



THE NEW SPIRIT OF AFRICA

A STAR ALLIANCE MEMBER 

Session 2 – African Continental Approach and Challenges

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E-Commerce and Airfreight Business “E-Trade for All” and “The Single Window” Initiatives

eTrade for All

- The eTrade for All initiative was launched in Nairobi in July 2016 during the 14th Ministerial Conference of UNCTAD.
- This global partnership addresses:
 - The cross-cutting dimensions of e-commerce,
 - Assist developing countries in **grabbing opportunities** offered by e-commerce.
 - Close the **knowledge gap** in implementing e-commerce in Africa.

...eTrade for All

The initiative focus on 7 key policy areas of particular relevance to e-commerce:

- E-commerce readiness assessment and strategy formulation.
- ICT infrastructure and services
- Trade logistics and trade facilitation
- Payment solutions
- E-commerce skills development
- Access to financing

Single Window

- Customs and other regulatory agencies in Africa are problematic links in global supply chain due to:
 - Prolonged/slow/bureaucratic clearance process,
- Real bottleneck for developing countries to compete on global markets.
- National **Single Window** initiative is one **innovative idea** that allow traders to submit all import, export, and transit information required by regulatory agencies via a **single electronic gateway**

Advantages of Single Window

In line with e-commerce Africa

- It will help cross border e-commerce by facilitating timely movement of goods.
- It can use documents such as invoice, packing lists, payment Confirmation, etc. available on e-Commerce platform
 - Ofcourse, Standard formats shall exist for almost all of the documents processed by e-Commerce platforms to fit the requirements of Single Window.

Opportunity for Airlines

- As the major focus of e-trade is to close the **knowledge gap** in implementing e-commerce it create a great opportunities for cargo carrier to move on **high-velocity supply chain**.
- The worldwide growth in e-commerce and subsequent shift in consumer expectations with more **emphasis on speed of delivery** has boosted the **importance of air cargo**.
 - Around 20% of global air cargo volumes are changing to e-commerce
- **E-freight** is another important component of the **air cargo industry's evolution**. “Customers perceive that **paper-based business** is **outdated, inefficient and adding significant cost**”
- **Single Window** will help cross border e-commerce by facilitating timely movement of goods.
- The development of **cross-border e-commerce trade** is set to **transform logistics** with huge growth rates for the air cargo industry.

IATA Connectivity index

- Based on study commissioned by IATA to assess effectiveness of **smart border regulation** (i.e Trade liberalization and facilitation), customs service efficiency and Integrated logistics chain are identified as critical factors in trade development.
- The study identifies **three indicators** which are The **Air Connectivity Index (ACI)**, **Air Trade Facilitation Index (ATFI)** and **e-Freight Friendliness Index (EFFI)**.
- Overall, the paper can serve as evidence for **policy deliberations** on improving the **trade facilitation environment (Single Window concept)**.

Key Findings Statistical Summary

1. 1%↑ ACI → 6.3%↑ total exports and imports
1%↑ ACI → 2.9%↑ GVC participation
2. 1%↑ ATFI → 2.3%↑ Value of trade
1%↑ ATFI → 0.3%↑ GVC participation
3. 1%↑ EFFI → 2.5%↑ Value of trade
1%↑ EFFI → 2.9%↑ GVC participation
4. Air cargo positively associated with exports & imports growth hence help firms move up with higher trade value.

Opportunities and challenges on Airfreight business in Africa

Opportunities

- Over 1 billion young population
- Large land mass
- 6% GDP growth next Decade
- GDP of \$ 2.6 trillion by 2020
- 60% of world's uncultivated arable land
- Destination for world food security
- **Fast growing middle income and consumer society**
- Untapped natural resources: 42% of world's gold; 12% oil; 90% diamond, etc...
- Attracting FDI from all parts of the world (East, West and North)

Challenges

- Fragmented **trade logistics** and **trade facilitation** due to Low **e-Trade for All & Single window services** penetration
- Underdeveloped Payment solutions (system)
- Low level E-commerce skills development
- Limited access to financing
- Very low Inter-Africa market (only 12%)
- Lack of integrated multi-modal system for efficient transportation and interconnectivity
- Poor airport, road & ICT infrastructures and handling facilities



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Thank You!

