

## Introduction

TMEA has collected data related to its work at ports, along corridors and at border posts to try to better understand the current and potential future impacts of COVID-19 on trade in the region.

For an overview across the continent, a March 10, 2020 Baker-McKenzie report highlights that many African countries face a “twin supply-demand shock,” due to a decrease in imports of manufacturing inputs and supplies from China, and reduced demand from exports in key sectors in various export markets. Countries in Eastern and Southern Africa may fare differently, however (*Source: The Diplomat, March 19, 2020*): Countries such as *Zambia* and *South Sudan* do not have alternatives to China as a buyer nor do they have viable alternatives to their commodities for sources of growth. *Kenya* imports as much from other countries as from China, and manufacture domestically, which provides alternative sources of income and jobs. *Rwanda* imports heavily from China, but may not suffer as much as other small economies due to rising domestic manufacturing and investment.

In the largest economy in East Africa, the Kenya National Bureau of Statistics reports that **imports from China dropped by 36.6%** in the first two months of 2020. If not contained, the pandemic is likely to have grave economic disruptions with implications on trade, commerce and prices of basic imported commodities for some time to come.

### Global Overview

- Annual global GDP growth to drop to 2.4% in 2020, from an already weak 2.9% in 2019
- Possible negative growth in Q1 2020
- World exports forecast to decline by more than 5% to \$1.28 trillion in 2020
- Downward pressure on FDI flows could range from -30% to -40% during 2020-2021

(Sources: OECD, UNCTAD)

## East African Data

### Sea Port/Sea Cargo Data

**Mombasa:** As shown in Table 1 below, there is an overall decline in imports from China bound for East African countries from January to February 2020, with total container volumes **declining by 16%**. The Internal Container Depot at Embakasi reported in mid-March that it was operating at roughly **25% of usual throughput**.

**Table 1: China Imports by Destination Jan-Feb 2020**

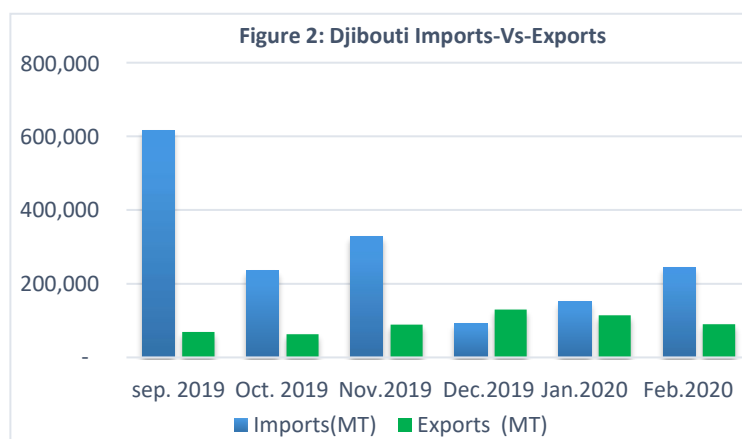
Country	2020		
	Jan	Feb	Change in %age
Burundi	-	96	-
Congo DR	9,473	7,567	-20.1%
Kenya	146,046	118,482	-18.9%
Rwanda	4,146	3,198	-22.9%
Somalia	-	213	-
South Sudan	9,404	7,471	-20.6%
Tanzania	2,903	2,472	-14.8%
Uganda	86,706	66,164	-23.7%
Zambia	90	98	8.9%
<b>TOTAL</b>	<b>258,769</b>	<b>205,760</b>	<b>-20.5%</b>

Source: Kenya Ports Authority (KPA), 2020

It is important to note that KPA reports on imports upon ship arrival. There are so far over **three dozen ships that have cancelled their arrival** at the Port of Mombasa and the fate of another 102 ships is currently unknown; they have most likely have turned to their origin (*Source; Grant Thornton, March 2020*).

**Dar es Salaam:** There are signs of a moderate decline in container throughput at the port of Dar es Salaam as well, and indications that larger ships are not docking from source locations like China and the EU.

**Djibouti:** Djibouti’s data are mixed. For the main imports of fertiliser, grains, coal, and sugar, total import volumes have drastically **declined by 61%** over the last six months from 616,275 metric tonnes (MT) in September 2019 to about 244,194 MT in February 2020. However, for January and February 2020, imports increased from 151,736 MT to 244, 195 MT. This increase could be associated with cargo vessels that were en route during the onset of COVID-19 pandemic.



Associated with the onset of COVID-19 in international markets (e.g. China, Europe), comparisons of January and February 2020 show **decline in exports out of Djibouti port from 114,576 MT to 89,855 MT, which is roughly a 22% reduction.**

### **Transit Corridors: Regional Electronic Cargo Tracking System data (Kenya, Rwanda, Uganda)**

TMEA received the RECTS report for January-February 2020, but is seeking further to obtain the source data for further analysis. The Governments have not yet provided access to this data. RECTS reports show the percentage of e-monitored cargo generally **declined moderately by 2.2%** between January and February 2020. Declines were recorded for assorted goods (-4.5%), sugar (-7%), rice (-1.1%), footwear and (-13.5). However, it is difficult determine the correlation with the onset of COVID-19 as border closure came into force first in March. With some border closures now in effect, further drops in e-monitored cargo across these countries should be expected and TMEA hopes to analyse further once March data becomes available.

### **One-Stop Border Posts/Cross-Border Traders (Source: TMEA’s Women in Trade Programme)**

The situations at Border Posts vary across the region, but some key central themes emerge from data gathered through inquiries with TMEA partners and beneficiaries in border locations:

- There has been a slow-down in individual trader crossings. Traders report loss of income and concerns about repaying current loans.
- Individual cross-border traders are afraid of the Coronavirus as they consider movement.

- Information about the COVID-19 is not prevalent at Border Posts, and some do not have appropriate sanitation or adequate water for hygiene.

Details from select individual borders are as follows:

Border	Status as at 21st March: Trade flows and COVID-19 Protective Measures
Busia	<ul style="list-style-type: none"> <li>• Border remains open and trading is ongoing especially given that it is in ag commodities that are sourced in the region.</li> <li>• Water, soap and/or sanitisers are not consistently available at OSBP or in markets.</li> <li>• Anecdotal information from women traders reporting sharp declines and loss of income as traders cannot get through.</li> </ul>
Elegu	<ul style="list-style-type: none"> <li>• Border crossing still officially open and trading ongoing, except for live animals and poultry, which were banned from entering South Sudan from Uganda.</li> <li>• A number of cross-border traders have travelled to their villages as deemed safer</li> </ul>
Mutukula	<ul style="list-style-type: none"> <li>• Border crossing still officially open, but following the presidential directive, women traders from Uganda are afraid to cross to TZ and back. Some officials have been threatening to arrest anyone who attempts to cross.</li> <li>• All those trading in non-perishables like cereals have put their commodities in storage.</li> <li>• Biggest concerns of traders are how they will meet their loan obligations.</li> </ul>
Katuna	<ul style="list-style-type: none"> <li>• Informal routes have been interrupted with the onset of corona. There are no commodities being moved across the border (potatoes, beans).</li> <li>• The main concern of traders is how they will repay their loans.</li> </ul>
Rubavu and Rusizi	<ul style="list-style-type: none"> <li>• Border crossing is limited to travellers without Passports or Laissez Passer. Since March 23, the local District authorities in collaboration with the Immigration Dept are supporting the traders to sign up for the Laissez Passer. The price of 10,000 FRW is, however still prohibitive for the document.</li> <li>• Traders originating from DRC are free to move across the border with the daily pass.</li> </ul>
Kanyaru / Nemba	<ul style="list-style-type: none"> <li>• The Burundian Government has stopped all travel from Rwanda due to Coronavirus.</li> </ul>
Rusumo	<ul style="list-style-type: none"> <li>• Passengers and traders had been stopped for a while from moving to Tanzania. However, it was reopened after installation of temperature screening equipment.</li> <li>• The movement across the border by traders has slowed down as traders claim to be afraid of Coronavirus.</li> </ul>

## Airport/Air Cargo Data

TMEA has received anecdotal information from one air cargo company, Astral Aviation, which operates 5 flights per week for flowers and vegetables from Nairobi to Europe. Astral reports a modest decline of **10% in the demand for flowers** due to the social distancing initiatives in Europe. However, they note **strong demand for vegetables into Europe** due to the lock-down, which results in more meals being prepared at home. Air cargo from Europe to West, Southern and Eastern Africa is showing a downward trend due to COVID-19 and its impact on imports, except for an increase in medical and hygienic items, which are being moved by air due to unprecedented demand. Astral's Somalia and Djibouti flights have been disrupted due to the recent directive by Somalia and Djibouti to suspend all international flights (passenger and cargo) for 15 days effective March 20.

TMEA will continue to seek further air cargo data as related to specific key sectors in East Africa.

## Private Sector Perspectives

East African Business Council (EABC) published a brief on March 10, 2020, with some key trade messages as follows:

- With the disruption of imports EAC stands to be affected by shortages of raw materials, capital goods and consumer goods which were originally imported from China. **Kenya's imports from China have plunged by Ksh. 58.64 billion in the first two months of the year**, signaling possible supply disruptions of household goods. Provisional import data from
- EAC countries will experience **higher prices of Chinese products caused by supply shortages**. In the medium and long-term, reduced imports from China are also likely to intensify inflationary pressure to EAC economies.
- Some EAC Partner States have registered a **decline in export values** attributed to the reduction in demand from Asia, mainly China. For instance, Rwandan sellers of coffee, chilli and other products valued at approximately \$10,000-\$20,000 sold on Alibaba's T-mall e-commerce platform are currently stuck, struggling to ship their goods to China.

## Sector-Specific Impacts

TMEA has thus far been able to gather some limited information on specific sector impacts from partners with work with directly, and continues to investigate. We will update as more substantial information becomes available.

**Tourism:** Tourism associations estimate **70-90% loss** across the region with a 50/50 split between postponements and cancellations (*Source: verbal from TMEA staff contacts*).

**Horticulture in Kenya:** Direct sales orders have been cut by more than 50% and sales on the Dutch flower auction are down by 70% and prices are significantly down on reduced demand. Consequently, all Kenyan farms have drastically **reduced export volumes to below 70%**, with a sizable number suspending exports altogether. With reduced earnings companies are not be able to meet the cost of operations and are laying off workers. All farms have huge cash flow challenges.

Fruit and vegetables exports so far said to be in high demand (*Source: Kenya Flower Council; Fresh Produce Exporters Association of Kenya*)