

Improving Africa’s crisis and pandemic responses through provisions in regional trade agreements – does a “crisis/pandemic lens” matter for trade in food?

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Improving Africa’s crisis and pandemic responses through provisions in regional trade agreements – does a “crisis/pandemic lens” matter for trade in food?

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Summary

This policy brief reviews how regional trade agreements (RTAs) in the African context address the food trade needs and vulnerabilities of member countries in a crisis such as the COVID-19 pandemic. Special responses to COVID-19 have been triggered, evidently suggesting that default trade provisions and/or measures have not been set with a vision on the implications on trade in food in the time of a crisis such as the COVID-19 pandemic. To what extent are support policies in trade agreements anchored for pandemics and have the food trade provisions and associated trade related measures been crafted without a visionary lens on crises situations? The current pandemic has presented a window of opportunity to incorporate trade regulations or provisions in RTAs to cater for and anticipate food trade requirements. Therefore, the policy brief presents pointed questions that should have been asked and can be modelled prior to the manifestation of other crises such as the COVID-19 pandemic. Food trade system changes are required as countries face the COVID-19 pandemic, so could this be the time for the African Continental Free Trade Area (AfCFTA) to be implemented and not postponed?

Introduction

The COVID-19 pandemic continues to affect various African countries in multifaceted ways as governments attempt to respond to the crisis that is projected to exacerbate food insecurity for a number of African countries that also rely on regional and international food trade. The extent of the impact is not yet clear at this point in time as the countries are undergoing some form of lockdown and the value chains are yet to be fully analysed. Globally there are cases of countries that have resorted to banning the export of agricultural and food commodities to safeguard their own domestic needs¹. Though African countries reacted quickly to the COVID-19 health threat, that threat is not their only challenge². The risk of undermining regional and international trade in agricultural and food products was posed as soon as each of the African countries closed their borders (Figure 1) to respond to the pandemic threat. As can be seen from Figure 1, most of the African countries closed their borders very early – within 1-2 weeks of the WHO pronouncing the pandemic on 11 March, 2020. It is common cause that the health systems in many African countries are poor hence the early lockdowns were implemented to mitigate the overburdening of the already poor health systems but this came at a cost on the food security of already vulnerable African communities.

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¹ J. Schmidhuber, J. Pound, B. Qiao. 2020. COVID-19: Channels of transmission to food and agriculture. Rome, FAO. <https://doi.org/10.4060/ca8430en>

² A. Medinilla, B. Byiers and P. Apiko. 2020. African regional responses to COVID 19. ECDPM discussion paper no. 272. Maastricht, Netherlands.

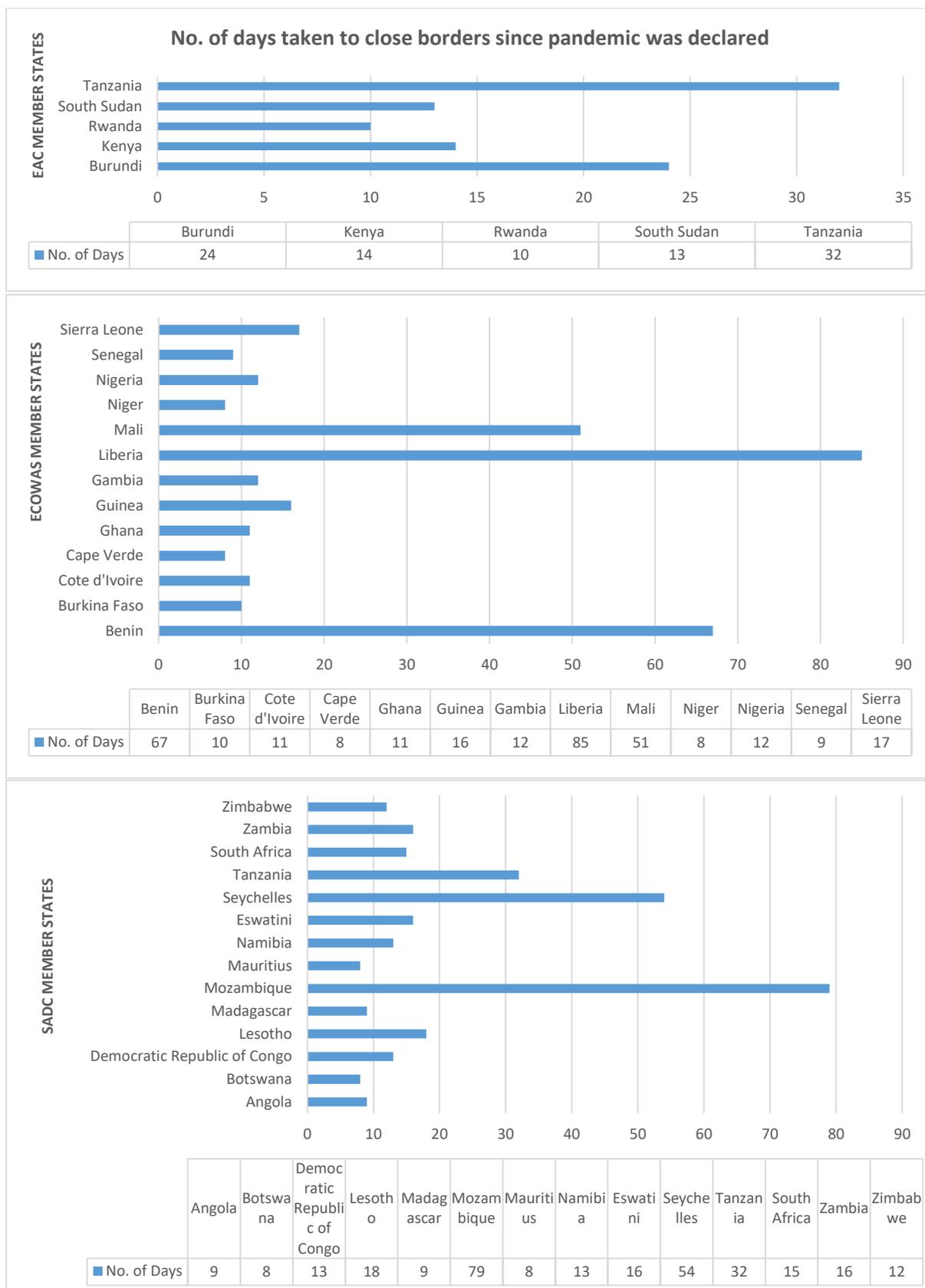


Figure 1: Border Closures in Response to WHO pandemic declaration

Source: Author's own analysis based on data from Oxford COVID-19 Government Response Tracker³

³ T. Hale, S. Webster, A. Petherick, T. Phillips, and B. Kira. 2020. Oxford COVID-19 Government Response Tracker. Blavatnik School of Government. Available: www.bsg.ox.ac.uk/covidtracker

The number of days to date that each of those countries have implemented a measure relating to border closures, can be associated with the number of days of disruptions to informal cross-border food trade. South Africa closed borders on the 26th of March 2020. South Africa as an example therefore, has had 100 days of border closures with neighbouring African countries that mainly rely on informal cross-border food importation. The border closures have somewhat become a *de facto* export and/or import ban on all agricultural and food commodities that are in the forte of cross border traders, a clear example being that between South Africa and Zimbabwe. The number of lockdown days has meant that informal cross border trade has been affected by that many number of days (100). These number of days also measure the numbers of days imports of food have been delayed. Whilst there are pronouncements by many African nations that there are no export bans on agriculture and food commodities, only the participants in large formal businesses are able to engage in food trade activities whereas informal trade is indirectly banned. This development has posed challenges for a number of households in Africa whose livelihoods are linked to cross-border food trade.

At the global level only a few food export restrictions/bans are linked to African countries. However, Africa does not only rely on shortened localised and regionalised food chains but also relies widely on global agricultural value chains. Some complaints have already been raised that the COVID-19 pandemic has induced or augmented a food crisis in Africa as border closures and some food export bans may also have been applied to food aid⁴. Export bans are widely considered bad practices in international trade. In the current scenario, export bans have been attributed to countries trying “to hold on to their own food”⁵. The domino effect of these global bans are expected to be faced by African countries. The question of whether the African RTAs have been of service in protecting the fallout of COVID-19 lockdowns is discussed in the next section.

How have the RTAs fared in addressing food security vulnerabilities during the crisis?

Similar to other continents, the national governments on the African continent have led country-specific responses and containment measures to the COVID-19 pandemic as opposed to regional organisations taking the lead in the responses. Tables 1 to 3 indicate some of the actions taken at RTAs level as well as actions of member states of the selected RTAs. The information presented in the tables pertains to three of eight Regional Economic Communities (RECs) officially recognised by the African Union. The Southern African Development Community (SADC), East African Community (EAC), Economic Community of West African States (ECOWAS) are relatively the three best performers in trade integration and collectively represent a variety of countries spanning the length and breadth of the African continent. Tanzania however, overlaps in membership of SADC and EAC (Tables 1 and 3). The SADC and the EAC entered into force in the year 2000, whilst ECOWAS had entered into force in 1995. Each of the three RTAs have a specific article relating to the removal of quantitative restrictions (specified in Tables 1 to 3), yet there is evidence of policy reversals or non-compliance thereof since official export restraints were introduced by some member states in response to the COVID-19 pandemic. Whilst a number of African countries implemented trade

⁴ J. Zhou and C. Delgado. 2020. The impact of COVID-19 on critical global food supply chains and food security. Published, 26 June, 2020. Available: <https://www.sipri.org/commentary/topical-background/2020/impact-covid-19-critical-global-food-supply-chains-and-food-security>

⁵ R. Dixon, D. L. Stern and A. Kumenov. As borders harden during pandemic, some countries look to hold onto their own food. The Washington Post Published, Wednesday, April 8, 2020

measures in response to COVID-19, the measures related mainly to essential goods in the health sector.

Whereas various measures have been put in place at national level by different African governments, the regional response to trade in food has been almost muted, concentrated to policy pronouncements/statements or slow to be presented. Intra-regional African trade is already low even with the many RTAs in place. The lack of infrastructure ranks high amongst the well documented reasons. Besides the border closures working as indirect bans to intra-regional trade, the trade measures tracked in the ITC Market Access Map COVID-19 Temporary Trade Measures database⁶ associated with member countries of African RTAs are not directly related to agricultural commodities except for the case of wine in South Africa and unspecified food products by Mali. Some of the SADC member states implemented trade response measures both on the import and export side as indicated in Table 1. Only South Africa, Mauritius, Seychelles, Mali and Kenya implemented specific measures in the food sector.

Table 1. COVID-19 response trade related measures by SADC states

<i>SADC Response to the COVID-19 pandemic as at 30 June 2020</i>	<i>Specific text of the RTA dealing with export restrictions</i>	<i>Member of RTA implementing COVID-19 Trade Response Measures</i>	
		<i>Import</i>	<i>Export</i>
<ul style="list-style-type: none"> - SADC Council of Ministers meeting 16-18 March directed a subcommittee to monitor COVID-19 impacts on the SADC economy. - Various issues of Bulletins on SADC Regional Response to COVID-19 impacts. - Statement - Joint meeting of SADC Ministers of Agriculture and Food Security- May. - SADC Regional standard operating procedures for cross-border transport. - SADC Guidelines on harmonisation and facilitation of cross-border transport operations – April 	<p>Article 8 of the SADC Trade protocol states that members shall not apply quantitative restrictions on exports to any member countries. However, Article 9 provides exceptions allowing member states to circumvent Article 8 provisions.</p>	<p>Angola Botswana DRC Mauritius Malawi Mozambique Seychelles South Africa Tanzania Zambia Zimbabwe</p>	<p>South Africa Botswana Eswatini Lesotho Namibia Zimbabwe</p>

Source: Author compilation and analysis using data from various sources - WTO RTA database- <https://rtais.wto.org/>; SADC - <https://www.sadc.int/issues/covid-19/>; MaCMap covid19 database as at 30 June, 2020 - <https://www.macmap.org/covid19>.

Noteworthy for this brief are the measures relating to the food sector. South Africa implemented a temporary ban on wine exports which was lifted within a relatively short period after understanding the uncertainty that surrounded the COVID-19 pandemic and international transport logistics. On the import side, South Africa implemented a tariff reduction broadly on essential goods and that would include food. Mauritius banned food imports due to Sanitary and Phytosanitary reasons but that was also lifted whilst Seychelles implemented import duties on pork and poultry. The SADC level policy statements did not perfectly align with country level COVID-19 responses given that border closures continue to disrupt the supply chains. The policy statements though encouraging supply chain continuity, have little or no emphasis on food supply chain related matters regarding informal cross border food trade. The SADC guidelines on harmonisation and facilitation of cross-border transport operations of April 2020

⁶ International Trade Centre Market Access Map. 2020. COVID-19 Temporary Trade Measures. Available: <https://www.macmap.org/covid19>

strike the tone of a balancing act between border closures and facilitating cross-border food movement among other essential goods.

The selected responses in Tables 2 and 3 for ECOWAS and EAC respectively, also indicate pronouncements within the common theme of goods movement and border closures.

Table 2. COVID-19 response trade related measures by ECOWAS states

ECOWAS Response to the COVID-19 pandemic as at 30 June 2020	Specific text of the RTA dealing with export restrictions	Member of RTA implementing COVID-19 Trade Response Measures	
		Import	Export
<ul style="list-style-type: none"> - Communiqués from Extraordinary sessions of ECOWAS Authority of Heads of State – April - Press Release – Meeting of Ministers of Transport - ECOWAS Ministerial Coordinating Committee recommendation for gradual opening of borders – June 	Article 35 of the treaty states that quantitative restrictions to trade amongst members shall be removed.	Burkina Faso Cabo Verde Ivory Coast Mali Niger Nigeria Senegal Togo	Mali Ivory Coast

Source: Author compilation and analysis using data from various sources – WTO RTA database- <https://rtais.wto.org/>; ECOWAS – <https://www.ecowas.int/covid-19/>; MaCMAP covid19 database as at 30 June, 2020 – <https://www.macmap.org/covid19>.

In ECOWAS, Mali implemented an export prohibition in the food sector whilst on the import side a tariff reduction was implemented on imported rice and milk. ECOWAS’s communique in April 2020, whilst acknowledging support to member states on COVID-19 health measures already implemented makes no mention of food trade response measures in the emergency financial support availed by ECOWAS at that point in time. Table 3 presents the responses in the EAC. Kenya is the only country in the EAC implementing trade response measures in the food sector in the form of a tariff reduction on all goods. This could be seen as a solidly progressive response from the Kenyan side to facilitate trade.

Table 3. COVID-19 response trade related measures by EAC states

EAC Response to the COVID-19 pandemic as at 30 June 2020	Specific text of the RTA dealing with export restrictions	Member of RTA implementing COVID-19 Trade Response Measures	
		Import	Export
<ul style="list-style-type: none"> - Joint statement by Ministers responsible for Health and EAC Affairs, 25 March - EAC administrative guidelines for facilitation of goods and services movement - EAC COVID-19 Response Plan – April - Joint Statement on cross-border cargo movement within EAC - Heads of States Consultative Meeting Communique – May 	Article 76 provides for the free movement of goods.	Kenya Tanzania Uganda	Kenya

Source: Author compilation and analysis using data from various sources - WTO RTA database- <https://rtais.wto.org/>; EAC - <https://www.eac.int/covid-19/>; MaCMAP covid19 database as at 30 June, 2020 - <https://www.macmap.org/covid19>.

African RTAs have largely been criticised for underperforming in terms of intra-regional trade. So, how consequential has such underperformance been for the much needed regional response to the COVID-19 pandemic? Given that regional trade is managed through RTAs, the litany of country-specific emergency responses not only indicate the poverty of regional policies targeting the responses to crises such as the COVID-19 pandemic but a lack of coordination at

the expense of economic progress. Trade policy uncertainty is however confirmed as evidenced by some of the actions taken in some African countries. The African Continental Free Trade Area (AfCFTA) which could potentially deal with some of the challenges of regional coordination was launched but its implementation planned for the 1st of July 2020 has now been derailed by the COVID-pandemic. The AfCFTA was intended to build on the progress of existing regional organisations such as EAC, ECOWAS and SADC among others. Each one of the RTAs have generic type Articles in the agreements to deal with export restrictions which seem to duplicate GATT/WTO provisions on export restrictions or bans and these could be harmonised under the AfCFTA.

Though the effects of the pandemic on agricultural markets may still be unknown, agriculture has mainly been declared as an essential sector and the occurrence of food trade bans have so far been limited to a few countries highlighted in Tables 1 to 3. On the other hand, food trade especially in the informal cross-border sector has inevitably been disrupted owing to most of the African countries having to implement lockdown measures at very early stages of the pandemic being experienced in Africa. A number of the African countries including South Africa (seen to be a relatively economically stable African nation) have reported that the implemented COVID-19 country-specific response measures are posing potentially long lasting negative impacts on economic stability. Hence, it is important to have regionally planned actions that could economically assist African nations to address food security vulnerabilities.

Key impacts of COVID-19 trade response measure on food prices

Whilst the export bans on food have been occasional and globally limited to only a few countries, the bans manifest as “pseudo bans” that are masked within border closures. Hence, food price impacts are not directly attributable to a specific trade measure undertaken by a specific country. Food price increases have been reported in many African countries and the distributional characteristics of price changes analysed for a group of 26 African countries (with available data for the member countries of the RTAs of focus in this policy brief) is presented in a Boxplot (Figure 2). A five number summary analysis based on the FAO daily consumer price data⁷ for the period monitored from 14 February to 23 July 2020 is thus presented to provide some insight on food price rises since the onset of the pandemic. In that period of approximately 23 weeks, the price changes for half of the countries are centred around 3.5% to 16%. The average of those observed price changes is close to 10% and there is an extreme value of 24.5% recorded for Lesotho. A few negative price changes are also observed in the analysis in Figure 2 and these are associated with Burkina-Faso and Burundi. Dell (2020)⁸ in support of this observation on reduced prices, associates the phenomenon with border closures which have had the implication on producers in Southern Africa losing the market for produce as the border closures coincide with the peak of their harvests. The highlights on food price rises are also outlined in other research such as Blanke (2020)⁹ noting

⁷ FAO Daily Food Prices Monitor (14/02/20 to 24/07/2020). Available: <https://datalab.review.fao.org/dailyprices.html#>

⁸ S. Dell. 2020. COVID-19 – A triple threat to food security. University World News: Africa edition. Published, 18 June, 2020. Available: <https://www.universityworldnews.com/post.php?story=20200618092015175>

⁹ J. Blanke. Economic impact of COVID-19: Protecting Africa’s food systems from farm to fork. Published, Friday, June 19, 2020. <https://www.brookings.edu/blog/africa-in-focus/2020/06/19/economic-impact-of-covid-19-protecting-africas-food-systems-from-farm-to-fork/>

how a continued rise in food prices in countries such as South Sudan in the EAC and Zimbabwe in SADC are associated with limited food supplies as imports have become restricted for both these countries that have a huge reliance on food imports. Trade flows have been hampered by measures in place in neighbouring countries to respond to COVID-19 with the full extent of the impacts difficult to assess at the moment as the disruptions in supply changes have not yet completely filtered through. In addition, Zimbabwe which relies on food imports from South Africa is also experiencing pre-COVID-19 economic downturn. Although there has been no direct ban on exports to Zimbabwe, the border closures have disrupted cross-border supply chains between the two countries and clearly food prices in Zimbabwe are expected to rise with reduced imports of non-domestically produced food products.

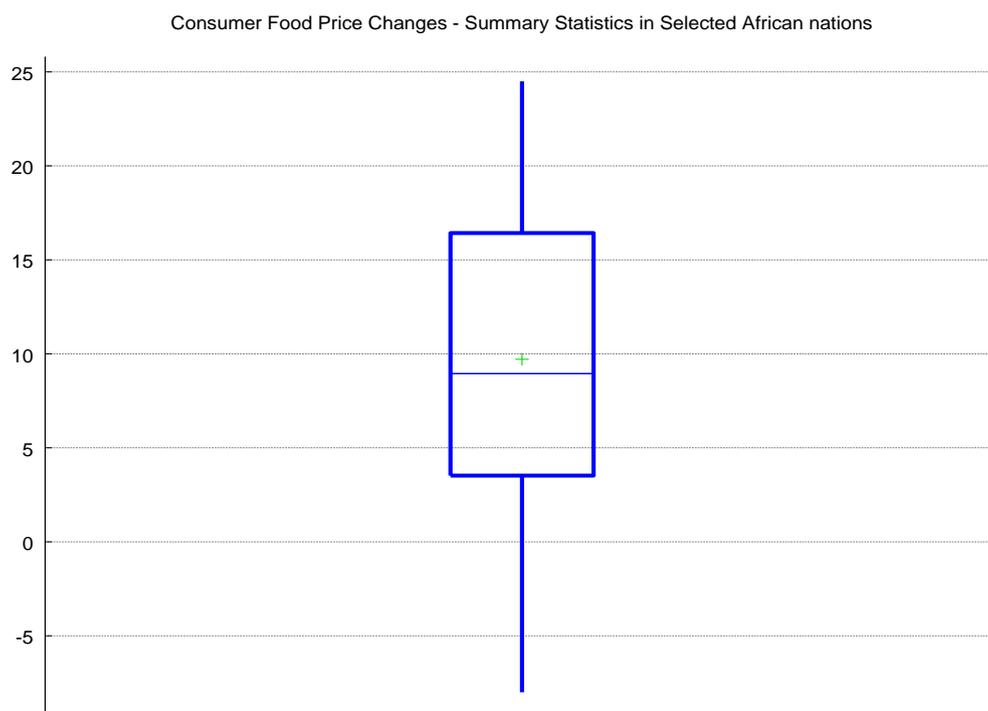


Figure 2: Boxplot of % consumer food price changes in selected African countries*

Source: Author's own analysis based on data from FAO Daily Food Prices Monitor:

<https://datalab.review.fao.org/dailyprices.html#>

* Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Mozambique, Mauritius, Namibia, Eswatini, Tanzania, South Africa, Zambia, Zimbabwe, Burundi, Kenya, South Sudan, Tanzania, Benin, Burkina Faso, Cote d'Ivoire, Ghana, Gambia, Liberia, Mali, Nigeria, Senegal

Support policies in trade agreements – how far has the vision been?

The scope of the pandemic is beyond the normal provisions associated with regional trade agreements and clearly the multitude of emergency measures and policies that had to be crafted indicate the absence of concrete provisions that could have been triggered. Pronouncements had to be made by the RTAs as already indicated and such pronouncements range from press releases, communiqués, joint statements to guidelines and response plans. Therefore, the pandemic vision has lacked in many of the agreements. Some ambitious emergency measures were implemented exposing the lack of coherent provisions to cater for pandemic situations thus indicating that there had been no visionary plans embedded in the provisions. People's lives have been put first, given some the pronouncements aiming to minimise food security

risks whilst dealing with the pandemic. The issue of provisions in trade agreements in the time of COVID-19 has been topical and subject to intense debate. Changes in the architecture of trade agreements are imperative in the face of pandemics as experienced in the current COVID-19 pandemic. As expected, trade agreements have a focus on provisions that are aimed at liberalisation or promotion of market access in normal economic conditions.

Is there a window of opportunity to incorporate trade regulations that are anticipatory of food trade requirements in a crisis such as COVID-19?

There is a general consensus that many African countries face international trade risks posed through trade regulations and procedures. Given the African countries' reliance on imports, trade restrictions and bans impact the national food security status. Many African countries have been caught unaware in terms of the preparations for the COVID-19 pandemic and are likely to be vulnerable to future crises. The African RTAs having a long standing issue of underperformance due to the lack of coordination, leaves one looking towards the possibilities that the AfCFTA can present. The pandemic has opened new venues for the implementation of the AfCFTA. There is a lot scepticism though, given that the trade provisions in the current text of the agreement leave much room for trade bans nevertheless. ATPC¹⁰ gives an example relating to medical supplies in that, had the AfCFTA been implemented pre-COVID, since the agreement has room for export bans, no help will be offered to member countries in short supply.

The reintroduction of tariffs or other barriers that have been liberalised is an eye opener to craft sound provisions. In the African continent many countries have a chronic food crisis and the emerging COVID-19 pandemic is expected to have ravaging effects compounded by food shortages. Given the reliance on food imports for survival, this situation calls for a responsive trade strategy. Many experts have noted how each of the individual countries have come up with solutions during the current crisis itself leaving little room for well thought out responses that are coordinated amongst the countries. There is also an opportunity to incorporate trade policy provisions that promote infant industries to be able to become productive after the pandemic given that the developed countries that normally take in food imports from African countries are providing subsidies towards self-sufficient production. The logic of taking permanent trade liberalisation measures for a crisis that is temporary is however questioned¹¹. In many quarters however, there is belief that global crises of the magnitude of the COVID-19 pandemic are here to stay thus justifying the incorporation of crisis specific trade liberalisation measures. Facilitation of trade is therefore necessary and provisions in regional trade agreements could be tailored as special crises responses embedded in trading agreements.

Policy conclusions

Barriers to free movement of goods have worsened the ability to access already difficult to access food commodities and is compounded by increases in prices. RTAs should take different purposes in crises and non-crises situations given the different deliverables when it comes to

¹⁰ ATPC. 2020. Covid-19 and Export Restrictions: the Limits of International Trade Law and Lessons for the AfCFTA. United Nations Economic Commission for Africa, Addis, Ethiopia

¹¹ A. Kwa, F. Rosales and P. Lunenburg. 2020. COVID-19 and WTO: Debunking Developed Countries' Narratives on Trade Measures. South Centre POLICY BRIEF No. 77 May 2020

trade challenges. Therefore, applying certain exceptions to bans in the same manner during situations of crises and non-crisis defeats the objective of trade liberalisations. This is why the policy choices should provide for trade in crisis situations (such as pandemics) in a different way – using a “pandemic lens” in order to ensure the removal of barriers to trade. Support policies in trade agreements should be anchored for pandemics. The reason for this is that, trade will better be facilitated taking into account that bans may occur as nations look out for their own needs. It is a challenging balance to achieve and might require authoritative committee oversight on mandatory trade provisions in RTAs that address the specific issues highlighted to affect food security due to border closures for example. A pandemic lens is visionary and allows to see trade challenging issues clearly in pandemic situations and calls for asking the following questions in the process of crafting the provisions.

- How do the trade provisions address food security vulnerabilities during a crisis?
- How far is the vision in support policies embedded in RTAs– short, medium, long term?
- Are there opportunities to incorporate or review trade mechanisms to cater for non-anticipated food requirements in a crisis situation?

Trade policymakers and analysts most probably would agree with the sentiment that, trade systems changes are required as countries face the COVID-19 pandemic. This is in light of the fact that some countries, in order to safeguard their food security have banned the exportation of food or put various controls to the movement of food across borders. A “*Pandemic Lens*” is thus required in crafting regional trade agreements amidst the rise of country-centric trade bans/policies. A smooth environment for food trade must be created –what could be the stimulus package at regional level? This might include promulgation of emergency response Articles in RTAs and this window is indeed available for the AfCFTA. There is need to make explicit what is currently implicit in the trade provisions.

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