United Nations
Economic Commission for Africa

African Trade Policy Centre

ECLAC Conference on Digital trade: Building a competitive regulatory environment for Latin America and the Caribbean

21-22 Sept. 2023, Santiago, Chile

Global Digital Trade Policy Trends: A Comparative Analysis

Focus on Africa

Simon Mevel

African Trade Policy Centre (ATPC)
Regional Integration and Trade Division (RITD)
United Nations Economic Commission for Africa (ECA)

1. Setting the scene

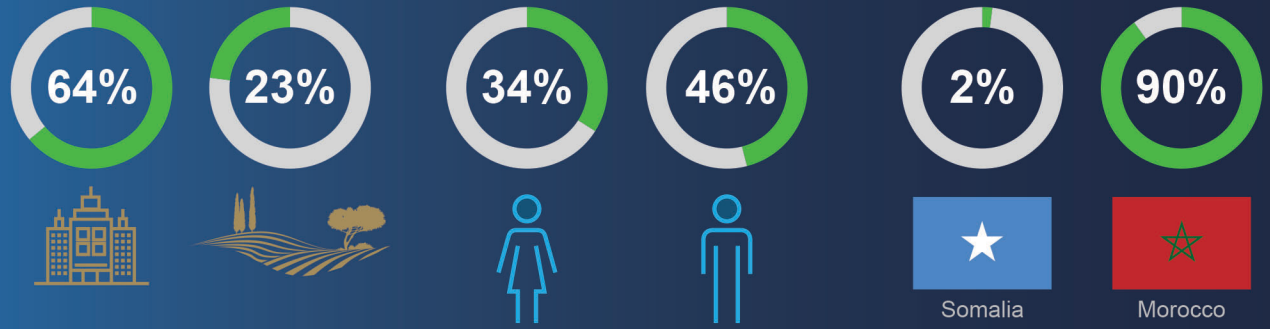
Low and uneven Internet access for African households

In 2022, 5.3 billion people or 66% of the world population had access to the Internet (International Communication Union, ITU).

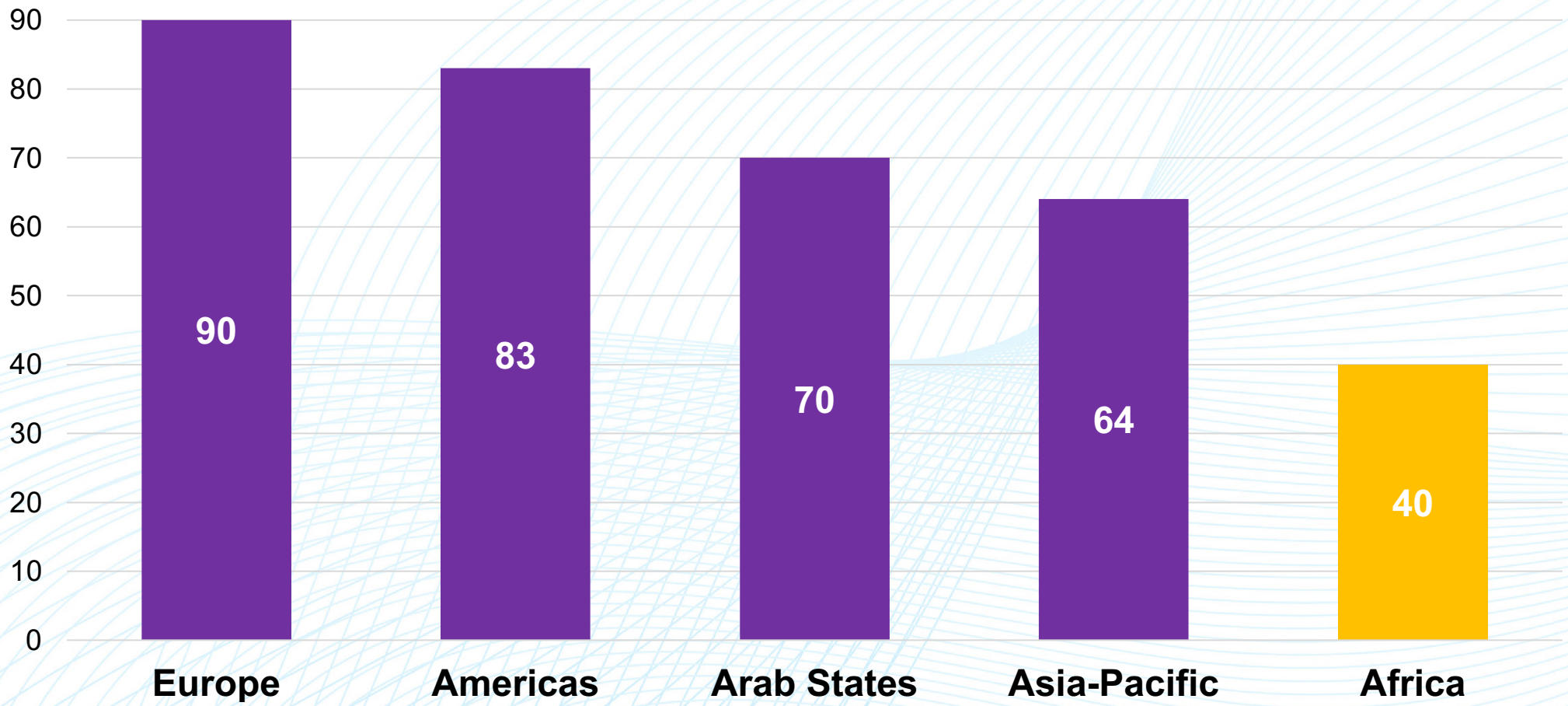
66%

However, narrowing down on Africa only, the rate falls to 40%, largely due to limited digital infrastructure

40%

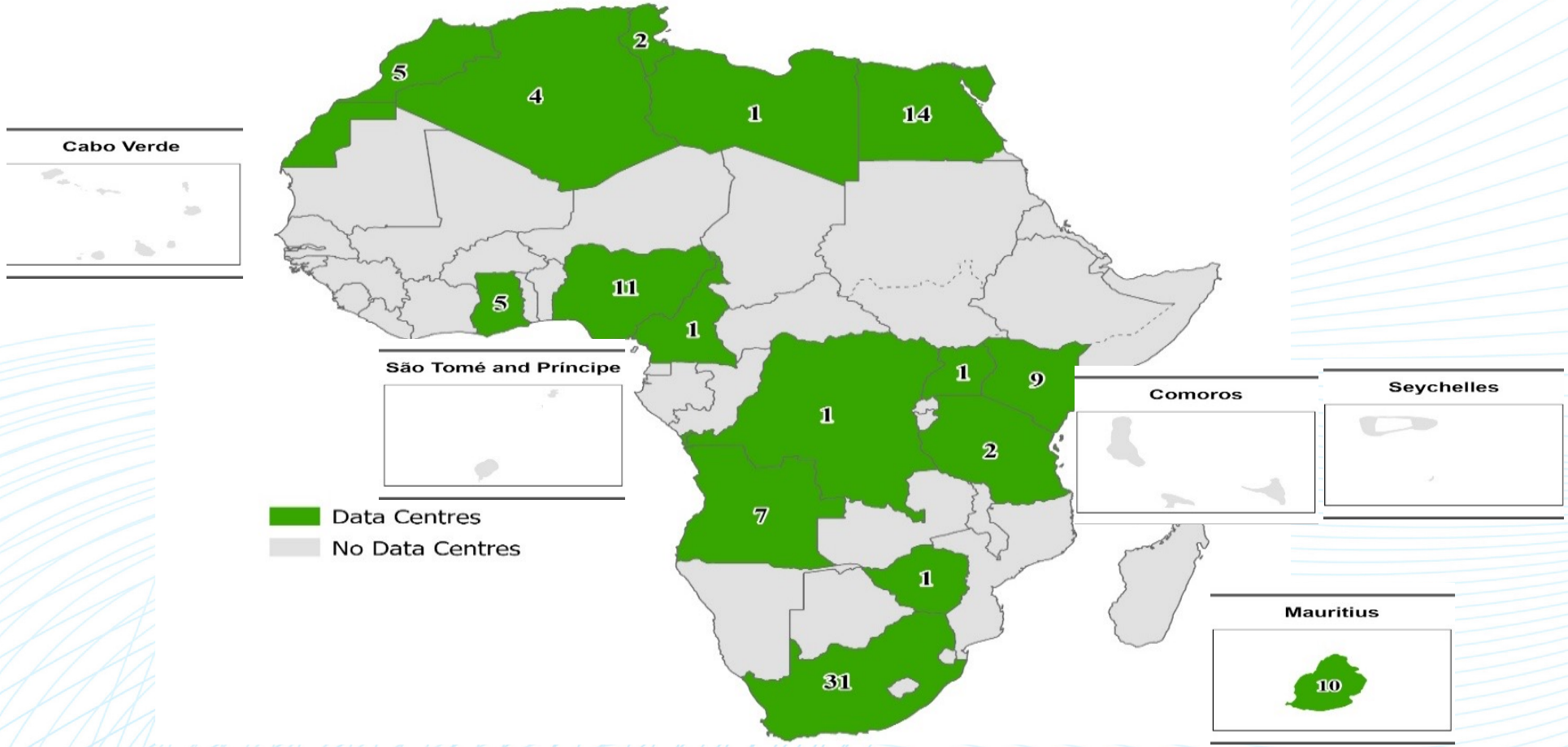


Individuals using the internet per 100 inhabitants, by region (2022): Africa is lagging behind



Source: Based on ITU (2023)

Very few data centres are domiciled in Africa (less than 2% of world total data centres are in Africa)

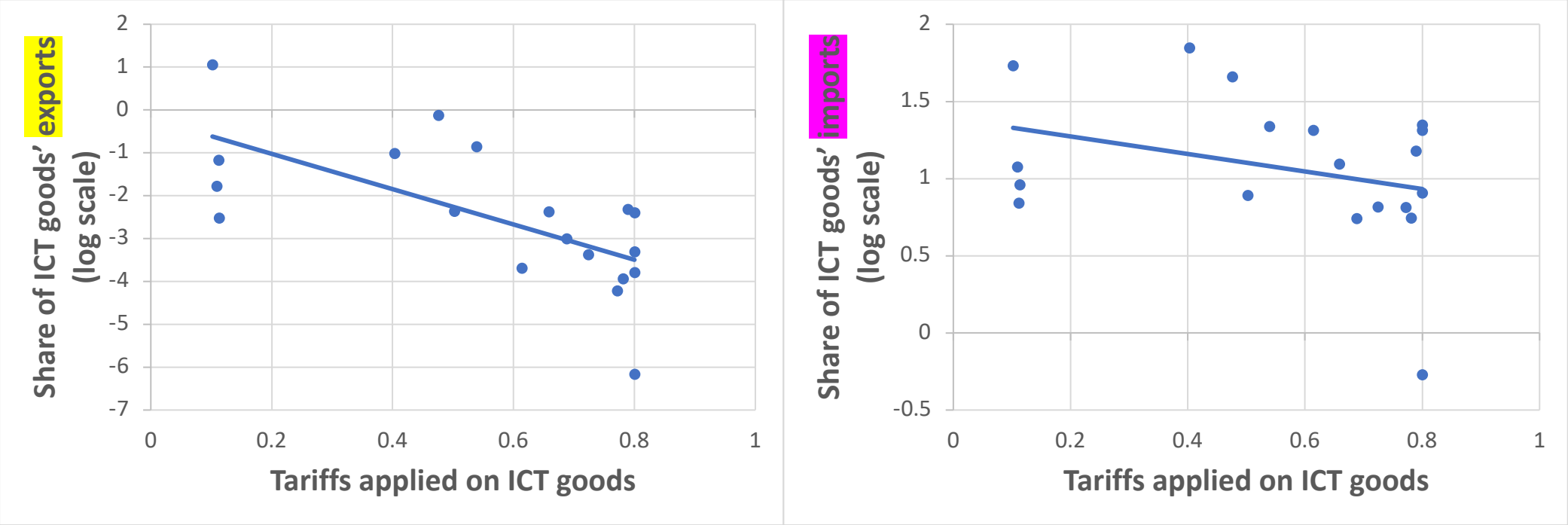


Source: Data Centre Map
showing data centre operators and services providers, offering colocation, cloud and connectivity (situation as of March 2023)

The digital trade regulatory environment is crucial for Africa's trade

Evidence suggests that restrictive regulatory measures limit Africa's exports and imports of ICT goods

Africa's ICT goods trade & Africa's tariffs applied on ICT goods



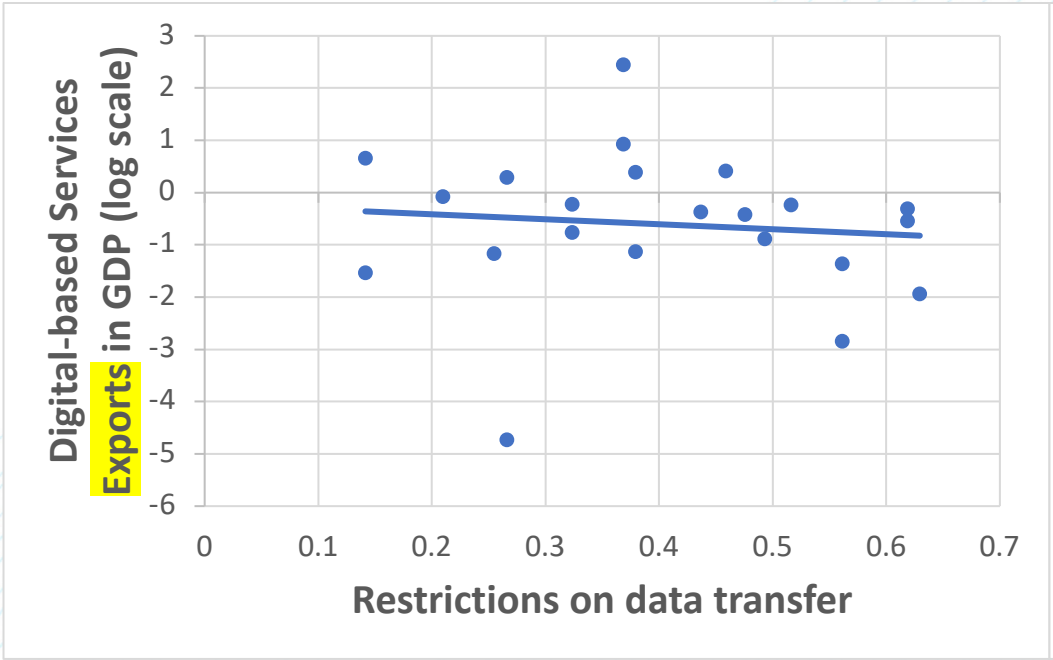
Source: Data collected by ECA and EUI on tariffs applied on ICT goods for 28 African countries & World Development Indicators of the World Bank

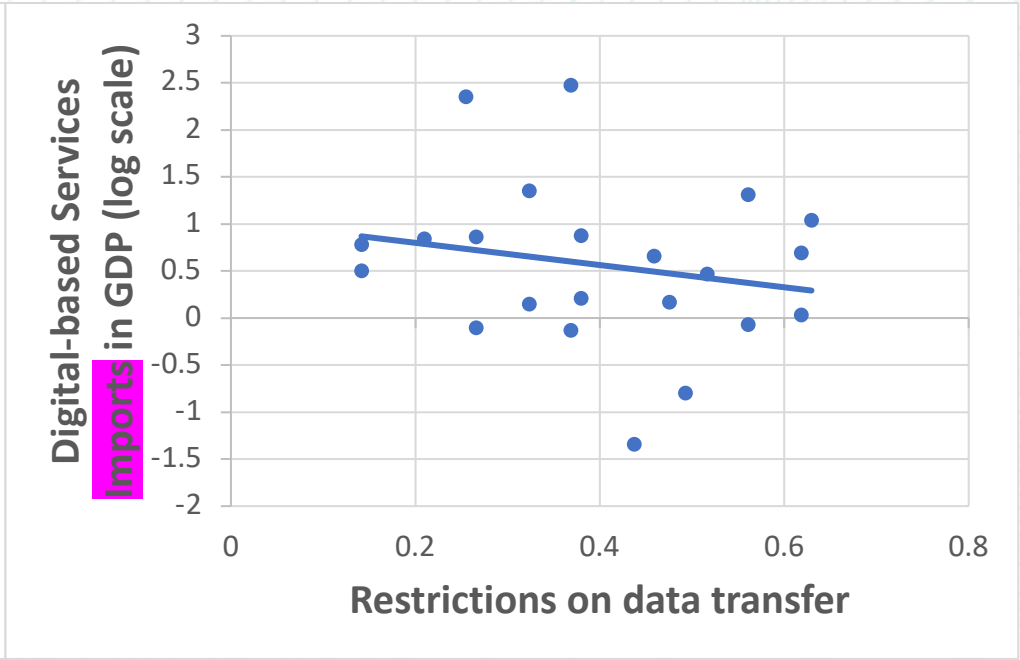
Remark: ICT goods cover information and communication technology goods imports including computers and peripheral equipment, communication equipment, consumer electronic equipment, electronic components, and other information and technology goods.

The digital trade regulatory environment is crucial for Africa's trade

Evidence suggests that restrictive regulatory measures limit Africa's exports and imports of digital-based services

Africa's Digital-based services trade & Africa's restrictions on data transfer





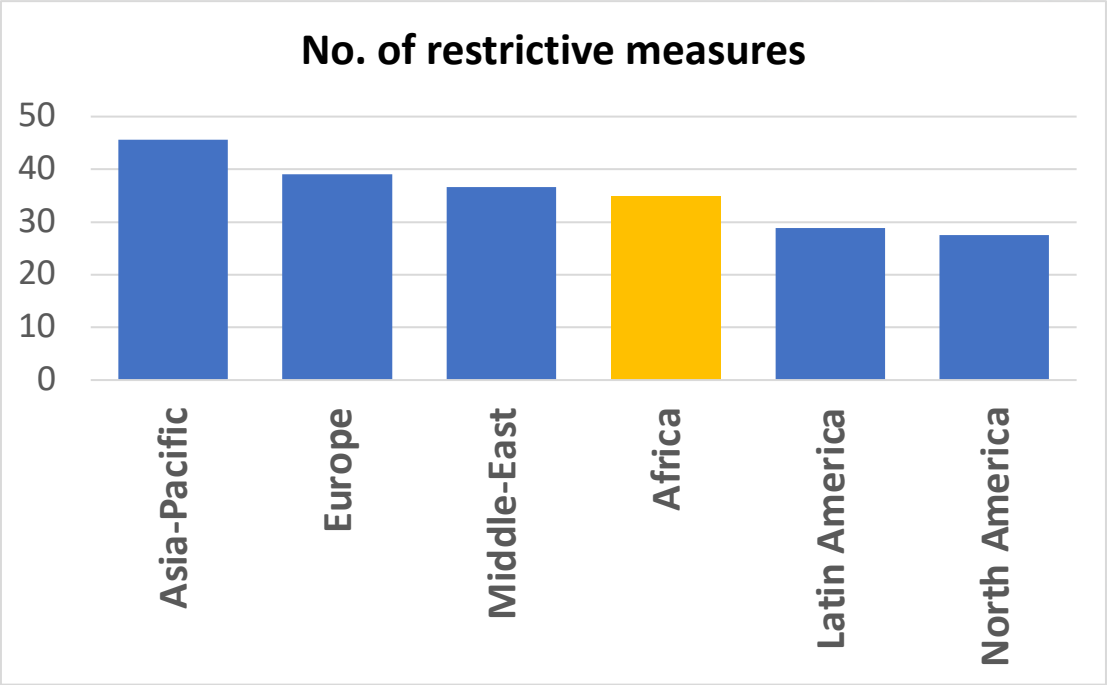
Empirical analysis by ECA & EUI *(through gravity modelling)* confirms that restrictions applied by African countries are found to be negatively associated with digital trade.

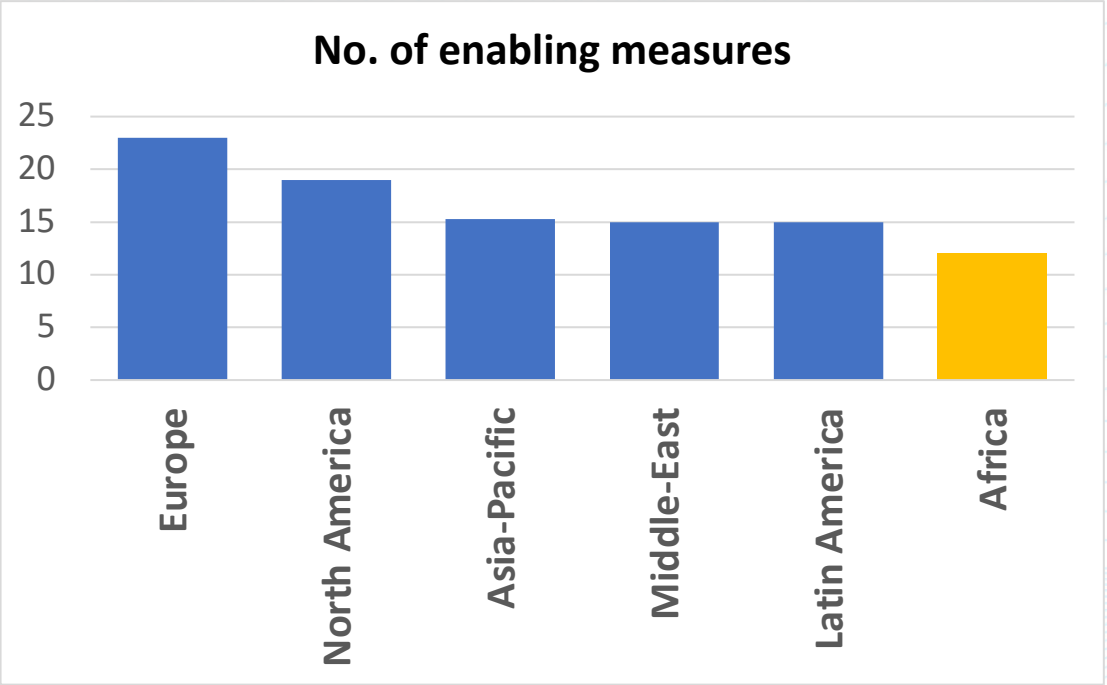
Source: Data collected by ECA and EUI on cross-border and domestic data policies for 28 African countries & World Development Indicators of the World Bank

Remark: Digital-based services cover a wider set of services, namely international telecom; computer data; news-related service transactions between residents and non-residents; construction services; royalties and license fees; miscellaneous business, professional, and technical services; personal, cultural, and recreational services; manufacturing services on physical inputs owned by others; and maintenance and repair services and government services not included elsewhere.

1. Setting the scene

While Africa as a whole does not overly restrict digital trade,
Africa is the region with the fewest enabling policies





Source: EUI with data from ECA, ECLAC, ESCAP and EUI

The number of restrictive measures matters less for digital trade than the level of restrictiveness of these policies

(ECA's empirical analysis shows that high restrictiveness is correlated with lower trade)

2. Overview of ECA's initiative on digital trade regulatory environment in Africa

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What is it about?

- **Training and research**: collecting/compiling/analyzing data related to digital trade regulatory environment in Africa.
  - Building **national datasets** about:
    *1) **Digital Services trade restrictions**;*
    *2) **Regional digital trade integration.***
  - Developing **country profiles.**

For more information:

- **Dedicated web platform**:
  https://dtri.uneca.org

Objectives and uses:

- Better **understanding Africa's digital trade regulatory landscape** (primary objective).
- **Supporting member States with digital trade-related issues**, especially in the framework of the **African Continental Free Trade Area (AfCFTA)**.
- Creating a **regional digital trade integration index for Africa (collaboration with ECLAC, ESCAP & EUI)**.
- Adding African countries in **OECD's Digital Services Trade Restrictiveness Index (Digital STRI)**.
- Facilitating **digital trade-related analyses**.

2. Overview of ECA's initiative on digital trade regulatory environment in Africa

All 54 African member States to be covered

Work already completed in 41 countries under 3 successive phases:

Phase 1: Dec. 2020-June 2021 (11 countries):

- Central Africa (3): Cameroon, Chad, Gabon.
- Western Africa (2): Ghana, Nigeria.
- Eastern Africa (3): Kenya, Tanzania, Uganda.
- Southern Africa (3): Malawi, Zambia, Zimbabwe.

Phase 2: July 2021-March 2022 (17 countries):

- Northern Africa (1): Egypt.
- Central Africa(2): Congo, DRC.
- Western Africa (5): Gambia, Liberia, Senegal, Sierra Leone, Togo.
- Eastern Africa (4): Burundi, Ethiopia, Madagascar, Rwanda.
- Southern Africa (5): Botswana, Eswatini, Lesotho, Mozambique, Namibia.

Phase 3: Sept. 2022-April 2023 (13 countries):

- Northern Africa (4): Algeria, Mauritania, Morocco, South Sudan.
- Central Africa (1): Central African Republic.
- Western Africa (3): Benin, Côte d'Ivoire, Mali.
- Eastern Africa (3): Eritrea, Seychelles, Somalia.
- Southern Africa (2): Mauritius, South Africa.

Work just started in remaining 13 countries:

Phase 4: Aug. 2023-Feb. 2024 (13 countries):

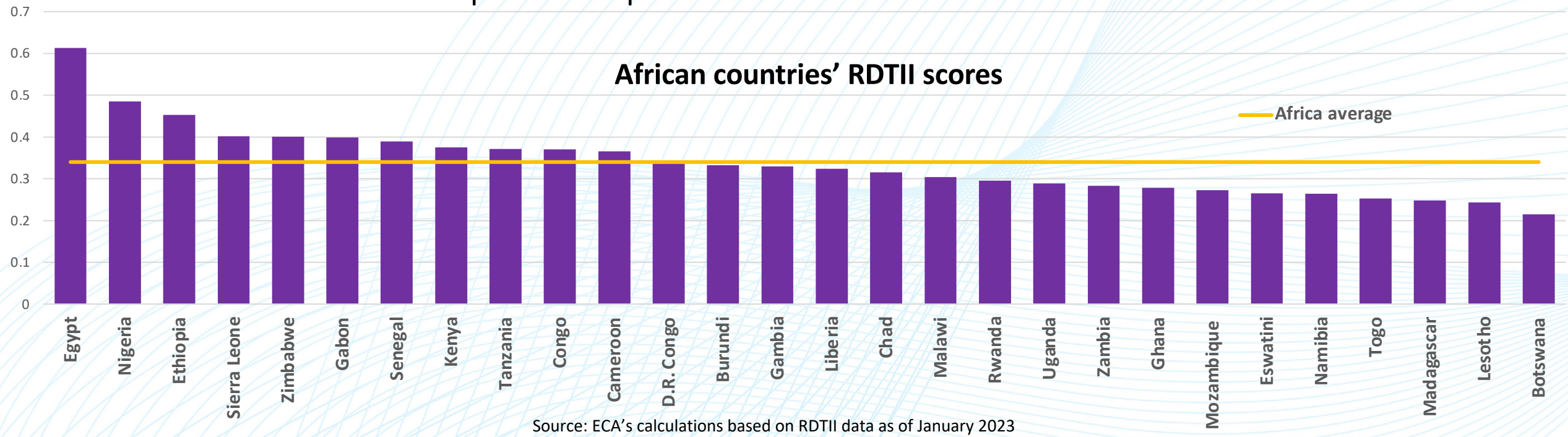
- Northern Africa (3): Libya, Sudan, Tunisia.
- Central Africa (2): Equatoria Guinea, São Tomé and Príncipe.
- Western Africa (5): Burkina Faso, Cabo Verde, Guinea, Guinea-Bissau, Niger.
- Eastern Africa (2): Comoros, Djibouti.
- Southern Africa (1): Angola.

3. Key highlights based on Regional Digital Trade Integration Index

3. Key highlights based on digital trade integration data

- Global RDTII score (for sample of 28 African countries) is **0.34** *(0.36 for Asia-Pacific, 0.25 for LAC)*
  - ➢ On average, if Africa is not overly restrictive, it is the region with fewest enabling measures for digital trade integration.

- Global RDTII score hides important disparities across countries



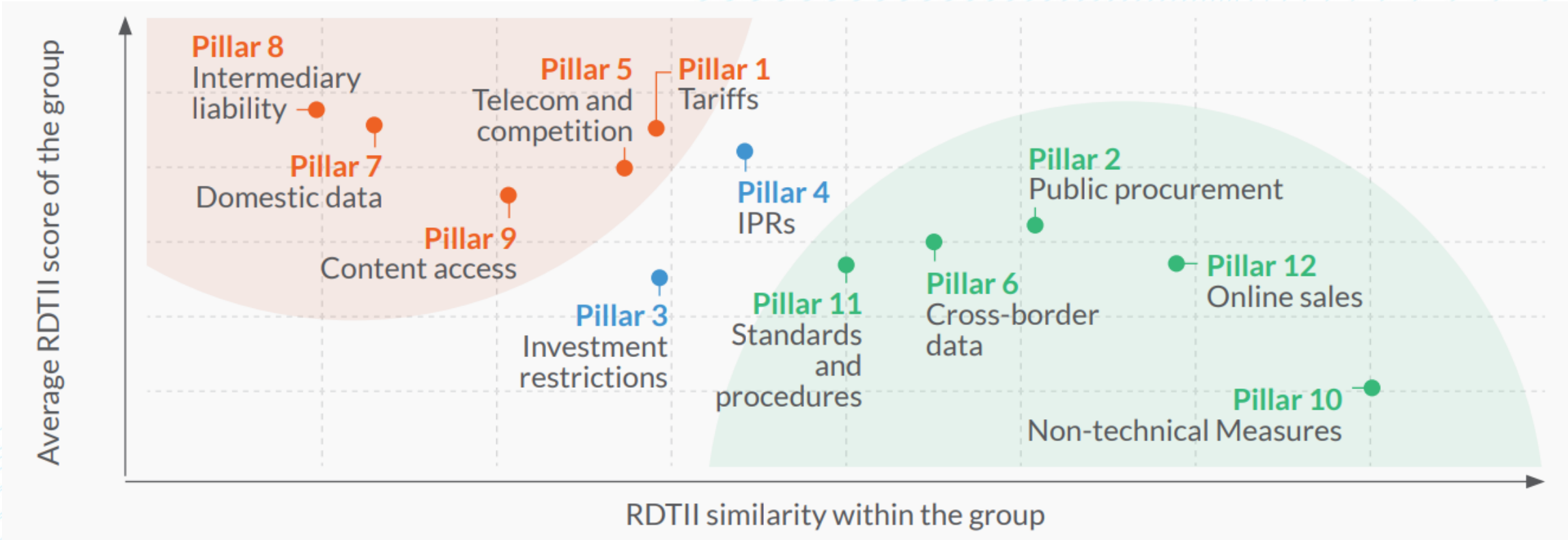
Source: ECA's calculations based on RDTII data as of January 2023

- Countries' RDTII scores themselves hide disparities within pillars & indicators (need to be unpacked)

Further insights available in from this report: https://repository.unescap.org/rest/bitstreams/04cbf0ef-1c51-4e23-9d5c-6a7147e3e276/retrieve

3. Key highlights based on digital trade integration data

African digital-trade policy diversity, by RDTII pillar, 2022 *(based on 28 countries covered under Phases 1 & 2)*



Source: ECA's calculations based on RDTII data as of December 2022

Interpretation:

- **Green** area: pillars with relatively low RDTII scores and high similarity.
- **Orange** area: pillars with relatively high RDTII scores and low similarity ***(special attention is required)***.

Policy areas to be considered for harmonization of digital trade regulations within the Continent

4. Key highlights based on Digital Services Trade Restrictiveness Index

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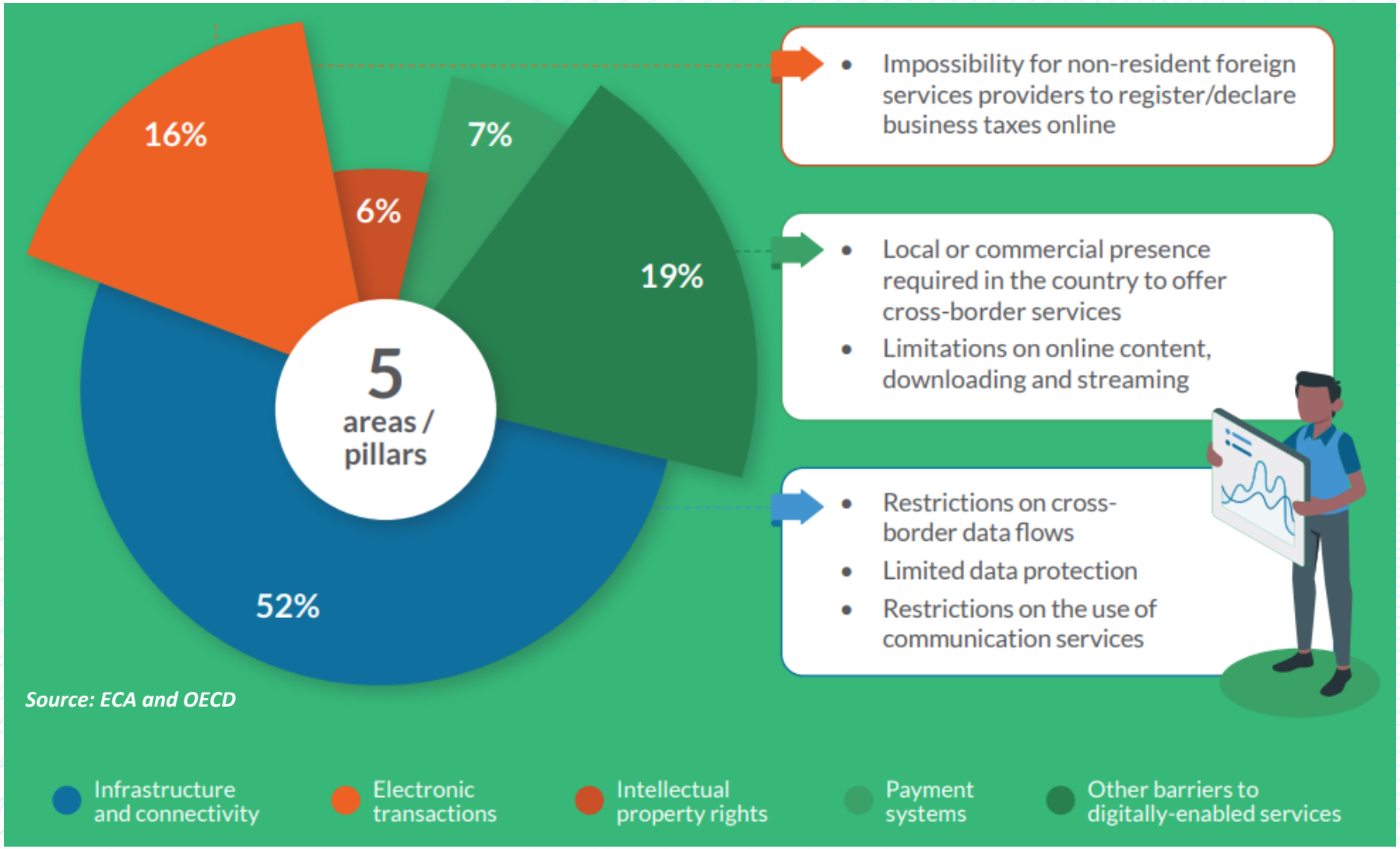
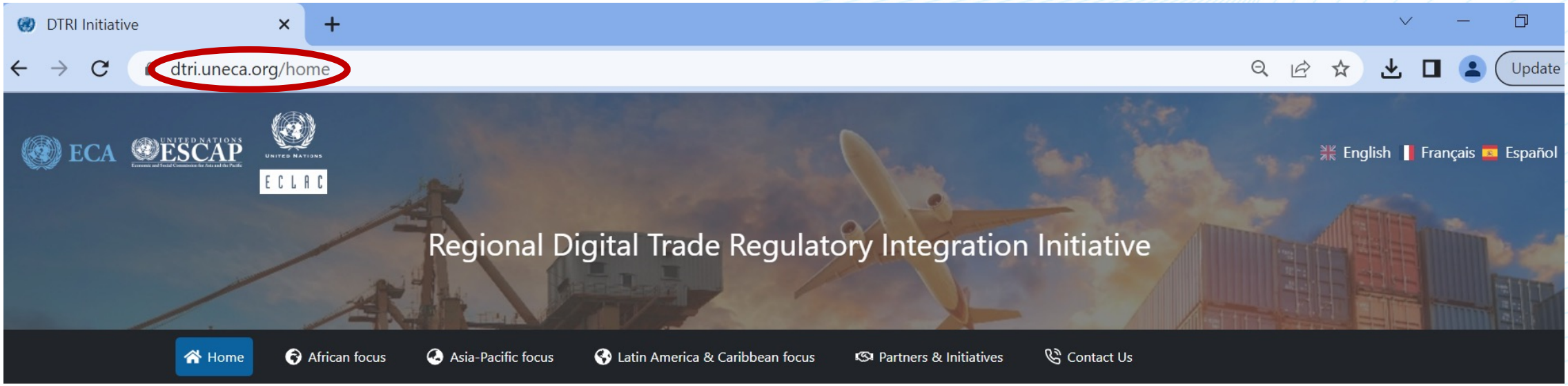
Main restrictions to digital services trade in Africa in 2021

(based on 28 countries covered under Phases 1 & 2)



5. A dedicated web platform to access available data on digital trade regulations for Africa, Asia-Pacific, Latin America and the Caribbean

5. Dedicated web platform: *Landing page*



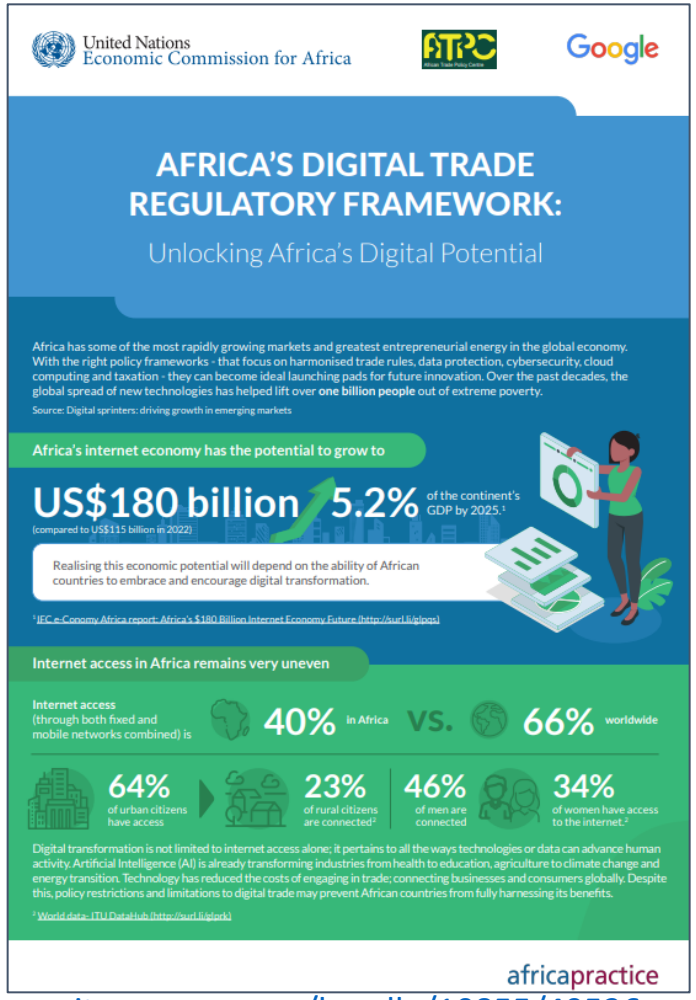
About the Regional Digital Trade Regulatory Integration Initiative

The Regional Digital Trade Regulatory Integration Initiative results from cooperation among United Nations Regional Commissions (UNRCs)— ESCAP, ECA, and ECLAC – and further implemented in conjunction with both the Organization for Economic Co-operation and Development (OECD) and the European University Institute (EUI). The joint regulatory research efforts were initiated at ESCAP in 2020 for selected Asia-Pacific economies as part of developing a broader Digital and Sustainable Regional Integration Index (DigiSRII), under a joint UN Development Account (DA) project on measuring regional integration led by ECA and jointly implemented with ESCWA. ECA and ECLAC quickly joined ESCAP to cover the African and the Latin American & the Caribbean (LAC) regions, respectively.

WHAT IS THE KEY OBJECTIVE?

Overall, the initiative seeks to provide a greater understanding of the digital trade policy environment in the Asia-Pacific, Africa, and Latin America and the Caribbean regions. More specifically, it aims at assessing targeted countries' readiness to engage effectively in digital trade and e-commerce. By developing a common analytical framework and comparable regulatory databases across the UNRC regions, policymakers, practitioners, and policy analysts of their member States and other interested stakeholders would be able to formulate evidence-based digital-trade policies and negotiations, have open dialogues to identify commonalities and to share good practices across economies and regions.

➢ **For further insights, see:**



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ideas for a prosperous Africa
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