

Tradequity

A Newsletter of CUTS Africa

Year 5, No. 1/2006

Aid for Trade and LDCs

The Background

Trade is an important component of the economies of least developed countries (LDCs). As a result, there is increasing realisation that, without adequate support in the form of aid and effective technical assistance, LDCs will not be able to cope with emerging challenges of globalisation and global trade.

The first formal appearance of 'Aid for Trade' (AfT) as a World Trade Organisation (WTO) negotiating issue was in the WTO Agreement of July 2004 (WT/L/579) which stated that developing countries would be entitled to ask for assistance to implement the new element of the current round, 'trade facilitation' – the simplification and harmonisation of trade procedures.

AfT Proposals

AfT, in the broadest sense, is intended to help countries to enhance trade and, in particular, to help them take advantage of WTO Agreements. The analysis by the Overseas Development Institute (ODI) of UK cites both the long-term need to develop supply capacity and the immediate needs created by trade agreements.

Short term AfT

Short term grants are intended to meet costs that can be directly linked to the negotiating Round, including preference erosion, terms of trade losses, and implementation costs due to compliance with WTO provisions.

Long term AfT

Long term AfT addresses ongoing support to infrastructure and other supply-side constraints in countries that cannot respond to new opportunities for trade.

According to Dr Supachai Panitchpakdi, Secretary General, United Nations Conference on Trade and Development (UNCTAD), many activities have already contributed to some of the objectives targeted by AfT initiative. The activities include:

- UNCTAD projects intend to help small farmers improve the quality and competitiveness of their products; and
- projects targeting small mango and papaya producers in Ghana, have helped farmers

Aid for Trade in the Hong Kong Ministerial

"We welcome the discussions of Finance and Development Ministers in various fora, including the Development Committee of the World Bank (WB) and International Monetary Fund (IMF) that have taken place this year on expanding AfT. AfT should aim to help developing countries, particularly LDCs to build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from WTO Agreements and, more broadly, to expand their trade. AfT cannot be a substitute for the development benefits that will result from a successful conclusion to the Doha Development Agenda (DDA), particularly on market access. However, it can be a valuable complement to DDA. We invite the Director-General to create a task force that shall provide recommendations to the General Council July 2006 on how AfT might contribute most effectively to the development dimension of the DDA. We also invite the Director-General to consult with members, as well as with the IMF and WB, relevant international organisations and the regional development banks, with a view to reporting to the General Council on appropriate mechanisms to secure additional financial resources for AfT, where appropriate, through grants and concession loans".

Source: www.wto.org, WTO Draft Hong Kong Ministerial Document (JOB(05)/298/Rev.1, paragraph 51.

comply with quality and phyto-sanitary requirements, generating augmented export flows surpassing US\$100,000.

According to the European Union (EU), AfT is important for the economic development of LDCs. However, the EU points out that there are certain challenges that LDCs must consider to reap the benefits of AfT:

- LDCs must improve their capacity to effectively participate and implement multilateral trade agreements;
- there is need for LDCs to improve and strengthen their private sector, so that tangible benefits from trade may be realised; and
- adjustment costs will need to be assessed, to negate any adverse effects from import surges from richer countries.

AfT and LDCs

Although AfT cannot be a panacea for all trade-related difficulties facing developing countries, if adequately designed, managed and implemented, the initiative can make a significant difference in enabling developing countries to use trade and trade liberalisation as an engine of development and poverty reduction.

Conclusion

Trade and aid are normally considered the two external forces that can assist a country to develop. However, recent thinking of aid priorities suggest that more aid should go for assisting countries develop the

capacity to trade, while the failures of some countries to respond to market opening have led to suggest that aid is a necessary pre-condition for success in trade. Despite this realisation, there is some thinking that such aid is inadequate and manipulated to gain policy influence and control for the aid giver, and not so much to develop trade capacities for recipient countries. The following should be among the issues to be considered if AfT is to yield results:

- recipient countries must lead and have ownership of the development process; and
- the process should be demand-driven and based on proper consultation on the priorities of the recipient countries.

IN THIS ISSUE

Kenyan Sugar Sector Reaps	2
Common Investment Area	3
US to Pursue FTA with SACU	4
Constructive Debate but	5
Hunger Crisis in East Africa	6

CUTS
International
CUTS Africa

Email: lusaka@cuts.org (Lusaka)
Email: nairobi@cuts.org (Nairobi)
Website: www.cuts-international.org

Published with the support of
HIVOS, Regional Office Southern Africa, Harare, Zimbabwe
Subscription: \$15 p.a.

Aid for Poverty Reduction

Tanzania is expected to receive US\$542.5mn (£310mn) from Britain over the next three years for its poverty reduction programme. The grant will make Tanzania one of the biggest UK aid recipients in the world, and aid, which is direct government-to-government support meant to be spent on water, health and education projects.

The new money follows an agreement between the Tanzanian government and donors on January 14, 2006, when the Partnership Framework Agreement was signed. Under this agreement, donors commit to a sum of money three years in advance to enable the government departments to plan ahead. The UK's Department

for International Development (DfID) indicated that its direct grant to Tanzania provides a long-term reliable funding for poverty reduction. The confidence in providing budget support comes from Tanzania's improved performance in poverty reduction, civil services reform, robust economic growth and expansion of health and education services.

Tanzania has taken great strides in improving the lives of its people and the UK will continue to support it. The DfID is the largest bilateral contributor of budget support to Tanzania, having provided US\$577.5mn (£330mn) over the past six years. *(TEA, 07.02.06)*



New Development Strategy

Malawi is expected to launch the Growth and Development Strategy (GDS) in April 2006. This will replace the 2005 Malawi Economic Growth Strategy (MEGS), which was formulated to complement one of the Malawi Poverty Reduction Strategy (MPRS), adopted in April 2002.

The new initiative will be implemented until 2011, and is expected to reduce poverty levels from 52 percent to between 40-45 percent through economic growth and development.

According to the Minister of Economic Planning and Development, David Fauti, "the strategy was based on five thematic areas namely; sustainable economic growth, social protection of the most vulnerable, social development, infrastructure development and good governance, which he said would help in its effective implementation. "More importantly, it addresses cross-cutting

issues of HIV/AIDS, science and technology, gender, empowerment and environmental issues which are all streamlined within these themes of the Malawi GDS", the minister added.

(ZC, 13.03.06)

Corruption Haunts Africa

According to the 'The African Governance Report' (AGR) of the Economic Commission for Africa (ECA), "the overall economic management and corporate governance has improved in Africa due to progress in public financial management and accountability". The progress noted in public financial management and accountability is a result of an overall stronger commitment to medium term expenditure frameworks, among other issues. The report is a culmination of a three-year survey of experts and households in 27 African countries aimed at gauging citizens' perception of the state of governance in each country.

However, tax evasion, corruption and lack of transparency still pose serious challenges. For instance, in 18 countries, more than half of the experts surveyed indicated that tax evasion is mostly or always affected by corruption. On a positive side, private and public partnerships are growing, allowing for stronger efficiency and transparency in the delivery of public services.

(ECA Press Release No. 01/2006)

CFA to Bring Fruits

It has been over a year since the UK government launched the Commission for Africa (CFA) in early 2005. The CFA is an initiative to provide a coherent set of policies to accelerate progress towards a strong and prosperous Africa. The Commission was set up to take a fresh look at Africa's development. The CFA report recommends a strong package of measures for investing in people, promoting peace and security and generating growth and poverty. The report points to the need for partnership between the international community and Africa. The Commission report makes a number of observations on what needs to be done for African countries to achieve sustainable growth and poverty reduction to meet the Millennium Development Goals (MDGs).

Africa should take responsibility for its problems, and hence, ownership of solutions in the context of CFA. Although, the CFA report does not have a clear-cut implementation framework, the report makes valuable recommendations on key developmental issues to be explored further by stakeholders.

(SARPN, 08.02.06)

Kenyan Sugar Sector Reaps

There is a lot of good news coming from the sugar belt these days. Many farmers who were used to long delays before getting their pay are now flush with cash since their payment system has been prompt. In Kenya, industry observers have attributed the

good run in the sugar industry to the Common Market for Eastern and Southern Africa (COMESA) safeguards that have granted the industry temporary protection from cheap sugar imports that have threatened to ground the industry.

The international sugar deficit is set to prevail in the coming years given the rising growth of five percent on the global demand for sugar. According to the Food and

Agriculture Organisation (FAO), the world will, for the second time, experience a deficit this year, with producers falling short of one million tonnes to supply a total demand of 144 million tonnes.

(TEAS, 20.01.06)



EAC Enforces Rules on Incentives

The ruling of the Tanzanian High Court that debarred its government from continuing with a US\$15mn tax waiver granted to Karibu Textile Mills, thus avoiding a breach of the East African Community (EAC) Customs Management Act and the prospect of a trade war in the region, confirmed how coherently the east African countries are consolidating into a single regional legislation.

The court in declaring the preferential tax treatment illegal, said it was contrary to public policy and against national interests, with serious implications for the EAC's common external tariff (CET). Besides, the EAC Customs Management Act decrees that no EAC member country can give a tax waiver without consultations with other members and approval from the EAC Council of Ministers.

(TA, 27.02.06)

Yet to Decide on Customs Union

The COMESA and Southern Africa Development Community (SADC) are at different stages of forming Customs Unions, which is the highest level of regional integration in sub-Saharan Africa having overlapping membership.

According to the University of Zambia Lecturer, Dale Mudenda, "resolving conflicts of membership to more than one organisation may be politically difficult". This is because SADC was targeting regional integration that attempted to address infrastructural constraints while COMESA has placed more emphasis on harmonisation of standards and customs procedures and trade facilitation.

Since countries can only belong to one Customs Union, those belonging to more than one regional economic block have to decide which block they should belong to. As SADC and COMESA are among the Regional Economic groupings striving to achieve the vision of the African Union, formation of one Customs Union would be worth considering.

(TZDM, 22.03.06)

Malawi Chairs ESA-EPA Talks

The Economic Partnership Agreements (EPAs) negotiations have been ongoing, and are scheduled to change the trade relations between the African Caribbean and Pacific (ACP) countries and the EU from non-reciprocal to reciprocal arrangements. During these negotiations, ACP countries

Common Investment Area

The COMESA has set up a Regional Investment Agency (RIA) to coordinate its intended establishment of a Common Investment Area (CIA) with the objective of harmonising investment policies, laws and regulations across the region to enhance inter-country and inter-regional flow of investments.

With regard to controls and the sanitary and phytosanitary (SPS) measures on coffee, COMESA is currently negotiating with the International Coffee Organisation to establish a Regional Coffee Auction Floor to facilitate marketing of regional coffees by removing regional barriers to coffee trade. It is also seeking viable solutions with the Eastern Africa Fine Coffee Association with regard to sanitary measures hindering coffee trade both within the region and internationally.

(TEA, 05.03.06)

would be forming regional groupings or configurations.

Malawi has, therefore, been elected to chair the Economic Partnership Grouping (EPG) of the Eastern and Southern Africa (ESA). According to Harrison Mandindi, the acting Director of Trade in the Ministry of Trade and Private Sector Development, "Malawi was elected on February 10, 2006, in Mauritius and takes over from that country".

The chair is for six months and the responsibilities anchor on negotiating issues with bottlenecks on supply and capacity building in trade. EPG is a 16-nation negotiation team for the ESA region which looks at the internal development issues on transportation network and cross border trade.

(AC, 10.03.06)

SADC Liberalises

A new protocol for the facilitation of movement of persons in SADC region was signed in August 2005 in Gaborone, Botswana. The protocol was signed on the premise that the process of building SADC is possible only when its citizens can enjoy movement across borders. The overall objectives of the protocol already signed by half of the 14 member states of SADC is to develop policies that are aimed at progressive elimination of obstacles to the movement of people in SADC region. It will facilitate visa-free entry for a maximum of 90 days per year for *bona fide* visits and in accordance with the laws of member states.

Through the protocol, member states agree to make travel documents readily available to their citizens. They agree to cooperate in harmonising travel, whether by air, land or water and to increase and

improve travel facilities, especially between mutual borders. However, the SADC Executive Secretary, Tomaz Augusto Salomao cautioned that movement of people needs to be put into context, as it should correspond to stages of integration and the level of development of member states. He pointed out that what is required is for member states to be clear about their priorities, policies and strategies.

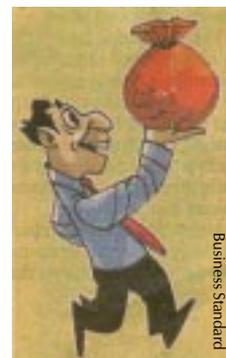
(TZDM, 15.03.06)

Enhance Agriculture Marketing

Information and Communication Technology (ICT) is increasingly becoming a powerful tool in improving the delivery of basic services and participation in the market. At regional level, COMESA has undertaken some new initiatives to enhance agriculture marketing through an agriculture marketing promotions and regional integration project (AMPRIP). The project aims at designing an information system for agriculture marketing that will contain all data on the availability of agriculture products in the region. The project will address marketing, SPS measures and HIV/AIDS.

A web-based market information system for agribusiness in the COMESA region was launched by the Union of Producers and Exporters of Horticulture Crops (UPEC) based in Egypt. Once the system is fully operational, COMESA agribusiness will have intra and extra access to various directories of growers, exporters, importers and service providers. The other information will include export prices worldwide, crop production statistics, recommendations for good production practices, lists of agro-experts and other related agribusiness information.

(CNB, 26.01.06 & 24.03.06)



US to Pursue FTA with SACU

The US will pursue free trade talks with South Africa, and four of its neighbours as long as they are willing to meet high US standards for such pacts, the US trade representative Rob Portman said in February 2006. The Bush



administration notified congress in late 2002, that it intended to negotiate a free trade pact with five member countries of the SACU – Botswana, Lesotho, Namibia, South Africa and Swaziland.

Formal negotiations began in June 2003, but talks have made little progress over the past 2-1/2 years. US showed its willingness to continue working with the five countries on 'a deeper economic relationship'. The five SACU countries already have duty-free access to the US market for most of their exports under the African Growth and Opportunity Act (AGOA). The trade talks will assess on how to

go beyond AGOA to provide incentive to enter into an agreement. (RSA, 09.02.06)

Ethiopia Earning from Gold

Ethiopia has secured over US\$23mn from export of gold within the past seven months that ended in January 2006.

Abera Geyessa, head of the Export Promotion Department of the Ministry of Trade and Industry, told journalists that the Horn of Africa country has exported 1,943 kg of gold to Africa, Europe and the Middle East during the past seven months.

MIDROC Ethiopia, a private firm owned by Sheik Mohammed Hussein Al Amoudi, an Ethiopia-born Saudi tycoon, accounted for the largest share of the country's gold exports, said Abera. Ethiopia, which is believed to have large reserves of gold is benefiting from a surge in global demand for gold.

(Xinhua, 20.03.06)

SADC-EU Trade Deal

The EU has started talks with various SADC countries towards the establishment of 'EPAs'. South Africa together with its counterparts in SADC, has asked European Commission for a single trade deal to govern all trade between the two regions. Xavier Carim, South Africa's chief negotiator, said in an interview that a single agreement covering all SADC countries might require amending South Africa's free-trade deal with the EU that has been in place for five years.

He also noted that the SADC proposal to orientate economic partnership negotiations towards achieving one trade deal would also ensure that integration in the region was not compromised. Achieving a single EU deal with other

SADC countries that include South Africa's could, however, be complex and would take more time. (BD, 23.03.06)

Tanzania to Promote Investment

Tanzania, the East African Community's largest foreign direct investment (FDI) destination was recently urged by the UN to revamp its tax administration, speed up settling of commercial court cases and minimise red tape on business regulations.

According to UNCTAD's Khalil Hamdani, investors have expressed interest in investing more in Tanzania if these areas are fixed. Businesses indicated that the Commercial court was set up in 1999 to increase the pace of settling commercial disputes continues to be slow in delivering judgments which is causing significant constraint to business in Tanzania.

Tanzania received US\$470mn in FDI, in 2004, compared to Uganda's US\$237mn and Kenya's US\$46mn.

(Obulutsa, George, RSA, 22.03.06)

Zambian Exports Rising...

The Zambian export sector has recorded tremendous growth since 1999, with total export earnings increasing from US\$772mn in 1999 to US\$1.6bn in 2004, according to the Export Board of Zambia (EBZ). The EBZ Executive Director Glyne Michelo said increasing prices of metals and enhanced production resulting from increased investment in the mining sector has accounted for the greater part of the improvement. He also cited the following factors that have adversely

affected the export sector: livestock diseases, rampant smuggling of skins and hides, oversupply of commodities such as coffee and fresh flowers, and transport constraints.

"Apart from strict SPS measures, regular changes on such measures as quality, packaging and labelling increase the cost (certification, inspection and maintenance costs) and lack of investment capital has limited the development of the export sector in the country", Michelo added. (AC, 17.03.06)

To Seek 'Integration Tax'

A new tax to be known as an 'integration tax' to be paid by all citizens of East Africa may be introduced to mitigate the financial problems facing the Arusha-based EAC secretariat. The proposal is contained in a draft strategic plan for the Community that is expected to be presented for approval at a meeting of the three East African presidents in April 2006.

Apart from the integration tax, the new strategic plan also proposes that the three governments be required to set aside three percent of their total tax revenues to the Arusha-based bureaucracy.

According to the new strategic plan, this will generate US\$42mn annually to the community. But for this to happen, the provisions of the treaty will have to be amended to remove the requirement that contributions by partner states be equal.

(TEA, 29.03.06)

Removing Import Duty on Steel

Mandisi Mpahlwa, Trade and Industry Minister, South Africa has lifted, with immediate effect, a five percent import tariff imposed on primary carbon and stainless steel products. He stated that the five percent import tariff is no longer needed.

Steel users have long urged for the reduction or removal of the import duty on steel products, which steel makers in South Africa factor in when pricing their domestic products.

The government has since 2004 been negotiating with the country's main steel maker, Mittal Steel SA on how Mittal could cease to use the import parity pricing (IPP) system and come up with a new price model to reduce the prices of its various steel products.

(Bell, Gordon; Reuters, 30.03.06)

Zimbabwe's Textile Declines

Zimbabwe's textile exports to COMESA have declined by more than 40 percent in the past five years due to production constraints affecting local companies. This is in accordance with the observation made by COMESA Secretariat. Local textiles firms turned to COMESA market after Zimbabwe was exempted from enjoying benefits of the AGOA.

Investment in the local textile sector is declining because many companies, benefiting from the AGOA pact, have relocated to neighbouring nations. COMESA urged the industry to take advantage of the relaxed trade barriers in the region by increasing exports. It plans to have a free trade bloc under the COMESA CET system or Customs Union by 2008. However, officials in the Ministry of Industry and International Trade said that the Government would soon be introducing incentives to increase production and exports for textile firms.

(ZC, 17.03.06)

Drafting of a New EU Legislation

The EU is considering drafting a legislation on the Registration, Evaluation, Authorisation of Chemicals (REACH), which aims at protecting its health and environment from the effect of potentially hazardous chemicals. This has been viewed as cumbersome for African countries to comply with and could affect about US\$2bn a year of Africa's total annual exports of US\$9.2bn of minerals, ores and concentrates to the EU. This is because most African countries are heavily dependent on mineral resources.

In response to this development, African mining ministers have decided to contact EU parliamentary groups and heads of state, to present their concerns about the planned legislation that will affect their mining exports. According to African Mining Partnership (AMP), Professor Dominic Fobih, Minister of Mines, Land and Forestry, Ghana said, "if the EU were to pass REACH in its present form, it would harm the continent's revenues".

(BD, 07.02.06)

New Trade Policy

The Zambian Government recently launched the Commercial, Trade and Industrial (CTI) Policy, which outlines the national vision for the trade policy and

industrial sectors of the country. Davidson Chilipamushi, Permanent Secretary, Ministry of Commerce, Trade and Industry (MCTI), while presenting the draft CTI document at a seminar, organised by the Economic Association of Zambia (EAZ), on January 12, 2006, in Lusaka, hinted that the overall vision of the CTI is to develop an enabling economic environment in Zambia which supports private investments, enables the development of domestic productive capacities, and contributes to the expansion of Zambia's international trade. The CTI highlights priorities and intervention in the sectors of processed foods, textiles and garments, engineering products, gemstones, leather and its products, wood and its products.

Stakeholders commended government for coming up with the CTI and addressing the need to align policies in conformity with the Fifth National Development Plan (FNDP).

(MCTI & EAZ, 2005)

Rwanda to Buy Hybrid Cows

In Kenya, cows in well-managed farms produce between 35-70 litres of milk daily while the cheaper traditional breeds that graze by the roadsides hardly produce enough for their calves. It is this opportunity for profitable business that Rwanda recognised and subsequently placed an order of 546 pedigree dairy cows to build its own breeding stock. Sustained orders of this nature will surely be profitable for Kenyan dairy farmers, but for only those who have registered their animals with the Kenya Stud Book and Milk Recording Service of Kenya.

Despite this potential gain in the livestock sub-sector, the Kenyan farmer is faced with a number of challenges, namely, low milk prices to farmers, lack of credit to stock animal feeds, failure by the government to curb illegal livestock movement leading to spread of cattle diseases, lack of market for beef cattle and low quality vaccines. Breeders have, therefore, appealed to the government to create disease-free zones to boost livestock production and safeguard the export market for Kenyan livestock products.

(TEAS, 07.03.06)

Second Phase of EPA Negotiations

The EU Trade Commissioner Peter Mandelson, met with Ministers from ESA region in Mauritius, in February 2006, to launch the second phase of negotiations on EPAs. The proposed EPA with EU is based on regional integration arrangements in the ESA region. Talks so far have focused on the development component of the EPAs, including access to the EU market, reform of rules of origin (RoO), and measures to address technical barriers to trade (TBT). About 15 trade ministers from the region and the trade commissioner agreed that EU-ESA trade could be an effective tool for development.

EPAs have to help stabilise the region, boosting competitiveness and locking in reform. Mandelson said, "there are many hurdles to overcome, but we are on the right track. The challenge is to speed up and intensify talks to meet the 2007 deadline for finalising negotiations".

(<http://europa.eu.int/>)

Constructive Debate but no Breakthroughs

A week of WTO agriculture negotiations from March 20-24, 2006, did not result in any breakthroughs on the core issues of subsidy and tariff cuts, spurring more doubt on whether the Members can bridge their differences in time for the end-April deadline for a comprehensive agreement on modalities.

There was no convergence on how to expand tariff quotas for sensitive products

and on the 'blue box on domestic support'. Nevertheless, agriculture negotiations Chair Ambassador Crawford



Falconer (New Zealand) said, "the talks went somewhat better than anticipated, with delegates engaging in constructive debate on a variety of other issues, including food aid, the treatment of 'sensitive products', and the special safeguard mechanism (SSM)".

(BW, 29.03.06)

Kenyan Farmers in Trouble

Kenya Tea Development Agency (KTDA) managing director, Lerionka Tiampati, said "the agency loses about 300 million in revenue whenever the Shilling strengthened against the dollar". According to the agency, small-scale farmers will lose US\$21.5mn (Sh1.5bn) due to the strength of the shilling in 2006. The agency said it was losing US\$0.2 (Sh15) for every kilogram it sold at Mombasa auction and as thus called upon the Central Bank governor to intervene in influencing the rate from US\$0.99 (Sh72) to between US\$1.04 (Sh76) and US\$1.1 (Sh80).

The last time exporters and manufacturers were hit by a strong shilling in May 2003, when it exchanged at between US\$0.93 (Sh68) and US\$0.95 (Sh69) to the dollar. But unlike 2003, this time, the strength of the shilling has persisted and coupled with cheap tea from Vietnam, Indonesia and even Argentina, tea prices are expected to continue on the downward trend. (TEAS, 07.02.06)

Free Trade vs GMO Dispute

In the age of globalisation, free trade has become a predominant feature on the international arena. Of late, concerns have emerged over Genetically Modified Organisms (GMOs) and the need to protect and conserve wildlife, farmers and consumers from the threat of genetically modified crops.

In a bid to promote free trade, the US, Canada and Argentina launched a trade dispute with the EU through the WTO, in May 2003. Their argument is based on the EU reluctance to embrace genetically modified (GM) foods, which damaged their farmers and was a barrier to trade. In the light of these developments, opposition to GM foods is likely to increase if the WTO rules in favour of a US-led complaint against European GM policy. Arguments have emerged as to whether protecting Europe's wildlife, farmers and consumers from the threat of GM crops is more important than free trade rules. (FE, 07.02.06)

Malaria: Still a Nightmare

Although preventable and treatable, malaria has over the past few years claimed more than one million lives in Africa, most of them being young children. The symptoms of malaria include headaches,

persistent shivering, a high temperature and sore joints. These are the initial warning signs of malaria, and if not treated quickly, a person can die within a matter of days.

The World Health Organisation (WHO) estimates that up to 124 million people in Africa live in areas at risk of seasonal epidemic malaria caused by a parasite and carried from one person to another by female mosquitoes seeking nutrition to hatch their eggs. It is a big concern that with such an enormous health challenge, the majority of African countries do not have the financial resources or infrastructure to tackle the spread of the disease. (UNIRIN 02.03.06)

Marine Dumping Affects Namibia

The recent strike of the fisheries inspectors in Namibia posed a great risk to the country's economy. The absence of inspectors has resulted into a situation where all fishing vessels go out to the deep waters without being monitored and dump thousands upon thousands of metric tonnes of fish into the waters.

The dumping of by-catch being wasted by 700 sea-going vessels in the absence of fishing observers is leading to direct wastage of scarce natural resources. A ship can keep up to 22,000 tonnes of fish stock. Out of this, it is estimated that half of the amount caught always includes by-catches. The latter is allegedly dumped to enable the ship continue with fishing activities until it acquires its total allowable catch.

It is estimated that Namibia is losing millions of dollars in revenue, while the culprits who dump dead fish back into the waters get away with the act unpunished. As more efforts could be employed to save the country's natural resources that are currently going down the drain. (NE, 04.02.06)

Diminishing Water Resources

Some countries like Uganda will have to employ new emergency measures, to address the current power shortages caused by prolonged drought in the Great Lakes Region. According to Fred Kabagambe Kaliisa, Permanent Secretary Ministry of Energy and Mineral Development, the Ugandan government is in the process of procuring thermo plants to generate 150 MW, as an emergency measure to address the current power shortage.

This is set to raise electricity tariffs as the thermal power generators rely on diesel fuel, which is expensive. However, according to Kabagambe, the installation of the first thermo generators that will generate 50 MW will be accomplished by June 2006. Meanwhile, the Electricity Regulatory Authority (ERA) and several other players in the sector confirmed the reduction in hydroelectric power.

(TM, 07.02.06)

Hunger Crisis in East Africa

According to a recent statement from the International Committee of the Red Cross (ICRC), the major hunger crisis in East Africa will last until at least July 2006. Up to seven million people in Ethiopia, Kenya and Somalia are affected by the drought, with the situation in the latter particularly severe because of ongoing lawlessness in the country.



The UN says more than 11.5 million persons will require food assistance in the next six months. In its latest report on Somalia, the UN said that 1.7 million persons – 710,000 of them experiencing an acute food shortage, needed food assistance of some kind in addition to the 410,000 refugees who depend on food aid.

The crisis could even last beyond July 2006, if the region's rainy season, starting in March or April, fails to deliver enough water to help the harvest, the ICRC said. Somalia has been without an effective central government since 1991, when warlords overthrew the Government and divided the country into rival, clan-based fiefdoms. (TH, 16.02.06)

Review of Zambia's EPA Preparations

CUTS ARC, jointly with Civil Society Trade Network of Zambia (CSTNZ), organised a Technical workshop on Zambia's preparations for the EPAs in Lusaka, Zambia, on March 16, 2006.

Davidson Chilipamushi, Permanent Secretary, MCTI, officially opened the workshop. In his speech, he raised a question as to whether Zambia needed EPAs since there have been little benefits from past agreements/arrangement. He also stressed on the importance of an impact assessment study, which would draw out the negative and positive impacts of EPAs. He indicated that the absence of an impact assessment study had presented a number of challenges to the government.

According to Chilipamushi, the Zambian Government is faced with a dilemma on deciding over its dual COMESA and SADC membership. This has come to light with the EU drive on trading partners to form Customs Unions in order to have one CET, which will, in turn, make it easier for European investors to invest in the regions. He also mentioned that Zambia is facing supply side constraints such as production costs, production quality, and exporter's capacity to adapt to changes in world demand.

Presenting the background paper, Anne Zulu Chime of CUTS made an update of Zambia's EPAs with the EU under ESA configuration. The first phase of negotiations, which was an all ACP-EU level, took place between September 2002-September 2003. These negotiations did not lead to a formal agreement as was hoped for by the ACP countries. However, the EU and the ACP countries adopted a joint report listing down convergences and divergences in their negotiations. Although this phase was never closed, regional negotiations were initiated in 2003. She further stated that regional negotiations were at the level of ACP countries and regions were set out in configuration groups.

In his study on market access issues, Trevor Simumba suggested that there was need for Zambia to enhance its domestic positions to take advantage of the market under the EU-ACP relations. Commenting on development issues, Chilufya Sampa, said that Zambia needs to focus on developing infrastructure in order to benefit from trade. Speaking at the same function, Dale Mudenda said that there is a lot of potential in mode four under trade in services, which should be further exploited as it will contribute greatly to employment creation. Hyde Hantuba of Agriculture Consultative Forum (ACF) of Zambia suggested that agriculture is key to Zambia's development and as such there is need to take special interest in liberalising the sector in the context of EPA negotiations.

The workshop was being held under the project being implemented in six countries by CUTS London Resource Centre (CUTS LRC) entitled 'Capacity Building of Eastern and Southern African Civil Society during the EPA negotiations'.

The project is being implemented with the objectives to contribute to the achievement of a development-friendly gender-sensitised outcome of the EPA negotiations, especially for Zambia and other ESA group of countries, to build the capacity of non state actors (NSAs) to engage constructively with the EPA negotiations, directly contribute to the efforts to attain MDG one (eradication of extreme hunger and poverty) and MDG eight (developing a global partnership for development). In this context, the technical workshop aimed at consulting technical experts on existing EPA impact assessments and the implications for civil society, the marginalised and the vulnerable.

Capacity Building on EPA Negotiations

CUTS-NRC, in collaboration with Econews Africa embarked on a partnership to produce an advocacy tool kit aimed at increasing the capacity of civil society organisations (CSOs) to effectively participate and engage in the EPAs negotiations between the EU and the ESA bloc of countries, of which Kenya is a member. Towards this end, CUTS ARC prepared a background paper that synthesised the possible impacts of EPAs on the Kenyan economy. The paper was presented to trade experts at a half-day technical workshop held in Nairobi, Kenya, on March 13, 2006. The Danish Ministry of Foreign Affairs supported the workshop.

Commission for Africa Report Revisited

Civil Society for Poverty Reduction (CSPR) of Zambia and Southern African Regional Poverty Network (SARPN) organised a workshop on the CFA Report, at Lusaka, Zambia, on February 08, 2006. The workshop aimed at facilitating dialogue over key recommendations and commitments, by CFA on the role of CSOs in following up the recommendations and commitments, challenges faced by them in monitoring the progress, priority activities for the implementation, and advocacy.

CFA is an initiative to provide a coherent set of policies to accelerate progress towards a strong and prosperous Africa. As set out in 2005 by the UK Prime Minister Tony Blair, to take a fresh look at Africa's development, the CFA entails investing in people, promoting peace and security and generating growth and tackling poverty. CFA recommends the need for partnership between the international community and Africa.

Stakeholders at the workshop highlighted the need for Africa to take a lead in partnership, and take responsibility for its problems and hence, ownership of solutions in the context of the CFA. Participants showed concern that Africa's debt cannot be repaid without hurting the poor especially women and children. Debt also discourages private investments through high taxation, and increases the flight of capital. It was recognised that there has been a campaign for debt cancellation by stakeholders led by CSOs, as a result, a number of creditors are delivering debt relief.

In conclusion, it was recommended that Africa requires positive aid to speed up the development process. For this, aid should be predictable, harmonised and linked to decision-making and budgetary processes of the recipient country.

Regional Trade Dialogue on 'Linking Trade Policies to National and Regional Development Agenda'

CUTS Africa Resource Centre, Nairobi, in partnership with the Nairobi office of Friedrich Ebert Stiftung (FES), will be holding a regional conference on linking trade policies to national and regional development agenda at Naivasha, Kenya, on April 27-28, 2006.

This dialogue aims to facilitate non-state participation in external trade and development of Kenya's position for trade negotiation; and to equip NSAs, trade policy practitioners and government officials and facilitate their participation in the development of trading policy and position on regional and international agreements and negotiations that Eastern Africa develops and adopts as well as in participation in external trade and implementation of trade agreements.

The seminar will provide the concrete case studies and evidences, which have worked in other selected countries including those of South and Southeast Asia, namely Malaysia and Cambodia. This will be done with the focus of striving to have a better cross-fertilisation of ideas, lessons and experiences of economic liberalisation.

Advocacy documents will include policy briefs, discussion papers, e-newsletters and a handbook on, 'recommendations made for trade policies during the dialogue'. The conference will be an ideal platform for South-South dialogue between state and NSAs.

PUBLICATIONS

Competition Regimes in the World – A Civil Society Report

This is a pathbreaking effort by CUTS International to present a compilation of short essays on national competition regimes around the world. This report covers 120 countries, including the European Union (EU). This compilation provides an insight into the competition scenario, including evolution of the competition regime, sectoral regulation and consumer protection framework. It would serve as a reference book or encyclopaedia for scholars, researchers, policy makers, legal experts, CSOs, and students of competition policy.

An advance copy of this report was released at Antalya, Turkey, in November 2005. This is the final copy of the first edition to be released at Cape Town on May 02, 2006, on the sidelines of the annual conference of the International Competition Network.

It is being released in a paperback form and in CD format. It will also be available on a dedicated website: www.competitionregimes.com



ReguLetter

(Volume 6, Issue 4/2005)



ReguLetter is the flagship newsletter of the CUTS Centre for Competition, Investment & Economic Regulation (CUTS C-CIER). This latest issue carries a cover story on the Microsoft case and its implications for developing countries, looking at examples from South Korea, Japan and Brazil.

While Prof Eleanor Fox was in Jaipur in January 2006, she, together with Nitya Nanda, Policy Analyst, C-CIER, conducted a workshop on the setting up of competition laws in developing countries. Her lucid presentation has also been published as a special article in this issue.

Policy Watch

(Volume 6, Issue 4/2005)

The latest issue of Policy Watch inevitably covers the fervent activity that precedes the Union Budget 2006-07. The cover story outlines the demands that CUTS has from the Finance Minister – correction of various discrepancies in policy, like addressing the anomaly of the inverted duty structure and rationalisation of government subsidies.

It ends with the suggestion to launch a rolling programme of a competition audit of all government policies, thus ensuring consistency in decision-making. Another special feature inside delineates the other demands that are being made by various industry groups.



Sources

AC: Andnetwork.com, BD: Business Day, BW: Bridges Weekly, CNB: COMESA News Bulletin, EAZ: Economic Association of Zambia, FE: The Financial Express, MCTI: Ministry of Commerce Trade and Industry, Zambia, NE: New Era, RSA: Reuters South Africa, SARP: South African Regional Poverty Network, TEA: The East African, TEAS: The East African Standard, TH: The Hindu, TM: the Monitor, TZDM: The Zambia Daily Mail, UNIRIN: United Nations Integrated Regional Information Networks, ZC: Zimbabwean Chronicles.

Tradequity newsletter: Published and composed by CUTS Africa Resource Centre, 4th Floor, Main Post Office Building, P.O. Box 37113, Cairo Road, Lusaka, Zambia, Ph: +260.1.22 4992, Fx: +260.1.22 5220, E-mail: lusaka@cuts.org, and Nairobi Resource Centre, Co-op Trust Plaza, 1st Floor, Lower Hill/Bunyala Road, Upper Hill, P.O. Box 8188-00200, Nairobi, Kenya, Ph: +254.20.273 4925/273 4926, Fx: +254.20.273 4925 Email: nairobi@cuts.org. **Head office:** D-217, Bhaskar Marg, Bani Park, Jaipur 302 016, India, Ph: 91.141.228 2821, Fx: 91.141.228 2485, E-mail: cuts@cuts.org, Web Site: www.cuts-international.org

The news/stories in this Newsletter are compressed from several newspapers. The sources given are to be used as a reference for further information and do not indicate the literal transcript of a particular news/story.