

Fifteen Member States Ready to Pilot the COMESA Electronic Certificate of Origin

Fifteen COMESA Member States are ready to start piloting the COMESA Electronic Certificate of Origin (eCO) System. The eCO is one of the latest tools developed under the COMESA Digital Free Trade Area (DFTA) initiative.

Burundi, DR Congo, Egypt, Eswatini, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Tunisia, Zambia and Zimbabwe have indicated their readiness to pilot the COMESA eCO system.

The need to start implementing the eCO system has gained urgency given the challenges that movement of goods across borders is facing as a result of restrictive measures put in place in response to the Coronavirus pandemic. The eCO will replace the manual certificates and help to circumvent the onerous manual process..

Certificates of Origin are issued to exporters within the COMESA Free Trade Area (FTA) to confer preferential treatment to goods originating from an FTA member State. The uptake of the electronic certificate has not gained traction among Member States in the past for lack of the necessary regulations under the COMESA Rules of Origin (RoO).

The decision to adopt the eCO was made by the Council of Ministers in 2014 to replace the manual certificate. The objective was to facilitate intra-regional trade through reduction in the costs and time required in registration, application and submission of certificates and the post-verification of originating goods. In November last year, the 40th Meeting of the Council of Ministers adopted the draft regulations to implement the COMESA eCO system.

Subsequently, a Technical Working Group (TWG) on Rules of Origin was tasked to review the Rules to facilitate implementation of the COMESA eCO and other trade facilitation instruments.



On Wednesday, last week, during the 14th meeting of the TWG, COMESA Secretariat undertook to collaborate with Member States that are ready to pilot the system to develop national piloting plans to ensure that electronic certificates are implemented sooner rather than later.

"The emergence of the COVID-19 pandemic calls for speedy implementation of the COMESA eCO by all Member States," said the COMESA Director of Trade and Customs, Dr Christopher Onyango. "This together with the improvement of customs cooperation and trade facilitation, will no doubt enhance intra-regional trade and attract more investments into the region."

Critical Challenges

He noted that the region was currently facing two critical challenges: firstly, the COVID-19 pandemic, which has changed ways of conducting businesses across the world threatening to reverse the gains already made in fostering a liberalized trade regime. Secondly, the value of intra-COMESA trade has remained stagnant and does not mirror the instruments put in place, especially under the FTA trade regime adopted way back in 2000.

"It is rather disheartening that despite the preferences offered under the FTA, intra-COMESA is at 8% of total trade, compared to Africa's 15%, America's 47%, Asia's 61% and Europe's 67%," Dr Onyango noted. "We hope the

recently adopted COMESA response guidelines will help restore order and safeguard existing trading arrangements."

As the TWG reviews the Protocols on RoO to incorporate the eCO, the Director urged the team to consider rules that are simple, transparent, predictable and trade-facilitating for businesses and trade operators.

"It is important to remember that RoO have a direct impact on the uptake of preferences and the rate of preference utilization. They are not just the passport for circulating goods under preferential tariffs but are as well the cornerstone behind effective application of preferences towards Member States."

He observed that when the RoO are too costly to be implemented by firms relative to the expected benefits, exporters would rather pay tariffs than comply with strict rules of origin, leading to low utilization.

The meeting was attended by participants from Burundi, Comoros, Egypt, Eswatini, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Tunisia, Zambia and Zimbabwe.

Quest for Extension of Project to Support Cross Border Traders in the Great Lakes Region



Great Lakes Trade Information Office at the Rubavu border town in Rwanda

COMESA has engaged with the World Bank to extend the duration of the implementation of the Great Lakes Trade Facilitation Project (GLTFP) by one year. The no-cost extension is expected to make up for lost implementation time during the Covid-19 restrictions.

The four-year GLTFP is expected to end in December this year having accomplished its work programme, but this is not feasible as most activities have slowed drastically. The project was developed to facilitate small cross-border trade by increasing the capacity for commerce and reducing costs faced by the traders in eastern D R Congo bordering western Uganda and Rwanda.

Last week, the World Bank and COMESA conducted an online supervision meeting in which the performance of the programme was reviewed against the Covid-19 pandemic. The meeting noted that, the restrictions imposed by Member States in response to Covid-19 had particularly hit the core of the project, which is facilitation of small-scale trade across borders.

“There is no doubt that Covid-19 outbreak has disrupted implementation of the project in D R Congo, Rwanda and Uganda leading to suspension of some activities as Member States instituted lock downs and/or restrictions on cross-border movements,” Dr. Kipyego Cheluget, COMESA Assistant

Secretary General told the meeting.

The project covers Rusizi/Bukavu, Rubavu/Goma and Bugarama/Kamanyola in Rwanda and DR Congo respectively. On the Uganda/DR Congo, it covers Bunagana/Bunagana, Mpondwe/Kasindi and Goli/Mahagi border points respectively.

In each border crossing, the project has established Trade Information Offices and installed Trade Information Desk Officers to support the traders.

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Making the case for the project extension to December 2021, Dr Cheluget noted that thousands of traders that depend on cross border trade have substantially lost their livelihoods hence compromising their economic wellbeing and it was therefore necessary to help them recover.

So far, COMESA Secretariat has embarked on an evaluation of the negative impacts of the pandemic across socio-economic

spectrum and especially the vulnerable groups. The results of the economy-wide study are expected to complement national strategies towards recovery, and particularly supporting vulnerable segments of the society.

Through focus group discussions, the project has engaged the small-scale cross-border traders to capture their views on various aspects, including the support to conduct their businesses across the borders and some of the challenges they were facing.

Last month, COMESA developed and issued a raft of guidelines to facilitate trade, which are expected to support the sector during the time of the pandemic. The guidelines, which were adopted by the Council of Ministers on 14 May 2020 are expected rally Member States to adopt common standards and minimize disruptions to cross-border trade and supply chains.

The World Bank appreciated the COMESA Secretariat, for coordinating a successful publicity campaign in Uganda through the production of radio programmes in the GLTFP border posts. During the publicity campaign coordinated by the COMESA Communications Unit, 13-week programmes were produced highlighting the benefits of the project and the rights of women cross-border traders among other pertinent issues.

“The communications and visibility radio campaign in Uganda using went extremely well,” said Mr. Charles Mr. Kunaka, the World Bank Technical Team Leader. “We have information that people especially the cross-border traders benefitted immensely due to the programmes you produced together with the national project implementation units.”

Dr Cheluget appreciated the World Bank for the continued support to improve economic wellbeing of the vulnerable communities in the conflict prone Great Lakes region.



Region Expected to Grow at 0.6% in 2020

The COMESA regional economy is projected to grow at a paltry 0.6% this year down from 5.2% recorded in 2019 and 6.0% in 2018. The slight dip in 2019 was attributed to lower commodity prices while the expected slump in 2020 will result from the devastating impact of the Covid-19 pandemic suggesting a deeper economic contraction for the region.

According to a report on macroeconomic developments in COMESA region in 2019, the slowdown in growth was experienced in most COMESA member countries except Egypt, Ethiopia, Malawi, Rwanda and Seychelles which registered improved economic growth compared to 2018.

"The impressive growth of above 5% in both years reflected among others, improving growth fundamentals, with a gradual shift from private consumption toward investment and exports," says the report prepared by the COMESA Monetary Institute.

The projected contraction of the regional economy will be driven by the impact of containment measures, the decline in global demand and regional spillovers, the external financial constraint and the impact of multiple shocks.

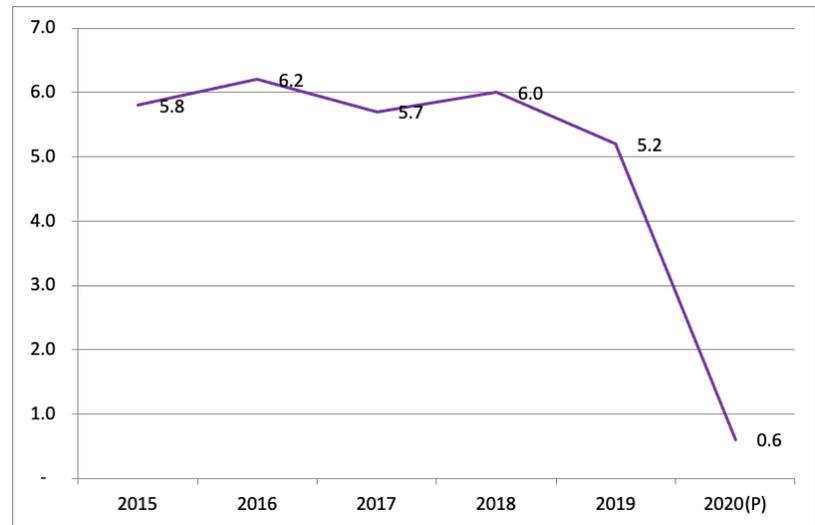
According to the CMI report, Covid -19 mitigation measures including travel restrictions, quarantines, lockdowns, border closures among other measures has not only disrupted economic activities but also led to mass unemployment and loss of livelihoods especially in the informal sector.

"Decline in global demand and travel has resulted in rapid fall in trade and tourism while disruption of regional trade due to border closures has severely affected cross-border trade in the region," the report states. "Severe contraction is also expected in countries where tourism significantly contributes to economic growth such as Mauritius, Seychelles, Egypt and Kenya, among others."

The report noted that capital outflows have been significant in a number of countries and as a result, most of currencies in the region are under pressure to depreciate. Together with the sharp decline in capital inflows and remittance, and postponement planned bond issuance means that most countries in the region are facing serious external financing constraints.

The impact of multiple shocks particularly the effects of floods, locust invasion and collapse of commodity prices will significantly contribute to the economic contraction in the region, according to the CMI report.

COMESA Average Real GDP Growth (Annual % Change)



Accordingly, the immediate concern for the region now is to contain the spread of Coronavirus as well as opening the economies.

Going forward, the report recommends that strengthening of continental value chains should be a priority given the uncertain global business environment.

"How to strike a balance between the two almost conflicting objectives will determine the speed and extent of economic recovery and return to normalcy," the Report adds. "Key towards getting the balance right will depend on how effective and efficient governments in the region will be as they continue to carry out public health measures and the extent to which the public will adapt the same."

The Report concludes: "In the medium-long term, the effective implementation of regional integration agenda of the Regional Economic Communities and the continental free trade area will be key to strengthening regional production networks and trade, reducing the continent's vulnerability to external shocks, and consequently leading to improvements in external current account balances."



Cross Border Traders Association officials at Livingstone town in Zambia, receives a consignment of 1,250 facemasks sent by the COMESA Secretariat to support cross border trade at the border. This was part of a 5,000 consignment of masks donated by the International Centre for Small Hydropower (ICSHP) based in China. COMESA and ICSHP have a collaborating framework of cooperation with established joint offices in China and at the Secretariat in Lusaka. The masks will be distributed to trade information officers, state agencies and small-scale traders. Four border points shared by Zambia, Zimbabwe, Botswana and DR Congo received the masks. These are Livingstone/Victoria Falls, Kazungula, Kariba and Kasumbalesa.

Tribute to the Late President Pierre Nkurunziza of Burundi



Secretary General Chileshe Kapwepwe signs the book of condolences at the Burundian Embassy in Lusaka, Zambia

“On behalf of the Authority of the Common Market for Eastern and Southern Africa (COMESA), I would like to express my profound sadness and sincere condolences to the family, the Government, and the People of Burundi, following the sudden demise of His Excellency President Pierre Nkurunziza.

The late President was a member of the COMESA Authority of Heads of State and Government and a compassionate passionate supporter of our regional integration, in which Burundi is an active member. During his stewardship of the country, Burundi has collaborated with COMESA and equally benefitted through implementation of programmes geared towards socio-economic development of the country.

Secretary General Chileshe Kapwepwe signs the book of condolences at the Burundian Embassy in Lusaka, Zambia

In particular, his efforts in peace building and security has contributed significantly to regional peace and most importantly, to the stabilization of Burundi since the signing of the Arusha Peace Accord in 2005. His commitment to post-conflict reconstruction has seen Burundi enjoy a period of peace and deepening of democracy.

Before his demise, President Nkurunziza accomplished one of the most important political processes that underpins peace and security, and a prerequisite for economic growth and development by overseeing democratic elections as he prepared to relinquish power and handover to a democratically elected successor.

To ensure, this was achieved, the late President mobilized local resources and diligently endeavored, against diverse challenges, to successfully manage his succession. The people of Burundi, the COMESA region and Africa in general will always remember him for the contribution he made to his country, our region and our continent. We pray for his soul to rest in eternal peace.”

Chileshe Mpundu Kapwepwe
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