



AFRICA  
ECONOMIC  
ZONES  
ORGANIZATION

# EVENT SUMMARY REPORT

DECEMBER 3<sup>RD</sup>, 2020  
VIRTUAL EVENT



5<sup>TH</sup> ANNUAL MEETING  
AFRICA ECONOMIC ZONES  
ORGANIZATION



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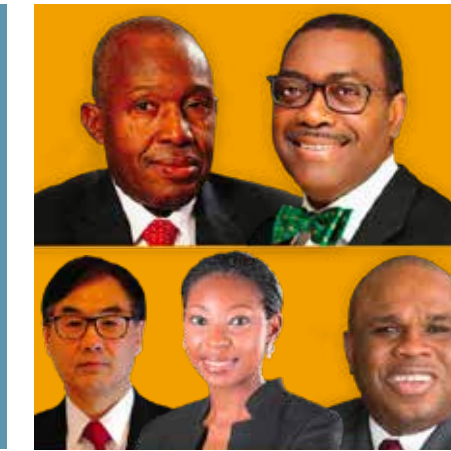
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## AEZO 5th ANNUAL MEETING AT A GLANCE



December 3<sup>rd</sup>, 2020 Virtual Event

Africa Economic Zones Organization (AEZO) 5th Annual Meeting was held in a virtual retransmission giving the opportunity to thousands of participants to follow live the deliberations and interact with C-Level representatives from Economic Zones, Investments and Promotions Agencies and International organizations.

Co-organized with the African Union Commission (AUC) and United Nations Conference on Trade and Development (UNCTAD), the event was held in conjunction with the third edition of the African Continental Free Trade Area (AfCFTA) Business Forum 2020 on December 03<sup>rd</sup>, 2020. under the theme **“The Role of Economic Zones in supporting the implementation of the AfCFTA and Regional Integration”**.

The recorded attendance of the distinguished guests represents upstanding African authorities and international institutions, not to mention public and private organizations. Over 700 delegates attended the event, including African Economic Zone Leaders consisting of 82 AEZO members and representing 42 countries, along with around 500 participants assisted the event through live-streaming channels, which displayed an ideal opportunity to illustrate the Economic Zones efforts and maintain momentum towards the African Continental Free Trade Area successful start of trading in January 2021.

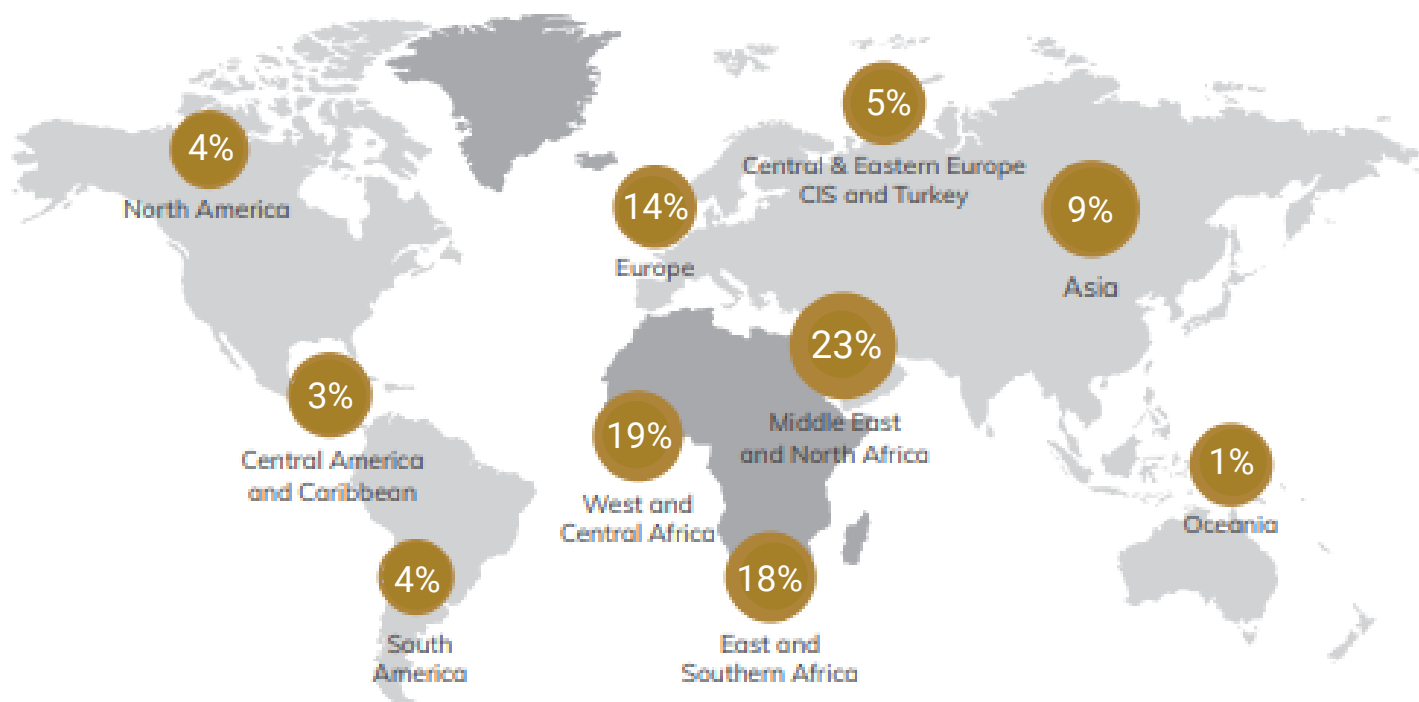


## EVENT PARTNER

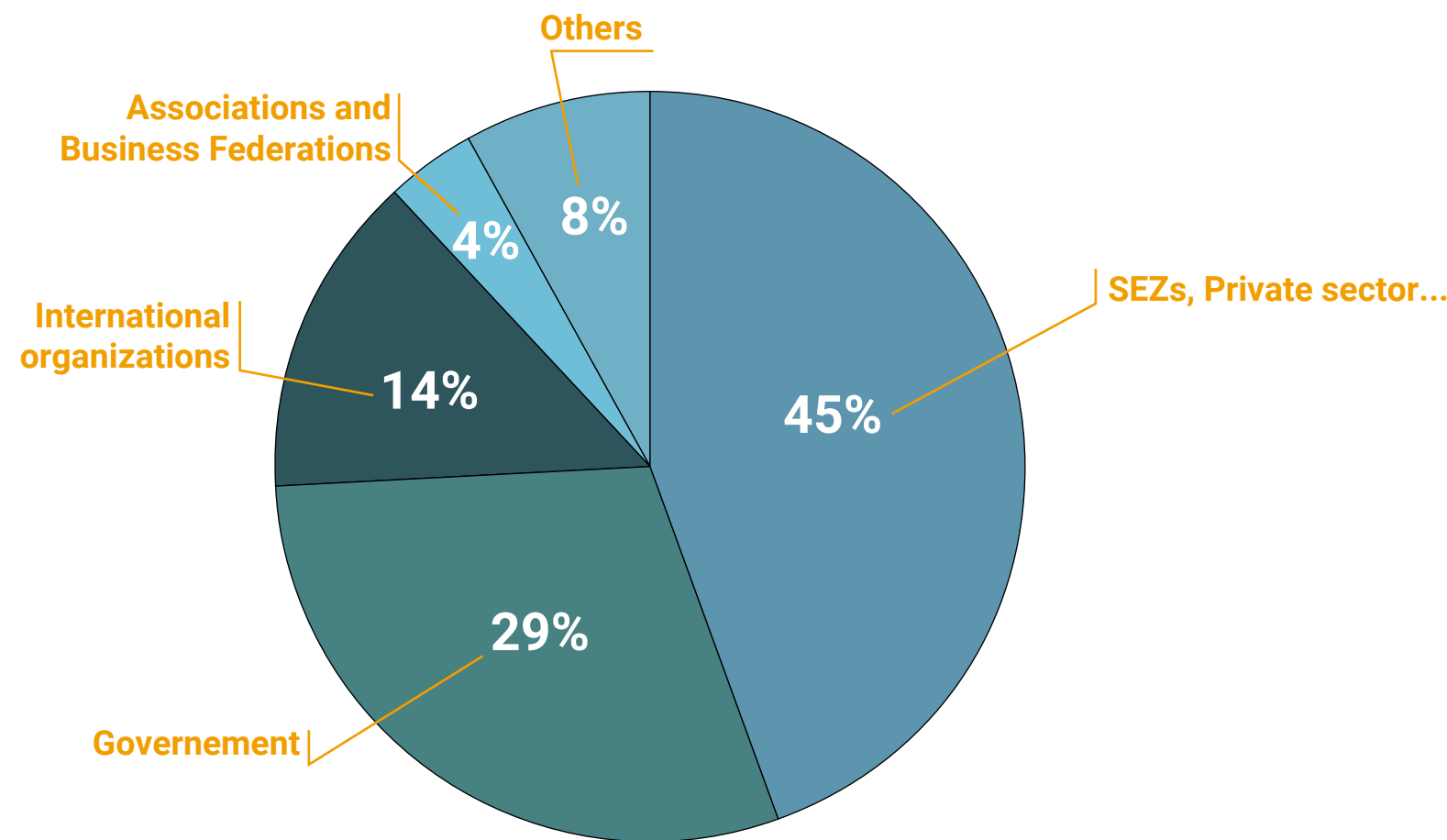


AEZO 5th ANNUAL MEETING AT A GLANCE

REGIONAL PARTICIPATION



PROFILE OF PARTICIPANTS



PARTICIPATING SECTORS





## EXECUTIVE SUMMARY



### THE FIRST PANEL

entitled *“Implementation of The AfCFTA: Contribution of The Economic Zones, Challenges and Opportunities”* was organized jointly with the African Union Commission (AUC) and the General Secretariat of the AfCFTA. This session was setting the scene by presenting an overview of the scope and structure of the African Continental Free Trade Agreement (AfCFTA) and exploring intelinkages between Special Economic Zones (SEZs) and AfCFTA. International experts shared their expertise regarding the challenges and opportunities related to the contribution of Economic Zones in supporting the implementation of the AfCFTA.

The establishment of the African Continental Free Trade Area, represents a critical step in the journey of Africa towards the operationalization of an integrated market that is meant to culminate in the creation of an African economic community. Further more, Economic Zones are one of the main tools in advancing the purpose of the African Continental Free Trade Area (AfCFTA) in driving sustainable economic growth, job creation, investment promotion, trade liberalization, and regional integration.

It is with this view that the AEZO 5th annual meeting was targeted to not only discuss the progress and challenges of Economic Zones but to also converse on current subjects, notably the launch of the AfCFTA, the contribution of Economic Zones in economic growth, regional integration as well as supporting the intra-African trade.

The virtual event hosted a series of high-level speakers, including the AfCFTA secretariat who articulated and illustrated the forward-looking approach of the AfCFTA implementation, which serves as an enabler to build resilience in Africa for future pandemics; support the transition to green growth models; provide a framework for policy coherence on digitalization. Not to mention expressing the role that African Economic Zones will play in the AfCFTA and their contribution to the achievements of the African Continental Free Trade Area (AfCFTA).

The international experts highlighted the importance of economic zones as a main device to advance the objectives of the African Continental Free Trade Area (AfCFTA) in driving sustainable economic growth, uplifting trade integration, enhancing competitiveness and promoting industrial investment and job creation.

### THE SECOND PANEL

co-organized with United Nations Conference on Trade and Development (UNCTAD) entitled : *“SEZs’ Success Factors to Generate Growth and Encourage Regional Integration”* consisted on a project live demonstrations followed by one to one interview with an international expert from UNCTAD.

### THE THIRD PANEL

gathered international experts to discuss *“The role of SEZs in Supporting Regional Value Chain Development and Africa Intra-Trade Initiative ”*. Testimonials from CEOs of African Economic Zones was shared after the panel session.

### MEET THE EXPERTS

- “Best practices in innovation and digitization.”
- “Smart logistics connecting SEZs.”



## GUESTS & SPEAKERS

### GRAND OPENING CEREMONY



**Mr Fouad Brini**  
Chairman  
Tanger Med Group  
Honorary President  
AEZO



**H.E. Albert M. Muchanga**  
Commissioner for Trade  
and Industry  
African Union Commission

### GUESTS OF HONOR



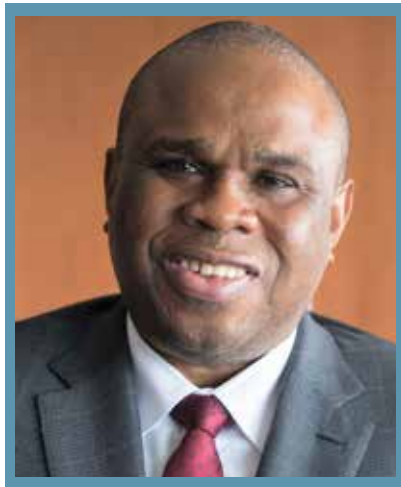
**Ms Carmen Ndaot**  
Minister of Investment  
Promotion, Public-  
Private Partnerships  
GABON



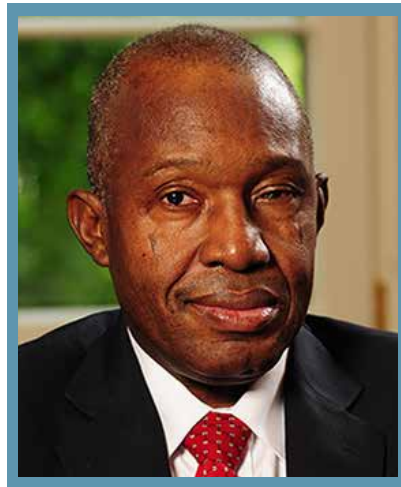
**Dr James Zhan**  
Senior Director for  
Investment and  
Enterprise  
UNCTAD



**Dr Akinwumi Adesina**  
President  
African Development Bank  
Group (AfDB)



**Dr Benedict Oramah**  
President  
AFREXIMBANK



**Dr Yonov Frederick Agah**  
Deputy Director General  
World Trade  
Organization

### KEYNOTE AfCFTA SECRETARIAT



**Dr Francis Mangeni**  
Head of Trade Promotion  
and Programs  
AfCFTA Secretariat

### EXPERTS AND SPEAKERS



**Mrs Treasure Maphanga**  
Executive Director  
AeTrade Group



**Mr Robert Bob Koopman**  
Chief Economist  
World Trade Organization (WTO)



**Mr Willie Shumba**  
International Expert  
African Union Commission (AUC)



**Mr Stefano Inama**  
Chief, Division for Africa  
UNCTAD



**Mrs Dorsaf Labidi**  
Industrial & Trade  
Development Manager  
African Development Bank (AfDB)



**Mr Jacopo Dettoni**  
Editor  
TDI Magazine - Financial  
Times



**Mr Richard Bolwijn**  
Director Investment  
Research  
UNCTAD



**Mr Ahmed Bennis**  
Secretary General  
Africa Economic Zones  
Organization (AEZO)



**Mr Gokhan Akinci**  
Technical Leader  
IFC Advisory - World Bank  
Group



**Mr Victor Djemba**  
Chief Regional Div Africa  
UNIDO



**Mr Stephen Karingi**  
Director, Regional  
Integration  
UNECA



**Mr Edem Adzogenu**  
Co-chair  
AfroChampions



**Mr. Muluaem Syoum**  
Chairman  
AeTrade Group



**Mr Frank Grozel**  
Coordinator, Business  
Facilitation Program  
UNCTAD



**Mr Abiyu Berlie**  
Senior Advisor, Logistics  
and Fulfillment  
AeTrade Group



**Mr Jaafar Mrhardy**  
Managing Director  
Tanger Med Zones



**Mr Aboubaker Omar Hadi**  
President  
Djibouti Ports & Free Zones  
Authority



**Prof. Adesoji Adesugba**  
Managing Director  
The Nigeria Export Processing  
Zones Authority



**Mr Sipho Zikode**  
Deputy Director General  
Department of Trade and  
Industry South Africa





Overall, the implementation of the AfCFTA should not be considered as a potential threat, but as an opportunity to promote industrial development in sectors, to advance and expand e-commerce, and also to enhance intra and inter African trade in the continent.

Moreover, Economic Zones have a great potential in promoting intra-regional services trade, and can use this opportunity offered by the African Continental Free Trade Area to trigger economic policy reforms and industrial policies focused on accelerated diversification at the production and export levels.

In this regard, the African Economic Zones are entitled to develop new processes for the supply chain supporting the vision of creating one African Market under the African Continental Free Trade Agreement (AfCFTA) that stands for making a significant contribution to reducing trade transaction costs and facilitating cross-border trade. Therefore, the African authorities need to expedite the finalization of the draft SEZ Policy in order to facilitate movement of goods in and out of SEZs.

There is also a need to develop standard key performance indicators (KPIs) that would be consistent across the African Economic Zones. In UNCTAD's SEZ Profit and Loss Statement, KPIs have been developed for key areas which have assisted countries to develop better performance monitoring and evaluation tools for SEZs.

Despite the importance of SEZs in attracting investment and industrialization, it was noted that there are some countries that have never engaged in building SEZs or have gradually phased them out.

In particular, some advanced market economies and a few emerging markets are pursuing the general approach of attracting investments for their industrial objectives. This is because they have built the infrastructure, streamlined their regulatory environment and have attractive fiscal incentives in their countries as a whole, rather than building an attractive environment in a small geographical area. On the other hand, if they do have SEZs, they are often those that are limited to logistics and warehousing next to airports and seaports. It was also noted that Zones have often been used as a kind of pilot to extend benefits to the rest of the country.

In consequence, the AfCFTA promises to create new opportunities in high value-added services trade, helping countries achieve their goals of economic diversification and structural transformation. It also aims to boost intra-Africa trade enhancing Africa's global trade performance and supporting regional and continental value chains contributing to the expansion and diversification of the continent's productive capacity.

To maximize the opportunities of the AfCFTA, it is important to appreciate first and foremost that the AfCFTA is about "scale and upscaling"; it is about thinking bigger; aiming for bigger markets beyond the local. It's about looking beyond the limitations of the billion-dollar domestic markets of our individual countries to exploring the trillion dollar continental market that the AfCFTA now makes possible.

That is why this edition focuses on *"The Role of Economic Zones in supporting the implementation of the AfCFTA and Regional Integration"*.







TO CONCLUDE, THE AEZO 5TH ANNUAL MEETING UNDERSCORED THE FOLLOWING

01

The importance and challenges of regional integration in Africa.

02

The opportunities created by Economic Zones to support domestic industrialization and regional integration under the AfCFTA.

03

Trade facilitation policies and logistic competitiveness strategies to foster Africa intra-trade.

04

The benefit of new process for the supply chain in supporting the vision of creating one African Market under the Africa Continental Free Trade Agreement.

05

The growth opportunity brought by regional integration is of vital importance for the long term sustainability of economic zones in Africa.

06

The role of Economic Zones in attracting new investments and supporting Africa's industrialization.

07

The importance of digitization and best use of the new technologies within the Economic Zones Ecosystem.

08

Best practices on Economic Zones and exploring collaboration and partnerships that contributes to the implementation of the AfCFTA and the achievement of the African Union's Agenda 2063.

09

Recommendations and actions to be undertaken on supporting Africa intra-trade initiatives.





### Mr Fouad Brini

Chairman  
Tanger Med Group

The AEZO 5th Annual Meeting 2020 was officially opened by the Chairman of Tanger Med Group **Mr Fouad Brini**, who Warmly acknowledged that *"AEZO's work is crucial, not only as a forum for capacity building, knowledge sharing and cooperation, but also as a platform that fosters regional and global partnerships to achieve sustainable and inclusive economic growth"*.

He also notably pointed out the role of economic zones as leverage in the economic growth, as a tool for attracting Investors, industrialization, and job creations throughout the last 5 years with over 60 million jobs being created in the agricultural industrials and services sectors in Africa. Mr. Fouad Brini hailed the role of the 5th Annual Meeting in shedding the light on challenges, opportunities and the implementation of the AfCFTA and the contribution of Economic Zones in economic growth, regional integration and supporting the intra-African trade.







## H.E. Amb. Albert Muchanga

Commissioner for Trade and Industry  
African Union Commission (AUC)



H.E. Amb. Albert Muchanga, the African Union Commissioner for Trade and Industry, delivered the second opening remarks which highlighted, the importance of Special Economic Zones' contribution, and the need to build trust, transparency and collaboration in ensuring successful implementation of the AfCFTA. Amb. Muchanga expressed that *"The AfCFTA market, with a consumption base of 1.27 billion people, is expected to rise to 1.7 billion in 2030 requires massive investments, as for the Special Economic Zones they are a strategic conduit of the required investments in order to increase intra-African trade as well as to improve the processes of manufacturing and agro-processing."*

For his excellency, the next task for AEZO is to come up with an outcome document that positions Special Economic Zones across Africa to contribute to supplying to scale, the AfCFTA market.

H.E. Amb. Albert Muchanga concluded by advocating for a transformative mindset change, of not only just waiting for investments but also taking up strategic measures to mobilize those investments both from within and outside Africa.





### Dr Akinwumi Adesina, President African Development Bank Group (AfDB)

In his remark, he described the impressive economic growth the African continent has had over the past decade, including being 6 of the 10 fastest growing economies in the world before the COVID19- pandemic dealt it a big blow that set it back, but also mentioned that the African Development Bank (AfDB) showed leadership and responsiveness in supporting countries to address the pandemic.

**Dr. Adesina** stated "The same fundamentals that drove growth are still there. At the core of this must be the growth of the private sector and the deployment of supportive environments for their operations."

Dr Akinwumi Adesina went further to say, "Globally, special economic zones have powered the economic growth of several countries. Their numbers have exploded. Collectively, they have contributed exports worth 3.5\$ trillion, roughly 20 percent of global trade in goods. But in Africa, special economic zones are operating in 38 countries, accounting for an annual trade turnover of 680\$ million."

In his opinion, the Economic Zones have not been as successful as other countries in Asia, Europe and other parts of the world as a result of infrastructural challenges, limited access to funding, weaker institutional environment, coordination challenges, etc. According to Dr Akinwumi Adesina, "The commencement of the African Continental Free Trade Area (AfCFTA), would positively change the fortunes of the continent's African Economic Zones, by redirecting their focus to the regional markets in the continent and enable Africa to develop its manufacturing capacity."





## GUEST OF HONOR STATEMENTS



### Dr James Zhan

Senior Director Investment and Enterprise  
UNCTAD



Dr James Zhan highlighted the contribution of Economic Zones as a key instrument to support clustering collocation economies, as well as investment attraction.

The advantages of clustering and co-location economies are an important attraction for investors. In many countries, the incentives, infrastructure support and business facilitation in Economic Zones are meant to compensate for weaknesses in the investment climate. However, zones are neither a precondition nor a guarantee for above-average performance on FDI attraction. Dr. Zhan expressed "The FDI inflows to Africa defied the global downward trend in the last years. A few economies such as Morocco, Kenya .. saw an encouraging increase in diversified investment".

He also described the new profile of Economic Zones called The Sustainable

Development Goals (SDG) Model Zone. The objective is to attract investment in SDG-relevant activities, through the adoption of the highest levels of Environmental, Social and Governance (ESG) standards and compliance, in addition to promoting inclusive growth through linkages and spillovers.

He concluded his statement by considering the AfCFTA as a crucial driver for economic growth, industrialization and sustainable development in Africa. Despite the opportunities, challenges need to be addressed. Economic Zones can make a concrete contribution to the implementation of the AfCFTA.





## Prof. Benedict Oramah

President

African Export-Import Bank (AFREXIMBANK)

Prof. Benedict Oramah shared his insights on the implementation of the AfCFTA and the achievement of the African Union's agenda 2036 and reminded the handover of the next Economic Zones generation to gather the full potential of capabilities.

The President of **AFREXIMBANK** Prof. Oramah mentioned that AfCFTA would "drive the industrialisation of Africa, support the emergence of regional value chains, turn Africa's creative and cultural assets into engines of growth, grow jobs for the continent's youth, convey respect to Africans wherever they may be and better prepare the continent to compete more effectively in the global markets."

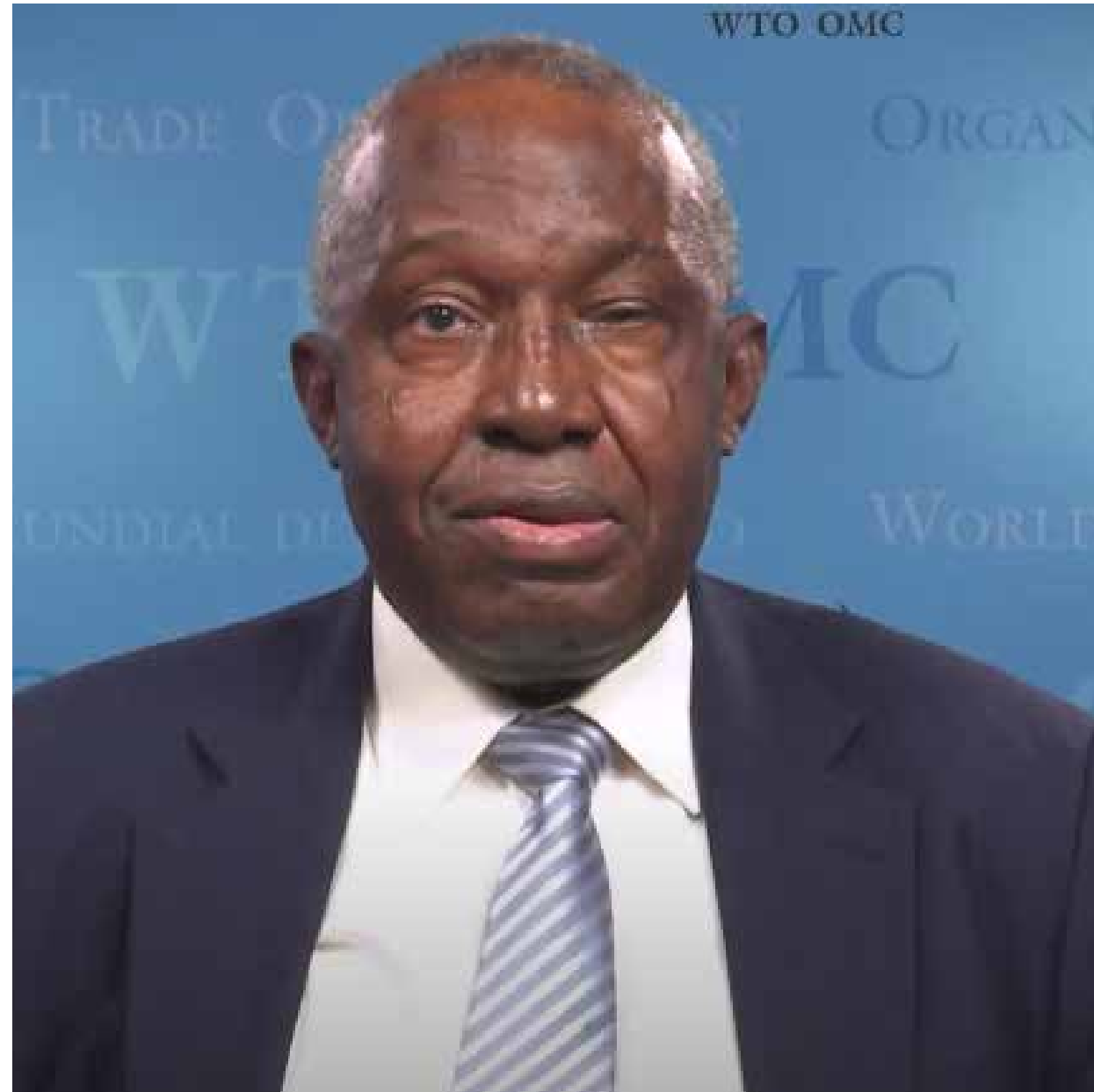
Prof. Oramah highlighted that between 2015 and 2019, Afreximbank disbursed more than US\$30 billion in support of African trade with over US\$15 billion channeled towards the financing and promotion of intra-African trade.

Moreover, the collaboration between **Afreximbank** and cooperation in order to make significant contributions towards unlocking the full potentials of industrial parks and export processing zones and **AEZO** opens the potential for two organizations to strengthen the relationship and mutual delivering the much-needed developmental impact on our continent.





## GUEST OF HONOR STATEMENTS



### Dr Yonov Frederick Agah

Deputy Director General  
World Trade Organization



Dr Yonov Frederick Agah mentioned that the trade will play a key role in helping Africa to improve living standards and mitigate the economic impact of the COVID-19 pandemic.

In his remarks, Dr. Yonov Frederick Agah stated that “The AfCFTA holds tremendous potential in boosting-African trade, which could pave the way for freater and benefical integration with the world economy. Not to mention, the lowering of tariffs and non-tariff barriers, coupled with improvement of hard and soft infrastructure at the borders will enhance competitiveness and result in lower compliance costs for traders. Additionally, this will make it easier for businesses across the continent to integrate into global supply chains”.

He concluded by expressing that the World Trade Organization (WTO) is supporting AEZO numerous activities and initiatives, which are enhancing regional integration in Africa, and also contributing to this endeavor by bringing tangible results for African trade and prosperity.





## H.E. Carmen Ndaot

Minister of Investment Promotion, Public-Private Partnerships  
GABON

H.E. Carmen Ndaot started her commentary by stating that "Gabon represented by the Nkok Special Economic Zones is a qualified member of the Africa Economic Zones Organization (AEZO)" and described the organization's mission as "aiming for the development of Economic Zones throughout the continent". She also saluted its constant support via skill sharing which contributed to position the Nkok Special Economic Zone as a part of the AfCFTA and one of the largest exporter of raw wood in the region.

Economic Zones has historically boosted the diversification and structural transformation of many African economies.

"With the entry into force of the AfCFTA on January 21, 2021, Economic Zones will know a positive impact by eliminating trade barriers on the continent, tariff, and non-tariff barriers...investment infrastructure, border one-stop shops." She reiterated.

The Minister called for a laws reform, and a standardized framework for international best practices for African Economic Zones.







### Dr Francis Mangeni

Head of Trade, Promotion and Programs  
AfCFTA Secretariat

According to **Dr. Francis Mangeni**, the key to unlocking the AfCFTA's transformative potential is the effective implementation at the country level and active oversight through the AU's intergovernmental system. The AfCFTA is a continental agreement, but its implementation will take place primarily at the national level. If it is to succeed, the agreement must be translated to and contextualized in domestic realities.

**Dr. Mangeni** certified that The AfCFTA would form the 11th largest economy in the world, forming a return of investment estimated at 6,5%. If fully implemented, the modern 21st century agreement has the ambition to lift almost 100 million people out of poverty by 2035. He reiterated also that it is a market of more than 1,3 billion people, a gross domestic product of 3,4 trillion market \$ with consumers and business spending of 4 trillion \$ annually. He also mentioned the challenges the African Economy will face ahead which include Awareness Creation as well as Ownership and capabilities in government, industry, and Academia.

Accordingly, he suggested that facing current challenges would require the creation of both public and private academia partnerships, as well as launching dialogue platforms to get inputs into policy making. Not to mention, getting feedback to constantly improve the AfCFTA and make it more conducive.

**"Additionally, with rules of origins under the AfCFTA, Economic Zones products will receive better treatment regulation-wise which would encourage the usage of Economic Zones.**

**"Rules of origin can have a significant impact on trade flows and can potentially undermine the benefits of trade agreements if they are too restrictive."** Expressed Dr. Mangeni.

In response to Dr. Francis Mangini, **Mr. Ahmed Bennis**, Secretary General of AEZO, certified that Economic Zones are increasingly playing a key role in Africa's industrial transformation and economic growth. In fact, he stated that "Excluding SEZ from the AfCFTA can have undesirable effects because:

- SEZs have evolved nowadays: many firms, called export processing firms now benefit from the incentives offered in the zones without being physically fenced in. This makes the task of determining SEZs, and identifying firms that receive benefits usually associated with SEZs, more difficult.
- Excluding goods produced in SEZs will reduce the effectiveness and efficiency of the AfCFTA as it may exclude sizable shares of intra-African trade from the scope of the AfCFTA.
- The tax incentives provided to firms in SEZs may not necessarily allow them to reduce costs of production. And therefore, unfair competition is not demonstrated."



### Mr Ahmed Bennis

Secretary General  
Africa Economic Zones Organization (AEZO)



## FIRST PANEL DISCUSSION

# Implementation of the AfCFTA: Contribution of the Economic Zones, Challenges & Opportunities

Led by moderator **Mrs. Treasure Maphanga**, Executive Director- AeTrade Group, the panel presented an overview of the scope and structure of the African Continental Free Trade Agreement (AfCFTA) and exploring interlinkages between Economic Zones and the AfCFTA.

The International experts panelists from African Union Commission (AUC), UNCTAD, World Trade Organization (WTO), African Development Bank (AfDB) and the AeTrade Group discussed the contribution of Economic Zones in supporting the inclusion of the AfCFTA implementation in the context of the issues and challenges of the 2020s.

The outlook for the AfCFTA is promising in driving recovery from the COVID19- pandemic, facilitating broad-based, inclusive growth, absorbing Africa's Economic Zones Managers in productive activities.

"Economic Zones in the AfCFTA focuses on a framework that strives for the industrial development through diversification and regional value chain development" said **Mr. Willie Shumba**, the International Expert at African Union Commission (AUC). He then proceeded to explain the provisions in the agreement related to Economic Zones:



—Article 23 of the Protocol on Trade in Goods which provides for Regulations to be developed by the Council of Ministers, and for goods manufactured in SEZ to be subject to AfCFTA Rules of Origin. SEZ Regulations for the AfCFTA are currently being developed.

—Article 9 of Annex 2 on Rules of Origin for goods produced in SEZ. The Article is awaiting development of Regulations. AUC is developing a paper on the different options in respect of goods from SEZ, i.e. whether or not they should qualify for AfCFTA origin, or whether they should qualify under certain conditions.

However, modelling results are clear that much depends on the effectiveness of implementation. The AfCFTA should not be implemented as a traditional trade agreement with a narrow focus on rights and obligations, and other arcane trade technicalities.

In fact, **Mr. Stefano Inama**, the Chief, Division for Africa at UNCTAD stated "Concerns raised by some AfCFTA Member States on how to address unfair competition that may emanate from goods produced in EZ and traded under AfCFTA preferential treatment. The rationale for the concern is that goods produced in EZ benefit from tax and other investment incentives lowering their cost of manufacture. Therefore, such goods can be sold at a lower price than goods not manufactured in SEZs".



## FIRST PANEL DISCUSSION

He also added “The challenges and the impact of excluding SEZs from the AfCFTA, given that SEZs firms in SEZs may not necessarily allow them to reduce costs of production. Unfair competition is not demonstrated”. The potential of the AfCFTA to meet its objectives can only be attained through effective implementation by the state parties of the agreement and the obligations in the protocols and annexes. Furthermore, the way the AfCFTA addresses key business concerns like prohibitive tariffs and non-tariff barriers, and the manner in which the agreement is implemented, is vital for attracting investment. “With the high costs tariffs of non-tariff barrier hindering the continental trade, Africa also tend to host more smaller businesses, fragmented and enclaved markets in addition to Island States in some cases” expressed Mrs. Dorsaf Labidi, the Industrial & Trade Development Manager at the African Development Bank (AfDB). If the AfCFTA can deal with key concerns in a pragmatic and practical way leading to an integrated market, regional supply chains and increased

intra-Africa trade, it can be a catalyst for increased investment for industrial development and enhancing productive capacity.

As Mr Robert Bob Koopman, Chief Economist at World Trade Organization (WTO) mentioned “The AfCFTA focuses on intra-African integration and reducing trade costs, in addition Free Trade Zones also work on reducing trade costs and on trade integration, which makes them complementary”.

To conclude, the experts panelists all agreed that the AfCFTA is not a panacea, but its impact could extend beyond the immediate domain of trade reforms.

The experts panelists concluded in this panel that Economic Zones are to be accepted and utilized for the purpose of triggering economic policy reforms that are focused on accelerated diversification at the production and export levels.

They are also one of the main devices to advance the objectives of the AfCFTA in driving sustainable economic growth, job creation, investment promotion, trade liberalization and regional integration and cooperation; and implement regulations that promote gender equality, capacity building and training facilities.





## SEZs' Success Factors to Generate Growth and Encourage Regional Integration

Under the moderation of **Mr Jacopo Dettoni**, Editor at fDi Magazine & Financial Times, this panel co-organized with United Nations Conference on Trade and Development (UNCTAD) shared the main conclusions of a survey on Special Economic Zones (SEZs) in Africa that was conducted on November 2020, based on good practices within SEZs and sentiments towards the impact of the forthcoming implementation of the AfCFTA on SEZs.

This panel gathered **Mr Richard Bolwijn**, Head of Investment Research – UNCTAD and **Mr Ahmed Bennis**, the Secretary General of AEZO to develop key messages of the survey :

**01** The AfCFTA is expected to have important implications for zones on the continent, bringing both challenges and opportunities.

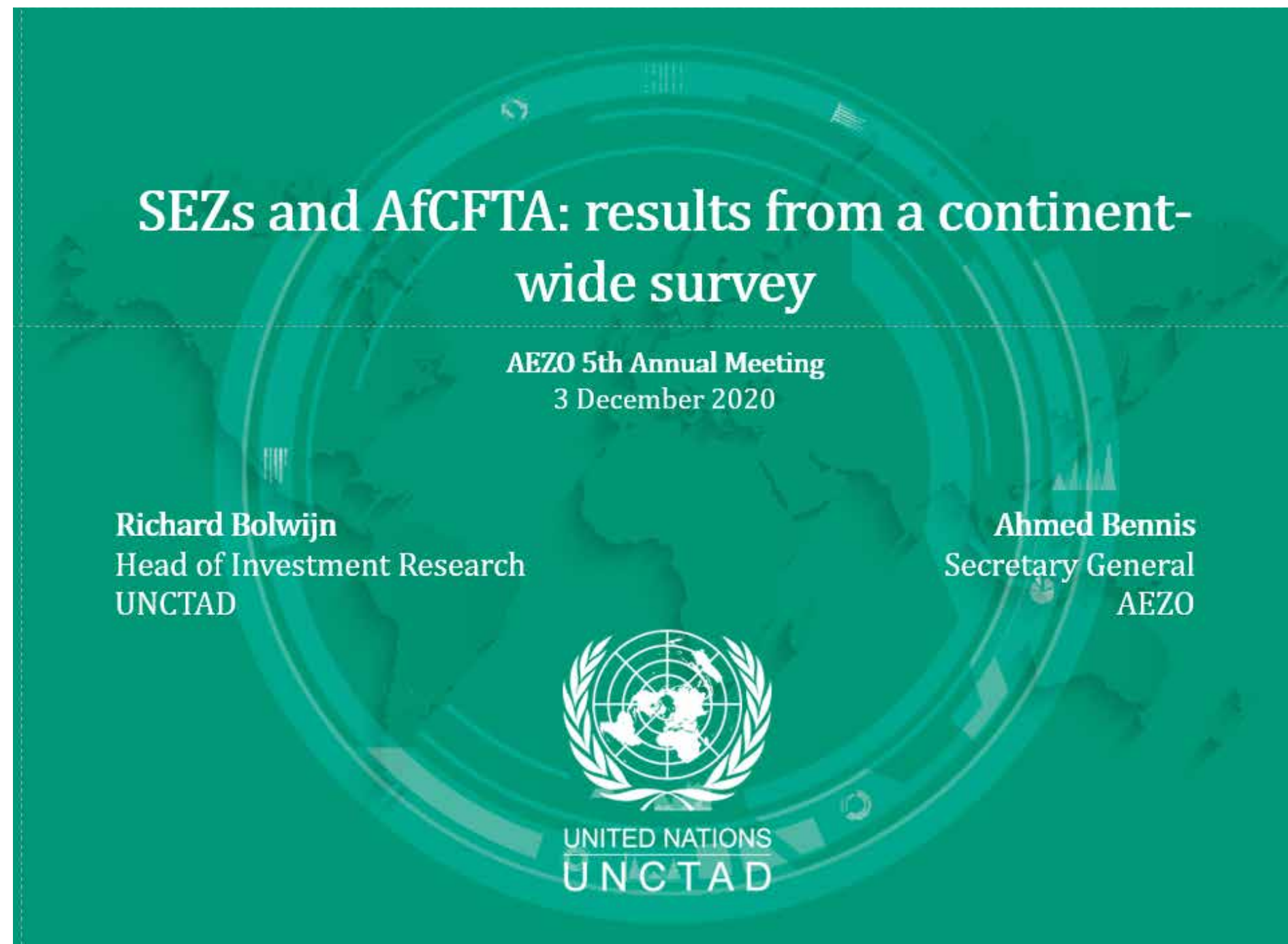
**02** Zones can make an important contribution to economic integration in Africa by promoting intra-regional trade and investment.

**03** The growth opportunity brought by regional integration is of vital importance for the long-term sustainability of zones in Africa.





## SECOND PANEL DISCUSSION



The survey covered a number of management and development practices within **SEZs** as well as several indicators on performance of Economic Zones, including the business models of the zones, the transport infrastructure, social and environmental practices, etc.

The survey also addressed the current trade within SEZs and patterns expected after the forthcoming implementation of the AfCFTA, with African and Non-African countries. Investment patterns were also one of the main focuses of the survey, tackling FDI trends with a focus on current status and a post AfCFTA expectation.

The results of this study highlighted the key concerns of the SEZs surveyed with regards to the challenges for zones performance. It also demonstrated that beyond the numbers, the future of SEZs will depend on decisive actions and collective efforts of the African member states. Concrete policy measures and investments are needed, in particular to ensure that women, business owners and workforce, can be better involved and integrated in SEZs' development.

For African SEZs, the challenges in global trade and investment are also linked to the deployment of technology driven policies. "Generic" advantages such as cheap labor and abundant land are no longer enough to ensure that investors will sign up. Digitization and the proliferation of automation have become important drivers of competitiveness and thus determinants of investments.

One of the main recommendations would consist on the deployment of a technology platform or B2B connection platform (website and app) designed specifically for SEZs that connects them with their ecosystem and could be extended to cross border cooperation, project collaboration, resource sharing and communication...

Finally, the panel discussion concentrated on the implementation of the **AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)** and the opportunities it offers, and challenges it brings to be added to the ones currently faced by SEZs in Africa including barriers to intra African Trade and for FDI, not to mention the global pandemic COVID19- that has shaken the global economic environment.



# The role of SEZs in Supporting Regional Value Chain Development and Africa Intra-Trade Initiative

**U**nder the moderation of **Mr. Gokhan Akinci**, Technical Leader, IFC Advisory-World Bank Group, the role of African intra-trade initiative in facilitating Economic Zones' Development was discussed by International experts and private sector representatives from World Bank Group, UNECA, UNIDO, AfroChampions Initiative, and AeTrade Group.

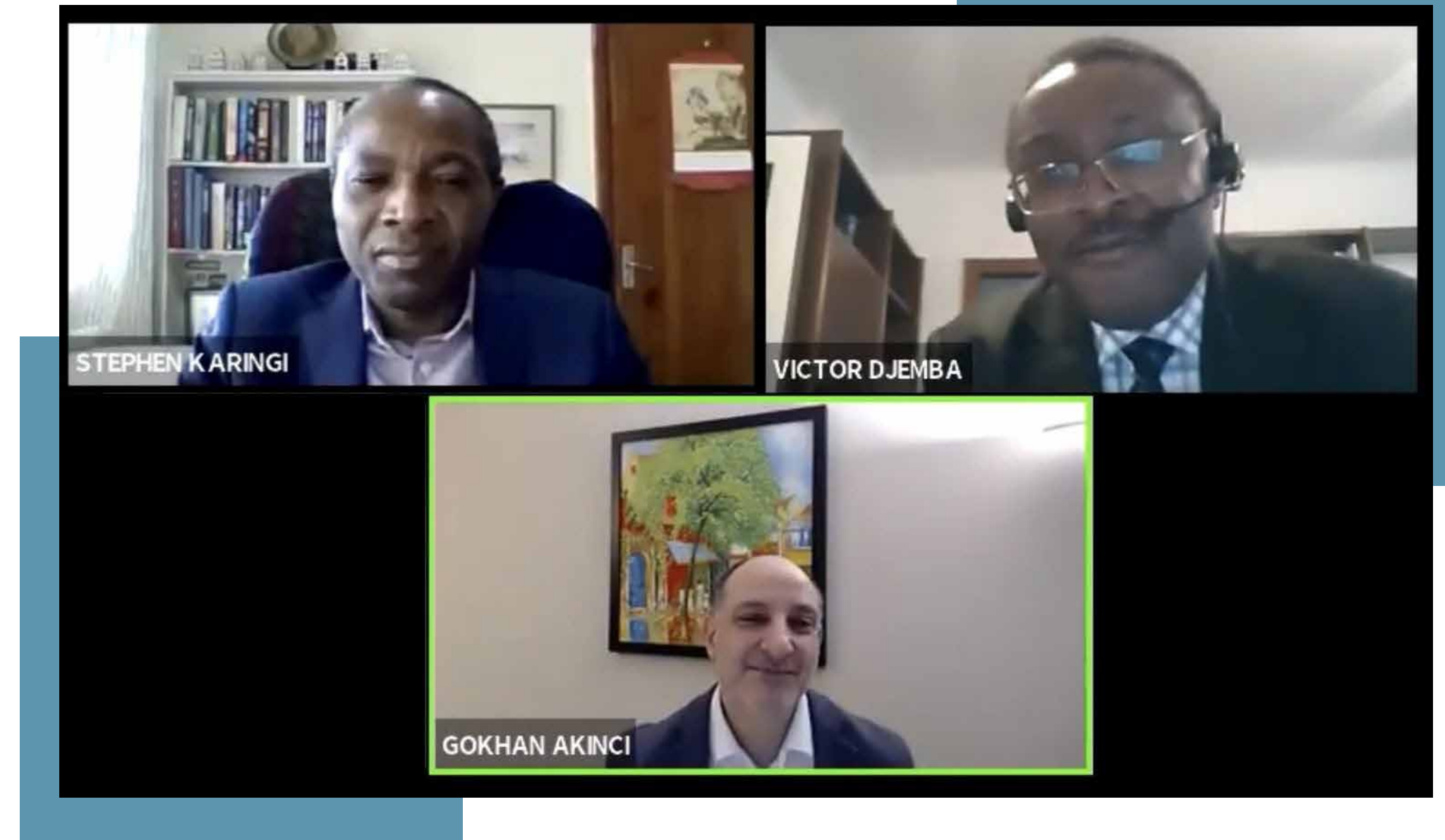
The Regional Integration in Africa should be a launch pad to deepen integration in the world economy by accelerating the building of productive capacities and competitiveness among African Economic Zones.

According to **Mr. Victor Djemba**, Chief Regional Division Africa I UNIDO "Economic Zones needs to be reimaged into Zones that will serve the interest of the continent and can participate in the forward and backward linkages, and strengthening the connections that contribute to the sustainable regional value chain".

The only thing to be said in this context of the regional value chain is that the local demand plays a large role. Therefore, if accepting that the African economy and the capital income of Africans are growing, then the possibility to play with the local demand not only to use Economic Zones to develop regional value chain but to also have a liaison with the growth of the African economy.

As expressed by **Mr. Stephen Karingi**, Director, Regional Integration at UNECA "With the AfCFTA starting this year, Economic Zones will create opportunities to increase trade and investment, and also rise the movement of good services of investments. with the opening up of the barriers between the regional economic communities".

Moreover, technology is critical to affecting change and driving development. As a matter of fact, the very livelihood of Economic Zones is the provision of the value chain linkage opportunities with companies both inside and outside the zone.





### THIRD PANEL DISCUSSION

**A**s stated by the Chairman of AeTrade Group **Mr. Muluaem Syoum** “it is essential that Economic Zones adapts to the advance digital and connectivity in order to remain relevant and competitive within the network”.

Additionally, the Africa Travel Portal software was developed in order to bring countries and stakeholders together within various sectors, as well as connecting logistics corridors, ports, hotels, and all the places where people and goods congregate.

“Under the AU open corridor initiative, the Africa Travel Portal creates safe corridors in which goods can move safely. ” expressed the co-Chair of AfroChampions **Mr. Edem Adzogenu**.

To sum up, the Experts encourage Africa to bring inclusive growth with a vision to the continent into a digital empowered society and knowledge economy.

The AfCFTA will bring together the public and private sectors to develop and expand e-commerce and to enhance intra and inter African trade in the continent. Consequently, this will enhance cross border trade, and encourage collaborations among authorities including Economic Zones.





# SEZs TESTIMONIALS

The AEZO 5th Annual Meeting focused on the implementation of the AfCFTA, exploring challenges and opportunities for Economic Zones as well as how it could contribute to generate growth, foster regional integration and enhance Africa intra-trade.

Four models of Economic Zones development were also demonstrated during this year edition:



**TANGER MED ZONES  
(TMZ)**

**MOROCCO**



**the dti**  
Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

**DEPARTMENT  
OF TRADE AND INDUSTRY  
(DTI)**

**SOUTH AFRICA**



DJIBOUTI PORTS & FREE ZONES AUTHORITY  
LEADING PORTS IN THE REGION

**DJIBOUTI PORTS  
& FREE ZONES AUTHORITY  
(DPFZA)**

**DJIBOUTI**

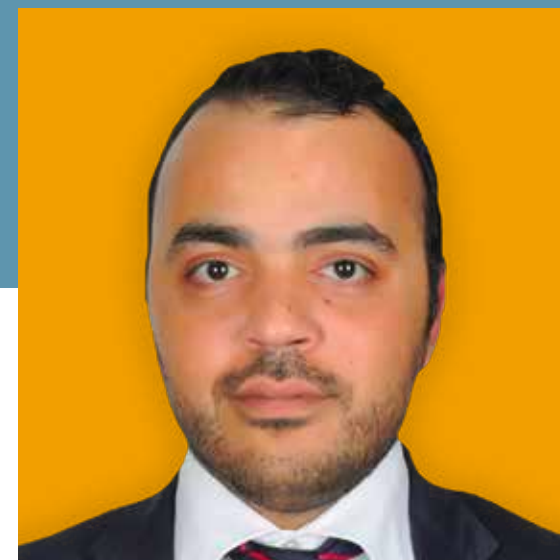


**NIGERIA EXPORT  
PROCESSING ZONES  
AUTHORITY (NEPZA)**

**NIGERIA**



## AFRICAN ECONOMIC ZONES BUSINESS CASES



**Mr Jaafar Mrhardy**

Managing Director  
Tanger Med Zones



"The 2020 ranking of the FDI Intelligence places Tanger Med Industrial Platform as the 2nd SEZ in the world thanks to its value proposition in line with the expectations of global players, firstly, a strategic position at the cross roads of the main maritime lines and close to the target market, particularly the European market, accessibility to 180 ports and 70 country, an integrated set of first-rate infrastructure and a large land reserve, an integrated management of the various activity zones by a single operator as well as an industrial ecosystem firmly established for 15 years. Moreover, the industrial platform is backing onto the first port complex in the Mediterranean and the African continent".



**Prof. Adesoji Adesugba**

Managing Director  
Nigeria Export Processing Zones Authority



"Nigeria is also trying to ensure that some of the challenges that they are facing, are being tackled and addressed in order to attract even more investments. And in order to do that, they have to ensure that the business is seamless in Nigeria, and to also ensure that investors have a safe haven in doing business in the free zones of Nigeria. SEZs have also had a lot of support from the President, who recently has designated about 6 new SEZs across the countries."



## AFRICAN ECONOMIC ZONES BUSINESS CASES



**Mr Aboubaker Omar Hadi**

President

Djibouti Ports & Free Zones Authority



"AEZO 5th annual meeting is very interesting, very good and very helpful. With AEZO, we are going to share experiences. Our main target should be human capital, we have to train our people. I always say business is like soccer, it's all about the team."



**Mr Sipho Zikode**

Deputy Director General

Department of Trade and Industry South Africa



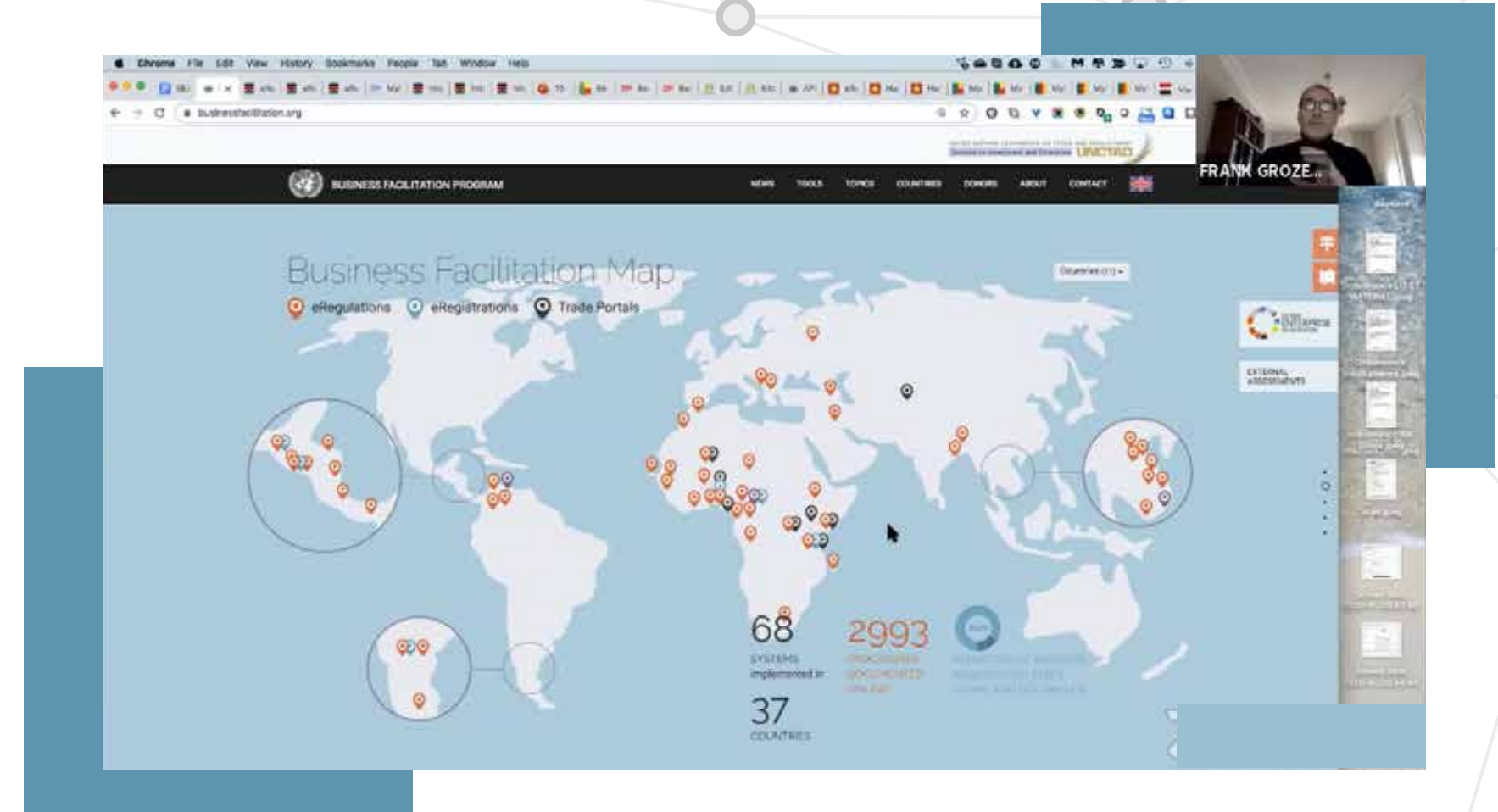
"The Incentives for SEZs, is to attract local and foreign direct investment; with the main attraction that is provided as in the top-class infrastructure in SEZs. Moreover, SEZs are a tool to enhance regional integration in terms of cross border manufacturing and trading. Hence, having SEZs in the borders between south Africa and the neighboring countries".

## MEET THE EXPERT



### Mr Frank Grozel

Coordinator, Business  
Facilitation Program  
UNCTAD



## BEST PRACTICES IN INNOVATION & DIGITIZATION

The first Meet the Expert session was chaired by Mr Frank Grozel, Coordinator, Business Facilitation Program –UNCTAD.

His presentation covered the role of innovation and digitization in assisting policymakers to spur economic zones' growth. Keys of Success Global economic and market conditions are rapidly changing, and, as a result, SEZs are also evolving over the time to suit with the new business and economic environment.

In order to succeed in this new environment, Economic zones must undertake continuous technological and industrial learning and innovation upgrading. So, it is important for Economic zones to catalyze and facilitate industrial upgrading by promoting technology innovation transfer and high-valued activity sectors to be targeted toward different development stages.

Mr Grozel presented also a demonstration of two tools. These tools are facilitating trade and investment by simplifying procedures and making them clearer and automating them online. They will also improve the efficiency and cooperation between Economic Zones and the rest of the public administration.

1.



## MEET THE EXPERT



### Mr Abiyu Berlie

Senior Advisor, Logistics  
and Fulfillment

AeTrade Group



## TRADE FACILITATION & SMART LOGISTICS CONNECTING SEZs

The second Meet the Expert session was chaired by Mr Abiyu Berlie, senior Advisor, Logistics and Fulfillment- AeTrade Group. He presented the African E-commerce Platform ([Sokokuu.africa](https://sokokuu.africa)), which was named by the African Union, provides access and enables businesses, including SMEs as well as consumers to buy and sell products and services online with ease and convenience, anytime and anywhere.

This will enhance cross-border trade; encourage collaboration among authorities (including SEZs) to formulate effective policies and promote regional cooperation and economic integration among African countries.

Mr Berlie highlighted the role of Smart Logistics, Fulfillment and Transport Services in promoting trade, investment, economic growth, employment, regional connectivity and integration, as well as efficiency and cost savings for African countries, including the African SEZs.

## CLOSING REMARKS

The main outcomes from the expert panelists related recommendations to African Economic Zones. While pointing out that some fundamentals must be taken into consideration to ensure a greater probability of success in building SEZs linkages with the local economy, and the implementation of innovative strategies supporting the implementation of the AfCFTA such as:

# 01

SEZs should bring transformational change to the country by attracting qualify FDI that can help in creating economy-wide jobs, better skills, industrial upgrading and a productive local private sector.

# 02

On the investor side, an important development in global FDI trends was noticed, which is the rise of “efficiency seeking” investors. These sorts of investors are increasingly looking for a wide range of productivity incentives – in terms of a skilled workforce, efficient logistics and supportive infrastructure – rather than fiscal benefits –.

# 03

The regional trade and integration would foster SEZs business value proposition. Investors and industrialists would certainly be encouraged by greater regional integration, which would offer a larger ‘nearby’ market and greater sourcing opportunities. This would also support local private sector development and job creation in regional economies.

“We are also entitled to implement better investment conditions for our SEZ, develop new processes for the supply chain supporting the vision of creating one African Market under the African Continental Free Trade Agreement that stands for making a significant contribution to accelerate SEZ development, reducing logistic transaction costs and facilitate cross-border trade “, stated **Mr. Ahmed Bennis**.





## RECOMMENDATIONS AND WAY FORWARD

FOLLOWING ON FROM THE PANEL DISCUSSIONS AND MEET THE EXPERT SESSIONS OF THIS SUMMARY REPORT, A SUCCESSFUL APPROACH TO THE AFCFTA WILL ENTAIL PARTICULAR ATTENTION ON SOME SPECIFIC ISSUES:





## RECOMMENDATIONS AND WAY FORWARD

**T**he AfCFTA creates a bigger market space through the opportunity to trade within the region. As a result, new business agreements will be formed, new technology will be shared in the region in faster and easier ways, and knowledge and skills will be exchanged between Economic Zones from all over Africa.

The process of regional integration of Africa under the AfCFTA is the first step toward boosting competitiveness and integrating African economies into the global economy as active globalizers. The AfCFTA will establish a market of 1.2 billion people with a combined GDP of 2.5\$ trillion and combined consumer and business spending of more than 4\$ trillion.

Basic simulations that assume expanded and increased efficiency of goods and labor markets under the AfCFTA marks a significant increase in Africa's overall ranking on the Global Competitiveness Index in both the short and the medium term.

Over the long term, the average ranking for Africa could rise even further, through a more dynamic trade

and economic environment that expands manufacturing bases, sustains the growth of agro-processing industries fit for value chain integration, and accelerates the development and integration of financial markets.

Consequently, this financial progress will enable cross-listing of firms in different stock markets and promote the development of nonbank financing and the establishment of credit reference bureaus to reduce information asymmetry and credit risk. Ultimately, these measures could ease access to credit in a region where shallower financial intermediation and fragmented financial markets have put the kibosh on competitiveness and private sector growth.

The implementation of the AfCFTA could boost competitiveness through other conduit notably: technology transfer, industrial development, diversification of sources of growth, and expansion of intra-African trade.

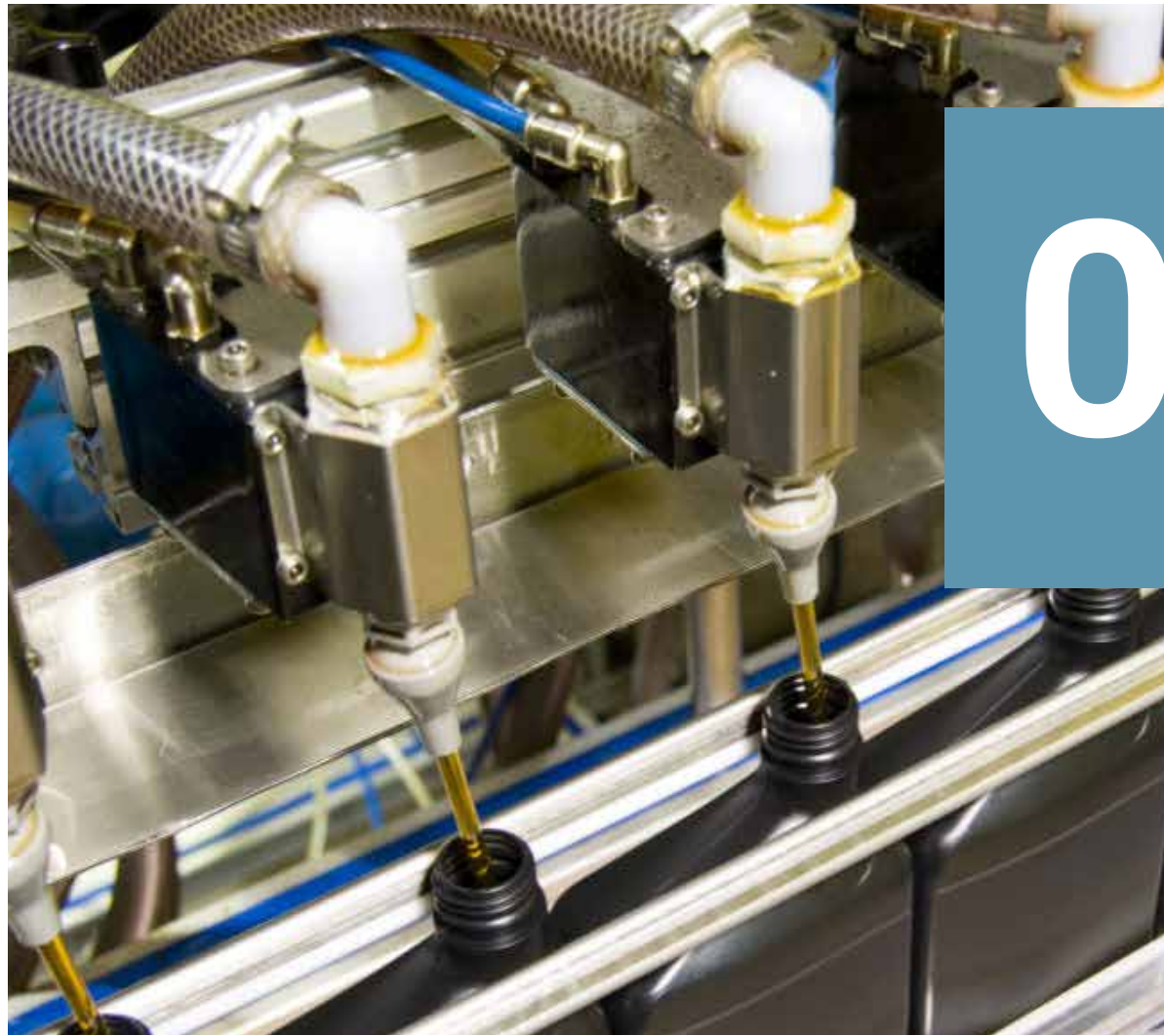
Preliminary estimates of the expected benefits of the AfCFTA, in terms of trade performance and regional integration, are positive and significant. In fact, it is

estimated that intra-African trade, largely dominated by industrial products and manufactured goods, could increase by more than 50 percent and even double about a decade into the implementation of the AfCFTA, if the envisioned reforms are fully carried out and complemented by robust trade facilitation measures.

This would boost intraregional trade in intermediate and capital goods. Attendant benefits include technology transfer and development of regional value chains in which African businesses add value as they turn raw materials into finished goods.

Moreover, the regional value chain could help integrate African economies into the global economy, whose manufacturing processes are driven increasingly by the globalization of supply and value chains.





01

### STANDARDIZE AS MUCH AND AS FAR AS POSSIBLE

The standardization and harmonization of product standards, specifications (ect) is crucial to making the continental market work as unified entity.

This is arguably what holds back intra-regional trade more than anything else at the current time: non-tariff barriers of the discretionary kind leave traders vulnerable to arbitray decisions by customs officials. the harmonization od regulatory standards would remove the discretionary nature of many cross-border transactions and provide clear benefits for consumers.

### OPEN SERVICES TO INTRA-AFRICAN COMPETITION

Much of the discussion on the benefits from the AfCFTA tended to focus on merchandise trade. Yet this year edition argues that many of the benefits will spring from the liberalisation of intra-African services trade. Services already constitute more than 50 percent of the regional economy. If services are opened up to intra-African competition, one of major benefits from creating a unified continental market will be that it will reduce costs for both consumers and enterprises in a host of services, ranging from financial to transport. A common regulatory environment is an essential element in achieving this objective in the same way that common standards are.



02





# 03

## BE ESPECIALLY OPEN TO FDI FROM OTHER AFRICAN COUNTRIES

A quick way to create regional value-chains, and more employment, is to encourage greater intraregional investment. In Section 2, we established that the level of intra-regional FDI is currently much lower than intra-regional trade. Yet there are remarkable business opportunities on the continent. More than 60 percent of retail and consumer goods companies plan to expand into additional African countries over the five-year period 2018-2023.

The AfCFTA will facilitate the expansion of firms seeking a greater regional or continental presence, and Member States should be especially open to FDI from other African countries.

## LEVERAGE THE POTENTIAL FOR CROSS-BORDER DIGITAL TRADE

Although from a very low base, digital trade is currently growing annually at 18 percent in Africa – which is more than double the global average. Africa is especially well placed to leverage the dynamism in digital trade. New continental-wide policies under the umbrella of the AfCFTA could provide a major boost to crossborder digital trade, helping to catch up with other regions of the world where it is far more prevalent.

# 04





## AEZO 5TH ANNUAL MEETING IN MEDIA





2020

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# THANKS

EVENT SUMMARY REPORT

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