

REPORT AND RECOMMENDATIONS ON CBC's WEBINAR

TAKING STOCK: IMPLEMENTATION OF THE COMESA REGIONAL GUIDELINES FOR THE MOVEMENT OF ESSENTIAL GOODS AND SUPPLIES ACROSS THE REGION DURING THE COVID-19 PANDEMIC



1.0 Introduction

The COVID-19 pandemic has disrupted almost all global sectors, but most importantly supply chain systems that are heavily reliant transport and logistics services, which are at the centre of the facilitation of movement of goods and services across the region. Most governments have put in place measures that include border restrictions and limitations on the movement of cargo, thereby affecting cross border trade. Whilst the measures are important, facilitating the movement of essential goods and services remains a priority for livelihoods, industry and economic sustainability for COMESA and Africa at large.

The measures put in place to mitigate the challenges experienced by business due to the COVID-19 pandemic will lead to reduction in the levels of output, household spending, investment and international trade. Several countries in the region are landlocked and there is great reliance on corridor networks and cross border transport and logistics services. Recent border delays and queues as a result of border restrictions and limitations on the movement of cross border cargo, not only disrupted supply chains but also increased COVID-19 confirmed cases along the trade corridors. This is likely to reduce intra-regional trade, which currently stands at US\$ 8 billion. According to the UN, COVID-19 could cost up to 1.4% points of Africa's GDP growth. The Brookings Institute projects that Africa will record a loss of 2.1% points or more in GDP growth if the novel coronavirus takes hold. Other estimates predict that Africa's economies could record a loss of between \$90 billion and \$200 billion this year (2020). According to a recent publication by the African Union, the pandemic could cause up to 20 million job losses.

In engaging the business community to understand and collate the challenges and trade restrictive measures being faced as a result of the pandemic, some of the preliminary impediments identified included: regulations pertaining to the movement of essential goods and services across the borders; regulations pertaining to the quarantine of truck drivers; movement of transit cargo challenges; clearance through border posts and tripartite or continental approach to facilitating transit cargo.

To address the above and provide a framework for continued trade, in May 2020, COMESA issued the **Regional Guidelines for the Movement of Goods and Services during the COVID-19 pandemic**. The COMESA Regional Guidelines are a useful tool for ensuring the harmonisation of approaches and facilitation of the speedier movements of goods within this period to keep the regional value chains functional. The Guidelines covers a broad range of areas which include: facilitating the implementation of transport related national COVID-19 measures in cross-border transportation; facilitating flow of essential goods such as fuel, food and medicines; pre-clearance processing of goods to reduce congestion and dwell time at the border; joint border inspection and electronic documentation where possible; limiting unnecessary and mass movement of passengers across borders; and harmonizing and coordinating transport-related national COVID-19 policies, regulations and response measures.

The webinar discussed the extent of implementation and the effectiveness of the COMESA Regional Guidelines in facilitating the speedier movement of goods across the borders. The discussion keenly reviewed current experiences by business and offered recommendations for enhanced trade facilitation measures.

2.0 Panellists

To have balanced discussions, the panellists were drawn from the private, private sector associations and the public sector.

Private sector;

- i. Mr. Ian Hirschfeld: Head of Public Policy for Southern and Eastern Africa, Coca-Cola
- ii. Mrs. Temitope 'Tope' Iluyemi: Director, Global Government Relations for Africa, Procter & Gamble

Private sector associations;

- i. Mr. Mike Fitzmaurice: Executive Director, Federation of East and Southern African Road Transport Associations (FESARTA)
- ii. Mr William Ojonyo: Board Member and Member of the COVID-19 Taskforce, Federation of East African Freight Forwarders Associations (FEAFFA)

Public Sector:

- i. Mr. Mushuma Mulenga: Permanent Secretary, Zambia Ministry of Commerce, Trade and Industry
- ii. Dr Christopher H. Onyango: Director, COMESA Trade and Customs

Moderator:

Ms Sandra Uwera: Chief Executive Officer, COMESA Business Council

3.0 Date and Time

The webinar was convened on the 14th of July 2020 at 1430hrs – 1630hrs CAT

4.0 Major Points Raised in the Discussion

- The COMESA Guidelines were developed in consultation with the public and private sectors.
- COMESA considered 4 major factors in developing the guidelines;
 - i. The need to save lives following the eminent threat by the spread of the virus and the associated burdens (*economic and financial burdens*).
 - ii. The need to strengthen coordination and collective approach by Member States specifically in facilitating the movement of goods and services.
 - iii. The need to safeguard existing trade agreements and to avoid erosion of gains that have been made as far as liberalization of trade and investment in the COMESA region.
 - iv. The need to support local production and supply of products especially essential goods following the shortfall in supply experienced.
- The guidelines were validated at various levels;
 - i. Technical level - Trade and Customs;
 - ii. Inter-Government Committee which comprises of Permanent Secretaries responsible for trade and commerce;
 - iii. Council of Ministers which is the final decision-making organ of the COMESA Secretariat.
- The Guidelines were also developed recognizing the guidelines developed by the other RECs with shared membership with COMESA including the EAC and SADC, in response to the COVID-19. They address the current challenges without amending the regulations and the agreements/treaties that have been signed. Moreover, they are also flexible enough to enable bilateral discussions between neighbouring countries.
- The Guidelines were launched on the 14th of May 2020 and circulated to Member States for implementation.
- The implementation of the Guidelines is on course and the results can be seen in some instances i.e. there is now improved coordination in customs border management including clearance and health safety; queues are also getting shorter.
- The private sector appreciated the move by most countries to quickly adopt the COMESA guidelines which have assisted to fast track the free movement of goods and services across Africa.
- The classification of essential goods by the guidelines was also critical in the movement and clearance of the goods for example at the border between Kenya and Uganda, essential goods could still move besides the lockdown.
- The private sector highlighted that there is need for transparency and consistency so that the regulations are upheld across the region.
- Communication of changes in customs and health regulations is critical to facilitate movement of goods and avoid demurrage expenses.
- A notable gap is the lack of a beverages association in the region, which makes it difficult to have systematic contributions to policies and amongst other relevant contributions.
- The private sector highlighted that the Guidelines have indeed improved the movement of goods across the region compared to the period when the pre-guidelines were referenced.
- Some of the land, sea and rail borders were partially opened which facilitated continuous movement of goods across the region.
- There has been sporadic communication about the changes that have happened at policy level to protect lives and to keep economies operational.
- Some of the manufacturers have been able to trade online using electronic platforms to ensure movement of goods is consolidated as much as possible for example using courier services.
- The private sector has also worked with governments in defining and classifying essential goods.

- The streamlining of border processes has also assisted in reducing time spent at borders. The streamlining was necessitated by the need to meet health regulations at borders (reducing number of personnel at any given point in the border).
- COVID-19 disrupted the region's momentum in its preparations for AfCFTA.
- Due to the pandemic, borders were being closed unilaterally causing disruptions in supply chains across the region. The Guidelines have been crucial owing to their provision for uniform measures for the region through official communication and discussions with key stakeholder groups.
- Ministry of Industry, Commerce and Trade in Zambia carried out a survey on private sector operations; the results revealed that 40% of companies have their supply chains disrupted and are experiencing an increase in commodity prices.
- Upon release of the COMESA Guidelines, the Zambian Government localised them and there have been improvements in the facilitation of the movement of goods at borders. The private sector has also been advised by Government on how to optimally operate within the scope of the Guidelines.
- The Government of Zambia has addressed the issues of quarantine of truck drivers and customs clearance at borders. Currently, truck drivers are allowed to proceed whilst their test results are processed and if positive the owner of the truck will need to provide another driver while the positive driver is quarantined at designated centres.
- COMESA has developed and will launch an online tool which highlights prospective buyers within the region, for enhanced facilitation of business linkages.

5.0 Recommendations

1. Increased border coordination through management COVID-19 committees (public- private) to deal with challenges at the borders.
2. Establishment of a Beverages Association to represent the industry's position in engagements with the public sector and other relevant associations.
3. Regional Business Associations should strengthen their collaborations for enhanced regional trade facilitation (COMESA Business Council, SADC Business Council, East African Business Council); I alignment, there's also need to push forward for the realisation of the AfCFTA.
4. Increased private sector investment for industrial development and infrastructure to ensure increased regional trade.
5. Development of a public-private sector platform that fosters dialogue, collaboration and knowledge sharing, towards the evaluation and enhancement of the Guideline's implementation and efficiency.
6. Ensure the effective implementation of COMESA STR.
7. Accelerating/broadening support mechanisms at national and regional level - COMESA to support SMEs (*stimulus packages, access to markets, and other measures*).
8. Accelerate trade in services negotiations.
9. Develop and implement more digital trade solutions (e-trade, e-legislation and e-logistics)

Participants' Questions to Panellists

The cost of logistics lies in the details during the movement of cargo from one place to another. Cargo destined to Zambia from Kenya does from time to time get stuck at Namanga for whatever issues that Tanzania (not a COMESA Country) could be having with Kenya. The same goods may not have a problem when they get to Nakonde/Tunduma. Is COMESA Secretariat aware of this and what practical steps/initiatives are in place to address such issues?

CBC will liaise with COMESA on the same. Will also direct the question to the Director of Trade and Customs who is within the meeting. However, Tanzania is a member of SADC, as well as Zambia. Beyond the COMESA framework, the goods can still be easily cleared and there should not be a problem within that regard. The Tripartite framework between SADC, EAC and COMESA provides a framework for addressing the above. In fact, the NTB monitoring mechanism covers the Tripartite region. Available at www.tradebarriers.com. Through this platform you can record a barrier and it can also be addressed directly. We can pick up on the above, post the meeting.

COMESA Business Council

Are the COMESA guidelines being implemented uniformly by member states? How is COMESA enforcing the same?

The guidelines are supposed to be implemented uniformly across all member states although the experience may in a few cases be an exception. Secretariat is in constant engagement with member states focal points as well as following up on feed backs from traders and private sector.

Dr Christopher H. Onyango - Director, COMESA Trade and Customs

Transporters have really suffered a lot as they cannot achieve their normal truck turn around, for instance, Mombasa, Kampala, truckers used to do 4 trips a month, now it is two or one trip, due to testing of drivers and delay in release of results. We suggest that CBC to appeal to the Member states to consider giving truckers concessions / incentives to help them break even.

This is well noted. Certainly, the cost of transport and logistics in the region needs to be addressed. Some countries have put in place measures to cushion the businesses, but a regional response is also imperative. Beyond finance, fast tracking clearance of goods and findings other ways to ease the situation.

COMESA Business Council

Why does COMESA seem to be more public driven than private sector driven?

Dear Brenda. This is well noted and has really been emphasized within the discussions. The COMESA Business Council is a private sector institution of COMESA, and there is an existing mechanism for us to

ensure private sector participation within COMESA, directly engaging the policy makers. The PS for Zambia has also raised this issue of increased collaboration and engagement between the public and private sectors. It demands concerted approaches at both national and regional levels. The pandemic has also even highlighted the issue more...and we shall pick on the above to ensure more private sector driven approaches.

COMESA Business Council

How can companies leverage the COMESA Secretariat to resolve this type of trade issues? Is there a desk dedicated to COVID-19 related issues?

Confirming the above question on increased need for regional, Tripartite and continental harmonization. Definitely beyond the regional guidelines, there is momentum to address issues of cross border trade from an infrastructure issue, production, etc. For now, we have 8/14 ratifications for the TFTA. Hopefully, this can be implemented soon as it will complement several tripartite issues.

COMESA Business Council

Where is COMESA as far as integration of AfCFTA is concerned particularly the 5 benchmark services: Transport, communication, business services, tourism and financial services? Then the matter of rules of origin and the enabling national legislation for actualizing these noble regional treaties.

In terms of COMESA Trade in Services- four priority sectors (communication, tourism, transport and financial services) have been fully negotiated and are now operational. Currently have ongoing negotiations on construction, energy and business services. At the AfCFTA negotiations are currently ongoing on the services pillar as well. I agree with your assertion there is an increased need to accelerate negotiations on the services sector. The pandemic has probably also highlighted the need for digital and other business services- bringing the issues to the forefront. So, governments should accelerate the negotiations on the above, also to ensure the concessions are meaningful.

COMESA Business Council

Certainly- aligned to the above. Regional coordination is important: @ industry level @ private sector @ public-private sector. Increased engagement and communication is key. Lack of harmonization in cross-border regulations (e.g. axle load limits, vehicle configurations and cross-border road transport permits), are among the main obstacles to the movement of commercial vehicles along inter-state road corridors. Can the Covid19 emergency represent an opportunity for accelerating the ratification and the implementation of the Multilateral Cross Border Road Transport Agreement (MCBRTA) in the Tripartite Region?

The successful implementation of the AfCFTA demands concerted efforts on developing the industrial capacities of the countries to ensure they can effectively participate in the continental trade. A number of measures by different players. At the COMESA Business Council working with COMESA we have a number of activities focusing on promoting the productive capacities of SMEs and also promoting Local and Regional sourcing, to strengthen partnerships and regional supply chains. Coca Cola also highlighted the importance of strengthening regional supply chain relationships as essential. We all have a part to play, as

industry, as government- on a conducive business environment and right regulations, etc. I can mention several initiatives but yes, there are multiple activities that are ongoing. In terms of access to finance, productive capacities, infrastructure, market access issues to pave way for the implementation of the AfCFTA. Governments -national level have also developed priorities and strategies on this.

COMESA Business Council

As the region what measures are we putting in place towards the African free Continental Trade Agenda implementation. How do we aid countries like Zambia that depend so much on importation in the region to be competitive?

And lastly... How best do you rate the Zambian road Network in trade efficiency in the region, in regard to the road network, what areas does Zambia need to improve on?

What measures have the panelists put in place in their respective countries to deal with issues of storage, demurrage and detention that has become a challenge during pandemic period?

Have the shipping lines/ports given a waiver to the importers, and if yes, up to what percentage? - Nicholas from Uganda Freight Forwarders Association

Movement of cargo is driven by clearing and forwarding agents and I wonder what the panelists' opinion is in terms of their preparedness and responsiveness to the emerging challenges and opportunities as a result of the pandemic. I ask this question with the full awareness that some of the panelists are users of the said services, but they do not have to mention names.

What are some of the production and market outreach challenges Coca Cola has faced in Zambia over in the second quarter of this year due to Covid-19?

The challenge of the convergence of COMESA and AfCFTA so called balanced regulation, sustainability of the economy, safe trade and sovereign protection of national industries lies in the design of the regional guidelines.

With an economic contraction, countries may likely intensify revenue generation through increased import duties at the border - protectionist measures. What's COMESA's plan to ensure that trade agreements are respected despite the harsh economic effects of the COVID-19 pandemic?

How can companies leverage the COMESA Secretariat to resolve this type of trade issues? Is there a desk dedicated to COVID-19 related issues?

What is COMESA Business Council doing to facilitate cross border trade for Micro and Small businesses at borders?

Did any measures taken by the countries in the context of Covid has been studies and its effect been analyzed? Did the quarantine and health measures stretch the time of realize of products?

With the increasing number of Non-Tariff Barriers (NTBs) since COVID-19 started, what mechanisms have been put in place by member states such as Zambia to ensure that NTBs reported on the Tripartite NTB platform are addressed as soon as it is possible by national NTB focal persons?

I mean the merging between the African agreements

How can eCommerce contribute to address regional Trade challenges in this COVID situation?

may be lastly, are there other ways that COMESA is considering influencing regional gov'ts to extend a hand and policy support for the SMEs that may have corrupted as a result of covid-19

What are the ways in which Governments plan to implement safe and effective movement of goods and services across borders, especially addressing nationalization policies?

How can the private sector support public sector or governments in implementing project which require funding?

Is there a way in which Governments can influence each other in policies and policy formulation?

Are there any support mechanism for SMEs who are facing operational challenges during COVID-19? Be it in Zambia or in the region? What are governments doing to support SMEs?

The COVID-19 pandemic has affected economies of Sub-Saharan countries with the IMF recently forecasting an economic contraction across the region.

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