Regional Cooperation: Impact of COVID-19 on Transport and Trade in Africa

Economic Commission for Africa
• Joint UN project launched May 2020
  • **ECA’s focus**: regional cooperation for mitigating border disruptions

• **Phase 1: Identify critical areas** for immediate actions
  • Collect data on the impact of COVID-19 on transport and trade
  • Document responses by RECs and members at ports and crossings
  • Briefly assess the impact of these measures on trade and transport
  • Suggest possible policy recommendations that support regional cooperation and areas for further work to inform Phases 2 and 3
Approach & Methodology

• Cross-border trade & transport along corridors
• Mechanisms for regional integration
  • **REC**: Coordination framework for policy guidelines
  • **CMIs**: Data and monitoring
• **Case Studies**: COMESA and Northern Corridor
• **Methods**: secondary data and data analysis of transit and trade flows
• Preparation for survey of key stakeholders & expansion of methodology
Preliminary Findings: Regional Response

Documentation of measures of RECs
• Building on CBT project
• Including ECCAS and transport/transit focus

Coordination at REC Level:
• Coordination Committees (Hospital/Ministerial/Technical/Operational)
• Agreed Policy Guidelines for Coordinated Action at National & Regional Levels
• Follow-up Actions at National Level
Impact on Trade for LLDCs & SIDS – Case Study: COMESA

• Trade Flows in 5 Countries
  • Malawi, Zambia (SADC LLDC); Rwanda, Uganda (EAC LLDCs); Madagascar (SIDS)

• All countries report immediate significant drops in all aspects of trade (imports, exports, customs duty receipts), March-April 2020

• Reported challenges include increased time taken due to COVID-19 measures, low customs receipts, low use of e-payments
• Trade finance gap estimated at USD 82 billion (AfDB, 2020)
• Measures introducing flexibility most widespread across COMESA
• Rapid emergency facilities for banks and SMEs in critical sectors required
• Financing should support trade facilitation
• AfCFTA implementation supports resiliency

Constraints to Trade Finance Supply

- Competition: 22%
- Corresponde nt Banks: 20%
- Forex Liquidity: 19%
- Regulatory restrictions: 15%
- Risk capital: 13%
- Staff capacity: 3%
- Other: 8%

Source: Authors’ calculation based on Afreximbank Trade Finance Survey, 2020
Port of Mombasa: Reduced traffic but no major impact on operations

- Interventions implemented before COVID-19 at borders have maintained transit times
Corridor Transit Times: No major disruptions (except in Rwanda)

• **From Mombasa port:** Significant increase Jan to March, decline in June
• **Rwanda:** trends follow COVID-19 measures after reduced times in 2019
  • Road improvements, one-stop border points, and single customs territory

Transit Time in Kenya (hrs), Jan-Jun 2020 - MALABA

*Source: Authors’ calculation based on Northern Corridor Observatory Dashboard*
Border Crossing Points: Major delays due to health checks, customs operations

- National measures at entry points at designated weighbridges
- Digital surveillance tracker for drivers adopted by EAC
- Public-private partnership – National Logistics Platform

Source: AFP
Critical Areas Identified: Impact on Key Stakeholders

Areas for investigation:
(a) Trade and trade-related measures
(b) Port Operations
(c) Transport Logistics
(d) Border Controls
(e) Customs Control
(f) Highway Operations
1. Increased use of ICT Capabilities and Digital Solutions

- Develop/implement Corridor Trip Monitoring System, vehicle monitoring/tracking systems
- Implement COMESA Digital Free Trade Area
- Use mobile tech to improve contact tracing
- Promote use of single windows, trade info portals, e-commerce, mobile payments, required infrastructure, and related policies
- Investigate successes and apply across RECs

Corridor Trip Monitoring System
Source: SADC, Aug 2020
Policy Recommendations

2. Development of Multi-modal and Inter-modal Transportation Systems
   • Develop ICD to decongest seaports & border posts for customs clearance and as advanced logistics hub
   • Rehabilitate and extend rail services
   • Rehabilitate, upgrade marine transportation

3. Development of Roadside Truck Stops along Transit Corridors
   • Develop roadside stations, wellness centres, as multi-purpose facility
   • Minimise possible interaction between truck drivers and local communities
   • Serve as checkpoints for tracing drivers
Additional Recommendations

- Development of transport corridor observatories
- Enhanced role of private sector in regional cooperation on transport/trade
- AfCFTA implementation to enhance regional cooperation
- Trade finance for recommended trade facilitation measures
- Regional cooperation for countering the illicit trade of pharmaceuticals
- Diversification of sources of sustainable energy
  ➢ Particular attention to LLDCs and SIDS
Way Forward: Phases 2 and 3

• Peer review to validate findings, recommendations
• Consider implications for future work and collaboration

Phase 2
• Replicate methodology for other corridors
• Conduct survey of key stakeholders
• Investigate link between regional measures and trends in transport and trade flows, volumes, and transit times
• Focus on inclusive scale-up of digital solutions for resilience
• Understand how to sustain increased regional cooperation for trade facilitation

Phase 3
• Recommend measures for regional cooperation to support transport and trade facilitation during border disruptions, with UNCTAD and RCs
• Host capacity building webinars for RECs and CMIIs with experts and partners
• Where possible, support implementation of recommendations and assessments of effectiveness