Facilitating cross-border trade through a coordinated African response to COVID-19

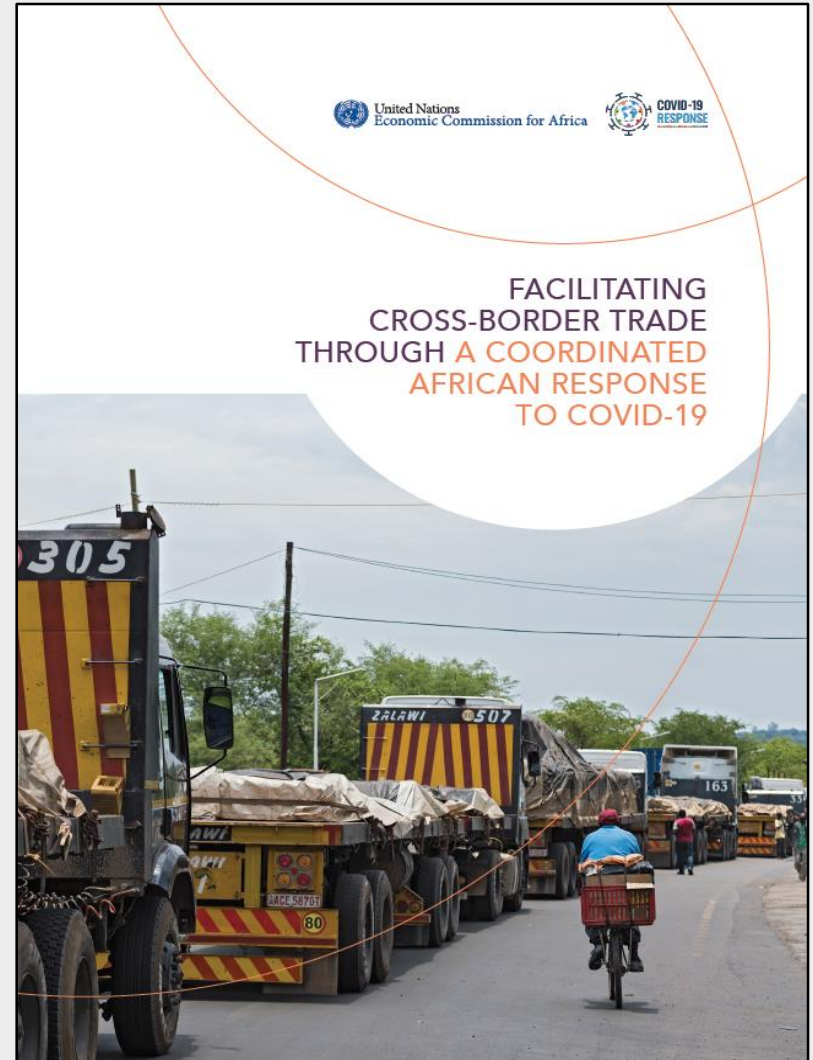**Economic Commission for Africa**

27 August, 2020
Addis Ababa, Ethiopia

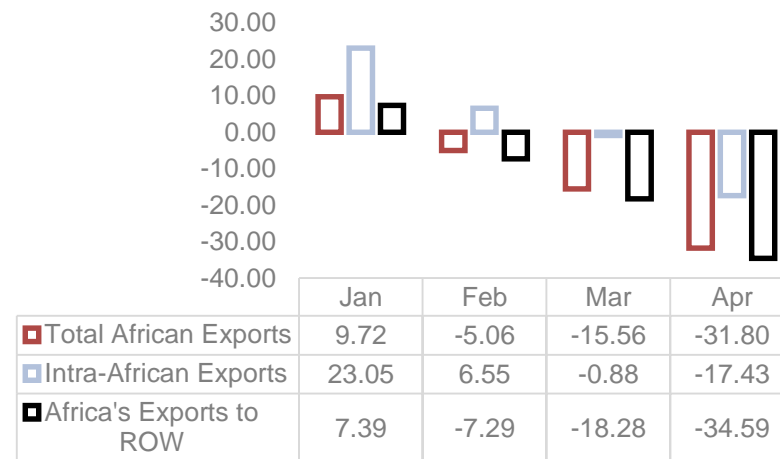# ECA COVID-19 Cross-Border Trade Report

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United Nations Economic Commission for Africa

COVID-19 RESPONSE

FACILITATING CROSS-BORDER TRADE THROUGH A COORDINATED AFRICAN RESPONSE TO COVID-19
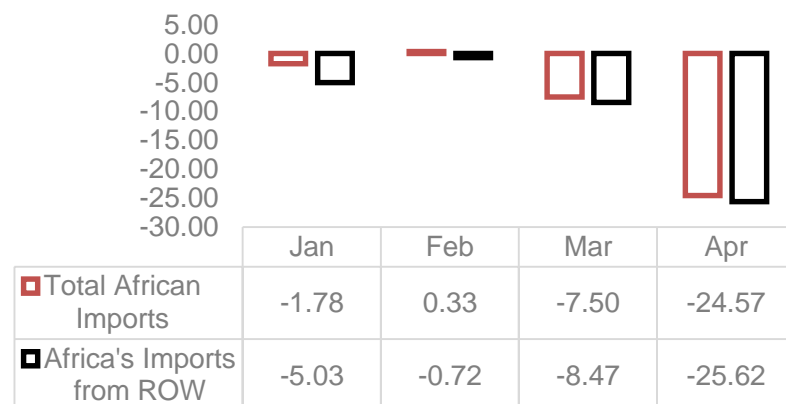
COVID-19 border restrictions & regulations

- **Closures:** 38 and 17 of Africa's 54 countries announced land and maritime border closures respectively

- **Target:** under a set of strict regulations, these closures target reducing movement of people while allowing exemptions for movement of essential supplies

- **Regulations:** mandatory testing, sanitizing trucks, limiting the numbers of crew members on trucks, and designating transit resting areas etc.

- **Balancing act:** minimize COVID-19 spread while maintaining cross-border trade and economic activity

- **UNCTAD data:** intra-African exports declined by 17 percent in April 2020, but were more resilient to the twin COVID-19 and commodity price shock than Africa's exports to the ROW → highlights importance of developing competitive and diversified intra-African value chains

Africa's exports, monthly (year-on-year % changes, 2020 vs 2019)

	Jan	Feb	Mar	Apr
Total African Exports	9.72	-5.06	-15.56	-31.80
Intra-African Exports	23.05	6.55	-0.88	-17.43
Africa's Exports to ROW	7.39	-7.29	-18.28	-34.59

Africa's imports, monthly (year-on-year % changes, 2020 vs 2019)

	Jan	Feb	Mar	Apr
Total African Imports	-1.78	0.33	-7.50	-24.57
Africa's Imports from ROW	-5.03	-0.72	-8.47	-25.62

Source: Data from UNCTAD - based on national statistics from 2019 and 2020. Statistics for April 2020 are preliminary.
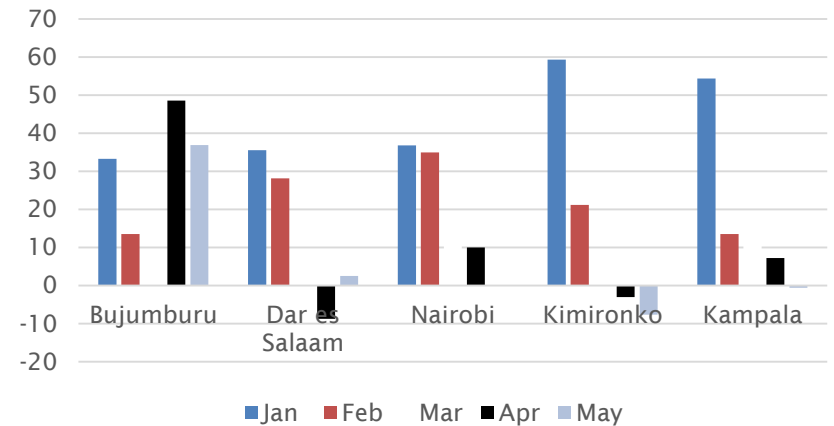
COVID-19 cross-border trade challenges

Cross-border trade disruptions: present challenges for Africa's fight against COVID-19, and risk reversing progress towards the SDGs and AU Agenda 2063

Key challenges

➢ Inadequate or delayed access to emergency COVID-19 supplies

➢ Increased food insecurity

➢ Escalation of prices along key corridors including cities

➢ Loss of income for informal small-scale cross border traders

➢ Increased financial stress

➢ Reversal in gains in women's economic empowerment

➢ Slowdown in the development of cross-border value chains

Response: RECs introduced coordinating responses to facilitate "safe" and timely cross-border trade

Maize prices in East Africa, growth rate (% changes, 2020 vs. 2019)

Legend: Jan, Feb, Mar, Apr, May

Trucks at the Malabar border in Uganda, 27 May 2020

Sources: Eastern Africa Grain Council (EAGC)

IdeastoAction   www.uneca.org

Comparison of REC COVID-19 trade facilitation guidelines

SADC: first to be adopted on 6 April 2020
EAC: signed and published by EAC Regional Coordination Committee on COVID-19 Response on 24 April 2020, but not officially adopted by Member States
COMESA: adopted on 14 May 2020
ECOWAS: draft guidelines adopted by Ministerial Coordinating Committee on 17 June 2020, but not yet presented for adoption by Heads of State (not in force)

Challenge: Inconsistent implementation at national level and lack of harmonization across RECs

	COMESA	EAC	ECOWAS	SADC
Trade facilitation of essential supplies	X	X	X	X
Cross-border freight transport operations	X		X	X
Air transport	X		X	
Handling of cargo at seaports	X	X	X	
Transit deliveries	X	X		
Trade in services	X		X	X
Payments and communications		X		
Inspection and quality control		X		X
Advocacy, capacity building and information sharing		X	X	
Gender considerations			X	
Monitoring and evaluation	X	X	X	X

Best practice COVID-19 border responses across RECs

Health screening

- Conduct mandatory thorough health screening of all incoming/outgoing drivers and crew
- Coordinate in carrying out health screens when there is a functioning OSBP
- Ensure all border points are reinforced with requisite personnel to carry out health screening and COVID-19 testing

Testing and certification

- Deploy mobile laboratories and test kits to all border posts
- Immediately isolate persons that test positive on testing at borders
- Expedite clearance of persons with a valid negative certificate
- Develop regional test certificate valid for 14 days: allows owner to travel within region without being re-tested unless they display COVID-19 symptoms at health screening points

Hygiene and PPE

- Provide hygiene facilities at all border posts
- Supply PPE for frontline personnel, border authorities and small-scale cross-border traders
- Enforce mandatory requirement for drivers and crew to wear masks and apply sanitary products
- Provide facilities to disinfect cargo and trucks

Crew size

- Introduce regulation so that vehicles can only travel with one driver and an appropriate number of crew members in line with social distancing directives (e.g. 2-3)

Best practice COVID-19 border responses across RECs

Border management

- Apply risk management on essential supplies only if high-risk
- Pre-clear goods and coordinate inspections / single window processing
- Designate priority lanes for essential goods or truck drivers with valid negative COVID-19 certificate
- Designate safe parking facilities for road transport vehicles in transit

Information sharing

- Publish national and regional border measures taken to fight COVID-19
- Provide information materials on measures for distribution at customs offices and border crossings
- Publish route maps which trucks should follow (including location of check points, quarantine centers, and designated parking facilities)

Digital solutions

- Use electronic cargo tracking systems to monitor movement of drivers and facilitate contact tracing
- Automate trade and transport facilitation processes (including applications and e-signatures)
- Encourage electronic payments platforms such as mobile money, including through reducing fees

Operational mechanisms

- Carry out capacity building of border staff on COVID-19 border regulations
- Establish a body to coordinate implementation of border regulations and resolve operational issues
- Mobilize resources to assist Member States to implement COVID-19 guidelines
- Publish revised guidelines as may be required

COVID-19: opportunity to overcome cross-border trade challenges

Cross-border trade challenges are not new to Africa
- Trade and customs facilitation present longstanding obstacles to boosting intra-African trade
- **AUDA-NEPAD:** Customs transaction in Africa involves 20–30 different parties, 40 documents, 200 data elements, and re-keying of 60-70 percent of all data at least once. Cumbersome procedures entailed in customs processing can cost a consignment about US$185 for each day of delay.
- **AFREXIMBANK:** The average cost of freight as a percentage of total value of imports is around 11.4 percent for Africa compared to 6.8 percent for developed countries

COVID-19 presents an opportunity to reinvigorate trade facilitation efforts
- The crisis has magnified Africa's cross-border inefficiencies - increased the urgency to do better and find innovative solutions to facilitate safe and efficient cross-border trade.
- It will be important to maintain and upgrade these solutions post COVID-19, to lower trade costs, boost competitiveness, and support more resilient cross-border trade in the face of future shocks.

Existing trade facilitation tools can be made COVID-19 relevant
- Various tools and interventions have emerged to respond to Africa's trade facilitation challenges.
- Many of these tools have been successfully piloted at specific borders or corridors, and can be easily tailored and extended to respond to COVID-19 border challenges
- Examples: OSBPs, MoveAfrica Traffic Light System and regional transit guarantee schemes

Key action areas

FAST TRACK IMPLEMENTATION OF COVID-19 GUIDELINES TO ACHIEVE RESULTS ON THE GROUND	■ RECs can establish committees to coordinate the implementation of guidelines and facilitate the resolution of operational issues at borders during the COVID-19 pandemic ■ Border authorities should be encouraged to develop and display simple visual step-by- step guides on COVID-19 border regulations for truck drivers and cross border traders ■ Efforts should be made to gradually widen the scope of guidelines to facilitate all goods and services to move across borders to create business and help kick-start economic recoveries
DEVELOP COMMON AU COVID-19 PROTOCOL ON TRADE AND TRANSPORT TO ENSURE COORDINATION	■ This is important given the overlap in membership of RECs, and shared trade facilitation goals of the African Continental Free Trade Area ■ The Protocol would not need to start from scratch and can build upon existing REC guidelines and the "best practice" COVID-19 border regulations and interventions outlined ■ A common AU COVID-19 Test Certificate for truck drivers and crew members is required to facilitate a harmonized approach to certifying COVID-19 test results
ENSURE COVID-19 DOES NOT UNDERMINE REGIONAL INTEGRATION AND AFCFTA	■ Rapid and ambitious implementation of the AfCFTA will go a long way in hastening the COVID-19 economic recovery, while inoculating Africa against future adverse global shocks ■ African counties can start to implement "ready-to-go" elements of the Agreement including the Non-Tariff Barrier mechanism and Annexes on Trade Facilitation and Customs Cooperation ■ These annexes should be implemented in a manner that is cognizant of the risks of unregulated movements of pathogens and hazardous goods

Key action areas

USE EXISTING TRADE FACILITATION TOOLS TO RESPOND TO COVID-19 BORDER DISRUPTIONS	▪ The AUDA-NEPAD Traffic Light System can be easily updated to include COVID-19 specific border challenges within the assessment ▪ Regularly published information on the "relative" ease of movement and clearance at border posts amid COVID-19, would help to inform logistical planning and routes taken by truck drivers, and incentivize corrective action ▪ Roll out COMESA RCTG bond scheme to other regions to reduce time and monetary transit costs
DEPLOY DIGITAL SOLUTIONS TO COMBAT THE SPREAD OF COVID-19 ALONG TRADE CORRIDORS	▪ Electronic Cargo Tracking Systems can help to significantly reduce the spread of COVID-19 and should be scaled and replicated across Africa ▪ Mobile banking and payment systems should be encouraged to facilitate a reduction in risky cash-based payments, and support scaling of cross border trade through mobile lending solutions ▪ The AfCFTA should be utilized to fast track digitalization of procedures and systems so that Africa's exporters are less at risk of losing access to markets in future crises
REFLECT INFORMAL TRADERS IN AFRICA'S BORDER MANAGEMENT RESPONSES	▪ Governments should take steps to reopen informal cross border trade across official border crossings, which have in place necessary COVID-19 sanitary, testing and quarantine facilities ▪ Authorities not ready to partially reopen official border crossings to informal trade on foot can facilitate the aggregation, transport and clearance of small-scale traders' goods, and extend social relief to informal traders through cross border trade associations ▪ Full implementation of Simplified Trade Regimes would help to incorporate informal traders into official trading systems, and strengthen their position in the face of future pandemics

THANK YOU!