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Somalia Working on Improving the Economy

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Who we Are!!

CBC is the recognized Business Member Organization, established as a private sector institution of COMESA. We represent the interests of businesses sectors at a regional level. The services provided go beyond advocacy, to actively promote business participation in regional integration, investment and global trade. This is done by facilitating the growth of strong business synergies, the development of business opportunities, business alliances, legislative and strategic advocacy. We provide custom tailored services that are driven by both industry and enterprise interests.
East African countries are likely to lose more than $5 billion in foreign earnings from agricultural exports this year as a direct result of the effects of the Covid-19 pandemic, and uncoordinated individual countries’ mitigation and containment responses. With agriculture being one of Africa’s most important economic sectors, making up 23 per cent of the continent’s GDP and employing nearly 60 per cent of the economically active population, the disruptions being witnessed now means roughly half of the almost 670 million people face food insecurity.

**Trade Disruption**

Some 250 million are considered severely food insecure and the numbers might increase if the right measures are not taken. There is already reduced food demand, disruption of trade in export crops even within regions, and severe crop production and processing shocks. According to McKinsey & Company’s latest report Safeguarding Africa’s Food Systems Through and Beyond the Crisis, the supply disruptions could result in a severe economic blow for countries such as Kenya, Tanzania, and Uganda which rely on agricultural exports as primary or secondary source of export earnings. “Africa’s exports of food and agricultural products are worth $35 billion to $40 billion a year, and some $8 billion a year flows through intra-regional trade in these products,” says the report.

**Cargo Cost Increase**

“In addition, Africa’s food and agricultural imports amount to between $45 billion and $50 billion a year along with $6 billion a year in imports of agricultural inputs and if measures are not checked, we are likely to lose the foreign earning from agricultural products,” it adds. Disruption of agricultural production and exports owing to lockdowns in the international markets due to suspension of flights and ultimate reduction of about 75 per cent in available cargo capacity and a twofold increase in cargo costs has made it challenging to fulfil orders affecting exports for the past three months. This has resulted in increased number of job losses which are likely to disproportionately affect low-income earners and informal jobs in urban areas.

Factoring in the impact of these job losses on dependants, it is likely that between 400 million and 460 million people in Africa face the prospect of reduced incomes. The report notes that Kenya, as one of the countries which has had severe effects of disruption especially in the flower sector which collapsed after the lockdowns, exports of vegetables, nuts, coffee, and cocoa in other countries too are affected to some degree.

In many cases, this is due to low demand owing to lockdowns in Europe, North America, and India, leading to closure of coffee shops and restaurants as well as processing facilities, for example for cashews in India. Around 80 per cent of agriculture exports from Africa are to four regions; Western Europe (around 45 per cent), South and East Asia (20 per cent), the Middle East (10 per cent), and North America (five per cent) and all the markets were inaccessible due to lockdowns and suspended flights. The McKinsey analysis warns of food price volatility and nutritional problems due to lack of adequate nutritional foods as a result of increased food insecurity due to affordability of agricultural inputs, and depreciating currencies.

**Speed Up Recovery**

Any escalation in the locust infestation in East Africa will be another major concern. The United Nation’s Food and Agriculture Organisation estimated that 100,000 hectares had been affected in Ethiopia and Kenya. There are additional fears of a new swarm coming in from Somalia and Yemen, with the severity driven by wind patterns in the region. This could create a food security shock in rural areas as well as potentially drive up prices for food crops across East Africa, further exacerbating the shock from reduced incomes. Immediate action could safeguard Africa’s food security and speed up the recovery of the agricultural sector and both governments and other industry players should consider measures to cushion the sector and speed up recovery.

The McKinsey & Company report suggests safeguarding food security through understanding and managing the forces that shape demand, and ensuring agricultural production is sustained. It will also be important to maintain trade flows, and keeping borders open for trade as far as possible.

Read more on: https://www.theeastafrican.co.ke/business/lose-export-revenue/2560-5575736-w2inqc/index.html
Uganda’s coffee exports have continued to surge despite the coronavirus pandemic with April figures showing growth compared with a year ago. Uganda Coffee Development Authority (UCDA) said in a report released in April that Uganda coffee exports were 359,973 60 kilogramme bags worth $36.93 million compared with the 305,643 bags exported in April 2019 valued at $30,048,530 million. This was an increase of 18 per cent and 23 per cent in quantity and value respectively, compared with the same period last year.

For the coffee authority, the increase in exports has been attributed to higher production on account of fruition of the newly planted coffee and not necessarily the harvest season. “Coffee exports for the first 10 months of the financial year 2019/20 amounted to 4.24 million worth $ 413.53 million compared with 3.48 million bags worth $350.26 million the previous year. This represents 21.89 per cent and 18.06 per cent increase in both quantity and value respectively. Cumulatively in 12 months. (May 2019-April 2020), a total of 4.93 million bags worth $478.47 million were exported,” said UCDA in a statement.

**Lockdown Troubles**

The coffee authority says that apart from an increase in harvested coffee, exporters also "drew down on their stocks due to the lockdown caused by the Covid-19 pandemic." Joseph Nkandu the executive director of the National Union of Coffee Agribusiness and Farm Enterprises said the Covid-19 surge in March forced many coffee buying companies to stock up because the coffee destination countries had closed. He cited major coffee importers like Germany, Italy and Spain pushing those volumes to April.

"Most of the coffee which was supposed to be exported in March was exported in excess in April-2020," Mr Nkandu said. The fall in the value of coffee exports reflected the lower price received in March. The average export price declined to $1.6 per kilo down from $1.65 per kilo in February and $1.63 a year earlier. Annually, Uganda’s aver-age coffee earning top $450 million making it one of the top foreign exchange earners.

Somalia’s Planning, Investment and Economic Development Minister Gamal Hassan spoke with Aggrey Mutambo on the country’s economy and fighting corruption. Remittances only account for less than a quarter of our GDP. Its importance is not in its volume but in the way it is used. Remittances account for up to 50 per cent of household incomes for the majority of the poor in Somalia, and the funds are usually used for essential household expenses. Remittances have provided a stable source of foreign direct investment for the economy and remain a strong vehicle for poverty alleviation in Somalia.

Our government has undertaken substantive reforms to regulate, maintain and expand remittance flows in Somalia. The passing of the Anti-Money Laundering legislation will increase transparency and accountability of remittance companies. We are also in the process of linking bank accounts and remittance operations to eliminate the risk of terrorist financing. The banking sector in Somalia is also becoming more integrated with international financial systems.

The three national priorities are inclusive and accountable politics, improved security and rule of law, and improved economic development. These priority areas were found to be prerequisites to consolidating peace, strengthening governance and laying the foundation for a prosperous Somalia.

We plan to reduce poverty through a sustainable growth across all sectors of the economy through improved resilience of the traditional primary sector of agriculture and a greater diversification of the economy toward the development of financial, telecommunication, petroleum and service sectors, including utilities to increase employment and improve living standards of all Somalis in the next five years.

We are not contemplating to weaken or undermine our excellent relationship with international donors. We are committed to facilitate a greater aid flow to Somalia to realise our collective goals of supporting the country’s development. We have ongoing discussions with our development partners on ways in which different donors can better support Somalia to consolidate peace and build prosperity. In consultation with our development partners, we are also developing a new and more effective framework for aid delivery mechanisms to ensure this is more aligned with the national priorities and delivers value-for-money for donors.

Both chambers of the Federal Parliament of Somalia duly passed and enacted the Somali Anti-Corruption Bill, which was assented to and signed into law by the president in September 2019. The law provides the legal framework for the formation of independent anti-corruption commissions at both federal and regional levels. The formation of an Independent Ethics and Anti-Corruption Commission is the government’s top priority. The Public Finance Management and oversight by the Office of the Prime Minister, the Central Bank and the Ministry of Finance are also being strengthened.

Read more on: https://www.theeastafrican.co.ke/business/Somalia-working-on-improving-economy/2560-5570088-y5pimr/index.html
The COMESA Business Council has recently launched its Corporate Communications Manual which is purposed to ensure that we get the best results and value from our communication activities, particularly given the current socio-economic context. More than ever, we are proactively investing resources towards improving our messaging around our service pillars of Business Policy and Advocacy, Membership Development and Business Facilitation.

Guiding the development of our activities therein, our Editorial Policy, Media Policy, Brand Guidelines, Business Continuity Plan and Crisis Management Plan are all underpinned by our core values of people, integrity, collaboration and service; this manual therefore embodies our commitment to the delivery of exemplary service in our responses to the business community’s priorities in these uncertain times.

Furthermore, the CBC Secretariat recognises the importance of listening to and understanding the views of our stakeholders; we value this dialogue and look forward to strengthening our engagement with you as together we navigate the challenges and opportunities of COVID-19.
The airline sector saw indications of recovery in passenger traffic in May, as domestic demand and business confidence in key markets rose for the first time since the economic crisis triggered by the Covid-19 pandemic. In April, both traffic and the capacity by airlines reached their lowest point relative to 2019. Airlines reduced the in-service fleet by half to 13,000 aircraft between January and April, but load factors stagnated at just 36.6 per cent. For Africa, traffic fell by 98.7 per cent in April, and the average passenger load factor was 7.7 per cent.

International airline lobby IATA now says daily flights rose 30 per cent between April 21 and May 27, 2020, while demand fell 94.3 per cent year on year, the sharpest decline in the 30 years that IATA has been publishing monthly traffic data. The recovery is led by domestic operations in a cluster of markets in Asia, the US and Europe.

According to IATA, governments in 75 per cent of the markets it tracks had banned all entry by the first week of April. Another 19 per cent had limited travel restrictions in place, such as compulsory quarantine requirements for international arrivals. Resumption of Services.

Many countries eased their lockdowns during May and some airlines have announced plans for a gradual return to service. Tanzania was the first in East Africa to open its airspace to international air travel starting June 1, and Ethiopian, Emirates, Flydubai and Qatar airlines have announced plans to resume services to the country this month.

Flight levels in South Korea, China and Vietnam are now 22 to 28 per cent below 2019 levels, according to data from late May. Searches for air travel on Google were up 25 per cent at the end of May compared with the low point in April. IATA says the rise is still 60 per cent lower than at the start of the year. IATA says that the industry may have seen the worst of the crisis, as long as there’s no relapse.

“April may represent the nadir of the crisis,” IATA director general and chief executive Alexandre de Juniac said on June 3. He noted that the number of flights was increasing and governments were lifting the Covid-19 related restrictions.

Read more on: https://www.theafrica.co.ke/business/Hope-for-air-travel-as-demand-rises/2560-5572646-13f2qhsz/index.html
As part of Egypt’s COVID-19 response and rebuild strategy, Ministry of Planning recently launched a number of initiatives to protect small businesses, the private sector and provide job opportunities for the youth to decrease unemployment rates. Following the number of measures that were implemented to contain the virus, Egypt’s unemployment rate increased to 9.2% since the end of March until the end of April, according to the Central Agency for Public Mobilisation and Statistics (CAPMAS).

More than 90 percent of all businesses in Egypt are small businesses, employing more than half of Egypt’s workforce, which are currently struggling to weather through financially due to dwindling sales. Unemployment costs can reach more than $40 billion a year for the region, according to International Finance Corporation (IFC), and enhancing the private sector as well as small and medium enterprises (SMEs) have been regarded as key factors in helping create new jobs and keeping the economy going amid the crisis.

Protecting Small Businesses During an organised by the International Council for Small Business, titled “Entrepreneurship, SMEs, and Micro-Projects’ Future in the Post-COVID-19 Phase,” Minister Hala El Said highlighted that a new MSMEs law was recently approved by the parliament, which aims to facilitate the inclusion of the informal sector with the formal sector. It also includes facilitating financial provision and pushing for more direct and indirect financial incentives to the sector, allowing businesses to keep their employees instead of laying them off.

The minister also added that Egypt is working to support SMEs through increasing industrial complexes, setting up 4,500 industrial units overall in several governorates aimed at boosting Egypt’s industrial sector. The Ministry of Planning also launched the ‘Rowad 2030’ project, which aims to increasing young entrepreneurs’ skills and capabilities through establishing nine business incubators in artificial intelligence (AI), tourism and business.

Protecting Workers in the Private Sector Through the ‘Egypt Will Pass’ initiative, Ministry of Planning, in cooperation with Terous Misr Foundation, shared a video on Youtube and social media platforms encouraging the private sector to retain its workforce and provide new job opportunities. The initiative reached over 3 million views on YouTube and a million views on other social media platforms, with the participation of several private companies and employers on their efforts to keep workers employed.

Ahmed Heikal, CEO of Qalaa Holdings, shared his plan to carry out four new projects to provide job opportunities for an additional 2,000 people. Mahmoud Khattab, Chairman and CEO of B.TECH, added that his company is also keen in bringing in 100 more employees in the next six months.

Response and Rebuild

According to the International Monetary Fund, Egypt is the only country in the Middle East projected to grow by 2.0 percent this year in its gross domestic product (GDP), compared to other countries which will most likely see the worst slump in decades. To mitigate the impact on un-organized labor force, Egypt introduced monetary compensation (500 EGP) offered to informal workers registered at the database of the Ministry of Manpower.

Registration had been done for approximately one million individuals working in construction, agriculture, fishing, and plumbing. Earlier in April, Minister Hala El Said also noted that Egypt plans to increase investments in the health sector during fiscal year 2020/2021 by 69 percent, through the development of 79 hospitals and 294 primary care units in nine governorates and increasing the number of intensive care beds by 77 percent.

The preferential interest rate on loans to SMEs, industry, tourism and housing for low-income and middle-class families has been reduced, and the regulations issued last year requiring banks to obtain detailed information of borrowers have been relaxed.
Wishing to Buy or Sell?

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2. Business Facilitation Services; Business support services that are regional in nature.
3. Membership development; We partner with our members-towards strengthened business collaboration.

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Lemon (scientific name: Citrus limon) is a sour citrus fruit which is used for both culinary and nonculinary purposes. Fresh lemons can be processed (mostly at origin) or marketed as a fresh fruit for consumers or professional users in the food service industry for drinks or food preparation.

The main purpose of fresh use is because of its flavour and all parts of the lemon can be used. Lemon juice is used for drinks while the lemon with zest or skin is used as garnish, in marmalades or deserts.

Industrial processing of lemons has uses in the food and non-food segments (cleaning, cosmetics, pharmaceutical) and include for example (concentrated) juice, pulp, essential oil, pectin, citric acid, limonene and dehydrated peel.

A relatively large part of lemons is processed, but the fresh export trade is mostly destined for fresh use or direct consumption. This means your lemons must comply with quality requirements to enter the targeted markets.

Commercial Varieties

i. Eureka: small variety, texturised skin, few seeds.
ii. Lisbon: Smooth skin, seedless.
iii. Primofiori / Fino: Common in Spain, pale skin, popular variety for the lemon-processing industry.
iv. Verna: Typical variety in Spain, thick peel, low in juice, 2-3 flowering seasons
v. Sorrento: native to Italy with four annual harvests. High in lemon oils and traditionally used to make Limoncello.

Opportunities

The global import of fresh lemons increased by 30% in the period 2015 to 2018 from US$3.1 billion to US$4.2 billion. The table below highlights major importers regionally and internationally.

<table>
<thead>
<tr>
<th>International Markets</th>
<th>Regional Markets</th>
</tr>
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<tbody>
<tr>
<td>✓ USA</td>
<td>✓ Mauritius</td>
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<tr>
<td>✓ Germany</td>
<td>✓ Mauritania</td>
</tr>
<tr>
<td>✓ Netherlands</td>
<td>✓ Cabo Verde</td>
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<tr>
<td>✓ France</td>
<td>✓ Angola</td>
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<td>✓ Russia</td>
<td>✓ South Africa</td>
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<td>✓ United Kingdom</td>
<td>✓ Namibia</td>
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<td>✓ Italy</td>
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<td>✓ Poland</td>
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<tr>
<td>✓ Canada</td>
<td>✓ Côte d'Ivoire</td>
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<tr>
<td>✓ Japan</td>
<td>✓ Morocco</td>
</tr>
<tr>
<td>✓ Saudi Arabia</td>
<td>✓ Zambia</td>
</tr>
<tr>
<td>✓ Spain</td>
<td>✓ Kenya</td>
</tr>
</tbody>
</table>

source: ITC Trademap and ExportPotentialMap

USA, Germany and the Netherlands are the leading importing countries of fresh lemons.

Market Analysis

According to UN COMTRADE – Trademap statistics, COMESA’s exports of Fresh Lemons to the world increased by 114% over the past five years, US$20 million in 2015 to US$41 million in 2019. The major export markets for COMESA include Saudi Arabia, China, Hong Kong, Russia, Malaysia, UAE, Jordan, Kuwait, Canada and Australia, among others.

Export Potential

In the past years COMESA countries who have been producing and exporting fresh lemons include:
Intact; Free of bruising and extensive healed over cuts; Sound – produce must be free from rotting or deterioration likely to make it unfit for consumption; Clean, practically free of any visible foreign matter; Practically free from pests free from damage caused by pests affecting the flesh; Free from signs of shrivelling and dehydration; Free from damage caused by low temperature or frost; Free from abnormal external moisture: free from any foreign smell or taste; Able to withstand transportation and handling and to arrive in satisfactory condition at destination.

A slight defect in shape; slight defects in colouring, including slight sunburn; Slight progressive skin defects, provided they do not affect the flesh; Slight skin defects occurring during the formation of the fruit, such as silver scurf, russets or pest damage; Slight healed defects due to mechanical causes, such as hail damage, rubbing, damage from handling; Slight and partial detachment of the peel or rind for all fruit of the mandarin group; A tolerance of 10% is allowed for fruit that meets Class II standard; A tolerance of 10%, by number or weight, of lemons not satisfying the sizing requirements is allowed.

Examples of lemon grading according to external colour

<table>
<thead>
<tr>
<th>Lemons Citrons</th>
<th>Extra Class Cat.</th>
<th>Class I Cat.</th>
<th>Class II Cat.</th>
<th>Out of Grade Non-conform</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Colour</td>
<td>Citron</td>
<td>1.2.3.4.5.6.7.8.9</td>
<td>10</td>
<td>In progress</td>
<td>Exterior: only 3 adjacent colour shades allowed within the same consignment; Excluded: No open wounds; No internal damage allowed in the same container.</td>
</tr>
</tbody>
</table>
Size
The UNECE standards for citrus fruit has set a minimum size of 45 mm in diameter (see table 1).

Uniformity: The maximum difference in diameter between fruit in the same package shall be limited to:
- 10 mm, if the diameter of the smallest fruit as indicated on the package is < 60 mm.
- 15 mm, if the diameter of the smallest fruit as indicated on the package is ≥ 60 mm but < 80 mm.
- 20 mm, if the diameter of the smallest fruit as indicated on the package is ≥ 60 mm but < 110 mm.

There is no limitation of difference in diameter for fruit ≥ 110 mm.

Size Codes for Lemons

<table>
<thead>
<tr>
<th>Size Code</th>
<th>Diameter (mm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>79.90</td>
</tr>
<tr>
<td>1</td>
<td>72.83</td>
</tr>
<tr>
<td>2</td>
<td>68.78</td>
</tr>
<tr>
<td>3</td>
<td>63.72</td>
</tr>
<tr>
<td>4</td>
<td>58.67</td>
</tr>
<tr>
<td>5</td>
<td>53.62</td>
</tr>
<tr>
<td>6</td>
<td>49.57</td>
</tr>
<tr>
<td>7</td>
<td>42.52</td>
</tr>
</tbody>
</table>

In the lemon trade, size is often indicated by fruit count per box, often varying from 60 to 140 per 14–15 kg.

Labelling
To protect the right of consumers, each package must bear the following details, in letters grouped on the same side, legibly and indelibly marked, and visible from the outside:

a) information about the packer/dispatcher and or shipper
b) nature of the product
c) country of origin of the product
d) class and size of the product
e) If certified GlobalGap, use GG number.

Packaging
The content of each package must be uniform and contain only lemons of the same origin, variety or commercial type, quality, and size, including a same degree of ripeness and development. The lemons must be packed in such way as to protect them properly to withstand transport and handling and the packages must be free from foreign matter.

- Materials used inside the package: clean, not causing damage to the lemons, printing or labelling only with non-toxic ink or glue.
- Stickers: Stickers on the produce must not leave traces when removed. Wrapping: only dry, new and odourless paper must be used.
- Use of substances: any substance tending to modify the natural characteristics of the lemons, especially in taste or smell, is prohibited.

Common packaging
- Lemons loose or organised in boxes of 14kg–18kg, open or closed;
- Lemons in nets or bags in boxes of 14kg–18kg.

Additional labelling requirement
Besides the general labelling requirements, there is a compulsory labelling for citrus fruits that are subject to post-harvest processing using preserving agents or other chemical substances. This is because of the culinary use of lemon skin.
Phyto Sanitary Requirements

Fruits to be exported to various markets must comply with the legislation on plant health.

Most destination markets require lemons to go through plant health checks before entering or moving within their countries for example EU, USA and Asia. Lemons must originate from an area free from fruit fly (Tephritidae) or undergo effective treatment. Exporters are encouraged to consult with their Agriculture Ministries to be issued a relevant certificate/permit.

Standards

Environmental and social issues are becoming more and more important in the supply of fresh fruit. Social and environmental certification schemes include actions aimed at sharply reducing and registering the use of pesticides, taking action to ensure the safety of employees and/or even including price guarantees.

Exporters are urged to comply with food quality and safety standards such as Global GAP, Fair Trade and Sustainable Agriculture Network:

a) GLOBAL G.A.P. Crops (Global Good Agricultural Practice) - the standard is primarily designed to reassure consumers about how food is produced on the farm by minimising detrimental environmental impacts of farming operations, reducing the use of chemical inputs and ensuring a responsible approach to worker health and safety as well as animal welfare.

b) HACCP (Hazard Analysis and Critical Control Points) - Requirements for the hygiene of food is laid down and states the general hygiene procedures for food at all stages of the production process from primary production to the world consumer (“from-farm-to-fork approach”).

c) FairTrade International - an independent, non-governmental, not-for-profit organization that promotes sustainable development and poverty alleviation and sets the Fairtrade standards. One organization (FLO-CERT) is responsible for auditing and certification of compliance against the Fairtrade standards.

d) Sustainable Agriculture Network - Rain forest Alliance: network of conservation groups committed to community-based conservation initiatives and research. The certification program for SAN standards is operated by Rain forest Alliance.

e) BRC (British Retail Consortium) - BRCGS’ Standards guarantee the standardisation of quality, safety and operational criteria and ensure that manufacturers fulfill their legal obligations and provide protection for the end consumer. Certification to BRCGS’ Standards is now often a fundamental requirement of leading retailers, manufacturers and food service organisations.

f) IFS (International Food Standard) - The IFS comprise eight different food and non-food standards, covering the processes along the supply chain. However, IFS does not specify what these processes must look like but merely provides a risk-based assessment of them. The different standards are now used by manufacturers and retailers worldwide to meet new requirements for quality, transparency and efficiency resulting from globalisation.
Mauritius has Faced Existential Shocks Before but Covid-19 and Other Pressures Mean Radical Changes are now Needed.

Mauritius reported its first cases of coronavirus on 19 March and closed its borders to all foreigners on the same day. It was a radical step for a small, open economy, but a necessary one. Subsequent containment efforts proved successful. A travel ban on foreign visitors was declared as early as 2 February. Contact tracing began soon afterwards, along with an aggressive public health campaign about the disease and what precautions to take. Under a countrywide lockdown, schools, markets and even its famous beaches were closed. While the World Health Organisation had forecast over 20,000 cases and 1,139 deaths for Mauritius in total, the country’s swift action has meant just 337 infections and 10 deaths. Three active cases have been imported.

With the virus outbreak now largely contained, attention must shift to the economic and social fallout. Although Mauritius has reinvented itself before, the consequences this time challenge its economic philosophy and will require vision, creativity and innovation to combat. The country, heavily exposed to global dynamics, now faces a triple threat of declining tourism, capital flight from its financial sector and increasing concerns about food security. A rethink is needed of how to adapt, especially with a downturn in the global economy. Covid-19 has devastated the tourism and hospitality industry which has effectively been halted with border closures – both those of Mauritius and other countries. The sector contributes an estimated 25% of GDP and approximately 15% of all employment.

French and United Kingdom visitors are among the biggest contributors of foreign exchange receipts, with China also a fast-growing market. For many, lost income makes island holidays an unaffordable luxury. The fear of infection and practicalities of travel will also keep visitors away. South African Airways and Air Mauritius, two of the main carriers bringing tourists to the island, have been grounded by the pandemic, and both have entered business rescue.

However it’s not just the tourism sector taking a beating. Pressures in the offshore sector could not have come at a worse time. Last year Mauritius narrowly escaped being blacklisted by the European Union as a tax haven – an issue that’s recently resurfaced. Dismissed as noise in some quarters, its impact could be dramatic. More recently, the European Commission announced that Mauritius would be added to a list of states posing financial risk due to lax anti-money laundering and terrorism financing oversight. Despite the Mauritian government’s assurances that it will implement remedies to be removed from the list, the immense reputational damage could exacerbate Covid-19-related outflows and divestments. Anuradha Ramphul, Managing Director at financial services consultancy St Lawrence Management, believes the reputation damage is already evident: ‘We have seen some initial impact outside of the EU last week, for example, the Reserve Bank of India turning down investment proposals from Mauritius-based entities in the Indian financial services industry.’ She nevertheless believes the authorities will soon address regulators’ concerns.

Another setback came in May when Senegal announced it was withdrawing from its Double Taxation Avoidance Agreement with Mauritius, criticising the agreement as lopsided. This is a blow to Mauritius’s intra-Africa relations, amid efforts to pivot towards the continent. This will dent sentiment and future investment prospects, especially if other African nations follow.

Food security is another growing concern. Mauritius has diversified away from agricultural output (sugar and vanilla) for nearly five decades, all the while drawing historically subsistence farmers into the now collapsing services labour market. Mauritius imports most of its food, making up 20% of total imports. In a climate of growing nationalism and protectionism, many countries have restricted some food exports to protect domestic food security. A sudden stop of staple imports from any one country would have a dramatic inflationary impact, heightening social pressures.

The impact of Covid-19 alone has forced extraordinary downward economic revisions. The economy is forecast to contract by up to 11% year on year in 2020 and unemployment to double from 7% to 17.5%. With economic and regulatory headwinds mounting, both Moody’s and Fitch revised Mauritius’ commercial bank’s outlook to negative in line with their downwardly revised sovereign rating.

This isn’t the first time Mauritius has faced such existential shocks. Policymakers have previously reacted with dexterity, but this was as a lower income country moving up the industrial value chain. Now Mauritius not only needs to avoid the middle-income trap pitfalls, but also radically reinvent itself to stay relevant. It therefore finds itself at a crossroads. The tenets of its economic success – being attractive to international markets in an increasingly globalised world – are threatened as nationalisation grows and countries look inward.

But as Eumonix Chief Executive Claude Baissac argues, decision makers should be careful not to throw the baby out with the bathwater. With its small domestic market, endogenous solutions are limited. Instead, Mauritius should use one of its main comparative advantages – its seat at all diplomatic tables. The country’s strategic location and geopolitical appeal to foreign powers allow it to develop new sectors and industries tailored to specific needs. The Chagos question is an example, illustrative of the rapidly changing geopolitics of the Indian Ocean. With India, China, the United States, UK and France all having a vested interest from a strategic and economic perspective, this remains a unique comparative advantage.

That said, there’s a need for creativity, says Kevin Teeroooyengadum, a Mauritian finance executive. ‘First, Mauritius must target self-sufficiency – it is essential to reduce its import bill which has been growing faster than exports for the past two decades. Second, we need to go big bang into innovation, digitalisation, and big data. Third, the blue economy is key given that we are surrounded by the ocean. Fourth, make the environment the centre of everything and create an economy around it.’

Having already lowered interest rates and tapped reserves for business lending, the Bank of Mauritius was recently granted permission to make equity investments in private companies. These investments should be directed to future-facing industries in science, technology and innovation. The country’s established manufacturing base can capture some of the shift away from Chinese supply chain dependence. And its skilled, multilingual workforce can drive a greater share of the global business process outsourcing market. Looking ahead, Mauritius’ strong services focus positions it to play in emerging sectors like health and medical tourism, medical cannabis technology and green-geared industries.

While “business as usual” is under threat, Mauritius has proved agile in adapting to a changing world. The crisis requires it to fortify existing economic sectors but offers the opportunity to forge a new future. To do so will require bold and visionary leadership. The question is whether the incumbents are ready for the challenge.

THE Zambia National Farmers Union has urged farmers to remain united as it engages the government over “the depressing maize price” for the 2019/2020 crop marketing season. Media and public relations manager Calvin Kaleyi said the union held consultations with members and farmers who have rejected the maize producer price of K110 per 50kg bag recently announced by the Food Reserve Agency.

"The Zambia National Farmers' Union (ZNFU) held consultations with the members, and farmers have rejected the producer price of K110 offered by the Food Reserve Agency (FRA) in view of the economic downturn and rising cost of production and cost of doing business.

ZNFU wishes to observe that there were major increases in the cost of fertilisers, seed, chemicals, transport, electricity, labour etc, since the last farming season 2018/2019, which raised the cost of production. These have not been factored in before arriving at the FRA floor price as the K110 is what was offered last season," he said in a statement. "We are very mindful that of the 3.3 million metric tonnes announced by government, 1.3 million metric tonnes was grown by farmers that are not under the Farmer Input Support Programme (FISP), and with such a price offer, these farmers will be rendered bankrupt."

Kaleyi implored the FRA to always state which stakeholders they consulted over the pricing, as they stated that they consulted widely. He said ZNFU was not party to the consultations. "We foresee history repeating itself in that next year there will be a decline in maize production.

It is obvious that the FRA and the Ministry of Agriculture do not learn lessons from the past. The ZNFU is, meantime, appealing to all farmers to remain united as we engage government over this depressing price," said Kaleyi.

https://www.themastonline.com/2020/06/06/znfu-to-engage-govt-over-depressing-maize-price/
Global Trade Helpdesk: Simplifying Market Research for Firms’ in the Face of COVID Challenges

The World Trade Organization expects global trade to contract between 12-32% in 2020 due to the coronavirus pandemic. African firms are already beginning to feel the economic impacts of falling demand, plummeting commodity costs, travel restrictions, economic lockdowns within the region and with traditional trading partners, as well as the resulting supply chain disruptions. Preliminary results from an ITC COVID Business Survey indicate that 74% of African firms surveyed report being strongly impacted by the crisis, most of them through decreased sales. The impact is especially evident among Small and Medium-sized Enterprises (SMEs).

Among these firms, one-third report they are at risk of permanent shut-down within the next three months. This is especially relevant because SMEs represent 90% of firms in Africa, and contribute to 80% of employment on the continent. The impacts on trade in key sectors are already visible. Emerging trade data for goods trade for March 2020 signals significant drops in year on year trade both globally and from Africa. The largest year on year drops in imports from Africa were in the Beverages sector with a decrease of 25%, and the Textile and Apparel sector of 20%. Globally, exports declined most in Leather products by 24% and Vehicles by 13%.

According to UNECA estimates, growth for the year is expected to reach 1.8% in the best-case scenario or contract at a rate of 2.6% in the worst case, with the potential to push 27 million people into extreme poverty. What are some of the actions firms can take in the face of these unprecedented challenges? How can they prepare themselves to be resilient in this changing global context? According to a recent statement by the International Chamber of Commerce, access to clear information about changing trade policies and trade information is one of the crucial elements. Firms need to be proactive and monitor changing conditions; both in terms of temporary restrictions put in place by governments in response to the pandemic, but also compare opportunities for market diversification to spread the risks associated with shutdowns and pandemic responses in traditional markets.

For an exporter looking to compare opportunities in different markets, the tool brings together key information into one simple search. For example, a Rwandan coffee exporter looking to diversify from its traditional export markets of the United States and Germany can explore opportunities in other markets. Here are the results for the Swedish market, which is currently not under economic lockdown:

Simply entering Rwanda as the exporting country, Sweden as the importing country and HS product code 090111 into the search boxes reveals:

- **Sweden** is the 14th largest importer of coffee in the global market, with global imports of $308 million in 2019.
- **Rwanda** has a market share of 2% in the Swedish market, with import growth of 26% per year during the last 5 years. Export to Sweden reached 6.5 million USD in 2019. There is an estimated 1.7 million USD of room per year for additional export growth in this market in the coming 3 years.
- **Rwandan coffee exporters** have duty-free access to the Swedish market.
- **Rwandan coffee imported into Sweden** is subject to 15 mandatory regulations in including traceability requirements, processing history, and labelling requirements among others.
- **There are 24 Sustainability Standards** that are certifiable in Rwanda and accepted in Sweden. These private certifications may help Rwandan exporters reach niche consumers. These private standards include the EU Organic Standard, Fairtrade International, Global GAP, among others.
- **To export coffee from Rwanda**, an exporter will need to complete 5 tasks, requiring 21 documents involving procedures in 10 domestic entities. The process takes between 1-2 months for a first time exporter and involves a cost of RWF 233,000 on average. Exporters can access the detailed step-by-step process in the Navigate Procedures module.
- **To put their export plan into action**, a Rwandan exporter needs access to key services including trade finance. Using GTH the exporter can find contact details for 10 banks in Rwanda that provide trade finance.
- **A Rwandan exporter** can also access the contact details the Export Promotion Agency to seek advice on negotiating the export contract or preparing an export plan.
- **A Rwandan exporter** can also contact the relevant IP offices to protect their trademark both in their domestic market, as well as abroad.

We invite you to try the Global Trade Helpdesk today to make informed export decisions, and begin adapting your trade strategy to changing global circumstances.

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