



COVID-19 and its Impact on Trade and Transport Sectors in Tanzania

*Lucas Katera and
Derick Msafiri*

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Summary

Towards the end of 2019, Chinese authorities announced the outbreak of mystery pneumonia cases in one of its biggest cities, Wuhan. Initially, the disease was referred to as 2019 Novel Coronavirus (2019-nCoV) and later it was named Corona Virus Disease 2019 (COVID-19). By September 2020, the disease had spread to more than 200 countries and territories (Africa CDC, 2020), infecting 28 million people globally. Africa had the lowest incidence, 5% of the caseload, which is about 1.3 million COVID-19 cases and 29,833 deaths as reported in 55 African countries (Africa CDC, 2020; Mbuva & Marwala, 2020). The pandemic has, not

only claimed lives, but also affected negatively economic activities and increased burden to the health sector beyond capacity. In the sub-Saharan Africa region, the situation seems serious than in other parts of the world, perhaps due to its weak capacity to deal with disasters. The World Bank has projected that the region will suffer its first recession in 25 years with GDP shrinking by as much as 5.1% due to the disease (World Bank, 2020). This is in addition of potential loss of 20 million jobs (African Union, 2020). Within the continent, regions have been affected differently, but also within regions countries have been affected differently. It is, therefore, important to undertake location-specific studies to understand the impact extent of the pandemic within a location. Hence, this brief focuses specifically on Tanzania.

The problem

In the East African region, the pandemic was announced in all countries by March 2020 and all the countries were affected in the same way (Central Corridor Transport Observatory Bi-Annual Report, 2020). Even though countries were affected in the same way, each country had its approach in dealing with the pandemic. Differences in approaches of dealing with the pandemic resulted in a situation where some countries dishonoured approaches of the other. This created difficulties in the movement of people, goods and services from one country to the other in the region. Given that trade, especially cross-border, is a key interaction activity between countries in the region (see also Katera et al., 2020), it was expected that the sector must have suffered as a result of the COVID-19 outbreak. And because trade is facilitated by transport, it was also expected that transport sector must have also suffered. However, the extent to which COVID-19 pandemic has affected the two sectors is not well known. This policy brief aims to analyse the impact of COVID-19 pandemic on trade and transport sectors in Tanzania. The findings of this study will provide information on policy intervention on how to revamp the economy in case of a similar pandemic occurrence.

Research results

This study used secondary data from various sources including TPA and the Zanzibar Commission for Tourism and Department of Immigration Zanzibar. The data set covered the period January to September of 2019 and 2020. The 2019 period covers the time when the world was free from COVID-19 and the period 2020 covers the time when the world suffered from COVID-19. Analysis used descriptive statistics in which trends of variables which constitute trade and transport sectors have been assessed. With this approach, the study used visual graphs to explain various trends and the associated timing in relation to the COVID-19 pandemic. Analysis of data was complemented with information obtained from news articles on sectors that were studied, which strengthened argumentation.

Analysis of the impact of COVID-19 on the trade sector

The analysis of the trade sector was based on assessing the value of goods and services that passed through the Port of Dar es Salaam, either through export or imports and those passing through major airports. Generally, the results show that there has not been big difference between 2019 and 2020 in terms of flow of goods, especially those passing through the Dar es Salaam Port. This is so because of the measures implemented by the port such as ensuring quick clearances to avoid port congestions by increasing efficiency through increasing working shifts. Although necessary measures like social distancing was adhered to, working in shifts maintained efficiency.

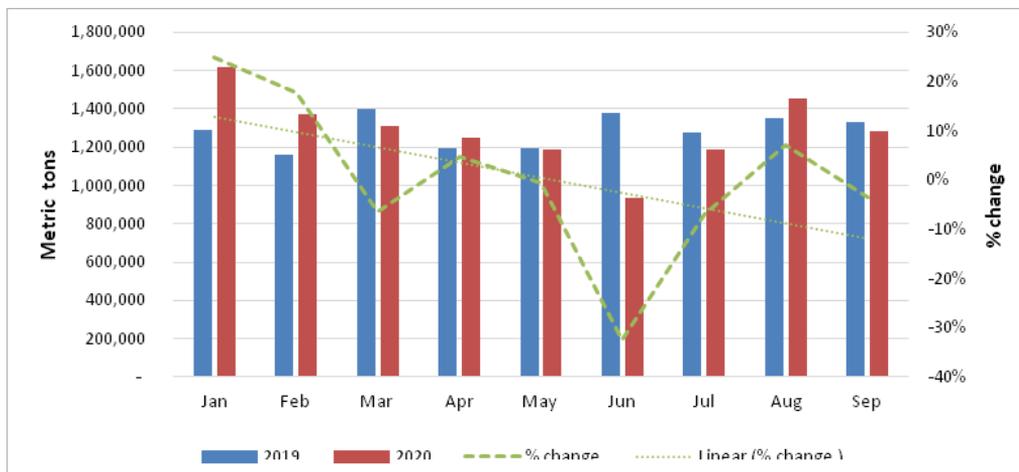
Disaggregating between import earnings and export expenditures, the data shows that, generally, the export earnings were, on average, higher in 2020 than they were in 2019. The trends of exports earnings in both years were moving up and down but with relative movement (see BOT & TRA, 2020). While export earnings, on average, were not very much affected by COVID-19, certain export products were relatively more affected. If we disaggregate between traditional and non-traditional exports, we note that the former was more affected than the latter. Traditional exports are mostly agricultural products including coffee, sisal, cotton, cashew-nuts, and pyrethrum; whereas non-traditional exports are mainly minerals and other new products like horticulture. Traditional exports were mostly affected because they are transported in bulk and depend on public airlines, most of which shut down their operations during the pandemic. On the other hand, non-traditional exports like minerals are of higher value and they do not necessarily depend on public airlines and so were not very much affected. Since non-traditional exports have a lion share in export earnings, the results revealed that total export earnings were not very much affected by COVID-19 despite effects that occurred in traditional exports.

On the other hand, imports exhibited a fairly increasing trend in 2019, whereas the corresponding figures for 2020 show decreasing trend over time (BOT & TRA, 2020). The lowest values of imports expenditure were observed from April to June 2020, ranging from 526 million USD to 600 million USD (BOT & TRA, 2020) which is when the COVID-19 pandemic was at its peak in the country. The corresponding figures for April to June 2019 were ranging from 700 million USD to 768 million USD (BOT & TRA, 2020). Because export earnings remained higher in 2020 compared to 2019, whereas import expenditures declined during the COVID-19 period, the trade balance seem better during COVID-19 period compared to the same period in 2019.

Analysis of the impact of COVID-19 on the transport sector

Transport sector has been grouped into activities starting from the volume of goods that passed through the Port of Dar es Salaam by examining both imports and export. Also, the time it takes from when the ship arrives at the port to when the consignment arrives at its destination has also been analysed. Data has been provided by the Tanzania Port Authority (TPA) and transporters. Considering the volume of goods passing through the Port of Dar es Salaam, the impact of COVID-19 is vivid as illustrated by the trend in Figure 1.

Figure 1: Total throughput in Dar es Salaam Port (in million metric tons)

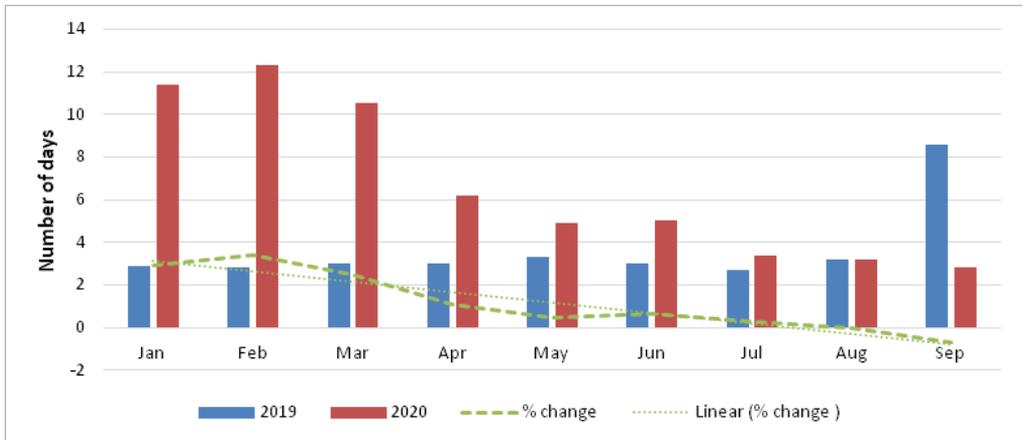


Source: TPA, 2020.

The volumes for 2019 were moving up and down with almost stable trend. However, that of 2020 shows consistent decline reaching the lowest point in June 2020, which is when the COVID-19 pandemic was at the peak. Thereafter, recovery was noted, which is attributed to resuming of normal business to many countries using the Port of Dar es Salaam. Disaggregating the throughput cargo by imports and exports, it was noted that exports dominated the trend, mainly because many countries around the region are net importers. The results also found that the export volume remained more or less the same throughout 2019, while the volume of imports declined a bit during the COVID-19 pandemic of 2020 (TPA, 2020).

The study also analysed the average container time, from the time a ship arrives to when the container is offloaded at its destination, as illustrated in Figure 2.

Figure 2: Average container time from arrival at the coast to departure to upcountry

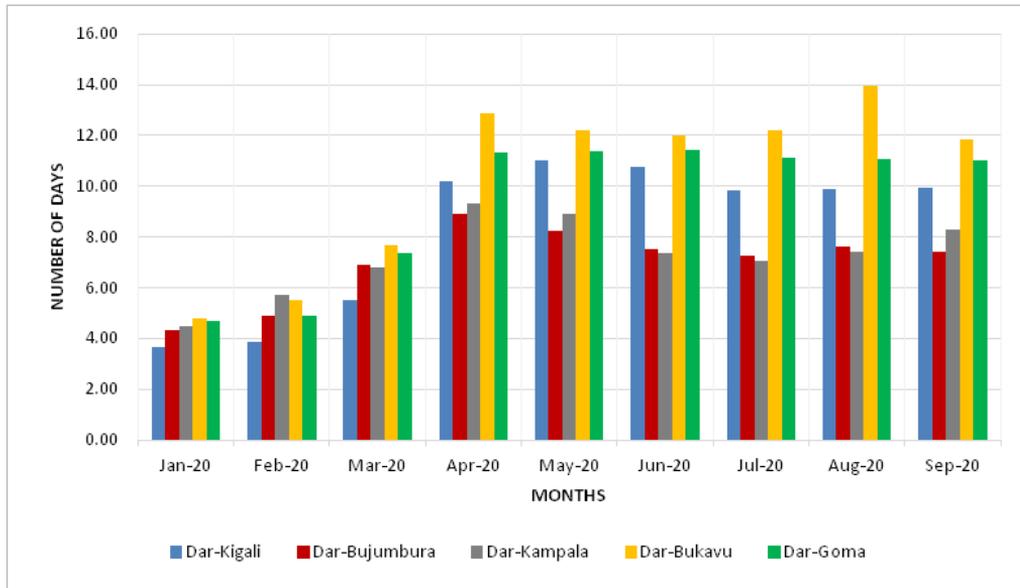


Source: Own computation using TPA, 2020.

Two main features are obtained when comparing the trends of this time for the two years, that is, 2019 and 2020. Up to April, the number of days required to having a container leave for upcountry or to landlocked countries was relatively fewer in 2019 than it was in 2020. Thereafter, the number of days was relatively more in 2019 than it was in 2020. The reverse occurred as soon as the COVID-19 pandemic cases were announced in Tanzania and other neighbouring countries. This shows that the measures to increase efficiency at the port by introducing shifts had resulted in the reduction of container time at the port before traveling to the next destination. Thus, unlike what many would have expected, the measures taken to ensure no port congestions as a way to address spread of COVID-19 may have resulted in increased efficiency at the Dar es Salaam Port, hence reduced number of days to clear containers.

The study also analysed the transit time, which is a time a container takes to move from the Port of Dar es Salaam to various destinations in the Central Corridor Member States as illustrated in Figure 3.

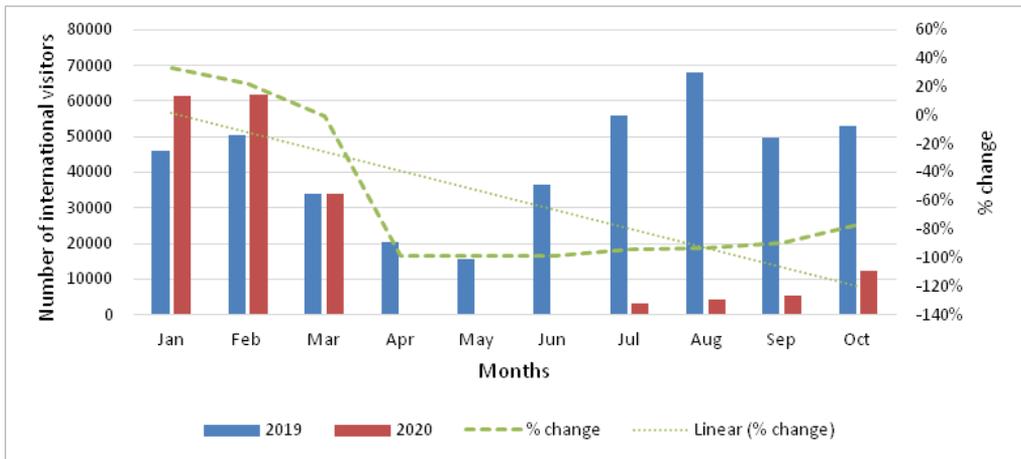
Figure 3: Number of days to destinations along central corridor



Source: Transporters, 2020.

Figure 3 shows differences in the time taken to ferry cargo from Dar es Salaam Port to different destinations. The results show that average time from the Port of Dar es Salaam to the central corridor destinations was stable in the first two months of 2020. Thereafter, the average transit time rose up and almost doubled from June. This shows that COVID-19 pandemic resulted into substantial increase in transit time. This has been caused by cross-border regulations and associated conditions as people, goods and services move from one country to the other.

Finally, tourism as a component of the transport sector was analysed. This was done by assessing the flow of tourists in Zanzibar as illustrated in Figure 4.

Figure 4: International visitors in January to October, 2019 and 2020 ('000)

Source: Zanzibar Commission for Tourism and Department of Immigration Zanzibar, 2020.

The flow of tourists increased in both 2019 and 2020 from January to February. Thereafter, the flow decreased but year 2020 had relatively faster decline. The gap in the two years widened from April to August, after which the gap started to narrow. As observed, the sector was heavily affected by the COVID-19 pandemic as the widening of gap between April and August corresponds with the time in which the pandemic was at the peak.

Implications for policy makers

The biggest negative effect of the COVID-19 pandemic was observed in the transit time of a container from the port to destinations. This was mainly due to conditions each country placed in fighting the spread of the pandemic. It is important to consider having common approach among countries in the region. If, for example, the countries opt for voluntary testing, that should be done in one point and then be honoured while on the whole journey in the corridor.

Tourism was another sector that was hit hard by the COVID-19 pandemic. Usually, the sector is dominated by foreign citizens. The time may have come for countries, through ministries responsible for tourism, to encourage local tourism. In this case, the sector will remain operational, even if in relatively small scale, at times when visits from foreign citizens into our countries are more restricted.

Finally, strengthening regional integration is important so that the biggest volume of trade is done with regional members. Even with such pandemic like COVID-19, in which movement of goods become difficult with long distance countries, trade with neighbours can still continue to facilitate economic activities.



Mission

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African Economic Research Consortium
Consortium pour la Recherche Economique en Afrique
Middle East Bank Towers,
3rd Floor, Jakaya Kikwete Road
Nairobi 00200, Kenya
Tel: +254 (0) 20 273 4150
communications@ercafrica.org