

The background features a central globe with a white network overlay of lines and nodes. The globe is surrounded by various geometric shapes in shades of blue and orange, creating a dynamic and modern aesthetic.

4th ANNUAL MEETING
AFRICA FREE ZONES
ORGANISATION

**TRADE AND LOGISTICS CLUSTER TO
ENABLE GREATER CONNECTIVITY**

SOMMAIRE

1 - If it is true that prerequisites to the emergence of an integrated economic region are not all logistic-related

2 - Logistics and infrastructure are among the main pillars for regional integration, both the entry port and the SEZ being its locomotives

3 – Based upon an efficient port environment and a fluid logistic corridor, the SEZ becomes a leading driver for the value chain and the regional integration

If it is true that prerequisites to the emergence of integrated economic regions are not all logistic-related

A strong regional free trade area as a major integration driver

A business-friendly environment is key for enabling foreign investment

A positive transparency-related reputation and an improving ranking is essential in the decision process of foreign investors

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The potential access to a wider market as a main driver for joining a SEZ (Case of Rwanda : land-locked but having access to global and African markets via EAC, Comesa, EU and AGOA free trade agreements)

Provided disguised tariffs and non tariffs barriers are under control (ECOWAS case)

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Business friendly regulation (doing business ranking)

Financial incentives for exporters and priority sectors (preferential corporate tax rate for export-driven sectors, duty-free imports of machinery...)

Efficient processes (Digitilization, free online registration, one-stop center for investors...)

No restrictions to foreign investment (ownership, capital flows, shares transfer...)

Available skilled labor force (specific training programs-IMA in Morocco, labor cost...)

Competition among SEZs (Ghana vs Nigeria)

Success path for overcoming other constraints (Rwanda)

A positive transparency-related reputation and an improving ranking is essential in the decision process of foreign investors

Political stability and security (Senegal, Rwanda)

Transparency

Rule of law, especially regarding the rights of foreign investors

Foreign investors are reluctant to face any serious lack of visibility, not to mention the damage on reputation

2 - Logistics and infrastructure are among the main pillars for regional integration, both the entry port and the Sez being its locomotives

The entry port, as the locomotive for unlocking the hinterland and fostering the regional integration

The hub potential of the entry port lies upon the fluidity of its related corridor to unlock the hinterland and help shape an integrated economic region

The SEZ, as the second locomotive, in the wake of the entry port, to attract and host regional and international investments, based upon a state of the art facility well connected to a fluid corridor

The entry port, as the locomotive for unlocking the hinterland and fostering the regional integration

Key criteria for investors: the port capacity (specialised terminals, quay lengths, draught, storage capacity) and its productivity (both vessel and container handling) to accommodate modern vessels and economic growth; in this respect the offer clearly triggers the demand (Tanger Med's success story).

The port landscape is changing fast with significant infrastructure investment (Lomé) including the emergence of new ports (Ndayane, Tema, Kribbi, Lekki ...), questioning the long-standing regional predominance of Abidjan

Most efficient SEZs have a close access to ports in Africa, preferably linked to a regional gateway port

The hub potential of the entry port lies upon the fluidity of its related corridor to unlock the hinterland and help shape an integrated economic region

The fluidity of any corridor lies upon the global transit time from port to final destination, including the hinterland which covers: port haulage, buffer storage, inland transport, border crossing, inland transport. It consequently derives from a range of factors such as the preconsolidation of all information and documentation for the various stakeholders (shipping lines, shipping agent, stevedores and port operators, port authorities, customs, control agencies, receivers...) through one channel (PCS, single window), the quality of custom processes, port capacity (both quai and storage), city congestion, hauliers' offer, quality of the road, rail transport offer, rain season, fluidity of the border crossing...

Based upon different criterion (current importance, economic potential and current development dynamic), a recent survey on 20 corridors across Africa shows a wide range of scores from 3 (out of ten) for Conakry-Mali and WB-Botsw.-SAR (Trans-Kalahari) to 7,4 for Mombasa-Rwanda-DRC. Any port potential, and consequently any SEZ's potential, would be crippled by a deficient corridor (see San Pedro vs Mali : despite the fact that it is the closest port to Bamako and a major export facility for commodities, there has been so far little attempt to set up a corridor with a custom connexion to Mali and a decent road infrastructure).

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Successful SEZs development strategy preferably focus on national industries competitive advantages with regional upside (assembly lines for motorcycles and vehicles, for tools and machineries in mining, multipurpose factories for consumer goods...) in order to serve a wider market (3 to 10 times the country of origin in Western Africa)

Consequently multimodal connectivity is a key success factor for SEZs: first of all port, but also the road network and its quality, the airport, the rare existence of an efficient railway is a strong competitive edge and is key in case of a remote port (recent investment on the rail Addis-Djibouti). Example of Dakar, where the new economic zone of Diamniadio should progressively emerge within a carefully prepared environment built upon the new Blaise Diagne airport, 60 kms from Dakar, the new port of Ndayane and the existing highway linking them all.

Zoom on the Tanger Med success story: among the leading industrial platform in Africa (900 companies in automotive, aeronautics, textile and electronics active in different dedicated SEZs over 1600 ha), the Tanger Med complex has built its success over a long-term vision interconnecting closely a world-class port (leading container port in Africa with a current throughput over 3 million teus and a global 9 million teus capacity) with industrial activity zones within an efficient logistic environment based upon its plug and play policy and single-window processes. Regional port –regional SEZ vs international port – international platform

3 – Based upon an efficient port environment and a fluid logistic corridor, the SEZ becomes a leading driver for the value chain and the regional integration

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Provided that the regional logistic framework (entry port and corridor) is strong enough to shape the regional environment, SEZs attract foreign as well as local firms investment, eager to leverage scale economies and grab the potential growth related to the fast-growing middle-class.

Ghana: SEZs strategy originates from the dynamism of Tema and Takoradi ports, its ability to serve the region and the potential local value creation (75% exports are unprocessed and 50% of imports are manufactured goods) to focus on developing a cocoa processing hub, multipurpose factories for consumer goods and assembly lines for vehicles and mining equipment.

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Foreign investments pushes up the demand for higher capacity and greater quality in terms of performances (digitalization of documentation processes, added value warehousing, quick turnaround and HSE standards on transport...)

The development of SEZs enhances the logistic environment:

- the set-up of a new SEZ implies preliminary coordinated investment on port and roads at least (see the new SEZ of Diamniadio for Dakar)
- the set up of SEZ help relieve the congestion of capitals, which is detrimental to the economic activity
- SEZ's offer provides a balanced mix of land, warehouses and offices complying with international standards, manufacturing facilities « plug and play » to be built...

which, in return, has spillover effects on logistics in the country

Tanger Med's benchmark : ZFL (Free Logistic Zone) offers state in the art warehouses and offices for developping logistic bases oriented towards local and international distribution.



Free zones
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