

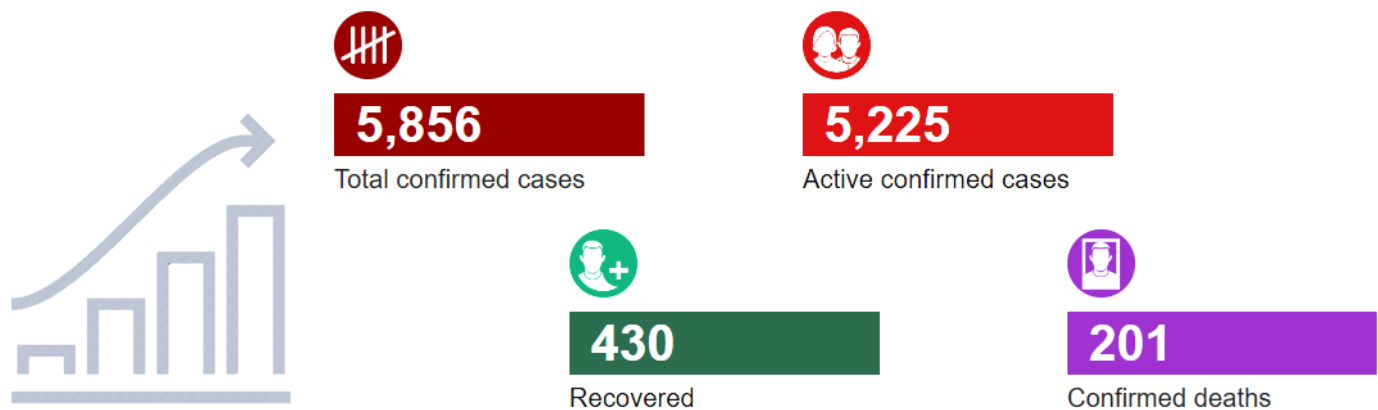
1st April 2020

INTRODUCTION

Coronavirus has been spreading rapidly across the world, affecting more than **177 countries** and claiming more than **34,000 lives**. There are more than **720,000 confirmed cases worldwide**, with the US recording more than any other country, including China.

The COVID-19 pandemic is impacting all areas of economic activity globally and the COMESA Business Council (CBC) Membership is no exception. CBC recognizes the role that the private sector plays to achieve our shared goal during this crisis: to maintain jobs and business continuity; to support health and social well-being of the Region; and to ensure the stability and security of COMESA society.

AFRICA UPDATE



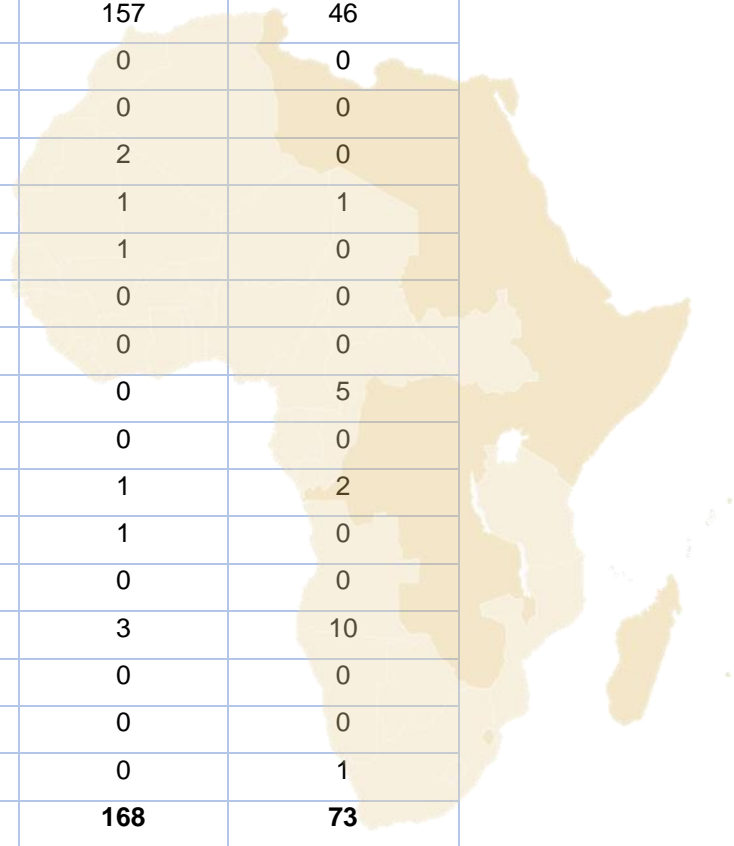
COMESA UPDATE

The table highlights the statistics as of 1st April 2020.

| Country | Total confirmed cases | Active confirmed cases | Recovered | Confirmed deaths |
|----------|-----------------------|------------------------|-----------|------------------|
| Burundi | 2 | 2 | 0 | 0 |
| Comoros | 0 | 0 | 0 | 0 |
| DR Congo | 98 | 88 | 2 | 8 |

Cont.

| Country | Total confirmed cases | Active confirmed cases | Recovered | Confirmed deaths |
|------------|-----------------------|------------------------|------------|------------------|
| Djibouti | 30 | 30 | 0 | 0 |
| Egypt | 710 | 507 | 157 | 46 |
| Eritrea | 15 | 15 | 0 | 0 |
| Eswatini | 9 | 9 | 0 | 0 |
| Ethiopia | 29 | 27 | 2 | 0 |
| Kenya | 59 | 57 | 1 | 1 |
| Libya | 10 | 9 | 1 | 0 |
| Madagascar | 57 | 57 | 0 | 0 |
| Malawi | 0 | 0 | 0 | 0 |
| Mauritius | 147 | 142 | 0 | 5 |
| Rwanda | 75 | 75 | 0 | 0 |
| Sudan | 7 | 4 | 1 | 2 |
| Somalia | 5 | 4 | 1 | 0 |
| Seychelles | 10 | 10 | 0 | 0 |
| Tunisia | 394 | 381 | 3 | 10 |
| Uganda | 44 | 44 | 0 | 0 |
| Zambia | 35 | 35 | 0 | 0 |
| Zimbabwe | 8 | 7 | 0 | 1 |
| | 1744 | 1503 | 168 | 73 |



TRADE MEASURES AND ECONOMIC INTERVENTIONS BY SELECTED COMESA MEMBER STATES DURING COVID-19

COMESA Business Council commends the measures that have been put in place by Member States as a buffer for their respective economies.

DEMOCRATIC REPUBLIC OF CONGO

Trade Measures

- All flights have been suspended
- **Mandatory screening** of all vessels by Port Health Services.
- Cross Borders transport is still operational. However, border restrictions in neighbouring countries like Rwanda which allowing only commercial/humanitarian cargo and limited crew per vehicle is also affecting movement

Economic Interventions

- Reducing the policy rate by **150 bps to 7.5 percent**;
- Eliminating mandatory reserve requirements on demand deposits in local currency;
- Extending the maturity of emergency liquidity loans to **up to 24 months**;
- Postponement of the adoption of new minimum capital requirements and encouraged the restructuring of non-performing loans.

DJIBOUTI

Trade Measures

- All **passenger flights have been suspended**. Cargo flights are still operational.
- Djibouti Port operational. However, delays of 4-5 days at Container Terminal due to congestion. Container Terminal is not receiving empty returns from Consignee due to lack of space in the yard. An alternative arrangement is yet to be communicated. This is affecting truck turnaround and may also incur demurrage fees. Roll on/Roll Off (RoRo) and General Cargo operating as usual.
- Cross Borders transport ongoing by truck and rail. However, there's truck shortage due to slow evacuation of empty containers.

EGYPT

Trade Measures

- Country is under **mandatory lockdown until 15th of April 2020** and all passenger flights have been suspended.
- Due to the 14 days quarantine rule applicable to vessels coming from or having called exposed countries, implemented by most countries, delays in lead-times can be expected.
- Trucker subcontractors are now working with 60% capacity only.

Economic Measures

- **Stimulus policies in the USD 6.4 billion package** (Egyptian Pound - EGP 100 billion, 2 percent of GDP) to mitigate the economic impact of COVID-19;
- Pensions have been increased by **14 percent**;
- Energy costs have been lowered for the entire industrial sector;
- Real estate tax relief has been provided for industrial and tourism sectors;
- Subsidy pay-out for exporters has been stepped up;
- As part of the EGP 100 billion stimulus, EGP 50 billion has been announced for the tourism sector, which contributes close to 12% of Egypt's GDP, 10% of employment, and almost 4% of GDP in terms of receipts, as of 2019.
- The moratorium on the tax law on agricultural land has been extended for 2 years;
- The stamp duty on transactions and tax on dividends have been reduced;
- Capital gains tax has been postponed until further notice;
- Reduced the policy rate by 300bps;
- The preferential interest rate on loans to SMEs, industry, tourism and housing for low-income and middle-class families, has been reduced from **10 percent to 8 percent**;
- The limit for electronic payments via mobile phones has been **raised to EGP 30,000/day** and **EGP 100,000/month for individuals**, and to **EGP 40,000/day** and **EGP 200,000/per week for corporations**;
- A new debt relief initiative for individuals at risk of default has also been announced, that will waive marginal interest on debt under EGP 1 million if customers make a 50 percent payment;
- The regulations issued last year requiring banks to obtain detailed information of borrowers have been relaxed;
- The central bank has also launched an EGP 20 billion stock-purchase program.

ESWATINI

Economic Measures

- Supplementary budget for public healthcare to the amount of Emalangeni (E)100 million or **0.14 percent of GDP** (pending parliamentary approval).
- Low priority recurrent spending will be redirected to the fight against the pandemic and a portion of the capital budget will be reallocated towards refurbishing hospitals and completing new hospitals.
- Taxpayers projecting losses will file loss provisional returns and no payment will be required;

- Extension of returns filing deadlines by **3 months before penalties** kick-in;
- Payment arrangements for taxpayers facing cash flow problems;
- Waiver of penalties and interest for older tax debts if principal is cleared by the end of September 2020;
- Reduced the discount rate by 100 basis points to 5.5 percent;
- Reduced the reserve requirement to 5 percent (from 6 percent);
- Reduced the liquidity requirement to **20 percent (from 25 percent)** for commercial banks and to 18 percent (from 22 percent) for the development bank. Banks have announced that those individuals and companies that need short term financial support or relief can approach them and each application will be assessed on a risk-based approach.

ETHIOPIA

Trade Measures

- Ethiopian airlines have **suspended passengers' flights for 80 destinations**. Ethiopian cargo flights still operating but cargo capacity reduced due to flight cancellations. No cargo flights on Lufthansa and Emirates.
- Djibouti Port operational. Ethiopia greatly relies on the Djibouti port. Extended lockdown in Djibouti is affecting operational hours for shipping lines. Due to storage space shortage in Djibouti port, all long dwell containers (more than 30 days) will be transferred to the external storage yard located at UKAB at Djibouti. This will create an additional cost for clients.
- Border closure in effect but **no restrictions on cargo movements from Djibouti to Ethiopia**. Custom offices operating on both sides. However, shortage of trucks to Djibouti due to delay in offloading at Djibouti port.

Economic Measures

- **Tax exemption for import of COVID 19 materials** and equipment to be used in the prevention and containment efforts;
- National Bank of Ethiopia to avail **Birr 15 billion liquidity for private banks** to enable them to provide debt relief and additional loans to their customers in need;
- Commercial Bank of Ethiopia to increase the amount of money individuals can transfer through mobile banking to limit in person cash handling;
- Removal of the minimum price set by the National Bank of Ethiopia on the Horticulture Sector for flower exports;
- The Ministry of Revenue to **expedite VAT returns** to support companies with cash flows;
- Control price increments and supply shortages of consumer goods.

KENYA

Trade Measures

- Government announced a **daily curfew from 07h00 to 17h00** effective 27th March 2020, affecting all except essential service providers. This will impact office hours for Customs Offices, which are now open between 09h00 - 15h00, with a 50% reduced staffing.
- Kenya Ports Authority has reduced workforce to two shifts.
- Mombasa Port is operational with **mandatory inspection of vessels** by Port Health services.
- There are reduced vessel calls mainly from Far East and Europe; there's also reduced availability of containers for exports due to fewer arrivals.
- There is a temporary spike in transport requirements leading to a strained supply of trucks. There's **stringent medical screening at all border points** - only drivers, turn-men plus the clearing agent are allowed across the border. It is a mandatory requirement for all returning cargo crew to self-isolate for a period of 14 days.

Economic Measures as proposed by Kenya Association of Manufacturing (KAM) to the Government of Kenya

| KAM Proposal | Government Response |
|--|--|
| Fast-track VAT refunds by providing a one-off budget allocation of Kenyan Shillings (Ksh.) 22 Billion to clear outstanding VAT Refunds. | KRA to expedite payment of all verified VAT refund claims amounting to Ksh. 10 Billion within 3 weeks; or allow for offsetting of Withholding VAT. |
| The Government to offer free treatment for anybody affected by COVID-19's SARS-CoV-2 virus. In case sick leave is applied, the government should reimburse companies for days lost. | Ksh. 1 billion has been allocated for the recruitment of more health workers. |
| KAM proposed that the government directs Ministries, Departments, Agencies (MDAs) and County Governments pay all suppliers fully, starting with SMEs before paying large corporates and multinationals until the virus is under control. | <ul style="list-style-type: none"> - Payment of at least of Ksh. 13 Billion of the verified pending bills, within three weeks. - Private sector is also encouraged to clear all outstanding payments among themselves within three weeks. |
| The Association requested that the Repo Rate/Central Bank Rate (CBR) be reduced from the current 8.25% (Kenya) to 5% to benefit struggling lenders especially the SMEs. Commercial banks should reduce their lending rates with equal margins. | On 23rd March 2020, the Central Bank of Kenya (CBK) Monetary Policy Committee (MPC) reduced CBR from 8.25% to 7.25% . |
| Cut the Cash Reserve Ratio (CRR) from 5.25% to 2% to ensure banks release cash into the economy. | The MPC also reduced CRR from 5.25% to 4.25% to release an additional Ksh. 35.2 billion into the market. |
| 6 months' Moratorium for Non-Performing Loans: Besides the foreseeable negative effects of COVID19 which may increase the ratio of gross non-performing loans to gross loans, bad loans currently stand at KSh. 330 billion. | <ul style="list-style-type: none"> - On 16th March 2020, the Central Bank announced mitigation measures to borrowers that were up to date with their loan repayment. - KAM is also seeking to meet Kenya Bankers Association (KBA) on complementary mitigation measures banks can offer to manufacturers |
| Government to reduce/cancel relevant taxes for SMEs including VAT from 16% to 8%, Corporate Tax from 30% to 15% for the next 6 months. | <ul style="list-style-type: none"> - Reduction of the VAT from 16% to 14%, effective 1st April 2020. - Reduction of Resident Income Tax (Corporation Tax) from 30% to 25%. - Reduction of the turnover tax rate from the current 3% to 1% for all MSMEs. |
| Expansion of salary bands where minimum taxable salary income to be increased from Ksh. 11,587 to 25,000 and review of the salary bands and personal relief after every two years. | <ul style="list-style-type: none"> - 100 % Tax Relief for persons earning gross monthly income of up to Ksh. 24,000. - Reduction of PAYE from 30% to 25%. - Appropriation of an additional Ksh.10 Billion to the elderly, orphans and other vulnerable members of society. |

LIBYA

A package of Libyan Dollar (LD) 500 million (about 1 percent of GDP) in emergency COVID-19 related spending.

MADAGASCAR

Economic Measures

- Increased spending on epidemic prevention and control;
- Cash-transfers and in-kind necessities to the poorest and those unemployed;
- Tax relief, suspension of government fees and waived social contributions;
- Providing Malagasy Ariary (MGA) **180 billion** (about 0.3 percent of GDP) in **additional liquidity to the banking system** to allow banks to defer delayed payments on existing loans and increase lending to businesses.

MALAWI

US\$20 million (0.25 percent of GDP) in spending on health care and targeted social assistance programs.

MAURITIUS

Trade Measures

- Maersk and Safmarine Measures to support Customers - (Applicable only for the period 20th March 2020 to 15th April 2020 for dry cargo only. Standard tariffs to be applied after 15th April).
- **50% reduction** on standard tariff on import detention & demurrage for dry cargo only excluding all customers who have special deals already filed.
- Reefer falls under essential cargo category and should be allowed to move unhindered.

The above measures will be effective for vessels arriving at Port Louis Harbour as from 20th March 2020 up to 15th April 2020.

Economic Measures

- **Increase general public health spending** by Mauritian rupee (Rs) 208 million (0.04 percent of GDP), additional Rs 4 billion (0.8 percent GDP) in spending/financing.
- Raise Rs 2.7 billion (0.5 percent of GDP) to make equity investments in troubled firms. There will be **financing available for SMEs**.
- The Development Bank of Mauritius will give Rs 200 million (0.04 percent of GDP) in credit for firms short on cash. Affected firms will receive extra tax deductions.
- All **labour contracts set to expire this year** are **extended** through December 3, 2020.
- The government will also introduce a Wage Support Scheme to limit the socio-economic impact of COVID-19 by providing financial support to employees who would become unemployed on a temporary basis;
- The Bank of Mauritius (BOM) **reduced the Key Repo Rate** from 3.35 percent to 2.85 percent;
- Reduction of cash reserve ratio - lower cash reserve ratio from 9 to 8 percent;
- Special relief amount of Rs 5 billion (1 percent of GDP) - special credit line for affected firms to be administered via the commercial banks to meet affected operators' cash flow and working capital requirements;
- Moratorium on capital repayment for loans - commercial banks will provide a moratorium of six months on capital repayment for existing loans of affected economic operators;
- Easing of banking guidelines - the BOM also **eased supervisory guidelines** on handling credit impairments;
- Savings bonds - Rs 5 billion (1 percent of GDP) of 2.5 percent two-year BOM bonds which will be made available to retail investors;
- support to households - six-month moratorium on household loans at commercial banks, while BOM will bear interest payments for households with the lowest income;
- Special Foreign Currency (USD) Line of Credit (\$300 million) - targeting operators having foreign currency earnings, including SMEs;

- Swap arrangement to support import-oriented businesses (initial amount \$100 million);
- Shared ATM Services - **waiving ATM fees** during national confinement period.

Mauritius Chamber of Commerce intervention

- Delivery of 45000 social pack with 20 kgs of basic commodities for the needy.
- Proposed implementation of sanitary measures in supermarkets and shops.
- Launched online shopping for food and essential products.

Other Measures

- All payment of telephone bills is deferred. Queues are not required to pay bills and there's no penalty;
- More free tv channels to keep subscribers indoors;
- All court cases postponed until further notice;
- During the confinement period, the general public has restricted movement. Employers encourage "Work-from-Home" arrangements to ensure business continuity.
- To ensure that activities that are necessary for the proper functioning of the Country during this period continue, some employees are allowed to attend duty on-site provided they are in possession of an authorised COVID-19 Work Access Permit.

RWANDA

Trade Measures

- All employees (public and private) are **working from home**, except for those providing essential services.
- Borders are closed, except for goods and cargo, as well as returning Rwandan citizens and legal residents, who will be subject to mandatory **14-day quarantine** at designated locations.

Economic Measures

- An **extended lending facility** worth RWF 50 billion available to liquidity-constrained banks for the next six months. Under this facility, banks can borrow at the policy rate and benefit from longer maturity periods.
- Treasury bond purchases through the rediscount window for the next six months.
- Lowering of the reserve requirement ratio by 100 basis points, from 5 to 4 percent, effective from 1st April;
- Loan repayment conditions have been eased for impacted borrowers.
- **Charges on electronic money transactions waived** for the next three months.
- The business community, through Private Sector Foundation Rwanda, is mobilizing supplies such as such as maize flour, rice and sanitary products to be donated to those affected by the pandemic.

SEYCHELLES

Trade Measures

- The international airport in Seychelles is closed to all international flights.
- As of 10th March 2020, all cruise ships were not allowed entry into Seychelles waters; this is subject to further notice.
- No marine vessel is allowed to enter Seychelles' waters if any passenger or crew on board has been to China, South Korea, Iran and Europe (Italy, Spain and Netherlands) and places where there has been significant local transmission in the last 14 days.
- Any person arriving in Seychelles by sea (except returning Seychellois citizens) will not be allowed to disembark if he/she has been to China, (including the SAR), South Korea, Iran, Europe (Italy, Spain and Netherlands) and places where there has been extensive local transmission in the last 14 days.

Economic Measures

- **Subsidize wages** for companies facing distress caused by COVID-19;
- Reduced policy rate by **100 bps to 4 percent**;

- **Credit facility of approximately \$36 million will be set up** to assist commercial banks with emergency relief measures to assist businesses and individuals struggling with the financial impact of the pandemic;
- Moratorium of six months on the repayment of principal and interest on loans to assist businesses in impacted sectors.

Seychelles Chamber of Commerce interventions/proposals

Proposed creation of a tripartite committee (private and non-profit sectors and the government) to monitor the long-term effects of the crisis which expect to last for years on the local business community, people of Seychelles and the global economy.

TUNISIA

- A **2.5 billion Tunisian dinar (TND) emergency** plan (\$0.8 billion or 2 percent of GDP). The package includes the postponement of CIT payments, other taxes and social contributions, VAT exemptions, VAT refund procedures and reimbursement acceleration, rescheduling taxes and custom arrears, and others in order to provide liquidity to the private sector, limiting layoffs and protecting the most vulnerable population especially in the informal sector.
- The plan has an allocation of **150 TND million to accommodate cash transfers for low income households**, disabled and the homeless; it also includes support for those who will be on temporary unemployment because of the COVID19 shock (300 TND million).
- Reduced policy rate by 100 bps.
- Deferring payments on existing loans and **suspension of fees for electronic payments and withdrawals**;
- Creation of investment funds (600 million TND), a state guarantee for new credits (500 million TND), the activation of a mechanism for the state to cover the difference between the policy rate and the effective interest rate on investment loans within a cap of 3 percent.

ZAMBIA

- **57-million-kwacha emergency fund** (around 0.02 percent of GDP) to strengthen preparedness and enhance public security;
- Several bank related measures as follows:
 - Waiving fees for bank/telecoms transactions below a certain threshold;
 - Relaxing the limits on single and total daily transactions for individuals, small scale farmers, and enterprises;
 - Removing of transaction limits for corporate wallets;
 - Reducing interbank payment processing fees.

ZIMBABWE

Trade Measures

- The country effected a **21-day lockdown** which commenced on 30th March 2020.
- Airports working on skeleton staff.
- Government **banned all non-essential travel and traffic**, both inbound and outbound; except for movement of cargo. Government will close all borders to human traffic, excluding returning residents.

Economic Measures

- Returning the multicurrency system;
- **Reduced bank policy rate** from 35 percent to 25 percent;
- Reduced statutory reserve ratio from 5 percent to 4.5 percent;
- **Increased private sector lending facility** from ZW\$1 billion to ZW\$2.5 billion;
- Moved from managed floating exchange rate system to a fixed exchange rate management system.

CONCLUSION

Governments and private sector across the world are taking unprecedented measures to mitigate the effects of COVID-19, each with grave consequences to the respective countries socio-economic landscapes.

COMESA Business Council encourages its members to follow laid down health measures by World Health Organisations and Governments to fight the pandemic. We look forward to your continued commitment and support towards private sector competitiveness in COMESA.

CONTACT US

Tel: +260 211 229725/32

Website: www.comesabusinesscouncil.org

Email: communications@comesabusinesscouncil.org

Address:

COMESA Business Council
Ben Bella Road, P.O. Box 30051,
Lusaka, Zambia.

Social Media:



- @comesabusinesscouncil



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