

# BIZNET WEEKLY

Fortnightly Newsletter of the COMESA Business Council

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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.

# TAKING STOCK: UNLOCKING FOOD SECURITY THROUGH IMPROVED SEED TRADE IN COMESA

The COVID-19 pandemic has brought issues of agriculture and food security at centre stage. Africa largely depends on food and agriculture imports. Tralac (2017) suggests that African remains a net food importer over the last two decades, with agricultural imports account for about 60 percent of Africa's total trade in agricultural products. Furthermore, agriculture product imports accounting for around 13% of total imports.

At the centre of agriculture trade or food trade, lies issues of seed: access to quality and affordable seeds and trade. Mckinsey (2019) suggests that Africa has the capacity to produce two to three times more cereals and grains, horticulture crops and livestock, which could result in a 20 percent increase in global production.

The webinar focussed on bringing the issues of seed trade to the centre for agriculture transformation and improved agriculture trade within COMESA. Often issues of seed are not given the eminence they need in regional trade yet addressing agriculture trade demands a holistic approach that deals with issues from seed, production, market issues.

To address the issues above, CBC convened a webinar on the 27th of July 2020. This webinar provided a public-and private sector consultative platform to discuss issues of seed access, market and the barriers that are faced by the industry in seed trade, focusing on the COMESA region. Seed private sector players will provide practical experience of some of the barriers they face, particularly within this COVID -Era and engage the policy makers for concreted approaches to deal with the issues. The panelists of the webinar included:

- Mr. Osure George: Regional Director, Syngenta Foundation East Africa
- Mr. Ndavi Muia: Regional Head Africa & Middle East, Advanta Seeds
- Mr. Jimmy Kiberu: Corporate Engagement Lead – Africa, Bayer Crop Science
- Dr John MacRobert: Acting Chairman, Zimbabwe Seed Trade Association
- Mrs. Providence Mavubi: Director, Trade and Agriculture, COMESA





# TAKING STOCK: UNLOCKING FOOD SECURITY THROUGH IMPROVED SEED TRADE IN COMESA

## Recommendations of The Seed Trade For Food Security Webinar

### Trade Facilitation and Simplification of Procedures

- Create simpler processes by formalising and harmonising all the clearance processes of seed imports and exports at a domestic level, to address time, cost and multiplicity of procedures. This can be complemented by establishment of one stop shops which provide relevant permits for the seed industry.
- There is a need to have strong inter-agency regulatory processes and information flows, in order to map out simpler clearances processes at domestic and transboundary trade facilitation.

### Market Information

- Establish COMESA Seed statistic information system to address the challenge of lack of real time trade data on seeds. This should capture value, quantity, and export volumes to provide an informed analysis of seed trade in COMESA.
- Set up a platform for sharing market information for seed industry players. This will facilitate business linkages and partnerships, increase awareness on quality seeds, regulation and provide a platform for engagement and sharing of opportunities, strategies.

### Policy and Regulatory Harmonisation

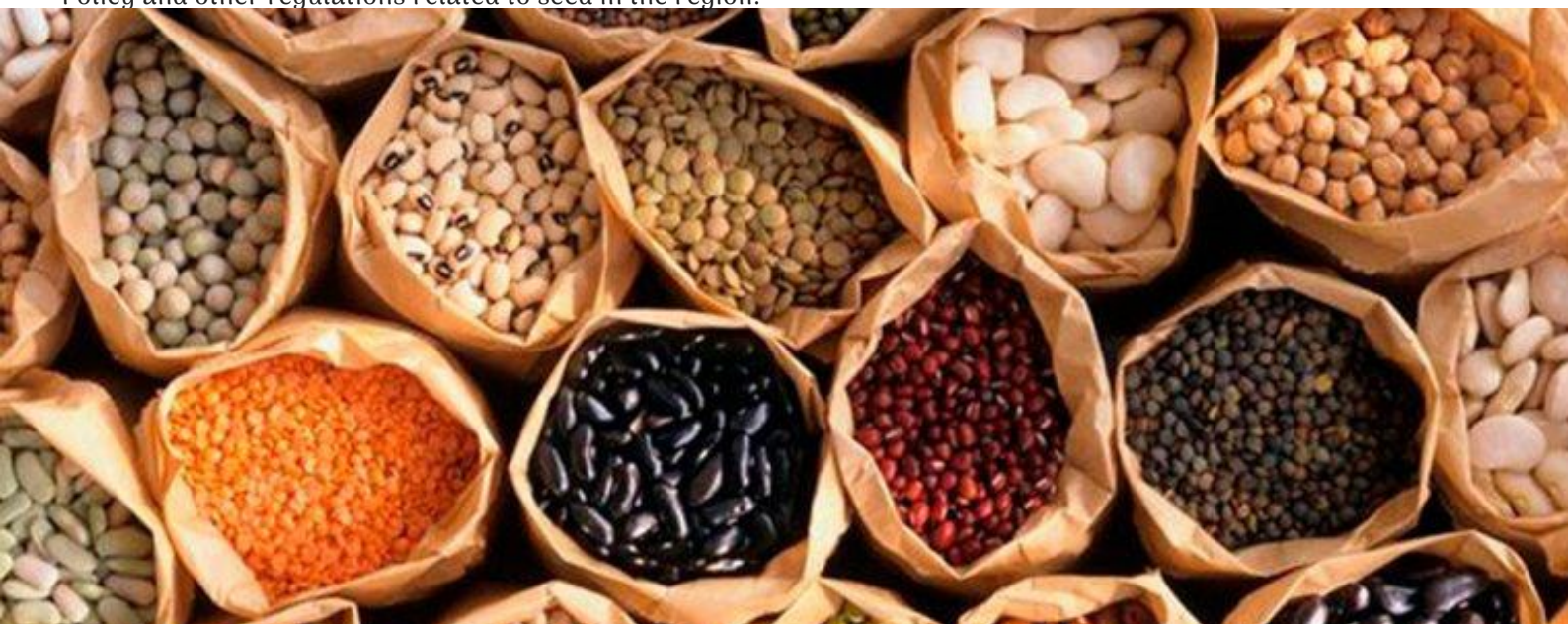
- Consolidation and publication of rules, relations and administrative procedures pertaining to sale, distribution of seeds to inform decisions and easy of accessibility.
- Ensure alignment of COMESA regulations with ISTA or OECD regulations to address trade with 3rd parties.
- To ensure predictability and private sector preparedness, regulators should provide adequate grace period and notification time when a regulation or legislation is changing.
- Ensure private sector participation in COMESA processes towards seed standards harmonisation policy making processes.
- Furthermore, ease the requirements of registration of seed varieties in a second country.

### Counterfeit /illicitTrade of Seeds

- Introduce e-verification for seed across the COMESA region to curb counterfeit seed. This enables the use bar coding systems to verify and authenticate genuine seeds from counterfeit.
- COMESA member states should strengthen the \egulations on counterfeit through establishing stronger penalties. To strengthen enforcement, adopt a collective approach (regulators, seed companies, governments, associations) work together and exchange of relevant market information to enable curbing counterfeit seeds.

### Public-Private Engagement

- CBC strengthen dialogue and partnerships between industry players and other stakeholders to facilitate increased investment and seed trade in COMESA. Furthermore, address the various challenges and provide a platform for sharing solutions and best practices.
- CBC to strengthen public-private platforms that fosters dialogue, collaboration, awareness on new regulatory requirements and response mechanism, to ensure the effective implementation of the COMESA Seed Harmonisation Policy and other regulations related to seed in the region.



# KENYA RELUCTANT TO SEEK COMESA SHIELD, OPTS FOR REHABILITATION OF SUGAR FACTORIES



Kenya is reluctant to seek extension of safeguards that protect the country from importation of cheap sugar from the Common Market for Eastern and Southern Africa (COMESA). The EastAfrican has learnt that with only seven months to the expiry of the safeguards, Kenya has realised that having lobbied for an extension twice in the past, securing another could be a tall order and that the country cannot peg the survival of the sugar industry on protection from competition.

"Kenya has not applied for an extension of the safeguards. If it will to do so, it must present the request at the meeting of the COMESA Trade and Customs Committee, which brings together technical experts from all member states," Mwangi Gakunga of the COMESA secretariat told The EastAfrican.

The safeguards allow Kenya to limit duty-free imports from COMESA countries to a maximum of 350,000 metric tonnes annually because the country is unable to compete with other member states on a duty-free quota free terms. The government has, therefore, resolved to lease the factories hoping to turnaround the companies, which have collapsed under the weight of years of mismanagement, corruption and influx of cheap imports.

The Agriculture and Food Authority (AFA) is looking for investors to enter into long-term leases for Chemilil, Nzoia and South Nyanza sugar companies alongside Miwani and Muhoroni sugar companies, both of which are under receivership. "The objective is to facilitate turnaround of these companies to profitability through modernisation and efficient management, which will in turn enhance competitiveness in Kenya, the East African Community, COMESA and the global sugar market," said Anthony Muriithi, AFA director general in a public statement.

To make the factories attractive to investors, the government has restructured their balance sheets including writing off massive debts, tax waivers and penalties amounting to a staggering \$572.5 million. The leasing of the companies, which the government argues is a form of privatisation, comes after the country banned the importation of raw cane and brown sugar — the latter has rendered local mills uncompetitive due to a significant surge in imports from Uganda.

Early this month, Agriculture Cabinet Secretary Peter Munya said that unscrupulous businessmen and traders were taking advantage of the Covid-19 curfew to smuggle raw cane and brown sugar into the country through the Busia border. Also, millers who had also obtained temporary permits to import raw cane from Uganda from September to December last year, were also illegally still importing the raw cane.

"The country may soon be faced with a sugar glut occasioned by this increased importation and an eventual collapse of the industry," said Mr Munya in press statement on July 2. In its report, the Sugar Task Force recommended among other, establishment of production zones for particular mills and merging of some under performing ones to attract investors.

Dr Emmanuel Manyasa, economist and country manager Twaweza East Africa, said that leasing is just a "painkiller" for an industry faced with high production costs, uneconomic dependence on small scale farmers and whose fortunes are bound to be hit by the expiry of the COMESA safeguards. "Privatisation failed because investors know the industry is controlled by sugar barons and they cannot make money. Even leasing is not sustainable until we deal with the cartels," he told The EastAfrican. Kenya's sugar production cost is estimated at more than \$600 per metric tonne, twice that of other key sugar-producing COMESA countries, making the country an attractive export market.

According to Dr Manyasa, Kenya might fail to seek for an extension considering that Article 61 of the COMESA treaty stipulates the country must prove it has taken the necessary and reasonable steps to overcome or correct the imbalances for which safeguard measures are being applied. "Removal of the COMESA safeguards will kill the industry totally," said Dr Manyasa.

Read more on: <https://www.theeastafrican.co.ke/tea/business/kenya-reluctant-to-seek-comesa-shield-1902848>

# FOREIGN DIRECT INVESTMENTS IN EAST AFRICA DECLINED IN 2019 – REPORT



There could be a sharp decline in foreign direct investments (FDIs) this year as the Covid-19 pandemic continues to ravage economies across the globe. The latest World Investment Report 2020 by the United Nations Conference on Trade and Development (UNCTAD) shows that FDIs in East Africa declined by nine per cent to \$7.8 billion in 2019, from \$9 billion in 2018.

Last year, the region posted mixed fortunes with inflows to Uganda increasing by 20 per cent to \$1.3 billion due to continued development of oil fields and an international pipeline, as well as projects in construction, manufacturing and agriculture. Inflows to Kenya however dropped by 18 per cent to \$1.3 billion compared with \$1.6 billion in 2018, despite several new projects in information technology and healthcare.

In Tanzania, inflows remained largely unchanged at \$1.1 billion. Ethiopia is still the biggest FDI recipient in the region despite recording a decline in 2019 after attracting inflows worth \$2.5 billion, from \$3.3 billion in 2018. The drop was attributed to instability in certain parts of the country, including regions with industrial parks.

The report forecasts FDI inflows to the continent will fall by 25 to 40 per cent in 2020, exacerbated by low commodity prices. “Although all industries are set to be affected, several services industries including aviation, hospitality, tourism and leisure are hit hard, a trend likely to persist for some time in the future,” said James Zhan, Unctad director of investment and enterprise.

The decrease comes after the continent recorded a 10 per cent decline in FDIs flows to \$45 billion in 2019 from \$46 billion in 2018. In Africa, Egypt remained the largest FDI recipient in 2019 with inflows increasing by 11 per cent to \$9 billion despite a cumulative 11 per cent decline in the North Africa region to \$14 billion.

It was followed by South Africa with FDI of \$4.6 billion, a 15 per cent decline from 2018, and Nigeria with a \$3.3 billion, a decline of 48.5 per cent driven by a slowdown in investment in the oil and gas industry.

Read more: <https://www.theeastafrican.co.ke/tea/business/foreign-direct-investments-in-east-africa-declined-in-2019-report-1447018>



# TAKING STOCK, IMPLEMENTATION OF THE COMESA REGIONAL GUIDELINES FOR THE MOVEMENT OF ESSENTIAL GOODS AND SUPPLIES ACROSS THE REGION DURING THE COVID – 19 PANDEMIC

The COVID-19 pandemic has disrupted almost all global sectors, but most importantly supply chain systems that are heavily reliant transport and logistics services, which are at the centre of the facilitation of movement of goods and services across the region. Most governments have put in place measures that include border restrictions and limitations on the movement of cargo, thereby affecting cross border trade. Whilst the measures are important, facilitating the movement of essential goods and services remains a priority for livelihoods, industry and economic sustainability for COMESA and Africa at large.

To address the above and provide a framework for continued trade, in May 2020, COMESA issued the Regional Guidelines for the Movement of Goods and Services during the COVID-19 pandemic. The COMESA Regional Guidelines are a useful tool for ensuring the harmonisation of approaches and facilitation of the speedier movements of goods within this period to keep the regional value chains functional. The Guidelines covers a broad range of areas which include: facilitating the implementation of transport related national COVID-19 measures in cross-border transportation; facilitating flow of essential goods such as fuel, food and medicines; pre-clearance processing of goods to reduce congestion and dwell time at the border; joint border inspection and electronic documentation where possible; limiting unnecessary and mass movement of passengers across borders; and harmonizing and coordinating transport-related national COVID-19 policies, regulations and response measures.

As an intervention to the above, COMESA Business Council held a Webinar under the theme “ Taking Stock, Implementation of the COMESA Regional Guidelines for the Movement of Essential Goods and Supplies Across the Region During the Covid – 19 Pandemic” on the 14th July, 2020. The webinar discussed the extent of implementation and the effectiveness of the COMESA Regional Guidelines in facilitating the speedier movement of goods across the borders. The discussion keenly reviewed current experiences by business and offered recommendations for enhanced trade mfacilitation measures. The meeting panelists included:

- Mr. Ian Hirschfeld: Head of Public Policy for Southern and Eastern Africa, Coca-Cola
- Mrs. Temitope ‘Tope’ Iluyemi: Director, Global Government Relations for Africa, Procter & Gamble
- Mr. Mike Fitzmaurice: Executive Director, Federation of East and Southern African Road Transport Associations (FESARTA)
- Mr William Ojonyo: Board Member and Member of the COVID-19 Taskforce, Federation of East African Freight Forwarders Associations (FEAFFA)
- Mr. Mushuma Mulenga: Permanent Secretary, Zambia Ministry of Commerce, Trade and Industry
- Dr Christopher H. Onyango: Director, COMESA Trade and Customs

Major outcomes of the Webinar were that COMESA had extensively consulted both the private and public sector when developing the guidelines. The Guidelines were developed recognizing the guidelines developed by the other RECs with shared membership with COMESA including the EAC and SADC, in response to the COVID-19. The Guidelines were launched on the 14th of May 2020 and circulated to Member States for implementation. They address the current challenges without amending the regulations and the agreements/treaties that have been signed. Moreso, they are also flexible enough to enable bilateral discussions between neighbouring countries.

The implementation of the Guidelines is on course and the results can be seen in some instances i.e. there is now improved coordination in customs border management including clearance and health safety; ques are also getting shorter. The private sector appreciated the move by most countries to quickly adopt the COMESA guidelines which have assisted to fast track the free movement goods and services across Africa. The classification of essential goods by the guidelines was also critical in the movement and clearance of the goods for example at the border between Kenya and Uganda, essential goods could still move besides the lockdown. The private sector highlighted that there is need for transparency and consistency so that the regulations are upheld across the region.

## Recommendations from the meeting:

- Increased border coordination through management COVID-19 committees (public- private) to deal with challenges at the borders.
- Establishment of a Beverages Association to represent the industry’s position in engagements with the public sector and other relevant associations.
- Regional Business Associations should strengthen their collaborations for enhanced regional trade facilitation (COMESA Business Council, SADC Business Council, East African Business Council); alignment, there’s also need to push forward for the realisation of the AfCFTA.
- Increased private sector investment for industrial development and infrastructure to ensure increased regional trade.
- Development of a public-private sector platform that fosters dialogue, collaboration and knowledge sharing, towards the evaluation and enhancement of the Guideline’s implementation and efficiency.
- Ensure the effective implementation of COMESA STR.
- Accelerating/broadening support mechanisms at national and regional level - COMESA to support SMEs (stimulus packages, access to markets, and other measures).
- Accelerate trade in services negotiations.
- Develop and implement more digital trade solutions (e-trade, e-legislation and e-logistics)



*The COMESA Business Council wishes you a  
happy and blessed Eid al-Adha*

**Eid al-Adha  
Mubarak!**





# RWANDA TEA EXPORTERS REEL UNDER LOW PRICES



Tea exporters in Rwanda are reeling as prices drop to an all-time low of below \$2 per kilogramme on the international market, due to low demand and oversupply. Before the Covid-19 pandemic hit the sector, the country exported up to 9,317 tonnes of processed tea worth Rwf25 billion (\$27.6 million) between January and March 2020, compared with Rwf20 billion (\$21.8 million) the same period last year.

Prices started dropping in the second quarter as key buyers closed shop due to the restrictions imposed on movement of goods and services due to the pandemic. Rohith Peiris, the general manager of Sorwathe, a tea growing and exporting company said.

“The first half of the year has been tough. Tea prices have been declining significantly; a kilogramme of processed tea now stands at \$2 on average. It was \$3 and above per kilo last year. “This is the lowest it has ever been. The prices fluctuate, even below \$2 per kilo,” said. Pie Ntwari of the National Agriculture Export Board said, “Tea consumers have sharply reduced and some established buyers have already closed. This explains the reduction of prices on the international market.” He added that Rwanda was exploring new markets including the Middle East and Russia.

The higher prices recorded between January and March are largely attributed to bigger auctions. India played a big role leading to an increase in demand for the East African auction, before being greatly affected by the pandemic. John Baffes, the senior agriculture economist with World Bank’s Development Prospects Group said, “Tea prices, especially at the Kolkata and Colombo auctions, increased recently, while prices at the Mombasa auction remain subdued. Kolkata and Mombasa auctions reached 13 and six-year lows, respectively.

“In response to ample supplies in Kenya, there have been disruptions of tea shipments to various importing countries, and disappointing demand (in part due to the lockdown in India).” He added that tea prices (auction average) are “expected to drop 10 per cent in 2020 mostly due to weak demand, before experiencing a relatively softer recovery in 2021”.

Tea exports to top three global markets declined significantly in the first quarter as the world grappled with the Covid-19 pandemic.

Read more: <https://www.theeastafrican.co.ke/tea/business/rwanda-tea-exporters-reel-under-low-prices-1447030>





# THE FUTURE OF INDUSTRY POST COVID-19: RESET? REVOLUTIONIZE? MAINTAIN?

## Insights from leading manufacturing companies, SMEs and Associations in COMESA

In the spirit of continued engagements during the COVID-19 period, CBC continues to reach out and engaging stakeholders and members, sharing industry insights through webinars. Besides participating in other organisations platforms to discuss trade and investment issues, the CBC has introduced a series of webinars which covers areas of interest in trade and investment. The first series which was done on the 24th of June covered the topic, "THE FUTURE OF INDUSTRY POST COVID-19: RESET? REVOLUTIONIZE? MAINTAIN? Insights from leading manufacturing companies, SMEs and Associations in COMESA"

The manufacturing sector plays a prominent role in Africa's economic development made evident by how industrial growth positively affects the overall GDP and productivity of the nations. The manufacturing sector directly contributes to value addition and beneficiation of the primary products (raw materials) from agriculture (e.g. cotton, fresh produce) and mining (precious and base metals).

Business-to-business spending in manufacturing within the region is projected to reach \$666.3 billion by 2030. The proposed African Continental Free Trade Area (AfCFTA) is key to advancing the manufacturing sector as it will create a single continental market for goods and services as well as a customs union with free movement of capital and business travellers. If successful, Africa's manufacturing sector is predicted to double in size, with annual output increasing to \$1 trillion in 2025 and creating an additional 14 million stable, well-paid jobs.

The aftermath of the COVID-19 pandemic have been disastrous for industries worldwide, especially for smaller enterprises and for industry in COMESA and Africa at large. For the first time in modern manufacturing history, demand, supply and workforce availability are affected globally at the same time. This has been exacerbated by great reliance of commodities and inputs from outside the region leading to grave disruptions of supply chain and manufacturing networks in Africa.

Some manufacturers have ceased production completely, some have seen greatly reduced demand and others have seen a huge increase in demand. This webinar was considering the challenges in the industry with a focus on manufacturing sector. The discussion keenly reviewed what the manufacturing industry needs to look into in order to successfully prevail in the new post pandemic dynamics that have changed the trends of business today.

The webinar proposed recommendations towards strengthening the resilience of the sector and its complimentary partnerships at a regional and international level.

The panellists were drawn from the private sector and associations representatives across the COMESA region to have a comprehensive status of the manufacturing sector operations.

From the private sector we had;

- Mr James Ojiambo: Manager, Regulatory Affairs, Nestle East and Southern Africa
- Ms. Monica Musonda: Chief Executive Officer and Founder, Java Foods Zambia

From the associations we had;

- Dr. Sherif Al Gabaly: Chairman, Federation of Egyptian Industries
- Ms Phylis Wakaiga: Chief Executive Officer, Kenya Association of Manufacturers

Recommendations from the Webinar were that:

- COMESA countries need to support local/regional sourcing and local industry to reduce over reliance on goods from outside the region.
- Africa needs to enhance capacity to supply intermediate inputs that are sourced from external markets, there is need to do more locally and carry out R&D to enhance production capacity to ensure we are able to provide commercially viable inputs.
- African nations need to address issues of competitiveness that makes African manufacturers to sustainably develop local supply.
- Countries need to invest in skills development to enhance supply of products within the continent.
- Strengthen local value chains to make sure that COMESA have raw materials which are readily available.
- Private and Public sector at country level need to focus on what they are able to produce efficiently for example countries who have strong agriculture economy need to value add these sectors and export finished goods.
- Africa need to invest much into technology to match world production capacity.
- There is need for consistency or harmonisation of standards in the region aligning them with international standards for example in agriculture (CODEX).
- There is need eliminate trade barriers by harmonising standards and quality systems within COMESA and the region; and
- also mutual recognition of certifications within the region.

To address illicit trade, there is need;

- To put in place tighter border controls through collaboration by partner states
- To ensure apprehending of perpetrators of the crime and put strong punishment and laws are tight to deal with these issues.
- To have public awareness on illicit trade so that consumers are at the forefront against illicit trade.
- Governments need to incentivise the manufacturing sector for them to come back into full production.
- Zero rating importation of intermediate goods of facilitate production.
- Moratoriums in the tax regimes – 2 to 3 years for business to recover
- Manufactures needs to work with the government when developing policies – strong consultations.
- There is need for Public-Private collaboration at COMESA level so that the same can cascade to National level. This will enable to have conducive policies for manufacturers.
- CBC need to develop Digital Workgroup which will work on frameworks within the COMESA region.
- Governments to put in place affordable financing for industries to be able to upgrade technologies to meet the need 4th Industrial Revolution.
- COMESA countries need to invest in digitalisation of trade i.e. logistics and distribution. This will facilitate efficient movement of goods and services across the region.
- COMESA region should have a coordinated approach to movement of goods across the countries.

# COMESA PILOTS DIGITAL RULES OF ORIGIN SYSTEM

3. Country, group of countries in which the products are originating from Pay ou groupe de pays dont les produits sont originaires País, ou grupo de países originário do produto		<b>CERTIFICATE OF ORIGIN</b> <b>CERTIFICAT D'ORIGINE</b> <b>CERTIFICADO DE ORIGEM</b>			
4. Particulars of transport Renseignements concernant le transport Informações ao transporte					5. For official use Reservé à l'usage officiel Reservado para uso oficial
6. Marks and numbers : number and kind of package ; description of goods Marques et numéro et types d'emballages ; désignation des marchandises Marcas e números : quantidades e natureza das embalagens ; designação das mercadorias		7. Customs tariff No Tarif douanier No Direito aduaneiro No	8. Origin criterion (see overleaf) Critère d'origine (voir au verso) Critério de origem (ver no verso)	9. Gross weight or other quantity Pois brut ou autre quantité Peso bruto ou outra medida	10. Invoice No No de facture Factura No

Burundi, Rwanda and Kenya are among 15 members of the Common Market for Eastern and Southern Africa (COMESA) ready to pilot the COMESA Electronic Certificate of Origin (eCO) system. The eCO which is one of the latest tools developed under the COMESA Digital Free Trade Area (FTA) initiative is expected 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.

Other countries in the ready group are the DR Congo, Egypt, Eswatini, Ethiopia, Madagascar, Malawi, Mauritius, Seychelles, Sudan, Tunisia, Zambia and Zimbabwe. On June 10, the COMESA Secretariat undertook to collaborate with these countries to develop national piloting plans to ensure electronic certificates are implemented to boost the value of intra-COMESA trade, which has stagnated since FTA instruments were put in place in 2000.

Implementing the eCO system has gained urgency given the challenges that movement of goods across borders is facing as a result of restrictive coronavirus measures.

Intra-Regional Trade Certificates of Origin are issued to exporters within the COMESA's FTA to confer preferential treatment to goods originating from an FTA member. The uptake of the electronic certificate has not gained traction in the past for lack of the necessary regulations under the COMESA Rules of Origin.

In November last year, the 40th Meeting of the Council of Ministers adopted the draft regulations to implement the COMESA eCO system to facilitate trade for businesses and trade operators. "The Covid-19 pandemic calls for speedy implementation of the COMESA eCO by all member states. 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," said the COMESA Director of Trade and Customs, Dr Christopher Onyango.

"It is disheartening that despite the preferences offered under the FTA, intra-COMESA trade is at eight per cent of total trade, compared with Africa's 15 per cent, America's 47 per cent, Asia's 61 per cent and Europe's 67 per cent," Dr Onyango added. COMESA is the largest regional economic organization in Africa, with 21 member states with a population of about 390 million.



# INTRA-EAC TRADE UP 60PC IN DECADE OF COMMON MARKET



Trade between East African Community member states has increased by 60.75 percent from \$3.72 billion when the Common Market Protocol was launched in 2010 to \$5.98 billion in 2018, latest trade data shows. The Common Market Protocol has boosted trade in the region by easing cross-border movement of goods and people, though numerous non-tariff barriers (NTBs) continue to hold back the region's potential.

The volume of trade among EAC member states increased rapidly between the years 2010 to 2013, but dropped for three consecutive years from 2014 to 2016. The EAC Trade and Investment Report shows that the value of intra-regional trade increased 9.4 percent to \$5.98 billion in 2018 from \$5.46 billion in 2017.

This growth was partly attributable to EAC member countries' increased preference to trading with each other to offset falling demand for the region's products in European and US markets. According to the report, all EAC member states save for Burundi recorded growth in trade with their regional counterparts. The Covid-19 pandemic has heavily impacted regional trade, which has seen a rise in NTBs, with most manufacturers now shifting attention to local markets, the East African Business Council said.

**Unforeseen Hiccup** The Council's Executive Director, Peter Mathuki, told The EastAfrican that the volume of intra-regional trade is expected to decline by close to 50 percent this year. "The Covid-19 pandemic has wrought havoc on intra-EAC trade, leaving most businesses in the private sector badly affected. Because this pandemic was not foreseen, people have changed their focus to survival while some businesses have shut down," he said. In 2018 Kenya's trade with EAC partner states increased by 4.7 percent to \$1.95 billion from \$1.86 billion in 2017, mainly on account of increased business with Uganda, Tanzania, and Rwanda. Kigali's total trade with EAC increased by 13.4 percent to \$638.8 million from \$563.2 million in the same period.

Tanzania's trade with other EAC, partner states increased by 14.6 percent to \$811.3 million, from \$707.7 million, while Uganda jumped by 21.2 percent to \$2.05 billion from \$1.69 billion. EAC's exports included products such as maize, sugar, rice, coffee, and tea as well as manufactured goods. In the first three months (January-March 2020) Kenya's exports to neighbouring EAC countries grew by 30 percent to Ksh42.9 billion (\$429 million) from Ksh32.92 billion (\$329.2 million) in the same period last year while total imports declined by 10 percent to Ksh12.04 billion (\$120.4 million) from Ksh13.35 billion (\$133.5 million) during the same period, Kenya National Bureau of Statistics data shows.

Uganda remained the leading export destination for Kenyan goods contributing 28.4 percent of the total export earnings from Africa during the period. On the other hand, Kenya's export earnings from Rwanda, Uganda, Sudan, and South Sudan jointly accounted for 55 percent of total exports to Africa during the period. The EAC Customs Union, the first pillar of integration that came into effect in 2005, provided for a free trade area where partner states reduce or eliminate taxes on goods originating from within the bloc and impose common tariff on goods imported from other countries. Goods moving freely within the EAC must, however, comply with the Rules of Origin.

## Rules of Origin

Under the Customs Union Protocol, members also committed to remove with immediate effect all existing NTBs to trade and, thereafter, not to impose new ones. However, East Africa's intra-regional trade has been hampered by persistent trade disputes among partner states over Rules of Origin, safety and quality of products traded in the region. In 2018, Tanzania imposed a 25 percent import duty on Kenyan confectionery such as juices, ice cream, chocolate, sweets and chewing gum, claiming Kenya had used zero-rated industrial sugar imports to produce them.

Kenya and Tanzania also resolved 75 percent of the NTBs that had affected trade between them and sparked persistent disputes. In December last year, Kenya and Uganda agreed on the tax treatment of pharmaceuticals, juices, and milk products that had threatened to push the two countries into a trade stalemate. Uganda agreed to abolish the 13 percent exercise duty on Kenyan juice and remove 12 percent verification fees on Kenyan pharmaceuticals by June 30, 2020. Uganda had introduced the discriminative excise duty on Kenyan juices and verification fees on pharmaceuticals.

Read more: <https://www.theeastafrican.co.ke/tea/business/intra-eac-trade-up-60pc-in-decade-of-common-market-1667520>



# CBC LAUNCHES ITS CORPORATE COMMUNICATIONS MANUAL FOR ENHANCED STAKEHOLDER ENGAGEMENT



## Corporate Communications Manual 2020



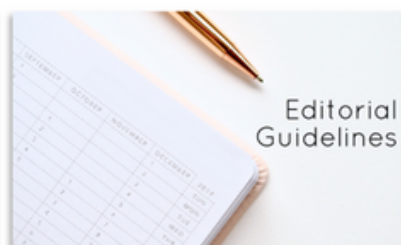
The COMESA Business Council has recently launched its Corporate Communications Manual which is purposed to ensure that we get the best results and value from our communication activities, particularly given the current socio-economic context. More than ever, we are proactively investing resources towards 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.



### CORPORATE COMMUNICATIONS MANUAL 2020



*Building Regional, Going Global.*

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[www.comesabusinesscouncil.org](http://www.comesabusinesscouncil.org)

# AFRICA FACES A GDP LOSS OF \$145B AS TOURISM HIT HARDEST BY PANDEMIC



At mid-year, African economies, already battered by the Covid-19 pandemic are now facing a total GDP loss of at least \$145.5 billion. With many countries recording an unprecedented surge in the number of infections, and the continent's total cases surpassing the half million mark as per World Health Organisation data, Africa is forecast to suffer GDP losses of between \$145.5 billion and \$189.7 billion from the pre-Covid-19 estimated GDP of \$2.59 trillion.

In its latest African Economic Outlook 2020 Supplement report, the African Development Bank (AfDB) says that despite countries embarking on a cautious reopening of economies to stem further damage, the impact of the pandemic is bound to be severe. Losses are expected to be carried over to 2021 because the projected recovery will only be partial with losses ranging from \$27.6 billion (baseline) up to \$47 billion (worst case) from the potential GDP of \$2.76 trillion without the pandemic.

Cumulatively, the pandemic could lead to GDP losses in 2020-21 of between \$173.1 billion and \$236.7 billion in current value terms. Under the baseline scenario, real GDP growth is projected to fall by 1.7 per cent in 2020, corresponding to a GDP drop of 5.6 percentage points from the January 2020 pre-pandemic projections. If the pandemic continues beyond the first half of 2020, GDP growth would drop to 3.4 per cent from the rate of 3.9 per cent projected before the onset of Covid-19.

"The most affected economies are those with poor healthcare systems, those that rely heavily on tourism, international trade and commodity exports, and those with high debt burdens and high dependence on volatile international financial flows," says the report released on Tuesday. Regionally, East Africa is projected to have the most resilient performance amid the pandemic after entering the crisis with strong growth of 5.2 per cent in 2019. The region is projected to post growth of 1.2 per cent in the best case scenario and 0.2 per cent in the worst-case scenario.

"The region is better shielded by its wider diversification and its lower reliance on primary commodities," notes the report. Although the situation remains risky, countries in the region have started gradual re-opening of economies. "To reopen economies, policymakers need to follow a phased and incremental approach that carefully evaluates the trade offs between restarting economic activity too quickly and safe-guarding the health of the population," said the report.

An estimated 25 to 30 million jobs risk being lost due to the pandemic. About 773.4 million people were in employment in Africa in 2019. An additional 49.2 million people on the continent could be pushed into extreme poverty, raising the number of people living on under a dollar a day to 453.4 million in the baseline scenario, and 462.7 million in the worst-case scenario.

The continent is also projected to witness a widening of fiscal deficits, while debt levels could increase by an additional 10 percentage points of GDP creating an additional public sector financing gap of \$122 billion. Deficits are projected to increase twofold to eight per cent of GDP in the baseline scenario and to go as high as nine per cent in the worst case scenario. The continent's average current account deficit that was estimated at 4.3 per cent of GDP last year is also expected to worsen to 6.8 per cent under the baseline scenario and to 8.1 per cent under the worst case scenario before moderating to 5.6 per cent in 2021.

Read more: <https://www.theeastafrican.co.ke/tea/business/africa-faces-gdp-loss-145b-as-tourism-hit-hardest-1842622>



# Wishing to Buy or Sell?



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# PRODUCT FOCUS - FRESH STRAWBERRIES - 081010



The common strawberry is known as the garden strawberry, a hybrid species of the genus *Fragaria* (*Fragaria* × *ananassa*). In the northern hemisphere, a wild variety grows naturally, known as wild or woodland strawberry (*Fragaria vesca*).

Strawberries are red, heart-shaped, and studded with small seeds, strawberries are one of the most popular fruits in the world. Strawberries are actually a group of fruits (genus *Fragaria*) containing several varieties and are part of the rose family. The typically red fruit has an early summer harvest, with the actual growing season depending on the variety and location.

## Opportunities

The global import of fresh strawberries increased by 27% in the period 2015 to 2018 from US\$ 2.4 billion to US\$3.1 billion. The table below highlights major importers regionally and internationally in 2019.

International Markets		Regional Markets	
✓ United States of America	✓ Belgium	✓ South Africa	✓ Côte d'Ivoire
✓ Canada	✓ Italy	✓ Mauritius	✓ Seychelles
✓ Germany	✓ Russian Federation	✓ Libya, State of	✓ Ghana
✓ United Kingdom	✓ Austria	✓ Sudan	✓ Eswatini
✓ France	✓ Hong Kong, China	✓ Botswana	
✓ Netherlands	✓ Saudi Arabia	✓ Namibia	
	✓ Spain		

source: ITC Trademap and ExportPotentialMap

USA, Canada and Germany are the leading importing countries of fresh strawberries.

## Market Analysis

According to UN COMTRADE, Trademap statistics, COMESA's exports of fresh strawberries to the world increased by 22% over the past five years, from US\$75 million in 2015 to US\$91 million in 2019. The major export markets for COMESA include, Belgium, Germany, Saudi Arabia, Russia, United Kingdom, UAE, Netherlands, Iraq and South Africa, among others.

## Export Potential

In recent years, the COMESA countries which have been producing and exporting fresh strawberries include:

Country		Potential & Existing Export Markets
1.	Egypt	Belgium, Germany, Saudi Arabia, Russia, United Kingdom, United Arab Emirates, Netherlands, Iraq, South Africa, Oman, Ireland, France, Kuwait, Malaysia, Libya, Bahrain, Syria, Sudan, Luxembourg, Hong Kong, Singapore, Denmark, China, Jordan, Poland, Turkey.
2.	Ethiopia	Saudi Arabia, United Arab Emirates, South Africa, Nigeria, Netherlands, United Kingdom, Qatar, Bahrain, Seychelles, Singapore, Gabon, Ireland, Russia.
3.	Zimbabwe	South Africa, Bahrain, Kuwait, United Arab Emirates, Qatar, Singapore, United Kingdom, Malaysia, Czech Republic, Saudi Arabia, Zambia.
4.	Tunisia	United Arab Emirates, Saudi Arabia, Qatar, Sudan, Bahrain, Italy, Côte d'Ivoire, Kuwait, Libya, United Kingdom, United States of America.
5.	Kenya	United Arab Emirates, Qatar, Bahrain, Russia, Kuwait, France, Hong Kong, Netherlands, Norway, Senegal, Thailand, Belarus, Oman, Rwanda, Uganda

source: ITC Trademap and ExportPotentialMap

# PRODUCT FOCUS - FRESH STRAWBERRIES - 081010

Country		Potential & Existing Export Markets
1.	Egypt	Saudi Arabia, China, Hong Kong, China, Russia, Malaysia, United Kingdom, Singapore, Canada, Netherlands, Australia, Mauritius, France, Greece, Macao, China, Cyprus.
2.	Somalia	Saudi Arabia, Netherlands, Canada, United States of America, Germany, Sweden, Norway, United Kingdom, United Arab Emirates, Kuwait, Bahrain, Qatar, Oman, Germany, Norway, Morocco.
3.	Eswatini	Saudi Arabia, Russia, UAE, Netherlands, Malaysia, Iraq, South Africa, Singapore, Viet Nam, China, Qatar, Romania, Oman, United Kingdom, Bahrain, Canada, Japan, Ukraine, Hong Kong, China
4.	Tunisia	Italy, France, Romania, Libya, United Kingdom, France, Netherlands, Spain, Poland, Saudi Arabia, Russia, Turkey, Qatar, Croatia, Kuwait, United Arab Emirates, Canada, Germany.
5.	Zimbabwe	South Africa, Russia, Saudi Arabia, Kuwait, United Arab Emirates, Qatar, Switzerland

Source: ITC Trademap and ExportPotentialMap

## Market Entry.

Certification and the need to fulfil both legal and non-legal requirements pose major obstacles to producers and exporters entering the market. As an exporter you depend a lot on the quality control of your buyer. Certification and the need to fulfil both legal and non-legal requirements pose major obstacles to producers and exporters entering the market. As an exporter you depend a lot on the quality control of your buyer.

## flavour

Flavour is becoming increasingly important to consumers, as is the appearance of the fruit. Consumers are prepared to pay a premium for high-quality, tasty strawberries. When exporting strawberries, it is important to pay attention to quality and taste and understand how consumers experience the product. By supplying superior-tasting strawberries, you will motivate consumers to continue purchasing your product.

## Size Requirements

In the marketing standard for strawberries, size is determined by the maximum diameter of the equatorial section. The minimum size should be:  
25 mm for 'Extra' Class 1; 18 mm for Classes I and II. There is no minimum size for wood strawberries (or wild strawberries).

## sweetness

Additionally, to the marketing standards, buyers will not accept strawberries with a sugar level lower than 8 brix. The most ideal brix level is between 12 and 16, but regular varieties with a brix of 10-13 are very common.

## Packaging.

The most common packaging for strawberries are punnets between 250 g and 500 g. Discuss the preferred packaging with your clients. The strawberries must be packed in such a way as to protect the produce properly. The materials used inside the package must be clean and of a quality such as to avoid causing any external or internal damage to the produce. The use of materials, particularly of paper or stamps bearing trade specifications, is allowed, provided the printing or labelling has been done with non-toxic ink or glue. Packages must be free of all foreign matter.



# PRODUCT FOCUS - FRESH STRAWBERRIES - 081010

## Labelling

The label or marking of each box should at least give the following information:

- Name and physical address of the packer and/or dispatcher (which can be replaced by an officially recognised code mark);
- Name of the product (if not visible from the outside) and the commercial type;
- Country of origin;
- Commercial identification: class, size in minimum and maximum weight or diameter and, optionally, number of units;
- Officially recognised code mark or traceability code (for example Global Location Number (GLN) or GLOBALG.A.P. Number (GGN) (recommended)).

In addition, the label should include a certification logo (if applicable) and/or retailer logo (in the case of private label products).

## Quality Standards

Fresh strawberries must be:

- Intact, undamaged;
- Sound – produce affected by rotting or deterioration such as to make it unfit for consumption is
- Excluded;
- Clean, practically free of any visible foreign matter; fresh in appearance, but not washed;
- Practically free from pests;
- Practically free from damage caused by pests;
- Including the calyx (except in the case of wood strawberries) – the calyx and the stalk (if present) must be fresh and green;
- Free of abnormal external moisture;
- Free of any foreign smell and/or taste.

Most consumers almost exclusively demand 'Extra' Class or Class I strawberries, which means they have to be of good or superior quality with only a small margin permitted for defects in shape, pressure marks and white patches.

## Phytosanitary Requirements

Roots, fruits and vegetables to be exported to various markets must comply with the legislation on plant health.

Most destination markets require fresh strawberries to go through plant health checks before entering or moving within their countries for example EU, USA and Asia.

Exporters are encouraged to consult with their Agriculture Ministries to be issued a relevant certificate/permit.

Since food safety is a top priority in food sectors, you can expect most buyers to request extra guarantees from you in terms of certification. The most commonly requested certification for strawberries include;

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) BRC (British Retail Consortium): BRCGS' Standards guarantee the standardisation of quality, safety and operational criteria and ensure that manufacturers fulfil 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.

c) 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.





# OUR SERVICES

## BUSINESS POLICY AND ADVOCACY

Influencing policy is at the heart of what we do

2

## MEMBERSHIP DEVELOPMENT

We are our members -towards strengthened business collaboration

1

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Business support services that are regional in nature.

3



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### Disclaimer:

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