

Effects of the Covid-19 pandemic on international trade in the SADC region

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ABSTRACT

International trade within the Southern Africa Development Community (SADC) region has witnessed a significant level of growth within the past few years. This phenomenon has been mirroring what has been occurring within the African continent at large, and it indeed shows great economic growth prospects for the continent. However, the coming of the Covid-19 pandemic disrupted international trade and created a lot of uncertainty. Therefore, this paper focused on the global trade inter-connectedness in the SADC region before and after the Covid-19 outbreak. The main objective of this research was to find out how the Covid-19 global pandemic has affected international trade within SADC. This study was qualitative in nature and the research employed secondary data collection methods. Secondary methods involved documentary review where journal articles, academic books, newspapers and research articles were examined to gain insights into the issues relating to the effects of global pandemics (Covid-19) on trade in SADC. The research revealed that the global economy, including the economy of SADC countries was facing some challenges even before the Covid-19 outbreak. It was noted that as a result of the pandemic, the governments within SADC introduced a raft of measures in attempts to address the challenges emanating from the disruptions brought about by the Covid-19 pandemic. Further, the pandemic posed a serious threat to international trade for SADC as a region and thus eroded any gains made towards trade liberalization over the past few decades with its impact on trade being more severe than those of the 2008-09 Global Financial Crisis.

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KEYWORDS:

SADC, International trade, COVID-19, Economic growth

1. Introduction

The Covid-19 pandemic has interrupted the normal flow of everyday life and has created an uncertain world. Most specifically, the restrictions in terms of the movements of both goods and people have meant that conducting trade has been a very difficult exercise. This has meant that the majority of countries across the globe have had to come up with new ways of adjusting their economies due to the interruptions in trade. As an uncertain future looms, countries have to find ways of circumventing the challenges posed by the Covid-19 pandemic and put trade back on track. This paper, thus, focuses on the effects of Covid-19 on trade in the Southern Africa Development Community (SADC) region, its economic relation amongst member countries and its historical relation to bring in full data on where the SADC region was before and after Covid-19 and its effects on the economy. The study explores the global trade inter-connectedness SADC before and after the Covid-19 outbreak. The main objective of this research is to find out how global pandemics, mostly Covid-19 has affected SADC's trade. The future direction of global trade within SADC is also identified and discussed.

2. Brief History of Trade and Economic Growth in SADC

The Southern African Development Community (SADC) is a regional economic community founded and maintained by countries in Southern Africa. It aims to further the socio-economic, political and security cooperation among its Member States and foster regional integration in order to achieve peace, stability and wealth. SADC's 16 Member States are Angola, Botswana, Comoros (since August 2017), Democratic Republic of Congo (DRC), Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe. Since its inception, SADC has inculcated a sense of regional belonging as well as a tradition of consultation among the peoples and governments of Southern Africa, which, among other things, has improved regional security. SADC has developed protocols in a number of areas of co-operation, which provide the legal framework for co-operation among Member States.

In as much as SADC has had some notable achievements, a number of difficulties and restrictions have been encountered. SADC, therefore, chose the notion of the development integration approach which then incorporates the political and economic diversities of regional integrating countries including their diverse production structures, trade patterns, resource endowments,

development priorities, institutional affiliations and resource allocation mechanisms. Hence SADC is there to curb the production, infrastructure and efficiency barriers which emanate from the underdevelopment of the region (SADC, 2017). This approach also has the advantage of complementing trade liberalisation with sustainable corrective measures, designed to cushion the least developed member countries against shocks arising from the removal of trade barriers.

The SADC Common Agenda is spelt out in Article 5 of the Treaty as amended, as well as in the Report on The Review of Operations of SADC Institutions and consists of the policies and strategies of the organisation. The broad strategies of the SADC place emphasis on harmony, economic development, the creation of appropriate institutions and mechanisms for the mobilisation of requisite resources, as well as the development of policies for removing obstacles to trade. Emanating from its vision SADC recognises that economic growth and development cannot be achieved in situations whereby there is political intolerance, the absence of the rule of law, corruption, civil strife and war. All these problems and conditions bring out a negative tedious cycle, which denotes extreme deprivation and under-development. SADC Member States are committed to “promote common political values, systems and other shared values which are transmitted through institutions that are democratic, legitimate, and effective” (SADC Treaty Article 5).

3. Review of Literature

A review of literature shows that, there have been some notable efforts instigated by countries within the region towards opening up to international trade and reinforcing its amalgamation within the region. The majority of the SADC countries has membership to numerous regional and foreign trade organizations such as the World Trade Organization (WTO) and the South African Customs Union (SACU) and is also signatory to numerous trade agreements with the United States of America as well as the European Union. Trade liberalisation is one of the core elements of regional economic integration within the SADC region. In 2019, intra-SADC Exports of Goods stood at about US\$ 34.8 billion whilst intra-SADC Imports stood at \$ 32.6 billion (SADC, 2020).

Exports from the region include; gold, nickel, salt, meat, copper, equipment and electrical equipment, automobiles and transportation apparatus, and fabrics. The primary imports include; diamonds, fuel, vehicles, medicines, foodstuffs, machinery, electrical products, chemical products, metal, textiles,

wood, and paper. The region's trade balance is heavily reliant upon global prices and the global demand for raw materials and natural resources. The balance on observable trade noted an excess of USD 312 million in 2018. Data shows that in 2018, countries in the SADC region made exports of goods valued at a combined total of US\$ 173 060 million in 2019, whereas it made imports of goods worth USD 190 024 million in 2019 (WTO, 2018)

According to the United Nations (2020) the current account for SADC countries remained constant up until 2013, but effectively experienced some notable deficit in 2019 owing to the negative impact of extreme conditions which were being experienced by the diamond industry on exports and decreasing SACU receipts. While SACU transfers for 2020/21 might potentially offer some stifling owing to the existing revenue spreading apparatus, these will most likely be inadequate in terms of offsetting the anticipated losses in export earnings and likely reduction in foreign investment, thereby further putting more pressure on the reserves of SADC countries (SADC, 2020). In spite of this, declining regional economic activity and growth contractions will most likely result in sizable reductions in the SACU pool within the few years as well as through retroactive adjustments.

There has been a decline in economic activities due to a significant decline in international trade and procedures to back the economy, such as tax deferrals, which have resulted in the authorities to revising the anticipated revenue collection for the fiscal year. There is also the prediction that mineral revenues, which typically account for more than a third of overall domestic revenue collection within the region, will most likely contract significantly.

It can be noted that there has been a downward revision which primarily reflects trade policy uncertainty, a number of market economies across the globe as they continue to impede global economic activity, especially in terms of manufacturing and trade under a complex environment presented by the Covid-19 pandemic. Numerous countries have in recent years before the coming in of the Covid-19 pandemic been experiencing trade-related challenges across the globe. Such a scenario was further worsened by the coming in of the Covid-19 pandemic which negatively impacted international trade across the globe. It should be noted that, generally international trade within the region has been facing a number of challenges over the years. There have further been other factors which have been hindering the performance of international trade for some of Africa's promising economies.

4. Methodology

Documentary research was utilised as the main source of data. Bailey (1994) asserts that utilising documentary search denotes the analysis of documents which have information regarding the entity/topic under study. The use of documentary search is a form of secondary research. According to Crouch and Housden (2003) secondary research consists of the collection as well as the synthesis of already present research. The secondary data encompasses data that is not collected from the original or primary sources (Britton & Garmo, 2002). Secondary data was obtained through various sources that included books, journals, publications and newspaper articles. Secondary data was chosen because it is easily obtainable at a very low cost (Benzin & Yvonna, 2008). Through secondary research, the researcher gathered data on the effect the Covid-19 pandemic on trade in SADC both published and unpublished works. Information was collected from books, government publications and reports, policy documents, strategic plan documents, newspapers, internet sources and journal articles. Documentary search has an advantage in that it is readily available. The collected data was prearranged, brought together, compressed and presented in the textual format. This permitted for a complete visual presentation of the findings, which simplifies explanation and the reaching of conclusions. Data was also presented through the use of themes and subheadings. Content analysis was also used. Through content analysis, the researcher analysed books, brochures, news reports, other written documents and speeches. The researcher recognised and noted particular phrases, words and/or concepts in the script that were then coded and categorised into themes. More so, thematic analysis was also adopted. Braun and Clarke (2006) note that thematic analysis is an autonomous qualitative and descriptive method that is mostly defined as a technique used to identify, analyse and report patterns (themes) within data.

5. Results and discussion

The Impact of Covid-19 on SADC's Economy and International Trade

Trade liberalisation refers to the process of opening markets to international trade by reducing trade restrictions including tariffs and non-tariff barriers on the import and export of goods (SADC 2012). The impact of covid-19 is

changing the economic landscape around the world including the SADC region, as the pressure mounts, industries are moving swiftly to build resilience, while governments are mobilising to safeguard citizens and manage the social and economic fallout (SADC, 2020). The global economy, including SADC's economy was facing some challenges even before the Covid-19 outbreak. This emanated from the prolonged impact of increasing trade protectionism, trade disputes amongst main trading associates, dwindling commodity prices as well as financial qualms across Europe due to the effect of Brexit (SADC, 2020). The IMF World Economic Outlook report of April 2020, notes that economic activity decelerated from 3.6 per cent in 2018 to 2.9 per cent in 2019. Owing to the Covid-19 pandemic, the global economy sharply contracted by a negative 3 percent in 2020, which was more severe compared to the economic decline during the 2008–09 global financial crisis. Economic growth in developing countries like Botswana reduced to an average of 3.7 percent in 2019 from 4.5 percent in 2018 due to the threat of Covid-19 (SADC, 2020). The slump in growth largely depicts a fall in internal demand, which decelerated more than anticipated amongst strain in the non-banking financial segment as well as a deterioration of the growth of credit.

The downward revision primarily reflects trade policy uncertainty, a number of market economies across the globe as they keep on hindering the functioning of the global economic activity, especially in trade as well as manufacturing under a complex environment presented by the Covid-19 pandemic. Numerous countries have in recent years prior to the outbreak of the Covid-19 pandemic been experiencing trade-related challenges across the globe. For instance, according to SADC (2020), the growth in India is projected at 4.8 percent in 2019, down from 6.8 percent in 2018. The economy in India was negatively impacted by sector-specific challenges within the automotive industry as well as real estate and a persistent ambiguity regarding the well-being of firms that are not within the banking sector. Also, in Mexico, growth witnessed a sharp downturn during the first half of 2019 as a result of the raised policy vagueness, budget under-execution, as well as some notable transitory factors. In South Africa, economic growth continued unresponsive at 0.4 percent despite slight improvements in terms of electricity supply. China's economic growth witnessed a 6.1 percent decline in 2019 from 6.6 percent the previous year due to the unsettled disagreements regarding the broader economic relationship between the US and China as well as essential internal economic governing consolidation to curb illicit banking activities. It is important to highlight that the Covid-19

pandemic came about under such a background where international economies were already struggling and this further negatively impacted international trade across the globe.

An analysis of the state of international trade within the sub-Saharan Africa region reveals a mixed bag. Generally international trade within the region has been facing a number of challenges over the years. This has been due to several factors such as reduced agricultural and mining output combined with low industry utilisation. Other factors that have been hindering the performance of international trade for some of Africa's promising economies include; social unrest which has continued to intensify in and around the continent and thus poses new challenges. There have further been weather-related disasters, such as flooding that has taken place in the east of Africa, as well as drought within southern Africa. Such challenges have not been unique to SADC alone.

However, according to the African Union (2020), there has been a significant growth in terms of Africa's international trade within the past 2 decades. This has in turn culminated in some notable economic growth in a number of African countries. Even though there has been some renewed confidence in Africa's growth capacity in terms on international trade and general economic performance, there are still some doubts with regards to Africa's capacity to uphold constant high rates of economic growth. One crucial motive fuelling this uncertainty is the tenacious over-reliance Africa's major economies have on worldwide commodity prices.

The preliminary reference point scenario S0 was, short of the presence of Covid-19, growth amounting to 3.4% to Africa in 2020 (AfDB, 2020). However, after the outbreak of the pandemic, realistic and pessimistic estimates show a corresponding lack of undesirable economic growth of -0.8% (a loss of 4.18 pp as compared to the initial projection) and -1.1 percent (a loss of 4.51 pp in relation to the original estimate) of African countries in 2020 (AfDB, 2020). Such a devastating impact on trade and on the economies of several countries means that countries must practice some level of care at the same time instigating preventive strategies throughout the current crisis to guarantee that there is not a total collapse in terms of trade.

There were waves of the corona virus that affected the region. By importance and GDP contribution, the mining sector is one of the region's utmost valuable sector. The economies of countries in the region have been plunged into the darkness by a surprise to the structure in 2008-2009 triggered by the economic

crisis. Owing to the travel limitations, there was the postponement of the sales of some of the most valuable natural resources from countries across the region. This hampered sales through freezing of global credit markets with banks avoiding lending to possible buyers.

The Covid-19 outbreak not only created confusion, but also highlighted the well-known economic weaknesses characterized by a narrow economic base anchored by diamond exports and an alarming rise in budget deficits in the midst of increasing unemployment rates and underprivileged people. It should be noted that the pandemic of COVID-19 came at a time when the SADC economy was already facing major economic challenges and, therefore, the need for major structural reforms. The stagnation of economic growth, rising at a lower rate and not sufficient to increase real incomes and generate adequate job opportunities, was one of the key challenges. Labour data shows that in 2018 the total labour force was 141 481 whilst in 2019 it was 142 073 (SADC, 2020).

The Global Trade Inter-Connectedness in SADC before and after the Covid-19 Outbreak

Several countries within the SADC region declared a state of emergency after the seriousness of the Covid-19 pandemic became apparent. A list of containment measures was adopted which included social distancing as well as travel prohibitions. It should however be noted that after the declaration of Covid-19 as a “public health emergency of international concern” by the World Health Organization, it resulted in a market failure for numerous countries around the world (Besson, 2020). The pandemic has posed a serious threat to international trade for SADC and has eroded any advances completed in the direction of trade liberalization within the past few years with its impact on trade being increasingly severe as compared to those of the 2008-09 International Economic Crisis. This is mainly due to the reason that the Covid-19 pandemic has negatively affected equally aggregate demand and supply leading to disturbances in worldwide value chains, particularly the trade of vital commodities (IMF, 2020). In the midst of this health crisis, several SADC countries initiated a shutdown so as to prevent the virus from spreading further, which resulted in restricted movement of people, goods and services. The subsequent result of this was a halt of economic activities. These measures were implemented by governments so as to cushion their economies. However, this cushion was not enough as the economies are projected to decline by 2%

before rebounding to about 3.8% in late 2021 dependent on the longevity and the force of the pandemic.

Therefore, the fall in production induced by the pandemic combined with the collapse in logistics system has resulted in serious consequences for manufacturers and customers in SADC countries (Seric et al., 2020). More so, the movement restrictions due to social distancing efforts aimed at preventing the virus from spreading has further restricted the availability of labour and transport, resulting in the closure of numerous intertwined parts of the global economy (World Trade Organization, 2020). It is apparent that SADC countries are amongst the worst affected countries. These countries have further been the most vulnerable and have remained too dependent on international trade in commodities.

More so, the failure of countries to cooperate particularly in terms of how to address this catastrophe has worsened the global economic situation, which in turn, has added to the geopolitical tensions and suspicion among trading associates (Muggah, 2020). In the middle of these encounters and uncertainty, countries have been facing conflicting choices, which are, they can either withdraw to open geopolitical rivalry and shape a world which is separated, indefinite, antagonistic and isolationist, or they can call upon the international community to face this catastrophe through collective action (Woods, 2020). In the modern day and age, there has been a deliberate shift from 'hyper globalization' towards the direction of state-led nation-building and self-sufficiency so as to defend from forthcoming exposures. Nevertheless, this is apparently a temporary resolution to the challenge and in the long-run nations are destined to tackle the practicality of global collaboration and interdependence. Such a long-term solution necessitates minor and successive steps in the direction of constructing a more shared contingency strategy and coaxing of common norms and treaties (Foreign Policy, 2020).

SADC countries were negatively impacted by the pandemic and had to suspend its economic activities so as to comply compliance with national extreme social distancing measures (BITC, 2020). Due to the pandemic, and the need to stop its spread, all investment and trade promotion activities were either cancelled or suspended. This has notably had an influence on SADC's economy, particularly companies that depend on international trade. Some of the negative implications of this include loss of prospects for securing possible export markets, partnerships and other benefits associated with company participation in Export and Investment Promotion Missions (Agarwal and Mulenga, 2020).

For instance, the pandemic has further resulted in the termination of the yearly Global Expo Botswana which offers a chance for the companies to encounter possible foreign buyers, investors and joint partners. The expo also presents opportunities for Botswana companies to explore one another as potential suppliers of raw materials and expose the National Brand to the international market. There were further negative implications from the cancellation which included loss of income by some of the hotels for accommodation, conference facilities, meals and transport providers which would have provided such services during the Expo. Even though some companies may have benefited from the lockdown and pandemic through by ramping up production of essential services and products, the unintended travel restrictions ended up affecting their ability to smoothly source production inputs. The limitations surrounding the issuance of permits and other social distancing guidelines also impacted production.

Impact of Covid-19 on the Economic Growth of SADC countries

The Covid-19 crisis is impacting the whole globe in terms of the economy as well as Africa. Some crucial parts of the African economy are already suffering from a decline owing to the pandemic (African Union 2020). Some of the most visibly impacted sectors include tourism, air transport, and the oil sector.

Over the past decade, SADC's economic growth has been negatively impacted by a number of factors. According to the African Union (2020) the setback in terms of the pricing of raw materials which began in 2014, ended the unparalleled increased progress in the 2000s, from the 1970s. as a result, economic growth therefore declined, from + 5% on average between 2000 and 2014 to + 3.3% between 2015 and 2019. Subsequently, the limited time-span of eagerness and jubilation. However, due to the negative effect on important parts of the economy like tourism, travel, exports; with dwindling prices of goods and services, decreasing governments' resources for financing public investment, it would be improbable to attain such an optimistic prediction of growth rates in 2020. The African Union (2020) estimates that there is one possible scenario that may occur as a result of the pandemic.

The Covid-19 pandemic has significantly affected SADC countries and this seems poised to drastically deteriorate (African Union 2020). The disturbance of the global financial system through international value chains, the sudden declines in commodity prices and fiscal revenues and the implementation of

movement as well as social limitations amongst numerous African countries are some of the chief origins of the undesirable growth. SADC's exports are predicted to fall by 17.1% (African Union 2020). Therefore, the cost in terms of worth is projected at about US\$270 billion.

Covid-19 Impact on the Tourism Sector

The tourism sector is one of the most important sectors of the economies of SADC countries. African Union (2020) notes that tourism, a vital part of economic action for SADC countries and has been severely impacted by Covid-19 with the oversimplification of travel limitations, closure of borders as well as social distancing. IATA estimations show that the economic input of Africa's airline transportation sector stands at US\$ 55.8 billion dollars, supports over 6.2 million jobs and contributes 2.6% of GDP. The travel restrictions impact international airlines such as African giants like Ethiopian Airlines, Egypt air, Kenya Airways and South African Airways all which are crucial in bringing tourists to Botswana. This has further had effects such as the part unemployment of airlines workers and equipment. Nevertheless, under normal circumstances, airlines transport about 35% of world trade, and each job within the air transport industry supports about 24 other jobs in the travel and tourism value chain, creating an estimated 70 million jobs (IATA, 2020).

Since its onset, the Covid-19 outbreak has overlapped SADC's tourism and hospitality peak season. This has had catastrophic implications on the part's involvement in the growth of the economy especially the lives and livelihoods of individuals who rely on the sector (United Nations 2020). It is evident that travel limitations and decreasing demand for exports have notably affected the economy and the source of revenue of those directly involved. For instance, an initial survey carried out by the Hospitality and Tourism Association of Botswana (HATAB), shows that the sector has endured significant losses. By the end of March, it was noted that the hotel industry was functioning at less than 10% of their normal capacity. Widespread loss of business threatened to throw several companies operating in the tourism and hospitality sector, into collapse. Consequently, a substantial number of jobs will be lost, possibly pushing numerous households into poverty.

Some estimates indicate that Covid-19 could result in an 80% loss of output for the tourism and hospitality industry. After the occurrence of the Covid-19 pandemic, key events all over the world have either been cancelled or postponed

indefinitely. For example, Botswana would have hosted numerous international conferences and events within the first half of 2020, but due to the pandemic, they have been postponed. Botswana Tourism Organization (BTO) has noted that key forthcoming tourism events like the Toyota Desert Race and Khawa Dune Challenge are at risk of being cancelled. An official announcement from IATA specified that international reservations in Africa deteriorated around 20% in March and April, domestic bookings fell by around 15% in March and 25% in April. Recent data shows that Ticket repayments rose by 75% in 2020 as compared to the same time in 2019 (01 February - 11 March). The same data further shows that, African airlines had by March 2020 lost an estimated US\$ 4.4 billion in revenue as a result of Covid-19. Ethiopian Airlines noted that their losses amounted to US\$190 million continuous quantity in recent years. Their figure was about 70 million in 2019 and anticipated at 75 million in 2020 (UNWTO). The African Union (2020) further notes that travel and tourism are one of the significant drivers of growth for Africa's economy, making up about 8.5% of GDP in 2019 as per the World Tourism and Travel Council (WTTC) indications.

Since it is a key tourist destination (for wildlife, amusement, recreation and for conferences), SADC countries have started feeling the impact already, with countries such as Seychelles, Mauritius, South Africa, Zambia and Zimbabwe also showing significant reductions in terms of tourist arrivals. In more popular tourist destinations in the region such as Livingstone and Victoria Falls, hotel occupancy rates are as low 30% as tourists have cancelled bookings, short-term/ contract staff have been laid-off.

Covid-19's Effect on SADC's Trade

The interruption in terms of international trade owing to the Coronavirus has notably impacted SADC countries. SADC countries are highly reliant on trade as a major base for the growth of its economy, making up for an average of 53 percent of its GDP in 2018 (Agarwal and Mulenga 2020). The small domestic markets combined with low levels of diversification amongst almost all of SADC countries with the exception of South Africa, makes the countries within the region especially vulnerable to external shocks (UNCTAD, 2020). For instance, 33 of the world's 47 LDCs are situated in Africa and have harshly impacted as a consequence of the trade-restrictive strategies proclaimed by numerous

countries around the globe. The disturbing impacts have ranged from a slump in economic growth, to job and output losses, as well as bankruptcies.

Given that SADC countries mostly export natural supplies and raw materials, the looming risk is to the disturbance in supply chains due to inferior demand in terms of international markets for their exports (Agarwal and Mulenga 2020). The growth slowdown across the world will therefore translate to reduced export earnings for SADC exporters. SADC countries, just like the majority of LDCs in Africa also heavily depend on inputs from the more advanced countries. For example, African businesses import more than half of their manufacturing equipment as well as transportation equipment from trade associates situated outside Africa; the most vital providers are situated in Europe (35 percent), China (16 percent) and India (14 percent) (OECD, 2020). Consequently, Covid-19 induced disruptions in supply chains, particularly those located in China and Europe, have resulted in a reduction in the accessibility of traded in final and transitional goods (OECD, 2020).

One of the most severe effects has been experienced in imports of medical and pharmaceutical products. Agarwal and Mulenga (2020) note that the current export limitations on medical supplies implemented by EU, the United States, and India, are damaging the healthcare division in African nations that are heavily reliant on imports. For instance, according to statistics Africa imports an estimated 90 percent of its medical goods from outside the continent, as well as the European Union (51.5 percent), India (19.3 percent), Switzerland (7.7 percent), China (5.2 percent), the United States (4.3 percent) and the United Kingdom (3.3 percent) (Primi et al, 2020). This interruption in imports further impacts the obtainability of Covid-related provisions like oxygen, hydrogen peroxide, disinfectants, personal protective gear and surgical tools, among others (Agarwal & Mulenga, 2020). The outside obstructive strategy surprises seemingly expose SADC to serious health and economic hazards.

Southern Africa has numerous trading partners, with the EU and China being the chief associates in terms of trade. African Union (2020) notes that the reduced economic growth in such areas has reduced the need for Botswana's export and import commodities (particularly, transitional). As the most developed region within Africa, Southern Africa has been negatively affected as industries are shutting down all across the globe and manufacturing (e.g. auto sector), mining and other commodity supply chains are being interrupted. Firms in sectors that are more endangered may close so as to avert the risk of infection for workers

as well as customers. Tourism, transportation, retail and restaurants are some notable examples.

More so, as an exporter of diverse commodity products (mostly mineral resources) SADC has been affected in different ways. For example, a run for safe commodities will benefit SADC countries that export gold. However, from an overall perspective, the drop in the global demand for both manufactured goods and mineral resources means that economies in Southern Africa will suffer more, particularly because they are less diverse economies.

The Impact of Border Closures on SADC's Economy

The complete impact and costs of the shutting down of borders are still indistinct owing to an absence of current data (Bouët and Laborde 2020). The majority of border closures have been forced with limited information of what is occurring on the ground and there has been limited coordination either regionally or internationally. The World Health Organization 'WHO' (2020) has frequently articulated misgivings around border crossing prohibitions as these can result in the informal movement of people and goods to undesignated places which are not monitored, consequently increasing the probability of the spread of Covid-19. SADC's economic difficulties have further been worsened by a lack of harmonisation of the closure of borders, travel restrictions and health impacts. Bouët and Laborde (2020) note that intra-African trade may be negatively impacted by the severe hygienic border controls regarding the transportation of commodities.

However, it should be noted that the full and exact impact and costs of such actions for intra-continental trade are still uncertain owing to the absence of current data. It is apparent that most countries rushed to impose border closures without adequate knowledge of the full impact of the virus and amidst limited international or regional coordination between these countries with regards to border closures (Price 2020). For instance, the varying curfew times between countries within the SADC region have the effect of compounding their economies especially as they affect the movement of goods across the region. Furthermore, it has been argued that the majority of the measures were instigated without clear warning and this disrupted business amongst the locals. The disruption in trade, both formal and informal resulted to most people struggling financially without a source of income. Even though border closures have been implemented across the SADC region, Bouët and Laborde (2020)

state that the World Health Organization (WHO) has articulated misgivings regarding the border crossing prohibitions and their part in protecting public health.

Therefore, it is vital that employees as well as vital firms in such sectors of the economy are shielded till the economy opens up. It is also crucial to have a vibrant national strategy concerning how to open up vital sections of the economy in phases through the use of scientific data as well as utilising and using as well as adjusting international best practices to the local setting. More so, the pandemic has meant that there is now an increased requirement for medical supplies and that couple with the actions for supporting households (such as wage grants, removing supplier debts and a build-up of strategic reserves) and the probable surge in social protection allocations to more vulnerable families, will undeniably put more pressure on the budgets of SADC countries (BITC, 2020). The probable increased fiscal deficit will need supplementary financing (SADC, 2020). It is however vital to note that the Covid-19 epidemic has come at a period of deteriorated fiscal and external cushions, categorized by successive fiscal deficits and a steady weakening of global reserves (BITC, 2020).

The Future Direction of Global Trade in SADC

With regards to SADC's future position post-Covid-19, it has been noted that there is a general likelihood of further pressure on the economies of individual countries (Roelen et al., 2020). Increased levels of joblessness are assumed to be substantial features in driving persons into the informal economy and informal cross-border trade (Chikanda & Tawodzera, 2017). Growing joblessness levels owing to the coronavirus induced measures will likely lead to more individuals turning to the informal economy, possibly dislocating employees who had been involved in more formal jobs (Roelen *et al.*, 2020).

SADC's economic activity and growth will likely contract within the next couple of years. It should be noted that changes within the mining sector are of critical standing to the economic prospects of SADC, due to the sector's notable influence towards exports, government revenues and gross domestic product (GDP) (United Nations 2020). Global travel restrictions will notably affect mineral trade until at least the virus has been contained. Therefore, it is expected that mineral revenues will incur significant revenue losses (United Nations 2020). Most notably, foreigner-orientated sectors like tourism and hospitality highlighted above, may experience a significant impact since travel

restrictions and increasing uncertainty regarding the virus keeps visitors away. Restrictive measures will further undermine service exports, specifically those linked to the tourism industry (travel represents over 50 percent of all service exports).

6. Conclusions

Taking everything into consideration, the SADC's economy is one of the economies within the African continent that offers quite a great deal of promise. The region has been leveraging on international trade, especially through the sale of mineral resources and the success of the tourism sector to grow and move its economy forward. However, the lack of diversification in its economy has meant that the region has been hit hard by the negative implications of the Covid-19 pandemic which have significantly lessened international trade. Even though the region's respective governments have put in place measures to soften the blow, it still remains unclear how severe the impact of Covid-19 will have on SADC's international trade and consequently its economic growth. For the time being, the pandemic has managed to severely disrupt SADC's international trade and has forced individual governments to come up with different measures as coping mechanisms. Going forward, governments should ensure that when the time comes, they quickly restore their international trade capacity to levels before the pandemic.

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