



World Customs Organization
East & Southern Africa Region
Regional Private Sector Group

ESA COVID-19 situation report

First Quarter 2021





Introduction

As has become the case lately, it is almost impossible to report on any matter without mentioning the impact of COVID-19. Early in 2020, the world was turned on its head when the COVID-19 virus started its worldwide spread. Countries began closing their borders to people and trade, imposing curfews, closing businesses, restricting the movement of people and goods, while creating a distinction between “essential” and “non-essential” goods and cargo. The virus has caused the deaths of over 2.6 million people, plunging another 144 million people into poverty in 2020¹. Hospitals were overcrowded, businesses closed, ports congested, and supply chains wholly upended.

Towards the end of 2020, the first vaccines were approved for use and distribution. After a year full of restrictions, border closures and economic turmoil, the news that the end was in sight was very welcome with the promise of some much-needed relief. The new year saw several companies distributing vaccines.

The pandemic, however, has highlighted some critical issues in supply chains and ports of entry across the world, such as the need for inter-government coordination and the inclusion of the private sector in discussions about moving goods across borders. Consequently, all stakeholders must take note of these lessons learned to ensure the vaccine’s effective distribution.

Many businesses have been hit hard with the “new normal” business environment on an international trade front. Unfortunately, many have suffered, particularly in our region. Consequently, the impact has reshaped the immediate business environment for most traders. As the global impact has shown, all trades sectors and all transport modes have been affected to varying degrees.

The contents of this report are as follows:

1. Continent summary
2. Impact on trade
3. ESA COVID-19 statistics
4. Vaccine Roll-out recommendations
5. Regional Economic Communities

1. Continent summary

Unequal accessibility and distribution of the vaccine are essential points of discussion as ‘vaccine nationalism’ becomes a growing concern. This discussion, in simple terms, is more developed (or wealthier) countries signing agreements to gain access to vaccines not yet produced. So as batches of vaccines are created, they are already bespoke by these developed countries to the exclusion of poorer and less developed countries, regardless of whether they can afford the vaccines or not. This situation could have a detrimental effect on developing and least developed countries and the world

¹ The impact of COVID-19 on global extreme poverty. 2021. Brookings. <https://www.brookings.edu/blog/future-development/2020/10/21/the-impact-of-covid-19-on-global-extreme-poverty/>



by causing the price of vaccines to spike and prolonging the herd immunity journey². By mid-February, it was estimated that only ten countries had administered approximately 75% of all Covid-19 vaccines. Consequently, this meant that more than 130 countries have not yet received a single dose³.

Several organizations, institutions, and even countries have committed to providing the African continent with vaccines to offset this situation. COVAX, a pillar of the World Health Organisation's (WHO) Access to COVID-19 Tools (ACT) Accelerator, has pledged to provide the African continent with enough vaccines for 20% of the population by 2021⁴. In addition to this, the continent has secured 250 million additional doses from Pfizer, AstraZeneca, and Johnson & Johnson. China has also committed to providing at least 19 African countries with vaccines to make vaccines global public goods⁵. UK Prime Minister Boris Johnson vowed that the UK would supply extra vaccine doses to poorer countries, including those in Africa. French President Emmanuel Macron announced that 5% of Europe's vaccine stocks would be sent to Africa, noting that German chancellor Angela Merkel supports this plan⁶.

European Commission President Ursula von der Leyen pledged 100 million Euros in humanitarian assistance to support the rollout of vaccination campaigns in Africa. The funding will support campaigns providing for humanitarian needs and fragile health systems. Furthermore, it will ensure cold chain integrity, rollout registration programs, and training in medical and logistics fields⁷.

Moving cargo across borders through any modality has become increasingly difficult with the closure of borders, restrictions on how many people can be in a building, curfews, and other regulations to curb the virus's spread. Considering the large quantities of vaccines destined for Africa, African countries must have a system to facilitate the movement of vaccines through ports of entry for all modes of transport. Further additional pressure on the collective supply chain is caused by vaccines needing to be stored at a specific temperature and requiring refrigerated containers. To fast-track the vaccine distribution, it is essential that Customs Administrations have a framework or plan to facilitate the vaccine's movement at ports of entry.

2. Impact on trade

a. Global merchandise trade

The WTO reported this week that prospects for a quick recovery in world trade have improved as merchandise trade expanded more rapidly than expected in the second half of last year. According to new estimates from the WTO, the volume of world merchandise trade is expected to increase by 8.0%

² Vaccine nationalism – and how it could affect us all. 2021. World Economic Forum.

<https://www.weforum.org/agenda/2021/01/what-is-vaccine-nationalism-coronavirus-its-affects-covid-19-pandemic/>

³ Boris Johnson to pledge surplus Covid vaccine to poorer countries at G7. The Guardian. 2021.

<https://www.theguardian.com/world/2021/feb/18/boris-johnson-to-pledge-surplus-covid-vaccine-to-poorer-countries-at-g7>.

⁴ Africa prepares for CPVOD-19 vaccines. 2021. The Lancet. [https://www.thelancet.com/journals/lanmic/article/PIIS2666-5247\(21\)00013-6/fulltext](https://www.thelancet.com/journals/lanmic/article/PIIS2666-5247(21)00013-6/fulltext)

⁵ China, Africa and the Vaccine Donations. 2021. Eurasia Review. <https://www.eurasiareview.com/03032021-china-africa-and-vaccine-donations/>

⁶ Boris Johnson to pledge surplus Covid vaccine to poorer countries at G7. The Guardian. 2021.

<https://www.theguardian.com/world/2021/feb/18/boris-johnson-to-pledge-surplus-covid-vaccine-to-poorer-countries-at-g7>.

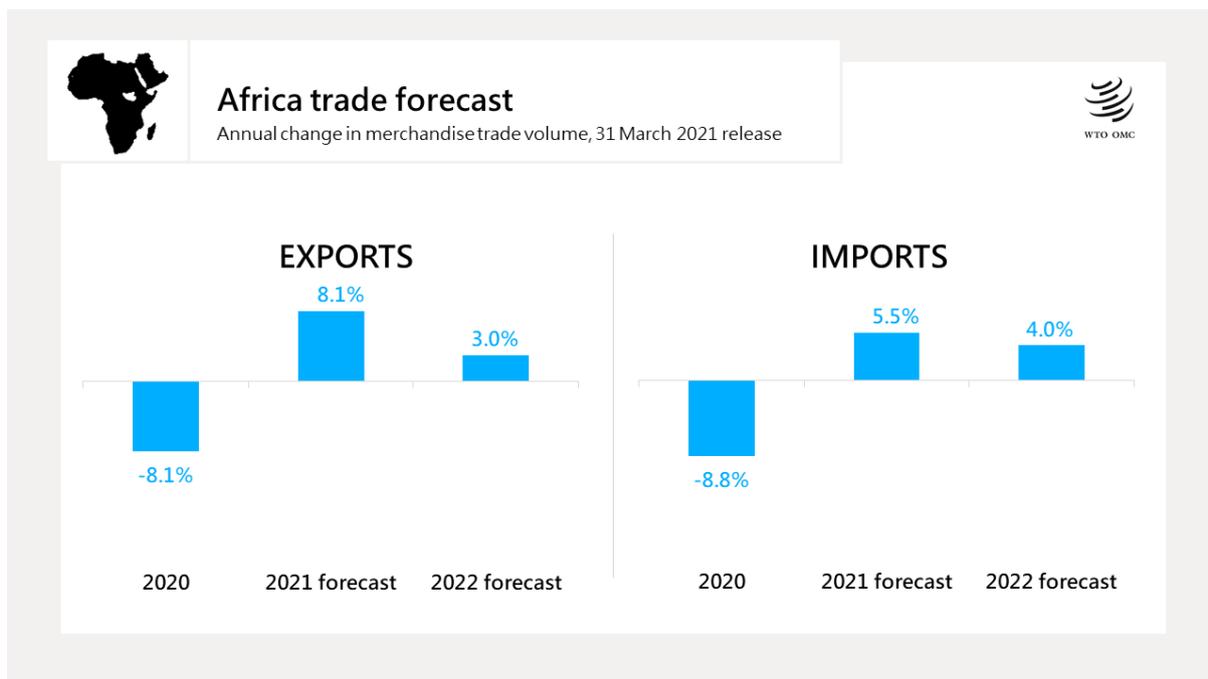
⁷ EU pledges 100 mln euros for vaccine rollout in Africa. 2021. XinhuaNet. http://www.xinhuanet.com/english/2021-02/20/c_139753403.htm.



in 2021 after falling 5.3% in 2020, continuing its rebound from the pandemic-induced collapse that bottomed out in the second quarter of last year.

The following figure shows the expected growth for the African continent.

Figure 1 – Annual change in merchandise volume⁸



The WTO notes the following for the African continent:

- The pandemic's impact on merchandise trade volumes differed across regions in 2020, with most areas recording significant declines in exports and imports.
- Regions rich in natural resources saw the most significant declines in imports, including Africa (-8.8%), probably due to reduced export revenues as oil prices fell around 35%.
- Strong forecasts for export growth in Africa (8.1%) and the Middle East (12.4%) depend on travel expenditures picking up over the year and strengthening oil demand.

In the forecast periods, the WTO notes a divergence between regions with faster and slower trade growth. On the import side, Africa will continue to see its merchandise trade stagnate while other regions will pull ahead. On the export side, most parts will only see modest gains while Asia continues to supply large quantities of goods to global markets.

b. Ocean freight industry

In short, the international maritime ecosystem continues to be marred by container imbalances, port congestion and low productivity. The constraints, coupled with a spike in demand, has meant that

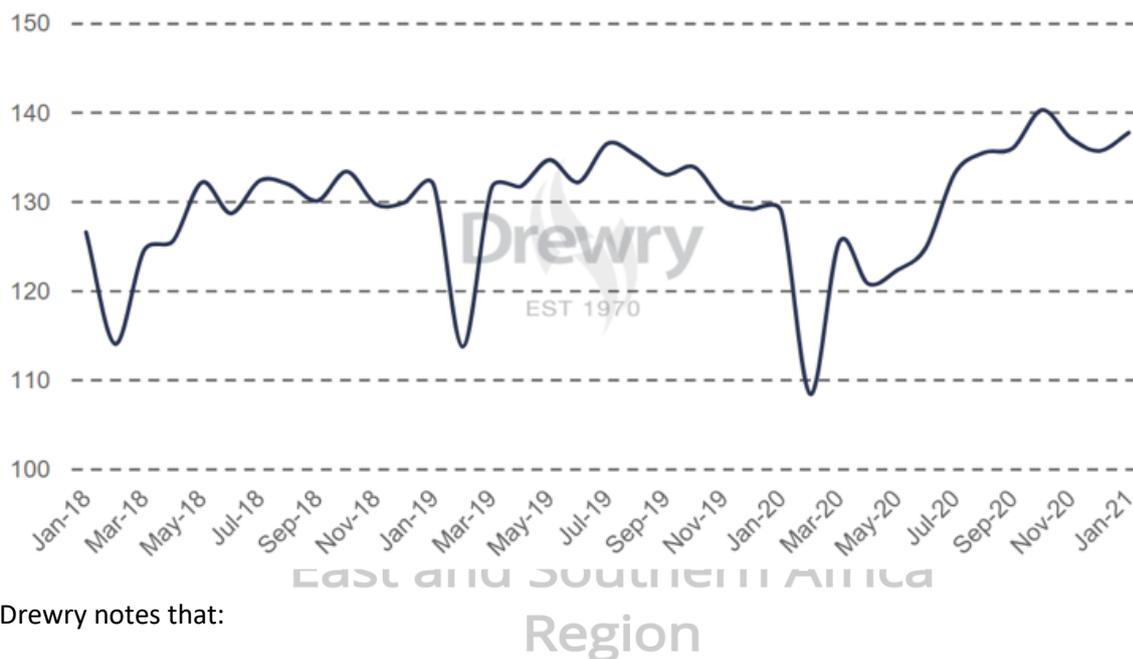
⁸ WTO, 31/03/2021. [World trade primed for strong but uneven recovery after COVID-19 pandemic shock.](#)



global freight rates have surged exponentially. At various points throughout the first quarter of 2021, the “World Container Index” (WCI) compiled by the UK-based maritime research and consulting firm Drewry nearly hit \$5,250 per forty-foot container⁹. Nonetheless, better global economic conditions mean that the expected recovery bodes well, especially in maritime trade. Consequently, port throughput is expected to increase globally, although a delay might first be experienced in Africa. The following analysis by Drewry refers to the global and African container throughput situation.

Figure 2 – Global container throughput index (January 2012 = 100)¹⁰

Index	Jan-20	Dec-20	Jan-21#	Monthly change (%)	Annual change (%)
Global	129.0	135.7	137.8	1.5% ▲	6.8% ▲
Africa	98.8	105.3	92.9	-11.7% ▼	-5.9% ▼



Drewry notes that:

- As the figure illustrates, the global index resumed its growth trajectory in January 2021 after dropping for two consecutive months. It reached 137.8 points in January 2021, up from 135.7 points in December 2020. It has surpassed the November 2020 level of 137.1 points and is nearing the October 2020 highpoint of 140 points. The economic recovery from COVID-19 lifted the January 2021 Index 8.8 points (6.8%) higher than in January 2020.

⁹ Drewry Maritime Consultants. 2021. [World Container Index](#).

¹⁰ Drewry Maritime Consultants. 2021. [Port Throughput Indices](#).



- However, the container throughput index for Africa continues to decline, touching 92.9 points in January 2021. This contraction represents a decline of 11.7% monthly and 5.9% annually. Worth noting is the fact that the index for Africa is based on a small sample.

Ultimately, the three-fold constraint inhibiting the global maritime ecosystem of poor efficiency, container imbalances, and port congestion continue to curtail full recovery in the ocean freight industry. Although these constraints have been alleviated to some degree in recent months, their remnants remain. Coupled with the Suez Canal’s recent blockage, a return to normal is not yet on the immediate horizon.

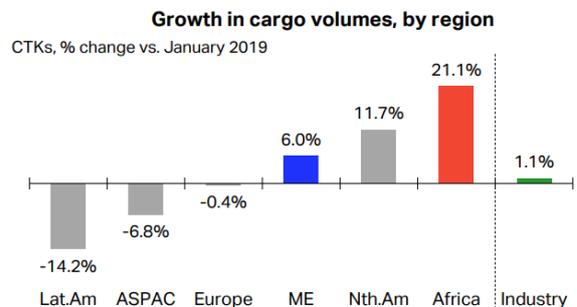
c. Airfreight industry

Since the pandemic, air cargo has been one of the shining lights in an otherwise grey sky. For the African region, the air cargo industry’s growth continues, as noted by the International Air Transport Association (IATA) in their latest “*State of the region: Africa & Middle East*”¹¹. The following side-by-side figures show the current state of the air cargo in the region. Note, the analysis includes the Middle East.

Figure 3 – Cargo tonne-kilometers

To aid understanding, we make % comparisons with pre-crisis 2019 period.

% ch vs. the same period in 2019	2020	Nov-20	Dec-20	Jan-21
Region (registration basis)				
Middle East	-9.5	-2.2	2.3	6.0
Africa	1.0	-2.0	5.4	21.1
World	-10.6	-6.1	-0.8	1.1
Routes (segment basis)				
Middle East - Asia	-7.5	2.5	5.7	15.1
Middle East - Europe	-18.1	-12.5	-10.6	-7.6
Africa - Europe	-23.4	-15.1	-12.2	-19.6
Middle East - Nth America	-8.5	4.9	12.3	13.9
Africa - Middle East	-31.5	-29.3	-16.6	-22.0
Africa - Asia	8.6	-4.4	4.0	38.5



The following keynotes were mentioned:

- Air cargo volumes rose sharply for another month and reached levels last seen before the pandemic started. Industry-wide cargo tonne-kilometers (CTKs) were higher by 1.1% versus the pre-crisis levels (Jan 2019).
- As was the case in the previous month, African carriers topped the CTK growth chart. Their cargo volumes were 21.1% higher than the pre-pandemic levels (Jan 2019) amid robust performance on Africa Asia trade lanes (CTKs up 38.5%).

Despite the positive returns for air cargo, the same cannot be said of passenger numbers, as new lockdowns halted recovery in seat capacity over the past two months. For Africa, the industry-wide

¹¹ IATA. 30/03/2021. [State of the region: Africa & Middle East](#).



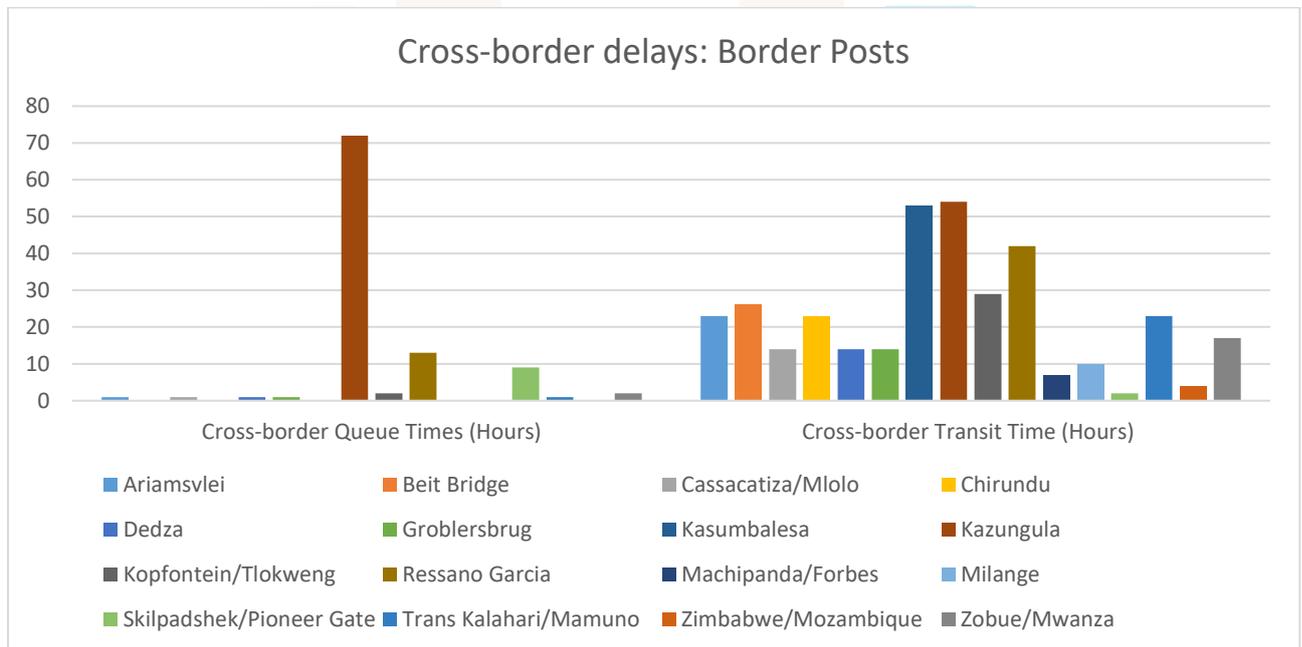
available seat-kilometres (ASKs) is currently 53% versus the pre-crisis period. The fall in passenger numbers resulted in renewed pressure on belly-hold cargo.

d. Road freight industry

Since the entire African continent is predominantly reliant on cross-border merchandise via the road freight modality, our regional road systems' efficient functioning is crucial. Unfortunately, data on the movement of cargo via road is complicated to obtain. Nonetheless, some novel research by the Federation of East and Southern African Road Transport Associations (FERSATA) has recently been conducted. The research investigates cross-border delays experienced at several SADC border posts on the regional road freight front. The investigation uses geofencing data to review delays experienced at several borders during the last week. However, only some SADC borders are currently included in the analysis. Nevertheless, the research does provide an idea of what is happening in and around our regional borders.

The following graphs illustrate the estimated cost to the road freight industry caused by border delays. The graphs show both the respective border crossings as well as the collective corridors.

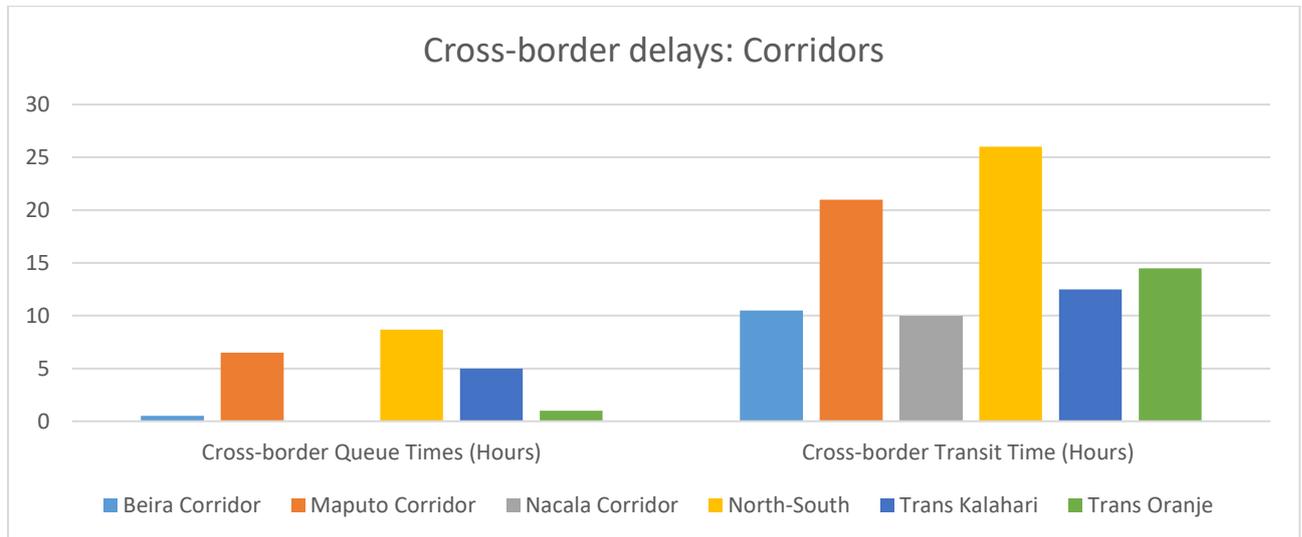
Figure 4 - Cross border delays in some selected SADC border posts (in hours)



Source: TLC & FESARTA, week ending 23/03/2021.



Figure 5 - Cross border delays in some selected SADC trade corridors (in hours)



Source: TLC & FESARTA, week ending 23/03/2021.

A delay is considered when either the cross-border queue times and cross-border transit times exceed two hours. The graphs above indicate that the various border-crossings and trade corridors have recently experienced cross-border transit delays, especially with cargo moving through the North-South trade corridor.

As most traders will know, our regional cross-borders have been impacted by increased health-related regulations to ensure a safe, contamination-free environment. In summary, the situation has improved in recent months. However, as with most trade modalities, some constraints still inhibit the system from functioning as before. The collective RPSG hopes that the situation will continue to improve, especially for the continent to start reaping the rewards of AfCFTA, which kicked off at the beginning of the year.

3. ESA COVID-19 statistics

Africa, as indeed all areas, has suffered dramatically under the pandemic. The suffering has been compounded by much of the continent's population living in rural areas with limited access to clean water while sharing tiny huts and homes with extended family members. Access to sanitation and basic hygiene remains troublesome, which leaves many Africans vulnerable to the virus. Also, social distancing is not always possible since many people live in close quarters to one another. The region was hard-hit by the pandemic not only on an economic level but also in high infection rates. Although the East and Southern Africa region only account for 41% of Africa's total population figures, the region accounts for approximately 56% of Africa's total infections of COVID-19 (see Figure 6). Overall, the ESA region's rate of infections appears to be slowing down.



Figure 6 – East and Southern Africa’s share in Africa’s total COVID-19 cases¹²

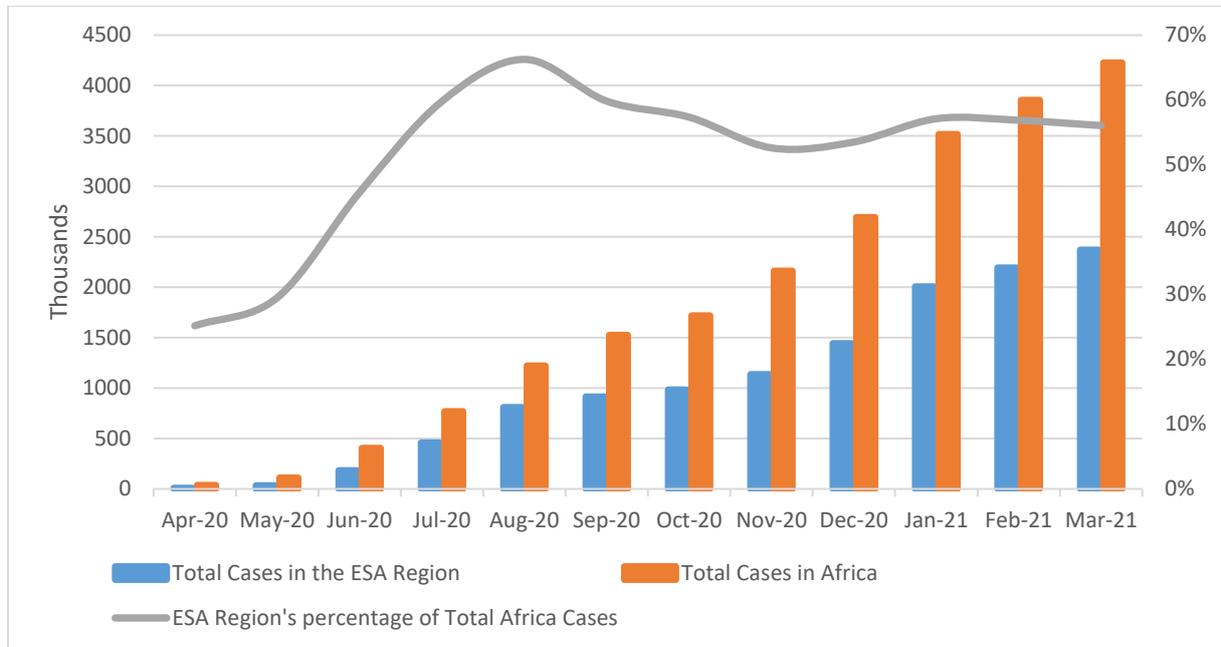


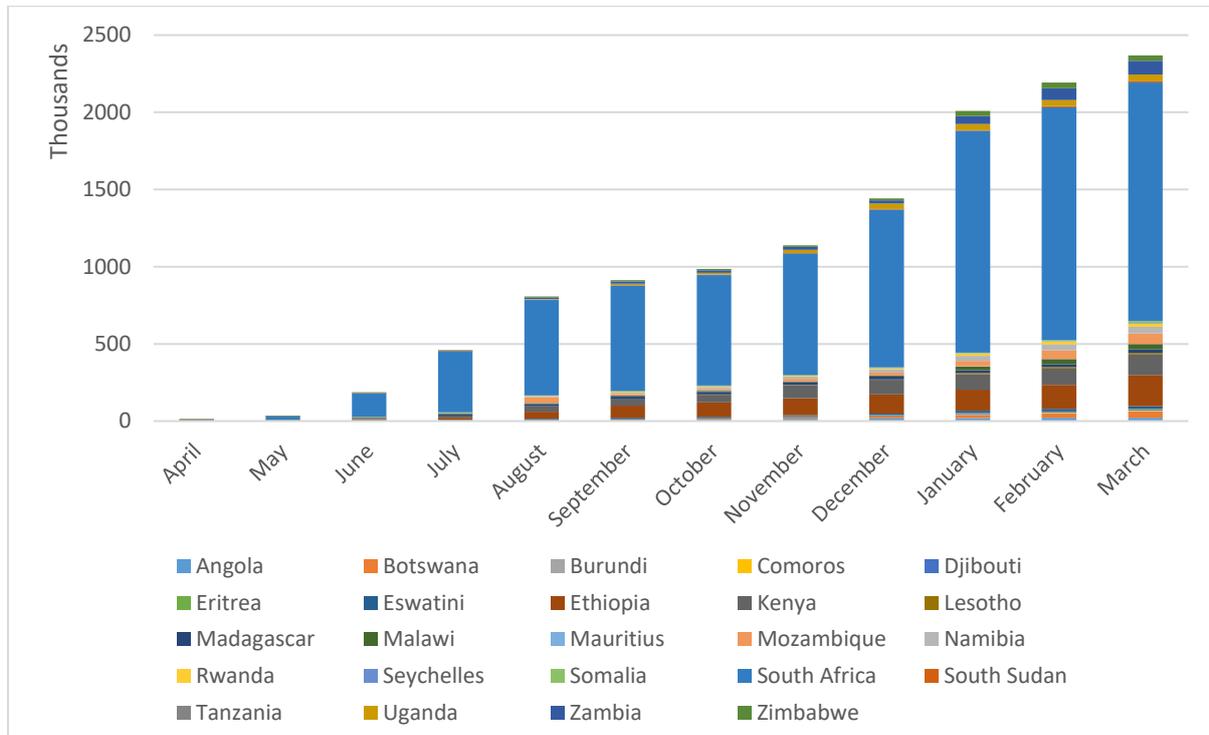
Figure 6 shows that within the ESA region, South Africa accounts for most COVID-19 cases reported, with over 1.5 million positive cases at the date of reporting. In the country’s second wave of infections towards the end of 2020, a new strain of treatment resistance virus was detected. Ethiopia (over 202 000) and Kenya (over 131 00) also recorded much higher infection numbers than the rest of the region.

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¹² Author’s own calculations using WHO data collected over the period.



Figure 7 – Distribution of infections across the East and Southern Africa Region¹³



4. Vaccine rollout recommendations

a. World Customs Organization¹⁴

The World Customs Organisation (WCO) Secretariat published the “role of customs in facilitating and securing the cross-border movement of situationally critical medicines and vaccines”, providing Customs Administrations guidelines to facilitate importing vaccines.

During the pandemic, a crucial lesson learned was the importance of cooperation and coordination between different government agencies and the private sector. **Various government agencies need to coordinate regulations and measures** to ensure that the multiple regulations align. Furthermore, inspections should be coordinated to ensure that the vaccines are not stopped multiple times. This approach improves efficiency while protecting the integrity of the cold chain. Supply chain stakeholders should also ensure that facilities, security arrangements, and border processes can handle the high volume of cargo expected as well as the cold chain’s pressure. Customs authorities can, for example, coordinate with both supply chain stakeholders and health authorities to ensure operational Customs staff are trained and equipped to handle the inflow of vaccines.

¹³ Author’s own calculations using WHO data collected over the period.

¹⁴ http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/activities-and-programmes/natural-disaster/covid_19_vaccine/secretariat-note-vaccines_en.pdf?la=en



Measures should be in place to prioritize and facilitate the clearance of vaccines.

The clearance of vaccines for import, export and transshipment should be considered a priority. In addition to the fact that the quick and seamless distribution of the vaccines is crucial to fighting the pandemic, vaccines are sensitive to temperature changes. Customs Administrations need to create mechanisms that ensure that vaccine shipments are identified before arrival at the relevant port of entry for both imports and exports. Prioritizing clearance based on HS codes, creating “green lanes”, and facilitating pre-arrival processing of documentation for vaccines are some practical steps that can be taken.

Due to the vaccines’ specialized nature, Customs administrations must ensure that there are measures to ensure that the goods move across the border seamlessly and safely. To this end, Customs staff should be made aware (or trained if necessary) on handling temperature-sensitive cargo **to ensure the supply chain’s integrity**. This activity can be done in cooperation with experts from the Ministry of Health (or relevant department), aviation authorities (as vaccines are transported via airfreight), vaccine manufacturers and other stakeholders relevant to the supply chain.

Because of the temperature-sensitive nature, Customs administrations must **use risk-based controls, perform examinations in exceptional circumstances, and, where possible, perform non-intrusive inspections**. Unfortunately, Customs administrations need to consider the possibility that criminal organizations will try to exploit the situation, which could have severe consequences as sub-standard or counterfeit vaccines could be dangerous. One of the steps that can be taken to reduce this risk is to cooperate with relevant government agencies and supply chain stakeholders to obtain helpful information on authentic vaccines’ characteristics and their usual distribution supply chain.

As discussed earlier, vaccines must be **distributed fairly and equally** across the world. Customs administrations can facilitate the fair “trade” of the vaccine by waiving import duties, taxes, and fees on the COVID-19 vaccine. In addition to this, they and all other stakeholders in the supply chain and government agencies should advocate against the introduction of export restrictions for COVID-19 vaccines.

5. Regional Economic Communities

Some of the regional economic communities in East and Southern Africa have made statements encouraging the Member States to remain vigilant and coordinate efforts to ensure the quick, cost-effective and fair distribution of vaccines. However, there has not been much said from a logistics perspective regarding the vaccines’ rollout plans on a REC or country level.

a. COMESA

By mid-February, three COMESA countries (Egypt, Mauritius and Seychelles) started rolling out COVID-19 vaccinations. Despite this, the region is somewhat concerned about the overall slow rollout throughout COMESA and the African continent, citing the cost of procurement, availability and safety concerns as some of the stumbling blocks.



b. SADC

On 29 January, His Excellency Filipe Jacinto Nyusi, President of the Republic of Mozambique, SADC Chairperson, released a statement on the COVID-19 pandemic. In his statement, he noted that the region accounted for more than 50% of the new daily infections during the first two weeks of the new year. He commended the Member States and SADC Citizens for the sacrifices they have made and the hardships they have endured due to the pandemic. However, he stressed the importance of working together to reduce infections and mortality rates across the region.

The Member States must build on lessons learned and knowledge and experience to mitigate the pandemic's effects. Thus, Member States must implement standard and harmonized policies, guidelines, strategies, and measures to curb the virus's spread. He urged the SADC Committee of Ministers of Health to establish a solid collaborative approach within the region that pools resources to acquire the vaccine for distribution. Cooperation and collaboration between the Member States should be intensified through increased data sharing, pooled procurement of essential equipment and policy harmonization and standardization to better combat the pandemic's effects¹⁵.

Conclusion

With ports of entry opening, the volume of goods moving across borders is starting to pick up. As vaccines are developed and distributed into the continent, additional pressure will be placed on Customs Administrations. Thus, Customs Administrations must have systems to ensure that vaccines are imported and cleared efficiently and cost-effectively. The WCO gave the following advice in achieving this goal:

1. Different government agencies need to cooperate and Customs Administrations.
2. Measures should be in place to prioritize and facilitate the clearance of vaccines.
3. Measures need to be in place to ensure the integrity of supply chains.
4. Customs administrations need to use risk-based controls, perform examinations in exceptional circumstances, and, where possible, perform non-intrusive inspections.

In addition to facilitating the movement of vaccines, one of the main challenges for the African continent and the ESA region will be obtaining vaccines. The African continent as a whole is a few steps behind, with sizeable first world countries buying large quantities of doses ahead of time, hampering the progress towards obtaining global herd immunity. COVAX has done a lot to ensure that African countries have equal access to vaccines. Some companies have committed to providing specified numbers of vaccines to the African Union or selected African countries. However, this is not enough to achieve herd immunity in a continent still riddled with poverty.

Although the virus is still putting strain on African countries and it is hoped that the distribution and use of vaccines will reduce infection rates. Finally, as the spread of the virus starts to slow down, trade

¹⁵ SADC. Statement by SADC Chairperson. January 2021. <https://www.sadc.int/news-events/news/statement-his-excellency-filipe-jacinto-nyusi-president-republic-mozambique-sadc-chairperson-covid-19-second-wave-region/>.



across the world can recover to pre-COVID levels, bringing some much-needed relief to the world, and especially the African continent.

Ultimately, the prospects for 2021 and beyond are uncertain due to uneven vaccine distribution worldwide and the potential emergence of new variants of COVID-19. Nevertheless, the message remains the same for our supply chain. On the one hand, there is the required distribution of COVID-19 vaccines. On the other hand, there is a desperate need to increase trade flows that have been lagging since the pandemic. For our part, we must continue to work in the faith that the East and Southern African supply chain and greater trading community remain robust and resilient.

