



United Nations Economic Commission for Africa

African Union Commission, Afreximbank, Afrochampions and UNECA Joint Communique on the Need for A Holistic and Coordinated Trade and Investment Response to the COVID-19 Pandemic

The 2020 COVID-19 pandemic is a global crisis that is both unprecedented and with many ramifications. The Pandemic poses significant health and social risks to the entire globe. In addition to its threats to the health and wellbeing of global citizens, it has induced unprecedented worldwide commercial, financial and economic disruptions.

Critical global, regional and domestic value and supply chains, the lifeblood of international trade, have not been spared. The WTO projects a worst-case scenario of a 32% decline in world trade. The resultant impact on overall economic growth shall be considerable. Conservative estimates suggests up to 1% of global GDP shall be wiped off, amounting to about US\$ 1 trillion in lost income. On the continent, the situation will be more dire. Initial ECA estimates suggest Africa will face an immediate decline in GDP growth from 3.2% to 1.8% in 2020 as a result of Covid-19, but with a further adverse impact if Covid-19 is not contained in the short-term.

These are not just statistics. With closures of borders and restrictions on the movement of people and goods, the pandemic exacts a true human toll from the crippling of essential commercial, economic and social activities. Global job losses attributable to the crisis number in the millions and governments are under pressures to design a mitigating strategy of a kind the world has never seen since the Second World War.

African Union Member States with multifaceted development challenges stand the risk of prolonged agony as a consequence of these disruptions. Coming on the back of declining commodity prices, rising protectionism and heightened debt service burdens, the crisis threatens to wipe away decades of gains.

There is hence need for an equally unprecedented and coordinated trade and economic policy response from African institutions and governments to ensure that the worst impacts of the pandemic are mitigated, and to position for the inevitable post Pandemic economic restructuring.

In particular, the Pandemic and the attendant challenges in sourcing critical medical supplies and equipment have highlighted the critical gaps in Africa's productive and manufacturing capacities, as well as the need to build domestic, regional and continental value and supply chains.

African Union Member States must therefore resist the temptation to adopt nationalist and protectionist measures and postures, imposing restrictions to trade and disrupting value and supply chains, but must look instead to coordinating regional and continental responses and measures to address the health and economic challenges. Pooled and integrated intermediate industrial inputs procurement strategies, for instance, are no longer academic; they are an indispensable element of the urgent imperative. So also is the need to recognize the opportunities afforded by cooperation in harnessing the likely resilience of services trade even as the continent strives to support the current levels of cross-border trade in goods.

In this connection, the AfCFTA must be the rallying initiative to drive the post Pandemic economic recovery and the strengthening of African domestic, regional and continental value and supply chains.

In addition to ongoing initiatives, such as the setting-up of the African Union Covid-19 Response Fund and the appointment by the African Union Chair, H.E. Cyril Ramaphosa, President of the Republic of South Africa, of Special Envoys, to mobilize international economic support for the continental fight against COVID-19, the African Union Commission, Afreximbank, the UNECA and the Afrochampions Initiative are issuing a call to Action to African Union Member States and institutions, including research institutions, think tanks financial institutions, corporations and the academia, to evolve a collaborative and coordinated trade and investment response to the COVID-19 crisis, building on the AfCFTA as a tool for developing domestic, regional and continental value and supply chains, as well as driving the Post Pandemic economic recovery, growth and development.

Africa has all it takes to emerge out of this pandemic if it remains focused on the value of collective self-reliance through intra- regional trade under the auspices of the AfCFTA.

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