

tralac Newsletter



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Welcome to the tralac newsletter for May 2020

The COVID-19 pandemic has precipitated an unprecedented global health and economic crisis. Although it is way too early for a full assessment, it is clear that COVID-19 has brought severe hardship, especially to developing and least developed countries, and to poor and vulnerable communities in developed countries too. Vulnerable sectors (e.g. tourism, oil industry, sea, air and road transport, freight forwarding, logistics and courier enterprises, wholesale and retail) have already been hard hit. The pandemic has resulted in massive job and income losses in both developed and developing countries. Food insecurity is rising, exacerbated by trade restrictions being imposed by many countries. The demand for, and price of many commodities has declined sharply, increasing the vulnerability of many commodity-dependent African countries. International production networks and supply chains have been disrupted by travel and trade restrictions. The pandemic further aggravates inequalities of all types, including gender-based inequalities. **See a Blog by Bineswaree Aruna Bolaky and Darsheene Ramnauth on *Covid-19 and its implications for women*.**

Africa is still in the early stages of COVID-19 and yet to feel its full impact. **See a Blog by Trudi Hartzenberg on *Some Reflections on Africa Day 2020, COVID-19 and the AfCFTA*.** The United Nations (UN) has stressed the impact of the pandemic on health, economic growth, peace, security, human rights and humanitarian assistance in Africa.

The pandemic has derailed the continent's workplan for completing the AfCFTA negotiations by 1st July 2020. **See a Blog by Trudi Hartzenberg and Gerhard Erasmus on *Why it may be better not to rush the implementation of the AfCFTA now*.**

African governments have responded both individually, and also collectively at the continental and regional levels. National responses to the pandemic are legitimate, but we are realising how inter-connected our regions are. A border closure by one member state of necessity impacts neighbouring countries. The impact of national measures is particularly severe when they are imposed by regional hegemony, some of which are important conduits for essential goods to land-locked countries from global trade partners.

The African Union, regional organisations, private sector or civil society organisations (e.g. in SADC, EAC, ECOWAS, COMESA) have adopted guidelines, recommendations or cooperation and coordination mechanisms to limit the transmission of COVID-19. It is important to recognise that guidelines and recommendations cannot be enforced. This makes intra-regional trade even more difficult and costly; truck drivers could be stuck at border posts for days waiting for the processing of paperwork or COVID-19 test results. In many cases there are very limited, if any, ablution facilities, or access to water or food. At some border posts, truck drivers are appealing to regional bodies to assist – unfortunately, they may not find the rules-based solutions they are desperately seeking there. **See a Trade Brief by Rwatida Mafurutu and Talkmore Chidede on**

***COVID-19 trade and related measures responses in Africa*, and a Blog by Geoffrey Osoro on *EAC Regional to the COVID-19 pandemic*.**

International organisations (e.g. the World Health Organisation, the International Monetary Fund (IMF), the World Bank) are providing emergency relief or support to African governments to tackle this deepening health and/or economic crisis. The list of countries seeking support is still growing. **See a Trade Brief by Gavin van der Nest on *IMF Emergency Funding in the face of the COVID-19 pandemic*.**

The UN is emphasising the importance of attempts to protect hard-earned gains, in terms of growth, for example, of some African countries, and to maximise opportunities in post- COVID-19 recovery for a more inclusive and sustainable future. It underscores the importance of prioritising the continent's interests in areas such as access to finance and pharmaceutical products, including a vaccine, and in strengthening healthcare and food systems. It also reminds us that gender equality, leveraging the youthful population, improving governance and digital transformation

In this issue

Reflections on Africa Day	2
New COVID-19 Publications	3
COVID-19 Resources	3
tralacBlog	4
Recent Publications	5
AGOA.info	6

(e.g. internet access, e-government, e-learning, e-justice, e-trade, and e-health) have to feature prominently in the post-COVID reconstruction and development agenda.

We are reminded at this time of the importance of trade. We cannot prosper in isolation – this has become very clear during the pandemic. **See a Blog by Gerhard Erasmus on the Implications of COVID-19 for regional trade.** We have witnessed the implementation of many restrictive trade measures across the continent, including export restrictions/prohibitions of essential medical or food supplies. Such export restrictions have negative effects – they decrease supply, raise prices in importing countries, and disrupt supply chains. **See a Blog by Willemien Viljoen on South Africa's trade for March 2020 – significant trade surplus shows the initial impact of COVID-19 on imports.** South African businesses, across a broad range of sectors, are well-represented in neighbouring countries, especially in southern Africa. Any restrictions imposed by South Africa will impact regional value chains, which bring many essential products to consumers and to healthcare and other essential services providers.

COVID-19 has tested the viability of

industries and trade linkages across the continent. It has exposed fragile productive sectors and shown how important well-functioning trade infrastructure and corridors are to ensure access to medical supplies, food, and inputs into production processes. This prompts us to rethink our industrial and trade policies going forward – what will make our economies and societies more resilient in the face not only of pandemics, but climate and other disasters that will come our way.

We need industrial policies capable of addressing the realities of a 21st century economy and public policy objectives (e.g. safety, health and essential needs) – industrial policies that focus on productive capacity development, value added products, and servicification of production (e.g. in agriculture and industry). Traditional industrial policies, focusing only on the development of core manufacturing, are woefully outdated and will not produce desired outcomes for a modern economy.

We also need trade policies that support sustainable long-term solutions and shared benefits of international trade transactions. **See a Blog by Patrick Low on The role of trade policy during the COVID-19 pandemic and its aftermath.**

Trade facilitation measures are also

important to expedite the clearance and transit of goods and services. Governments need to remove non-tariff barriers to facilitate trade; digital trade solutions (e.g. electronic documents and payments) are essential to ease congestion at border posts.

It has become crystal clear that a country cannot be self-reliant in stemming the pandemic. Collective commitment and concerted efforts across governments, private sector and civil society organisations are necessary to effectively mitigate the impacts and spearhead recovery, post-COVID-19. Cooperative and coordinated actions are important and necessary, but they are not enough. Pragmatic solutions and effective legally binding rules at national and international levels are required. **See a Working Paper by Trudi Hartzenberg and Gerhard Erasmus on Governance in abnormal times – dealing with COVID-19: A regional perspective from South Africa.**

We are pleased to bring you this collection of blogs and publications on COVID-19 and its impact in this newsletter.

We look forward to your feedback; and wish you all the best.

The tralac team

Some reflections on Africa Day 2020, COVID-19 and the AfCFTA



by Trudi Hartzenberg

We will all remember Africa Day 2020. While government measures and responses to the COVID-19 pandemic make the usual Africa Day celebrations impossible, we hear that many are embracing digital platforms to listen to broadcasts by Presidents, participate in continental workshops and music

concerts. We now know it is possible to have policy discourses among stakeholders, to make and implement policy and regulations, and to trade with the support of digital solutions.

In some quarters, it is lamented that the African Continental Free Trade Area (AfCFTA) negotiations have all but stopped, and that trade under the AfCFTA regime will not begin on 1 July 2020. Careful scrutiny of the negotiations process reveals that the initial impressive momentum of negotiations had already slowed down well before the pandemic struck.

Africa deserves a continent-wide free trade agreement that addresses the real challenges that the continent is facing, not only now, during the pandemic, but more generally in a digital 21st century. We know that non-tariff barriers are far more pernicious impediments to intra-Africa trade than tariffs. COVID-19 is serving to bring into very sharp relief this reality, and many other lessons about trade and integration on the continent and in the global economy. And ironically, the pandemic is providing an important opportunity to reflect and appraise where we stand in the AfCFTA negotiations, and to recalibrate where necessary. Let's not miss this opportunity.

Read this blog on the tralac website.

New COVID-19 Publications



Governance in abnormal times – dealing with COVID-19: A regional perspective from South Africa

Gerhard Erasmus and Trudi Hartzenberg

Assessing the consequences of this pandemic and evaluating the impact of emergency measures cannot wait till when things are “normal” again. It may take years before stability returns to national markets, societies in general and the global economy. Meanwhile governments must cope, adapt and expand their efforts.

In this Working Paper we take a look at the emergency measures announced and implemented by the South African Government, their local and regional implications, and what awaits policy makers when they have to pick up the pieces again. [Read more.](#)



COVID-19: Trade and related measures and responses in Africa

Rwatida Marufutu and Talkmore Chidede

Most, if not all, African governments have implemented several trade-related responses and measures during the coronavirus (COVID-19) pandemic. The aims of the measures are to facilitate movement of essential goods and services across borders, ensure continuity of supply chains, protect public health and food security, or curb the spread of COVID-19 through cross-border transport or trade, while curbing the spread of the virus.

This Trade Brief provides an overview of the COVID-19 trade related measures adopted by member states and the responses at continental and regional levels. [Read more.](#)



IMF Emergency Funding in the face of the COVID-19 pandemic

Gavin van der Nest

The severity and duration of the negative consequences of COVID-19 largely depend on several factors, including the speed at which a vaccine can be developed, the feasibility and possibility of herd immunity, the natural course of the virus' infection trajectory, and perhaps, most importantly, the level of economic and developmental assistance and global partnerships.

This Trade Brief focuses on funding in times of crisis available from the IMF and qualification criteria and attached conditions. Finally, we present an overview of emergency funding currently approved to African countries. [Read more.](#)

Trade-related policy responses to COVID-19

tralac is closely monitoring trade-related policy measures and responses to the Coronavirus (COVID-19) pandemic adopted and implemented by African countries and beyond.

We have two dedicated pages tracking national and regional responses to COVID-19, as well as a general news, analysis and resources page. Take a look using the links below:

- ▶ [COVID-19 Response: News , analysis and resources](#)
- ▶ [COVID-19 Trade and trade-related measures in African countries](#)
- ▶ [Regional and continental responses to COVID-19 in Africa](#)

For more COVID-19 related news and updates, [click here.](#)





The Pandemic and its Aftermath: The Role of Trade Policy

Patrick Low

Trade has been put under severe strain for some years. On the policy side, some take the position that countries must become more self-reliant and less dependent on foreign promise in order to manage a crisis like COVID-19. Others argue that openness to trade is an essential centrepiece of effective crisis management and the protection of health in a COVID-19 world. [Read more.](#)



Why it may be better not to rush the Implementation of the AfCFTA now

Trudi Hartzenberg and Gerhard Erasmus

Under present conditions, it may not be wise to set new deadlines for when trade under African Continental free Trade Area (AfCFTA) rules will commence. The reasons are twofold: Individual Governments face more urgent challenges in light of COVID-19, and the outstanding negotiations are about complex matters. [Read more.](#)



EAC Regional response to the COVID-19 Pandemic

Geoffrey Osoro

COVID-19 has caused an impact on the East African Community economies both directly and indirectly as a result of the measures being taken to contain the spread of the disease. The EAC Secretariat is developing a comprehensive COVID-19 Recovery Plan aimed at mitigating the fundamental impacts of the pandemic on vital economic and social sectors on a continuous and progressive manner. [Read more.](#)



South Africa's trade for March 2020 – significant trade surplus shows the initial impact of COVID-19 on imports

Willemien Viljoen

South Africa's trade data for March 2020 shows some of the initial impact of the Covid-19 pandemic, mainly driven by shutdowns in some of the major economies and South Africa's main trading partners which led to a decline in imports and a consequent trade surplus three times the trade surplus for March 2019. [Read more.](#)



The Implications of COVID-19 for regional trade

Gerhard Erasmus

While regional integration makes perfectly good sense on a continent with many small national economies, Africa's Regional Economic Communities (RECs) have not succeeded in establishing the institutions and inter-state arrangements necessary for effective cross-border governance. COVID-19 has revealed this governance deficit in a dramatic fashion. [Read more.](#)



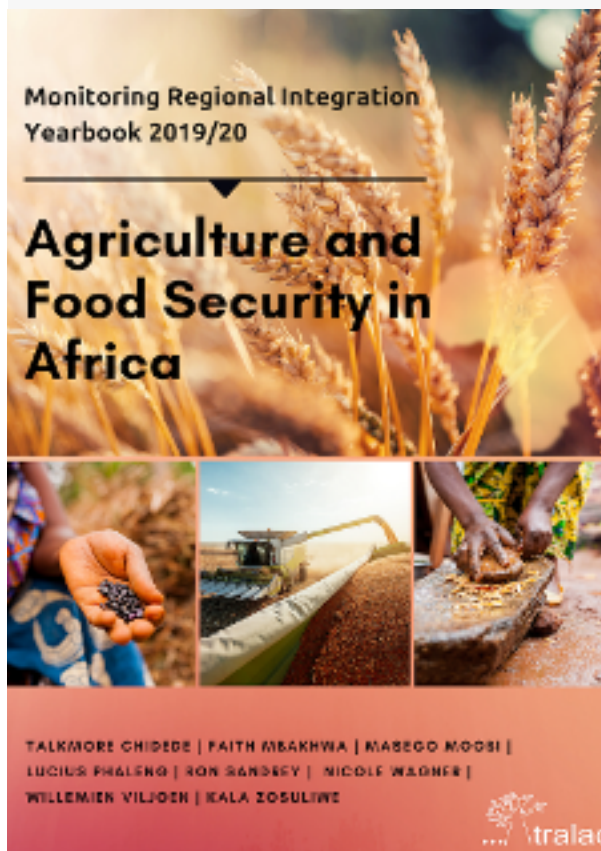
COVID-19 and its implications for women

Bineswaree Aruna Bolaky and Darsheene Ramnauth

Crises exacerbate inequalities of all types, They also expose the vulnerabilities inherent in male-dominant societies. Policies for the promotion of gender equality should consider the asymmetric impact of economic shocks on women and men. [Read more.](#)

Recent Publications

tralac promotes active debate on trade law and policy issues in Africa and engages in applied trade law and policy analysis with the aim of addressing the most pressing trade matters for countries in the region. Our research is presented in trade briefs, working papers and books, among others. View more [here](#).



Monitoring Regional Integration Yearbook 2019/20: Agriculture and food security in Africa

This book covers various topics related to agriculture and food security challenges in Africa. If there is one thing which the current Covid-19 pandemic has done, it is to highlight the issue of food insecurity on the African continent and illustrate the interdependence of food (in)security on food production systems and access to food.

Lockdown regulations across the world have led to a decrease in employment, levels of disposable income and export-earnings and an increase in food waste, food price increases and trade distortions leading to a decrease in access to food, increasing food insecurity. Africa's projected population increase for the next three decades will compound the situation.

Given the current state of the food production system, how will it be possible to improve physical and economic access to sufficient food, while also ensuring the sustainability of Africa's food and agricultural systems? If these systems remain stagnant in a changing world, persistent food insecurity is highly likely. Efficiency and sustainable food production can be improved through the uptake of new technologies and production methods.

Addressing fragmented agricultural markets through regional integration efforts (reducing high agriculture and food tariffs and non-tariff barriers to trade and improving cross-border trade) can enable Africa to feed its growing population. Sustainable production and food systems that are more productive and less invasive on the natural environment are important to improve access of food across the continent.

Authors: Talkmore Chidede, Faith Mbakhwa, Masego Moobi, Lucius Phaleng, Ron Sandrey, Nicole Wagner, Willemien Viljoen and Kala Zosuliwe



[VIEW THE E-BOOK ONLINE](#)



South Africa's redesignation as a 'developed country' in United States trade remedies legislation and investigations: possible impacts and consequences

by Eckart Naumann

In recent weeks and months, numerous media articles have focused on the US-South Africa trade relationship, some going as far as proclaiming that South Africa had lost its access to the US market. In reality, the situation is quite different. This paper unpacks some of these developments and how they are likely (or not) to impact South Africa.

[Read more.](#)

[Read a related blog here.](#)



Comparing the Trading Environment for Enterprises in Africa's RECs: Lessons from Firm-Level Data

by John Stuart

The percentage of African enterprises identifying customs and trade regulations as a major constraint is almost 40% higher in Africa than the rest of the world. In addition, Africa's performance in clearing both exports and imports through customs is below the world aggregate, but more so for imports clearing. This Trade Brief investigates the ease of trade for small, medium and large-sized enterprises across the countries and regional economic communities (RECs) of Africa. [Read more.](#)



[ALL PUBLICATIONS](#)



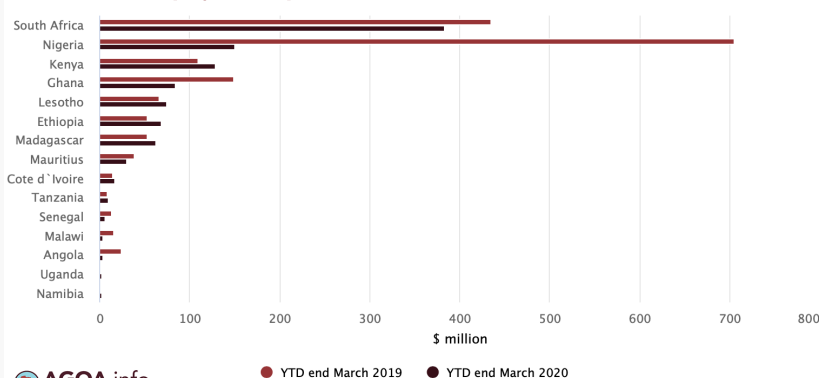
AGOA.info

African Growth and Opportunity Act

Key trade stats for AGOA beneficiaries to end March 2020

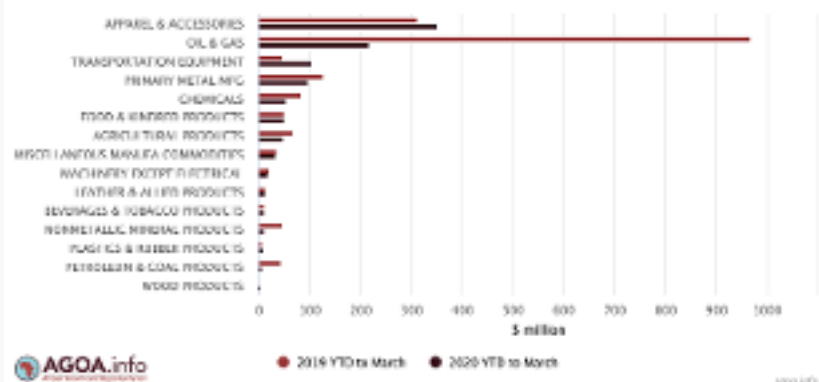
Aggregate exports to US: 2020 YTD to March: \$ 4.54 billion (+1.35% year on year)
(Share) of AGOA exports: 2020 YTD to March: \$ 1.04 billion (23% of total exports)

Leading exporters of goods under AGOA / GSP | 2019 / 2020 ytd to March



Overall exports from AGOA beneficiaries to the United States have increased slightly compared to the same period in 2019, despite Nigeria in particular recording a significant export decline to the US. This has also translated into significantly lower overall AGOA exports (mainly due to the impact of oil – being an AGOA-eligible product). A number of exporters have however seen a year-on-year increase in exports under AGOA, including Kenya (currently the third-largest beneficiary), Lesotho, Ethiopia, Madagascar, Côte d'Ivoire, and Tanzania. Namibia has also entered the list of top-15 AGOA exporters, with trade under AGOA increasing threefold from \$0.66m to \$2m in the first quarter of 2020 (versus 2019).

Leading exports claiming AGOA / GSP preferences | 2019 / 2020 ytd to March



Oil exports account for the vast majority of AGOA trade. Primary metals and transportation equipment (motor vehicles and parts) are the two largest export sector in terms of non-oil exports, followed by exports of apparel.

Apparel is also the most diversified sector in terms of the number of beneficiary countries that utilise these preferences.

The remaining AGOA exports, from a sector perspective, consist mainly of chemicals and related products, food products, agricultural products and machinery.



AGOA News



Kenya: Apparel firms ride on Corona battle



Opinion: A bipartisan legacy of Africa trade worth remembering



USTR cancels public hearing on United States-Kenya trade agreement negotiations; extends deadline for submitting public comments



US seeks companies' views on trade pact with Kenya



Kenya: US cracks up trade deal with Kenya



Trump administration notifies Congress of intent to negotiate trade agreement with Kenya



Nigeria and the benefits of reviving cotton sector



Op-Ed: 'As it plans a new free trade deal with the US, Kenya must watch its steps'

ABOUT the AGOA.info website

This online information portal on the African Growth and Opportunity Act (AGOA) was originally launched at the beginning of 2002, conceptualised by Eckart Naumann and Trudi Hartzenberg and implemented through the Trade Law Center (tralac).

The aim is to build knowledge, capacity and transparency on all matters pertaining to US-Africa trade, and deeper bilateral engagement on investment, policy, and general cooperation.



Kenya – US Free Trade Agreement

On 6 February 2020, US President Trump announced that the United States intends to initiate trade agreement negotiations with the Republic of Kenya following a meeting at the White House with Kenyan President Uhuru Kenyatta. The announcement came while the US-Kenya Trade and Investment Working Group held its third meeting in Washington (see [inaugural meeting](#), [second meeting](#)) - having been established earlier by President Trump and President Kenyatta in 2018 in order to lay the groundwork for a stronger bilateral trade relationship. On 18 March 2020, the Trump Administration, through the USTR, formally notified the US Congress in line with the Bipartisan Congressional Trade Priorities and Accountability Act (Trade Promotion

Authority) which, inter alia, subjects “trade agreements to congressional oversight and approval, consultations...” Follow developments on [AGOA.info](#) at this [link](#).

AGOA Business Connector

The [AGOA Business Connector](#) is an online facility on [AGOA.info](#) to help enable trade and business connections between producers, exporters, importers, sourcing agents, trade-related service suppliers including trade finance, logistics and related services, support organisations (such as business chambers and exporter associations and others), both from within **sub-Saharan African AGOA beneficiary countries** and the **United States**. Registered users are also able to list their businesses or professional trade-related service on the platform, and to communicate with other listings through a messaging facility.

Download the AGOA Business Connector Brochure

THE AGOA BUSINESS CONNECTOR ONLINE

www.AGOA.info/connect

- View business profiles
- Download marketing and product material
- View social media profiles
- Registered users can contact business through messaging facility
- Get location and contact details
- Search for business listings by sector, location and other criteria
- Map projection of all listings
- Categories & sub-categories: agricultural, manufacturing, services, logistics and related support sectors




Popular on AGOA.info: Searchable United States tariff database | AGOA products list

The AGOA products database on AGOA.info has been enhanced through the inclusion of a simplified (yet full) US tariff database, providing six relevant **searchable** fields: tariff code (HTS), product description, AGOA status (eligibility), GSP status, standard tariff (MFN basis) as well as the non-MFN tariff (when goods enter the US from a non-WTO Member State without claim of any special preferences). Follow the link [here](#):

Download: AGOA guides and info-graphics

tralac has produced a number of **info-graphic type brochures** (see section on AGOA.info / Exporter Toolkit) covering a range of AGOA-related topics, including on AGOA's legal provisions with regard to **eligibility and annual/out of cycle reviews, rules of origin, AGOA FAQs**, sector-focused brochures (textiles and clothing, agriculture), as well as national AGOA brochures relating to **Botswana, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Mauritius, Namibia, Nigeria, South Africa and Tanzania**.

