



08th May 2020

INTRODUCTION

The spread of COVID-19 is changing our ways of doing business, regionally and across the globe. The new normal comprises restrictions in movement of human capital, goods and services; work-from-home arrangements; online shopping; supply-chain disruptions; cash crunches; ambiguous compliance obligations; and the mechanics of applying for new government programs. We are having to reconfigure our internal and external stakeholder operations, in real time to adapt to the ever-evolving market conditions.

According to the World Bank, economic growth in Sub-Saharan Africa has been significantly impacted by the outbreak; it is forecast to fall sharply from 2.4% in 2019 to -2.1 to -5.1% in 2020, the first recession in the region over the past 25 years. It is expected to cost the region between \$37 billion and \$79 billion in output losses for 2020 due to a combination of effects namely, trade and value chain disruption; reduced tourism, FDI and foreign aid; impacts on health systems, and disruptions caused by governments' containment measures.

WORLD COVID-19 CASES

As at 8th May 2020

Confirmed Cases	Deaths	Recovered
3,845,313	265,869	1,314,877

Source: COMSTAT COMESA

AFRICA COVID-19 CASES

As at 8th May 2020

Confirmed Cases	Deaths	Recovered
51,878	2,010	17,837

Source: COMSTAT COMESA

COMESA COVID-19 CASES

The table below highlights the statistics as of 8th May 2020.

Country	Total Confirmed Cases	Active Confirmed Cases	Recoveries	Confirmed Deaths
Burundi	15	7	7	1
Comoros	8	7	0	1
DR Congo	897	742	119	36
Djibouti	1,133	331	799	3
Egypt	7,981	5,612	1,887	482
Eritrea	39	9	30	0
Eswatini	153	139	12	2
Ethiopia	194	95	95	4
Kenya	607	381	197	29
Libya	64	37	24	3
Madagascar	193	92	101	0
Malawi	43	26	14	3
Mauritius	332	2	320	10
Rwanda	271	138	133	0
Seychelles	11	3	8	0
Somalia	928	778	106	44
Sudan	930	786	92	52
Tunisia	1,026	382	600	44
Uganda	101	46	55	0
Zambia	153	46	103	4
Zimbabwe	34	25	5	4
Total	15,113	9,684	4,707	722

Source: BBC

The pandemic is consistently driven by seven Member States: Egypt, Djibouti, Tunisia, Somalia, DR Congo, Sudan and Kenya representing about 90 per cent of all confirmed cases reported in the COMESA region.

WORLD TRADE ORGANISATION (WTO) OBSERVATIONS

- ⌘ World merchandise trade is set to plummet by between 13% and 32% in 2020 due to the COVID-19 pandemic.
- ⌘ A 2021 recovery in trade is expected, but dependent on the duration of the outbreak and the effectiveness of the policy responses.

- ⌘ Nearly all regions will suffer double-digit declines in trade volumes in 2020, with exports from North America and Asia hit hardest.
- ⌘ Merchandise trade volume already fell by 0.1% in 2019, weighed down by trade tensions and slowing economic growth. The dollar value of world merchandise exports in 2019 fell by 3% to US\$ 18.89 trillion.
- ⌘ Trade will likely fall steeper in sectors with complex value chains, particularly electronics and automotive products.
- ⌘ Services trade may be most directly affected by COVID-19 through transport and travel restrictions.

UNCTAD's 10 STEPS TO KEEP TRADE MOVING DURING COVID

UNCTAD policy brief presents concrete measures to facilitate transport and trade while protecting people from contracting COVID-19.

10 policy measures are proposed to cover maritime transport, customs operations, transit, transparency and legal issues, as well as technology to enhance paperless trade processes. The plan calls for policies that:

- ⌘ Ensure uninterrupted shipping.
- ⌘ Keep ports open.
- ⌘ Protect international trade of critical goods and speed up customs clearance and trade facilitation.
- ⌘ Facilitate cross-border transport.
- ⌘ Ensure the right of transit.
- ⌘ Safeguard transparency and up-to-date information.
- ⌘ Promote paperless systems.
- ⌘ Address early-on legal implications for commercial parties.
- ⌘ Protect shippers and transport service providers alike.
- ⌘ Prioritize technical assistance.

The policy brief calls on governments to ensure health measures are implemented in ports and border crossings in ways that minimize interference with international traffic and trade. It also emphasizes the need for people involved in the movement of trucks, ships, and planes to be given the status of critical personnel.

THE NEW NORMAL: BUSINESS SURVIVAL IN THE TIME OF CORONAVIRUS19

Investing in Technologies

During the COVID-19 pandemic, businesses and governments are becoming increasingly reliant on technology to support the vast workforces which are under quarantine to mitigate the spread of the virus. Remote working and collaboration tools have become essential systems, with new demands placed on networks and data centre infrastructure. These technologies may have a long-lasting impact beyond COVID-19.

Every organisation which is offering a service or product, has experienced digital systems becoming an absolute lifeline in bridging the gap between the companies and buyers, potential buyers and other relevant stakeholders. The importance of digital technologies to customers, suppliers, and to the entire economy has rapidly accelerated and companies must accelerate their digitization plans.

As most countries in the COMESA Region are on lockdown and physical distancing is being implemented, companies' IT infrastructure and digital strategies must adapt in order to:

- ⌘ Continuously manage supply chains.
- ⌘ Communicate with relevant stakeholders and shareholders.

- ⌘ Be able to understand changes which are taking place in target markets and source countries (introduced measures which can hamper movement of goods and services).
- ⌘ Forecasting of consumers' wishes, which became hardly predictable, and to help businesses organize effective logistics.
- ⌘ Propel digital marketing.

Finding Efficient Supply Chains

The COVID-19 pandemic has created disruptions to the global supply chain due to measures which have been put in place restricting movement of goods and services across borders. Factory shutdowns, and travel and export bans have put some constraints on the procurement of raw materials, machinery, food and other important products.

The disruptions in the supply chains demands manufactures and companies in the COMESA region to find alternative sources of products and raw materials. In the past years, COMESA countries have been mainly sourcing products and raw materials from European Union, USA, China and India, but due to disruptions in cargo movement by air and sea, regional alternative suppliers should be sought.

Companies may also take into account online tools which can provide alternative buyer and supplier contacts, for example the International Trade Centre's (ITC) TradeMap and the COMESA Business Council's BIZNET. Moreover, it is recommended that businesses use all the technology available to proactively model their supply chain operations and look to collect the most up-to-date data.

Tactical Pricing to Keep Businesses Operating

The COVID-19 has resulted in the tremendous reduction of in consumer goods demand due to customers grappling with uncertainty. Businesses face the challenge of trying to maintain sales velocity and this demands discipline in pricing to avoid setting a new lower price floor that haunts them after demand returns. McKinsey and Company suggest that for survival, companies need to come up with promotional campaigns and discounts which propel purchase and enable them to survive.

The pandemic now demands companies and manufactures to know their customers in order for them to be able to prioritize stock, services and pricing as appropriate. This strategy may involve putting limits on individual customer purchases to protect an entire customer segment, however a balanced approach will in-turn earn long-term customer loyalty.

It is imperative that companies communicate their pricing strategy clearly to customers; this will assist them to respond better to price fluctuations as they will have an understanding of the rationale. The company will be able to smoothly implement and execute this strategy if it lines up with what customers know.

The strategy can also take into account building a dynamic-response model using true market signals to identify relevant data points and avoid panic-induced price setting. This ensures that prices are market appropriate and don't alienate customers, but also reflect the inventory and cost situation.

If companies manage pricing deliberately, it is possible to minimize damage to market share and pricing power and be in a stronger position once life and commerce returns relatively to normal.

Companies can also take advantage of the facilities which have been put in place by various governments, for example in the COMESA Region, Kenya has relaxed taxes, rentals and duties on imports. These Government interventions have a bearing on the cost of production which can enable companies to adjust pricing, thereby accommodating consumers' diminishing purchasing power.

Help Core Clients with Solvency

McKinsey and Company points out that to secure sales, pragmatic assistance should be provided to customers and suppliers in financial difficulty by providing them with payment facilities or extensions of deadlines in a highly targeted way. Again, the choice between usual practices and exceptions must be made strategically so as not to upset the economic balance of the whole sector.



Business Readiness in the Area of Contractual Obligations

At an enterprise level, in order to ensure businesses are ready and able to cushion themselves, it is important to understand and manage obligations and contracts, especially obligations that other parties have to your business and obligations that the business has to other parties. Ensure a strong financial position, that the business can still effectively carry out its operations. Above all, it is of utmost importance that partners and stakeholders are kept informed of any major changes that are likely to affect the business's position.

Government Interventions During COVID-19: Tax and Trade

Most Governments in the COMESA Region have intervened to cushion the business operators in their countries. Countries like Kenya, Rwanda, Mauritius, Seychelles, Zimbabwe, Eswatini, DRC, Ethiopia, to mention a few, has changed their tax regulations in response to COVID-19. The changes are affecting both indirect and direct taxes and vary from country to country. PWC highlights that, for companies that operate in different jurisdictions, keeping up with the changes may help the business survive. Tax is one form of stimulus, and changes in tax rates and due dates can help companies conserve cash and strategically plan for their recovery.

KEY SOURCES OF INFORMATION

<http://www.africacdc.org/press-centre/news>

<https://hbr.org/2020/02/lead-your-business-through-the-coronavirus-crisis>

https://www.bbc.co.uk/news/resources/idt-4a11d568-2716-41cf-a15e-7d15079548bc?at_custom4=AFD26802-7057-11EA-862A-85003A982C1E&at_custom2=facebook_page&at_custom1=%5Bpost+type%5D&at_campaign=64&at_custom3=BBC+News+Africa&at_medium=custom7&fbclid=IwAR0X6tuJCPKI0-iFly8GPCB_NNx_dzQViKO_aA1ctmMq4PqQTIQ3b9ueoEU

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<https://www.strategy-business.com/blog/How-to-respond-when-a-crisis-becomes-the-new-normal?gko=ff6a3>

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