



MULTI-YEAR EXPERT MEETING ON

# Trade, Services and Development

Leveraging services, including infrastructure services, to achieve the Sustainable Development Goals

23–24 September 2020, ONLINE, 2–4 p.m. CET

**Segment 1.** Services, resilience to economic shocks and economic recovery

*by\**

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\*The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.





# The AfCFTA - Catalysing Services Trade for Recovery and Resilience

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Online Session

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Accelerate the emergence of the single market through the AfCFTA and thereby increase self-reliance and resilience within Africa:



- ▶ Joint Ministerial Declaration and Action Agenda of Ministers Responsible For Agriculture, Trade And Finance on the Impact of Covid-19 on Food And Nutrition Security In Africa - 27<sup>th</sup> July 2020
  - ▶ *“The AfCFTA offers a key avenue for Africa to boost inter- and intra-regional trade and investment as well as spur development of many sectors. The implementation of the AfCFTA presents “low-hanging fruits” with respect to trans-boundary movements of food, agricultural products, personal protection equipment (PPE) and essential supplies to combat COVID-19, and sets the stage for the economic rebound of AU Member States.”*



Innovation and enterprise will thrive in  
the wake of the pandemic:



- ▶ Demand for teleworking, remote learning, teleconferencing, online health services, e-commerce and digital payments. New products and services have emerged.
- ▶ The Covid-19 era is accelerating the digitisation of supply chains and rapid expansion of e-commerce platforms.
  - ▶ “An explosion of orders” for online platforms such as Rapidos in Senegal - 90% increase in home deliveries
  - ▶ Huge jump in shares of Jumia (250% between April and July 2020)
  - ▶ Launch of the Africa E-Trade platform will provide additional space for trade in goods and services across the continent

#### **But:**

- ▶ Need policy and regulation to quickly catch up - lack of adequate legislation and enforcement capacity can hamper support for innovation and creativity - development and regulation of e-commerce/digital trade, protect consumers, e.g. taxation/competition.
- ▶ Regulatory cooperation and coordination - even where legislation in place in some countries - may be implemented differentially

**Regulatory Cooperation Frameworks under the Protocol on Trade in Services: designed to ensure harmonisation and synergy.**



Services are at the heart of industrial production - Africa is no exception:



- ▶ Africa can respond to the Covid era opportunities and challenges by implementing the AfCFTA Services Protocol.
- ▶ First round of services liberalisation - business (professional services, computer services), communication (telecoms), financial, transport and logistics.
  - ▶ wider delivery through ICTs
- ▶ Health and education services can be included - (health and education professionals, online health services delivery, edtech)
- ▶ Mode 3 (commercial presence): establishment of polyclinics, hospitals, private laboratories, diagnostic centres, and other health infrastructure
- ▶ Removing barriers (NTBs), e.g. licensing requirements (mutual recognition); simplifying customs systems; identifying sources and markets; collaborate on building regional value chains
- ▶ What digital channels and types of digitally-driven businesses were useful in tackling the coronavirus outbreak? Consolidate market opportunities and capacities:
  - ▶ remote diagnostics and medical advice, the use of drone technology for delivering vital medication where road transport systems were halted, tracking infections and monitoring recovery, and establishing digital supply chains for pharmaceutical companies and distributors.





Businesses are rethinking their post-Covid manufacturing approaches:



- ▶ Likely restructuring of global production that will determine how countries advance into the 4<sup>th</sup> industrial revolution.
- ▶ The AfCFTA will further incentivize digital investments but **how ready is Africa?**
  - ▶ Africa lags behind in the use of advanced digital technologies of 4IR: e.g. cloud-computing applications, e-commerce, and the deployment of smart machines, such as robots and 3D printers.
    - ▶ Imports of ICT goods was only 5% of merchandise imports in Africa in 2017. Global average was 13%.
    - ▶ Share of robots sold in Africa in 2015 - 0.2% of world sales - only 3% of its share in world GDP.

But Africa's use of digital technologies is accelerating:

- ▶ Senegal - Daral Technologies is using digital technology to ensure the identification and security of livestock.
- ▶ Niger - ITechCentre is using digital solutions to disseminate business information to farmers.
- ▶ South Sudan - TechnoServe's use of satellite imaging is reportedly helping improve coffee production processes.
- ▶ Kenya:
  - ▶ Musoni uses fintech methods to provide loans to a large numbers of rural smallholder farmers.
  - ▶ Kijenzi uses 3D printing to provide medical components for rural clinics.



The African Union Digital Transformation Strategy 2020-2030 prioritizes the creation of a continental digital single market by 2030; will develop an enabling regulatory framework to take advantage of the 4<sup>th</sup> industrial revolution:



- ▶ The AU Digital Transformation Strategy which was adopted by the Assembly of Heads of State and Government in February 2020 outlines approaches for continental standards and cooperation on the following:
  - ▶ Concerns about data, privacy, and the security of activities and transactions which occur on digital channels.
  - ▶ Multiple strategies, policies and instruments in Africa governing the digital economy and digital trade at national and regional levels.
- ▶ Services negotiations to be aligned with the policy recommendations within the continental digital strategy.
  - ▶ Services commitments in telecoms, financial, logistics, professional services, etc
  - ▶ Regulatory cooperation frameworks to support commitments undertaken, e.g. financial services, mutual recognition arrangements, etc
- ▶ Phase III of the AfCFTA negotiations will be dedicated to e-commerce.
- ▶ African policymakers can use the AfCFTA to provide a framework for defining outcomes of regulations, legal frameworks and enforcement mechanisms for issues such as technology standards, consumer protection and digital regulations to support cross-



Thank you.

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