

Trade in Services, the Biggest Contributor to Regional GDP Why States should Cushion the Sector from COVID-19 Impacts



The services sector accounts for more than half of COMESA's GDP and over a third of employment, outpacing manufacturing and agriculture sectors in terms of growth generation, income and jobs.

According to a report prepared by research experts at the COMESA Secretariat, the value added by services account on average to 52.5% of the Gross Domestic Product and contributes 37.2 % of the total employment (2018).

With the Covid -19 pandemic, services, which rely on physical proximity between suppliers and consumers have been most impacted by mobility restrictions and social distancing measures. Transport and travel services, which constitute the bulk of regional trade have been the worst hit. On the other hand, those that rely on digital technologies, such

as financial services have shown greater resilience.

The report prepared by the research experts, Benedict Musengele and Jane Kibiru states that the Covid-19 crisis has shifted the focus of Member States from the traditional

In COMESA region, travel and tourism accounts for more than 40% of the services exports in addition to its contribution in GDP and employment...

services sectors of transport and travel-related services.

"Transport and travel services account for 83% of the total exports and 66% of the total imports. This implies that they are the major traded services in the COMESA region with

the other major sector in imports being Other Business Services, accounting for 18%," the report says.

In COMESA region, travel and tourism accounts for more than 40% of the services exports in addition to its contribution in GDP and employment. Yet, these are heavily affected by the pandemic because most of the inbound arrivals are from countries most hit by covid-19 such as US, UK, France, China, Germany and Italy.

In aviation sector, the International Air Transport Association estimates that African airlines could lose US\$6 billion in passenger revenue, 3.1 million jobs and related industries. Ethiopia, Kenya and Mauritius are quoted among the hardest hit in Africa and COMESA. Ethiopia and Kenya could lose US\$1.9 billion and US\$1.6 billion of their respective contributions to their economies.

The road transport sub-sector, which accounts for over 80% passenger traffic and 76% freight in most of the COMESA Member States continue to experience revenue and employment losses due to the slowdown economic and social activities.

On the positive side, the report cites advancements in digital technologies as having led to greater attention on online supply in sectors such as retail, health, education, telecommunications and audiovisual services.

“These have accelerated companies’ efforts to expand online operations and created new consumer behaviour that are likely to contribute to a profound and long-term shift towards online services” the report says. “Accordingly, financial services are less affected due to the digitization that have taken place such as internet and mobile banking.”

The report however notes that some services such as telecommunication may benefit from the pandemic due to the ‘working from home’ arrangement and uptake of e-commerce as people observe social distancing. Greater liberalization of financial and telecommunication services would help to reduce costs of services provisions which are currently high.

Given the critical role trade in services plays in the COMESA region, the report recommends a number of measures to mitigate the adverse effects in the sector. Specifically, as countries develop exit strategies, there is need to reduce restrictions and/or liberalize services sectors to ease movement of professionals like medical personnel, engineers, technicians, essential goods and services across borders.

“Governments should ensure smooth and continued operation of the logistics networks that serve as the backbone of regional supply chains, improve digital infrastructural foundations to improve internet, and enhance investments in internet infrastructure and penetration to promote online supply of services, while embracing e-commerce in trade in services,” the report concludes.

COMESA, MS Ponder how to keep the Simplified Trade Regime Running Amid the Pandemic



File/Cross border traders

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The STR has been credited for increasing trade by small scale cross border traders dealing in small quantities of goods as the simplified clearing procedures has remarkably...

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As the impact of the Covid-19 pandemic continues to unfold in the region, countries implementing the COMESA Simplified Trade Regime (STR) are back on the drawing board to figure out how this successful model will be sustained.

The COMESA-STR was introduced to simplify the procedure for clearing goods through Customs and to enable the small-scale cross-border traders to benefit from the import duty exemption on traded goods on the Common Lists.

The STR has been credited for increasing trade by small scale cross border traders dealing in small quantities of goods. The simplified clearing procedures has remarkably reduced the cost and time of clearing goods. Traders are not only able to make more trips across the border but there are reduced cases of harassment and seizure and loss of goods.

The onset of the Coronavirus pandemic has however presented the most formidable

threat to this trading regime due to restrictions of movement across borders. As a result, programmes implemented by COMESA and development partners to promote the STR in selected border points such as the Great Lakes Trade Facilitation Project (GLTFP) have been compelled to review their modus operandi.

Last week, 18 June 2020, COMESA conducted an online meeting with countries implementing the project to share plans for the coming period and to help harmonize activities especially on communication and advocacy to create synergies and avoid duplication. The implementing countries are DR Congo, Rwanda and Uganda.

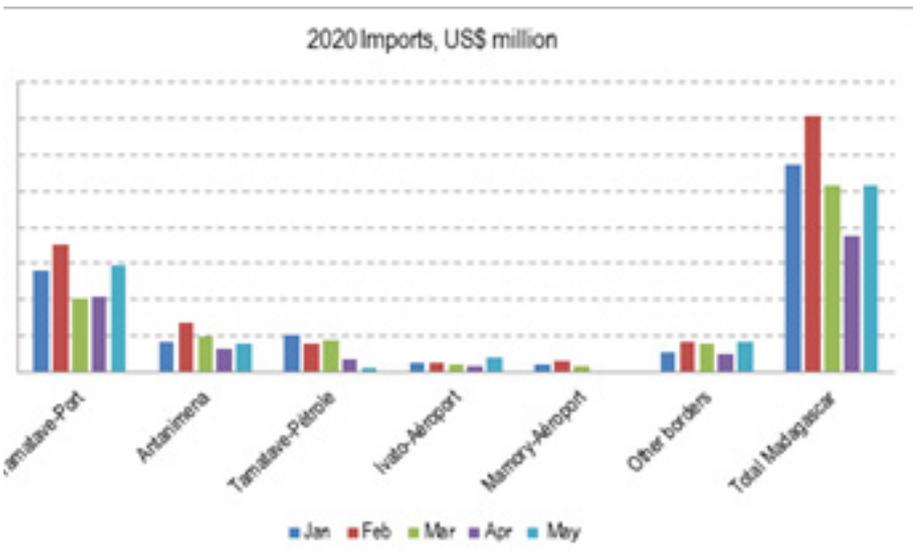
The meeting provided a forum for experience sharing and explored best strategies of supporting the small-scale traders to improve trading environment under the STR during the COVID-19 Pandemic.

It was agreed that the Secretariat works together with governments in these countries to support bilateral meetings and also organize a Ministerial meeting later in the year. The meeting stressed the need for the implementing teams to focus on activities that will enable small scale cross-border to continue operating at this time of the pandemic. The four-year GLTFP project is scheduled to close in December 2021 for the COMESA Component, and June 2022 for the project countries.



Madagascar Records 26% Drop in Imports

Tamatave-Port, Antanimena and Tamatave-Pétrole recorded declines in customs duty receipts of 16%, 44% and 47% respectively.



Madagascar recorded a 26% drop in imports in April compared to March 2020, according to a snapshot survey undertaken by the Statistics Unit at the Secretariat. The survey indicated that four key border posts, Antanimena, Tamatave-Pétrole, Ivato-Aéroport, Mamory-Aéroport recorded declines of 35%, 59%, 36% and 80% respectively. Tamatave-Port was the only one to record a marginal increase in imports of two percent.

The survey provided a brief on trade flows through COMESA borders prior to and during the COVID 19 pandemic. It is part of a series

of reports providing initial results on tracking trade flows in the COMESA region with a view to provide evidence on the impacts of the COVID-19 pandemic on trade.

In May 2020, however, the provisional figures on imports showed an increase of 36% with exports declining by 31% in April compared to March 2020.

Reduction in customs duties are listed as among the critical challenges faced by the Madagascar Revenue Authority. According to the report, customs duty receipts declined by 27% in April compared to March 2020.

The Government has since put in place measures to facilitate the movement of goods, transport, persons and services. These measures include prompt admission of goods into the country closely linked to the management of the covid-19 pandemic such as basic necessities, drugs, medical materials and medical instruments.

The Government has also put exemptions from duties and taxes on the importation of relief consignments. This is aimed at providing support to the vulnerable people who have been adversely affected by the effects of COVID -19 in the country.

To avoid physical contact between customs officials and the business owners, the government is electronically processing authorizations, value requests, complaints and has since reduced customs clearance time.

The government has also introduced measures to promote trade balance as well as incentives for Malagasy operators to export more so that the much-needed foreign exchange is available in the country's economy.

Small Scale Traders Receive Covid-19 Mitigation Support

Since the onset of Covid-19 in the region, COMESA and its institutions have been engaged in various initiatives to support Member States' governments responses to the pandemic at the regional level. Equally at the community level, the organization has been reaching out to vulnerable communities especially small-scale traders, with direct aid in the forms of protective gear, health kits and awareness raising to support their efforts in conducting safe trade.

On Wednesday, 24 June 2020, the COMESA Business Council in partnership with Barefeet Theatre and Lusaka Food Bank donated to the Chibolya community in Lusaka, COVID19 care-packages which included food and personal



Cross border trader at Kasumbalesa (DR Congo) shows off his new mask received from COMESA Secretariat

care items. Many of the recipients were women whose household incomes have been severely disrupted owing to the economic slowdown.

Also donated were face-shields which were distributed to traders at Mwasauka Market in Lusaka. The donations went to vulnerable communities that the CBC has worked with in its, Local Sourcing for Partnerships program. At the same time, the COMESA Secretariat gave out posters and stickers to be placed at strategic points within the expansive market to keep traders informed on the steps to protect themselves from infections.

Meanwhile, 5,000 masks sent to four border posts of Kasumbalesa, Livingstone, Kazungula and Kariba were received last week and shared out between cross border traders, state agencies, clearing agents, drivers and other operators at the border points.

The masks were provided by the International Centre for Small Hydropower based in China to the COMESA Secretariat to support its ongoing initiatives towards facilitating trade in the time of Covid-19 in the region.



Women traders receive personal care packages from the COMESA Business Council



Traders at Garden market

UK to Continue Supporting COMESA Programmes

British High Commissioner to Zambia, H.E Nicholas Woolley paid a courtesy call on the COMESA Secretary General Her Excellency Chileshe Mpundu Kapwepwe, Thursday 25 June 2020. Their discussions centred on cooperation between the UK and COMESA trade, agriculture and the impact of COVID-19 pandemic.

The High Commissioner said UK was keen to support COMESA programmes in agriculture, trade and other areas of mutual interest. He welcomed the development of the COMESA regional guidelines on the movement of goods and services across the region during the COVID-19 Pandemic. Specifically, he commended COMESA for its focus on the promotion of small scale trade. COMESA Secretary General Chileshe Kapwepwe, stressed the importance of harmonizing approaches in handling cross border trade movement during the COVID-19 Pandemic.



British High Commissioner to Zambia, H.E Nicholas Woolley with COMESA Secretary General H.E Chileshe Kapwepwe

“Our mandate and focus remains to promote economic integration by facilitating trade across the region,” She said.

She welcomed the contribution that the UK has continued to make towards supporting COMESA’s work.



COMESA Committee of Elders Meet to Review the Impact of COVID-19

COMESA will continue using eminent personalities from the region in addressing conflicts and entrenching good governance. Speaking when she addressed members of the COMESA Committee of Elders, Secretary General Chileshe Kapwepwe said the economic potential in the region can only be harnessed in an environment of peace and stability, hence the important role of the committee.

The meeting was conducted virtually, on Tuesday 23rd June 2020, to review and discuss the impact of COVID-19 in the COMESA Region. Also, on the agenda were discussions on how to promote peace and security to support the regional integration agenda of COMESA.

In attendance were Ambassador Ashraf Gamal Rashed (Egypt), who is the current chair of the committee, Bishop Mary Nkosi (Malawi), Professor Judith Bahemuka (Kenya), Ambassador Patrice Cure (Mauritius), Ambassador Marie Pierre Lloyd (Seychelles) and Dr. Mohamed Abdelghaffer (Sudan).

Secretary General briefed them on the initiatives the Secretariat has taken to support Member States' respond to COVID-19. These include the development of regional guidelines to support the continued trade in essential commodities and medical supplies, convening of Council of Ministers meeting that led to decisions to develop an online information sharing platform to connect manufacturers and importers, and to conduct a study of the impact of COVID 19 on trade in the member States.

During the meeting which was organized by COMESA Governance Peace and Security



Current Chair of the COMESA Committee of Elders Amb. Ashraf Rashed observes past general elections in Uganda

Programme, the Elders stressed the need for all countries to support each other in order to effectively fight COVID-19 and the effects of the measures that have been put in place.

The COMESA Committee of Elders was established by the COMESA Heads of States in 2006 to complement peace-making and peace-building capacity of the Office of COMESA Secretary General. Since its establishment,

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members of the Committee have led more than 30 COMESA elections observer missions, pre-election assessment missions and mediation support among other peace and security related assignments.

The elders have also represented the Secretariat in various forums including meetings of the African Union and other similar bodies a side-meetings of the United Nations General Assembly.

Other members of the committee include, Madam Hope Kivengere (Uganda) who is the current Vice Chairperson, Dr Sabine Ntaruthimana (Burundi), and Ambassador Dr. Simbi Mubako of Zimbabwe.



COMESA SECRETARIAT
COMESA Center
Ben Bella Road
P.O. Box 30051. Lusaka, Zambia



+260 211 229 725



www.comesa.int



info@comesa.int



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