



# Tradequity

A Newsletter of CUTS Africa

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## Can NEPAD Deliver Africa's Expectations?

New Partnership for Africa's Development (NEPAD) is taken as pledge by African leaders, based on a common vision and a firm and shared conviction, to eradicate poverty and to place African countries, both individually and collectively on a path of sustainable growth and development. The programme is anchored on the determination of Africans to disentangle themselves and the continent from the depression of under-development and continued marginalisation in the world. NEPAD aims at turning Africa into a major actor in the new world economy, and marks the transition from the political orientation of the Organisation of African Union (OAU), to the economic focus of the African Union (AU). In principle, NEPAD offers a solution to Africa's expectations considering that agriculture is core for Africa's strive for development.

### What Can NEPAD Offer?

In principle, NEPAD has adopted agriculture as one of its key programmes, as this sector is cardinal for most African economies. It generates about 22 percent of Gross Domestic Product (GDP) and provides livelihood for more than 60 percent of the population. Besides, the sector employs approximately 67 percent of the labour force and is by far the main source of income and employment for women who constitute 65 percent of the rural population and an important foreign exchange earner.

This entails that Africa can hardly address poverty without addressing constraints in the agricultural sector. The vision for agriculture under NEPAD is embedded within the Comprehensive Africa Agriculture Development Programme (CAADP), which seeks to maximise the contribution of agriculture to Africa's development, by ensuring food security, attaining a six percent annual agriculture growth rate, improving market access for agriculture export commodities, promoting dynamic national or regional agriculture markets and ensuring that

Africa becomes an agriculture net exporter.

To ensure successful implementation of the CAADP action plan and other projects on agriculture, NEPAD has partnered with bodies that include: Food and Agriculture Organisation (FAO), World Food Programme (WFP), International Fund for Agriculture Development (IFAD), Rome; World Bank Forum for Agriculture Research in Africa (FARA), International Food and Policy Research Institute (IFPRI), Washington; Hunger Task Force Wisconsin; and International Livestock Research Institute (ILRI), Nairobi.

### Domestic Environment

In most African economies, a number of constraints deter development of the agriculture sector, including poor or inadequate infrastructure, (roads, dams, storage facilities, transportation facilities and irrigation techniques), unsustainable pricing mechanism, lack of finance for investment, inadequate extension services, non-availability of market information, lack of ownership of land, and low budget allocation. These constraints not only haunt the agriculture sector but also a large percentage of the population, which is directly and indirectly dependent on the agricultural sector.

### External Environment

While agriculture could be used extensively to earn the much-needed foreign exchange, through value added products, the fact remains that Africa can only export low-valued unprocessed products to most developed economies. Building domestic competitiveness may not be an end in itself, as the sector continues to face extensive external pressure, which may deny Africa its recovery. These relate to the Agreement on Agriculture (AoA) under World Trade Organisation (WTO), which has so far failed to take into consideration agreements beneficial for all countries. Further, the Economic Partnership Agreements (EPA) negotiations, between

countries of the African, Caribbean and Pacific (ACP) and the European Union (EU) might rip off Africa's long agriculture benefits resulting from exports to the EU market. Agreements such as the African Growth and Opportunities Act (AGOA), which provides a facility for African economies to expand their market from the traditional European market, has failed to live up to its expectations. This is due to requirements such as Sanitary and Phyto-Sanitary (SPS) measures, Pest Risk Assessment (PRA) as some of the worst non-tariff barriers (NTBs) of its kind by the US.

### How NEPAD Can Be Effective

For successful implementation of its projects and programmes, NEPAD acknowledges the important role cooperating partners could play in mobilising resources. However, fears have been expressed on aid as it comes with conditions. At the G-8 summit in June 2002 in Canada, NEPAD was hailed as the best and perhaps last hope for Africa. The G-8 welcomed the plan of the African leaders as a 'bold and clear sighted vision of Africa's development'. In response, the G-8 undertook to "establish enhanced partnership with African countries whose performance reflects the NEPAD commitment, and to match Africa's commitments with their own efforts".

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CUTS Africa

Email: [lusaka@cuts.org](mailto:lusaka@cuts.org) (Lusaka)  
Email: [nairobi@cuts.org](mailto:nairobi@cuts.org) (Nairobi)  
Website: [www.cuts-international.org](http://www.cuts-international.org)

### Kenya's Impressive Growth

The release of the Economic Survey 2006 by the Ministry for Planning and National Development has generated a long debate on the growth, poverty and employment in Kenya. The major highlight of the survey was that the Kenyan economy grew by 5.8 percent in 2005, up from 4.9 percent in 2004.

The tourism and hotel sector, for example, recorded an impressive 13.3 percent growth but it is sad that the tourist hotels, lodges, tour operators and booking agencies are mainly owned by foreigners except a few wealthy Kenyans. Transport and communication sector grew by 8.3 percent mainly boosted by increased use of mobile telephony. The 6.7 percent growth of agricultural sector was propelled by high growth in the horticultural sub-sector, which continues to be dominated by big foreign companies and a few wealthy Kenyans. *(TEA, 07.06.06)*

### Zambia Develops Rail Transport

Zambia, being a landlocked country, experiences a higher cost in exports to due transportation costs. One of the major means of transportation of exports has been the rail line. However, the sector has suffered major setback due to lack of investments. In an attempt to speed up the transport of copper and cobalt to its ports, the government has granted a railway firm a US\$35mn tax exemption. The waiver would exempt the company

from paying customs duty on imported machinery and equipment used in the construction of a 685 km railway project linking Zambia's copper mines to the Benguela line in Angola.

This initiative is expected to result into a reduction of initial costs estimated at US\$235mn, to a new estimated cost of US\$200mn. Zambia often waived duties to promote infrastructure development for encouraging investment and economic growth. Currently, Zambia transports copper to ports in South Africa and Tanzania, which is costly and unreliable. *(BiA, 13.06.06)*

### New Economic Programme

The Government of Zimbabwe has introduced a new five-year economic programme called National Economic Development Priority Programme (NEDPP), which aims at policy shifts that would address the basic problems in the economy. It focuses on restoring domestic and international faith in the Zimbabwean economy that would lead to renewed investment and a cycle of recovery.

The objectives of NEDPP include: reducing inflation; stabilising local currency; ensuring food security; increasing output and productivity; generating foreign exchange; enhancing expenditure and revenue management; and removing price distortions and effective policy coordination and implementation. The NEDPP is expected

to be fully formulated before the end of this year and run from 2007 to 2011. The new programme was received with a lot of skepticism, perhaps rightly so, because the planners hoped to raise US\$2.5bn in 90 days. *(FG, 17.05.06)*

### Textile Industry Faces Crisis

The Namibia textile industry is to suffer another set back after 2005 due to pullout by Rhino Garments, a subsidiary of Ramatex Textile Namibia, which resulted into 1,600 job losses. In a similar development, a Malaysian company Ramatex has told the Namibian government to either take over the local company or it will be shut down. It is feared that shutting it down would lead to the retrenchment of some 5,000 textile workers.

The Ramatex boss Albert Lim informed these two options to the Cabinet. Ramatex was set up in Namibia in 2002 to produce fabrics for the US market under the AGOA, which gave apparel manufactured in African countries preferential access to the latter's market. The company invested about US\$150mn in a manufacturing plant on the western outskirts of Windhoek, while the capital and municipality provided around US\$20mn in necessary infrastructure.

*(www.IRINnews.org/donors16.05.06)*

### Subsidies or Waiver?

The Uganda Revenue Authority will grant tax waivers for over five million litres of diesel per month to over 300 local companies that use thermal generators, which would cost the government over Ugandan Shilling 2.26bn (US\$1.2mn), according to the Assistant Commissioner for Public and Corporate Affairs, Patrick Mukiibi.

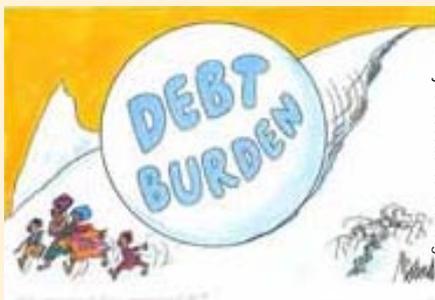
The relief takes the form of refund of duty paid on diesel used by the enterprises. However, there are minimum qualification requirements with strict measures to avoid abuse of the scheme. This follows the government's decision to waive Ugandan Shilling 4.5mn (US\$2465) tax per litre of diesel used for generating power by local large-scale enterprises, a measure intended to mitigate the effect of load shedding on industrial production and to alleviate the impact of power shortages on the operations of large-scale enterprises.

*(TDM, 08.06.06)*

## Africa Receives Debt Cancellation

The African Development Bank (ADB), which gives loans for infrastructure and poverty reduction projects, announced that it would cancel US\$8.5bn in debt owed by 13 African countries. Countries, which include Ghana, Mozambique, Uganda and Zambia, would immediately qualify for their debt to be cancelled. The announcement follows the lead of the IMF, which agreed to cancel US\$4.8bn in debt owed by 19 countries, and the World Bank, which announced last month that it would write off US\$37bn in debt owed by 17 countries.

ADB president Donald Kaberuka, said it was important for beneficiary countries to sustain efforts at promoting good governance, accountable and transparent use of resources, and in particular a clear political commitment to fight corruption and other forms of abuse of public office. Other countries qualifying for immediate debt cancellation include: Benin, Burkina Faso, Ethiopia, Madagascar, Mali, Niger, Rwanda, Senegal, Tanzania and Uganda. *(BD, 21.04.06)*



[www.Jubleedebtcancellation.org.uk](http://www Jubleedebtcancellation.org.uk)

## Regional Round-up

### New Entrants to COMESA

Comoros and Libya have joined the Free Trade Area (FTA) of the Common Market for Eastern and Southern Africa (COMESA), the continent's largest economic group, according to a newsletter released by COMESA Secretariat in Lusaka. During the official opening of the 21<sup>st</sup> COMESA Council of Ministers meeting held in Kigali, Rwanda, on May 15, 2006, the sitting Chairman of COMESA Authority and President of the Republic of Rwanda, Paul Kagame, informed this development. The joining of the two countries brings the number of the FTA member countries to 13 out of the total 19 member states in COMESA. President Kagame appealed to the remaining member states to join the FTA for the benefit of their people.

COMESA Secretary General Erastus Mwencha said the regional grouping has put in place trade facilitation instruments, and laid a solid foundation for the Customs Union, including mechanism for the Common Investment Area.

*(www.bilaterals.org 16.05.06)*

### US-SACU Talks Fail

The US and the Southern African Customs Union (SACU) have failed to reach consensus regarding the establishment of an FTA. Unrealistic demands by the US are said to be the primary reason for the failed talks. The US announced that it was not going to compromise on any of the three identified areas of trade namely, Intellectual Property Rights (IPRs), Government Procurement, Rights and Investment. SACU, which consists of South Africa, Namibia, Lesotho, Botswana and Swaziland, has not done much trading, including the process of putting together internal policies to govern FTAs. This uncompromising US approach has put a deadlock over FTA negotiations.

A researcher at the South African Institute of International Affairs (SAIIA) said that SACU is yet to get its house in order in terms of harmonising trade policies and the biggest impediment is US, which is trying to dictate developing countries such as South Africa and poor countries like Lesotho. *(www.bilaterals.org 19.04.06)*

### Malawi Calls for ICT Policies

With the increased realisation of the role of Information and Communication Technology (ICT) policies in accelerating development, Malawi's Information and Tourism Minister Patricia Kaliati, has asked

COMESA member states to interface their ICT policies in order to recognise that COMESA member states are at different stages of ICT policy development and implementation. She opined that countries need the ICT policies to facilitate guidance in the information age so that economies could be made competitive. For this, African governments need to support the development of ICT literacy, develop a competitive high value-added services sector through the utilisation of ITCs in addition to enacting laws and regulations that combat cyber crimes.

In order for COMESA to attain accelerated development, governments should promote and support the acquisition, deployment and utilisation of ICTs within the economies and societies, including competitive regional and local industry. *(www.tralac.org 04.04.06)*

### Work for Regional Cooperation

Kenya's Trade and Industry Minister, Dr Mukhisa Kituyi, urged African countries in particular the East African Community (EAC), COMESA and the Economic Commission of West African States (ECOWAS) to work together.

Speaking to a delegation from Nigeria's National Institute for Policy and Strategic Studies, led by Prof A O Okorie, Dr Kituyi said that inter-regional trade compatibility is sought because the future of Africa lay in Africa. To realise this, customs integration and tariff structures needed to be harmonised, as the opportunity for inter-regional trade would be lost if attention was not paid to integration, he added.

The Minister said that African unity was essential to 'galvanise African countries against WTO policies that favour western countries', which would also foster networking in promoting the implementation of the NEPAD through which Africa hoped to realise the Millennium Development Goals. (MDGs). *(TN, 27.05.06)*

### Implementing Master Plan

The EAC Council of Ministers have said that the Governments of Uganda, Kenya and Tanzania must accelerate the implementation of the East African Power Master Plan, in part to stem the electricity shortage across the region.

The Plan involves regional harmonisation of investment strategies in energy sector, creation of a regional power pool, joint conservation of energy resources, pursuit of alternative energy

sources and coordination of efforts to develop better generation, transmission and distribution infrastructure. Broader access to power is also an important component in efforts to achieve a set of minimum human welfare standards set by the United Nations in 2000.

Implementation of the Master Plan will cost an estimated US\$1.6mn. Finance will be mobilised through contributions from partner states and development partners. The regional focus on power is coming against a crisis as the three countries grapple with the impact of a searing draught; a drastic decline in Lake Victoria water levels that subsequently lowered the hydro power production capacity. *(TM, 07.04.06)*

## EU-SADC to Attract Investment

The EU and Southern African Development Community (SADC) Investment Promotion Programme (ESIPP) is identifying mining projects throughout the SADC region. This is in a bid to attract investors to the region. Under the ESIPP, projects to be identified are those that have owners who have legal rights to own the projects as individuals or companies. Also their projects should



demonstrate that they have a potential to attract outside investors from SADC and the EU.

The Mines 2006, ESIPP Mining Sector Partnership meeting will be held in Lusaka from November 29-December 01, 2006. Surrender Ncube, co-coordinator of ESIPP in Zimbabwe said the organisation was identifying many projects from Zimbabwe, which would be presented at this year's Mining Sector Partnership. The meeting is expected to boost the operations of the mining sectors, to facilitate business deals and enhance investment opportunities.

*(www.Andnetwork.com 18.04.06)*



### EU Faces Opposition on GM

The WTO has confirmed in a final ruling that the EU moratorium on genetically modified (GM) foodstuff was illegal. The ruling simultaneously condemned six member states, namely Austria, Belgium, France, Germany, Italy and Luxembourg for applying their own bans on GM products.

Brussels, however, said that the finding would not affect policies. The decision in a case brought by the US, Canada and Argentina, the world's biggest GM producers, did not touch the sensitive issue of whether GM products are safe or they are comparable to conventional products. (BR, 12.05.06)

### Coffee Exports Falling

According to the monthly sector, the Uganda Coffee Development Authority (UCDA) has said that export volumes of 60 kg bags totaled 1,46, 642 units, falling from 2,11,383 bags exported in April 2005 resulting in a 30.6 percent drop in Uganda's coffee export volumes. The total value of coffee export was US\$13.74mn, a drop of 6.3 percent compared to the previous month (March 2006), which stood at US\$14.7mn. The decline in trade volume is attributed to a small crop arising from the drought that resulted in defoliation of coffee tree. The experts worry that coffee trees would be infected by disease as rains return to the region.

Uganda is Africa's second largest coffee producer after Ethiopia. Alongside Ethiopia, Burundi, Rwanda, Kenya and Tanzania, Uganda produces what is considered to be the world's best organically grown coffee beans. The market for this includes Europe, US and Japan. (BiA, 08.05.06)

### EU's Compliance on Sugar

On June 02, 2006, the EU in a status report to WTO Members insisted that it fully complied with the dispute ruling against its sugar regime, within the May 22, 2006 deadline that an arbitrator had set for doing so. EU stressed reference to its formal adoption in February of regulations (Council Regulation No. 318/2006) reforming its sugar sector most significantly, lowering the guaranteed price given to domestic sugar producers in support of its assertion that it had

implemented the recommendations of the Dispute Settlement Body (DSB).

The EU was therefore in a position to maintain its subsidised exports of sugar within its commitments as from the marketing year 2006-2007, as well as applied on a *pro rata* basis for the remaining of the marketing year 2005-2006. In April 2005, a WTO Appellate Body confirmed a panel ruling that the EU subsidised sugar exports beyond legal limits in violation of the WTO AoA.

(BW Vol. 10, No 20.06.06)

### Cartels Fixing Prices

"Despite the Kenyan Government's efforts to introduce competition in various sectors, price fixing by cartels is still rampant – denying Kenyans an opportunity to enjoy competitive prices", said Kenyan Commissioner of Monopolies, Peter Njoroge during a workshop on monopolies in Nairobi.

Njoroge also cited the insurance industry where the players have formed an association that pre-determine premium prices. "The fixing of insurance premium prices had been taking place for quite some time", Njoroge said. He said that once a competition law is enacted in 2006 and a regulatory authority established, then such trade malpractices would not be spared. He, however, warned that some cartels were too strong to the extent that they operated 'above the law'. (TEAS, 07.06.06)

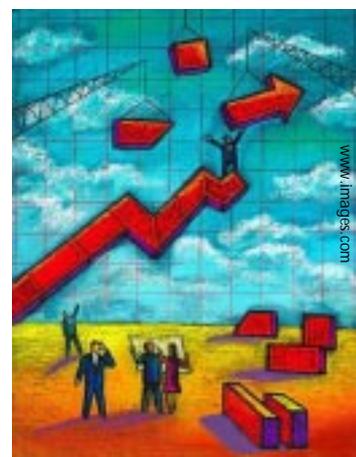
### China-Africa Trade

Of late, the Chinese Government has made headlines in Africa most recently for buying stake in one of Nigeria's major oil and gas fields, for boosting Sino-African trade by 39 percent in 2005, and for a string of high-level visits and exchanges with several African governments. But, will their expanding role and pursuit of self-interest in Africa constitute a new round of colonialism or an opportunity for real development?

In principle, China-Africa trade cooperation shows a positive sign. China offers an alternative to the American and European neo-colonialist diplomacy so that African governments may be able to exercise more control over their own affairs. Unlike what many American or

## Increasing US-Africa Trade

According to the 2006 Comprehensive Report on US Trade and Investment Policy toward sub-Saharan Africa (SSA), and implementation of the AGOA, the two-way trade between US and SSA has increased by 115 percent since AGOA's launch in 2000. The total exports from US to SSA rose by 22 percent in 2005 from 2004, to



US\$10.3bn, while total US imports from SSA increased in the same period by 40 percent to US\$50.3bn.

The rise in trade was largely due to oil in addition to several non-oil sectors, which experienced increase, including footwear, toys, sportswear, fruits, nuts and cut flowers. It also describes the wide array of US programmes that are assisting African countries to bolster economic growth and development through trade. In this context, US committed US\$199mn to trade capacity building activities in SSA in 2005.

(USTR press release, 18.05.06)

European companies would deem too risky, China is different, as it has imported more goods from African countries than it exported to them.

(<http://worldnews.about.com> 06.04.06)

### Cholera Hits Angola

Angola has been hit by the worst cholera outbreak in almost two decades. This disease continues to rage on with 546 new cases and 31 deaths a day. With cases now numbering 35,775 and deaths 1,298, a fatality rate of four percent was registered since the outbreak in February 2006. About 35 percent of victims are children under five. Even at the best of times, Angola faces one of the highest under-five mortality rates in the world as the Southern African country struggles to recover from a devastating civil war that lasted for 27 years.

The epidemic is largely due to poor sanitation and a shortage of safe drinking water in the overcrowded slums of Luanda, the capital city, where cholera epidemic first surfaced. Only 50 percent of Angolans have access to safe water.

(UNNS, 18.05.06)

### HIV/AIDS Haunts Uganda

HIV/AIDS has been a serious threat to Uganda, despite efforts aimed at preventing the virus from spreading. So far, the disease has killed



more than 25 million people since it was first recognised in 1981, making it one of the greatest public health and economic challenges to the country. In 2005, 130,000 Ugandans got infected compared to 70,000 in 2003. According to Dr Kihumuro Apuuli, Director General, Ugandan AIDS Commission (UAC) despite financial support from the donor community, the rate of people acquiring HIV/AIDS still increasing. He called for the acquisition of Anti RetroVirals (ARVs) and intensification of prevention strategies.

It has been estimated that a total of US\$1.2bn is needed annually to accelerate the search for AIDS vaccine yet only US\$650mn is being provided. Further, the Global Fund to fight AIDS, Tuberculosis and Malaria temporarily suspended its five grants to Uganda citing mismanagement. (TM, 19.05.06)

### Threat to Beef Industry

Botswana's viable beef industry and a vibrant export market to the EU face a threat of loosing its market due to the outbreak of Foot and Mouth Disease (FMD). The Agriculture Minister, Johnnie Swartz announced that Government of Botswana would not cull cattle in Bobirwa to control the recent outbreak of FMD. He said that the Cabinet decided not to kill about 100,000 cattle on the advice of veterinary experts.

The affected area will not be eligible to sell cattle to the Botswana Meat Commission (BMC) abattoir in Francis town, which exports beef to the EU. However, it is feared that Francis town BMC abattoir will be affected as Bobirwa falls within its catchment area. Dr Patricia Makepe, agriculture economist from University of Botswana said that culling is not good for the cattle industry, because it reduces the number of cattle in a given area. (MR, 11.05.06)

### Africa Lags Behind

A common vision under the Kyoto Protocol aims at cutting the developing world's greenhouse gas emissions by at least one billion tonnes by the end of 2012. On June 09, 2006 the UN announced that projects planned under the Clean Development Mechanism (CDM), which encourages companies to invest in reducing emissions in the South, reached

the one billion milestone.

The programme that has more than 800 projects includes: wind farms; power plants that burn sugar cane waste; and efforts to capture gases emitted from landfill sites. Of the total, nearly 300 projects are registered or are in the process of registering with the CDM scheme. Though the projects under CDM are supposed to benefit equally, most of these projects are being implemented in Brazil and India resulting in Africa lagging behind. Janos Pasztor, who coordinates CDMs, said that governments are expected to address the uneven geographical distribution of projects at the UN climate change summit in November 2006. (SDN, 14.06.06)

### Coconut Catches Yellow Disease

Mozambique is facing a threat of losing its coconut industry as a result of the lethal yellow disease. In order to combat the spread of the disease, about 81,000 infected coconut palms have been destroyed and infected palms are being cut down and new trees of a Mozambican variety that shows some resistance to lethal yellowing, are being planted. In addition, the movement of live palms and coconut produce from affected areas has been stopped. The disease threatens to ruin the huge coconut plantations in two provinces: Inhambane and Zambezia.

As a part of research on coconut palm varieties, about 1,800 coconut seeds have been collected in Cabo Delgado, Nampula, Zambezia and Inhambane and their capacity for resistance will be tested. About 21 varieties of palm (a total of 7,200 seeds) have been imported from Ivory Coast, which will be tested to see whether they can tolerate or resist the disease under Mozambican conditions.

(MNA, 17.05.06)

## Bird Flu Scare Grips Africa

Africa for the first time faces a catastrophic epidemic of bird flu after the deadly H5N1 strain spread to the continent, devastating poultry and threatening humans. In May 2005, Sudan confirmed the presence of the virulent strain of the virus in poultry in Khartoum. So far, the H5N1 virus has claimed more than 100 human lives. This outbreak is threatening the growth of African economies, as the disease has proved to be expensive to control. Besides, the veterinary services in Africa do not have adequate capacity to deal with the disease. The World Health Organisation (WHO) said it was 'very concerned' about the outbreak.

Africa, therefore, plans to create a common laboratory where all samples of suspected bird flu would be sent for testing, which are currently sent to a South African laboratory near Pretoria.

(TEA, 30.05.06)



## Launch of Lusaka Consumer Watch Group

CUTS ARC, Lusaka participated at the Launch of the Lusaka Consumer Watch Group (LCWG) on June 10, 2006 at Lusaka, Zambia. The launch was co-organised by Communications Authority of Zambia (CAZ), Energy Regulation Board (ERB), Zambia and the National Water and Sanitation Council of Zambia (NWASCO). The launch facilitated the signing of the memorandum of understanding (MoU) between the three regulators. The LCWG is mandated to address consumer issues in the services cutting across the activities of the three regulators. Concerns were raised during the launch on how the Watch group will be populated to address the concerns of every citizen in Zambia. However, the need to strengthen Consumer Protection in Zambia is key to facilitate the smooth operation of such initiatives like the LCWD.

*(For more details contact cutsarc@zamnet.zm)*

## EPA Impact Assessment for Zambia

CUTS ARC participated at the discussion for Economic Partnership Agreements (EPAs) Impact Assessment for Zambia on June 29, 2006 at Lusaka. The Zambia's Ministry of Commerce Trade and Industry (MCTI) and the Overseas Development Institute (ODI) organised the workshop.

The study on Zambia indicated that the trade liberalisation under EPAs would not adversely affect the Zambian economy, as there are more exports to the EU than imports. Imports to Zambia from EU are below the levels, which could pose a threat to the economy. The workshop recommended the upholding of dual membership in SADC and COMESA. This comes in the light of numerous discussions for Zambia related to one regional grouping because of the Common External Tariff (CET) under the Customs Union (CU), which cannot be extended to members of different regional groupings. One of the weaknesses of the study is that it did not address the trade related issues and trade in services, which are of interest to Zambia.

*(For more details contact cutsarc@zamnet.zm)*

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## National Consultative Dialogue on Regional Integration and EPAs

The National dialogue was organised by Civil Society Trade Network of Zambia (CSTNZ) and Jesuit Centre for Theological Reflection (JCTR) with support from Friedrich Ebert Stiftung (FES) on June 26-27, 2006 at Lusaka, Zambia. The dialogue was officially opened by Eugene Apple, the honourable Deputy Minister of Commerce Trade and Industry (MCTI), which was also addressed by the COMESA Secretary General, Erastus Mwencha.

The objectives of the dialogue were to discuss issues affecting Zambia, including key areas of regional integration and EPAs, such as focus on engagement of EPAs by ordinary Zambians and assessment of the progress and impact of EPAs on regional integration. The meeting aimed to assess the cost of integration with SADC or COMESA customs union and develop directions for building knowledge and attitude needed for assisting stakeholders to engage in making effective input to the EPA negotiation process. Also, it asked to establish deeper engagement between policy makers and CSOs active in trade policy dialogue.

Some of the key comments emerged from the Secretary General's address, as he raised concerns over discussing regional

integration where Eastern and Southern Africa (ESA) spent approximately 18 months to complete it. In addition, he expressed disappointment over the EU's strategy to divide Africa, Caribbean, and Pacific (ACP) countries into small configurations as this is defeating the overall vision of the African Union (AU). Civil society was identified as being key stakeholders in the EPAs process; therefore COMESA extended an invitation to civil society to make input into the ESA process.

Some of the key discussions include the following:

- EPAs will cost the Zambian Government a total of US\$15mn;
- Civil society and private sector were pinpointed as being important in the EPAs, negotiation process, including more efforts to build their capacities to meaningfully contribute to trade policymaking;
- Civil society in Zambia is poorly networked, which has created overlaps and duplication in programmes;
- Zambia's position to negotiate within ESA configuration was upheld based on two findings: Zambia being a Least Developed Country (LDC) is likely to benefit more from ESA of which

12 countries are in the list, which is not the case with SADC; SADC lacks adequate skills to negotiate a good package due to the fact that, only a few of its members (Angola, Lesotho, Botswana, Namibia, Mozambique, Swaziland), will negotiate EPAs with the EU while Tanzania has indicated that it will not sign the EPA;

- The overlapping in membership between the two regional groupings viz. COMESA and SADC is a serious drawback to Customs union;
- Whilst Zambia enjoys market access, the problem of domestic capacity and Technical Barriers to Trade (TBT) need to be addressed;
- The absence of resources from the European Commission (EC), other than the Export Development Finance (EDF) is a major source of concern for most stakeholders. Under the EDF, Zambia was listed with SADC, contrary to Zambia's decision, to negotiate under ESA.

Concerns emerged as to how EPAs will fit in with the various continental plans such as NEPAD, because under EPAs states are divided into small configurations.

### Training workshop under the Project Titled 'Market Linkages'

CUTS ARC, Lusaka, with support from Danish Association for International Co-operation (MS-Zambia), will hold a training workshop under the project titled, 'Market Linkages' on August 10-11, 2006, at Chipata, Zambia.

The objectives of the training workshop include: to facilitate linkages between small scale producers, business associations, institutional buyers, trade facilitation organisations and fair trade organisations; to build the capacity of participants to effectively lobby and advocate for fair prices in commodity trade; to create a long-term capacity for farmers, support organisations, business associations for making use of the domestic and international market for their produce through increased knowledge and network; to build an alliance of organisations which will lobby and advocate for better policies to enhance their livelihood; to facilitate growth and development with increased income; to address the institutional structures which do not promote the realisation of fair trade at national regional and global levels; and to empower farmers and support organisations to advocate for a favourable trade agreements/arrangements under the WTO, EPAs, SADC, COMESA and AGOA.

#### Expected Results

This training workshop will facilitate an atmosphere for better and fair trade at a national level through progressive interactions between the business sectors, farmers and fair trade support organisations. An alliance of progressive organisations will be formed which will facilitate better trade, by taking advantage of trade agreements and the domestic market. It will help create a political approach through skill and knowledge enhancement.

### PUBLICATIONS

#### Globalisation and Small Scale Industry



This is the eighth monograph in the series entitled, Globalisation and India: Myths & Realities, launched by CUTS International in September 2001. The series, which helps to clarify many basic issues about economic reforms and trade liberalisation, is addressed to the common man in India.

This monograph is about the Small-Scale Industries (SSI), also referred to as the Small & Medium-sized Enterprises (SMEs). The small-scale sector has played an important role in the socio-economic development of India for the past 58 years. By its low capital intensive and high labour absorption nature, SSI sector has made significant contributions to employment generation and rural industrialisation. The performance of the small-scale sector, therefore, has a direct impact on the overall growth of the economy. This is something, which can be seen as a global phenomenon.

This monograph explains the basics: definition of SSI, its role in the Indian economy, and its importance in the era of globalisation and liberalisation. It also explores whether SSI is a sick industry, and if so, what are the reasons. In addition, it answers if WTO has any impact on it, and provides state wise status of SSI in the post liberalisation era. Further, the monograph weighs the measures that need to be taken to increase the competitiveness of the SSI.

This monograph can be viewed at: [http://www.cuts-citee.org/PDF/Monoglobalisation\\_small\\_scale\\_industry.pdf](http://www.cuts-citee.org/PDF/Monoglobalisation_small_scale_industry.pdf)

#### Moving from Preferences to Aid for Trade

(TDP No. 3/2006)



The side effect of Most-Favoured Nation (MFN) tariffs reduction is leading to preference erosion thereby posing a difficult problem in the trade-development field

for the developing world. For many years, developing countries (DCs) have been receiving tariff preferences from the developed countries for exporting their products. As global trade talks are directed towards dissolving the trade barriers, least developing countries (LDC's) in particular, are facing the problem of losing their preferential access to the EU, US markets.

A general tariff reduction as agreed in the multilateral trade negotiations involves cost in the form of loss of preference margin and benefits in the form of increased access to the world market. In this situation, a policy prescription in the form of Aid for Trade (AfT) is gaining acceptance among the trade negotiators to negate the damages incurred from preference erosion. AfT intends to support the developing countries, so that they could develop their supply-side components, which will in turn strengthen their industrial-distribution-production system, to make them internationally competitive.

This briefing paper at: <http://www.cuts-citee.org/PDF/tdp-3-2006.pdf>

#### Sources

BiA: Business in Africa; BR: Business Report; BW: Bridges Weekly; EAS: The East African Standard; FG: Financial Gazette; MNA: Mozambique New Agency; MTR: Mmegi the Reporter; SABC: South African Broadcasting Cooperation; SDN: SciDev.Net TDM: The Daily Mirror; TEA: The East African; TM: The Monitor; TN: The Nation; UNNS: United Nations News Service; ZDM: Zambia Daily Mail

Tradequity newsletter: Published and composed by CUTS Africa Resource Centre, 4<sup>th</sup> 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](mailto: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](mailto: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](mailto:cuts@cuts.org), Web Site: [www.cuts-international.org](http://www.cuts-international.org)

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