

Digitalization and the AfCFTA

Paper presented at the WTO Chairs Programme Virtual Conference
on International Trade and Investment, September 2022, Mauritius

Ms. Bineswaree Aruna Bolaky

Economic Affairs officer

United Nations Economic Commission for Africa

Subregional Office for Southern Africa

Based in Zambia, Lusaka

7 February 2023

Disclaimer: *Views and opinions are the author's own and do not represent the position
of the institution she is affiliated to.*

The African Continental Free Trade Area

- ▶ Flagship project of AU Agenda 2063
- ▶ AU's objective: To integrate Africa.
 - ▶ To create a single continental African market for goods, services, labour and capital in stages (Free Trade Area, Continental Customs Union, African Common Market; and Pan-African Monetary and Economic Union)
- ▶ **The AfCFTA will create** a continent-wide market embracing 55 countries with 1.3 billion people and a combined GDP of US\$3.4 trillion

Rationale for Paper

- ❖ The AfCFTA is expected to bring substantial gains, ranging from increased intra-regional trade, economic growth, job creation, emergence of regional value chains and higher levels of investment (UNCTAD, 2019): **but will such portended gains, rooted foremost in regional trade, translate into reality and what is needed for it to translate into reality? The answer lies in countries' capacities to implement the Agreement Establishing the AfCFTA and to implement the necessary policies that should accompany implementation of the Agreement**
- ❖ In order to ensure that the AfCFTA yields economic benefits **and** works for the poor, several important dimensions need to be considered and these include **connectivity, inclusion, transition to formal, competitiveness, redistribution, and industrialization**
- ❖ Paramount to it all lies the issue of **building capacities for implementation of the Agreement**. Without implementation of the Agreement, gains from trade liberalization cannot be realized. A neglected area of analysis relates to **harnessing technology to build such capacities to facilitate implementation and leverage on the mentioned dimensions**. The role that technology should play in ensuring that the AfCFTA delivers on its intended results is an area that deserves more attention.
- ❖ **The African Continental Free Trade Area: More than just trade but the role of technology is being neglected.**

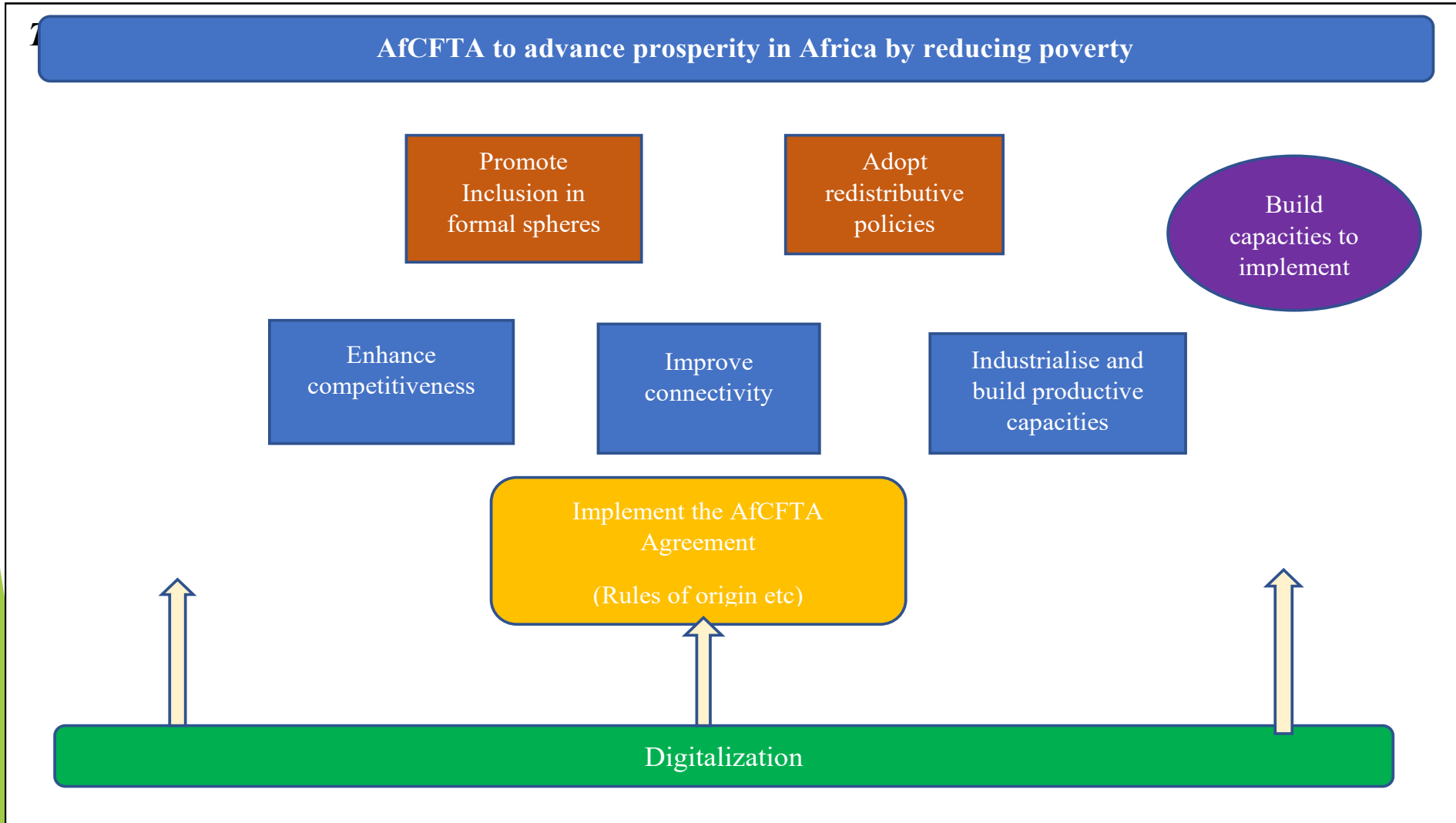
5 Key Messages

- ▶ **Connectivity for Integration and Inclusion should be at the heart of the AfCFTA, an agenda that goes beyond trade.**
- ▶ **The AfCFTA has to be driven by reforms for increased competitiveness for African firms to compete**
- ▶ **No implementation of the AfCFTA Agreement: No gains**
 - ▶ **Rules of origin are the cornerstone of implementation of the AfCFTA Agreement**
- ▶ **Industrialisation is paramount to reap the expected gains of the AfCFTA**
- ▶ **The trade-technology nexus should be highlighted in the context of the AfCFTA**

- ▶ One definition of digitalization refers to the “transition of businesses through the use of digital technologies, products and services” (Brennen and Kreiss, 2014, cited in UNCTAD 2019b).
- ▶ This definition can be extended to include the transition of economies, economic transactions (business and trade transactions) and economic actors (such as firms and governments) through the use of digital technologies, products and services. Digital technologies can refer to electronic tools, systems, devices and resources that generate, store or process data (Virilan, 2022).

A unifying framework

Figure 6: An analytical framework on reaping the gains from the AfCFTA

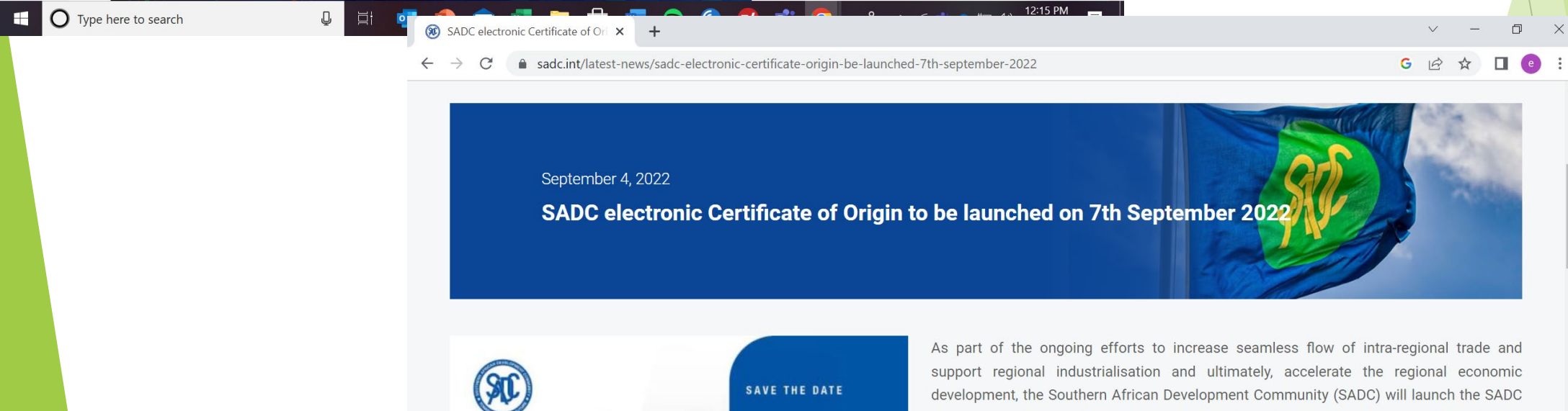
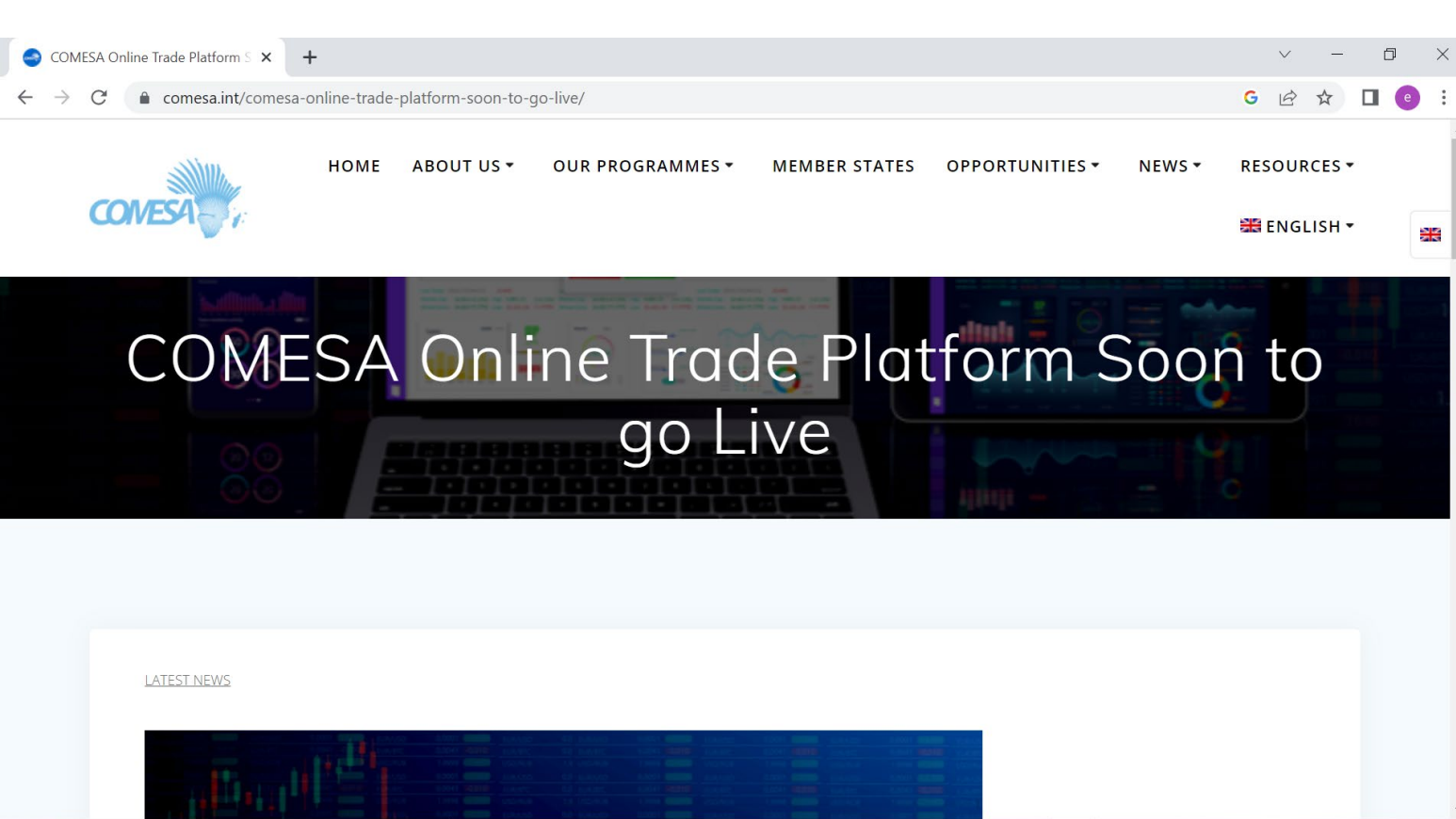


► *Digitalization can facilitate the implementation of the AfCFTA Agreement and support building of capacities to implement the complementary policies*

► *Digitalization should go beyond e-commerce*

Case Examples

- ▶ **Example 1: Digitalization to implement the AfCFTA rules of origin --- electronic certificates of origin (SADC, COMESA)/Online Trade Portals**
- ▶ **Example 2: Digitalization to promote connectivity for stronger integration within the AfCFTA ---Digital Ports/ E-Commerce/Example 3: Digitalization to support industrialization...Additive Manufacturing or 3D Printing**
- ▶ **Example 4: Digitalization to promote inclusion within the AfCFTA.....Digital finance e.g. M-PESA and like to promote financial inclusion/ Mobile-phone based apps for rural farmers**



Ghana launches AfCFTA hub to accelerate free trade

ehsafricalogistics.com/ghana-launches-afcfta-hub-to-accelerate-free-trade/

EHS AFRICA LOGISTICS

HOME ABOUT US SERVICES DOCUMENTS MISSION STATEMENT CONTACT **BLOG**

Ghana launches AfCFTA hub to accelerate free trade

06 Oct

f

t

g

p

AFRICA LOGISTICS

CH OF THE AFRICAN CONTINENTAL FREE TRADE AREA

AFCFTA

SEARCH ...

ABOUT BLOG

Logo

We are and will continue to be a provider of expertise and outstanding service in the Central Africa within the Industry.

ehsafricalogistics.com/ghana-launches-afcfta-hub-to-accelerate-free-trade/

Non-Tariff Barriers :: Trade barrier

tradebarriers.org

English | Français | Português

Help Login

Non-Tariff Barriers
Reporting, Monitoring and Eliminating Mechanism

HOME ABOUT NON-TARIFF BARRIERS COMPLAINTS NON-TARIFF MEASURES DOCUMENTS LINKS CONTACT Country Focal Points

What is a Non-Tariff Barrier (NTB)?

Non-Tariff Barriers (NTBs) refer to restrictions that result from prohibitions, conditions, or specific market requirements that make importation or exportation of products difficult and/or costly.

[Read more...](#)

Report an NTB

[Register your complaint](#)

Your complaint will be:

1. Reported to the appropriate country representatives
2. Published on this website

[Read more...](#)

Report from a mobile phone

Report an NTB in a text message

A country representative will contact you to assist.

[Read more...](#)

Documents

New trade regulations

Statistics

796 complaints registered

716 complaints resolved

80 complaints unresolved

4 Policy Recommendations

- Develop National Digital Strategies, in addition to their National AfCFTA Strategies to strengthen the trade-technology nexus in the context of the AfCFTA and within these strategies, identify how digital technologies can contribute to accelerate implementation of the Agreement for intended benefits across sectors and economic areas;
- African countries **should broaden the lens of digitalization beyond e-commerce** and aim to leverage digital technologies to support the implementation of the AfCFTA Agreement. In this regard a Protocol on digitalization rather than e-commerce within the AfCFTA will be more appropriate and enable a stronger coherence between the AU Digital Transformation Strategy and the AfCFTA;
- African countries should **increase their investments in the ICT sector and in technology and innovation** and support the development of national technology and innovation ecosystems (technology centers, AM labs, university research, R&D in chambers of commerce and industry etc);
- African countries **should support the development of stand-alone digital sectors in their economies** that can in turn contribute towards enhancing competitiveness of their national manufacturing industry. The competitiveness of African manufacturing is central to the reaping of expected gains from the AfCFTA (be it intra-African trade, economic growth, employment, regional value-chains, poverty reduction).

Barbados?

- ▶ **National and regional digitalization strategies?**
- ▶ **Leveraging digitalization to enhance trade competitiveness and foster export and economic diversification to build resilience**
- ▶ **Case for leveraging on digitalization to deepen gains from regional trade and regional integration in the Caribbean?**