



United Nations
Economic Commission for Africa

UNLOCKING THE POTENTIAL OF REGIONAL VALUE CHAINS IN NORTH AFRICA

focus on the
pharmaceutical
industries



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Foreword



The Economic Commission for Africa is proud to present its research and findings on the potential for promoting regional value chains in North Africa: focus on the pharmaceutical industries. The timing of the study is ideal in that it takes advantage of the African Continental Free Trade Area and the increase in demand for pharmaceuticals stimulated by the coronavirus disease (COVID-19) pandemic.

Despite having a combined population of more than 250 million inhabitants, linguistic and cultural affinities, continuity of physical space, and adequate infrastructure, trade in the subregion is below potential. In 2019, intraregional trade represented only 5 per cent of total North African trade, well below the continental average of 16 per cent, owing to the fragmented nature of North African economies.

To attain structural transformation and move the economic structure of North African economies away from producing commodities with little value addition to economies driven by industry and by-products with greater value addition, it is essential to move towards producing manufacturing products to warrant the economic take-off desired for the subregion. In line with the mission of the Economic Commission for Africa to propose ideas and actions that would engender a self-reliant and transformed Africa within the framework of the 2030 Agenda for Sustainable Development and Agenda 2063: The Africa We Want, of the African Union, the study contains an analysis of what has been found to be a promising sector – the pharmaceutical sector and its growth potential.

The COVID-19 pandemic has revealed that the pharmaceutical industries are one of the new sectoral trends that could emerge following the COVID-19 period and that they have the potential to integrate North African countries by making use of existing economic complementarities. Owing to disruptions experienced in the global value chain as a result of the pandemic, the development of innovative and solid pharmaceutical industries is ever more timely in the post-COVID-19 period. This is especially true when the trend towards the regionalization of sources of supply, the potential relocations of some production segments, the reconfiguration of value chains and the shortening of distribution cycles are taken into account.

Despite already being well positioned in the medicines sector, the emerging pharmaceutical sector has the potential for real comparative advantage that can stimulate economic integration. This means that there is an opportunity to develop the sector post-pandemic by putting strategies in place to address structural difficulties through better spending and investments in the health sector and industrial innovation. The creation of regional value chains is also timely since markets for medicines in the subregion carry primarily generic medicines and the development of production chains for original medicines is still highly dependent on new capacities in research and development.

The study contains a detailed mapping of the pharmaceutical sector of the North African subregion and a comprehensive analysis of the potential for the development of regional value chains. The research has uncovered weaknesses and strengths in the sector and the study contains proposals for regional policies to address the weaknesses, enhance the strengths and expand regional value chains to attain the desired structural transformation and growth.

Zuzana Schwidrowski

Director of the Subregional Office for North Africa
of the Economic Commission for Africa



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