

Abstract

The international trade policy between the EU and African developing countries covers the negotiations of various agreements aiming to promote mutual trade flows. The goal seems to both exploit the economic potential and support local development, including poverty or inequality reduction. To gain the maximum utilization of the benefits of trade, agreements need to be optimized and set toward the right degree of integration. Therefore, this paper provides the ex-post analysis of trade agreements concluded during the period 1948-2021 to evaluate their impact on mutual trade volume. The Fixed effects and the Poisson pseudo maximum likelihood estimation methods are used in combination with two sets of dummy variables.

The results reveal the negative impact of the EU-African agreements across all depth levels in comparison to the general arrangements. Furthermore, the African continent shows a relative trade reduction among agreements containing too few and too many integration ratios emphasizing the necessity of finding the right balance. Disaggregating the effect into the African regions, West Africa seems to be the worst-performing area thus far. Finally, we have found strong evidence of trade diversion questioning the positive welfare of African nations. According to our findings, the renegotiation of several current agreements is advised to prevent undesirable results.