food to Uganda. The export product may result from a combination of Kenyan farm output and factory labour, imported fertilizer or machinery and domestic transport, finance and distribution services. If Ugandan households buy the product, the African continental input-output table can provide evidence of the value created in Kenya, the foreign value embodied in imported inputs, the industries that contribute services along the route and the final demand in Uganda. That evidence could be used to support different policy responses, including: strengthening a local supplier, protecting access to an essential imported input, improving a logistics service or removing a border constraint affecting the regional market.

III. Data and approach

10. The African continental input-output table shows values expressed in current United States dollars, with 2020 as the reference year. The values used in the present paper are for 28 African economies and 45 industries, along with the link with non-African partners, and a rest-of-world aggregate. The results show the distinction between intermediate imports and final demand, including of households, governments and investment entities. They should be interpreted in the context of the 2020 reference year and not as evidence of subsequent conditions or policy effects.¹

11. The African continental input-output table combines national supply and use tables, national accounts and trade statistics. The inter-country input-output tables of the Organisation for Economic Co-operation and Development provide the structure for non-African partners and the wider global system.²

12. National source tables are mapped to common product and industry classifications and, where necessary, updated to 2020. Supply and use data are balanced, converted to basic prices, separated into domestic and imported use and transformed into industry-by-industry tables. Partner trade is then allocated; African country blocks are inserted into the global framework and the rest-of-the-world account is balanced. The resulting system traces value through production, trade and final demand.

13. The analysis is descriptive and comparative. It tracks domestic and foreign value in exports, imported inputs in production, domestic value entering the exports of other countries and value absorbed in domestic, African and foreign markets. The results can be condensed by economy, industry, partner group or destination. They show patterns that may warrant policy attention; they do not establish that any outcome resulted from a policy decision.

14. The results provide a strong evidence base but are dependent on the availability and quality of national supply and use tables, trade data and national accounts and the harmonization of those inputs across countries. Coverage is not yet continent-wide; source years may differ until such harmonization; and the 2020 target year reflects exceptional global conditions.

¹ ECA plans to expand the coverage of the table to include more years, including the most recent ones, depending on the availability of data.

² Organisation for Economic Co-operation and Development, Inter-Country Input-Output tables, 2023 release. Available at <https://www.oecd.org/en/data/datasets/inter-country-input-output-tables.html>.

IV. Main patterns and results

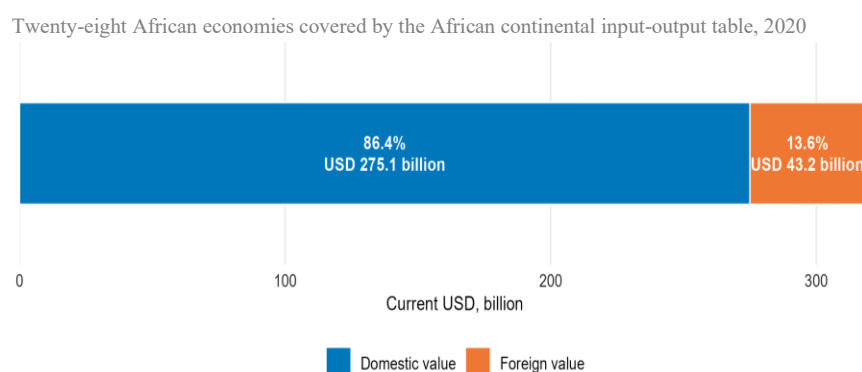
A. Aggregate results of African countries' participation in value chains

15. The aggregate results for the 28 African economies covered show two broad features: exports contain a large share of value created in the exporting economy, while production and demand remain closely linked to partners outside Africa.

16. In 2020, gross exports from the 28 economies amounted to \$318.3 billion. Domestic content accounted for \$275.1 billion, or 86.4 per cent, and foreign content for \$43.2 billion, or 13.6 per cent of that total, as shown in figure I. The domestic share spans resource exports, which use relatively few imported inputs, and manufacturing and services, which use international inputs.

Figure I

Domestic and foreign content of gross exports, 2020



Source: ECA calculations based on the African continental input-output table, 2020.

17. How exports are used abroad provides a complementary perspective. Approximately 73.3 per cent of gross exports were supplied to foreign industries, while 26.7 per cent went directly to foreign final demand. This measure differs from the forward-linkage measure in section C, which follows domestic value added into the exports of other countries. It shows the share of exports used in production abroad, but not which activities generate the highest returns.

18. The geography of final demand remains predominantly extra-African. Of the domestic value that reached foreign final demand, 8.4 per cent was absorbed in another African economy and 91.6 per cent outside the continent. Because the African continental input-output table does not yet cover every African economy, these shares should not be interpreted as a complete measure of intra-African absorption. They nevertheless indicate that there is substantial scope for the African Continental Free Trade Area to be used to promote regional production investment and demand while its trade facilitation agenda is also being implemented.

19. The African continental input-output table can also be used to broaden the analysis of import dependence. Imports of final goods and services for consumption or investment amounted to approximately \$208.9 billion in 2020. Foreign value added embodied in domestic final demand was higher, at \$341.3 billion, or 1.63 times imports of final goods and services. The broader measure exceeded imports of final goods and services in each of the 28 economies. This result shows that statistics on final goods and services imported for direct

consumption do not capture all the foreign value added that reaches domestic final demand, because such imports may pass through third countries where foreign value is created.

B. Differences across countries

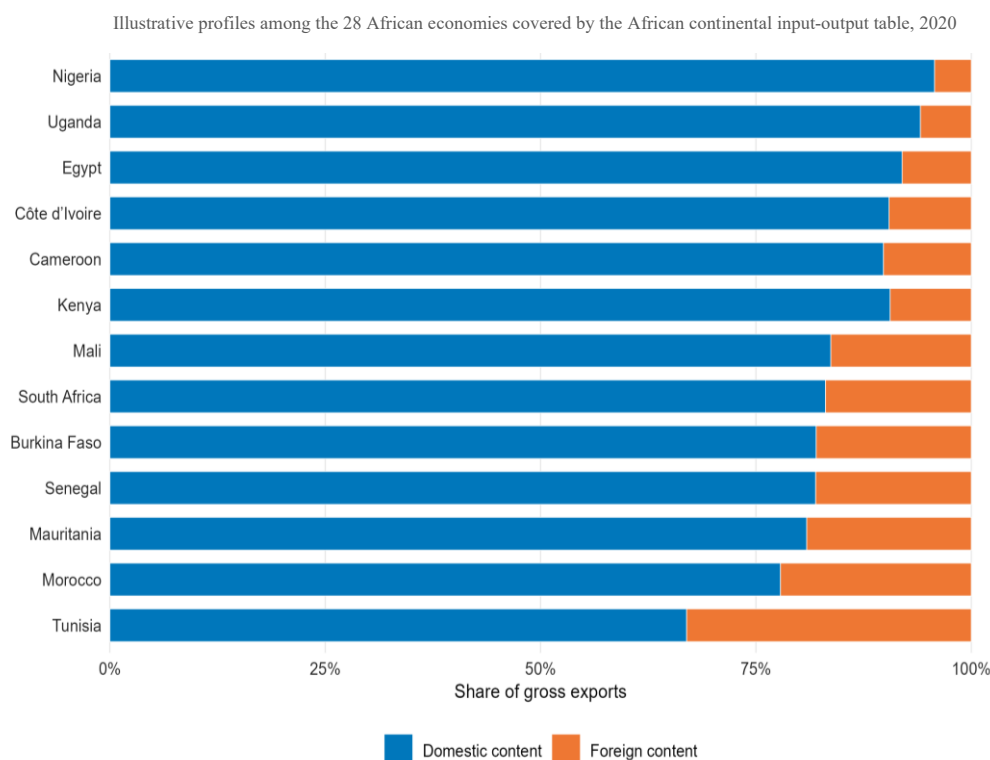
20. The aggregate results mask substantial differences among economies. Domestic value added accounted for approximately 95.7 per cent of gross exports in Nigeria, 94.1 per cent in Uganda, 92 per cent in Egypt, 90.4 per cent in Côte d'Ivoire and 89.8 per cent in Cameroon. These profiles illustrate variations rather than a single African model of participation.

21. Tunisia and Morocco present a different profile. Foreign value added represented approximately 33 per cent of gross exports from Tunisia and 22.1 per cent of those from Morocco, leaving domestic shares of 67.0 and 77.9 per cent, respectively. These results may be consistent with participation in cross-border manufacturing and assembly networks, but the aggregate shares alone do not establish the sectors or functions involved.

22. Selected economies are presented in figure II to illustrate contrasting profiles of domestic and foreign content in exports. The selection is a description rather than a ranking or formal country classification.

Figure II.

Selected country profiles of domestic and foreign content in exports, 2020



Source: ECA calculations based on the African continental input-output table, 2020.

23. Neither share should be maximized in isolation. High domestic content may reflect strong local capabilities or limited transformation, while a lower domestic share may reflect the competitive use of specialized foreign inputs or assembly with few local linkages.

24. Officials developing country strategies should consider export content together with the sectors creating value, domestic inputs entering production

abroad and the location of final demand. Strong forward linkages with limited processing may justify measures to develop supplier and downstream activities. Greater use of imported inputs may call for reliable access and diversification while capabilities are built around selected components and services.

C. Backward and forward value-chain linkages

25. Backward and forward linkages describe different positions in a value chain. The direct import-side measure used in the present analysis is the share of total gross imports that consists of intermediate inputs used in domestic production, regardless of whether the resulting output is sold domestically or exported.

26. The complementary measures capture different relationships. Backward participation in global value chains is measured by the foreign value embodied in gross exports. Forward participation in global value chains is the export of domestic goods or parts that are used by another country to make final products. It can describe either domestic value added in another country's exports (a production-chain role) or domestic value absorbed in foreign final demand (a market role).

Table 2

Import, export, production and market linkage measures, 2020

Measure	25th percentile	Median	75th percentile	Range
Intermediate imports as a share of gross imports	39.5	46.5	50.0	11.8–73.1
Foreign value added as a share of gross exports	7.7	10.0	18.0	0.8–33.0
Domestic value added embodied in other economies' exports as a share of gross exports	17.5	22.7	26.0	12.1–52.3
Domestic value added absorbed in foreign final demand as a share of domestic value added	10.5	17.0	26.4	3.3–54.7

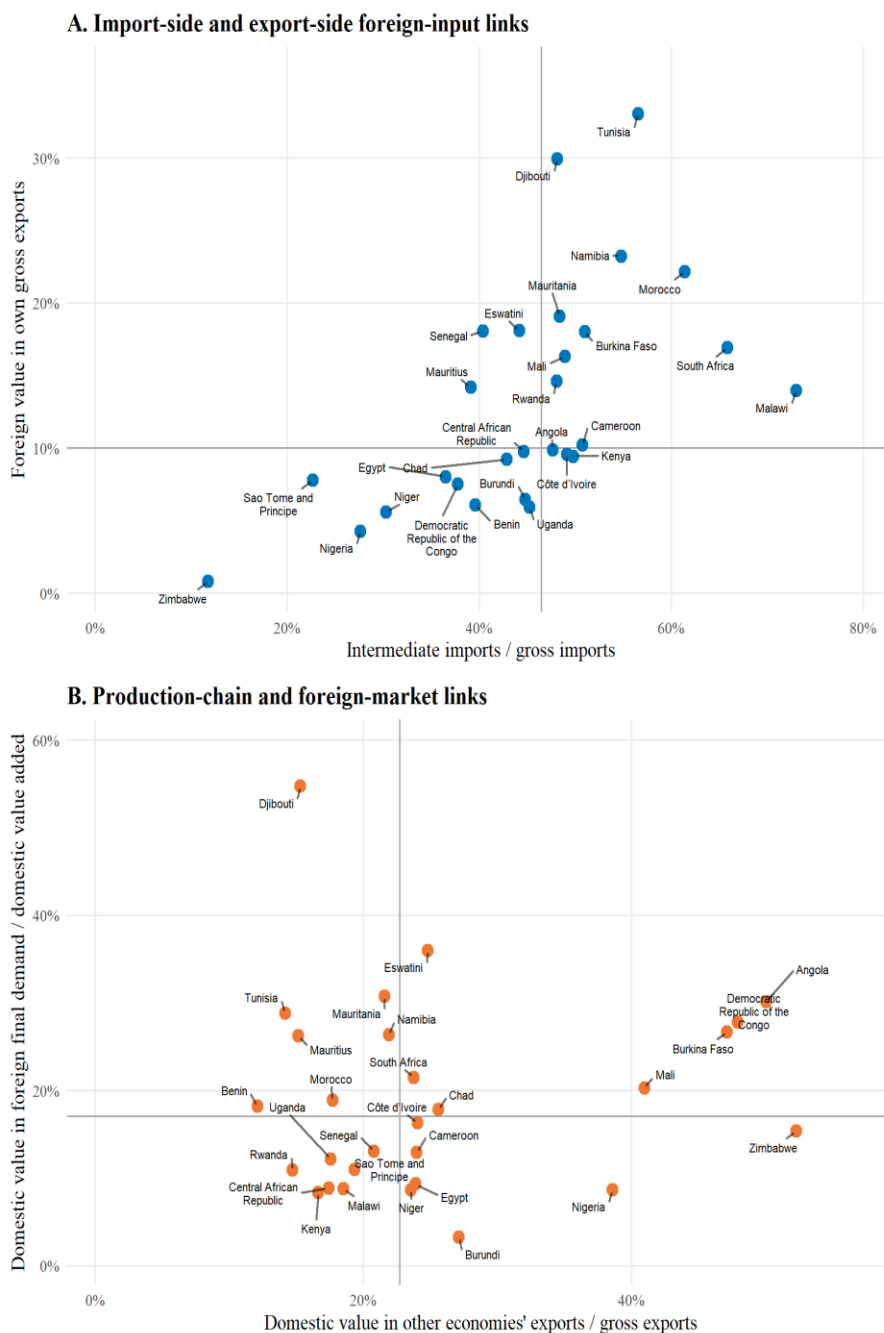
Source: ECA calculations based on the African continental input-output table, 2020

Note: All values are percentages. All measures cover 28 economies.

27. Across the 28 African economies covered, the median share of gross imports used as intermediate inputs is 46.5 per cent, with a range of 11.8–73.1 per cent, indicating moderate reliance on imported inputs for export production. The median share of foreign value added in gross exports is 10 per cent, with a range of 0.8–33 per cent. The median domestic value added embodied in the exports of other countries is 22.7 per cent of the gross exports of the source economy, reflecting forward participation in international production chains. By comparison, the median share of domestic value added absorbed in foreign final demand is 17 per cent of domestic value added, with a range of 3.3–54.7 per cent. These results show that participation in international production chains and reliance on foreign final markets can differ substantially. The distributions of these four measures across economies are summarized in table 2. The wide ranges show the substantial variation in the degree of countries' integration into cross-border production and reliance on foreign final markets.

28. The two perspectives discussed above are shown in figure III. Direct use of imported inputs and foreign value added embodied in exports are related but not interchangeable. Domestic value added embodied in the exports of other countries and domestic value added absorbed in foreign final demand are also distinct. Policy analysts should identify the relevant linkage before considering supplier development, diversification, trade facilitation or market development.

Figure III
Complementary perspectives on value-chain linkages across African economies, 2020



Source: ECA calculations based on the African continental input-output table, 2020.

Note: Lines mark country medians; all 4 measures cover all 28 economies.

D. Regional and global linkages

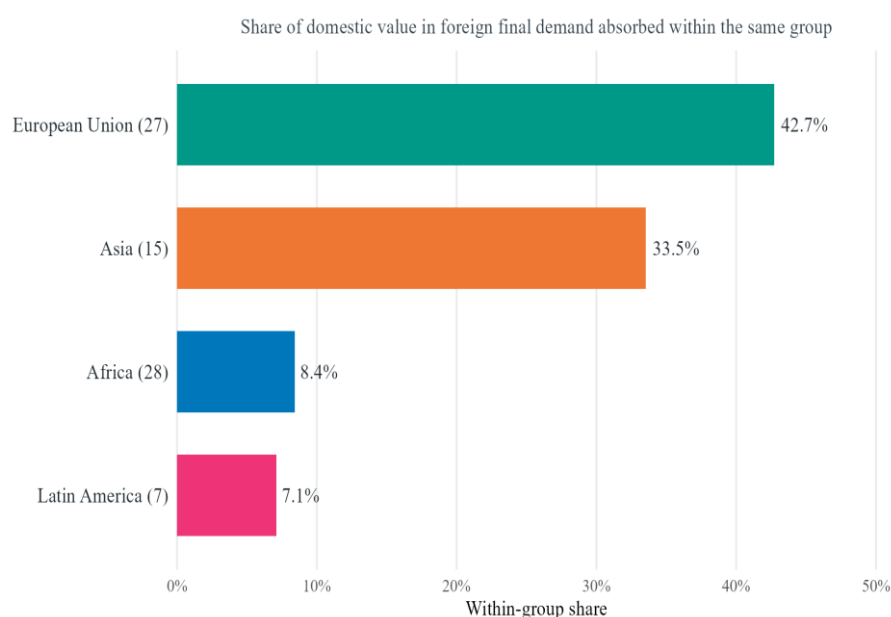
29. From a regional perspective, it is important to understand where domestic value is ultimately absorbed, and not only where a product first crosses a border. Among the 28 African economies covered, only 8.4 per cent of domestic value added embodied in foreign final demand is absorbed in another African economy. The corresponding within-group shares are 33.5 per cent for the 15 selected Asian economies, 42.7 per cent for the 27 States

members of the European Union and 7.1 per cent for the 7 selected Latin American economies.

30. The comparison is descriptive, value-weighted and sensitive to coverage, group membership and economic size. It does not show why the African share is lower than the corresponding shares for the selected Asian economies and the 27 States members of the European Union, even though potential explanatory factors could include logistics, interoperable standards, predictable customs processes and connected production capabilities. The comparison is summarized in figure IV.

Figure IV

Within-group absorption of domestic value added in foreign final demand, 2020

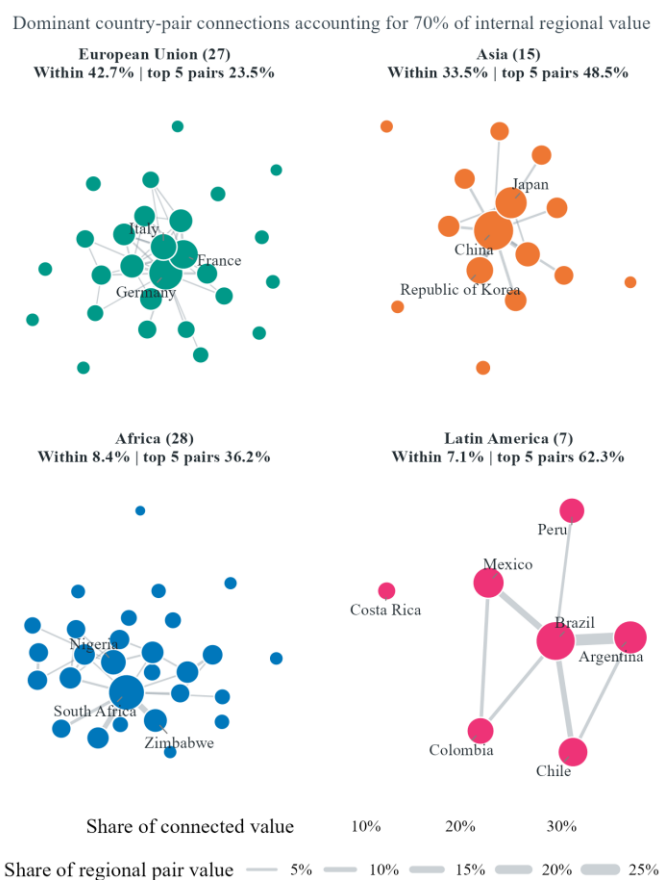


Source: ECA calculations based on the African continental input-output table, 2020 and the “Inter-Country Input-Output tables”, 2023 release.

Note: The groups contain 28 African economies, 15 selected Asian economies, the 27 States members of the European Union and 7 selected Latin American economies. The results are value-weighted and sensitive to membership and economic size.

31. The distribution of value among partners is shown in figure V. The five largest pairs account for 23.5 per cent of the within-group value flows among the 27 States members of the European Union, 48.5 per cent in Asia, 36.2 per cent in Africa and 62.3 per cent in Latin America. The share of value matched by flows in both directions is 84 per cent, 81.5 per cent, 48.3 per cent and 77 per cent, respectively. These coverage-sensitive measures reflect network structure, not regional performance.

Figure V

Within-group final-demand networks across four regional groups, 2020

Source: ECA calculations based on the African continental input-output table, 2020 and the “Inter-Country Input-Output tables”, 2023 release.

Note: Connections reflect both directions for each country pair and show the dominant pairs accounting for 70 per cent of value flows within the regional group. Node size shows an economy’s share of the total value represented in the network; line width shows a pair’s share of total value flows within the regional group. The three largest nodes are identified with full country names, except in Latin America, where all seven are labelled. Membership is the same as in figure IV; the rest-of-the-world aggregate is excluded.

E. Structure of intra-African final-demand linkages

32. The regional comparisons show the overall scale of within-group absorption, but they do not show which economies create and absorb value within Africa. The direction of the \$23.1 billion absorbed within the network of African countries covered is shown in figure VI. The five largest one-way flows account for 27.8 per cent of that value: South Africa to Namibia, South Africa to Zimbabwe, Zimbabwe to South Africa, Benin to Burkina Faso and Nigeria to South Africa. The pattern combines regional hubs with important neighbouring corridors.

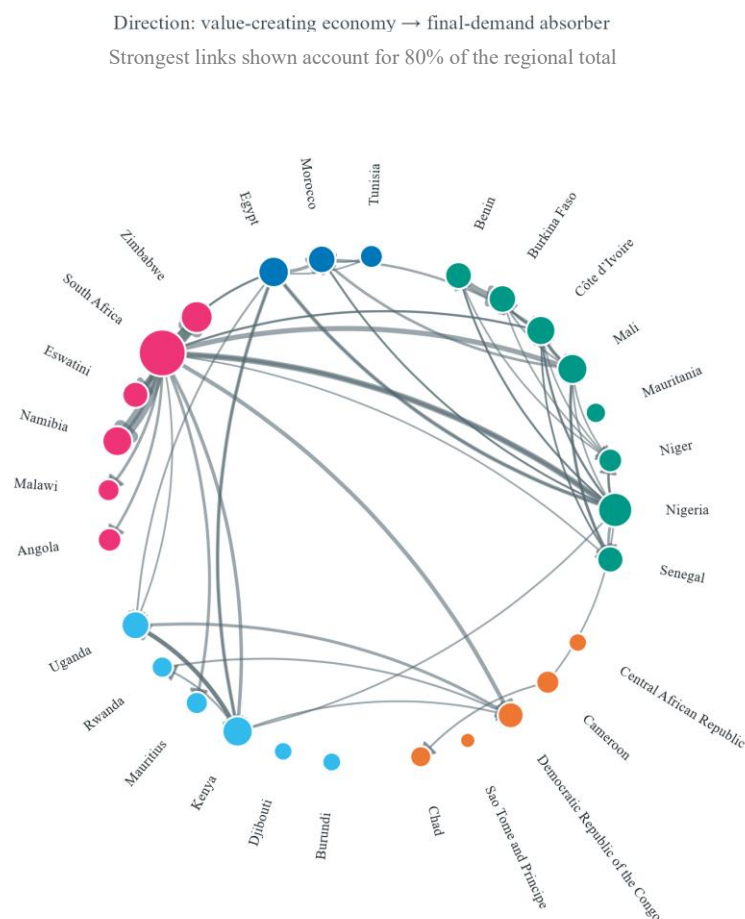
33. The reciprocity rate, weighted by value, is 48.3 per cent. For each country pair, the smaller of the two directional flows is matched with an equal amount in the opposite direction and the total matched value is divided by the total regional value. The reciprocity rate shows the extent of two-way flows, not equal trade balances or product elements.

34. While strong two-way corridors can help to support joint work on logistics, standards and suppliers, where flows are predominantly one-way,

production capabilities and market access in the less dominant direction may need to be enhanced. As the network shown only involves 28 economies, it is not a complete reflection of intra-African value flows.

Figure VI

Directional flows of intra-African final-demand network flows, 2020



Source: ECA calculations based on the African continental input-output table, 2020.

Note: Arrows run from the economy creating value to the economy whose final demand absorbs it. The smallest set of links accounting for 80 per cent of covered intra-African value is displayed; statistics reported in the text are based on the full network. The nodes are labelled with full country names; colours are used to distinguish subregions; node size shows total connected value and line width shows the share of intra-African value of the covered countries.

F. Sectoral patterns

35. The broad sector groups reveal different combinations of export, input use and market orientation. The column on gross exports in table 3 shows the share of gross exports accounted for by each group across all sectors in the 28 economies. Mining and manufacturing account for 35 per cent and 34.9 per cent, respectively, while services account for 17.5 per cent. These figures show the composition of gross exports in the economies covered, not shares of continental output.

36. In the column on intermediate imports, gross imports of each sector group are used as its denominator. Thus, the figure of 85.5 per cent for mining

means that 85.5 per cent of mining imports are used as intermediate inputs in production; it does not mean that imported inputs account for 85.5 per cent of mining exports. The corresponding ratios are 46.4 per cent for services and 43.9 per cent for manufacturing.

37. The columns on demand show the value created by each sector group. All final demand for that value is used as the denominator for the domestic share, while in the fourth column, only foreign final demand is used as the denominator to show the share absorbed in other African economies. Agriculture has the largest African-market share, at 16.3 per cent, followed by manufacturing at 13.5 per cent.

Table 3

Sector groups: percentage measures and their distinct denominators, 2020

<i>Sector group</i>	<i>Share of gross exports^a</i>	<i>Intermediate imports/gross imports^b</i>	<i>Domestic final demand/all final demand^c</i>	<i>Other African markets covered/foreign final demand^d</i>
Mining	35.0	85.5	41.1	5.3
Manufacturing	34.9	43.9	77.5	13.5
Services	17.5	46.4	91.7	5.9
Agriculture	7.4	38.8	90.5	16.3
Logistics	4.9	38.9	81.8	6.5
Construction-related activities	0.3	46.1	98.4	7.7

Source: ECA calculations based on the African continental input-output table, 2020.

Note: All values are percentages, but each column uses a different denominator.

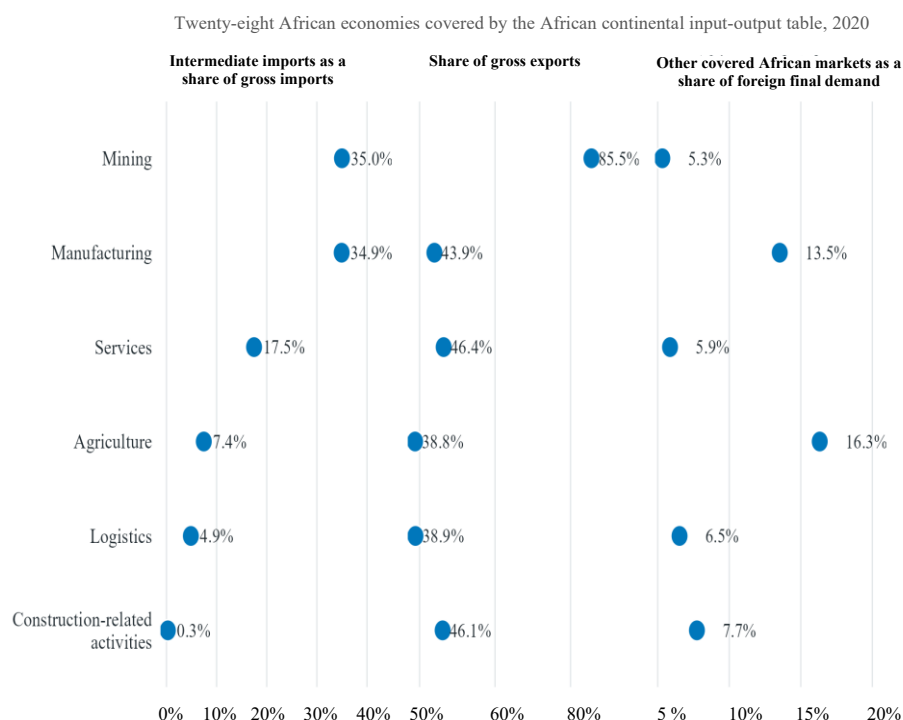
^a Gross exports of the sector group divided by gross exports across all sectors and all economies.

^b Imports from the sector group used as intermediate inputs divided by gross imports from the same sector group.

^c Domestic value created in the sector group and absorbed in final demand in the source economy divided by all final demand, domestic and foreign, that absorbs domestic value from that sector group.

^d Domestic value created in the sector group and absorbed in another African economy divided by all foreign final demand that absorbs domestic value from that sector group.

Figure VII

Sector groups: share of exports, use of imported inputs and regional final-demand linkages, 2020

Source: ECA calculations based on the African continental input-output table, 2020.

Note: The panels use distinct denominators: gross exports across all sectors; gross imports within each sector group; and foreign final demand absorbing the domestic value of that group. Construction-related activities comprise construction; construction materials remain within manufacturing.

G. External dependencies and exposure to disruption

38. Value-chain linkages create opportunities and transmit shocks. The degree of exposure depends on the extent of reliance on foreign inputs or foreign demand, concentration among suppliers and the importance of the affected inputs or outputs for essential uses. Foreign inputs can raise productivity and support exports, but vulnerability increases when reliance is concentrated and suppliers or markets are difficult to replace.

39. Across the 28 economies, imported intermediate inputs amounted to \$176.1 billion in 2020. Of that figure, approximately \$43.3 billion was subsequently embodied in exports, representing 24.6 per cent of imported intermediates and 13.6 per cent of gross exports; foreign value in domestic final demand was \$341.3 billion, compared with \$208.9 billion in imports of final goods and services. These elements only reflect gross flows and possible channels of exposure; they do not show estimates of output losses or inflation.

40. Concentration also has an impact on reliance. In the median economy, the largest-supplier category provides 21.1 per cent of imported intermediates and the three largest provide 46 per cent. These counts should be treated as screening measures, because input substitutability, inventories and criticality also affect disruption.

41. Policy analysts should therefore focus on addressing linkages that combine heavy reliance on a narrow range of suppliers that could potentially result in disruption to food, energy, health, transport or export production. Options include targeted supplier diversification, trade facilitation, corridor

investment, regional production capacity and strategic stocks, where justified. The 2020 results should be treated as a snapshot of potential exposure in the pandemic year of 2020 and updated with current market information.

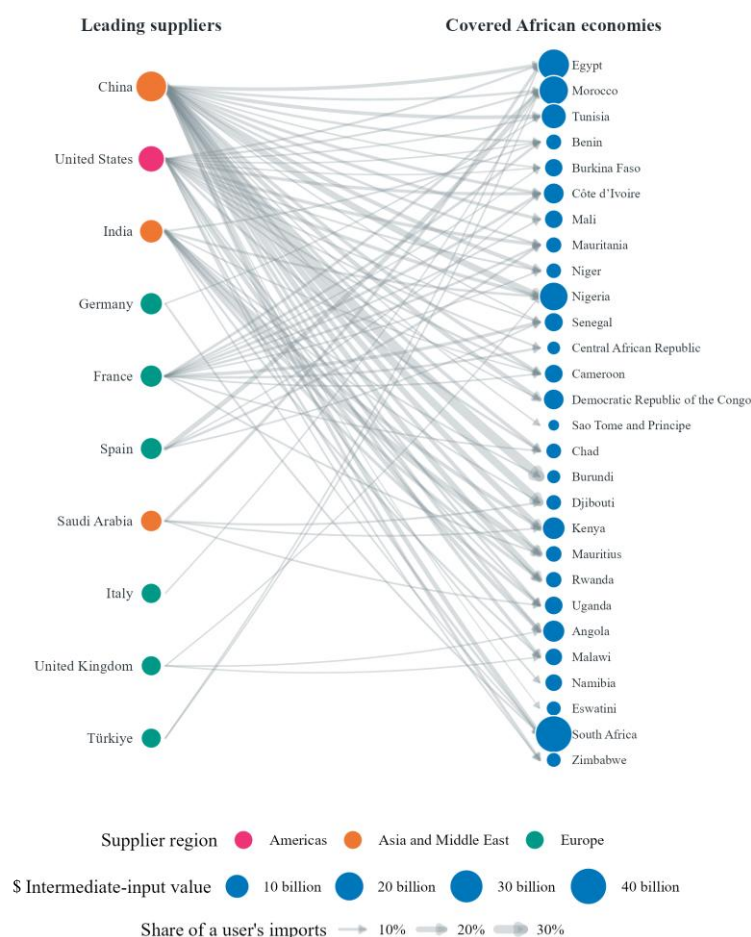
H. Shared-supplier dependence and network resilience

42. Country-level concentration does not show whether economies rely on the same suppliers. In figure VIII, the 10 leading named suppliers are linked to the African economies, with each connection sized according to the supplier's share of imported intermediate inputs used by the economy. Suppliers with both a large aggregate share and broad reach represent a common source of exposure.

Figure VIII

Shared foreign-input dependency across the covered African economies, 2020

Ten leading named suppliers; links show a user's top three or a share of at least 5%; 36.3% of total value displayed



Source: ECA calculations based on the African continental input-output table and the linked global framework, 2020.

Note: A link is shown when the named supplier is among the three largest suppliers of an economy or provides at least 5 per cent of its imported intermediate inputs. The residual rest-of-the-world category is excluded because it combines multiple economies. Statistics in the text are based on the full matrix.

43. China is the largest named source, supplying 13.7 per cent of imported intermediates and at least 5 per cent in 25 economies. The United States of America supplies 8 per cent in aggregate and at least 5 per cent in 20 economies; India supplies 5.2 per cent and at least 5 per cent in 11 economies. Together,

those countries provide 26.9 per cent of imported intermediates. This shared exposure may warrant regional monitoring alongside national diversification efforts.

44. The residual rest-of-the-world category accounts for 13.1 per cent of imported intermediates but is omitted because it combines multiple economies. Treating it as one source would overstate the level of concentration relative to fully disaggregated bilateral data, so the resulting effective supplier counts should be treated as lower bounds. The network is a screening tool for policy analysis, not a loss estimate; better bilateral input data could make it more refined for corridor planning, supplier development and regional procurement.

V. Policy implications

45. Trade volumes alone provide an incomplete basis for development policy. The African continental input-output table supports more targeted policy analysis by showing where trade value is created, which domestic industries contribute value, which foreign inputs support production and where the resulting value is used. Governments can use it to adopt targeted sectoral, corridor and investment measures and monitor the linkages that those measures are intended to strengthen. Institutionalizing the African continental input-output table would lead to that analysis being embedded in policy design, implementation and evaluation.

46. Regional integration should be pursued as a production and investment agenda alongside tariff reduction. Only 8.4 per cent of the domestic value in foreign final demand of the African economies covered is absorbed within the covered network, and the 48.3 per cent reciprocity rate indicates that many linkages remain uneven. This evidence can inform implementation of the Agreement Establishing the African Continental Free Trade Area by helping to adopt targeted customs, standards, logistics, investment and supplier-development measures on corridors where two-way linkages could deepen.

47. Export promotion should help to strengthen domestic value creation and strategies should be updated to reflect country and sector profiles. The African continental input-output table can be used to identify high-export industries with limited domestic supplier linkages and activities that generate production value in a foreign country with little processing at home. Suppliers of raw materials and intermediate inputs may prioritize processing, technical services and linkages to local enterprises. Exporters using substantial imported inputs may maintain efficient access while developing viable domestic and regional supply routes. Limited backward and forward participation in global value chains may require broader improvements in infrastructure, skills and the investment environment.

48. Policies to strengthen resilience should be focused on addressing concentrated dependencies on suppliers that are critical and difficult to replace. Imported intermediates total \$176.1 billion, of which 24.6 per cent are embodied in exports. Foreign value added in domestic final demand, at \$341.3 billion, exceeds imports of final goods and services amounting to \$208.9 billion. The three leading named supplier countries provide 26.9 per cent of imported intermediates. Measures such as shared monitoring, diversification, enhanced reliance of trade and transport, and regional and strategic procurement may be considered in situations where disruption could affect essential consumption, production or exports.

VI. Conclusion

49. The African continental input-output table adds a perspective on value creation and final demand to conventional trade statistics. For the 28 African economies covered in 2020, it shows not only the value of goods and services traded across borders but also where export value is created, how imported inputs support production, where value created in African economies is ultimately absorbed and how foreign value reaches domestic users.

50. The 2020 results reveal a mixed pattern. Domestic value represents 86.4 per cent of gross exports, yet only 8.4 per cent of domestic value reaching foreign final demand is absorbed within the network of African countries covered. Country and sector profiles vary, regional linkages are less reciprocal than in the comparator groups and reliance on shared suppliers can transmit external shocks across economies.

51. The policy objective is neither to maximize domestic value added content nor to minimize foreign inputs; rather, it is to strengthen linkages that build productive capabilities and regional demand while facilitating the management of concentrated and critical dependencies. The findings provide a snapshot of 28 economies in 2020; they do not constitute a comprehensive or current overview of African trade, and they depend on harmonized national data. Expanding and updating the African continental input-output table will show whether integration, upgrading and resilience policies are changing current patterns.
