

Intra-African trade and blockchain

Blockchain technology could finally give intra-African trade the lift off similar to other, successful, trading coalitions, despite years of false starts and the Covid setback.



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Africa trade makes up just 3% of global trade and of that, only 17% is intra-regional trade - despite the continent being the world's largest trade bloc, says Louis du Plessis, head of trade finance at RMB.

“In Europe and Asia, intra-regional trade is well above 50%. It lays bare the enormous potential for much higher volumes of trade on the African continent.

“There is no reason to think intra-African trade couldn't rise 20 to 30% within the next five years with the use of digitisation and blockchain. It will help circumvent the long-running factors which have held trade back such as costly processes, a lack of finance, and a lack of trustworthy systems that those trading with other countries can rely on.”

He noted that the growing adoption of blockchain in Africa trade could make a material difference to the economic growth of many countries especially as they emerge from the pandemic setback.

“Over the last two years we have seen a significant growth in blockchain projects across the whole trade value chain, including trade finance, supply chain, shipping and freight as well as digitisation of trade documents,” Du Plessis says.

African Continental Free Trade Area

"Despite the laudable ambitions of AfCFTA, intra-African trade has yet to gain momentum. But the low base creates a chance to jump start trade by using the latest technologies. While Covid has reduced the world trade volumes, it has also emphasised the urgency of digitisation efforts in trade finance to ensure business continuity," he says.



AfCFTA offers massive economic opportunities, but there is still much work to be done

Bobby Madhav 22 Apr 2021



Encouragingly there are also a number of significant moves from a regulatory point of view to harmonise digital blockchain standards which will assist in adoption and uptake of the technology.

"Uniform rules have been and still are a key missing component. The G7 (consisting of Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States) recently approved a framework to advance the digitisation of transferable documents used in trade, shows we are making progress but the full standardisation in Africa is still a long way off."

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