ENHANCING TRADE IN DEVELOPING COUNTRIES TO PROMOTE FAST AND EFFICIENT RECOVERY FROM COVID-19: A CASE OF THE EAST AFRICAN REGION

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LIST OF KEYWORDS

- COVID-19
- East African region
- Supply Chain
- Trade facilitation
- Sustainable development goals
- Cross-border trade
- WTO Trade facilitation agreement
- Digitization
- Green lanes
- Building resilience
- Green lanes
- Trade policies
- Policy implementation
- landlocked countries
- Africa Continental Free Trade Agreement

ACRONYMS

EAC: East African Community
WTO: World Trade Organization
ACFTA: Africa Continental Free Trade Agreement
TFA: Trade Facilitation Agreement
SDG’s: Sustainable Development Goals
OECD: The Organization Economic Co-operation and Development
COMESA: Common Markets for Eastern and Southern Africa
EXECUTIVE SUMMARY

The negative impact of COVID-19 on Trade in East Africa was unavoidable; however, the adverse effects on the supply chain were mitigatable with the correct trade provisions in times of crisis. The East African region was one of the last regions to be directly hit by the pandemic. However, the trade impact was felt long before the actual arrival of the virus in the region, mainly due to the nature of heightened inter-connectivity in the global value chain.

COVID-19 intensified numerous Bureaucratic delays and “red tape” challenges to the East African region, resulting in a drop in intra-trade volumes by about 40 percent\(^1\). Inadequate regional policy coherence, lack of border agency cooperation, increased complexity in border procedures, especially with the introduction of COVID-19 safety measures, lead to a drop-in import, especially in landlocked countries like Rwanda and Uganda. In addition, there were increased challenges to safe trade and underlying policy implementation failure that amplified pre-existing challenges that intensified trade disputes, among other challenges. According to a survey done by the East African Business Council, the biggest challenge was cross border restrictions by 55.9\(\%\)\(^2\).

At the onset of the pandemic in East Africa, the region responded promptly on formulating health policies, but omitted trade policies. It was until April 2020 that EAC introduced a provision for trade facilitation guidelines, "The East Africa community administrative guidelines to facilitate the movement of goods and services during the COVID-19 pandemic"\(^3\). Enacted in a bid to speed up cross border trade to ensure the supply chain continues to flow. In addition, EAC countries introduced the Regional Electronic Cargo and Drivers Tracking System. Whereas Kenya and Rwanda are implementing the COMESA Electronic Certificate of Origin System to speed up cross-border trade, and a one-stop border post was created between Tanzania and Kenya in a bid to facilitate cross-border coherence.

Evidence suggests that the region needs to follow three main steps to combat the adverse effects of the virus from the secondary data studied. **Step one**, enforce more trade facilitation policies to ensure effective trade recovery from COVID-19. **Step two**, make short-term policies that have proved to be effective during the COVID-19 crisis permanent and **step three**, formulate strategic policies on how to keep the supply chain flowing and build back better economies after COVID-19 in East Africa.

Furthermore, the East African Region should create a policy projection tool specifically for trade in times of crisis that can facilitate a simulation analysis of different crisis scenarios and predict the effect on the supply chain more accurately. The policy projection tool would run a simulation analysis with the chosen provisions, then considering the impact of the policies on the variables, thus identifying the policy combinations with the best possible outcomes. These would equip the East African countries with effective trade policies.

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This paper will focus on the current and post COVID-19 pandemic trade strategies shedding light on similar crises. The paper will focus on policies that can be used during the pandemic and economic recovery after the pandemic. It will be structured around general sectors in the East African region. The research will mainly focus on The World Trade Organization’s trade facilitation agreement (TFA), export restrictions and exemptions, paperless trade, among other trade measures. In a bid to fast track economic recovery and encourage Strategic Development Goals.

This paper will specifically focus on measures to achieving four main SDGs, that is SDG 3, 8, 9 and 17 for instance; The utilization of safe trade policies such as paperless trade contributes towards achieving SDG 3 on ensuring health and well-being while still promoting SDG 8 on improving inclusive and sustainable economic growth in trade during the pandemic. Fully implementing the WTO Trade Facilitation Agreement (TFA) supports SDG 8 with policies that encourage the simplification of cross-border trade, leading to increased income. Thus, economic growth and SDG 9 in finding innovative were to keep supply chains open and build resilient infrastructures to promote economic growth post-COVID-19. And lastly, the unifying factor of SDG 17 to build partnerships for the sustainability of the goals through policies such as creating deeper economic integration such as cross-border coherence. The current global interconnectivity is now a priority to create more harmonized systems and work together to realign SDG goals to get back on track in achieving vision 2030.
INTRODUCTION

COVID-19 plunged the East African economy into a sudden and deep economic turmoil. The Organization Economic Co-operation and Development (OECD) reports that over 50 countries changed port protocols, ranging from port closure, quarantine measures to additional documentation requirements and examinations, causing delivery times, leading to severe supply chain shocks on a worldwide scale.

The East African region was one of the last regions to be directly hit by the pandemic. However, the trade impact was felt long before the actual arrival of the virus in the region, mainly due to the nature of heightened inter-connectivity in global value chains. Highlighting the importance of regions to rapidly implement steps towards achieving SDG 17 on global partnership for sustainable development to collaborate in mitigating the adverse impacts of the crises through strong global partnerships and cooperation. As not only is international trade, the driving force behind economic growth, but it is also a unifying factor that fosters peace and sustainability. Policy cooperation is vital in keeping supply chains flowing efficiently, especially for essential and facilitative goods and services such as food, medical equipment, and ICT.

Trade policies are critical as they offer emergency lifelines to save companies and nations from bankruptcies and enable economic recovery. Some countries such as Singapore and Belarus have set up "green lanes" at ports of entry and border crossings to accelerate cargo shipments' processing. Singapore has created "green lanes" with China. Trade policies also aid in enforcing peace and unifying regions by providing guidelines that streamline processes and minimizing trade disputes between countries, especially in cross-border trade.

East Africa is a Tripartite Free Trade Area (TFTA) made up of COMESA, EAC, and SADC. East Africa community has already made many steps towards regional integration and has made many strides over the years to make regional trade cheaper, faster, and more straightforward. The objective of the East Africa Tripartite is to contribute to accelerating economic integration by achieving sustainable economic development goals to attain poverty alleviation and quality of life. Policies and procedures are the first lines of defense during a crisis that guide the region and determine the degree to which a region will mitigate the adverse impact of a crisis on trade. During the COVID-19 pandemic, countries, and regions have had to either enact policies they had for emergencies or quickly come up with new policies.

Improvement of trade policies will enable countries to follow the necessary procedures to efficiently react to a pandemic and remove the element of sluggishness. Policies need to have rapid action to counter the effects of hard-hitting crises like COVID-19 while addressing SDG 3, 8, 9, and 17 to put the region back on track to achieving its goals on vision 2030. Ensuring supply chains stay open and keep flowing is particularly crucial in promoting SDG 8 by increasing trade productivity and technological innovation, leading to inclusive and sustainable economic growth.

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5. IRU 'COVID-19: how some countries around the world are supporting road transport’ (IRU insights 2020).
CHALLENGES AFFECTING THE SUPPLY CHAIN IN EAST AFRICA DURING COVID-19 PANDEMIC.

When COVID-19 hit East Africa, there were insufficient provisions to guide the region against the COVID-19 pandemic, primarily because there was no prior experience to test its trade regulations in a crisis of this magnitude. Thus, governments in the region enforced regulations such as social distancing measures, shutting down the borders, imposing travel bans, and countrywide lockdowns. Trade provisions were not thoroughly considered at the onset of the crisis, which resulted in significant supply chain challenges. The East African Business Council (EABC) conducted a survey on COVID-19 and its impact on East African businesses and investments. According to the survey, as seen in Table 1, the most affected area was cross border restrictions by 55.9%. Demonstrating the adverse effects of the supply chain in the region with the sluggishness of cross-border trade.

Table 1: How COVID-19 and its Ripple Effects have adversely impacted businesses in the East African Region (EABC 2020).

<table>
<thead>
<tr>
<th>No</th>
<th>How COVID-19 has Adversely Impacted Businesses and investments in the EAC Region</th>
<th>Percentage of Respondents Affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Inadequate access to raw material sources</td>
<td>44%</td>
</tr>
<tr>
<td>2</td>
<td>Facing cross-border restrictions</td>
<td>55.9%</td>
</tr>
<tr>
<td>3</td>
<td>A decline in export market sales</td>
<td>17.6%</td>
</tr>
<tr>
<td>4</td>
<td>A decline in sales (Overall)</td>
<td>55.9%</td>
</tr>
<tr>
<td>5</td>
<td>Laying off staff</td>
<td>17.6%</td>
</tr>
<tr>
<td>6</td>
<td>Others; Delayed contract performances, reduced mobile money transactions, etcetera</td>
<td>14.5%</td>
</tr>
<tr>
<td>7</td>
<td>Not affected at all (Pharmaceuticals)</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

Before the onset of COVID-19, East Africa's leading supplier in the world was China, with an average of 21% in imports, the first country to face the consequences of COVID-19 resulted in imposing of lockdowns and the introduction of export bans. Due to East Africa's interconnectedness with China Industries that rely on imported raw materials, intermediate goods, and finished goods suffered the most during the pandemic. In March 2020, cargo ships that supply goods from China failed to dock at Mombasa port. Mombasa port is the gateway

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7 Trading Economics, ‘Imports by country’ (Trading economics 2018 data).
8 J. Anyanzwa, & A. Olingo, ‘Coronavirus: EA traders panic as Chinese ships fail to dock’ (The East African insights).
through which Kenya, Uganda, Rwanda, Burundi parts of Tanzania and other East African countries import their goods.

The Economist Intelligence Unit (EIU) projected that landlocked countries would be the hardest hit with annual export projections for Rwanda, Uganda, and Burundi to decline by 37, 34, and 22 percent, respectively. EIU foresees modest impacts on the two largest economies in the region, Kenya and Tanzania, as they are not landlocked thus have free access to ports. Additionally, the Bank of Uganda (2020) reported that adverse effects of COVID-19 in Ugandan hit exports and imports much harder than in Kenya, experiencing a 36 and 37 percent decline, respectively, in March-May 2020, compared to the same period the previous year. In addition, Ugandan experienced a complete collapse of informal trade after small-scale cross-border trading was prohibited from containing the spread of COVID-19 pandemic, showing the adverse effects of trade on landlocked countries in East Africa.

At the beginning of the COVID-19 in East Africa, average cargo transit times between Mombasa and Busia, a town on the Ugandan frontier, rose from 4 days in January 2020 to 12 days by the end of March. Deterioration in the flow of trade mostly related to delays at the border following the introduction of COVID-19 safety measures. Rwanda experienced significant delays of more than 2,000 containers located at the Dar-es-Salaam port, facing increased demurrage costs, storage charges, warehouse rent, and other penalties due to adverse impacts of COVID-19. Leading to reduced intra-trade volumes by about 40 percent due to COVID-19 triggered by stringent cross-border controls hindering the movement of cargo from the ports of Mombasa and Dar es Salaam to Malaba, Busia, Mutukula, Rusumo, and other border points within the community stated Kenneth Bagamuhunda, EAC Director-General, and Customs & Trade. The restrictions have intensified disputes and tension created due to the lack of coherence between countries. Hence, there is a need for the entrenchment of SDG 17 on global partnerships in trade policies, agreements, and regulations.

At the beginning of the crisis, average cargo transit times between Mombasa and Busia, a town on the Ugandan frontier, rose from 4 days in January 2020 to 12 days by the end of March. This deterioration in the flow of trade mostly related to delays at the border following the introduction of COVID-19 safety measures. Rwanda experienced significant delays of more than 2,000 containers located at the Dar-es-Salaam port facing; demurrage costs, storage charges, warehouse rent, and other penalties due to adverse impacts of COVID-19. Leading to reduced intra-trade volumes by about 40 percent due to COVID-19 triggered by stringent cross-border controls hindering the movement of cargo from the ports of Mombasa and Dar es Salaam to Malaba, Busia, Mutukula, Rusumo, and other border points within the community stated

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Kenneth Bagamuhunda, EAC Director-General, and Customs & Trade The restrictions have intensified disputes and tension created due to the lack of coherence between countries.

At the onset of the COVID-19 in the region, East Africa had not agreed on coherent policies. Thus, policies each government decided on did not necessarily align with its neighbors, as a result of this intensified trade disputes. For instance, Tanzania banned Kenyan truck drivers from accessing its borders because Kenya had prohibited travel of Tanzanian passengers but allowed cargo movement of goods. This conflict resulted in a 14 days standstill on the movement of goods between Kenya and Tanzania borders caused, cutting off the supply chain between the two countries for an extended period\(^\text{15}\). A clear sign of regional policy coherence in the region\(^\text{16}\). On the first try, Kenya, Uganda, and Tanzania had talks to resolve this issue and free the flow of goods. However, came the challenge of interpretation, due to a lack of transparency provisions. That lead to a web of conflicting procedures, excessive paperwork, overlapping documents, similar content, and lengthy time frames, especially with countries insisting on conducting their own mandatory testing resulting in multiple clearance certificates.

Kenya National Bureau of Statistics (KNBS) stated that the country's imports decreased from KSh137.77 billion to KSh119.75 billion\(^\text{17}\). In Uganda, the supply chain disruption affected the supply shortage of imports of goods, resulting in increased production costs in the manufacturing sector. In Tanzania, mineral exports were affected as export destinations report economic slowdowns\(^\text{18}\). Nevertheless, Kenya experienced a significant improvement in exports in the first quarter of the year, reaching a historic monthly high in March at about $606 million at current exchange rates\(^\text{19}\).

**Policy implementation gap.** Policy implementation failure is a barrier to trade that undermines trade facilitation initiatives, especially during crises. Emergency policies cannot be introduced if underlying policies are not established. For example, despite Kenya's projected GDP drop, exports in Kenya increased better than Tanzania that had equal opportunities, probably because Kenya had already begun most of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA), such as a single-window system. It is easier for Kenya to reduce cross-border procedures and expedite essential goods such as tea (one of Kenya’s biggest export). There is a need for East Africa to design a harmonized policy implementation tracking tool that follows the WTO TFA guidelines to aid in building a more robust regional trade system. A significant contribution to SDG 17 to strengthen the means of implementation and revitalize regional partnerships for sustainable development.

**EAST AFRICAS RESPONSE TO TRADE DURING COVID-19 PANDEMIC**

At the onset of the crises, East Africa responded fast on formulating health policies, but omitted trade policies. In June, EAC introduced a provision for trade facilitation guidelines "the East Africa community administrative guidelines to facilitate the movement of goods and services

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\(^{15}\) M. Mwita, ‘Kenya and Tanzania urged to end differences, facilitate trade’ (The Star media 2020).

\(^{16}\) P. Madden, ‘Africa in the news: Kenyan Trade, Sudan, and COVID-19 updates’ (Brookings media 2020)

\(^{17}\) J.Owino, ‘Kenya’s trading volume down by Sh39bn in April owing to coronavirus’.


\(^{19}\) A. Mold, and A. Mveyange, ‘The impact of the COVID-19 crisis on trade, Recent evidence from East Africa’, P. 2
during the COVID-19 pandemic\textsuperscript{20}, an effort that has now begun to speed up cross border trade in the region.

1) Utilizing the WTO TFA principles to cut down the red tape at the borders by keeping supply chains open and increase the flow of goods

a. Cross-border coherence
In a bid to ease East-Africa’s customs clearance, Tanzania and Kenya created a one-stop border post between them in Namanga, an excellent example of cross-border coherence. The land border between these two East African countries, now has just a single border post, the initiative has streamlined border procedures by reducing time, unnecessary procedures, and administration load\textsuperscript{21}.

\textbf{Improved border cooperation} EAC came up with negotiations for intra-regional trade in goods to ensure supply chain flow. On June 19, 2020, EAC helped Tanzania and Uganda reach a consensus on the movement of trucks between Tanzania and Uganda at the Mutukula border, finally resumed\textsuperscript{22}. In early May, Kenya, Uganda, and Rwanda reached a deal for testing truck drivers for COVID-19 at the point of departure to ease tailbacks at border points after each nation initially insisted on separately conducting mandatory testing. One of the resolutions from the response plan was to minimize the cross-border movement of people while facilitating the free movement of goods and services in the region\textsuperscript{23}. Demonstrating how cross-border coherence can significantly impact the flow of goods.

b. Simplification processes
The KenTrade InfoTrade Team and the NTFC Secretariat recently liaised with the border regulating agencies to identify quick simplification measures that allow for business continuity while avoiding physical contact. For example, the Coffee and Tea Directorates and the Department of Veterinary Services' adoptions of Mobile payment solutions (such as M-Pesa) making it possible for non-human contact payments of various fees relating to the exports permits and licenses issued by these authorities\textsuperscript{24}.

\textbf{Simplification by Expediting standard formalities} East Africa has focused on cutting red tape to facilitate inclusive trade for the movement of goods. For example, Exporters and importers of fresh or dry produce to Kenya are required to register with Kenya Plant Health Inspectorate Service. Previously this registration took between 10 to 28 days, with a total of 10 steps and filling in 13 documents, a costly time-consuming effort. Simplification of processes by KEPHIS has reduced the number of days to six, the number of steps to 5 and filling of documents to three, thus reducing the administrative cost incurred by businesses in the registration procedure

\textsuperscript{20} EAC, ‘EAC Administrative guidelines to facilitate the movement of goods and services during the COVID-19 pandemic’ (EAC press release).
\textsuperscript{22} EAC, ‘Tanzania and Uganda agree on truck drivers’ movement amidst COVID-19.’ (East Africa Community press release).
\textsuperscript{23} M. Mwita, ‘Kenya and Tanzania urged to end differences and facilitate trade’ (The Star media 2020).
\textsuperscript{24} Trademark ‘Cutting red tape for inclusive trade, one procedure at a time.’ (Trademark East Africa 2020).
from KES 40,197.35 (US$ 375.5) to KES 15,287.29 (US$ 142.8) translating into a 62 %
reduction of trading costs without changing any laws.25

c. Modernization of systems through digitization (encouraging paperless trade)

East Africa has made steps towards digitization through COMESA. Kenya and Rwanda have
indicated their readiness to pilot the COMESA Electronic Certificate of Origin (eCO) System to
speed up cross-border trade and increase the flow of supply of goods and promote paperless
trade. COVID-19 has accelerated the need to start implementing the eCo system given the dire
challenges facing the supply chain. The (eCO) System will abolish all paperwork related to the
movement of goods, including declaration, assessment, and payment of duties. Thus, promoting
safe trade and create a perfect balance between SDG 3 on promoting good health and well-being
while promoting SDG 9 on inclusive and sustainable economic growth. A strategy for adding
Uganda, Tanzania would be a very beneficial strategy for the region.

The East African Community partner states are piloting the Regional Electronic Cargo and
Drivers Tracking System after a consultative meeting chaired by Rwanda’s president on May 12,
2020, brought together four East African Community (EAC) and discussed regional efforts to
tackle the COVID-19 that has ravaged the world. EAC also deployed Mobile Laboratories and
testing kits to all Partner States in April 2020, the East African Community, under the Mobile
Laboratory Project, deployed nine (9) mobile laboratories and COVID-19 test kits to all EAC
partner states in a bid to detect and respond to highly infectious diseases such as COVID-19 and
Ebola. A total of 9 Mobile Laboratories deployed to the Partner States.

2) Investments in trade facilitation initiatives

AFDB stated that the African Development Fund approved $9.52 million to enhance coordinated
COVID-19 response in East and Horn of Africa. The grant is part of the $10 billion COVID-19
Rapid Response Facility (CRF) approved by the Board of Directors as a bid to support regional
member countries across the continent. Funding will also go toward the procurement of essential
medical supplies, including testing kits and to train health workers.

Investment in bilateral trade agreements. In May, the Office of the United States Trade
Representative (USTR) released its objectives for initial negotiations of the U.S.-Kenya bilateral
trade agreement. The negotiating objectives cover trade in goods and services, digital trade and
cross-border data flows, investment, intellectual property, and the environment. To establish a
mutually beneficial trade agreement that can serve as a model for additional agreements across
Africa and support regional integration as well as build on the objectives of the African Growth
and Opportunity Act, promote good governance and the rule of law.

25 Trademark, ‘Cutting red tape for inclusive trade, one procedure at a time.’ (Trademark East Africa 2020)
26 COMESA, ‘15 Member States Ready to Pilot the COMESA Electronic Certificate of Origin.’ (COMESA 2020)
27 Trademark, ‘The pilot phase of the EAC electronic truck driver surveillance system’ (Trademark East Africa 2020)
28 EAC, ‘EAC deploys Mobile Laboratories and testing kits to all Partner States’
29 AFDB, ‘African Development Fund approves $9.52 million to enhance coordinated COVID-19 response in East
   and Horn of Africa and Comoros - Burundi.’ (AFDB 2020)
30 Tarlac Trade Law, ‘Summary of Specific Negotiating Objectives for the initiation of United States-Kenya trade
   agreement negotiations.’ (Tarlac Trade Law 2020)
Investing in safe trade—Trademark East Africa signed a 5 million euro grant with European Union (EU) towards the Safe Trade Emergency Facility designed to support safe trade and facilitate critical supply chains, including food and essential medicines to fight the virus\textsuperscript{31}. The emphasis was on addressing a range of short to medium-term measures to protect essential supply chains and keep borders open, as this is a step towards SDG 3 on ensuring good health and well-being while still addressing SDG 9 on industry innovation and infrastructure. In addition, achieving SDG 8 on economic growth as trade facilitation increases and encourages trade flow, which in turn increases economic growth.

BEST PRACTICES FROM OTHER REGIONS IN RESPONSE TO TRADE-IN TIMES OF CRISIS

The best practices East Africa should apply are the trade policies that follow the WTO Trade Facilitation Agreement guidelines that reduce Bureaucratic delays and “red tape through the simplification, modernization, and harmonization of export and import processes and the selection that seek to support governments to increase cross-border trade. The WTO Trade Facilitation Agreement offers a sound basis in keeping supply chains open during a crisis by speeding up border processes while ensuring safe trade, done by creating trade facilitation measures such as digitizing and streamlining border processes, reducing border procedures and creating "green lanes" among other measures as discussed below.

Enforcing simplification policies and procedures to speeding up cross-border trade

Belarus introduced "green lanes" at the borders to prioritize customs clearance and transit of essential goods. Belarus reported that the transit of goods across the Belarusian borders in March had increased drastically compared to the same period last year, despite the health crisis\textsuperscript{32}. India Introduced Paperless Customs by relying upon digital copies of the Shipping Bill and did away with the requirement of taking bulky printouts from the Service Center or maintenance of full physical dockets in the Custom Houses\textsuperscript{33}. The Korean Customs Service (KCS) introduced a Customs Clearance Support Center for COVID-19, facilitating the movement of critical raw materials into and from Korea. KCS temporarily implemented 24/7 support teams for emergency clearance of raw materials at several customs offices to facilitate the movement of raw materials\textsuperscript{34}. Brazil customs prioritized the clearance of 500,000 kits of rapid detection tests for COVID-19 coordinated between customs, the Ministry of Health, the National Health Surveillance Agency, and airport officials\textsuperscript{35}.

\textsuperscript{31} Trademark, ‘The EU supports TradeMark East Africa with EUR 5 million to guarantee safe trade in Kenya.’ (Trademark 2020)
\textsuperscript{32} IRU, ‘COVID-19: how some countries around the world are supporting road transport’ (IRU insights 2020).
\textsuperscript{33} Hellenicshippingnews, ‘Indian Customs Introduces Paperless Customs’ (Hellenicshippingnews article 2020)
Relaxing procedural formalities

In Russia, the national authorities have decided not to subject drivers of international road transport to mandatory quarantine for 14 days if they do not have signs of the virus and exempt transport companies from paying transport tax. In Brazil, Tax exemption of Import Taxes levied upon the importation of medical devices and products necessary to prevent/combat COVID-19. Medical equipment imports taxes temporarily reduced to 0% until September 30th. Japan introduced the Import Tax Exemption, expedition processes, and extensions of validity on import and export certificates for import goods deemed as emergency or necessities. In Canada Tariff Free Treatment for Emergency Goods: Medical supplies required for the COVID-19 emergency may qualify for duty and tax relief if imported temporarily on behalf of governmental entities, medical and other first responders, or public or private long-term care residences.

Harmonization

To harmonize multilateral measures, the EU Member States introduced recommendations and guidelines by: categorizing Freight transport as essential, introducing green lanes at internal and external borders to give priority to freight transport. They established a single employer certificate template to guarantee the free movement of professional drivers without their vehicles. Developing a framework for a temporary extension of the validity of several freights, vehicles, personnel-related certificates, and control documents and temporarily lifted bans for heavy goods vehicles. Azerbaijan has kept open its “transit green corridor” for Iran, connecting it to Russia and the rest of the world.

Digitization to support trade facilitation initiatives

Cameroon deployed CAMCIS (Cameroon's new Customs Information System), which automates procedures to increase paperless transactions and reduce human-to-human contact. Chile introduced a resolution allowing customs brokers to submit documentation electronically in portable document format (PDF), ensuring submission of original documents done within 30 days. India introduced a National Customs Portal to avoid trade disruptions. The system facilitates clearances and provides critical trade information. The system is available for use 24/7 for clearances. An online form was launched to allow traders to identify any issues.

STRATEGIES ON HOW TO KEEP THE SUPPLY CHAIN FLOWING AND BUILD BACK BETTER AFTER COVID-19 IN EAST AFRICA.

The full implementation of the WTO Trade Facilitation Agreement is estimated to reduce trade costs by an average of 14.3% and boost global trade by up to $1 trillion per year, achieving

37. IRU, ‘COVID-19: how some countries around the world are supporting road transport’ (IRU insights 2020)
38. IRU, ‘COVID-19: how some countries around the world are supporting road transport’ (IRU insights 2020).
“SDG 8” on inclusive and sustainable economic growth, with the most significant gains in the poorest countries reducing poverty while simultaneously aiming to achieve “SDG 1” on No Poverty. East Africa ought to consider fully implementing the WTO Trade Facilitation Agreement in all its member states. Tanzania recently ratified the WTO TFA in April 2020 amidst challenges on the supply chain caused by COVID-19. The next step for the region is to fully implement the TFA in the region as the pandemic has demonstrated the importance of implementing the TFA in facilitating trade, especially in times of crisis. Additionally, EAC ought to adopt best practices from other regions that could effectively speed up cross-border trade during COVID-19 and provide a more resilient policy infrastructure for future crises.

There are four main steps the region ought to follow to combat the adverse effects of the virus. **Step one**, enforce with urgency more trade facilitation policies to ensure effective trade recovery from COVID-19. **Step two**, make short-term policies that have proved efficient during COVID-19 permanent and **step three** formulate strategic policies to build back better after COVID-19. **Step four**, introduce innovative policy projection and implementation tools.

**STEP ONE: Enforce more trade facilitation policies to ensure supply chains remain open and increase the flow of goods in a bid to encourage faster trade recovery.**

East Africa should enforce immediate short-term trade facilitation policies to increase trade flow, inspire investor confidence in the region to global markets, and foster cooperation while reducing trade tensions.

1) **Avoid policies that will cause trade disputes or friction with other countries.**
   a. EAC ought to abstain from imposing export bans and instead enact export allowance whereby countries could allow local companies to export a certain percentage of their products and retain the rest for domestic use. For example, a country could impose an export allowance of 25%. Thus, companies can export 25% of their medical masks and retain the remaining amount for domestic use to avoid other countries from retaliating with stringent trade rules.
   
   b. EAC should focus on continually resolving cross-border disputes between its member states. The one-stop border post, build between the Kenya and Tanzania border, should be replicated on all the other borders in the region. Making the supply chain in the region more efficient by increasing cross-border coherence and increase the rate of expediting movement, release, and clearance of goods, especially in the landlocked countries of Rwanda, Burundi, and Uganda.

2) **Introduce policies that will speed up trade flow to avoid an L-shaped economic recovery**
   a. EAC needs to introduce Green lanes to combat COVID-19 immediate adverse effects, primarily on essential and facilitative goods and services. This green lane might increase the current supply flow by 50%, as seen in Belarus. The increase in supply through green lanes will increase drive in economic growth hereby putting the region back on track in achieving SDG 8 on inclusive economic growth and recovery. Green lanes will also reduce the

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40 WTO, ‘WTO’s Trade Facilitation Agreement enters into force’. (WTO, 2020)
41 IRU, ‘COVID-19: how some countries around the world are supporting road transport’ (IRU insights 2020)
challenge of **price gauging** by traders with unfair practices and minimize trade costs by reducing inequalities in the region hereby achieving “SDG 10 on reduced Inequalities”.

**b. EAC needs to utilize the 5 million euro grant provided by the European Union (EU) towards the *Safe Trade Emergency Facility* and facilitation of critical supply chains in a bid to achieve SDG 9 on building resilient infrastructures. The infrastructures include production of essential goods like medical equipment and food. This will enable the region to support local industries in **ramping up production** while addressing supply shortages.**

**c. Accelerate implementation of the African Continental Free Trade Area.** The region should begin implementation of AFTCA which is essential in accelerating intra-African trade essential for regional value chains to curb the current supply shortages. AFCFTA will support immediate trade facilitation (TF) by supply chain flow through dematerialization and continental customs clearance system and counterbalancing the rising trade costs. With the implementation of the ACFTA, the Intra- Africa trade forecast increased by 40% as a result of removing 90 percent of intra-African tariffs. According to McKinsey & Company analysis if applied during COVID-19, it is estimated that Africa's GDP would have dropped by only - 5.2 instead of -7.9 percentage points as the currently decreasing supply and new export possibilities would have partially compensated demand intra-African trade tariffs.

**d. Introduce more subsidies to local manufacturers** by providing cash grants, low-interest loans, or tax breaks from 2020 to 2021. To make it affordable for companies to ramp up production and increase exports, the case of Kenya production will increase exports in trade and maintain local supply, thus ensuring the food chain's longevity. Like how the Australian government did for Holden Australia while considering inefficiencies in productions, thus find a balancing export formula that minimizes inefficiencies in production.

**e. East Africa needs to implement **Emergency policy easing** to reduce slow response to trade barriers. Each month the lockdown persists. The economy is projected to slow down by 3% of the GDP. With policy easing, enactment regions can ease policies to keep supply chains flowing, such as tax exemptions increasing green lanes during a crisis.

**f. Increase cross border coherence,** by including Tanzania and Rwanda in the COMESA Electronic Certificate of Origin (eCO) System to facilitate safe trade and speed up the cross-border supply of goods will increase cross boarder coherence. Creating a path way to achieving SDG 9 on utilizing digitization to foster innovation in trade facilitation initiatives while still considering SDG 3 on good health and wellbeing by practicing safe trade principles.

**STEP TWO make short-term policies that have proved to be effective during the COVID-19 crisis permanent.**

The current economic recovery is projected to be a U-shaped recovery in a bid to avoid going into an L-shape recovery, it is critical to enforce short-term policies discussed in step one into long term policies to speed up economic recovery by ensuring the supply chain remains open and

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increase flow of goods and services. Green lanes and Policy easing are good short-term policies that should be adapted into the long-term framework. As green lanes such as in the case of Belarus have proved to be effective in increasing trade flows, similarly, Kenya’s policy easing has led to the country having bigger exports than the rest of the countries in the region.

STEP THREE, formulate strategic policies to build back better after covid-19.

1. It is crucial for East Africa to building resilient infrastructure and strengthen the few strategic sectors to implement policies that best support supply resilience. In addition the governments and financial institutions should develop strategic stocks or upstream agreements with companies enabling rapid conversion of assembly lines during crises44.

2. Increase the region's export market. During the crisis, African manufacturers across the continent produced goods that are competitive regionally and globally, especially in Agro-processing and pharmaceuticals. An Example of the strategic policies is the ECOWAS-led regional healthcare manufacturing strategy, a recent initiative in West Africa45. The opportunity to increase the region's export may contribute to $1–1.5 billion to the continent's manufacturing output in 2020.

3. East Africa ought to coordinate industrial strategy and policy at the regional level, by Developing an East African procurement platform which will allow governments to leverage their scale in bulk purchasing and secure supply of critical equipment and medical resources to complement financing and procurement efforts from multilateral institutions and donors 46. World Bank suggests that East African states should create policies that promote inter-regional trade to cushion them from the negative economic impact of the COVID-19 spread47.

4. EAC needs to curb the policy implementation gap to promote accountability and foster cooperation among its neighbors and help them bypass challenges in the policy implementation process. To increase its policy implementation success rate, East Africa should introduce a policy implementation tool with four main parameters. One to find out the implementation stage, two an elaboration of why it is on that stage, three the challenges it is facing in implementing the policy, and finally, possible solutions to the problems faced. Benedict Oramah, President of the African Export-Import Bank, suggested that as a result of the crisis governments should refocus attention on practical implementation of strategic policies, "including a pan-African payment and settlement system to drive local and regional manufacturing48."

5. East Africa should propose the Upgrade of policies in the African Continental Free Trade Area. CEO of the African Union Development Agency (AUDA-NEPAD), noted that the manufacturing strategy should be part of the ACFTA integration agenda, and explicitly

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framed around strategic advantages and priority sectors\textsuperscript{49}. The ACFTA should also contain a special clause for trade in times of crisis with the best practices applicable to the region like green lanes, trade cost modification, and or dismantlement during crises.

6. The region needs to \textbf{Speed up infrastructure investments} by supporting cross-broader digitization by investing in major infrastructure expansion such as 4G networks, last-mile connectivity, and port facilities to enable capacity for emergency supply chains. An increased supply of services through digital networks could increase trade through mode 1 (cross-border supply)\textsuperscript{50}. While keeping trade moving without physical contact through enacting regulations to enable e-payments, e-signatures, and e-contracts to speed up cross-border trade in a safe way while increasing transparency provisions by reducing discriminatory practices, especially during COVID-19, to ensure as little as possible disruption to trade.

7. \textbf{Policy projection tool for trade in times of crisis.}

From history, we learn that great crises such as the world war, demand evolutionary tactics to establish the most effective policies for trade in times of crisis. We ought to take trade facilitation initiatives a step further by creating a policy projection tool for trade-in crisis times. It is a great value addition to policymakers to test run policies in a bid to predict the best policy combinations for various crises. To ensure an increased degree of certainty for policymakers during negotiations and increase the transparency of policy implementation See Table 2

<table>
<thead>
<tr>
<th>Finding the correct policy combination best to mitigate the effect of a crisis on trade</th>
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<tbody>
<tr>
<td><strong>Design a mitigation policy strategy’s projection tailored to suit different crises</strong></td>
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<tr>
<td><strong>Provision</strong></td>
</tr>
<tr>
<td>Define what Essential goods and Essential services as per the current pandemic are.</td>
</tr>
<tr>
<td>Cross-border procedures and exemptions</td>
</tr>
<tr>
<td>Trade facilitation provisions</td>
</tr>
</tbody>
</table>

Factors to consider in the model

Decline in investment
A decline in imports and exports
Supply chain shocks
Ramping up of production
A decline in trade output

To what degree will the provisions offset a decline in investment, imports, and exports, reduce supply chain shocks, ramp up production, trade output, etcetera. Were they …while factoring in safe trade?

Modify the set of the chosen policies to achieve the desired outcome. By how much can one offset the decline in exports by 40%. Maybe increase green lanes by 100% of essential goods and 70% of facilitative products.

Determine the policies to be put in place first to facilitate the implementation of emergency policies

Policymakers can run a simulation analysis with the chosen provisions, then considering the effect of the policies on the variables and predict the best possible outcome. If we increase green lanes in Kenya by 80% of essential goods, to comparison in what percentage it will increase cross-border trade of essential goods? Will it increase the country's GDP from the 1% World bank prediction to maybe 4%? Thus, adjust the policies depending on the results.

Advantages of a policy projection tool

a. It will prioritize the order of investment in policy implementation infrastructure
b. It will demonstrate the best policy combinations to achieve the targeted desired result.
c. It will provide policies that have been proven and tested to effectively tying together the WTO agenda of proving the effectiveness of policies.
d. Reduce cross-border disputes by pre-identifying which policies to use in times of a crisis.
e. It will speed up negotiation processes by providing evidence-based facts.

CONCLUSION (TENTATIVE)

COVID-19 hit The East African region in late March. At the onset of the crisis, there were little provisions to guide the region on trade in times of crisis. Thus, the region faced many challenges affecting the supply chain such as Inadequate access to raw material sources, cross-border restrictions, the decline in export market sales, supply chain shock from East Africa's biggest supplier due to export bans and port closure, regional disputes, stagnation in cross border movement, and many more. As a result, the East African Community employed trade policies and agreements to curb the conflicts. The current policies enacted by east Africa have improved trade significantly, but there is still much room for improvement.

The pandemic has demonstrated the urgency in fully implementing the WTO Trade Facilitation Agreement through the simplification, modernization, and harmonization of export and import processes, done by creating Trade facilitation measures such as digitizing, streamlining border
processes, reducing border procedures, and creating "green lanes" among others. Although East Africa has been quite innovative in minimizing the disruption to the supply chain, landlocked countries in East Africa have not been fortunate in terms of the overall trade impact\textsuperscript{51}. A coordinated regional approach is critical for intra-regional trade to ensure vulnerable countries are cushioned from the COVID-19 crisis fallout.

There is much debate about the implementation of the ACFTA. ACFTA should be implemented first, then additional policies be included on a rolling basis with lessons from the COVID-19 pandemic. The beginning of implementing the African Continental Free Trade Agreement accompanied by additional trade facilitation measures, could significantly mitigate COVID-19's negative impact\textsuperscript{52}.

East Africa has short-term policies that can keep supply chains open. They can adopt measures from other countries and regions that have proved effective, like introducing green lanes to increase trade flows and begin working on strategies to build back better after COVID-19 by making some short-term goals permanent. East Africa needs to urgently work on these policies to increase the region's investment attractiveness to increase financial injection back into the economy and be on their way to quickly building back the economy better.

**POLICY RECOMMENDATIONS**

From the secondary data studied, evidence suggests that the region needs to follow three main steps to combat the adverse effects of the virus. **Step one**, enforce more trade facilitation policies to ensure effective trade recovery from COVID-19. **Step two**, make short-term policies that have proved to be effective during the COVID-19 crisis permanent and **step three**, formulate strategic policies on how to keep the supply chain flowing and build back better economies after COVID-19 in east Africa.

**Step one, enforce more trade facilitation policies to ensure effective trade recovery from COVID-19.**

1) Avoid policies that will cause trade disputes or friction with other countries. abstain from imposing export bans and instead enact export allowance

2) East Africa should speed up the one-post border project to the rest of the region to facilitate cross-border following what Kenya and Tanzania have already done to build a one-stop border in Namanga.

3) EAC should Introduce policies that will speed up trade flow to avoid an L-shaped economic recovery by introducing trade facilitation policies that encourage the faster movement of goods like green lanes

4) EAC should utilize the 5 million euro grant with European Union (EU) towards the Safe Trade Emergency Facility and facilitation to support local industries in ramping up production and facilitation of critical supply chains.

\textsuperscript{51} A. Mold, and A. Mveyange, ‘The impact of the COVID-19 crisis on trade, Recent evidence from East Africa’, P. 2

\textsuperscript{52} A. Mold, and A. Mveyange, ‘The impact of the COVID-19 crisis on trade, Recent evidence from East Africa’, P. 2
5) **EAC needs to** **Accelerate the implementation of the African Continental Free Trade Area** to mitigate the negative impact of COVID-19 by increasing Intra-Africa trade by 40% through the removal of non-tariff measures. Which help landlocked countries in East Africa like Uganda and Rwanda increase their trade flow.

6) **East Africa should introduce subsidies to local manufacturers** by providing cash grants, low-interest loans, or tax breaks from 2020 to 2021.

7) East Africa needs to implement **Emergency policy easing** to reduce slow response to trade barriers and keep supply chains flowing. Each month the lockdown persists. The economy is projected to slow down by 3% of the GDP. For instance, East Africa needs to be **flexible in the utilization of different modes of transport** like Kenya’s decision to retool its passenger aircraft for cargo and Rwanda following a similar strategy that resulted in air cargo increasing from $57 million in April to $134 million by May. Indeed, whereas in May 2019, just 18 percent of Rwandan exports were shipped by air, by May 2020, that figure had reached 73 percent.

8) **Increase cross border coherence**, by including Tanzania and Rwanda in the COMESA Electronic Certificate of Origin (eCO) System to facilitate safe trade and speed up the cross-border supply of goods.

**Step two, make short-term policies that have proved to be effective during the COVID-19 crisis permanent.**

**In the Adaptive strategy**, East Africa should adopt all the short-term policies that proved effective and resulted in increased income. Thus, putting the region back on track in achieving SDG 8 on economic growth, such as adapting green lanes in the long-term strategy, especially for essential goods, will inspire investor confidence and increase trade income accelerated pace as was the case in Belarus. It is critical to make parts of these policies making permanent provisions that have proved efficient. Hence stabilize the supply chain in future crises.

**Step three, formulate strategic policies on how to keep the supply chain flowing and build back better economies after COVID-19 in east Africa.**

1. It is crucial for East Africa to **building resilient infrastructure** and strengthening the few strategic sectors to implement policies that best support **supply resilience** by **developing strategic stocks or upstream agreements** with companies enabling rapid conversion of assembly lines during crises.

2. **Increase the region's export market** to speed up economic recovery.

3. East Africa ought to **coordinate industrial strategy** and **policy at the regional level** by developing an East African **procurement platform** to increase the region's **bargaining power**. World Bank suggests that East African states should create policies that promote

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inter-regional trade to cushion them from the negative economic impact of the COVID-19 spread\textsuperscript{54}

4. East Africa should propose the \textbf{Upgrade of policies in the African Continental Free Trade Area}. CEO of the African Union Development Agency (AUDA-NEPAD), noted that the manufacturing strategy should be part of the ACFTA integration agenda, and explicitly framed around strategic advantages and priority sectors\textsuperscript{55}.

5. East Africa ought to \textbf{introduce a policy implementation tool} to increase its policy implementation success rate.

6. The region needs to \textbf{Speed up infrastructure investments} by supporting cross-broader digitization by investing in major infrastructure expansion such as 4G networks, last-mile connectivity, and port facilities to enable capacity for emergency supply chains.

7. The region ought to take \textbf{trade facilitation initiatives} a step further by creating a \textbf{policy projection tool} for trade-in crisis times to predict future possible crisis and mitigation strategies to ensure supply chains remain open.

\textsuperscript{54}\textit{OECD, 'OECD (2020), COVID-19 and Africa: Socio-economic implications and policy responses' (OECD, 2020)}

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