



## Trade and COVID-19 Guidance Note

# TRADE RESPONSES TO THE COVID-19 CRISIS IN AFRICA<sup>1</sup>

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## MAIN MESSAGES

- Countries in Africa should strive to maintain trade flows during the crisis to secure access to medical goods and services, and food and other essential items such as farm inputs. This requires keeping borders open to the largest extent possible and avoiding measures such as export bans or taxes.
- Countries should take action to reduce taxes and duties on trade, to streamline trade procedures and to support transport and logistics services in maintaining cross-border and international value chains.
- By joining together, countries in Africa can implement coordinated trade measures that result in better responses to the crisis. Joint actions include bilateral cooperation on border management, joint information campaigns, coordinated purchasing of medical equipment, partnering on repurposing production to produce medical goods, and management of health specialists to deal with emerging hotspots on the continent.
- Development partners should support coordinated actions by regional institutions through analysis, technical assistance and perhaps operational projects. Identifying the appropriate level (sub-national, national, regional, continental) for interventions and the most effective institutions, in terms of relevance and capacity, to manage coordinated actions will be essential.

## TRADE AND PANDEMIC CONTAINMENT MEASURES AFRICA

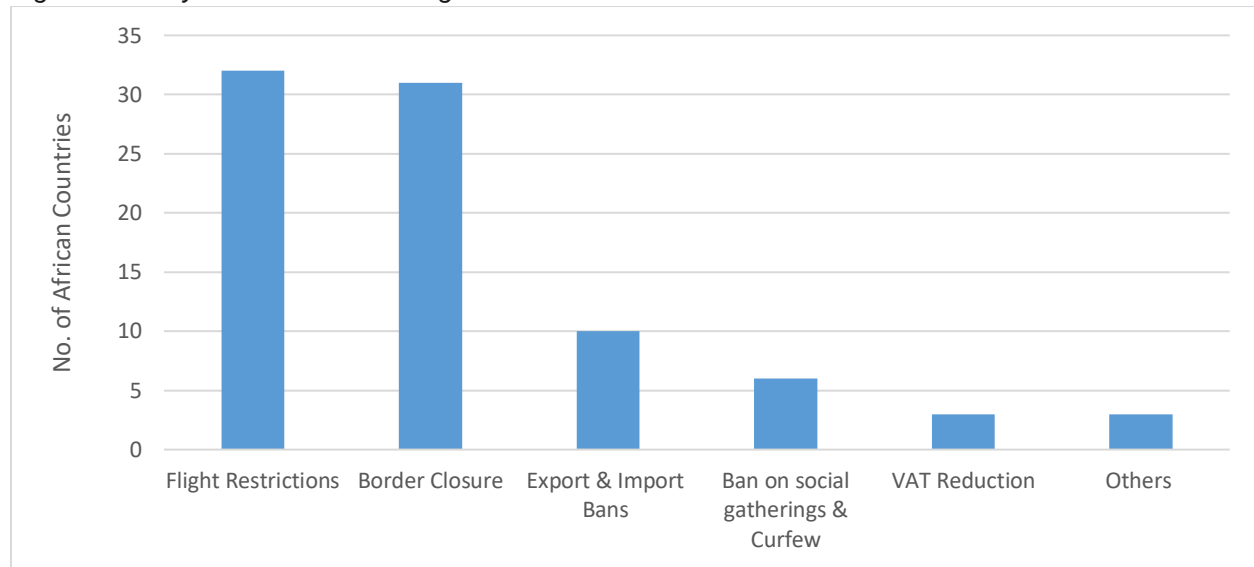
**Trade in both goods and services will play a key role in overcoming the pandemic and limiting its health and economic impact, especially on the poor.** The main purpose of this note is to highlight the opportunities and potential benefits for African countries from coordinated measures on trade in response to the COVID19 epidemic. Trade contributes by providing countries access to essential medical goods (including material inputs for their production) and services to help contain the pandemic and treat those affected; ensuring access to food, maintaining and enhancing nutritional intake of the poor which will boost immune systems and contribute to the ability to resist the virus; providing farmers with necessary inputs (seeds, fertilizers, pesticides, equipment, veterinary products) for the next harvest; and supporting jobs and maintaining economic activity in the face of a global recession, disruption to regional and global value chains, and reduced employment and increased poverty.

**Measures to contain the pandemic in Africa are reducing trade.** African countries are highly dependent on global trade and measures put in place that limit trade will have negatively impact most countries (Figure 1). Thirty-two countries in Africa have put in place flight restrictions. Some have suspended all commercial passenger flights, others have blocked international flights, while a few have limited the restrictions to countries with high infection rates.

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<sup>1</sup> Trade and COVID-19 Guidance Notes are prepared by the Global Trade and Regional Integration Unit of the World Bank to provide practical measures governments can implement to mitigate the impact of the COV19 virus outbreak. Future notes will focus on policy recommendations to leverage trade to mitigate the economic impact of the pandemic and boost the economic recovery. For further information about this note please contact Paul Brenton (Lead Economist; pbrenton@worldbank.org), or Antonio Nucifora (Practice Manager, Global Trade and Regional Integration Unit, anucifora@worldbank.org). A full list of Trade and Covid-19 briefs is available at <https://www.worldbank.org/en/topic/trade/brief/trade-and-covid-19>

Figure 1: Policy Instruments Affecting Trade in Goods and Services in Africa as of 29 March 2019<sup>2</sup>



**Border closures can have drastic impacts on welfare and poverty reduction.**<sup>3</sup> Borders need to be kept open as much as possible for trade, whilst implementing effective containment measures. Small-scale cross-border trade is a major feature of many African economies, contributing to the income of about 43 percent of Africa's entire population according to some estimates.<sup>4</sup> Such trade supports livelihoods, especially for women, creates employment, and being dominated by agricultural and livestock products is an essential part of food security in many places. For example, in August 2019, Rwanda closed its border with the DRC after a second death linked to Ebola was confirmed in Goma. News of the border closure – which lasted less than a day – caused the price of fruit and vegetables to surge in border towns and provoked panic among those who cross the border to trade and work.<sup>5</sup> As of 29 March 2020, 31 African countries have closed their land borders, according to the Africa Centre for Disease Control and Prevention (Africa CDC).<sup>6</sup>

**Export bans raise the price and limit the supply of COVID-19 related goods and food on the continent.** Experience from previous crises, such as the 2008-2011 food price crisis of 2009, clearly shows that imposing export restrictions on medical and food products will increase the international prices of these products which will impact most negatively on the poorest people.<sup>7</sup> Export bans on food also lower domestic prices which reduces the incentive to grow food crops in the next season. If the pandemic spreads in Africa in the same way as in Europe and the USA, it will result in critical hotspots that could overwhelm local health capacities. Already, some countries, such as South Africa, are more affected than others.<sup>8</sup> Dealing with

<sup>2</sup> This is an indicative listing of measures from various information sources, mainly on the internet. Authors can provide a full list of sources and countries if required.

<sup>3</sup> By closing borders, countries may push small and medium-sized traders into using border crossing routes that are not managed by the authorities. This will reduce the ability to control movement of goods that have broader health issues, such as, grains with aflatoxin levels exceeding tolerances. In many of these countries, SMEs are already challenged to meet requirements for export/import due to problems with proximity to certification and government offices, long turn-arounds for testing, etc. A greater emphasis on market surveillance and even self-certification could help address this issue in the context of the COVID pandemic.

<sup>4</sup> See Brenton, P and C. Soprano (2018) 'Small-Scale Cross-Border Trade in Africa: Why It Matters and How It Should Be Supported', Bridges Africa, Volume 7, Number 4

<sup>5</sup> <https://www.theguardian.com/global-development/2019/aug/01/rwanda-closes-border-with-dr-congo-over-deadly-ebola-outbreak-goma>

<sup>6</sup> <https://africacdc.org/covid-19/covid-19-resources/>

<sup>7</sup> The State of Agricultural Commodity Markets 2009 "What happened to world food prices and why?" <http://www.fao.org/3/i0854e/i0854e01.pdf>

<sup>8</sup> Heterogeneity in country infection rates could be a function of the capacity to test. South Africa is testing more than the other countries whereas some countries are testing only those meeting very strict criteria.

these hotspots is in the interest of all countries on the continent, to contain and control the spread of the virus. It is essential that health resources are allocated to where they are needed most on the continent. In this regard, Export bans by 4 out of 55 African countries may limit the effectiveness of the continent-wide response to the crisis. For example, Egypt, Libya, Kenya, Malawi, and Morocco have blocked exports of medical masks. Egypt has also restricted exports of rubbing alcohol and Libya, sterilization tools. Export restrictions on food will also undermine the response to the crisis. Egypt has recently introduced a 3-month export ban on legumes, and yet its top export markets for beans are Algeria, Morocco, Libya and Tunisia.<sup>9</sup>

**Import bans on Chinese products are not scientifically sound and will limit the availability of certain foodstuffs and increase prices for local consumers.** Cameroon has recently instituted an import ban on fresh and frozen fish products from China causing a rise in local prices.<sup>10</sup> Egypt has banned imports of garlic, carrots and green ginger from China.<sup>11</sup> These restrictions are not justified on the basis of scientific evidence since the spread and development of the current epidemic is due to human-to-human transmission. Trade restrictions should not be implemented based on unfounded fears. As the FAO stresses, measures should be taken to maintain and not disrupt food chains otherwise the current health shock will have a considerable impact on everybody, especially on the poor and the most vulnerable.<sup>12</sup>

## MEASURES TO LIMIT THE IMPACT ON TRADE IN AFRICA

**Trade policy reforms can constitute a positive response to the crisis.** Limiting the negative economic and social impact will require reforms that reduce the cost and improve the availability of COVID-19 goods and services; reduce tax and administrative burdens on importers and exporters; reduce the cost of food and other products heavily consumed by the poor. These measures will reinforce macroeconomic measures introduced to respond to the COVID-19 related downturn and support the eventual economic recovery. Annex 1 provides a number of possible policy responses that governments in Africa can take to support trade during the crisis.<sup>13</sup>

**Measures to streamline trade procedures and facilitate trade at borders can contribute to the response to the crisis by expediting the movement, release, and clearance of goods, including goods in transit, and enabling exchange of services.** Reforms can be designed to reduce the need for close contact between traders, transporters and border officials to protect stakeholders and limit the spread of the virus, while maintaining essential assessments to ensure revenue, health and security. Interventions to sustain and enhance the efficiency of logistics operations are also critical in avoiding substantial disruption to distribution networks and hence to regional and global value chains. Key trade facilitation measures are summarized in Annex 1.<sup>14</sup>

**Maintaining transport and logistics services along the main corridors will be essential for continued access to medical products, food, and other essential goods and services.** Africa has the highest number of landlocked countries in the world and they will require continued access to the regional and global economy through trade corridors and the main ports. Fortunately, most countries have a number of alternative routes to the sea across different countries. But maintaining and even enhancing transit

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<sup>9</sup> <https://www.tridge.com/intelligences/common-bean/EG/export>

<sup>10</sup> <https://www.businessincameroon.com/economy/2702-10021-cameroon-ins-fears-rise-in-fish-prices-amid-ban-of-fish-imports-from-china>

<sup>11</sup> <https://www.foodnavigator-asia.com/Article/2020/03/04/COVID-2019-Egypt-and-Jordan-suspend-import-of-Chinese-food-products-Saudi-and-UAE-remain-calm>

<sup>12</sup> <http://www.fao.org/2019-ncov/en/>

<sup>13</sup> For additional details, see also World Bank Group (2020) Trade and COVID-19 Guidance Notes on "[Trade in Critical COVID-19 Products](#)" and on "[Do's and Don'ts of Trade Policy in the Response to COVID-19](#)".

<sup>14</sup> For additional details, see also World Bank Group (2020) Trade and COVID-19 Guidance Note on "[Managing Risk and Facilitating Trade in the COVID-19 Pandemic](#)".

agreements, focusing on expediting the movement of COVID-19 medical goods, their inputs and food along corridors while implementing adequate health control will be required to complement trade policy reforms and trade facilitation measures. Where there is a need to implement stronger containment measures for health reasons, transport and logistics must be categorized as essential activities to keep critical supply chains up and running.<sup>15</sup> Key measures to ensure effectively functioning of logistics services are summarized in Annex 1.<sup>16</sup>

## TRADE POLICY COORDINATION CAN ENHANCE AFRICA'S PANDEMIC RESPONSE

**There are a range of areas where coordination on trade and COVID-19 in Africa would support a superior response relative to countries acting alone, including coordinating:**

- *the purchase of medical supplies.* The combined purchasing power of 55 African countries or sub-groups of countries would be much more effective in sourcing supplies and obtaining lower prices than countries sourcing these products individually. This would be of particular benefit for small and poor countries. This would help avoid the situation being witnessed in the United States where individual states have been making demands for supplies without any coordination at the federal level, pushing up prices and wasting resources.
- *standards and regulatory approval of COVID-19 medical products.* Verifying that products related to COVID-19 treatment meet the appropriate standards and are fit for purpose will be essential. For example, there have been cases where imported test kits have been found to be sub-standard. Countries can work together to enhance safety and speed conformity assessment and border clearance procedures through sharing information on relevant standards and on companies found to be producing products that violate relevant standards, mutual recognition of test certificates for medical equipment and coordinating deployment of scarce technical personnel required fast but effective conformity assessment.
- *mobilizing and allocating critical medical resources, both physical and human.* Outbreaks in Africa will be staggered across countries and areas within countries. Each country alone is unlikely to have enough medical personnel to deal with the surge in COVID cases. Coordination will help to prevent national health systems, especially those in the poorest countries, from being overwhelmed. Collaboration could mobilize a pool of health experts and yield an inventory of critical equipment, such as ventilators, that could be allocated to fight emerging hotspots.<sup>17</sup> For example, the EAC had about 500 East African experts who assisted in the fight against Ebola in West Africa in 2014-2016. These experts represent a unique pool of professionals from different disciplines, with experience of responding to a severe virus outbreak. Coordination could also contribute to enhancing diagnostic capacities at major research centers and leverage existing Regional Economic Community efforts on disease prevention and control such as through the network of laboratories.<sup>18</sup>

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<sup>15</sup> Read more at: [https://economictimes.indiatimes.com/small-biz/sme-sector/hit-by-a-virus-and-lockdown-the-wheels-are-coming-off-the-indian-logistics-industry/articleshow/74882675.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/small-biz/sme-sector/hit-by-a-virus-and-lockdown-the-wheels-are-coming-off-the-indian-logistics-industry/articleshow/74882675.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

<sup>16</sup> For additional details, see also World Bank Group (2020) Trade and COVID-19 Guidance Note on "Logistics and Freight Services: Policies to Facilitate".

<sup>17</sup> Measures to facilitate such an approach would include quickly issuing special visas, temporary work permits, and greater recourse to mutual recognition of foreign qualifications and of conformity assessments of machinery such as ventilators.

<sup>18</sup> For example, the EAC's Disease Prevention and Control Unit is already implementing the East African Public Health Laboratory Networking Project (EAPHLNP) which focuses on establishing a network of efficient, high quality, accessible public health laboratories for the diagnosis and surveillance of TB and other communicable diseases.

- *to identify capacity (and comparative advantages) within the region to repurpose production for COVID-19 related goods.* Repurposing firms to produce COVID-19 medical goods can provide an essential part of the response to the crisis in the face of critical shortages of such goods. Coordination across countries could help exploit economies of scale in production and ensure that products produced can be traded freely throughout the region. Since several African countries produce some of the inputs needed to produce some of the COVID-19 items, keeping borders open for goods will be important to allow regional value chains for specific items to develop quickly.<sup>19</sup>
- *to enhance management of border crossings during the crisis.* As with the Ebola outbreak, strong coordination between governments and officials at the local level can allow for borders to remain open for trade while instituting effective measures to contain the spread of infectious diseases. Governments can share strategies and coordinate measures for border management and virus containment. For example, in the Ebola crisis the Government of Rwanda shared with counterparts in the Democratic Republic of Congo (DRC) the design of automated washing stations which allowed for much faster procurement of these mechanisms in the DRC.
- *information campaigns can reduce cost and increase effectiveness.* Raising awareness of COVID-19, dispelling myths and misinformation, and disseminating best practices to limit the spread of the disease such as regular hand washing are important activities that could be shared across countries and regions with common languages while allowing for country specificity where necessary but targeting transport corridors with truck drivers and small-scale traders.
- *establishing COVID-19 “container clinics” along Africa’s transport corridors.* COVID-19 has spread through the largest nodes in the global transport network. One of the lessons from the HIV/AIDS epidemic in Africa was that it spread along the main transport corridors. In response, the World Bank and other partners designed corridor-centric interventions targeting drivers (e.g. Abidjan-Lagos Corridor Organization (ALCO) in West Africa) – including setting up container clinics – as they are prone to become critical vectors of transmission.

**Countries need to identify institutions that will be most effective, in terms of relevance and capacity, to manage coordinated actions.** For many issues related to borders and border management, coordination can be best achieved at the local and national level. But since the pandemic is having regional and continental-wide impacts, regional institutions can contribute to disease preparedness and response. For example, the ECOWAS Plan of Action on Ebola established an outbreak-coordinating center that improved preparedness, response capacity, and the provision of human and financial resources.<sup>20</sup> In the past, African regional economic communities have come together to fight health disasters, for example, the coordinated response to the HIV/AIDS epidemic and to Tuberculosis in the EAC.<sup>21</sup> At the continental level, the Africa Union Commission can monitor the imposition of new trade measures, support work to coordinate efforts across regional communities where relevant. Trade liberalization under the African Continental Free Trade Area (AfCFTA)<sup>22</sup> is among many policies that could help pull countries out of recession after the pandemic is over.

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<sup>19</sup> Governments can further contribute through measures to support firms that adjust their production processes. For example, in Uganda, the government has waived excise duty and value added tax (VAT) on manufacturers’ operations after they agreed to turn part of their liquor stock into sanitizers. <https://observer.ug/news/headlines/63989-gov-t-to-waive-taxes-for-manufacturers-to-turn-liquor-into-hand-sanitizers>

<sup>20</sup> [http://www.osiwa.org/ecowas\\_at\\_40/ecowas-public-health-emergencies-case-ebola/](http://www.osiwa.org/ecowas_at_40/ecowas-public-health-emergencies-case-ebola/)

<sup>21</sup> Guided by the EAC Regional Integrated Multi-Sectoral HIV & AIDS Strategic Plan (2007–2012), the programme is managed by the EAC Secretariat and implemented through the National AIDS Control Councils, National AIDS and STI Control programmes and the Ministries of Health in the EAC Partner States. Additionally, the EAC developed an HIV/AIDS and TB Strategic Plan (2015–2020) to guide the implementation of a regional response against the killer diseases. <http://tbonline.info/posts/2015/4/9/eac-states-agree-cut-hiv-tb-deaths-75/>

<sup>22</sup> The World Bank has actively been supporting Africa’s regional integration efforts, including most recently through a broad programme of support under the AfCFTA.

## **ANNEX 1: POSITIVE TRADE POLICY REFORMS AND TRADE FACILITATION MEASURES FOR THE COVID-19 CRISIS**

*To facilitate access to essential COVID-19 related medical goods and supplies*

- reduce to zero import tariffs on COVID-19 related medical goods<sup>23</sup>
- exempt from VAT imports of COVID-19 related medical services and goods
- waive withholding taxes (advance income taxes) on imports of COVID-19 related goods
- commit to refrain from imposing export bans or taxes on COVID-19 medical goods or services

*To support consumption of essential items and limit negative impacts on the poorest*

- reduce to zero import tariffs on all food products
- waive withholding taxes on imports of food products for the duration of the crisis
- refraining from imposing export bans or taxes on critical food staples.<sup>24</sup>

*To support exporters to maintain jobs and foreign exchange earnings*

- remove bans, quantitative restrictions and taxes on exports
- waive withholding taxes on exports
- review all export applications, licenses and permits and remove those that not required to maintain market access or to protect health, safety and security
- reimburse exporters that have lost overseas sales VAT that was paid on inputs in the expectation that it would be refunded on export

*To contribute to macroeconomic policy efforts to limit the COVID related downturn, for the period of the crisis*

- reduce to zero import tariffs on all goods and streamlining regulations affecting trade in services
- waive withholding taxes on imports of all goods and services
- allow importers to defer VAT payments

*To streamline regulatory and border procedures to facilitate access to COVID-19 related medical goods and food*

- remove the need for applications, permits, and licenses for products that do not pose significant risk to human health, environmental safety or consumer protection. Streamline procedures for those that are required and prioritize issuance and regulatory approval of imports of covid-19 related medical goods and food
- recognize certificates or systems of conformity for medical equipment, essential food items and farming inputs from accredited agencies in countries with similar or higher standards
- implement risk management to allow low-risk critical supplies to quickly pass clearance controls
- support increased internal and external border agency collaboration. For example, customs and agencies responsible for Sanitary and Phytosanitary (SPS) standards should work together to expedite clearance for essential medical goods, food products and farming inputs
- enhance business continuity through greater use of ICT, flexible working schedules, longer border opening hours, expanded access to telephone and online enquiry points; all of which can increase efficiency and limit the physical presence and interaction of logistics workers and officials at facilities and border crossing points
- raise the threshold for application of simplified trade regimes to encourage small-scale traders to consolidate

*To ensure effectively functioning trucking and logistics services and minimal supply chain disruption*

- maintain transit rights and expedite transit of medical goods, food and other essential items
- ensure no additional taxes and fees are imposed on transit traffic and reduce existing duties where possible on COVID-19 medical goods and food.

<sup>23</sup> The Government of Ethiopia, for example, has exempted from tax the importation of materials and equipment used in the "prevention and containment of #COVID-19".

<sup>24</sup> If export restrictions must be used, then they should be targeted, proportionate, transparent, and temporary and ensure that they do not create unnecessary barriers to trade or disruption to global supply chains, and are consistent with WTO rules

- limit impacts on the main trade corridors and set up COVID19 “container clinics” at key nodes in the network to reduce contamination and spread.

## **ANNEX 2: ADDITIONAL RESOURCES**

### **Trade and COVID-19 Guidance Notes:**

[Trade and Covid-19 Brief Page](#)

[Managing Risk and Facilitating Trade in the COVID-19 Pandemic](#)

[Do's and Don'ts of Trade Policy in the Response to COVID-19](#)

[Trade in Critical COVID-19 Products](#)

[Trade Responses to the COVID-19 Crisis in Africa](#)

### **Forthcoming in April 2020**

Trade Implications and Policy Responses

Implications for Logistics and Recommendations for Policy Actions

Health Services Trade Reform

### **Other resources:**

[Espitia, Rocha, Ruta \(2020\). "Database on COVID-19 trade flows and policies"](#)